

Customer Centric
Medical Excellence



FOURTY

**ANNUAL REPORT
2023**



OUR MISSION

We provide actionable diagnostic information for healthy lives and well-being for all.

OUR VISION

Leadership through excellence in service to patients and the medical community with reliable diagnostics and value added.

OUR VALUES

- Passion
- Accountability
- Customer centricity

2023 AT A GLANCE

		2023	2022	2021
Revenue	M€	2,635.2	3,250.5	3,764.9
Adjusted EBITDA	M€	437.9	753.4	1,209.8
Adjusted EBITDA margin	%	16.6	23.2	32.1
Adjusted operating profit	M€	194.2	507.5	996.1
Net profit (Group share)	M€	92.3	150.7	624.8
Unlevered free cash flow	M€	26.3	312.0	742.5

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Countries
across four continents

€2.64BN

Revenue in 2023

>5,000

Routine and specialist
testing services

~600M

Laboratory tests per year

>27,000

Employees, including over
2,000 medical experts

>450

Laboratories and >2,000
blood sample collection points

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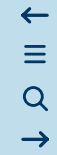
Our investors can find up-to-date information on our investor website – simply follow the link below.

[AG.SYNLAB.COM](https://www.ag.synlab.com)

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FOR YOU

Customer Centric
Medical Excellence



INTERVIEW WITH CEO MATHIEU FLOREANI

“Medical diagnostics are key to address global challenges in healthcare.”

2023 has been an exciting 12 months for the SYNLAB Group. We sat down with CEO Mathieu Floreani to reflect on the highlights and challenges of the past year and discussed the company’s strategy for continued success in a demanding market environment.



MATHIEU FLOREANI
Chief Executive Officer
SYNLAB Group

Holistically speaking, 2023 has been a challenging year for corporations across industries and regions. How would you evaluate the performance of SYNLAB during these rather turbulent times?

Despite challenging circumstances, we can state that our company performed well in 2023, even exceeding the performance goals set in our SYNLAB FOR YOU growth strategy. We recovered in the first half of the year with robust organic growth of 7.1% and completed ramping down our COVID testing capacities.

As part of our active portfolio management, we divested specific assets, streamlined our portfolio and invested in business areas that have greater strategic potential for our Group. Furthermore, we continued to develop our specialty testing portfolio. Our commitment to efficiency is also evident in the highest-ever savings and doubling of benefits from our SALIX programme in 2023 compared to prior years. After all, we can say that we not only recovered but are well-positioned for sustainable economic success.

Cinven made a public acquisition offer to become the majority shareholder of SYNLAB AG. What does that mean for SYNLAB?

Cinven has been a strong and experienced supporter of SYNLAB for a long time. They know our company, our sector and have trust in our growth strategy. Following this development, I am looking forward to further deepen this partnership. We appreciate Cinven’s full support in our mission and business strategy and its commitment to secure our long-term growth. I believe that this development will enable us to further strengthen our position as an international leader in medical diagnostics and specialty testing.

SYNLAB is known as an active consolidator of the industry. During the past year, however, you divested business units. What is the rationale behind these divestments?

In 2023, we introduced our new approach of active portfolio management to enhance performance and optimise our network.



“We divested specific assets, streamlined our portfolio and invested in business areas that have greater strategic potential for our Group.”

MATHIEU FLOREANI

We focused on densification within key countries while diversifying across markets with an increasing exposure to fast growing markets. This involved reassessing our existing businesses on all levels: contracts, activities, regions, and countries. The reassessment led to the divestment of Switzerland, Poland, Ukraine and the veterinary business, all of which represented in total less than 5% of Group sales and had limited profitability, to unlock capital employed in non-strategic assets. At the same time, we completed eight acquisitions in Germany, Belgium, and Italy and successfully integrated our acquisitions in Mexico. A personal highlight for me was also the investment we have made with the Synnovis partnership in a state-of-the-art hub lab to serve the southeast London community, further strengthening our presence in this region.

Overall, our strategic shift underscores our ability to balance divestments in less promising markets or non-strategic assets, with strategic acquisitions nurturing existing operations or in high-growth regions.

Record inflation, high interest rates – what is SYNLAB doing to respond to the intensified cost pressure?

We understand the challenges posed by the current economic landscape. In response, SYNLAB strategically focuses on enhancing productivity to pre-pandemic levels and beyond, while driving organic growth. To achieve this, we have expanded our digital and technical capabilities to leverage greater scale and efficiency across our network. This involves streamlining processes and optimising the use of existing capacities. For example, our SYNLAB laboratory in Munich has undergone significant improvements, we incorporated better technology and utilised space more efficiently. This has resulted in a more interactive and faster-paced environment, ultimately leading to higher productivity. Additionally, we have accelerated productivity within the framework of our STS management system based on Lean principles and successfully implemented various IT infrastructure improvements. We continue the rollout of SAP and developed a Master Data

Management platform to further standardise and harmonise access to data. In addition to our ongoing productivity measures, we successfully increased non-regulated prices, further strengthening our financial resilience in the face of increased cost pressures.

Where do you see the greatest opportunities for SYNLAB in the upcoming year?

As a leading provider for medical diagnostic services, SYNLAB operates in a market that is key for future-proof healthcare systems. Particularly, medical diagnostics are key to address global challenges in healthcare, such as rapid population growth, ageing societies, and an increase in chronic diseases – all of which put enormous cost pressure on healthcare systems.

Therefore, we want to focus on our strategic growth areas such as specialty testing, prescribers and retail management capabilities, innovative value-adding services for physicians and hospitals, and medical prevention and wellness. In specialty testing, we are increasing access to over-the-counter testing for sexually transmitted diseases, expanding our genetic testing services and launching our myEDIT-B test, a revolutionary test to detect bipolar disorder. Similarly, we will concentrate on our D2C business. In addition to over-the-counter diagnostic services, we plan to integrate information offerings, e-booking services, home nurse and medical assistance, as well as self-sampling options. Thus, medical diagnostics become even more important, and we remain committed to our mission: Provide actionable diagnostic information for healthy lives and well-being for all.



SUPERIOR PATIENT AND CLINICIAN EXPERIENCE

Unique level of expertise

Medical diagnostics are key to make the best possible therapy decisions, to drive a preventative approach in healthcare, and to make healthcare systems future-proof. As we are fully aware of the societal and economic responsibilities and importance of medical diagnostics, SYNLAB utilises its resources and unique level of subject-matter expertise to continuously further the advancement of medical diagnostic services, and to support well-being for all.

Connecting SYNLAB experts across borders

To effectively leverage the expertise in our global network, we established the **SYNLAB electronic Network of Experts (SeNE)** – an innovative digital platform connecting SYNLAB experts to seek second opinions from and provide advice and know-how to colleagues with in-depth knowledge sitting in other cities, countries, or even on other continents. Currently, SeNE connects our network in the fields of anatomic pathology and molecular pathology, and we plan on further expanding the platform to medical genetics, infectious diseases and quality management.

SeNE supports highly reliable diagnostic services that effectively inform and enhance practitioners' therapy decisions and the quality of healthcare delivered to patients. Santiago Valor, Group Chief Medical Officer at SYNLAB, underlines the tremendous benefit of SeNE: "This online platform strengthens our medical excellence and enables us to provide better advice to medical practitioners for a more comprehensive diagnosis. Ultimately, we are able to effectively tap the whole expertise of SYNLAB, enhancing the quality of healthcare delivered to patients and customers."

Sharing latest research and expertise

Customer centricity is of utmost importance in our daily work and beyond. We drive innovative research and discuss new insights to address the challenges our patients and medical practitioners face. In 2023, our experts published 332 articles in medical publications, leading research efforts, sharing and exchanging their knowledge with medical practitioners around the world to further improve quality of patient treatment.



In this context, we also initiated monthly medical newsletters to effectively inform healthcare professionals about the latest laboratory biomarker developments in medical research. By bringing the medical community the most promising developments in the field, we aim to support them in determining and evaluating novel approaches for prevention, early detection, prognosis and targeted therapies.

First-ever blood test for bipolar disorders

Mental health disorders affect about 84 million people in Europe, with bipolar disorders being diagnosed in 1.3% of the European population. Moreover, about half of all bipolar disorder cases are currently initially misdiagnosed as unipolar depression, which is a major contributor to the 7.5-year average delay in diagnosis.

In partnership with the pan-European research network EIT Health, we introduced the first-ever clinically validated test for bipolar disorder called myEDIT-B in a pilot market in 2023. This test enables accurate differential diagnoses between bipolar disorder and unipolar depression. Results are available within 24 days, enabling medical professionals to define individualised, effective treatment options for patients. As such, the test massively reduces the time for diagnosis, which currently in many cases takes several



years. myEDIT-B marks a radical leap forward in empowering patients to manage their conditions early and regain quality of life. We have continuously supported myEDIT-B throughout the development process and are excited to make the test available in further countries. Together with EIT Health, we are proud to lead the way in speeding up access to accurate bipolar disorder treatment as well as being the only medical diagnostics provider offering this revolutionary test worldwide.

Global cooperation for better prevention

At SYNLAB, we engage in international research partnerships to help create a robust empirical data set for an evidence-based approach for state-of-the-art diagnostics. Providing data from our clinical laboratories in nine countries, we supported a global study on cholesterol levels across 17 countries that was developed within the scope of the Global Diagnostics Network (GDN). By doing this, we strive to improve early detection and preventative measures for cardiovascular diseases for patients in the future.



Adding value for our customers

At SYNLAB, our mission is straightforward: provide actionable diagnostic information for healthy lives and well-being for all. We focus on offering a reliable basis for the best possible therapy decisions, ultimately strengthening our position as Europe's leading provider of laboratory diagnostic services.

Embedded in our core values of Passion, Accountability and Customer Centricity, is our unique relationship with patients and customers, marked by openness, true interest, honesty, and trust. As we continuously strive to improve customer experience, we drive pioneering initiatives in medical diagnostics. These initiatives go beyond traditional services, aiming to foster a more engaging, understandable, and accessible healthcare landscape.

Feedback from prescribers and hospitals

Receiving and acting upon feedback from patients and customers is crucial for our efforts to continuously improve our services. In 2022, we successfully deployed our digital

feedback platform Feedtrail for patients at Blood Collection Points (BCPs) across 20 SYNLAB countries, with 850.000 patient surveys completed within the year. In 2023 we further increased our reach with more than 1.000.000 received, and reached a very high level of customer satisfaction with a total Net Promoter Score of 88.

For 2023 and 2024, we set out to get an even more comprehensive overview and expanded our feedback platform to also include responses from prescribing physicians and hospitals, reflecting on their experiences with SYNLAB. We implemented a process to efficiently gather the so-called Net Promoter Score (NPS), a common measure to gauge customer loyalty and satisfaction, reviewing results and monitoring the implementation of improvements.

Bridging understanding in healthcare

A fundamental challenge of modern healthcare is patient understanding of medical analysis reports, which is crucial, but often creates confusion and prevents patients from understanding and monitoring their health metrics. In addition, GPs and physicians spend a lot of time explaining these reports, which reduces the efficiency of healthcare delivery.

SYNLAB France has tackled this issue with its innovative "Commented Results". This digital service helps patients to understand their medical results in an interactive and personalised way. The results are presented in a more reader-friendly format to help patients to quickly identify abnormal values. The service also provides intelligible explanations of the biological parameters analysed and the interpretation of the values found. It covers 110 biological parameters, representing 88% of routine analyses, indicative of its comprehensive scope.

Patients overwhelmingly endorse the initiative, as it boosts comprehensibility of medical reports. One year on from the launch of the service in 23 Blood Collection Points (BCPs) in the Hauts-de-France region, we can confirm that the service really meets patients' needs: 89% of patients are satisfied, of which 84,2% are very satisfied. The Commented Results meet the expectations of 90% of the users. For 86% of users, this is a major reason for conducting medical tests at a SYNLAB BCP rather than elsewhere. The service, moreover, also received praise from both prescribers and laboratory experts, as a result of the time it saves medical staff.



Self-sampling for patient convenience

Patient centricity is key in modern healthcare. This includes easy access to services that are tailored to different lifestyles. In line with this paradigm, SYNLAB Spain has adopted a self-sampling technique for Small Intestinal Bacterial Overgrowth (SIBO) testing, increasing comfort for patients while saving time and resources.

While the traditional SIBO sampling method required a visit to a health facility and was often connected to gastrointestinal discomfort given the ingestion of lactitol, the new self-sampling kit for SIBO testing is purchasable online and contains all necessary materials and clear instructions to collect the sample independently at home.

Considering the sample collection takes about 3.5 hours to complete, self-sampling at home is a real benefit for patients. At the same time, it also allows the healthcare system to allocate resources to focus on other medical tasks that require face-to-face interaction between patients and the appropriate medical experts. Hence, the introduction of self-sampling for SIBO testing is an important step in enhancing the overall efficiency and patient centricity of healthcare services.

New self-service platform launches in Estonia

In Estonia, our regional SYNLAB team and our Group IT set out to create a user-friendly digital platform to order tests, make appointments and visualise results online in a secure online space.

Following this, the team launched the new self-service platform 'My SYNLAB' and developed SYNLAB Access to improve SYNLAB Estonia's retail system. The SYNLAB Access software is an in-house development based on 15 years of experience in medical digital services that connects patients and all internal stakeholders on a single platform. The software's high scalability allows flexible expansion according to strategic focus and local requirements, the development of new features and the deployment in further countries.

With these digital innovations, we further increase and facilitate access to our services, and they showcase our efforts to continuously strengthen patient and customer centricity in medical diagnostics. In fact, 'My SYNLAB' even won the Golden Egg in Digital Service and the Silver Egg in UI/UX in the Estonian Design Awards, underlining the success of the platform.



Going the extra mile for our patients

For SYNLAB, increasing access to and further personalising medical diagnostics also means meeting patients where they are – both geographically as well as from a lifestyle perspective. When developing new services, we always try to ensure a design that fits into patients' life as seamlessly as possible.

Supporting the global fight against tuberculosis

Tuberculosis (TB) is still one of the world's leading causes of deaths, with over 1.3 million patients dying from it each year. The WHO estimates that about one fifth of the world's population currently carries the pathogen without knowing or noticing it.

Utilising its unique level of expertise, SYNLAB is committed to containing the transmission of TB bacteria as well as supporting effective anti-TB treatment. The identification of mycobacterium tuberculosis, the TB pathogen, requires high-tech laboratory infrastructure of

biosafety level 3, complex and advanced diagnostic algorithms combining molecular, immunological and classical microbiological techniques.

The WHO Supranational TB Reference Laboratory of SYNLAB Munich-Gauting, Germany, is one of the leading TB laboratories in Europe. From there, we manage multiple projects of research and international development cooperation in nine low-and middle-income partner countries with high TB prevalence in Asia, Eastern Europe and Africa.

We closely collaborate with international donor, healthcare and consulting organisations under the auspices of the UN, the US and German governments and the Global Fund to Fight AIDS, Tuberculosis and Malaria. We help our partner countries to expand their TB laboratory capacities, replace outdated techniques with modern molecular biological methods like PCR and NGS, and establish logistics and digital data management systems. By simply sharing our enormous experience and knowledge in modern laboratory diagnostics, SYNLAB helps the local public healthcare system to help themselves close the tremendous gap of undiagnosed TB cases worldwide.

Awareness for sexually transmitted infections

Sexually transmitted infections (STI) are still widely considered a taboo, and feelings of shame and embarrassment stop especially young people from seeking medical help. The high tendency to ignore the topic has the knock-on effect of limiting the dissemination of information on how to best prevent the spread and individual contraction of infections.

To proactively counter these dynamics, SYNLAB has carried out awareness campaigns in several countries. In Italy we initiated the #Share(Only)Love campaign, spreading information, raising awareness, and sensitising particularly young people for protection and prevention. In spring and summer 2023, SYNLAB went to universities and various events for young people, distributed condoms and offered free testing. During the Gay Pride parade in Rome and Milan, we offered free check-ups. Over the course of the campaign, blood collection points were putting in extra hours and offered free testing.

With these campaigns, we effectively increased awareness for STIs, and we continue to foster a culture of information and prevention to ultimately allow for effective treatment. ■



CUSTOMER STORIES – SPECIAL DIAGNOSTICS TO IDENTIFY AND PREVENT RARE DISEASES

Genetic testing to support safe delivery



“The SYNLAB genetics team managed to identify a rare gene mutation, namely a missing EXT2 gene, that caused the disease.”

The expertise at SYNLAB in specialty diagnostics and genetic counseling is critical for patients with rare diseases who often face uncertainty about the cause of their symptoms, making effective treatment difficult. This was also true for a 38-year-old patient suffering from the skeletal disease ‘Hereditary Multiple Osteochondromas’ (HMO). This genetic

disease caused nodules, so-called osteochondromas, to form on the patient’s bones, resulting in pain and nerve compression, while limiting his movement.

The patient had already undergone several surgeries to correct these recurrent bone deformities. Yet, understandably, when he and his wife decided to have children, he

did not want to pass on the disease and subsequent challenges and pain in daily life. After the couple talked to their in-vitro fertilisation clinician, the clinician reached out to SYNLAB for help.

The SYNLAB genetics team managed to identify a rare gene mutation, namely a missing EXT2 gene, that caused the disease.

Thanks to preimplantation genetic testing (PGT), the clinician was able to implant a healthy embryo, resulting in the birth of a healthy baby. At SYNLAB, we are proud that we have been able to help the couple with such a difficult and sensitive matter. Yet, the birth of their healthy child underlines the transformative impact that specialty diagnostics can have on people’s lives.

OPERATIONAL EXCELLENCE

Driving productivity and best-in-class solutions

In line with our FOR YOU growth strategy, we commit to operational excellence. This means we continue the implementation of our SYNLAB Transformation System (STS) to improve processes, workflows, and procedures in our laboratories. We also advance our digital and technical capabilities, through investing in state-of-the-art technologies. Additionally, we exploit scale effects by fostering collaboration across laboratories. Bringing these efforts together, operational excellence allows us to ultimately and continuously deliver best-in-class solutions to our patients and customers while increasing productivity levels.



Customised CRM system across nine countries

SYNLAB continuously deploys in cutting-edge technological solutions to further optimise customer services. As such, we implemented a new customised customer relationship management (CRM) system in the B2B segment to improve customer acquisition, customer retention and ultimately increase the scope of services delivered.

With the implementation of a Salesforce CRM system tailored to SYNLAB services in Italy and Spain in 2021, we were able to better structure and support the entire customer interaction. The system allows us to accurately identify potential new customers and puts the customer-facing teams in a better position to respond to customers' needs, improve service quality and thus customer satisfaction. Specific customisations of the system further allowed us to ensure both scalability and accounting for any regional

particularities of countries in which we operate. CRM has immediately proven its value to SYNLAB. As a result, the solution has already been rolled out in 15 countries.

Boosting productivity through successful STS integration

For the integration and amplification of the SYNLAB Transformation System (STS), SYNLAB Italy stands out as a prime example. A team of over 30 SYNLAB experts set themselves a six-month-challenge for boosting productivity in anatomic pathology labs through a detailed and precise step-by-step approach. They started off with a comprehensive status quo analysis, on the basis of which they developed and implemented an optimal laboratory process design using STS tools. The team also defined clear KPIs to measure progress. During the process, the team encouraged experts from different departments to contribute their unique perspectives to find common solutions.





Applying this approach, the team removed physical barriers to allow optimal workflows and used space more efficiently. It further standardised office organisation and expanded testing capacities. Within the first four months of 2023, they achieved a remarkable 28% increase in laboratory productivity. This has been secured by the introduction of initiatives such as daily “GEMBA walks”, where managers, supervisors, line employees and medical experts visit the workplace to understand processes and identify opportunities for improvement, as well as by establishing KPIs within individual teams. Such actions have ultimately helped to foster an empowered and engaged office culture that is focused on finding effective solutions to further drive operational and medical excellence.

Optimising cross-border tuberculosis diagnostics with STS

Tuberculosis (TB) diagnostics are highly complex, leading to under-diagnosis of the disease, and diagnostic results are often inconsistent between countries, with highly fluctuating positivity rates. To effectively help TB patients and contain the infectious mycobacterium, SYNLAB and particularly our laboratory in Munich-Gauting, Germany, play a key role in the WHO’s supranational reference laboratory network, diagnosing 10 percent of all TB cases in Germany and performing TB diagnostics throughout nine countries.

To further increase the quality and capacity of TB testing, a pilot project driven by the expert teams in Gauting and Barcelona was initiated to develop common standards for mycobacterial testing across our network. The team of experts also applied the methods of the SYNLAB Transformation System (STS), a key driver of continuous improvement in our operational excellence.

In this pilot, an internal audit identified opportunities for improvement in the areas of TB testing infrastructure, equipment, workflows, procedures and quality assurance. In a next step, the team developed a comprehensive set of action items, from advanced reporting systems to targeted infrastructure investments, for instance in centrifuges, to re-scheduling the workflow of the responsible technical team.

This implementation of these measures has shown remarkable results: turnaround times have been reduced by 13 days across all technologies, and both quality and safety metrics have increased, as confirmed by positive customer feedback. This pilot project underscores STS’ ability to increase our services and productivity across laboratories – and thus improve tuberculosis testing capacities worldwide.



Reducing carbon footprint and making logistics safer

Increasing our productivity levels in logistics while also driving sustainability are important goals that SYNLAB pushed for in 2023. Our project “eco driving training” in SYNLAB Italy demonstrated, that these two objectives are compatible. After piloting this course in Florence during 2022, we successfully expanded the programme throughout Italy in 2023. In collaboration with the Foundation for Sustainable Development, we conducted eco-driving courses on environmentally friendly driving techniques and behaviours that reduce greenhouse gas emissions. A total of 134 logistics drivers participated in this initiative during 2023, covering all Italian warehouses. Adopting an eco-driving style not only reduces greenhouse gas emissions, but also contributes significantly to improving energy efficiency and productivity in our logistics operations. Further, the widespread adoption of this eco-driving style is expected to reduce the number of accidents due to increased attention and awareness during driving.

Cargo bikes increase sustainability and productivity

In Spain, our SYNLAB team started a project to boost productivity while increasing sustainability: using cargo bikes for sample transport. Starting in Málaga, Barcelona, Valencia and Palma de Mallorca in 2022, the team gradually integrated electric and traditional cargo bikes into our local logistics network, connecting our central laboratories with relevant points of care. Based on the initial success, the team extended the use of the bikes also to A Coruña and Madrid in 2023.

With this simple but impactful initiative, we are saving up to 18,000kg of CO₂ emissions in Spain annually. Not only is this in line with our commitment to reduce our carbon footprint, the use of the bikes also helps to reduce noise levels, alleviate congestion, improve air quality, and increases the speed and flexibility of our logistics on the ground. Furthermore, this initiative was set up with a local partner who offers fair employment opportunities to people at risk of social exclusion. ■



EFFICIENT CAPITAL DEPLOYMENT

Investing in growth and innovation

Committed to efficiently deploying capital to foster continuous growth, we concentrate on three strategic pillars: Continuously investing in innovation, strengthening our position in key markets with a focus on bolt-on acquisitions and actively managing our portfolio to further expand our presence in markets with high growth potential.

Fostering leadership in Germany

Strengthening our presence and advancing our capacities in Germany, SYNLAB invested over 20 million euros in a new state-of-the-art laboratory in Munich. The new lab offers a diverse medical diagnostics portfolio of thousands of tests, runs on modern and mostly digital equipment, and hosts all of its 200 SYNLAB experts on the same floor with few physical barriers. This significantly simplifies collaboration and enhances sample flow, leading to reduced turnaround times and ultimately increased productivity. In fact,

80% of analyses are completed on the same day. Serving more than 3,000 medical practitioners, the SYNLAB laboratory in Munich is meeting the increasing demand for medical diagnostics in the region and serves as a flagship lab in our network, further underlining our claim to leadership in Germany.

Transforming pathology services in southeast London

Synnovis is a partnership between SYNLAB UK&I, Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust that was formed in 2021 following a competitive procurement process.

Two years into the contract, the transformation of pathology* services to meet the needs of a southeast London population of around two million people is progressing fast.

Construction is well underway on an eight-storey, state-of-the-art 'hub' laboratory in Blackfriars, London, which also meets high environmental standards and is targeting a BREEAM certification. Approximately 70% of southeast London's pathology services will be processed in this laboratory, once fully operational. The migration of services from multiple laboratories across the Trust's hospital sites to this hub will commence in the first half of 2024.

Synnovis has invested heavily in cutting edge technology, including significant automation throughout the hub to enable sample delivery, reception of tests and analysis to the highest levels of efficiency, standardisation and quality.

The hub will be complemented by on-site, or 'spoke', laboratories at each of the Trusts' hospitals which will focus on the rapid turnaround of urgent tests, such as those needed for accident and emergency (A&E) departments.



* In the UK, the term pathology is regularly used for medical diagnostics.

This new hub and spoke model is designed to accelerate clinical decision-making, speed-up transitions to the appropriate clinical pathway which will reduce overnight admissions and ultimately allow for quicker discharge from hospital. In addition, the hub allows more than 50% of the existing pathology space across the Trusts' hospital sites to be freed up for use by other in demand NHS patient services.

Synnovis is the fourth SYNLAB NHS partnership in the UK and reflects the continued joint commitment to combining clinical excellence with the very best in industry innovation, transformation and technology.

Expanding innovative healthcare solutions in Tuscany

Tapping into growing markets on a regional level, SYNLAB Italy makes an 8 million euros investment to build a new innovative healthcare centre in Florence, which will reach more than 200,000 patients annually. With this strategic investment, SYNLAB is expanding its diagnostics and healthcare services in the region, supporting patients and practitioners throughout Tuscany. The new laboratory will provide an array of medical services including blood draws, routine and specialty testing and advanced diagnostic imaging such as high-field magnetic resonance imaging, CT scans and mammography, among others. Additionally, the laboratory will include the first women's health and prevention unit

of its kind in Tuscany. Integrating this broad scope of expertise and services, the new healthcare centre will function as a comprehensive health hub, supporting healthcare within the region. With this centre in Florence, SYNLAB strengthens its position as the leading provider of diagnostic services in Italy. ■



CUSTOMER STORIES – SPECIAL DIAGNOSTICS TO IDENTIFY AND PREVENT RARE DISEASES

Only half a dozen others

By collaborating with medical experts around the world and investing in specialty diagnostics, SYNLAB is committed to being a reliable and supportive diagnostics partner for patients with rare diseases. This was particularly true in the case of a 10-year-old girl with a short stature and atypical facial features, microcephaly, and a severe mental disability.

For a decade, different medical practitioners tried to identify the underlying disease without success. Yet, a doctor of the Romanian National Clinical Center for Child Neurology suspected she was dealing with a case of Seckel syndrome, an extremely rare disease of which only a few cases globally had been known to that day. Aiming to provide clarity for the 10-year-old and her parents, the doctor asked SYNLAB to support and confirm the suspected diagnosis.

Under the direction of the SYNLAB Head of Genetics, a team of SYNLAB geneticists within weeks developed a personalised test, based on multiplex ligation-dependent probe amplification (MLPA) – a method of genetic analysis.

In this way, SYNLAB was able to confirm the diagnosis of Seckel syndrome. Moreover, by testing the girl's parents for the gene mutation, SYNLAB was also able to determine if the disease could be passed on to other children in the family. This seminal finding finally brought certainty to the family and helped to decide on effective treatment and therapy options for the girl. This close collaboration between SYNLAB and medical professionals reiterates our commitment to improving the lives and well-being of our patients.



“A team of SYNLAB geneticists within weeks developed a personalised test to confirm the suspected diagnosis.”

EMPOWERED AND ENGAGED EMPLOYEES

Key for success

Our employees, through their exceptional commitment and dedication, drive our leadership in medical diagnostics. Our people bring an enormous value to our organisation, which is why an important part of our FOR YOU strategy is focused on fostering a culture of engagement and empowerment, as well as a respectful and acclamatory work environment.

We bring our network closer together and grow knowledge and expertise within SYNLAB. Furthermore, we attract new talent and motivate team members to leverage the benefits of our network across Europe, Latin America and Africa.

engagement score into the top quartile. She shared insights on how her team reached a remarkable score of 70% in the annual Group-wide employee engagement survey, SYNLAB Dialogue.

Networking across national borders

With the launch of the SYNLAB Connect series, we took an important step to further deepen the links within our SYNLAB network. During these virtual sessions, senior executives across all departments shed light on overarching strategic initiatives, our performance, business opportunities, and provide an outlook for the future. With SYNLAB colleagues from over 30 countries attending the sessions, SYNLAB Connect fosters strategic alignment throughout the company and promotes the exchange of best practices and innovation across our countries.

The secret has been a multi-layered approach. First, the team conducted an in-depth analysis of the prior year's results. They then interpreted this data for all respective departments and implemented so-called START-STOP-CONTINUE workshops in each department. The team translated the analysis results into straightforward action plans, assigning a maximum of three activities to each department. They reviewed progress on these assignments on a regular basis, addressed the SYNLAB Dialogue in quarterly meetings with middle management and conducted road shows in all departments as well.

Increasing employee engagement to the top quartile

To illustrate the benefits of the SYNLAB Connect exchange, our CEO of SYNLAB Czech Republic and Slovakia, highlighted her team's achievement of increasing the employee

This way, the team was able to foster honesty, effective communication and persistence – all factors that directly contribute to high employee engagement. The leadership at SYNLAB in the Czech Republic and Slovakia have demonstrated the success of commitment, perseverance and a well-thought-out strategy. →



Winning and retaining talent

Attracting and retaining top talent is paramount for SYNLAB in a dynamic market environment, where the skills of our expert workforce are key for our success.

To this end, our SYNLAB Leadership Framework ACCE demonstrates a central building block: be Agile – Communicate – Connect – Execute. Through this programme, our managers are being trained to empower their teams. This approach serves as the foundation of our organisational culture and promotes seamless communication within and between local and international teams. In a market where skilled professionals are in high demand, we are creating a culture that not only attracts new talent, but also ensures that they stay with SYNLAB in the long term.

In 2023, we expanded the rollout of the ACCE programme by launching the ACCE e-learning modules. This ensures that all of our team members dealing with our valued customers are aligned with our expected leadership behaviours, vision and values, and effectively communicate our mission: providing actionable diagnostic information for healthy lives and well-being for all.

Promoting employee health and prevention

Recognising the immense value of our teams, we are also committed to supporting their health and well-being. Cardiovascular diseases are one of the most common causes of death in industrialised countries. It is not well-known that there are major differences in risk factors and diagnostics for men and women. Improving the services for women has therefore been given an increased priority in many of our country organisations.

At SYNLAB France, about 80% of our colleagues are women. Therefore, our SYNLAB teams in France started working with the Foundation for Women’s Cardiovascular Health (ACF). Through this collaboration, we utilise our special expertise in women’s health and cardiovascular risks to directly promote the health of our female team members.

As a provider of medical diagnostics, we believe we have a responsibility to raise awareness of health risks as well as methods of prevention. As such, we partly fund the ACF’s valuable work and distributed AFC information brochures to more than 4,000 SYNLAB employees in France. We also organised an internal webinar with experts for

cardiovascular diseases to educate on prevention measures. In line with these efforts, we started offering free screenings to our employees to identify individual cardiovascular risk factors and provide prevention counselling by SYNLAB medical experts. Given the positive response, we also extended this service to employees of healthcare facilities for whom we perform medical analyses.

One year in, our collaboration with ACF triggered an overwhelmingly positive response: In many of our laboratories, more than 50% of the female employees have taken advantage of the free screening services, with almost 100% of the employees surveyed expressing their appreciation. The lab doctors who volunteered to analyse screenings and provide medical advice greatly appreciated the task. Accordingly, we decided to renew and further expand the screening activities in 2024, aiming to support even more women throughout our network. We are also preparing further additional initiatives to also promote prevention in other medical fields. The collaboration with ACF, thus, not only underlines the important role of medical diagnostics in healthcare, but also demonstrates our commitment to promote the health and well-being of all, including our employees.





Getting young talent to innovate

To bolster our company's strong position in the diagnostics sector as well as to support the future of healthcare, we are engaged in a variety of initiatives to attract new talent. SYNLAB collaborates with the European Institute for Innovation and Technology in Health (EIT Health) to bring together experts from business, research and education. The goal of the EU-funded programme is to develop innovative solutions promoting the health of people in Europe.

To raise awareness of the sector among young talent as well as to emphasise the opportunities digitalisation brings to healthcare, we organised, for the second time, the EIT Health hackathon in Milan as part of the annual "i-Days", which took place in 24 cities across Europe. Over the three-day

event, university students from all over Italy competed to develop urban health solutions of the future. The hackathon was supported by representatives from business, healthcare and education.

Celebrating the achievements of our teams

At our annual SYNLAB Awards Ceremony, we celebrate the outstanding achievements of our employees in various categories.

In 2023, our teams in Austria and the Czech Republic took second and first place in the "Country of the Year" category. Both countries achieved impressive development and employee engagement scores. While Austria has delivered a consistently strong performance over the years, our team from the Czech Republic managed to accelerate

productivity over a short period of time after an impactful ramp down of COVID testing and is now well positioned for the future.

Through their hard work and commitment, these countries contributed significantly to strengthening the leadership position of SYNLAB in the global diagnostics market. At the same time, we recognise and highly value the efforts of all colleagues and teams who contribute decisively to the Group's success every day through countless small and large achievements. The awards ceremony, thus, forms an annual Group-wide highlight that allows us to truly celebrate our employees for their great achievements, and to foster internal connection and exchange.

Recognition of our own scientific achievements

Our more than 2,000 medical experts help develop innovative services and medical diagnostics through their research, publications and scientific discoveries. On an annual basis, we make awards for work that drives medical innovation.



We rewarded our SYNLAB experts for their brilliant work throughout the year. In 2023, our SYNLAB experts (co-)authored over 332 research papers. Focusing on the needs of our patients, our awardees contributed to medical innovation in diverse fields such as oncology, women's health, technical implementation and artificial intelligence in healthcare.

This scientific work by our experts lays the foundation for significant advances in disease prevention, diagnostics and decision support, treatment and patient quality of life. After all, translating scientific research into innovative services and products always starts with an idea, but requires a willingness to think it through, refine it and change it. Our medical experts are able to build this important bridge.

Raising awareness of colorectal cancer

In our pursuit to enhance healthcare accessibility and public awareness of crucial health matters, SYNLAB Foundation and SYNLAB Portugal proudly supported the +Intestino pilot project in Portugal, a colorectal cancer (CRC) awareness and screening campaign in Black communities in 2023. Inspired by successful models in the United States and South Wales, the project seeks to diminish fear and mistrust towards health services by being present in the heart of communities.

The project aspires to create an evidence-based model for CRC screening and education, with potential for broader implementation across Europe and other global regions with low screening adoption rates.

The importance of colorectal cancer screening is undeniable as it helps to save lives. However, recent research has shown that Black African and African-Caribbean communities in Europe often do not have equal access to information about colorectal cancer risk factors and of the availability of CRC screening. +Intestino was set to close this health inequality by taking mobile education and screening units into Black communities across Europe. Led by the non-profit health organisation 'Global Healthcare Projects' in collaboration with local partners such as EuropaColon Portugal – Digestive Cancer Patient Support and the Portuguese Red Cross, the mobile testing units handed out over 900 tests. The pilot project was very successful with an outstanding testing return rate of over 75%, where the average in Portugal remains around 25-35%. In over 4% of returned tests, the result was positive for CRC. These patients are now being carefully guided through the follow-up process. ■



TO OUR SHAREHOLDERS

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LETTER FROM THE CEO

“Successfully navigating a dynamic environment, our organic growth exceeded expectations.”

DEAR SHAREHOLDERS, DEAR FRIENDS OF SYNLAB,

As we reflect on our business performance and development in 2023, I would like to begin by expressing my appreciation for our employees who with their outstanding dedication and commitment took care of millions of patients by processing around 600 million laboratory tests last year – providing actionable diagnostics to patients and medical professionals around the world.

For SYNLAB, 2023 has been an eventful and successful year. One in which we achieved our targets, continued to execute our growth strategy and steered our company through the public acquisition process of our major shareholder Cinven.

At the same time, the last year has once again shown that peace and economic stability cannot be taken for granted. We saw society, economies and ourselves confronted with severe geopolitical crises, continued inflation and cost pressures. In view of these circumstances, we can be proud of how resilient SYNLAB performed this year.

Over the past twelve months, we completed the ramp-down of our COVID-19 capacities and successfully refocused our efforts on our core business:



MATHIEU FLOREANI
Chief Executive Officer SYNLAB Group

promoting early detection, medical prevention, and personalised medicine for future-proof healthcare. While the post-pandemic era is characterised by different dynamics, the diagnostics sector remains an integral part of healthcare systems worldwide. As populations, life expectancies, and living standards are increasing, future-proof healthcare relies on medical diagnostics that enable early, efficient and effective treatment. With over 27,000 colleagues in laboratories, research, hospitals, and logistics in 33 countries, SYNLAB is well-positioned to meet the growing demand for innovative medical services.

Committed to delivering customer centric medical excellence, we continuously focused on four strategic levers – superior patient and clinician experience, operational excellence, efficient capital deployment, as well as ESG and empowered and engaged employees. We defined this strategy already five years ago, it continues to play a key role in our business development activities. Our adherence to this programme resulted in a continued strong underlying organic growth throughout the past year. As part of our retail strategy, SYNLAB improved the Net Promoter Score (NPS) of our B2C blood collection points to 88 points, up three points compared to last year. Furthermore, we started the NPS rating scheme for our B2B-activities to assess customer satisfaction and encourage a good and close relationship between doctors and patients.

Looking at the dynamically evolving healthcare sector after the COVID-19 pandemic, we are regularly revisiting our portfolio to enhance performance and optimise our network. As part of this active portfolio management, we divested specific assets, streamlined our portfolio and invested in business areas that have greater strategic potential for our Group. In the course of the year, we successfully sold our Swiss operations and divested other margin-diluting businesses in highly competitive markets such as our operations in Poland and Ukraine or the veterinary diagnostics business in Belgium, Germany, and Spain. At the same time, we completed eight acquisitions to strengthen our presence, create synergies and continuously optimise our portfolio.

To further leverage our network capabilities, we successfully invested into two central laboratories, one in Munich and one in Mexico. And we invested in future-oriented activities such as the ongoing transformation of Synnovis to create a state-of-the-art hub lab concentrated in one location in southeast London.

Based on the persistent execution of our strategy, SYNLAB showed a solid financial performance in 2023. We achieved a higher-than-expected underlying organic growth (excluding COVID-19 testing revenue) of 6.4%, with overall robust volumes increases, positive pricing and partly driven by an over delivery

of our FOR YOU programme. SYNLAB also continued to make significant progress in returning to pre-pandemic productivity levels based on our dedicated focus on performance improvement. Through our multi-year SALIX efficiency programme, we achieved total savings of €40 million in 2023.

As we look back on a robust year, we are proud of our successful development and resilience in the face of a challenging environment. We have stayed true to the strategy we launched in 2018 and which has evolved over the years, including our active portfolio management. In 2024, we will continue to align our strategy with the evolving environment to enhance the value of our portfolio and unlock the profitable growth potential that lies ahead. With a clear focus on advancing key areas such as specialty testing, prescriber and retail management capabilities, innovative value-adding services for physicians and hospitals, and medical prevention and wellness, we are confident to continue outperforming our underlying market growth. As a leading provider for medical diagnostic services, we firmly believe in the value our services have for addressing ongoing global challenges in healthcare and shaping future-proof healthcare systems.

As medical diagnostics become even more important, our mission remains unchanged: Provide actionable diagnostic information for healthy lives and well-being for all.

On behalf of the Management Board as well as the entire SYNLAB Group, I want to thank you, our shareholders, for your trust, support and confidence over the past years.

Sincerely,

MATHIEU FLOREANI
CEO SYNLAB Group

SYNLAB Executive Committee



REGIONAL CEOs

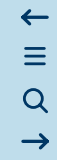
- Christoph Mahnke** CEO SYNLAB Germany
- Stephan Brune** CEO SYNLAB South
- Sébastien Gibault** CEO SYNLAB France
- Rainar Aamisepp** CEO SYNLAB North and East

MANAGEMENT BOARD

- Mathieu Floreani** Chief Executive Officer SYNLAB Group
- Sami Badarani** Chief Financial Officer SYNLAB Group

SENIOR MANAGEMENT

- Catharina Monster** Chief Human Resources Officer SYNLAB Group
- Santiago Valor** Chief Medical Officer SYNLAB Group
- Robert Steinwander** Chief Operating Officer SYNLAB Group
- Fabian Walla** General Counsel and Chief Compliance Officer SYNLAB Group
- Henrik Andreassen** Chief Information Officer SYNLAB Group
- Luis Vieira** Chief Strategy Officer SYNLAB Group



Report of the Supervisory Board



DAVID EBSWORTH

Chairman of the
Supervisory Board

DEAR SHAREHOLDERS AND READERS,

SYNLAB can now look back on an eventful and successful 2023 fiscal year. Throughout 2023, SYNLAB, along with society and the economy, faced a number of challenges, including geopolitical disruptions, inflationary pressures and rising costs. Despite these adversities, SYNLAB has successfully steered its course. It has stayed true to its strategic vision while remaining vigilant to the market dynamics that shape its operations.

Composition of the Supervisory Board

With effect from the close of the Annual General Meeting on 17 May 2023, the Supervisory Board member and shareholder representative Peter Catterall stepped down from his position before the end of his term of office. As proposed by the Nomination Committee, the Annual General Meeting elected Mr. Alexander Leslie as his successor for the remainder of Peter Catterall's term of office, beginning from the Supervisory Board meeting on 17 May 2023.

We would like to thank Peter Catterall for his many years of dedicated service to SYNLAB and for his active contributions to our Board.

Composition of the Management Board

We are very pleased that the composition of the Management Board remained unchanged in the reporting year. Furthermore, the Supervisory Board has set the foundation for the future of SYNLAB by securing the services of the current Management Board for the future.

Accordingly, on 15 March 2023, the Supervisory Board resolved to renew the appointments and the service contracts of Mathieu Floreani (Chairman of the Management Board

and Chief Executive Officer) until 2028 and Sami Badarani (Chief Financial Officer) until 2026.

Cooperation of Supervisory Board and Management Board

As Chairman of the Supervisory Board, I work especially closely with the Chief Executive Officer, but also the Chief Financial Officer, having multiple contacts in addition to formal meetings. We regularly exchange information and ideas with regard to key issues and pending decisions.

The cooperation between the Management Board and the Supervisory Board has continued to be characterised by a spirit of strong mutual trust supported by a professional and open dialogue.

Activity Report of the Supervisory Board

The Supervisory Board convened nine times, whereby meetings were held in presence, by video call or as a hybrid between the two. A detailed list of the participation at the Supervisory Board and its Committee meetings can be found on the Company's website. The Management Board participated in all regular meetings of the Supervisory Board. Regular Supervisory Board sessions were also held without the Management Board.

Regular agenda items of our meetings were an in-depth business review of the Group and its four segments (France, Germany, North & East, and South), the financial situation of the Company as well as of its affiliates, and the M&A activities of the Group. We further conferred on additional agenda items covering ESG, compliance, risk management and human resources topics.

At our meeting on **15 March 2023**, we reviewed and discussed the annual and consolidated financial statements for fiscal year 2022 and endorsed them based on the recommendations given by the Audit

and Risk Committee and the independent auditors who were present during this agenda item. We also endorsed the Non-Financial Group Statement for the reporting year. We discussed and approved the agenda for the 2023 Annual General Meeting and adopted the proposals for resolutions, including the proposal for appropriation of the annual profit, and the compensation report. We approved the Management Board's resolution to hold the Annual General Meeting as a virtual event without the physical presence of our shareholders. We discussed the election of a new Supervisory Board member and endorsed the nomination of Alexander Leslie based on the recommendation given by the Nomination Committee. We further resolved to extend the service contracts of the Management Board members Mathieu Floreani and Sami Badarani.

In light of Cinven announcing its interest to purchase all SYNLAB shares, we resolved to appoint a Takeover Committee to avoid potential conflicts of interests of shareholder representatives, whose organisations hold significant shareholdings in SYNLAB, and to efficiently deal with this matter. The Supervisory Board elected David Ebsworth as independent Chairman, and Barbara Lambert and Marc Welters as independent members of the Committee. The Supervisory Board received training on takeover laws by an external legal advisor.

After the Annual General Meeting on the **17 May 2023**, we discussed the outcome of the Annual General Meeting and approved certain corporate housekeeping items. Moreover, we reviewed the Q1 results of 2023, as presented by the Management Board to us.

On **29 and 30 June 2023**, we held our strategy meeting. On the first day we received a detailed presentation by the management the Region France and the Region North & East, with a special focus on the UK and the Czech Republic. On the second day, we covered the Company strategy, in particular the areas operational excellence, medical excellence, HR, and M&A.

At a virtual meeting on **08 August 2023**, we approved the Company's 2023 financial half year report. We resolved to engage ParkView Partners to prepare an independent fairness opinion for the Supervisory Board for a possible transaction with Cinven.

On the **20 September 2023**, prior to our regular meeting, the non-conflicted Supervisory Board members discussed and reviewed in full detail the draft investment agreement between Cinven and SYNLAB AG. The meeting was joined by our external legal advisors of to the Supervisory Board and ParkView Partners.

During our regular meeting on the **21 September 2023**, we reviewed and discussed the Q3 results of 2023 with the Management Board. In addition, we discussed a report on the course of business by the Management Board and focussed strongly on a human resources risk review, insurance and legal. We also reviewed the business progress in the Region Germany in some detail. The non-conflicted Supervisory Board members continued their discussions on the investment agreement, resolving to approve the draft which had been extensively discussed.

In our second extraordinary meeting on **30 October 2023**, the non-conflicted Supervisory Board members reviewed the joint reasoned statement of the Management Board and the Supervisory Board. The non-conflicted members resolved, after due and careful consideration, to unanimously approve the joint reasoned statement.

At our meeting on **05 December 2023**, we approved the budget plan for 2024. We received a detailed presentation by the management of the Region South, with a specific focus on Italy and Spain, as well as further discussed the Region Germany. We also attended to various corporate house-keeping items.

	15.03.2023	17.05.2023	29.06.2023	30.06.2023	08.08.2023	20.09.2023	21.09.2023	30.10.2023	05.12.2023
David Ebsworth	In person	In person	In person	In person	Virtual	In person	In person	In person	Virtual
Karin Bierstedt	In person	In person	In person	In person	Virtual	In person	In person	In person	In person
Peter Catterall	By ballot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stefan Graf	In person	In person	In person	In person	In person	In person	In person	In person	Virtual
Ute Hasholzner	In person	In person	In person	In person	Virtual	In person	In person	In person	In person
Barbara Lambert	In person	In person	In person	In person	In person	In person	In person	In person	Virtual
Alex Leslie	N/A	Virtual	In person	In person	Virtual	excused	In person	excused	Virtual
Anastasya Molodykh-McFarlane	In person	Virtual	In person	In person	Virtual	excused	In person	excused	Virtual
Christian Salling	In person	In person	In person	In person	Virtual		In person	excused	Virtual
Rene-Frank Schmidt-Ferroud	In person	In person	In person	In person	Virtual	In person	In person	In person	In person
Iris Schopper	In person	In person	In person	In person	Virtual	In person	In person	In person	In person
Marc Welters	In person	In person	In person	In person	In person	In person	In person	In person	In person
Bartl Wimmer	In person	In person	In person	In person	Virtual	excused	In person	excused	In person

Activity Report of the Committees

During the 2023 financial year, six Committees support the work of the Supervisory Board. The Committees prepare topics for the Supervisory Board or, in line with the rules of procedure, take decisions instead of the full Supervisory Board. Each Chair reports on the Committee work during the following Supervisory Board meeting.

The **Audit and Risk Committee** met five times during the 2023 financial year. The Committee reviewed the 2023 quarterly reports as well as prepared for and endorsed to the Supervisory Board the 2023 annual and group financial statement and the 2023 financial half year report. The Committee obtained detailed

information on the risk management system (including the early warning system) the internal control system, the internal audit system, the SAP rollout, the compliance system, legal proceedings, data privacy, and cybersecurity. The Audit and Risk Committee issued the engagement letters to the statutory auditors, Deloitte Wirtschaftsprüfungsgesellschaft GmbH, Munich, agreed on their fees, monitored the fees for audit and non-audit services and enquired regularly about their independence. Deloitte was present at each meeting and presented its audit plan, including the key audit matters and reported on the progress of its work. For good governance, private sessions with the auditors and without the presence of the Management Board were held at each meeting.

	14.03.2023	09.05.2023	08.08.2023	06.11.2023	04.12.2023
Stefan Graf	In person	In person	Virtual	Virtual	In person
Barbara Lambert	In person	In person	In person	In person	In person
Anastasya Molodykh-McFarlane	In person	In person	Virtual	Virtual	In person
Marc Welters	In person	In person	In person	In person	In person

The **Presiding Committee** held five regular meetings and three ad hoc meetings. In addition, the Committee resolved two items by written resolution. Its meetings mainly concerned the corporate housekeeping of the Supervisory Board, the preparation of the Supervisory Board meetings, the preparation of the Annual General Meeting, of the employee representative election, on Management

Board and Executive Committee matters (including, the compensation and the management of conflict of interest) as well as renewal of the service contracts of the Management Board members. Furthermore, it received reports on the investment and M&A activities of the Group. At the ad hoc meetings, the Committee approved M&A transactions, inter alia the acquisition of a hospital in Germany,

the sale of the Swiss entity and the veterinarian business. For good governance, private sessions without the presence of the Management Board were held at each regular meeting.

	23.01.2023	17.02.2023	14.03.2023	16.05.2023	29.06.2023	27.07.2023	20.09.2023	04.12.2023
David Ebsworth	Virtual	Virtual	In person	In person	In person	Virtual	In person	In person
Peter Catterall	Virtual	Virtual	Virtual	Excused	N/A	Virtual	N/A	N/A
Stefan Graf	Virtual	Virtual	In person	Virtual	In person	Virtual	In person	In person
Alexander Leslie	N/A	N/A	N/A	Virtual	Virtual	Virtual	In person	In person
Marc Welters	Virtual	Virtual	In person	Virtual	In person	Virtual	In person	In person

Four meetings of the **ESG Committee** were held during the financial year 2023. Updates on progress in ESG were received and the ESG KPI further defined together with the Management Board. The Committee consulted the Company during the creation of the 2023 ESG report. Furthermore, the status of the SYNLAB Foundation and its progress were reported.

	08.02.2023	14.03.2023	20.09.2023	04.12.2023
Christian Salling	Virtual	In person	In person	In person
Rene-Frank Schmidt-Ferroud	Virtual	In person	In person	In person
Iris Schopper	Virtual	In person	In person	In person
Bartl Wimmer	Virtual	In person	In person	In person

The **Nomination Committee** met once during the financial year 2023, and during this meeting the succession of the resigning shareholder representative was discussed. The meeting was held by means of video conference and all members participated.

The newly appointed **Takeover Committee** met 17 times during the 2023 financial year. The Committee was informed by the Management Board about the takeover discussions with Cinven and other interested third parties. The Committee recommended to the Supervisory Board the investment agreement and the reasoned statement. The meetings were held by means of video conference and all members participated at all meetings. The Chairman of the Committee informed

regularly the Supervisory Board on its activities. The **Conciliation Committee** did not meet during 2023.

Training and Further Educational Measures

All members of the Supervisory Board proactively undertake the training required for their duties. One scheduled training session on takeover law and procedures was held for the Supervisory Board members during the March meeting.

