SYNLAB AG

HALF-YEAR
FINANCIAL REPORT
2021

HALF-YEAR FINANCIAL REPORT 2021

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Interim Group Management Report
As at 30 June 2021

Interim Management Report

Basis for preparation

The management report has been prepared for the period from 1 January 2021 to 30 June 2021 for the Group (SYNLAB AG and its subsidiaries).

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Financial performance indicators

The Company has developed an internal Performance Management System and defined adequate performance indicators. Detailed weekly and monthly reports are an important element of the internal management and control system.

In order to evaluate success in the implementation of its strategy, Management uses financial performance indicators. The adjusted operating profit (AOP) and the adjusted EBITDA from continuing operations (AEBITDA) are key performance indicators.

The segment reporting is also based on these key indicators.

Financial snapshot

In M€	**Q2 2021**	**YoY Growth**	**H1 2021**	**YoY Growth**
Revenue	984.8	*+96%*	1,923.0	*+96%*
Operating profit	257.1	*x5.5*	515.3	*x7.2*
Net profit (Group share)	155.1	*+158*	343.2	*+365*
Adjusted EBITDA	338.6	*x3.1*	662.7	*x3.4*
Adjusted operating profit	289.1	*x4.4*	569.4	*x5.2*
Adjusted net profit	181.8	*+173*	371.5	*+364*
Unlevered Free cash flow	246	*+249*	428	*+419*

Key financial highlights for the first six months of 2021

- H1’21 revenue of 1,923 M€, above expectations
    - Sustained strong SARS-CoV-2 testing volumes in H1 2021, above expectations
    - Acceleration of underlying organic growth at +7.6%, lifted by UK hospital outsourcing contract
- H1’21 Adjusted EBITDA multiplied by 3.4x to 663 M€, margin showing strong volume leverage
- H1’21 record unlevered FCF of 428 M€ driving major leverage ratio reduction to 1.4x
- M&A activity accelerating, with 10 acquisitions completed in H1 2021 (~44 M€ of EV)

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- Upward revision of 2021 guidance was provided on 8 July

About SYNLAB

Company snapshot

SYNLAB Group is a leading international medical diagnostics provider. SYNLAB offers a full range of innovative and reliable medical diagnostics for patients, practicing doctors, clinics and the pharmaceutical industry.
Providing the leading level of service within the industry, SYNLAB is the 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 36 countries across four continents and holds leading positions in most markets. Around 23,000 employees, including over 1,200 medical experts, as well as a large number of other specialists such as biologists, chemists and laboratory technicians, contribute every day to the Group's worldwide success. SYNLAB carries out ~500 million laboratory tests per year and achieved revenues of 2.6 billion € in 2020.

Business environment

Macroeconomic environment

According to the April 2021 World Economic Outlook (WEO) by the IMF, global growth is projected at 6% in 2021, moderating to 4.4% in 2022. This is an upward revision compared to the October 2020 WEO reflecting "additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility". The global macro environment remains however highly uncertain, with the evolution of the COVID-19 pandemic as the main factor of volatility.

Impact of SARS-CoV-2

Against this backdrop, SYNLAB is continuously and proactively working with health authorities, governments, enterprises, educational institutions and sports associations in numerous countries, leveraging its diagnostics capabilities to offer support in the fight against the COVID-19 pandemic.

As a result, SARS-CoV-2 testing volumes had a positive effect on SYNLAB's recent financial results, more than offsetting any adverse impact (decreasing volumes of non-critical medical testing, shortage of employees in patient-facing activities leading to closures of some blood collection points…) resulting from the pandemic.

SYNLAB carried out 16.7 million PCR and non-PCR tests in the first six months of 2021.

Market size and market growth

SYNLAB operates in a large and growing diagnostic testing market that in 2019 was estimated at over 200 billion € worldwide, of which 90 billion € in the 3 regions where SYNLAB is already active, namely Europe (62 billion €), Latin America (17 billion €), the Middle East and Africa (12 billion €).

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This includes an addressable market of 15 billion € in the Group's core European market countries, 13 billion € of emerging and other market opportunities and 4 billion € globally of new market opportunities arising from precision medicine, D2C offerings and artificial intelligence.

This addressable market is expected to grow from 32 billion € in 2019 to approximately 41 billion € by 2025 (excluding the expected impact of COVID-19). COVID-19 is expected to increase the market value of the addressable diagnostic testing market by as much as an additional 13 billion € in 2021, before gradually decreasing year-over-year to supplement the expected 41 billion € market by an additional 3 billion € in 2025. (Source: SYNLAB)

The addressable European market in core market countries of France, Germany and Italy (plus Switzerland, which is not among core market countries, but was included in the underlying market research), is collectively expected to grow at approximately 3% per year, while the addressable emerging and other markets are expected to grow at approximately 5% per year.

Key market features and barriers to entry

The markets where SYNLAB operates are highly fragmented, with SYNLAB, as the largest European clinical laboratory and medical diagnostic services company only representing approximately 3% of the European market. SYNLAB's market share in Latin America and Middle East and Africa, is below 1%, in each case based on 2019 revenue.

In the last few years, only a very limited number of significant new market participants entered the market for clinical laboratory services, which was mainly due to factors such as economies of scale, regulatory requirements, required technical know-how, and reputation that are of advantage for established market participants.

Economies of scale exist in numerous market sections, e.g. for procurement, logistics, test procedures, professional training, as well as for building and maintaining relationships with customers, supervisory authorities, and payers. These economies of scale may be of advantage for larger market participants as they benefit to a greater extent from efficiency advantages for procurement by bundling volumes across different laboratories and regions, enabling them to better adjust to price reductions. In addition, larger market participants are in a better position to operate a laboratory model that uses central laboratories in combination with basic laboratories spread over different regions and collection centres.

The regulatory requirements and characteristics include a complex variety of pricing and refunding environments, strict quality standards, long-term contracts, and complex licensing and accreditation processes in some countries. Market participants, including the SYNLAB Group, with enhanced experience in dealing with national refund conditions and relationships with important customers and suppliers in specific regions benefit from advantages over new market participants lacking this experience. Furthermore, some laboratory networks may face difficulties regarding the expansion of their business to new regions, unless by acquiring other companies, as they are required to adapt to the different and changing market and regulatory environments in different countries.

Usually, customer fluctuation in the outpatient segment is relatively low as the doctors are satisfied with their established laboratories and clinical diagnostics are integrated into the doctors' daily clinical practice. This frequently leads to a low customer churn which constitutes a competitive edge for SYNLAB and other established market participants with existing customer relationships.

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

Strategy

SYNLAB intends to grow its business and maintain its position as the leading provider of clinical laboratory services in Europe by executing a strategy of customer-centric medical excellence based on four pillars:

1) Providing superior patient and clinician experience

SYNLAB aims to capitalise on its medical expertise, the trend of greater outsourcing by hospitals and advances in science and technology to drive further organic growth.

SYNLAB has 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 of its laboratories continue to be fully accredited in accordance with the highest European 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 pressure, public and private hospitals, organizations and other healthcare providers are seeking to improve their productivity and medical quality of service by outsourcing inefficient and sub-scale laboratory activities to diagnostics experts. SYNLAB is well placed to benefit from this trend as it provides the full spectrum of outsourcing activities, ranging from testing services to full outsourcing with the transfer of entire teams, most notably in France, Finland, Germany, Portugal, Spain and the United Kingdom.

SYNLAB plans to continuously invest in facilities, technologies and scientists. The Company plans to maintain and reinforce its "centres of excellence" across its laboratory network, both within larger European reference laboratories and central laboratories and in smaller laboratories, and invest in selected areas, such as patient interfaces to increase proximity and improve customer services.

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

SYNLAB intends to leverage its network to streamline laboratory operations and administrative functions. In doing so, SYNLAB aims to continuously reduce operating costs through operational efficiency improvements and the optimization of procurement contracts.

To implement this, SYNLAB introduced the "SALIX" (Scale, Alignment, Leverage, Instruction, X-check) operational excellence program in 2017, underpinned by three key pillars.

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The first pillar is procurement: leveraging scale to save on direct and indirect costs, thereby reducing materials costs and operating expenses. The second pillar is the SYNLAB Transformation System ("STS"), based on Lean Six Sigma principles (automation, workspace design, planning and scheduling, multi-skilled workforce, standardization, performance management). STS is a management system supporting the strategy and is considered the engine driving operational excellence The third pillar is focused on the laboratory network, including refining the "hub" and "spoke" network, ensuring it has superior logistics and reliable technical service and maintenance functions.

3) Developing talent by empowering and engaging employees

In order 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 success.

Employee engagement, with the objective of driving enhanced organizational performance, is a key pillar of SYNLAB's strategy. This effort is reflected in two Group-wide initiatives.

"SYNLAB Campus" is 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 Company values of “passion, accountability and customer centricity”. SYNLAB Campus provides professional development courses and training to enhance personal and professional effectiveness, as well as further Group-level initiatives.

"SYNLAB Dialogue" is a Group-wide annual survey that gives employees an opportunity to anonymously share their views with the organization and is intended to serve as a base for improving our human capital and driving continuous improvements to become a recognized great place to work.

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

Other programs implemented include acknowledgement of employee contributions (e.g., by offering medical awards and research grants), dual education opportunities and creating a work environment that minimizes accidents.

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

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

Between 2018 and 2020, the Group invested approximately 250 M€ in targeted infrastructure developments to support its operational excellence strategy. Infrastructure investments typically include, but are not limited to, 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 response to the COVID-19 pandemic, further investments were made to enable appropriate SARS-CoV-2 testing capabilities across the network.

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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 M&A strategy is focused on maintaining a balance across regions, with a particular focus on higher growth regions. The achievement of synergy savings underlines SYNLAB's ability to implement savings and will be a driver in the improvement of the gross and operating margins.

In regions where SYNLAB is already present, the expansion strategy will focus on pursuing acquisitions that are accretive to local networks and generate synergies through economies of scale.

To improve territorial coverage, SYNLAB also intends to pursue acquisitions of laboratory platforms within its current markets, increasing the density of regional networks, and outside its current markets, expanding market share and further consolidating its position across Europe and beyond, in each case by continuing to acquire companies that complement the network.

