Customer Centric
Medical Excellence

FOR YOU

SYNLAB

ANNUAL REPORT 2021

OUR MISSION

WE PROVIDE ACTIONABLE DIAGNOSTIC INFORMATION FOR HEALTHY LIVES AND WELL-BEING FOR ALL.

OUR VISION

LEADERSHIP THROUGH EXCELLENCE IN SERVICE TO PATIENTS AND THE MEDICAL COMMUNITY WITH RELIABLE DIAGNOSTICS AND VALUE ADDED.

OUR VALUES

- PASSION
- ACCOUNTABILITY
- CUSTOMER CENTRICITY

2021 AT A GLANCE

		2021	2020	2019
Revenue	million €	3,764.9	2,621.2	1,906.1
Adjusted EBITDA	million €	1,209.8	679.2	397.4
Adjusted EBITDA margin	%	32.1	25.9	20.8
Adjusted operating profit	million €	996.1	504.5	253.6
Net profit (group share)	million €	624.8	257.6	(110.2)
Unlevered Free cash flow	million €	742.5	271.7	164.9

36
Countries
across four continents

€3.76BN
Revenue in 2021

>5,000
Routine and specialist
testing services

~600M
Laboratory tests per year

>30,000
Employees, including over
2,000 medical experts

500
Laboratories and >1,800
blood sample collection points

CONTENTS

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

AG.SYNLAB.COM

FOR YOU

Customer Centric
Medical Excellence

INTERVIEW WITH THE MANAGEMENT BOARD

"Strategically well positioned for the future."

MATHIEU FLOREANI
Chief Executive Officer
SYNLAB Group

As Europe's largest provider of medical diagnostic services, we know by heart that we can only succeed in the long-term if our strategy is aligned with our vision and values. Equally, the governance of our business is critical to the trust that our customers place in us. 2021 was again marked by the COVID-19 pandemic. For SYNLAB, this also meant an acid test for its strategy. We talk to Mathieu Floreani and Sami Badarani about strategy, successes and what the future holds.

Mr. Floreani, SYNLAB generated significant parts of its revenues from PCR testing. Does growth mainly come from the COVID-19 pandemic?

FLOREANI The COVID-19 pandemic is an illustration of the crucial role of medical diagnostics and of SYNLAB's medical and operational leadership in Europe. Due to SYNLAB's agility, we were the first provider in Europe to offer industrialized PCR testing for SARS-CoV-2. Based on our innovation capabilities and our robust supply chain, the Company ramped up PCR testing capabilities in 2020 from 100.000 tests per month in March up to a total of 2.6m by December. Thanks to our medical expertise, capabilities and scale, we have partnered with national health systems and governments to develop and roll-

out COVID-19 tests and procedures. As a result, SYNLAB has become a trusted medical partner and advisor to key decision-makers. The Group expects testing to remain a central pillar of national COVID-19 responses in the long-term, even as immunisation levels increase. As with many other infectious diseases, consistent surveillance will be a crucial factor to prevent a resurgence.

However, the COVID-19 pandemic is but one growth driver. More important are the underlying activities and opportunities in the markets SYNLAB is operating in, such as developments in precision medicine. Basic market growth is actually driven by non-cyclical trends like an aging population or changing lifestyles. We also observe an increasing frequency of conditions such as allergies and long-term chronic diseases. And we expect growing demand and volumes as healthcare policies increasingly recognise the value of prevention. The medical focus is shifting from treatment to early detection and diagnosis. Therefore, we are excellently positioned in terms of growth potential.

Could you tell us about the underlying business strategy here? SYNLAB is continuously growing. How do you manage successful business growth?

FLOREANI Our strategy is based on organic growth through customer-driven medical excellence and service as well as value-enhancing acquisitions in a fragmented market. Customer-centric medical excellence focusses on delivering a superior experience to patients and clinicians. The Company is an innovation leader at the forefront of connecting the latest diagnostic innovations with the needs of patients and customers.

We provide a tailored approach to prescribers and focus on retail management, with several key initiatives: precision medicine and genetics counselling; expansion of direct-to-consumer activity through a digital platform; and innovative solutions in the on-going digitisation of the healthcare sector.

We have delivered a remarkable growth story over the past years. The IPO was a consequent step for us to realise our full potential as a publicly listed company. SYNLAB will continue its external growth strategy as an active consolidator in the highly fragmented European diagnostic market.

> "Basic market growth is driven by non-cyclical trends like an aging population or changing lifestyles."
>
> **MATHIEU FLOREANI**

Mr. Badarani, could you describe SYNLAB's financial profile in more detail, please? What are the major pillars of value creation?

BADARANI SYNLAB is positioned for highly profitable and sustainable growth through a mix of organic growth, operational excellence and accretive M&A. We have a stable financial profile with improving profitability through COVID-19 testing, robust organic growth, operational efficiencies, and sustained growth via strategic acquisitions. We expect to generate double-digit adjusted EBITDA growth in the medium-term.

> "The Company is an innovation leader connecting the latest diagnostic innovations with patient needs."
>
> **MATHIEU FLOREANI**

Our strong cash generation allows us both further organic growth and external growth through acquisitions. SYNLAB generates significant synergies and cost savings due to the scale of the business: through optimized laboratory networks and operations, effective customer service, and improved operational efficiency with an integrated IT infrastructure.

We operate an integrated “hub and spoke” laboratory model: we utilise centralised laboratories combined with geographically distributed base laboratories and collection centres, allowing us to scale up quickly. With that, we can achieve significant economies of scale with acquired businesses thanks to laboratory network optimisation, process improvement, back-office centralisation, insourcing of specialty tests and procurement optimisation.

Finally, SYNLAB is continuously striving for operational efficiency and cost savings to further reduce its cost base and improve its cash flow generation and financial performance. We achieve this, for example, by optimizing supply contract terms, logistics operations and information technology systems.

Mr. Badarani: When having a look at SYNLAB´s corporate governance, an ESG commitment seems to be part of the strategy. What are your proof-points for real ESG engagement instead of merely ticking the box?

BADARANI SYNLAB has a clear commitment to high environmental, social and governance standards. This commitment is reflected in its ESG strategy which rests on three pillars: SYNLAB Green, SYNLAB Care and SYNLAB Citizenship. The targets we have set for ourselves are ambitious, and each of us has a stake in achieving them. Amongst these is our focus to become a carbon-neutral business by 2025 as well as our plans to establish a corporate foundation as a way to give back to the local communities in the countries we operate in. Furthermore, we want to increase female representation in top and senior management positions by 2023. We are also putting our supply chain under closer scrutiny with steps to identify any human rights risks in the supply chain. We are strongly committed to keeping it free from ethical and labour abuse.

FOR MORE INFORMATION, PLEASE VISIT OUR CORPORATE WEBSITE.
WWW.SYNLAB.COM

“SYNLAB has a clear commitment to high environmental, social and governance standards.”

SAMI BADARANI

OUR STRATEGY

THE SYNLAB STRATEGY IS BASED ON CUSTOMER CENTRIC MEDICAL EXCELLENCE

The aspirations expressed in our strategy are articulated in our "FOR YOU" programme. "FOR YOU" allows us to continuously increase customer centricity and medical excellence, placing patients and customers at the heart of what we do. In concrete terms, "FOR YOU" is established around the four building blocks of the SYNLAB strategy, each block consisting of a strategic field for engagement. These fields provide subdivisions and clarity that enable the board to make decisions emphasising stakeholder value. With that as a basis, SYNLAB intends to grow its business and maintain its position as the leading provider of medical diagnostic services in Europe.

On the following pages, we show key achievements of each strategic field. You will find a comprehensive presentation of the overall strategy in the MANAGEMENT REPORT (p. 32).

SUPERIOR PATIENT AND CLINICIAN EXPERIENCE

FOCUS ON CUSTOMER-CENTRIC MEDICAL EXCELLENCE

SYNLAB builds its activities on medical expertise and scientific leadership. We are dedicated to serving customers with accurate diagnostic information with the highest possible medical precision for prognosis, diagnosis and treatment control in the shortest possible time. SYNLAB offers a full spectrum of testing from routine to highly specialised tests.

More than 1,500 of these tests have been developed in-house and over 300 medical publications were (co-)authored by experts of the Group in the last year. In addition, the Group has established a proprietary medical community network and maintains numerous partnerships with universities. This enables it to constantly reflect the latest research and scientific advancements in the development of its business.

SYNLAB provides a tailored approach to medical professionals and focuses on the patient experience with several key initiatives under its “For You” growth strategy. These growth areas include precision medicine and genetics counselling, further expansion of direct-to-consumer activity through an online platform as well as innovative solutions in the on-going digitisation of the healthcare sector.

ORGANIC GROWTH > 3%

A portfolio of more than 5,000 tests, our network of medical excellence with more than 2,000 medical experts and our cooperations with universities and research institutions make us the No. 1 for specialty testing in Europe. Every year, SYNLAB provides millions of patients and tens of thousands of health professionals with more than 600 million test results. Our services include advising, testing, interpretation and consultation. In order to maintain customer satisfaction at a high level at all times, we follow a systematic approach: we implement real-time customer feedback with a net promoter score measurement for the continuous improvement of our customer journey.

IMPROVED CUSTOMER EXPERIENCE

Putting the customer at the centre of our actions also means improving communication with them. That is why we invest in digital interfaces with patients and healthcare professionals. For example, with the capabilities of our IT Service Centre in Denmark, we are able to increase proximity and improve customer services such as improved digital access to diagnostic results. Examples include “Plasma” and “SYNLAB Access”. Plasma is SYNLAB’s digital platform supporting and facilitating customer access and interaction. SYNLAB Access is a mobile app, enabling flexible handling, booking of appointments, ordering of tests and access to diagnostic results.

SYNconnect, another driving force behind the digital transformation, is being implemented in Germany.

With the development and introduction of the order entry system SYNconnect, SYNLAB Germany has put the needs of customers at the centre. The digital interface between medical professionals such as prescribing physicians and the laboratory makes it easy to request diagnostic services, ensures fast and straightforward transmission of results, offers technological flexibility and leaves room for individual customisation. Positive feedback proves that the investment in digitalisation paves the way for excellent customer service and sustainable success.

SYNLAB'S MEDICAL LEADERSHIP IS WIDELY ACKNOWLEDGED

More than 2.000 medical experts build the extensive network of scientific expertise at SYNLAB Group. Our scientists (co-)author over 300 publications annually, more scientific publications than any other medical diagnostic services provider in Europe. With that, and with countless cooperations with research institutions worldwide, we have the ability to bring innovations quickly to market and make them accessible throughout the SYNLAB network. A good example is the pain free "lollipop" sample method, that is the pooling of PCR without significant loss of sensitivity – a solution that is particularly effective in kindergartens and schools.

We are committed to continuously developing our medical expertise by further improving our track record of research and innovation to underline and expand our medical leadership. Our Medical Innovation Awards encourage and recognise these efforts to advance scientific excellence. This year we awarded experts in the fields of IT/Artificial Intelligence in diagnostics, laboratory science, oncology, cardiovascular diseases and women's health.

"Creating real value for patients and customers."

THREE ANSWERS FROM ...

SANTIAGO VALOR
Chief Medical Officer

What inspires innovation in medical diagnostics?
Serving millions of patients and healthcare professionals every year, we consistently explore their needs and how they evolve. At the same time, we are on the pulse of medical and technological progress. Connecting the two allows us to drive innovation and make it available across our network, creating real value for patients and customers.

What are some current trends?
Trends, of course, come in all granularities. As a major trend, we observe the paradigm shift from a focus on diagnostics and therapy to early detection and prevention with specific attention to the involvement of individual human genetics. Driven not least by patients, this is a trend that is becoming increasingly relevant to national healthcare systems. Diagnostics, particularly in the field of precision medicine, plays a key role in this.

How is SYNLAB responding to this trend?
We are the European leader in specialty testing and continue to expand our capabilities in precision medicine, for example, in genetics. In addition, we continue to drive digitalisation and the use of artificial intelligence in diagnostic processes.

OPERATIONAL EXCELLENCE

EFFICIENT OPERATIONS NETWORK

LEVERAGING SCALE, CAPABILITIES AND SUPPLIER RELATIONSHIPS

SYNLAB continued reducing operating costs through operational efficiency improvements across our laboratory network and the optimization of procurement contracts at lower costs. For this, we have continued SALIX, which was introduced in 2017. The SALIX operational excellence programme (Scale, Alignment, Leverage, Instruction, X-check) generated approximately €20 million in total savings in 2021. With its underlying three pillars SALIX will lead to ongoing savings expected over the medium-term.

"The most modern laboratory group in Europe."

THREE ANSWERS FROM ...

ROBERT STEINWANDER
Chief Operating Officer

What is the major operational highlight in 2021?
First and foremost, it was our critical role in the Covid-19 response, which kept us on our toes and required our constant agility. At the same time, we pushed ahead with the renewal of our laboratory equipment in multiple areas, the biggest lab modernisation project ever in SYNLAB, which started in 2020.

What makes this project a landmark?
We have introduced the largest programme in our industry to take operational excellence to a new level. It makes SYNLAB the most modern laboratory group in Europe. The renewal of laboratory equipment supports SYNLAB's way of working – customer centric and lean. It promotes operational excellence to achieve higher customer satisfaction, improved business processes and a better workplace for our employees. In addition, the programme supports our ESG agenda as, upon completion, we will use less energy and water and our requirements for space have also decreased.

What is the scope of this comprehensive infrastructure renewal?
More than 5000 colleagues from across the Group have contributed to the project, including more than 500 medical experts. More than 1300 pieces of equipment at several hundred sites have been replaced so far, performing a good 400 million tests a year.

“At the forefront of digitalisation.”

THREE ANSWERS FROM …

HENRIK ANDREASEN
Chief Information Technology Officer

What is the importance of digitalisation for SYNLAB?
Digitalisation is crucial to our activities. The Covid-19 pandemic has accelerated the digital transformation in the diagnostics industry and we are well positioned to be at the forefront of it.

How is SYNLAB driving digitalisation in the industry?
A key focus is on further developing digital customer interfaces. We are investing in improving the digital experience of patients and doctors and patient access to preventive care and medical wellness online. For example, our IT development centre in Denmark has developed widely applicable patient interfaces such as SYNLAB Access. Another focus is on the use of data and artificial intelligence in diagnostics, e.g. in the field of precision medicine.

What are other IT focal points?
IT is the backbone of many of our operations and processes. The integration of infrastructure and systems is central to our digital transformation. In addition, we attach the highest importance to data protection and cyber security and continuously invest in this area.

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 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.

"I am glad that I can also benefit from the professional expertise of SYNLAB as a hobby athlete."

ERVIN
PATIENT WITH TOO MUCH VITAMIN B6

Great expertise made for everyone

Abnormal fatigue may have many reasons, which makes diagnosis excessively complicated. Ervin also had to experience this. The 41-year-old turned to the Department of Sport Diagnostics due to longstanding fatigue, decreased physical performance, and mood. "As I'm very active in my free time, I know my body quite well," says Ervin. "But this fatigue was literally abnormal."

After excluding potential medical conditions, vitamin and trace mineral levels were assessed with a blood test. Despite a regular intake of vitamins and sports supplements, a serious lack of vitamin C, Coenzyme Q10 and vitamin B5 were diagnosed together with significantly high levels of vitamin B6. This overdose can cause deficiency symptoms. "Thanks to these results, I adjusted the vitamin and supplement intake. And finally, my physical and mental power increased rapidly."

Not only hobbyists, but also professional athletes trust in SYNLAB. "Recently, sports, medicine, nutrition and food science have become intertwined," says Dr. Krisztián Kulcsár, President of the Hungarian Olympic Committee. "As we sought for an ideal and harmonious partner, we are happy to have SYNLAB at our side. The support we received in testing and lab analyses was also underlying to our success at the Olympic Games in Tokyo and we are very glad to continue this collaboration."

EFFICIENT CAPITAL DEPLOYMENT

STRONG POSITION TO SUPPORT FURTHER CONSOLIDATION

SYNLAB Group was formed in 2015 through the combination of SYNLAB and LABCO. Since then, the Group has successfully closed and integrated more than 120 acquisitions and extended its international footprint into eight additional countries.

SYNLAB operates an integrated “hub and spoke” network utilising centralised laboratories combined with geographically distributed base laboratories and collection centres, allowing it to scale up quickly. The Group can achieve significant economies of scale with acquired businesses thanks to laboratory network optimisation, process improvement, back-office centralisation, insourcing of specialty tests and procurement optimisation.

SYNLAB will continue its external growth strategy as an active consolidator in the highly fragmented medical diagnostics market in Europe and beyond. This is expected to be supported by approximately EUR 200 millions of M&A spending per annum on average.

PURSUING GROWTH OPPORTUNITIES THROUGH EFFICIENT CAPITAL DEPLOYMENT, INVESTMENTS IN BUSINESS AND SELECTIVE ACQUISITIONS IN CURRENT AND NEW MARKETS

SYNLAB operates a highly cash generative business model. Therefore, ensuring capital is efficiently deployed in order to facilitate growth opportunities is of critical importance.

Between 2018 and 2021, the Group invested approximately 100 M€ per year 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

"Strong M&A pipeline."

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.

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.

THREE ANSWERS FROM ...

LUIS VIEIRA
Chief Strategy Officer

How will SYNLAB continue to grow?
SYNLAB is not only growing organically, but also has a successful track record as a consolidator in our highly fragmented medical diagnostics market. In the last six years, we have completed more than 120 acquisitions in more than 20 countries with a combined enterprise value of over 900 million euros.

What is the focus of future acquisitions?
We are strengthening our network in our core markets through bolt-on acquisitions and expanding our presence in other markets to develop new business opportunities, as we did in Mexico in 2021. In addition, we are expanding into new growth areas such as precision medicine, genetics (including counselling), bioinformatics and strengthening our direct-to-consumer activities in prevention and medical wellness.

What is the winning formula for SYNLAB's M&A strategy?
We take a very disciplined and systematic approach with clear criteria to ensure value-enhancing transactions. Our M&A pipeline is strong and we can rely on well-practiced and efficient processes and structures for streamlined integration and exploitation of synergies.

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.

EMPOWERED AND ENGAGED EMPLOYEES

THE KEYS TO SUCCESS

Dedicated and qualified employees guarantee the first-class service that SYNLAB offers its patients and customers day after day. As experts in medical and operational excellence and as the interface to our patients and customers, they determine the success of the company. Consequently, employee empowerment and engagement is one of the key pillars of SYNLAB's strategy. An attractive working environment in line with our values ensures continuous improvement of the company's performance and increases our competitiveness as an employer among future talents. We achieve this through various Group-wide initiatives.

SYNLAB Dialogue is an annual Group-wide survey that gives employees the opportunity to anonymously share their opinions with the company. Along with the measures developed and implemented as a result, it forms a cornerstone for ongoing exchange and continuous improvement. The professional and personal development and further education of our employees is another essential focus. With SYNLAB Campus we foster a new way of working based on a culture of collaboration that reflects our corporate values of 'passion, accountability and customer centricity'. Our programmes are run in collaboration with universities and business schools and the training offer is continuously being expanded.

PARTICIPATION AND APPRECIATION

In addition to this, the HR strategy focuses on establishing successful talent and succession management programmes and enabling clear performance management processes across the business. Furthermore, our defined leadership culture supports our ongoing transformation and is being continuously reinforced. We are also strengthening our values foundation by establishing an ESG corporate culture that demonstrates commitment to social responsibility and sustainability.

With an employee share programme, we give our employees a direct stake in the success of our company and at the same time reward their high level of commitment.

Other programmes implemented include recognising employees' contributions (e.g. through medical innovation awards and research grants), dual training opportunities and creating a work environment that minimises accidents.

"We want to be a great place to work; an employer with a value-based approach where employees are proud to belong."

STRONG ESG CORPORATE CULTURE ESTABLISHED

We have grown significantly in recent years and with it our responsibility towards the environment, communities and other relevant stakeholders. Assessing and considering these impacts has always been part of our business operations and decision-making. However, in March 2021 we published for the first time our collective approach to sustainability, our goals and activities in an ESG report.

Through this report, we aim to express our long-term commitment to continuous improvement in our management practices. SYNLAB's key ESG themes have three main pillars: SYNLAB Green, SYNLAB Care and SYNLAB Citizenship, with clearly defined, measurable targets up to 2025.

THREE ANSWERS FROM ...

CATHARINA MONSTER
Chief Human Resources Officer

What characterizes SYNLAB as an employer?
We want to be a great place to work; an employer with a value-based approach where employees are proud to belong. We foster a diverse and inclusive workforce, a thriving environment to work and develop, and the well-being of our people and business partners.

How can you engage your employees?
A shared understanding of our mission – the important role we play in society – and our values is crucial. But also the constant dialogue that enables a culture of continuous improvement. Moreover, we empower our employees and acknowledge their achievements, fostering individual and collective entrepreneurship.

What role does leadership play in this?
The way we lead has a significant effect on employee engagement, especially in our transformation journey. We take a leadership approach that encourages our leaders to be agile, to communicate, to connect and to execute. The introduction of consistent processes for performance management and feedback will further facilitate this.

SYNLAB Green

Reduce the environmental impact of every test SYNLAB conducts and support the global goal of carbon neutrality and environmental protection.

SYNLAB Care

Creating the greatest positive outcomes in the communities where SYNLAB works. Employee wellbeing is a priority. SYNLAB empowers and engages its diverse workforce to deliver innovative and high quality diagnostics.

SYNLAB Citizenship

We operate to the highest standards of corporate governance and compliance in order to be a responsible company.

One of our goals in this context is to improve the year-on-year results of the Group-wide employee engagement survey – SYNLAB Dialogue – by 2025. The development of the survey results over the past three years is very encouraging. After a significantly positive development in 2020, the participation rate and the engagement score, which is measured by the three factors "Say", "Stay", "Strive held at a stable level in 2021 with a participation rate of 66% across the Group.

"Thanks to the good recommendations from SYNLAB, I am feeling much better despite my illness."

CARMEN
LUNG CANCER PATIENT

Carmen's successful fight against cancer

When Carmen – a 63-year-old, agile and active woman – was diagnosed with advanced lung cancer, -she consulted medical oncologist Dr Torres. They decided on a targeted therapy that was initially very effective, but after two years Carmen's situation suddenly worsened significantly.

To better understand this development, Dr Torres called SYNLAB's Dr Garcia and his team to explore the full range of diagnostic options. Dr Garcia suggested an innovative liquid biopsy; an ultra-sensitive test that is able to detect the DNA from a tumour through blood samples, thus avoiding any surgical procedures and providing highly detailed insights.

The biopsy results suggested that Carmen became resistant to her prior therapy. Based on the very precise analysis derived from the biopsy, Dr Torres had a clear picture of Carmen's specific form of cancer and could recommend an alternative therapy. After only a short time, Carmen's symptoms and suffering decreased while her quality of life significantly increased again.

SARS-COV-2

OUR CONTRIBUTION TO THE FIGHT AGAINST THE PANDEMIC

In light of the SARS-Cov-2 pandemic, our strategy allowed us to quickly adapt to the situation and to fully concentrate on the newly emerging needs of our customers and society. In fact, the pandemic accelerated our transformation, significantly broadening collaboration throughout the entire network and sharing expertise to generate additional value for our customers and society at large.

LIVING UP TO OUR MISSION

During the pandemic, our mission to provide actionable diagnostics information for a healthier and sustainable life became even more important. With the implementation of the innovative oral-rinse-based and saliva-based sampling methods and our "Safe-at-Workplace" programme, we take responsibility during the pandemic, focus on our patients and customers and try to lift pandemic-related burdens wherever possible. Our cooperation with UEFA across more than 40 countries enabled continued competitions that brought joy to millions of football fans in the midst of this pandemic.

AGILITY AND OPERATIONAL EXCELLENCE

SYNLAB's operational excellence includes the optimisation of our internal processes, which enable to effectively tackle the pandemic by quickly ramping up capacities and cooperating with governments and support national healthcare systems in this challenging situation. We were the first provider in Europe to build centres for industrialised RT-PCR testing for SARS-CoV-2.

In addition, we continuously advised medical professionals and individuals on adequate testing protocols and methods. We supported companies, schools and associations in sustaining their operations.

41M

PCR tests since the outbreak of the pandemic

13,000

safe@work contracts

COMMITTED EMPLOYEES LIVING OUR VALUES

To protect the health of employees and to safeguard jobs was our primary concern when the pandemic broke out and confinement measures were broadly implemented. In addition, maintaining our service offering, supply chain and rapid scale-up of Covid-related services were critical. Efficient crisis management and agile collaboration across countries and departments enabled medical and digital innovations. This is based on our employee's outstanding and relentless efforts, teamwork, passion and patient focus. SYNLAB has also expressed its appreciation through Gratitude Campains and extraordinary compensations. Recognition and celebration of the great achievements of its people will always remain important.

BROAD RANGE OF SERVICES FOR THE FIGHT AGAINST THE PANDEMIC

SYNLAB is part of the critical infrastructure in many countries fighting the pandemic and acts as a trusted medical partner and adviser to key decision-makers. We are currently testing for SARS-CoV-2 in 28 countries worldwide, offering:

- RT-PCR testing to identify existing infections
- Serological antibody testing and antigen testing
- Pain-free sampling methods, such as mouthwash and saliva sampling
- RT-PCR pool tests for defined groups, e.g. in school testing
- Sequencing of positive SARS-CoV-2 samples in order to monitor the development of the virus and identify possible mutant variants.

WIDE RANGE OF PARTNERSHIPS

We offer tests to healthcare practitioners, patients and individuals and have signed more than 13,000 contracts for testing programmes creating safer working environments. We partner with:

- National healthcare systems and governments to develop and roll-out SARS-CoV-2 tests and procedures
- Educational institutions, such as universities, to help them ensure continued operation on campus.
- Companies to enable them to create safe working environments and sustain operations
- Sports associations, such as UEFA, to provide safer training and competing conditions and enable competitions
- The travel industry to facilitate mobility, issuing test certificates for border crossing

TO OUR SHAREHOLDERS

LETTER FROM THE CEO

"SYNLAB FINISHED AN EXTRAORDINARY FISCAL YEAR 2021"

MATHIEU FLOREANI
Chief Executive Officer
SYNLAB Group

DEAR SHAREHOLDERS AND FRIENDS OF SYNLAB,

For the third year in a row, we find ourselves in an exceptional situation and in the firm grip of the global pandemic. 2021 has been a challenging one – and yet, we managed to make remarkable achievements in the face of an unpredictable, fast-moving environment.

The world has seen multiple peaks of COVID-19. As Europe's leading provider of medical diagnostics and specialty tests, we continuously and quickly adapted to the changing needs of our stakeholders. At the same time, we laid the foundation for future growth. We have further sharpened our focus on our strategy for achieving customer centric medical excellence. In April 2021, we reached a major milestone in corporate history – our listing on the Frankfurt Stock Exchange.

Our passion, dedication and focus on customer centric medical excellence has paid off. In a very demanding market environment, we exceeded every single target set at the IPO, by our leadership in COVID-19 testing and continued growth of our core business. With a revenue increase of 44% year-on-year to more than €3.7 billion, we substantially exceeded our revenue target set at IPO of revenue greater than €3.0 billion. In this context, we demonstrated robust organic growth of around 10%, fully in line with our expectations. On the bottom line, our adjusted EBITDA increased by 78% to around €1.2 billion, exceeding our goal by more than €400 million. We also delivered on our operational targets and completed 18 acquisitions for a total enterprise value of about €250 million. These acquisitions will further expand, diversify, and strengthen our network and represent an additional annualised revenue of around €143 million or 5.4% growth.

On the basis of these strong financial results, the Management and Supervisory Boards will propose a dividend of €0.33 to the 2021 Annual General Meeting on 16 May 2022. Going forward, we aim for continuous growth and will make sure our shareholders participate in our success.

Our outstanding financial results in 2021 reflect the dedication and hard work of our more than 30,000 talented colleagues, who are guided by our mission: to provide actionable diagnostic information for healthy lives and well-being for all. All of them are focused on creating value that matters for all our stakeholders – patients and customers, each other, shareholders, partners, communities, and societies.

My thanks, admiration and respect go to all the people who are fighting tirelessly every day against the pandemic and for our health. It also fills me with great pride to see that many of these people are our colleagues. Our strong and active role in the pandemic was certainly one of the drivers of our extraordinary growth. With the pandemic hopefully soon becoming less severe, we continue to actively prepare for a return to a more normal business which will also reflect in our results for the current financial year. To keep the added value for our stakeholders as high as possible, we will use the financial upswing for strategic investments in the areas of external growth through bolt-on and mid-sized M&A as well as continued investments in the areas of digitalization, cyber security and network expansion.

The past few years have proven that digitalisation is not an option, but a clear priority for our activities – we aim to be frontrunners in the digital transformation in diagnostics. As we look ahead and beyond the pandemic, our activities remain crucial: SYNLAB is an essential pillar in the healthcare systems in which we operate around the globe. Diagnostics takes on a critical societal role in reducing the burden of disease, improving lives, and driving medical advancement. Our activities allow us both, the possibility to positively impact peoples' health across the world and the responsibility to act in the best interest of our shareholders.

Looking back on the past fiscal year, and ahead to what comes next, I see us in the midst of a very exciting chapter in our growth story. I am glad that you are part of this journey. Thank you for your trust and support.

Sincerely,

MATHIEU FLOREANI
CEO SYNLAB Group

SYNLAB EXECUTIVE COMMITEE

MANAGEMENT BOARD

Mathieu Floreani
Chief Executive Officer SYNLAB Group

Sami Badarani
Chief Financial Officer SYNLAB Group

SENIOR MANAGEMENT

Robert Steinwander
Chief Operating Officer SYNLAB Group

Santiago Valor
Chief Medical Officer SYNLAB Group

Luis Vieira
Chief Strategy Officer SYNLAB Group

Henrik Andreasen
Chief Information Officer
SYNLAB Group

Catharina Monster
Chief Human Resources Officer
SYNLAB Group

REGIONAL CEOs

Christoph Mahnke
CEO of SYNLAB Germany

Arnaud Gueny
CEO of SYNLAB France

Stephan Brune
CEO of SYNLAB South

Rainar Aamisepp
CEO of SYNLAB North and East

REPORT OF THE SUPERVISORY BOARD

DAVID EBSWORTH
Chairman of the Supervisory Board

DEAR SHAREHOLDERS AND READERS,

SYNLAB can now look back on an eventful and successful 2021 financial year.

The year 2021 was still marked by the SARS-CoV-2 pandemic and SYNLAB continued to fight at the forefront against the virus. A strong and focused leadership paired with a quick and flexible early ramp-up of testing capacities made SYNLAB become the go-to partner for patients and healthcare professionals, governments, companies, and associations as well as the globally trusted medical partner and advisor to key decision makers, helping to establish safe, efficient, and reliable COVID-19 testing procedures tailored to the public's needs.

In addition to the Company's many noteworthily moments in the fight against the virus, 30 April 2021 marks an important day in the history of SYNLAB: A new chapter started following the successful listing on the Frankfurt Stock Exchange. As a result of this listing and the simultaneous capital increase, SYNLAB AG received net proceeds of €400 million. The total issue volume on the first day of trading was around €772 million and the market capitalisation was – based on a price of €18 per share – around €4 billion. Towards the end of the year, the leading shareholders also placed a further secondary offering of 10 million shares and increasing the free float to 27%. Based on the continued strong performance throughout the year, the share price rose significantly achieving an increase of 31% by year end. The overall strong performance was recognised, resulting in the inclusion of SYNLAB shares in the Deutsche Börse SDAX index on 20 September 2021.

The SYNLAB Group and all its employees constantly demonstrated flexibility, adaptability, and a strong commitment to medical excellence, providing great service to millions of patients around the world.

COMPOSITION OF THE SUPERVISORY BOARD & THE MANAGEMENT BOARD

The Company was incorporated as a shelf company by deed of incorporation dated 6 December 2018. On 11 January 2021, Ephios Luxembourg S.à r.l., an investment vehicle of Cinven Partners LLP, acquired all shares in the Company. On 18 March 2021, the shelf company was renamed SYNLAB AG by resolution of the ordinary general shareholders' meeting and subsequently, with effect from the end of April 2021, SYNLAB Limited contributed its shares in the Company.

In the course of the foundation of SYNLAB AG and the public listing of the Company, the Management Board and Supervisory Board of the Company were each reconstituted as follows:

By resolution of the extraordinary general shareholders' meeting on 11 January 2021,

the previous members of the Supervisory Board, Mr Ole Gronemeier, Mrs Ursula Gronemeier and Mr Marius Subacius, were dismissed and Mr Peter Catterall, Prof David Ebsworth, and Ms Barbara Lambert were appointed as new members of the Supervisory Board in their place.

By resolution of the extraordinary general shareholders' meeting on 27 April 2021, Ms Anastasya Molodykh-McFarlane, Mr. Christian Salling, and Dr Bartholomäus Wimmer were appointed as additional independent members of the Supervisory Board. Furthermore, in accordance with the German Co-determination Act (*Mitbestimmungsgesetz*), Ms Karin Bierstedt, Dr Stefan Graf, Dr Ute Hasholzner, Mr Rene-Frank Schmidt-Ferroud, Ms Iris Schopper, and Mr Marc Welters were appointed as employee representative members of the Supervisory Board.

By resolution of the Supervisory Board on 26 January 2021, the previous member of the Management Board, Mr Friedhelm Ehle, was dismissed and Mr Mathieu Floreani, and Mr Sami Badarani were appointed as new members of the Management Board in his place.

Even though both Boards were only recently constituted and needed to establish themselves, the cooperation between the Management Board and the Supervisory Board was characterised from the very beginning by a spirit of strong trust supported by a professional and open dialogue.

ACTIVITY REPORT OF THE SUPERVISORY BOARD

Before the acquisition and subsequent contribution of the SYNLAB Limited shares as part of the public listing, the Company was not operationally active. The 2021 financial year is therefore the first active economic year of the Company. It began with the public listing of the Company on 30 April 2021.

Accordingly, before going public, the Supervisory Board mainly dealt with the appointment of the Management Board as part of the acquisition of the Company by Cinven, and the preparation of the Company's public listing as well as the establishment of a system of corporate governance required by a German listed public stock corporation (*Aktiengesellschaft*).

Since then, the Supervisory Board convened five meetings during the 2021 financial year, whereby meetings were held in person and, due to the COVID-19 pandemic, by video call as well as a hybrid between the two. All Supervisory Board members participated in the convened meetings. A detailed list of the participation at the Supervisory Board and its Committee meetings can be found on the Company's website. The Management Board participated in all meetings of the Supervisory Board.

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

At our constitutional meeting on **11 May 2021,** we dealt with the internal organisation of the Supervisory Board, electing the Chairman and Deputy Chairman, constituted the committees and elected their members and Chairpersons, and implemented the rules of procedure for the Supervisory Board and its committees. We also approved the rules of procedure for the Management Board. After a break for the Committees to hold their own constitutional meetings, we closed the Supervisory Board meeting with the first report of the Management Board and the Audit and Risk Committee.

At our first regular meeting on **30 June 2021,** we further dealt with internal organisation items, including establishing an annual meeting calendar and an annual planning wheel for the Supervisory Board. The Management Board started its regular reporting on the Company's activities, including a regional business deep dive and detailed M&A report. The Presiding Committee and the ESG Committee reported for the first time on the topics covered in their meetings.

At a virtual meeting on **10 August 2021,** we approved the Company's 2021 financial half year report.

Prior to our meeting on **17 September 2021,** we held a joint training session for the members of the Management Board and the Supervisory Board on the corporate governance structure of a German stock corporation, the rights and obligations of the various corporate bodies, as well as compliance topics. At the Supervisory Board meeting, we received reports from all Committee Chairpersons to build a broad understanding of the focus of each Committee, discussed a report on the business by the Management Board and focussed strongly on human resources and ESG topics. We also reviewed business progress in the South Region in some detail.

The agenda of our strategic meeting on **2 December 2022,** covered various items on the strategic development of the Company and presentations were given by the Management Board and selected members of the Executive Committee on their assigned areas of responsibility. The strategic view of the Company was supplemented by a presentation by an external advisor on the digitalisation of the health care industry. The German CEO presented an in-depth look at the German organisation. Our visit to the Company's laboratory in Augsburg had to be postponed due to the COVID-19 pandemic. We approved the Budget for 2022.

ACTIVITY REPORT OF THE COMMITTEES

Five Committees support the work of the Supervisory Board. The Committees prepare topics for the Supervisory Board or, in line with the rules of procedure, make decisions instead of the full Supervisory Board. Each Chairperson reports on the Committee's activities during the following Supervisory Board meeting.

The **Audit and Risk Committee** met five times during the 2021 financial year. All Committee members participated in the convened meetings. The Committee reviewed the 2021 quarterly reports as well as prepared for and endorsed to the Supervisory Board the 2021 financial half year report. A focal point was supporting and monitoring of the improved Group-wide risk management system, including an early warning system, and the Group-wide internal control system. An additional focal point was compliance with the newly applicable ARUG II and FISG regulations. Further, the Committee obtained detailed information on compliance, legal proceedings, data privacy, and cybersecurity. The Audit and Risk Committee issued the engagement letters to the statutory auditors, Deloitte Wirtschaftsprüfungsgesellschaft GmbH, Munich, agreed on their fees, monitored the fees for audit and non-audit services and enquired regularly about their independence. Deloitte was present at each meeting and presented its audit plan, including the key audit matters and reported on the progress of its work. For good governance, private sessions with the auditors and without the presence of the Management Board were held at each meeting.

The **Presiding Committee** held four regular meetings and four ad hoc meetings. All Committee members participated in the convened meetings. Its meetings mainly concerned the corporate housekeeping of the Supervisory Board, the preparation of the Supervisory Board meetings, the preparation of the employee representative election, on Management Board and Executive Committee matters (including, remuneration and managing conflicts of interest) as well as succession planning for selected functions. Furthermore, it received reports on the investment and M&A activities of the Group. At the ad hoc meetings, the Committee approved M&A transactions, inter alia the acquisition of *Laboratorio Médico Polanco and Laboratorio Clinicos de Puebla.*

Four meetings of the **ESG Committee** were held during the financial year 2021. All Committee members participated in the convened meetings. It determined its priorities under the SYNLAB ESG pillars SYNLAB Care, SYNLAB Citizenship, and SYNLAB Green, including talent management and CO_2 reduction. Updates on ESG progress and the status of agreed KPIs were received. Furthermore, the status of the SYNLAB Foundation and its establishment were reported.

The Nomination Committee and the Conciliation Committee did not meet during 2021.

TRAINING AND FURTHER EDUCATIONAL MEASURES

All members of the Supervisory Board proactively undertake the training required for their duties. On 17 September, a joint training session of the Management Board and the Supervisory Board was given by an external law firm, which was attended by all board members. In addition, on 15 November, the employee representative Supervisory Board members received further training by an external training provider.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Company was acquired by Cinven on 11 January 2021. Prior to its change of legal name and economic activation on 18 March 2021, the shelf company "ISARSMARAGD AG" was economically inactive.

The 2020 annual financial statements for the economically inactive shelf company, were prepared by its former management board. On the basis of the former supervisory board's own examination of these annual financial statements, the former supervisory board approved the 2020 annual financial statements of the shelf company prior to its acquisition by Cinven.

After the acquisition by Cinven and the subsequent economic activation of the shelf company, the 2020 financial year annual financial statements for capital markets-oriented companies were audited by the independent auditing company Deloitte GmbH Wirtschaftsprüfungsgesellschaft based in Munich, Germany.

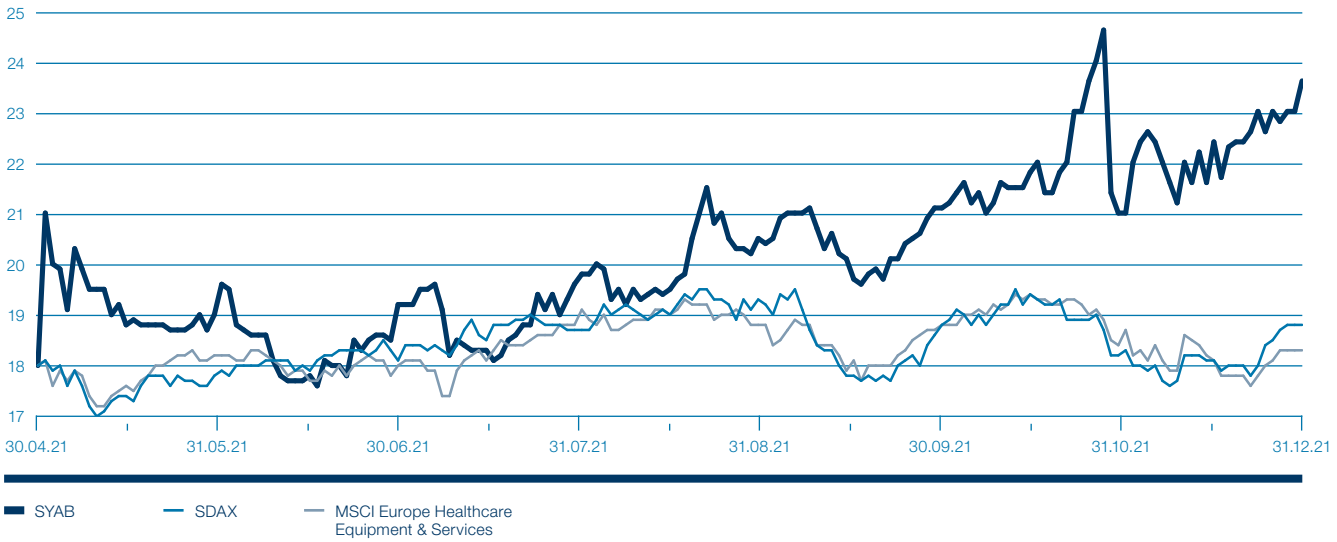
NOTE OF THANKS

We would like to show our appreciation to the Management Board, the Executive Committee and especially to all the employees of the SYNLAB Group for their passion and inspirational service throughout the year, making this indeed a uniquely successful year. Lastly, we thank you, our shareholders, for the continuous confidence and support you have shown and trust you put in the SYNLAB Group.

SHARE PRICE REPORT

STRONG ABSOLUTE AND RELATIVE SHARE PRICE PERFORMANCE IN 2021

Rebased at SYNLAB IPO date



2021 was a year of high market volatility. Overall strong tailwind of recovery from the pandemic was regularly offset by new COVID-19 waves. These waves triggered several sector rotations between cyclical assets – playing the recovery from pandemic losses – and more defensive assets, regaining ground each time COVID-19 cases were on the rise.

SYNLAB filed for IPO in April 2021, in order to gain access to capital markets and reduce leverage. The Company targeted gross proceeds of approximatively €400 million, through the emission of 22.2 million new shares, to be fully used to reimbursed existing debt facilities. The listing was also an opportunity to open the capital to new shareholders, with controlling shareholders reducing their participation in the company. Following a successful IPO, trading of the Company's shares on the Regulated Market of the Frankfurt Stock Exchange began on 30 April 2021 under the trading symbol SYAB, the German securities code (WKN) A2TSL7 and the international securities identification number (ISIN) DE000A2TSL71. Based on the final offer price of €18.0 per share, the total market capitalization of SYNLAB at the time of listing was €4 billion.

In 2021, SYNLAB's share price has developed positively, driven by good business performance and better than expected performance of COVID-19 testing activity, which drove several upward revisions of forecasts. These positive developments enabled SYNLAB's inclusion in the SDAX index, effective 20 September 2021.

On 31 December 2021, SYNLAB's share price closed at €23.6, up by 31% compared with the €18.0 per share IPO price, making it one of the most successful IPOs on the Frankfurt stock exchange in 2021. SYNLAB's market capitalization was €5.2 billion. Over the same period, the SDAX increased by around 2% and the DAX Pharma and Healthcare was up by around 5%.

Since the beginning of the year 2022, in a very volatile market environment marked by another round of sector rotation and the war in Ukraine, SYNLAB's share price is down by 22% at €18.3[1]. Over the same period, the SDAX and the DAX Pharma and Healthcare are down by 12% and 13% respectively.