Review of the Financial Statements

Deloitte, the auditor elected by the Annual General Meeting for the financial year 2023, has audited the financial statements of SYNLAB AG and the SYNLAB Group consolidated financial statements. The financial statements of SYNLAB AG were prepared in accordance with the German Commercial Code (HGB) and the Group financial statements were prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU, and the additional requirements that must be applied in accordance with section 315e para 1 HGB, including the SYNLAB AG and Group management report and the accounting records from which they were prepared. All of which has have been approved by Deloitte free of qualifications. Furthermore, Deloitte certified that the Management Board has taken the measures incumbent upon it under section 91 para 2 German Stock Corporation Act (AktG) in an appropriate manner. In particular, it had instituted an appropriate early warning system that fulfilled the requirements of the Company and is applicable for the early identification of developments that could pose a risk to the continued existence of the SYNLAB Group. The results of the audit as well as the procedure and material findings of the audit of the financial statements are presented in the auditors' report. Beyond the statutory audit of the financial statements, Deloitte also conducted, on behalf of the Management Board, an independent assess-

ment of the Company's non-financial reporting for SYNLAB AG and SYNLAB Group, which is an integral part of the SYNLAB ESG report. Above and beyond the statutory requirements, the auditor has also audited the compensation report, that is to be prepared by the Management Board and the Supervisory Board in accordance with section 162 AktG and has approved it free of qualification.

The auditor's reports were sent in a timely manner to every member of the Supervisory Board. The auditor attended the accounts review meeting of the Audit and Risk Committee on 14 March 2023, as well as the accounts meeting of the Supervisory Board on 15 March 2023 and reported on the procedure and material findings of its audit, including the key audit matters described in the auditor's report.

The Audit and Risk Committee reviewed the financial statements, non-financial group statements, and the management reports at its meeting on 14 March 2023, respectively, including the reports prepared by the auditor and the key audit matters specified in the auditor's report, and discussed them in full detail with the auditor. The Presiding Committee reviewed the compensation report, including the reports prepared by the auditor and the key audit matters specified in the auditor's report, and the compensation system, prepared by an independent compensation advisor, in its meeting on 14 March 2023 and

discussed them in full detail. The chairwoman of the Audit & Risk Committee and the chairman of the Presiding Committee gave a detailed account of the review at the Supervisory Board meeting on 15 March 2023. On this basis, the Supervisory Board examined the financial statements and the management report of SYNLAB AG, the compensation report, the proposal by the Management Board for the appropriation of profit, and the consolidated financial statements and group management report for financial year 2023.

At its accounts meeting on 15 March 2023, the Supervisory Board approved the financial statements of SYNLAB AG including the management report, the consolidated financial statements, the group management report of the SYNLAB Group, and the non-financial group statement prepared by the Management Board, making the 2022 financial statements final. The Supervisory Board concurred with the proposal of the Management Board regarding the appropriation of profit and the payment of a dividend of EUR 0.33 per share.

Conflict of Interest

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. For this reason, the Supervisory Board members, Alexander Leslie, Anastasya Molodykh-McFarland, Christian Salling and Bartl Wimmer did not participate in the discussions and resolutions

on the investment agreement with Cinven on 20 and 21 September 2023 and the joint reason statement on 30 October 2023.

Alexander Leslie and Anastasya Molodykh-McFarland are affiliated with Cinven. Regarding Bartl Wimmer, a potential conflict was assumed as he holds a significant shareholding in SYNLAB and declared that he will continue to be invested in SYNLAB after a transaction with Cinven. Christian Salling voluntarily abstained taking into consideration his affiliation with Novo Holdings.

No further conflicts of interest arose in financial year 2023.

Note of Thanks

We would like to offer our thanks and particular appreciation to the Management Board, the Works Council, the management teams and all the employees of the SYNLAB Group for their work in 2023. The year 2023 again brought many, in some cases major, challenges to overcome. With hard work and a high level of personal commitment, they all made a decisive contribution to what was a successful 2023 fiscal year for the SYNLAB Group.

Share Price Report

SYNLAB SHARE PRICE PERFORMANCE IN 2023

XETRA opening price 2nd Jan 2023: €11.45; indexed to 100%



STOCK MARKET TRENDS IN 2023

As in 2022, the year 2023 was marked by geopolitical crises whereas the European and US monetary policies kept on further increasing interest rates.

The Russian war against Ukraine as well as the new outbreak of the Middle East conflict kept energy costs on high levels and

continuously tensed the supply chains. As a result, inflation remained high all over 2023.

In 2023 the SDAX increased by 17% and the MSCI Europe Healthcare Equipment & Services by 8%. In the first quarter of year 2023, the share price of SYNLAB declined by 16% despite positive business-related news, active M&A, and portfolio management. On 13 March 2023, Cinven S.A. (Cinven) expressed its

non-binding interest to acquire shares of SYNLAB at €10 per share, which represented a 42% mark-up of the precedent closing price. Following the Cinven offer, the share price increased further until year-end, leading to a closing price of €11.42 on 31 December 2023; nearly at its highest price of the year 2023 (being at €11.69). The share price marked its low in 2023 at €6.75 on 3 March 2023.

Share facts at a glance

Trading symbol	SYAB
ISIN	DE000A2TSL71
German securities code (WKN)	A2TSL7
Class	Non-par-value bearer shares
Share capital	222,222,222
First trading day	30 April 2021
Stock exchanges	XETRA and all German stock exchanges
Listing segment	Prime Standard
Index	SDAX
Designated sponsor	Goldman Sachs Bank Europe SE (Baader Bank AG)

Key indicators for the SYNLAB share (BASED ON XETRA DATA)

	2023	2022
High	€11.69	€23.28
Low	€6.75	€11.08
Average	€9.53	€16.04
Year-end	€11.42	€11.33
Average daily trading volume (in shares)	161,489	129,819
Market capitalisation at year end	€2.5 Billion	€2.5 Billion
Number of shares outstanding at year-end	219,775,222	219,703,358
Treasury shares at year-end	2,447,000	2,518,864
Weighted average number of shares outstanding	221,558,169	221,558,169
Adjusted earnings per share (basic and diluted)	€1.54	€1.54
Dividend payment per share outstanding	€0.33	€0.33
Pay-out ratio	21%	21%

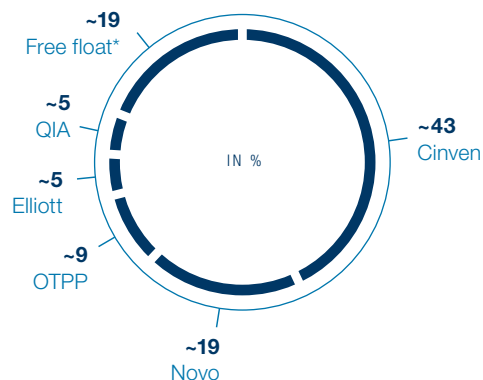
SHAREHOLDER STRUCTURE

The share capital of SYNLAB AG amounts to €222,222,222.00 and is divided into 222,222,222 ordinary bearer shares with no par-value and the same number of voting rights at the Annual General Meeting (AGM).

As of 31 December 2023, SYNLAB AG held 2,447,000 treasury shares (approx. 1.1% of the share capital), which were purchased under the "Share Buy-Back Program 2022" at a total purchase price of €35.8 m (excluding incidental acquisition costs). According to latest information, Cinven, Novo Holding A/S (Novo), Ontario

Teachers' Pension Plan Board (OTPP) and the Qatar Investment Authority (QIA) together held approximately 73% of total outstanding shares at year end. The Free float was at approximately 27%, including shares held by the Management Board, the Supervisory Board, and employees of approximately 8%.

SHAREHOLDER STRUCTURE AT YEAR-END 2023 (ESTIMATES)



* As defined by Deutsche Börse, SYNLAB estimates

DIVIDEND

The decision on dividend is taken by the AGM, following on the required dividend proposals made by the Management Board and the Supervisory Board.

The decision on the dividend paid in 2023 was made at the AGM on 17 May 2023. The dividend paid in 2023, on fiscal year's results 2022, was €0.33 per share, representing a pay-out ratio of 21%.

BROAD ANALYST COVERAGE

In the first half of 2023, SYNLAB was covered by 9 sell-side analysts. Most of them also cover the broader Healthcare/MedTech sector. From September on, as a consequence of the Cinven's Offer, the analyst coverage was reduced, and share price targets are not updated any longer by analysts. The full list of institutions and analysts can be found on the investor relations website: AG.SYNLAB.COM

INTENSIVE DIALOGUE WITH THE FINANCIAL COMMUNITY

The focus of our investor relations activities is on timely and transparent reporting, active and regular dialogue with our shareholders, analysts and potential investors, and the expansion of our existing network of contacts worldwide.

In the second year after the initial public offering (IPO), SYNLAB continued to maintain an intensive dialogue with the financial community. In 2023, SYNLAB participated in financial conferences and roadshows and was in contact with investors from more than 100 institutions.

SYNLAB communicates its financial results on a quarterly basis and organises investor calls to present results and recent developments. Webcasts of these events are available live and can be replayed on the investor relations website:

AG.SYNLAB.COM.

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SEPARATE NON-FINANCIAL GROUP REPORT

Separate Non-financial Group Report

This Separate Non-financial Group Report (NFR) has been prepared in accordance with sections 315b, 315c, in conjunction with sections 289b to 289e of the German Commercial Code (*“Handelsgesetzbuch”* or *“HGB”*) and with reference to Global Reporting Initiative (GRI) standards¹. The activities, initiatives, progress, and metrics mentioned in this report cover the whole consolidation scope under SYNLAB AG (*“SYNLAB”* or *“the Group”*) and refer to the 2023 financial year (1 January 2023 to 31 December 2023). SYNLAB uses the control principle defined by the International Financial Reporting Standards (IFRS) when determining the scope of reporting for the Group, unless otherwise stated.² The content of the NFR comprises a description of management concepts of the most material non-financial topics of SYNLAB. Furthermore, the NFR contains the disclosures required pursuant to Article 8 of Regulation (EU) 2020/852 (*“EU Taxonomy Regulation”*) and the Delegated Acts adopted under this. SYNLAB publishes a Separate Non-Financial Group Report on an annual basis.

Non-financial data governance at SYNLAB follows financial data governance closely and has multiple layers of checks and approvals, including the Executive Committee and Supervisory Board as well as relevant committees under it. The content of this report has been reviewed and approved by the Management Board and the Supervisory Board. SYNLAB strives for transparency and, to prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD), additional ESG (Environment, Social & Governance) metrics will be published in a separate ESG Data Book on the Group’s website for download.

To avoid redundancies, reference is made to passages in the [GROUP MANAGEMENT REPORT](#), [CORPORATE GOVERNANCE REPORT](#) and [COMPENSATION REPORT](#). Specific information on the business model can be found in the Group Management Report *“PRINCIPLES OF THE GROUP”*. For information on the changes in the scope of consolidation, please see under *“SIGNIFICANT EVENTS.”* All entities are included in the 2023 data until the date of their exit.

ESG AS PART OF THE GROUP STRATEGY AND CULTURE

The SYNLAB ESG strategy supports the vision of SYNLAB to lead through excellence in service to patients and the medical community, with reliable and high-quality diagnostics and value-added services. Group’s Vision and Values are also reflected in the ESG priorities. To embed and promote a culture of sustainability across the Group and value chain, three areas of action have been identified:

- **SYNLAB Care** Creating positive outcomes in the communities SYNLAB works in through innovative, high-quality diagnostics and empowering its diverse range of employees.
- **SYNLAB Green** Minimising environmental impact and striving to protect the environment.
- **SYNLAB Citizenship** Advancing public health through responsible corporate citizenship and operating with the highest standards of governance and compliance.

ESG GOVERNANCE AT SYNLAB

SYNLAB is committed to a strong governance structure that enables responsible business practices. The ESG strategy of SYNLAB is guided by the Management Board, which is responsible for the overall Group management and strategic direction, including decision-making and risk mitigation regarding ESG topics. The Supervisory Board monitors and advises the

¹ For example, SYNLAB referenced the GRI Standards to list the material topics as well as to disclose the structured description of management approaches based on GRI 3: Material Topics 2021 3-2 and 3-3. GRI topic reference table will be made available for download as part of the ESG Data Book. For the materiality process, SYNLAB conducted this assessment in 2022, in accordance with Sections 289 [2] and [3] of HGB for the principles of double materiality.

Management Board. ESG aspects are one of the considerations in the appointment of Supervisory Board members. This process is managed in accordance with the German Corporate Governance Code that requires factors such as independence, age, and diversity to be considered as appointment criteria. In addition, a general knowledge of ESG topics is a component of the Supervisory Board's competency profile.

The Supervisory Board, moreover, has formed a designated ESG Committee. This committee consists of four members made up of an equal number of shareholder and employee representatives. The Supervisory Board receives input from the ESG Committee on environmental matters, health and safety, corporate social responsibility, economically viable and sustainable development of SYNLAB, and responsible corporate governance matters. Another committee involved in the ESG governance at the Supervisory Board is the Audit and Risk Committee, which oversees risk management and monitoring. This includes non-financial risks as well as ESG disclosures, controls, and processes. Further details regarding the Supervisory Board and its committees are found in the [CORPORATE GOVERNANCE REPORT](#).

The Management Board is supported by a dedicated ESG Committee of the Executive Committee, which approves and supports the vision, strategy, and policies for ESG. It also monitors the progress of the agreed ESG targets.

There are also several committees to support a sound ESG governance structure across Group such as the Executive Committee, which advises the Management Board on delegated matters, handles the implementation of the approved policies, and steers the internal functions that operationalise the programmes, and the Compliance Committee, which is responsible for the review of and adherence to the compliance principles as well as evaluating and mitigating compliance risks.

ESG-LINKED COMPENSATION AT SYNLAB

In 2023, the variable component of the Management Board members' compensation (individual contribution factor) includes considerations on ESG topics. However, these are not management relevant KPIs ("*bedeutsamste nichtfinanzielle Leistungsindikatoren*") within the meaning of section 289c [3] of HGB. For further details about the compensation system and actual compensation within the financial year, please refer to the [COMPENSATION REPORT](#).

MATERIAL NON-FINANCIAL TOPICS

The topics covered in this NFR are based on a materiality assessment. Most recently, SYNLAB conducted a double materiality assessment in 2022 by considering two types of impacts: environmental and social topics that can have an

impact on the enterprise value of SYNLAB and the Group's impact on society and the environment. Inputs from internal and external stakeholders formed an integral part of this assessment. The details of the previous materiality assessment are outlined in the ESG 2022 Report. During 2023, the Management Board and other members of the ESG Committee of the Executive Committee reviewed the results from 2022 and confirmed that the list of material non-financial topics are still valid and up to date.

As part of the non-financial reporting process, SYNLAB also reviewed risks posed to the environment and society by the Group's own operations, business relationships, and products and services. During this analysis, none of the identified material risks met the criteria of "very probable severe negative impacts" as set out in the German Commercial Code (section 289c [3] lit. 3 – 4 HGB).

Matters required by HGB	Material non-financial topics	SYNLAB areas of action
Social matters	Provision of high-quality healthcare	SYNLAB Care
	Addressing public health risks	SYNLAB Citizenship
Employee matters	Talent attraction, development, and retention	SYNLAB Care
	Diversity, equity, and inclusion	SYNLAB Care
	Employee engagement, empowerment, and well-being	SYNLAB Care
Environmental matters	Low carbon transition	SYNLAB Green
	Environmental management	SYNLAB Green
Human Rights matters	Diversity, equity, and inclusion	SYNLAB Care
	Employee engagement, empowerment, and well-being	SYNLAB Care
	Responsible supply chain management	SYNLAB Citizenship
Data security and Cybersecurity matters	Privacy and data security	SYNLAB Citizenship
	Cybersecurity	SYNLAB Citizenship

Anti-corruption matters (a matter required by HGB) are not included in the NFR since they were not identified as a material topic. However, SYNLAB does not tolerate corruption or unfair business practices. Indeed, all employees are encouraged to speak up and report any concerns as well as potential or actual compliance violations. SYNLAB offers multiple channels, which are outlined in the Group's Speak-Up Policies. This includes a central whistleblowing hotline, with regional telephone numbers and an email address where reports can be submitted to an independent third party in local languages. SYNLAB commits to reviewing all issues raised. For more information on anti-corruption, please refer to the [CORPORATE GOVERNANCE REPORT](#).

While human rights as an independent topic was not identified as material in the 2022 assessment, various material topics are linked to human rights under "employee matters" and "responsible supply chain" as well as the alignment testing conducted on Minimum Safeguards as part of the EU Taxonomy reporting. SYNLAB is committed to respecting human rights as outlined in a separate publicly available [GROUP STATEMENT ON HUMAN RIGHTS](#) and the [SYNLAB CODE OF CONDUCT](#). SYNLAB has been also a participant in the UN (United Nations) Global Compact since 2021. SYNLAB aims to identify, prevent, mitigate, or remediate adverse human rights impacts linked to the value chain of SYNLAB, in line with the UN Guiding Principles of Business and Human Rights (UNGPs) and the German Supply Chain Due Diligence Law ("*Lieferkettensorgfaltspflichtengesetz*"). Furthermore, the [SYNLAB SUPPLIER CODE OF CONDUCT](#) outlines details of the Group's expectations towards suppliers regarding responsible and sustainable approach on business conduct.

SYNLAB CARE

Provision of high-quality healthcare

Today, medical diagnostic services play a vital role in patient care delivery by providing and ensuring quality testing to support clinical decisions. Aside from its value to individual patients, medical diagnostics are central to screening and infection control of diseases significant to public health, such as tuberculosis and other infectious diseases. SYNLAB is committed to providing excellent service to patients and the medical community with reliable diagnostics, with further value added by striving for the highest standards of quality.

Medical excellence of SYNLAB is built on over 2000 international medical experts in 33 countries worldwide. To deliver high-quality healthcare, SYNLAB aims to bring knowledge and expertise together in international cooperation initiatives and partnerships, bridging different medical disciplines and leading sector specialists.

Medicine is a constantly evolving discipline. Research, innovation, and knowledge transfer within SYNLAB and with its partners are key to offering high-quality services for patients and customers. Medical knowledge within SYNLAB network and the centres of excellence of SYNLAB provide information ranging from routine to speciality testing, accessible to all countries within the SYNLAB network. SYNLAB has research and cooperation agreements with universities, institutions, and the pharmaceutical industry, as well as partnerships to share expertise locally and globally through different teaching opportunities.

Another programme that supports SYNLAB in delivering high-quality healthcare is the SYNLAB Fellowships, an internal training initiative, to help upskill and develop the diagnostic expertise of laboratory staff. The programme enables SYNLAB employees to receive support or conduct research activities in various topics through collaboration and partnerships across the SYNLAB network. Moreover, medical technology enables SYNLAB to deliver high-quality services. SYNLAB takes a comprehensive approach towards medical technology management, which is built on medical technology innovation, efficient service contract management, services and maintenance, and workflow & production optimisation. To ensure production stability from a technological perspective, SYNLAB has a dedicated internal team for services and maintenance as well as technology services.

More information on medical excellence, research and innovation can be found in the Group Management Report, "[RESEARCH AND DEVELOPMENT](#)".

Medical diagnostic services operate in a highly regulated market and SYNLAB is required to meet evolving government or industry standards set in each region. SYNLAB intends to ensure that all laboratories work in accordance with the highest local standards. Many of the Group's laboratories also undertake external quality assessments. ISO 9001 Quality Management Standard and ISO 15189 Standard on Quality and Competence in medical laboratories have often been established as continuative models for quality systems, which, at times, go beyond national laws, mandatory standards, and guidelines of expert associations

regarding analytical and organisational performance of medical laboratories. In 2022, SYNLAB set the target for over 80% of its laboratories to obtain one of the quality management standards (ISO 9001, ISO 15189 or appropriate [equivalent] local quality standard) by 2025. SYNLAB is continuing to increase its coverage. In 2023, the proportion of laboratories certified to one of the above standards slightly increased to 72.9%, bringing SYNLAB one step closer to the target of 80% certified by 2025.

Target	2023	2022
Over 80% of laboratories to obtain one of the quality management systems (QMS) (ISO 9001, ISO 15189 or appropriate [equivalent] local quality standard) by 2025.	72.9%	72.2%

Employee matters

To deliver a best-in-class service for patients and customers, SYNLAB relies on committed and qualified people. Employees ensure medical excellence. They are also the interface to patients and customers, ultimately playing a critical role in the success of the Group. SYNLAB strives to create fulfilling careers for its employees by providing a professional, ethical, safe, and inclusive workplace that respects human rights.

Several material non-financial topics are related to employee matters: Talent attraction, development and retention, employee engagement, empowerment, well-being, and Diversity, Equity, and Inclusion. To this end, “Empowered and Engaged Employees” is a key pillar of the overall SYNLAB strategy. For more details on the strategy, see Group Management Report “Strategy and Management System”. Local HR functions are responsible for employee matters locally and report to the local CEOs,

with a dotted line to the Group Chief HR Officer. At the Group level, employee matters are managed by Group HR.

Further information on employees is available on [PAGE 62](#) as well as in the separate ESG Data Book on the Group website for download.

Employee engagement, empowerment and employee well-being

Employee engagement and empowerment

SYNLAB has a system in place to proactively engage with employees and understand how the Group can better steer activities at all levels. SYNLAB Dialogue is the Group-wide annual employee survey and the formal platform for gathering employee feedback. The main purpose of SYNLAB Dialogue is to establish an additional, quantitative channel through which employees share their views, concerns, contentment, needs, and wishes. Based on those inputs, managers have more information on how to make the employee experience at SYNLAB better and thus improve engagement. SYNLAB Dialogue collects employee feedback on several key dimensions, which covers wellbeing to performance management.

The survey results are used as the basis of employee engagement in all levels of the organisation from team level up to the Supervisory Board. Each country uses the survey results to address the key issues identified by employees at a local level. Team leaders and managers are accountable for sharing the results and creating action plans together with their teams as well as allocating appropriate resources. In 2022, SYNLAB set the target to improve SYNLAB Dialogue employee engagement scores year after year up to 2025. The results of SYNLAB

Dialogue are directly linked to the performance targets for the Group’s Board of Management as well as those covered in the Group Management by Objectives (MBO) scheme, which includes country C-levels.

SYNLAB continues to work to engage as many employees as possible into the process. In 2023, we had a response rate of 67%, a slight decrease from 70% in 2022. The Group engagement score went up by 4%. This improvement shows that SYNLAB takes employee feedback seriously and continue to work closely with employees and leaders to improve the engagement.

Furthermore, SYNLAB also regularly engages with workers’ representatives both at local and Group levels. The Group level, employee as well as trade union representatives also have seats in the Supervisory Board. Details of the members and Board meetings are available in the [CORPORATE GOVERNANCE REPORT](#).

Employee well-being

Well-being at the workplace is defined by the International Labour Organisation as “all aspects of working life, from the quality and safety of the physical environment, to how workers feel about their work, their working environment, the climate at work and work organisation”². SYNLAB is committed to maintaining and improving employee well-being across the global workforce.

SYNLAB Dialogue dimensions include well-being, and these are closely monitored. If and when they are identified as a key topic by employees through their feedback, they need to be addressed at the appropriate levels within SYNLAB.

² ILO (2023) “Workplace well-being” https://www.ilo.org/safework/areasofwork/workplace-health-promotion-and-well-being/WCMS_118396/lang--en/index.htm

The measures for workplace well-being are to complement traditional occupational health and safety management. While occupational health and safety has not been identified as one of the material non-financial topics, SYNLAB works to constantly minimise and remove any harmful risks in the workplace. Health and safety in the SYNLAB workplace have the highest importance. As the diagnostic industry is highly regulated for health and safety measures, compliance is extremely important. SYNLAB is committed to ensuring compliance with the relevant country-specific regulations, laws, and guidelines. Furthermore, SYNLAB seeks to operate its labs by applying best practice standards.

Target	2023	2022
Increase SYNLAB Dialogue employee engagement scores year after year until 2025.	+4% against 2022 scores	-5% against 2021 scores

Diversity, Equity and Inclusion

SYNLAB is committed to ensuring and promoting Diversity, Equity and Inclusion (“DEI”) to create a richer workplace environment and a more resilient, innovative, and successful organisation. SYNLAB recognises its diverse workforce as a key competitive advantage, and that the Group’s business success reflects the differences nurtured within. SYNLAB strives to foster a working environment in which all employees feel respected, supported, and encouraged to achieve their goals and potential and to achieve a culture of equity, dignity, fairness, and continual improvement. The Global DEI Policy codifies the Group’s commitment and sets out that each employee is responsible to act in a way that demonstrates respect and acceptance of all sections of society. This approach to DEI also forms part of the broader human rights approach at SYNLAB.

Across the business, leaders play a particularly important role through proactive leadership to ensure a workplace culture where DEI is supported, valued, and celebrated. At a global level, the Group CEO and Group Chief Human Resources Officer are the executive sponsors of the DEI commitment. At a country level, DEI topics are led by the local HR department, or equivalent, with Group HR responsible for articulating the Group DEI Policy. Country management demonstrates DEI leadership locally and is responsible for providing regular training on DEI, as well as, for example, on eliminating unconscious bias and ensuring non-discriminatory recruitment and hiring practices.

SYNLAB, moreover, is committed to enabling employees, partners, and customers to share any concerns regarding compliance issues as outlined in the DEI Policy through the previously described Speak-Up Policy.

At SYNLAB, women currently make up approximately 75% of the Group’s overall workforce and >50% of management positions³. In 2022, SYNLAB set gender diversity goals aligned with the requirements of the German Corporate Governance Code. These are: >30% female representation within the Key Strategic Successors Pipeline for CEO positions for any country representing at least 5% of total Group revenue by 2026; female representation of >20% in first line management (Executive Committee) below the Management Board by 2026 and female representation of >45% in second line management below the Management Board by 2026. These targets are in addition to the gender diversity targets set for the Management Board and

Supervisory Board positions. Details on diversity considerations for Management Board and Supervisory Board positions are outlined in the [CORPORATE GOVERNANCE REPORT](#).

Female representation increased in second line management. However, the female representation within the Key Strategic Successors pipeline for CEO positions decreased in 2023. SYNLAB continues its active recruitment efforts, both internally and externally, to identify candidates whose experience and qualifications can make a positive impact on the business.

Targets	2023	2022
>30% female representation within the Key Strategic Successors Pipeline for CEO positions for any country representing at least 5% of total Group revenue by 2026.	25.0%	50.0%
Female representation of >20% in first line management (Executive Committee) below the Management Board by 2026.	10.0%	10.0%
Female representation of >45% in second line management below the Management Board by 2026.	28.8%	26.2%

Talent attraction, development and retention

Attracting, developing, and retaining employees who have the right skills, experience and qualifications are key to continuously delivering the highest standards of quality. SYNLAB provides ongoing training for employees across all levels and disciplines. In 2022, SYNLAB set a goal to increase average hours of training per FTE, by 10% year-on-year up to 2030. In 2023, 14.5 hours of training per FTE were completed, a 14% increase from 2022 training hours per FTE.

³ Management is defined as roles holding senior leadership positions typically heading a functional area but not a C-level role.

SYNLAB has an overarching concept for learning and development called “SYNLAB Campus”, which consists of three layers (1) Group-level initiatives focusing on management development, (2) SYNLAB academies focusing on professional development and (3) Trainings and courses focusing on personal and professional effectiveness. SYNLAB Campus offers multiple and varied areas in which employees can learn and develop professionally and personally.

Target(s)	2023	2022
100% participation in the ACCE Leadership Model Development Programme by 2026 for SYNLAB leaders (all leadership levels).	3.3%	<1%
Increase average hours of training per FTE, by 10% year-on-year until 2030.	14.5 hours, 14% increase from 2022	12.7 hours

Furthermore, the SYNLAB Leadership Model (ACCE), which was introduced in 2022, aims to align individual management actions to the principles and values shared within the Group. ACCE addresses four key leadership competency areas: Be Agile, Communicate, Connect and Execute. In 2022, SYNLAB committed to the goal to have 100% participation in the ACCE Leadership Model Development Programme by 2026 for SYNLAB leaders (all leadership levels). To support the implementation of this goal, 2023 ACCE e-learning was developed and rolled out.

SYNLAB GREEN⁴

Low carbon transition

At SYNLAB, around 80% of Scope 1 & 2 carbon emissions are related to two core activities: combustion of fuels used in transport of testing samples and the electricity required to operate the laboratories. The core operation of SYNLAB is the service network that connects distributed Blood Collection Points (BCPs), hospitals, prescribers as well as Group's medical care centres to centrally located laboratories for medical diagnostic services. Laboratories typically consume larger quantities of energy than offices per square metre and this is no exception for SYNLAB facilities.

To reduce carbon emissions from its own emissions, SYNLAB continues to implement Scope 1 & 2 emissions saving measures that include: energy efficiency projects, transitioning to green electricity for purchased electricity, assessing suitability for solar photovoltaics, investing in e-mobility where feasible, eliminating oil and gas use where possible, and working with landlords as needed, for example, when installing charging stations for electric vehicles. In 2023, various local projects took place to reduce

⁴ For operational environmental data, covered under “Environmental Matters”, SYNLAB applies an operational control approach defined by the GHG Protocol. When preparing the disclosure, due to data unavailability, some of the data points needed to be estimated to present the complete scope for reporting years 2022 and 2023. At SYNLAB, the greenhouse gas emissions are calculated as CO₂e based on the active data and emission factors. All emission factors are in units of ‘grams/kilograms of carbon dioxide equivalent of Y per X’ (g CO₂e of Y per X or kg CO₂e of Y per X), where Y is the gas emitted and X is the unit activity. CO₂e is the universal unit of measurement to indicate the Global Warming Potential (GWP) of GHGs, expressed in terms of the GWP of one unit of carbon dioxide. In alignment with ESRS (AR 39 [d]), SYNLAB uses the most recent GWP values published by the IPCC based on a 100-year horizon to calculate CO₂eq emissions of non-CO₂ gases. For electricity, stationary and heat/stream CO₂e, the grid emission factors were used based on the official International Energy Agency (IEA) Emission Factors (licensed to SYNLAB), the UK Department for Environment, Food and Rural Affairs (DEFRA) and the UK Department for Business, Energy, and Industrial Strategy (BEIS) 2021. However, whenever the custom emission factors (market-based) were provided by the supplier SYNLAB used these factors. In 2023, SYNLAB applied stricter internal checks and controls and, in this process, also identified gaps and worked to close them during the year.

the Group's carbon footprint. Examples include the optimisation of temperature settings for cooling and heat pumps, the installation of energy metre systems, internal trainings on energy savings, the conducting of eco-driving courses for the internal logistics team, the purchase of electrical vehicles as well as the relocation of one of the labs which resulted in switching the energy type and thereby eliminating oil use in one location. The five main countries and regions (Germany, France, Iberia, Italy and UK) have their own carbon neutrality roadmap and tracked their progress against their plans during 2023.

SYNLAB has a target to reduce scope 1 and 2 CO₂e emissions intensity (tonnes CO₂e per EUR million revenue) year after year and offset remaining unavoidable Group-wide emissions by 2027. In 2023, the emission intensity went up to 11.9 from 9.9 in 2022, primarily due to the decrease in revenue. H1 2022 was marked by the Omicron wave, which led to peak COVID-19 testing volumes and in 2023 there was a sharp downturn in COVID-19 testing. Total carbon emissions (market-based) decreased to 31,456 Tonnes CO₂e from 32,232 Tonnes CO₂e in 2022, primarily attributed to reduction in electricity consumption and divestments linked to active portfolio management. In 2023, no carbon credits were purchased at the Group level to offset the emissions. SYNLAB will continue to implement measures to decrease its carbon emissions.

Targets	2023	2022
Reduce scope 1 and 2 CO ₂ e emissions intensity ⁵ (tonnes CO ₂ e per million euros revenue) year after year and offset remaining unavoidable Group-wide emissions by 2027.	11.9	9.9 ⁵

⁵ Calculated using market-based emissions.

Carbon Emissions

	Unit	2023	2022
Scope 1 emissions	Tonnes CO ₂ e	19929	20925 ⁶
Scope 2 emissions (location based)	Tonnes CO ₂ e	27241	Not reported
Scope 2 emissions (market based)	Tonnes CO ₂ e	11527	11307 ⁶
Gross Scope 1 & 2 emissions (location based)	Tonnes CO ₂ e	47171	Not reported
Gross Scope 1 & 2 emissions (market based)	Tonnes CO ₂ e	31456	32232 ⁶
Carbon credits	Tonnes CO ₂ e	0	0

Environmental management

SYNLAB is committed to ensuring that regulatory requirements are met in the laboratories as well as identifying opportunities to reduce and minimise consumption, discharges, emissions, and residues that may impact the environment negatively.

All SYNLAB operations must follow the Group-wide Environmental Policy, which formally outlines the Group’s commitment to protecting the environment and minimising negative impact. Implementing this policy seeks to ensure a consistent standard

⁶ Comparability: For restatement, SYNLAB applies the following significance threshold: Methodological changes: 5% on Group-level or 10% on country-level per indicator category of current year’s total emissions; and Errors: 5% on Group-level or 10% on country-level per indicator category. This means when a methodology change or aggregate errors meet this condition, it will trigger a restatement in the Group’s public reporting. Thresholds of aggregated errors, including replacing estimates with actual data, were met for 2022 Scope 2 (market-based) data, and thus it has been restated. For Scope 1 the threshold has not been met; however, SYNLAB decided to consider the actual data from 2022 that became available during the year, replacing estimated data, and restate 2022 Scope 1 emissions.

of environmental conduct across the business. The policy outlines responsibilities for changing the environmental impact of all activities towards more sustainable practices.

Medical diagnostics is a highly regulated industry, including environmental aspects. Strict quality control and infection control procedures are required in the laboratories. There are many single-use items that must be disposed of to prevent cross-contamination. These include gloves, pipettes, aliquot tubes, needles, personal protection materials and blood tubes. Laboratories also consume large quantities of reagents to provide analyses. These aspects are essential to provide assurance that the testing is controlled and accurate. Understanding the specific local requirements and engaging with suppliers, SYNLAB continually looks for opportunities to reduce, reuse, and recycle materials.

SYNLAB set the target to certify 20% of Group laboratories according to ISO 14001 with a focus on central labs by 2025, going beyond complying with applicable laws and regulations. Each lab defines the approach and standards for environmental management that is most appropriate in their specific region. In the “hub and spoke” model of SYNLAB, the central labs function as “hubs” and refer to the laboratories that can offer full spectrum of testing, including specialty testing, and act as nationwide centres of excellence within the SYNLAB network.

While the target related to ISO 14001 was achieved in 2022, the target remains relevant until 2025, due to ongoing active portfolio management and the need to maintain the certifications. In 2023, ISO certification slightly increased from 20.2% to 20.7%.

Targets	2023	2022
Certify 20% of Group laboratories according to ISO 14001 (environmental management) or equivalent by 2025, with a focus on central labs.	20.7%	20.2%

SYNLAB CITIZENSHIP

Addressing public health risks

SYNLAB is committed to assisting society to address major risks to public health. Examples of these risks include the spread of infectious diseases, pandemics, and deadly non-communicable diseases. As an international network of laboratories, SYNLAB has adopted a “hub and spoke” model to enable different regions to support each other and provide a consistent breadth of test availability everywhere.

SYNLAB has a wide range of tests in its portfolio to support patients and public health systems and aims to follow the highest national and international standards on testing. There is a broad spectrum of current and potential future public health challenges that the medical diagnostics sector must be equipped to respond to. In 2023, the testing portfolio of SYNLAB was reviewed against the World Health Organisation (WHO) and the Centers for Disease Control and Prevention (CDC)’s list of tests that should be conducted for HIV/AIDS, Tuberculosis, and antimicrobial resistance, which are diseases often cited as major public health risks. SYNLAB confirms again this year that it has the capacity to test in all identified segments of the respective diseases. When specific tests are not offered locally, the global network of hub-and-spoke SYNLAB laboratories allows the test to be provided to its customers regardless of their location.

Furthermore, SYNLAB continues to expand and grow its diagnostic services in oncology. In 2023, SYNLAB increased its capabilities on liquid biopsy to extend its application in screening and early diagnosis. In general, current liquid biopsy approaches are relatively well developed for cancer therapy follow up and disease relapses today, but there has been limited application of this test in early diagnosis or screening. In the area of mental health, SYNLAB announced the addition of a new test called “myEDIT-B” in 2023, which is a blood test designed to differentiate bipolar disorder from depression.⁷

Targets	2023	2022
Continue to maintain and grow our diagnostic services, year-on-year, in line with evolving demand for testing to address public health priorities. SYNLAB has defined the following indicator diseases for this target: HIV/AIDS, Tuberculosis, and antimicrobial resistance.	Testing can be provided in all segments within SYNLAB network for the indicator diseases. Furthermore, beyond the indicator diseases, SYNLAB increased testing capabilities in 2023 in other areas such as oncology (liquid biopsy application extension in screening and early diagnosis) and mental health (bipolar disorder testing).	Testing can be provided in all segments within SYNLAB network for the indicator diseases.

Data Privacy

As a medical diagnostic services provider, handling personal identifiable information (PII), including the health data of patients and customers, happens daily. SYNLAB is committed to exercising high standards when dealing with and protecting personal data and systematically addresses privacy obligations in processing PII from customers, employees, suppliers, and other business partners.

SYNLAB has a privacy compliance programme in place, which includes a set of policies and procedures and training programmes, applicable to all business areas and processes within the Group that involves processing of PII. The Group policies are based on the European General Data Protection Regulation (GDPR), and they form the basis of all PII protection across the Group. SYNLAB follows the Security by Design principle and conducts Data Privacy Impact Assessments for relevant business activities. Furthermore, SYNLAB is committed to ensuring that adequate and effective controls are in place to address data privacy risks associated with the processing of personal data by external suppliers on behalf of SYNLAB.

At Group level, the Group Data Protection Officer has the oversight and is responsible for the overall strategy on the topic. Each country must appoint a Local Data Protection Manager, who is responsible for implementing the Group policies at the local level as well as compliance with applicable local regulation. Local functions are supported by the Group Data Protection Officer on the implementation of Group policies and procedures. At the Supervisory Board, the Audit and Risk Committee covers data privacy and receives regular updates on the topic of compliance.

If a data privacy breach is suspected, employees are asked to approach their Local Data Protection officer or manager with any concerns or issues or report via the channels outlined in the Group Speak-Up Policy. To ensure employees understand and are compliant with data privacy practices, SYNLAB provides local data privacy trainings that consider local languages and nuances. It is the responsibility of every employee to protect PII and, through training, SYNLAB aims to ensure that all employees understand how to protect data privacy. SYNLAB set a goal to train 95% of its global workforce on data privacy by 2025.⁸ Data privacy training completion rate increased to 74.1% in 2023.

Target	2023	2022
Train 95% of all employees on data privacy by 2025.	74.1%	60.0%

Cybersecurity

Due to increasing cyber-attacks and compliance requirements, cybersecurity is an essential part of the business to build digital trust. SYNLAB has defined a tailor-made cybersecurity strategy that includes policies, processes, and compliance with international standards and frameworks (e.g., ISO 27001, Zero Trust, NIS, etc.). This strategy is aligned with the Group digital transformation and is periodically reviewed to identify, assess, and implement mitigation strategies, which reflect the evolving threat landscape on a risk-based approach. Risk exposure from cybersecurity is further elaborated in the Group Management Report “[OPPORTUNITY AND RISK REPORT](#)”.

⁷ For more information on myEDIT-B see [PAGE 7](#).

⁸ Target of 95% was set and not 100% of all employees considering the fluctuations of employees.

SYNLAB has a Chief Information Security Officer (CISO), who is responsible for defining the cybersecurity strategy, policies, and overseeing the implementation of cybersecurity requirements by the IT department, employees, and external personnel. The CISO reports directly to the Chief Information Officer (CIO). SYNLAB legal entities have appointed Information Security Officers (ISO) that have a dotted line reporting to the Group CISO. Group Heads and country CIOs are responsible for implementing organisational and security measures. Cybersecurity topics are presented and discussed on a regular basis during the Executive Committee meetings and presented by the Group CIO. Cybersecurity challenges, risks and achievements are also reported in the Audit and Risk Committee of the Supervisory Board. The Management Board and country CEOs (Chief Executive Officer) are ultimately accountable for establishing the right commitment, providing the necessary resources and for the Group's cybersecurity potential risks and consequences.

SYNLAB Security Policies are published and communicated to internal and external personnel, contractors as well as third parties to guarantee an adequate level of compliance. These are reviewed and approved regularly. Furthermore, through the Cybersecurity Awareness Programme, SYNLAB conducts knowledge assessments, training, and phishing attack simulations to reduce the risk of becoming victim of phishing or other cyber-attacks that require human interaction. SYNLAB has established and maintained sufficient organisational and technical controls to meet certification for the objectives stated in ISO 27001 for one of its IT service companies. ISO 27001 is the de facto international standard on information security for risk management, cyber-resilience, and operational excellence. These organisational and technical measures are reviewed by external independent auditors on a regular basis (i.e., at least annually). The ISO27001 certification has been extended this year to the SYNLAB Group Data Centre facilities, thus demonstrating a high standard of physical and logical security.

Since 2021, SYNLAB has used an independent cybersecurity rating company, SecurityScorecard, to detect, secure and constantly monitor its external attack surface and internet traffic. SecurityScorecard evaluates companies by grading them A through F (A being the best grade) and the numeric score, which the grade is mapped to (0-100, with 100 being the highest score), corresponds to the likelihood of an organisation becoming a victim of a cyberattack. SYNLAB set a target to achieve an aggregated grade of A (risk score >90) by 2025 and extend the digital footprint to the Cloud by 2025.

This year, SecurityScorecard monitoring and rating have been extended to all countries and all business units (2022: 13 countries). Furthermore, SecurityScorecard has started to be extended to cloud applications. Remediation activities taken by SYNLAB are prioritised based on the issues severity identified by SecurityScorecard. While the assessment is continuously updated, in 2023 Q4, SYNLAB reached an aggregated score of 86 with a grade B. SYNLAB continues to implement its cybersecurity strategy and thereby improve its cybersecurity score.

Target	2023	2022
Achieve an aggregated grade A on SecurityScorecard by 2025.	B ⁹	A ⁹
Extend SecurityScorecard to the Cloud platforms by 2025.	Extension to cloud applications started in 2023. ¹⁰	Not extended to the Cloud platforms

⁹ In 2022, Colombia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Portugal, Spain, Switzerland and the United Kingdom were included in the scope. In 2023, the digital footprint has been extended to all countries, business units and extension to cloud applications started. Thus, due to the change in data coverage, 2022 and 2023 data are not comparable.

¹⁰ Digital footprint may change overtime due to M&As, decommission or provisioning of new external assets. SecurityScorecard conducts an automatic external assets attribution.

Responsible supply chain

SYNLAB business strongly depends on the continuity of its supply chain. Responsible supply chain management means first and foremost, ensuring that high-quality and timely services are delivered to customers. Supply chain management is included in the risk cluster of enterprise risk management, which is further elaborated in the Risks and Opportunity Section of the Management Report.

Responsible supply chain also means considering ethical, social, and environmental aspects. SYNLAB has had a Supplier Code of Conduct in place since 2022, based on international standards such as ILO (International Labour Organisation) standards, UN Guiding Principles on Business and Human Rights, and UN Global Compact; the document outlines the Group principles for ethical, socially, and environmentally conscious behaviour, including its commitment towards human rights, and the expectation towards suppliers. The principles of this Supplier Code of Conduct are to be acknowledged by third parties standing in a direct contractual relationship and engaging in business with SYNLAB, who supply products and/or services to SYNLAB or perform works on behalf of SYNLAB. SYNLAB set the goal to establish a Supplier Code of Conduct and have it acknowledged by 2025 for any new suppliers from 2021 onwards, representing more than 1% of the overall Group procurement spend.

Since 2023, SYNLAB has implemented a process to conduct a Group-wide environmental and human rights due diligence assessment considering the UN Guiding Principles on Business and Human Rights and complying with the German Supply Chain Act ("*Lieferkettensorgfaltspflichtengesetz*"). This process builds on the existing SYNLAB Human Rights commitments, which are managed and supervised at the global level by the

Chief Human Rights Officer. Specifically, the responsibility lies in procurement for matters related to conducting the process of suppliers' due diligence. On the country level, human rights commitments are driven by local management, and all SYNLAB Members are expected to live up to a culture where human rights are respected.

In 2023, SYNLAB set a goal to conduct environmental and human rights risk analysis on all existing suppliers. This has now been achieved, and SYNLAB has also applied a second stage risk assessment to prioritised suppliers based on their risk profile and strategic importance. The feedback from these suppliers is currently under review, and further analysed. The process established at SYNLAB foresees running an impact assessment and if deemed necessary, remedial measures are to be taken by SYNLAB. As reagents are one of the core materials used in laboratories, SYNLAB has set a specific goal to conduct environmental and human rights due diligence assessments for more than 50% of the reagent supplier spend by the end of 2023. This target was achieved in 2023, and SYNLAB successfully completed the assessment of reagent suppliers representing 63% of reagent supplier spend.

In 2023, SYNLAB started to assess Scope 3 Emissions. Initial assessment showed that the Scope 3 categories, "Purchased Goods and Services" accounts for most of the footprint at SYNLAB, and thus SYNLAB has started engaging with its several strategic suppliers on this topic.

Target	2023	2022
Establish a Supplier Code of Conduct by 2025 for any new suppliers that represent more than 1% of the overall Group procurement spend.	In 2023, there were no new suppliers that met the criteria. Going beyond the target, SYNLAB started discussions with existing top suppliers on the topic. One of the top suppliers acknowledged SYNLAB Supplier Code of Conduct.	SYNLAB Supplier Code of Conduct was developed and published online.
Complete environmental and human rights due diligence assessment for more than 50% of reagent supplier spend by 2023.	ESG due diligence was assessment was conducted for 63% of reagent supplier spend. The target was achieved.	ESG due diligence questionnaire was developed.

EU Taxonomy Disclosure

The Regulation (EU) 2020/852 including the related Delegated Acts adopted as legally binding supplements to the Regulation (“EU Taxonomy Regulation”) is a key component of the European Commission’s action plan to redirect capital flows towards a more sustainable economy and it is a classification system for environmentally sustainable economic activities. Taxonomy alignment is analysed based on technical screening criteria for the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and the eco systems

An economic activity qualifies as Taxonomy-eligible when the economic activities fall under the scope of the EU Taxonomy. According to the EU Taxonomy, an economic activity qualifies as ecological sustainable or Taxonomy-aligned when it:

- Delivers a substantial contribution to one of the six objectives
- Does not do significant harm to one of the other six objectives (“DNSH analysis”), and
- Respects the social minimum safeguards.

In the following section, SYNLAB presents the information on eligible and aligned activities in accordance with the Article 8 of the EU Taxonomy Regulation and the Delegated Acts adopted thereon¹. For the reporting year 2023, companies are required to report on the 1) eligible economic activities considering all six environmental objectives¹ and the 2) aligned activities considering environmental objectives 1 and 2¹.

IMPLEMENTATION AT SYNLAB

SYNLAB has examined all Taxonomy-eligible activities listed in the Delegated Acts referring to environmental objectives 1 and 2 and 3 to 6 based on its business model as a medical diagnostic service provider. Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (“the Complementary Delegated Act”), which is relevant for certain energy sectors, does not have any impact on SYNLAB. After a thorough review, involving all relevant divisions & functions, SYNLAB concluded that its medical diagnostic economic activities are not covered in the EU Taxonomy Regulation. While SYNLAB does not generate external revenue through the activities covered by the Taxonomy, it still performs activities within its value chain that may be covered by the Taxonomy. As such SYNLAB only has economic activities under “category c” of sec 1.1.2.2 of Annex I to the Art.8 Delegated Act. This refers to the CapEx and OpEx related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities.

To determine the eligible activities within its value chain, business activities of SYNLAB are linked to the relevant Taxonomy-activities as part of an initial mapping process. Double counts are prevented as only a single Taxonomy-eligible activity per business activity is assigned. The result of the analysis was that the business activities “construction of new buildings” and “renovation of existing buildings” completely fall under Eligible Economic Activities for Climate Change Mitigation and Climate Change Adaptation.

All eligible Taxonomy activities identified are subsequently reviewed by the relevant divisions & functions to examine whether the activities aligned with the “Taxonomy alignment” conditions. This involves checking the technical screening criteria and checking minimum safeguards criteria. When all conditions are met, the eligible Taxonomy activity is identified as a “Taxonomy-aligned” activity. For FY2023 reporting, SYNLAB has examined the “Taxonomy alignment” for all identified Taxonomy-eligible activities listed in the Delegated Act referring to Environmental objectives 1 and 2.

¹¹ Delegated Regulations (EU)2021/2139, (EU)2021/2178, (EU)2022/1214; (EU) 2023/2485 and (EU) 2023/2486.

¹² Delegated Regulations (EU) 2021/2139, (EU) 2021/2178, (EU) 2023/2485, and (EU) 2023/2486

¹³ Delegated Regulations (EU)2021/21739, (EU) 2021/2178

KPI ¹¹

Turnover KPI

Since medical diagnostics activities are not covered by taxonomy specifications, the share of Taxonomy-eligible activities in the total turnover amounted to zero (2022: zero). Consequently, the related capital and operating expenditure (the so-called category “a”) also amounted to zero in 2023 (2022: zero).

CapEx KPI

In 2023, CapEx as defined by Taxonomy amounted to 255.9M€ (2022: 353M€). Of which 97.1M€ (2022: 133.5M€) or 38% (2022: 38%) was considered “eligible”. Of the eligible activities, 30.6M€ (2022: 1.3M€) or 11.9% (2022: 1%) of the eligible activity was considered aligned. Most of the eligible CapEx is real estate related, where limited “Aligned facilities” are currently available. Generally, moving to new facilities is also difficult due to high moving costs associated with transferring a laboratory. However, in 2023, significant investments were made to renovate a building to meet all “Taxonomy-aligned” conditions in Southeast London. This resulted into a major increase in the percentage of “Taxonomy-aligned” activities in 2023 compared to 2022.

OpEx KPI

SYNLAB assessed the materiality of the “Denominator” for its business model by reviewing “OpEx” according to the criteria laid out in 1.1.3. of Annex I of Art.8 Delegated Act. It determined that the “Denominator”, as defined by this paragraph, amounted to 97.3M€ (2022: 90.8M€). The “Operational cost base” of the Group, defined as the “Total revenue” minus the “Operating result”, amounted to 2.5BN€ (2022: 2.8BN€). SYNLAB considers the “Denominator” as “not material” for its business as it only represents 3.9% (2022: 3.5%) of the “Operational cost base.” Consequently, it applied the same exemption as 2022 provided in 1.1.3.2. of Annex I of Art.8 Delegated Act and disclosed the “Numerator” as being equal to zero. ¹²

¹¹ Please note that the terms “Turnover”, “OPEX” & “CAPEX” have a specific definition in the Taxonomy Regulation, which is different from the general understanding of these terms.

¹² This interpretation is based upon FAQ #13 “materiality threshold” covered in the COMMISSION NOTICE (C/2023/305) on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (second Commission Notice) published on October 20, 2023.