Research and development

During the period from 1 January 2021 to 30 June 2021, the Group had no material research and development expenditure in its core business, the core business of the Group being to offer clinical laboratory and medical diagnostic services. As part of the COVID-19 response, the Group has however developed innovative concepts for new non-invasive sampling methods (as many people experience discomfort or even pain during a nasopharyngeal or oropharyngeal swab) based on either a mouthwash or on saliva. The Group also incurred development expenditure in the area of software development, where the Group is working on new versions of Laboratory Information Systems (LIS) and also developing a digital platform supporting and facilitating customer access and interaction as well as customizing functionalities for the new Group wide ERP system SAP S/4 HANA. The Group started research and development of services based on Artificial Intelligence (AI) in 2020: AI solutions that will help customers to optimize and reduce effort and time to do correct prescriptions have been developed in Germany and this experience will be used within the whole Group. SYNLAB will also continue in the future to develop tools to provide better advice within test reports to its customers.

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Business performance in the first half of 2021

Overview

Simplified P&L			
In M€	**H1 2021**	**H1 2020**	**Growth**
Revenue	1,923.0	982.8	*+96%*
Gross profit	**1,446.8**	**736.0**	***+97%***
AEBITDA	**662.7**	**193.0**	***x3.4***
As % or revenue	34.5%	19.6%	*+14.8pts*
Adjusted operating profit (AOP)	**569.4**	**110.4**	***x5.2***
As % or revenue	29.6%	11.2%	*+18.4pts*
Operating profit	**515.3**	**71.6**	***x7.2***
Financial result	(75.4)	(100.0)	*(25%)*
Income tax expenses	(111.8)	(5.4)	*N/A*
Adjusted net profit	**371.5**	**7.5**	***+364***
Net profit (Group share)	**343.2**	**(21.5)**	***+365***
Non-diluted EPS (€)	1.65	N/A	N/A
Simplified cash flow			
In M€	**H1 2021**	**H1 2020**	**Growth**
Operating cash flow	523	92	*+431*
Unlevered free cash flow	428	9	*+419*
Net debt and leverage			
In M€	**Jun 2021**	**Dec 2020**	**Growth**
Net debt	1,619	2,235	(615)
Adjusted net debt	1,632	2,254	(622)
Leverage ratio	**x1.4**	**x3.3**	**(x1.9)**

Revenue performance

H1 2021 revenues increased by 96% to 1,923 M€ (H1 2020: 983 M€). Growth was mostly organic at 95%, with similar growth rates in Q1 and Q2 2021.

H1 2021 saw sustained strong SARS-CoV-2 testing, against a comparable period last year which was impacted by a significant SARS-CoV-2 attrition[1] impact.

Since the start of 2021, testing volumes remained at elevated levels across all SYNLAB's geographies, with 14.5 million PCR tests and 2.2 million non-PCR tests performed. The estimated SARS-CoV-2 total revenue contribution

[1] Attrition impact on revenue from confinement measures, such as closures of blood collection points or patients delaying non-critical medical care, that resulted in temporary decreases in ordinary testing volumes

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was ~ 829 M€ for the period consisting of 853[2] M€ testing revenue (~124 M€ in H1 2020) netted against an estimated (24) M€ attrition impact ((158) M€ in H1 2020). Virtually all the attrition impact in H1 2021 was recorded in Q1.

Excluding SARS-CoV-2 testing, but including the tailwind from lower attrition, total organic growth was +25% in H1 2021 and +44% in Q2 2021 alone.

Underlying organic growth, which excludes both SARS-CoV-2 testing revenue contribution and the positive impact of lower attrition, was 7.6% in H1 2021, with acceleration in Q2 2021 to 11.7%, lifted by the contribution of the South-East London (SEL) hospital outsourcing contract, which started on April 1st 2021. Without the contribution from the SEL contract, the underlying organic growth in H1 2021 was 3.6%, supported by successful "For You" growth initiatives, and in line with the 3%+ set as a long-term guidance.

Results

H1 2021 gross profit grew by 97%, to 1,447 M€ (H1 2020: 736 M€), driven by procurement efficiencies for PCR test reagents, reducing the dilutive impact of such tests on gross margin. Gross margin reached 75.2%, expanding by 30 basis point compared with H1 2020.

H1 2021 adjusted EBITDA increased by 3.4x and reached 663 M€ (H1 2020: 193 M€). This compares to 679 M€ of adjusted EBITDA recorded for the full year of 2020. The organic increase of adjusted EBITDA was 468 M€ compared with H1 2020. In addition to higher gross profit, this was driven by strict management of personnel and other OPEX costs and supported by productivity gains related to the SALIX program (9.5 M€ positive impact in H1 2021). These productivity gains included significant procurement savings attributable to the core lab equipment renewal project. The strong volume leverage translated into an adjusted EBITDA margin expansion, at 34.5% (19.6% in H1 2020).

H1 2021 adjusted operating profit, increased by 5.2x and reached 569 M€ (H1 2020: 110 M€), with the margin expanding materially to 29.6% (11.2% in H1 2020). This compares to 504 M€ of adjusted operating profit recorded for the full year of 2020. D&A before customer relationship amortization was 93 M€, including accelerated depreciation of PCR testing equipment and additional depreciation coming from assets relating to the SEL contract. All segments recorded very material, volume-driven, margin expansion, with a particularly notable margin uplift in the North & East segment, driven by SARS-CoV-2 testing contracts in the North region.

H1 2021 operating profit increased by 7.2x and reached 515 M€ (H1 2020: 72 M€). Total adjustments amounted to 54 M€, including 25.1 M€ of customer list amortization, 19.5 M€ of IPO-related costs and 9.5 M€ of other adjustments, mostly related to acquisitions.

Financial result

The H1 2021 financial result was a net expense of 75 M€, down by 25 M€ compared to H1 2020. This major decrease comes from a combination of lower borrowings and lower borrowing costs. The SYNLAB average cost of borrowing reduced from 4.2% in H1 2020 to 2.5% in H1 2021.It is expected to further reduce in H2 2021 at ~2.0%.

Income tax

H1 2021 income tax expense was 112 M€ (5 M€ in H1 2020). The effective tax rate was 25%, lower than the 28% normalized rate due to the activation of tax losses carried forward. The increased absolute tax expense compared to the previous period results from the strong performance of the business.

[2] Including testing revenue in acquired companies

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Net income and earnings per share

H1 2021 net profit (Group share) was 343 M€ (H1 2020: (21) M€). A residual sale of the A&S business, classified as discontinued operations, had a positive 17.9 M€ impact on net profit (Group share).

Basic earnings per share reached 1.65 € [3] .

Cash flow

H1 2021 operating cash flow from continuing operations expanded materially, to 523 M€, driven by profit growth despite the negative impact of SARS-CoV-2 testing activity on working capital. DSOs however improved to 61 days at the end of H1 2021, compared with 67 days at the end of H1 2020 (and 63 days at the end of H1 2019, i.e. pre-pandemic level).

Total CAPEX (including Leases and related interest payments) was 95 M€ in H1 2021 (84 M€ in H1 2020) representing 4.9% of H1 2021 revenue (8.5% in H1 2020). It included 5.1 M€ of COVID-19 related CAPEX.

Despite the CAPEX increase in absolute terms, strong operating cash flow led to record unlevered free cash flow of 428 M€. The cash conversion ratio (Unlevered free cash flow / adjusted EBITDA) was 65%.

Financial position

In addition to the 394 M€ of net proceeds from its successful IPO, the strong cash generation of H1 2021 enabled SYNLAB to further delever organically. At the end of June 2021, its adjusted net debt stood at 1,632 M€ compared with 2,254 M€ at the end of December 2020. The leverage ratio[4] dropped to 1.4x compared with 3.3x at the end of 2020, the lowest level achieved since the creation of the SYNLAB Group. In August 2021, SYNLAB proceeded with the early repayment of a 75 M€ loan due in 2026.

[3] Based on 207,901,234 weighted average shares outstanding
[4] Net debt to LTM pro-forma adjusted EBITDA

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By segment

FRANCE (23% of H1 Group revenue)

In M€	Q2 2021	Q2 2020	Growth	H1 2021	H1 2020	Growth
Revenue	213.0	118.0	*80%*	441.6	236.0	*87%*
Adjusted operating profit	46.8	20.6	*x2.3*	116.7	40.7	*x2.9*
Adjusted operating profit margin	22.0%	17.4%	*+4.5pts*	26.4%	17.3%	*+9.2pts*

France revenue grew by 87% in H1 2021 to reach 442 M€ compared with 236 M€ in H1 2020.

Organic growth was 85%, including:

- sustained strong SARS-CoV-2 testing revenue and no material attrition impact since the beginning of the year, compared to a prior-year period that included a substantial attrition impact;
- underlying organic growth of 0.4%: solid volume growth was partly offset by the expected price decrease as per the 3-year agreement with the French health authorities, implemented in Q2 2021. SYNLAB continuously implemented its “For You” growth initiative, notably around the optimization of its Blood Collection Point (BCP) network.

Adjusted operating profit stood at 117 M€, representing a 26.4% margin (+9.2 pts vs. H1 2020), reflecting the strong volume leverage of the business.

SYNLAB closed three bolt-on acquisitions in France in H1 2021, for a total annualized revenue of ~14 M€.

GERMANY (19% of Group revenue)

In M€	Q2 2021	Q2 2020	Growth	H1 2021	H1 2020	Growth
Revenue	188.4	121.4	*55%*	367.2	234.3	*57%*
Adjusted operating profit	49.6	14.3	*x3.5*	96.0	20.8	*x4.6*
Adjusted operating profit margin	26.3%	11.8%	*+14.5pts*	26.1%	8.9%	*+17.2pts*

Germany revenue grew by 57% in H1 2021 to reach 367 M€ compared with 234 M€ in H1 2020 including:

- sustained strong SARS-CoV-2 testing revenue, with a minor attrition impact since the beginning of the year. SYNLAB actively participated in the COVID-19 response, at the forefront of variants testing (sequencing) and innovative solutions, for example for PCR pooling mass tests in schools;

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- underlying organic growth of 2.9%, driven by strong Q2 2021 volumes and a catch-up effect following the slower growth in Q1 2021.