[1] Based on 28 February 2022 closing price

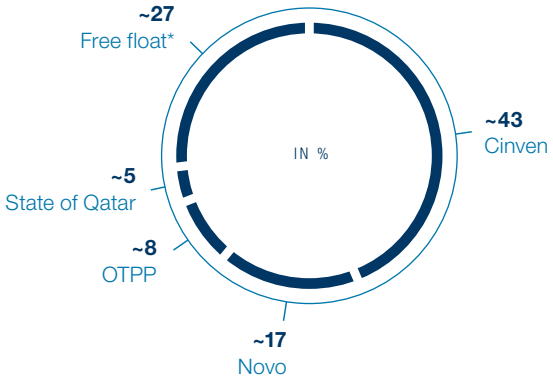
Ticker	SYAB
ISIN	DE000A2TSL71
WKN	A2TSL7
Stock exchanges	Frankfurt am Main, XETRA
Listing segement	Prime standard / Regulated market
Number of shares	222,222,222

SHAREHOLDER STRUCTURE

SYNLAB AG's capital comprises 222,222,222 ordinary shares and the same number of voting rights. According to information available at the IPO, the shareholding structure was as follows: historic shareholders Cinven, Novo and OTPP held 46%, 18% and 9% of shares respectively, State of Qatar took a 5% participation at IPO and Free float was 22%, including management and employees for around 8%.

On 22 November, SYNLAB shareholders placed 10 million shares with institutional investors by means of an accelerated book-building process. Following the placement, the shareholding structure was as follows:

SHAREHOLDER STRUCTURE IN FEBRUARY 2022 (ESTIMATES)



*As defined by Deutsche Börse, SYNLAB estimates

DIVIDEND

For its first year as a listed company, and in line with a sustained dividend policy aiming at maintaining or increasing dividend year-on-year, SYNLAB is proposing a first dividend of €0.33 per share representing a payout ratio of 11%. Based on the closing price at 18 February 2022, this represents a dividend yield of 1.8%.

BROAD ANALYST COVERAGE

As of the date of this report, SYNLAB is covered by 11 sell-side analysts. Most of them also cover the broader healthcare/medtech sector. Eight analysts have a buy recommendation and three a neutral recommendation. The full list of institutions and analysts can be found on SYNLAB's investor relations website: AG.SYNLAB.COM.

INTENSIVE DIALOGUE WITH THE FINANCIAL COMMUNITY

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

As part of the IPO process, SYNLAB intensified its dialogue with the financial community and has maintained a strong two-way relationship since then. In 2021, SYNLAB participated in numerous – mostly virtual – sector conferences and roadshows, meeting with investors from around 200 institutions.

We communicate on results on a quarterly basis and organize investor calls to present results and recent developments. Webcasts of these events are available live and can be replayed on SYNLAB's investor relations website.

An overview of these event dates can be found in the financial calendar in this annual report. It is updated regularly on our investor relations website: AG.SYNLAB.COM.

Investor contact

MARK REINHARD
Head of Investor Relations
SYNLAB
Moosacher Strasse 88
80809 Munich, Germany
ir@SYNLAB.com

GROUP MANAGEMENT REPORT

The non-financial report is part of the separate ESG Report 2021, which will be published on our website under AG.SYNLAB.COM.

PRINCIPLES OF THE GROUP

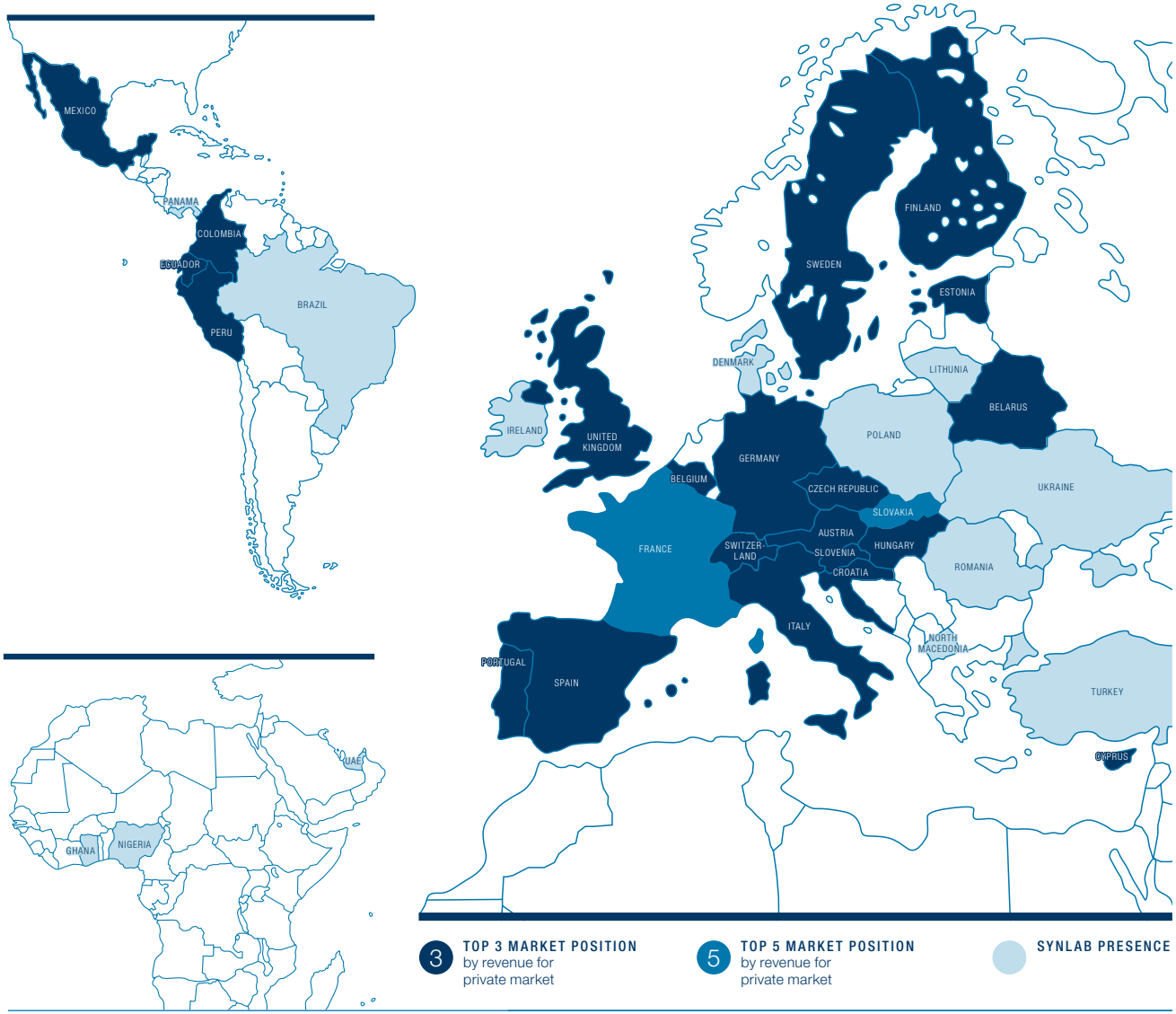
STRUCTURE AND MANAGEMENT OF THE GROUP

BUSINESS MODEL

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

SYNLAB operates in 36 countries across four continents and holds leading positions in most markets. More than 30,000 employees contribute to the Group's worldwide success. SYNLAB carried out around 600 million laboratory tests and achieved revenue of around €3.76 billion in 2021.

LEADING POSITIONS IN OUR KEY MARKETS



Source: SYNLAB estimates

HISTORY

The SYNLAB Group, as it is today, was formed when Labco and SYNLAB were acquired by Cinven (as majority shareholder), Novo Holdings and OTPP in 2015. These businesses were subsequently integrated as a single group under the SYNLAB name.

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

Built as the combination of two large businesses, SYNLAB has a successful track record of sector consolidation. From the foundation of the SYNLAB Group in October 2015 through to 31 December 2021, SYNLAB has completed 129 acquisitions of laboratories. Their combined enterprise value was approximately €915 million[1] in more than 20 countries, including eight new countries. In 2020, SYNLAB disposed of its Analytics & Services (A&S) business to fully focus on expanding its core human medicine activities.

SYNLAB filed for IPO in April 2021 to gain access to capital markets and reduce leverage. As a result of a capital increase in kind, by contributing the shares of SYNLAB Limited (London, United Kingdom) into SYNLAB AG, SYNLAB AG became the new parent company of the SYNLAB Group. The Company targeted gross proceeds of approximatively €400 million, through the issuance of 22.2 million new shares at €18 per share, to be fully used to reimburse existing debt facilities. The listing was also an opportunity to open the capital to new shareholders, with controlling shareholders reducing their participation in the company. Following the successful IPO, SYNLAB has been listed in the Prime Standard of the Frankfurt Stock Exchange since 30 April 2021, with main shareholders[2] reducing their overall participation in the share capital from approximately 85% to 73%. They further reduced their participation to 68% in November 2021.

STRUCTURE

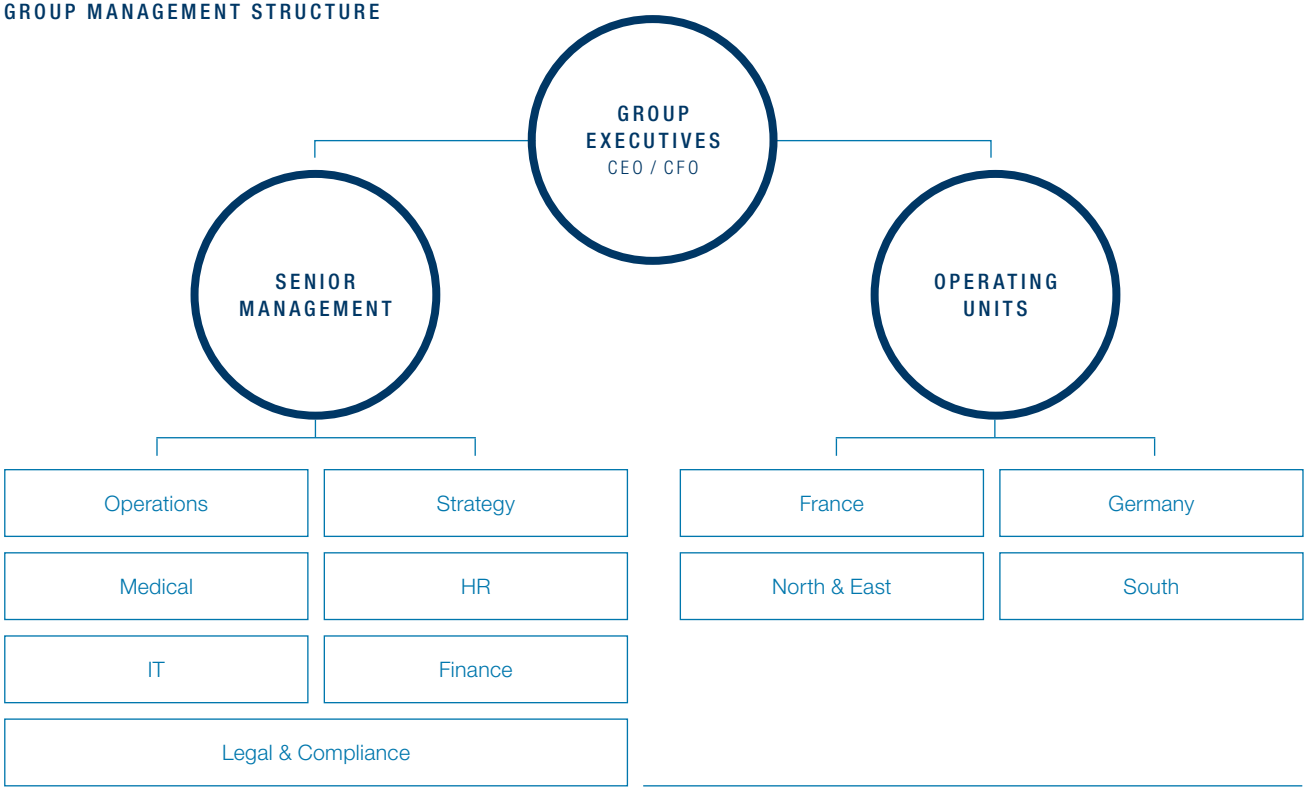
The SYNLAB strategy is focused on adapting to local market environments while drawing from the strength of our transversal support functions. To provide critical primary healthcare services continuously and successfully, while complying with complex regulatory environments, our business structure is decentralized. This way, decision-making is more efficient and connected to local country needs.

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

[1] Excl A&S

[2] Cinven, Novo, OTTP

GROUP MANAGEMENT STRUCTURE



MARKET AND COMPETITION

OUR MARKETS

We are a major player in the medical diagnostics industry. We conduct our business primarily in Europe, where we are the largest laboratory chain by revenue and number of tests, and have growing exposure to Latin America, the Middle East and Africa.

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

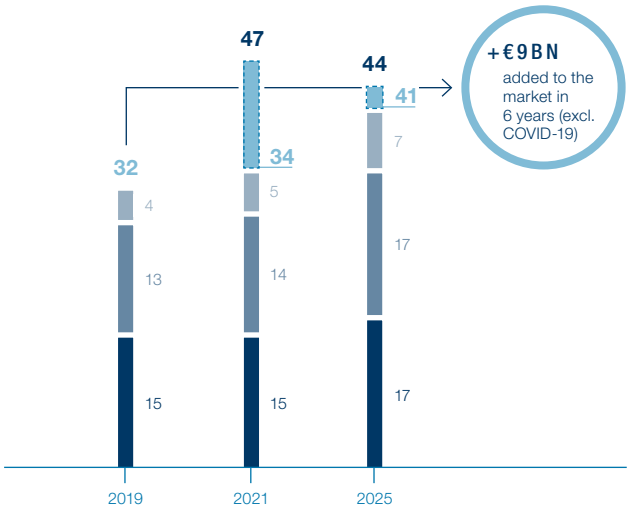
- clinical biological testing (both routine and specialty),
- anatomical pathology testing (both histological and cytological samples), and
- diagnostic imaging (employing medical and nuclear imaging technologies).

SYNLAB uses 2019 as reference year to assess the size of its underlying market, before the strong boost from COVID-19 testing. As for many other infectious diseases (including respiratory diseases such as H1N1, H5N1, H7N9 and other influenza) SYNLAB believes COVID-19 testing is a durable opportunity for the market, driven by the need for surveillance as variants evolve. After peaking in 2021, this market should however decline and represent a few billion euros per-year in the longer-term. Our total market was estimated at over €200 billion worldwide in 2019[3]. This includes an addressable market of €15 billion in our core European countries, €13 billion in our other markets (including emerging) and €4 billion globally of new market opportunities arising from precision medicine, D2C offerings and artificial intelligence. Our addressable market is expected to grow from a market value of approximately €32 billion in 2019 to approximately €41 billion by 2025 (excluding the expected impact of COVID 19).

[3] Source: Howe Sound Research

A GROWING ADDRESSABLE MARKET

IN €BN



Core European addressable market[4] · Other addressable markets[5] · New market opportunities[6] · COVID-19[7]

Source: Company information; International management consultancy; BCG study "As vaccines roll out, testing still maters", published on 12 Jan 2021

[4] Consisting of France, Germany, Italy and Switzerland;
[5] Other and emerging markets;
[6] Consisting of precision medicine, D2C and Artificial intelligence;
[7] Based on third party estimates for Germany, France, Italy, Spain and Colombia

The addressable European market in our core countries of France, Germany and Italy (plus Switzerland, which is not among our core market countries but was included in the underlying market research), is expected to grow at approximately 3% per year collectively over the 2021-2025 period, while the addressable emerging and other markets are expected to grow at 5%+ per year over this period, driven by sustainable, long-term trends[8]:

[8] Source: BCG, SYNLAB

NON-CYCLICAL GROWTH TRENDS

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

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

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

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

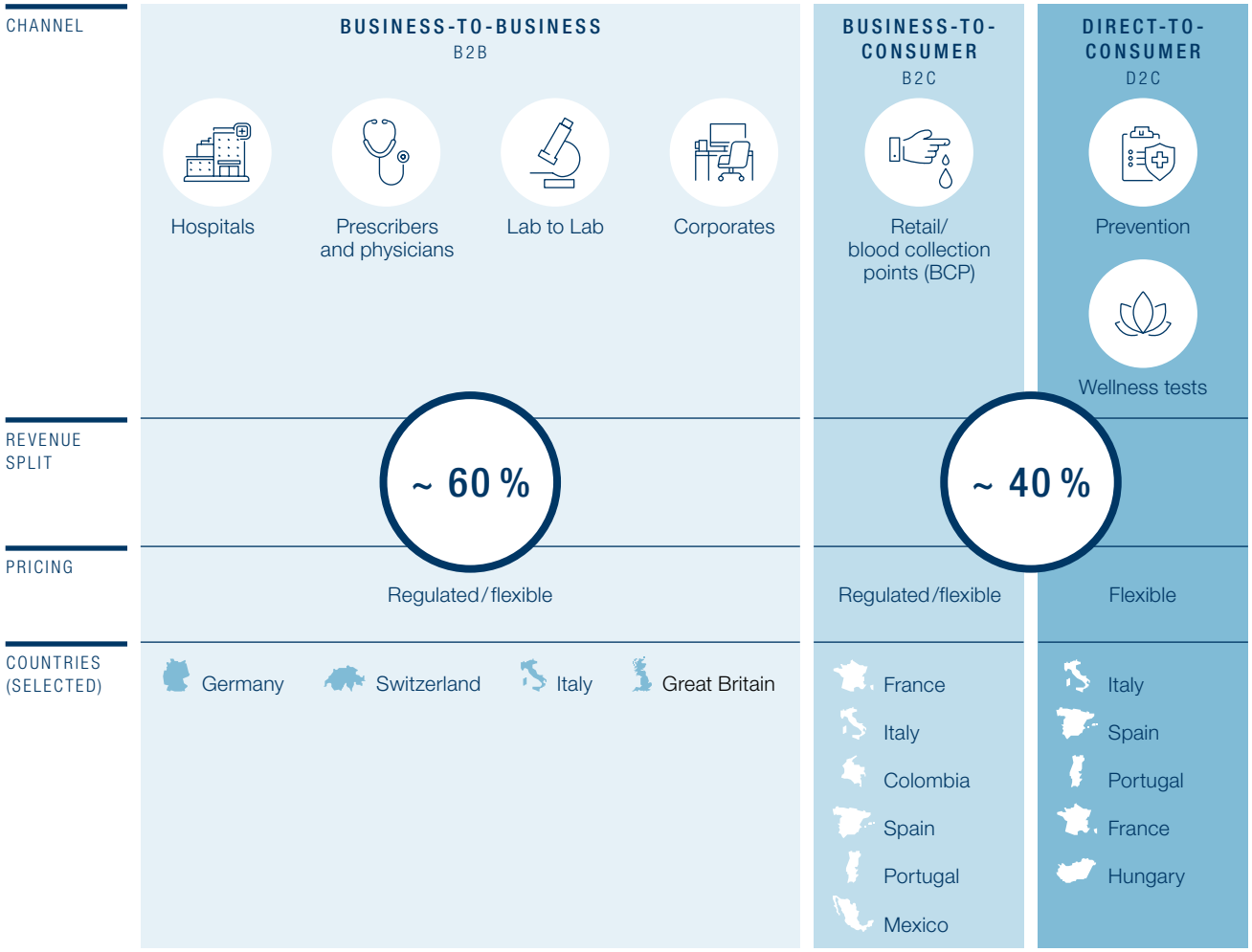
Innovation: Key areas of focus for SYNLAB are precision medicine (customization of medical decisions and treatments as well as products individually tailored to patients), digital services (including in the context of virtual consultations), and AI / machine learning (to analyse biological data sets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

MARKET STRUCTURES/BUSINESS MODELS

The business is performed via two main channels:

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

ADAPTING BUSINESS MODEL TO LOCAL APPROACH



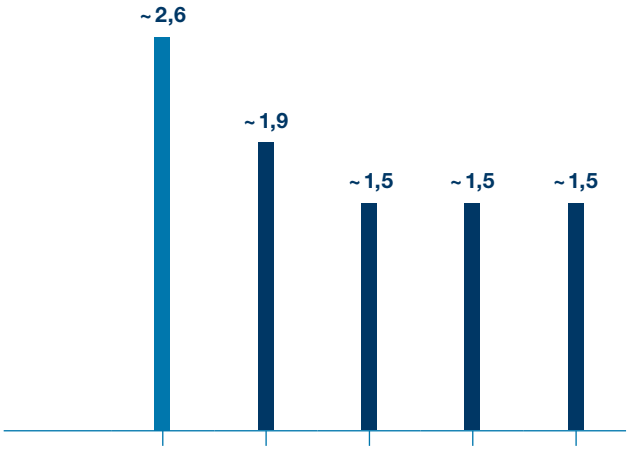
COMPETITION

The markets where we operate are highly fragmented, with SYNLAB, as the largest European clinical laboratory and medical diagnostic services company, only representing approximately 3% of the total European market[9]. Our market share in Latin America, the Middle East and Africa is below 1%, in each case based on 2019 revenue. There is ongoing consolidation in the market driven by pricing pressure, changing quality standards, increasingly complex and technically demanding tests and the ongoing industrialization of processes to generate economies of scale and reduce costs. While this consolidation has not fundamentally changed the number of large-scale players operating in the European market, private equity players and infrastructure fund managers are increasingly active in the sector. Key transactions in 2021 include EQT's investment in Cerba and subsequent acquisition of Lifebrain in Italy, the sale of AMEDES in Germany to a consortium of infrastructure funds led by OMERS or the recent acquisition of Unilabs by A.P. Moller Holding.

Key SYNLAB competitors across Europe include Sonic, Unilabs, Cerba and Bio-Group.

KEY EUROPEAN PLAYERS (BASED ON 2020 REVENUE)

IN €BN



	SYNLAB	Peer # 2[10]	Peer # 3	Peer # 4	Peer # 5
Ownership	Public	Public	Private capital	Founder and Private capital	Private capital
Last ownership change			2021	2020 (minority stake)	2021

Source: SYNLAB, Company information, JP Morgan
Note: Financials calendarized to December year-end
[10] Revenues from European Dx;

BARRIERS TO ENTRY

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

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

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

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

[9] Based on 2019 figures – Total European market estimated at €60 billion (Source: Howe Sound Research)

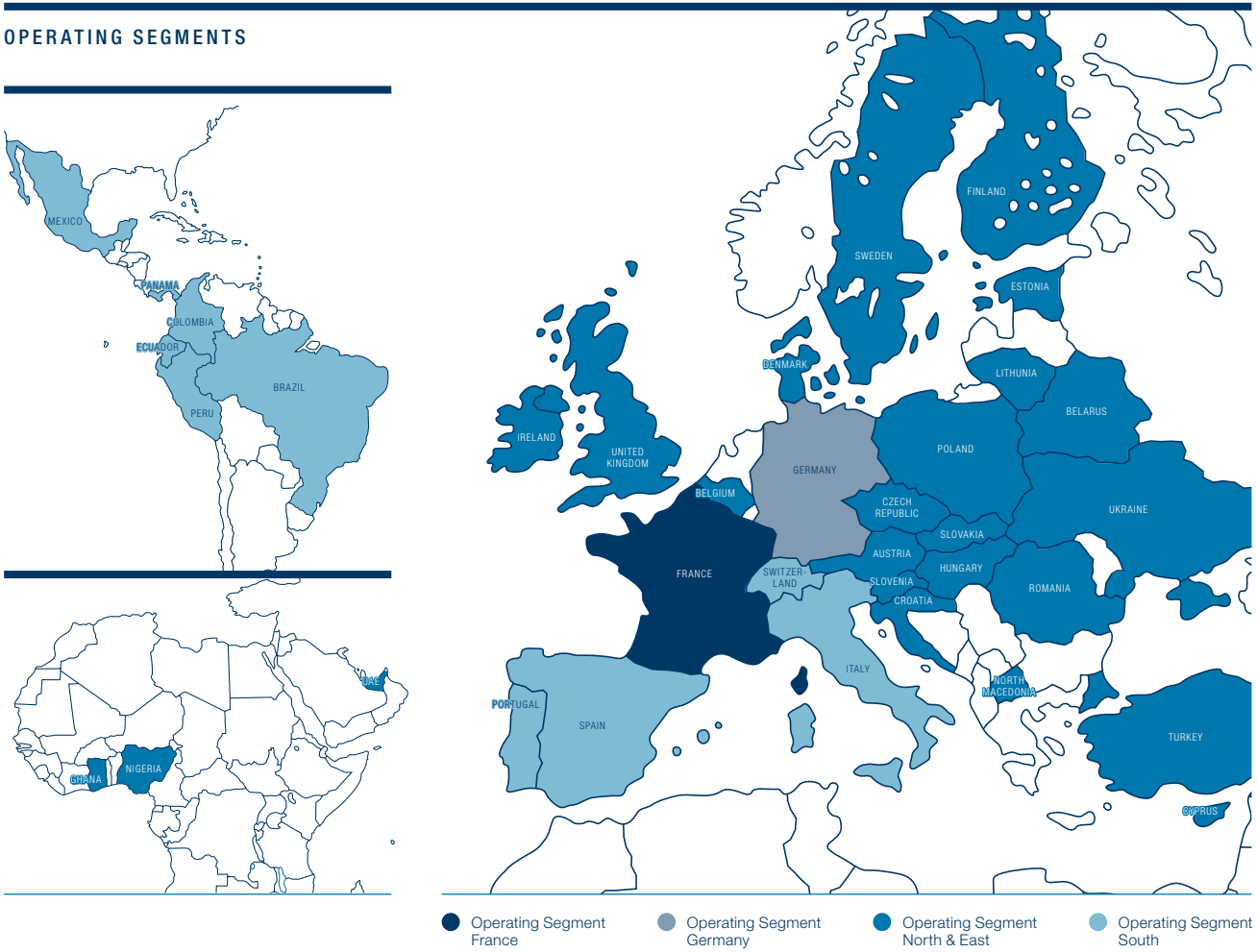
Usually, the customer churn rate is relatively low, as the patients and doctors are satisfied with their established laboratories with clinical diagnostics convenient and integrated into the doctors' daily clinical practice. This frequently leads to a low customer churn, which constitutes a competitive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

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

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

OPERATING SEGMENTS AND CORE MARKETS

The map below shows our global footprint, including our pan-European presence, by operating segment (France, Germany, South and North & East).



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

	SELECTED CORE MARKETS		
	France (22% of revenue)	**Germany (19% of revenue)**	**Italy (11% of revenue)**
Presence	• Since 2004 • 67 laboratories and approximately 300 blood collection points distributed throughout France, mainly located in small towns or rural areas	• Since 1998 • 85 laboratories primarily located in Southern and Western Germany • European reference laboratories located near Stuttgart	• Since 2011 • 9 laboratories and more than 200 blood collection points
Business model	Approximately 75% B2C with some B2B applications. Each of our laboratories and blood collection points in France employs a medical doctor or a specially trained pharmacist (both commonly referred to as "biologists").	Mostly B2B, primarily to outpatient doctor prescribers and hospitals.	Mostly B2C. Also offers other diagnostic services such as medical imaging.
Market structure/competition	Top five player. Top five players including SYNLAB make up approximately 52% of the market.	Top three player. Top three players including SYNLAB, make up approximately 45% of the market.	Leadership position in Italy.
ADDRESSABLE Market Growth profile	Approximately 0.5% compound annual growth rate from 2019 to 2022 [11]	Approximately 3% compound annual growth rate from 2019 to 2025.	Approximately 2% compound annual growth rate from 2019 to 2025.
Key initiatives	• Opening and refurbishing our blood collection points • Answering all national and relevant regional or local tenders for test campaigns • Over-the-counter (“OTC”) strategy and D2C offering	• Tailored offerings for prescribers (roll out of our proprietary order entry front-end…) • Innovative service value for hospital customers (covering tender processes, contractual negotiations, billing, mirroring complex customer demands and using sophisticated IT tools) • Providing high-end analytical services (genetics based on a new NGS platform, cytology, toxicology…)	• Key country for bolt-on acquisitions and expansion: 25 acquisitions of laboratory companies covering 14 sites in Northern Italy and 22 sites in central Italy completed since 2016

	OTHER SELECTED MARKETS	
	The UK (8% of revenue)	**LATAM (Colombia & Mexico) (5% of revenue)**
Presence	• Since 2011 • We are currently one of two leading private providers of clinical laboratory services	• Colombia: Started operations in 2016, became a leader • Mexico: Started operations in 2018, reinforced through acquisitions to become a top three player
Business model	Mostly B2B: full spectrum of routine and specialty testing services, plus VET business	Mostly B2C: full spectrum of routine and specialty testing services
Key initiatives	• Deliver on the largest outsourcing contract ever signed in the UK (SEL) • Get ready for future tenders • Expand non-NHS business	• Leverage Latin America platform to expand further in the region: multiple actionable targets focused on mid-sized laboratories with high business and operational synergy potential

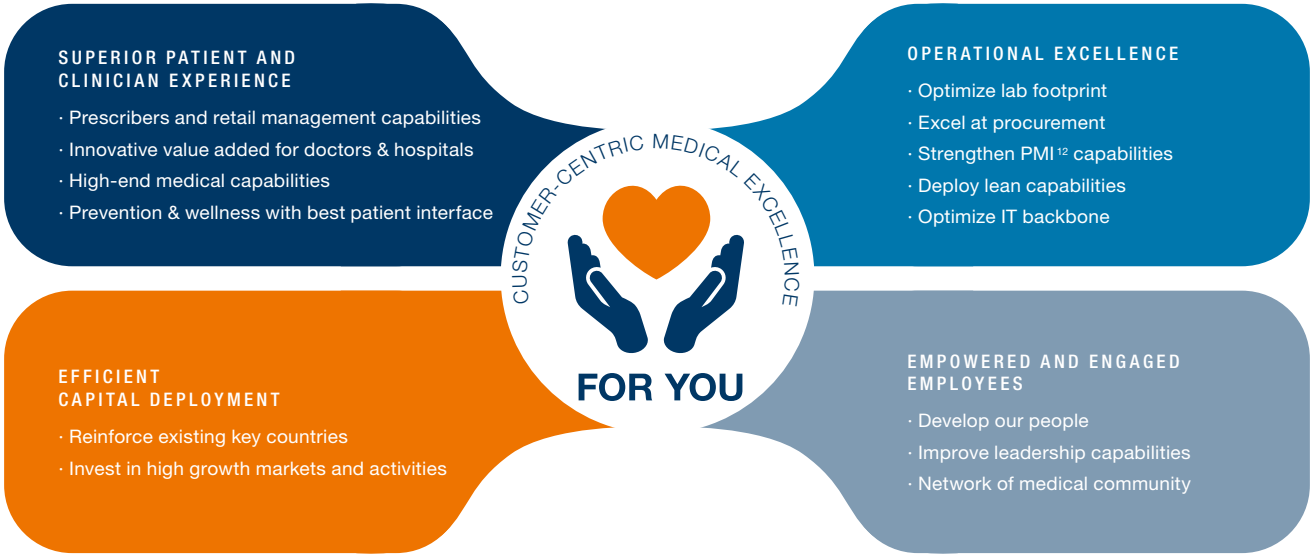
[11] Revision of the 3-year price framework in 2022

STRATEGY AND MANAGEMENT SYSTEM

STRATEGY

SYNLAB intends to grow its business and maintain its position as the leading provider of clinical laboratory services in Europe and beyond by executing a strategy of customer-centric medical excellence based on the four pillars below. This strategy is aligned with our vision and values and respects the environmental and social context in which we operate.

SYNLAB GROWTH STRATEGY BASED ON CUSTOMER-CENTRIC MEDICAL EXCELLENCE



1) Providing superior patient and clinician experience

Under a programme of growth initiatives called “For You”, SYNLAB aims to capitalize on its medical expertise, as well as the trend of greater outsourcing by hospitals and advances in science and technology, to drive further organic growth.

We are committed to a strategy of medical expertise and scientific leadership based on the highest standards of quality, ethics, and reliability. The Group will continue to focus on providing customers with accurate test results with the highest possible medical precision, the shortest possible turnaround time and the lowest possible analysis error rate. SYNLAB also intends to further develop its medical expertise by ensuring that all its laboratories continue to be fully accredited in accordance with the highest local standards and by maintaining industry leadership in self-regulation, governance and participation in pan-European scientific committees. The voice of our experts is increasingly heard in all the healthcare systems we work with, and we aim to increase this active participation in the medical discussions of the topics of our time.

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

[12] Post Merger Integration

In 2021, SYNLAB started work on one of the largest hospital outsourcing contracts ever granted in the UK, the South-East London (SEL) contract. Partnering with Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust, SYNLAB will transform and deliver pathology services across South East London for the next 15 years.

We aim to continuously invest in facilities, technologies and scientists. We plan to maintain and reinforce our "centres of excellence" culture across our laboratory network, not only within larger European reference laboratories and central laboratories but also in smaller ones.

SYNLAB also invests significantly in selected areas, such as patient and doctor interfaces to increase proximity and in artificial intelligence technologies to improve customer service and satisfaction.

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

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

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

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

3) Developing talent by empowering and engaging employees

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

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

- The SYNLAB Leadership Model (ACCE), a proprietary model of leadership training that aims to align individual management actions to the principles and values shared within the company.
- The SYNLAB Campus, one of the core platforms for people development, focused on creating a new way of working based on a culture of collaboration and reflecting our values of passion, accountability, and customer centricity. The SYNLAB Campus provides professional development courses and training to enhance personal and professional effectiveness, as well as further Group-level initiatives.
- SYNLAB Dialogue, a Group-wide annual survey that gives employees an opportunity to anonymously share their views with the organization. It is intended to serve as a base for improving our human capital overall engagement and driving continuous improvements. It will allow us to become recognized as a great and diverse place to work and to always be able to retain and hire the best talent in the industry.

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

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

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

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

Between 2018 and 2021, SYNLAB invested around €100 million per year on average 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 2021, beyond the normal investments in our core activities, and in further response to the COVID-19 pandemic, significant investments were made to set up appropriate COVID-19 testing capabilities across the network.

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. Our M&A strategy is focused on maintaining a good balance across regions, with a particular focus on higher growth regions. Our achievement of synergy savings underlines our ability in integration 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 local territorial coverage and access for patients.

We also intend to continue to pursue acquisitions of laboratory platforms both in our existing markets, thus increasing the density of local regional networks, as well as outside our current markets, expanding our market share and further consolidating our position across Europe and beyond, in each case by continuing to acquire companies that complement the network.

MANAGEMENT

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

To evaluate success in the implementation of our strategy and track any deviation from the financial guidance issued to the financial markets, management uses key financial performance indicators. The Group adjusted EBITDA from continuing operations (AEBITDA) and adjusted operating profit (AOP) are key performance indicators. The latter is also a key indicator used across the Group and disclosed in the segment reporting. Non-financial indicators are already used for evaluation and control purposes and may influence decision-making. However, these key indicators are not yet used to steer the SYNLAB Group from an operational perspective.

RESEARCH AND DEVELOPMENT

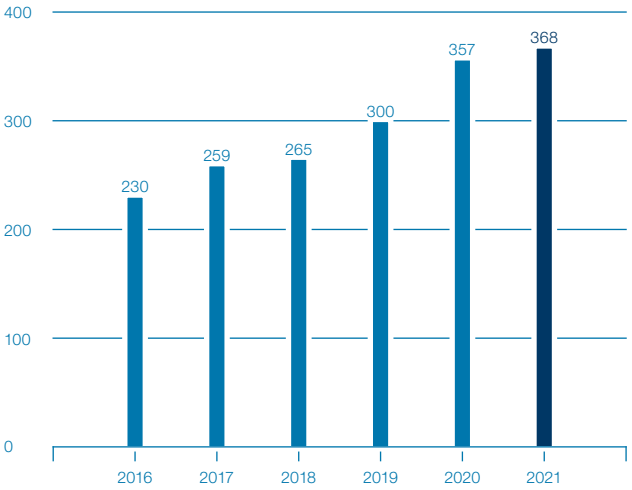
We are committed to continuously developing our medical expertise by further improving our track record of research and innovation to underline and expand our medical leadership.

Our strong reputation and market position enable us to attract and retain industry-leading medical experts and qualified specialists. As a result, we have cultivated a wide network of medical experts, who collaborate on dozens of projects led by university research departments and the pharmaceutical industry, and we sometimes fund research grants to continually enhance our diagnostic offerings.

Our scientists published more than 368 scientific articles in 2021 alone. We have continued to grow the number of registered publications with more than double the volume in 2020 compared to 2015.

We also honour cutting edge research and publications with the SYNLAB Medical Innovation Awards and maintain a Research Grants programme to foster innovation and medical excellence.

SYNLAB NUMBER OF PUBMED[1] REFERENCES



Source: PubMed

Our innovation pipeline is further sourced from the research and development of our equipment and test suppliers. Our expertise in leveraging our operational scale and global presence allows us to bring new technologies and innovative offerings to market quickly and make them accessible even in remote locations.

Alongside our diagnostic innovation management, a main focus is on digitalisation and the advancement of digital customer interfaces. We continuously invest in increasing our patients' and clinicians' digital experience and enhancing patient access to preventative care and medical wellness. We operate an IT development centre in Denmark, which for example has developed broadly applicable patient interfaces like SYNLAB Access and tailor-made customer solutions, which were used for our cooperation with UEFA across 50 countries.

Capitalized IT development represented a total amount of around €8 million in 2021.

EMPLOYEES

On 31 December 2021 SYNLAB had a total of 30,570 employees. The overall number of employees has increased by around 5,900 compared to year-end 2020, a major growth attributable to M&A (more than 2,000 people) and organic development, including people hired to support our growth initiatives, the SEL contract, and our strong mobilization to respond to the COVID-19 pandemic.

TOTAL NUMBER OF EMPLOYEES AND INCREASE ON PRIOR YEAR

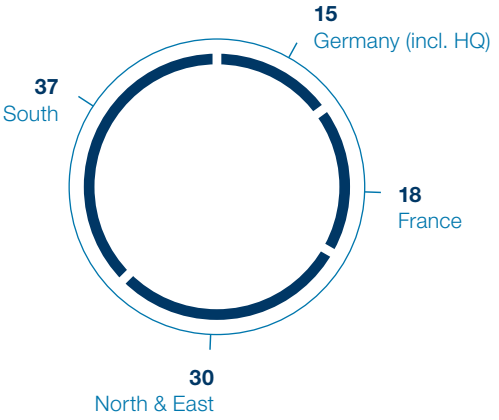
	31.12.2021	31.12.2020	Change
Total number of employees	30,570	24,670	+24%
FTEs (full-time equivalent)	25,750	20,870	+23%

SYNLAB defines employees as every person working for the Company, irrespective of the nature of their contract.

The number of FTEs (full-time equivalent) was 25,750. It is calculated based on the employment contract of each individual and working hours compared to the usual weekly working time in the country of employment. Due to the nature of the lab activity (e.g., sampling mostly performed in the morning) SYNLAB's number of FTEs is consistently lower than the total number of employees. This offers flexibility to the staff and a potential reservoir when activity is higher than normal.

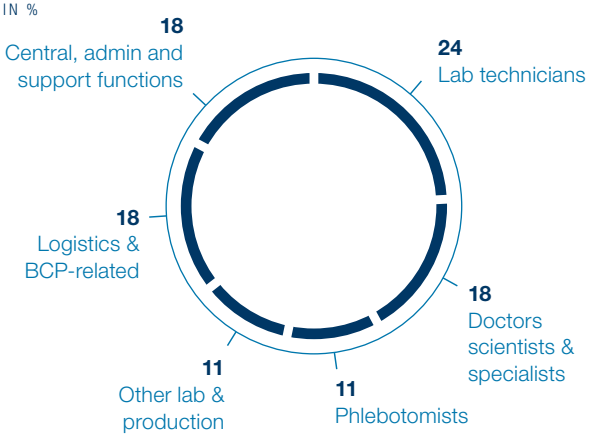
FTEs BY SEGMENT

IN %



FTEs BY FUNCTION

IN %



Diversity and passion are key success factors for SYNLAB. 30,570 SYNLAB employees come from a wide range of countries and cultures and speak more than 50 languages. They give their best every day to ensure that we retain our customers' trust and develop continuously.

Engaged and empowered employees is one of the 4 pillars of our corporate strategy. To reach this objective, we rely on many initiatives across all dimensions of the employee journey within SYNLAB.

TALENT ACQUISITION

To acquire personnel, our approach is to focus on the key topics for existing and potential employees: SYNLAB's brand leadership, its role in the market and society, its international and innovation-driven activities, and opportunities for personal development within the company.

2021 was a special year, with an increase of 5,900 FTEs. HR departments across the Group have succeeded in meeting constantly increasing expectations.

TRAINING AND GLOBAL MOBILITY

Our employees should be able to develop personally and professionally throughout their professional lives. For this purpose, we offer a wide range of training opportunities as well as practical training at our locations.

In parallel, we encourage our employees to network within the company and to transfer to other locations. Global mobility opportunities for medical, managerial and clerical staff are being promoted through an organized approach introduced in 2021. Even during the pandemic, we have continued offering our SYNLAB Academy Training Programmes: from leadership training to customer service training etc., investing in the careers of our employees.

SYNLAB LEADERSHIP FRAMEWORK

Impactful and effective leadership is key in driving organizational success and is needed to drive results and achieve our goals. Through consistent and aligned communication and behaviour, leaders promote culture, set examples and drive performance in their teams. In 2021, with the involvement of more than 300 leaders across the SYNLAB Group, we designed our global SYNLAB Leadership Model – ACCE, which stands for be Agile, Communicate, Connect and Execute.

Having such a model in place aims at enhancing all our people-focused efforts and having a significant impact on the overall employee experience and important people-related processes such as engagement, onboarding, career development, succession planning, talent management and retention.

EMPLOYEE RETENTION

Strategic actions are taken in order to maintain employee motivation and focus so they elect to remain employed and fully productive for SYNLAB. These include SYNLAB Dialogue, our Group-wide employee engagement survey, which measures a team's level of engagement, and Performance Management, which promotes an environment for feedback to be requested, given, and received at least twice a year.

SYNLAB also makes sure employees are rewarded for their efforts, including access to special bonuses to recognize their great mobilization in the fight against the COVID-19 pandemic. Recent highlights include an increased bonus for night shifts and negotiated long collective-bargaining agreements with the unions in Germany, as well as new incentive programmes such as profit sharing in France.

EMPLOYEE PARTICIPATION PROGRAMME

An employee share purchase plan was launched at the end of 2021, enabling all permanent employees of SYNLAB to become shareholders from 2022. The plan enables us to reward the employees' contribution to the success of the SYNLAB group and also provides them the opportunity to build up a stake in the future performance of SYNLAB. Under the plan, the employees have the opportunity to buy shares in SYNLAB AG and receive one free additional share for every four shares purchased after a period of four years of service.

SUSTAINABILITY

SYNLAB will make its non-financial report publicly available on its WEBSITE in accordance with §§ 315b and 315c HGB.

At SYNLAB, we recognise that we can only be successful in the long term if we respect the environmental and social context in which we operate. Our corporate governance is also crucial to our customers' trust in us, whether in terms of the quality of our clinical work or the protection of confidential personal information.

In particular, the services we provide contribute significantly to protecting public health and improving quality of life. SYNLAB strives to provide innovative and sustainable solutions through expertise and experience. Our aim is to deliver satisfactory results in the following three fields of action for each test carried out:

SYNLAB Green: Reducing our environmental impact and supporting the global ambition of carbon neutrality and environmental protection.

Climate change: Managing our direct and indirect greenhouse gas (GHG) emissions. This comprises energy consumption and other initiatives for reducing GHG emissions.

Waste: Proper disposal of operating and treatment waste, fulfilment of the Company's duty of care as well as initiatives for waste reduction.

SYNLAB Care: Creating the biggest positive results in the regions in which the SYNLAB Group is engaged, by means of innovative, top-quality diagnostics as well as support and promotion of our diverse employees.

Health and safety in the workplace: Managing dangers in the workplace that concern the physical and mental health, and the wellbeing of our employees and contractors.

Diversity & equality: Equal treatment of all employees, irrespective of age, gender, sexual identity, culture, race and ethnic affiliation or religion. This also extends to include creating vocational opportunities for disadvantaged or underrepresented groups.

Access to top-quality healthcare: Availability of top-quality services, simultaneously ensuring accessibility, fair pricing and ethnically appropriate marketing. Our definition of high quality also extends to include the security of customer data.

Qualification & wellbeing of employees: Availability of growth opportunities for a meaningful career, simultaneously supporting work-life balance.

Talent acquisition: Retaining and winning new, talented employees to support our Company's innovation ambitions.

Research & innovation: Financing and further development of our research and innovation capacities, as well as product quality management and certification.

Societal influence: Provision of charitable contributions to overcome societal challenges.

SYNLAB Citizenship: Working according to the highest standards for governance and compliance in order to be a responsible corporate citizen.