TAXONOMY REVENUE

Economic activities (1)	Code (s)	Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18) [%]	Category enabling activity (19) [E]	Category transitional activity (20) [T]
		Turnover (3) [€000]	Proportion of Turnover 2023 (4) [%]	Climate change mitigation (5) [%]	Climate change adaptation (6) [%]	Water & marine resources (7) [%]	Circular economy (8) [%]	Pollution (9) [%]	Biodiversity & ecosystems (10) [%]	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water & marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity & ecosystems (16) [Y/N]	Minimum safeguards (17) [Y/N]			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	0.0		
Of which is Enabling		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	0.0	E	
Of which is Transitional		0.0	0.0	0.0						-	-	-	-	-	-	-	0.0		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								0.0		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2,640,713	100.0																
Total		2,640,713	100.0																

	Proportion of turnover/Total turnover	
	Taxonomy - aligned per objective	Taxonomy - Eligible per objective
CCM ¹	0%	0%
CCA ²	0%	0%
WTR ³	0%	0%
CE ⁴	0%	0%
PPC ⁵	0%	0%
BIO ⁶	0%	0%

¹ Climate Change Mitigation

³ Water and Marine Resources

⁵ Pollution Prevention and Control

² Climate Change Adaptation

⁴ Circular Economy

⁶ Biodiversity and ecosystems

TAXONOMY CAPEX

	Year		Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, Year 2022 (18) [%]	Category enabling activity (19) [E]	Category transitional activity (20) [T]
	Code (s)	CapEx (3) [€000]	Proportion of CapEx 2023 (4) [%]	Climate change mitigation (5) [%]	Climate change adaptation (6) [%]	Water & marine resources (7) [%]	Circular economy (8) [%]	Pollution (9) [%]	Biodiversity & ecosystems (10) [%]	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water & marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity & ecosystems (16) [Y/N]	Minimum safeguards (17) [Y/N]			
Economic activities (1)																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Operation of personal mobility devices, cycle logistics	6.4	39	0.0	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.0	T
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	911	0.4	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.2	T
Renovation of existing buildings	7.2	29.267	11.4	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.1	T
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	65	0.0	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.1	E
Installation, maintenance and repair of renewable energy technologies	7.6	269	0.1	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.0	E
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		30.550	11.9	100	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y	0.4	
Of which Enabling			0.1	1	0	0	0	0	0	Y	Y	Y	Y	Y	Y	Y	Y		E
Of which Transitional			11.8	99						Y	Y	Y	Y	Y	Y	Y	Y		T

TAXONOMY CAPEX

Economic activities (1)	Code (s)	Year	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, Year 2022 (18) [%]	Category enabling activity (19) [E]	Category transitional activity (20) [T]
			CapEx (3) [€000]	Proportion of CapEx 2023 (4) [%]	Climate change mitigation (5) [%]	Climate change adaptation (6) [%]	Water & marine resources (7) [%]	Circular economy (8) [%]	Pollution (9) [%]	Biodiversity & ecosystems (10) [%]	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water & marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity & ecosystems (16) [Y/N]			
A2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	9,779	3.8	100	0	0	0	0	0									2.7	
Construction of new buildings	7.1	2,824	1.1	100	0	0	0	0	0									1.6	
Renovation of existing buildings	7.2	5,399	2.1	100	0	0	0	0	0									7.6	
Installation, maintenance and repair of energy efficiency equipment	7.3	142	0.1	100	0	0	0	0	0									0.2	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	10	0.0	100	0	0	0	0	0									0.0	
Installation, maintenance and repair of renewable energy technologies	7.6	84	0.0	100	0	0	0	0	0									0.0	
Acquisition and ownership of buildings	7.7	48,354	18.9	100	0	0	0	0	0									25.3	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		66,591	26.0	100	0	0	0	0	0									37.3	
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		97,141	38.0	100	0	0	0	0	0									37.7	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		158,736	62.0																
TOTAL		255,877	100.0																

	Proportion of CapEx/ Total CapEx	
	Taxonomy - aligned per objective	Taxonomy - Eligible per objective
CCM ¹	11.9%	38.0%
CCA ²	0%	0%
WTR ³	0%	0%
CE ⁴	0%	0%
PPC ⁵	0%	0%
BIO ⁶	0%	0%

¹ Climate Change Mitigation
² Climate Change Adaptation

³ Water and Marine Resources
⁴ Circular Economy

⁵ Pollution Prevention and Control
⁶ Biodiversity and ecosystems

TAXONOMY OPEX

Code (s)	Year	Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18) [%]	Category enabling activity (19) [E]	Category transitional activity (20) [T]
		Turnover (3) [€000]	Proportion of Turnover 2023 (4) [%]	Climate change mitigation (5) [%]	Climate change adaptation (6) [%]	Water & marine resources (7) [%]	Circular economy (8) [%]	Pollution (9) [%]	Biodiversity & ecosystems (10) [%]	Climate change mitigation (11) [Y/N]	Climate change adaptation (12) [Y/N]	Water & marine resources (13) [Y/N]	Circular economy (14) [Y/N]	Pollution (15) [Y/N]	Biodiversity & ecosystems (16) [Y/N]			
Economic activities (1)																		
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	0.0		
Of which Enabling			0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	0.0	E	
Of which Transitional			0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-	0.0	T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)			0.0	0.0	0.0	0.0	0.0	0.0	0.0							0.0		
A. OpEx of Taxonomy eligible activities (A.1+A.2)			0.0	0.0	0.0	0.0	0.0	0.0	0.0							0.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities (B)			100.0															
TOTAL			97,322	100.0														

	Proportion of OpEx/ Total OpEx	
	Taxonomy - aligned per objective	Taxonomy - Eligible per objective
CCM ¹	0%	0%
CCA ²	0%	0%
WTR ³	0%	0%
CE ⁴	0%	0%
PPC ⁵	0%	0%
BIO ⁶	0%	0%

¹ Climate Change Mitigation
² Climate Change Adaptation

³ Water and Marine Resources
⁴ Circular Economy

⁵ Pollution Prevention and Control
⁶ Biodiversity and ecosystems

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GROUP MANAGEMENT REPORT

This report summarizes the management report of the SYNLAB Group, consisting of SYNLAB AG and its consolidated subsidiaries, as well as the management report of SYNLAB AG.



Principles of the Group

STRUCTURE AND MANAGEMENT OF THE GROUP

Business model

SYNLAB Group (“the Group” or “SYNLAB”), with headquarters in Munich, Germany, is the leader in medical diagnostic services and specialty testing in Europe. SYNLAB offers a full range of innovative and reliable medical diagnostics for patients, practicing doctors, hospitals and clinics, governments and corporations. Providing a high level of service within the industry, SYNLAB is a partner of choice for diagnostics in human and veterinary medicine. The Group continuously innovates medical diagnostic services for the benefit of patients and customers.

SYNLAB operates in 33 countries across four continents and holds leading positions in most markets. More than 27,000 employees contribute to the Group’s worldwide success. SYNLAB achieved revenue of €2.64 billion in 2023.

LEADING POSITIONS IN OUR KEY MARKETS



- 3 TOP 3 MARKET POSITION
by revenue for private market
- 5 TOP 5 MARKET POSITION
by revenue for private market
- SYNLAB PRESENCE

Source: SYNLAB estimates

History

The SYNLAB Group was formed when Labco and SYNLAB were acquired by Cinven (as majority shareholder), Novo Holding (Novo) and Ontario Teachers' Pension Plan Board (OTPP) in 2015. These businesses were subsequently integrated as a single group under the SYNLAB name.

- SYNLAB was founded in 1998 by combining four laboratories in Germany. Since its inception, SYNLAB has continued to develop its expertise in routine and specialty laboratory testing, consistently expanding its presence and services through acquisitions in Germany and abroad.
- Labco was founded in France in 2004, operating a strong network of routine and specialist laboratories and over 1,000 collection centres across seven European countries.

Built as the combination of two large businesses, SYNLAB has a successful track record of sector consolidation. From the foundation of the SYNLAB Group in 2015 through to 31 December 2023, SYNLAB has completed 161 acquisitions (31 December 2022: 152).

SYNLAB filed for initial public offering (IPO) in April 2021 to gain access to capital markets and reduce leverage. As a result of a capital increase in kind, by contributing the shares of SYNLAB Limited (London, United Kingdom) into SYNLAB AG, SYNLAB AG became the new parent company of the SYNLAB Group. Following the IPO, SYNLAB has been listed in the Prime Standard of the Frankfurt Stock Exchange since 30 April 2021 and is included in the SDAX index.

On 23 October 2023, Ephios Luxembourg S.à r.l. (hereinafter also referred to as "Ephios" for short), an entity controlled by funds managed and/or advised by Cinven Capital Management (V) General Partner Limited, launched a public acquisition offer of €10 per share for all outstanding shares of SYNLAB not directly held by it. The offer is subject to limited conditions and the acceptance period ended on 20 November 2023.

On 02 November 2023, Management Board and Supervisory Board of SYNLAB published their Joint Reasoned Statement.

Prior to the offer, Cinven directly held approx. 42.75% of the company's share capital. The offer being accepted for a total of 77,765,194 SYNLAB shares – approximately 34.99% of the company's share capital – and Ephios having concluded re-investment agreements for approx. 6.90% of the share capital of the company. Post offer settlement, the total Cinven shareholding would amount to approx. 84.65% of the share capital of the company.

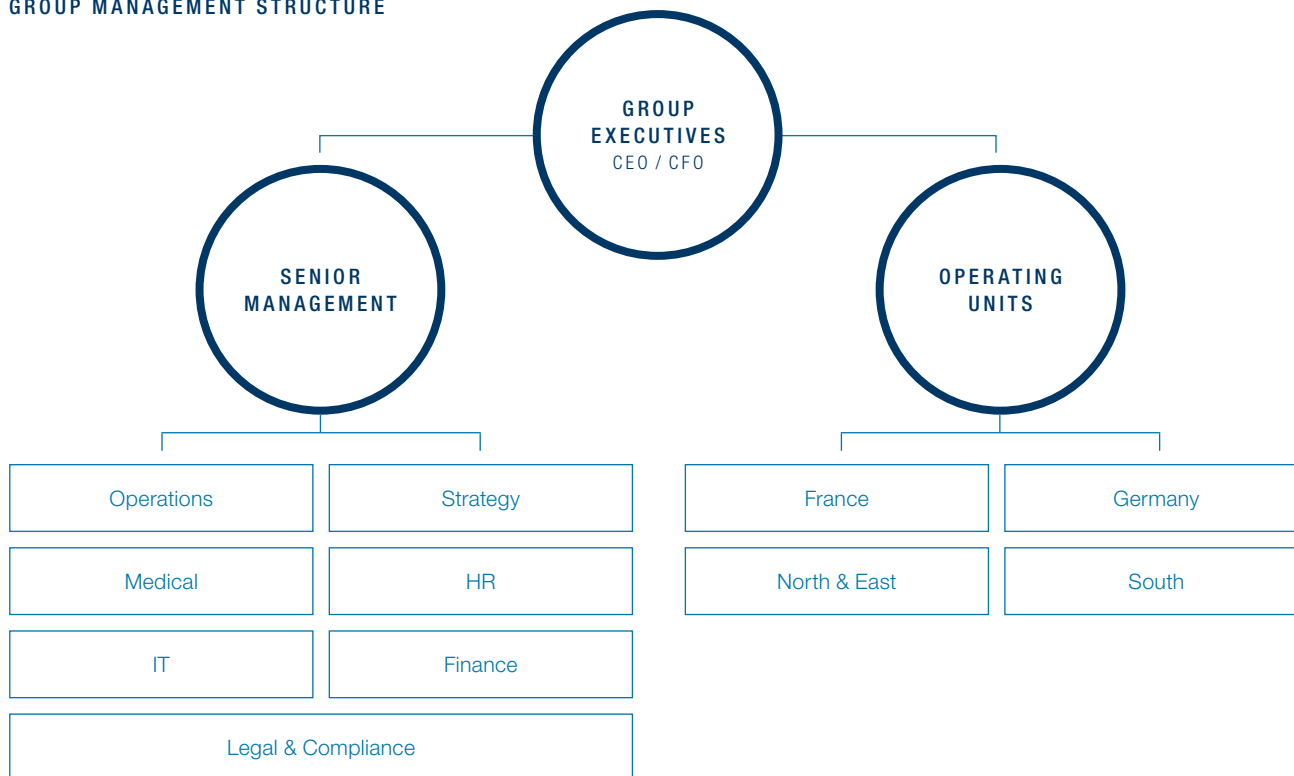
The major shareholders of SYNLAB on the balance sheet date are Cinven Capital Management (V) General Partner Limited, Novo Nordisk Foundation, Ontario Teachers' Pension Plan Board, Elliott Investment Management L.P., State of Qatar and Dr. Bartholomäus Wimmer.

Structure

The SYNLAB strategy is to adapt to local market environments, leveraging the strength of the Group's transversal support functions. The business structure is decentralised to continuously deliver critical primary healthcare services while meeting the complex regulatory frameworks set in each region. In this way, decision-making is more efficient and tailored to the needs of each country.

The Executive Committee is made up of the senior functional executives: Medical, Operations, Strategy, HR, IT, Finance and Legal and the four operating units, "France", "Germany", "South" and "North & East", the latter two being clusters of countries. The senior functional executives (C-level) develop, implement, and execute specific functional strategies at all levels, while ensuring integration with the wider corporate strategy. The senior management is led by a Management Board of two persons: the CEO and the CFO of SYNLAB AG.

GROUP MANAGEMENT STRUCTURE



MARKET AND COMPETITION

Markets and market environment

SYNLAB primarily operates in Europe, where it is the largest laboratory chain by revenue and number of tests.

The diagnostic services sector comprises businesses and laboratories that offer analytic or diagnostic testing services including:

- Clinical biological testing (both routine and specialty),
- Anatomical pathology testing (both histological and cytological samples), and
- Diagnostic imaging (employing medical and nuclear imaging technologies).

SYNLAB uses 2023 as reference year to assess the size of its underlying market, after the strong boost from COVID-19 testing. After peaking in 2021, the total market related to COVID-19 testing remained important in 2022 due to the Omicron wave. SYNLAB believes that 2023 was the first year post pandemic that could be considered normalized with a COVID activity that can be considered stable in the longer-term.

The addressable European market for SYNLAB in its core countries France, Germany and Italy is expected to grow in volume at approximately 3% per year collectively over the 2023-2028 period, while the addressable emerging and other markets are expected to grow at around 5% per year over this period, driven by sustainable, long-term trends:

NON-CYCLICAL GROWTH TRENDS



Demographics: SYNLAB expects that demographic trends and lifestyle changes will lead to increased demand for, and consequently increased volumes of, clinical testing. These trends include an aging population, the increased frequency of certain diseases (such as allergies) and long-term diseases (such as cancer and diabetes) which require recurring testing, and an increased focus on preventive healthcare.

Prevention: Healthcare policies also increasingly recognise the value of early detection and prevention of chronic and severe diseases. The growing emphasis placed on more accurate diagnosis supported by clinical testing has led doctors to increasingly utilise clinical laboratory tests to help identify potential diseases, detect illnesses early, monitor patient compliance, and determine and evaluate treatment. SYNLAB also believes there will be a growing demand for customised healthcare solutions as well as preventive medicine in order to reduce costs.

Hospital outsourcing: Subcontracting and outsourcing by public and private hospital laboratories to the benefit of private organisations is another trend observed in the European clinical laboratory services sector over the last few years, mainly driven by hospital operators' desire for productivity gains. The Group believes subcontracting and outsourcing could represent a growing source of income for SYNLAB and similarly situated groups.

Out-of-pocket payments: The diagnostic testing services market has experienced a growing trend for patients to take control of their own health, which creates new market opportunities for D2C services for the increasing use of diagnostics to measure several metrics. The D2C trend includes not only lifestyle monitoring and disease prevention, such as physical wellbeing, cardiovascular health, and fertility, but also self-administered testing for infectious diseases such as AIDS or COVID-19, as well as at-home tests for detecting the use of drugs and alcohol.

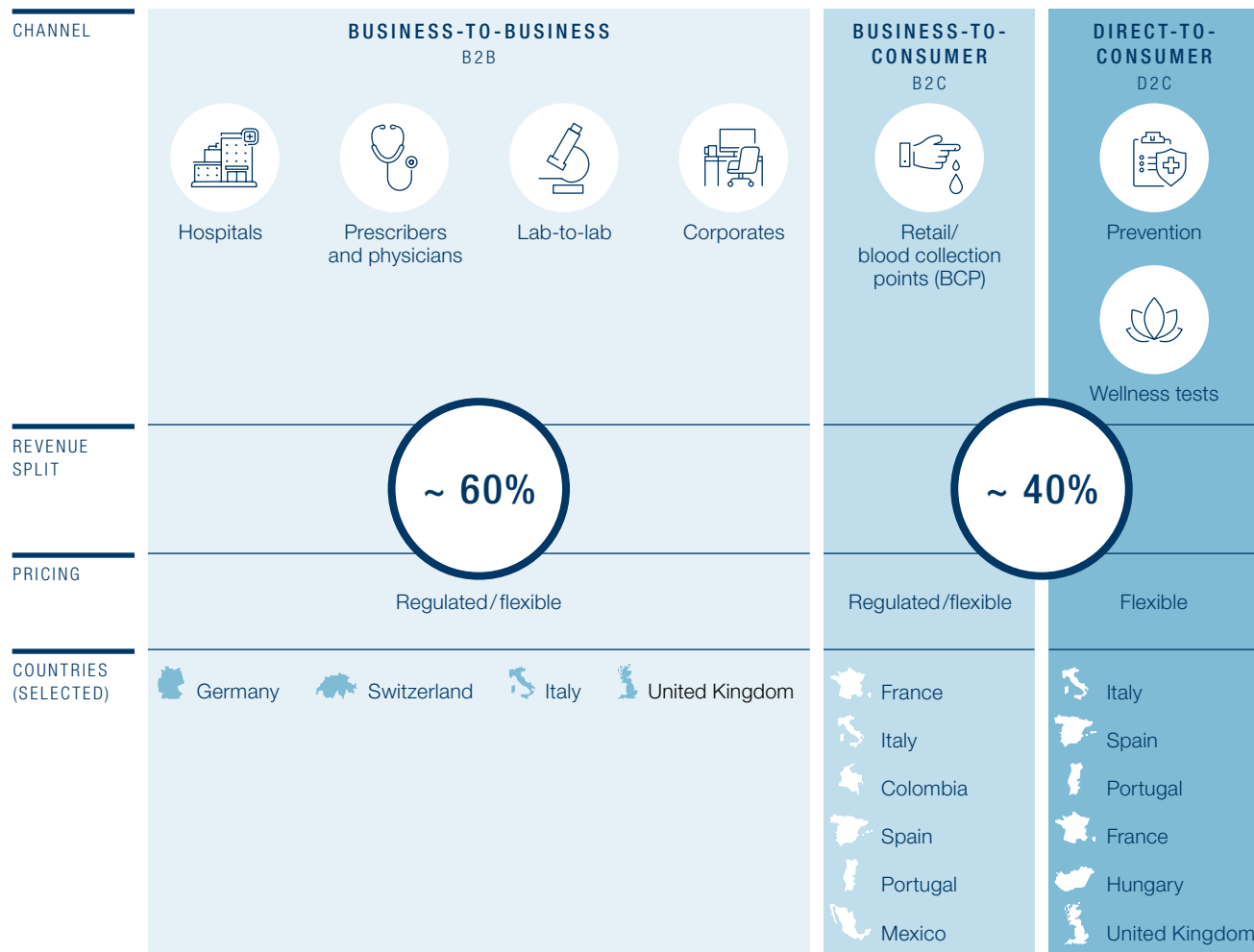
Innovation: Key areas of focus for SYNLAB are precision medicine (customisation of medical decisions and treatments as well as products individually tailored to patients), digital services (including in the context of virtual consultations), and AI / machine learning (to analyse biological data sets and support clinical decision making).

Market structures/business models

The business is performed via two main channels:

- a B2B channel that comprises all services performed for patients via provision to third-party entities (hospitals and clinics, private doctors, companies...), and
- a direct to patient approach via B2C or D2C where the patient is in direct contact with SYNLAB and its services.

ADAPTING BUSINESS MODEL TO LOCAL APPROACH



Competition

The markets in which SYNLAB operates are highly fragmented, and as the largest European company for clinical laboratory services and medical diagnostics, SYNLAB only has a small share of the overall European market.

There is ongoing consolidation in the market driven by pricing pressure, changing quality standards, increasingly complex and technically demanding tests and the ongoing industrialisation of processes to generate economies of scale and reduce costs. While this consolidation has not fundamentally changed the number of large-scale players operating in the European market, private equity players and infrastructure fund managers are increasingly active in the sector.

Key SYNLAB competitors across Europe are Sonic Healthcare Ltd., SCM Biogroup, Cerba HealthCare S.A.S. and Limbach SE.

Barriers to entry

Further cross-border consolidation among some of the established market participants is expected, and potential penetration of the European sector by some of the major non-European laboratory groups cannot be ruled out. Nevertheless, only a very limited number of significant new market participants are likely to emerge “organically”.

This is mainly due to factors such as economies of scale, regulatory requirements, required technical know-how and reputation that give established market participants a strong advantage.

Economies of scale exist at multiple stages of the SYNLAB value chain (e.g., for procurement, logistics and test procedures). They may be of advantage for larger market participants as they benefit to a greater extent from efficiency advantages for procurement compared to smaller businesses.

The regulatory requirements and characteristics include a complex variety of pricing and (re)funding environments, strict quality standards, long-term contracts, and complex licensing and accreditation processes in some countries. Market participants, including SYNLAB, with enhanced experience in dealing with the various national reimbursement systems and established relationships with important customers and suppliers benefit from advantages over new market participants.

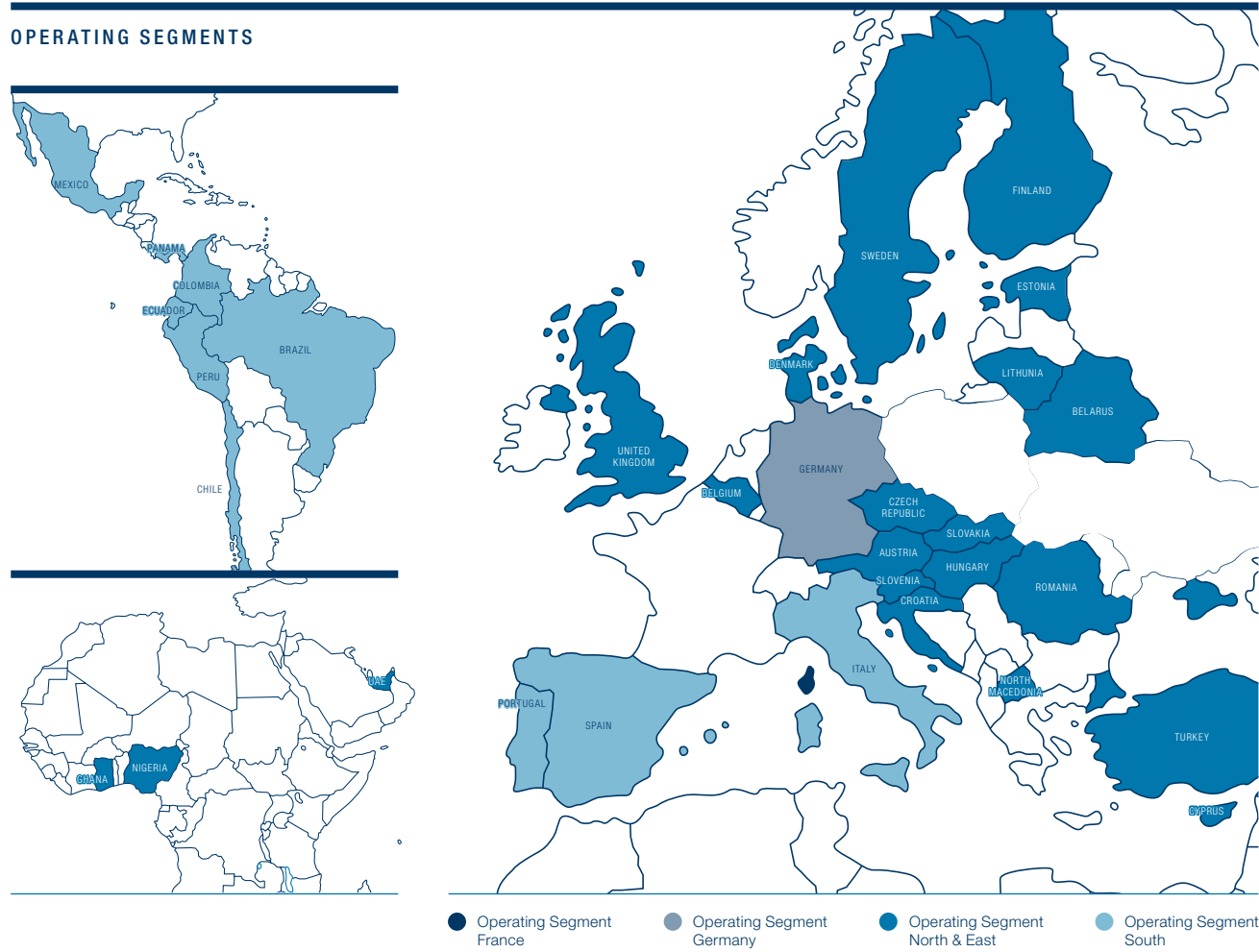
Usually, the customer churn rate is relatively low, as the patients and doctors are satisfied with their established laboratories with clinical diagnostics convenient and integrated into the doctors’ daily clinical practice. This low customer churn constitutes a competitive edge for SYNLAB and other established market participants.

In addition, bigger and more established market participants such as SYNLAB benefit from advantages with regard to attracting and retaining leading scientists as employees due to their scientific reputation, technical abilities and capacity to invest in new technologies, in particular concerning specialised test services. Their size also allows for more flexibility in identifying and applying advanced technologies and best practices in selected specialised test segments.

Building a reputation as a reliable, high-quality service provider takes time and may be a potential challenge for new market participants when establishing a strong recommendation network.

Operating segments and core markets

The map below shows the global footprint of SYNLAB by operating segment.



Key features of selected markets, such as France, Germany, Italy, the UK, Colombia & Mexico are described below:

SELECTED CORE MARKETS			
	France (20% of Group revenue (2022: 21%))	Germany (20% of Group revenue (2022: 22%))	Italy (13% of Group revenue (2022: 11%))
Presence	<ul style="list-style-type: none"> Since 2004 67 laboratories (2022: 71) and approx. 400 blood collection points (BCP; 2022: approx. 300) distributed throughout France, mainly located in small towns or rural areas 	<ul style="list-style-type: none"> Since 1998 86 laboratories primarily located in Southern and Western Germany (2022: 84) European reference laboratories located near Stuttgart approx. 30 BCP 	<ul style="list-style-type: none"> Since 2011 9 laboratories (2022: 14) and approx. 300 BCP (2022: approx. 250 BCP)
Business model	Mostly B2C with some B2B applications. Each of our laboratories and blood collection points in France employs a medical doctor or a specially trained pharmacist (both commonly referred to as "biologists").	Mostly B2B, primarily to outpatient doctor prescribers and hospitals.	Mostly B2C. Also offers other diagnostic services such as medical imaging.
Key initiatives in 2023	<ul style="list-style-type: none"> Further deployment of France LIS Optimization of BCP Network 	<ul style="list-style-type: none"> Expansion into Saarland Acquisition of the Wolfartklinik in Munich 	<ul style="list-style-type: none"> Launch of D2C (SYNLAB Health for You) Optimization of BCP Network

OTHER SELECTED MARKETS			
	The UK (13% of Group revenue (2022: 10%))	LATAM (8% of Group revenue (2022: 6%))	
Presence	<ul style="list-style-type: none"> Since 2011 SYNLAB is currently one of two leading private providers of clinical laboratory services 15 laboratories and approx. 10 BCP Synnovis partnership in South East London 	<ul style="list-style-type: none"> Colombia: Started operations in 2016, became a leader Mexico: Started operations in 2018, reinforced through acquisitions Entered Chile in 2022 42 laboratories and approx. 300 BCP 	
Business model	Mostly B2B: full spectrum of routine and specialty testing services	Mostly B2C: full spectrum of routine and specialty testing services	
Key initiatives in 2023	<ul style="list-style-type: none"> Successful go-live of EPIC EPR system in October at Synnovis Royal Brompton Hospital joining the Synnovis partnership 	<ul style="list-style-type: none"> portfolio management in Mexico and Columbia 	

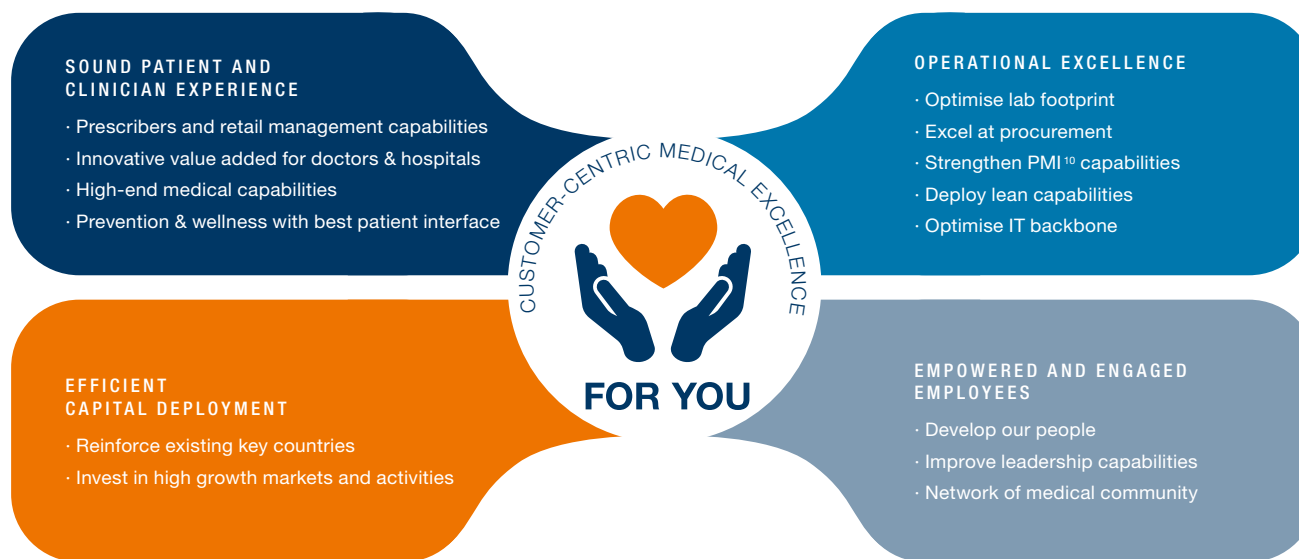
STRATEGY AND MANAGEMENT SYSTEM

Strategy

SYNLAB intends to grow its business and maintain its position as the leading provider of clinical laboratory services in Europe and beyond by executing a strategy of customer-centric medical

excellence based on the four pillars below. This strategy is aligned with the vision and values of SYNLAB and respects the environmental and social context in which the Group operates.

SYNLAB GROWTH STRATEGY BASED ON CUSTOMER-CENTRIC MEDICAL EXCELLENCE



1) Providing sound patient and clinician experience

Under a programme of growth initiatives called “For You”, SYNLAB aims to capitalise on its medical expertise in the major areas of retail, business with practicing physicians and hospital business to capture tenders of outsourcing by hospitals, drive consumer channels and advances in science and technology, to drive further organic growth.

SYNLAB is committed to a strategy of medical expertise and scientific leadership based on the highest standards of quality, ethics, and reliability. The Group will continue to focus on providing customers with accurate test results with the highest possible medical precision, the shortest possible turnaround time and the lowest possible analysis error rate. SYNLAB also intends to further develop its medical expertise by ensuring that all its laboratories work in accordance with the highest local standards and by maintaining industry leadership in self-regulation, governance and participation in pan-European scientific committees.

As some healthcare systems are coming under significant budgetary pressures, public and private hospitals, organisations and other healthcare providers are seeking to improve productivity and the medical quality of their services by outsourcing inefficient and sub-scale laboratory activities to diagnostics experts. SYNLAB is well placed to benefit from this trend as it can provide a full spectrum of outsourcing solutions, ranging from referral testing services to full outsourcing with the transfer of entire teams and assets, most notably in France, Finland, Germany, Portugal, Spain and the United Kingdom.

Significant progress was made in 2023 on the transformation of the Synnovis business in London, with the new LIS platform going live in October (the largest facility of its kind in the world) and the development of the new central laboratory progressing on schedule before we go live in April 2024. At the same time, two new hospitals (Royal Brompton and Harefield Hospitals) were added to the service offering, delivering record activity for the joint venture partners.

As with Synnovis, SYNLAB aims to continuously invest in facilities, technologies, and scientists. The Group plans to maintain and reinforce its “centres of excellence” culture across its laboratory network, not only within larger European reference and central laboratories but also in smaller ones.

SYNLAB also invests, for example, with SYNLAB Health For You Ltd. in selected areas, such as patient and doctor interfaces to increase proximity, in its instrument fleet and in artificial intelligence technologies to continuously improve customer service and satisfaction.

2) Sustaining focus on operational excellence by active portfolio management and leveraging scale, capabilities and supplier relationships to drive operating efficiencies

SYNLAB intends to leverage its extensive network to streamline laboratory operations and administrative functions. In doing so, The Group aims to continuously reduce operating costs through operational efficiency improvements and the optimisation of procurement contracts, thus allowing SYNLAB to provide cost effective services to its customers.

To implement this goal, SYNLAB introduced the “SALIX” (Scale, Alignment, Leverage, Instruction, X-check) operational excellence programme in 2017, underpinned by three key components:

- Procurement: leveraging scale to save on direct and indirect costs, thereby reducing the cost of materials and operating expenses.
- SYNLAB Transformation System (“STS”), based on Lean Six Sigma principles (automation, workspace design, planning and scheduling, multi-skilled workforce, standardisation, performance management). STS is a management system which supports the strategy and is considered the driving force behind operational excellence.
- Focus on the laboratory network, including refining the hub-and-spoke network, ensuring it has superior logistics and reliable technical service and maintenance functions.

In order to further increase value for SYNLAB stakeholders, the Group constantly monitors its performance at country, segment, contract and customer group level with an active portfolio management strategy. In addition to the ongoing M&A activities, examples of this include the strategic sale of parts of the veterinary business and the business activities in Switzerland in 2023, which also led to a reduction in the Group’s adjusted net debt.

3) Developing talent by empowering and engaging employees

To deliver a best-in-class service for patients and customers, SYNLAB relies on committed and qualified people. Employees are the interface to patients and customers and are critical to the success of SYNLAB.

Employee engagement, with the objective of driving enhanced organisational performance, is a key pillar of the SYNLAB strategy. This effort is reflected in three Group-wide initiatives:

- The SYNLAB Leadership Model (ACCE), a proprietary model of leadership training that aims to align individual management actions to the principles and values shared within the company.
- The SYNLAB Campus, one of the core platforms for people development, focused on creating a new way of working based on a culture of collaboration and reflecting the values of passion, accountability, and customer centricity at SYNLAB. The SYNLAB Campus provides professional development courses and training to enhance personal and professional effectiveness, as well as further Group-level initiatives.
- The SYNLAB Dialogue, a Group-wide annual survey where employees can anonymously share their views with the Company. It is designed to serve as a basis for better employee engagement and promote continuous improvement, so that SYNLAB is perceived as a good and diverse employer and can always recruit and retain the best talents in the industry.

In addition, the human resources strategy is also focused on establishing successful talent and succession management programmes, establishing an ESG company culture that demonstrates commitment to corporate social responsibility and sustainability and also enabling clear performance management processes throughout the organisation.

Other programmes implemented include acknowledgement of employee contributions (e.g. by offering medical awards and research grants), dual education opportunities and the creation of a work environment that minimises the risk of accidents.



4) Pursuing growth opportunities through efficient capital deployment, investments in business and selective acquisitions in current markets

SYNLAB operates with a highly cash generative model. Ensuring capital is efficiently deployed to facilitate growth opportunities is critical.

Between 2018 and 2023, SYNLAB invested around 100 M€ per year on average in targeted infrastructure developments to support its operational excellence strategy. Infrastructure investments typically include, but are not limited to, laboratory facilities, state of the art technology, new blood collection points and commercial activities, logistics infrastructure, diagnostic centres, improvements in existing laboratory and blood collection point facilities, laboratory equipment, customer interaction and end-user service platforms, as well as back office and IT.

In parallel, SYNLAB is delivering on its external growth strategy through buy-and-build acquisitions and regional platforms aiming at extending its footprint and capabilities. The Group's M&A strategy is focused on maintaining a good balance across regions, with a particular focus on higher growth regions. Achievement of synergy savings within the SYNLAB Group underlines its ability in integration and is a driver in the improvement of the gross and operating margins.

In regions where SYNLAB is already represented, the expansion strategy will focus on acquisitions to increase network density and the resulting exploitation of synergies through economies of scale in order to improve regional coverage and access for patients.

Low-margin or (highly competitive business areas) subscale entities with limited strategic perspective will continue to be analysed as part of the active portfolio management (strategy), which may lead to further disposals in the future.

Management

SYNLAB has developed an internal performance management system and defined performance indicators. Detailed monthly reports are an important element of the internal management and control system.

To evaluate success in the implementation of the SYNLAB strategy and track any deviation from the financial guidance issued to the financial markets, management uses key financial performance indicators. The Group revenue and adjusted EBITDA margin are key performance indicators. Non-financial indicators are also used for evaluation and control purposes and may influence decision-making, but not yet for concrete control.

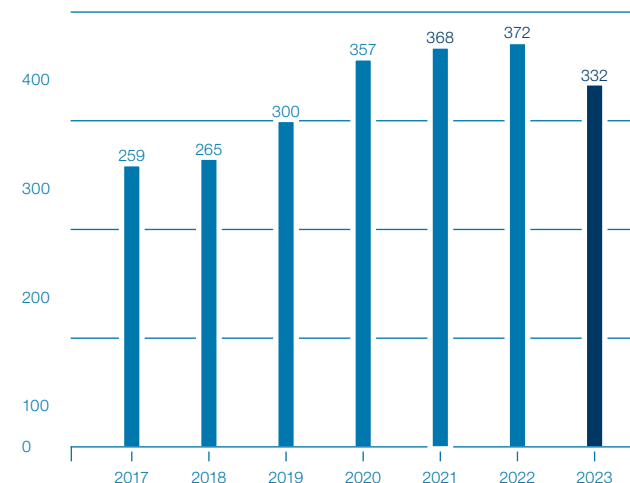
RESEARCH AND DEVELOPMENT

SYNLAB is committed to continuously develop its medical expertise by further improving the track record of research and innovation to underline and expand its medical leadership.

A strong market position enables SYNLAB to attract and retain industry-leading medical experts and qualified specialists. As a result, the Group has cultivated a wide network of medical experts, who collaborate on dozens of projects led by university departments, research centres and the pharmaceutical industry. Some of these projects are supported by grants funded by several entities. The Group also honours cutting edge research and publications with the SYNLAB Medical Innovation Awards and maintains a Research Grants programme to foster innovation and medical excellence.

SYNLAB scientists published 332 scientific articles in 2023 continuing the successful track record of publications over the years.

NUMBER OF PUBMED¹ REFERENCES



Source: PubMed

¹ Acquisitions of smaller companies (laboratories, networks) in the existing business segment and in regions in which SYNLAB is already represented

In addition to the clinical activity, SYNLAB operates the Istituto di Ricovero e Cura a Carattere Scientifico (IRCCS, “Institute for Hospitalisation and Treatment with Scientific Character”) SYNLAB-SDN, a research facility in Naples, Italy, which is recognised as research center by the Italian Ministry of Health and subjected to yearly scientific control. Its aims are the integration of diagnostics procedures, both in vitro and in vivo, to improve clinical assistance. The research activity of the IRCCS SYNLAB-SDN is self-financed, by winning tenders from the European Union or other international, national, and local entities.

Alongside diagnostic innovation management at SYNLAB, a main focus is on digitalisation of customers interfaces. The Group continuously invests in increasing its patients’ and clinicians’ digital experience and enhancing patient access to preventative care and medical wellness. Furthermore, there is a strong research support in the development procedure where machine learning and artificial intelligence are applied. These aspects are under development for the support of hematologic diseases, integration of “omic” sciences (genomics, transcriptomics, proteomics and metabolomics) to define and better characterize the diseases, in particular cancer patients, in aspects of cardiovascular diseases diagnosed with imaging procedures, etc.

EMPLOYEES

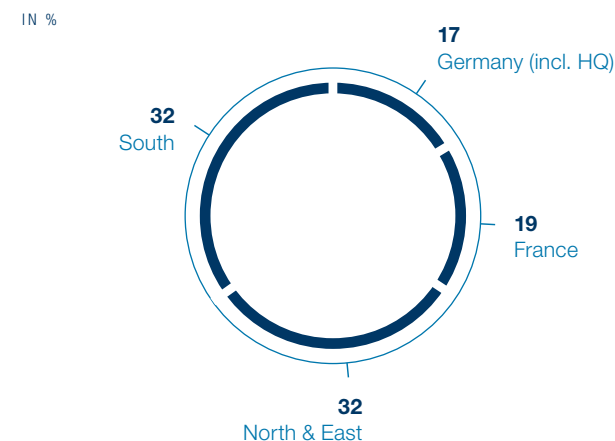
As of 31 December 2023, SYNLAB had a total of 27,047 employees. The overall number of employees decreased by around 6% compared to the prior year (31 December 2022: 28,693). The decline is mainly related to the reduction in both COVID-19 capacities and investments in retail and IT initiatives.

The number of full-time equivalents (FTEs) was 23,538 as of 31 December 2023 (31 December 2022: 24,907). It is calculated based on the employment contract of each individual and working hours compared to the usual weekly working time in the country of employment. Due to the nature of the laboratory activity (e.g., sampling mostly performed in the morning) the number of FTEs is consistently lower than the total number of employees at SYNLAB. This offers flexibility to the staff and a potential reservoir when activity is higher than normal.

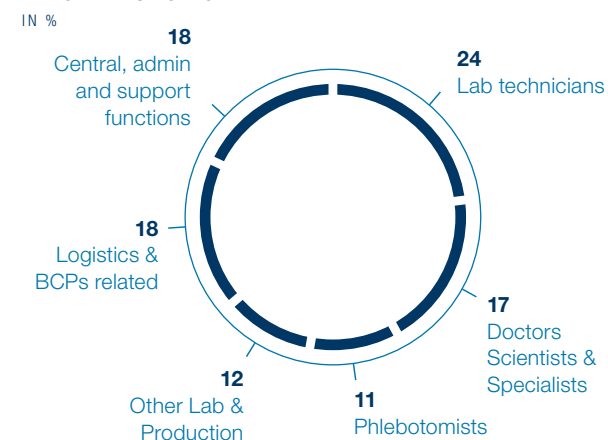
TOTAL NUMBER OF EMPLOYEES AND CHANGE AS COMPARED TO PRIOR YEAR

	31 December 2023	31 December 2022	Change
Headcount	27,047	28,693	(5.7)%
FTEs	23,538	24,907	(5.5)%

FTEs BY SEGMENT



FTEs BY FUNCTION



Economic Report

BUSINESS ENVIRONMENT

Macroeconomic environment

The global economy recovery from the COVID-19 pandemic, Russia's war of aggression against Ukraine, and the cost of living crisis is proving surprisingly resilient.

Inflation fell faster than expected from its peak in 2022, partly due to the interventions of the central banks.

However, the increasing momentum was not felt everywhere. Growth was particularly subdued in the eurozone, especially due to the ongoing impact of high energy prices (cf. International Monetary Fund, World Economic Outlook Update, January 2024).

Sector-specific environment

In 2023, the underlying organic activity at SYNLAB saw growth trends in line with longer term market growth in most of the markets in which the Group operates as well as some catch up effect primarily in Q1 2023 following a strong reduction of COVID 19 infections.

COVID 19 testing activity has reduced sequentially over the year to stabilise at around 1.6 M€ revenue per month in Q4 2023. The reduction of the demand for COVID-19 testing has triggered the complete adaptation of the testing capacity with closure of many testing centers that were opened during the more acute phase of the pandemic.

The sector was also impacted by the continued inflation. Consequently, the labour inflation has increased above historic levels in all countries. Energy costs (fuel and electricity) also remained at a high level, even though prices were slightly lower than in the previous year. In most countries testing prices are regulated, and the regulators have started to adjust the prices in several countries to reflect the pressure on the cost with the exception of France where prices decreased. German prices remained broadly stable.

GROUP BUSINESS DEVELOPMENT

Results of operations

Key financial indicators of the Group

In M€	2023	2022	Change
Revenue	2,635.2	3,250.5	(18.9)%
Adjusted EBITDA (AEBITDA)	437.9	753.4	(41.9)%
As % of revenue	16.6%	23.2%	(6.6)pp.
Adjusted operating profit (AOP)	194.2	507.5	(61.7)%
As % of revenue	7.4%	15.6%	(8.2)pp.
Operating profit	59.2	231.7	(74.4)%
Net profit (group share)	92.3	150.7	(38.8)%
Adjusted net profit	43.9	342.2	(87.2)%
Adjusted EPS² (€)	0.20	1.54	(1.34)€

Overall revenue stood at €2.64 billion with a drop of 615 M€. The comparison with the previous year's results continues to be affected by the reduction in COVID-19 testing activities compared to the prior year, which fell by around 700 M€.

The 2023 profitability with adjusted EBITDA at 16.6% was down 6.6 percentage points.

² Based on a 2023 weighted average of 219,719 thousand shares (2022 weighted average: 221,558 thousand shares)

Adjusted operating profit stood at 194.2 M€ down 61.7% and adjusted net profit was down 87.2%.

Adjusted EPS reached 0.20 € down 1.34 € compared with 2022.

FY 2023 reported revenue was down 18.9% to 2,635 M€ (FY 2022: 3,251 M€).

Group revenue			
In M€	2023	2022	Change
Revenue	2,635.2	3,250.5	(18.9)%
M&A adjustment	(65.6)	41.4	(258.5)%
Revenue (with M&A adjustment)	2,569.6	3,291.9	(21.9)%

FY 2023 M&A adjusted revenue, which takes into account the contribution of acquisitions or disposals as if they had been consolidated from January 1 or deconsolidated on December 31 of the previous year, was down 21.9%.

The full year revenue of the eight acquisitions (share deals/asset deals according to corporate communication; for all acquisitions see notes) in 2023 was 54.5 M€. It is composed of 35.5 M€ reported revenue and 19.0 M€ M&A adjustment.

The eight acquisitions were completed in four countries (two in Belgium, one in France, three in Germany, and two in Italy).

The disposals completed in the financial year related in particular to the businesses in Switzerland, Ukraine and Poland and the veterinary business in Belgium, Germany and Spain. The revenue reported in 2023 for all disposals amounted to 84.6 M€.

Currency effects resulted in a 0.3% decline in revenue.

The underlying organic growth³ (organic growth excluding COVID-19 testing revenue evolution) was strong at 6.4%.

Group revenue: segment view

Strong underlying organic revenue growth delivered

In M€				
	2023	2022	Organic growth	Underlying organic growth
France	524.4	674.4	(22.6)%	(0.2)%
Germany	536.2	703.2	(29.0)%	8.9%
South	803.8	960.3	(10.9)%	3.7%
North & East	770.8	912.6	(13.0)%	12.5%
SYNLAB Group	2,635.2	3,250.5	(18.1)%	6.4%

The negative organic growth is due to the decline in COVID-19 revenue.

Underlying organic growth **in France** (20% of Group revenue) was slightly negative due to a price decrease of 3.8%, which was almost offset by an increase in volume of 3.6%.

In Germany (20% of Group revenue), underlying organic growth increased by 8.9% thanks to a 9.0% increase in volume, which was marginally weakened by a 0.1% fall in prices.

In the South segment (31% of Group revenue), underlying organic growth amounted to 3.7% resulting from a price increase of 1.8% and a 1.9% increase in volume.

³ Organic growth is a non-IFRS measure calculating the growth in revenue for a given period compared to the comparable period of the prior year for the same scope of businesses, and in constant currency, i.e., using the exchange rates of the prior year reporting period. When calculating organic growth, SYNLAB uses the scope of businesses that have been consolidated in the Group's prior year financial statement. Revenue contribution from businesses acquired in the prior year but not consolidated for the full year are adjusted as if they had been consolidated as from January of the prior year. All revenues from businesses acquired since 1 January of the current year are excluded from the calculation.

- **In the North & East segment** (29% of Group revenue), underlying organic growth amounted to 12.5% (with a price increase of 6.6% driven by the inflation indexation mechanism in many countries in the North and East and a volume increase of 5.9%).

Profitability reduction from COVID-19-tests ramp down and inflationary pressure

In M€			
	2023	2022	Growth
Revenue	2,635.2	3,250.5	(18.9)%
Material and related expenses	(615.7)	(776.9)	(20.8)%
Payroll and related expenses	(1,119.3)	(1,166.7)	(4.1)%
Net other OPEX (adjusted) ⁶	(462.3)	(553.5)	(16.5)%
AEBITDA	437.9	753.4	(41.9)%
AEBITDA margin	16.6%	23.2%	(6.6)pp.
Operating depreciation and amortisation ⁷	(243.7)	(245.9)	(0.9)%
AOP	194.2	507.5	(61.7)%
AOP margin	7.4%	15.6%	(8.2)pp.

FY 2023 AEBITDA decreased by 41.9% to 437.9 M€. The AEBITDA margin decreased by 6.6 percentage points to 16.6%. COVID-19 ramp down and inflationary pressures were the main drivers for the margin reduction.

⁶ Net other OPEX, net of acquisition/disposal related items (12.6 M€) and restructuring/ other significant items (2.5 M€)

⁷ Operating depreciation corresponds to the sum of depreciation excluding depreciation on capitalized customer lists

Despite the efficiencies generated from the ongoing SALIX program (~40M€ of savings overall in 2023), the margin was also impacted by the strong inflationary environment:

- Material and related expenses decreased by 20.8% compared to FY 2022 and amounted to 615.7 M€ or 23.4% of revenue (FY 2022: 23.9%). The inflation impact on material expenses was limited as the main group contracts for reagents and equipment are multiyear contracts with fixed prices.
- Payroll and related expenses were 1,119.3 M€ or 42.5% of revenue (FY 2022: 35.9%). The decrease of payroll and related expenses by 4.1% (with a revenue reduction of 18.9%) is due to the ramp down of COVID-19 capacity and the recovery of the pre-pandemic productivity. Additionally, the inflation on Payroll and related expenses was 4.0%. The reduction in full-time equivalents (FTE) is mainly due to the reduction in COVID-19 capacities and the disposals effect, despite the increase due to acquisitions.
- Net other OPEX (adjusted) were 462.3 M€, or 17.5% of revenue (FY 2022: 17.0%). The decrease of net other OPEX (adjusted) by 16.5% is mainly due to lower consulting/advisory fees and marketing/communication costs. Neither these nor other cost categories individually account for more than 20% of the total amount. The overall inflation factor on Net other OPEX (adjusted) was 3.2%.

FY 2023 AOP decreased to 194.2 M€ with AOP margin at 7.4%.

Operating depreciation and amortisation consist mainly of depreciation of labs, blood collection points and testing equipment assets.

AOP: segment view

In M€	2023	2022	Margin 2023	Margin 2022
France	56.1	116.3	10.7%	17.2%
Germany	(11.4)	134.7	(2.1)%	19.2%
South	71.0	96.8	8.8%	10.1%
North & East	78.5	159.7	10.2%	17.5%
SYNLAB Group	194.2	507.5	7.4%	15.6%

The SYNLAB Group achieved an AOP margin of 7.4% in the 2023 financial year, compared to 15.6% in the previous year.

The high decrease of German AOP margin compared to prior year mainly results from a high comparison base (strong COVID-19 testing volume in FY 2022), a high inflation (in particular from material expenses and personnel expenses), and a specific provision for the restructuring of a site.

Adjusted to reported operating profit reconciliation

In M€	2023	2022	Change
AOP	194.2	507.5	(313.3)
Restructuring and other significant expenses	(2.5)	(0.5)	(2.0)
Acquisition-related (income) / expenses	(12.6)	(6.9)	(5.7)
Impairments	(69.5)	(213.0)	143.5
Scheduled customer relationship amortization	(50.4)	(55.4)	5.0
Total adjustments	(135.0)	(275.8)	140.8
Operating profit	59.2	231.7	(172.5)

FY 2023 adjustments amounted to 135.0 M€ in total. The adjustments comprised mainly the impairments relating to the German goodwill of (68.0) M€ and scheduled customer relationship amortization (50.4 M€).

Earnings

In M€	2023	2022	Change
Operating profit	59.2	231.7	(172.5)
Net finance result	(100.0)	(17.2)	(82.8)
Income tax expense	(50.1)	(130.5)	80.4
Effective tax rate ⁸	35.0%	46.1%	(11.1)pp.
Profit on disposal of investments (group share)	183.1	66.7	116.4
Net profit (group share)	92.3	150.7	(58.4)

Net profit (group share) for the 2023 financial year decreased by 58.4 M€ due to the 172.6 M€ lower operating result, which was partially offset by the group share of profit on disposal of investments of 183.1 M€ (Profit on disposal of investments of 183.8 M€ less the share of profit from minority interests and associates, and non-controlling interests (0.7 M€ in total). The increase in the negative financial result was almost offset by lower tax expenses.