Adjusted operating profit stood at 96 M€, representing a 26.1% margin (+17.2 pts vs. H1 2020). This major increase reflects the strong volume leverage of the business.

SYNLAB closed one bolt-on acquisition in H1 2021 representing ~2 M€ in annualized revenues.

South (28% of Group revenue)

In M€	**Q2 2021**	**Q2 2020**	**Growth**	**H1 2021**	**H1 2020**	**Growth**
Revenue	281.2	163.3	*72%*	545.5	306.2	*78%*
Adjusted operating profit	75.5	21.4	*x3.5*	139.2	30.6	*x4.5*
Adjusted operating profit margin	26.8%	13.1%	*+13.8pts*	25.5%	10.0%	*+15.5pts*

South revenue grew by 78% in H1 2021 to reach 545 M€ compared with 306 M€ in H1 2020.

Organic growth was 77% including:

- strong SARS-CoV-2 testing revenue, accelerating quarter on quarter, with an attrition impact reducing materially in Q2 2021 and limited to LATAM;

- underlying organic growth of 5.5%, with countries ex Switzerland (86% of South revenue) recording average growth of 8.3%. Switzerland (14% of South revenue) was impacted by price reductions implemented in December 2020 and the rollover effect of 2020 customer losses, with the latter now starting to phase out. Other countries experienced volume growth, broadly stable prices and the positive impact of “For You” growth initiatives, mostly around opening of new BCPs. Iberia (31% of South revenue) recorded low single digit underlying organic growth, while Latin America (16% of South revenue) and Italy (39% of South revenue) achieved high single and double digit growth respectively.

Adjusted operating profit reached 139 M€, representing a 25.5% margin (+15.5 pts vs. H1 2020). Margins were up across the board reflecting the strong volume leverage of the business.

SYNLAB closed six bolt-on acquisitions in the South segment in H1 2021, four located in Italy, one in Spain and one in Colombia representing total annualized revenue of ~6 M€.

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NORTH & EAST (30% of

revenue)

In M€	Q2 2021	Q2 2020	Growth	H1 2021	H1 2020	Growth
Revenue	302.2	100.5	*x3.0*	568.8	206.3	*x2.8*
Adjusted operating profit	117.3	8.7	*x13.5*	217.5	18.2	*x11.9*
Adjusted operating profit margin	38.8%	8.7%	*+30.2pts*	38.2%	8.8%	*+29.4pts*

North & East was the fastest growing segment in H1 2021, with revenue growing 176% at 569 M€ compared with 206 M€ in H1 2020.

Organic growth was 176% including:

- sustained strong SARS-CoV-2 testing revenue, including material contribution from short-term contracts in North Europe, additional volume coming from the SEL contract, as well as a reduced attrition impact;
- underlying organic growth of 24.8%, lifted by the UK (20% of revenue), which grew by a triple digit percentage in Q2 compared to the same period last year thanks to the contribution of the SEL contract from April 1st 2021. Excluding SEL, underlying organic growth was 6.9% in H1 2021, driven by volume growth, a positive pricing impact and specific “For You” growth initiatives such as the rollout of electronic order entry for new prescribers in Austria and the of opening new BCPs in Belgium.

Adjusted operating profit stood at 218 M€, representing a 38.2% margin (+29.4 pts vs. H1 2020). This major margin expansion reflected strong volume leverage, with further uplift driven by short-term SARS-CoV-2 testing contracts in Northern Europe.

In Q2 2021, SYNLAB and the Hospital District of Helsinki and Uusimaa renewed a contract for comprehensive PCR-testing for SARS-CoV-2 in Finland. The new contract will apply from August 2021 with total revenue from the contract estimated at around 50 M€ per year, with a minimum of around 35 M€.

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Employees

As of 30 June 2021, SYNLAB had ~23,000 employees (full time equivalents) working in a network of more than 450 laboratories and more than 1,600 blood collection points.

Opportunities and risk report

The opportunities and risk situation of SYNLAB has not materially changed since the publication of the Company's 2020 annual report, available on its website.

In particular, no risk in accordance with Section 91 (2) of the German Stock Corporation Act (AktG) that could endanger the continued existence of the SYNLAB Group can be identified at present.

A detailed discussion of SYNLAB's risk factors can be found in the "Forecast, opportunities and risk report" section of the Company's 2020 annual report, available on its website.

Company outlook

SYNLAB is well positioned to take advantage of the growing market for clinical laboratory and medical diagnostic services, which benefits from favorable 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. Furthermore, SYNLAB is a leader in the fight against COVID-19, working closely with the relevant authorities and leveraging its diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries.

SYNLAB is a pioneer in the consolidation trend in the European clinical laboratories market. Its expansion strategy is focused on adapting to local market environments while drawing from the strength of its pan-European support functions. SYNLAB's market position and the scale of its laboratory network also allow SYNLAB to benefit from favorable 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, Africa and Asia.

FY 2021 financial outlook raised on 8 July 2021

Revenue is expected to be within a range of 3.2-3.3 billion € in FY 2021 (previously: "comfortably exceed 3.0 billion €") with total growth expected within a range of 22-25% (previously: ~17%) compared with FY 2020.

Adjusted EBITDA is expected to exceed 925 M€ in FY 2021 (new guidance), compared with 679 M€ in FY 2020.

Unlevered free cash flow (pre-M&A) is expected to exceed 500 M€ in FY 2021 (previously: 300-350 M€) compared with 272 M€ in FY 2020.

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H2 2021 dynamics

After recording sustained strong SARS-CoV-2 testing contribution in H1 2021, which was above expectations, SYNLAB based its revised FY 2021 outlook on the assumption of a gradual reduction of SARS-CoV-2 testing from peak levels in H2 2021. However, should recent trends continue, notably driven by the impact of variants, SYNLAB's revenue and total growth are likely to exceed their respective guidance ranges.

Strong SARS-CoV-2 testing performance notwithstanding, SYNLAB will continue to keep a strong focus on underlying organic growth development and M&A execution.

Mid-term financial outlook

In the mid-term, SYNLAB aims at maintaining its growth profile, targeting around 10% total annual growth from revenue levels of 2019, including organic revenue growth above 3% per year, and targeting an adjusted EBITDA margin of around 23%.

Over the mid-term, SYNLAB also targets average annual M&A spending of approximately 200 M€.

SYNLAB is also targeting a leverage ratio of net financial debt to adjusted EBITDA from continuing operations below 3.0x on a sustainable basis in the mid-term.

Subsequent report

Please refer to Note 19 relating to significant events which occurred after the balance sheet date.

On 26 July 2021, SYNLAB closed the acquisition of Gruppo Tronchet in Italy. With annual revenue of 22 M€ in 2020 and a dense network of 17 patient-centric healthcare centres in and around Bologna, Gruppo Tronchet is a long-standing, crucial provider of healthcare services in the Emilia-Romagna region. In addition to diagnostics, Gruppo Tronchet is specialised in medical visits, physiotherapy and rehabilitation, as well as occupational medicine. Gruppo Tronchet's strong regional presence and its integrated service offering make SYNLAB the leading provider of healthcare services in the Emilia Romagna region and strengthen the company's number one position in Italy.

On 2 August 2021, SYNLAB reached an agreement with Medica Sur for the acquisition of 100% of a leading laboratory platform in Mexico. Subject to customary anti-trust approvals, and with closing expected in Q4 2021, SYNLAB will acquire a dense network of more than 100 diagnostic service points mainly located around Mexico City and Puebla which achieved revenues of 1.3 billion MXP (55 M€) in 2020, including COVID-19 testing services. This deal will provide SYNLAB with a strong platform to further expand its position in this key Central American market and further strengthens its successful operations in Latin America.

In August 2021, SYNLAB proceeded with the early repayment of a 75 M€ loan due in 2026.

Condensed Consolidated Statement of Income
For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020 *
Continuing operations	**Note**	**€ 000**	**€ 000**
Revenue	5	**1,923,038**	**982,768**
Material and related expenses		(476,250)	(246,781)
Payroll and related expenses		(550,608)	(393,418)
Other operating income		15,147	8,696
Other operating expenses		(249,362)	(160,389)
Depreciation and amortisation		(118,433)	(108,342)
Operating profit before acquisition, restructuring and impairment of non-current assets		**543,532**	**82,534**
Restructuring and other significant expenses	6	(22,894)	(12,274)
Acquisitions related income / (expenses)	6	(5,362)	1,331
Operating profit		**515,276**	**71,591**
Share of loss of associates and other non-controlling interest		(1,502)	(22)
Profit on disposal of investment		34	11,069
Finance income	7	18,553	10,380
Finance costs	7	(93,964)	(110,332)
Profit / (loss) before taxes		**438,397**	**(17,314)**
Income tax expenses	8	(111,764)	(5,406)
Profit / (loss) for the period from continuing operations		**326,633**	**(22,720)**
Discontinued operations			
Profit / (loss) for the period from discontinued operations	3.3	17,868	2,160
Profit / (loss) for the period		**344,501**	**(20,560)**
Profit / (loss) attributable to non-controlling interests		1,255	899
Profit / (loss) attributable to equity holders of the parent company		343,246	(21,459)
Profit / (loss) for the period		**344,501**	**(20,560)**
Basic earnings per share (in EUR)		1.65	(0.11)
Diluted earnings per share (in EUR)		1.65	(0.11)

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

Condensed consolidated Statement of Comprehensive Income
For the six months ended 30 June 2021

	Note	For the six months ended 30 June	
		2021	2020
		€ 000	€ 000
Net profit / (loss) for the period		**344,501**	**(20,560)**
Actuarial gains or losses on pension obligations		3,671	1,461
Taxes on actuarial gains or losses on pensions obligations		(612)	(258)
Items that will not be reclassified to profit or loss (a)		**3,059**	**1,203**
Foreign exchange gains/losses		6,892	(2,693)
Reclassification from translation reserve to income statement arising on divestment		-	(2,489)
Other		-	(204)
Items that may be reclassified subsequently to profit or loss (b)		**6,892**	**(2,693)**
Other comprehensive income for the year (a) + (b)		**9,951**	**(1,490)**
Total consolidated comprehensive profit / (loss) attributable to		**354,452**	**(22,050)**
Equity holders of the parent company		353,114	(22,804)
Non-controlling interests		1,338	754
Total consolidated comprehensive profit / (loss)		**354,452**	**(22,050)**