Corporate ethics: Governance based on highest professional standards, including diversity, expertise and independence, as well as industry-specific standards.

Compliance: Compliance with applicable corporate guidelines and policies, industry-specific regulations as well as environmental, health and safety regulations.

Tax transparency: Compliance with applicable tax law and transparent disclosure.

Responsible supply chain management: Integration of environmental production, occupational safety and human rights aspects within the scope of procurement practices.

ECONOMIC REPORT

BUSINESS ENVIRONMENT

MACROECONOMIC ENVIRONMENT

According to the January 2022 World Economic Outlook (WEO) published by the International Monetary Fund (IMF), global economic growth was estimated at 5.9% in 2021, a sharp rebound after the 3.1% contraction recorded in 2020. After several upward revisions early 2021, this number is 0.1 percentage point lower than the July update due to supply chain tensions and a lower outlook for some low-income markets impacted by the COVID-19 pandemic. Growth was estimated at reach 5.2% in the euro area, which represents around 70% of our revenue[13].

Supply bottlenecks were also highlighted by the European Central Bank (ECB) as one key near-term risk to global economic expansion. The organization identified price pressures from increasing food and energy inflation, with the latter accounting for more than half of the headline inflation. Euro area inflation was 4.9% in November 2021 and expected to remain elevated in the near-term[14].

For both the IMF and the ECB, the spread of the SARS-CoV-2 virus and the threat of new variants were major factors of uncertainty for 2021 and beyond, somewhat mitigated by progress in vaccination and policy support in most advanced economies.

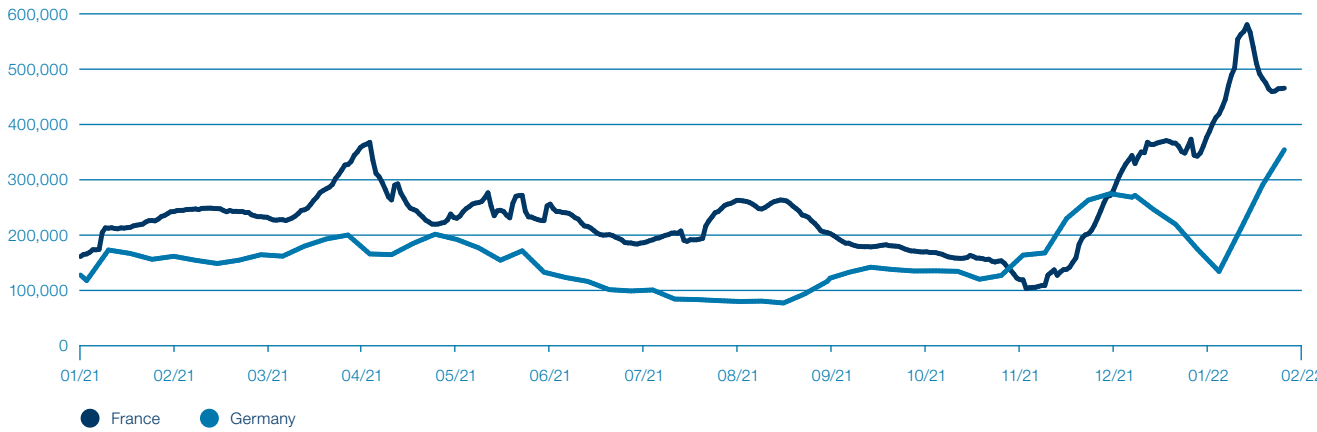
WEO growth estimations for key SYNLAB countries	2021 estimations (in %)
World	5.9
Latin America	6.8
Euro area	5.2
• France	6.7
• Germany	2.7
• Italy	6.2

SECTOR-SPECIFIC ENVIRONMENT

In 2021, the underlying activity at SYNLAB saw growth trends in line with longer term market growth.

Similarly to 2020, however 2021 was marked by waves of COVID-19 infection spreading across most countries. This led all testing providers (whether public or private) to scale up and maintain their efforts to tackle the pandemic. Significant dialogue was established in all countries, increasing the profile of testing in general and in particular the role of private providers in healthcare systems. Specifically, we have seen several healthcare systems, where provision was mostly public, reaching out and contracting with private providers to bolster their testing capacities for COVID-19 (i.e. the UK, the Netherlands, Finland etc.).

VOLUME OF PCR-TESTS IN SELECTED SYNLAB MARKETS



Source: Direction de la recherche, des études, de l'évaluation et des statistiques (solidarites-sante.gouv.fr) | Our World in Data COVID-19 dataset.

[13] International Monetary Fund, January 2022 WEO, table 1.1
https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022
[14] Economic Bulletin, issue 8, 2021
https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202108.en.html

In addition to significantly higher testing volumes, the pandemic had other impacts for SYNLAB and the sector. Price pressures on underlying activities were lifted in certain regions/countries due to the increased budgets for diagnostics and prevention or due to the impact of the lockdowns on actual government budget consumption for routine testing. The transfer of public service to private providers (outsourcing) increased in certain markets, broadening the addressable market for private providers, such as SYNLAB. After a more muted 2020, the consolidation trends amongst some of the major European actors in the sector in Europe has resumed.

GROUP BUSINESS DEVELOPMENT

RESULTS OF OPERATIONS

A RECORD YEAR

Key financial indicators

In €m	2021	2020	Growth
Revenue	**3,764.9**	**2,621.2**	**+43.6%**
AEBITDA	**1,209.8**	**679.2**	**+78.1%**
As % of revenue	32.1%	25.9%	+6.2 pts
Adjusted operating profit (AOP)	**996.1**	**504.5**	**+97.4%**
As % of revenue	26.5%	19.2%	+7.3 pts
Operating profit	**914.5**	**315.5**	**+190%**
Net profit (group share)	**624.8**	**257.6**	**+143%**
Adjusted net profit	**676.0**	**214.9**	**+215%**
Adj EPS	**3.14**	**1.07**	**+193%**

SYNLAB achieved record results in 2021 on all key metrics. Revenue grew by 44%, mostly organically. The volume leverage of SYNLAB's model drove higher profitability expansion with adjusted EBITDA up by 78.1%, adjusted operating profit up by 97.4% and adjusted net profit up by 212%. Adjusted EPS reached €3.14 [15], increasing by €2.06 compared with 2020.

[15] Based on a 2021 weighted average of 215,159,817 shares

STRONG REVENUE GROWTH DELIVERED

FY 2021 reported revenue was up 44% to €3,765 million (FY 2020: €2,621 million), showing our ability to combine both leadership in the COVID-19 response and good execution of our underlying growth strategy.

Revenue

In €m	2021	2020	Growth
Revenue	3,764.9	2,621.2	+43.6%
M&A adjustment	94.3	7.1	–
Revenue (with M&A adjustment)	**3,859.2**	**2,628.3**	**+46.8%**

FY2021 M&A adjusted revenue, which includes the contribution of acquisitions as if they had been consolidated from January 1st, was up 46.8%:

- The total contribution of the 18 acquisitions in 2021 was €143 million [16], representing 5.4% revenue growth. The major acquisitions in 2021 were Gruppo Tronchet (€24 million revenue in 2021), a strong regional player in Italy, as well as Laboratorio Médico Polanco "LMP" and Laboratorio Clinicos de Puebla "LCR" (€74 million revenue in 2021), a leading platform with the potential to further consolidate the attractive Mexican market. Other bolt-on acquisitions were made in France, Germany, Italy, Spain, Mexico and Colombia.
- FX revenue growth was (0.2)%: the weakening of emerging markets currencies was offset by the strengthening of the GBP.

[16] Including post-acquisition revenue contribution of €49 million and pre-acquisition revenue of €94 million.

- The combination of record COVID-19 contribution and underlying business expansion, drove total organic growth to 42% [17], principally due to volume expansion:
  - The net revenue contribution from COVID-19 was approximately €1.56 billion [18], with SYNLAB performing 29.7 million PCR and 5.6 million non-PCR tests during the year. The average price per PCR test was around €49 in 2021, compared with €65 in 2020;
  - Underlying organic growth (non-COVID-19 organic growth [19]) was 9.6%, with strong underlying volume growth largely offsetting a limited price decrease of 0.7% at Group level. In the last three quarters of 2021, growth was further supported by the ramp-up of the South-East London hospital outsourcing contract (the "SEL" contract) in the North & East segment. In line with its longer-term guidance, and thanks to the "For You" growth initiatives, SYNLAB was able to deliver underlying organic growth of 3.3% excluding the contribution of the SEL contract.

Revenue: segment view

In € million

	2021	2020	Organic Growth	Underlying Growth
France	828.4	646.6	+25.8%	+0.7%
Germany	722.7	579.9	+24.4%	+1.7%
South	1,052.7	799.4	+28.1%	+4.9%
North & East	1,161.1	595.3	+93.8%	+33.7%
SYNLAB Group	**3,764.9**	**2,621.2**	**+41.6%**	**+9.6%**

In France (22% of Group revenue), FY 2021 total growth was 28% [20]. SYNLAB performed around 6 million COVID-19 PCR tests, up by 139% year-on-year. The average PCR test price was €51 [21] in 2021, a decrease of 28% compared with 2020. Underlying organic growth was 0.7%, with solid volume growth offsetting a regulatory price decrease as per the 3-year agreement with the French health authorities, implemented in Q2 2021.

In Germany (19%), FY 2021 total growth was 25%. COVID-19 testing volumes contributed significantly to this growth, with a peak in activity in the final weeks of the year. SYNLAB performed around 6 million COVID-19 PCR tests, an increase of 87% year-on-year. The average PCR test price was €47 [22] in 2021, an 8% reduction compared with 2020. Underlying organic growth was 1.7% driven by solid volume growth and a limited price decline overall.

In South (28%) FY 2021 total growth was 32%. COVID-19 PCR testing volumes exceeded 6 million, representing an 83% year-on-year increase. The average PCR test price was €54 in 2021, down by 26% compared with 2020. Underlying organic growth was strong, at 4.9%, with prices broadly stable overall.

- Italy (38% of South revenue) performed very well, recording double-digit underlying organic growth, with SYNLAB also expanding its blood collection point (BCP) network in the country during the year;
- LatAm (16%) recorded good underlying organic growth of over 7%, despite the strong comparable base (Colombia). 2021 was a year of network expansion and price increase implementation in Colombia and Brazil. Iberia (30%) recorded low-single digit underlying organic growth.
- Switzerland (15% of South revenue) recorded negative underlying organic growth in 2021, due to December 2020's price decrease in genetics and 2020 customer losses. Growth improved quarter on quarter, as the impact from the latter was phasing out, and volumes were broadly stable in the last quarter of the year.

[17] Organic growth is a non-IFRS measure calculating the growth in revenue for a given period compared to the comparable period of the prior year for the same scope of businesses, excluding discontinued operations, and in constant currency, i.e. using the exchange rates of the prior year reporting period.
[18] Consisting of testing revenue of €1,600 million netted against an estimated €39 million attrition impact
[19] Excluding both COVID-19 testing revenue contribution and the positive impact of lower attrition from COVID-19

[20] Including M&A and, for-non euro countries, forex effect
[21] PCR test public price of €44 (June 2021) including sampling and administrative fees, pre turnaround time bonus / malus
[22] Including sequencing and other contracts (schools…), PCR test price public price of €35-44

In North & East (31%), FY 2021 total growth was a record 95%. SYNLAB performed 11 million COVID- 19 PCR tests, up by 246% year-on-year. The average PCR test price was €46 in 2021, down by 23% compared with 2020. Underlying organic growth reached 34%, including slightly positive pricing, driven by inflation indexation mechanism in many North & East countries. The UK, now the biggest single country in the segment (25% of revenue), recorded a triple digit percentage growth thanks to the good start of the SEL contract.

Excluding SEL, underlying organic growth in North & East was a robust 5.8% in FY 2021. North (Belgium and the Nordics together 50% of revenue), East-Europe (18%) and Emerging markets (8%) all recorded above Group performance, highlighting the benefits of For You growth initiatives. Key initiatives included BCP openings in Belgium, connecting with doctors in Austria and web services in the Nordic countries.

EVEN STRONGER PROFITABILITY IMPROVEMENT

In €m	2021	2020	Growth
Revenue	3,764.9	2,621.2	+43.6%
Material and related expenses	(942.4)	(684.5)	+37.7%
Payroll and related expenses (adjusted)[23]	(1,138.9)	(904.7)	+25.9%
Net other OPEX (adjusted)[24]	(473.8)	(352.8)	+34.3%
Adjusted EBITDA (AEBITDA)	**1,209.8**	**679.2**	**+78.1%**
AEBITDA margin	32.1%	25.9%	+6.2 ppts
Operating depreciation and amortisation	(213.7)	(174.8)	+22.3%
Adjusted operating profit (AOP)	**996.1**	**504.5**	**+97.4%**
AOP margin	26.5%	19.2%	+7.3 ppts

FY 2021 adjusted EBITDA (AEBITDA) increased by 78% to €1,209.8 million. The AEBITDA margin increased by 6.2 percentage points to 32.1%. Incremental volumes from COVID-19 testing on a relatively fixed cost base was the main driver for the margin uplift, reflecting the volume leverage of the business. In addition to efficiencies from the ongoing SALIX program (€20 million of savings overall in 2021), SYNLAB also delivered strong productivity in COVID-19 testing activity by setting up "COVID testing factories" with capacity of over 10.000 tests per day and increased automation.

- Material and related expenses were €942.4 million in FY 2021 or 25% of revenue. SYNLAB benefited from savings from the SALIX program (€9 million on material expense) and the core lab equipment renewal project. The Group also delivered efficiencies on PCR test reagent costs.
- Payroll and related expenses (adjusted) were €1,138.9 million or 30% of revenue. The total growth was driven by a 23% year-on-year increase in FTEs[25], coming from acquisitions (+9%), the SEL contract (+6%) and the increase in staff to support increased levels of activity. The overall growth in Payroll and related expenses was +26%, lower than the revenue growth of +44%, another illustration of the volume leverage of the Group. Payroll and related expenses included extra compensation to reward staff mobilized to fight the pandemic.
- Net other OPEX (adjusted) were €473.8 million, or 13% of revenue. The lower than revenue growth of other OPEX reflects further productivity gains, including from the SALIX program. The main cost lines of the Net other OPEX are transportation, IT and personnel related costs; none of which represent more than 17% of the total.

[23] As reported in Note 8, adjusted for pre-IPO share-based payments €3.6 million in 2020
[24] As reported in Note 9-10, adjusted for strategic projects and M&A plus Post-merger integration costs (€29.9 million in 2021, and €19.0 million in 2020)

[25] FTE : full-time equivalent, see Employee section

FY 2021 adjusted operating profit (AOP) increased nearly twofold to €996.1 million with AOP margin increasing by 7.3 percentage points to 26.5%. Profit growth was largely enabled by making use of the existing SYNLAB asset base, as shown by the faster growth in AOP compared to AEBITDA.

- Operating depreciation and amortisation consist mainly of depreciation of labs, blood collection points and testing equipment assets. The €39 million year-on-year increase in Operating depreciation and amortisation cost was mainly driven by higher depreciation of equipment (€9 million) and software (€8 million), depreciation of assets related to the South-East London contract (€13 million) and accelerated depreciation of COVID-19 investments.

AOP: segment view

In € million	2021	2020	Margin 2021	Margin 2020
France	214.8	144.5	25.9%	22.3%
Germany	163.6	97.1	22.6%	16.8%
South	238.2	131.0	22.6%	16.4%
North & East	379.5	131.8	32.7%	22.1%
SYNLAB Group	**996.1**	**504.5**	**26.5%**	**19.2%**

France – FY 2021 AOP margin expanded to 25.9% (+3.6 percentage points compared with FY 2020), reflecting the sustained margin-accretive impact of high COVID-19 testing volumes, despite extra IT costs related to the conversion of the central laboratory information system.

Germany – FY 2021 AOP margin grew to 22.6% (+5.8 percentage points compared with FY 2020), reflecting the margin-accretive impact of COVID-19 testing volumes, including the positive contribution from COVID-19 testing factories and savings coming from the implementation of the SALIX program.

South – FY 2021 AOP margin reached 22.6% (+6.2 percentage points compared with FY 2020), reflecting the margin-accretive impact of high COVID-19 testing volumes and robust underlying activity volumes since the beginning of the year, fully absorbing the margin-dilutive ramp-up impact from the expansion of the BCP network.

North & East – FY 2021 AOP margin was a very strong 32.7% (+10.6 percentage points compared with FY 2020), reflecting the margin-accretive impact of high COVID-19 testing volumes, including government testing contracts in North Europe, and robust underlying activity volumes since the beginning of the year largely offsetting the dilutive impact of the SEL contract.

ADJUSTED TO REPORTED OPERATING PROFIT RECONCILIATION

In €m	2021	2020	Growth
AOP	**996.1**	**504.5**	**+491.6**
Restructuring and other significant expenses	(22.8)	(17.1)	(5.7)
Acquisitions Acquisition-related (income) / expenses	(7.1)	(1.9)	(5.2)
Share-based payments[26]	–	(3.6)	+3.6
Impairment of non-current assets	–	(115.0)	+115.0
Customer relationship amortization	(51.6)	(51.4)	(0.2)
Total OPEX adjustments	**81.5**	**189.0**	**(107.4)**
Operating profit	**914.5**	**315.5**	**+599.0**

FY 2021 OPEX adjustments amounted to €82 million in total, reducing significantly from €189 million in 2020. They comprised customer relationship amortization (€52 million), IPO-related costs (€21 million) as well as acquisition-related and post-merger integration costs (€9 million). FY 2020 adjustments included a €115 million goodwill impairment recognized in Switzerland.

[26] Since the IPO, the new share-based payment programmes are no longer reported as an adjustment component

RECORD EARNINGS

In €m	2021	2020	Growth
Operating profit	**914.5**	**315.5**	**+599.0**
Net finance costs	(102.5)	(188.6)	+86.1
Income tax expense	(195.3)	(87.3)	(108.0)
Effective tax rate	24.2%	–	–
Other	8.0	218.0	(210.0)
Net profit (group share)	**624.8**	**257.6**	**+367.2**

FY 2021 net profit grew by 143%, driven by the expansion in operating profit and improved financial results, partly offset by a higher tax expense:

- FY 2021 net financial expense was €102.5, improving by €86.1 million compared to FY 2020. This major decrease came mainly from a combination of lower borrowings and lower borrowing costs. The SYNLAB average cost of borrowings reduced from 3.95% in Q4 2020 to 1.86% in Q4 2021. SYNLAB further benefited from changes in the fair value of financial instruments.
- FY 2021 income tax expense was €195.3 million, a €108.0 million increase compared with FY 2020, coming from the growth in results from operations. The effective tax rate was 24.2% for the period, lower than the weighted average of 25.5% (calculated on the basis of expected tax rates for the individual Group companies) mostly due to the use of tax attributes from earlier periods on which no deferred tax was previously recognized. Both effective and weighed tax rate for the Group are lower than the 28% normalized rate due also to a favorable country mix of profits in 2021 in countries with lower tax rates.
- The "Other" line mostly consists of the result of the sale of the A&S business, mainly recorded in 2020, with only the last entity disposed of at the beginning of 2021.

ADJUSTED TO REPORTED NET PROFIT RECONCILIATION

In €m	2021	2020	Growth
Net profit (group share)	**624.8**	**257.6**	**+367.2**
OPEX adjustments	81.5	189.0	(107.5)
Current-year income taxes (OPEX adjustments-related)	(13.1)	(10.5)	(2.6)
Profit / (loss) after tax for the period from discontinued operations	(17.2)	(221.1)	+203.9
Adjusted net profit	**676.0**	**214.9**	**+461.1**

FY 2021 adjusted net profit grew by 215%, driven by the expansion in operating profit and improved financial results, partly offset by a higher tax expense:

- In addition to the AOP adjustments and related tax impact, adjusted net profit is further adjusted by deducting the result of discontinued operations.

FY 2021 adjusted EPS was €3.14[27], compared with €1.07 for FY 2020.

FINANCIAL POSITION

Cash flow

In €m	Dec 2021	Dec 2020	Growth
AEBITDA	**1,209.8**	**679.2**	**+530.6**
Movements in working capital	(28.8)	(142.5)	+113.7
Income tax paid	(161.4)	(41.8)	(119.6)
Change in provisions & other	(8.9)	(14.9)	+6.0
Operating cash flow	**1,010.7**	**480.1**	**+530.6**
Net capex (incl. leases[28])	(268.1)	(208.3)	(59.8)
As % of revenue	7.1%	7.9%	(0.8) ppt
Unlevered free cash flow	**742.5**	**271.7**	**+470.8**
Net interest paid[29]	(100.2)	(126.9)	+26.7
Free cash flow	**642.3**	**144.9**	**+497.5**
Net M&A cash spend	(240.3)	519.9	(760.2)

[27] Based on 215,159,817 shares
[28] Lease interest included in leases
[29] FX effects on intragroup loans included, lease interest excluded

Record cash flow generation

Operating cash flow from continuing operations expanded materially, to €1,010.7 million at the end of FY 2021, driven by profit growth.

- The negative impact of COVID-19 testing activity on working capital has reduced over the year, with inventory reduction and DSOs declining to 63 days at the end of FY 2021, compared with 77 days at the end of FY 2020.
- Cash tax paid in FY 2021 increased by €119.6 million to €161 million. This significant increase is attributable to the strong trading performance of the Group in 2021.

Strong operating cash flow led to record unlevered free cash flow of €742.5 million in FY 2021 despite an increase in CAPEX during the period:

- Net CAPEX (excl. leases) was €143 million, an increase of €50 million compared with FY 2020, including investments in opening new blood collection points (e.g. in the South segment), purchase of new equipment and IT (French laboratory information system, datacenter and ERP, digitalization). COVID-19-related CAPEX was €9 million in 2021.
- Leases amounted to €125 million, broadly stable compared with FY 2020.

The cash conversion ratio (unlevered free cash flow / adjusted EBITDA) was 61%.

The net M&A cash spend was €240 million, with very strong M&A activity in the South segment. Smaller acquisitions were also carried out in France and Germany.

The refinancing transactions carried out in FY 2021 and the overall financial management of the Group are described below.

NET ASSETS

Simplified balance sheet

In €m	Dec 2021	Dec 2020	Growth
Goodwill	2,440	2,212	+228
Net fixed assets[30]	1,488	1,234	+254
Net working capital (NWC)	146	116	+30
NWC as a % of full-year M&A adjusted revenue.	3.8%	4.4%	(0.6) ppt
Capital employed	**4,074**	3,562	**+512**
Equity	2,256	1,204	+1,052
Net debt	1,602	2,235	(633)
Other	216	124	+92
Resources	**4,074**	**3,562**	**+512**

[30] Value net of deferred tax

Capital employed

SYNLAB is pursuing an ambitious consolidation strategy, resulting in goodwill being recognised on its balance sheet. This goodwill represents the fair value of the synergies expected to materialize in future periods. At the end of December 2021 total goodwill reached €2,440 million. The €228 million increase compared to 2020 was mainly attributable to acquisitions finalized during the year, notably the two mid-sized deals carried out in Mexico and Italy.

Total net fixed assets amounted to €1,488 million at end December 2021. Net fixed assets were mainly composed of:

- Customer relationships with doctors and hospitals identified in connection with acquisitions and other intangible assets (software, trademarks) amounting to €726 million and reflecting an increase of €11 million compared with end December 2020;
- Assets related to labs and blood collection points and testing equipment (property plant and equipment and right of use assets) amounting to €854 million and reflecting an increase of €235 million compared with end December 2020. This growth came mainly from investments made as part of the SEL contract, with the remainder composed of organic developments and acquisitions.

Net working capital composition

In €m	Dec 2021	Dec 2020	Growth
Inventories	110	149	(39)
Trade accounts receivables	633	535	+98
Trade accounts payable	(387)	(387)	(0)
Contract liabilities	(18)	(23)	+5
Current provisions	(11)	(6)	(5)
Other net current liabilities[31]	(181)	(152)	(29)
Net Working Capital	**146**	**116**	**+30**

Net working capital increased by €30 million at end December 2021 compared to end December 2020.

The increase came mainly from trade receivables that increased by €98 million due to strong COVID-19 related activity in the final weeks of 2021.

Inventory decreased from the peak levels of end 2020 by around €39 million. SYNLAB had built reagent inventory in 2020 to be able to cope with increased COVID-19 testing volume.

Other net current liabilities consist of short-term liabilities to personnel and social security, liabilities / receivables from VAT and other. The 2021 increase follows the increase in revenues and payroll and related expenses.

[31] Other current liabilities net of Other current assets

Equity

At the end of December 2021, equity stood at €2,256 compared with €1,204 at the end of December 2020. The significant increase in 2021 reflects the issue of 22.2 million new shares in connection with the IPO of the Company in Q2 2021, as well as very strong earnings for the year.

2021 debt repayments

Capitalizing on its strengthened financial position, SYNLAB proactively managed its debt portfolio, reducing its overall debt level, lowering the cost of debt and extending maturities to 2026 and 2027.

In January 2021, following the sale of the A&S business, SYNLAB repaid €544 million of term loans. In May 2021, SYNLAB issued a new €735 million term loan with a 5-year maturity (initial interest rate 2.50% + Euribor, Euribor floor of zero) together with a new €500 million revolving credit facility (RCF, initial interest rate 2.50% + Euribor, Euribor floor of zero) and cancelled its undrawn €250 million former RCF. The new financial instruments include certain covenants[32] related to reporting and information requirements as well as certain financial covenants as defined in the agreements.

Using the proceeds of the new issuance and the IPO, SYNLAB repaid €850 million of outstanding notes and €300 million of term loans.

Between August and December 2021, SYNLAB proceeded with further term loan early repayments totaling €300 million, initially due in 2026.

[32] Consolidated Leverage Ratio lower or equal to 4:50:1 in FY 2021 and HY 2022, then 4:00:1 for FY 2022 onwards. In case of a breach, lenders have the right to call for funds.

Following these successful transactions, SYNLAB has significantly reduced its debt level, has no debt maturity before 2026, benefits from lower interest rates, in line with guidance given at the IPO, and has further diversified its pool of banking partners.

Financial management

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

Financial management is described by a uniform Group guideline. Accordingly, the group Treasury department is the central unit responsible for the group-wide design and monitoring of the financial profile. This is done in close coordination with the finance directors of the SYNAB countries. The goal is to ensure subsidiaries have adequate liquidity at all times to meet their financial obligations. The Group uses various cash pool structures with several banks to optimise its cash management organisation.

In addition, financial risk factors are regularly analysed and, if necessary, liquidity, credit, interest rate or foreign currency risks can be hedged using suitable financial instruments. Given all current external financing contracts are subject to the risk of an increase of the EURIBOR, the Group regularly entered into hedging contract, by means of a cap, to partially offset possible interest rate increase. The foreign currency risk for SYNLAB is considered as low, which is the reason why no hedging transactions have currently been concluded to hedge against such fluctuations.

At the end of December 2021, adjusted net debt stood at €1,671 million compared with €2,254 million at the end of December 2020. The leverage ratio[33] dropped to 1.35x compared with 3.3x at the end of 2020, one of the lowest levels achieved since the creation of the SYNLAB Group.

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

The SYNLAB Group plans to distribute dividends (€33 cents per share proposal) to its shareholders following the resolution of the Annual General Meeting expected in May 2022.

Debt and leverage ratio

In €m	Dec 2021	Dec 2020	Growth
Cash and cash equivalents	(444)	(905)	+461
Non-current loans and borrowings	1,418	2,681	(1,263)
Non-current lease liabilities	502	338	+164
Current loans and borrowings	13	37	(24)
Current lease liabilities	114	84	+30
Net debt	**1,602**	**2,235**	**(633)**
Capitalized transaction costs and embedded derivatives	23	19	+4
M&A deferred price consideration[34]	46	–	–
Adjusted net debt	**1,671**	**2,254**	**(583)**
Reported AEBITDA	1,210	679	+531
Proforma[35] for M&A	28	1	+27
Proforma for IFRS 5	–	5	(5)
Full year proforma AEBITDA	1,237	685	+552
Leverage ratio	**1.35x**	**3.3x**	**(1.9)x**

Financial instruments

Term loan (2.5%+EURIBOR), due 2026	320
Term loan (2.5%+EURIBOR), due 2027	385
Term loan (1.25%+EURIBOR), due 2026	735
Total borrowings	**1,440**
Leases	616
Other bank debt and accrued interest	13
Cash and cash equivalents	(444)
M&A deferred price consideration	46
Adjusted net debt	**1,671**

Liquidity position

The Group was able to meet its payment obligations. Off-balance sheet obligations were mainly related to current rental and leasing contracts for buildings and equipment.

At December 31, 2021, SYNLAB had a very strong liquidity position with €444 million of cash and cash equivalents and a €500 million 5-year RCF, fully undrawn.

[33] Net debt to LTM pro-forma adjusted EBITDA

[34] Short- and long-term contingent and deferred purchase price liabilities (see Note 31) excluding put options over non-controlling interests (SYNLAB Labor München Zentrum GbR and EMT Medizintechnik GmbH & Co.KG), net of escrow accounts (according to Notes 21 and 22).

[35] AEBITDA from acquisitions, for the period startig January 1st until the date of acquisition

OVERALL ASSESSMENT OF ECONOMIC DEVELOPMENT

Over-delivering on 2021 IPO targets

At IPO, SYNLAB presented a growth strategy of customer-centric medical excellence. The focus of this strategy was on consistently outperforming market growth through the implementation of growth initiatives (For You initiatives), successfully delivering in 2021 on the biggest hospital outsourcing contract in the UK ("SEL" contract) and deploying around €200 million to continue to consolidate the highly fragmented medical diagnostic services market.

At the same time, SYNLAB aimed at maintaining its leadership in the medical diagnostic response to the COVID-19 pandemic.

By year-end, SYNLAB had shown good progress on all areas of focus and all targets were either met or exceeded.

Consequently, all 2021 financial targets set at the IPO were exceeded:

	Target at IPO	FY 2021	Outperformance
Revenue (€bn)	>3.0	3.76	+0.76
Total growth	~17%	~44%	x2.6
AEBITDA (€m)	~800[36]	1,210	+410
AEBITDA margin	~26%	~32%	+6 ppts
Unlevered FCF (€m)	300-350	743	+443

	Target at IPO	FY 2021	Key enablers
Organic growth (ex COVID-19)	~10%	9.6%	- "For You" initiatives: good progress in Retail, opening 40 new BCPs per quarter on average - "SEL" contract strong start, higher than expected volume
M&A (EV, in €m)	~200	250	- 18 acquisitions in 6 countries - Two mid-sized deals in Italy Mexico
COVID-19 revenue (€m)	~800 (2021) ~500 (2022)	~1,600	- Medical, commercial, operational execution

[36] Consensus of analysts as of 7 June 2021

SUBSEQUENT REPORT

SYNLAB closed 5 acquisitions since the beginning of 2022, in Spain, Italy and Germany, representing an estimated annualized revenue of €25 million. Two of them enhance our specialty testing services:

- Sistemas Genómicos in Spain, a company with a strong track record in genetic sequencing, molecular biology, genetics and bioinformatics as well as the software-supported analysis of biological data. It employs over 100 highly qualified experts and revenue of approximately €20 million in 2021.
- Institute for Pathology and Molecular Pathology Pforzheim in the Southwest region of Germany a highly specialized pathology laboratory with revenue or around €3 million in 2021.

As a result of the armed conflict between Russia and Ukraine involving Belarus, SYNLAB sites in Ukraine were closed from the end of February 2022 and until further notice. However, this has a very limited impact on SYNLAB, as the Group has no sales in Russia and only minor sales in Ukraine (below 2 M€) and Belarus (below €6 M).

FORECAST REPORT

ECONOMIC OUTLOOK

MACROECONOMIC PROJECTIONS

According to the January 2022 World Economic Outlook (WEO) by the International Monetary Fund (IMF), global growth was projected at 4.4% in 2022, lower compared with the July 2021 projections. This included 3.9% in the euro area.[37]

Global price pressure was expected to persist for most of 2022 with annual inflation in the Eurozone foreseen at 3.2% in 2022, before easing to 1.8% in 2023 according to the European Central Bank. This inflation is expected to be largely driven by food and energy prices.[38]

For both the IMF and the ECB, the spread of the COVID-19 virus and the threat of new variants (such as Omicron) were major factors of uncertainty for 2022 and beyond, somehow mitigated by vaccination progress and policy support in most advanced economies.

WEO growth projections for key SYNLAB countries	2022 projections (in %)
World	4.4
Latin America	2.4
Euro area	3.9
• France	3.5
• Germany	3.8
• Italy	3.8

SECTOR-SPECIFIC OUTLOOK

The current consensus is that we will have to deal with a potential long tail of the SARS-CoV-2 pandemic as the disease becomes endemic in the population – and certain practices in pre-operation routines and travel will subside, as will screening for at risk populations.

At the same time, potential price pressures may resurface as governments try to reign in their budget deficits, which increased as a consequence of the pandemic.

Nevertheless, growth will potentially accelerate for non-COVID-19-related testing as healthcare systems try to catch-up on the backlog and from the universal realization that testing is key for any healthcare policy. It is also becoming more of an individual topic where consumerization is a reality – due to awareness, easier access and an increased prevention mindset.

In the longer term, one key headwind facing the sector is the scarcity of specialized lab knowledge in the labor market. This will make companies change the way they attract people, and the way the work will be organized with the impacts of technology, and how the services will be provided still not fully realized.

Patient access will increase with new digital access tools and extraction methodologies. At the same time, testing accuracy and personalization will be impacted by new tools (e.g. Next Generation Sequencing) or by data and new related technologies (i.e. artificial intelligence), potentially broadening the use of testing for diagnostics and with it the accessible market for all tplayers.

COMPANY OUTLOOK

FY 2022 OUTLOOK

In 2022, SYNLAB will continue with the implementation of its growth strategy: outperforming market growth through For You initiatives and continuing to grow through M&A. We expect COVID-19 testing revenue to decline, but to remain significant due to our large-scale, geographically diversified and medically relevant services.

[37] International Monetary Fund, January 2022 WEO, table 1.1
https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022
[38] Economic Bulletin, issue 8, 2021
https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202108.en.html

SYNLAB expects FY 2022 revenue to be around €3.0 billion (November 2021 guidance: €2.9 billion) compared with €3.76 billion in FY 2021. The adjusted EBITDA margin is expected to be within a 23-25% range (unchanged compared with November 2021 guidance), compared with 32.1% in FY 2021. The adjusted AOP is expected to evolve accordingly.

The year-on-year expected decrease is attributable to lower COVID-19 testing revenue. The unchanged EBITDA margin range factors in: 1) the strategy to keep COVID-19 response capacity as medically necessary and potential lag time before any ramp down 2) the dilutive impact on margin of additional growth initiatives and 3) further inflation risks.

The pipeline for future acquisitions is strong and diversified, and SYNLAB retains a very disciplined approach to acquisition. The Group aims to exceed €200 million of M&A spend once more in 2022.

OVERALL ASSESSMENT OF FUTURE DEVELOPMENT

SYNLAB is well positioned to take advantage of the growing market for clinical laboratory and medical diagnostic services, which benefits from favourable structural trends, including an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention, increasing outsourcing of clinical laboratory testing by hospitals and an additional need for advanced testing. 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. Our expansion strategy is focused on adapting to local market environments while drawing from the strength of our pan-European support functions. Our market position and the scale of our laboratory network also allow us to benefit from favourable procurement conditions with suppliers, including Group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion. SYNLAB is also pursuing its expansion outside of Europe, with a focus on emerging markets in Latin America, Africa and Asia.

OPPORTUNITY AND RISK REPORT

Risk management at SYNLAB is geared towards securing the successful, continued development and profitability of the Group in the long term. The key instrument for achieving this goal is our risk management system. It identifies, evaluates and manages risks, whereas opportunities are considered separately.

RISK MANAGEMENT SYSTEM

The SYNLAB Management Board has implemented a risk management system to ensure the effective and efficient management of all risks that affect the achievement of our strategy and objectives. Our risk management system is implemented Group-wide[39], including SYNLAB AG and all subsidiaries. It includes all corporate functions and countries in which SYNLAB operates. Balancing the rewards and inherent risks in our business operations within a complex and rapidly changing business environment is a central and continuous task for our corporate management.

The main SYNLAB business is the supply of medical diagnostic services, primarily relating to clinical diagnostics testing and screening services. The ongoing crisis with COVID-19 has created significant uncertainty for all businesses across the geographies in which the Group operates. Furthermore, the COVID-19 crisis also drove the rapid growth of our company. As a result, we developed our risk management system further in 2021 to obtain a comprehensive and realistic picture of the Group's risk situation and to compare it with our available financing resources and equity.

Our formalized risk management process ensures that risks are managed within acceptable limits and mitigated where necessary. A standardized reporting process assures that risk information is addressed and communicated timely to the respective stakeholders, e.g. to the Audit and Risk Committee, the Management Board and the Corporate Risk Management function. This ensures decision-making based on appropriate risk information and enables us to pursue our strategic goals.

[39] During the implementation phase, six biggest countries of the Group were included into direct collection of risk data. The other countries were taken into account implicitly with a top-down approach of risk owners.

RESPONSIBILITIES

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

Body/Function	Roles and Responsibilities for Risk Management
Supervisory Board/ Audit and Risk Committee	• Monitoring, inter alia, the effectiveness of the risk management system and internal control system
SYNLAB's Management Board	• Definition of SYNLAB strategy and risk strategy • Responsible for implementing the risk management system • Monitoring and management of key significant risks • Approval of corporate risk report on a quarterly basis • Reporting on risks and risk management activities to the Audit and Risk Committee
Corporate risk management/risk manager	• Supporting the SYNLAB Management Board in developing guidelines, methods and tools for risk management and implementing the risk management system, recommendations for developing and improving the risk management system • Coordination of the risk management process, monitoring of deadlines, completeness and effectiveness of activities • Assurance of a functioning risk reporting process (regular and ad-hoc) • Definition of top risks and aligning of business risk factors • Assessment of risks on an aggregated level in preparation of the corporate risk report (cross functions and subsidiaries) • Preparation of biannual (Q2 & Q4) corporate risk report to the Management Board • Coordination and preparation of the update of the corporate risk report (Q1 & Q3) • Training and communication of the risk management approach
Heads of Group functions, countries and entities	• Provision of guidance for risk assessments within their area of responsibility • Validation and approval of risks within area of responsibility • Management of risks within area of responsibility • Responsible for appointing a risk owner in area of responsibility
Risk owner	• Responsible for identifying and assessing risks • Responsible for implementing and conducting response measures • Preparation of input and documentation for risk reporting
Employees	• Detection and mitigation of risks within area of responsibility • Communication on risk matters with the respective line manager/risk owner for their unit
Internal Audit	• Regular audit of risk management processes • Audits on special risk topics and findings

RISK MANAGEMENT PROCESS

Process overview

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

SYNLAB'S RISK MANAGEMENT PROCESS

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

Objective of the risk management process

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

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

In the context of the risk management process, the risk-bearing capacity is checked against the aggregated risk profile. In this, the existential threat to SYNLAB is assessed.

Risk identification

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

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

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

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

Risk assessment

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

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

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

RISK MATRIX

Based on the assessment of likelihood and impact, all identified risks need to be given a risk rating and visualized in a risk matrix (see Figure below). The classification of the risk score of an individual risk is calculated by multiplying the converted classes (1-6) for likelihood and impact. These risk scores are then converted into risk ratings which determine the severity of a single risk.

Risks are prioritized based on the risk rating, and appropriate risk response measures can be derived. The risk matrix is presented below:

RISK RATING AND PRIORITIZATION

Risk score	Risk rating	Colour in risk matrix	Prioritization of risk response measures
24-36	Extreme		Critical risks that endanger the success of the Company and/or threaten its existence. These risks require an urgent risk response.
10-20	Severe		High risks that require action. These risks are regularly reviewed and intensively managed.
4-9	Moderate		Latent or low impact risks for which action may be required.
1-3	Minor		Risks for which there is currently little or no need for action.

Table 3: Derivation of the risk rating and prioritisation of risk management measures according to the risk rating.

RISK MATRIX

THE NUMBERS WITHIN THE RISK MATRIX REPRESENT THE RESPECTIVE RISK SCORES.

IMPACT ON SYNLAB GROUP \ LIKELIHOOD	1 Remote 0-4.9%	2 Highly unlikely 5-14.9%	3 Unlikely 15-24.9%	4 Possible 25-49.9%	5 Likely 50-74.9%	6 Almost certain 75-100%
6 Very high >30%	6	12	18	24	EXTREME 25	36
5 High 20-29.9%	5	10	15	20	25	30
4 Significant 10-19.9%	4	8	12	SEVERE 16	20	24
3 Medium 5-9.9%	3	MODERATE 4	9	12	15	18
2 Low 1-4.9%	MINOR 2	4	6	8	10	12
1 Insignificant 0-0.9%	1	2	3	4	5	6

Fig. 4: Risk matrix. The numbers within the risk matrix represent the corresponding risk ratings in terms of impact on net profit.

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

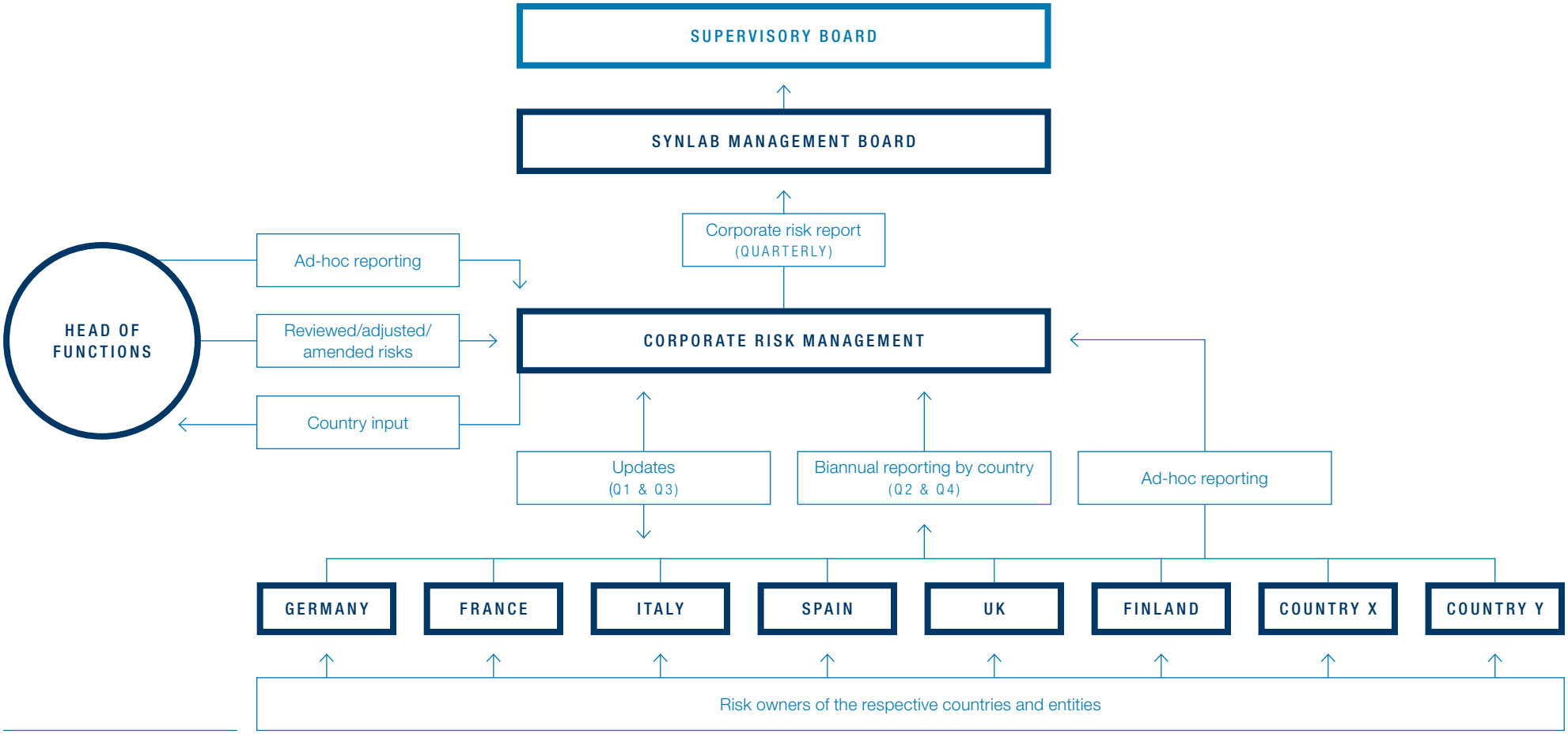
AGGREGATED RISK PROFILE AT SYNLAB GROUP LEVEL

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

Risk reporting

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

RISK REPORTING PROCESS



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

INTERNAL CONTROL SYSTEM (ICS)

As part of its internal control system, SYNLAB has implemented a system of accounting-related internal controls. Its purpose is to identify, assess and control risks that could affect the adequate preparation of the separate and consolidated financial statements. The accounting-related internal control system is a central component of the accounting and reporting system. It comprises preventive, detective, monitoring and corrective control measures in the areas of accounting, controlling and operational functions that ensure a methodical and uniform approach to the preparation of the company financial statements. The control system is based on the various corporate processes that are essential for accounting.