- In the 2023 financial year, net financial expenses amounted to 100.0 M€ and increased by 82.8 M€ compared to FY 2022. This is mainly due to the change in the fair value of the financial instruments and, following on the increase of market reference rate (EURIBOR), higher interest expenses.

Net average cost of debt in FY 2023 was 4.5% p.a.

- FY 2023 income tax expense was 50.1 M€, an 80.4 M€ decrease compared with FY 2022, coming from the reduction in results from operations. The effective tax rate was 35.0% for the period, higher than the weighted average of 25.5% (calculated on the basis of expected tax rates for the individual Group companies) mostly due to goodwill impairment, non-recognition of deferred tax assets on losses and disposals.

⁸ Income tax expense divided by Profit before taxes (see Consolidated Statement of Income)

Adjusted to reported net profit reconciliation

In M€	2023	2022	Change
Net profit (group share)	92.3	150.7	(58.4)
OPEX adjustments	135.0	275.8	(140.8)
Current-year income taxes (OPEX adjustments-related)	0.4	(13.9)	14.3
Profit on disposal of investments	(183.8)	(70.5)	(113.3)
Adjusted net profit	43.9	342.2	(298.3)

FY 2023 adjusted net profit decreased by 298.3 M€.

Financial position

Group cash flow

In M€	2023	2022	Change
AEBITDA	437.9	753.4	(315.5)
Movements in working capital	48.5	52.5	(4.0)
Income tax paid	(62.5)	(233.1)	170.6
Change in provisions & other	(60.8)	56.7	(117.5)
Operating cash flow	363.1	629.5	(266.4)
Net capex	(124.6)	(158.0)	33.4
Lease ⁹	(164.0)	(159.5)	(4.5)
Subtotal	(288.6)	(317.5)	(28.9)
As % of revenue	11.0%	9.8%	1.2pp.
Unlevered free cash flow	74.5	312.0	(237.5)
Net interest paid ¹⁰	(48.2)	(44.2)	(4.0)
Free cash flow	26.3	267.8	(241.5)
Net M&A cash received/spend	267.4	(60.6)	328.0

⁹ including lease interest

¹⁰ FX effects on intragroup loans included, lease interest excluded

Operating cash flow was 363.1 M€ at the end of FY 2023 mainly driven by the reduction of AEBITDA.

The 48.5 M€ decrease in working capital is mainly due to lower trade receivables and tax receivables.

Tax paid in FY 2023 decreased by 170.6 M€ to 62.5 M€.

After a 28.9 M€ decline in investment expenditure compared to the previous year, operating cash flow resulted in unlevered free cash flow of 74.5 M€:

Net CAPEX (excl. leases) was 124.6 M€, an increase of 33.4 M€ compared with FY 2022. The increase mainly relates to software, technical machines and equipment, assets under construction and office, IT and other equipment.

The cash conversion ratio (unlevered free cash flow / AEBITDA) was 17.0% (FY 2022: 41.4%).

The net M&A cash generation was 267.4 M€ and included disposals of 335.6 M€ and acquisitions of 68.2 M€.

Net assets

Simplified Group balance sheet

In M€	Dec 2023	Dec 2022	Change
Goodwill	2,199	2,323	(124)
Net fixed assets ¹¹	1,513	1,646	(133)
Net working capital (NWC)	45	93	(48)
NWC as a % of full-year M&A adjusted revenue.	1.8%	2.8%	(1.0)pp.
Capital employed	3,757	4,062	(305)
Equity	2,338	2,333	5
Net debt	1,341	1,575	(234)
Other	78	154	(76)
Resources	3,757	4,062	(305)

Capital employed

At the end of December 2023, total goodwill amounted to 2,199 M€. Of the (124) M€ decrease compared to 2022, (68) M€ is attributable to the Germany impairment and (95) M€ to disposals. Additions from acquisitions completed in the course of 2023 had an impact of 25 M€. 14 M€ resulted from currency effects.

Total net fixed assets amounted to 1,513 M€ at end December 2023. Net fixed assets were mainly composed of:

- Customer relationships with doctors and hospitals identified in connection with acquisitions and other intangible assets (software, trademarks) amounting to 599 M€ and reflecting a decrease of 134 M€ compared with end December 2022.

- Assets related to labs and blood collection points and testing equipment (property plant and equipment and right of use assets) amounting to 953 M€; a decrease of 14 M€ compared with end December 2022.

Net working capital composition

In M€	Dec 2023	Dec 2022	Change
Inventories	65	85	(20)
Trade accounts receivables	398	443	(45)
Trade accounts payable	(290)	(314)	24
Contract liabilities	(20)	(20)	-
Current provisions	(9)	(32)	23
Other net current liabilities ¹²	(99)	(67)	(32)
Net Working Capital	45	93	(48)

The 48 M€ decrease in net working capital is mainly due to lower trade receivables and tax receivables (the latter included in other net current liabilities).

The decrease in provisions is mainly due to the termination of a competition law case.

Equity

At the end of December 2023, equity amounted to 2,338 M€, compared to 2,333 M€ at the end of December 2022. The change is mainly due to the total comprehensive income for the year of 73 M€ and equity-settled share-based payments (share options), for which 7 M€ was recognized in equity. In 2023, div-

idends of 77 M€ were distributed, thereof 73 M€ to the shareholders of SYNLAB AG.

Net debt

Net debt was reduced by 14.9% or 234 M€ from 1,575 M€ to 1,341 M€ in 2023, mainly due to the net cash inflow from the sale of companies, which was used to repay loans.

SYNLAB has no liabilities to banks that fall due before 2026.

At the beginning of 2022, the Group entered into a new interest rate cap agreement. The carrying amount and fair value of this financial instrument at year-end is 25.3 M€ (asset). At the end of FY 2022 it amounted to 33.5 M€ (asset).

The carrying amount and fair value of the interest rate floor agreement is 1.3 M€ (liability). At the end of FY 2022 it amounted to 3.2 M€ (liability).

SYNLAB does not apply hedge accounting.

Other

The decrease in other items mainly relates to tax liabilities.

Financial management

The aim of the Group's financial management is to ensure that funds are available for proper business operations at all times. This is achieved by optimising banking transactions and financing conditions as well as by minimising and diversifying financial risks.

Financial management is described by a uniform Group guideline. Accordingly, the Group Treasury department is the central unit responsible for shaping and monitoring the financial profile throughout the Group. This is done in close coordination with the finance directors of the SYNLAB countries. The aim is to

¹¹ Fixed assets net of deferred tax

¹² Other current liabilities net of Other current assets

ensure that the subsidiaries always have sufficient liquidity to meet their financial obligations. The Group uses various cash pool structures with several banks to optimise its cash management organisation.

In addition, financial risk factors are regularly analysed and, if necessary, liquidity, credit, interest rate or foreign currency risks can be hedged using suitable financial instruments. As all current debt financing agreements are subject to the risk of an increase in EURIBOR, the Group has concluded a hedging contract in the form of a cap to partially offset a possible rise in interest rates.

The foreign currency risk for SYNLAB is considered to be low, which is why no hedging transactions are currently concluded to hedge against such fluctuations.

At the end of December 2023, adjusted net debt was 1,303 M€ compared to 1,645 M€ at the end of December 2022. The covenant leverage ratio was 2.90x, compared to 2.07x at the end of 2022.

In line with its risk-averse approach, SYNLAB refrains from building up speculative risk positions in the financial area.

The Management Board and Supervisory Board of SYNLAB AG will propose to the Annual General Meeting on 17 May 2023 that no dividend be distributed to shareholders for the Financial Year 2023.

Group debt and leverage ratio			
In M€	Dec 2023	Dec 2022	Change
Cash and cash equivalents	(221)	(542)	(321)
Non-current loans and borrowings	904	1,411	(507)
Non-current lease liabilities	500	558	(58)
Current loans and borrowings	19	16	3
Current lease liabilities	138	132	6
Net debt	1,341	1,575	(234)
Capitalized transaction costs, net of embedded derivatives	17	30	(13)
M&A deferred price consideration ¹³	33	39	(6)
Leases (covenant-related adjustment)	(88)	0	(88)
Adjusted net debt	1,303	1,645	(342)
Reported AEBITDA	438	753	(315)
Proforma ¹⁴ for M&A	(4)	9	(13)
Pro-forma AEBITDA	434	763	(329)

¹³ Long- and short-term contingent purchase price liabilities and deferred purchase price liabilities, net of put options over non-controlling interests (SYNLAB Labor München Zentrum GbR and EMT Medizintechnik GmbH & Co.KG), net of escrow accounts

¹⁴ AEBITDA from acquisitions, for the period starting January 1st until the date of acquisition

Financial instruments of the Group		
In M€	Dec 2023	Dec 2022
Term loan (2.5%+EURIBOR), originally due 2026	-	320
Term loan (2.5%+EURIBOR), due 2027	385	385
Term loan (1.75%+EURIBOR), due 2026	535	735
Total borrowings	920	1,440
Leases	550	690
Other bank debt and accrued interest	21	17
Cash and cash equivalents	(221)	(542)
M&A deferred price consideration	33	39
Adjusted net debt	1,303	1,645

Liquidity position

The Group was in a position at all times in the 2023 financial year to meet its payment obligations.

Early repayments of term loans totaling 520 M€ were made in the 2023 financial year.

On December 31, 2023, SYNLAB had a strong liquidity position with 221 M€ of cash and cash equivalents and a 500 M€ five-year revolving credit facility (remaining term three years), of which the unrestricted portion of 485 M€ was utilised once in the financial year in the amount of 40 M€ and repaid in full in the following month¹⁵.

Off-balance sheet obligations were mainly related to current rental and leasing contracts for buildings and equipment.

¹⁵ As of the balance sheet date, guarantee credit lines amounting to 5.1 M€ were utilised.

Overall statement on the economic development and the outlook made in the previous year for 2023

FY 2023 was a solid year for SYNLAB.

SYNLAB continued with the implementation of its growth strategy through For You initiatives and M&A. Underlying organic growth (excluding COVID-19) was at 6.4% and higher than expected with overall strong volume and positive price despite the drop in price in France.

Eight acquisitions were successfully completed in FY 2023 with an Enterprise Value of around 90 M€, in line with the guidance of around 100 M€.

Within the outlook stated in the Annual Report 2022, we expected FY 2023 total revenue to be around 2.7 B€ and COVID-19 testing revenue to decline significantly to 50 M€.

FY 2023 total revenue amounted to 2.64 B€ and COVID-19 testing revenue was approximately 40 M€. The impact on revenue of disposed activities in the course of 2023 was around 85 M€.

The AEBITDA margin was expected to be within a 16-18% range, compared with 23.2% in FY 2022.

We achieved a margin of 16.6% in FY 2023 and were therefore within our expected range.

The cash flow generation was impacted by the normalization of working capital from COVID activities ramp down, slightly higher tax payments due to the strong COVID result in Germany and one-off CAPEX investment for the construction of the new lab of Synnovis in London.

The liquidity position nevertheless remained strong thanks to the disposal proceeds and enabled the repayment of 520 M€ in loans.

Subsequent Report

The conditions set out in the Cinven Offer Document are not yet fully satisfied as of the date of preparation of these financials. Based on its fiduciary duties, the Management Board of SYNLAB AG will assess any next steps in the interest of its shareholders after the fulfillment of the conditions.

On 14 March, the French competition authority (Autorité de la concurrence) searched the premises of the French holding company. The investigation is based on the suspicion that employees of the entity were involved in anti-competitive practices.

According to the warrant, several companies from the industry are subject to the investigation.

At the time of signing the consolidated financial statements, the company did not have any details of the allegations raised. SYNLAB France will cooperate with competition authorities in all respects to clarify the matter.

Forecast Report

ECONOMIC OUTLOOK

Macroeconomic projections

According to the International Monetary Fund's World Economic Outlook from January 2024, global growth will be 3.1% in 2024 (similar to 2023).

According to the forecast, the eurozone will grow by 0.9% (2023: 0.5%), particularly Germany.

Overall global inflation is expected to fall to 5.8% in 2024 and to 4.4% in 2025, although the forecast for 2025 has been revised downwards.

On the other hand, new commodity price spikes due to geopolitical shocks – including ongoing attacks in the Red Sea – and supply disruptions or more persistent inflation could prolong tight monetary conditions.

The near-term challenge for policymakers is to successfully manage the final decline in inflation and wage and price pressures to target levels.

Growth estimations for key SYNLAB segments/countries	2024	2023
World	3.1%	3.1%
Euro area	0.9%	0.5%
• France	1.0%	0.8%
• Germany	0.5%	(0.3)%
• Italy	0.7%	0.7%
• Spain	1.5%	2.4%
UK	0.6%	0.5%
Latin America and the Caribbean	1.9%	2.5%

Sector-specific outlook

The current consensus is that the industry will have to deal with a continued inflation environment with mainly higher than historical personnel expenses inflation. This inflation will continue to put pressure on governments to adjust prices while managing their budget deficits.

Nevertheless, growth will remain strong as healthcare systems realise that testing is key for any healthcare policy. It is also becoming more of an individual topic where consumerisation is a reality – due to awareness, easier access to tests and an increased prevention mindset.

In the longer term, one key headwind facing the sector is the scarcity of specialised lab knowledge in the labour market. This will make companies change the way they attract people, and the way the work will be organised with the impact of technology, and how the services will be provided still not fully realised.

Patient access will increase with new digital access tools and extraction methodologies. At the same time, testing accuracy and personalisation will be impacted by new tools such as Next Generation Sequencing or by data and new related technologies such as artificial intelligence, potentially broadening the use of testing for diagnostics and with it the accessible market for all players.

GROUP OUTLOOK

In line with our long term growth ambition, SYNLAB expects revenues of around 2.7 B€ in 2024 at current perimeter. SYNLAB anticipates underlying organic growth (excluding COVID-19 testing and adjusted for disposed activities in 2023) to be in the range of around 4% in 2024, driven by strong development of volumes and price increases within the core business. The Group will maintain a lower than historical level of M&A spend in 2024 with an expected EV spent between 50 M€ and 100 M€.

SYNLAB expects the adjusted EBITDA margin to be in a range of 17-18% in 2024 in line with the previously communicated target to improve margin by at least 50 percentage points in 2024 and 2025 still noting the current uncertainty about the inflation net-of-price trajectory in some geographies.

OVERALL ASSESSMENT OF FUTURE DEVELOPMENT

SYNLAB is well positioned to take advantage of the growing market for clinical laboratory and medical diagnostic services, which benefits from favourable structural trends, including an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention, increasing outsourcing of clinical laboratory testing by hospitals and an additional need for advanced testing.

SYNLAB has been very active in consolidating the European clinical laboratories market. The Group's expansion strategy is focused on adapting to local market environments while drawing from the strength of its pan-European support functions. The market position and the scale of its laboratory network also allow SYNLAB to benefit from favourable procurement conditions with suppliers, including Group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion.

SYNLAB is also pursuing its expansion outside of Europe, with a focus on emerging markets in Latin America. SYNLAB is aiming to take advantage of an increasing market demand for health services to the consumer developing its D2C channel of distribution building the relevant platform and piloting it first in two key European countries.

In response to the increased inflation pressure, SYNLAB will continue with its portfolio management focus to improve its mix of activities.

SYNLAB AG

BUSINESS DEVELOPMENT OF SYNLAB AG

In addition to reporting on the SYNLAB Group, the development of SYNLAB AG in accordance with German commercial code (HGB) is presented below (Section 289 HGB).

SYNLAB AG, based in Munich, hereinafter also referred to as the “Company”, is the parent company of the SYNLAB Group. It indirectly holds all shares in the management companies and thus almost all shares in the operating companies of the SYNLAB Group.

As a holding company, its business activities include the management, acquisition, holding and administration of investments, Group financing and the administrative organization of a listed stock corporation with its executive bodies.

The company provides paid services for SYNLAB Group companies, particularly in the areas of general and strategic consulting and interim management.

The future economic development of SYNLAB AG is largely dependent on profit transfers and dividend distributions from its subsidiaries.

The annual financial statements of SYNLAB AG are prepared in accordance with the German Commercial Code (HGB) and the provisions of the German Stock Corporation Act (AktG).

The accounting and valuation methods for financial instruments in particular differ from the consolidated financial statements prepared in accordance with IFRS.

For SYNLAB AG, investment income and (adjusted) EBITDA are the key financial performance indicators.

The company is neither active in research nor in development.¹⁶

RESULTS OF OPERATIONS

In the 2023 financial year, the company generated revenue of 600 K€ from management services provided within the Group (FY 2022: 600 K€).

The other operating income of 37,076 K€ (FY 2022: 2,547 K€) mainly results from the reversal of the impairment loss on the investment in the subsidiary SYNLAB Limited UK, London, in accordance with Section 253 (5) sentence 1 HGB (mainly due to the increase in underlying business) and from the reversal of the provision formed in the previous year for legal and consulting costs relating to the competition law proceedings in Portugal.

Personnel expenses of 3,803 K€ (FY 2022: 4,587 K€) comprise the fixed and variable remuneration of the Executive Board, with the latter decreasing compared to the previous year. The company does not have any employees.

Other operating expenses of 15,513 K€ (FY 2022: 24,517 K€) mainly relate to legal and consulting fees, auditing fees and services provided by SYNLAB International GmbH (management fee).

Income from investments from the Belgian entities¹⁷ in the amount of 29,999 K€ (FY 2022: 21,125 K€) stems from a dividend distribution from SYNLAB Belgium SRL which was below the previous year's forecast of around 50 M€.

¹⁶ for R&D in the Group see section Principles of the Group

¹⁷ Ellipsys SCA, Fleurus/Belgium, and SYNLAB Belgium SRL, Heppignies/Belgium

As in the previous year, income from loans of financial assets amounting to 13,076 K€ (FY 2022: 13,200 K€) comprises interest income from loans granted to SYNLAB Bondco PLC¹⁸.

Write-downs on financial assets in the amount of 19,113 K€ (FY 2022: 774,366 K€) relate to the shares in SYNLAB Belgium SRL and result in particular from a decline in the forecast number of COVID-19 tests.

Interest and similar income in the amount of 8,923 K€ (FY 2022: 12 K€) mainly stems from interest rate hedges (advance fee paid on February 1, 2022 4,993 K€, three-year term, carrying amount 1,803 K€ (see Net assets position), nominal value 500 M€, positive fair value 25.3 M€). The fair value is based on price quotations from brokers).

Interest and similar expenses in the amount of 51,594 K€ (FY 2022: 15,796 K€) mainly result from loans from banks in the amount of 33,644 K€ (FY 2022: 11,918 K€; in FY 2023 higher reference interest rate than in FY 2022) and interest expenses from cash pooling in the amount of 16,165 K€ (FY 2022: 2,232 K€) as well as the amortization of the prepaid fee for the above-mentioned interest rate hedging transaction in the amount of 1,664 K€ (FY 2022: 1,525 K€).

Loan commissions and contributions to administrative costs only amounted to 0.1 K€ in the reporting year (FY 2022: 6,255 K€).

A net loss of 346 K€ was reported in the financial year (FY 2022: 781,780 K€).

¹⁸ 100% second-tier subsidiary based in London, UK

Simplified profit and loss statement of SYNLAB AG

in k€	2023	2022	Change
Revenue	600	600	-
Other operating income	37,076	2,547	1,355%
Personnel expenses	(3,803)	(4,587)	(17)%
Other operating expenses	(15,513)	(24,517)	(37)%
Income from investments	29,999	21,125	42%
Income from loans of financial assets	13,076	13,200	(1)%
Impairment of financial assets	(19,113)	(774,366)	(98)%
Finance result	(42,669)	(15,783)	170%
Net loss for the year	(346)	(781,780)	(>99)%

EBITDA and adjusted EBITDA of SYNLAB AG

	2023	2022
Net loss for the year	(346)	(781,780)
+/- Finance result	(405)	(18,541)
= EBIT	(751)	(800,321)
+/- Impairments/reversal of impairments	(6,487)	774,366
= EBITDA	(7,238)	(25,955)
+/- Items to be adjusted	-	-
= Adjusted EBITDA	(7,238)	(25,955)

EBITDA of (7.2) M€ was above the expected range of between (16) M€ and (20) M€ mainly due to higher other operating income.

FINANCIAL POSITION

As at the balance sheet date, SYNLAB AG was financed by 74% equity and 26% debt, thus demonstrating a strong equity base. The gearing ratio (debt to equity) is 35%.

Each share entitles the shareholder to one vote at the company's Annual General Meeting. There are no restrictions on voting rights.

The capital reserve is divided into the unappropriated capital reserve of 2,390,287 K€ and the appropriated capital reserve of 377,778 K€.

Current liabilities consist mainly of liabilities to affiliated companies from cash pooling.

Non-current liabilities relate to liabilities to banks (Term Loan A in the amount of 735,000 K€, of which 200,000 K€ was repaid in the Financial year 2023). The loan bears interest of between 1.25% and 2.50% p.a. plus EURIBOR (until 500,000 K€ cap at 0.1% and floor at 0%) depending on the Group debt ratio and matures in May 2026.

In the course of the 2023 financial year, 40,000 K€ of the additional syndicated revolving loan of 500,000 K€¹⁹, which bears interest at the same rate as Term Loan A, was drawn down once from the portion of 485,000 K€ that was freely available and repaid in full in the following month.

Simplified cash flow statement of SYNLAB AG

in k€	2023	2022
Operating cash flow	3,723	(26,351)
Investing cash flow	118,325	(185,006)
Financing cash flow	(133,589)	200,561
Change in cash and cash equivalents	(11,541)	(10,796)
Cash and cash equivalents at the beginning of the period	14,207	25,003
Cash and cash equivalents at the end of the period	2,666	14,207

The cash flow statement shows a positive cash flow from operating activities for the past financial year. On the balance sheet side, the decline in receivables from affiliated companies had a particular impact here.

The positive cash flow from investing activities stems from the net repayment²⁰ of loans to affiliated companies (75,000 K€), the dividends received (29,999 K€), and the income from loans of financial assets (13,076 K€).

The negative cash flow from financing activities resulted from the repayment of loans, the dividend payment and interest. The increase of liabilities to affiliated companies (mainly cash pooling) and interest income from interest rate hedges (8,673 K€) had the opposite effect.

Cash and cash equivalents as at December 31, 2023 therefore amounted to 14,207 K€ (FY 2022: 14,207 K€).

The company was in a position to meet its payment obligations at all times²¹.

²⁰ Repayment of 170 M€, granting of new loans 95 M€

²¹ As the company is integrated into the SYNLAB Group's cash pooling system, SYNLAB AG's liquidity is secured on an ongoing basis by the Group's liquidity management.

¹⁹ As the main borrower of the revolving credit line, SYNLAB AG is jointly liable for any guarantee credit lines granted by SYNLAB International GmbH up to a maximum amount of 15,000 K€, of which 5,116 K€ is utilised as at the balance sheet date.

NET ASSETS

The balance sheet total amounts to 4,047,756 K€ (FY 2022: 4,148,227 K€).

Shares in affiliated companies include the shares in SYNLAB Limited²², SYNLAB Belgium SRL²³ and the formation costs of SYNLAB Health for You Limited²⁴.

Loans to affiliated companies decreased by 75 M€ compared to the previous year. Two of the three existing loans²⁵ to SYNLAB Bondco PLC were partially (50 M€) and fully (120 M€) repaid early in the reporting year for a total amount of 170 M€. Two new loans totaling 95 M€²⁶ relate to SYNLAB Belgium SRL.

Current assets consist mainly of bank balances, the prepaid fee²⁷ for the interest hedging transaction reported under other assets and VAT credits.

Other provisions relate to bonuses and vacation days not taken by the balance sheet date, remuneration not yet invoiced, attendance fees and travel expenses for Supervisory Board members as well as costs for the financial statements and audit.

The liabilities are mainly to banks and affiliated companies (cash pooling).

Simplified balance sheet of SYNLAB AG			
in k€	31 Dec 2023	31 Dec 2022	Change
Shares in affiliated companies	3,066,553	3,060,065	6,488
Loans to affiliated companies	973,000	1,048,000	(75,000)
Current assets	8,203	40,162	(31,959)
Total assets	4,047,756	4,148,227	(100,471)
Equity	2,995,449	3,068,095	(72,646)
Other provisions	4,117	15,468	(11,351)
Liabilities	1,048,191	1,064,663	(16,472)
Total equity and liabilities	4,047,756	4,148,227	(100,471)

FORECAST REPORT

SYNLAB AG expects no dividend distributions in 2024 due to the increase in the Belgian subsidiary's debt.

Based on the relatively stable cost structure the company expects negative EBITDA to range between (10) M€ and (14) M€.

No significant adjustment effects are expected, meaning that EBITDA is likely to be largely in line with adjusted EBITDA.

OPPORTUNITY AND RISK REPORT

The opportunities and risks for the Company continue to result from its function as the Group holding company.

This means that there are risks in particular with regard to the amount of investment income, the value of the shares in affiliated companies and the loans to them as well as in connection with bank financing and cash pooling in the interest area.

Furthermore, there are fundamental liability risks from the Group financing provided via the company. Unchanged from previous year there are currently no signs of any claims being made.

Solvency is ensured by the integration into the SYNLAB Group cash pooling system.

The Management Board sees the company's opportunities in particular in its role as the ultimate Group holding company and in the participation in the development of the SYNLAB Group that this enables. In particular, the Management Board sees opportunities in the growing market for clinical laboratory services in Europe, but also in emerging markets in Latin America, Asia and Africa.

In the opinion of the Management Board, there are currently no risks to SYNLAB AG as a going concern and none are discernible, at least in the medium term.

²² 100% subsidiary based in London, UK

²³ Ellipsys SCA, Fleurus/Belgium, in which SYNLAB AG held a 99.99% stake (carrying amount 55 M€), was dissolved on July 19, 2023. Its assets and liabilities were taken over by SYNLAB AG, including the 19% share in SYNLAB Belgium SRL, Heppignies/Belgium

²⁴ 100% subsidiary based in London, UK

²⁵ Interest rate 1.25% p.a., original maturity in the first half of 2026

²⁶ Interest rate 2.58% p.a., maturity July 1, 2026

²⁷ Amortization over the term, carrying amount as at 31 December 2023 1.8 M€

Opportunity and Risk Report

Risk management at SYNLAB is geared towards securing the successful, continued development and profitability of the Group in the long term. The key instrument for achieving this goal is the risk management system. It identifies, evaluates, and manages risks, whereas opportunities are considered separately. The risk management system is not designed to track the opportunities which are considered separately.

RISK MANAGEMENT SYSTEM (RMS) AND INTERNAL CONTROL SYSTEM (ICS)

The SYNLAB Management Board has implemented a risk management system (RMS) to ensure the effective and efficient management of all risks that affect the achievement of the SYNLAB strategy and objectives. The risk management system is implemented Group-wide, including SYNLAB AG and all subsidiaries. It includes all corporate functions and countries in which SYNLAB operates. Balancing the rewards and inherent risks in the business operations of SYNLAB within a complex and changing business environment is a central and continuous task for the corporate management.

The main SYNLAB business is the supply of medical diagnostic services, primarily relating to clinical diagnostics testing and screening services. The past crisis with COVID-19 has created significant uncertainty for all businesses across the geographies in which the Group operates. Furthermore, the COVID-19 crisis also drove the rapid growth of SYNLAB. However, since the end of 2022, there is a noticeable decline in COVID-19 activity meaning that SYNLAB activity has returned to post-COVID-19 levels in 2023. SYNLAB is still in transition to readapt its business.

The formalised risk management process shall ensure that risks can be managed within acceptable limits and mitigated where necessary. A standardised reporting process assures that risk information is addressed and communicated timely to the respective stakeholders, e.g., to the Management Board, the Corporate Risk Management function as well as the Supervisory Board and the Audit and Risk Committee. This ensures decision-making based on appropriate risk information and enables the Management Board to pursue the strategic goals of the Group.

Responsibilities

The following roles and responsibilities are defined within the risk management system:

Body/Function	Roles and Responsibilities for Risk Management
Supervisory Board / Audit and Risk Committee	<ul style="list-style-type: none"> Monitoring the appropriateness and effectiveness of the risk management system
Management Board	<ul style="list-style-type: none"> Definition of SYNLAB strategy and risk strategy Responsible for implementing the risk management system Monitoring and management of key significant risks Approval of corporate risk report Reporting on risks and risk management activities to the Audit and Risk Committee
Corporate risk management / risk manager	<ul style="list-style-type: none"> Supporting the SYNLAB Management Board in developing guidelines, methods and tools for risk management and implementing the risk management system, recommendations for developing and improving the risk management system Coordination of the risk management process, monitoring of deadlines, completeness, and effectiveness of activities Assurance of a functioning risk reporting process (regular and ad-hoc) Definition of top risks and aligning of risk factors Assessment of risks on an aggregated level in preparation of the corporate risk report (cross functions and subsidiaries) Preparation of biannual (Q2 & Q4) corporate risk report Update of the corporate risk report (Q1 & Q3) Training and communication of the risk management approach
Heads of Group functions, countries, and entities	<ul style="list-style-type: none"> Provision of guidance for risk assessments within their area of responsibility Validation and approval of risks within area of responsibility Management of risks within area of responsibility Responsible for appointing a risk owner in area of responsibility
Risk owner	<ul style="list-style-type: none"> Responsible for identifying and assessing risks Responsible for implementing and conducting response measures Preparation of input and documentation for risk reporting
Employees	<ul style="list-style-type: none"> Detection and mitigation of risks within area of responsibility Communication on risk matters with the respective line manager/risk owner for their unit
Internal Audit	<ul style="list-style-type: none"> Regular audit of risk management processes Audits on special risk topics and findings

Risk management process

Process overview

The SYNLAB risk management process, which is embedded in the process landscape, is designed to support the Management Board to make decisions based on appropriate risk information. It is guided by the COSO II Framework for Enterprise Risk Management and comprises the following steps:

RISK MANAGEMENT PROCESS



The individual steps in the risk management process are linked concurrently. They are arranged as a continuous cycle providing timely feedback to all functions involved in risk management activities.

Objective of the risk management process

The risk management process aims to identify developments at an early stage, which by themselves or in interaction with other risks could pose an existential threat to SYNLAB, and to manage these risks adequately.

To evaluate risks according to their potential to endanger the continued existence of the Group, the risk-bearing capacity of SYNLAB is determined on Group level on a quarterly basis as part of the risk management process and monitored continuously, aggregated at the level of the total risk. The risk-bearing capacity is the maximum risk that SYNLAB can bear without threatening its continued existence and it is calculated from a liquidity and an equity perspective. The plan values of the relevant KPIs for the next 12 months forward from the appointed assessment date are considered to determine the liquidity and equity risk-bearing capacity. The liquidity and equity plan values are adjusted by the amounts of liquidity and equity required to maintain a successful business operation and therefore not available as risk-bearing capacity.

In the context of the risk management process, the risk-bearing capacity is checked against the aggregated risk profile. In addition, the risks that are regularly assessed according to their impact on results are transferred with regard to their impact on liquidity. In this, the existential threat to SYNLAB is assessed.

Risk identification

Systematic risk identification conducted by risk owners and employees is required at the beginning of the risk management process. The purpose is to record and document in a structured way all risks that could have a negative impact on corporate objectives, irrespective of countermeasures already in existence (gross method). For structured documentation and reporting, a risk documentation template is available. Identified risks must be allocated to a risk owner.

To ensure the completeness of risk identification, a uniform understanding of the potential risk landscape of SYNLAB as well as clear categorisation of identified risks, a risk inventory is provided, maintained, and continuously developed by corporate risk management. The risk inventory provides a structured overview of risk categories and helps risk owners to identify risks. Identified risks must be allocated to one of the risk categories defined in the risk inventory. To ensure completeness of risk identification, the inventory is updated regularly. Therefore, risk owners are asked to report new potential risks or necessary changes to the corporate risk management.

In addition, the bottom-up identification of risks is supported by the top-down definition of risk factors. These are specific risk causes within risk categories that must be considered in the risk identification and assessment. In case certain risk factors do not apply to a country or entity, the country or entity needs to provide reasoning for their non-inclusion.

A further measure to ensure a comprehensive and early risk identification is the early warning system. The early warning system comprises a set of questions to the risk managers that indicate internal or external changes which might result in material risks for SYNLAB. The early warning system is regularly monitored, and if required, it is enhanced with additional questions to fit the risk situation of the Group. Existing risks can be linked to an early warning indicator, which is monitored on an ongoing basis.

Risk assessment

To manage risks in an effective and efficient way, it is necessary to understand and assess each risk individually and to evaluate potential interdependencies between identified risks. The assessment serves to focus management's attention and resources on significant matters (e.g., mitigation plans, control activities).

As a basic standard, all risks are assessed on a gross risk basis (i.e., before the consideration of response measures) and a net risk basis (i.e., remaining risks after existing and risk response measures) to display the effectiveness of risk response activities.

Based on the net risk assessment, the SYNLAB Management Board, the corporate risk manager and the heads of functions, countries and entities can evaluate the necessity of additional risk response activities from the Group perspective. All gross and net risks must be assessed by using defined classes for likelihood of occurrence and impact on the objectives of SYNLAB.

Risk matrix

Based on the assessment of likelihood and impact, all identified risks need to be given a risk rating and visualised in a risk matrix. The classification of the risk score of an individual risk is calculated by multiplying the converted classes (1-6) for likelihood and impact (based on net risk). These risk scores are then converted

into risk ratings which determine the severity of a single risk. The various individual risks are subsequently aggregated at the Group level and the aggregated overall risk is compared with the risk-bearing capacity.

The risk matrix facilitates the comparison of the relative priority of the risks and increases transparency over the total risk exposure of SYNLAB. In addition, the rating of risks from minor to major is used to determine which risk information needs to be provided in more detail to the Management Board as well as to the Supervisory Board / Audit and Risk Committee (please refer to the Risk Reporting section). Appropriate risk response measures can be derived.

RISK MATRIX

THE NUMBERS WITHIN THE RISK MATRIX REPRESENT THE RESPECTIVE RISK RATINGS IN TERMS OF IMPACT ON NET PROFIT

LIKELIHOOD		1	2	3	4	5	6
IMPACT ON NET PROFIT OF SYNLAB GROUP		Remote 0-4.9%	Highly unlikely 5-14.9%	Unlikely 15-24.9%	Possible 25-49.9%	Likely 50-74.9%	Almost certain 75-100%
6	Very high >400M€						
		6	12	18	24	MAJOR	
5	High 250-400M€						
		5	10	15	20	25	30
4	Significant 125-250M€						
		4	8	12	16	20	24
3	Medium 65-125M€						
		3	6	9	12	15	18
2	Low 15-65M€						
		2	4	6	8	10	12
1	Insignificant 0-15M€						
		1	2	3	4	5	6

DERIVATION OF THE RISK RATING AND PRIORITISATION OF RISK MANAGEMENT MEASURES ACCORDING TO THE RISK CLASSIFICATION

Risk Score	Risk Rating	Color in Risk Matrix	Prioritisation of risk response measures
24-36	Major	Dark Blue	Critical risks that endanger the success of the Group and/or threaten its existence. These risks require an urgent need for risk response.
10-20	Increased	Medium Blue	High risks that require need for action. These risks are regularly reviewed and intensively managed.
4-9	Moderate	Light Blue	Latent or low impact risks for which need for action may be required.
1-3	Minor	Very Light Blue	Risks for which there is currently little or no need for action.

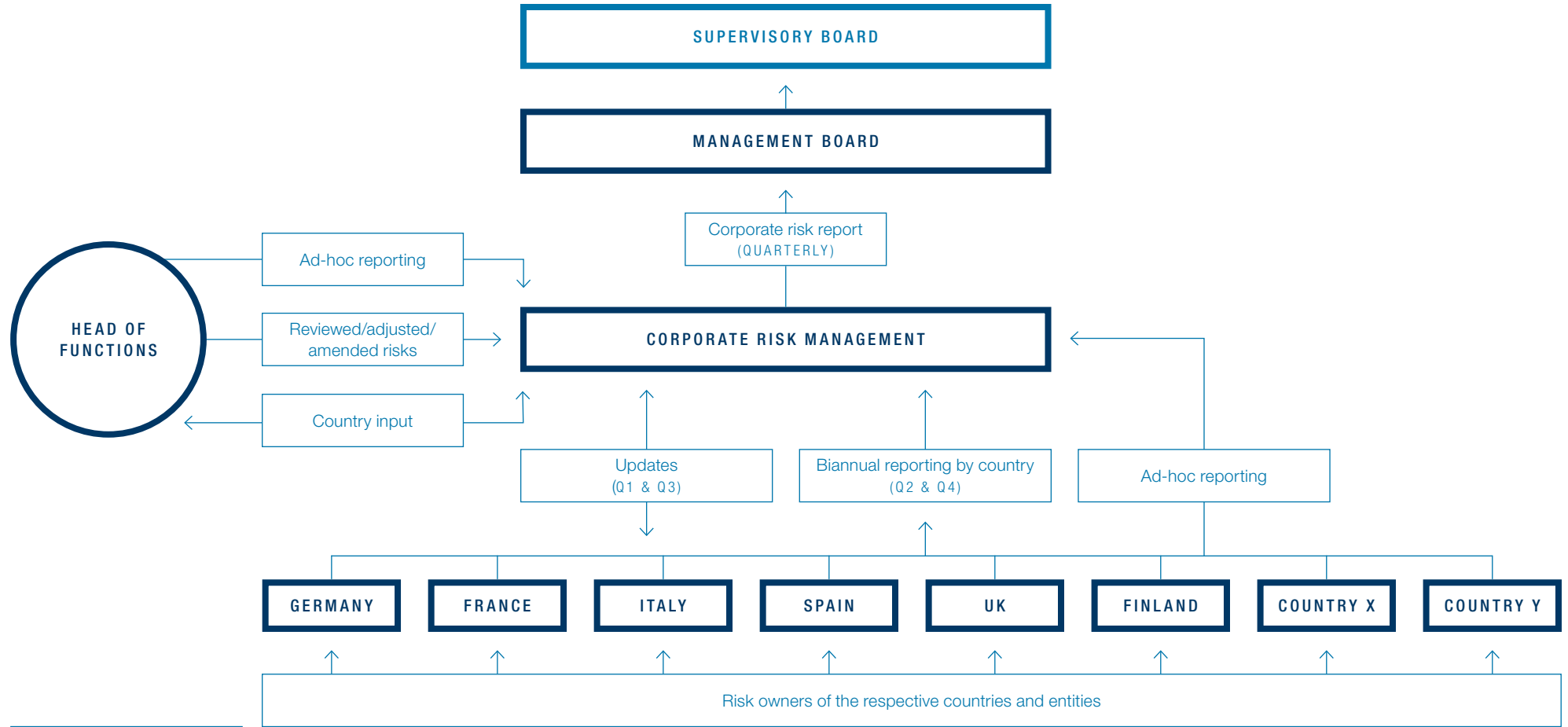
Aggregated risk profile at SYNLAB Group level

To derive a Group risk profile, all risks are aggregated by using Monte Carlo simulation. The aggregation considers the likelihood of occurrence and impact of an individual risk as well as interrelations between the risks. The aggregated risk profile is derived based on the net risks, i.e., including the effect of implemented and effective measures, and is compared with the SYNLAB risk-bearing capacity. Thus, it is used to evaluate whether the identified risks pose a threat to the continued existence of SYNLAB.

Risk reporting

The aim of risk reporting is to provide the management responsible at each organisational level with significant information relating to the risk exposure of SYNLAB and mitigation activities. Risk reporting is integrated in the overall SYNLAB reporting structure. It comprises regular risk reporting across all functions, countries, and entities in the scope of this policy as well as ad-hoc risk reporting for newly identified major risks and sudden material changes to risks already identified and assessed separately from the regular reporting cycles. The risk reporting process is as follows:

RISK REPORTING PROCESS



Reporting at corporate level is addressed to the Management Board and the Supervisory Board / Audit and Risk Committee.

Internal control system

The overarching objectives of the RMS and internal control system (ICS) are to protect assets and support sustainable growth for SYNLAB. The ICS supports the aforementioned objectives by creating reliable operational and financial processes in order to ensure the accuracy, completeness and timeliness of financial reporting in particular and compliance with laws and guidelines.

Organisation of ICS

Group-wide ICS tasks and responsibilities are clearly defined and reflect our Group structure. SYNLAB combines centralised business management by the parent company SYNLAB AG with the decentralised responsibility of the SYNLAB subsidiaries and the service entities that support the operational business.

The ICS defines group-wide minimum requirements for the design of the ICS for financial processes (for example accounting and tax processes) or operational processes (such as procurement and operations) for the SYNLAB Group. Among others, these requirements cover the control design, control execution, the monitoring of the effectiveness of controls and reporting on effectiveness analyses. The SYNLAB control framework, the local control design of the entities, the control execution and documentation as well as the effectiveness analyses of the entities are also documented in a central tool.

The purpose of the implemented internal controls is to identify, assess and control risks that could affect the adequate preparation of the separate and consolidated financial statements. The internal control over financial reporting (ICFR) at SYNLAB, consists of policies and control procedures to assess financial statement risk and provide reasonable assurance that SYNLAB prepares reliable financial statements. The ICFR comprises pre-

ventive, detective, monitoring and corrective control measures in the areas of accounting, controlling and operational functions that ensure a methodical and uniform approach to the preparation of the financial statements.

These processes of the ICS, the relevant risks and the assessment of the control mechanisms are analysed and documented. The control mechanisms include the identification and definition of processes, the introduction of approval levels, the application of the principle of segregation of duties and the identification of best practices. The implemented control mechanisms impact multiple processes and therefore often overlap. The mechanisms include the establishment of policies and procedures, the definition of processes and controls including month-end closing checklists, variance analyses, approval levels, and guidelines.

Monitoring and Improvement of the internal control system and risk management system (unaudited)

The German Commercial Code, the German Stock Corporation Act and the German Corporate Governance Codex require monitoring of ICS and Group-wide RMS. The primary objective of the monitoring process is to ensure that the ICS and the RMS are working in an adequate and effective way. SYNLAB ensures that all activities carried out are in compliance with its Group policies and that internal control and risk management activities provide the right quality.

Key elements of internal monitoring include effectiveness checks performed by Internal Audit based on risk-oriented annual audit planning as well as self-assessments of the management systems by the Management Board.

The monitoring process is based on the following elements:

- Organisational and procedural measures, e.g., training and communication,
- Internal controls and checks as part of the risk management system conducted by the risk manager and of the internal control systems performed by Internal Audit²⁸;
- Process-independent reviews by Internal Audit, carried out either as part of the risk-based annual audit plan or as part of audits scheduled during the year upon request.

Independent monitoring and audits are carried out, in particular by Internal Audit. Weaknesses identified or suggestions for improvement of the process flows are addressed immediately for elimination or implementation, as well as routinely and specifically followed up.

The Executive Board is not aware of any circumstances that would speak against the appropriateness and effectiveness of the risk management and the ICS in significant parts or even as a whole.

Notwithstanding this, there are inherent limitations to the effectiveness of any risk management and control system. It must therefore be taken into account that an internal risk management and control system, regardless of its design, cannot guarantee absolute certainty with regard to its functionality (e.g. with regard to the correct and complete recording of facts in the consolidated financial statements).

²⁸ Organisational seat of the internal audit department at the German headquarters; reporting line to the Group CFO and the Chairwoman of the Audit Committee

RISKS

General

SYNLAB identifies risks as part of its risk inventory process, all to be monitored and managed by the risk management system. The composition of the risk inventory is reviewed at least twice a year (in Q2 and Q4 via a bottom-up analysis); a top-down update takes place in Q1 and Q3. Ad hoc adjustments are made if risks are identified in course of the year (see risk identification). The specific risks are clustered by the nature of the risk event (strategic, operational, financial, legal and compliance) to allow for a better operational management of the risks.

The risks clusters for the SYNLAB Group are presented below:

Risk Category	Impact on SYNLAB Group	Probability Category	Risk Rating	Risk Exposure Evolution (*)
Strategic Risks				
Economic and market developments	Medium	Unlikely	Moderate	↔
Regulatory developments	Low	Unlikely	Moderate	↔
M&A	Insignificant	Possible	Moderate	↔
Operational risks				
Commercial & operational	Medium	Highly unlikely	Moderate	↗
Medical	Insignificant	Remote	Minor	↔
Cyber security	Low	Unlikely	Moderate	↔
IT information security	Significant	Unlikely	Increased	↔
Personnel	Medium	Highly unlikely	Moderate	↔
Financial risks				
Liquidity and financing	Low	Remote	Minor	↔
Market price	Insignificant	Almost Certain	Moderate	↘
Tax	Low	Highly unlikely	Moderate	↔
Financial operational	Low	Possible	Moderate	↔
Impairment	Significant	Possible	Increased	↔
Legal and Compliance risks				
Legal Risk & Compliance risks	Medium	Unlikely	Moderate	↔

* Q4'23 vs. Q4'22 Development of the weighted net risk

Risk clusters for which the absolute difference between the NWRE of Q4'23 and Q4'22 is less than 2 M€ are reported as stable.

Strategic risks

This category covers the risks inherent to the characteristics of the markets in which SYNLAB operates. Most of our markets are highly regulated, publicly funded, and fragmented.

Economic and market developments

We provide health care services which are generally characterized by a low-price elasticity however a severe economic downturn could still lead to a reduced demand from patients who may avoid visiting their doctors or decrease any out-of-pocket spending. Furthermore, an economic downturn would stress public finance and therefore healthcare budgets. Of particular importance in this area is the risk of declining prices, especially in a market where healthcare spend is publicly funded and under constant cost pressure.

SYNLAB is impacted by the inflationary pressure on energy prices and the indirect pressure on salaries resulting from the current geopolitical environment.

SYNLAB operates in a highly competitive environment and actions from competitors could result in a loss of market share & lower the revenue i.e., scope of services, price, reputation etc.

The risk exposure has remained stable.

Regulatory developments

Operating in a highly regulated markets implies that changes in government policies, laws or regulations (including reimbursement) may adversely impact the supply or demand in SYNLAB businesses, such as licenses, certifications, new requirements to practice in the medical business. Our revenue

is closely dependent of the reimbursement of clinical testing so any change in the reimbursement would directly affect the operational result of SYNLAB.

The risk exposure has remained stable.

M&A risks

SYNLAB faces specific risks associated with the M&A strategy which requires SYNLAB to acquire companies & laboratories.

The results of operations, and financial position could be adversely impacted if SYNLAB were unable to perform the acquisition strategy and to successfully integrate the acquired businesses. Furthermore, an acquisition can increase instability in the acquired business (i.e., higher staff turnover, loss of customer, suppliers, partners, licenses) or unexpected liabilities might arise. This could result in situations where SYNLAB does not achieve sufficient economic returns in case such risks would not be detected during the Due Diligence process.

The medical diagnostics market is a highly competitive market with several other companies pursuing a similar M&A strategy, placing SYNLAB in competition with other potential buyers to acquire existing businesses. This competition may cause a difference both in acquisition prices (higher than planned) and number of the companies acquired (lower than planned).

SYNLAB follows a strict investment policy that includes the use of external advice which reduces the execution risk significantly.

The risk exposure of this cluster has remained unchanged. The risk exposure is however dependent on the size of the M&A activity.

Operational risks

Commercial and operational risks

This category covers the risk of losses caused by flawed or failed processes, policies, systems or events (incl. actions from competitors) that disrupt operations or customer relationships.

SYNLAB operates in a constantly changing environment and is required to meet government or industrial standards which also evolve, and therefore needs to constantly adapt its existing processes.

The activity of the Group strongly depends on the continuity of the supply chain. Any event that could interrupt the continuity of operations such as supplier delivery failure (technical, human, lack of resources or quality) could significantly adversely impact the financial performance of the Group. Disruptions to its supply chain could affect the relationship with customers to the point that SYNLAB would suffer from reputation loss and in the end lose the relationship.

Particular relevance in this category is given to disruption in operations following a natural catastrophe and other force majeure events. Results of such service interruptions may be lower patient volumes or inability to operate laboratories or collection points for an extended period.

The assessment of the risk exposure for this cluster has increased due to a group wide harmonization of the methodology to estimate the commercial and operational risks.

Medical risks

This category covers all risks resulting from providing inaccurate or non-state-of-the-art medical information to medical practitioners.

SYNLAB services may be subject to negligence, errors and omissions (human or technical issues) resulting into poor quality and/or a wrong medical test result being communicated to customers. An event like this would directly affect the reputation of SYNLAB (loss of customer and revenue decrease).

Furthermore, SYNLAB business depends on technological innovations developed by technology companies. Failure to keep up with the innovation or trends in the market might result in SYNLAB providing less competitive or obsolete services.

SYNLAB is investing continuously in quality improvement programs to reduce the risk exposure.

The risk exposure of this cluster has remained stable.

Cyber security risk and information security risks

This category covers all threats to IT systems and information management at SYNLAB. These can be external, internal, deliberate or unintentional. It encompasses a wide range of potential events including cyber-attacks and data breaches.

SYNLAB is continuously investing in its IT infrastructure and training of people to reduce its risk exposure.

Nonetheless, the cyber security risk rating persists at a moderate level due to the current geopolitical situation, resulting in a high number of cybersecurity incidents.

The risk exposure within this cluster has remained stable.

Personnel risks

This category covers all risks related to the availability of the human resources required to operate the business of the Group (including availability and cost of licensed medical staff).

Failure to attract or retain staff might adversely impact the performance of the Group. SYNLAB therefore continuously invests in the development of its workforce and actively monitors the engagement of its employeee.

The risk exposure of this cluster has remained stable.

Financial risks

The overall exposure of SYNLAB to financial risks laid out in the following paragraphs has increased due the current macro political environment, which is creating volatility on the financial market, increasing interest rates and overall increasing uncertainty. However, the Group has solid financial resources and is well positioned to manage these risks.

Liquidity and financing risks

This category covers all risks negatively impacting SYNLAB treasury or financing such as the inability to refinance existing debt or obtain new financing, cash shortages, risk of a default by a financial institution(s) used by the Group, risk of breaching the covenants of an external financial debt facility which might result in early repayment or cancellation of the facility and a lack of sufficient insurance coverage (scope and or limit).

The risk exposure of this cluster has remained stable.

Market price risks

SYNLAB operates in an international environment. Thereby, SYNLAB must face fluctuations in foreign currency which impact directly all transactions concerned.

Furthermore, SYNLAB is exposed to interest rate fluctuations as it is being financed by term loans based upon EURIBOR. Rising interest rates will increase the debt service obligations. SYNLAB is actively managing its exposure to interest rate fluctuations and, e.g., has purchased an "Interest Rate Cap" in February 2022.

The risk exposure of this cluster has decreased due to reduction of the financial debt.

Tax risks

SYNLAB operates in many countries around the world and is subject to multiple tax jurisdictions. Any change in the tax regulation might increase its tax liability.

Regular tax audits are conducted by the tax authorities in the respective jurisdictions. Tax risks can arise from legal interpretations by tax authorities that diverge from interpretations by SYNLAB. For example, the VAT or transfer pricing policies applied by SYNLAB might be rejected by local authorities.

We are currently of the opinion that the upcoming implementation of the so-called "Pillar 2 regulation" (Säule 2-Regelung) will not increase our exposure to tax risks.

The risk exposure of this cluster has remained stable.

Financial operational risks

The consolidated financial statements of the Group are prepared centrally based upon uniform financial reporting guidelines. During this process, however, SYNLAB may encounter human errors such as forecasting or reporting error, fraud, or litigation etc. SYNLAB ensures that the employees are regularly trained and are updated with the latest guidance to minimise such risks.

The risk exposure of this cluster has remained unchanged.

Impairment risks

SYNLAB has been formed through a series of acquisitions. This has resulted in a significant amount of goodwill being recorded on the balance sheet.