Condensed Consolidated Statement of Financial Position
For the six months ended 30 June 2021

	Note	As at 30 June 2021 € 000	As at 31 December 2020 € 000
ASSETS			
Goodwill	10	2,254,798	2,212,128
Intangible assets	11	716,155	715,380
Property, plant and equipment		226,970	217,069
Right of use assets	12	494,012	401,109
Investments in associates		4,605	4,574
Other non-current assets		41,246	38,611
Deferred tax assets		31,074	29,017
Total non-current assets		**3,768,860**	**3,617,888**
Inventories	9	115,427	149,055
Trade accounts receivables	13	586,080	534,910
Other current assets		120,562	72,194
Cash and cash equivalents		659,165	904,900
Assets classified as held for sale	3.3	-	4,242
Total current assets		**1,481,234**	**1,665,301**
Total assets		**5,250,094**	**5,283,189**

Condensed Consolidated Statement of Financial Position
For the six months ended 30 June 2021

	Note	As at 30 June 2021 € 000	As at 31 December 2020 € 000
EQUITY AND LIABILITIES			
EQUITY			
Contributed capital	18	222,222	134,388
Additional paid-in capital	18	3,788,812	1,523,590
Cumulative translation adjustment	18	(1,556)	(8,365)
Accumulated deficit	18	(2,055,438)	(443,973)
Total parent company interests		**1,954,040**	**1,205,640**
Non-controlling interests		**(1,682)**	**(2,088)**
Total equity		**1,952,358**	**1,203,552**
LIABILITIES			
Loans and borrowings (non-current)	14	1,728,006	2,680,895
Non-current lease liabilities	14	433,125	338,166
Employee benefits liabilities		45,602	47,806
Non-current provisions	15	2,455	2,458
Contract liabilities		7,518	-
Other non-current liabilities	16	52,986	27,191
Deferred tax liabilities		171,005	171,638
Total non-current liabilities		**2,440,697**	**3,268,154**
Current loans and borrowings	14	21,622	36,750
Current lease liabilities	14	95,811	83,745
Trade accounts payable	16	340,274	386,523
Contract liabilities		5,292	22,935
Current provisions	15	10,639	6,440
Income tax liabilities		113,572	48,326
Other current liabilities		269,829	224,449
Liabilities directly associated with assets classified as held for sale	3.3	-	2,315

Condensed Consolidated Statement of Financial Position
For the six months ended 30 June 2021

Total current liabilities	**857,039**	**811,483**
Total liabilities	**3,297,736**	**4,079,637**
Total equity and liabilities	**5,250,094**	**5,283,189**

Condensed Consolidated Statement of Changes in Equity For the six months ended 30 June 2021

	Contributed capital	Additional paid-in capital	Cumulative translation adjustment	Accumulated deficit	Total	Non-controlling interests	Equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balance as at 1 January 2021	**134,388**	**1,523,590**	**(8,365)**	**(443,973)**	**1,205,640**	**(2,088)**	**1,203,552**
Net profit for the period	-	-	-	343,246	343,246	1,255	344,501
Other comprehensive income	-	-	6,809	3,059	9,868	83	9,951
Total comprehensive income for the period	**-**	**-**	**6,809**	**346,305**	**353,114**	**1,338**	**354,452**
Transactions with owners, recorded directly in equity							
Issue of share capital	222,222	3,776,928	-	-	3,999,150	-	3,999,150
Capital reorganisation	(134,388)	(1,506,455)	-	(1,958,255)	(3,599,098)	-	(3,599,098)
Expenses for equity contribution	-	(6,000)	-	-	(6,000)	-	(6,000)
Acquisition of non-controlling interests	-	-	-	485	485	(928)	(443)
Credit to equity for equity settled share based payments	-	749	-	-	749	-	749
Dividends	-	-	-	-	-	(4)	(4)
Balance as at 30 June 2021	**222,222**	**3,788,812**	**(1,556)**	**(2,055,438)**	**1,954,040**	**(1,682)**	**1,952,358**

	Contributed capital	Additional paid-in capital	Cumulative translation adjustment	Accumulated deficit	Total	Non-controlling interests	Equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balance as at 1 January 2020	**134,388**	**1,519,640**	**(6,219)**	**(698,611)**	**949,198**	**(1,737)**	**947,461**
Net profit for the period	-	-	-	(21,458)	(21,458)	898	(20,560)
Other comprehensive income	-	-	(2,547)	1,201	(1,346)	(144)	(1,490)
Total comprehensive income for the period	**-**	**-**	**(2,547)**	**(20,257)**	**(22,804)**	**754**	**(22,050)**
Transactions with owners, recorded directly in equity							
Acquisition of non-controlling interests	-	-	-	(104)	(104)	-	(104)
Credit to equity for equity settled share based payments	-	2,076	-	-	2,076	-	2,076
Dividends	-	-	-	-	-	(1,273)	(1,273)
Balance as at 30 June 2020	**134,388**	**1,521,716**	**(8,766)**	**(718,972)**	**928,366**	**(2,256)**	**926,110**

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

	Note	For the six months ended 30 June 2021 € 000	For the six months ended 30 June 2020 * € 000
Operating profit		**515,276**	**71,591**
Depreciation, amortisation, impairment		118,432	108,345
Change in provisions		705	635
Loss (income) from the disposal of non-current assets		269	(85)
Other non-cash revenues and expenses		24,537	860
Operating cash flow before changes in net working capital		**659,219**	**181,346**
Change in inventories		41,582	(37,678)
Change in trade accounts receivable		(49,719)	(60,057)
Change in trade accounts payable		(63,524)	10,408
Change in other net working capital		(10,703)	10,563
Income tax paid		(54,143)	(12,412)
Cash flow from operating activities continuing operations		*522,712*	*92,170*
Cash flow from operating activities discontinued operations		*1,021*	*22,947*
Cash flow from operating activities (A)		**523,733**	**115,117**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	3	(45,418)	(5,833)
Purchase of intangibles and property, plant and equipment		(48,509)	(30,564)
Sale of subsidiaries, net of cash disposed and changes in debt		4,517	-
Proceeds from sale of intangibles and property, plant and equipment		462	1,015
Cash paid for other non-current assets		(49)	(168)
Cash received from other non-current assets		12	207
Interest received		401	418
Net cash from disposal of investments		80	11,135
Dividends received		290	286
Cash flow used in investing activities continuing operations		*(88,214)*	*(23,504)*
Cash flow used in investing activities discontinued operations		*(1)*	*(3,213)*
Cash flow (used in)/from investing activities (B)		**(88,215)**	**(26,717)**

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2021

	Note	For the six months ended 30 June 2021 € 000	2020 * € 000
Proceeds from share capital increase		394,050	-
Interest paid		(73,571)	(67,660)
New loans, borrowings and other financial liabilities	14	730,833	1,060,502
Repayment of loans, borrowings and other financial liabilities	14	(1,694,689)	(848,092)
Repayment of lease liabilities	14	(40,099)	(47,294)
Dividends paid and other payments to non-controlling interests		(1,190)	(2,419)
Cash flow used in financing activities continuing operations		(684,666)	95,037
Cash flow used in financing activities discontinued operations		(22)	(4,647)
Cash flow used in financing activities (C)		**(684,688)**	**90,390**
TOTAL CASH FLOWS (A+B+C)		**(249,170)**	**178,790**
Cash and cash equivalent at the beginning of the period		**904,707**	**238,580**
Net foreign exchange differences		267	(3,493)
Change cash and cash equivalent assets held for sale		3,209	-
Cash and cash equivalents at the end of the period		659,013	413,877
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(245,694)**	**175,297**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

Notes to the Consolidated Financial Statements For the six months ended 30 June 2021

1. Reporting entity

The consolidated financial statements were prepared by SYNLAB AG (hereinafter: “the Company”), the ultimate parent company of the SYNLAB Group. The Group consolidated financial statements as at and for the period from 1 January 2021 to 30 June 2021 consolidate those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and include the Group’s interest in associates.

The SYNLAB Group is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in Germany, employs approximately 23,000 people and benefits from a pan-European network across 36 countries. The Group is currently active in Austria, Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Ireland, Italy, Lithuania, Mexico, Nigeria, North Macedonia, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, U.A.E., Ukraine and the United Kingdom.

During the extraordinary general meeting of SYNLAB AG on 27 April 2021, the Company’s share capital was increased by way of a non-cash capital increase. The registration of the non-cash capital increase in the Commercial Register was effective on 28 April 2021. During this transaction the shares of SYNLAB Limited, London, United Kingdom, were contributed to SYNLAB AG. SYNLAB Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered under the number 09630775 (England and Wales) and has its registered address at Francis House, 9 Kings Head Yard, London, SE1 1NA, United Kingdom. With this transaction SYNLAB AG became the new ultimate parent of the SYNLAB Group.

At the time of the contribution SYNLAB AG did not have any own business or operations. Additionally, the shareholders of SYNLAB AG were the same as for SYNLAB Limited before. Therefore, this transaction was a transaction under common control (IFRS 3.2(c)) and IFRS 3 Business Combinations is not applicable. This transaction has to be classified as a pure capital reorganization under IFRS accounting and the predecessor approach has to be applied. Following that approach SYNLAB Limited Group financials 2020 form the comparison financials for SYNLAB AG Group financials 2021. SYNLAB Limited Group financials are available at the website of UK Companies House (https://find-and-update.company-information.service.gov.uk/company/09630775/filing-history).

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

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.

The half-year financial report and the interim management report as at 30 June 2021 were neither reviewed nor audited in accordance with § 317 HGB.

2.1 Significant accounting policies

The Group consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the IASB and adopted by the EU.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in preparing the Group's annual consolidated financial statements of SYNLAB Limited for the year ended 31 December 2020. As at 30 June 2021 the following new amendments, interpretations and standards have been applied for the first time:

Effective date of IBOR reform Phase 2 amendments .- On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.