These processes of the accounting-related control system, the relevant risks and the assessment of the control mechanisms are analysed and documented. The control mechanisms include the identification and definition of processes, the introduction of approval levels, the application of the principle of segregation of duties and the identification of best practices. Implemented control mechanisms impact multiple processes and therefore often overlap. Mechanisms include the establishment of policies and procedures, the definition of processes and controls such as month-end closing checklists and variance analyses, and the introduction of approval levels and guidelines. The internal control system is regularly reviewed by the Group's Management Board and Group Accounting. At the end of the 2020 financial year, a new Internal Audit department was also implemented, which is responsible for monitoring the internal control system.

MONITORING OF THE RISK MANAGEMENT SYSTEM

Commercial laws requires monitoring of company-wide risk management systems. The primary objective of the monitoring process is to ensure that the risk management system is working in an appropriate and effective way. We ensure that actual activities are carried out in compliance with this Group policy and that risk management activities provide the right quality. The monitoring process is based on the following elements:

- organizational and procedural measures, e.g. training and communication,
- internal controls and checks regarding the risk management system conducted by the corporate risk manager, and
- process-independent reviews by Internal Audit.

RISKS

GENERAL

SYNLAB identifies a number of risks as part of its risk inventory process, all to be monitored and managed by the risk management system. The composition of the risk inventory is reviewed at least twice a year (in Q2 and Q4). Ad hoc adjustments are made if risks are identified in course of the year (see risk identification). The risk inventory consisted of 48 risks in 2021. The specific risks are clustered by the nature of the risk event (strategic, operational, reporting (including finance) & compliance) to allow for a better operational management of the risks.

We have grouped the risks in 7 clusters:

- Strategy & M&A: This category covers the risk of losses inherent to the characteristics of the markets in which we operate (mostly highly regulated & publicly funded markets) and the specific risks associated with the buy & build strategy of the Company.
- Commercial & Operations: This category covers the risk of losses caused by flawed or failed processes, policies, systems or events (incl. actions from competitors) that disrupt operations.
- Medical: This category covers all risks resulting from providing inaccurate (or non-state-of-the-art) medical information to our medical practitioners.
- IT: This category covers all threats to our IT systems. These can be external, internal, deliberate or unintentional.
- HR: This category covers all risks related to the availability of the human resources required to operate our business (including availability and cost of licensed medical staff).
- Finance (incl. reporting): This category covers all the various types of risk associated with financing and accounting.
- Legal and compliance: This category covers our exposure to legal penalties, financial forfeiture and material loss, resulting from failure to act in accordance with industry laws, regulations & internal policies.

An overview of the different clusters is presented below: For each risk you can also find the risk rating (“Minor”, “Moderate”). The group has currently no risks identified which would be rated as “Extreme” or “Severe”. 9 risks are rated as “Moderate” and the remainder of the risks is rated as “Minor”.

Strategic	Operational						Reporting (incl. Finance)		Compliance
Strategy & M&A (6)	Commercial & operations (9)		Medical (2)	IT (10)		HR (3)	Finance (14)		Legal & compliance (4)
Economic downturn	Reagents & machines shortage	Quality risk (supply chain ops)	Not meeting innovation trends	Complex IT environment	DDoS – Distributed denial of service	Availability of resources	Liquidity risk	Forecasting errors	GDPR non-compliance
Competition	Lack of business continuity	Safety risk	Quality risk (medical)	Loss of governance	Force majeure IT	Higher personnel costs	Bank default	Adverse litigation results	Non-compliance with ABC laws & sanctions
Reimbursement risk	Customer relationship risk	Force majeure		Health data loss	Physical threats	Resource allocation risk (competence and resource deployment)	Covenant breach	Insurance coverage	Non-compliance with competition laws
Regulatory risks	Change management risk	Non-compliance with industry regulations		Unsecure and/or outdated software/ hardware	Third-party failure		Tax compliance	Reporting errors	Non-compliance with Modern Slavery Act
Acquisition price	Resource allocation risk (assets and HR)			Unsecure medical device convergence	Insider threat		Adverse tax regulation	Fraud detection	
M&A due diligence							Impairment risk	Foreign exchange	
							Inability to service debt	Interest rate	

Moderate Minor

MOST IMPORTANT RISKS

We have listed the 10 risks which pose the highest risk in terms of liquidity below. The risks are ranked in descending order.

#	Risk name and description	Assessment and mitigation measures
1	**Strategic – reimbursement risk** The risk of declining prices, especially in a market where healthcare spend is publicly funded and under constant cost pressure.	• The macro risk level remains stable. The overall trend of price reductions is unchanged compared to prior periods • While still being exposed to its large markets, SYNLAB risk exposure continuously decreases in line with SYNLAB's strategy to diversify its geographic footprint, mitigating the potential impact of national regulatory changes
2	**Information technology risk – third-party failure** The risk of system failures, processing errors or inefficiencies resulting from a complex group structure with partly unintegrated systems.	• The level of risk SYNLAB is exposed to should remain stable; However ongoing acquisitions add further complexity to the current IT landscape • The IT security strategy of the supplier is a focus point when selecting business partners
3	**Information technology risk – unsecure and/or outdated software/hardware** The risk of system failures, malware infections (e.g. ransomware) or exploitation due to unsecure or outdated software/hardware resulting in service degradation and data exfiltration.	• An enhanced IT security roadmap is being implemented, including information security policies, processes and standards • The level of risk SYNLAB is exposed to should remain stable; however, ongoing acquisitions add further complexity to the current IT landscape in a short run, but ongoing efforts to improve will diminish this effect.
4	**Financial – forecasting errors** Risk that the Group incurs lower revenue or higher cost than planned	• SYNLAB carries out regular benchmarking of its performance versus forecast. This allows for planning of corrective actions if required • The volatility has increased due to the COVID-19 pandemic's impact on our business
5	**Information technology risk – health data breach** The risk of losing control over sensitive health data confidentiality, integrity and availability that can potentially lead to operational, security, compliance, contractual, life-threatening and reputational impacts	• The macro risk level continues to increase as the threat against the healthcare business and targeted attacks • The SYNLAB exposure level currently unchanged due to targeted improvement of our systems environment • An enhanced IT security roadmap is being implemented, including information security policies, processes and standards
6	**Financial – financial reporting errors** Risk of disclosure of errors in financial statements	• The overall SYNLAB risk exposure remains unchanged • The Group has implemented policies to ensure compliance (e.g Internal control system)
7	**Financial – adverse FX development** The currency risk refers to the Company's exposure from operating in non-euro currency countries with respect to unpredictable gains or losses due to changes in the value of a foreign currency in relation to the euro	• The macro risk level remained stable although volatility remains at a high level, mainly driven by the economic consequences in LatAm and emerging markets due to the COVID-19 pandemic • The level of risk SYNLAB is exposed has also slightly increased given our recent expansion in non-euro countries. The key mitigant remains SYNLAB's diverse portfolio mix across different markets
8	**Information technology risk – insider threats** The risk is related to employees, contractors, business associates or former employees due to lack of user cybersecurity awareness, IT skills, human errors, capacity issues, data leakage, etc.	• The overall SYNLAB risk exposure remains unchanged as the Group has implemented policies to ensure compliance • An enhanced IT security roadmap is being implemented, including information security policies, processes and standards
9	**Strategic – market competition risk** Risk of lower revenue due to the loss of market share resulting from actions from our competitors	• The overall SYNLAB risk exposure remains unchanged • A monitoring of the activities of our competitors is being performed as part of the review cycle
10	**Operational –force majeur** Disruption in operations following a natural catastrophe. Results of such service interruptions may be due to lower patient volumes or our inability to operate labs or collection points for longer period	• The overall SYNLAB risk exposure remains unchanged although the frequency of adverse weather related events might increase due to climate change

In the context of armed conflict between Russia and Ukraine, SYNLAB's activities are not significantly affected. SYNLAB has no exposure to Russia, very limited exposure to Belarus (below €6 million of revenue) and very limited exposure to Ukraine (well below €2 million of revenue). SYNLAB will be impacted, however, by the inflationary pressure on energy prices and the indirect pressure on salaries resulting from the crisis.

Additional risks not currently known to management may also adversely affect the business.

In addition, certain risks known to management but with a very low probability of occurrence have not been included in the risk inventory (e.g. certain regulatory risks related to compliance with the French "Law No. 2013-442 of May 30, 2013" which regulates certain restrictions on the ownership of the share capital and voting rights of the French laboratories). Such risks may ultimately have a negative impact on the business in the highly unlikely event that they materialise.

Holistic risks (e.g. global warming) are broken down into individual risks if necessary.

OPPORTUNITIES

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

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

SYNLAB has a good financial profile and its profitability continues to increase through COVID-19 testing, robust organic growth, operational efficiencies and strong liquidity allowing for growth through strategic acquisitions. We benefit from a highly experienced international management team at the corporate level and locally with extensive market knowledge and experience in addressing local regulatory requirements and achieving growth, as well as a strong track record in executing and integrating acquisitions.

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

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

OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

On the basis of our risk management system, we permanently identify and assess significant risks. Suitable measures are taken to manage and control these risks as far as possible. The development of major risks is regularly monitored at Group level. At present, no risks are identifiable which either individually or in their entirety could endanger the continued existence of the company.

In view of the precautions taken and our position in the market, we are confident that we can manage the existing risks and successfully overcome the resulting challenges.

OTHER INFORMATION

EXPLANATORY REPORT OF THE MANAGEMENT BOARD OF SYNLAB AG

Explanatory Report of the Management Board of SYNLAB AG pursuant to section 176 paragraph 1 sentence 1 and section 175 paragraph 2 of the German Stock Corporation Act (Aktiengesetz) on Disclosures pursuant to section 289a paragraph 1 and section 315a paragraph 1 of the German Commercial Code (Handelsgesetzbuch)

Pursuant to section 176 paragraph 1 of the German Stock Corporation Act (Aktiengesetz) in conjunction with section 175 paragraph 2 of the German Stock Corporation Act (Aktiengesetz) the Management Board of SYNLAB AG hereinafter reports on takeover-relevant information as of 31 December 2021, in accordance with section 289a Paragraph 1 and Section 315a Paragraph 1 of the German Commercial Code.

COMPOSITION OF THE SUBSCRIBED CAPITAL

As of 31 December 2021, the Company's share capital amounts to EUR 222,222,222.00 and is divided into 222,222,222 no-par value bearer shares. All shares of the Company are fully paid up and confer the same rights and obligations. Pursuant to clause 17.1 of the Company's articles of association, each share grants one vote in a General Shareholders' Meeting.

RESTRICTIONS AFFECTING VOTING RIGHTS AND TRANSFER OF SHARES

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

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

Furthermore, in connection with Article 19 paragraph 11 of Regulation (EU) No. 596/2014 (Market Abuse Regulation) and on the basis of internal policies, members of the Management Board and Supervisory Board of SYNLAB AG as well as persons closely associated to any such persons (in each case as defined in the Market Abuse Regulation) are subject to certain trading prohibitions with regard to shares in the Company which apply in certain time periods.

Voting rights restrictions may also arise from the provisions of the German Stock Corporation Act (Aktiengesetz), such as those under section 136 of the German Stock Corporation Act (Aktiengesetz), or the provisions for treasury stock under section 71b of the German Stock Corporation Act (Aktiengesetz), and based on the provisions of capital market legislation, in particular in accordance with sections 33 et seq. and section 44 of the German Securities Trading Act (Wertpapierhandelsgesetz).

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

DIRECT OR INDIRECT SHAREHOLDINGS

As of 31 December 2021, the following shareholders had notified the Company that each of them directly or indirectly held shares on the reference dates set forth in their respective voting rights notifications pursuant to sections 33 et seqq. of the German Securities Trading Act (Wertpapierhandelsgesetz). It is important to note that the number of voting rights reported could have changed within the respective statutory thresholds without triggering an obligation to notify the company and may be different to the below:

Shareholder	Number of shares	Shareholding
Cinven Capital Management (V) General Partner Limited	102,510,986	46.13%
Novo Nordisk Foundation	43,444,532	19.55%
Ontario Teachers' Pension Plan Board	21,309,624	9.59%
State of Qatar	11,111,111	5.00%
Dr. Bartholomäus Wimmer	10,554,629	4.75%

Pursuant to § 160 para. 1 no. 8 of the German Stock Corporation Act (AktG), information must be provided on the existence of shareholdings of which the company has been notified pursuant to § 20 para. 1, 4 AktG, § 33 para. 1, 2 WpHG. The above table shows the shareholdings in the Company subject to disclosure requirements as of the balance sheet date, of which the Company has been notified in each case. The information relates in each case to the most recent notification of a notifying party to the Company. All publications by the Company regarding notifications of shareholdings in the reporting year since the stock exchange listing can be found in the Company Register (https://unternehmensregister.de).

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

VOTING RIGHTS CONTROL OF EMPLOYEE SHARES

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

APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

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

The articles of association can only be amended by a resolution of the General Shareholders' Meeting in accordance with section 179 paragraph 1 sentence 1 of the German Stock Corporation Act (Aktiengesetz).

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

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

AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE OR BUY BACK SHARES

Pursuant to clause 4.3 of the Company's articles of association, the Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital of the Company in the period until 27 April 2026 in an amount of up to EUR 111,111,111.00, once or in several tranches, by issuing up to 111,111,111 new no-par value bearer shares against contributions in cash and/or in kind (**"Authorized Capital 2021"**). The authorization may be exercised in partial amounts. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue.

The new shares shall in principle be offered to the shareholders for subscription. The shares may be subscribed for in accordance with section 186 paragraph 5 of the German Stock Corporation Act (Aktiengesetz) by one or more credit institution(s) or one or several enterprise(s) operating pursuant to section 53 paragraph 1 sentence 1 or section 53b paragraph 1 sentence 1 or paragraph 7 of the German Banking Act (Gesetz über das Kreditwesen) with the obligation to offer such shares to the shareholders of the Company (so-called indirect subscription right – mittelbares Bezugsrecht). However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders for one or more capital increase in the context of the Authorized Capital 2021:

- in order to exclude fractional amounts (*Spitzenbeträge*) from the shareholders' subscription rights;
- to the extent required to grant a subscription right to new shares to holders or creditors of conversion or option rights and/or conversion or option obligations of bonds (including profit participation rights) that were issued by the Company to the extent to which they would be entitled as a shareholder after having exercised their conversion or option right or after having fulfilled the conversion or option obligation;
- for the issuance of shares against contributions in kind, including for, but not limited to, the purpose of directly or indirectly acquiring businesses, parts of businesses or participating interests in businesses or other assets (including receivables) in connection with an acquisition project;
- to the extent required for the implementation of share dividends in the course of which shareholders are offered the opportunity to exchange their claim for dividends (totally or in part) in order to receive in return new shares from the Authorized Capital 2021 of the Company;
- for the issuance of shares to employees of the Company and its group companies (employee shares) and/or members of the governing bodies of the Company and its group companies as part of the agreed remuneration or separate share or stock-option programs; to the extent legally permitted by section 204 paragraph 3 sentence 1 of the German Stock Corporation Act (Aktiengesetz), the contribution to be made on the new shares may be covered by that part of the net profits for the year which the Management Board and the Supervisory Board are entitled to allocate to other revenue reserves in accordance with section 58 paragraph 2 of the German Stock Corporation Act (Aktiengesetz); the Supervisory Board of the Company shall decide if shares are to be issued to members of the Management Board of the Company; the total number of shares issued to employees of the Company and its group companies on the basis of the authorization under exclusion of shareholders' subscription rights, may not exceed 10% of the share capital, and the shares issued to members of the Company and its group companies may not exceed 5% of the share capital at the time the authorization becomes effective and is exercised; or
- for issuance of shares against cash contributions if the issue price of the new shares is not significantly below the market price of the shares already listed on a stock exchange. The calculated proportion of the share capital attributable to shares issued against contributions in cash with an exclusion of subscription rights pursuant to section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (Aktiengesetz) must not exceed a total of 10% of the share capital. The share capital at the time this authorization becomes effective or – if this value is lower – at the time of the exercise of this authorization is decisive. Shares issued or sold during the term of this authorization until the time of its exercise in direct or corresponding application of this provision shall be deducted from this 10% threshold. Further, shares issued to serve bonds (including profit participation rights) with conversion or option rights or conversion or option obligations, to the extent the bonds or profit participation rights were issued during the term of this authorization under exclusion of subscription rights pursuant to section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (Aktiengesetz) respectively.

MATERIAL AGREEMENTS IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

A change of control clause is embedded in each of the external financing agreement, a common feature of such agreements. Subject to conditions about timing and procedures, this clause would theoretically permit any of the SYNLAB lenders to cancel its commitment in any of the facility. To trigger the change of control clause, 50% of the outstanding voting stock of the SYNLAB Group would need to become owned by a beneficial owner which is not one of the main existing current shareholders. In the event of such a case, in practice, SYNLAB would either refinance its existing facilities or ask for a waiver to the existing lenders so the existing facilities remain totally unchanged.

COMPENSATION AGREEMENTS WITH THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

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

CORPORATE GOVERNANCE REPORT

In this report, SYNLAB AG (**Company**) provides information about the Company's corporate governance in accordance with section 289f and section 315d, German Commercial Code (**HGB**) on the principles of corporate governance, section 161, German Stock Corporation Act (**AktG**) and section 3.10, German Corporate Governance Code (**GCGC**).

In addition to the Declaration of Conformity with the GCGC, the report contains information about corporate governance and the composition and the working methods of the Management Board and the Supervisory Board.

DECLARATION OF CONFORMITY

Declaration of Conformity with the German Corporate Governance Code of the Management Board and of the Supervisory Board of SYNLAB AG pursuant to section 161(1), 1 of the German Stock Corporation Act (Aktiengesetz)

The management board (**Management Board**) and the supervisory board (**Supervisory Board**) of SYNLAB AG (**Company**) declare that the Company complies with, and will comply with in the future, the recommendations of the German Corporate Governance Code in the version of December 16, 2019 (the **GCGC**), published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (*Bundesanzeiger*) on March 20, 2020, with the following exceptions:

- Opportunity to report, in a protected manner, suspected breaches of the law (A.2 of the GCGC)

As of the date of this declaration of conformity, the Company has not yet instituted a designated system providing specified channels for employees to report, in a protected manner, suspected breaches of the law within the enterprise. The implementation of such a system is currently under review. It is envisaged to take into account the requirements under the yet to be implemented EU Whistleblowing Directive (Directive (EU) 2019/1937) and the corresponding German law once enacted and to be instituted in due course.

- Taking diversity into account when appointing management board members (B.1 of the GCGC)

The Supervisory Board has determined the Management Board to consist of two members. As of the date of this declaration of conformity, the current Management Board members are both male. As long as the Management Board consists of two members, the proportion of women on the Management Board is set to zero until April 17, 2026. As soon as the Management Board consists of more than three members, the quota of women will be at least 25%.

Munich, December 2021

SYNLAB AG

For the The Management Board	For the The Supervisory Board
MATHIEU FLOREANI Chief Executive Officer	**PROF DR DAVID EBSWORTH** Chairman of the Supervisory Board

CORPORATE MANAGERIAL BODIES

SYNLAB AG (**Company**) is a joint stock corporation headquartered in Munich, Germany and founded under German law in 2021. In accordance with the German Stock Corporation Law (**Aktiengesetz** or **AktG**), the Company has three corporate managerial bodies:

At the SYNLAB **Annual General Meeting,** the shareholders of the Company exercise their rights, deciding on the appropriation of profits, measures concerning the share capital, amendments to the Articles of Association, discharge of the Supervisory Board and the Management Board, the appointment of statutory auditors, and electing shareholder representatives to the Supervisory Board. The Annual General Meeting is held at least once a year.

The **Supervisory Board** appoints members to the Management Board, determines their remuneration and monitors and advises the Management Board in its management of the Company. The Supervisory Board is not authorized to take any operational management measures for the business.

The **Management Board** is responsible for independently managing the Company. In coordination and agreement with the Supervisory Board, the Management Board defines and implements the corporate strategy. The Management Board regularly informs the Supervisory Board promptly, comprehensively and requests the latter's approval for certain key business transactions.

MANAGEMENT BOARD

COMPOSITION

The Management Board of SYNLAB AG consisted of two members on December 31, 2021:

- Mathieu Floreani is appointed member and Chairman of the Management Board until 2024.
- Sami Badarani is appointed CFO and member of the Management Board until 2024.

In accordance with the Articles of Association of SYNLAB AG, the Management Board is appointed and dismissed by the Supervisory Board.

COMPOSITION TARGET, PROFILE REQUIREMENT & DIVERSITY CONCEPT

The Supervisory Board is of the opinion that the basic suitability criteria for the appointment of members of the Management Board are professional suitability for the management of the area of responsibility, proven performance in prior roles and superior leadership skills. In addition, diversity must also play a role in the composition of the Management Board. The Supervisory Board is determined to choose persons ideally with complementary profiles, professional and other experience as well as varying ages for appointment to the Management Board. The Board should also be composed of members who have broad international experience.

At the time of appointment, a Management Board member should not be older than 65 years. This age limit may be deviated from in individual cases if there are no doubts about the suitability of the proposed person and his or her appointment appears to be expedient in the interest of the Company despite exceeding the age limit.

Target Figures for Gender Representation

The Supervisory Board has determined the Management Board to consist of two members. The current Management Board members are both male. As long as the Management Board consists of two members, the proportion of women on the Management Board is set to 0% until April 17, 2026. As soon as the Management Board consists of more than three members, the quota of the underrepresented gender will be at least 25%.

First and Second Management Level Below the Management Board

In December 2021, the Management Board resolved target quotas for the underrepresented gender in the first and second management level below the Management Board.

	Target figure[40]	Target period	Status as of 31 Dec 2021
First Management Level below the Management Board	20%	31 December 2026	10%
Second Management Level below the Management Board	45%	31 December 2026	34%

[40] As percentage of the total number of members of the respective reporting date

TASKS

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and the rules of procedure for the Management Board, taking into account the resolutions of the Annual General Meeting. The Management Board is responsible for the strategic direction and implementation of the strategic plan, working closely and in consultation with the Supervisory Board at regular intervals for the benefit of the Company.

The guiding basic management principles, collaboration between the Management Board and the Supervisory Board, and the regular information to the Supervisory Board are set out in the rules of procedure for the Management Board.

The Management Board members are jointly responsible for the management of the Company. Each Management Board member independently manages the area of responsibility assigned to him or her by the schedule of responsibilities and is personally responsible for it. The Management Board members inform each other on an ongoing basis of all significant events and the course of business in their areas of responsibility to an extent that enables them to fulfil their collective responsibility.

The Management Board collaborates closely with the Supervisory Board. The Management Board informs the Supervisory Board regularly, promptly, and comprehensively about all issues of strategy, planning, business development, risk situation, risk management and compliance that are relevant for the Company. The Management Board requires the Supervisory Board's approval for specific transactions set out in the rules of procedure.

Meetings of the Management Board take place normally once per month. They are convened by the chairperson. The chairperson also sets the agenda and runs the meetings. The Management Board is quorate if half, but at least two of its members are present. The Management Board decides unanimously with the votes of all members present. Resolutions of the Management Board are generally passed in meetings and documented. The Chairperson may exceptionally instruct decisions to be taken by circulation in writing, by fax, orally, via telephone, by way of electronic means or by other customary means of telecommunication.

The Management Board has formed an Executive Committee consisting of the Management Board members and further members of the highest management level. The Executive Committee considers all matters of material importance as designated by the Management Board. The decision-making power remains with the Management Board.

CONFLICT OF INTEREST

The Management Board is committed to the interests of the Company, the shareholders, customers, employees, and other groups associated with the Company (stakeholders) as well as to increasing the sustainable value of the Company. The Management Board members may not pursue personal interests in their decisions. They are subject to a comprehensive non-competition clause during their term of office and may not take personal advantage of business opportunities to which the Company is entitled. No Management Board member may demand or accept unjustified advantages from third parties in connection with their activities. Each Management Board member is required to disclose conflicts of interest to the Supervisory Board without undue delay and inform the other Management Board members thereof. All transactions between the Company or one of its group companies on the one hand and the Management Board members as well as persons close to them or companies with which they have a personal relationship on the other hand must comply with standards customary in the industry. Material transactions with persons or companies related to a Management Board member are only conducted with the consent of the Supervisory Board.

LONG-TERM SUCCESSION PLANNING

The Management Board, in cooperation with the Supervisory Board, ensures long-term succession planning. When filling management positions in the Company, the Management Board is conscious of diversity and strives for an appropriate consideration of women.

SUPERVISORY BOARD

COMPOSITION

Until the acquisition of the shelf-company by Ephios Luxembourg S.à r.l., Luxembourg, the Supervisory Board consisted of three members: Mr Ole Gronemeier, Mrs Ursula Gronemeier and Mr Marius Subacius. Between the acquisition and until going public, the Supervisory Board consisted of three members, Professor David Ebsworth (Chairman), Barbara Lambert and Peter Catterall.

Since its public listing, the Supervisory Board consists, in accordance with its Articles of Association and the German Codetermination Act (*Mitbestimmungsgesetz*), of twelve members, of which six represent the shareholders and six represent the employees. As of December 31, 2021, the Supervisory Board of the Company was composed of the following members:

- Prof Dr David Ebsworth, independent member and chairman of the Supervisory Board
- Marc Welters, union representative and deputy chairman of the Supervisory Board
- Karin Bierstedt, employee representative and member of the Supervisory Board
- Peter Catterall, shareholder representative and member of the Supervisory Board
- Dr Stefan Graf, employee representative and member of the Supervisory Board
- Dr Ute Hasholzner, employee representative and member of the Supervisory Board
- Barbara Lambert, independent member of the Supervisory Board
- Anastasya Molodykh, shareholder representative and member of the Supervisory Board
- Christian Salling, independent member of the Supervisory Board
- Rene Schmidt-Ferroud, employee representative and member of the Supervisory Board
- Iris Schopper, trade union representative and member of the Supervisory Board
- Dr Bartholomäus Wimmer, independent member of the Supervisory Board

The current independent members of the Supervisory Board are all appointed until the Annual General Meeting in 2026, the employee and union representative members until the next employee representative's election in 2022.

COMPOSITION TARGET, PROFILE REQUIREMENT AND DIVERSITY CONCEPT

The members of the Supervisory Board appointed now and in future are required to have as a whole the knowledge, professional competency, and experience to fulfil the assigned tasks of the Supervisory Board properly. Thus, and in accordance with the German Corporate Governance Codex, the following criteria apply to the appointment of members of the Supervisory Board:

- **Independence:** The Supervisory Board shall have at least four shareholder representatives' members of the shareholder side who are independent of the Company and the Management Board.

- **Age Limit:** In general, the Supervisory Board members shall not be older than 75 years at the time of their election.
- **Diversity:** In accordance with statutory law, a quota of at least 30% women and at least 30% men applies to the Supervisory Board.
- **Maximum Number of Mandates:** A Supervisory Board member who is not a member of the Management Board of a listed company may in total not hold more than five Supervisory Board mandates at non-group listed companies or comparable functions, whereby one chairmanship of the Supervisory Board of a listed company shall count double. A Supervisory Board member who is a Management Board member of a listed company may in total not hold more than two Supervisory Board mandates at non-group listed companies or comparable functions or the chairmanship of the Supervisory Board of a non-group listed company.
- **Former Management Board Members:** The Supervisory Board may not have more than two former Management Board members.
- **Function with Competitors:** Supervisory Board members may not exercise any executive or advisory functions with significant competitors of the Company and may not have a personal relationship with a significant competitor.
- **Time Resources:** Irrespective of the assumption of further mandates, care must be taken to ensure that each member has sufficient time available to fulfil his/her mandate on the Supervisory Board of the Company.

In addition to the foresaid appointment criteria, the Supervisory Board has given itself a competency profile, applying to the Board:

- **International Market Knowledge:** The Supervisory Board should include expertise in all international markets relevant to the SYNLAB Group.
- **Technology and Product Expertise:** The Supervisory Board should have a strong knowledge of technologies and products relevant to the SYNLAB Group, in particular experience in the field of diagnostics and expertise in digitalization matters.
- **General Business Expertise:** Within the Supervisory Board, knowledge and experience regarding the establishment and further development of innovative business models as well as corporate strategies should be reflected.
- **Financial Expertise:** The Supervisory Board must have a sound knowledge of the financial processes of the Company and competences in the areas of controlling and risk management. At least one member shall be experienced in area of accounting; at least another member shall be experienced in the area of auditing (section 100 (5), AktG).
- **Legal and Regulatory Knowledge:** The Supervisory Board must have general knowledge in law, compliance, and Corporate Governance.
- **Human Resources Expertise:** The Supervisory Board must have knowledge and experience in human resources.
- **M&A Expertise:** The Supervisory Board must have knowledge and expertise in domestic and cross-border corporate transactions.
- **ESG Expertise:** The Supervisory Board should have general knowledge of the topics concerning Environmental Social Governance (ESG).

According to the Supervisory Board's self-assessment, the Board members meet the diversity and profile requirement, as well as the appointment criteria.

Target Figures for Gender Representation

With regard to diversity, the Supervisory Board meets the target of minimum 30% representation of each gender in the Board: five are women (representing a proportion of 41.7%), of whom two are shareholder representatives and three are employee representatives, and seven are men (representing a proportion of 58.3%), of whom four are shareholder representatives and three are employee representatives.

Independence

In the opinion of the shareholder representatives on the Supervisory Board, Professor Dr David Ebsworth, Barbara Lambert, Christian Salling, and Dr Bartholomäus Wimmer, are independent members of the Supervisory Board.

DUTIES

The Supervisory Board monitors and advises the Management Board in the management of the Company. In case of decisions of fundamental importance to the Company, the Supervisory Board must be consulted early enough to be able to influence the outcome.

The Supervisory Board has, in accordance with the Articles of Association, adopted its own rules of procedure and made them available on the investor RELATIONS WEBSITE of SYNLAB AG. The Supervisory Board shall perform its duties in accordance with the law, the Articles of Association, its rules of procedure, as well as any supplementary resolutions issued by the Supervisory Board. The Supervisory Board cooperates with the Management Board on a trustful basis to the benefit of the Company. In the rules of procedure for the Management Board, the Supervisory Board has defined the transactions requiring the Supervisory Board's approval.

In accordance with its rules of procedure, the Supervisory Board holds at least two meetings per calendar half-year and in addition when necessary. Meetings are convened by the chairperson, indicating the individual agenda items and the place and time of the meeting. The Supervisory Board must also be convened if its own members, or of the members of the Management Board, request it, stating good reason.

The Supervisory Board is only quorate if all Supervisory Board members have been invited to the meeting and at least six of its members participate in the adoption of a resolution.

Resolutions of the Supervisory Board are generally adopted by a simple majority of the votes cast. In the event of a tie vote, the chairperson has a casting vote in the second voting round if votes are cast equal again. The chairperson may also have resolutions adopted outside meetings by circulation in writing, orally, telephone or by way of electronic means if no member objects to this procedure within a reasonable period.

The Supervisory Board also meets on a regular basis without the Management Board. Further information on the meetings of the Supervisory Board during the financial year 2021 can be found in the Report of the Supervisory Board.

The Supervisory Board carries out an assessment annually to determine how effectively the Supervisory Board as a whole and its committees fulfil their tasks. This self-assessment is based on a questionnaire containing questions or statements on various topics, to which every member of the Supervisory Board can express his or her agreement with (+) or disagreement with a (–). In addition, every questions or statement allows to add points for discussion and each section closes with the invitation to comment on the subject matter. The evaluation of the questionnaires is conducted by an external expert, thus ensures anonymity and impartiality. The results are discussed regularly in one of the Supervisory Board's regular meetings.

There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work.

SYNLAB AG has implemented D&O insurance, which covers all members of the Management Board and the Supervisory Board. The insurance coverage applies for insured persons who are prosecuted for any alleged wrongful act within their capacity as Director or Officer or related to the exercising of any of their duties. For all insured persons, no individual deductible applies.

COMMITTEES

In accordance with its rules of procedure, the Supervisory Board has formed a Presiding Committee, an Audit and Risk Committee, a Nominations Committee, a Conciliation Committee, and an ESG Committee. The chairperson of a committee reports regularly on the work and results of the committee's discussions to the Supervisory Board.

Presiding Committee

The Presiding Committee consists of four members, having an equal number of shareholder and employee representatives (Professor David Ebsworth (Chairman), Peter Catterall, Dr Stefan Graf, and Marc Welters). The Presiding Committee carries out preparatory work for the Supervisory Board meetings and approves certain reserved matters and transactions. It further monitors the appointment, succession planning and renumeration system of the Management Board. The Committee meets regularly before the Supervisory Board meetings or on an ad hoc basis whenever required.

Audit and Risk Committee

The Audit and Risk Committee consists of four members, having an equal number of shareholder and employee representatives (Barbara Lambert[41] (Chairwoman), Dr Stefan Graf, Anastasya Molodykh-McFarland[42], and Marc Welters). The Audit and Risk Committee prepares topics for discussion or resolution by the Supervisory Board and in some cases acts on its behalf. The Chairwoman is an independent member of the Supervisory Board.

ESG Committee

The ESG Committee consists of four members, having an equal number of shareholder and employee representatives (Dr Bartholomäus Wimmer (Chairman), Christian Salling, René Schmid-Ferroud, and Iris Schopper). The ESG Committee assists the Supervisory Board regarding environmental, health and safety, corporate social responsibility, economically viable and sustainable development of the Company and responsible corporate governance matters.

Nomination Committee

The Nomination Committee consists of three members, all being shareholder representatives (Professor David Ebsworth (Chairman), Peter Catterall, and Christian Salling). The Nomination Committee pre-selects candidates as shareholders' representatives for the Supervisory Board to prepare the Supervisory Board's proposal to the general shareholders' meeting for the appointment of shareholders' representatives to the Supervisory Board.

Conciliation Committee

The Conciliation Committee consists of four members, having an equal number of shareholder and employee representatives (Professor David Ebsworth (Chairman), Karin Bierstedt, Marc Welters and Dr Bartholomäus Wimmer). The Conciliation Committee makes a proposal for the election of the members of the Management Board should the Supervisory Board fail to elect the members of the Management Board.

[41] Auditing expert.
[42] Accounting expert.

RISK MANAGEMENT

Management of business, operational and financial risks is a key principle of good corporate governance. SYNLAB AG and the Group have at their disposal global and company-specific reporting and control systems, designed to facilitate the recording, assessment, and management of such risks. These systems are developed and adapted continuously. The Management Board informs the Supervisory Board regularly of existing risks and their development. The Audit & Risk Committee is concerned with monitoring of the following in particular: the accounting process including financial reporting, the adequacy and effectiveness of the internal control system, risk management and the internal auditing system, compliance, data privacy, cyber security, and the independent statutory audit.

Details on risk management are presented in the Opportunity and Risk Section.

TRANSPARENCY

SYNLAB places great importance on disclosing consistent and complete information promptly. Information about the economic position of the Group and new developments is therefore released regularly, without delay, as it becomes known in order to inform participants in the capital market and interested members of the public at large. The annual report, first-half financial report and quarterly reports are published within the timeframes specified by the GCGC. Current developments and material events are publicized as press releases and, where appropriate, ad hoc announcements. This information is usually made available in German and English simultaneously and published via suitable media and on the internet.

The main recurring events and publications, such as the Annual General Shareholders' Meeting, the annual report and the interim reports, are listed on a financial calendar, published on the SYNLAB INVESTOR RELATIONS WEBSITE.

DIRECTORS' DEALINGS

SYNLAB AG provides information on the managers' transaction by the Management Board and the Supervisory Board and persons closely associated with them in accordance with Article 19 of the EU Market Abuse Regulation (MAR). These transactions can be viewed on the SYNLAB WEBSITE.

In the financial year 2021, two transactions were reported to SYNLAB AG pursuant to Article 19, MAR. They are listed on the SYNLAB INVESTOR RELATIONS WEBSITE.

ACCOUNTING AND AUDIT

The consolidated financial statements and the Group Management Report, as well as the consolidated interim financial statements and reports, are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied within the EU, and according to the commercial law regulations to be applied under section 315e, subsection 1, HGB. The annual financial statements of SYNLAB AG are prepared in accordance with German commercial law (HGB). The consolidated financial statements and the annual financial statements are prepared by the Management Board, audited by the independent auditors elected by the Annual General Meeting, and approved by the Supervisory Board. The independent auditors take part in the discussions of the Audit & Risk Committee and Supervisory Board about the annual financial statements and the consolidated financial statements, and report on the audit process and its results. It has been agreed with the independent auditors that they will notify the Supervisory Board directly of any potential disqualification or bias issues and any material findings and incidents identified during the audit. The independent auditor for the financial year 2021 is Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich.

COMPLIANCE

Compliance is an integral part of corporate culture at SYNLAB and an essential element of successful and responsible corporate governance.

With its global compliance management system, SYNLAB ensures that the members of its individual boards, executives and employees comply with all legal regulations and perform their activities in accordance with the Company's internal rules and guidelines. Dedicated information and training for our employees prevent misconduct, as well as economic damage and loss of reputation.

The global Compliance Organisation is responsible for the review of and adherence to the compliance principles as well as evaluating and mitigating compliance risks. The Compliance Committee, headed by the Chief Compliance Officer, is the key body of the Compliance Organisation which reports to the Management Board and the Audit and Risk Committee of the Supervisory Board.

Employees have various channels at their disposal to report compliance violations. All reports are investigated in a timely manner.

SYNLAB has developed a Code of Conduct as a preventive component of its compliance management system and has committed to an Anti-Bribery and Corruption policy. The Code of Conduct is available on the SYNLAB WEBSITE.

Munich, 14 March 2022

SYNLAB AG

The Management Board

MATHIEU FLOREANI
Chief Executive Officer

SAMI BADARANI
Chief Financial Officerr

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

INDEPENDENT AUDITOR'S REPORT

TO SYNLAB AG, MUNICH/GERMANY

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

AUDIT OPINIONS

We have audited the consolidated financial statements of SYNLAB AG, Munich/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of SYNLAB AG, Munich/Germany, for the financial year from 1 January to 31 December 2021. In accordance with German legal requirements, we have not audited the content of the consolidated corporate governance statement included in section 7 of the group management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion of the group management report does not include an opinion on the content of the consolidated corporate governance statement and the separate combined non-financial group report, referenced in the group management report.

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

BASIS FOR THE AUDIT OPINIONS

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

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

1) Recoverability of goodwill
2) Capital reorganisation as part of a non-cash capital increase
3) Requirement for estimates in connection with the determination and cut-off of realised revenue in Germany

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

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

1. RECOVERABILITY OF GOODWILL

a) As at 31 December 2021, goodwill totals €2,440 m (31 Dec. 2020: €2,212 m), which overall include four cash-generating-units ("CGU") and groups of CGUs, respectively.

As at 31 December 2021, the executive directors of the parent company carried out impairment tests of goodwill in compliance with IAS 36 (impairment of assets), by means of a detailed measurement of the value in use of the CGUs and CGU groups, respectively, by using the discounted cash flow model. The determination of the value in use is based on the planning of SYNLAB AG's executive directors, which consists of a three-year plan (budget for 2022 and strategic medium-term planning 2023 to 2024) as well as a projection for two more years, which is continued with assumptions on long-term growth rates. In this case, the budget and the medium-term planning are approved by the supervisory board and the executive board, respectively.

In so doing, the executive directors concluded that there is no need for impairment.

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

Information provided by the executive directors of the parent company on the recoverability of goodwill as well as their impairment tests are included in sections 2.6 and 17 of the notes to the consolidated financial statements.

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

According to our audit strategy we have conducted scaled audit procedures in accordance with our risk assessment. Our risk assessment was primarily based on headroom and sensitivity analyses. Our audit procedures, which were conducted step-by-step, are described below. When conducting the impairment tests, we integrated internal measurement specialists into our audit team. With their help, we audited whether the essential parameters used during the calculations such as for example the used discount rates and sustainable growth rates in the perpetual pension as well as the planned cash inflows were appropriate, by comparing these values with the multi-year budget figures for 2022 to 2026 adopted by the executive directors as well as by checking the plausibility of the measurement assumptions made based on general and industry-specific market forecasts and expectations as well as publicly available forecasts from financial analysts regarding SYNLAB AG. Apart from that, we examined the accuracy of the forecasts over time. We scrutinised the planned revenues using internal evidence and provided information as well as publicly available external market assessments all the while considering internal and publicly available external sources regarding their assessment on the development of the coronavirus pandemic and its economic impact.

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

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

2. CAPITAL REORGANISATION AS PART OF A NON-CASH CAPITAL INCREASE

a) SYNLAB AG was established as a ready-made company under the company "ISARSMARAGD AG". After Ephios Luxembourg S.à.r.l., Luxembourg/Luxembourg, obtained any and all shares, the articles of association were amended by resolution of the general meeting held on 11 January 2021. The commercial register was notified of the new establishment from an economic perspective on 4 March 2021. The company ISARSMARAGD AG was renamed to SYNLAB AG by resolution of the general meeting held on 18 March 2021.

A non-cash capital increase was carried out by resolution of the extraordinary general meeting held on 27 April 2021. This capital increase was achieved by the former shareholders of SYNLAB Limited, London/Great Britain, contributing their respective shares in SYNLAB Limited to SYNLAB AG as part of a contribution agreement in exchange for the corresponding number of new shares in SYNLAB AG. As of this point in time, SYNLAB AG consequently has to be regarded as parent company of SYNLAB Group. SYNLAB AG's shareholder structure after the contribution in kind is identical to the former shareholder structure of SYNLAB Limited.

The executive directors characterised this non-cash capital increase as capital reorganisation. Hence, as of 27 April 2021, any and all assets and liabilities recognised in the consolidated financial statements of SYNLAB Limited were transferred to the consolidated financial statements of SYNLAB AG and continued at their carrying amounts (including comparative values as at 31 December 2020). Moreover, the consolidated financial statements of SYNLAB AG for the financial year ended 31 December 2021 do not only include income and expenses for SYNLAB Group as of the date of the contribution of the shares on 27 April 2021, but they rather include SYNLAB Group's income and expenses for the entire calendar year from 1 January to 31 December 2021 (including comparative values for the period from 1 January to 31 December 2020).

In so doing, the question arose whether the regulations of IFRS 3 (business combinations) had to be applied or if the matter had to be classified as a transaction under common control for which the IFRS 3 regulations are not applicable.

In case the IFRS 3 do not apply, the IFRS do not contain any specific regulations on the recognition of such transactions in the balance sheet. In this case, according to IAS 8 (accounting policies, changes in accounting estimates and errors), an accounting method would have to be developed and applied, providing relevant and reliable information to the users of the financial statements for their economic decision-making process. This would also entail the question how to present the reporting period and the comparative period for the consolidated financial statements of SYNLAB AG for the financial year ended 31 December 2021.

In light of the potential lack of explicit IFRS regulations for the presentation of the transaction in the balance sheet, existing discretionary scope and the significance for understanding the assets, liabilities, financial position and financial performance of the Group for the users of the consolidated financial statements due to the complexity of this matter, it was of particular importance during our audit.

Information provided by the parent company's executive directors regarding the capital reorganisation are included in section 1 of the notes to the financial statements.

b) While auditing this matter, we integrated internal IFRS specialists into our audit team. Within the scope of our audit procedure, we examined to which extent the matter classifies as a reversed acquisition or as a business combination under common control and whether the IFRS 3 have to be applied. Afterwards, we acknowledged to which extent the executive directors developed and applied an accounting method providing relevant and reliable information to the users of the consolidated financial statements for their economic decision-making process.