This might expose SYNLAB to future losses as the goodwill is tested regularly in accordance with IFRS requirements and might need to be impaired if the future expected cash flows can no longer sustain the valuation. Please note that the valuation model used to test the goodwill involves the use of financial estimates for revenue growth and EBITDA margin which might not materialise. Such an impairment might reduce the operating profit.

The risk exposure of this cluster remained unchanged.

Legal and compliance risks

The risk covers all accidental or deliberate acts in breach of legal provisions, committed by employees or SYNLAB partners (i.e., anti-bribery, anti-corruption, antitrust or capital markets law violations, GDPR non-compliance, violations, fraud, non-compliance with competition laws, etc.). This can lead to penalties, fines, reputation damage or profit absorption.

The parent company has implemented a governance structure to minimise occurrence of such events.

By implementing processes and measures in accordance with the German “Responsible Supply Chain Act” (Lieferkettensorgfaltspflichtengesetz) SYNLAB minimizes the related risk exposure.

The risk exposure of this cluster has remained stable.

Other

In the context of the armed conflict between Russia and Ukraine, the activities of the Group are not significantly affected. SYNLAB has no exposure to Russia and very limited exposure to Belarus (below 6 M€ of revenue in 2023).

The Israeli-Palestinian conflict does not impact the business of SYNLAB.

The Management Board and other members of the ESG Committee of the Executive Committee reviewed the results from the double materiality assessment made in 2022, in which two types of impacts were considered (environmental and social topics that can have an impact on the enterprise value and its impact on society and the environment) and confirmed that the list of material non-financial topics are still valid and up to date. Thus, no new non-financial risks were identified that were not covered yet by the current risk inventory. Additional risks not currently known to management may also adversely affect the business.

Opportunities

SYNLAB operates in the large and growing European market for clinical laboratory testing services, which is characterized by strong and non-cyclical growth trends and has further growth potential. SYNLAB also sees significant opportunities in emerging markets in Latin America, Asia, and Africa.

The broad range of routine and specialized testing services provided by SYNLAB makes it a global player in the field of medical

diagnostics and the market leader in Europe in terms of sales in this area. The customer-focused strategy aims for above-market growth and is based on medical and operational excellence, highly skilled employees, and a disciplined approach to capital allocation. SYNLAB is a major market consolidator in a highly fragmented market with a proven track record of disciplined acquisitions, successful integration, and synergies across countries, and it benefits from significant further consolidation opportunities.

SYNLAB has a good financial profile, robust organic growth, operational efficiencies, and strong liquidity allowing for growth through strategic acquisitions. SYNLAB benefits from a highly experienced international management team at the corporate level and locally with extensive market knowledge and experience in addressing local regulatory requirements and achieving growth, as well as a strong track record in executing and integrating acquisitions.

SYNLAB is also in a good position to respond in case of a new covid pandemic.

SYNLAB intends to deliver world-class service to patients and physicians by expanding its service offering, strengthening its network, and creating a differentiated brand identity in Europe and globally. SYNLAB will focus on operational excellence by leveraging scale, competencies, and supplier relationships to increase operational efficiency and cash flow. SYNLAB will capitalise on growth opportunities in its existing and new markets through effective use of capital, investment in current operations and selected acquisitions.

SYNLAB will develop talent by assigning responsibility to its employees and engaging with them intensively.

Overall assessment of risks and opportunities

Based on the SYNLAB risk management system, the Executive Board of SYNLAB AG permanently identifies and assesses risks. Suitable measures are taken to manage and control these risks as far as possible. The development of major risks is regularly monitored at Group level. At present, no risks are identifiable which either individually or in their entirety could endanger the continued existence of the SYNLAB Group, SYNLAB AG or SYNLAB entities.

In view of the precautions taken and the market position of the Group, the Executive Board is confident that it will be able to successfully manage the existing risks and the resulting challenges and exploit the opportunities for SYNLAB.

Takeover-Relevant Information

Pursuant to section 176 (1) in conjunction with section 175 (2) of the German Stock Corporation Act (AktG), the Management Board of SYNLAB AG hereinafter reports in accordance with section 289a (1) and section 315a (1) of the German Commercial Code (HGB) on takeover-relevant information as of 31 December 2023.

Composition of the subscribed capital

As of 31 December 2023, the Company's share capital amounts to EUR 222,222,222.00 and is divided into 222,222,222 no-par value bearer shares, each with a notional value of €1.00 in the share capital. All shares of the Company are fully paid up and confer the same rights and obligations. Pursuant to clause 17.1 of the Company's articles of association, each share grants one vote in the Annual General Meeting.

Restrictions affecting voting rights and transfer of shares

Pursuant to clause 15.1 of the Company's articles of association and in accordance with section 123 (2) AktG, only those shareholders shall be entitled to attend the Annual General Meeting and to exercise their voting rights who registered their attendance at the address given in the convocation on time. The registration must be received by the Company at the address specified at least six days before Annual General Meeting; the day of receipt and the day of the Annual General Meeting shall not be counted. The convocation notice may provide for a shorter period to be measured in days.

The Management Board is not aware of any other restrictions that may affect voting rights or the transfer of shares, or any restrictions that may emerge from agreements between shareholders.

In addition, in connection with Article 19 (11) of Regulation (EU) No. 596/2014 (Market Abuse Regulation) and due to internal guidelines, certain restrictions apply in certain phases to members of the Management Board and the Supervisory Board of SYNLAB AG as well as persons closely related to them (as defined in each case in the Market Abuse Regulation) regarding trading in shares in the Company.

Restrictions on voting rights may also arise from the provisions of the German Stock Corporation Act (AktG), such as those under section 136 AktG or the provisions for treasury shares under section 71b AktG, as well as from provisions under capital market law, in particular in accordance with sections 33 et seqq. and 44 of the German Securities Trading Act (WpHG).

Certain shareholders, including the Management Board members, have contractually agreed to customary lock-ups pursuant to which they may not sell their shares in the Company without the consent of the joint global coordinators that were mandated for the Company's IPO during the agreed lock-up period (up to 36 months following the Company's IPO).

Direct or indirect shareholdings and disclosures pursuant to § 160 (1) 8 aktg

As of 31 December 2023, the following shareholders had notified the Company that each of them holds directly or indirectly shares on the reference dates indicated in their respective voting rights notifications pursuant to sections 33 et seqq. WpHG. It is important to note that the number of voting rights reported may have changed within the respective statutory thresholds without triggering an obligation to notify the Company and may be different to the below:

Shareholder	Number of shares	Shareholding
Cinven Capital Management (V) General Partner Limited	95,096,393	42.79%
Novo Nordisk Foundation	43,444,532	19.55%
Ontario Teachers' Pension Plan Board	21,309,624	9.59%
Elliott Investment Management L.P.	11,957,050	5.38%
State of Qatar	11,111,111	5.00%
Dr Bartholomäus Wimmer	10,554,629	4.75%

Pursuant to Section 160 (1) No. 8 of the German Stock Corporation Act (AktG), information must be provided on the existence of shareholdings of which the Company has been notified pursuant to section 20 (1), (4) and section 33 (1), (2) WpHG. The above table shows the shareholdings in the Company subject to disclosure requirements at the balance sheet date of which the Company has been notified. In each case, the information relates to the most recent notification of a notifiable party to the Company. All publications by the Company concerning notifications of shareholdings since the stock exchange listing can be found in the Company Register ([UNTERNEHMENSREGISTER](#)).

At the date of preparation, Cinven and its subsidiaries hold the shares in SYNLAB shown in the table above. There is no further disclosure obligation arising from the Cinven Offer currently. Following fulfilment of the conditions set out in the offer document and the corresponding acquisition of the shares, Cinven will hold 188,112,767 SYNLAB shares. This corresponds to approximately 85.61% of all voting rights and approximately 84.65% of the company's share capital.

Shares with special rights conferring powers of control

No shares with special rights conferring powers of control have been issued.

Voting rights control of employee shares

The Management Board is not aware of any employees holding an interest in the capital of the Company who do not directly exercise their control rights.

Appointment and dismissal of members of the management board and amendments to the articles of association

The number of Management Board members and their appointment and dismissal is determined by the Supervisory Board in accordance with section 84 AktG. The Supervisory Board may revoke the appointment of a Management Board member for good cause as defined under section 84 (3) AktG. If a required member of the Management Board is absent, one will be appointed by the court in cases of urgency under section 85 AktG.

Pursuant to clause 6.1 of the Company's articles of association, the Management Board shall comprise at least two members. Subject thereto, the Supervisory Board shall decide upon the number of Management Board members. Pursuant to clause 6.2 of the Company's articles of association, the Supervisory Board may elect a Chairperson of the Management Board as well as one or more Deputy Chairpersons of the Management Board.

The articles of association can only be amended by a resolution of the General Shareholders' Meeting in accordance with section 179 (1) 1 AktG.

Pursuant to clause 17.2 of the Company's articles of association and in accordance with section 179 (2) 2 AktG, the resolutions of the Annual General Meeting are approved by simple majority of the votes cast unless mandatory statutory provisions or the Company's articles of association dictate otherwise. If governing law prescribes a majority of the share capital in addition to a majority of the votes cast, a simple majority of the represented share capital shall be sufficient to approve a resolution to the extent permitted by law, unless the Company's articles of association expressly provide otherwise.

Pursuant to clause 20 of the Company's articles of association, the Supervisory Board may resolve to amend the Company's articles of association, provided that such amendments affect only the version wording.

Authority of the management board to issue or buy back shares

Pursuant to clause 4.3 of the Company's articles of association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 16 May 2028 in an amount of up to EUR 111,111,111.00, once or in several tranches, by issuing up to 111,111,111 new no-par value bearer shares against contributions in cash and/or in kind ("Authorized Capital 2023"). The authorization may be exercised in partial amounts. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue.

The new shares shall in principle be offered to the shareholders for subscription. The shares may be subscribed for in accordance with section 186 para. 5 of the German Stock Corporation Act by one or more credit institution(s) or one or more enterprise(s) operating pursuant to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the German Bank-

ing Act with the obligation to offer such shares to the shareholders of the Company (so-called indirect subscription right (mittelbares Bezugsrecht)). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders for one or more capital increases in the context of the Authorized Capital 2023:

- in order to exclude fractional amounts (Spitzenbeträge) from the subscription right of the shareholders;
- to the extent required to grant a subscription right to new shares to holders or creditors of bonds with conversion or option rights and/or conversion or option obligations issued by the Company or companies in which the Company directly or indirectly holds a majority interest (group subsidiaries) to the extent to which they would be entitled as shareholders after having exercised their conversion or option right or after having fulfilled the conversion or option obligation;
- in order to grant a subscription right to new shares to holders of conversion or option rights based on bonds issued by the Company or companies in which the Company directly or indirectly holds a majority interest (group subsidiaries) to which they would be entitled after having exercised the conversion or option right or after having fulfilled the agreed conversion obligation;
- for the issuance of shares against contributions in kind, including for – but not limited to – the purpose of directly or indirectly acquiring businesses, parts of businesses or participating interests in businesses or other assets (including receivables from the Company or its group companies) in connection with an acquisition project and eligible for contribution;
- to the extent required for the implementation of share dividends in the course of which shareholders are offered the opportunity to exchange their claim for dividends (totally or in part) in order to receive in return new shares from the Authorized Capital 2023 of the Company;

- for the issuance of shares to employees of the Company and its group companies (employee shares) and/or members of the governing bodies of the Company and its group companies as part of the agreed remuneration or separate share or stock-option programs; to the extent legally permitted by section 204 para. 3 sentence 1 of the German Stock Corporation Act, the contribution to be made on the new shares may be covered by that part of the net profits for the year which the Management Board and the Supervisory Board are entitled to allocate to other retained earnings in accordance with section 58 para. 2 of the German Stock Corporation Act; the Supervisory Board of the Company shall decide if shares are to be issued to members of the Management Board of the Company; the total number of shares issued to employees of the Company and its group companies on the basis of the authorization under exclusion of shareholders' subscription rights, may not exceed 10% of the share capital, and the shares issued to members of the Company and its group companies may not exceed 5% of the share capital at the time the authorization becomes effective and is exercised; or
- on a capital increase against cash contributions if the issue price of the new shares is not significantly below the market price of the shares of the Company already listed on a stock exchange. The calculated proportion of the share capital attributable to shares issued against contributions in cash with an exclusion of subscription rights pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act must not exceed a total of 10% of the share capital. The share capital at the time this authorization becomes effective or – if this value is lower – at the time of the exercise of this authorization is decisive. Shares issued or sold during the term of this authorization until the time of its exercise in direct or corresponding application of this provision count towards this limit. Shares issued to service bonds with conversion or option rights or conversion or option obligations, to the extent

the bonds or profit participation rights were issued during the term of this authorization under exclusion of subscription rights pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act respectively, also count towards this limit.

The Management Board is authorized, with the consent of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue.

Pursuant to clause 4.4 of the Company's articles of association, the share capital is conditionally increased by up to EUR 44,444,444.00 by the issuance of up to 44,444,444 new no-par value bearer shares. The new shares are entitled to dividends as of the beginning of the fiscal year in which they are issued. If permitted by law, the Management Board may, with the consent of the Supervisory Board, determine in deviation from this and from section 60 para. 2 German Stock Corporation Act that the new shares may share in the profit as of the beginning of an earlier fiscal year for which, at the time of their issue, the General Meeting has not yet resolved on the appropriation of the net retained profit. The conditional capital increase serves the granting of shares to the creditors or holders of convertible and/or warrant bonds (bonds) issued by the Company or a group subsidiary on the basis of the authorization of the General Meeting of 17 May 2023. The conditional increase of the share capital is only to be implemented to the extent that conversion and/or option rights from the bonds are exercised or conversion or option obligations from the bonds are fulfilled, and to the extent that satisfaction in cash is not granted treasury shares used for this purpose. The Management Board is authorized to determine the further details of the implementation of the conditional increase of the share capital (Conditional Capital 2023). The Supervisory Board is authorized to amend the wording of article 4 of the Company's Articles of Association to reflect

the issue of new shares from the Conditional Capital 2023. The same shall apply to the extent that the authorization from the General Meeting of 17 May 2023 has not been exercised or will not be exercised during its term or the respective conversion or option rights or conversion obligations have lapsed because the exercise periods have expired or for another reason.

In accordance with the resolution of the annual general meeting of 17 May 2023 and Section 71 (1) No. 8 AktG, the Management Board is authorized until 16 May 2028 to acquire treasury shares with a pro-rata amount in the share capital attributable to them of up to 10% in total of the Company's share capital existing at the time such authorization takes effect or – if such amount is lower – of the Company's share capital existing at the time such authorization is exercised, provided that the shares acquired on the basis of this authorization together with other shares of the Company that the Company has already acquired and still holds or that are attributable to it pursuant to section 71d and section 71e of the German Stock Corporation Act do not represent more than 10% of the share capital of the Company at any given time. The requirements in section 71 para. 2 sentences 2 and 3 of the German Stock Corporation Act must be observed.

3) The shares may only be acquired via the stock exchange or by way of a public offer or via a credit institution or another company that fulfils the requirements of section 186 para. 5 sentence 1 of the German Stock Corporation Act (hereinafter jointly referred to as "credit institution") which is instructed to carry out the acquisition within the framework of a specific buyback programme and must comply with the principle of the equal treatment of shareholders (section 53a of the German Stock Corporation Act).

If the shares are acquired via the stock exchange, the acquisition price per share paid by the Company (excluding

ancillary acquisition costs) may not exceed the price for shares of the Company determined by the opening auction on the trading day in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) by more than 10%, or fall below it by more than 20%.

If the acquisition is made by way of a public offer, a fixed purchase price or a purchase price range may be specified. In this regard, the purchase price per share paid by the Company (excluding ancillary acquisition costs) may not exceed or fall below the price for shares of the Company determined by the closing auction on the last stock exchange day prior to the publication of the offer in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) by more than 10%. If there is a significant price deviation after the publication of the offer, the purchase price may be adjusted in accordance with the calculation specified in sentence 2; in this case, the arithmetic mean of the prices determined by the closing auction in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) on the last three stock exchange trading days prior to the publication of the adjustment shall be decisive. The volume of the offer may be restricted. If the total number of tendered shares exceeds this volume, the acquisition may be carried out in proportion to the tendered shares. Provision may be made for a preferential acceptance of small numbers of shares (up to 100 tendered shares per shareholder). Furthermore, a rounding according to business principles may be provided for to avoid fractions of shares. The public offer may stipulate further conditions. Any further tender right of the shareholders shall be excluded in this regard.

Within the framework of a specific buyback programme, a credit institution may be instructed to acquire either a certain number of shares or shares for a previously determined total purchase price on a previously determined minimum number

of stock exchange trading days in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) and at the latest by the end of a previously agreed period and transfer such shares to the Company. In this context, (i) the credit institution must acquire the shares via the stock exchange, taking into account the principle of equal treatment (section 53a of the German Stock Corporation Act), (ii) the purchase price per share paid by the credit institution (excluding ancillary costs) may not exceed the price determined by the opening auction on the trading day in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) by more than 10% or fall below it by more than 20% and (iii) the purchase price per share to be paid by the Company must be calculated taking into account a deduction from the arithmetic mean of the volume-weighted average prices (VWAP) of the SYNLAB share in XETRA trading on the Frankfurt Stock Exchange (or any comparable successor system) during the actual repurchase period. Apart from this, the credit institution is – subject to any further requirements by the Company in individual cases – free to decide how to implement a buyback programme.

4) The authorization to acquire treasury shares may be utilized once or several times, in full or in several partial amounts until the maximum acquisition volume has been reached. The acquisition can also be implemented by group companies dependent on the Company within the meaning of section 17 of the German Stock Corporation Act or by any third parties on its and their behalf. The authorization may be exercised subject to the statutory requirements for any purpose permissible by law, in particular in pursuit of one or more purposes specified in points 5 through 9 of the authorization. Trading with treasury shares is not permissible. If the treasury shares acquired are utilized for one or more purposes specified in points 5 through 7, the subscription right of the shareholders shall be excluded. If the treasury shares acquired are sold via

the stock exchange, the shareholders shall not have any subscription right, either. If the treasury shares acquired are sold by way of a public offer to the shareholders in compliance with the principle of equal treatment, the Management Board is authorized to exclude the shareholders' subscription right for fractional amounts.

- 5) The Management Board is authorized to sell of the treasury shares acquired based on the above authorization or any previous authorization by means other than the stock exchange or an offer to all shareholders, provided that the shares are sold for cash at a price (excluding ancillary costs) that is not substantially lower than the quoted stock market price of shares of the Company having the same terms and conditions at the time of the sale. This utilization authorization is restricted to shares with a pro rata amount of share capital that may not exceed 10% of the share capital, either on the date this authorization becomes effective or on the date of exercising the existing authorization, if this value is lower. The maximum limit of 10% of the share capital is reduced by the pro-rata amount of the share capital attributable to the shares issued or sold during the term of this authorization under exclusion of subscription rights pursuant to or in accordance with section 186 para. 3 sentence 4 of the German Stock Corporation Act. Further, the maximum limit of 10% of the share capital is reduced by the pro-rata amount of the share capital attributable to the shares to be issued to serve bonds with option or conversion rights or option or conversion obligations, to the extent the bonds were issued during the term of this authorization under exclusion of subscription rights in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act.
- 6) The Management Board is authorized to offer and sell treasury shares acquired based on the above authorization or any previous authorization to third parties to the extent that this

occurs for the purpose of acquiring businesses, parts of businesses or participating interests in businesses or other contributable assets or of implementing business combinations. Selling in this sense also includes granting conversion or subscription rights as well as purchase options and transferring shares within the framework of securities lending.

- 7) The treasury shares acquired on the basis of the above authorization or any previous authorization may, within the framework of the agreed remuneration and/or to fulfil the Company's obligations under participation programmes, share matching plans, performance share programmes, stock appreciation rights or other virtual share or stock option programmes, be offered, promised, sold or transferred to employees of the Company and its affiliated subsidiaries and members of the management of affiliated subsidiaries as well as to members of the Management Board of the Company within the framework of the rules on Management Board remuneration in compliance with the requirement of appropriateness of the remuneration (section 87 para. 1 of the German Stock Corporation Act); this also includes the authorization to offer, promise, sell or transfer the shares free of charge or at other special terms and conditions. The shares may be sold or transferred to the entitled persons in order to fulfil previously established obligations even after termination of the board membership or employment relationship. The shares acquired on the basis of the above authorization or any previous authorization may also be transferred to a credit institution or any other entity fulfilling the requirements of section 186 para. 5 sentence 1 of the German Stock Corporation Act, which acquires the shares subject to the obligation to offer, promise or transfer the shares exclusively to employees of the Company and its affiliated subsidiaries as well as members of the Management Board of the Company and members of the management of affiliated subsidiaries. The shares to be transferred to employees of the Company and its affiliated

subsidiaries, to members of the Management Board of the Company or to members of the management of affiliated subsidiaries may also be procured by way of securities loans from a credit institution or any other entity fulfilling the requirements of section 186 para. 5 sentence 1 of the German Stock Corporation Act and the shares acquired on the basis of the above authorization or any previous authorization may be used for the repayment of these securities loans. The authorization pursuant to this point 7 shall be limited to a total of 5% of the Company's share capital at the time of the resolution of the General Meeting or – if its value is lower – 5% of the Company's share capital at the time of the transfer of the shares. Insofar as shares are to be offered or promised as well as transferred to members of the Management Board of the Company as part of Management Board remuneration, this authorization will apply to the Supervisory Board of the Company.

- 8) The Management Board is authorized to use treasury shares acquired based on the above authorization or any previous authorization to fulfil option and/or conversion rights or obligations arising from warrant and/or convertible bonds that the Company issues on the basis of the authorization under item 8 of the Agenda for the General Meeting on 17 May 2023 directly or via companies in which the Company directly or indirectly holds a majority interest (group subsidiaries).
- 9) The shares acquired based on this or any previously granted authorization may also be used for the repayment of securities loans taken out with a credit institution for one of the purposes pursuant to points 6 and 8 of this authorization.
- 10) The Management Board is authorized to redeem treasury shares acquired based on the above authorization or any previous authorization without any further resolution by the General Meeting. The shares may also be redeemed without

a capital reduction by adjusting the pro-rata amount of the remaining no-par value shares in the Company's share capital. In this case, the Management Board is authorized to adjust the number of no-par value shares in the Articles of Association.

- 11) The Management Board is authorized to use treasury shares acquired based on the above authorization or any previous authorization to implement a scrip dividend.
- 12) The Management Board may use shares for the purposes laid down in points 5, 6, 7, 8, 9 and 11 of this authorization only with the consent of the Supervisory Board. Moreover, the Supervisory Board may determine that measures taken by the Management Board based on this resolution by the General Meeting may only be taken with its consent.
- 13) The above authorizations may be used once or several times, in each case individually or collectively, in respect of a specific portion of treasury shares or the entire portfolio of treasury shares. Shareholders' subscription rights are excluded insofar as the Management Board uses treasury shares of SYNLAB AG pursuant to points 5, 6, 7, 8, 9 of the above authorization and insofar as the Supervisory Board uses treasury shares of SYNLAB AG pursuant to point 7 of the above authorization. If treasury shares are used for the purpose specified in point 11, the Management Board is authorized to exclude subscription rights. The treasury shares used under exclusion of subscription rights may not exceed a total of 10% of the share capital, either on the date this authorization becomes effective or on the date of exercising the existing authorization, if this value is lower. The maximum limit of 10% of the share capital is reduced by the pro-rata amount of the share capital attributable to the shares issued or sold during the term of this authorization under exclusion of subscription rights pursuant to or in



accordance with section 186 para. 3 sentence 4 of the German Stock Corporation Act. Further, the maximum limit of 10% of the share capital is reduced by the pro-rata amount of the share capital attributable to the shares to be issued to serve bonds with option or conversion rights or option or conversion obligations, to the extent the bonds were issued during the term of this authorization under exclusion of subscription rights in analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act.

Authorization to issue convertible bonds and/or bonds with warrants

In accordance with the resolution of the annual general meeting of 17 May 2023 the Management Board is authorized, with the consent of the Supervisory Board, once or several times up to 16 May 2028

- to issue bearer or registered convertible and/or warrant bonds (bonds) in a total amount of up to EUR 600,000,000.00, and
- to grant or allocate the creditors or holders of such bonds (together: holders) conversion and option rights up to a total of 44,444,444 no-par value registered shares in the Company representing a pro rata amount in the share capital of up to EUR 44,444,444 in accordance with the details of the respective terms and conditions of the bonds.
- Bonds may be issued for consideration in cash or in kind; in the case of issue for consideration in kind provided that the value of the consideration in kind corresponds to the issue price of the bond. In the case of bonds with conversion and/or option rights or conversion obligations, the theoretical market value of the bonds determined using recognised financial calculation methods shall be decisive if these bonds are issued for consideration in kind. Section 9 para. 1 and section 199 of the German Stock Corporation Act remain unaffected.
- The bonds may be issued not only in euros but also in the

legal currency of an OECD country, as long as the corresponding EUR-equivalent is not exceeded. They may also be issued by domestic or foreign companies in which the Company directly or indirectly holds a majority interest (group subsidiaries); in such case, the Management Board is authorized, with the consent of the Supervisory Board, to assume the guarantee for the repayment of the bonds on behalf of the issuing group subsidiary and to grant the holders or creditors of such bonds conversion and/or option rights on shares in the Company, respectively to satisfy conversion obligations in shares in the Company, as well as to make additional declarations and carry out additional acts as are necessary for a successful issue.

Bonds may be divided into fractional bonds (Teilschuldverschreibungen) having equal rights.

The bonds may be issued with or without a maturity restriction. The bonds may carry fixed or variable interest rates and the claims of the creditors against the Company or the issuing group subsidiary may be subordinated or non-subordinated.

The terms and conditions of the bonds may provide for a conversion or option obligation at the end of the bond term or at another point in time (in each case, final maturity) or give the Company the right to grant the holders of the bonds shares in the Company or in another listed company in whole or part instead of paying the amount of money due when the bonds mature.

For convertible bond issuances, the conversion ratio shall be determined by dividing the nominal value of a bond by the fixed conversion price for one no-par value bearer share of the Company. The conversion ratio shall be rounded to the fourth decimal place. The bond terms and conditions may stipulate an additional payment to be made in cash and provide for non-convert-

ible fractions to be combined and/or settled in money. If the nominal value of the convertible bond and the conversion price are denominated in different currencies, the last available ECB reference rate at the time of final determination of the issue price of the bonds shall be decisive for the conversion.

For warrant bond issuances, one or more warrants (Options-scheine) shall be attached to each fractional bond, entitling or obligating the holder to subscribe to no-par value bearer shares in the Company in accordance with the warrant terms and conditions. In the case of warrant bonds issued by the Company, the warrant terms and conditions may provide that the option price may also or must be satisfied by transferring fractional bonds and, if applicable, making an additional cash payment. To the extent that fractions of shares result, provision may be made for these to be consolidated to achieve subscription to whole shares, subject to an additional payment where necessary. If the nominal value of the warrant bonds and the option price are denominated in different currencies, the last available ECB reference rate at the time of final determination of the issue price of the bonds shall be decisive for the conversion.

The shareholders are generally entitled to a subscription right for the bonds; the bonds may also be subscribed for by one or more credit institution(s) or one or more enterprise(s) operating pursuant to section 53 para. 1 sentence 1 or section 53b para. 1 sentence 1 or para. 7 of the German Banking Act with the obligation to offer such shares to the shareholders. If bonds are issued by a group subsidiary, the Company must ensure that the statutory subscription right is secured for the Company's shareholders accordingly.

However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription right to the bonds.

- insofar as the Management Board, after due examination, concludes that the issue price of the bonds is not significantly below their theoretical market value determined in accordance with recognised methods of financial mathematics; however, this applies only insofar as the shares issued to service the conversion and option rights created in this process do not in total exceed 10% of the share capital either at the time the General Meeting adopts the resolution on this authorization or at the time it comes into effect or at the time the authorization is exercised. This limit includes the pro rata amount of the share capital relating to shares that are issued or used from 17 May 2023 until the end of the term of this authorization subject to exclusion of the subscription right in direct or analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act. It also includes shares issued or still able to be issued to service conversion or option rights to the extent that the underlying bonds are issued subject to the exclusion of the subscription right pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act during the term of this authorization;
- to exclude from the shareholders' subscription right to the bond any fractional amounts arising from the subscription ratio;
- to the extent required to grant holders of conversion or option rights based on bonds issued or to be issued by the Company or its group subsidiaries a subscription right in the extent to which they would be entitled after having exercised their rights and/or after fulfilment of conversion or option obligations; or
- to the extent that bonds are issued against contributions in kind, provided that the value of the contribution in kind is in reasonable proportion to the theoretical market value of the bonds determined in accordance with this letter b) (first indent).

The authorizations to exclude the subscription right are limited in total to an amount not exceeding 10% of the Company's share capital existing at the time the resolution is adopted by the

General Meeting. The aforementioned 10% limit also includes treasury shares applied subject to the exclusion of subscription rights during the term of this authorization, as well as those shares issued from authorized capital subject to the exclusion of subscription rights during the term of this authorization (but excluding issuance subject to the exclusion of subscription rights for fractional amounts). Those shares that are issued or have been issued from conditional capital to service stock option rights shall also count towards the aforementioned 10% limit if the stock option rights are granted during the term of this authorization.

The conversion or option price per share must amount – including in the case of a variable conversion or option price – to no less than 80% of the average price of the share of the Company on the XETRA trading system of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) (or a comparable successor system) during the respective period of time specified below:

- If the bonds are not offered to the shareholders for subscription, the average price during the last ten trading days on the Frankfurt Stock Exchange prior to the date on which the resolution to issue the bond was adopted by the Management Board (date of the final decision to submit an offer for the subscription of bonds or to declare acceptance following a request for submission of subscription offers) is decisive;
- If the bonds are offered to the shareholders for subscription, the average price during the last ten trading days on the Frankfurt Stock Exchange prior to the date on which the subscription period is announced pursuant to section 186 para. 2 sentence 1 of the German Stock Corporation Act or, if the definitive conditions for issuing the bonds are only announced during the subscription period pursuant to section 186 para. 2 sentence 2 of the German Stock Corporation Act, during the trading days on the Frankfurt Stock Exchange from the beginning of the subscription period to the day prior to the announcement of the final conditions is decisive.

If the terms and conditions of the bonds provide for a conversion or option obligation at final maturity, the conversion or option price for a share may also equal the average price of the Company's share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) during the ten trading days prior to or after the date of final maturity or the average volume-weighted price of the Company's share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) on at least three trading days immediately prior to the determination of the conversion/option price in accordance with the respective terms and conditions even if this is below the minimum price specified under (i). Section 9 para. 1 in conjunction with section 199 para. 2 of the German Stock Corporation Act must be observed.

The average price must in each case be calculated as the arithmetic mean of the closing auction prices on the relevant trading days. If no closing auction takes place, the closing auction price is to be replaced by the price that was determined in the last auction on a trading day, and in the absence of such an auction, the last price determined on a trading day (in each case in XETRA trading or a comparable successor system).

Notwithstanding section 9 para. 1 of the German Stock Corporation Act, the conversion or option price or the conversion or option ratio may be reduced on the basis of an anti-dilution clause in accordance with the details of the terms and conditions of the bonds if the Company increases the share capital or issues or guarantees further bonds before expiry of the conversion or option period while granting a subscription right to its shareholders and the holders of convertible or warrant bonds are not granted a subscription right in this context. The terms and conditions may also provide for a value-preserving adjustment of the conversion or option price or the conversion or option ratio for other measures that may result in economic dilution of the conversion or option rights.

In any event, the proportional amount of the share capital attributable to the shares of the Company to be subscribed to per fractional bond must not exceed the nominal value of the bond or an issue price of the fractional bond that is below the nominal value.

The Management Board is authorized, subject to the following provisions, to determine the further details of the issuance and features of the bonds and their terms and conditions itself, respectively in agreement with the governing bodies of the group subsidiaries issuing the bonds, in particular the interest rate, issue price, term to maturity and denomination, creation of a conversion or option obligation, determination of an additional payment in cash, compensation or consolidation of fractional amounts, payment in cash in lieu of share delivery, delivery of existing shares in lieu of new shares, anti-dilution provisions and the conversion or option period.

As far as the consent of the Supervisory Board is required according to this authorization, the Supervisory Board may delegate the resolution on approval to one of its committees.

Material agreements in the event of a change of control following a takeover bid

A change of control clause is included in each of the external financing agreements, as is typically the case in such agreements. Under a schedule and formalities defined therein, these clauses would theoretically allow each of the SYNLAB lenders to terminate its commitment in one of the financing agreements. In order to trigger the change of control clauses, 50% of the outstanding voting shares of the SYNLAB Group would have to become the property of a new beneficial owner that is not one of the existing principal shareholders. In such a case, SYNLAB would either refinance its existing loans or ask the existing lenders to waive the exercise of the clause, leaving the existing loans completely unchanged.

Compensation agreements with the management board or employees in the event of a takeover bid

No compensation agreements are in place between the Company and members of the Management Board or employees in the event of a takeover offer.

Summarized corporate governance statement and non-financial group report

The summarized corporate governance statement in accordance with Sections 289f and 315d HGB is made publicly available on the SYNLAB AG website (Corporate Governance Compliance). The above-mentioned combined corporate governance statement also contains the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) of SYNLAB AG.

For the non-financial Group report pursuant to Sections 315b and 315c of the German Commercial Code (HGB), please refer to Section 3 of the SYNLAB AG Annual Report.

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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

COPY OF THE INDEPENDENT AUDITOR'S REPORT

We have issued the following Independent Auditor's Report on the consolidated financial statements and the combined management report of SYNLAB AG, Munich/Germany, for the financial year ended 31 December 2023:

Independent Auditor's Report

TO SYNLAB AG, MUNICH/GERMANY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of SYNLAB AG, Munich/Germany, and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of SYNLAB AG, Munich/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and Section 315d German Commercial Code (HGB) or the non-financial group report pursuant to

Sections 315b and 315c HGB, which are referred to in section 8. of the combined management report. Furthermore, we have not audited the content of the subsection "Monitoring and improvement of the internal control system and the risk management system" marked as "unaudited" in chapter 6 "Opportunity and risk report" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned combined corporate governance statement as well as the above-mentioned non-financial group report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with

Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

- 1) Requirement for estimates in connection with the determination and cut-off of revenue realised in Germany
- 2) Recoverability of goodwill

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

1. Requirement for estimates in connection with the determination and cut-off of revenue realised in Germany

- a) The Group generates revenue with a wide range of clinical laboratory and medical diagnostic services for insurance companies, hospitals, individuals, pharmacies and national health organisations. These services are primarily provided in the field of human medicine.

On the one hand, the agreed accounting modalities are based on the respective country-specific conditions for publicly regulated healthcare systems as well as on individual agreements concluded with any natural person or legal entity outside of the publicly regulated healthcare system on the other hand. The accounting processes resulting from the complex accounting laws – particularly in Germany – require estimates to be made to a significant extent at the end of the financial year when determining and cutting-off realised revenue.

In Germany, significant revenue estimates are necessary in the following areas:

- i) Realisation of revenue in connection with tests performed but not yet finally billed. These revenues are subject to risks regarding their measurement as assumptions on the determination of average prices are to be made. When budgets are agreed upon, assumptions for forecasts for the budgeted

period have to be calculated additionally due to regular pricing depending on the volume. Moreover, when dealing with regulated prices, assumptions on the consideration of billing restrictions need to be considered. These estimates are particularly complex, especially in the German part of the Group, due to the multitude of existing regulations.

- ii) Revenue and/or quotes for services, respectively, that are billed via the public health insurance's system depend on doctors' performance requirements in connection with set budgets of public health insurance companies in due consideration of the according restriction instruments, which are only determined well after the service has been rendered. The estimate is made considering historic information and values as well as current expectations the executive directors have.

The Group's revenue for the 2023 financial year include deferred revenue totalling mEUR 179.1 (prior year: mEUR 189.6). Thereof, the deferred revenue generated in Germany, which is subject to the aforementioned estimation uncertainties, totalled mEUR 112.2 in 2023 (prior year: mEUR 128.2).

This matter constitutes a key audit matter from our point of view, as a large extent of judgement is necessary regarding the executive directors' estimates and the results of these estimates are significant for the financial statements overall. In light of the existing discretionary scopes and due to the complexity of the determination methods and models, which served as a basis, this matter was of particular importance during our audit.

Disclosures provided by the parent company's executive directors on material estimates when determining and cutting-off revenue are included in sections 2.6.2 and 3 in the notes to the consolidated financial statements.

- b) We tested the design and implementation of accounting-related internal controls and the general IT controls from selected laboratory information, billing and accounting systems as well as regarding estimated revenues. In addition, we developed an understanding of the relevant methods, assumptions and data sources used by the executive directors regarding the estimated revenues. In order to assess the quality of the estimates in the past, we have conducted retrospective analyses while critically assessing deviations. In doing so, we performed the following audit procedures by applying "professional judgement": validation with average prices that we have ascertained ourselves from the billed population, plausibility checks based on historic information and on external market data, regulations and agreements as well as understanding the executive directors' billing method.

2. Recoverability of goodwill

- a) As at 31 December 2023, the Group recognised goodwill in the amount of mEUR 2,199 (31 December 2022: mEUR 2,323), which is allocated to a total of four cash-generating units ("CGUs") or groups of CGUs.

As at 31 December 2023, the executive directors of the parent company carried out impairment tests of goodwill in compliance with IAS 36 (impairment of assets), by means of a detailed measurement of the value in use of the CGUs and CGU groups, respectively, by using the discounted cash flow model. The determination of the value in use is based on the planning of SYNLAB AG's executive directors, which consists of a three-year plan (budget for 2024 and strategic medium-term planning 2025 to 2026) as well as a projection for two more years, which is continued with assumptions on long-term growth rates. The budget and the medium-term planning are approved by the supervisory board and the executive board, respectively.

In the context of the impairment test, even after taking into account the fair value less costs to sell of the CGU Germany, the executive directors calculated an impairment of mEUR 68.0 in total.

The result of the impairment tests highly depends on the executive directors' assessment of future cash inflows to the respective CGUs and CGU groups as well as from the discount rate used (weighted average cost of capital (WACC)) and hence is subject to significant uncertainty. This issue was of particular importance within the scope of our audit in light of the existing uncertainties and discretionary scope and due to the complexity of the measurement model the measurement was based on.

Disclosures provided by the executive directors of the parent company on the recoverability of goodwill as well as their impairment tests are included in note 2.6.2 and note 17 of the notes to the consolidated financial statements.

- b) First of all, we developed an understanding of the relevant methods the executive directors applied as well as of the assumptions and data sources used relating to the measurement of goodwill. This also included the manner and ways of ascertaining the planning figures for future cash inflows as well as ascertaining the discount rates.

According to our audit strategy we have conducted scaled audit procedures in accordance with our risk assessment. Our risk assessment was primarily based on headroom and sensitivity analyses. Our audit procedures, which were conducted step-by-step, are described below. When conducting the impairment tests, we integrated internal measurement specialists into our audit team. With their help, we audited whether the essential parameters used during the calculations such as for example the discount rates and sustainable

growth rates in the perpetual pension as well as the planned cash inflows were appropriate, by comparing these values with the multi-year budget figures and the forecast for 2024 to 2028 adopted by the executive directors as well as by checking the plausibility of the measurement assumptions made based on general and industry-specific market forecasts and expectations as well as publicly available forecasts from financial analysts regarding SYNLAB AG. Apart from that, we examined the accuracy of the forecasts over time. We scrutinised the planned revenues using internal evidence and information provided as well as publicly available external market assessments all the while considering internal and publicly available external sources regarding their assessment on the development of the coronavirus pandemic and its economic impact.

In addition, we examined the allocation of corporate assets and corporate costs to the CGUs and CGU groups, respectively. Considering that even relatively small changes of the discount rate used may have a significant impact on the determined amount of the Company's value, we also made the parameters used to determine each discount rate (WACC) including the resulting weighted average cost of capital (WACC) plausible based on own control and comparison calculations, respectively.

Finally, we examined the disclosures provided by the executive directors in the notes to the consolidated financial statements regarding the measurement of goodwill as well as the disclosures provided on the impairment tests with regard to their completeness and compliance with the requirements of IAS 36.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the remuneration report pursuant to Section 162 German Stock Corporation Act (AktG),
- the combined corporate governance statement pursuant to Sections 289f and Section 315d HGB, which is referred to in chapter 8 of the combined management report,
- the separate non-financial group report pursuant to Sections 315b and 315c HGB, which is referred to in chapter 8 of the combined management report,
- the subsection "Monitoring and improvement of the internal control system and the risk management system" marked as "unaudited" in chapter 6 "Opportunity and risk report" of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the declaration related to the German Corporate Governance Code in accordance with Section 161 AktG, which is part of the above-mentioned combined corporate governance statement, as well as for the remuneration report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern.

In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to

issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value c274e442f8aeb8590d-2006ada6fdc6f3d2733ac4727ee69df2e16a2eb0054c27, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the “Group Auditor’s Responsibilities for the Audit of the ESEF Documents” section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor’s Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on 17 May 2023. We were engaged by the supervisory board on 16 October 2023. We have been the group auditor of SYNLAB AG, Munich/Germany, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Cornelia Tauber.

Munich/Germany, 21 March 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed
CORNELIA TAUBER
Wirtschaftsprüferin
(German Public Auditor)

Signed
POLINA SPANG
Wirtschaftsprüferin
(German Public Auditor)

Consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME

	Note	For the year ended 31 December	
		2023	2022
€000			
Revenue	6	2,635,163	3,250,521
Material and related expenses	7	(615,733)	(776,916)
Payroll and related expenses	8	(1,119,339)	(1,166,671)
Other operating income	10	54,085	35,756
Other operating expenses	9	(531,404)	(596,682)
Depreciation and amortisation	11	(294,115)	(301,304)
Impairment of non-current assets	17	(69,495)	(213,026)
Operating profit		59,162	231,678
Share of loss of associates and other non-controlling interest		(26)	(2,022)
Profit on disposal of investment	4 / 15	183,845	70,491
Finance income	12	48,760	86,590
Finance costs	12	(148,723)	(103,755)
Profit before taxes		143,018	282,982
Income tax expenses	13	(50,063)	(130,463)

Fortsetzung der Tabelle

	Note	For the year ended 31 December	
		2023	2022
€000			
Profit for the period		92,955	152,519
thereof: Profit attributable to non-controlling interests		681	1,822
thereof: Profit attributable to equity holders of the parent company		92,274	150,697
Basic earnings per share (in EUR)	14	0.42	0.68
Diluted earnings per share (in EUR)	14	0.42	0.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December	
		2023	2022
€000			
Net profit / (loss) for the period		92,955	152,519
Actuarial gains or losses on pension obligations	28	(377)	16,561
Taxes on actuarial gains or losses on pensions obligations		(307)	(3,007)
Items that will not be reclassified to profit or loss (a)		(684)	13,554
Foreign exchange gains/losses		15,088	15,788
Other changes		(205)	152
Reclassification from translation reserve to income statement from disposal of a subsidiaries	15	(33,737)	681
Items that may be reclassified subsequently to profit or loss (b)		(18,854)	16,621
Other comprehensive income for the year (a) + (b)		(19,538)	30,175
Total consolidated comprehensive profit / (loss) attributable to:		73,417	182,694
Equity holders of the parent company		72,669	180,906
Non-controlling interests		748	1,788

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000	Note	As at 31 December	
		2023	2022
ASSETS			
Goodwill	17	2,198,943	2,323,423
Intangible assets	18	598,977	733,238
Property, plant and equipment	19	358,513	311,506
Right of use assets	19	594,583	655,968
Investments in associates	20	575	1,281
Financial non-current assets	23	71,006	80,518
Other non-current assets	21	4,607	4,700
Deferred tax assets	24	46,914	47,916
Total non-current assets		3,874,118	4,158,550
Inventories	16	65,037	84,094
Trade accounts receivables	25	397,601	443,089
Financial current assets	23	44,651	47,299
Other current assets	22	60,921	106,398
Cash and cash equivalents	26	220,938	541,684
Total current assets		789,148	1,222,564
Total assets		4,663,266	5,381,114

Continuation of the table

€000		As at 31 December	
	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
Contributed capital	36	222,222	222,222
Additional paid-in capital	36	2,938,715	2,932,618
Treasury shares	36	(34,711)	(35,730)
Cumulative translation adjustment	36	13,100	31,771
Accumulated deficit	36	(798,928)	(817,710)
Total parent company interests		2,340,398	2,333,171
Non-controlling interests		(2,167)	70
Total equity		2,338,231	2,333,241
LIABILITIES			
Loans and borrowings (non-current)	27	904,212	1,411,000
Non-current lease liabilities	27	499,878	557,773
Employee benefits liabilities	28	27,680	31,042
Non-current provisions	30	3,590	3,562
Contract liabilities		10,569	9,510
Other non-current liabilities	32	34,501	62,862
Deferred tax liabilities	24	161,752	189,375
Total non-current liabilities		1,642,182	2,265,124
Current loans and borrowings	27	19,117	15,873
Current lease liabilities	27	138,152	132,187
Trade accounts payable	32	289,742	313,693
Contract liabilities		9,786	10,515
Current provisions	30	8,509	31,517
Income tax liabilities		13,214	56,836
Other current liabilities	32	204,333	222,128
Total current liabilities		682,853	782,749
Total liabilities		2,325,035	3,047,873
Total equity and liabilities		4,663,266	5,381,114

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€000	Contributed capital	Additional paid-in capital	Treasury shares	Cumulative translation adjustment	Accumulated deficit	Total	Non-controlling interests	Equity
Balance as at 1 January 2023	222,222	2,932,618	(35,730)	31,771	(817,710)	2,333,171	70	2,333,241
Net profit for the period	-	-	-	-	92,274	92,274	681	92,955
Other comprehensive income	-	-	-	(18,671)	(934)	(19,605)	67	(19,538)
Total comprehensive income for the period	-	-	-	(18,671)	91,340	72,669	748	73,417
Transactions with owners, recorded directly in equity								
Acquisition of non-controlling interests	-	-	-	-	(55)	(55)	(554)	(609)
Credit to equity for equity-settled share-based payments	-	6,914	-	-	-	6,914	-	6,914
Issue of treasury shares in connection with share-based payment	-	(817)	1,019	-	-	202	-	202
Dividends	-	-	-	-	(72,503)	(72,503)	(2,431)	(74,934)
Balance as at 31 December 2023	222,222	2,938,715	(34,711)	13,100	(798,928)	2,340,398	(2,167)	2,338,231

€000	Contributed capital	Additional paid-in capital	Treasury shares	Cumulative translation adjustment	Accumulated deficit	Total	Non-controlling interests	Equity
Balance as at 1 January 2022	222,222	3,788,983	-	15,210	(1,769,537)	2,256,878	(1,179)	2,255,699
Net profit for the period	-	-	-	-	150,697	150,697	1,822	152,519
Other comprehensive income	-	-	-	16,561	13,648	30,209	(34)	30,175
Total comprehensive income for the period	-	-	-	16,561	164,345	180,906	1,788	182,694
Transactions with owners, recorded directly in equity								
Withdrawal capital reserve	-	(860,000)	-	-	860,000	-	-	-
Purchase of treasury shares	-	-	(35,730)	-	-	(35,730)	-	(35,730)
Contribution from non-controlling interests	-	-	-	-	-	-	900	900
Acquisition of non-controlling interests	-	-	-	-	809	809	135	944
Credit to equity for equity settled share based payments	-	3,635	-	-	-	3,635	-	3,635
Dividends	-	-	-	-	(73,327)	(73,327)	(1,574)	(74,901)
Balance as at 31 December 2022	222,222	2,932,618	(35,730)	31,771	(817,710)	2,333,171	70	2,333,241

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December	
		2023	2022
€000			
Operating profit		59,162	231,678
Depreciation, amortisation, impairment		363,573	514,297
Change in provisions		(461)	169
Loss (income) from the disposal of non-current assets		1	1,151
Other non-cash revenues and expenses	34	9,790	27,994
Change in inventories		15,044	28,146
Change in trade accounts receivable		30,552	167,502
Change in trade accounts payable		(16,643)	(74,411)
Change in other net working capital		(35,361)	(33,794)
Income tax paid		(62,530)	(233,107)
Cash flow from operating activities (A)		363,127	629,625
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	4	(68,263)	(140,290)
Purchase of intangibles and property, plant and equipment		(126,232)	(158,271)
Sale of subsidiaries, net of cash disposed and changes in debt	15	347,157	79,659
Income tax paid	15	(11,600)	–
Proceeds from sale of intangibles and property, plant and equipment		1,560	1,172
Net increase in other financial non-current assets		(14,000)	(691)
Cash received from other non-current assets		46	39
Interest received		15,491	2,450
Dividends received		4	227
Cash flow (used in)/from investing activities (B)		144,163	(215,705)

	Note	For the year ended 31 December	
		2023	2022
€000			
Acquisition of treasury shares	36	–	(35,730)
Proceeds from non-controlling interests		–	900
Proceeds from the exercise of share options		203	–
Interest paid and other financing activities		(88,220)	(64,362)
New loans, borrowings and other financial liabilities	27	40,854	946
Repayment of loans, borrowings and other financial liabilities	27	(561,592)	(2,637)
Repayment of lease liabilities	27	(139,507)	(139,840)
Dividends paid and other payments to non-controlling interests		(76,934)	(79,047)
Cash flow used in financing activities (C)		(825,196)	(319,770)
TOTAL CASH FLOWS (A+B+C)		(317,906)	94,150
Cash and cash equivalent at the beginning of the period		541,590	443,525
Net foreign exchange differences		(3,316)	3,915
Cash and cash equivalents at the end of the period	26	220,368	541,590
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(321,222)	98,065

Notes

1. REPORTING ENTITY

The consolidated financial statements were prepared by SYNLAB Aktiengesellschaft (hereinafter: “AG” or “the Company”), the ultimate parent company of the SYNLAB Group. The Group’s consolidated financial statements as at and for the period ended 31 December 2023 consolidate those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and include the Group’s interests in associates. The consolidated financial statements for the financial year ended 31 December 2023 were released for publication on 15 March 2024 by resolution of the Management Board.

The SYNLAB Group is Europe’s largest private supplier of medical diagnostic services, focusing primarily on clinical diagnostics testing and screening services. The Group, which is based in Germany, employs over 27,000 people and benefits from a network spanning 33 countries worldwide. The Group is currently active in Austria, Belarus, Belgium, Brazil, Chile, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Italy, Lithuania, Mexico, Nigeria, North Macedonia, Panama, Peru, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Turkey, U.A.E. and the United Kingdom. The address of SYNLAB AG is Moosacher Strasse 88, 80809 Munich, Germany.

2. BASIS OF PREPARATION

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements relate to SYNLAB AG, Munich, Germany (commercial register number HRB 246540), and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to section 315 e (1) of the German Commercial Code (HGB). The consolidated financial statements comply with IFRS as published by the International Accounting Standards Board (IASB). SYNLAB prepares and publishes the consolidated financial statements in Euro (€).

2.2 IFRS BASIS ADOPTED

2.2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on or after 1 January 2023:

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments — Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes — International Tax Reform— OECD Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

Their adoption did not have any material impact on the disclosures or on the amounts reported in these financial statements, however following the amendments, the group is required to disclose that it has applied the exception introduced in IAS12 and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

2.2.2 New standards, amendments and interpretations not yet applicable

At the date of authorisation of these financial statements, the Group had not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
- Amendments to IFRS 16 Lease Liability in a Sale and Lease-back

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods. However, additional disclosures may be required.

2.3 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value and
- certain long-term financial assets are measured at fair value.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

2.5 GOING CONCERN

The Group's financial statements have been prepared on a going concern basis.

As at 31 December 2023, the Group had net assets of 2,338.2 M€ (31 December 2022: 2,333.2 M€) and net current assets of 106.3 M€ (31 December 2022: 439.8 M€). For the year ended 31 December of 2023, the Group reported an operating cash flow of 363.1 M€ (31. December 2022: 629.6 M€), cash flow from investing activities of 144.2 M€ (31 December 2022: -215.7 M€), cash flow from financing activities of -825.2 M€ (31 December 2022: -319.8 M€) and cash and cash equivalents at the end of the period of 220.4 M€ (31 December 2022: 541.6 M€).