2.2 Details specific to the preparation of the interim condensed consolidated financial statements

2.2.1 Seasonality of operations

Revenue, operating profit before acquisition and restructuring expenses and all operating indicators are subject to seasonal fluctuations due to vacation periods and the related impact on activity in certain laboratories as well as to the impact of severe weather conditions, if any, during the winter period.

Consequently, the interim results for the six-month period ended 30 June 2021 are not necessarily representative of those that may be expected for the full-year 2021.

2.2.2 Use of estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of income and expenses. The significant areas of judgements and estimates are:

- Basis of consolidation
- Right of use assets
- Revenue recognition
- Intangible assets

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

- Restructuring and litigations
- Deferred tax
- Goodwill including contingent consideration payable and fair value adjustments

Estimates and judgments have been applied on the same basis as in preparing the Group's annual consolidated financial statements of SYNLAB Limited for the year ended 31 December 2020 unless otherwise noted.

2.3 Functional and presentation currency

These interim condensed 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.

2.4 Going concern

The Management Board consider the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Management Board have taken into account the following:

- the principal risks facing the Group and its systems of risk management and internal control;
- the current capital structure and liquidity of the Group (see Note 14, Borrowings and other financial liabilities); and
- the cash flow forecasts for 2021 and 2022.

The Management Board have also considered the wider operational consequences and ramifications of the COVID-19 pandemic. Following the assessment of the Group's financial position, which includes significant headroom throughout the forecast period, operational consequences and ramifications of the COVID-19 pandemic and its ability to meet its obligations as and when they fall due, based on the above analysis the Management Board have a reasonable expectation that the Group will be able to continue to be a going concern. Therefore, the financial statements have been prepared on a going concern basis.

Notes to the Consolidated Financial Statements For the six months ended 30 June 2021

3. Significant events

3.1 Changes in scope of consolidation

The following changes in scope of consolidation have occurred during the period:

	As at 30. June 2021			As at 31 December 2020		
Designated entities	**% of control**	**Method of consolidation**	**% of interest**	**% of control**	**Method of consolidation**	**% of interest**
Italy						
Synlab Ecoservice S.r.l.	100.00%	FC	100.00%	60.00%	FC	60.00%

FC= Full consolidation / EC = Equity consolidation

On 25 January 2021, SYNLAB acquired the remaining 40% Synlab Ecoservice S.r.l. for 0.5 M€.

The held for sales Analytics & Services entity BZH GmbH Deutsches Beratungszentrum für Hygiene was sold as of 29 January 2021; please see Note 3.3 for more information.

The following entities were liquidated entities in the 2021 fiscal year:

Country	Date	Entity	Method of consolidation
France	15 Jan 2021	eBioSanté SELAS	EC
Italy	26 Jun 2021	Pharmadiagen S.r.l.	FC

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

3.2 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 bolt-on acquisitions.

All acquisitions in the period earn revenues mainly from medical or pathology analyses. 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.

All amounts for the acquisitions in the year are provisional and subject to modification in the twelve-month period following the acquisition date.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure	Control
26. Jan. 2021	Italy	Monterchi S.r.l.	medical testing	bolt-on	share deal	100.00%
27. Jan. 2021	Italy	Fleming S.r.l.	medical testing	bolt-on	share deal	100.00%
27. Jan. 2021	France	BIONYVAL SELARL	medical testing	bolt-on	share deal	99.99%
24. Feb. 2021	Italy	Centro Diagnostico Monteverde S.r.l.	medical testing	bolt-on	share deal	99.90%
25 Feb. 2021	Italy	Dott. Matteo Pizzolorusso S.r.l.	medical testing	bolt-on	share deal	100.00%
26 Feb. 2021	France	Institut de Pathologie du Forez SELAS	Pathology	bolt-on	share deal	100.00%
26 Feb. 2021	France	Sevre Biologie SELAS	medical testing	bolt-on	share deal	85.40%
1. Apr. 2021	UK	Viapath Group LLP *)	holding	bolt-on	share deal	100.00%
1. Apr. 2021	UK	Viapath Analytics LLP *)	medical testing	bolt-on	share deal	100.00%
1. Apr. 2021	UK	Viapath Services LLP *)	medical services	bolt-on	share deal	100.00%
1. Apr. 2021	Colombia	Inversiones Gomez Pardo S.A.S.	holding	bolt-on	share deal	100.00%
1. Apr. 2021	Colombia	Medlab G V S A S	medical testing	bolt-on	share deal	100.00%
1. Apr. 2021	Colombia	Laboratorio Bio Clinico Gomzez Vesgas GV LTDA	medical testing	bolt-on	share deal	100.00%
16. Apr 2021	Germany	Praxis Dr. Titz	medical testing	bolt-on	asset deal	N/A
30. Apr 2021	Spain	AVE	medical testing	bolt-on	asset deal	N/A

*) SEL

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

	€000
Non-current assets	
Intangible assets	21,747
Property, plant and equipment	6,780
Right of use assets	13,321
Other non-current assets	1,413
Deferred tax assets	107
Current assets	
Inventories	7,940
Trade accounts receivable	19,456
Other current assets	7,688
Cash and cash equivalents	6,877
Total assets	**85,329**
Non-current liabilities	
Loans and borrowings (non-current)	273
Lease liability (non-current)	9,071
Employee benefits liabilities	1,006
Other non-current liabilities	198
Deferred tax provisions	3,486
Current liabilities	
Current loans and borrowings	761
Current lease liabilities	4,244
Trade accounts payable	28,653
Contract liabilities	378
Current provisions	2,129
Income tax liabilities	894
Other current liabilities	6,171
Total liabilities	**57,264**
Total identifiable net assets at fair value	**28,065**
Non-controlling interests	(226)
Goodwill from company acquisitions	42,759
Total consideration	**70,598**

The consideration at acquisition date is satisfied by:

	€000
Cash consideration	39,559
Deferred consideration	29,111
Contingent consideration	1,928
Total consideration transferred	**70,598**

The fair value of the trade accounts receivables amounts to 19.5 M€. The gross amount of trade accounts receivables amounts to 21.3 M€. The impairment of trade accounts receivables amounts to 1.8 M€

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

Goodwill amounting to 42.8 M€ reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. The allocation of additional goodwill per CGU is as follows:

CGU	For the six months ended 30 June 2021 €000
Germany	5,375
France	27,523
Italy	6,967
Northern Europe	920
Iberia	250
LATAM	1,724
Total	**42,759**

Apart from acquisitions in Germany and Italy, most of the goodwill recognised is expected to be non-deductible for tax purposes.

If the deals had been acquired as at the beginning of the year, revenue would have been 47.1 M€ higher and consolidated net profit for the period from continuing operations would have been 7.1 M€ higher.

All deals have contributed 58.4 M€ to revenue with 6.9 M€ consolidated net profit for the period from continuing operations since their acquisition.

Analysis of cash outflow due to company acquisitions	**€000**
Total consideration for 2021 acquisitions	**(70,598)**
Deferred consideration on 2021 acquisitions unpaid	26,507
Contingent consideration on 2021 acquisitions unpaid	1,928
Total cash consideration for 2021 acquisitions	**(42,163)**
Net cash of acquired companies	6,876
Actual cash outflow due to 2021 company acquisitions	**(35,287)**
Cash outflows due to advance payments for a future deal	(7,800)
Deferred consideration cash outflows due to the prior year company acquisitions	(664)
Contingent consideration cash outflows due to the prior year company acquisitions	(1,667)
Actual cash outflow due to company acquisitions	**(45,418)**

Transaction costs related to the closed acquisition amount to 0.2 M€ (2020: 0.9 M€) and were expensed as incurred in the separately disclosed items balance “Acquisition related expenses”.

3.3 Discontinued Operations

According to IFRS 5 SYNLAB restated the consolidated statement of income and cash flow for 30 June 2021. The– A&S segment was treated as discontinued operations.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

During the year ended 31 December 2020 the Group entered into agreements to dispose of the Analytics and Services (A&S) business segment as part of a strategic decision to fully focus on its core medical activities and drive further growth. The disposal of the A&S segment included the following transactions:

On 9 July 2020 and 3 November 2020 the Group disposed of the A&S operations in Austria and Italy, specifically SYNLAB Analytics & Services Austria GmbH, SYNLAB Analytics & Services S.r.l. and SYNLAB Analytics & Services Italia S.r.l.

On 10 November 2020, the Group entered into a sale agreement to dispose of the remaining A&S entities, which was completed on 31 December 2020 for all but one entity, the entity BZH GmbH Deutsches Beratungszentrum für Hygiene, which was not sold in 2020 and is shown as held for sale as of December 2020.

On 29 January 2021 SYNLAB sold the held for sales entity BZH GmbH Deutsches Beratungszentrum für Hygiene.

The table below shows the results of the discontinued operations which are included in the consolidated statement of income:

	For the six months ended 30 June	
	2021	**2020**
	€000	**€000**
Revenue	848	98,589
Expenses	(636)	(96,747)
Profit before tax	**212**	**1,842**
Attributable tax (expense) / income	(2)	318
Profit on disposal before transaction costs and tax	13,555	-
Tax charge on profit on disposal	(240)	-
Profit for the year from discontinued operations FY 2021	**13,525**	**-**
Profit for the year from discontinued operations FY 2020	4,343	-
Total profit for he year from discontinued operations	**17,868**	**2,160**

The profit on disposal of these entities, which has been calculated as the difference between the proceeds of disposal and the carrying amount of the subsidiary’s net assets and attributable goodwill totalled a disposal of 13.5 M€.