For this reason, we have obtained an understanding of the internal documentation and the corresponding explanations provided by the Company regarding the chosen accounting method and we have critically reviewed and acknowledged the contractual bases (contribution agreement) and the resolutions of the general meetings as well as further documents and evidence, the capital measures taken and implemented were based on. Furthermore, we discussed applicable legal balance-sheet related literature and professional legal directives as well as obtained expert knowledge from internal IFRS specialists we contacted and evaluated the gathered information and facts.

Based on the result of the assessment of the approach chosen by SYNLAB AG's executive directors to represent the transaction as a capital reorganisation and hence outside of the regulations of IFRS 3 in accordance with IAS 8 para. 10 et seq., we reviewed the transfer of the values from the consolidated financial statements of SYNLAB Limited as well as the information provided by the executive directors of the parent company in the notes to the consolidated financial statements regarding the capital reorganisation.

3. REQUIREMENT FOR ESTIMATES IN CONNECTION WITH THE DETERMINATION AND CUT-OFF OF REALISED REVENUE IN GERMANY

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

On the one hand, the agreed accounting modalities are based on the respective country-specific conditions for publicly regulated healthcare systems as well as on individual agreements concluded with any natural person or legal entity outside of the publicly regulated healthcare system on the other hand. The accounting processes resulting from the complex accounting laws – particularly in Germany – require estimates be made to

a significant extent at the end of the financial year when determining and cutting-off realised revenue.

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

i) Realisation of revenue in connection with tests performed but not yet finally billed.

These revenues are subject to risks regarding their measurement as assumptions on the determination of average prices are to be made. When budgets are agreed upon, assumptions for forecasts for the budgeted period have to be calculated additionally due to regular pricing depending on the volume. Moreover, when dealing with regulated prices, assumptions on the consideration of billing restrictions need to be considered. These estimates are particularly complex, especially in the German part of the Group, due to the multitude of existing regulations.

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

The Group revenue for the financial year ended 31 December 2021 includes cut-off revenue of €235.7 m. Based on the estimate, the revenue share in Germany amounts to €178.8 m.

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

Information provided by the parent company's executive directors on estimates when determining and cutting off of revenue are included in sections 2.6 and 3 in the notes to the consolidated financial statements.

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

OTHER INFORMATION

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

- the report of the supervisory board,
- the separate combined non-financial group report pursuant to Sec. 315b and 315c HGB, referenced in the group management report, which will probably be provided to us after the date of this Independent Auditor's Report,
- the consolidated corporate governance statement included in the group management report,
- the executive directors' confirmation regarding the consolidated financial statements and the group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, neither the audited content of the group management report, nor our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive directors and the supervisory board are responsible for the statement pursuant to Section 161 AktG regarding the German Corporate Governance Code, which is included in the consolidated corporate governance statement, which in turn is part of the group management report (section 7). Other than that, the executive directors are responsible for the other information.

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

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

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

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the group management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value 5F643A693D4059BDFD60DC-09FA16FD48A494D21AFA5F8D514BF9 BF2AAE8B9EDA, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the group management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying group management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic files of the consolidated financial statements and of the group management report contained in the accompanying file stated above in accordance with Section 317 (3a) HGB and on the basis of the IDW Draft Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 – 10.2021). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files

of the consolidated financial statements and of the group management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the general meeting on 6 April 2021. We were engaged by the supervisory board on 24 September 2021. We have been the auditor of SYNLAB AG, Munich/Germany, since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as with the audited ESEF documents. The consolidated financial statements and the group management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

RESPONSIBLE GERMAN PUBLIC AUDITOR

The German Public Auditor responsible for the engagement is Cornelia Tauber.

Munich/Germany, 15 March 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(DIRK BÄSSLER)
Wirtschaftsprüfer
(German Public Auditor)

(CORNELIA TAUBER)
Wirtschaftsprüferin
(German Public Auditor)

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

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	Note	For the year ended 31 December 2021	2020
Continuing operations			
Revenue	6	**3,764,916**	**2,621,184**
Material and related expenses	7	(942,434)	(684,517)
Payroll and related expenses	8	(1,138,891)	(908,226)
Other operating income	10	42,563	19,062
Other operating expenses	9	(546,265)	(390,796)
Depreciation and amortisation	11	(265,360)	(226,221)
Impairment of non-current assets	5	–	(114,995)
Operating profit		**914,529**	**315,491**
Share of loss of associates and other non-controlling interest		(3,543)	(2,746)
Profit on disposal of investment		(2,882)	1,120
Finance income	12	65,846	20,271
Finance costs	12	(168,314)	(208,879)
Profit / (loss) before taxes		**805,636**	**125,257**
Income tax expenses	13	(195,324)	(87,316)
Profit / (loss) from continuing operations		**610,312**	**37,941**

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	Note	For the year ended 31 December 2021	2020
Discontinued operations			
Profit / (loss) after tax for the period from discontinued operations	15	17,224	221,117
Profit / (loss) for the period		**627,536**	**259,058**
thereof: Profit / (loss) attributable to non-controlling interests		2,773	1,499
thereof: Profit / (loss) attributable to equity holders of the parent company		624,763	257,559
Basic earnings per share from continuing operations (in EUR)	14	**2.82**	**0.18**
Diluted earnings per share from continuing operations (in EUR)	14	**2.82**	**0.18**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000

	Note	For the year ended 31 December 2021	2020
Net profit / (loss) for the period		**627,536**	**259,058**
Actuarial gains or losses on pension obligations	27	8,244	(3,947)
Taxes on actuarial gains or losses on pensions obligations		(1,347)	573
Items that will not be reclassified to profit or loss (a)		**6,897**	**(3,374)**
Foreign exchange gains/losses	35	23,754	(9,629)
Reclassification from translation reserve to income statement arising on divestment	15	–	7,385
Items that may be reclassified subsequently to profit or loss (b)		**23,754**	**(2,244)**
Other comprehensive income for the year (a) + (b)		**30,651**	**(5,618)**
Total consolidated comprehensive profit / (loss) attributable to:		**658,187**	**253,440**
Equity holders of the parent company		655,222	252,070
Non-controlling interests		2,965	1,370

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€000

	Note	As at 31 December 2021	2020
ASSETS			
Goodwill	17	2,439,780	2,212,128
Intangible assets	18	725,926	715,380
Property, plant and equipment	19	273,022	217,069
Right of use assets	19	580,494	401,109
Investments in associates	20	4,831	4,574
Other non-current assets	21	47,782	38,611
Deferred tax assets	23	41,747	29,017
Total non-current assets		**4,113,582**	**3,617,888**
Inventories	16	110,020	149,055
Trade accounts receivables	24	632,553	534,910
Other current assets	22	126,043	72,194
Cash and cash equivalents	25	443,747	904,900
Assets classified as held for sale	15	–	4,242
Total current assets		**1,312,363**	**1,665,301**
Total assets		**5,425,945**	**5,283,189**

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	Note	As at 31 December 2021	2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	35	222,222	134,388
Additional paid-in capital	35	3,788,983	1,523,590
Cumulative translation adjustment	35	15,210	–8,365
Accumulated deficit	35	–1,769,537	–443,973
Total parent company interests		**2,256,878**	**1,205,640**
Non-controlling interests		–1,179	–2,088
Total equity		**2,255,699**	**1,203,552**
Liabilities			
Loans and borrowings (non-current)	26	1,417,635	2,680,895
Non-current lease liabilities	26	501,688	338,166
Employee benefits liabilities	27	45,283	47,806
Non-current provisions	29	2,365	2,458
Contract liabilities		10,038	–
Other non-current liabilities	31	52,283	27,191
Deferred tax liabilities	23	185,424	171,638
Total non-current liabilities		**2,214,716**	**3,268,154**
Current loans and borrowings	26	12,573	36,750
Current lease liabilities	26	113,988	83,745
Trade accounts payable	31	387,123	386,523
Contract liabilities		7,540	22,935
Current provisions	29	11,245	6,440
Income tax liabilities		116,066	48,326
Other current liabilities	31	306,995	224,449
Liabilities directly associated with assets classified as held for sale	15	–	2,315
Total current liabilities		**955,530**	**811,483**
Total liabilities		**3,170,246**	**4,079,637**
Total equity and liabilities		**5,425,945**	**5,283,189**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€000

	Contributed capital	Additional paid-in capital	Accumulated deficit	Cumulative translation adjustment	Total	Non-controlling interests	Equity
Balance as at 1 January 2021	**134,388**	**1,523,590**	**(443,973)**	**(8,365)**	**1,205,640**	**(2,088)**	**1,203,552**
Net profit for the period	–	–	624,763	–	624,763	2,773	627,536
Other comprehensive income	–	–	6,884	23,575	30,459	192	30,651
Total comprehensive income for the period	**–**	**–**	**631,647**	**23,575**	**655,222**	**2,965**	**658,187**
Transactions with owners, recorded directly in equity							
Issue of share capital	222,222	3,776,927	–	–	3,999,149	–	3,999,149
Reorganisation of equity	(134,388)	(1,390,705)	(2,074,006)	–	(3,599,099)	–	(3,599,099)
Withdrawal capital reserve	–	(115,750)	115,750	–	–	–	–
Expenses for equity contribution	–	(7,129)	1,872	–	(5,257)	–	(5,257)
Acquisition of non-controlling interests	–	–	(827)	–	(827)	(1,357)	(2,184)
Credit to equity for equity settled share based payments	–	2,050	–	–	2,050	–	2,050
Dividends	–	–	–	–	–	(699)	(699)
Balance as at 31 December 2021	**222,222**	**3,788,983**	**(1,769,537)**	**15,210**	**2,256,878**	**(1,179)**	**2,255,699**

€000	Contributed capital	Additional paid-in capital	Accumulated deficit	Cumulative translation adjustment	Total	Non-controlling interests	Equity
Balance as at 1 January 2020	**134,388**	**1,519,640**	**(698,611)**	**(6,219)**	**949,198**	**(1,737)**	**947,461**
Net profit for the period	–	–	257,559	–	257,559	1,499	259,058
Other comprehensive income	–	–	(3,343)	(2,146)	(5,489)	(129)	(5,618)
Total comprehensive income for the period	**–**	**–**	**254,216**	**(2,146)**	**252,070**	**1,370**	**253,440**
Transactions with owners, recorded directly in equity							
Issue of share capital	–	400	–	–	400	–	400
Acquisition of non-controlling interests	–	–	422	–	422	(1,148)	(726)
Credit to equity for equity settled share based payments	–	3,550	–	–	3,550	–	3,550
Dividends	–	–	–	–	–	(573)	(573)
Balance as at 31 December 2020	**134,388**	**1,523,590**	**(443,973)**	**(8,365)**	**1,205,640**	**(2,088)**	**1,203,552**

CONSOLIDATED STATEMENT OF CASH FLOWS

€000

	Note	For the year ended 31 December 2021	2020
Operating profit		**914,529**	**315,491**
Depreciation, amortisation, impairment		265,359	341,218
Change in provisions		536	(1,633)
Loss (income) from the disposal of non-current assets		1,982	632
Other non-cash revenues and expenses	33	18,483	8,663
Operating cash flow before changes in net working capital		**1,200,889**	**664,371**
Change in inventories		49,894	(111,728)
Change in trade accounts receivable		(81,395)	(267,456)
Change in trade accounts payable		(28,058)	150,105
Change in other net working capital		30,752	86,532
Income tax paid		(161,400)	(41,750)
Cash flow from operating activities continuing operations		1,010,682	480,074
Cash flow from operating activities discontinued operations		1,021	40,340
Cash flow from operating activities (A)		**1,011,703**	**520,414**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	4	(244,416)	(28,289)
Purchase of intangibles and property, plant and equipment		(144,482)	(94,912)
Sale of subsidiaries, net of cash disposed and changes in debt	15	4,142	548,229
Proceeds from sale of intangibles and property, plant and equipment		1,072	1,644
Cash paid for other non-current assets		(4)	(80)
Cash received from other non-current assets		534	127
Interest received		1,834	752
Other inflows of cash investing activities		39	–
Dividends received		290	288
Cash flow used in investing activities continuing operations		(380,991)	427,759
Cash flow used in investing activities discontinued operations		(1)	(6,695)
Cash flow (used in)/from investing activities (B)		**(380,992)**	**421,064**

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	Note	For the year ended 31 December 2021	2020
Proceeds from share capital increase	35	392,921	400
Interest paid and other financing activities		(117,951)	(139,401)
New loans, borrowings and other financial liabilities	26	727,631	1,433,992
Repayment of loans, borrowings and other financial liabilities	26	(1,995,234)	(1,442,014)
Repayment of lease liabilities	26	(108,827)	(103,292)
Dividends paid and other payments to non-controlling interests		(2,624)	(2,554)
Cash flow used in financing activities continuing operations		(1,104,084)	(252,869)
Cash flow used in financing activities discontinued operations		(22)	(8,897)
Cash flow used in financing activities (C)		**(1,104,106)**	**(261,766)**
TOTAL CASH FLOWS (A+B+C)		**(473,395)**	**679,712**
Cash and cash equivalent at the beginning of the period		**904,707**	**238,580**
Net foreign exchange differences		9,004	(10,376)
Change cash and cash equivalent assets held for sale	15	3,209	(3,209)
Cash and cash equivalents at the end of the period	25	**443,525**	**904,707**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(461,182)**	**666,127**

NOTES

1. REPORTING ENTITY

The consolidated financial statements were prepared by SYNLAB Aktiengesellschaft (hereinafter: "AG" and "the Company"), the ultimate parent company of the SYNLAB Group. The Group consolidated financial statements as at and for the period from 1 January to 31 December 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 30,000 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. The address of SYNLAB AG is Moosacher Straße 88, 80809 Munich, Germany.

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 in London, 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 is classified as a pure capital reorganisation under IFRS accounting and the predecessor approach is applied. Following this approach, the consolidated financial statements of the entity SYNLAB Limited are carried over and the 2020 consolidated financial statements of SYNLAB Limited are used as comparative financial statements for the 2021 consolidated financial statements of SYNLAB AG. SYNLAB Limited Group financials are available at the WEBSITE of UK Companies House.

The Company's ultimate parent company during the majority of the year 2021 was Cinven Capital Management (V) General Partner Limited. Due to a reduction in shareholdings, Cinven Capital Management (V) General Partner Limited is no longer the ultimate parent company after November 25, 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.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements relate to SYNLAB AG, Munich, Germany (commercial register number HRB 246540), and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315 e (1) of the German Commercial Code (HGB). The consolidated financial statements comply with IFRS as published by the International Accounting Standards Board (IASB). The consolidated financial statements were authorized for issue by the Management Board on March 15, 2022. SYNLAB prepares and publishes the consolidated financial statements in euros (€).

2.2 IFRS BASIS ADOPTED

2.2.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE OR ADOPTED IN 2021

From 1 January 2021, the following new standards and amendments are effective and did not have a material impact on the Group's consolidated Financial Statements:

- Reference rate reform - phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Amendment to the references in the standards to the financial reporting framework.
- COVID-19 Related Rental Concessions after 30June 2021 (Amendment to IFRS16)

2.2.2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2021, and have not been applied in preparing these consolidated financial statements.

- References to the Framework (Amendments to IFRS 3) with amendments to IFRS 3 Business Combinations
- Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards - 2018-2020 Cycle
- Property, Plant and Equipment - Revenue before Intended Use (Amendments to IAS 16)
- Insurance Contracts IFRS 17
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Note 2)
- Amendments to IFRS 17
- Deferred Taxes on Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2.3 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value and
- certain long-term financial assets are measured at fair value.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

2.5 GOING CONCERN

The financial statements of the Group have been prepared on a going concern basis.

At 31 December 2021, the Group had net assets of €2,255.7 m (31 December 2020: €1,203.6m) and net current assets of €356.8 m (31 December 2020: €853.8 m). The group reported an operating cash flow for the year ended 31 December of 2021 €1,011.7 m (31. December 2020: €520.4 m), cash flow from investing activities €-381.0 m (31 December 2020 : €421.1 m), cash flow from financing activities €-1,104.1 m (31 December 2020 : €-261.8 m) and cash and cash equivalents at the end of the period €443.5 m (31 December 2020: €904.7 m).

The Directors 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. The Directors have also considered the wider operational consequences and ramifications of the COVID-19 pandemic:

Testing and particularly medical testing is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns.

SYNLAB business assumptions about COVID-19 testing are as follows: a long-term view that an endemic virus could generate around €150 m of testing revenue on an annual basis and a shorter-term view that additional use cases (such as track & trace, safe at work, immunity testing, …) represent €350 m of additional revenue. SYNLAB can use its existing capacity – already mostly amortized – to perform the testing in relation to these revenue levels. The Group will maintain a certain COVID-19 capacity as long as medically necessary and will adjust capacity if COVID-19 volumes are durably lower.

2.6 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated Group financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

2.6.1 CRITICAL ACCOUNTING JUDGEMENTS

In applying the Group's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the consolidated financial statements.

LEASES

The evaluation whether or not the exercise / non-exercise of purchase or extension / termination options is "reasonably certain" may require substantial judgement.

The Group reassess whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- is within the control of the lessee; and
- affects whether the lessee is reasonably certain to exercise

an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Group revise the lease term if there is a change in the non-cancellable period of a lease. For example, the non-cancellable period of a lease will change if one of the following occurs:

- the lessee exercises an option not previously included in the entity's determination of the lease term;
- the lessee does not exercise an option previously included in the entity's determination of the lease term;
- an event occurs that contractually obliges the lessee to exercise an option not previously included in the entity's determination of the lease term; or
- an event occurs that contractually prohibits the lessee from exercising an option previously included in the entity's determination of the lease term.

The lease term may also be revised following a reassessment as to whether an extension option is reasonably certain to be exercised, or a termination option is reasonably certain not to be exercised.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company, and each of those companies over which it exercises control. Control over an entity exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group has less than a majority of voting or similar rights in an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including the contractual arrangements, and voting rights and potential voting rights. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to the elements of control. This assessment is key in certain jurisdictions where the regulations governing the ownership and certification of laboratories require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France. See Note 3 Basis of consolidation policy for further information.

2.6.2 KEY SOURCES OF ESTIMATION

Information about assumptions and estimation concerning the future, and other key sources of estimation at the reporting date, that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

REVENUE ESTIMATION

The Group earns revenues from a wide range of analysis and diagnostic testing services, which are invoiced to a range of customers including insurance companies, hospitals, individuals, pharmacies, and National Heath organisations. The most significant areas of revenue estimation in the Group relate to:

a) revenue recognised based on as yet, unconfirmed public health budgets, where revenue is estimated based on historical patterns together with other publicly available information (Germany, Italy, Switzerland and Spain being the most significant segments of the business impacted); and
b) accrued revenue based on complete but unbilled tests, where the calculation of the value of those tests include a level of estimation based on
   - pricing mechanisms as agreed during contract negotiations and used to calculate average prices;
   - historical experience; and
   - actual work performed (e.g. analyses completed).

Based on historical data and experience, the measures are reliable and the economic benefits associated with the revenue recognised based on these measures are probable to flow to the entity.

Please refer to Note 3 for further details.

GOODWILL AND IMPAIRMENT OF GOODWILL

The Group determines on an annual basis whether goodwill is impaired. The determination as to whether goodwill has been impaired involves estimation of the key inputs in the impairment process including:

- the forecast cash flows and management assumptions for revenue growth and EBITDA margin used in making the determinations which are based on financial budgets covering a five year period;
- the key assumptions in calculating the discount rates applied to each cash generating unit or group of cash generating units ("CGUs"), in particular the risk free rate, equity risk premium, size premium and tax rates which are used in the calculation; and
- the terminal growth rates applied to each of the CGUs.

Please refer to Note 17 Goodwill.

ACQUISITIONS

Acquisition accounting involves estimation in determining the fair value of the intangible assets through a purchase price allocation assumed in a business combination and the fair value of the consideration payable. The key areas of estimation include:

- estimates in accounting for any unusual terms and conditions in the respective share purchase agreement ("SPA"), including contingent consideration. These amounts are contingent on the acquired business meeting agreed performance targets. At the date of the acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. See Note 31 Trade Payables and other Liabilities; and
- the key assumptions within the fair value calculation of the intangible assets through a purchase price allocation, specifically the discount rates, revenue growth rates and future cash flow forecasts.

Please refer to Note 4 Significant events and Note 18 Intangible assets.

PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The determination of pension and other post-employment benefit obligations and expenses for defined benefit plans is dependent on a number of estimates and assumptions, including the discount rate and future mortality rate. The changes in assumptions and actuarial estimates may affect the benefit obligation, future expense and future cash flow. Refer to Notes 3 and 27.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the IFRS consolidated financial statements of SYNLAB AG are described below.

The accounting policies have been applied consistently by Group entities and have not changed from those applied in the 2020 consolidated financial statements of SYNLAB Limited. The principal accounting policies adopted are set out below.

BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 unobservable inputs for the asset or liability, notably SYNLAB's own data.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company direct or indirect:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

When the Company direct or indirect has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements including articles of association, shareholders agreement; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made.

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate

the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France.

In France, the Group is subject to regulatory constraints on the ownership of share capital and voting rights of SELs operating clinical laboratories by persons other than laboratory doctors and laboratory companies. Indeed laboratory doctors practising in the SEL should have the majority of voting rights and the majority of the share capital since the French law on medical biology adopted on 30 May 2013 (which includes a grandfathering clause for existing SELs, which are operating under a different ownership structure with the majority of their share capital held by laboratory companies as of the date of enactment). To comply with such regulatory constraints, the Group has put in place a specific corporate structure pursuant to which, and subject to a few exceptions, the Group, directly or indirectly, hold the maximum % of shares authorised by the law (up to 99.9% of share capital for historical SELs owned before May 2013 and 49.9% of share capital for SELs acquired since May 2013) while some of the laboratory doctors practising in said SEL hold the remaining shares. However, in all instances, the Group has been granted substantially all of the economic rights which is implemented through the issuance of preferred shares when laboratory doctors practicing in said SEL hold more than 50% of the share capital. The Group has therefore put in place mechanisms that grant it substantially all of the economic rights in such SELs and allow it to control the relevant activities, in accordance with the French regulatory framework, and fully consolidate its French network. The control exercised over French subsidiaries is based on specific governance mechanisms and contractual agreements with laboratory doctors practicing in the SEL, qualified by the Group as de facto control.

In Germany, due to German fee regulations, local physicians outsource a wide range of laboratory procedures to medical collaborative laboratories ("CLs"), which may also be responsible for billing. The sole shareholders of such CLs are local physicians co-operating to provide the required services in an economically viable way. The SYNLAB Group as a laboratory services provider thus sometimes has to cooperate based on contractual agreements with these CLs to render services. As a consequence of these contracts most of the benefits from the CL's business operations accrue to the Group, i.e. the Group has put in place mechanisms that grant it the majority of the economic rights in such CLs and allow it to control the relevant activities, in accordance with the German regulatory framework. The Group therefore considers it has control over the CLs even though it does not legally own a shareholding and fully consolidates those entities.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that it ceases.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests ("minority interests") represent the part of total income or loss, and of total equity not held by the Group and are identified separately from the amounts attributable to the owners of the Company in the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position.

Those interests of minority interests that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the minority interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. For medical biology companies, whether controlled de jure or de facto, minority interests of other shareholders, i.e. laboratory doctors, must be assessed based on the financial rights attached to their shares rather than the % of share capital or voting rights. The Group has an immaterial amount of minority interests.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses, regardless of whether equity instruments or other assets are acquired, are accounted for using the acquisition method at the acquisition date, being the date on which control is obtained. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred and are presented in a dedicated aggregate "acquisition and disposal related items".

The Group measures goodwill as the difference between: (a) the sum of (i) the fair value of the consideration transferred, (ii) the recognised amount of any non-controlling interest in the acquire, (iii) the acquisition date fair value of any previously held interest in the acquired business; and (b) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. If we obtain new information within twelve months of the acquisition date, these fair value adjustments are treated as adjustments to goodwill. Knowledge of facts and circumstances that existed at the acquisition date is recognized in the consolidated income statements.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after closing date are recognised in profit or loss and are presented in the dedicated aggregate "Acquisitions related expenses" line. Contingent consideration classified as equity is not re-measured.

A contingent liability assumed in a business combination is recognised only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

ACQUISITIONS AND DISPOSAL OF NON-CONTROLLING INTERESTS

Acquisitions and/or disposal of non-controlling interests are accounted for as a transaction with equity holders in their capacity as equity holders. Therefore no goodwill is recognised or derecognised as a result of such transactions.

ACQUISITIONS OF ACHIEVED IN STAGES

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

GOODWILL

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group of CGUs expected to benefit from the synergies of the combination. Cash-generating units and groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purposes of goodwill impairment testing, the lowest level at which goodwill is monitored for internal reporting purposes corresponds to the CGUs described in Note 16 Goodwill. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognied in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or losses are made.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

REVENUE

The Group earns revenues from a wide range of analysis and diagnostic testing services, which are invoiced to insurance companies, hospitals, individuals, pharmacies, and National Health entities.

Those services include mainly analysis and diagnostic testing services for human medicine with notably the clinical biological testing, including routine and specialty tests (esoteric), anatomical pathology, histological or cytological testings and the diagnostic imaging using medical and molecular imaging technologies, but also testing services for veterinary medicine.

The Group applies the principles set out in IFRS 15 for revenue recognition by using the following five steps:

1) Identify the contract(s) with a customer.
2) Identify the performance obligations in the contract.
3) Determine the transaction price.
4) Allocate the transaction price to the performance obligations in the contract.
5) Recognise revenue when (or as) the entity satisfies a performance obligation.

In general, contracts with customers are clustered in major revenue streams and their substreams. The revenue recognition is outlined below for each separately.

Usually, the activities performed to generate revenues might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of the several activities, which are either not capable of being distinct or not distinct within the context of the contract (due to high interrelation). As a result, each contract (order) has only one performance obligation.

For the determination of the transaction price the nature, timing and amount of consideration promised by a customer are taken into account, and – if applicable – also variable consideration, significant financing components and non-cash consideration. Amounts collected on behalf of third parties are excluded.

Human medicine

HEALTH INSURANCE FUNDS

Generally, the contractual basis for the revenue from health insurance funds comes from frame contracts and/or from regulatory rulings that define general terms and conditions that are applied to individual orders to perform an analysis.

The basis for remuneration with respect to revenues differs by country, type of analysis and/or contract type. For contracts that – despite fixed prices per analysis- contain elements that cause variability such as e.g. volume based discounts, allocated budgets/caps, quotation rates, the amount of consideration will be estimated based on the expected value and historical experience.

The (estimated) transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

DOCTORS

In most cases SYNLAB acts as a principal whereas the doctor (as an agent) is arranging the sale with the patient (while using the results for his diagnosis). Each patient (customer) enters into a contract with SYNLAB as soon as the doctor transmits the laboratory analysis form (order) with the required services and the patient information on behalf of the patient. As a result, each order is considered to be a contract with the customer. Accordingly, SYNLAB is generally invoicing the beneficiary (i.e. the patient) for laboratory services. For contracts where the doctor does not act as an agent and is invoiced by SYNLAB he or she is considered to be the customer.

The basis for remuneration per analysis and patient is generally based on regulated tariffs, i.e. medical fee schedule.

The (estimated) transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

Any payments made to the doctor with respect to the collaboration agreement (e.g. signing fees or allowances per analysis) reduce the transaction price. Depending on their nature they either reduce revenue by order or over the contract duration.

PRIVATE PATIENTS

Private patients are invoiced directly and even if an insurance company might refund the private patient for the costs incurred, the claim to consideration is against the private patient.

The transaction price for an analysis is based on medical fee schedules and thus, fixed upfront without later adjustments. As each contract (order) has only one performance obligation, there is no need to allocate the transaction price (per analysis).

The transaction price per analysis is recognised once the results of the analysis have been validated and reported to the requester.

HOSPITALS

In case of contracts with hospitals, SYNLAB often provides more than one service to the customer and/or delivers more than one good. Therefore, in these cases, two or more contracts entered into at or near the same time with the same hospital (or related parties of the hospital) have to be combined and accounted for the contracts as a single contract if (i) the contracts are negotiated as a package with a single commercial objective; (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or (iii) the goods or services promised in the contracts are considered to be a single performance obligation.

The activities performed to generate revenues might include e.g. logistics, analytics and the provision of a result. With respect to lab operations, there are three major types of service arrangements:

Type 1: SYNLAB operates an external lab (outside the hospital's premises). Accordingly, the arrangement typically includes logistic services (transportation of samples from the hospital to the external lab).

Type 2: SYNLAB operates a lab onsite the hospital's premises to meet quality standards (e.g. response times) or for economic reasons (e.g. to reduce transportation cost), but is not legally bound to do so. SYNLAB has not promised to operate a lab onsite the hospital's premises and the hospital has no enforceable right to demand in-house lab operations.

Type 3: SYNLAB operates a lab onsite the hospital's premises because it has promised to do so and the hospital has an enforceable right to demand in-house lab operations.

For type 1 and type 2 arrangements, the service promised to the customer is an analysis, i.e. the combined output of the several activities, which are either not capable of being distinct or not distinct within the context of the contract (due to high interrelation). As a result, each contract (order) has only one performance obligation.

For type 3 arrangements, the nature of the promise to the customer is to a complete outsourcing of in-house lab operations for a specified period of time. This bundled service also includes incidental services that are highly interrelated to the outsourcing of in-house lab operations. Thus, there is only one performance obligation, which is the operation of the hospital's in-house lab (including all analysis performed).

In type 1 and 2 arrangements the transaction price for an analysis is typically based on medical fee schedules. In addition, there might be volume based discounts, allocated budgets / caps, quotation rates or other clauses that might cause variability even if the price per analysis due to the medical fee schedule is fixed. In this cases, the amount of consideration to which the entity will be entitled in exchange for providing each analysis shall be estimated.

Type 3 arrangements typically include an annual fixed amount of consideration that might be constant or increasing or decreasing from period to period. In addition, there is typically a variable component based on the number and complexity of analysis actually performed within each period. Accordingly, the amount of consideration to which the entity will be entitled in exchange for transferring the lab operation services to the hospital shall be estimated.

In each type of arrangement discussed above, there is only one performance obligation. In case of type 1 and type 2 arrangements, the obligation is to perform an analysis. There is no need to allocate the (estimated) transaction price (per analysis). In case of type 3 arrangements, the obligation is to operate the hospital's in-house lab for a specified period of time. The transaction price shall be estimated for the total service period.

With respect to type 1 and type 2 arrangements, the (estimated) transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the requester.

In type 3 arrangements, SYNLAB performs recurring services in relation to the in-house lab operations, which are received and simultaneously consumed by the hospital. Thus, the performance obligation is satisfied over time (total service period) and revenue shall be recognised by measuring the progress towards complete satisfaction of that performance obligation.

OTHER LABS, PUBLIC AGENCIES AND OTHER COMPANIES

The contracting party ordering an analysis is the customer according to IFRS 15. In general, the contractual basis for the revenue from other labs, public agencies and other companies comes from general service agreements.

The activities performed to generate revenues might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of the several activities, which are either not capable of being distinct or not distinct within the context of the contract (due to high interrelation). As a result, each contract (purchase order) has only one performance obligation. As each contract (purchase order) has only one performance obligation, there is no need to allocate the (estimated) transaction price (per analysis).

The basis for remuneration with respect to revenues from other labs, public agencies and other companies are the prices stated in the contract. In general, the price for each kind of analysis is fixed.

With respect to revenues from other labs, public agencies and other companies, the (estimated) transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the customer.

REVENUES VETERINARY MEDICINE

In general, the revenue from veterinary medicine is based on an offer and an acceptance with reference to price list. Typically, there is a standard price list with fixed prices for each kind of analysis.

The activities performed to generate revenues might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of the several activities, which are either not capable of being distinct or not distinct within the context of the contract (due to high interrelation). As a result, each acceptance (order) has only one performance obligation.

As each acceptance (order) has only one performance obligation, there is no need to allocate the (estimated) transaction price (per analysis). With respect to revenues from veterinary medicine, the transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the customer.

REVENUES FROM TRADING GOODS

The contracting party ordering the trading goods is the customer according to IFRS 15. The contractual basis for the revenue from trading goods can be a standalone contract or part of another contract (e.g. with hospitals or doctors).

Typically, trading goods are both capable of being distinct and distinct within the context of the contract. Accordingly, each trading good is considered to be a separate performance obligation.

The basis for remuneration with respect to revenues from trading goods are the prices stated in the contract. In general, the price for each trading good is fixed and – in case the contractual basis is part of another contract – not interrelated to other goods or services in that contract. Accordingly, there is no variability in consideration.

In general, the prices for trading goods as stated in the contract reflect the stand alone selling price for such trading good, i.e. the price at which SYNLAB would sell the trading good separately to another customer with similar characteristics.

With respect to trading goods (that are considered to be a separate performance obligation), the transaction price for the trading good is recognised on delivery of the trading good to the customer.

LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as all lease of assets with an original price from up to EUR 5,000.00 or local currency equivalent). For short term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

When initially recognized, the lease liability is valued at the present value of the lease payments not yet made on the provision date and discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right of use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right of use asset whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease payments

Lease payments included in the measurement of the liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- The amount expected to be payable by the lessee under residual value guarantees;
- Lease term reflects the lessee exercising an option to terminate the lease; and residual value guarantees.

The lease liability is subsequently measured after the commencement date by

- increasing the carrying amount to reflect interest on the lease liability (using the effective interest method);
- reducing the carrying amount to reflect the lease payments made.

Lease modifications

Modifications of leases are assessed whether the modification should be accounted for as a separate lease agreement or, effectively, a continuation of the existing lease.

Lease modifications are accounted as separate leases when both of the following conditions are met:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When lease modifications are not accounted for as a separate lease at the effective date of the lease modification, the Group:

- Allocates the consideration in the modified contract by applying the requirements of IFRS 16.13 to 16;
- Determines the lease term of the modified lease by applying the requirements of IFRS 16.18 and 19; and
- Re-measures the lease liability by discounting the revised lease payments using a revised discount rate.

The Group accounts for the re-measurement of the lease liability as follows:

- For lease modifications that decrease the scope of the lease, by decreasing the carrying amount of the right of use asset to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination of the lease are recognised in profit or loss; and
- For all other lease modifications, making a corresponding adjustment to the right of use asset and lease liability.

Right of use assets

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payment made at or before the commencement day and less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs related to a right of use asset, the costs are included in the related right of use asset, unless those costs are incurred to produce inventories.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, Plant and Equipment’ policy.

Short-term lease

The Group makes use of the “short-term” lease exemption for all leases that at commencement date have a lease term of 12 months or less, including any extension options. Rentals for short team leases are recognised as an operating expense in profit or loss.

FOREIGN CURRENCIES

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Euros, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Foreign currency transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Value of €1:	Assets and liabilities	Income and expense
	Closing rates	Cumulative average rates
	31 December 2021	Period ended 31 December 2021
Swiss Francs (CHF)	1.03310	1.08141
Colombian Peso (COP)	4560.96000	4426.55550
Czech Koruna (CZK)	24.85800	25.64681
Pound Sterling (GBP)	0.84028	0.86000
Croatian Kuna (HRK)	7.51560	7.52909
Hungarian Forint (HUF)	369.19000	358.46354
Mexican Peso (MXN)	23.14380	23.99030

Value of €1:	Assets and liabilities	Income and expense
	Closing rates	Cumulative average rates
	31 December 2020	Period ended 31 December 2020
Swiss Francs (CHF)	1.08020	1.07030
Colombian Peso (COP)	4232.85000	4213.60360
Czech Koruna (CZK)	26.24200	26.45540
Pound Sterling (GBP)	0.89903	0.88922
Croatian Kuna (HRK)	7.55190	7.53844
Hungarian Forint (HUF)	363.89000	351.20430
Mexican Peso (MXN)	24.51177	24.41600

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, dividend income, gains on hedging instruments that are recognised at fair value in profit or loss and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise the cost of net debt and other financial expenses. Cost of net debt includes interest expense on borrowings and financial leases, as well as expenses related to derivatives. Other financial expenses mainly include unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred. The Group does not own any qualifying assets.

RETIREMENT BENEFIT COSTS

Depending on the laws and practices in force in the countries where the Group operates, Group companies have legal obligations in terms of pensions, early retirement payments and retirement bonuses. Such obligations are generally state defined contribution plans, but the Group is also affected by post-employment or post-retirement employees' benefits.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans and similar obligations

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within profit or loss as payroll related expenses (see note 8). Net interest expense or income is recognised within finance costs (see note 13). The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Details of the assumptions used are included in note 27 to the financial statements.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs. Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs.

TAXATION

Current income taxes

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

The Group adopted IFRIC 23. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Deferred tax

According to IAS 12 the balance sheet liability method is used for deferred tax accounting. Deferred taxes are recognized for temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated statement of financial position, and for tax losses and interest carryforwards Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Value-added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the taxation authority. The main SYNLAB Group activities being related to medical services are exempt from VAT in most of the countries in which the Group operates. In this case the Group cannot recover VAT applicable to charges and expenses relating to those VAT exempt activities and it is recognised as part of the cost of the acquisition of the asset or as part of the expense. In the case of Group companies for which partial reimbursement of VAT is possible, the non-reimbursable portion of VAT is not deducted.

The VAT amount to be refunded by or paid to the tax authority is recognised in the statement of financial position under "Other current assets" or under "Other liabilities".

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If material parts of property, plant and equipment must be replaced at regular intervals or have different useful lives, the Group capitalises such parts as separate assets (major components) with specific useful lives or depreciation periods.

Other maintenance and repair costs are recorded in profit or loss. The net present value of expected costs for disposal of an asset after its use is included in the cost of the respective asset if the criteria for recognition have been fulfilled.

An item of property, plant and equipment is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating income in profit or loss.

DEPRECIATION

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives for the current and comparative periods are as follows:

- Land and buildings 15 to 30 years;
- Technical machines and equipment 3 to 10 years;
- Vehicle fleet 3 to 5 years; and
- Other fixed assets 2 to 10 years.

INTANGIBLE ASSETS

Intangible assets are recognised for the first time at acquisition cost. The cost of intangible assets acquired in a business combination is calculated as the fair value at date of acquisition.

Subsequent to initial recognition, intangible assets with finite useful lives acquired separately or in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

- Customer relationships 3 to 25 years;
- Trademarks 1 to 10 years;
- Trademark (own brand) indefinite;
- Property rights and similar rights 3 to 6 years; and
- Software 1 to 7 years.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if certain conditions have been demonstrated. Expenditure on software development is capitalised when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and the costs can be measured reliably.

During the initial purchase price allocation when setting up the SYNLAB Group, the SYNLAB brand was identified as an intangible asset by the acquirer SYNLAB Limited, which was an independent 3rd party in this process, at that time. As the SYNLAB brand exists since the creation of the company in 1998 and SYNLAB is the largest European laboratory operator with a global presence, an indefinite useful life has been retained.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets are derecognised either upon disposal or when no economic benefits are expected to flow from further use or from the disposal of the recognised asset. Profit or loss arising from the derecognition of the asset are recorded in the income statement as the difference between the net disposal proceeds and the carrying amount of the asset in the period in which the asset is derecognised.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the greater of the fair value of an asset or a cash generating ("CGU") unit less cost of sale and the value-in-use. The recoverable amount must be determined for each individual asset unless a particular asset does not generate any cash flows that are largely independent of other assets or other groups of assets, in which case, the Group estimates the recoverable amount of the CGU to which the asset belongs. If the carrying amount of an asset or CGU exceeds its respective recoverable amount, the asset is impaired and is reduced to recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Value-in-use is the net present value of future expected cash flows using a discount rate before tax that reflects market expectations with respect to the interest rate effect and the specific risk of the asset. Recent market transactions, if applicable, are taken into consideration when determining the fair value less any cost of sale. If there are no such identifiable transactions, a suitable valuation model is used. This is based on valuation multiples or other available indicators of fair value.

Assets other than goodwill are assessed at every reporting date as to whether there are indications that a previously recorded impairment loss no longer exists or has been reduced. If such indications are present, the Group assesses the recoverable value of the asset or the CGU. Any previously recorded impairment losses are only reversed if a change in the assumptions that formed the basis for the determination of the recoverable amount has taken place since recording the last impairment loss. The impairment reversal is limited by the fact that the carrying amount of an asset may neither exceed its recoverable amount nor the carrying value that would have remained after scheduled depreciation if in previous years no impairment losses for the asset had been recorded.

INVENTORIES

Inventories consist of raw materials ("reagents") and consumables and are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS

Ordinary purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has an immaterial amount of debt financial assets that are recognised as fair value through other comprehensive income (FVTOCI). By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

1) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "net finance costs – interest income" line item. For these financial instruments, the Group measures the loss allowance equal to the 12 month expected credit losses, as there has been no significant increase in credit risk since initial recognition.

2) Financial assets at FVPL

Financial assets, that do not meet the criteria for being measured at amortised cost, are subsequently measured at FVTPL and are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 32.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets are categorised into current and non-current assets in the consolidated statement of financial position. Current financial assets comprise:

- Financial assets with a settlement or maturity date within 12 months of the statement of financial position date

EQUITY INSTRUMENTS

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (Note 12) in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Impairment of financial assets

The Group has adopted the simplified expected credit loss model for its trade receivables. To measure the expected credit losses, trade accounts receivables have been grouped based on shared credit risk characteristics and the days past due. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

The Group writes off a trade receivable only when the trade receivable is uncollectable and there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Other overdue trade receivables are not considered written-off, since there is, in fact, no risk of default and only a risk of late payment. In general, there are longer payment settlement periods for trade receivables, as the business partners are commonly represented by institutional organizations such as public and private hospitals, public health insurance funds and public health agencies. Payments are generally secured in terms of contract arrangements.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

FINANCIAL LIABILITIES AND EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit, or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument. All other financial liabilities are held at amortised cost.

Financial liabilities measured at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Financial liabilities that do not meet the criteria to be FVTPL are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are categorised into current and non-current liabilities in the consolidated statement of financial position. Current financial liabilities comprise:

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition of a financial liability

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

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply any hedge accounting.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

PROVISIONS

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised when the Group has a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably expect that the restructuring will take place, or it must have already begun.

SHARE-BASED PAYMENTS

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option, that is, when the employee concerned is irrevocably entitled to exercise the option. The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect at any reporting date up to the date of first possibility of exercising the option the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or cash-settled is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

NON-CONTROLLING INTERESTS IN PARTNERSHIPS/ PUT OPTIONS

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders has been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a

business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "Other financial expenses".

ADJUSTED OPERATING PROFIT

In the analysis of the Group's operating results, we present certain non-IFRS measures as (i) they are used by management to measure operating performance, in presentations to our board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of our financial performance by excluding items that are outside of ongoing operations such as acquisition related costs including integration costs, strategic project costs (e.g. the IPO in 2021), impairment and reversal of impairment of non-operational assets, income taxes and costs of capital.

We believe that Adjusted Operating Profit is widely used by investors to measure our operating performance and can vary substantially from company to company depending on the accounting methods, book value of assets and capital structure or method by which assets were acquired. This adjusted measures eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). This adjusted measure also eliminates the effect of additional specific items that are considered to hinder comparison of the trading performance of our business year-on-year.

However, non-IFRS measures are not measures or adjustments determined based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our performance based on IFRS measures. The non-IFRS measure, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our non-IFRS measure is calculated. Even though non-IFRS measures are used by management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of SYNLAB's results as reported under IFRS.

In calculating Adjusted Operating Profit certain items are added back

Adjusted Operating Profit

- Earnings before Interest, Taxation, Depreciation/Amortization/Impairment (EBITDA)
- Share of loss of associates and other non-controlling interest
- Acquisition and integration related costs
- Other non-recurring costs from strategic projects (see Note5)
- Less depreciation and amortization on all items, except for amortization on customer relationships

Adjusted Operating Profit is the group's segmental performance measure and has therefore been disclosed in Note 5.

SEGMENT INFORMATION

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

Segment performance is mainly assessed based on total revenue and adjusted operating profit and is measured consistently with the statement of income in the consolidated financial statements. All costs initially borne by head office are allocated to those segments when directly attributable. General costs are assigned to the segments on a revenue basis, costs with a closer relation to single segments are allocated on a case by case scenario. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

This is the basis on which internal reports are provided to the chief operating decision-maker for assessing performance and determining the allocation of resources within the Group.