The directors consider the going concern basis to be appropriate following their assessment of the Group's net assets, financial position and results of operations as well as its ability to meet its obligations as and when they fall due.

Testing, and particularly medical testing, is a resilient and defensive market on which past economic or capital market downturns have only had a limited impact.

2.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated Group financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

2.6.1 Critical accounting judgements

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the consolidated financial statements.

Leases

The evaluation of whether the exercise/non-exercise of purchase or extension/termination options is "reasonably certain" may require substantial judgement.

The Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- is within the control of the lessee; and
- affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Group revises the lease term if there is a change in the non-cancellable period of a lease. For example, the non-cancellable period of a lease will change if one of the following occurs:

- the lessee exercises an option not previously included in the entity's determination of the lease term;
- the lessee does not exercise an option previously included in the entity's determination of the lease term;
- an event occurs that contractually obliges the lessee to exercise an option not previously included in the entity's determination of the lease term; or
- an event occurs that contractually prohibits the lessee from exercising an option previously included in the entity's determination of the lease term.

The lease term may also be revised following a reassessment as to whether an extension option is reasonably certain to be exercised, or whether a termination option is reasonably certain not to be exercised.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, and each of those companies over which it exercises control. Control over an entity exists when

the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group has less than a majority of voting or similar rights in an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangements, and voting rights and potential voting rights. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to the elements of control. This assessment is key in certain jurisdictions where the regulations governing the ownership and certification of laboratories require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as the Medizinisches Versorgungszentrum (MVZ) in Germany and the société d'exercice libéral (SEL) in France. See Note 3, Basis of consolidation, for further information.

2.6.2 Key sources of estimation

Information about assumptions and estimation concerning the future, and other key sources of estimation at the reporting date, that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Revenue estimation

The Group earns revenues from a wide range of analysis and diagnostic testing services, which are invoiced to a range of customers including insurance companies, hospitals, individuals, pharmacies and national health organisations. The most significant areas of revenue estimation in the Group relate in particular to Germany and relate to the following topics:

- a) Revenue recognised on the basis of as yet unconfirmed budgets in the public healthcare system; revenue is estimated on the basis of historical trends and other publicly available information (Germany, Italy and Spain are the most important segments of the business operations concerned in this context); and
- b) accrued revenue based on completed but unbilled tests, where the calculation of the value of those tests include a level of estimation based on
 - pricing mechanisms as agreed during contract negotiations and used to calculate average prices;
 - historical experience; and
 - actual work performed (e.g. analyses completed).

Based on historical data and experience, the measures are reliable, and the economic benefits associated with the revenue recognised based on these measures are likely to flow to the entity.

Please refer to Note 3, Significant accounting policies for further details.

Goodwill and impairment of goodwill

The Group determines on an annual basis whether goodwill is impaired. The determination as to whether goodwill has been impaired involves estimation of the key inputs in the impairment process including:

- the forecast cash flows and management assumptions for revenue growth and EBITDA margin used in making the determinations which are based on financial budgets covering a five-year period;
- the key assumptions in calculating the discount rates applied to each cash-generating unit or group of cash-generating units ("CGUs"), in particular the risk-free rate, equity risk premium, size premium and tax rates which are used in the calculation; and
- the terminal growth rates applied to each of the CGUs.

Please refer to Note 17, Goodwill.

Acquisitions

Acquisition accounting involves estimation in determining the fair value of the intangible assets through a purchase price allocation assumed in a business combination and the fair value of the consideration payable. The key areas of estimation include:

- estimates in accounting for any unusual terms and conditions in the respective share purchase agreement ("SPA"), including contingent consideration. These amounts are contingent on the acquired business meeting agreed performance targets. At the date of the acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. See Note 38, Trade Payables and other Liabilities; and

- the key assumptions within the fair value calculation of the intangible assets through a purchase price allocation, specifically the discount rates, revenue growth rates and future cash flow forecasts.

Please refer to Note 4, Significant events, and Note 18, Intangible assets.

Pension and other post-employment benefit obligations

The determination of pension and other post-employment benefit obligations and expenses for defined benefit plans is dependent on a number of estimates and assumptions, including the discount rate and future mortality rate. The changes in assumptions and actuarial estimates may affect the benefit obligation, future expense and future cash flow. Refer to Notes 3, Significant accounting policies and 28, Employee benefits liabilities.

PROVISIONS FOR LITIGATION

The determination of provisions for litigation depends on a number of estimates and assumptions regarding the facts of the case, the amount of damages, the amount of potential fines and the probability of occurrence. Please refer to Note 30, Provisions.

INTANGIBLE ASSETS

Intangible assets also include customer lists and the "SYNLAB" brand. In this context, estimates and assumptions are necessary, particularly with regard to the expected useful life and the resulting amortisation. Please refer to Note 18 "Intangible assets".

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the IFRS consolidated financial statements of SYNLAB AG are described below.

The accounting policies have been applied consistently by Group entities and have not changed from those applied in the 2023 consolidated financial statements of SYNLAB AG. The principal accounting policies adopted are set out below.

Basis of accounting

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 are unobservable inputs for the asset or liability, in particular SYNLAB's own data.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared as at 31 December each year. Control is achieved when the Company direct or indirect:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to influence those returns.

When the Company directly or indirectly has less than a majority of the voting rights of an investee, it assesses whether it has power over the investee if it has sufficient voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's share of voting rights relative to the size and distribution of the proportions of other holders of voting rights;
- potential voting rights held by the Company, other holders of voting rights or other parties;
- rights arising from other contractual arrangements including articles of association, shareholders' agreement; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as the MVZ in Germany and the SEL in France.

In France, the Group is subject to regulatory constraints on the ownership of share capital and voting rights of SELs operating clinical laboratories by persons other than laboratory doctors and laboratory companies. In fact, since the French law on medical biology was adopted on 30 May 2013 (which includes a grandfathering clause for existing SELs that operate under a different ownership structure where the majority of their share capital is held by laboratory companies as of the date of enactment), laboratory doctors practicing in an SEL should hold the majority of voting rights and the majority of the share capital. To comply with such regulatory constraints, the Group has put in place a specific corporate structure, under which, and subject to a few exceptions, the Group, directly or indirectly, holds the maximum percentage of shares authorised by the law (up to 99.9% of share capital for historical SELs owned before May 2013 and 49.9% of share capital for SELs acquired since May 2013), while some of the laboratory doctors practicing in said SEL hold the remaining shares. However, in all instances, the Group has been granted substantially all of the economic rights. This is done by issuing preferred shares in cases where laboratory doctors practicing in said SEL hold more than 50% of the share capital. The Group has therefore put in place mechanisms that grant it substantially all of the economic rights in such SELs and allow it to control the relevant activities in accordance with the French regulatory

framework and to fully consolidate its French network. The control exercised over French subsidiaries is based on specific governance mechanisms and contractual agreements with laboratory doctors practicing in the SEL. These mechanisms and contractual agreements are classified by the Group as de facto control.

In Germany, German fee regulations mean that registered doctors outsource a wide range of laboratory procedures to medical collaborative laboratories ("CLs"), which may also be responsible for billing. The sole shareholders of such CLs are registered doctors co-operating to provide the required services in an economically viable way. As a laboratory services provider, the SYNLAB Group thus sometimes has to cooperate based on contractual agreements with these CLs in order to render services. As a consequence of these contracts, most of the benefits from the CL's business operations accrue to the Group, i.e. the Group has put in place mechanisms that grant it the majority of the economic rights in such CLs and allow it to control the relevant activities in accordance with the German regulatory framework. The Group therefore takes the view that it has control over the CLs even though it does not own a shareholding from a legal perspective. These entities are therefore fully consolidated.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that it ceases.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests (“minority interests”) represent the part of total income or loss, and of total equity not held by the Group and are identified separately from the amounts attributable to the owners of the Company in the statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position.

Those interests of minority shareholders that are present ownership interests entitling their holders to a corresponding share of net assets upon liquidation may initially be measured at fair value or at the minority shareholders’ corresponding share of the fair value of the acquiree’s identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. For medical biology companies, whether controlled de jure or de facto, minority interests of other shareholders, i.e. laboratory doctors, must be assessed based on the financial rights attached to their shares rather than the percentage of share capital or voting rights. The Group has an insignificant amount of minority interests.

Business combinations

Acquisitions of subsidiaries and businesses, regardless of whether equity instruments or other assets are acquired, are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs, such as finder’s fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred and are pre-

sented in a dedicated aggregate “acquisition- and disposal-related items” line under other operating expenses in the consolidated statement of income.

The Group measures goodwill as the difference between: (a) the sum of (i) the fair value of the consideration transferred, (ii) the recognised amount of any non-controlling interest in the acquiree, (iii) the acquisition-date fair value of any previously held interest in the acquired business and (b) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

If, at the reporting date, the fair values of the acquiree’s identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. If we obtain new information within twelve months of the acquisition date, these fair value adjustments are treated as adjustments to goodwill. Knowledge of facts and circumstances that existed at the acquisition date is recognised in the consolidated statements of income.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn-out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after the closing date are recognised in profit or loss and are presented in the dedicated aggregate “acquisition-related expenses” line. Contingent consideration classified as equity is not re-measured.

A contingent liability assumed in a business combination is recognised only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Acquisitions and disposals of non-controlling interests

Acquisitions and/or disposals of non-controlling interests are accounted for as a transaction with equity holders in their capacity as equity holders. Therefore, no goodwill is recognised or derecognised as a result of such transactions.

Acquisitions of achieved in stages

When a business combination is achieved in stages, the Group’s previously held interests in the acquired entity are remeasured to their acquisition-date fair value, and any resulting gain or loss is recognised in profit or loss.

Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group of CGUs expected to benefit from the synergies of the combination. Cash-generating units and groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently if there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purposes of goodwill impairment testing, the lowest level at which goodwill is monitored for internal reporting purposes corresponds to the CGUs described in Note 17, Goodwill. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or losses are made.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue

The Group earns revenues from a wide range of analysis and diagnostic testing services, which are invoiced to insurance companies, hospitals, individuals, pharmacies, and national health entities.

Those services include mainly analysis and diagnostic testing services for human medicine, and in particular clinical biological testing, including routine and specialty tests, anatomical pathology, histological or cytological testing and the diagnostic imaging using medical and molecular imaging technologies, as well as testing services for veterinary medicine.

The Group applies the principles set out in IFRS 15 for revenue recognition by using the following five steps:

- 1) Identify the contract(s) with a customer.
- 2) Identify the performance obligations in the contract.
- 3) Determine the transaction price.
- 4) Allocate the transaction price to the performance obligations in the contract.
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation.

In general, contracts with customers are clustered in major revenue streams and their substreams. The revenue recognition is outlined below for each separately.

Usually, the activities performed to generate revenue might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even in the case of multiple parameters), i.e. the combined output of several activities that are either not capable of being distinct or not distinct within the context of the contract (because they are highly interrelated). As a result, each contract (order) has only one performance obligation.

In order to determine the transaction price, the nature, timing and amount of consideration promised by a customer are taken into account, as well as variable consideration, significant financing components and non-cash consideration, if applicable. Amounts collected on behalf of third parties are excluded.

Human medicine

HEALTH INSURANCE FUNDS

Generally, the contractual basis for revenue from health insurance funds comes from framework contracts and/or from statutory regulations that define general terms and conditions that are applied to individual orders to perform an analysis.

The basis for remuneration with respect to revenues differs by country, type of analysis and/or contract type. For contracts that – despite fixed prices per analysis – contain elements that cause variability such as e.g. volume-based discounts, allocated budgets/caps, and quotation rates, the amount of consideration will be estimated based on the expected value and historical experience.

The (estimated) transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

DOCTORS

In most cases SYNLAB acts as a principal whereas the doctor (as an agent) arranges the sale with the patient (while using the results for their diagnosis). Each patient (customer) enters into a contract with SYNLAB as soon as the doctor transmits the laboratory analysis form (order) with the required services and the patient information on behalf of the patient. As a result, each order is considered to be a contract with the customer. Accordingly, SYNLAB generally invoices the beneficiary (i.e. the patient) for laboratory services. For contracts where the doctor does not

act as an agent and is invoiced by SYNLAB the doctor is considered to be the customer.

The basis for remuneration per analysis and patient is generally based on regulated tariffs, i.e. medical fee schedules.

The (estimated) transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

Any payments made to the doctor with respect to the collaboration agreement (e.g. signing fees or allowances per analysis) reduce the transaction price. Depending on their nature, they either reduce revenue by order or over the contract duration.

PRIVATE PATIENTS

Private patients are invoiced directly and, even if an insurance company might refund the private patient for the costs incurred, the claim to consideration is against the private patient.

The transaction price for an analysis is based on medical fee schedules and, therefore, fixed upfront without later adjustments. As each contract (order) has only one performance obligation, there is no need to allocate the transaction price (per analysis).

The transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

HOSPITALS

In the case of contracts with hospitals, SYNLAB often provides more than one service to the customer and/or delivers more than one good. Therefore, in these cases, two or more contracts entered into at or near the same time with the same hos-

pital (or related parties of the hospital) have to be combined and accounted for as a single contract if (i) the contracts are negotiated as a package with a single commercial objective; (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or (iii) the goods or services promised in the contracts are considered to be a single performance obligation.

The activities performed to generate revenue might include e.g. logistics, analytics and the provision of a result. With respect to lab operations, there are three major types of service arrangements:

Type 1: SYNLAB operates an external lab (outside the hospital's premises). Accordingly, the arrangement typically includes logistics services (transportation of samples from the hospital to the external lab).

Type 2: SYNLAB operates a lab on the hospital's premises to meet quality standards (e.g. response times) or for economic reasons (e.g. to reduce transportation cost), but is not legally bound to do so. SYNLAB has not promised to operate a lab on the hospital's premises and the hospital has no enforceable right to demand in-house lab operations.

Type 3: SYNLAB operates a lab on the hospital's premises because it has promised to do so and the hospital has an enforceable right to demand in-house lab operations.

For type 1 and type 2 arrangements, the service promised to the customer is an analysis, i.e. the combined output of several activities that are either not capable of being distinct or not distinct within the context of the contract (because they are highly interrelated). As a result, each contract (order) has only one performance obligation.

For type 3 arrangements, the promise to the customer constitutes the complete outsourcing of in-house lab operations for a specified period of time. This bundled service also includes incidental services that are highly interrelated to the outsourcing of in-house lab operations. Therefore, there is only one performance obligation, which is the operation of the hospital's in-house lab (including all analyses performed).

In type 1 and 2 arrangements, the transaction price for an analysis is typically based on medical fee schedules. In addition, there might be volume-based discounts, allocated budgets/caps, quotation rates or other clauses that might cause variability even if the price per analysis due to the medical fee schedule is fixed. In these cases, the amount of consideration to which the entity will be entitled in exchange for providing each analysis shall be estimated.

Type 3 arrangements typically include an annual fixed amount of consideration that might be constant or increase or decrease from period to period. In addition, there is typically a variable component based on the number and complexity of analyses actually performed within each period. Accordingly, the amount of consideration to which the entity will be entitled in exchange for transferring the lab operation services to the hospital shall be estimated.

In each type of arrangement discussed above, there is only one performance obligation. In the case of type 1 and type 2 arrangements, the obligation is to perform an analysis. There is no need to allocate the (estimated) transaction price (per analysis). In the case of type 3 arrangements, the obligation is to operate the hospital's in-house lab for a specified period of time. The transaction price shall be estimated for the total service period.

With respect to type 1 and type 2 arrangements, the (estimated) transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the requester.

In type 3 arrangements, SYNLAB performs recurring services in relation to the in-house lab operations, which are received and simultaneously consumed by the hospital. Thus, the performance obligation is satisfied over time (total service period) and revenue shall be recognised by measuring the progress towards complete satisfaction of that performance obligation.

OTHER LABS, PUBLIC AGENCIES AND OTHER COMPANIES

The contracting party ordering an analysis is the customer according to IFRS 15. In general, the contractual basis for revenues from other labs, public agencies and other companies comes from general service agreements.

The activities performed to generate revenue might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of several activities that are either not capable of being distinct or not distinct within the context of the contract (because they are highly interrelated). As a result, each contract (purchase order) has only one performance obligation. As each contract (purchase order) has only one performance obligation, there is no need to allocate the (estimated) transaction price (per analysis).

The basis for remuneration with respect to revenue from other labs, public agencies and other companies is the prices stated in the contract. In general, the price for each kind of analysis is fixed.

With respect to revenue from other labs, public agencies and other companies, the (estimated) transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the customer.

REVENUE FROM VETERINARY MEDICINE

In general, revenue from veterinary medicine is based on an offer and an acceptance with reference to a price list. Typically, there is a standard price list with fixed prices for each kind of analysis.

The activities performed to generate revenue might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of several activities that are either not capable of being distinct or not distinct within the context of the contract (because they are highly interrelated). As a result, each acceptance (order) has only one performance obligation.

As each acceptance (order) has only one performance obligation, there is no need to allocate the (estimated) transaction price (per analysis). With respect to revenue from veterinary medicine, the transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the customer.

REVENUE FROM TRADING GOODS

The contracting party ordering the trading goods is the customer according to IFRS 15. The contractual basis for revenue from trading goods can be a stand-alone contract or part of another contract (e.g. with hospitals or doctors).

Typically, trading goods are both capable of being distinct and distinct within the context of the contract. Accordingly, each trading good is considered to be a separate performance obligation.

The basis for remuneration with respect to revenues from trading goods is the prices stated in the contract. In general, the price for each trading good is fixed and – if the contractual basis is part of another contract – not interrelated to other goods or services in that contract. Accordingly, there is no variability in consideration.

In general, the prices for trading goods as stated in the contract reflect the stand-alone selling price for such trading goods, i.e. the price at which SYNLAB would sell the trading goods separately to another customer with similar characteristics.

With respect to trading goods (that are considered to be a separate performance obligation), the transaction price for the trading goods is recognised on delivery of the trading goods to the customer.

Leases

At inception of a contract, the Group assesses whether the contract is or contains a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (defined as all leases of assets with an original price of up to EUR 5,000.00 or local currency equivalent). For short-term and low-value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

When initially recognised, the lease liability is valued at the present value of the lease payments not yet made on the provision date and discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right of use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease payments

Lease payments included in the measurement of the liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- the amount expected to be payable by the lessee under residual value guarantees;

- lease term reflects the lessee exercising an option to terminate the lease and residual value guarantees.

The lease liability is subsequently measured after the commencement date by:

- increasing the carrying amount to reflect interest on the lease liability (using the effective interest method);
- reducing the carrying amount to reflect the lease payments made.

Lease modifications

Modifications of leases are assessed to ascertain whether the modification should be accounted for as a separate lease agreement or, effectively, a continuation of the existing lease.

Lease modifications are accounted as separate leases when both of the following conditions are met:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When lease modifications are not accounted for as a separate lease at the effective date of the lease modification, the Group

- allocates the consideration in the modified contract by applying the requirements of IFRS 16.13 to 16;
- determines the lease term of the modified lease by applying the requirements of IFRS 16.18 and 19; and
- remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The Group accounts for the remeasurement of the lease liability as follows:

- for lease modifications that decrease the scope of the lease, by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss; and
- for all other lease modifications, by making a corresponding adjustment to the right of use asset and lease liability.

Right of use assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs related to a right of use asset, the costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or if the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the policy on property, plant and equipment.

Short-term lease

The Group makes use of the short-term lease exemption for all leases that, as at the commencement date, have a lease term of 12 months or less, including any extension options. Rentals for short-term leases are recognised as an operating expense in profit or loss.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Value of €1:	Assets and liabilities		Income and expense	
	Closing rates		average rates	
	31 December 23		Period ended 31 December 2023	
Brazilian Real (BRL)	5.3618		5.4016	
Chilean peso (CLP)	969.5970		907.9276	
Colombian Peso (COP)	4,272.8700		4,676.1576	
Czech Koruna (CZK)	24.7240		24.0007	
Pound Sterling (GBP)	0.8691		0.8699	
Hungarian Forint (HUF)	382.8000		381.7592	
Mexican Peso (MXN)	18.7231		19.1897	

Value of €1:	Assets and liabilities		Income and expense	
	Closing rates		average rates	
	31 December 22		Period ended 31 December 2022	
Brazilian Real (BRL)	5.6386		5.4051	
Chilean peso (CLP)	910.2650		917.9099	
Colombian Peso (COP)	5,167.8200		4,474.5005	
Czech Koruna (CZK)	24.1160		24.5378	
Pound Sterling (GBP)	0.8869		0.8548	
Hungarian Forint (HUF)	400.8700		393.1108	
Mexican Peso (MXN)	20.8560		21.0536	

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate

significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

This year, Ghana was assessed as a hyperinflationary country. The Ghana Statical Services reported a three-year cumulative inflation rate of 106% for August 2023, and the country's economy has been classified as hyperinflationary since 31st December 2023. If the functional currency of an entity is that of a hyperinflationary economy, the accounting rules of IAS 29 must be applied as if the currency of the economy had always been hyperinflationary (retrospective application). IAS 29 was applied for the first time as if Ghana had always been classified as a hyperinflationary economy. The net gains or losses from the ongoing inflation of non-monetary assets and liabilities as well as equity and all items in the statement of income are recognised in profit or loss in other operating income. The financial statements of these subsidiaries are generally based on the historical cost concept. Due to changes in the general purchasing power of the functional currency, these financial statements had to be adjusted to the measurement unit applicable on the reporting date. Comparative figures that previously corresponded to a non-hyperinflationary currency do not need to be adjusted (unlike in the individual financial statements of Ghanaian companies). The total restatement effect from the ongoing inflation is

equal to 69 K € for the period ended 31 December 2023 and is recognised in "other operating income - Income from foreign currency transactions" line item.

The price index applicable to Ghana was 200.5 points as at 31 December 2023 (162.8 points as at 31 December 2022). Thus Ghana becomes the second country after Turkey to be calculated under IAS 29 for the group.

Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gains on hedging instruments that are recognised at fair value in profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise the cost of net debt and other financial expenses. Cost of net debt includes interest expense on borrowings and financial leases, as well as expenses related to derivatives. Other financial expenses mainly include the unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred. The Group does not own any qualifying assets.

Retirement benefit costs

Depending on the laws and practices in force in the countries where the Group operates, Group companies have legal obligations in terms of pensions, early retirement payments and retirement bonuses. Such obligations are generally state-managed defined contribution plans, but the Group is also affected by post-employment or post-retirement employees' benefits.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans and similar obligations

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on the settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service cost, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service cost within profit or loss as payroll-related expenses (see Note 8). Net interest expense or income is recognised within finance costs (see Note 13). The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Details of the assumptions used are included in Note ##Employee_benefits_liabilities, Employee benefits liabilities to the financial statements.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting treatment depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to service, they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to service, they reduce service cost.

Taxation

Current income taxes

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Group's liability

for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Group adopted IFRIC 23. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Deferred tax

According to IAS 12 the balance sheet liability method is used for deferred tax accounting. Deferred taxes are recognized for temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated statement of financial position, and for tax losses and interest carryforwards. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value-added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the taxation authority. The main SYNLAB Group activities being related to medical services are exempt from VAT in most of the countries in which the Group operates. In this case the Group cannot recover VAT applicable to charges and expenses relating to those VAT exempt activities and it is recognised as part of the cost of the acquisition of the asset or as part of the expense. In the case of Group companies for which partial reimbursement of VAT is possible, the non-reimbursable portion of VAT is not deducted.

The VAT amount to be refunded by or paid to the tax authority is recognised in the statement of financial position under "Other current assets" or under "Other liabilities".

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition

of the asset, and subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If material parts of property, plant and equipment must be replaced at regular intervals or have different useful lives, the Group capitalises such parts as separate assets (major components) with specific useful lives or depreciation periods.

Other maintenance and repair costs are recorded in profit or loss. The net present value of expected costs for disposal of an asset after its use is included in the cost of the respective asset if the criteria for recognition have been fulfilled.

An item of property, plant and equipment is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating income in profit or loss.

Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

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

The estimated useful lives for the current and comparative periods are as follows:

• Land and buildings	15 to 50 years
• Technical machines and equipment	3 to 10 years
• Vehicle fleet	3 to 7 years
• Other fixed assets	2 to 10 years

Intangible assets

Intangible assets are recognised for the first time at acquisition cost. The cost of intangible assets acquired in a business combination is calculated as the fair value on the date of acquisition.

Subsequent to initial recognition, intangible assets with finite useful lives acquired separately or in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the statement of income on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

• Customer relationships	3 to 25 years
• Trademark (own brand)	indefinite
• Property rights and similar rights	3 to 6 years
• Software	1 to 7 years

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if certain conditions have been demonstrated. Expenditure on software development is capitalised when it is probable that the

project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and the costs can be measured reliably.

During the initial purchase price allocation when setting up the SYNLAB Group, the SYNLAB brand was identified as an intangible asset by the acquirer, SYNLAB Limited, which was an independent third party in this process, at that time. As the SYNLAB brand has existed since the creation of the company in 1998, and as SYNLAB is the largest European laboratory operator with a global presence, an indefinite useful life has been retained.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets are derecognised either upon disposal or when no economic benefits are expected to flow from further use or from the disposal of the recognised asset. Profit or loss arising from the derecognition of the asset are recorded in the statement of income as the difference between the net disposal proceeds and the carrying amount of the asset in the period in which the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the greater of the fair value of an asset or a cash-generating unit (CGU) less cost of sale and the value in use. The recoverable amount must be determined for each individual asset unless a particular asset does not generate any cash flows that are largely independent of other assets or other groups of assets, in which case the Group estimates the recoverable amount of the CGU to which the asset belongs. If the carrying amount of an asset or CGU exceeds its respective recoverable amount, the asset is impaired and is reduced to the recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Value in use is the net present value of future expected cash flows using a discount rate before tax that reflects market expectations with respect to the interest rate effect and the specific risk of the asset. Recent market transactions, if applicable, are taken into consideration when determining the fair value less any cost of sale. If there are no such identifiable transactions, a suitable valuation model is used. This is based on valuation multiples or other available indicators of fair value.

Assets other than goodwill are assessed at every reporting date to determine whether there are indications that a previously recorded impairment loss no longer exists or has been reduced. If such indications are present, the Group assesses the recoverable value of the asset or the CGU. Any previously recorded impairment losses are only reversed if a change in the assumptions that formed the basis for the determination of the recoverable amount has taken place since recording the last impairment loss. The impairment reversal is limited by the fact that the carrying amount of an asset may exceed neither its recoverable amount nor the carrying value that would have remained after scheduled depreciation if in prior years no impairment losses for the asset had been recorded.

Inventories

Inventories consist of raw materials (“reagents”) and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

Financial instruments

Financial assets and financial liabilities are recognised in the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value

through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial Assets

Ordinary purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has an immaterial amount of debt financial assets that are recognised at fair value through other comprehensive income (FVTOCI). By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

1) Amortised cost and effective interest method

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the “net finance costs – interest income” line item. For these financial instruments, the Group measures the loss allowance equal to the 12-month expected credit losses, as there has been no significant increase in credit risk since initial recognition.

2) Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost, are subsequently measured at FVTPL and are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 33, Financial Instruments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and for which the Group has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets are categorised into current and non-current assets in the consolidated statement of financial position. Current financial assets comprise financial assets with a settlement or maturity date within 12 months of the statement of financial position date.

Equity instruments

Equity instruments designated as at FVTOCI

- On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.
- Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “finance income” line item (Note 12, Net finance costs) in profit or loss.
- The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Impairment of financial assets

The Group has adopted the simplified expected credit loss model for its trade receivables. To measure the expected credit losses, trade accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

The Group writes off a trade receivable only when the trade receivable is uncollectable and there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Other overdue trade receivables are not considered written off, since there is, in fact, no risk of default and only a risk of late payment. In general, there are longer payment settlement periods for trade receivables, as the business partners are commonly represented by institutional organisations such as public and private hospitals, public health insurance funds and public health agencies. Payments are generally secured in terms of contract arrangements.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither

transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment measured at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit; or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument. All other financial liabilities are held at amortised cost.

Financial liabilities measured at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities that do not meet the criteria to be FVTPL are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to or deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are categorised into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities comprise:

- financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition of a financial liability

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

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset them. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply any hedge accounting.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured at either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Provisions

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with an economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided that there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised when the Group has a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably

expect that the restructuring will take place, or it must have already begun.

Share-based payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option (i.e. when the employee concerned is irrevocably entitled to exercise the option). The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect, at any reporting date up to the date of first possibility of exercising the option, the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is granted for equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or

cash-settled, is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

Non-controlling interests in partnerships/put options

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders have been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "finance costs".

Adjusted Operating Profit

In the analysis of the Group's operating results, we present certain non-IFRS measures as (i) they are used by management to measure operating performance, in presentations to our board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of our financial performance by excluding items that are outside of ongoing operations such as acquisition-related costs including integration costs, strategic project costs (e.g. the IPO in 2021), impairment and reversal of impairment of non-operational assets, income taxes and costs of capital.

We believe that adjusted operating profit is widely used by investors to measure our operating performance and can vary substantially from company to company depending on the accounting methods, book value of assets and capital structure or method by which assets were acquired. This adjusted measure eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense). This adjusted measure also eliminates the effect of additional specific items that are considered to hinder comparison of the trading performance of our business year on year.

However, non-IFRS measures are not measures or adjustments determined based on IFRS or any other internationally accepted accounting principles, and such items should not be considered as an alternative to the historical financial results or other indicators of our performance based on IFRS measures. Due to differences in the way our non-IFRS measure is calculated, the non-IFRS measure, as defined by us, may not be comparable to similarly titled measures as presented by other companies. Even though non-IFRS measures are used by management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of SYNLAB's results as reported under IFRS.

In calculating adjusted operating profit certain items are added back.

Adjusted Operating Profit

- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Impairment of non-current assets
- Acquisition and integration-related costs
- Other non-recurring costs from strategic projects (see Note 5, Segmental Analysis)
- Less depreciation and amortisation of all items, except for amortisation of customer relationships

Adjusted operating profit is the Group's segment performance measure and has therefore been disclosed in Note 5, Segmental Analysis.

Segment information

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

Segment performance is mainly assessed based on total revenue and adjusted operating profit and is measured in line with the statement of income in the consolidated financial statements. All costs initially borne by the head office are allocated to those segments when directly attributable. General costs are assigned to the segments on a revenue basis, whereas costs with a closer relationship to single segments are allocated on a case-by-case scenario. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

This is the basis on which internal reports are provided to the chief operating decision-maker for assessing performance and determining the allocation of resources within the Group.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements, the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), the weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4. SIGNIFICANT EVENTS

4.1 CHANGES IN THE SCOPE OF CONSOLIDATION

On 3 July 2023 the Group sold all Swiss group entities for further information we refer to section 15 disposal groups.

On 1/2 August 2023 the Group sold the Polish SYNLAB Polska Sp. z.o.o. and the Ukrainian Limited Liability Company SYNLAB-UKRAINE entity for strategic purposes. The portion of that gain attributable to measuring any investment retained in the former subsidiaries at their fair values at the date when control is lost was follows 2.0 M€. In consolidated statement of profit and loss, the profit is shown under line “profit on disposal of investment”. For this transaction, we received a cash inflow of 3.8 M€ and show the amount in the cash flow line “Sale of subsidiaries, net of cash disposed and changes in debt”.

As of 30 September 2023, the Group sold its veterinary business in Belgium, Germany, and Spain for strategic purposes. This deal included SYNLAB.vet GmbH and Seaslab S.L. as entities and the VET business of SYNLAB Belgium SRL was sold via Asset Deal; for further information we refer to 15 disposal groups.

The following entities were liquidated / dissolved in the financial year 2023:

Country	Date	Entity	Method of consolidation
Switzerland	10. Jan. 2023	CLINICAL REFERENCE LABORATORIES HOLDING SA	FC
United Kingdom	17. Jan. 2023	SYNLAB LiveSmart Holdings Ltd.	FC
United Kingdom	4. Feb. 2023	ALcontrol Group Limited	FC
United Kingdom	1. Mar. 2023	Geneius Laboratories Limited	FC
France	19. Jul. 2023	SCM Cabinet Médical Saint Côme	EC
Belgium	19. Jul. 2023	Ellipsys SCA	FC
Belgium	19. Jul. 2023	LabAF SRL	FC
Belgium	19. Jul. 2023	PATHOVET SRL	FC
Isle of Man	11. Aug. 2023	MEDVEN Africa Limited	FC
Brazil	11. Sep. 2023	CIC Análises Clínicas Especiais Ltda.	FC
United Kingdom	17. Nov. 2023	PTDS Limited	FC

EC at equity method / FC = full consolidated

4.2 ACQUISITIONS

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with several laboratory and diagnostic centers. As standalone would have been immaterial from the point of view of the group, so we have combined all other acquisitions in the financial year.

All acquisitions in the period earn revenues mainly from diagnostic centers and a hospital. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

Acquisition date	Country	Name of entity	Specialisation	Objective	Deal structure	Control
2-Jan-23	Germany	MVZ St. Wendeler Land GmbH	diagnostic center	bolt-on	Share deal	100.00%
12-Jan-23	Belgium	LabAF SRL	veterinary	bolt-on	Share deal	100.00%
28-Feb-23	Belgium	Pathovet SRL	veterinary	bolt-on	Share deal	100.00%
1-Apr-23	Germany	Dr. Streibl	medical diagnostic	bolt-on	asset deal	n/a
19-Apr-23	Germany	Humangenetik Mannheim	medical diagnostic	bolt-on	asset deal	n/a
24-May-23	Italy	Nuova Gestione centro diagnosi e terapie malattie cardiache vascolari reumatologiche e neurologiche S.r.l.	diagnostic center	bolt-on	share deal	100.00%
24-May-23	Italy	Nuova X-Ray Center S.r.l.	diagnostic center	bolt-on	share deal	100.00%
24-May-23	Italy	Nuovo Centro diagnostico Sant'Antimo S.r.l.	diagnostic center	bolt-on	share deal	100.00%
24-May-23	Italy	Nuova Gestione Centro di Diagnostica Radiologica ed Ecografica S.r.l.	diagnostic center	bolt-on	share deal	100.00%
1-Jun-23	Germany	Wolfartklinik GmbH	hospital	bolt-on	Share deal	100.00%
1-Jun-23	Germany	MVZ Gräfelfing GmbH	diagnostic center	bolt-on	Share deal	100.00%
1-Jun-23	Germany	Wolfartklinik Service GmbH	service provider	bolt-on	Share deal	100.00%
5-Jul-23	Italy	Centro Diagnostico Toscano S.r.l. Unipersonale	diagnostic center	bolt-on	share deal	100.00%
1-Aug-23	UK	Royal Brompton & Harefield Hospitals	medical diagnostic	bolt-on	asset deal	n/a
6-Nov-23	France	Labo de Beausoleil	medical diagnostic	bolt-on	asset deal	n/a

FAIR VALUES OF THE IDENTIFIABLE ASSETS AT THE DATE OF ACQUISITION

€000

Non-current assets

Intangible assets	12,107
Property, plant and equipment	32,241
Right of use assets	5,397
Other financial non-current assets	1

Current assets

Inventories	1,244
Trade accounts receivable	7,706
Other financial current assets	672
Other current assets	430
Cash and cash equivalents	1,847

Total assets **61,645**

Non-current liabilities

Lease liabilities (non-current)	4,530
Employee benefits liabilities	1,036
Other non-current liabilities	43
Deferred tax provisions	3,553

€000	
Current liabilities	
Current loans and borrowings	25
Current lease liabilities	868
Trade accounts payable	1,908
Current provisions	1,631
Income tax liabilities	68
Other current liabilities	2,812
Total liabilities	16,474
Total identifiable net assets at fair value	45,171
Negative Goodwill	(474)
Goodwill from acquisitions	25,471
Total considerations	70,168
Considerations at acquisition date	

CONSIDERATIONS AT ACQUISITION DATE

€000	
Cash considerations	61,631
Deferred considerations	6,367
Contingent considerations	2,170
Total considerations transferred	70,168

€000		For the year ended 31 December 2023
CGU group		
Germany		9,351
France		998
South		13,864
North & East		1,258
Total		25,471

Apart from asset deals in Germany, most of the goodwill recognised is expected to be non-deductible for tax purposes.

All acquisitions have contributed 41.6 M€ to revenue with 0.5 M€ consolidated net profit for the period since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been 19.1 M€ higher and consolidated net profit for the period would have been 0.6 M€ higher.

ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000	
Total consideration for FY 2023 acquisitions	(70,168)
Deferred consideration on FY 2023 acquisitions unpaid	2,702
Contingent consideration on FY 2023 acquisitions unpaid	2,170
Total cash consideration for FY 2023 acquisitions	(65,296)
Net cash of acquired companies	1,847
Actual cash outflow due to FY 2023 acquisitions	(63,449)
Deferred consideration cash outflows due to the prior-year acquisitions	(1,417)
Contingent consideration cash outflows due to the prior-year acquisitions	(3,397)
Actual cash outflow due to acquisitions in FY 2023	(68,263)

The transaction costs related to the completed acquisitions amount to 2.6 M€ (2022: 1.2 M€) and are recognised in the consolidated statement of income under other operating expenses, in the sub-item “acquisition and disposal-related items”.

5. SEGMENTAL ANALYSIS

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. The Group uses Adjusted Operating Profit as a key measure of the segments' results as it reflects the segments' underlying performance for the financial period under review.

Adjusted Operating Profit is one of the consistent measures within the Group. The policies applied to determine the operating segments presented are set out in Note 3, "Significant accounting policies", in the Segment information section.

According to IFRS 8.23 assets and liabilities for each reportable segment should be reported if such amounts are regularly provided to the chief operating decision maker. Amounts in the statement of financial position are not reported according to segment since they are currently not used for steering the Group, and the information cannot be made available with reasonable effort.

The segment results and the reconciliation of the segment measure to the respective statutory items included in the Group statement of income are as follows:

	For the year ended 31 December 2023					
	France	Germany	South	North & East	Elimination	Total Group
Revenue external	524,407	536,169	803,765	770,822	–	2,635,163
Revenue intercompany	48	11,274	2,189	368	(13,879)	–
Total revenue	524,455	547,443	805,954	771,190	(13,879)	2,635,163
Operating Profit	51,297	(118,751)*	53,595	73,021	–	59,162
Adjusted Operating Profit	56,106	(11,432)	71,041	78,495	–	194,210
Customer relationship amortisation						(50,432)
Acquisition-and disposal-related expenses and income						(12,645)
Restructuring and other significant expenses						(2,476)
Impairment of non-current assets						(69,495)
Share of loss of associates and other non-controlling interest						(26)
Net finance costs						(99,963)
Income tax expenses						(50,063)
Profit on disposal of investment						183,845
Profit / (loss) for the period						92,955

€000

For the year ended 31 December 2022

	France	Germany	South	North & East	Elimination	Total Group
Revenue external	674,349	703,206	960,337	912,629	–	3,250,521
Revenue intercompany	56	10,321	1,354	862	(12,593)	–
Total revenue	674,405	713,527	961,691	913,491	(12,593)	3,250,521
Operating Profit	111,187	(110,830)	78,677	152,644	–	231,678
Adjusted Operating Profit	116,251	134,694*	96,848	159,739	–	507,532
Customer relationship amortisation						(55,449)
Acquisition- and disposal-related expenses and income						(6,928)
Restructuring and other significant expenses						(451)
Impairment of non-current assets						(213,026)
Share of loss of associates and other non-controlling interest						(2,022)
Net finance costs						(17,165)
Income tax expenses						(130,463)
Profit on disposal of investment						70,491
Profit / (loss) for the period						152,519

* The difference between operating profit and AOP in Germany is mainly due to an impairment – s. Notes 17 Goodwill.

The reconciliation between operating profit, Adjusted Operating Profit (AOP) and Adjusted EBITDA (AEBITDA) is as follows:

€000	For the year ended 31 December	
	2023	2022
Operating profit	59,162	231,678
Restructuring and other significant expenses	2,476	451
Acquisition- and disposal-related (income) / expenses	12,645	6,928
Impairment of non-current assets	69,495	213,026
Customer relationship amortization	50,432	55,449
AOP	194,210	507,532
Depreciation and amortisation	294,115	301,304
Elimination of customer relationship amortisation	(50,432)	(55,449)
Operating D&A	243,683	245,855
AEBITDA	437,893	753,387

6. REVENUE

The components of revenue are as follows:

€000	For the year ended 31 December	
	2023	2022
Revenues from human medicine	2,572,339	3,167,685
Revenues from veterinary medicine	29,073	41,523
Revenues from environmental and other analysis, studies, expertise	8,677	9,669
Revenues from trading goods and services	19,556	19,760
Revenues from software solutions and services	5,518	11,884
Total revenue	2,635,163	3,250,521

Of the revenue recognised in the reporting period 2023, 10.5 M€ was included in the contract liability balance at the beginning of the period.

There are no single customers that contribute 10% or more to the Group's revenue as the Group generates revenue from a wide range of analysis and diagnostic testing services with a wide range of customers in many different countries worldwide.

7. MATERIAL AND RELATED EXPENSES

Significant items included in material expenses are as follows:

€000	For the year ended 31 December	
	2023	2022
Reagents	(200,227)	(269,900)
External analysis services	(98,544)	(103,559)
Consumables	(109,443)	(151,587)
Per reported result	(115,005)	(146,677)
Temporary workers laboratory	(57,738)	(49,420)
Other	(34,776)	(55,773)
Total	(615,733)	(776,916)

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis.

8. PAYROLL RELATED EXPENSES

€000

For the year ended 31 December

	2023	2022
Salaries and wages	(760,332)	(759,180)
Social security contributions	(220,869)	(234,822)
thereof pension contributions	(56,911)	(51,888)
Other personnel related costs (including bonus payments & premiums)	(83,564)	(100,090)
Subcontracting/temporary staff	(47,660)	(68,944)
Share-based payments	(6,914)	(3,635)
Total payroll and related expenses	(1,119,339)	(1,166,671)
Average number of employees during the year:	27,792	29,153
Administration	4,559	4,696
Operation	23,233	24,457
thereof doctors/biologists	3,307	3,136

The average number of employees throughout the year was 29,153 (2022: 29,153). In the financial years 2023 and 2022, two members of the Executive Board were employed by the parent company SYNLAB AG.

Other personnel related costs include, amongst others, profit sharing, overtime, premiums, bonuses, severance payments and unused personal leave.

Details of pension arrangements and share-based payment transactions are set out in Notes 29 respectively and 28. In the year ended 31 December 2023, 63.0 M€ (2022: 55.8 M€) was paid by the Group into defined contribution plans.

Total payroll and related expenses include the variable remuneration paid to the French biologists under the legal form of a dividend. These priority dividends to be paid to certain laboratory doctors after year-end are recognized as employee benefits expense and liabilities in the current year.

9. OTHER OPERATING EXPENSES

Significant items included in other operating expenses are as follows:

€000	For the year ended 31 December	
	2023	2022
IT and administration expenses	(108,841)	(93,784)
Utilities	(96,900)	(93,589)
Transportation expenses	(80,733)	(91,175)
Repairs, maintenance and insurance expenses	(51,677)	(45,713)
Consulting and advisory fees	(41,313)	(75,840)
Personnel-related expenses	(36,086)	(40,877)
Marketing and communication expenses	(30,671)	(52,342)
Other taxes, charges and fees	(28,461)	(29,729)
Other expenses	(23,292)	(27,334)
Low-value, variable and short-term leases	(12,828)	(12,014)
Acquisition- and disposal-related items	(12,645)	(6,928)
Exchange loss	(3,247)	(5,059)
Restructuring and other significant items	(2,476)	(451)
Valuation of receivables	(1,152)	(19,589)
Loss from asset disposal	(1,082)	(2,258)
Total other operating expenses	(531,404)	(596,682)

IT- and administrative expenses include expenses for hardware and software maintenance, IT consulting, network, materials and software licenses.

Utilities include energy expenses, running costs for rental premises, expenses for security and building observation, cleaning and maintenance.

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

Consulting and advisory fees include expenses for tax and auditing, legal, Supervisory Board fees, expenses for accounting and payroll accounting, as well as other external consultancy fees.

Personnel-related expenses include travel expenses, expenses for temporary workers and training.

Other taxes, charges and fees consist mostly of non-recoverable VAT and other trade taxes.

Other expenses include penalties and bank charges, prior-period and other expenses, contributions and valuation of receivables.

Audit services

Audit services are included in the "Consulting and advisory fees" line. During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs.

Audit fees

The following is a breakdown of auditor fees from Deloitte Wirtschaftsprüfungsgesellschaft GmbH to SYNLAB AG and its subsidiaries for the period of 1 January to 31 December:

€000	For the year ended 31 December	
	2023	2022
Audit fees		
For audits performed	3,348	2,796
For other audit services*	593	167
Total audit fees	3,941	2,963

* Amounts in previous year restated for adjustment of allocation.

In both years, the other assurance services mainly relate to services in connection with the issuance of a comfort letter, the independent assessment of the non-financial reporting of SYNLAB Group and services in connection with the audit of the remuneration report.

10. OTHER OPERATING INCOME

Significant items included in other operating income are as follows:

€000	For the year ended 31 December	
	2023	2022
Other	47,185	28,812
Income from foreign currency transactions	4,178	4,400
Income from overdue fines	1,935	1,930
Rental and lease income	787	614
Total other operating income	54,085	35,756

Other income includes apportionments, recharges and other compensations in an amount of 27.5 M€ (2022: 22 M€), reversal of accruals in an amount of 10.2 M€ (2022 : 0 M€), grants received of 6.4 M€ (2022 : 4.6 M€) as well as insurance compensation of 1.4 M€ (2022: 1.5 M€) and income from prior periods 0.9 M€ (2022: 0.9 M€).

11. DEPRECIATION AND AMORTISATION

Depreciation and amortisation relate to the following items:

€000	For the year ended 31 December	
	2023	2022
Property, Plant and Equipment	(67,877)	(73,881)
Right of Use assets	(149,815)	(142,151)
Customer relationships	(50,432)	(55,449)
Other intangible assets	(25,991)	(29,823)
Total depreciation and amortisation	(294,115)	(301,304)
Total Impairment	(1,495)	

Amortisation of customer relationships relates to customer relationships recognised as part of the purchase price allocation for the acquisitions completed by the Group.

12. NET FINANCE COSTS

€000	For the year ended 31 December 2023			For the year ended 31 December 2022		
	thereof interest expenses	thereof other financial expenses	Net finance result	thereof interest expenses	thereof other financial expenses	Net finance result
Net finance result						
Financial assets						
at amortised cost	12,223	–	12,223	–	–	–
at fair value through P&L	–		(7,323)	–	–	28,526
income	–	7,955		–	34,587	
expenses	–	(15,278)		–	(6,061)	
Financial liabilities						
at amortised cost	(65,946)	(16,208)	(82,154)	(32,833)	(8,799)	(41,632)
at fair value through P&L	–		1,011	–	–	15,867
income	–	1,011		–	17,089	
expenses	–	–	–	–	(1,222)	
Total net finance result	(53,723)	(22,520)	(76,243)	(32,833)	35,594	2,761

€000	For the year ended 31 December	
	2023	2022
Other financial result		
Other interest income:	4,230	7,825
Exchange gains from financial instruments:	23,341	27,089
Total other financial income:	27,571	34,914
Interest expenses arising from IAS 19 valuation:	(1,019)	(421)
Interest expenses on lease liabilities:	(24,547)	(19,886)
Exchange loss from financial instruments:	(23,949)	(31,579)
Other finance costs:	(1,776)	(2,954)
Total other financial costs:	(51,291)	(54,840)
Total other financial result:	(23,720)	(19,926)

The net finance result relates mainly to:

- i) 320 M€ Senior Secured Term Loan (TLB5), issued to SYNLAB Bondco Plc, with effective interest rate of 5.5% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) was fully repaid during FY 2023 (January: 100 M€ and July: 220 M€). The debt issuance costs amounting to 4.6 M€ were released during the period accordingly.
- ii) 385 M€ Senior Secured Term Loan (TLB4), issued to SYNLAB Bondco Plc, with an effective interest rate of 7.3% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due in 2027.
- iii) 535 M€ Term Loan A, issued to SYNLAB AG, with an effective interest rate of 6.4% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due in 2026. Initial Term Loan A amounted to 735 M€ and 200 M€ were repaid in October and November 2023.
- iv) The Interest expenses line item also includes the commitments fees and Interest for the Revolving Credit Facility (RCF), held by SYNLAB AG.
- v) Changes in the fair value of the interest rate cap and of the embedded derivatives.

Other financial income relates mainly to unrealised FX gains regarding translation of intercompany loans and other intercompany balances and are primarily due to EUR/GBP, EUR/BRL and EUR/CLP FX rate variation.

Other Finance expense resulted mainly from unrealised FX losses regarding translation of intercompany loans, other intercompany balances and the payment of the intragroup dividends and are primarily due to EUR/GBP, EUR/CLP and EUR/BRL FX rate variations. Additionally interest on lease liabilities are a main component. Exchange income and exchange losses relate to financing items.

13. INCOME TAX EXPENSES

Analysis of tax charge in the year:

	For the year ended 31 December	
	2023	2022
Current tax current year	(67,583)	(128,409)
Current tax prior year	860	(13,072)
Deferred tax	16,660	11,018
Total income tax expenses	(50,063)	(130,463)

The reasons for the difference between the expected and the reported tax expense are as follows:

	For the year ended 31 December	
	2023	2022
Earnings before tax	143,018	282,982
Tax charge expected on the profit on ordinary activities at group tax rate of 25.5% *	(36,470)	(72,160)
Impairment of goodwill	(17,340)	(54,315)
Tax increases due to non-tax-deductible expenses	(14,460)	(16,071)
Tax effect on non-taxable income	31,969	18,076
Profits taxed at rates different from the weighted group tax rate	(3,564)	(6,043)
Net temporary differences (incl. loss and interest carryforwards) for which no deferred tax asset was recognized in the past	(10,811)	11,425
Effect of changes in corporate tax rates	(157)	1,922
Prior year tax adjustments	860	(13,072)
Other tax effect	(90)	(225)
Total tax charge for the year**	(50,063)	(130,463)

* A weighted average tax rate on the basis of expected tax rates for individual Group Companies is used for the reconciliation.

** The Group has applied the temporary exemption from the accounting requirements for deferred taxes in IAS 12 published by the IASB in May 2023. Accordingly, no deferred taxes are recognized in relation to Pillar Two income taxes and no related information is disclosed

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent country-by-country reporting and forecasts for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar Two effective tax rate is below 15%, but the Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

14. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the total profit after tax attributable to ordinary shareholders of SYNLAB AG by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised. The calculation of basic and diluted earnings per share is based on the following data:

€000	For the year ended 31 December	
	2023	2022
Earnings		
Total income for the Group	92,955	152,519
Less Earnings attributable to non-controlling interest	681	1,822
Earnings for the purpose of basic earnings per share	92,274	150,697
Effect of dilutive potential ordinary shares	–	–
Earnings for the purposes of diluted earnings per share	92,274	150,697

000s shares	For the year ended 31 December	
	2023	2022
Weighted average number of ordinary shares for the purposes of basic earnings per share	219,719	221,558
Effect of dilutive potential ordinary shares	1,243	308
Weighted average number of ordinary shares for the purposes of diluted earnings per share	220,962	221,866

€	For the year ended 31 December	
	2023	2022
Basic earnings per share	0.42	0.68
Diluted earnings per share	0.42	0.68

15. DISPOSAL GROUPS

During the first half of the year 2023 the Group entered into agreements to dispose of all Swiss entities as part of a strategic decision. The transaction was closed on July 3, 2023, for the Swiss entities.

Accordingly, the Swiss group companies SYNLAB Suisse SA, one-provide AG, Institut Arnaboldi AG and Bakteriologisches Institut Olten BIO AG have been deconsolidated.