The profit on disposal calculation and the major classes of assets and liabilities comprising the operations classified as disposed entities are as follows:

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

	As at 30 June 2021 €000	As at 31 December 2020 €000
Non-current assets		
Intangible assets	15	116,709
Property, plant and equipment	78	26,137
Right of use assets	864	30,563
Other non-current assets	2	276
Deferred tax assets	11	1,287
Current assets		
Inventories	-	4,515
Trade accounts receivable	551	30,477
Other current assets	17	6,366
Cash and cash equivalents	4,417	30,849
Total assets	**5,955**	**247,179**
Non-current liabilities		
Lease liability (non-current)	672	24,259
Employee benefits liabilities	-	3,731
Non-current provisions	-	81
Deferred tax provisions	-	28,172
Current liabilities		
Current lease liabilities	184	7,712
Trade accounts payable	821	12,872
Contract liabilities	1,551	2,114
Current provisions	43	532
Income tax liabilities	98	2,162
Other current liabilities	486	24,902
Total liabilities	**3,855**	**106,537**
Attributable goodwill	-	196,287
Net assets disposed of	**2,100**	**336,929**
Consideration received, satisfied in cash	**15,655**	**567,336**
Deferred consideration	**-**	**780**
Reclassification from translation reserve to income statement arising on divestment	-	(7,385)
Profit on disposal before transaction costs and tax	**13,555**	**223,802**
Disposal costs	-	(11,979)
Tax charge on profit on disposal	(240)	(388)
Profit on disposal after tax current year	**13,315**	**211,435**

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For the six months ended 30 June 2021

Net cash inflow arising on sale of subsidiaries, net of cash acquired and changes in debt as follows:

	As at 30 June 2021 €000	As at 31 December 2020 €000
Cash consideration	15,655	567,336
Less: cash and cash equivalents disposed of	(4,417)	(30,848)
Transaction costs paid	(11,068)	(590)
Consideration received prior year disposals	4,347	-
Net cash inflow arising on disposal	**4,517**	**535,898**

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

4. 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 the key measure of the segments' results as it reflects the segments' underlying performance for the financial period under evaluation. Adjusted Operating Profit is a consistent measure within the Group (see SYNLAB Limited financials as of 31 December 2020, Note 2.6.1.). Refer to Note 6 for separately disclosed items.

In 2020, the Group's segment reporting structure was modified as the internal reporting reviewed by chief operating decision maker has changed. The modification and the policies applied to determine the operating segments presented are set out in SYNLAB Limited financials Note 3 Significant accounting policies as of 31 December 2020 in the section Segment information. Prior year comparatives have been presented in accordance with the new segment definitions.

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 six months ended 30 June 2021						
	France	**Germany**	**South**	**North & East**	**Elimination**	**Total Group**
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Revenue external	441,595	367,200	545,483	568,760	-	1,923,038
Revenue intercompany	164	7,685	493	1,555	(9,897)	-
Adjusted Operating Profit	**116,736**	**95,955**	**139,168**	**217,504**	**-**	**569,363**
Customer relationship amortization						(25,082)
Acquisitions related expenses and income						(5,362)
Restructuring and other significant expenses						(22,894)
Share of loss of associates and revaluation of non-controlling interest						(1,502)
Net finance costs						(75,411)
Income tax expenses						(111,764)
Profit on disposal of investment						34
Share-based payments						(749)
Result from continuing operations						**326,633**

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

	For the six months ended 30 June 2020*					
	France	Germany	South	North & East	Elimination	Total Group
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Revenue external	235,951	234,332	306,187	206,298		**982,768**
Revenue intercompany	498	10,004	2,064	872	(13,438)	**-**
Adjusted Operating Profit	**40,725**	**20,832**	**30,635**	**18,216**		**110,408**
Customer relationship amortization						(25,798)
Acquisitions related expenses and income						1,331
Restructuring and other significant expenses						(12,274)
Share of loss of associates and revaluation of non-controlling interest						(22)
Net finance costs						(99,952)
Income tax expenses						(5,406)
Profit on disposal of investment						11,069
Share-based payments						(2,076)
Result from continuing operations						**(22,720)**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

The reconciliation between operating profit, Adjusted Operating Profit (AOP) and Adjusted EBITDA is as follows:

	For the six months ended 30 June	
	2021	2020 *
Continuing Operations	**€ 000**	**€ 000**
Operating profit	515,276	71,591
Restructuring and other significant expenses	22,894	12,274
Acquisitions related (income) / expenses	5,362	(1,331)
Customer relationship amortization	25,082	25,798
Share-based payments	749	2,076
AOP	**569,363**	**110,408**
Depreciation and amortization	118,433	108,342
Elimination customer relationship amortization	(25,082)	(25,798)
AEBITDA	**662,714**	**192,952**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

5. Revenue

The components of revenue are as follows:

	For the six months ended 30 June	
	2021	2020*
Continuing Operations	**€ 000**	**€ 000**
Revenues from human medicine	1,762,790	898,959
Revenues from veterinary medicine	22,082	16,741
Revenues from trading goods	7,751	7,987
Other revenues	130,415	59,081
Total revenue	**1,923,038**	**982,768**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

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6. Separately disclosed items

As set out in Note 3 of SYNLAB Limited Group financials as of December 31, 2020, the Group is implementing a number of business change programs as part of a wider transformational change program and the costs of these activities are presented separately on the face of the income statement in dedicated lines in accordance with IAS 1.

		For the six months ended 30 June	
		2021	2020 *
Continuing Operations		**€ 000**	**€ 000**
Strategic Group projects	(a)	(21,518)	(8,281)
Restructuring, post-merger integration and other	(b)	(1,376)	(3,993)
Restructuring and other significant expenses		**(22,894)**	**(12,274)**
Costs incurred in connection with acquisitions, disposals and abandoned projects	(c)	1,068	510
Changes in the fair value of contingent consideration	(d)	(6,430)	821
Acquisition related income / (expenses)		**(5,362)**	**1,331**
Total		**(28,256)**	**(10,943)**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.3.*

(a) Strategic Group projects amount to 21.5 M€ (H1 2020: 8.2 M€) and consist mainly of the following elements:
- 19.5 M€ of costs for preparation of the IPO of the Group,
- 1.9 M€ of costs related to LIS (laboratory information systems) and the roll-out of ERP.

In H1 2020, these costs consisted mainly of costs related to strategic IT projects as well as the costs linked to the preparation of the exit of the financial investor.

(b) Restructuring, post-merger integration and other costs amount to 1.4 M€ (H1 2020: 4.0 M€) and consist mainly of the costs of post-merger integration of acquisitions.

In H1 2020, the costs consisted mainly of the result of asset write-offs, staff redundancies in certain regions in which the Group operates, as well as advisory costs related to various projects.

(c) Net costs incurred in connection with acquisitions, disposals and abandoned projects amount to 1.1 M€ income (H1 2020: 0.5 M€ income) and consist of the release of costs accrued mainly for the project of disposal of the Analytics and Services segment, net of costs incurred for the projects of 2021.

(d) Changes in the fair value of contingent consideration amount to 6.4 M€ expenses (H1 2020: 0.8 M€ income). This was driven by the significant growth in volumes and the strong increase in performance following the COVID-19 pandemic which impacted earn-out agreements and put/call options for minority shares. This also contributed to an increase in the related liabilities in H1 2021.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

7. Net finance costs

	For the six months ended 30 June	
	2021	2020 *
Continuing Operations	**€ 000**	**€ 000**
Finance income	**18,553**	**10,380**
Interest expenses on financial liabilities measured at amortised cost	(64,099)	(81,712)
Interest expenses on leases	(6,667)	(6,755)
Other interest expenses	(142)	(142)
Loss on remeasurement of derivatives at fair value through profit or loss	(10)	(106)
Exchange losses	(22,940)	(21,553)
Other financial expenses	(106)	(64)
Total finance costs	**(93,964)**	**(110,332)**
Net finance costs	**(75,411)**	**(99,952)**

** Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 3.*

The interest expenses relate mainly to:

i. 851 M€ Senior Secured Term Loan (TLB5), issued by SYNLAB Bondco Plc, with effective interest rate of 3.7% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2026 as well as the unamortized part of debt issuance costs of the redeemed tranche (231 M€) amounting to 2.5 M€.
ii. 850 M€ Senior Secured Floating Rate Notes due 2025, issued by SYNLAB Bondco Plc, at effective interest rate of 5.2% (applied above the EURIBOR floored at zero). The facility was fully redeemed in May 2021. Interest expenses also include a 8.5 M€ premium cost for early repayment and the write off of the unamortised debt issuance costs on the extinguishment of 12.9 M€.
iii. 385 M€ Senior Secured Term Loan (TLB4), issued by SYNLAB Bondco Plc, with effective interest rate of 3.7% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2027.
iv. 735 M€ Term Loan A, issued by SYNLAB AG, with effective interest rate of 2.6% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2026.
v. The Interest expenses line item also includes the commitments fees on the undrawn part of the Revolving Credit Facility (RCF), held by SYNLAB AG, as well as the fees incurred for the issuance of the 500 M€ RCF currently amounting to 2.7 M€.

Finance income relates mainly to unrealized FX gains with regards to retranslation of intercompany loans and is primarily due to EUR/GBP FX rate variation.

Exchange losses relates mainly to unrealized FX losses with regards to retranslation of intercompany loans and is primarily due to EUR/GBP FX rate variation.

Exchange income and exchange losses relate to financing items.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

8. Income tax expenses

The Group has operations in various tax jurisdictions which have different tax laws and rates. Consequently, the effective tax rate on consolidated income may vary from year to year, according to the source of earnings. The effective tax rate on consolidated income is also impacted by several factors especially the non-deductible interests and the losses incurred particularly in certain holdings for which no deferred tax asset has been recognized. The income tax charge for the interim period is calculated based on the estimated effective tax rate for the full year, for each tax entity or sub-group.

Notes to the Consolidated Financial Statements
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9. Inventories

	As at 30 June 2021 €000	As at 31 December 2020 €000
Raw materials	111,501	143,428
Finished goods	1,691	2,207
Advance payments	2,235	3,420
Total	**115,427**	**149,055**

There was an inventory build-up in year 2020 in reagents due to COVID-19. The reduction in inventories as of 30 June 2021 is related to the consumption of the COVID-19 reagents.

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10. Goodwill

	As at 30 June 2021 €000	As at 31 December 2020 €000
Germany	492,986	487,611
France	915,237	887,714
Switzerland	25,742	26,917
Italy	400,240	393,486
Iberia	73,623	73,372
Northern Europe	156,032	154,673
CEMEA	125,106	124,247
LATAM	65,832	64,108
Total	**2,254,798**	**2,212,128**

No indication of impairment has been identified during the first six-month period ended 30 June 2021.

Goodwill computed for the acquisitions completed during the six-month period ended 30 June 2021 is provisional and subject to modification in the twelve-month period following the acquisition date.