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad-hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4 SIGNIFICANT EVENTS

4.1 CHANGES IN SCOPE OF CONSOLIDATION/ INCREASE IN SHARE HOLDINGS

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

	31 December 2021		31 December 2020			
	% of control	Method of consolidation	% of control	% of control	Method of consolidation	% of control
Italy						
SYNLAB Ecoservice S.r.l.	100.00	FC	100.00	60.00	FC	60.00
Mexiko						
CIC Mexico Analisis Especiales S.C.	100.00	FC	100.00	70.00	FC	70.00
Nigeria						
SYNLAB Nigeria Limited	100.00	FC	100.00	51.00	FC	51.00

FC= Full Consolidation / EC = Equity Consolidation

On 25 January 2021, we acquired the remaining 40.0% of SYNLAB Ecoservice S.r.l. for €0.5 m.

On 31 August 2021 we acquired the remaining 30.0% of CIC Mexico Analisis Especiales S.C. for €0.2 m.

On 8 August 2021, we acquired the remaining 49.0% of SYNLAB Nigeria Limited for €8.6 m.

The Analytics & Services company BZH GmbH Deutsches Beratungszentrum für Hygiene, which is held for sale, was sold on 29 January 2021; for further information, see Note 15.

The following companies were liquidated in fiscal 2021:

Country	Date	Entity	Method of consolidation
France	15 Jan 2021	eBioSanté SELAS	EC
Italy	26 Jun 2021	Pharmadiagen S.r.l.	FC
Romenia	28 Dec 2021	Laboratoarele RGM. SRL	FC

4.2 ACQUISITIONS LABORATORIO MÉDICO POLANCO AND LABORATORIO CLINICOS DE PUEBLA (LMP & LCR), MEXICO

On November 1 2021, we acquired Laboratorio Médico Polanco and Laboratorio Clinicos de Puebla (LMP & LCR) in Mexico. The transaction included the legal entities listed below.

As a result of this acquisition, the Group expects to reduce costs through economies of scale and therefore the goodwill represents the fair value of the expected synergies from the acquisitions.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure	Control
1 Nov. 2021	Mexico	Laboratorios Clinicos De Puebla De Bioequivalencia S.A. de C.V.	medical testing	expansion	share deal	100.00%
1 Nov. 2021	Mexico	Servicios Operativos LMS, S.A. de C.V.	medical testing	expansion	share deal	100.00%
1 Nov. 2021	Mexico	Laboratorios Médica Polanco S.A. de C.V.	medical testing	expansion	share deal	100.00%
1 Nov. 2021	Mexico	Laboratorios Médica Sur, S.A. de C.V.	medical testing	expansion	share deal	100.00%

CONSIDERATION AT ACQUISITION DATE

€000	
Cash consideration	122,028
Deferred consideration	340
Contingent consideration	5,301
Total consideration transferred	**127,669**

ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000	
Total consideration	**(127,669)**
Deferred consideration unpaid	340
Contingent consideration unpaid	5,301
Total cash consideration for acquisitions	**(122,028)**
Net cash of acquired companies	8,718
Actual cash outflow due to company acquisitions	**(113,310)**

The contingent consideration basis is 20,0% of COVID-19 revenues for the period 1 November 2021 to 31 December 2022. The basis for calculation was the 2022 budget.

The transaction costs related to the completed acquisition amount to €0.4 m and are recognised in the consolidated statement of income under other operating expenses, in the sub-item "acquisition and disposal-related items".

The fair value of the trade accounts receivables amounts to €4.0 m. The gross amount of trade accounts receivables amounts to €4.5 m. The impairment of trade accounts receivables amounts to €0.5 m.

Goodwill amounting to €103.9 m reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. Goodwill was allocated to the cash-generating group South. The goodwill recognized is expected to be non-deductible for tax purposes.

All deals have contributed €10.5 m to revenue with €0.8 m consolidated net profit for the period from continuing operations since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been €64.1 m higher and consolidated net profit for the period from continuing operations would have been €11.6 m higher.

€000	
Non-current assets	
Intangible assets	9,116
Property, plant and equipment	9,861
Right of use assets	11,350
Other non-current assets	543
Deferred tax assets	3,189
Current assets	
Inventories	1,895
Trade accounts receivable	4,049
Other current assets	730
Cash and cash equivalents	8,718
Total assets	**49,451**
Non-current liabilities	
Lease liability (non-current)	7,762
Employee benefits liabilities	549
Deferred tax provisions	2,820
Current liabilities	
Current lease liabilities	3,588
Trade accounts payable	3,214
Contract liabilities	416
Income tax liabilities	2,753
Other current liabilities	4,581
Total liabilities	**25,683**
Total identifiable net assets at fair value	**23,768**
Goodwill from company acquisitions	103,901
Total consideration	**127,669**

4.3 ACQUISITION GRUPPO TRONCHET, ITALY

On 22 July 2021, we acquired Gruppo Tronchet, in Italy. The group included the legal entities listed below.

As a result of this acquisition, the Group expects to reduce costs through economies of scale and therefore the goodwill represents the fair value of the expected synergies from the acquisitions.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure	Control
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%

FAIR VALUES OF THE IDENTIFIABLE ASSETS AT THE DATE OF ACQUISITION

€000	
Non-current assets	
Intangible assets	6,529
Property, plant and equipment	1,980
Right of use assets	8,040
Other non-current assets	49
Current assets	
Inventories	7
Trade accounts receivable	4,400
Other current assets	1,608
Cash and cash equivalents	21,593
Total assets	**44,206**
Non-current liabilities	
Lease liability (non-current)	6,965
Employee benefits liabilities	1,474
Deferred tax provisions	1,814
Current liabilities	
Current lease liabilities	1,075
Trade accounts payable	4,545
Contract liabilities	46
Income tax liabilities	966
Other current liabilities	879
Total liabilities	**17,764**
Total identifiable net assets at fair value	**26,442**
Goodwill from company acquisitions	56,409
Total consideration	**82,851**

CONSIDERATION AT ACQUISITION DATE

€000

Cash consideration	78,027
Deferred consideration	4,824
Total consideration transferred	**82,851**

ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000

Total consideration for acquisitions	**(82,851)**
Net cash of acquired companies	21,593
Actual cash outflow due to company acquisitions	**(61,258)**

The transaction costs related to the completed acquisition amount to €0.6 m and are recognised in the consolidated statement of income under other operating expenses, in the sub-item "acquisition and disposal-related items".

The fair value of the trade accounts receivables amounts to €4.4 m. The gross amount of trade accounts receivables amounts to €4.8 m. The impairment of trade accounts receivables amounts to €0.4 m.

Goodwill amounting to €56.4 m reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. Goodwill was allocated to the cash-generating group South. It is expected that the goodwill recognized will not be deductible for tax purposes.

All deals have contributed €10.5 m to revenue with €0.9 m consolidated net profit for the period from continuing operations since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been €14.7 m higher and consolidated net profit for the period from continuing operations would have €2.3 m higher.

4.4 ACQUISITION OF VIAPATH GROUP (SEL = SOUTH EAST LONDON), UK

SYNLAB acquired Viapath Group on 1 April 2021. The group included the legal entities listed below.

As a result of this acquisition, the Group expects to reduce costs through economies of scale from the acquisitions.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure	Control
1 April 2021	UK	Viapath Group LLP	holding	bolt-on	share deal	100.00%
1 April 2021	UK	Viapath Analytics LLP	medical testing	bolt-on	share deal	100.00%
1 April 2021	UK	Viapath Services LLP	medical services	bolt-on	share deal	100.00%

FAIR VALUES OF THE IDENTIFIABLE ASSETS AT THE DATE OF ACQUISITION

€000

Non-current assets	
Intangible assets	21,146
Property, plant and equipment	5,417
Right of use assets	8,050
Other non-current assets	1,216
Current assets	
Inventories	7,621
Trade accounts receivable	17,613
Other current assets	6,625
Cash and cash equivalents	2,489
Total assets	**70,177**
Non-current liabilities	
Lease liability (non-current)	4,600
Other non-current liabilities	198
Deferred tax provisions	3,139
Current liabilities	
Current loans and borrowings	178
Current lease liabilities	3,450
Trade accounts payable	27,688
Contract liabilities	378
Current provisions	2,091
Other current liabilities	4,658
Total liabilities	**46,380**
Total identifiable net assets at fair value	**23,797**
Bargain purchase	(2,253)
Total consideration	**21,544**

COSIDERATION AT ACQUISITION DATE

€000

Deferred consideration	21,544
Total consideration transferred	**21,544**

ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000

Total consideration	**(21,544)**
Deferred consideration on acquisitions unpaid	21,544
Net cash of acquired companies	2,489
Actual cash outflow due to company acquisitions	**2,489**

The transaction costs related to the completed acquisition amount to €0.4 m and are recognised in the consolidated statement of income under other operating expenses, in the sub-item “acquisition and disposal-related items”.

The fair value of the trade accounts receivables amounts to €17.6 m. The gross amount of trade accounts receivables amounts to €19.0 m. The impairment of trade accounts receivables amounts to €1.4 m.

As required by the standard (IFRS 3.36), we have performed a reassessment of whether we have correctly identified all assets acquired and all liabilities assumed and are required to recognize any additional assets or liabilities identified in this review. However, we did not identify any missing assets or liabilities. The bargain purchase amounts to €2.2 m and is recognized in acquisition related income.

All deals have contributed €155.8 m to revenue with €7.7 m consolidated net profit for the period from continuing operations since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been €42.9 m higher and consolidated net profit for the period from continuing operations would have been €5.4 m higher.

4.5 OTHER ACQUISITIONS

The other 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. A deal standalone would have been immaterial from the point of view of the group, so we have combined all other 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.

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	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	–
30 Apr. 2021	Spain	AVE	medical testing	bolt-on	asset deal	–
1 Jul. 2021	Spain	AVE2	medical testing	bolt-on	asset deal	–
1 Jul. 2021	Germany	MDL Farben	medical testing	bolt-on	asset deal	–
31 Aug. 2021	Mexico	Laboratorio de asesoria y servicio referido S.A. de C.V.	medical testing	bolt-on	share deal	100.00%
6 Oct. 2021	Italy	Fitness Terapic Center S.r.l.	medical services	Expansion	share deal	100.00%
7 Oct. 2021	Italy	Diagnosys S.r.l.	medical testing	bolt-on	share deal	100.00%
7 Oct. 2021	Italy	SYNLAB Formazione S.r.l. (formerly: Medika S.r.l.)	medical testing	bolt-on	share deal	100.00%
12 Oct. 2021	Italy	Porda S.r.l.	medical testing	bolt-on	share deal	100.00%
2 Nov. 2021	France	SELARL Laboratoire Colard *	medical testing	bolt-on	share deal	100.00%

* these companies were already merged into existing companies in the 2021 financial year.

FAIR VALUES OF THE IDENTIFIABLE ASSETS AT THE DATE OF ACQUISITION

€000	
Non-current assets	
Intangible assets	7,186
Property, plant and equipment	2,126
Right of use assets	7,529
Other non-current assets	223
Deferred tax assets	555
Current assets	
Inventories	753
Trade accounts receivable	3,033
Other current assets	1,283
Cash and cash equivalents	7,083
Total assets	**29,771**
Non-current liabilities	
Loans and borrowings (non-current)	292
Lease liability (non-current)	6,338
Employee benefits liabilities	1,786
Deferred tax provisions	1,689
Current liabilities	
Current loans and borrowings	583
Current lease liabilities	1,191
Trade accounts payable	3,813
Contract liabilities	1
Current provisions	38
Income tax liabilities	1,033
Other current liabilities	2,427
Total liabilities	**19,191**
Total identifiable net assets at fair value	**10,580**
Non-controlling interests	(226)
Goodwill from company acquisitions	65,050
Total consideration	**75,404**

CONSIDERATION AT ACQUISITION DATE

€000	
Cash consideration	61,981
Deferred consideration	10,931
Contingent consideration	2,492
Total consideration transferred	**75,404**

The fair value of the trade accounts receivables amounts to €3.0 m. The gross amount of trade accounts receivables amounts to €4.7 m. The impairment of trade accounts receivables amounts to €1.7 m.

Goodwill amounting to €65.1 m reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. The allocation of additional goodwill per CGU group is as follows:

€000 CGU group	31 December 2021
Germany	4,712
France	31,513
South	28,825
Total	**65,050**

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

All deals have contributed €28.0 m to revenue with €4.6 m consolidated net profit for the period from continuing operations since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been €17.3 m higher and consolidated net profit for the period from continuing operations would have been €0.9 m higher.

ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000	
Total consideration for 2021 acquisitions	**(75,404)**
Deferred consideration on 2021 acquisitions unpaid	5,665
Contingent consideration on 2021 acquisitions unpaid	2,279
Total cash consideration for 2021 acquisitions	**(67,460)**
Net cash of acquired companies	7,083
Actual cash outflow due to 2021 company acquisitions	**(60,377)**
Cash outflows due to advance payments for a future deal	(100)
Deferred consideration cash outflows due to the prior year company acquisitions	(2,499)
Contingent consideration cash outflows due to the prior year company acquisitions	(9,361)
Actual cash outflow due to company acquisitions	**(72,337)**

The transaction costs related to the completed acquisition amount to €0.7 m (2020: €0.9 m) and are recognised in the consolidated statement of income under other operating expenses, in the sub-item “acquisition and disposal-related items”.

For the acquisitions from the previous year, please refer to the consolidated financial statements of SYNLAB Limited, as of 31 December 2020, see Note 4. There have been no changes compared to the information provided there.

5. SEGMENTAL ANALYSIS

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. The Group uses Adjusted Operating Profit as a key measure of the segments' results as it reflects the segments' underlying performance for the financial period under evaluation.

Adjusted Operating Profit is one of the consistent measures within the Group. The policies applied to determine the operating segments presented are set out in SYNLAB Limited financials Note 3 "Significant accounting policies" in the section Segment information. Prior year comparatives do not include results of the segment A&S since this is treated as discontinued operations.

According to IFRS 8.23 assets and liabilities for each reportable segment shall be reported if such amounts are regularly provided to the chief operating decision maker. Balance sheet amounts are not reported according to segment since they are currently not used for steering the Group, and the information cannot be made available with reasonable effort.

The segment results and the reconciliation of the segment measure to the respective statutory items included in the Group statement of income are as follows:

€000	For the year ended 31 December 2021					
	France	**Germany**	**South**	**North & East**	**Elimination**	**Total Group**
Revenue external	828,430	722,698	1,052,657	1,161,131	–	3,764,916
Revenue intercompany	217	12,710	846	2,990	(16,763)	–
Total Revenue	**828,647**	**735,408**	**1,053,503**	**1,164,121**	**(16,763)**	**3,764,916**
Operating Profit	**209,372**	**141,988**	**204,831**	**358,338**		**914,529**
Adjusted Operating Profit	**214,824**	**163,591**	**238,194**	**379,469**		**996,078**
Customer relationship amortization						(51,634)
Acquisitions related expenses and income						(7,149)
Restructuring and other significant expenses						(22,766)
Impairment of non-current assets						–
Share of loss of associates and other non-controlling interest						(3,543)
Net finance costs						(102,468)
Income tax expenses						(195,324)
Profit on disposal of investment						(2,882)
Result from continuing operations						**610,312**

€000	For the year ended 31 December 2020					
	France	**Germany**	**South**	**North & East**	**Elimination**	**Total Group**
Revenue external	646,593	579,933	799,395	595,263		**2,621,184**
Revenue intercompany	57	26,995	1,477	1,962	(30,491)	–
Total Revenue	**646,650**	**606,928**	**800,872**	**597,225**	**(30,491)**	**2,621,184**
Operating Profit	**138,981**	**73,567**	**(9,836)**	**112,779**	**–**	**315,491**
Adjusted Operating Profit	**144,509**	**97,145**	**131,042**	**131,763**		**504,459**
Customer relationship amortization						(51,435)
Acquisitions related expenses and income						(1,902)
Restructuring and other significant expenses						(17,087)
Impairment of non-current assets						(114,995)
Share of loss of associates and other non-controlling interest						(2,746)
Net finance costs						(188,607)
Income tax expenses						(87,316)
Profit on disposal of investment						1,120
Share-based payments						(3,550)
Result from continuing operations						**37,941**

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

€000	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Operating profit	914,529	315,491
Restructuring and other significant expenses	22,766	17,087
Acquisitions related (income) / expenses	7,149	1,902
Impairment of non-current assets	–	114,995
Customer relationship amortization	51,634	51,434
Share-based payments	–	3,550
AOP	**996,078**	**504,459**
Depreciation and amortization	265,360	226,221
Elimination customer relationship amortization	(51,634)	(51,434)
Operating D&A	213,726	174,787
AEBITDA	**1,209,804**	**679,246**

The detail of revenue by country is outlined in Note 6 Revenue.

The restructuring and other significant expenses line mainly includes expenses for strategic Group projects amounting to €21.3 m (2020: €13.0 m) and relate to the costs in connection with the IPO of SYNLAB AG. In the 2020 financial year, the costs mainly related to strategic IT projects and the preparation for the exit of the financial investor. In addition, restructuring, post-merger integration and other costs of €1.5 m (2020: €4.1 m) are included, which are related to the post-merger integration of acquisitions. In the 2020 financial year, the costs mainly related to asset write-offs, staff redundancies in certain regions in which the Group operates and consulting costs in connection with various projects.

The net costs from merger and acquisition activities relate to legal and consultancy costs in the amount of €4.0 m (2020: €2.7 m). In addition, expenses from changes in the fair value of the contingent consideration are included in the amount of €3.1 m (2020: €0.8 m income). This development was driven by the significant growth in sales and earnings as a result of the COVID-19 pandemic, which impacted earn-out agreements and put/call options for minority interests. This also led to an increase in the corresponding liabilities of 2021.

€000		For the year ended 31 December	
Continuing Operations		**2021**	**2020**
Strategic Group projects	(a)	(21,287)	(12,973)
Restructuring, post-merger integration and other	(b)	(1,479)	(4,114)
Restructuring and other significant expenses		**(22,766)**	**(17,087)**
Costs incurred in connection with acquisitions, disposals and abandoned projects	(c)	(4,046)	(2,708)
Changes in the fair value of contingent consideration	(d)	(3,103)	806
Acquisition related income / (expenses)		**(7,149)**	**(1,902)**
Impairment of goodwill		–	(114,995)
Impairment and reversal of impairment of assets	(e)	–	(114,995)
Total		**(29,915)**	**(133,984)**

a) Strategic Group projects amount to €21.3 m (2020: €13.0 m) and consist of costs for SYNLAB AG's IPO. In 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 €1.5 m (2020: €4.1 m) and consist of the costs of post-merger integration of acquisitions. In 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 €4.0 m (2020: €2.7 m) and consist of legal and consultancy expenses.

d) Changes in the fair value of contingent consideration amount to €3.1 m expenses (2020: €0.8m 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 2021.

e) In 2020 the impairment test performed as of 31 December resulted in an impairment of goodwill for the CGU Switzerland (segment South) of €115.0 m.

6. REVENUE

The components of revenue are as follows:

€000	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Revenues from human medicine	3,667,248	2,548,252
Revenues from veterinary medicine	43,739	36,065
Revenues environmental and other analysis, studies, expertise	9,672	10,141
Revenues from trading goods and services	21,726	18,775
Revenues from software solutions and services	22,531	7,951
Total revenue	**3,764,916**	**2,621,184**

€5.3 m of the revenue recognized in the reporting period 2021 was included in the contract liability balance at the beginning of the period.

The detail of revenue by country is as follows for each fiscal year 2021 and 2020:

€000		
Continuing Operations	**2021**	**2020**
France	**828,430**	**646,593**
Germany	**722,698**	**579,933**
South	**1,052,657**	**799,395**
Portugal	117,096	76,242
Spain	204,169	191,798
Italy	400,847	300,128
Switzerland	159,354	122,538
Brazil	6,704	6,163
Colombia	98,306	61,979
Ecuador	22,737	22,496
Mexico	15,443	879
Panama	232	214
Peru	27,769	16,958
North and East	**1,161,131**	**595,263**
Belgium	261,978	90,026
Denmark	22,531	7,951
Estonia	92,614	49,907
Finland	162,170	93,118
Ireland	1,514	1,502
Lithuania	6,736	3,478
Sweden	33,672	21,428
United Kingdom	289,995	98,735

€000		
Continuing Operations	**2021**	**2020**
Austria	50,009	37,211
Croatia	5,304	3,273
Cyprus	6,832	5,056
Czech Republic	72,679	63,147
Ghana	4,106	1,921
Hungary	60,899	51,156
Nigeria	11,130	6,504
North Macedonia	3,666	2,443
Poland	2,852	2,238
Romania	16,529	11,472
Slovakia	21,416	17,132
Slovenia	8,248	4,532
Belarus	5,725	4,837
United Arab Emirates	9,668	8,317
Turkey	8,965	8,156
Ukraine	1,893	1,723
Total revenue	**3,764,916**	**2,621,184**

There are no single customers that contribute 10 per cent or more to the Group's revenue as the Group generates revenue from a wide range of analysis and diagnostic testing services with a wide range of customers in many different countries worldwide.

7. MATERIAL AND RELATED EXPENSES

Significant items included in material expenses are as follows:

€000	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Reagents	(300,969)	(218,448)
External analysis services	(110,556)	(80,576)
Consumables	(217,830)	(142,457)
Per reported result	(192,972)	(177,427)
Temporary workers laboratory	(40,568)	(30,399)
Other	(79,539)	(35,210)
Total	**(942,434)**	**(684,517)**

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis.

8. PAYROLL RELATED EXPENSES

€000	As at 31 December	
Continuing Operations	**2021**	**2020**
Salaries and wages	(694,281)	(560,680)
Social security contributions	(222,785)	(167,620)
thereof pension contributions	(50,910)	(38,640)
Other personnel related costs (including bonus payments & premiums)	(158,002)	(142,461)
Subcontracting/temporary staff	(61,773)	(33,915)
Share-based payments	(2,050)	(3,550)
Total payroll and related expenses	**(1,138,891)**	**(908,226)**
Average number of employees during the year:	**27,337**	**22,578**
Administration	4,207	3,501
Operation	23,130	19,077
thereof doctors/biologists	2,601	2,286

The average headcount throughout the year was 27,337 (2020: 22,578) employees. Two employees were employed at the parent company SYNLAB AG in fiscal year 2021. No employees were employed at SYNLAB Limited for fiscal year 2020.

Other personnel related costs include, amongst others, profit sharing, overtime, premiums, bonuses, severance payments & unconsumed vacation.

The other personnel related costs have increased significantly between 2020 and 2021. This increase is resulting mostly from additional bonuses and premiums that were awarded to the workforce in relation to the COVID-19 pandemic and acquisitions.

Details of pension arrangements and share-based payment transactions are set out in Notes 28 respectively and 27. In the year ended 31 December 2021, €55.8 m (2020: €45.1 m) was paid by the Group into defined contribution plans.

Total Payroll and Related expenses include the variable remuneration paid to the French biologists under the legal form of a dividend. These priority dividends to be paid to certain laboratory doctors after year-end are recognized as employee benefits expense and liability in the current year.

9. OTHER OPERATING EXPENSES

Significant items included in other operating expenses are as follows:

€000	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Low value, variable and short term lease	(16,688)	(10,930)
Marketing and communication expenses	(53,567)	(43,141)
Transportation expenses	(82,233)	(60,732)
Repairs and maintenance and insurance expenses	(38,357)	(32,938)
Utilities	(73,372)	(56,843)
Consulting and advisory fees	(52,858)	(39,638)
IT and administration expenses	(82,505)	(53,937)
Personnel related expenses	(40,367)	(27,492)
Other taxes, dues and fees	(27,876)	(20,592)
Valuation of receivables	(12,229)	(11,949)
Loss from asset disposal	(1,812)	(841)
Exchange loss	(7,619)	(2,400)
Other expenses	(26,866)	(10,374)
Acquisition & Disposal related items	(7,150)	(1,902)
Restructuring and other significant items	(22,766)	(17,087)
Total other operating expenses	**(546,265)**	**(390,796)**

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

Utilities include energy expenses, running costs for rental premises, expenses for security and building observation, cleaning and maintenance.

IT- and administrative expenses include expenses for hardware and software maintenances, IT consulting, network, materials and software licenses.

Consulting expenses include among others, expenses for tax and auditing, legal, supervisory board fees, expenses for accounting and payroll accounting as well as other external consultancy fees.

Personnel related expenses include, amongst others, travel expenses, expenses on temporary workers and training.

Other taxes, dues and fees consists mostly of non-recoverable VAT and other trade taxes.

Other expenses include, amongst others, consolidation loss, penalties and bank charges, prior period and other expenses, contributions and donations.

Audit services

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs. Since SYNLAB AG was formed in 2021, the audit fees for prior year are not disclosed because there is no basis of comparison.

Audit fees

The following is a breakdown of auditor fees from Deloitte Wirtschaftsprüfungsgesellschaft GmbH to SYNLAB AG and its subsidiaries for the period of January 1, 2021 to December 31, 2021:

€000	
Audit fees	**For the year ended 31 December 2021**
For audits performed	2,480
For other audit services	215
For tax consultancy services	2
For other services	556
Total audit fees	**3,253**

The other assurance services mainly relate to services in connection with the issuance of a comfort letter and the performance of the formation audit/sub-formation audit pursuant to Section 33 of the German Stock Corporation Act (AktG). The other services mainly relate to services in connection with the carve-out of the A&S business.

10. OTHER OPERATING INCOME

Significant items included in other operating income are as follows:

€000

	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Income from foreign currency transactions	7,729	1,776
Rental and lease income	605	432
Income from overdue fines	1,488	1,070
Other	32,741	15,784
Total other operating income	**42,563**	**19,062**

Other income includes grants, state tax aid for COVID-19 in an amount of €31.1 m (2020: €14.9 m), insurance compensation €0.3 m (2020: €0.2 m), and income from other periods €0.9 m (2020: €0.6 m).

11. DEPRECIATION AND AMORTISATION

Depreciation and amortisation relate to the following items:

€000

	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Property, Plant and Equipment	(63,061)	(51,920)
Right of Use assets	(117,635)	(100,456)
Customer relationships	(51,632)	(51,435)
Other intangible assets	(33,032)	(22,410)
Total depreciation and amortisation	**(265,360)**	**(226,221)**

Amortisation of customer relationships relates to customer relationships recognized as part of the purchase price allocation for the acquisitions completed by the Group.

12. NET FINANCE COSTS

€000

	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Other financial income	3,278	919
Gain on remeasurement of derivatives at FVTPL	36,389	146
Exchange gains	26,179	19,206
Total finance income	**65,846**	**20,271**
Interest expenses on financial liabilities measured at amortised cost	(111,958)	(166,271)
Interest expenses on leases	(15,907)	(11,786)
Other interest expenses	(292)	(347)
Loss on remeasurement of derivatives at FVTPL	(10)	(180)
Exchange losses	(35,119)	(30,250)
Other financial expenses	(5,028)	(45)
Total finance costs	**(168,314)**	**(208,879)**
Net finance costs	**(102,468)**	**(188,608)**

The interest expenses relate mainly to:

i) €320 m Senior Secured Term Loan (TLB5, with an initial nominal amount of €851 m), issued by SYNLAB Bondco Plc, with effective interest rate of 2.9% (applied above the EURIBOR floored at zero and subject to a margin ratchet table based on a certain leverage ratio) due 2026 as well as the unamortized part of debt issuance costs of the redeemed tranche (€531.4 m) amounting to €5.2 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 3.3% (applied above the EURIBOR floored at zero and subject to a margin ratchet table based on a certain leverage ratio) due 2027.

iv) €735 m Term Loan A, issued by SYNLAB AG, with effective interest rate of 1.9% (applied above the EURIBOR floored at zero and subject to a margin ratchet table based on a certain leverage ratio) due 2026.

v) The Interest expenses line item also includes the commitments fees in the amount of €2.5 m on the undrawn part of the Revolving Credit Facility (RCF).

Net gain arising on financial liabilities measured as at FVTPL in the amount of €36.4 m refers to the change in fair value of the embedded derivative that was separated from the host contract.

Exchange gains relate mainly to unrealized FX gains with regards to retranslation of intercompany loans and is primarily due to EUR/GBP as well as EUR/MXN 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.

13. INCOME TAX EXPENSES

Analysis of tax charge in the year:

€000

	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Earnings before tax	(199,109)	(83,208)
Current tax prior year	(1,383)	1,365
Deferred tax	5,168	(5,473)
Total income tax expenses	(195,324)	(87,316)

The reasons for the difference between the expected and the reported tax expense are as follows:

€000

	For the year ended 31 December	
Continuing Operations	**2021**	**2020**
Earnings before tax	805,636	125,257
Tax charge expected on the profit on ordinary activities at group tax rate of 25.5%* (2020: UK tax rate 19%)	(205,437)	(23,799)
Impairment of goodwill	–	(21,850)
Tax increases due to non-tax-deductible expenses	(1,976)	(8,335)
Tax effect on non-taxable income	385	(1,894)
Profits taxed at rates different from the weighted group tax rate (2020: UK tax rate)	(15,098)	(31,743)
Utilisation of temporary differences for which no deferred tax asset was recognized in the past	26,834	3,126
Effect of changes in corporate tax rates	1,356	(4,376)
Prior year tax adjustments	(1,383)	1,365
Other tax effect	(5)	190
Total tax charge for the year	**(195,324)**	**(87,316)**

* Following the IPO and change in ownership structure of the Group, a weighted average tax rate on the basis of expected tax rates for individual Group Companies is now used rather than the UK standard rate.

14. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit from continuing operations or the total profit after tax attributable to ordinary shareholders of SYNLAB AG by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised. The number of ordinary shares for the computation of earnings per share in the previous year was determined due to the capital reorganization in terms of the initial public offering at SYNLAB AG. Consequently, the shares of SYNLAB Limited were converted into 200,000,000 shares of SYNLAB AG. This amount is respectively used for the previous year's purposes. The calculation of basic and diluted earnings per share is based on the following data:

€000

	For the year ended 31 December	
Earnings	**2021**	**2020**
Income from continuing operations	610,312	37,941
Less Earnings attributable to non-controlling interest	2,773	1,499
Earnings for the purpose of basic earnings per share	**607,539**	**36,442**
Effect of dilutive potential ordinary shares	–	–
Earnings for the purposes of diluted earnings per share	**607,539**	**36,442**
Total income for the Group	627,536	259,058
Less Earnings attributable to non-controlling interest	2,773	1,499
Earnings for the purpose of basic earnings per share	**624,763**	**257,559**
Effect of dilutive potential ordinary shares	–	–
Earnings for the purposes of diluted earnings per share	**624,763**	**257,559**

000s shares

	For the year ended 31 December	
	2021	**2020**
Weighted average number of ordinary shares for the purposes of basic earnings per share	215,160	200,000
Effect of dilutive potential ordinary shares	65	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**215,224**	**200,000**

EUR

	2021	**2020**
Basic earnings per share from continuing operations	**2.82**	**0.18**
Diluted earnings per share from continuing operations	**2.82**	**0.18**
Basic earnings per share from discontinued operations	**0.08**	**1.11**
Diluted earnings per share from discontinued operations	**0.08**	**1.11**
Basic earnings per share	**2.90**	**1.29**
Diluted earnings per share	**2.90**	**1.29**

15. DISCONTINUED_OPERATIONS

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:

Country	Entities
Switzerland	SYNLAB Analytics and Services Switzerland AG
Germany	BZH GmbH Deutsches Beratungszentrum für Hygiene *
Germany	SYNLAB Analytics & Services LAG GmbH
Germany	SYNLAB Chemie, Industrie- und Spezialanalytik CIS GmbH
Germany	SYNLAB Analytics & Services Germany GmbH
Denmark	AnalyTech Miljølaboratorium A/S
Finland	SYNLAB Analytics & Services Finland Oy
Finland	Nordic Testing Oy
Netherlands	SYNLAB Analytics & Services BV
Netherlands	SYNLAB Analytics & Services Oosterhout BV
Netherlands	Alcontrol Holding (Netherlands) BV
Netherlands	ALcontrol Holland BV
Norway	SYNLAB Analytics & Services Norway AS
Norway	ALcontrol Norway AS
Sweden	SYNLAB Analytics & Services AB
Sweden	ALcontrol Holding (Sweden) AB
Sweden	ALcontrol Sweden AB
UK	ALcontrol Financial Limited
UK	ALcontrol Holdings Limited
UK	ALcontrol Netherlands Limited
UK	ALcontrol Holding (Norway) Limited
UK	ALcontrol Sweden Limited
UK	ALcontrol Holdings (UK) Limited
UK	SYNLAB Analytics & Services UK Limited

* Shown as held for sale as of 31 December 2020. That entity was sold on 29 January 2021.

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

€000	For the year ended 31 December	
	2021	2020
Revenue	848	206,178
Expenses	(638)	(194,545)
Profit before tax	**210**	**11,633**
Attributable tax (expense) / income	–	(1,951)
Disposal costs	–	(11,979)
Profit on disposal before transaction costs and tax	13,555	223,802
Tax charge on profit on disposal	(240)	(388)
Profit for the year from discontinued operations	**13,525**	**221,117**
Profit for the year from discontinued operations FY 2020	3,699	–
Total profit for the year from discontinued operations	**17,224**	**221,117**

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 €13.6 m (2020: €233.8 m).

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

€000	As at 31 December 2020	As at 31 December 2020
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

€000	As at 31 December 2020	As at 31 December 2020
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**

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

€000	As at January 29 2021	As at 31 December 2020
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	3,972	–
Net cash inflow arising on disposal **	**4,142**	**535,898**

* The total amount in attributable goodwill in Note 17 Goodwill 2020 is €205.5 m, the difference of €9.2 m from attributable goodwill arising on shown in the table above is due to other disposals in France and Belgium.

** The total amount disclosed on the face of the Consolidated Statement of Cash Flows in relation to Sale of subsidiaries, net of cash disposed and changes in debt totals €548.2 m, the difference of €12.3 m from the total net cash inflow arising on disposal shown in the table above, is due to other disposals during the year 2020 in France and Belgium.

Assets held for sale

There are no held for sale assets at the end of fiscal year 2021. BZH GmbH Deutsches Beratungszentrum für Hygiene, has been classified as held for sale and presented separately in the statement of financial position in fiscal year 2020. The proceeds of disposal were expected to substantially exceed the carrying amount of the related net assets in previous year and accordingly no impairment losses have been recognised on the classification of these operations as held for sale in fiscal year 2020. The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

€000	2021	2020
Non-current assets		
Intangible assets	–	15
Property, Plant and Equipment	–	76
Right of Use Assets	–	864
Other non-current assets	–	2
Deferred tax assets	–	10
Current assets		
Trade accounts receivable	–	48
Other current assets	–	18
Cash and cash equivalents	–	3,209
Assets classified as held for sale	**–**	**4,242**
Non-current liabilities		
Lease liability (non-current)	–	695
Current liabilities		
Current Lease liabilities	–	184
Trade accounts payable	–	856
Contract liabilities	–	2
Current provisions	–	43
Income tax liabilities	–	98
Other current liabilities	–	437
Liabilities directly associated with assets classified as held for sale	**–**	**2,315**
Net assets held for sale	**–**	**1,927**

16. INVENTORIES

€000	As at 31 December 2021	
	2021	2020
Raw materials	108,134	143,428
Finished goods	1,542	2,207
Advance payments	345	3,420
Total	**110,021**	**149,055**

The inventories during year 2020 increased due to the COVID-19 crisis as there was a demand to maintain a sufficient inventory of COVID-19 related materials to absorb fluctuations in demand for COVID-19 testing and also a limited increase of safety stocks for other materials.

The cost of inventories recognized as an expense during the year in respect of continuing operations was €711.8 m (2020: €538.3 m)

17. GOODWILL

€000		Goodwill
	At 1 January 2021	**2,561,108**
	Acquisition through business combinations	225,360
	Change in Scope	(2,799)
	Foreign currency translation	15,652
Gross amount	**31 December 2021**	**2,799,321**
	At 1 January 2021	**(348,980)**
	Impairment charge	–
	Foreign currency translation	(10,561)
Impairment	**31 December 2021**	**(359,541)**
	At 1 January 2021	**2,212,128**
Carrying amount	**At 31 December 2021**	**2,439,780**

€000		Goodwill
	At 1 January 2020	**2,751,084**
	Acquisition through business combinations	17,234
	Disposal of subsidiaries	(205,538)
	Foreign currency translation	(1,672)
Gross amount	**31 December 2020**	**2,561,108**
	At 1 January 2020	**(233,401)**
	Impairment charge	(115,000)
	Foreign currency translation	(579)
Impairment	**31 December 2020**	**(348,980)**
	At 1 January 2020	**2,517,683**
Carrying amount	**At 31 December 2020**	**2,212,128**

Goodwill values for the acquisitions made during the period ended 31 December 2021 are provisional and subject to modification in the twelve months period following the acquisition date.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash-generating units ("CGUs") defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The CGUs and group of CGUs for the year ended 31 December 2021 are Germany, France, South and North & East. This CGUs and group of CGUs definition is consistent with the current operating segment structure of SYNLAB Group and directly results from its reorganization in 2020. Consequently, the current CGUs and group of CGUs structure reflects the change in management approach and approach in monitoring the results of the Group. The CGUs and group of CGUs in 2020 were Germany, France, Italy, Switzerland, Iberia, LatAm, North, CEMEA. Therefore, the current CGUs and group of CGUs constellation was attained by means of aggregation of Italy, Switzerland, Iberia, LatAm into the group South and North, CEMEA into the group North & East.

The carrying amounts of goodwill allocated to each CGUs and group of CGUs and key assumptions of the impairment testing model are as follows:

31 December 2021	Carrying Amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany	492,324	1.0	5.8	8.1
France	919,226	0.7	6.4	8.5
South	749,764	0.8	7.3	9.8
North & East	278,466	1.1	6.9	8.5
	2,439,780			

31 December 2020	Carrying Amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany	487,611	2.0	6.6	9.1
France	887,714	1.6	7.3	9.7
South	557,883	1.5	9.1	12.4
North & East	278,920	2.3	8.4	10.2
	2,212,128			

RECOVERABLE AMOUNT

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period.

The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5-year business plan shows trends in volumes, prices and direct costs based on past trends and on the future market outlook which include a certain level of uncertainties, especially in the current context of economic difficult environment in certain European countries.
- The cash flows projections for the years 2022 to 2026 include also:
  - Taxes impact by applying the latest enacted rate per country;
  - Working capital; and
  - Capital expenditures
- The terminal value is then calculated by discounting the forecast flows of the last year (2026 as the steady state of the respective CGU) using a sustainable growth rate between 0.7% and 1,1% (2020: 1.5% and 2.3%) depending on the cash generating unit. This percentage is management's best estimate of the inflationary growth effects based on the long-term inflation rates for each CGU.
- In the terminal value, a sustainable growth in earnings must be taken into account in the form of a growth factor, which is deducted from the discount rate. The company has aligned its long term growth assumption on the average long term growth assumption for German companies (not only health

care companies) after the transfer from a UK jurisdiction to a German jurisdiction during the financial year 2021. Studies in Germany have shown that the profit growth of German companies has not reached the level of inflation in the long term. On average, the profit growth was only 45% to 50% of the inflation rate. This leads to a reduction of the long term growth rates compared to the previous year with approximately 50%.

- The discount rate is based on the respective CGU's weighted average cost of capital (WACC) including a leveraged beta, market risk premium, country risk premium and cost of debt.
- Discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates result in value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow. (as required by IAS 36).

RESULT OF ANNUAL IMPAIRMENT TESTING

Based on the impairment test model calculation performed, no impairment needs to be recognized.

SENSITIVITY ANALYSIS

A post-tax discount rate increase of 1% point would not lead to a goodwill impairment in any of the CGUs or group of CGUs, except for Germany, where it would lead to an impairment of €92 m being recognised.

A 5% decrease in the forecasted EBITDA over the forecast's horizon included in the terminal value would not lead to a goodwill impairment in any of the CGUs or group of CGUs, except for Germany, where it would lead to a goodwill impairment of €73 m being recognised

18. INTANGIBLE ASSETS

€000

Gross amount	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2021	**898,462**	**36,661**	**119,537**	**13,270**	**23,243**	**1,091,173**
Acquisition of subsidiaries	34,138	–	346	9,455	36	43,975
Foreign currency translation	13,378	(56)	962	176	(2)	14,458
Additions	146	–	17,235	18	25,581	42,980
Disposals	(30,392)	(278)	(10,597)	(6,905)	–	(48,172)
Reclassification	–	–	29,289	(48)	(29,241)	–
As at 31 December 2021	**915,732**	**36,327**	**156,772**	**15,966**	**19,617**	**1,144,414**

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. The value of SYNLAB's own brand is reassessed and confirmed annually by the impairment test.

The reclassification of €29.2 m between the categories "Software" and "Other" results from the prepayments for intangibles from the last year, which mainly reflect IT licenses

€000

Accumulated amortization and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2021 Amortization	**(264,157)**	**(582)**	**(73,284)**	**(9,303)**	**–**	**(347,326)**
As at 1 January 2021 Impairment	**(28,467)**	**–**	**–**	**–**		**(28,467)**
Amortization of the year	(51,632)	(134)	(28,146)	(4,754)	–	(84,666)
Foreign currency translation	(5,124)	31	(937)	(74)	–	(6,104)
Disposals	30,392	278	10,498	6,907	–	48,075
As at 31 December 2021 Amortization	**(297,590)**	**(407)**	**(91,869)**	**(7,224)**	**–**	**(397,090)**
As at 31 December 2021 impairment	**(21,398)**	**–**	**–**	**–**	**–**	**(21,398)**
Carrying amount as at 1 January 2021	**605,838**	**36,079**	**46,253**	**3,967**	**23,243**	**715,380**
Carrying amount as at 31 December 2021	**596,744**	**35,920**	**64,903**	**8,742**	**19,617**	**725,926**

€000

Gross amount	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
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**

€000

Accumulated amortization and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
As at 1 January 2020 Amortization	**(239,346)**	**(488)**	**(56,196)**	**(8,994)**	**–**	**(305,024)**
As at 1 January 2020 Impairment	**(28,437)**					**(28,437)**
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 Amortization	**(264,157)**	**(582)**	**(73,284)**	**(9,303)**	**–**	**(347,326)**
As at 31 December 2020 Impairment	**(28,467)**					**(28,467)**
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 2015.

Customer relationships break down into the following group of CGUs:

€000	As at 31 December 2021		
	Gross	Amortisation & Impairment	Net
Germany	373,099	(115,256)	257,843
France	8,286	(2,057)	6,229
South	277,992	(106,298)	171,694
North & East	256,355	(95,377)	160,978
Total	**915,732**	**(318,988)**	**596,744**

€000	As at 31 December 2020		
	Gross	Amortisation & Impairment	Net
Germany	380,824	(104,534)	276,290
France	6,656	(1,607)	5,049
South	269,370	(104,429)	164,941
North & East	241,612	(82,054)	159,558
Total	**898,462**	**(292,624)**	**605,838**

19. PROPERTY, PLANT AND EQUIPMENT

€000 Gross amount	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2021	**91,651**	**159,723**	**1,527**	**7,707**	**113,988**	**374,596**
Acquisition of subsidiaries	6,258	11,242	201	40	1,644	19,385
Foreign currency translation	570	1,482	84	(27)	603	2,712
Additions	10,727	36,486	1,254	21,002	32,021	101,490
Disposals	(431)	(8,806)	(637)	(139)	(6,216)	(16,229)
Reclassification	4,470	4,475	108	(13,400)	4,347	–
As at 31 December 2021	**113,245**	**204,602**	**2,537**	**15,183**	**146,387**	**481,954**

€000 Accumulated amortization and carrying amount of tangible assets	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and other equipment	Total
As at 1 January 2021	**(22,329)**	**(79,884)**	**(38)**	**–**	**(55,276)**	**(157,527)**
Amortization of the year	(11,263)	(31,073)	(828)	–	(19,897)	(63,061)
Foreign currency translation	(200)	(1,087)	(77)	–	(558)	(1,922)
Disposals	356	7,208	586	–	5,428	13,578
as at 31 December 2021	**(33,436)**	**(104,836)**	**(357)**	**–**	**(70,303)**	**(208,932)**
Carrying amount as at 1 January 2021	**69,322**	**79,839**	**1,489**	**7,707**	**58,712**	**217,069**
Carrying amount at 31 December 2021	**79,809**	**99,766**	**2,180**	**15,183**	**76,084**	**273,022**

€000 Gross amount	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and Other equipment	Total
As at 1 January 2020	**90,680**	**168,045**	**1,929**	**7,113**	**119,808**	**387,575**
Acquisition of subsidiaries	3,175	220	1	–	251	3,647
Foreign currency translation	(1,535)	(1,478)	(86)	(2,270)	(1,072)	(6,441)
Additions	7,613	34,657	924	13,799	16,984	73,977
Disposals	(1,051)	(4,451)	(707)	(100)	(3,516)	(9,825)
Reclassification	3,441	6,343	39	(10,712)	889	–
Disposal of subsidiaries	(10,617)	(43,613)	(481)	(123)	(18,961)	(73,795)
Reclassification to held for sale	(55)	–	(92)	–	(395)	(542)
As at 31 December 2020	**91,651**	**159,723**	**1,527**	**7,707**	**113,988**	**374,596**

€000 Accumulated amortization and carrying amount of tangible assets	Land and building	Technical machines and equipment	Vehicle fleet	Assets under construction	Office, IT and Other equipment	Total
As at 1 January 2020	**(17,440)**	**(83,815)**	**(465)**	**–**	**(53,545)**	**(155,265)**
Amortization of the year	(10,158)	(22,326)	(691)	–	(18,745)	(51,920)
Foreign currency translation	481	882	69	–	804	2,236
Disposals	634	3,300	679	–	3,241	7,854
Disposal of subsidiaries	4,120	22,075	278	–	12,629	39,102
Reclassification to held for sale	34	–	92	–	340	466
As at 31 December 2020	**(22,329)**	**(79,884)**	**(38)**	**–**	**(55,276)**	**(157,527)**
Carrying amount as at 1 January 2020	**73,240**	**84,230**	**1,464**	**7,113**	**66,263**	**232,310**
Carrying amount as at 31 December 2020	**69,322**	**79,839**	**1,489**	**7,707**	**58,712**	**217,069**

RIGHT-OF-USE ASSETS

€000

	Land and building	Technical machines and equipment	Vehicle fleet	Office, IT and Other equipment	Total
Net carrying amount					
as at 31 December 2020	324,845	52,334	12,564	11,366	401,109
as at 31 December 2021	430,540	124,941	13,367	11,646	580,494
Depreciation expense for the period ended					
31 December 2020	(60,044)	(28,665)	(7,163)	(4,584)	(100,456)
31 December 2021	(69,563)	(34,614)	(8,372)	(5,086)	(117,635)

20. INVESTMENTS IN ASSOCIATES

The Group's investments in its associates (equity accounted investees) as at 31 December 2021 was €4.6 m (2020: €4.6 m).