As of 30 September 2023, the Group sold its veterinary business in Belgium, Germany, and Spain for strategic purposes. This deal included ANAPET SRL; SYNLAB.vet GmbH and Seaslab S.L. as entities and VET business of SYNLAB Belgium SRL was sold via Asset Deal. In the consolidated statement of profit and loss, the profit is shown under line "profit on disposal of investment".

The proceeds of disposal exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations. The major classes of assets and liabilities comprising the operations classified as disposed entities as follows:

€000	As at 3 July 2023 Sale Switzerland	As at 30 September 2023 Sale VET Business
Non-current assets		
Intangible assets	92,845	12,795
Property, plant and equipment	7,201	1,425
Right of use assets	11,877	6,286
Investments in associates	56	–
Other financial non-current assets	524	9
Deferred tax assets	476	495
Current assets		
Inventories	4,231	457
Trade accounts receivable	17,350	4,167
Other current financial assets	1,236	279
Other current assets	2,106	66
Cash and cash equivalents	19,241	2,639
Total assets	157,143	28,618
Non-current liabilities		
Loans and borrowings (non-current)	329	–
Lease liabilities (non-current)	7,632	5,580
Employee benefits liabilities	4,800	–
Non-current provisions	478	–
Other non-current liabilities	204	100
Deferred tax provisions	12,625	1,827

€000	As at 3 July 2023 Sale Switzerland	As at 30 September 2023 Sale VET Business
Current liabilities		
Loans and borrowings	80	–
Current lease liabilities	4,595	937
Trade accounts payable	10,005	1,032
Contract liabilities	167	–
Current provisions	693	6
Income tax liabilities	537	224
Other current liabilities	5,985	4,858
Total liabilities	48,130	14,564
Attributable goodwill	28,747	66,171
Net assets disposed of	137,760	80,225
Consideration received, satisfied in cash	164,818	200,997
Deferred consideration	(1,208)	1,316
Reclassification from translation reserve* to statement of income	(18,832)	–
Profit on disposal before transaction costs and tax**	44,682	122,088

* The difference of k€ 14,905 between the consolidated statement of comprehensive income item "Reclassification from translation reserve to income statement from disposal of a subsidiaries" and the figure shown here is mainly due to the liquidations.

** The difference of k€17,075 between the total k€ 66,770 presented here and the k€183,845 the Consolidated Statement of Income, relates from liquidations in Brazil and UK and the selling of Polish and Ukrainian entities.

Net cash inflow arising on sale of subsidiaries, net of cash acquired and changes in debt as follows:

€000	As at 30 September 2023	
	As at 3 July 2023 Sale Switzerland	Sale VET Business
Cash consideration	163,607	202,313
Less: cash and cash equivalents disposed of	(19,241)	(2,639)
Tax charge on profit on disposal	–	(11,600)
Net cash inflow arising from disposal	144,366	199,674

16. INVENTORIES

€000	As at 31 December	
	2023	2022
Raw materials	63,908	81,780
Finished goods	1,090	2,101
Advance payments	39	213
Total	65,037	84,094

In 2022, there was an increase in reagent inventories related to COVID-19. The decrease in inventories as of 31 December 2023 is due to the consumption of COVID-19 reagents.

The cost of inventories recognised as an expense during the year in respect of continuing operations was 424.7 M€ (2022: 568.2 M€).

17. GOODWILL

€000	Goodwill	
	At 1 January 2023	2,907,808
Acquisition of subsidiaries		25,471
Disposal of subsidiaries		(350,919)
Foreign currency translation		14,920
Gross amount	31 December 2023	2,597,280
	At 1 January 2023	(584,446)
Disposal of subsidiaries		255,654
Impairment charge		(68,000)
Foreign currency translation		(1,545)
Impairment	31 December 2023	(398,337)
	At 1 January 2023	2,323,362
Carrying amount	At 31 December 2023	2,198,943

€000	Goodwill	
	At 1 January 2022	2,799,321
Acquisition of subsidiaries		95,445
Disposal of subsidiaries		(12,254)
Foreign currency translation		25,357
Gross amount	31 December 2022	2,907,869
	At 1 January 2022	(359,541)
Impairment charge		(213,000)
Foreign currency translation		(11,905)
Impairment	31 December 2022	(584,446)
	At 1 January 2022	2,439,780
Carrying Amount	At 31 December 2022	2,323,423

Goodwill values for the acquisitions made during the period ended 31 December 2023 are provisional and subject to modification in the twelve months period following the acquisition date.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash-generating units ("CGUs") defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The CGUs and group of CGUs for the year ended 31 December 2023 are Germany, France, South and North & East. This CGUs

and group of CGUs definition is consistent with the current operating segment structure of SYNLAB Group and directly results from its reorganization in 2020. Consequently, the current CGUs and group of CGUs structure reflects the change in management approach and approach in monitoring the results of the Group.

The carrying amounts of goodwill allocated to each CGUs and group of CGUs and key assumptions of the impairment testing model are as follows:

As at 31 December 2023				
	Carrying amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany	168,947	2.0	7.6	10.0
France	930,759	1.6	7.1	9.0
South	846,148	1.8	10.5	13.7
North & East	253,089	2.1	8.4	10.2
	2,198,943			

As at 31 December 2022				
	Carrying amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany*	281,550	2.0	7.2	9.5
France	929,762	1.6	7.7	9.8
South	847,925	1.7	9.6	12.3
North & East*	264,186	2.0	8.6	10.2
	2,323,423			

* In the previous year's figures, an editorial error was corrected that related to the allocation of goodwill between the CGU Germany and the CGU North & East in the consolidated financial statements 2022.

RECOVERABLE AMOUNT

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period.

The calculation of the value in use was based on the following key assumptions:

- The Group's latest available five-year business plan shows trends in volumes, prices and direct costs based on past trends and the future market outlook which includes a specific level of uncertainties.
- The cash flow projections for the years 2024 to 2028 also include:
 - taxes impact by applying the latest enacted rate per country;
 - working capital; and
 - capital expenditures
- The terminal value is then calculated by discounting the forecast flows of the past year (2028 as the steady state of the respective CGU) using a sustainable growth rate between 1,6% and 2,1% (2022: 1,6% and 2,0%) depending on the cash-generating unit. This percentage is management's best estimate of the inflationary growth effects based on the long-term inflation rates for each CGU.

- The discount rate is based on the respective CGU's weighted average cost of capital (WACC), including a leveraged beta, market risk premium, country risk premium and cost of debt.
- The discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates results in a value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow (as required by IAS 36).

RESULT OF FULL YEAR IMPAIRMENT TESTING

Based on the impairment test model calculation performed, the recoverable amount for the CGU Germany amounts to 606 M€ and there was an impairment of 68 M€ recognized for the CGU Germany.

The impairment in Germany has been largely the consequence of the increase of the WACC of the CGU and secondly, the current high inflationary environment continues to weaken our outlook for the CGU Germany.

The financial plans are also based on assumptions about the effects of climate change and the influence of other sustainability-relevant aspects on the business development of SYNLAB.

For the SYNLAB Group, climate-related risks as a result of the necessary implementation of regulatory requirements to promote a circular economy and limit climate change did not have any significant impact on the determination of the recoverable amounts of the CGUs or groups of CGUs.

SENSITIVITY ANALYSIS

A post-tax discount rate increase of 1% point would lead to a goodwill impairment in Germany, France and South where it would lead to impairment of 89M€, 153 M€ and 59 M€ being recognized respectively.

A 5% decrease in the forecasted EBITDA over the forecast's horizon included in the terminal value would lead to a goodwill impairment for Germany, France and South where it would lead to an impairment of 65 M€, 85 M€ and 28 M€ being recognized respectively.

A decrease of 1% point in long-term growth rate would lead to a goodwill impairment for CGU France, CGU South and CGU Germany where it would lead to impairment of respectively 123 M€, 31 M€ and 24 M€ being recognized.

18. INTANGIBLE ASSETS

€000

Gross amount	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2023	951,883	35,608	186,254	23,469	35,078	1,232,292
Acquisition of a subsidiaries	12,028	–	79	–	–	12,107
Disposal of a subsidiaries	(211,386)	–	(15,365)	–	(78)	(226,829)
Foreign currency translation	2,555	39	394	376	359	3,723
Additions	353	–	6,028	4,445	24,182	35,008
Disposals	(2,531)	–	(6,267)	(159)	(9)	(8,966)
Reclassification	–	–	19,863	20,063	(39,926)	–
As at 31 December 2023	752,902	35,647	190,986	48,194	19,606	1,047,335

Trademarks include the proprietary SYNLAB brand identified as an indefinite-lived intangible asset. The carrying amount of this indefinite-lived asset is 35.6M€. The value of the proprietary

SYNLAB brand is reassessed and confirmed annually through an impairment test.

€000

Accumulated amortisation and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2023	(374,905)	39	(111,665)	(12,523)	–	(499,054)
Amortisation of the period	(50,432)	–	(23,696)	(3,790)	–	(77,918)
Disposal of a subsidiaries	107,397	–	13,785	–	–	121,182
Foreign currency translation	(971)	(39)	(262)	(176)	–	(1,448)
Disposals	2,531	–	6,255	94	–	8,880
As at 31 December 2023 Amortisation	(301,580)	–	(115,583)	(16,395)	–	(433,558)
As at 31 December 2023 Impairment	(14,800)	–	–	–	–	(14,800)
Carrying amount as at 1 January 2023	576,978	35,647	74,589	10,946	35,078	733,238
Carrying amount as at 31 December 2023	436,522	35,647	75,403	31,799	19,606	598,977

€000						
Gross amount	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2022	915,732	36,327	156,772	15,966	19,617	1,144,414
Acquisition of subsidiaries	27,539	–	1,062	5,118	–	33,719
Foreign currency translation	8,612	(85)	304	(395)	75	8,511
Additions	–	–	20,318	1,189	29,053	50,560
Disposals	–	(634)	(4,069)	(203)	(6)	(4,912)
Reclassification	–	–	11,867	1,794	(13,661)	–
As at 31 December 2022	951,883	35,608	186,254	23,469	35,078	1,232,292

€000						
Accumulated amortisation and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2022 Amortisation	(297,590)	(407)	(91,869)	(7,224)	–	(397,090)
As at 1 January 2022 Impairment	(21,398)	–	–	–	–	(21,398)
Amortisation and Impairment of the year	(55,449)	(278)	(23,783)	(5,763)	–	(85,273)
Acquisition of subsidiaries	2,819	–	102	–	–	2,921
Foreign currency translation	(3,287)	90	(367)	261	–	(3,303)
Disposals	–	634	4,252	203	–	5,089
As at 31 December 2022 Amortisation	(353,507)	39	(111,665)	(12,523)	–	(477,656)
As at 31 December 2022 Impairment	(21,398)	–	–	–	–	(21,398)
Carrying amount as at 1 January 2022	596,744	35,920	64,903	8,742	19,617	725,926
Carrying amount as at 31 December 2022	576,978	35,647	74,589	10,946	35,078	733,238

The customer relationships primarily represent customer relationships with doctors and hospitals. These customer relationships consist of customer relationships acquired, identified and evaluated in connection with the acquisitions performed since the formation of the Group in 2015.

Customer relationships break down into the following group of CGUs:

€000				€000			
As at 31 December 2023				As at 31 December 2022			
	Gross	Amortisation & Impairment	Net		Gross	Amortisation & Impairment	Net
Germany	376,255	(152,415)	223,840	Germany	383,791	(135,794)	247,997
France	8,760	(3,046)	5,714	France	8,760	(2,542)	6,218
South	122,377	(41,618)	80,759	South	311,796	(129,783)	182,013
North & East	245,510	(119,301)	126,209	North & East	247,536	(106,786)	140,750
Total	752,902	(316,380)	436,522	Total	951,883	(374,905)	576,978

19. PROPERTY, PLANT AND EQUIPMENT

€000						
Gross amount	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2023	130,526	234,437	3,150	29,939	180,652	578,704
Acquisition of a subsidiaries	27,740	2,152	2	1,115	1,232	32,241
Disposal of a subsidiaries	(2,164)	(17,490)	(43)	(19)	(19,810)	(39,526)
Foreign currency translation	1,467	1,233	(153)	269	(880)	1,936
Additions	6,435	17,762	783	49,782	17,085	91,847
Disposals	(3,533)	(6,424)	(528)	374	(6,733)	(16,844)
Reclassification	10,741	2,178	62	(22,535)	9,554	–
As at 31 December 2023	171,212	233,848	3,273	58,925	181,100	648,358

€000						
Accumulated depreciation and carrying amount of tangible assets	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2023	(45,364)	(132,401)	(690)	–	(88,743)	(267,198)
Depreciation during the year	(12,935)	(28,016)	(986)	–	(25,941)	(67,878)
Disposal of a subsidiaries	277	12,841	(25)	–	17,442	30,535
Foreign currency translation	(227)	(432)	129	–	426	(104)
Disposals	2,649	6,455	454	–	5,242	14,800
as at 31 December 2023	(55,600)	(141,553)	(1,118)	–	(91,574)	(289,845)
Carrying amount as at 1 January 2023	85,162	102,036	2,460	29,939	91,909	311,506
Carrying amount at 31 December 2023	115,612	92,295	2,155	58,925	89,526	358,513

€000						
Gross amount	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2022	113,245	204,602	2,537	15,183	146,387	481,954
Acquisition of subsidiaries	2,100	3,931	(13)	(12)	1,161	7,167
Foreign currency translation	(476)	(1,276)	39	(73)	914	(872)
Additions	13,168	31,521	1,352	31,480	30,189	107,710
Disposals	(2,791)	(7,450)	(757)	(143)	(6,114)	(17,255)
Reclassification	5,280	3,109	(8)	(16,496)	8,115	–
as at 31 December 2022	130,526	234,437	3,150	29,939	180,652	578,704

€000						
Accumulated depreciation and carrying amount of tangible assets	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2022	(33,436)	(104,836)	(357)	–	(70,303)	(208,932)
Depreciation during the year	(13,170)	(36,248)	(1,003)	–	(23,460)	(73,881)
Acquisition of subsidiaries	35	1,177	34	–	39	1,285
Foreign currency translation	400	992	(48)	–	(251)	1,093
Disposals	807	6,514	684	–	5,232	13,237
as at 31 December 2022	(45,364)	(132,401)	(690)	–	(88,743)	(267,198)
Carrying amount as at 1 January 2022	79,809	99,766	2,180	15,183	76,084	273,022
Carrying amount as at 31 December 2022	85,162	102,036	2,460	29,939	91,909	311,506

RIGHT OF USE ASSETS

€000					
	Land and building	Technical machines and equipment	Vehicle fleet	Office, IT and other equipment	Total
Net carrying amount					
as at 31 December 2022	477,379	154,503	14,321	9,765	655,968
as at 31 December 2023	450,146	122,862	14,343	7,232	594,583
Depreciation expense for the period ended					
31 December 2022	(83,058)	(45,270)	(9,113)	(4,710)	(142,151)
31 December 2023	(88,352)	(47,184)	(9,631)	(4,648)	(149,815)

20. INVESTMENTS IN ASSOCIATES

The carrying amount of the Group's associates (equity accounted investees) as at 31 December 2023 was 0.6 M€ (2022: 1.3 M€).

In addition, the Group own interests of 33% in a local Economic Interest Group (called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2023 and 2022 the Group did not receive any material dividends from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

Companies	As at 31 December 2023		
	Equity	Interest/ordinary shares	Gross value
	€000	in %	€000
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	118	33	29
Gestora Peruana de Hospitales S.A.	1,341	32	448
CLINICA SAMPEDRO LDA.	35	30	98
Southwest Pathology Services LLP	309	33	0
SPS Facilities LLP	70	33	0
Total	1,872		575

Companies	As at 31 December 2022		
	Equity	Interest/ordinary shares	Gross value
	€000	in %	€000
Bakteriologisches Institut Olten BIO AG	387	30	27
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	112	33	26
Gestora Peruana de Hospitales S.A.	1,166	32	391
CLINICA SAMPEDRO LDA.	35	30	99
Southwest Pathology Services LLP	822	33	380
SPS Facilities LLP	670	33	358
Total	3,192		1,281

Summarised financial information for the investments in associates is as follows (100% of control):

€000	As at 31 December	
	2023	2022
Non-current assets	223	478
Current assets	5,519	6,075
Cash	1,854	2,142
Total assets	7,596	8,695
Shareholders' equity	1,837	3,133
Other liabilities and provisions	5,759	5,562
Total liabilities and equity	7,596	8,695
Income Statement		
Revenue	69,574	89,514
Results from operating activities	214	2,053
Net profit for the period	596	1,916

21. OTHER NON-CURRENT ASSETS

Other non-current assets include the following:

€000	As at 31 December	
	2023	2022
Pension surplus asset (IAS 19)	1,464	1,399
Contract costs (IFRS 15)	3,143	3,301
Total other non-current assets	4,607	4,700

22. OTHER CURRENT ASSETS

Other current assets mainly consist of the following:

€000	As at 31 December	
	2023	2022
VAT and other tax receivables	37,997	78,374
Prepayments	22,924	28,024
Total other current assets	60,921	106,398

VAT and other tax receivables consisted of short-term VAT receivables, local tax receivables and corporate income tax receivables 37.9 M€ (2022: 78.3 M€).

Prepayments comprised of deferred social security, deferred rent and lease expenses, deferred consulting and other deferred expenses totaling 22.9 M€ (2022: 28.0 M€).

23. FINANCIAL ASSETS

Financial assets include the following:

€000	As at 31 December			
	current		non-current	
	2023	2022	2023	2022
Equity instruments designated as at FVTOCI	–	–	15,313	1,639
Financial assets measured at FVPL	–	–	25,295	33,483
Financial instruments measured at amortised costs	44,651	47,299	30,398	45,396
Thereof escrow:	589	5,890	15,826	15,563
Thereof rental deposits:	–	–	12,789	24,901
Thereof other:	44,062	41,409	1,783	4,932
Total financial assets	44,651	47,299	71,006	80,518

Financial assets and loans include escrow accounts related to M&A transactions of 16.4 M€ (2022: 21.5 M€), other loans receivable of 1.7 M€ (2022: 4.9 M€), as well as security deposits of 12.8 M€ (2022: 24.9 M€), supplier bonus receivables of 16.5 M€ (2022: 14.3 M€) and an investment in minority shares 15.3 M€ (2022: 1.6 M€). The value of the interest cap that was acquired during 2022 and is measured at FVPL was 25.3M€ (2022: 33.5 €) as at December 31, 2023.

Entities in which the Group has an ownership below 20% or no significant influence ("minority interests") are not consolidated and are not accounted for using the at-equity method. The investments in those entities have been classified as equity instruments designated as at FVTOCI and, as such, are recognised at fair value. Unrealised gains and losses are taken directly to other comprehensive income.

24. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the current period:

	Deferred tax assets		Deferred tax liabilities		Total
	Tax losses and other deductible temporary differences	Deferred tax on intangible assets	Other deferred tax liabilities	Total deferred tax liabilities	
As at 1 January 2023	47,916	(150,250)	(39,125)	(189,375)	(141,459)
Acquisition of subsidiaries	–	(3,553)	–	(3,553)	(3,553)
Disposal of subsidiaries	–	14,457	(971)	13,486	13,486
(Charge)/credit to income	(1,869)	12,285	6,245	18,530	16,661
(Charge)/credit to other comprehensive income	285	–	(661)	(661)	(376)
Exchange differences	582	(505)	326	(179)	403
As at 31 December 2023	46,914	(127,566)	(34,186)	(161,752)	(114,838)

The only temporary difference which results in a material deferred tax balance relates to intangible assets. Other types of temporary differences have been grouped into single categories of other deferred tax assets and liabilities.

At the end of the financial year, there were loss and interest carryforwards totaling 389.9 M€, of which interest carryforwards amounted to 146.7 M€ (2022: 295.7 M€, of which interest carryforwards amounted to 119.4 M€). The recognition of these assets, and the non-recognition of assets in respect of tax losses and interest carryforwards, is based on the estimate of the Management Board of SYNLAB on the probability of being able to use these items (prior to their expiration), including consideration

of current levels of utilisation, forecast operating results and the level of deferred tax liabilities recognized in the particular territory / tax grouping.

Deferred Tax Assets totalling 9.1 M€ (2022: 13.1 M€) have been recognized on losses. Deferred tax assets have not been recognized in respect of losses of 212.7 M€ (2022: 132.6 M€), which are available for indefinite carry forward. These losses have arisen mainly in the UK, Spain, Germany and France. Whilst there is potential for the losses to be utilised against future taxable profits, no deferred tax asset is recognised on the basis that it is not probable that the entities will generate taxable profits.

The Group has also previously incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of 146.7 M€ (2022: 119.4 M€) is available for indefinite carry forward depending on local regulations, primarily in Spain and Germany. Deferred tax assets have not been recognized in respect of excess interest amounts of 146.7 M€ (2022: 113.1 M€) because excess interest capacity is not currently forecasted for future periods. (2022: Deferred tax assets totalling 1.6 M€ were recognized on excess interest amounts in companies in France which were forecasting excess interest capacity).

At 31 December 2023, the retained earnings of subsidiaries consolidated by the group include undistributed earnings that will be subject to tax if remitted to the shareholder company. Deferred tax liabilities of 2.6 M€ (2022: 0.9 M€) were recognized in 2023 for planned dividend payments by subsidiaries within the foreseeable future. No deferred tax liability has been recognised on undistributed earnings of 46.4 M€ (2022: 10.7 M€).

The following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the prior year periods:

	Deferred tax assets		Deferred tax liabilities		Total
	Tax losses and other deductible temporary differences	Deferred tax on intangible assets	Other deferred tax liabilities	Total deferred tax liabilities	
As at 1 January 2022	41,747	(157,562)	(27,862)	(185,424)	(143,677)
Acquisition of businesses	1,455	(6,136)	(590)	(6,726)	(5,271)
(Charge)/credit to income	7,543	14,309	(10,834)	3,475	11,018
(Charge)/credit to other comprehensive income	(2,907)	–	107	107	(2,800)
Exchange differences	78	(861)	54	(807)	(729)
As at 31 December 2022	47,916	(150,250)	(39,125)	(189,375)	(141,459)

25. TRADE ACCOUNTS RECEIVABLE

Net trade accounts receivable break down into the following Segments:

€000			
As at 31 December 2023			
	Gross	Loss allowance	Net
Germany	95,989	(3,412)	92,577
France	54,114	(7,849)	46,265
North & East	124,533	(6,356)	118,177
South	166,257	(25,675)	140,582
Total	440,893	(43,292)	397,601

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

As a result of the billing processes and billing cycles in the various countries and businesses, there are 108.8 M€ of accrued income not yet billed to customers included in trade accounts receivables. No provision was built based on the ageing of those items (2022: 99.4 M€).

The ageing of trade accounts receivable at the reporting date was as follows:

€000									
As at 31 December									
	Carrying amount	Gross receivable	Not due	Overdue					FX impact
				< 3 months	3 < 6 months	6 < 12 months	12 < 24 months	> 24 months	
2023	397,601	440,892	294,594	66,240	17,759	17,986	19,052	24,244	1,017
2022	443,089	501,470	290,905	80,591	33,478	40,201	31,065	25,230	

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

€000		
	2023	2022
As at 1 January	(58,381)	(44,304)
Acquisition of a subsidiary	(136)	(307)
Disposal of a subsidiary	2,291	–
Additions recognised in profit or loss	(25,749)	(40,477)
Foreign currency translation	(1,738)	103
Utilisation and reversal	40,421	26,604
As at 31 December	(43,292)	(58,381)

The actual write-off relating to trade receivables as at 31 December 2023 amounts to 5.6 M€ (2022: 3.8 M€). There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs continuous credit evaluations of its receivables.

Trade receivables are exposed to a lower default risk, when they are less than 12 months past due. The provision rates vary in this ageing group from 0.1% to 20% in exceptional cases. Trade receivables are considered to be exposed to a higher default risk, when they are more than 12 months past due. The provision rates vary in this ageing group from 60% to 90%.

Allowances for credit losses for trade accounts receivable are disclosed in the other operating expenses. Subsequently incurred credit losses and written-off amounts are recorded in the same income statement line.

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

€000	As at 31 December	
	2023	2022
Euro (EUR)	171,911	448,548
Pound sterling (GBP)	12,540	21,389
Swiss franc (CHF)	–	11,054
Czech crown (CZK)	4,564	4,202
Hungarian forint (HUF)	940	3,751
Swedish krona (SEK)	1,352	1,349
Brazilian real (BRL)	6,178	22,483
Columbian pesos (COP)	716	3,148
Chilean pesos (CLP)	7,513	583
USD dollar (USD, Ecuador)	5,395	4,488
Mexican pesos (MXN)	2,631	2,977
Peruvian sol (PEN)	561	3,194
Other currencies	2,413	8,912
Cash at bank and deposit	216,714	536,078
Other cash equivalents	2,089	3,041
Cash on hand	2,135	2,565
Cash and cash equivalents	220,938	541,684
Bank overdrafts	(570)	(94)
Cash and cash equivalents in the statement of cash flows	220,368	541,590

27. BORROWINGS AND OTHER FINANCIAL LIABILITIES

€000	As at 31 December	
	2023	2022
Non-current liabilities		
Bank loans	564	1,125
Term loan	902,201	1,406,534
Lease liabilities	499,878	557,773
Derivative financial instruments	1,322	3,198.00
Other financial loans	125	143.00
Current liabilities		
Accrued interest on term loan	17,287	14,093
Lease liabilities	138,152	132,187
RCF syndicated secured loan	462	317
Other financial loans	541	897
Bank loans	257	471
Bank overdraft	570	95
Total non-current	1,404,090	1,968,773
Total current	157,269	148,060
Total	1,561,359	2,116,833

The Group had following financial instruments on its books at year-end:

535 M€ Term Loan A

Term Loan A, held by SYNLAB AG, is designated at amortised cost. The interest is paid semi-annually.

500 M€ Revolving credit facility

As at 31 December 2023, except from the 15 M€ ancillary facility line that is reserved for the granting of any guarantees for Group companies, the facility was undrawn.

385 M€ Term Loan B4

Term Loan B4, held by SYNLAB Bondco Plc with a nominal amount of 385 M€ is designated at amortised cost. The interest is paid semi-annually.

DERIVATIVE FINANCIAL INSTRUMENTS

All Term Loans exhibit embedded derivatives due to the variable interest part being floored at zero (6-month-EURIBOR floored at zero). These embedded derivatives are separated from the host contract and measured at fair value through profit and loss. All fair value changes of the embedded derivatives are recognised either in the interest income or interest expense line item. The fair value of the financial liability resulting out of it as at 31 December 2023 was in total 1.3 M€ (2022: 3.2 M€).

The financial liabilities movement schedule is shown in the following table:

€000								
	Term loan	Accrued interest on term loan	RCF syndicated secured loan	Other financial loans	Derivative financial instruments	Subtotal	Lease liabilities	Total
1. January 2023	1,406,534	14,093	318	2,730	3,198	1,426,873	689,960	2,116,833
Acquisition of a subsidiary	-	-	-	25	-	25	5,398	5,423
Disposal of a subsidiary	-	-	-	(409)	-	(409)	(19,099)	(19,508)
Non-cash movements	15,667	3,193	145	449	(1,876)	17,578	21,890	39,468
Proceeds from loans and borrowings	-	-	40,000	854	-	40,854	-	40,854
Lease additions	-	-	-	-	-	-	79,387	79,387
Repayments of loans and borrowings	(520,000)	-	(40,000)	(1,592)	-	(561,592)	(139,506)	(701,098)
As at 31 December 2023	902,201	17,286	463	2,057	1,322	923,329	638,030	1,561,359

Non-cash movements include the amortisation of transaction costs, accrued interest, lease modifications, foreign exchange movement and other non-cash transactions.

The proceeds from lease liabilities have in principle no cash flow impact, as they are netted with the right of use assets due to the accounting treatment.

€000								
	Term loan	Accrued interest on term loan	RCF syndicated secured loan	Other financial loans	Derivative financial instruments	Subtotal	Lease liabilities	Total
1 January 2022	1,398,276	10,846	416	1,605	19,065	1,430,208	615,676	2,045,884
Business acquired	-	-	-	3,348	-	3,348	31,189	34,537
Non-cash movements	8,258	3,247	(98)	(532)	(15,867)	(4,992)	(4,730)	(9,722)
Transfer	-	-	-	-	-	-	-	-
Proceeds from loans and borrowings	-	-	-	946	-	946	-	946
Lease additions	-	-	-	-	-	-	187,665	187,665
Repayments of loans and borrowings	-	-	-	(2,637)	-	(2,637)	(139,840)	(142,477)
As at 31 December 2022	1,406,534	14,093	318	2,730	3,198	1,426,873	689,960	2,116,833

REVOLVING CREDIT FACILITY (RCF) AND TERM LOAN A COVENANTS

The RCF and Term Loan A both include certain covenants related to reporting and information requirements as well as certain financial covenants as defined in the agreements. As part of this, SYNLAB needs to ensure that on each testing date the consolidated leverage ratio is lower or equal to 4.00:1.

TERM LOAN B COVENANTS

Term Loan B 4 includes certain maintenance covenants as well as some incurrence covenants as defined in the agreements.

LEASE LIABILITIES

The Group has leases mainly for land and building and technical equipment (refer to Note 19 Right of Use Assets).

28. EMPLOYEE BENEFITS LIABILITIES

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these statutory pension plans, a provision for pensions and other post-employment benefits is recognised in the IFRS consolidated balance sheet as at 31 December 2023 and 31 December 2022 on the basis of an actuarial report as at the reporting dates for the following obligations:

Obligations in Switzerland

In general, employers in Switzerland must offer a pension plan to their employees in accordance with the Federal Law on Occupational Retirement, Survivors', and Disability Pension Plans (BVG). Employees whose salary exceeds a particular threshold – which is redefined periodically – participate in the pension plan. The BVG requires a minimum plan, the “BVG minimum”, which must be covered in any case.

The Group's pension plans in Switzerland are contribution-based plans with a guarantee of a minimum interest credit and fixed conversion rates at retirement. The pension plans also provide benefits in case of disability and death. The Group as a sponsoring employer is affiliated with various collective foundations and fulfils its legal obligation by means of a defined benefit plan. Each collective foundation is responsible for the governance of the plan and the board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies.

Under the BVG, the pension plan must always be fully funded. The Group is exposed to the risk that in the case of a funding deficit, recovery measures must be taken which encompass additional financing through employer or reduction of benefits (or both). Such a risk may occur in cases where the life expectancy of plan participants is higher than expected. Furthermore, the underlying plan assets may develop differently than expected.

The Group pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 1.8% (2022: 2.3%) and a salary increase rate of 1.9% (2022: 1.9%) p.a. Staff turnover assumptions are based on the demographic BVG 2020, (2022: BVG 2020). The individual values range from between 1.7% and 31.0%. Mortality, disability, and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2020, CMI 1.3% (2022: BVG 2020, CMI 1.3%).

Long-services award commitments (“jubilee awards”) in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 1.8% (2022: 2.3%), a salary increase rate of 1.9% (2022: 1.9%), and a staff turnover rate per BVG 2020 of between 1.7% and 31.0%. Please note that all Swiss entities were sold as of 3 July 2023.

Obligations in France

In France, the Group provides retirement benefits, that are based on various collective bargaining agreements. The corresponding plans are mostly fully unfunded. The Group is exposed to the risk that the salary increase could be higher than expected. In France, the life expectancy is less important in terms of risk exposure given that the benefit is paid as a lump sum.

Based on a collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on the following actuarial assumptions: voluntary departure, discount rate

amounting to 3.5% (2022: 4.0%), inflation rate of 2.1% (2022: 2.0%), salary increase 2.1% (2022: 3.0%, holding entities only 2%) p.a., age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 44.8% (2022: 47.5%) and low staff turnover rate.

Obligations in Italy

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one-time severance payment when they leave the Company. The amounts depend on the employee's term of service and salary level. Provisions were cal-

culated based on following actuarial assumptions: discount rate of 3.4% (2022 3.9%), inflation rate of 2.0% (2022: 2.0%) and a salary increase of 2.0% (2022: 1.5%) p.a.

Other obligations

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Ecuador) or when they leave the Company (United Arab Emirates, Mexico). The Group also assumed pension obligations from defined benefit plans for a few executive staff because of specific agreements in Ecuador, Germany and the UK.

€000

For the year ended 31 December 2023

	Switzerland	France	Italy	Other	Total
Net present value of defined benefit obligations (DBO) at beginning of period	79,977	11,891	11,105	7,863	110,836
Acquisition of subsidiaries	–	–	1,036	–	1,036
Disposal of subsidiaries see Note 15	(87,464)	–	–	–	(87,464)
Service cost	1,426	817	743	482	3,468
Interest cost	890	458	409	367	2,124
Employee contributions	1,278	–	–	–	1,278
Benefits paid	(1,266)	(1,017)	(1,232)	(798)	(4,313)
Settlement payments from plan assets	–	–	–	–	–
Insurance premiums	(320)	–	–	–	(320)
Remeasurements	4,950	(1,056)	662	(510)	4,046
Exchange rate differences	529	–	–	96	625
Net present value of defined benefit obligations at end of period	–	11,093	12,723	7,500	31,316

€000

For the year ended 31 December 2023

	Switzerland	France	Italy	Other	Total
Plan assets available measured at market values					
Plan assets at beginning of period	76,269	795	–	4,129	81,193
Disposal of subsidiaries note 15	(82,664)	–	–	–	(82,664)
Interest income	875	32	–	197	1,104
Employer contributions	1,422	–	–	32	1,454
Employee contributions	1,278	–	–	–	1,278
Benefits paid	(1,210)	–	–	(54)	(1,264)
Insurance premiums	(320)	–	–	–	(320)
Administrative expenses paid from plan assets	–	–	–	(32)	(32)
Revaluations (income from plan assets, excluding amounts included in interest cost)	3,850	2	–	(87)	3,765
Exchange rate differences	500	–	–	86	586
Plan assets at end of period	–	829	–	4,271	5,100
Net present value of defined benefit obligations (DBO) at end of period	–	11,093	12,723	7,500	31,316
Net present value of plan assets at end of period	–	829	–	4,271	5,100
Balance sheet provisions at year-end	–	10,264	12,723	3,229	26,216*
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the statement of income for the period					
Service cost	1,426	817	743	482	3,468
Interest expense	14	426	409	170	1,019
Administrative expenses paid from plan assets	–	–	–	32	32
Revaluation of other long-term obligations	(11)	–	–	(85)	(96)
Total annual net expense	1,429	1,243	1,152	599	4,423

* The deviation from the consolidated statement of financial position results from the surplus of plan assets in the United Kingdom in the amount of 1,464 k€.

€000	For the year ended 31 December 2023				
	Switzerland	France	Italy	Other	Total
Amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	(605)	(158)	235	(24)	(552)
Actuarial gains/losses from changes of financial assumptions	3,830	(562)	420	(349)	3,339
Adjustments based on past experience	1,736	(336)	7	(52)	1,355
Income/expenses from plan assets (excluding amounts included in interest cost)	(3,850)	(2)	–	87	(3,765)
Total annual amount recorded in other comprehensive income	1,111	(1,058)	662	(338)	377

In addition to the items shown above, provisions for other liabilities to employees of 1.2 M€ (2022: 2.6 M€) were included in the total balance of employee benefits liabilities of 26.2 M€ (2022: 31.0 M€).

The fair value of plan assets in France is based on the value of the insurance policies held. The fair value of the plan assets with a quoted market price in the United Kingdom is based on index-based debt securities and corporate bonds amounting to 4.3 M€ (2022: 4.1 M€).

€000	As at 31 December	
	2023	2022
Fair value of plan assets in Switzerland (quoted)		
a. Cash and cash equivalents	–	867
b. Equity instruments	–	18,590
c. Debt instruments	–	29,583
d. Real estate	–	21,156
e. Assets held by insurance company	–	3,122
f. Other	–	2,951
Total	–	76,269

€000

	For the year ended 31 December 2022				
	Switzerland	France	Italy	Other	Total
Net present value of defined benefit obligations (DBO) at beginning of period	91,966	15,333	13,361	10,598	131,258
Acquired through business combination	5,473	131	529	544	6,677
Service cost	2,619	1,238	879	490	5,226
Interest cost	312	165	129	231	837
Employee contributions	2,534	-	-	-	2,534
Benefits paid	(5,163)	(798)	(1,179)	(404)	(7,544)
Settlement payments from plan assets	(4,565)	-	-	-	(4,565)
Insurance premiums	(699)	-	-	-	(699)
Remeasurements	(16,653)	(4,178)	(2,614)	(3,541)	(26,986)
Exchange rate differences	4,153	-	-	(55)	4,098
Net present value of defined benefit obligations at end of period	79,977	11,891	11,105	7,863	110,836

€000

	For the year ended 31 December 2022				
	Switzerland	France	Italy	Other	Total
Plan assets available measured at market values					
Plan assets at beginning of period	79,654	859	-	6,822	87,335
Acquired through business combination	5,118	91	-	-	5,209
Interest income	287	9	-	119	415
Employer contributions	2,733	-	-	30	2,763
Employee contributions	2,534	-	-	-	2,534
Benefits paid	(5,033)	-	-	(53)	(5,086)
Insurance premiums	(4,565)	-	-	-	(4,565)
Insurance premiums	(699)	-	-	-	(699)
Administrative expenses paid from plan assets	-	-	-	(30)	(30)

Fortsetzung der Tabelle

€000	For the year ended 31 December 2022				
	Switzerland	France	Italy	Other	Total
Revaluations (income from plan assets, excluding amounts included in interest cost)	(7,468)	(164)	–	(2,488)	(10,120)
Exchange rate differences	3,708	–	–	(271)	3,437
Plan assets at end of period	76,269	795	–	4,129	81,193
Net present value of defined benefit obligations (DBO) at end of period	79,977	11,891	11,105	7,863	110,836
Net present value of plan assets at end of period	76,269	795	–	4,129	81,193
Balance sheet provisions at year-end	3,708	11,096	11,105	3,734	29,643^{*1}
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	2,619	1,238	879	490	5,226
Interest expense	25	156	129	111	421
Administrative expenses paid from plan assets	–	–	–	30	30
Revaluation of other long-term obligations	240	–	–	(347)	(107)
Total annual net expense	2,884	1,394	1,008	284	5,570
Amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes in demographic assumptions	–	(1,128)	(133)	(81)	(1,342)
Actuarial gains/losses from changes in financial assumptions	(17,889)	(2,308)	(2,902)	(3,482)	(26,581)
Adjustments based on past experience	996	(743)	421	369	1,043
Income/expenses from plan assets (excluding amounts included in interest cost)	7,468	164	–	2,488	10,120
Total annual amount recorded in other comprehensive income	(9,425)	(4,015)	(2,614)	(706)	(16,760)^{*2}

*1 The deviation from the consolidated statement of financial positions results from the surplus of plan assets in the United Kingdom in the amount of 1,399 k€.

*2 The difference of (199) k between the total € 16,760 k presented here and the € 16,561 k in the consolidated statement of comprehensive income, relates to results from non-controlling interests.

€000			
	Changed by	Impact 2023 on DBO amount	Impact 2022 on DBO amount
Salary reductions	(0.50%)	28,999	109,038
Salary increase	0.50%	30,374	111,378
Discount rate	(0.50%)	31,009	116,011
Discount rate	0.50%	28,424	104,790

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

€000		
	As at 31 December	
	2023	2022
Within the next 12 months	2,779	7,846
In 2 years	1,979	6,026
In 3 years	2,642	6,676
In 4 years	2,718	6,806
In 5 years	2,775	6,107
In the following 5 years	11,982	33,118

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As at 31 December 2023	n/a	9	7	12
As at 31 December 2022	11	9	8	13

29. SHARE-BASED PAYMENT SCHEMES

SYNLAB AG has set up various long-term, share-based payment schemes for the SYNLAB Group in the financial years 2021 and 2022. During the year 2023, the following new tranches under existing programs were granted:

- Tranche 3 LTIP (long-term incentive plan) for the Management Board / grant date: 1 May 2023
- Tranche 3 LTIP for senior executives / grant date: 1 May 2023
- Tranche 3 Virtual LTIP for employees / grant date: 1 May 2023
- Tranche 3 and 4 for EPP (employee participation program) for all employees / grant dates: 7 January and 7 July 2023

According to the terms and conditions of the first three programmes, share-based commitments may in general be settled in cash or in shares of SYNLAB AG (settlement option). However, the Supervisory Board and the Management Board have determined in their respective resolutions that the settlement will be made through shares in SYNLAB AG. Consequently, all three programmes are treated as equity-settled. The EPP program was defined as equity-settled in its plan documentation.

Share-based commitments may be forfeited if the beneficiary's employment ends before the end of the vesting period.

The share-based commitments are subject to a vesting period of one to four years and grant an entitlement to compensation which the beneficiaries will receive after the vesting period without making a payment.

LTIP for the Management Board

The awards are granted in the form of PSUs and are linked to performance criteria. For the share awards granted in the past financial year, 40% of the target amount was linked to the development of SYNLAB's share price (total shareholder return, TSR), and 60% of the target amount is linked to SYNLAB's relative share price development compared to the development of the MSCI Europe Health Care Equipment & Services sector index (TSR target). The range of target achievement of the individual performance criteria is from 0% to 300%. The vesting period is one year (2022: two years). The fair value of these entitlements was 2.05 M€ (2022: 2.05 M€) and was determined based on a Monte Carlo valuation model. The weighted average fair value of a PSU was 8.06 € (2022: 4.52 €). An expected volatility of 25.0% (2022: 30.0%) and a price of 9.58 € per SYNLAB share (2022: 14.19 €) were used in this model. The expected volatility was derived from historical volatilities. A risk-free interest rate of 0.2% to 3.7% (2022: 0% to 2.9%) and an expected dividend yield of 2.2% (2022: 2.4%) were applied. Assumptions on correlations between the SYNLAB share price and the development of the MSCI Index were determined based on historical price developments.

LTIP for senior executives

The awards for senior executives are also linked to performance criteria. Both the determination or allocation of the target amount and the determination of the fair value are identical to the LTIP for the Management Board. However, the vesting period for this plan extends over four years (2022: four years). The fair value of these entitlements was 1.4 M€ (2022: 1.4 M€). The weighted average fair value of a PSU was also 8.06 € (2022: 4.52 €).

Virtual LTIP for employees

In the past financial year, 582,671 virtual share awards (2022: 313,059) were granted to various employees of the SYNLAB Group. These are not linked to performance criteria but include a service criterion. The vesting period is four years (2022: four years). The fair value of these entitlements amounted to 4.9 M€ (2022: 4.1 M€) and was determined based on a valuation model. The weighted average fair value of a virtual share award was 8.77 € (2022: 12.94 €). A price of 9.58 € per SYNLAB share on the grant date (2022: 14.19 €), a risk-free interest rate of 2.3% (2022: 0.6%) and an expected dividend yield of 2.2% (2022: 2.4%) were used in this model.

EPP for employees

In the past financial year, 25,427 free shares were granted in connection with the first tranche (T1 2022: 10,719) and 5,428 free shares were granted under the second tranche (T2 2022: 11,729) of the EPP program to employees of the SYNLAB Group. These are not linked to performance criteria but include a service criterion. The vesting period is two years. The fair value of these entitlements amounted to 0.2 M€ (T1 2022: 0.2 M€) and 0.03 M€ (T2 2022: 0.2 M€) respectively and was determined on the basis of a valuation model. The weighted average fair value of a virtual share award was 10.10 € (T1 2022: 21 €) and 7.83 € (T2 2022: 16.12 €). A price of 10.91 € (T1 2022: 21.94 €) and 8.64 € (T2 2022: 16.93 €) per SYNLAB share on the grant date, a risk-free interest rate of 2.25% (T1 2022: -0.5%) and 2.25% (T2 2022: 0.9%) and an expected dividend yield of 2.2% (T1 2022: 4.2%) and 2.2% (T2 2022: 6.6%) were used in this model.

After the publication of the Cinven offer the EPP program was stopped, and employees were offered an accelerated vesting in case of them bringing their shares to the offer. Most of the employees accepted this offer, which resulted in the early vesting and exercise of the matching shares.

The share awards to the Management Board, senior executives and other eligible employees developed as follows:

LTIP Management Board

	2023	2022
Shares outstanding at beginning of period	601,584	147,899
Granted	254,441	453,685
Forfeited	–	–
Shares outstanding at end of period	856,025	601,584

LTIP senior executives

	2023	2022
Shares outstanding at beginning of period	396,677	86,575
Granted	172,647	313,375
Forfeited	35,010	4,273
Shares outstanding at end of period	533,314	395,677

Virtual LTIP		
	2023	2022
Shares outstanding at beginning of period	555,169	271,490
Granted	582,671	313,059
Exercised	24,382	1,904
Forfeited	82,498	27,476
Shares outstanding at end of period	1,030,960	555,169

EPP		
	2023	2022
Shares outstanding at beginning of period	22,003	–
Granted	30,855	22,448
Exercised	47,482	445
Forfeited	2,964	–
Shares outstanding at end of period	2,412	22,003

The total expense for 2023, which was recorded for those four plans amounted to 6.9 M€ (2022: 3.6 M€).

30. PROVISIONS

T€			
	Provisions for restructuring	Other provisions	Total
As at 1 January 2023	738	34,341	35,079
Business acquired	–	1,631	1,631
Change of scope disposal	–	(1,177)	(1,177)
Foreign currency translation	–	(11)	(11)
Provisions made during the period	7,497	3,621	11,118
Provisions utilised during the period	(734)	(8,684)	(9,418)
Provisions reversed during the period	(4,206)	(20,917)	(25,123)
As at 31 December 2023	3,295	8,804	12,099
Current at the end of the year	2,955	5,554	8,509
Non-current at the end of the year	340	3,250	3,590

€000			
	Provisions for restructuring	Other provisions	Total
As at 1 January 2022	644	12,966	13,610
Business acquired	–	28	28
Foreign currency translation	–	580	580
Provisions made during the period	1,138	28,545	29,683
Provisions utilised during the period	(400)	(3,539)	(3,939)
Provisions reversed during the period	(644)	(4,239)	(4,883)
As at 31 December 2022	738	34,341	35,079
Current at the end of the year	738	30,779	31,517
Non-current at the end of the year	–	3,562	3,562

Provisions for restructuring

The provisions for restructuring reflect both provisions existing in the SYNLAB Group's statement of financial position as at the acquisition date and measured at fair value, as well as new provisions recognised for the restructuring plans announced.

Other provisions

The other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters: anti-trust, personnel, damages, and other claims with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses. The antitrust proceedings in Portugal were concluded in the reporting year and a large part of the provision formed in the previous year for any legal and consulting costs was reversed.

31. LITIGATIONS AND CONTINGENT LIABILITIES

Group companies are involved in various legal proceedings arising in the ordinary course of business. To a large extent, these concern professional liability and HR related matters, as well as inquiries from public authorities and health insurance carriers regarding, among other things, billing modalities. Other than that, legal disputes of Group companies in particular involve tax, social security, customs, data protection, regulatory, anti-trust and merger control authorities and related topics. For the associated financial risks, provisions are made by the Group companies on a case-by-case basis, if necessary, which are taken into account in the consolidated financial statements.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls. There are no contingent liabilities recognised as at the year ended 31 December 2023.

32. TRADE PAYABLES AND OTHER LIABILITIES

€000	As at 31 December	
	2023	2022
Trade payables	200,459	217,122
Accruals and other payables	89,283	96,571
Trade payables	289,742	313,693

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade payables approximates to their fair value.

€000	As at 31 December	
	2023	2022
Long term contingent purchase price liabilities incl. put options over non-controlling interests	14,765	20,658
Long term deferred purchase price liabilities	18,173	37,694
Other	1,563	4,510
Other non-current liabilities	34,501	62,862
Liabilities from salaries and social security payments	129,672	160,209
Short term contingent purchase price liabilities incl. put options over non-controlling interests	5,105	4,768
Short term deferred purchase price liabilities	25,012	7,471
Liabilities from VAT and other taxes	21,094	27,653
Liabilities to related parties	–	78
Payables related to fixed assets suppliers	4,348	1,743
Priority dividends payables	462	433
Other	18,640	19,773
Other current liabilities	204,333	222,128
Total	238,834	284,990

In the context of the external growth strategy of the new combined SYNLAB Group, contingent consideration may arise in the scope of business combinations and is required to be recorded at fair value as at the date of acquisition. For contingent consideration, that is dependent on the fulfilment of performance targets, especially earn-out arrangements, the amount is recorded as purchase price contingent consideration whereas fixed amounts are recorded as payables related to acquisitions of subsidiaries.

Out of the total amount of 14.8. M€ (2022: 20.7. M€) for long-term contingent purchase price liabilities incl. put options for non-controlling interests, SYNLAB Labor München Zentrum GbR accounted for 5.6. M€ (2022: 7.9 M€). Out of the total amount of 5.1 M€ (2022: 4.8 M€) for short-term contingent purchase price liabilities incl. put options for non-controlling interests, SYNLAB Labor München Zentrum GbR and EMT Medizintechnik GmbH & Co.KG accounted for 2.6 M€ (2022: 2.8 M€).

33. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Overview of financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Management Board of SYNLAB AG has overall responsibility for the oversight of the Group's risk management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Supervisory Board, namely the Group Audit Committee of SYNLAB AG oversees how management monitors compliance with the Group's risk management policies and procedures and monitors the process.

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, leases, trade payables, purchase contracts and loans granted, as well as accounts receivable, cash and short-term deposits. The main purpose of these financial instruments is to raise funds to finance the Group's operations or they result from its operating activities.

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics,
- the carrying amounts of financial instruments and
- fair values of financial instruments.

€000		31 December 2023				
		Carrying amount	AC	FVOCI	FVPL	Fair value
Financial assets	Measurement categories according to IFRS 9					
Non-current assets						
Non-current financial assets	AC	30,398	30,398	–	–	30,398
Equity instruments	FVOCI	15,313	–	15,313	–	15,313
Derivative instruments	FVPL	25,295	–	–	25,295	25,295
		71,006	30,398	15,313	25,295	71,006
Current assets						
Trade accounts receivable	AC	397,601	397,601	–	–	397,601
Other current financial assets	AC	44,651	44,651	–	–	44,651
Cash and cash equivalents	AC	220,938	220,938	–	–	220,938
		663,190	663,190	–	–	663,190
Financial liabilities						
Non-current liabilities						
Interest-bearing loans and borrowings	AC	902,890	902,890	–	–	902,890
Lease liabilities	AC	499,878	499,878	–	–	499,878
Other liabilities	FVPL	16,018	–	–	16,018	16,018
Derivative financial instruments	FVPL	1,322	–	–	1,322	1,322
Other liabilities	AC	18,483	18,483	–	–	18,483
		1,438,591	1,421,251	–	17,340	1,438,591
Current liabilities						
Interest-bearing loans and borrowings	AC	19,117	19,117	–	–	19,117
Lease liabilities	AC	138,152	138,152	–	–	138,152
Other liabilities	FVPL	5,175	–	–	5,175	5,175
Other liabilities	AC	177,967	177,967	–	–	177,967
Trade accounts payable	AC	289,742	289,742	–	–	289,742
		630,153	624,978	–	5,175	630,153

Abbreviations: **AC** Measured at amortised cost / **FVOCI** Fair value through other comprehensive income / **FVPL** Fair value through profit or loss

€000		31 December 2022				
Financial assets	Measurement categories according to IFRS 9	Carrying amount	AC	FVOCI	FVPL	Fair value
Non-current assets						
Non-current financial assets	AC	45,396	45,396	–	–	45,396
Equity instruments	FVOCI	1,639	–	1,639	–	1,639
Derivative instruments	FVPL	33,483	–	–	33,483	33,483
		80,518	45,396	1,639	33,483	80,518
Current assets						
Trade accounts receivable	AC	443,089	443,089	–	–	443,089
Other current financial assets	AC	47,299	47,299	–	–	47,299
Cash and cash equivalents	AC	541,684	541,684	–	–	541,684
		1,032,072	1,032,072	–	–	1,032,072
Financial liabilities						
Non-current liabilities						
Interest-bearing loans and borrowings	AC	1,407,802	1,407,802	–	–	1,407,802
Lease liabilities	AC	557,773	557,773	–	–	557,773
Other liabilities	FVPL	20,658	–	–	20,658	20,658
Derivative financial instruments	FVPL	3,198	–	–	3,198	3,198
Other liabilities	AC	42,205	42,205	–	–	42,205
		2,031,636	2,007,780	–	23,856	2,031,636
Current liabilities						
Interest-bearing loans and borrowings	AC	15,873	15,873	–	–	15,873
Lease liabilities	AC	132,187	132,187	–	–	132,187
Other liabilities	FVPL	4,768	–	–	4,768	4,768
Other liabilities	AC	187,284	187,284	–	–	187,284
Trade accounts payable	AC	313,693	313,693	–	–	313,693
		653,805	649,037	–	4,768	653,805

Abbreviations: **AC** Measured at amortised cost / **FVOCI** Fair value through other comprehensive income / **FVPL** Fair value through profit or loss

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (revolving credit facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 27 Borrowings and other financial liabilities for details on the maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these covenants, the Group may be unable to draw on the undrawn facility if it does not respect contractual requirements.