Refer to Note 3 for changes in France, Germany, Iberia, Italy, and North Europe. Other changes relate mainly to the effect of foreign exchange rates.

Notes to the Consolidated Financial Statements
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11. Intangible assets

	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
Gross amount	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
As at 1 January 2021	**898,462**	**36,661**	**119,537**	**13,270**	**23,243**	**1,091,173**
Acquisition of subsidiaries	15,067	-	23	6,628	28	21,746
Foreign currency translation	146	(37)	127	(47)	(2)	187
Additions	146	-	7,901	1,032	7,205	16,284
Disposals	(2,500)	-	(172)	(1,675)	(1)	(4,348)
Reclassification	-	-	3,607	19	(3,626)	-
As at 30 June 2021	**911,321**	**36,624**	**131,023**	**19,227**	**26,847**	**1,125,042**

Trademarks include the own SYNLAB brand identified as an indefinite useful life intangible asset. The carrying amount of this indefinite asset is 35.6 M€.

Accumulated amortization and carrying amount of intangible assets	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2021	**(292,624)**	**(582)**	**(73,284)**	**(9,303)**	**-**	**(375,793)**
Amortization of the period	(25,082)	(68)	(11,326)	(853)	-	(37,329)
Foreign currency translation	154	20	(194)	(13)	-	(33)
Disposals	2,500	-	93	1,675	-	4,268
As at 30 June 2021	**(315,052)**	**(630)**	**(84,711)**	**(8,494)**	**-**	**(408,887)**
Carrying amount as at 1 January 2021	**605,838**	**36,079**	**46,253**	**3,967**	**23,243**	**715,380**
Carrying amount as at 30 June 2021	**596,269**	**35,994**	**46,312**	**10,733**	**26,847**	**716,155**

Notes to the Consolidated Financial Statements
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Gross amount	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2020	**1,046,743**	**36,778**	**105,775**	**13,475**	**17,752**	**1,220,523**
Acquisition of subsidiaries	3,335	-	12	-	1	3,348
Foreign currency translation	(4,961)	(117)	(721)	(217)	2,536	(3,480)
Additions	-	-	16,795	1,682	8,912	27,389
Disposals	-	-	(867)	(119)	(37)	(1,023)
Reclassification	414	-	5,500	7	(5,921)	-
Disposal of subsidiaries	(147,069)	-	(6,839)	(1,558)	-	(155,466)
Reclassification to held for sale	-	-	(118)	-	-	(118)
As at 31 December 2020	**898,462**	**36,661**	**119,537**	**13,270**	**23,243**	**1,091,173**

Accumulated amortization and carrying amount of intangible assets	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2020	**(267,783)**	**(488)**	**(56,196)**	**(8,994)**	**-**	**(333,461)**
Amortization of the year	(51,435)	(139)	(20,508)	(1,764)	-	(73,846)
Foreign currency translation	1,223	45	600	151	-	2,019
Disposals	-	-	461	120	-	581
Disposal of subsidiaries	25,371	-	2,256	1,184	-	28,811
Reclassification to held for sale	-	-	103	-	-	103
As at 31 December 2020	**(292,624)**	**(582)**	**(73,284)**	**(9,303)**	**-**	**(375,793)**
Carrying amount as at 1 January 2020	**778,960**	**36,290**	**49,579**	**4,481**	**17,752**	**887,062**
Carrying amount as at 31 December 2020	**605,838**	**36,079**	**46,253**	**3,967**	**23,243**	**715,380**

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 that were performed since the formation of the Group in 2015.

Notes to the Consolidated Financial Statements
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Customer relationships break down into the following group of CGUs:

As at 30 June 2021	Gross €000	Amortisation & Impairment €000	Net €000
Germany	381,932	(114,337)	267,595
France	8,041	(1,821)	6,220
Italy	45,025	(13,015)	32,010
Switzerland	180,530	(78,480)	102,050
Iberia	30,639	(17,063)	13,576
North Europe	161,056	(57,293)	103,763
CEMEA	94,093	(30,363)	63,730
LATAM	10,005	(2,680)	7,325
Total	**911,321**	**(315,052)**	**596,269**

As at 31 December 2020	Gross €000	Amortisation & Impairment €000	Net €000
Germany	380,824	(104,534)	276,290
France	6,656	(1,607)	5,049
Italy	44,879	(11,832)	33,047
Switzerland	183,504	(74,158)	109,346
Iberia	30,639	(16,157)	14,482
North Europe	149,326	(54,945)	94,381
CEMEA	92,286	(27,109)	65,177
LATAM	10,348	(2,282)	8,066
Total	**898,462**	**(292,624)**	**605,838**

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12. Right of Use Assets

Net carrying amount	**Land and building**	**Technical machines and equipment**	**Vehicle fleet**	**Office, IT and Other equipment**	**Total**
	€000	**€000**	**€000**	**€000**	**€000**
as at 31 December 2020	324,845	52,334	12,564	11,366	401,109
as at 30 June 2021	401,729	67,046	13,691	11,546	494,012
Depreciation expense for the period ended					
30 June 2020	(31,074)	(14,590)	(3,532)	(2,200)	(51,396)
30 June 2021	(32,363)	(13,401)	(4,121)	(2,536)	(52,421)

Notes to the Consolidated Financial Statements
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13. Trade accounts receivable

Net trade accounts receivable break down into the following Segments:

As at 30 June 2021	Gross €000	Loss allowance €000	Net €000
Germany	144,370	(4,398)	139,972
France	79,381	(6,848)	72,533
North & East	158,344	(6,706)	151,638
South	253,315	(31,378)	221,937
Total	**635,410**	**(49,330)**	**586,080**

As at 31 December 2020	Gross €000	Loss allowance €000	Net €000
Germany	161,195	(3,536)	157,659
France	65,990	(3,280)	62,710
North & East	117,011	(4,397)	112,614
South	223,405	(21,478)	201,927
Total	**567,601**	**(32,691)**	**534,910**

Notes to the Consolidated Financial Statements For the six months ended 30 June 2021

14. Borrowings and other financial liabilities

As of 30 June 2021, the Group borrowings are comprised of:

- A 735 M€ Term Loan, issued by SYNLAB AG, that bears floating interests at initial 2.50% (subject to a margin ratchet) + Euribor (floored at 0%) due May 2026;
- A 620 M€ Senior Secured Term Loan, issued by SYNLAB Bondco Plc, that bears floating interests at 2.50% (subject to a margin ratchet)+ EURIBOR (with a 0% floor), mature in July 2026;
- A 385 M€ Senior Secured Term Loan, issued by SYNLAB Bondco Plc, that bears floating interests at 2.50% (subject to a margin ratchet) + Euribor (floored at 0%) due July 2027.

	Floating Senior Secured Notes	Term Loan	Accrued interest on Term Loan	RCF Syndi-cated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2021	**836,230**	**1,843,754**	**34,680**	**295**	**2,686**	**2,717,645**	**421,911**	**3,139,556**
Business acquired	-	-	-	-	1,034	1,034	13,315	14,349
Non-cash movements	13,770	(3,575)	(14,946)	174	(618)	(5,195)	(601)	(5,796)
Proceeds from loans and borrowings	-	730,833	-	-	-	730,833	-	730,833
Lease additions	-	-	-	-	-	-	134,410	134,410
Repayments of loans and borrowings	(850,000)	(843,500)	-	-	(1,189)	(1,694,689)	(40,099)	(1,734,788)
As at 30 June 2021	**-**	**1,727,512**	**19,734**	**469**	**1,913**	**1,749,628**	**528,936**	**2,278,564**

Non-cash movements include the amortization of transaction costs, accrued interest, lease modifications, foreign exchange movement and other non-cash transactions.

The proceeds from lease liabilities have no cash flow impact, as they are netted with the right of use assets.

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	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Term Loan	Accrued interest on notes	Accrued interest on Term Loan	RCF Syndi-cated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at										
1 January 2020	**936,028**	**372,134**	**1,358,109**	**-**	**21,571**	**-**	**1,733**	**2,689,575**	**420,143**	**3,109,718**
Business acquired	-	-	-	-	-	-	557	557	2,890	3,447
Non-cash movements	5,304	2,866	(973)	10,177	2,932	1,435	-	21,741	-	21,741
Modification loss	-	-	13,021	-	-	-	798	13,819	20,548	34,367
Transfer	(92,232)	-	92,232	-	-	-	-	-	-	-
Proceeds from loans and borrowings	834,565	-	381,365	-	-	217,860	-	1,433,790	-	1,433,790
Lease additions	-	-	-	-	-	-	202	202	115,764	115,966
Repayments of loans and borrowings	(847,435)	(375,000)	-	-	-	(219,000)	-	(1,441,435)	(103,292)	(1,544,727)
Disposal of subsidiaries	-	-	-	-	-	-	(579)	(579)	(33,264)	(33,843)
Transferred to held for sale	-	-	-	-	-	-	(25)	(25)	(878)	(903)
As at										
31 December 2020	**836,230**	**-**	**1,843,754**	**10,177**	**24,503**	**295**	**2,686**	**2,717,645**	**421,911**	**3,139,556**

In May 2021 the Group issued two new financial debt instruments, both issued by SYNLAB AG: a 500 M€ Revolving Credit Facility (RCF) and a 735 M€ Term Loan A. Both financial debt instruments bear an initial floating interest at 2.5% p.a. (subject to a margin ratchet) + Euribor (with a 0% floor) and mature in May 2026. The existing 250M€ RCF held by Synlab Bondco Plc was cancelled and the not amortized part of the debt issuance costs of 1.4 M€ was released in the profit and loss statement.

735 M€ TERM LOAN A

Term Loan A, held by SYNLAB AG, is designated at amortized cost. Fees incurred in the issuance of the Term Loan, currently amounting to 4.8 M€, have been capitalized as debt issuance costs to be amortized over the maturity of the financial instrument, using the effective interest rate method. The interest is paid semi-annually. Proceeds of this Term Loan together with the cash on the balance sheet were used to repay the existing 850 M€ Senior Secured Floating Rate Notes.