The main group investments in associates correspond to non-controlling investment in a French biology laboratory.

In addition, the Group owned interests of 33% in a local Economic Interest Group (called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2021 the Group received dividends of €0.3 m (2020: €0.3 m) from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

	As at 31 December 2021		
	Equity	Interest/ ordinary shares	Gross value
Companies	**€000**	**in %**	**€000**
Bakteriologisches Institut Olten BIO AG	355	30	22
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	2,901	50	4,164
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	103	33	24
Gestora Peruana de Hospitales S.A.	944	32	350
CLINICA SAMPEDRO LDA.	35	30	99
Southwest Pathology Services LLP	(87)	33	117
SPS Facilities LLP	(153)	33	56
Total	**4,098**		**4,831**

	As at 31 December 2020		
	Equity	Interest/ ordinary shares	Gross value
Companies	**€000**	**in %**	**€000**
Bakteriologisches Institut Olten BIO AG	367	30	14
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	2,776	50	3,812
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	100	33	23
Gestora Peruana de Hospitales S.A.	957	32	342
CLINICA SAMPEDRO LDA.	35	30	100
Southwest Pathology Services LLP	(73)	33	174
SPS Facilities LLP	(130)	33	109
Total	**4,032**		**4,574**

Summarised financial information for the investments in associates is as follows (100% of control):

€000	As at 31 December	
	2021	2020
Non-current assets	1,100	880
Current assets	6,428	5,781
Cash	2,767	2,630
Total assets	**10,295**	**9,291**
Shareholders' equity	4,063	3,608
Other liabilities and provisions	6,232	5,683
Total liabilities and equity	**10,295**	**9,291**
Income Statement		
Revenue	73,390	70,278
Results from operating activities	837	914
Net profit for the period	**433**	**650**

21. OTHER NON-CURRENT ASSETS

Other non-current assets include the following:

€000	As at 31 December	
	2021	2020
Deposits	11,832	10,419
Equity instruments designated as at FVTOCI	986	993
Pension Surplus Asset (IAS 19)	1,360	–
Other non-current assets and loans	**33,604**	27,199
Total other non-current assets	**47,782**	**38,611**

The main components of other non-current assets and loans are escrow accounts relating to M&A transactions in an amount of €10.6 m (2020: €6.7 m), a compensation agreed for the early termination of a rental contract for Steinlach Klinik GmbH in an amount of €13.1 m (2020: of €13.1 m), other long-term deferred loans and other loan receivables €6.2 m (2020: €5.1 m) and contract costs €3.7 m (2020: €2.2 m).

For entities in which the Group has an ownership below 20% or no significant influence, they are not consolidated and the investments in those entities have been classified as equity instruments designated as at FVTOCI as such recognised at fair value. Unrealised gains and losses are taken directly to other comprehensive income.

For pension surplus assets we refer to notes number 27.

No unrealised gain or loss was recognised in 2021 and 2020.

22. OTHER CURRENT ASSETS

Other current assets mainly consist of the following:

€000	As at 31 December	
	2021	2020
Escrow accounts	26,074	2,511
VAT and other tax receivables	43,557	12,954
Prepayments	20,213	15,757
Receivables from supplier bonuses	12,772	20,309
Receivables – related party (see Note 36)	154	264
Other	23,273	20,399
Total other current assets	**126,043**	**72,194**

The line “Other” mainly includes receivables from employees of €3.5 m (2020: €1.2 m), receivables from excess payments to creditors €1.8 m (2020: €1.4 m) and an aggregation of other short-term receivables from across the group totaling €16.6 m (2020: €18.8 m).

23. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

€000

	Deferred tax assets	Deferred tax liabilities			Total
	Tax losses and other deductible temporary differences	Deferred tax on intangible assets	Other deferred tax liabilities	Total deferred tax liabilities	Total net deferred tax
As at 1 January 2021	**29,017**	**(156,698)**	**(14,940)**	**(171,638)**	**(142,621)**
Acquired through business combination	3,568	(9,286)		(9,286)	(5,718)
(Charge)/credit to income	9,881	9,910	(14,623)	(4,713)	5,168
(Charge)/credit to other comprehensive income	(1,367)		1,871	1,871	504
Exchange differences	648	(1,488)	(170)	(1,658)	(1,010)
As at 31 December 2021	**41,747**	**(157,562)**	**(27,862)**	**(185,424)**	**(143,677)**

The only temporary difference which results in a material deferred tax balance relates to intangible assets. Other types of temporary differences have been grouped into single categories of other deferred tax assets and liabilities.

At the end of the financial year, there were loss and interest carryforwards totaling €507.6 m, of which interest carryforwards amounted to €311.5 m (2020: €555.4 m, of which interest carryforwards amounted to €380.3 m). The recognition of these assets, and the non-recognition of assets in respect of tax losses, is based on SYNLAB's board's estimate of the probability of being able to use these losses (prior to the expiration of the losses), including consideration of current levels of utilisation, forecast operating results and the level of deferred tax liabilities recognized in the particular territory / tax grouping. Deferred Tax Assets totaling €2.4 m (2020: €3.4 m) have been recognized on losses. Deferred tax assets have not been recognized in respect of losses of €186.8 m (2020: €161.6 m), which are available for indefinite carry forward. These losses have arisen mainly in the UK, Spain, Germany and France. Losses can be utilised in the future if taxable profits continue to be consistent with current year levels. Whilst there is potential for the losses to be utilised against future taxable profits, no deferred tax asset is recognised on the basis that it is not probable that the entities will generate taxable profits in accordance with IAS 12.

The Group has also previously incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of €311.5 m (2020: €381.0 m) is available for indefinite carry forward depending on local regulations, primarily in Germany, Spain, and France. In addition, deferred tax assets totaling €1.6 m (2020: €1.1 m) have been recognized on excess interest amounts in companies in France which are forecasting excess interest capacity. Deferred tax assets have not been recognized in respect of excess interest amounts of €305 m (2020: €376.3 m) either because excess interest capacity is not currently forecasted for future periods or because the attributes are expected to be lost on a change in control before they can be utilized.

At 31 December 2021, the retained earnings of subsidiaries consolidated by the group include €15.3 m of temporary differences on undistributed earnings that will be subject to tax if remitted to the shareholder company. Deferred tax liabilities of €4.1 m (2020: nil) were recognized in 2021 for planned dividend payments by subsidiaries within the foreseeable future.

The following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the prior year periods:

€000	Deferred tax assets	Deferred tax liabilities			Total
	Tax losses and other deductible temporary differences	Deferred tax on intangible assets	Other deferred tax liabilities	Total deferred tax liabilities	Total net deferred tax
As at 1 January 2020	**38,004**	**(191,501)**	**(10,970)**	**(202,471)**	**(164,467)**
Acquisition of businesses		(942)	(6)	(948)	(948)
Disposal of businesses	(1,394)	26,687	1,476	28,163	26,769
(Charge)/credit to income	(7,817)	8,146	(5,278)	2,868	(4,949)
(Charge)/credit to other comprehensive income	643			–	643
Exchange differences	(419)	912	(162)	750	331
As at 31 December 2020	**29,017**	**(156,698)**	**(14,940)**	**(171,638)**	**(142,621)**

24. TRADE ACCOUNTS RECEIVABLE

Net trade accounts receivable break down into the following Segments:

€000	As at 31 December 2021		
	Gross	Loss allowance	Net
Germany	178,969	(4,246)	174,722
France	91,359	(6,294)	85,065
North & East	169,112	(6,029)	163,083
South	237,416	(27,734)	209,682
Total	**676,856**	**(44,304)**	**632,553**

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

As a result of the billing processes and billing cycles in the various countries and businesses, there are €150.7 m (2020: €98.4 m) of accrued income not yet billed to customers included in trade accounts receivables.

The ageing of trade accounts receivable at the reporting date was as follows:

€000	As at 31 December							
	Carrying amount	Gross receivable	Not due	Overdue				
				<3 months	3<6 months	6<12 months	12<24 months	>24 months
2021	632,553	676,856	463,425	93,166	41,164	35,446	21,402	22,253
2020	534,910	567,601	415,928	84,857	21,285	15,128	18,279	12,124

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

€000	2021	2020
As at 1 January	**(32,691)**	**(26,720)**
Business acquired	(3,956)	727
Additions recognised in profit or loss	(26,632)	(18,184)
Foreign currency translation	(19)	414
Utilisation and reversal	18,994	11,072
As at 31 December	**(44,304)**	**(32,691)**

The actual write-off relating to trade receivables as at 31 December 2021 amounts to €3.1 m (2020: €3.7 m). There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs continuous credit evaluations of its receivables.

Trade receivables are exposed to a lower default risk, when they are less than 12 months past due. The provision rates vary in this ageing group from 0.1% to 20% in exceptional cases. Trade receivables are considered to be exposed to a higher default risk, when they are more than 12 months past due. The provision rates vary in this ageing group from 60% to 90%.

Allowances for credit losses for trade accounts receivable are disclosed in the operating result. Subsequently incurred credit losses and written-off amounts are recorded in the same income statement line.

25. CASH AND CASH EQUIVALENTS

The purpose is to reconcile cash and cash equivalent in the balance sheet and in the consolidated statement of cash flows in order to avoid any difference resulting from bank overdraft. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

€000	As at 31 December	
	2021	2020
Euro (EUR)	325,684	842,730
UK Sterling pounds (GBP)	32,158	3,513
Swiss Franc (CHF)	8,887	17,686
Czech Crown (CZK)	967	770
Hungarian Forint (HUF)	5,083	7,848
Swedish Krona (SEK)	488	501
Brazilian (Real)	14,265	8,543
Columbian (Pesos)	14,886	2,695
Ecuador (USD)	9,198	4,309
Mexico (Pesos)	14,124	101
Peru (Sol)	4,269	2,269
Other currencies	8,126	4,569
Cash at bank and deposit	**438,135**	**895,534**
Other cash equivalents	2,381	7,516
Cash on hand	3,231	1,850
Cash and cash equivalents	**443,747**	**904,900**
Bank overdrafts	(222)	(193)
Cash and cash equivalents in the statement of cash flows	**443,525**	**904,707**

26. BORROWINGS AND OTHER FINANCIAL LIABILITIES

€000	As at 31 December	
	2021	2020
Non-current liabilities		
Bank loans	294	405
Floating Senior Secured Notes	–	836,230
Term Loan	1,398,276	1,843,754
Lease liabilities	501,688	338,166
Derivative financial instruments	19,065	–
Other financial loans	–	506
Current liabilities		
Accrued interest on Term Loan	10,846	24,503
Accrued interest on Notes	–	10,177
Lease liabilities	113,988	83,745
RCF Syndicated Secured loan	416	295
Other financial loans	895	1,352
Bank loans	194	230
Bank overdraft	222	193
Total Non-Current	**1,919,323**	**3,019,061**
Total Current	**126,561**	**120,495**
Total	**2,045,884**	**3,139,556**

In May 2021 the Group issued two new financial debt instruments, both held 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 rate at 2.5% p.a. (subject to a margin ratchet) + Euribor (with a 0% floor) and mature in May 2026. The existing €250 m RCF held by SYNLAB Bondco 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 €4.7 m, have been capitalized as debt issuance costs and 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. This financial instrument has an embedded derivative (Euribor floored zero) that meets all criteria according to IFRS 9 and was therefore separated from the host contract and measured at fair value through profit and loss. All fair value changes of the embedded derivatives are recognized either in interest income or interest expense line item.

€500 M REVOLVING CREDIT FACILITY

As of 31 December 2021, the facility was not drawn and accrued interest for non-utilization fee amounts to €0.4 m.

€385 M TERM LOAN B4

Term Loan B4, held by SYNLAB Bondco Plc with a nominal amount of €385 m is designated at amortized cost. The interest is paid semi-annually.

€320 M TERM LOAN B5

Term Loan B5, held by SYNLAB Bondco Plc with an initial nominal amount of €851 m was partially repaid for an amount of €531 m during the financial year. The unamortized part of debt issuance costs of the redeemed tranche, amounting to €5.2 m, was recognised in the profit and loss statement and was included in the “net finance costs – interest expenses” line item.

FOLLOWING FINANCIAL INSTRUMENTS WERE FULLY REDEEMED DURING THE YEAR:

€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 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.

€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.

€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.

€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.

DERIVATIVE FINANCIAL INSTRUMENTS

All Term Loans exhibit embedded derivatives due to the variable interest part being floored at zero (i.e., Euribor floored zero). These embedded derivatives are separated from the host contract and measured at fair value through profit and loss. All fair value changes of the embedded derivatives are recognized either in interest income or interest expense line item. The fair value of the embedded derivative liability as at 31. December 2021 is €19.0 m.

Financial liabilities movement schedule is shown in the following table:

€000

	Floating Senior Secured Notes	Term Loan	Accrued interest on Term Loan/ Notes	RCF Syndicated Secured loan	Other financial loans	derivative financial instruments	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	–	–	–	–	1,053	–	1,053	34,970	36,023
Non-cash movements	16,612	20,301	(23,834)	2,825	(402)	(36,389)	(20,887)	27,687	6,800
Transfer	(2,842)	(52,612)	–	–	–	55,454	–	–	–
Proceeds from loans and borrowings	–	730,333	–	(2,704)	2	–	727,631	–	727,631
Lease additions	–	–	–	–	–	–	–	239,935	239,935
Repayments of loans and borrowings	(850,000)	(1,143,500)	–	–	(1,734)	–	(1,995,234)	(108,827)	(2,104,061)
As at 31 December 2021	**–**	**1,398,276**	**10,846**	**416**	**1,605**	**19,065**	**1,430,208**	**615.676**	**2,045,884**

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.

In May 2021 the Group issued a €500 m Revolving Credit Facility (RCF), transaction costs of €2.7 m are shown as negative proceeds from loans and borrowings as RCF has not been drawn. The transaction costs were recognized as other assets, the counterpart movement is shown in non-cash movements.

€000

	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Term Loan	Accrued interest on notes	Accrued interest on Term Loan	RCF Syndicated 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	798	22,539	20,548	43,087
Modification loss	–	–	13,021	–	–	–	–	13,021	–	13,021
Transfer	(92,232)	–	92,232	–	–	–	–	–	–	–
Proceeds from loans and borrowings	834,565	–	381,365	–	–	217,860	202	1,433,992	–	1,433,992
Lease additions	–	–	–	–	–	–	–	–	115,764	115,764
Repayments of loans and borrowings	(847,435)	(375,000)	–	–	–	(219,000)	(579)	(1,442,014)	(103,292)	(1,545,306)
Disposal of subsidiaries	–	–	–	–	–	–	(25)	(25)	(33,264)	(33,289)
Transferred to held for sale	–	–	–	–	–	–	–	–	(878)	(878)
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**

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. As part of this, SYNLAB needs to ensure that on each Testing Date the Consolidated Leverage Ratio is lower or equal to 4.50:1 for the Financial Year ending 2021 and for the Half Year Financials ending June 2022. The ratio goes down to 4.00:1 for Financial Year ending 2022 and thereafter. A consolidated leverage ratio above the threshold can trigger an event of default.

TERM LOAN B COVENANTS

The 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 19).

27. EMPLOYEE BENEFITS LIABILITIES

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these legal pension schemes, a provision for pensions and other post-employment benefits is recorded in the IFRS consolidated statement of financial position as of 31 December 2021, 31 December 2020 based on an actuarial expert opinion for the following obligations:

OBLIGATIONS IN SWITZERLAND

In general, employers in Switzerland must offer a pension plan to its employees in accordance with the Federal Law on Occupational Retirement, Survivors', and Disability Pension Plans (BVG). Employees whose salary exceeds a particular threshold – which is redefined periodically – participate in the pension plan. The BVG requires a minimum plan, the "BVG minimum", which must be covered in any case.

The Group's pension plans in Switzerland are contribution-based plans with guarantee of a minimum interest credit and fixed conversion rates at retirement. The pension plans also provide benefits in case of disability and death. The Group as a sponsoring employer is affiliated to various collective foundations and fulfils the legal obligation by means of a defined benefit plan. Each collective foundation is responsible for the governance of the plan and the board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies.

The pension plan must always be fully funded under BVG law on a static basis. The Group is exposed to the risk that in case of an underfunding, recovery measures must be taken which encompass additional financing through employer or reduction of benefits (or both). Such risk may occur in case when the life expectancy of plan participants is higher than expected. Furthermore, the underlying plan assets may develop differently than expected.

The Group Pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 0.35% (2020: 0.10%) and a salary increase rate of 1.20% (2020: 1.00%) p.a. Staff turnover assumptions is based on the demographic BVG 2020, (2020: BVG 2015). The individual values range from between 1.66% and 31.00% (2020: was between 1.23% and 29.59%). Mortality, disability, and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2020, CMI 1.25% (2020: BVG 2015).

Long-services award commitments ("jubilee awards") in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 0.35% (2020: 0.10%), a salary increase rate of 1.20% (2020: 1.00%), and a staff turnover rate per BVG 2020 of between 1.23% and 29.59% (2020: BVG 2015 of between 1.23% and 29.59).

OBLIGATIONS IN FRANCE

In France, the Group provides benefits in case of retirement, which are based on various collective bargaining agreements. The corresponding plans are mostly fully unfunded. The Group is exposed to the risk that the salary increase could be higher than expected. In France, the life expectancy is less important in terms of risk exposure given that the benefit is paid as a lump sum.

Based on collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on following actuarial assumptions: voluntary departure, discount rate amounting to 1.10% (2020: 1.00%), inflation rate 2.00% (2020: 1.75%), salary increase between 2.00% (2020: between 1.0% and 1,5%) p.a., age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 46.49% (2020: 46.49%) and low staff turnover rate.

OBLIGATIONS IN ITALY

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one-time severance payment when they leave the Company. The amounts depend on the employee's term of service and salary level. Provisions were calculated based on following actuarial assumptions: discount rate of 1.00% (2020 0,85%), inflation rate 1.70% (2020: 0.70%) and salary increase 2.00% (2020: 2.00%) p.a.

OTHER OBLIGATIONS

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Ecuador) or when they leave the Company (United Arab Emirates, Mexico). The Group assumed also pension obligations from defined benefit plans for a few executive staff as a consequence of specific agreements in Ecuador, Germany, Netherlands, Norway and UK. The plans in the United Kingdom come from the Viapath acquisition.

The defined benefits plan for Netherlands and Norway and some Austrian, Germans, Italian and Swiss defined benefits plans are included in our discontinued Note 15.

€000

	1 January to 31 December 2021				
	Switzerland	France	Italy	Other	Total
Net present value of defined benefit obligations (DBO) at beginning of period	**88,811**	**15,191**	**10,153**	**3,871**	**118,026**
Acquired through business combination	–	531	2,477	6,405	9,413
Service cost	3,340	1,077	684	462	5,563
Interest cost	87	151	95	168	501
Employee contributions	2,270	–	–	–	2,270
Benefits paid	480	(988)	(767)	(256)	(1,531)
Insurance premiums	(707)	–	–	–	(707)
Remeasurements	(6,324)	(629)	719	(167)	(6,401)
Exchange rate differences	4,009	–	–	115	4,124
Net present value of defined benefit obligations at end of period	**91,966**	**15,333**	**13,361**	**10,598**	**131,258**

€000	1 January to 31 December 2021				
	Switzerland	France	Italy	Other	Total
Plan assets available measured at market values					
Plan assets at the beginning of the period	**69,406**	**814**	**–**	**–**	**70,220**
Acquired through business combination	–	–	–	6,824	6,824
Interest income	69	7	–	94	170
Employer contributions	2,440	30	–	58	2,528
Employee contributions	2,270	–	–	–	2,270
Benefits paid	660	–	–	(59)	601
Insurance premiums	(707)	–	–		(707)
Administrative expenses paid from plan assets	–	–	–	(59)	(59)
Revaluations (income from plan assets, excluding amounts included in interest cost)	2,034	8	–	(131)	1,911
Exchange rate differences	3,482	–	–	95	3,577
Plan assets at the end of the period	**79,654**	**859**	**–**	**6,822**	**87,335**
Net present value of defined benefit obligations (DBO) at end of period	91,966	15,333	13,361	10,598	131,258
Net present value of plan assets at end of period	79,654	859	–	6,822	87,335
Balance sheet provisions at year-end	**12,312**	**14,474**	**13,361**	**3,776**	**43.923 ***
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,340	1,077	684	462	5,563
Interest expense	18	144	95	74	331
Administrative expenses paid from plan assets	–	–	–	59	59
Revaluation of other long-term obligations	(89)	–	–	30	(59)
Total annual net expense	**3,269**	**1,221**	**779**	**625**	**5,894**

* The deviation from the consolidated balance sheet results from the surplus of plan assets in the United Kingdom in the amount of 1,360 k€

€000	1 Janaury to 31 December 2021				
	Switzerland	France	Italy	Other	Total
and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	(5,291)	–	–	(27)	(5,318)
Actuarial gains/losses from changes of financial assumptions	(2,805)	1,866	364	(200)	(775)
Adjustments based on past experience	1,861	(2,496)	354	30	(251)
Income/expenses from plan assets, excluding amounts included in interest cost)	(2,034)	(8)	–	130	(1,912)
Total annual amount recorded in other comprehensive income	**(8,269)**	**(638)**	**718**	**(67)**	**(8,256)**

* The difference between the total €8,256 k (2020: €(3,985) k) presented here and the €8,244k (2020: €(3,947)k within the consolidated statement of comprehensive income, totaling €(12)k (2020: €38k) relates to results from non-controlling interests.

In addition to the items shown above, provisions for other liabilities to employees of €2.1 m (2020: €1.9 m) were included in the total balance of employee benefits liabilities of €45.3 m (2020: €47.8 m).

Fair value of plan assets France is based on the value of by insurance policies held. The fair value of the plan assets with a quoted market price of United Kingdom is based on index-based debt securities and corporate bonds amounting of €6.8 m (2020: €0 m).

€000	As at 31 December	
Fair value of plan assets Switzerland (quoted)	**2021**	**2020**
a. Cash and cash equivalents	620	653
b. Equity instruments	21,777	19,125
c. Debt instruments	31,775	27,737
d. Real estate	20,305	17,361
e. Assets held by insurance company	2,155	1,986
f. Other	3,022	2,544
Total	**79,654**	**69,406**

€000	1 January to 31 December 2020				
	Switzerland	France	Italy	Other	Total
Net present value of defined benefit obligations (DBO) at beginning of period	**88,686**	**14,747**	**10,642**	**29,188**	**143,263**
Acquired through business combination	–	–	263	5	268
Change in scope	–	(152)	–	–	(152)
Discontinued operations see Note 15	(7,430)	–	(541)	(26,388)	(34,359)
Service cost	1,519	881	526	316	3,242
Interest cost	268	169	88	470	995
Employee contributions	2,251	–	–	2	2,253
Benefits paid	(907)	(1,009)	(663)	(452)	(3,031)
Insurance premiums	(736)	–	–	–	(736)
Remeasurements	4,729	555	(162)	1,115	6,237
Exchange rate differences	431	–	–	(385)	46
Net present value of defined benefit obligations at end of period	**88,811**	**15,191**	**10,153**	**3,871**	**118,026**

€000	1 January to 31 December 2020				
	Switzerland	France	Italy	Other	Total
Plan assets available measured at market values					
Plan assets at the beginning of the period	**69,848**	**883**	**–**	**24,732**	**95,463**
Interest income	216	11	–	407	634
Discontinued operations see Note 15	(5,330)	–	–	(25,465)	(30,795)
Employer contributions	2,278	(28)	–	111	2,361
Employee contributions	2,251	–	–	3	2,254
Benefits paid	(907)	(11)	–	(211)	(1,129)
Insurance premiums	(736)	–	–	–	(736)
Revaluations (income from plan assets, excluding amounts included in interest cost)	1,442	(41)	–	670	2,071
Exchange rate differences	344	–	–	(246)	98
Plan assets at the end of the period	**69,406**	**814**	**–**	**–**	**70,220**
Net present value of defined benefit obligations (DBO) at end of period	88,811	15,191	10,153	3,871	118,026
Net present value of plan assets at end of period	69,406	814	–	–	70,220
Balance sheet provisions at year-end	**19,405**	**14,377**	**10,153**	**3,871**	**47,806**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	1,519	881	526	316	3,242
Interest expense	52	158	88	64	362
Revaluation of other long-term obligations	(30)	–	–	211	181
Total annual net expense	**1,541**	**1,039**	**614**	**591**	**3,785**

€000	As at 1 January to 31 December 2020				
	Switzerland	France	Italy	Other	Total
and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	(2,704)	–	–	(443)	(3,148)
Actuarial gains/losses from changes of financial assumptions	2,707	439	(149)	1,468	4,465
Adjustments based on past experience	4,756	116	(13)	(84)	4,774
Income/expenses from plan assets, excluding amounts included in interest cost)	(1,442)	41	–	(706)	(2,107)
Total annual amount recorded in other comprehensive income	**3,316**	**597**	**(162)**	**234**	**3,985***

* The difference between the total €(3,985)k presented here and the €(3,947)k within the consolidated statement of comprehensive income, totaling €38 k relates to results from non-controlling interests.

€000		Impact on DBO amount	
	Changed by	2021	2020
Salary reductions	(0.50%)	129,063	142,080
Salary increase	0.50%	132,416	145,634
Discount rate	(0.50%)	139,775	155,377
Discount rate	0.50%	122,700	133,607

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

€000	As at 31 December	
	2021	2020
Within the next 12 months	6,735	5,280
In 2 years	5,656	5,074
In 3 years	5,485	5,286
In 4 years	6,050	5,263
In 5 years	6,177	5,709
In the following 5 years	28,563	27,353

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As of 31 December 2021	13	11	10	19
As of 31 December 2020	15	12	10	11

28. SHARE-BASED PAYMENT SCHEMES

SYNLAB AG has set up various long-term, share-based payment schemes for the SYNLAB Group in the financial year. These include the following programmes:

- LTIP (long term incentive plan) for the Management Board / grant date: 1 May 2021
- LTIP for senior executives / grant date: 1 May 2021
- Virtual LTIP for employees / grant date: 1 July 2021

According to the terms and conditions of the various programmes, share-based commitments may in general be settled in cash or in shares of SYNLAB AG (settlement option). However, the Supervisory Board and the Management Board have determined in their respective resolutions that the settlement will be made through shares in SYNLAB AG. Consequently, all three programmes are treated as equity-settled.

Share-based commitments may be forfeited if the beneficiary's employment ends before the end of the vesting period.

The share-based commitments are subject to a vesting period of three to four years and grant an entitlement to compensation which the beneficiaries will receive after the vesting period without making a payment.

LTIP FOR THE MANAGEMENT BOARD

The awards are granted in the form of Performance Share Units (PSU) and are linked to performance criteria. For the share awards granted in the past financial year, 40% of the target amount is linked to the development of SYNLAB's share price (Total Shareholder Return "TSR") and 60% of the target amount is linked to SYNLAB's relative share development compared to the development of the MSCI Europe Health Care Equipment & Services sector index (TSR target). The range of target achievement of the individual performance criteria is from 0% to 300%. The vesting period is three years. The fair value of these entitlements was €2.05 m and was determined based on a Monte Carlo valuation model. The weighted average fair value of a PSU was 17,46 €. An expected volatility of 30.0% and a price of €19.75 per SYNLAB share were used in this model. The expected volatility was derived from historical volatilities. A risk-free interest rate of 0.9% to - 0.6% and an expected dividend yield of 2.0% were used in the model. Assumptions on correlations between the SYNLAB share price and the development of the MSCI Index were determined on the basis of historical price developments.

LTIP FOR SENIOR EXECUTIVES

The awards for senior executives are also linked to performance criteria. Both the determination or allocation of the target amount and the determination of the fair value are identical to the LTIP for the Management Board. However, the vesting period for this plan extends over four years. The fair value of these entitlements was €1.2 m. The weighted average fair value of a PSU was also €17.46 m.

VIRTUAL LTIP FOR EMPLOYEES

In the past financial year, 271,490 virtual share awards were granted to various employees of the SYNLAB Group. These are not linked to performance criteria but include a service criterion. The vesting period is four years. The fair value of these entitlements amounted to €4.9 m and was determined on the basis of a valuation model. The weighted average fair value of a virtual share award was €19. A price of €17.95 per SYNLAB share on the grant date, a risk-free interest rate of -0.6% and an expected dividend yield of 2.0% were used in this model.

The share awards to the Management Board, senior executives and other eligible employees developed as follows:

LTIP Management Board	2021
Shares outstanding at the beginning of the period	–
Granted	117,420
Forfeited	–
Shares outstanding at the end of the period	117,420

LTIP Senior Executives	2021
Shares outstanding at the beginning of the period	–
Granted	68,734
Forfeited	–
Shares outstanding at the end of the period	68,734

Virtual LTIP	2021
Shares outstanding at the beginning of the period	–
Granted	271,490
Forfeited	–
Shares outstanding at the end of the period	271,490

The total expense for the year 2021, which was recorded for those three plans amounted to €1.3 m.

In previous years, and thus in the predecessor group of SYNLAB Limited, the following share-based remuneration plans existed until the contribution into SYNLAB AG and the IPO of SYNLAB AG:

FREE SHARE PLAN

A free share scheme existed between November 2014 and the 2018 financial year. The conditions included a cumulative performance condition and an active employment period of two years with the obligation to retain the shares for a certain period. By the 2018 financial year, a total of 139,000 free shares had been awarded under this programme, the value of which was determined at the date of grant using a binomial model. These shares were exercised with the IPO, thus settling the plan.

MANAGEMENT PACKAGE PLAN

In November 2015, SYNLAB Limited introduced a management package by granting A ordinary shares to certain managers. For certain beneficiaries, A ordinary shares were subscribed by a special entity (Management Co.) funded by the managers, with the ordinary shares being acquired at fair value with a holding period of one year. Other beneficiaries were granted A ordinary shares free of charge, subject to a one-year service condition and a one-year holding period. The awards were conditional on being employed by the company at the time of exercise. The share awards under this scheme as at 31 December 2020 were as follows. These shares were exercised with the IPO, thus settling the plan:

A Ordinary Share Plan

	2020	
	number of share options	average exercise price
Shares outstanding at the beginning of the period	1,220,835	€1.69
Shares forfeited during the period	–	–
Shares outstanding at the end of the period	1,220,835	€1.69
Range of exercise prices in EUR	€1 – €1.37	

G ORDINARY SHARE PLAN

In December 2016, SYNLAB Limited granted 501,375 G ordinary shares to eligible employees. The vesting period for these shares was four years. The fair value of the G shares granted was €1.55 and was determined using a binomial model at the date of grant. In 2017, a further 370,000 G ordinary shares were granted. The average fair value of the G shares granted was €3.91, determined at the date of grant using a binomial model. In 2018, SYNLAB Limited granted a further 178,000 G ordinary shares. The average fair value of the G ordinary shares granted was €6.51, determined at the date of grant using a binomial model. The awards were conditional on being employed by the company at the time of exercise. The share awards under this scheme as at 31 December 2020 were as follows. These shares were exercised with the IPO, thus settling the plan:

G Ordinary Share Plan

	2020	
	number of share options	average exercise price
Shares outstanding at the beginning of the period.	1,034,375	€1.55
Shares forfeited during the period.	–	–
Shares outstanding at the end of the period.	1,034,375	€1.55
Range of exercise prices in EUR	€1.55	

I ORDINARY SHARE PLAN

In 2018, SYNLAB Limited introduced a new class of shares "I Preference Ordinary Shares" and granted a further 375,000 I Preference Ordinary Shares, to key management personnel in 2019. The average fair value of the I preference ordinary shares granted was €19.23, determined at the date of grant using a binomial model. I preferred ordinary shares were granted on the condition that the holder is employed by the company at the time of exercise. The I preference ordinary shares are entitled to participate in the income once the holders of the preference shares already issued have received an income equal to the nominal value of the preference shares. The holders of the I Shares are entitled to receive a certain percentage of the dividends paid to the holders of the Preference Shares already issued and to participate in the returns to the holders of the Ordinary Shares on a pro rata basis according to the number of shares issued. In 2020, SYNLAB Limited granted a further 19,222 I preference ordinary shares to management. The average fair value of the I preference ordinary shares granted was €39.58, which was determined using a binomial model at the date of grant. The share awards under this scheme as at 31 December 2020 were as follows. These shares were exercised with the IPO, thus settling the plan:

I Ordinary Share Plan

	2020	
	number of share options	average exercise price
Shares outstanding at the beginning of the period.	375,000	€0.47
Shares forfeited during the period. period.	19,222	€20.81
Shares outstanding at the end of the period.	394,222	€1.46
Range of exercise prices in EUR	€0.47 – €20.81	

The total expenses recorded under those plans that were set up at SYNLAB Limited amounted to €0.7 m in 2021 (2020: €3.6 m).

29. PROVISIONS

€000	Provisions for restructuring (incl. onerous contracts)	Other provisions	Total
As at 1 January 2021	**349**	**8,549**	**8,898**
Business acquired	–	2,086	2,086
Foreign currency translation	–	135	135
Provisions made during the period	380	7,756	8,136
Provisions utilised during the period	(85)	(1,188)	(1,273)
Provisions reversed during the period	–	(4,372)	(4,372)
As at 31 December 2021	**644**	**12,966**	**13,610**
Current at the end of the year	644	10,601	11,245
Non-current at the end of the year	–	2,365	2,365

€000	Provisions for restructuring (incl. onerous contracts)	Other provisions	Total
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

PROVISIONS FOR RESTRUCTURING

The provisions for restructuring reflect both provisions existing in the SYNLAB Groups balance sheet at acquisition date and measured at fair value and new provisions recognised for the restructuring plans announced.

OTHER PROVISIONS

The other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel €0.2 m, damages €0.8 m and other claims €0.4 m) 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.

30. LITIGATIONS AND CONTINGENT LIABILITIES

Group companies are involved in various legal proceedings arising in the ordinary course of business. To a large extent, these concern professional liability and HR related matters, as well as inquiries from public authorities and health insurance carriers regarding, among other things, billing modalities. Other than that, legal disputes of Group companies in particular involve tax, social security, customs, data protection and merger control authorities and related topics. For associated financial risks, provisions are being set by the Group's entities based on individual case-by-case assessments.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls. There are no contingent liabilities recognised as at the year ended 31 December 2021.

31. TRADE PAYABLES AND OTHER LIABILITIES

€000	As at 31 December	
	2021	2020
Trade payables	269,848	320,177
Accruals and other payables	117,275	66,346
Trade payables	**387,123**	**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.

€000	As at 31 December	
	2021	2020
Long term contingent purchase price liabilities incl. put options over non-controlling interests	16,268	17,986
Long term deferred purchase price liabilities	32,505	8,513
Other	3,510	692
Other non-current liabilities	**52,283**	**27,191**
Liabilities from salaries and social security payments	198,812	171,191
Short term contingent purchase price liabilities incl. put options over non-controlling interests	15,121	7,740
Short term deferred purchase price liabilities	32,389	3,526
Liabilities from VAT and other taxes	27,761	24,277
Liabilities to related parties	940	904
Payables related to fixed assets suppliers	3,498	3,666
Priority dividends payables	184	323
Other	28,290	12,822
Other current liabilities	**306,995**	**224,449**
Total	**359,278**	**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 out, the amount is recorded as purchase price contingent consideration whereas fixed amounts are recorded as payables related to acquisitions of subsidiaries.

Out the total amount of €16.2 m (2020: €17.9 m) for long-term contingent purchase price liabilities incl. put options over non-controlling interests, SYNLAB Labor München Zentrum GbR (DELMZ) amounted to €7.5 m (2020: €6.9 m). Out the total amount of €15.1 m (2020: €7.7 m) for short-term contingent purchase price liabilities incl. put options over non-controlling interests, SYNLAB Labor München Zentrum GbR (DELMZ) and EMT Medizintechnik GmbH & Co.KG (DEEMTG) amounted €4.6 m (2020: €3.1 m).

32. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

OVERVIEW OF FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures.

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, leases, trade payables, purchase contracts and loans granted as well as accounts receivables and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations.

CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments

€000

Financial assets	Measurement categories according to IFRS 9	31 December 2021 Carrying amount	AC	FVOCI	FVPL	Fair value
Non-current assets						
Non-current financial assets	AC	41,704	41,704	–	–	41,704
Equity instruments	FVOCI	986	–	986	–	986
Derivative instruments	FVPL	–	–	–	–	–
		42,690	**41,704**	**986**	**–**	**42,690**
Current assets						
Trade accounts receivable	AC	632,395	632,395	–	–	632,395
Other current financial assets	AC	62,272	62,272	–	–	62,272
Cash and cash equivalents	AC	443,747	443,747	–	–	443,747
		1,138,414	**1,138,414**	**–**	**–**	**1,138,414**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	1,398,570	1,398,570	–	–	1,398,570
Lease liabilities	AC	501,688	501,688	–	–	501,688
Other liabilities	FVPL	16,268	–	–	16,268	16,268
Derivative financial instruments	FVPL	19,065	–	–	19,065	19,065
Other liabilities	AC	36,015	36,015	–	–	36,015
		1,971,606	**1,936,273**	**–**	**35,333**	**1,971,606**
Current liabilities						
Interest bearing loans borrowings	AC	12,573	12,573	–	–	12,573
Lease liabilities	AC	113,988	113,988	–	–	113,988
Other liabilities	FVPL	15,121	–	–	15,121	15,121
Other liabilities	AC	257,500	257,500	–	–	257,500
Trade accounts payable	AC	387,123	387,123	–	–	387,123
		786,305	**771,184**	**–**	**15,121**	**786,305**

€000		31 December 2020				
Financial assets	**Measurement categories according to IFRS 9**	**Carrying amount**	**AC**	**FVOCI**	**FVPL**	**Fair value**
Non-current assets						
Non-current financial assets	AC	35,364	35,364	–	–	35,364
Equity instruments	FVOCI	994	–	994	–	994
Derivative instruments	FVPL	10	–	–	10	10
		36,368	**35,364**	**994**	**10**	**36,368**
Current assets						
Trade accounts receivable	AC	534,810	534,810	–	–	534,810
Other current financial assets	AC	43,482	43,482	–	–	43,482
Cash and cash equivalents	AC	904,900	904,900	–	–	904,900
		1,483,192	**1,483,192**	**–**	**–**	**1,483,192**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	3,019,061	3,019,061	–	–	3,039,903
Other liabilities	FVPL	17,986	–	–	17,986	17,986
Other liabilities	AC	9,205	9,205	–	–	9,205
		3,046,252	**3,028,266**	**–**	**17,986**	**3,067,094**
Current liabilities						
Interest bearing loans borrowings	AC	120,496	120,496	–	–	120,496
Other liabilities	FVPL	7,740	–	–	7,740	7,740
Other liabilities	AC	192,432	192,432	–	–	192,432
Trade accounts payable	AC	386,523	386,523	–	–	386,523
		707,191	**699,451**	**–**	**7,740**	**707,191**

Abbreviations:

AC	Measured at amortised cost
FVOCI	Fair Value through other comprehensive income
FVPL	Fair Value through profit or loss

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 26 Borrowings and other financial liabilities for detail of maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these covenants, if the Group does not respect contractual requirements, it may result in preventing of future drawing on the undrawn facility.

The Group monitors its risk to a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets and the projected cash flows from operations.

Prospective liquidity analysis for non-derivative financial liabilities is as follows:

€000

		Cash flow - remaining period			
31 December 2021	**Carrying amount**	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Interest bearing loans	1,411,143	31,244	1,672,760	394,759	2,098,763
Lease liabilities	615,676	113,988	316,908	184,780	615,676
Trade payables	387,123	387,123	–	–	387,123
Other financial liabilities	331,518	279,235	52,283	–	331,518
Total	**2,745,460**	**811,590**	**2,041,951**	**579,539**	**3,433,080**

€000

		Cash flow - remaining period			
31 December 2020	**Carrying amount**	**< 1 year**	**1-5 years**	**> 5 years**	**Total**
Interest bearing loans	2,717,645	106,200	1,885,289	1,364,972	3,356,461
Lease liabilities	421,911	83,745	224,071	114,095	421,911
Trade payables	386,523	386,523	–	–	386,523
Other financial liabilities	227,364	200,173	27,191	–	227,364
Total	**3,753,443**	**776,641**	**2,136,551**	**1,479,067**	**4,392,259**

Included in the interest-bearing loans, the Revolving Credit Facility amounting to €500 m was undrawn as of 31 December 2021. Future cash flow contains commitment fees paid on the undrawn facility with a rate corresponding to 35% of the interest rate of the RCF.

MARKET RISK – INTEREST RATE RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Term Loan tranches and to the debt drawn on the Revolving Credit Facility (RCF).

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

€000	As at 31 December	
	2021	2020
Fixed rate instruments		
Financial liabilities	617,060	1,856,122
Variable rate instruments		
Financial assets	443,747	904,900
Financial liabilities	1,409,760	1,283,435

Under the Group's current financing strategy, the Term Loans held by SYNLAB Bondco Plc bear floating interest at 2.5% for a tranche of €320 m (TLB5) and 2.5% for a tranche of €385 m (TLB4). The Term Loan held by SYNLAB AG (TLA) bear floating interest at 1.25% for a nominal of €735 m. The Group does not enter into financial instruments for trading or speculative purposes.

Due to the Group's specific interest rate risk position based on floating rate funding structure, risk management policies require to monitor interest rate volatility.

Cash flow sensitivity analysis for variable rate instruments

On an annual basis, a 6M EURIBOR reference at 1% would have led to an overall additional payment of €14.4 m on the Term Loans. If the RCF would be drawn for its maximum amount of €475 m, exposure to interest risk rate on financial liabilities would amount to a maximum of €4.75 m for an increase of variable interest rate of 100 basis points (over a EURIBOR zero reference). That limited exposure to interest rate risk on financial liabilities would be compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable rate instruments. This analysis assumes that all other variables remain constant.

At the beginning of 2022, the Group entered into a new interest rate hedging contract. Following this subsequent event, the interest rate risk for the Term Loans is decreasing and reducing the additional interest payment to €9.9 m in the case of a 6M EURIBOR reference at 1%.