The Group monitors its risk of a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets, as well as the projected cash flows from operations.

The prospective liquidity analysis for non-derivative financial liabilities is as follows:

€000					
Cash flow – remaining period					
31 December 2023	Carrying amount	< 1 year	1–5 years	> 5 years	Total
Interest-bearing loans	922,007	61,613	1,047,844	–	1,109,457
Lease liabilities	638,030	138,152	499,878	–	638,030
Trade payables	289,742	289,742	–	–	289,742
Other financial liabilities	217,740	183,238	34,502	–	217,740
Total	2,067,519	672,745	1,582,224	–	2,254,969

€000					
Cash flow – remaining period					
31 December 2022	Carrying amount	< 1 year	1–5 years	> 5 years	Total
Interest-bearing loans *	1,423,675	50,266	1,584,618	–	1,634,884
Lease liabilities	689,960	132,187	364,194	193,579	689,960
Trade payables	313,693	313,693	–	–	313,693
Other financial liabilities	257,336	194,474	62,862	–	257,336
Total	2,684,664	690,620	2,011,674	193,579	2,895,873

* The values for interest-bearing loans were adjusted to consider the non-usage of the RCF

Future cash flow contains commitment fees paid on the facility with a rate corresponding to 35% of the margin rate, which applies on the RCF. The revolving credit facility in the amount of

500 M€ was not utilised as at 31 December 2023 and 31 December 2022. Furthermore, there are currently no plans for permanent utilisation.

Market risk – interest rate risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Term Loan tranches and to the debt drawn on the Revolving Credit Facility (RCF).

As at the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	As at 31 December	
	2023	2022
€000		
Fixed-rate instruments		
Financial liabilities	639,392	692,453
Variable-rate instruments		
Financial assets	220,938	541,684
Financial liabilities	920,520	1,421,039

Under the Group's current financing strategy, the Term Loan held by SYNLAB Bondco Plc bears floating 6M EURIBOR + 2.50% for a tranche of 385 M€ (TLB4). The Term Loan held by SYNLAB AG (TLA) bears floating interest at 6M EURIBOR + 1.75% for a nominal amount of 535 M€ (nominal amounts and interest rates as of 31 December 2023). The Group does not enter into financial instruments for trading or speculative purposes.

Due to the Group's specific interest rate risk position based currently on a floating-rate funding structure, risk management policies require the monitoring of interest rate changes.

Cash flow sensitivity analysis for variable rate instruments

From a cash perspective, all interest paid by SYNLAB on its financing debt instruments in 2023 was contractually based on a EURIBOR reference rate. The 6M EURIBOR increase, which started in 2022, had significant impact on the interest paid in 2023 and will further impact the interest to be paid by SYNLAB in 2024.

On an annual basis, a 6M EURIBOR an increase by 1% would have led to an overall additional payment of 9.2 M€ on the Term Loans. If the RCF were to be drawn at its maximum amount of 485 M€, exposure to interest risk rate on financial liabilities would amount to an additional 4.85 M€ for a 1% increase of the variable interest rate. That exposure to interest rate risk on financial liabilities would be partly compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable-rate instruments. This analysis assumes that all other variables remain constant.

At the beginning of 2022, the Group entered into an interest rate hedging contract with the aim of containing the rise in the EURIBOR base reference rate. In the event of a further 1% increase of the 6M EURIBOR reference, the benefit of the hedging contract would be 5 M€, decreasing the calculated additional interest payment from 9.2 M€ to 4.2 M€.

Market risk – foreign currency risk

The Group has been exposed to limited foreign exchange risk, given that the SYNLAB Group is so far mostly present in European countries which are part of the Eurozone, except for the UK operations (which are exposed to foreign exchange risk in respect of the British pound), certain Northern or Eastern Europe countries, and the Rest of the World cash generating unit. Furthermore, the Group has subsidiaries in Latin America, especially in Brazil, Colombia, Chile and Mexico, and is therefore exposed to foreign exchange risk in respect of the Brazilian real, the Colombian peso, the Chilean peso and the Mexican peso. Non-euro denominated total revenue represented, in aggregate, approximately 30% of the Group's total revenue for the year ended 31 December 2023.

The sensitivity analysis includes only outstanding monetary assets and liabilities denominated in foreign currency by the year-end and adjusts their translation for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and 5% gain in the currency unit against the relevant currency. The following table demonstrates the sensitivity to a change in CLP, BRL and GBP exchange rates with all other variables held constant. The Group's exposure to movements in all other currencies is not material.

As at 31 December 2023

	Exchange rate movement %	Effect on EBT* €000
Change in CLP rate	5	(1,376)
Change in CLP rate	(5)	1,376
Change in GBP rate	5	(3,270)
Change in GBP rate	(5)	3,571
Change in BRL rate	5	(1,119)
Change in BRL rate	(5)	1,236

As at 31 December 2022

	Exchange rate movement %	Effect on EBT* €000
Change in CLP rate	5	(1,528)
Change in CLP rate	(5)	1,545
Change in GBP rate	5	(941)
Change in GBP rate	(5)	1,041
Change in BRL rate	5	(877)
Change in BRL rate	(5)	971

* Earnings before tax

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk is provided in Note 25 Trade accounts receivable.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Due to the large numbers of customers and individual immateriality of amounts due, the Group has no significant concentrations of credit risks. The Group has adopted the simplified expected credit loss model for its trade receivables. The Group always measures the loss allowance for trade receivable at an amount equal to lifetime ECL. To measure the expected credit losses, trade accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The computation of expected credit losses is performed by means of a default risk matrix, which is based on the historical default rates grouped by trade receivable class and maturity buckets. Moreover, reasonable and supportable information (if available without undue cost or effort) as at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Investments and cash and cash equivalents

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

€000

	As at 31 December	
	2023	2022
Trade accounts receivable	397,601	443,089
Other current assets	44,651	47,299
Cash and cash equivalents	220,938	541,684
Other non-current assets	71,006	80,519
Total	734,196	1,112,591

Fair values

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of shares and other securities <20%, call options on non-controlling interests with an agreed price determination formula, and contingent consideration recorded in a business combination (as detailed in Note 32 Trade payables and other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with

generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties. Embedded derivatives that were separated from the host contract are categorised within level 2. The Bachelier model is used for the valuation of the embedded derivatives; the main parameters are the nominal amount, the floor, the length of a single floorlet, the risk-free interest rate, the EURIBOR forward rates as well as the volatility of the EURIBOR forward rates.

Reconciliation of Level 2 fair value measurements

The total fair value gains or losses on embedded derivatives are disclosed in Note 12 Net finance costs.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent consideration recognised in the statement of income are included in the table below. The fair value of contingent consideration is mainly dependent on the results of the acquired entities in a certain period after the acquisition and will be adjusted based on actual figures and amended projections. A higher result will usually lead to higher contingent consideration, lower results will lead to lower contingent consideration. In many cases, however, a certain bandwidth of possible outcomes is defined in the contracts, which limit the movement of the contingent consideration. The total fair value gains or losses on contingent consideration recognised in the statement of income are included in the specific aggregate acquisition-related expenses detailed in Note 5.

There were no transfers between Level 2 and 3 during the current or prior year.

FINANCIAL INSTRUMENTS MEASURED AS FVPL

€000	Financial instruments (level 2)	Financial instruments (level 3)
As at 1 January 2023	(30,286)	25,425
Business acquired	–	2,170
Realised during the period	8,673	(4,802)
Change in fair value	(2,361)	(1,594)
Other changes (interest/FX impact)	–	(1,330)
As at 31 December 2023	(23,974)	19,869

€000	Financial instruments (level 2)	Financial instruments (level 3)
As at 1 January 2022	19,064	31,389
Business acquired	–	6,445
Embedded derivative set up	(4,993)	–
Realised during the period	–	(9,810)
Change in fair value	(44,357)	(788)
Other changes (interest/FX impact)	–	(1,811)
As at 31 December 2022	(30,286)	25,425

The notional amount of financial instruments designated at fair value through profit and loss outstanding at the end of the reporting period was (4.1) M€ (2022: 4.9 M€).

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss.

The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable within level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group as a result of the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques and includes inputs that are not based on observable market data (level 3).

The following table shows an allocation of the financial assets and liabilities measured at fair value to the three hierarchy levels of fair value:

€000	Level 1	Level 2	Level 3	Total
As at 31 December 2023				
Financial assets designated as at FVPL				25,295
Interest cap		25,295		25,295
Financial liabilities designated as at FVPL				21,192
Embedded derivatives		1,322		1,322
Minority interest			8,204	8,204
Contingent consideration			11,666	11,666

€000	Level 1	Level 2	Level 3	Total
As at 31 December 2022				
Financial assets designated as at FVPL				33,483
Interest cap		33,483		33,483
Financial liabilities designated as at FVPL				28,623
Embedded derivatives		3,198		3,198
Minority interest			10,781	10,781
Contingent consideration			14,644	14,644

34. NOTES TO THE STATEMENT OF CASH FLOWS

Other non-cash revenues and expenses

Other non-cash revenues and expenses mainly include write-off of trade receivables and other short-term assets amounting to 3.5 M€ (2022: 24.5 M€), share based payments of 6.3 M€ (2022: 3.6 M€) The remaining amounts relate mainly to changes in contingent and deferred purchase price liabilities of -0.6 M€ (2022: (4.0) M€) and disposal costs of -0 M€ (2022: 3.9 M€).

35. CAPITAL COMMITMENT AND CONTINGENCIES

Off balance sheet commitments given and received

As at 31 December 2023, the Group's off-balance sheet commitments consisted principally of guarantees given in the ordinary course of business. Those correspond mainly to lease guarantees for buildings and equipment. In addition, the Group provides guarantees with regard to its investing and financing activities, mainly in respect of the shares in SYNLAB Bondco PLC.

Under the 2021 RCF Agreement, part of the total available 500 M€ facility is allocated to an ancillary facility, amounting to 15 M€, under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary facility was drawn for 5.3 M€ as at 31 December 2023.

As at 31 December 2022, the Group's off-balance sheet obligations were of the same type and amounts.

36. CAPITAL AND RESERVES

Share capital

Share type	Number of shares as at 1 January 2023	Value as at 1 January 2023	Number of shares as at 31 December 2023	Value as at 31 December 2023
Ordinary shares	222,222,222	222,222,222.00 €	222,222,222	222,222,222.00 €
Total	222,222,222	222,222,222.00 €	222,222,222	222,222,222.00 €

Share type	Number of shares as at 1 January 2022	Value as at 1 January 2022	Number of shares as at 31 December 2022	Value as at 31 December 2022
Ordinary shares	222,222,222	222,222,222.00 €	222,222,222	222,222,222.00 €
Total	222,222,222	222,222,222.00 €	222,222,222	222,222,222.00 €

€000		
Treasury shares	Number of treasury shares	Total
As at 1 January 2023	2,518,864	35,729,949
Issue of shares under LTIP program	(24,382)	(345,857)
Issue of shares under the EPP	(47,482)	(673,530)
As at 31 December 2023	2,447,000	34,710,562

€000		
Treasury shares	Number of treasury shares	Total
As at 1 January 2022	-	-
Acquisition of treasury shares	2,521,213	35,763,269
Issue of shares under LTIP program	(1,904)	(27,008)
Issue of shares under the EPP	(445)	(6,312)
As at 31 December 2022	2,518,864	35,729,949

Treasury shares and share buy-back

In May/June 2022, the Company started to purchase ordinary shares in the market in order to satisfy the Company's various share-based payment schemes (Note 29) at the time of vesting. The required number of shares will be acquired over the vesting period. The buy-back was approved by shareholders at the Annual General Meeting in May 2022. The shares were acquired at an average price of € 14.19 per share. The total cost of 34.7 M€ is shown as treasury shares within equity.

Capital reserve

The main component of the capital reserve in an amount of 2,939 M€ (2022: 2,933 M€) was resulting from the premium following the cash and non-cash capital increases during 2021.

In addition, reserves of 11.8 M€ (2022: 4.9 M€) were recognised in connection with the equity-settled share-based payment programmes.

Accumulated deficit

The retained earnings and retained losses for the Group are recognized in the accumulated deficit. In addition, the accumulated deficit includes the parts of pensions recognised in equity in accordance with the IAS 19 calculation.

Currency translation reserve

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations. Please refer to the consolidated statement of changes in equity.

Dividends

In May 2023, SYNLAB AG distributed a dividend of € 0.33 per share to its shareholders based on the resolution of the Annual General Meeting. This corresponded to a total amount of € 72,503,383.59. In the year 2022 SYNLAB AG also distributed a dividend of € 0.33 per share to its shareholders based on the resolution of the Annual General Meeting, which corresponded to a total amount of € 73,326,601.26. For the 2023 financial year, the Management Board and the Supervisory Board will propose to the Annual General Meeting on 17 May 2024 that the loss of SYNLAB AG should be carried forward and no dividend payment is proposed.

Capital management

The Company's objective is to maintain a strong equity base in order to maintain the confidence of shareholders, lenders and the market, as well as to strengthen business development going forward.

The capital management of the SYNLAB Group ensures that its goals and strategies can be achieved in the interests of shareholders, employees and lenders.

37. RELATED PARTY DISCLOSURES

According to IAS 24, related parties include those companies and persons where one person or company has the ability to control the other party or exercise significant influence over its financial and operating policies. Significant influence can be exercised in a number of ways, often through a seat on the management and/or supervisory body, but also through intra-group transactions of significant size or the exchange of management personnel. Significant influence can be established through shareholdings, bylaws or contractual agreements. In the case of share ownership, significant influence is presumed in accordance with the requirements of IAS 28 if the shareholder directly or indirectly holds 20% or more of the voting rights, unless this presumption can be clearly rebutted. Significant influence is irrefutably presumed if the policy of the company can be influenced, for example, by a corresponding appointment to the supervisory bodies.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

With regard to SYNLAB AG and the SYNLAB Group, Cinven is able to exercise significant influence due to its shareholding (via Cinven Capital Management (V) General Partner Limited and Ephios Luxembourg S.à r.l., Luxembourg, the Company's largest shareholder). Cinven and other significant shareholders are therefore to be classified as a related party.

SYNLAB AG prepares the consolidated financial statements for the largest and the smallest group of companies to which the Company belongs as parent company. These consolidated financial statements are filed with the electronic Federal Gazette.

Transactions with related parties are shown in the following table:

	As at 31 December 2023				
	Supervisory Board	Management Board	Cinven	Other shareholders	Non-consolidated companies
Receivables	-	-	1,043	-	-
Liabilities	-	-	-	-	-
Income	-	-	1,043	-	-
Expenses	-	-	-	-	-
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	-

	As at 31 December 2022				
	Supervisory Board	Management Board	Cinven	Other shareholders	Non-consolidated companies
Receivables	-	-	-	-	1,763
Liabilities	-	-	-	-	7
Income	-	-	-	-	463
Expenses	-	-	-	-	95
Interest income	-	-	-	-	-
Interest expense	-	-	-	-	2

In 2023, transactions with related parties related to a financing project of Cinven, which was supported by SYNLAB and the costs of which were passed on to Cinven accordingly. In the previous year, the transactions with the related parties mainly concern services and the supply of goods. Members of the Man-

agement Board and the Supervisory Board of SYNLAB AG are members of the bodies of other companies with which SYNLAB AG or its Group companies maintain relations in the course of their ordinary business activities. The changes compared to the previous year result from changes in the scope of consolidation.

Remuneration of the Management Board and Supervisory Board of SYNLAB AG

€000	2023	2022
Short-term employee benefits	4,447	5,627
Post-employment benefits	579	575
Share-based payments	3,075	1,367
Total Management Board remuneration	8,101	7,569

The remuneration includes the remuneration to be paid to the members of the Supervisory Board in accordance with the Articles of Association of SYNLAB AG totalled 1.1 M€ (2022: 1.1 M€). In addition, the Supervisory Board members received committee remuneration of 0.3 M€ (2022: 0.3 M€) and attendance fees in an amount of 0.3 M€ (2022: 0.3 M€).

38. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable statutory provisions pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of SYNLAB AG issued a declaration of compliance in December 2023 and made it permanently available on the Internet at the investor webpage of SYNLAB AG.

39. EVENTS AFTER THE REPORTING PERIOD

On 14 March, the French competition authority (Autorité de la concurrence) searched the premises of the French holding company. The investigation is based on the suspicion that employees of the entity were involved in anti-competitive practices.

According to the warrant, several companies from the industry are subject to the investigation.

At the time of signing the consolidated financial statements, the company did not have any details of the allegations raised. SYNLAB France will cooperate with competition authorities in all respects to clarify the matter.

The conditions set out in the Cinven Offer Document are not yet fully satisfied as of the date of preparation of these financials. Based on its fiduciary duties, the Management Board of SYNLAB AG will assess any next steps in the interest of its shareholders after the fulfillment of the conditions.

40. INVESTMENTS IN SUBSIDIARIES

Principal Group investments

The Company and the Group have investments in subsidiaries and investees, which principally affected the profits or net assets of the Group as listed in Note 41 Group entities.

41.GROUP ENTITIES

SYNLAB AG

As at 31 December 2023

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
FRANCE								
Alpigène SELAS	Lyon	EUR		32.32	FC	2,797	118	
SYNLAB Nouvelle-Aquitaine SELAS	Blankefort	EUR		99.72	FC	31,123	9,892	
SYNLAB Lorraine SELAS	Saint-Max	EUR		99.54	FC	24,046	6,324	
SYNLAB Normandie SELAS	Elbeuf	EUR		99.84	FC	16,420	6,217	
SYNLAB Pays de Savoie SELAS	Albertville	EUR		99.53	FC	11,490	2,099	
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	Nice	EUR		98.36	FC	3,114	(1,777)	
SYNLAB Occitanie SELAS	Revel	EUR		99.60	FC	2,264	54	
SYNLAB Adour SELAS	Aire Sur l'Adour	EUR		99.88	FC	329	390	
Bioalliance SELAS	Orléans	EUR		99.68	FC	45,740	28,996	
SYNLAB Opale SELAS	Calais	EUR		99.75	FC	1,911	638	
SYNLAB Hauts de France SELAS	Lille	EUR		99.97	FC	92,774	48,269	
SYNLAB France SAS	Paris	EUR		100.00	FC	298,993	95,791	
SYNLAB Biofrance SELAS	Avesnelles	EUR		99.99	FC	27,060	6,196	
BIONYVAL SELARL	Valréas	EUR		99.90	FC	1,802	70	
SYNLAB Bourgogne SELAS	Paray Le Monial	EUR		99.97	FC	12,358	2,746	
SYNLAB Biopaj SELAFA	Valenciennes	EUR		99.90	FC	20,682	8,515	
SYNLAB Auvergne SELAS	Cusset	EUR		99.99	FC	2,046	(328)	
SYNLAB Vallée du Rhône SELAS	Roussillon	EUR		99.91	FC	11,073	2,644	
Laboratoire de Biologie Médicale Carron SELAS	Montceau-les-Mines	EUR		99.88	FC	1,191	1,704	
SYNLAB SYLAB SELAS	Aurillac	EUR		99.52	FC	7,994	2,022	
Laboratoire de Biologie Médicale Delaporte SELAS	Claye-Souilly	EUR		99.99	FC	56,201	48,281	
SYNLAB Garlaban SAS	Saint-Zacharie	EUR		99.98	FC	1	-	
SYNLAB Gascogne SELAS	Auch Cedex	EUR		99.86	FC	1,483	192	
SYNLAB Hygiène France SAS	Paris	EUR		100.00	FC	64	5	
SYNLAB Charentes SELAS	Saintes	EUR		99.99	FC	16,014	527	

Continuation of the table



SYNLAB AG

As at 31 December 2023

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Laboratoire SYNLAB Bioliance SELAS	Rezé	EUR		96.90	FC	5,497	2,760	
SYNLAB Corporate Assistance SAS	Paris	EUR		100.00	FC	6,232	7,752	
SYNLAB Gestion GIE	Paris	EUR		98.88	FC	(511)	(30)	
SYNLAB Provence SELAS	Marseille	EUR		99.84	FC	73,530	891	
SYNLAB Midi SELAS	Montpellier	EUR		99.98	FC	46,487	32,523	
SYNLAB Nord de France SELAS	Saint-Quentin	EUR		99.88	FC	48,874	10,278	
Laboratoire de Biologie Médicale du Val d'Orne SELAS	Argentan	EUR		99.97	FC	7,296	596	
SYNLAB Oxabio SELAS	Cambrai	EUR		99.90	FC	60,885	34,414	
Laboratoire d'Analyses de Biologie Médicale Christine Pepin – Philippe Leluan – Patricia Sannier – Didier Guillo SELAS	Fécamp	EUR		99.30	FC	958	341	
SYNLAB Paris SELAS	Paris	EUR		99.99	FC	3,228	(209)	
TECHNIPATH SELAS	Limonest	EUR		99.40	FC	(473)	48	
SYNLAB Normandie Maine SELAS	Mayenne	EUR		99.85	FC	4,597	522	
SCI des Practiciens de Floirac	Bordeaux	EUR		9.27	NC	n.a.	n.a.	
Novabio SELAS (Silex)	Notre Dame de Sanilhac	EUR		6.21	NC	n.a.	n.a.	
SWEDEN								
SYNLAB Holding Sverige AB	Täby	SEK	11.096	100	FC	3,183	2,269	
SYNLAB Sverige AB	Täby	SEK	11.096	100	FC	4,762	(393)	
ITALY								
SYNLAB SDN S.p.A.	Naples	EUR		100.00	FC	57,154	9,924	
Istituto il Baluardo S.p.A.	Genova	EUR		100.00	FC	28,046	18,553	
Baluardo Servizi Sanitari S.r.l.	Genova	EUR		100.00	FC	20	(332)	
SYNLAB Ecoservice S.r.l.	Monza	EUR		100.00	FC	453	255	
Nuovo Centro diagnostico Sant'Antimo S.r.l.	Sant'Antimo	EUR		100.00	FC	2,139	(62)	
Centro A. Fleming S.r.l.	Verona	EUR		100.00	FC	1,098	840	
SYNLAB Como S.r.l.	Monza	EUR		100.00	FC	15	(23)	
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	Monza	EUR		33.00	EC	118	6	1)

Continuation of the table



SYNLAB AG

As at 31 December 2023

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB Data Medica S.r.l. (formerly: Data Medica Padova S.p.A.)	Padova	EUR		100.00	FC	8,154	2,501	
SYNLAB Italia S.r.l.	Monza	EUR		100.00	FC	34,654	15,608	
Nuova Gestione Centro di Diagnostica Radiologica ed Ecografica S.r.l.	Sant'Antimo	EUR		100.00	FC	10,968	167	
Nuova Gestione centro diagnosi e terapie malattie cardiache vascolari reumatologiche e neurologiche S.r.l.	Sant'Antimo	EUR		100.00	FC	596	95	
SYNLAB MED S. r. l.	Faenza	EUR		100.00	FC	13,216	2,114	
SYNLAB Lazio S.r.l.	Rome	EUR		100.00	FC	8,430	2,533	
SYNLAB Medical S.r.l.	Albignasego	EUR		100.00	FC	3,650	1,713	
SYNLAB Formazione S.r.l.	Firenze	EUR		100.00	FC	39	2	
SYNLAB Holding Italy S.r.l.	Milan	EUR		100.00	FC	117,823	63,140	
Nuova X-Ray Center S.r.l.	Napoli	EUR		100.00	FC	1,096	95	
Società Biomedica Bioingegneristica Campagna SCARL	Naples	EUR		7.20	NC	n.a.	n.a.	
Analisi Cliniche Gallieno S.r.l.	Verona	EUR		10.00	NC	n.a.	n.a.	
Mnesys S.c.a.r.l.	Genova	EUR		1.00	NC	n.a.	n.a.	
GERMANY								
Apparategemeinschaft i. Albrecht-Dürer-Haus GbR	Nuremberg	EUR		SPE	FC	–	–	10)
SYNLAB International GmbH	Munich	EUR		100.00	FC	851,012	69,250	3)4)
SYNLAB Ettlingen GmbH & Co. KG	Ettlingen	EUR		100.00	FC	(6,216)	(1,899)	3)
SYNLAB Ettlingen Verwaltungs GmbH	Ettlingen	EUR		100.00	FC	33	(1)	3)
SYNLAB Foundation gGmbH	Munich	EUR		100.00	FC	85	64	3)
SYNLAB Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	Mannheim	EUR		100.00	FC	1,357	1,867	3)
SYNLAB MVZ Delmenhorst GmbH	Augsburg	EUR		100.00	FC	(241)	(2,075)	3)
Vertragsärztliche Laborgemeinschaft Albtal	Ettlingen	EUR		SPE	FC	(12)	–	10)
Vertragsärztliche Laborgemeinschaft Allgäu GbR	Kempten	EUR		SPE	FC	(1)	–	10)
Laborgemeinschaft Albtal GbR	Ettlingen	EUR		SPE	FC	(6)	–	10)
Laborgemeinschaft Bayerischer Ärzte GbR	Munich	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Bayern-Nord GbR	Regensburg	EUR		SPE	FC	–	–	10)

Continuation of the table



SYNLAB AG

As at 31 December 2023

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Ärztliche Laborgemeinschaft GbR	Berlin	EUR		SPE	FC	–	–	10)
Laborgemeinschaft an der Beta Klinik	Bonn	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Bonn/Rhein Sieg	Bonn	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Bayern-Süd GbR	Augsburg	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Brandenburg-Templin GbR	Templin	EUR		SPE	FC	–	–	10)
KV-LG Eschweiler	Eschweiler	EUR		SPE	FC	–	–	10)
Ärztliche Laborgemeinschaft Region Eschweiler	Eschweiler	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Bayerischer Heilpraktiker GbR	Munich	EUR		SPE	FC	–	–	10)
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	Brilon	EUR		SPE	FC	–	–	10)
Privatärztliche Labor- und Apparategemeinschaft Jade GbR	Varel	EUR		SPE	FC	–	–	10)
Vertragsärztliche Labor- und Apparategemeinschaft Jade GbR	Varel	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Kassel GbR	Kassel	EUR		SPE	FC	–	–	10)
KV-LG Köln Kalk	Cologne	EUR		SPE	FC	–	–	10)
Ärztliche Laborgemeinschaft Köln-Kalk	Cologne	EUR		SPE	FC	–	–	10)
Die Privatärztliche Laborgemeinschaft GbR	Kassel	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Kurpfalz	Eppelheim	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Kurpfalz GbR	Eppelheim	EUR		SPE	FC	(3)	–	10)
Kassenärztliche Laborgemeinschaft St. Wendeler Land GbR	St. Wendel	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Mittelfranken GbR	Nuremberg	EUR		SPE	FC	–	–	10)
Laborgemeinschaft München-Innenstadt GbR	Dachau	EUR		SPE	FC	(1)	–	10)
KV-LG Nordeifel	Mechernich	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Nordeifel	Mechernich	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft LG Nord	Hamburg	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Oberpfälzer Ärzte GbR	Weiden	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Ostbayern-Bavaria GbR	Regensburg	EUR		SPE	FC	(13)	2	10)
Privatärztliche Laborgemeinschaft St. Wendeler Land GbR	St. Wendel	EUR		SPE	FC	–	–	10)
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	Trier	EUR		SPE	FC	–	–	10)

Continuation of the table



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Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Vertragsärztliche Laborgemeinschaft Stockstadt	Stockstadt	EUR		SPE	FC	(6)	–	10)
Laborgemeinschaft Stuttgart-Voralb GbR	Leinfelden-Echterdingen	EUR		SPE	FC	–	–	10)
Gemeinschaftslabor Südwest GbR (formerly: Laborgemeinschaft Südwest GbR)	Ettlingen	EUR		SPE	FC	(7)	–	10)
KV-LG Troisdorf	Troisdorf	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Thuringia GbR	Stadtroda	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Troisdorf	Troisdorf	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Trier GbR	Trier	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Ulm GbR	Ulm	EUR		SPE	FC	–	–	10)
Privatärztliche Laborgemeinschaft Weinstrasse	Neustadt a. d. Weinstrasse	EUR		SPE	FC	–	–	10)
Laborgemeinschaft Dr. Wimmer GbR	Augsburg	EUR		SPE	FC	–	–	10)
Vertragsärztliche Laborgemeinschaft Zweibrücken	Zweibrücken	EUR		SPE	FC	(9)	–	10)
SYNLAB MVZ Labor München Zentrum GbR	Munich	EUR		100.00	FC	210	4,705	3)
SYNLAB Logistics GmbH	Augsburg	EUR		100.00	FC	(2,050)	(2,198)	3)
Privamed – privatärztliche Laborgemeinschaft GbR	Munich	EUR		SPE	FC	–	–	10)
SYNLAB Medizinisches Versorgungszentrum Pathologie Hannover GmbH	Hannover	EUR		100.00	FC	448	(440)	3)
SYNLAB Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	Mannheim	EUR		100.00	FC	(67)	(1,488)	3)
SYNLAB Services Deutschland GmbH	Augsburg	EUR		100.00	FC	27,511	(393)	3)
SYNLAB Holding Deutschland GmbH	Augsburg	EUR		100.00	FC	146,147	130,281	3) 4)
SYNLAB Medizinisches Versorgungszentrum Augsburg GmbH	Augsburg	EUR		100.00	FC	10,076	2,923	3)
SYNLAB Medizinisches Versorgungszentrum Berlin GmbH	Berlin	EUR		100.00	FC	2,077	4,297	3)
Medizinisches Versorgungszentrum SYNLAB Bonn GmbH	Bonn	EUR		100.00	FC	(572)	(535)	3)
SYNLAB MVZ Dachau GmbH	Augsburg	EUR		100.00	FC	(801)	(2,569)	3)
SYNLAB MVZ Ettlingen GmbH	Ettlingen	EUR		100.00	FC	(3,477)	(9,274)	3)
SYNLAB Medizinisches Versorgungszentrum Humangenetik Freiburg GmbH	Freiburg im Breisgau	EUR		100.00	FC	568	(972)	3)
SYNLAB Medizinisches Versorgungszentrum Heidelberg GmbH	Eppelheim	EUR		100.00	FC	5,224	2,750	3)
Medizinisches Versorgungszentrum SYNLAB Hämatologisches Labor Köln GmbH	Cologne	EUR		100.00	FC	968	1,017	3)
SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	Varel	EUR		100.00	FC	1,079	1,126	3)

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SYNLAB Medizinisches Versorgungszentrum Kassel GmbH	Kassel	EUR		100.00	FC	5,508	2,527	3)
SYNLAB Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	Leinfelden-Echterdingen	EUR		100.00	FC	8,450	3,600	3)
Medizinisches Versorgungszentrum SYNLAB Leverkusen GmbH	Leverkusen	EUR		100.00	FC	5,073	14,125	3)
MVZ fuer Rheumatologie Dr. Martin Welcker GmbH	Planegg	EUR		100.00	FC	(614)	(1,045)	3)
SYNLAB Medizinisches Versorgungszentrum Stuttgart GmbH	Stuttgart	EUR		100.00	FC	(125)	(492)	3)
SYNLAB Medizinisches Versorgungszentrum Trier GmbH	Trier	EUR		100.00	FC	935	(611)	3)
SYNLAB Medizinisches Versorgungszentrum Weiden GmbH	Weiden	EUR		100.00	FC	20,938	13,104	3)
SYNLAB Medizinisches Versorgungszentrum Hamburg GmbH	Hamburg	EUR		100.00	FC	1,980	(3,257)	3)
MVZ St. Wendeler Land GmbH	St. Wendel	EUR		100.00	FC	9,512	(310)	3)
WolfartKlinik GmbH	Gräfeling	EUR		100.00	FC	52,124	(3,180)	3)
WolfartKlinik Service GmbH	Gräfeling	EUR		100.00	FC	25	–	3)
MVZ Gräfelfing GmbH	Gräfelfing	EUR		100.00	FC	25	–	3)
Steinlach-Klinik GmbH	Augsburg	EUR		100.00	FC	1,817	5,711	3) 4)
Stülpnagelstraße GbR	Berlin	EUR		33.00	EC	n.a.	n.a.	
SPAIN & GIBRALTAR								
Brugues Asistencial S.A.U.	Gavà	EUR		100.00	FC	(1,003)	(299)	
Laboratori d'Anàlisis Clíniques Analisis Lab, S.L.	Tarragona	EUR		100.00	FC	(11)	(86)	6)
Lab Dos Anàlisis S.L.	Barcelona	EUR		100.00	FC	772	(167)	
Egara Laboratoris S.L.	Errassa	EUR		45.00	EC	n.a.	n.a.	
UTE GEMU Analisis S.L.	Barcelona	EUR		50.00	EC	n.a.	n.a.	
BioKilab S.L.	Vitoria-Gasteiz	EUR		100.00	FC	2,261	321	
SYNLAB Holding Iberia S.A.	Barcelona	EUR		100.00	FC	72,058	12,849	6)
Labco Buildings S.L.	Esplugues de Llobregat	EUR		100.00	FC	(444)	(354)	
SYNLAB Diagnòsticos Globales S.A.U.	Esplugues de Llobregat	EUR		100.00	FC	88,514	(9,174)	
Laboratorios Clínicos Gallegos Reunidos S.L.	Oleiros	EUR		100.00	FC	2,069	297	
Anàlisis Mèdiques Barcelona SL	Barcelona	EUR		100.00	FC	1,597	(33)	6)

Continuation of the table



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Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Centre Sanitari Can Mora S.L.	Sant Cugat del Vallès	EUR		100.00	FC	640	105	6)
SYNLAB Pathology S.L.	Alcobendas	EUR		100.00	FC	8,519	2,443	
Clínica Pinar S.A.	Madrid	EUR		40.00	EC	n.a.	n.a.	
OLOT SALUT S.L.	Girona	EUR		24.00	EC	n.a.	n.a.	
Sistemas Genómicos S.L.	Valencia	EUR		100.00	FC	12,393	(1,169)	6)
SYNLAB SERVICES S.L.	Barcelona	EUR		100.00	FC	981	(553)	
General Laboratories & Trials S.L.	Madrid	EUR		75.00	EC	n.a.	n.a.	8)
CIC Análises Clínicas Especiais Ltda.	Gibraltar	GBP	0.87	100.00	FC	405	398	
UTE BCN Patolegs S.L.	Barcelona	EUR		SPE	NC	n.a.	n.a.	8)
C.M. Reus S.A.	Reus	EUR		11.00	NC	n.a.	n.a.	
C.M. Tarragona S.A.	Tarragona	EUR		2.73	NC	n.a.	n.a.	
LATAM								
SYNLAB Gestao e Investimento Brasil Ltda.	São Paulo	BRL	5.36	100.00	FC	329	3,218	
SYNLAB Laboratório do Brasil Ltda.	São Paulo	BRL	5.36	99.00	FC	3,070	2,333	
Centro de Diagnósticos Cardiovascular S.A.	Antofagasta	CLP	969.60	100.00	FC	144	(16)	
Diagnoneuro S.p.A.	Quilpue	CLP	969.60	100.00	FC	8	2	
Diagnolab S.A.	Antofagasta	CLP	969.60	100.00	FC	178	58	
Diagnósticos Médicos por Imágenes S.A.	Ovalle	CLP	969.60	100.00	FC	4,912	2,200	
Diagno Odont S.p.A.	Antofagasta	CLP	969.60	100.00	FC	65	114	
Diagnosalud S.p.A.	Coquimbo	CLP	969.60	100.00	FC	149	39	
SYNLAB CHILE SpA	Santiago	CLP	969.60	100.00	FC	(383)	(1,985)	
ANALIZAR Laboratorio Clínico Automatizado S.A.S.	Bogotá	COP	4,272.87	100.00	FC	6,292	621	
Bioter Diagnóstica S.A.S.	Cali – Valle del Cauca	COP	4,272.87	100.00	FC	(91)	(33)	
Laboratorio Clínico Falab S.A.S.	Barranquilla	COP	4,272.87	100.00	FC	902	320	
Laboratorio Clínico Gómez Vesga G V LTDA.	Bogota	COP	4,272.87	100.00	FC	1,245	410	
Inversiones Gómez Pardo S.A.S.	Bogota	COP	4,272.87	100.00	FC	16	–	

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Laboratorio Clinico Marcela Hoyos Rendón S.A.S.	Manizales	COP	4,272.87	100.00	FC	131	(191)	
Medlab G V S.A.S.	Bogota	COP	4,272.87	100.00	FC	14	–	
SYNLAB Colombia S.A.S.	Medellín – Antioquia	COP	4,272.87	100.00	FC	15,057	(39)	
Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.	Bogotá	COP	4,272.87	97.50	FC	1,323	261	
Lab Centro Illingworth LCI S.A.	Guayaquil	USD	1.11	100.00	FC	914	519	
Corporación Multigamma S.A.	Portoviejo	USD	1.11	100.00	FC	648	285	
SYNLAB Sociedad Anónima S.A.	Quito	USD	1.11	100.00	FC	12,487	2,233	
CIC Mexico Análisis Clínicos Especiales S.C.	Mexico City	MXN	18.72	99.99	FC	633	1,384	
Laboratorio de Asesoría y Servicio Referido S.A. de C.V.	Mexico City	MXN	18.72	99.98	FC	5,625	2,898	
Laboratorios Clínicos de Puebla Bioequivalencia S.A. de C.V.	Puebla	MXN	18.72	99.98	FC	(24)	(52)	
Laboratorio Médico Polanco S.A. de C.V.	Mexico City	MXN	18.72	99.98	FC	17,651	5,747	
Instituto de Referencia Andino S.A.	Panama	USD	1.11	100.00	FC	3	25	
Gestora Peruana de Hospitales S.A.	Lima	PEN	4.01	32.00	EC	1,341	178	1)
SYNLAB Perú S.A.C.	Lima	PEN	4.01	100.00	FC	3,497	7	
BELGIUM								
SYNLAB Belgium SRL	Heppignies	EUR		100.00	FC	89,337	40,631	
SYNLAB Flanders SRL	Berchem-Sainte-Agathe	EUR		64.00	FC	1,144	(620)	
UK								
SYNLAB Bondco PLC	London	EUR		100.00	FC	1,479,641	84,800	11)
The Christie Pathology Partnership LLP	Manchester	GBP	0.87	50.10	FC	4,874	799	12)
CPP Facilities LLP	Manchester	GBP	0.87	50.10	FC	3,413	633	12)
E4Law Limited	Cardiff	GBP	0.87	100.00	FC	2,266	1,969	11)
Facilities First LLP	London	GBP	0.87	49.00	EC	n.a.	n.a.	
SYNLAB Unsecured Bondco PLC	London	EUR		100.00	FC	1,378,262	(909)	11)
SYNLAB Holdco Limited	London	EUR		100.00	FC	1,397,575	(23)	11)
IPP Analytics Limited	London	GBP	0.87	100.00	FC	(25,952)	(2,244)	11)

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IPP Facilities Limited	London	GBP	0.87	100.00	FC	7,535	1,944	11)
Integrated Pathology Partnerships Limited	London	GBP	0.87	100.00	FC	5,045	5,040	11)
Labco Diagnostics UK Limited	London	GBP	0.87	100.00	FC	–	134	11)
Labco UK Group Limited	London	GBP	0.87	100.00	FC	20,062	9,415	11)
Pathology First LLP	London	GBP	0.87	49.00	EC	n.a.	n.a.	
SYNLAB Laboratory Services Limited	London	GBP	0.87	100.00	FC	(1,788)	153	11)
SPS Facilities LLP	London	GBP	0.87	33.30	EC	70	169	1)
Southwest Pathology Services LLP	London	GBP	0.87	33.30	EC	309	242	1)
SYNLAB Health for You Limited	London	GBP	0.87	100.00	FC	(12,226)	(7,629)	11)
SYNLAB UK Limited	London	GBP	0.87	100.00	FC	(3,897)	(13)	11)
SYNLAB Limited	London	EUR		100.00	FC	1,355,092	(2,048)	11)
Synnovis Analytics LLP	London	GBP	0.87	100.00	FC	8,657	4	11)
Synnovis Group LLP	London	GBP	0.87	100.00	FC	9,204	533	11)
Synnovis Services LLP	London	GBP	0.87	100.00	FC	16,856	5,906	11)
PORTUGAL								
Laboratorio der Anlises Clinicas Doutir Aires Raposo & Doutora Teresin	Ponta Delgada	EUR		100.00	FC	2,798	219	
SYNLABHEALTH NORTE – ANATOMIA PATOLÓGICA, S.A.	Porto	EUR		100.00	FC	(153)	138	
SYNLABHEALTH MADEIRA, S.A.	Madeira	EUR		100.00	FC	2,497	1,107	
SYNLABHEALTH GENÉTICA MÉDICA, S.A.	Porto	EUR		100.00	FC	2,090	1,133	
GENOMED – DIAGNOSTIÇOS DE MEDICINA MOLECULAR, S.A.	Lisboa	EUR		93.50	FC	599	138	
SYNLABHEALTH ALGARVE, S.A.	Faro	EUR		100.00	FC	2,589	1,159	
SYNLABHEALTH ALENTEJO, S.A.	Évora	EUR		100.00	FC	1,536	1,266	
SYNLABHEALTH PORTO S.A.	Porto	EUR		100.00	FC	4,403	414	
SYNLABhealth Portugal, S.A.	Lisboa	EUR		100.00	FC	(2,140)	22,706	
SYNLABHEALTH CENTRO, UNIPESSOAL LDA (formerly: LABORATÓRIO DE ANÁLISES CLÍNICAS SÃO JOSÉ LDA.)	Coimbra	EUR		100.00	FC	1,040	(62)	
CLINICA SAMPEDRO LDA.	Odivelas	EUR		29.73	EC	35	(4)	8)

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Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLABhealth II, S.A.	Lissabon	EUR		100.00	FC	45,211	19,545	7)
SSCP – Serviços De Saúde Curativos e Preventivos LDA.	Pontinha	EUR		100.00	FC	50	29	
T.G.T. – Centro Médico LDA.	Parede	EUR		100.00	FC	(130)	(68)	
SYNLABHEALTH TORRES NOVAS, UNIPESSOAL, LDA.	Torres Novas	EUR		100.00	FC	845	388	
AUSTRIA								
SYNLAB Logistic Austria GmbH	Vienna	EUR		100.00	FC	922	900	
SYNLAB Holding Austria GmbH	Vienna	EUR		100.00	FC	94,573	97,116	5)
Institut für medizinische und chemische Labordiagnostik Gesellschaft mbH	Vienna	EUR		100.00	FC	9,397	7,563	
CZECH REPUBLIC & SLOVAKIA								
SYNLAB cytologie s.r.o.	České Budějovice	CZK	24.72	100.00	FC	301	302	
SYNLAB czech s.r.o.	Praha	CZK	24.72	100.00	FC	24,407	15,633	
SYNLAB slovakia s.r.o.	Bratislava	EUR		100.00	FC	7,426	981	
Poliklinika Moravské Budějovice s.r.o.	Moravské Budejovice	CZK	24.72	4.00	NC	n.a.	n.a.	
ESTONIA & LITHUANIA								
SYNLAB Eesti OÜ	Tallinn	EUR		100.00	FC	26,208	10,342	
SYNLAB Lietuva UAB	Vilnius	EUR		100.00	FC	(1,561)	(706)	
DENMARK								
SYNLAB Medical Digital Services A/S	Odense	DKK	7.45	100.00	FC	15,901	1,946	
SYNLAB Holding Denmark ApS	Odense	DKK	7.45	100.00	FC	8,358	5,768	
FINLAND								
SYNLAB Suomi Oy	Helsinki	EUR		100.00	FC	21,800	216	
SYNLAB Holding Finland Oy	Helsinki	EUR		100.00	FC	12,609	1,105	
HUNGARY								
SYNLAB Hungary Kft.	Budapest	HUF	382.80	100.00	FC	2,563	2,382	

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Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
EMERGING MARKETS								
Freiburg Medical Laboratory Middle East LLC	Dubai	AED	4.05	70.00	FC	2,475	(328)	
SYNLAB-EML Foreign Unitary Enterprise	Minsk	BYN	3.64	100.00	FC	(709)	(1,176)	
SYNLAB Cyprus LTD	Nicosia	EUR		100.00	FC	4,914	575	
SYNLAB Ghana Ltd.	Accra	GHS	13.19	100.00	FC	(416)	(91)	
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAGNOSTIKU	Zagreb	EUR		100.00	FC	4,513	635	
Private Health Institution SYNLAB Skopje	Skopje	MKD	61.04	98.00	FC	1,805	71	
SYNLAB Nigeria Limited	Lagos	NGN	989.02	51.00	FC	1,664	641	
STATPATH LIMITED	Lagos	NGN	477.46	60.00	NC	n.a.	n.a.	8)
S.C. Laboratoarele SYNLAB S.R.L.	Bucharest	RON	4.98	99.95	FC	240	(590)	
CMI Dr. Marinescu Dana Mihaela S.R.L.	Bucharest	RON	4.98	99.95	FC	(171)	76	
CMI Dr. Iacobescu C Anca S.R.L.	Bucharest	RON	4.98	99.95	FC	(210)	2	
Medsense Servicii Medicale S.R.L.	Pitesti	RON	4.98	99.95	FC	(478)	(13)	
Zostalab S.R.L.	Bucharest	RON	4.98	99.95	FC	34	109	
SYNLAB WEST S.R.L.	Bucharest	RON	4.98	99.95	FC	(3,902)	233	
ADRIA LAB Laboratorijska diagnostika d.o.o.	Ljubljana	EUR		100.00	FC	4,198	2,382	
Referans M-B Sağlık Laboratuvar Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Ankara	TRY	32.65	SPE	FC	584	248	10)
SYNLAB Turk Sağlık Hizmetleri Sanayii ve Ticaret Anonim Sirketi	Ankara	TRY	32.65	100.00	FC	670	(139)	

FC: Fully consolidated /

EC: Equity Method /

NC: Not consolidated /

SPE: Special Purpose Entity (0% shareholding)

¹ Values according to the latest available local GAAP financial statements; underlying fiscal year 01.01.2022 – 31.12.2022² Values according to the latest available local GAAP financial statements; underlying fiscal year 01.01.2019 – 31.12.2019³ Exemption according to § 264 Abs. 3 HGB⁴ Exemption according to § 291 HGB⁵ Exemption according to § 245 Abs. 1 UGB⁶ Exemption according to Real Decreto 1159/2010 del 17 de Setiembre que modifica el Plan General de Contabilidad aprobado por Real Decreto 1514/2007 de 16 de Noviembre⁷ Exemption according to N°3 do artigo 7° do Decreto-Lei n°158/2009, de 13 de Julho, republicado a través do Decreto-Lei n°98/2015 de 2 de Junho⁸ No control due to contractual arrangements or legal circumstances⁹ No significant influence due to contractual arrangements or legal circumstances¹⁰ Control due to contractual arrangements or legal circumstances¹¹ Exemption according to FRS 101¹² Exemption according to FRS 102

n.a.: not available

Changes in consolidation scope

Designated entities	City	Currency	Exchange Rate (1 Euro =)	Footnote
FRANCE				
SCM Cabinet Médical Saint Côme	Claye-Souilly	EUR		LIQUIDATION
SYNLAB Garlaban SAS	Saint-Zacharie	EUR		SET-UP
Novabio SELAS (Silex)	Notre Dame de Sanilhac	EUR		SET-UP
ITALY				
CMT S.r.l.	Bagno a Ripoli	EUR		MERGER
Clinilab S.r.l.	La Spezia	EUR		MERGER
M.E.D.A. Lab S.r.l.	Cellole	EUR		MERGER
Centro Diagnostico Toscano S.r.l.	San Giovanni Valdarno	EUR		MERGER
GERMANY				
Antech Lab Germany GmbH (formerly: SYNLAB.vet GmbH)	Augsburg	EUR		SOLD
SPAIN & GIBRALTAR				
Imadia 2005 S.A.	Gava Barcelona	EUR		MERGER
Laboratorios Clínicos Compostela S.L.	Santiago de Compostela	EUR		MERGER
Roqueta-Esteve-Rimbau S.L.U.	Girona	EUR		MERGER
Seaslab S.L.	Oleiros, A Coruña	EUR		SOLD
LATAM				
CIC Análises Clínicas Especiais Ltda.	São Paulo	BRL	5.36	MERGER
Servicios Administrativos Integrales Limitada	Calama	CLP	969.60	MERGER
Asmedlab Cía. Ltda.	Quito	USD	1.11	MERGER
Instituto de Referencia Andino IRA S.A.	Quito	USD	1.11	MERGER
Corporación de Atención Médica, S.A. de C.V.	Mexico City	MXN	18.72	MERGER
Servicios Operativos LMS S.A. de C.V.	Mexico City	MXN	18.72	MERGER
SDHM S.A. de C.V.	Mexico City	MXN	18.72	MERGER
Labco Nous Perú S.A.C.	Lima	PEN	4.01	MERGER

Changes in consolidation scope

Designated entities	City	Currency	Exchange Rate (1 Euro =)	Footnote
UK				
ALcontrol Group Limited	London	GBP	0.87	LIQUIDATION
Geneius Laboratories Limited	London	GBP	0.87	LIQUIDATION
SYNLAB LiveSmart Holdings Ltd.	London	GBP	0.87	LIQUIDATION
PTDS Limited	London	GBP	0.87	LIQUIDATION
BELGIUM				
Ellipsys SCA	Heppignies	EUR		LIQUIDATION
LabAF SRL	Lessines	EUR		LIQUIDATION
ANAPET SRL	Montigny-le-Tilleul	EUR		SOLD
PATHOVET SRL	Aubel	EUR		LIQUIDATION
SWITZERLAND				
Institut Arnaboldi AG	Winterthur	CHF	0.93	SOLD
Bakteriologisches Institut Olten BIO AG	Olten	CHF	0.93	SOLD
CLINICAL REFERENCE LABORATORIES HOLDING SA	Kriens	CHF	0.93	LIQUIDATION
MEDISYN SA (formerly: SYNLAB Suisse SA)	Luzern	CHF	0.93	SOLD
one-provide ag	Kriens	CHF	0.93	SOLD
EMERGING MARKETS				
MEDVEN Africa Limited	Douglas	USD	1.11	LIQUIDATION
SYNLAB Polska Sp. z.o.o.	Warschau	PLN	4.34	SOLD
Limited Liability Company SYNLAB-UKRAINE	Kiew	UAH	41.75	SOLD

AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements for the period from 1 January to 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report of the Group reflects a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 15 March 2024

SYNLAB AG

The Management Board

MATHIEU FLOREANI

Chief Executive Officer

SAMI BADARANI

Chief Financial Officer



FINANCIAL CALENDER

Financial Calendar

8 MAY 24
Q1 2024

17 MAY 24
AGM 2024

9 AUG 24
Q2/H1 2024

7 NOV 24
Q3 2024

SYNLAB AG
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