500 M€ REVOLVING CREDIT FACILITY

The Revolving Credit Facility (RCF), held by SYNLAB AG, is designated at fair value through profit or loss. The cost and fees for the issuance of the RCF, currently amounting to 2.7 M€, were recognized in the profit and loss statement and were included in the "net finance costs – interest expenses" line item. As of 30 June 2021, the facility was not drawn and accrued interest for non-utilization fee amounts to 0.5 M€.

850 M€ SENIOR SECURED FLOATING RATE NOTES

In May 2020 the Group issued 850 M€ Senior Secured Floating Rate Notes, held by SYNLAB Bondco Plc, repayable on 1 July 2025. The notes were fully redeemed in May 2021. The premium cost of 8.5 M€ as well as the unamortised

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part of the debt issuance costs, amounting to 12.9 M€, were recognised in the profit and loss statement and were included in the "net finance costs – interest expenses” line item.

68 M€ TERM LOAN B2

Term Loan B2, held by SYNLAB Bondco Plc with a nominal amount of 68.6 M€ was fully redeemed in May 2021. The unamortized part of the debt issuance costs of 0.5 M€ was recognised in the profit and loss statement and was included in the "net finance costs – interest expenses” line item.

851 M€ TERM LOAN B5

Term Loan B5, held by SYNLAB Bondco Plc with a nominal amount of 851 M€ was partially repaid in May 2021 for an amount of 231 M€. The unamortized part of debt issuance costs of the redeemed tranche, amounting 2.5 M€, was recognised in the profit and loss statement and was included in the "net finance costs – interest expenses” line item.

76 M€ TERM LOAN B1

Term Loan B1, held by SYNLAB Bondco Plc with a nominal amount of 76.0 M€ was fully redeemed in January 2021. The unamortized part of the debt issuance costs of 0.3 M€ was recognised in the profit and loss statement and was included in the "net finance costs – interest expenses” line item.

468 M€ TERM LOAN B3

Term Loan B3, held by SYNLAB Bondco Plc with a nominal amount of 467.5 M€ was fully redeemed in January 2021. The modification loss that was recognized in the financial year 2020 together with the not amortized part of debt issuance costs amounting to 6.7 M€ were recognised in the profit and loss statement and were included in the "net finance costs – interest expenses” line item.

REVOLVING CREDIT FACILITY (RCF) AND TERM LOAN A COVENANTS

The RCF and the Term Loan A both include certain covenants related to reporting and information requirements as well as certain financial covenants as defined in the agreements. The consolidated leverage ratio of the SYNLAB Group should not exceed 4.50:1.

SENIOR SECURED TERM LOAN B COVENANTS

The Senior Secured Term Loan 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 12 Right of Use Assets).

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15. Provisions

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
As at 1 January 2021	**349**	**8,549**	**8,898**
Business acquired	-	2,086	2,086
Foreign currency translation	-	175	175
Provisions made during the period	15	4,425	4,440
Provisions utilised during the period	(50)	(1,803)	(1,853)
Provisions reversed during the period	-	(652)	(652)
As at 30 June 2021	**314**	**12,780**	**13,094**
Current at the end of the year	314	10,325	10,639
Non-current at the end of the year	-	2,455	2,455

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
As at 1 January 2020	**690**	**12,443**	**13,133**
Business acquired	-	(716)	(716)
Foreign currency translation	(4)	(219)	(223)
Provisions made during the period	511	5,076	5,587
Provisions utilised during the period	(709)	(4,927)	(5,636)
Provisions reversed during the period	(140)	(3,107)	(3,247)
As at 31 December 2020	**348**	**8,550**	**8,898**
Current at the end of the year	348	6,092	6,440
Non-current at the end of the year	-	2,458	2,458

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 (personnel, taxes, suppliers) 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.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

16. Trade payables and other liabilities

	As at 30 June 2021 €000	As at 31 December 2020 €000
Trade payables	253,506	320,177
Accruals and other payables	86,768	66,346
Trade payables	**340,274**	**386,523**

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.

	As at 30 June 2021 €000	As at 31 December 2020 €000
Long-term contingent purchase price liabilities incl. put options over non-controlling interests	16,333	17,986
Long-term deferred purchase price liabilities	31,745	8,513
Other	4,908	692
Other non-current liabilities	**52,986**	**27,191**
Liabilities from salaries and social security payments	183,172	171,191
Short-term contingent purchase price liabilities incl. put options over non-controlling interests	16,766	7,740
Short-term deferred purchase price liabilities	5,495	3,526
Liabilities from VAT and other taxes	35,810	24,277
Liabilities to related parties	981	904
Payables related to fixed assets suppliers	2,209	3,666
Priority dividends payables	305	323
Other	25,091	12,822
Other current liabilities	**269,829**	**224,449**
Total	**322,815**	**251,640**

In the context of the external growth strategy of the new combined SYNLAB Group, contingent consideration may arise in the scope of business combinations which is required to be recorded at fair value as of the date of acquisition. For contingent consideration, which is dependent on the fulfilment of performance targets, especially earn outs and put/call options, the amount is recorded as the purchase price contingent consideration whereas fixed amounts are recorded as payables related to acquisitions of subsidiaries.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

17. Capital commitment and contingencies

OFF BALANCE SHEET COMMITMENTS GIVEN

As of 30 June 2021, the Group's off-balance sheet commitments consist principally of guarantees given with regards of the existing Term Loans. This includes the pledge over the shares of certain Group companies. Additionally guarantees were given in connection with leasing contracts.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

18. Capital and reserves

SHARE CAPITAL

Share type	Nominal value	Number of shares as at 1 January 2021	Value as at 1 January 2021	Change in shares	Number of shares as at 30 June 2021	Value as at 30 June 2021
Ordinary shares	1.00 €	50,000	50,000.00 €	222,172,222	222,222,222	222,222,222.00 €
Total	**-**	**50,000**	**50,000.00 €**	**222,172,222**	**222,222,222**	**222,222,222.00 €**

During the extraordinary general meeting on 27 April 2021, the Company's share capital of EUR 50,000.00, consisting of 50,000 no par value bearer shares, was increased by way of a non-cash capital increase by EUR 199,950,000.00 to EUR 200,000,000.00, issuing 199,950,000 new bearer shares with a share in the share capital of EUR 1.00 each. The new shares shall have a profit entitlement as from 1 January 2021. The registration of the non-cash capital increase in the Commercial Register was effective on 28 April 2021. During this transaction the shares of SYNLAB Limited, London, United Kingdom, were contributed to SYNLAB AG. SYNLAB Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered under the number 09630775 (England and Wales) and has its registered address at 2 Portman Street, London W1H 6DU, United Kingdom. SYNLAB Limited and its subsidiaries form the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services.

During the extraordinary general meeting on 27 April 2021, it was also resolved to increase the Company's share capital of EUR 200,000,000.00, consisting of 200,000,000 no par value bearer shares, by way of a cash capital increase by EUR 22,222,222.00 to EUR 222,222,222.00, issuing 22,222,222 new bearer shares with a share in the share capital of EUR 1.00 each. With a final issue price of EUR 18.00 per share, the company received a total of approximately 400 M€ in liquid funds from this capital increase.

The new shares shall have a profit entitlement as from 1 January 2021. The registration of the cash capital increase in the Commercial Register was effective on 28 April 2021.

On 27 April 2021, the general meeting furthermore authorised the executive board, with the approval of the supervisory board, to increase the Company's share capital one or several times until 26 April 2026 up to a maximum amount equal to 50 percent of the Company's share capital existing after the registration of the contributed capital increase and the IPO capital increase (i.e. up to EUR 111,111,111.00) by issuing the related number of shares against cash and/or non-cash capital contribution ("authorised capital 2021"). The registration of the authorised capital in the Commercial Register was also effective on 28 April 2021.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

CAPITAL RESERVE

In connection with the capital increases mentioned above, the premium was allocated to capital reserve. At the issuance price of the shares, this resulted in an increase of capital reserve by EUR 3,776,927,774.

ACCUMULATED DEFICIT

In the accumulated deficit, the retained earnings and retained losses for the Group are recognized. In addition, the accumulated deficit includes the parts of pensions according to IAS 19 calculation recognized in equity.

CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations. Refer to statement of consolidated statement of changes in equity.

DIVIDENDS

No dividends were declared or distributed in 2021 or 2020.

RELATED PARTY TRANSACTIONS

In connection with the aforementioned capital increase against contributions in kind, the shareholders of SYNLAB Limited exchanged their shares in SYNLAB Limited for shares in SYNLAB AG at a ratio of 1:1 and thereby made their contribution. This 1:1 exchange did not affect the shareholders' shareholding ratio.

Furthermore, the costs of the IPO were charged to the shareholders of SYNLAB Limited in the amount of 16.7 M€.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2021

19. Events after the reporting period

PARTIAL REPAYMENT OF TERM LOAN B5 TRANCHE DUE 2026

SYNLAB Bondco Plc partially repaid the existing 620.0 M€ Term Loan B (TLB5) with a scheduled maturity in July 2026 for a nominal amount of 75.0 M€, plus accrued interest on 10 August 2021.

ACQUISITIONS

From 1 July 2021 until 10 August 2021, acquisitions have been made for a total value of 82.0 M€, thereof 7.8 M€ was already paid in June 2021. They relate to the following acquisitions in Italy and Spain. All Italian entities belong to Gruppo Tronchet. Detailed information on those operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure	Control
1 Jul. 2021	Spain	AVE2	medical testing	bolt-on	asset deal	n/a
22 Jul. 2021	Italy	Centro di Terapia San Biagio S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Centro Diagnostico Cavour S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Centro San Petronio S.r.l	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Chiropratic S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Poliambulatorio Centro Diagnostico Cavour S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Laboratorio Analisi La Salute S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Laboratorio Analisi Cavour S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Centro di Terapia *Ionofonetica S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Poliambulatorio Parco dei Cedri S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Centro Azzarita di Riabilitazione Sportiva S.r.l.	medical testing	bolt-on	share deal	100.00%
22 Jul. 2021	Italy	Centro Medico San Michele S.r.l.	medical testing	bolt-on	share deal	100.00%

Responsibility Statement
For the six months ended 30 June 2021

Affirmation of the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements for the period from 1 January 2021 to 30 June 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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, 10 August 2021

The Management Board

Mathieu Floreani	Sami Badarani
Chief Executive Officer	Chief Financial Officer