MARKET RISK – FOREIGN CURRENCY RISK

The Group has been exposed to limited foreign exchange risk, given the SYNLAB Group is mostly present in European countries which are part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British pound, the Swiss operations which are exposed to Swiss francs, certain Northern or Eastern Europe countries and Rest of World cash generating unit. Furthermore, the Group has subsidiaries in Latin America especially in Brazil, Colombia and Mexico and is therefore exposed to foreign exchange risk in respect of the Brazilian real, the Colombian peso and Mexican peso. Non-euro denominated total revenue represented, in aggregate, approximately 23% of the Group's total revenue for the year ended 31 December 2021.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and where currency units strengthens 5 per cent against the relevant currency. The following table demonstrates the sensitivity to a change in FX-exchange rates of CHF, MXN and GBP with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change of currency*	
As at 31 December 2021	%	€000
Change in MXN rate	5	(5,069)
Change in MXN rate	(5)	5,598
Change in CHF rate	5	7,031
Change in CHF rate	(5)	(6,993)
Change in GBP rate	5	(5,774)
Change in GBP rate	(5)	6,383

	Change of currency*	
As at 31 December 2020	%	€000
Change in BRL rate	5	(777)
Change in BRL rate	(5)	820
Change in CHF rate	5	(4,996)
Change in CHF rate	(5)	5,166
Change in GBP rate	5	(4,545)
Change in GBP rate	(5)	5,023

*Earnings before tax

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk are provided in Note 24 Trade accounts receivable.

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group has adopted the simplified expected credit loss model for its trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. To measure the expected credit losses, trade accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The computation of expected credit losses is performed by means of a default risk matrix, which is based on the historical default rates grouped by trade receivables class and aging buckets. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

INVESTMENTS AND CASH AND CASH EQUIVALENTS

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

€000	As at 31 December	
	2021	2020
Trade accounts receivables	632,395	534,810
Other current assets	62,272	43,482
Cash and cash equivalents	443,747	904,900
Other non-current assets	44,050	36,368
Total	**1,182,464**	**1,519,560**

FAIR VALUES

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of shares and other securities <20%, call options on non-controlling interests with agreed price determination formula as well as contingent consideration recorded in a business combination (as detailed in Note 31 Trade payables and other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties. Embedded derivatives that were separated from the host contract are categorized within level 2. The Bachelier model is used for the valuation of the embedded derivatives, the main parameters are the nominal amount, the floor, the length of a single floorlet, the risk free interest rate, the EURIBOR forward rates as well as the volatility of the EURIBOR forward rates.

Reconciliation of Level 2 fair value measurements

The total fair value gains or losses on embedded derivatives are disclosed in Note 12 Net finance costs.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the table below. The fair value of contingent considerations is mainly dependent on the results of the acquired entities in a certain period after the acquisition and will be adjusted based on actuals and amended projections. Higher result will usually lead to higher contingent considerations, lower results will lead to lower contingent considerations. In many cases however a certain bandwidth of possible outcomes is defined in the contracts, which limit the movement of the contingent considerations. The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the specific aggregate acquisition related expenses detailed in Note 5.

There were no transfers between Level 2 and 3 during the current or prior year.

FINANCIAL INSTRUMENTS MEASURED AS FVPL

€000

	Derivatives	Contingent Consideration
As at 1 January 2021	**9,964**	**15,762**
Business acquired	–	7,580
Embedded derivative set up	55,454	–
Realised during the period	(1,925)	(9,633)
Change in fair value	(32,300)	5,551
As at 31 December 2021	**31,193**	**19,260**

€000

	Derivatives	Contingent Consideration
As at 1 January 2020	**9,061**	**18,995**
Business acquired	–	292
Realised during the period	(2,223)	(2,413)
Change in fair value	3,126	(1,112)
As at 31 December 2020	**9,964**	**15,762**

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss.

The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable to hierarchical level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques which includes inputs that are not based on observable market data (Level 3).

The notional amount of Financial Instruments designated at Fair Value through Profit and Loss outstanding at the end of reporting period was €50.5 m (2020: €25.7 m).

33. NOTES TO THE CASH FLOW STATEMENT

OTHER NON-CASH REVENUES AND EXPENSES

Other non-cash revenues and expenses mainly include write-off of trade receivables and other short-term assets amounting to €14.3 m (2020: €12.7 m), share based payments of €2.0 m (2020: €3.6 m) The remaining amounts relate mainly to changes in contingent and deferred purchase price liabilities of €3.2 m (2020: €-0.8 m. In fiscal year 2020 also price components relating to the sale of subsidiaries of €5.4 m and disposal costs amounting to €-12.0 m were included.

34. CAPITAL COMMITMENT AND CONTINGENCIES

OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

As of 31 December 2021, and 31 December 2020, the Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, in particular securities provided to secure the Senior Secured Notes, RCF and Term Loans.

Indeed, the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement and the Senior Secured Team Loan agreements, have been guaranteed by a certain number of Group entities, called Guarantors.

The RCF and the Senior Secured Term Loans provide that the commitments from borrowers pursuant to the RCF and Senior Facility Agreements are jointly guaranteed on the same basis as the Group's Bonds: (i) by SYNLAB Bondco PLC; and (ii) by some subsidiaries (together "Guarantors") representing more than 50% of the Group Adjusted EBITDA. The Collateral securing the obligations under the RCF and the Term Loans are the same as the ones securing the obligations under the indentures relating to the High Yield Bonds. They are mainly composed of: (i) pledge over the shares of certain Group companies; and (ii) the pledge over the long-term intercompany loans' receivables under any intra group loan in excess of €5.0 m. Refer to Note 26 Borrowings and other financial liabilities for the details of the covenants under the RCF and the Term Loans.

All securities contained in the above paragraph and related to financing activities have fallen in 2021 with regards to the post-IPO RCF agreement and the repaid Term Loans and High Yield Bonds.

Country	Entity name
Austria	Institut für medizinische und chemische Labordiagnostik GmbH SYNLAB Holding Austria GmbH
Belgium	SYNLAB Belgium sc/SPRL
France	SYNLAB Oxabio SELAS
	SYNLAB Nouvelle Aquitaine
	SYNLAB Biofrance
	SYNLAB Corporate Assistance
	SYNLAB France SAS
	SYNLAB Hauts de France SELAS
	SYNLAB Holding France SA
	SYNLAB Nord de France
	SYNLAB Provence SELAS
Germany	MVZ SYNLAB Leverkusen GmbH
	Steinlach-Klinik GmbH
	SYNLAB Acquisition GmbH
	SYNLAB Holding Deutschland GmbH
	SYNLAB International GmbH
	SYNLAB Medizinisches Versorgungszentrum Augsburg GmbH
	SYNLAB Medizinisches Versorgungszentrum Berlin GmbH
	SYNLAB Medizinisches Versorgungszentrum Heidelberg GmbH
	SYNLAB Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH
	SYNLAB Medizinisches Versorgungszentrum Kassel GmbH
	SYNLAB Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH
	SYNLAB Medizinisches Versorgungszentrum Stuttgart GmbH
	SYNLAB Medizinisches Versorgungszentrum Trier GmbH
	SYNLAB Medizinisches Versorgungszentrum Weiden GmbH
	SYNLAB Verwaltungs und Beteiligungs GmbH
	SYNLAB.vet GmbH
Italy	Instituto Il Baluardo Spa
	S.D.N Spa
	SYNLAB Holding Italy S.r.l
	SYNLAB Italia S.r.l.
Spain	SYNLAB Diagnosticos Globales S.A.
	SYNLAB Holding Iberia S.A
Switzerland	SYNLAB Suisse SA
UK	Labco UK Group Limited
	SYNLAB Unsecured Bondco PLC
	SYNLAB Bondco PLC

In addition, the Group provides guarantees in the ordinary course of business. They correspond mainly to lease guarantees for buildings and equipment.

Under the 2021 RCF Agreement, part of the total available facility of €500 m is for an Ancillary available Facility amounting to €25 m under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary facility was drawn for close to €21 m as at 31 December 2021.

35. CAPITAL AND RESERVES

SHARE CAPITAL

Share type	Number of shares as at 1 January 2021	Value as at 1 January 2021	Change in shares	Number of shares as at 31 December 2021	Value as at 31 December 2021
Ordinary shares	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).

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.

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. Thereof €7.1 million financing related costs had to be deducted according to IFRS.

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.

CAPITAL MANAGEMENT

The Company's objective is to maintain a strong equity base in order to maintain the confidence of shareholders, lenders and the market, as well as to strengthen business development going forward. The capital management of the SYNLAB Group ensures that its goals and strategies can be achieved in the interests of shareholders, employees and lenders

36. RELATED PARTY DISCLOSURES

According to IAS 24, related parties include those companies and persons where one person or company has the ability to control the other party or exercise significant influence over its financial and operating policies. Significant influence can be exercised in a number of ways, often through a seat on the management and/or supervisory body, but also through intra-group transactions of significant size or the exchange of management personnel. Significant influence can be established through shareholdings, bylaws or contractual agreements. In the case of share ownership, significant influence is presumed in accordance with the requirements of IAS 28 if the shareholder directly or indirectly holds 20 per cent or more of the voting rights, unless this presumption can be clearly rebutted. Significant influence is irrefutably presumed if the policy of the company can be influenced, for example, by a corresponding appointment to the supervisory bodies.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

With regard to SYNLAB AG and the SYNLAB Group, Cinven is able to exercise significant influence due to its shareholding (via Cinven Capital Management (V) General Partner Limited and Ephios Luxembourg S.à r.l., Luxembourg, the Company's largest shareholder). Cinven as well as other significant shareholders are therefore to be classified as a related party. In the 2021 financial year, a management service agreement existed until the IPO in April 2021, for which a total of €0.2 m was paid to Cinven. In addition, Cinven charged €0.2 m for services in connection with the IPO. In addition, a portion of the costs of the IPO were passed on to the shareholders of SYNLAB AG on a pro rata basis. SYNLAB AG received €16.7 m from this recharge.

SYNLAB AG prepares the consolidated financial statements for the largest and the smallest group of companies to which the company belongs as parent company. These consolidated financial statements are filed with the electronic Federal Gazette.

Transactions with related parties are shown in the following table:

€000	31 December 2021				
	Supervisory Board	Management Board	Cinven	Other Shareholders	Non-consolidated companies
Receivables	–	–	–	–	131
Liabilities	–	–	–	–	(4,903)
Income	–	–	7,121	9,619	764
Expenses	–	–	394	-	6,670
Interest income	–	–	–	–	–
Interest expense	–	–	–	–	–

The transactions with the related parties mainly concern services and the supply of goods. Members of the Management Board and the Supervisory Board of SYNLAB AG are members of the bodies of other companies with which SYNLAB AG or its Group companies maintain relations in the course of their ordinary business activities.

REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF SYNLAB AG

The basic remuneration to be paid to the members of the Supervisory Board in accordance with the Articles of Association of SYNLAB AG totalled €0.9 m. In addition, the Supervisory Board members received committee remuneration of €0.2 m and attendance fees in an amount of €0.2 m.

The total remuneration of the members of the Management Board amounted to €12.4 m in the 2021 financial year, of which short-term benefits accounted for €5.0 m. Expenses for post-employment benefits (pensions) amounted to €0.4 m in the financial year. The total remuneration also includes special bonuses for the contribution in recent years, especially in the preparation of the IPO, amounting to €7.0 m.

As SYNLAB AG was still a non-operating shelf company in the previous year, the previous year's information is not applicable.

37. EVENTS AFTER THE REPORTING PERIOD

ACQUISITIONS

From 1 January 2022 until 14 March 2022, acquisitions have been made for a total value of €48.6 m (of which SISTEMAS GENÓMICOS S.L. in the amount of €43.0 m). They relate to the following acquisitions in Germany, Italy and Spain. 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. We aggregated all deals because no transaction alone exceeded our materiality thresholds.

Acquisition date	Country	Designated entities	Specialization	Objectives	Deal structure	Control
4 Jan 2022	Spain	Sistemas Genómicos, S.L.	genetics	bolt-on	share deal	100.00%
10 Jan 2022	Italy	Analisi Cliniche O'Bios S.r.l.	medical testing	bolt-on	share deal	100.00%
26 Jan 2021	Italy	Multimedica Lab S.r.l.	medical testing	bolt-on	share deal	100.00%
27 Jan 2021	Italy	Centro Polispecialistico Lecchese S.r.l.	medical testing	bolt-on	share deal	100.00%
28 Jan 2021	Germany	Pathologie Pforzheim	pathology	bolt-on	assst deal	–

INTEREST RATE CAP DERIVATIVE

The SYNLAB Group entered into a new interest rate hedging contract on the nominal amount of €500 m at the beginning of 2022. Following this subsequent event, the interest rate risk for the Term Loans is decreasing and reducing the additional interest payment to €9.9 m in the case of a 6M EURIBOR reference at 1%.

BELARUS AND UKRAINE

As a result of the belligerent actions between Russia and Ukraine involving Belarus, SYNLAB sites in Ukraine were closed from the end of February 2022 and until further notice. However, this has a very limited impact on SYNLAB, as the Group has no sales in Russia and only minor sales in Ukraine (below €2 m) and Belarus (below €6 m).

38. DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On the basis of the recommendations of the Government Commission on the German Corporate Governance Code and the applicable statutory provisions pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of SYNLAB AG issued a declaration of compliance in December 2021 and made it permanently available on the INTERNET.

39. INVESTMENTS IN SUBSIDIARIES

PRINCIPAL GROUP INVESTMENTS

The Company and the Group have investments in subsidiary undertakings and investments, which principally affected the profits or net assets of the Group as listed in Note 40 Group entities.

40. GROUP ENTITIES

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
FRANCE								
Alpigène SELAS	Lyon	EUR		32.32	FC	2,228	493	
SYNLAB Nouvelle-Aquitaine SELAS (formerly: SYNLAB Bordeaux Atlantique SELAS)	Blanquefort	EUR		99.14	FC	33,597	15,316	
SYNLAB Aquitaine	Castillon-la-Bataille	EUR		MERGER				
SYNLAB Lorraine SELAS	Saint-Max	EUR		99.54	FC	29,630	19,287	
SYNLAB Normandie SELAS	Elbeuf	EUR		99.83	FC	10,139	2,046	
SYNLAB Pays de Savoie SELAS	Albertville	EUR		99.53	FC	15,644	7,308	
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	Nice	EUR		98.36	FC	5,039	4,410	
SYNLAB Occitanie SELAS	Revel	EUR		99.60	FC	2,140	(51)	
SYNLAB Adour SELAS	Aire Sur l'Adour	EUR		99.88	FC	332	57	
Bioalliance SELAS	Orléans	EUR		99.68	FC	37,195	19,495	
SYNLAB Opale SELAS	Calais	EUR		99.75	FC	3,881	2,636	
SYNLAB Hauts de France SELAS	Lille	EUR		99.97	FC	56,132	11,998	
SYNLAB France SAS	Paris	EUR		100.00	FC	472,927	10,039	
SYNLAB Biofrance SELAS	Avesnelles	EUR		99.99	FC	26,478	6,087	
SCM Biologis	Reze	EUR		MERGER				
BIONYVAL SELARL	Valréas	EUR		99.90	FC	2,429	1,302	
SYNLAB Bourgogne SELAS	Paray Le Monial	EUR		99.97	FC	12,083	4,533	
SYNLAB Biopaj SELAFA	Valenciennes	EUR		99.90	FC	25,190	10,978	
SYNLAB Auvergne SELAS	Cusset	EUR		99.99	FC	3,937	2,282	
SYNLAB Vallée du Rhône SELAS	Roussillon	EUR		99.91	FC	8,912	6,224	
Biosynthèse SELAS	Fleury-les-Aubrais	EUR		99.15	FC	4,258	2,844	
Laboratoire de Biologie Médicale Carron SELAS	Montceau-les-Mines	EUR		99.88	FC	2,594	2,712	
SYNLAB SYLAB SELAS (formerly: Sylab SELAS)	Aurillac	EUR		98.95	FC	12,581	6,034	
SELARL Laboratoire Colard	Fresnes-sur-Escault	EUR		MERGER				

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SCM Cabinet Médical Saint Côme	Claye-Souilly	EUR		45.61	EC	–	–	
Laboratoire de Biologie Médicale Delaporte SELAS	Claye-Souilly	EUR		99.99	FC	18,505	16,499	
eBioSanté SELAS	Paris	EUR		LIQUIDATION				
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	Langon	EUR		49.49	EC	2,901	705	1
SYNLAB Gascogne SELAS	Auch Cedex	EUR		99.86	FC	1,698	1,054	
SYNLAB Hygiène France SAS	Paris	EUR		100.00	FC	31	21	
SYNLAB Charentes SELAS	Saintes	EUR		99.99	FC	15,323	6,488	
Laboratoire SYNLAB Bioliance SELAS	Rezé	EUR		96.90	FC	14,231	12,085	
SYNLAB Holding France SA	Paris	EUR		100.00	FC	208,569	59,790	
SYNLAB Corporate Assistance SAS	Paris	EUR		100.00	FC	7,666	7,168	
SYNLAB Analytics&Services France SARL	Paris	EUR		MERGER				
SOGESSER (formerly: SCM Labo centre)	Orléans	EUR		99.69	FC	(594)	(73)	
SYNLAB Gestion GIE	Paris	EUR		98.84	FC	(561)	(78)	
SCM de la Rue de la Marne	Gien	EUR		MERGER				
SYNLAB Provence SELAS	Marseille	EUR		99.83	FC	85,644	12,894	
SYNLAB Midi SELAS	Montpellier	EUR		99.98	FC	21,010	7,328	
SYNLAB Nord de France SELAS	Saint-Quentin	EUR		99.88	FC	42,264	17,142	
Laboratoire de Biologie Médicale du Val d'Orne SELAS	Argentan	EUR		99.97	FC	8,078	2,160	
SYNLAB Oxabio SELAS	Cambrai	EUR		99.90	FC	51,067	24,708	
Institut de Pathologie du Forez SELAS	Saint-Etienne	EUR		MERGER				
Laboratoire d'Analyses de Biologie Médicale Christine Pepin - Philippe Leluan - Patricia Sannier - Didier Guillo SELAS	Fécamp	EUR		99.30	FC	1,693	1,750	
SCI des Practiciens de Floirac	Bordeaux	EUR		9.24	NC	–	–	
SYNLAB Paris SELAS	Paris	EUR		99.99	FC	3,299	2,503	
Sèvre Biologie SELAS	Mortagne-sur-Sèvre	EUR		MERGER				
SOGESER SARL	Orléans	EUR		MERGER				
TECHNIPATH SELAS	Limonest	EUR		99.40	FC	(391)	457	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB Normandie Maine SELAS	Mayenne	EUR		99.85	FC	6,546	2,546	
SWEDEN								
SYNLAB Holding Sverige AB	Täby	SEK	10.2503	100.00	FC	1,629	1,711	
SYNLAB Sverige AB	Täby	SEK	10.2503	100.00	FC	5,077	4,057	
ITALY								
Centro Diagnostico*Cavour S.r.l.	Bologna	EUR		100.00	FC	7,098	488	
Centro Diagnostico Eur S.r.l.	Rome	EUR		MERGER				
Centro Diagnostico Monteverde S.r.l.	Rome	EUR		MERGER				
SYNLAB SDN S.p.A. (formerly: S.D.N Spa)	Naples	EUR		100.00	FC	71,714	10,459	
Centro Azzarita di Riabilitazione Sportiva S.r.l.	Bologna	EUR		100.00	FC	236	(76)	
Instituto il Baluardo S.p.A.	Genova	EUR		100.00	FC	9,558	2,243	
Baluardo Servizi Sanitari S.r.l.	Genova	EUR		100.00	FC	(77)	(91)	
Società Biomedica Bioingegneristica Campagnia SCARL	Naples	EUR		7.20	NC	–	–	
SYNLAB Ecoservice S.r.l.	Monza	EUR		100.00	FC	288	115	
Centro A. Fleming S.r.l.	Verona	EUR		100.00	FC	3,343	1,552	
Chiropratic S.r.l.	Bologna	EUR		100.00	FC	5,499	722	
SYNLAB Como S.r.l.	Monza	EUR		100.00	FC	31	6	
Consorzio per lo Sviluppo della Medicina Occupazionale e Ambientale	Monza	EUR		33.00	EC	103	2	1)
Data Medica Padova S.p.A.	Padova	EUR		100.00	FC	6,626	4,108	
Diagnosys S.r.l.	Prato	EUR		100.00	FC	274	52	
SYNLAB Italia S.r.l.	Monza	EUR		100.00	FC	36,210	27,498	
Fitness Terapic Center S.r.l.	Firenze	EUR		100.00	FC	397	129	
Analisi Cliniche Gallieno S.r.l.	Verona	EUR		10.00	NC	–	–	
Geneticlab S.r.l.	Pordenone	EUR		MERGER				
Centro di Terapia*Ionoforetica S.r.l.	Bologna	EUR		100.00	FC	2,286	204	
Laboratorio Analisi Cavour S.r.l.	Bologna	EUR		100.00	FC	1,583	1,012	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB MED S. r. l.	Faenza	EUR		100.00	FC	20,879	15,388	
IGEA Laboratorio di Analisi Cliniche S.r.l.	Rieti	EUR		MERGER				
Monterchi S.r.l.	Rome	EUR		MERGER				
SYNLAB FVG S.r.l. (formerly: Laboratori Riuniti S.r.l.)	Trieste	EUR		100.00	FC	17	(6)	
Laboratorio Analisi La Salute S.r.l.	Anzola dell Emilia	EUR		100.00	FC	252	(111)	
SYNLAB Lazio S.r.l.	Rom	EUR		100.00	FC	12,459	7,211	
SYNLAB Veneto S.r.l. (formerly: Poliamblatorio Euganea Medica S.r.l.)	Albignasego	EUR		100.00	FC	1,141	505	
Medilab S.r.l.	Ciampino	EUR		MERGER				
Fleming S.r.l. (Monterotondo)	Monterotondo	EUR		MERGER				
Poliambulatorio Parco dei Cedri S.r.l.	Bologna	EUR		100.00	FC	776	(14)	
Centro San Petronio S.r.l.	Bologna	EUR		100.00	FC	3,445	397	
Pharmadiagen S.r.l.	Pordenone	EUR		LIQUIDATION				
Dott. Matteo Pizzolorusso S.r.l	Rome	EUR		MERGER				
Poliambulatorio Centro Diagnostico Cavour S.r.l.	Bologna	EUR		100.00	FC	787	371	
Proda S.r.l.	Rome	EUR		100.00	FC	51	15	
Centro di Terapia San Biagio S.r.l.	Casalecchio di Reno	EUR		100.00	FC	956	125	
Centro Medico San Michele S.r.l.	San Lazzaro di Savena	EUR		100.00	FC	397	174	
SYNLAB Formazione S.r.l. (formerly: Medika S.r.l.)	Firenze	EUR		100.00	FC	39	9	
SYNLAB Holding Italy S.r.l.	Milan	EUR		100.00	FC	54,761	21,346	
GERMANY								
Apparategemeinschaft i. Albrecht-Dürer-Haus GbR	Nuremberg	EUR		SPE	FC	–	–	10
SYNLAB International GmbH (formerly: SYNLAB Acquisition GmbH)	Augsburg	EUR		100.00	FC	289,035	269,781	3, 4
BZH GmbH Deutsches Beratungszentrum für Hygiene GmbH (F019721)	Freiburg im Breisgau	EUR		SOLD				
EMT Medizintechnik GmbH & Co. KG	Ettlingen	EUR		75.00	FC	2,725	2,692	4, 11
EMT Medizintechnik Verwaltungs GmbH	Ettlingen	EUR		75.00	FC	34	2	3
SYNLAB Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	Mannheim	EUR		100.00	FC	6,708	6,631	3

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB MVZ Delmenhorst GmbH (formely: SYNLAB MVZ für Dermahistologie GmbH)	Augsburg	EUR		100.00	FC	(236)	(211)	3
Stülpnagelstraße GbR	Berlin	EUR		33.00	EC	–	–	9
Vertragsärztliche Laborgemeinschaft Allgäu GbR	Kempten	EUR		SPE	FC	–	–	10
Laborgemeinschaft Albtal GbR	Ettlingen	EUR		SPE	FC	–	–	10
Laborgemeinschaft Bayerischer Ärzte GbR	Munich	EUR		SPE	FC	–	–	10
Laborgemeinschaft Bayern-Nord GbR	Regensburg	EUR		SPE	FC	–	–	10
Ärztliche Laborgemeinschaft GbR	Berlin	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemeinschaft Bonn/Rhein Sieg	Bonn	EUR		SPE	FC	–	–	10
Laborgemeinschaft Bayern-Süd GbR	Augsburg	EUR		SPE	FC	–	–	10
Laborgemeinschaft Brandenburg-Templin GbR	Templin	EUR		SPE	FC	–	–	10
KV-LG Eschweiler	Eschweiler	EUR		SPE	FC	–	–	10
Ärztliche Laborgemeinschaft Region Eschweiler	Eschweiler	EUR		SPE	FC	–	–	10
Laborgemeinschaft Bayerischer Heilpraktiker GbR	Munich	EUR		SPE	FC	–	–	10
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	Brilon	EUR		SPE	FC	–	–	10
Privatärztliche Labor- und Apparategemeinschaft Jade GbR	Varel	EUR		SPE	FC	–	–	10
Vertragsärztliche Labor- und Apparategemeinschaft Jade GbR	Varel	EUR		SPE	FC	–	–	10
Laborgemeinschaft Kassel GbR	Kassel	EUR		SPE	FC	–	–	10
KV-LG Köln Kalk	Cologne	EUR		SPE	FC	–	–	10
Ärztliche Laborgemeinschaft Köln-Kalk	Cologne	EUR		SPE	FC	–	–	10
Die Privatärztliche Laborgemeinschaft GbR	Kassel	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemenischaft Kurpfalz	Eppelheim	EUR		SPE	FC	–	–	10
Laborgemeinschaft Kurpfalz GbR	Eppelheim	EUR		SPE	FC	–	–	10
Laborgemeinschaft Mittelfranken GbR	Nuremberg	EUR		SPE	FC	–	–	10
Laborgemeinschaft München-Innenstadt GbR	Dachau	EUR		SPE	FC	–	–	10
KV-LG Nordeifel	Mechernich	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemeinschaft Nordeifel	Mechernich	EUR		SPE	FC	–	–	10

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Privataerztliche Laborgemeinschaft LG Nord	Hamburg	EUR		SPE	FC	–	–	10
Laborgemeinschaft Oberpfälzer Ärzte GbR	Weiden	EUR		SPE	FC	–	–	10
Laborgemeinschaft Ostbayern-Bavaria GbR	Regensburg	EUR		SPE	FC	–	–	10
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	Trier	EUR		SPE	FC	–	–	10
Laborgemeinschaft Stuttgart-Voralb GbR	Leinfelden-Echterdingen	EUR		SPE	FC	–	–	10
Laborgemeinschaft Südwest GbR	Ettlingen	EUR		SPE	FC	–	–	10
KV-LG Troisdorf	Troisdorf	EUR		SPE	FC	–	–	10
Laborgemeinschaft Thueringia GbR	Stadtroda	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemeinschaft Troisdorf	Troisdorf	EUR		SPE	FC	–	–	10
Laborgemeinschaft Trier GbR	Trier	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemeinschaft Ulm GbR	Ulm	EUR		SPE	FC	–	–	10
Privatärztliche Laborgemeinschaft Weinstrasse	Neustadt a. d. Weinstraße	EUR		SPE	FC	–	–	10
Laborgemeinschaft Dr. Wimmer GbR	Augsburg	EUR		SPE	FC	–	–	10
SYNLAB MVZ Labor München Zentrum GbR	Munich	EUR		100.00	FC	32,088	16,724	
LS Medizinservice GmbH	Ettlingen	EUR		MERGER				
SYNLAB Logistics GmbH	Augsburg	EUR		100.00	FC	(1,494)	(1,645)	3
Privamed - privatärztliche Laborgemeinschaft GbR	Munich	EUR		SPE	FC	–	–	10
SYNLAB Medizinisches Versorgungszentrum Pathologie Hannover GmbH	Hannover	EUR		100.00	FC	(128)	(522)	3
SYNLAB Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	Mannheim	EUR		100.00	FC	(322)	(522)	3
SYNLAB Verwaltungs und Beteiligungs GmbH	Augsburg	EUR		MERGER				
SYNLAB International GmbH	Munich	EUR		MERGER				
SYNLAB Holding Deutschland GmbH	Augsburg	EUR		100.00	FC	(32,373)	(38,036)	3
SYNLAB.vet GmbH	Augsburg	EUR		100.00	FC	4,714	4,677	3
SYNLAB Medizinisches Versorgungszentrum Augsburg GmbH	Augsburg	EUR		100.00	FC	28,654	21,162	3
SYNLAB Medizinisches Versorgungszentrum Berlin GmbH	Berlin	EUR		100.00	FC	4,950	1,876	3
Medizinisches Versorgungszentrum SYNLAB Bonn GmbH	Bonn	EUR		100.00	FC	687	704	3
SYNLAB MVZ Dachau GmbH	Dachau	EUR		100.00	FC	23	(2)	3

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB MVZ Ettlingen GmbH (formerly: MVZ Laborzentrum Ettlingen GmbH)	Ettlingen	EUR		75.00	FC	2,036	2,157	3
SYNLAB Medizinisches Versorgungszentrum Humangenetik Freiburg GmbH	Freiburg im Breisgau	EUR		100.00	FC	(632)	(1,059)	3
SYNLAB Medizinisches Versorgungszentrum Heidelberg GmbH	Eppelheim	EUR		100.00	FC	9,386	6,331	3
Medizinisches Versorgungszentrum SYNLAB Hämatologisches Labor Köln GmbH	Cologne	EUR		100.00	FC	467	440	3
SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	Varel	EUR		100.00	FC	(326)	35	3
SYNLAB Medizinisches Versorgungszentrum Kassel GmbH	Kassel	EUR		100.00	FC	6,388	692	3
SYNLAB Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	Leinfelden-Echterdingen	EUR		100.00	FC	18,963	15,508	3
Medizinisches Versorgungszentrum SYNLAB Leverkusen GmbH	Leverkusen	EUR		100.00	FC	10,952	16,423	3
SYNLAB Medizinisches Versorgungszentrum Stuttgart GmbH	Stuttgart	EUR		100.00	FC	(73)	(131)	3
SYNLAB Medizinisches Versorgungszentrum Trier GmbH	Trier	EUR		100.00	FC	6,829	5,939	3
SYNLAB Medizinisches Versorgungszentrum Weiden GmbH	Weiden	EUR		100.00	FC	80,673	69,993	3
SYNLAB Medizinisches Versorgungszentrum Hamburg GmbH	Hamburg	EUR		100.00	FC	2,464	(101)	3
Steinlach-Klinik GmbH	Augsburg	EUR		100.00	FC	(715)	5,946	3, 4
SPAIN & GIBRALTAR								
UTE BCN Patolegs S.L.	Barcelona	EUR		SPE	NC	–	–	8
Brugues Asistencial S.A.U.	Gavà	EUR		99.98	FC	(239)	17	
Lab Dos Análisis S.L.	Barcelona	EUR		99.98	FC	640	202	
Egara Laboratoris S.L.	Terrassa	EUR		44.99	EC	–	–	
UTE GEMU Analisis S.L.	Barcelona	EUR		49.99	EC	–	–	
Imadia 2005 S.A.	Gava Barcelona	EUR		99.98	FC	(176)	(31)	
BioKilab S.L.	Vitoria-Gasteiz	EUR		99.98	FC	1,363	815	
SYNLAB Holding Iberia S.A.	Esplugues de Llobregat	EUR		99.98	FC	(68,524)	2,651	6
Labco Buildings S.L.	Esplugues de Llobregat	EUR		100.00	FC	121	(800)	
SYNLAB Diagnósticos Globales S.A.U.	Esplugues de Llobregat	EUR		99.98	FC	80,190	35,044	
Laboratorios Clínicos Compostela S.L.	Santiago de Compostela	EUR		99.98	FC	458	163	
Laboratorios Clínicos Gallegos Reunidos S.L.	Oleiros	EUR		99.98	FC	1,398	404	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB Pathology S.L.	Alcobendas	EUR		99.98	FC	3,786	1,786	
Clínica Pinar S.A.	Madrid	EUR		39.99	EC	–	–	
Roqueta-Esteve-Rimbau S.L.U.	Girona	EUR		99.98	FC	1,904	880	
C.M. Reus S.A.	Reus	EUR		11.00	NC	–	–	
OLOT SALUT SL	Girona	EUR		24.00	EC	–	(3)	1
Seaslab S.L.	Oleiros	EUR		99.98	FC	(25)	17	
SYNLAB SERVICES S.L.	Esplugues de Llobregat	EUR		99.98	FC	(25,670)	(12,049)	
C.M. Tarragona S.A.	Tarragona	EUR		2.73	NC	–	–	
General Laboratories & Trials S.L.	Madrid	EUR		74.99	EC	–	–	8
Raban Gibraltar LTD	Gibraltar	GBP	0.84	99.98	FC	397	385	
LATAM								
SYNLAB Gestao e Investimento Brasil Ltda.	São Paulo	BRL	6.31	99.98	FC	(40)	(180)	
CIC Análises Clínicas Especiais Ltda.	São Paulo	BRL	6.31	99.98	FC	(225)	(0)	
SYNLAB Laboratório do Brasil Ltda.	São Paulo	BRL	6.31	98.98	FC	1,417	1,508	
ANALIZAR Laboratorio Clínico Automatizado S.A.S.	Bogotá	COP	4,560.96	99.98	FC	4,742	1,361	
Àngel Diagnóstica S.A.S.	Cali	COP	4,560.96	MERGER				
Bioter Diagnóstica S.A.S.	Cali	COP	4,560.96	99.98	FC	61	(152)	
Laboratorio Clínico Falab S.A.S.	Barranquilla	COP	4,560.96	99.98	FC	853	295	
Laboratorio Clínico Gómez Vesga G V LTDA.	Bogota	COP	4,560.96	99.98	FC	420	141	
Inversiones Gómez Pardo S.A.S.	Bogota	COP	4,560.96	99.98	FC	18	110	
Laboratorio Clinico Marcela Hoyos Rendón S.A.S.	Manizales	COP	4,560.96	99.98	FC	611	435	
Medlab G V S.A.S.	Bogota	COP	4,560.96	99.98	FC	17	99	
SYNLAB Colombia S.A.S.	Medellín	COP	4,560.96	99.98	FC	24,406	17,266	
Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.	Bogotá	COP	4,560.96	97.48	FC	622	(100)	
Asmedlab Cía. Ltda.	Quito	USD	1.13	99.98	FC	346	70	
Instituto de Referencia Andino IRA S.A.	Quito	USD	1.13	99.98	FC	18	(8)	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB S.A.S. (formerly: SYNLAB Sociedad Anomina S.A.)	Quito	USD	1.13	99.98	FC	12,408	3,930	
CIC Mexico Análisis Clínicos Especiales S.C.	Mexico City	MXN	23.14	99.98	FC	(571)	(30)	
Laboratorio de Asesoría y Servicio Referido S.A. de C.V.	Mexico City	MXN	23.14	99.98	FC	1,840	448	
Laboratorios Clínicos de Puebla Bioequivalencia S.A. de C.V.	Puebla	MXN	23.14	99.97	FC	75	(7)	
Servicios Operativos LMS S.A. de C.V.	Mexico City	MXN	23.14	99.97	FC	182	27	
Laboratorio Médico Polanco S.A. de C.V.	Mexico City	MXN	23.14	99.97	FC	14,732	9,008	
Laboratorios Médica Sur S.A. de C.V.	Mexico City	MXN	23.14	99.97	FC	18,184	11	
SDHM S.A. de C.V.	Mexico City	MXN	23.14	99.98	FC	29,638	(1,096)	
Instituto de Referencia Andino S.A.	Panama	USD	1.13	99.98	FC	(34)	22	
Labco Nous Perú S.A.C.	Lima	PEN	4.45	99.98	FC	(191)	(3)	
Gestora Peruana de Hospitales S.A.	Lima	PEN	4.45	31.99	EC	944	25	1
SYNLAB Perú S.A.C.	Lima	PEN	4.45	99.98	FC	6,533	3,318	
BELGIUM								
SYNLAB Belgium SRL	Heppignies	EUR		99.97	FC	131,874	113,572	
Ellipsys SCA	Heppignies	EUR		99.93	FC	5,751	(141)	
ANAPET SRL	Heppignies	EUR		99.97	FC	752	243	
UK & IRELAND								
VLSI Limited	Cork	EUR		100.00	FC	479	(55)	
ALcontrol Group Limited	London	GBP	0.84	100.00	FC	–	(9,609)	
SYNLAB Bondco PLC	London	EUR		100.00	FC	1,356,611	32,073	
Bridge Pathology Limited	London	GBP	0.84	100.00	FC	1	–	
The Christie Pathology Partnership LLP	Manchester	GBP	0.84	50.10	FC	3,084	1,282	
CPP Facilities LLP	Manchester	GBP	0.84	50.10	FC	2,140	639	
CTDS 2015 Limited	London	GBP	0.84	100.00	FC	–	–	
E4Law Limited	Cardiff	GBP	0.84	100.00	FC	15,557	6,915	
Facilities First LLP	London	GBP	0.84	49.00	EC	–	–	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
Geneius Laboratories Limited	Cramlington	GBP	0.84	100.00	FC	–	–	
Genon Laboratories Limited	London	GBP	0.84	100.00	FC	–	–	
Integrated Path Services Limited	London	GBP	0.84	100.00	FC	–	–	
SYNLAB Unsecured Bondco PLC	London	EUR		100.00	FC	1,379,622	(445)	
SYNLAB Holdco Limited	London	EUR		100.00	FC	1,397,636	(95)	
IPP Analytics Limited	London	GBP	0.84	100.00	FC	(23,857)	3,195	
IPP Facilities Limited	London	GBP	0.84	100.00	FC	(6,282)	(1,499)	
Integrated Pathology Partnerships Limited	London	GBP	0.84	100.00	FC	8,950	7,807	
Labco Diagnostics UK Limited	London	GBP	0.84	100.00	FC	3,213	1,121	
Labco UK Group Limited	London	GBP	0.84	100.00	FC	(20,810)	(5,307)	
Pathology First LLP	London	GBP	0.84	49.00	EC	–	–	
PTDS Limited	London	GBP	0.84	100.00	FC	1	–	
SYNLAB Laboratory Services Limited	London	GBP	0.84	100.00	FC	3,572	2,016	
SPS Facilities LLP	London	GBP	0.84	33.30	EC	(154)	(159)	1
Southwest Pathology Services LLP	London	GBP	0.84	33.30	EC	(87)	(172)	1
SYNLAB VPG Limited	Clyst Honiton	GBP	0.84	100.00	FC	(1,800)	1,074	
SW Part Services LLP	London	GBP	0.84	33.30	EC	–	–	
SYNLAB UK Limited	London	GBP	0.84	100.00	FC	(4,029)	(10)	
TDDS 2015 Limited	London	GBP	0.84	100.00	FC	–	–	
SYNLAB Limited	London	EUR		100.00	FC	1,358,536	(5,461)	
Viapath Analytics LLP	London	GBP	0.84	100.00	FC	8,261	3,318	
Viapath Group LLP	London	GBP	0.84	100.00	FC	5,778	1,108	
Viapath Services LLP	London	GBP	0.84	100.00	FC	7,809	7,272	
PORTUGAL								
Laboratório De Análises Clínicas Da Covilhã, S.A.	Covilhã	EUR		99.98	FC	355	318	
SYNLABHEALTH NORTE - ANATOMIA PATOLÓGICA, S.A.	Porto	EUR		99.98	FC	109	(711)	
SYNLABHEALTH MADEIRA, S.A.	Madeira	EUR		99.98	FC	2,213	1,957	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLABHEALTH GENÉTICA MÉDICA, S.A.	Porto	EUR		99.98	FC	405	310	
SYNLABHEALTH ALGARVE, S.A.	Faro	EUR		99.98	FC	2,474	2,482	
SYNLABHEALTH ALENTEJO, S.A.	Évora	EUR		99.98	FC	1,598	1,381	
SYNLABHEALTH PORTO S.A.	Porto	EUR		99.98	FC	7,940	7,015	
SYNLABhealth Portugal, S.A.	Lisboa	EUR		99.98	FC	(18,393)	8,647	
SYNLABHEALTH LEIRIA, UNIPESSOAL LDA.	Leiria	EUR		99.98	FC	38	57	
LABORATÓRIO DE ANÁLISES CLÍNICAS SÃO JOSÉ LDA.	Coimbra	EUR		99.98	FC	697	465	
CLINICA SAMPEDRO LDA.	Odivelas	EUR		29.72	EC	35	(4)	2
SYNLABhealth II, SA	Lisboa	EUR		99.98	FC	45,148	26,927	7
SSCP - Serviços De Saúde Curativos e Preventivos LDA.	Pontinha	EUR		99.98	FC	63	61	
T.G.T. - Centro Médico LDA.	Parede	EUR		99.98	FC	(47)	(30)	
SYNLABHEALTH TORRES NOVAS, UNIPESSOAL, LDA.	Torres Novas	EUR		99.98	FC	377	298	
SWITZERLAND								
Bakteriologisches Institut Olten BIO AG	Olten	CHF	1.03	30.00	EC	355	26	1
CLINICAL REFERENCE LABORATORIES HOLDING SA	Kriens	CHF	1.03	99.98	FC	4,890	(238)	
Cyto Obwegeser AG	Schwerzenbach	CHF	1.03	100.00	FC	(31)	253	
SYNLAB Suisse SA	Lucerne	CHF	1.03	100.00	FC	183,850	168,500	
ARGOT Lab SA	Lausanne	CHF	1.03	100.00	FC	8,643	1,624	
one-provide ag	Kriens	CHF	1.03	100.00	FC	582	169	
AUSTRIA								
SYNLAB Logistic Austria GmbH	Vienna	EUR		100.00	FC	598	510	
SYNLAB Holding Austria GmbH	Vienna	EUR		100.00	FC	17,354	73,553	5
Institut für medizinische und chemische Labordiagnostik Gesellschaft mbH	Vienna	EUR		100.00	FC	16,056	14,531	
CZECH REPUBLIK & SLOVAKIA								
Poliklinika Moravské Budějovice s.r.o.	Moravské Budejovice	CZK	24.86	4.00	NC	–	–	
SYNLAB cytologie s.r.o.	České Budějovice	CZK	24.86	100.00	FC	(153)	(17)	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
SYNLAB czech s.r.o.	Praha	CZK	24.86	100.00	FC	15,662	13,764	
SYNLAB slovakia s.r.o.	Bratislava	EUR		100.00	FC	7,099	4,045	
ESTONIA & LITHUANIA								
SYNLAB Eesti OÜ	Tallinn	EUR		100.00	FC	65,651	36,000	
SYNLAB Lietuva UAB	Vilnius	EUR		100.00	FC	2,170	1,641	
DENMARK								
SYNLAB Medical Digital Services A/S	Odense	DKK	7.44	100.00	FC	14,772	10,229	
SYNLAB Holding Denmark ApS	Vejle	DKK	7.44	100.00	FC	28,945	(396)	
FINLAND								
SYNLAB Suomi Oy	Helsinki	EUR		100.00	FC	22,017	(1,190)	
SYNLAB Finland Oy	Helsinki	EUR		MERGER				
SYNLAB Holding Finland Oy	Helsinki	EUR		100.00	FC	29,590	57,496	
ESTONIA & LITHUANIA								
SYNLAB Hungary Kft.	Budapest	HUF	369.19	100.00	FC	2,700	2,542	
REST OF WORLD								
Freiburg Medical Laboratory Middle East LLC	Dubai	AED	4.16	70.00	FC	3,179	1,922	
SYNLAB-EML Foreign Unitary Enterprise	Minsk	BYN	2.86	100.00	FC	902	(244)	
SYNLAB Cyprus LTD	Nicosia	EUR		100.00	FC	3,850	1,356	
SYNLAB Ghana Ltd.	Accra	GHS	6.90	100.00	FC	352	573	
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAG-NOSTIKU	Zagreb	HRK	7.52	100.00	FC	3,202	1,601	
MEDVEN Africa Limited	Douglas	USD	1.13	100.000	FC	721	(39)	
Private Health Institution SYNLAB Skopje	Skopje	MKD	61.17	98.00	FC	1,733	932	
SYNLAB Nigeria Limited	Lagos	NGN	465.59	100.000	FC	2,394	1,074	
STATPATH LIMITED	Lagos	NGN	465.59	60.00	NC	–	–	8
SYNLAB Polska Sp. z.o.o.	Warsaw	PLN	4.60	100.00	FC	(2,230)	(1)	

continuation of the table

Parent company: SYNLAB AG

As at 31 December 2021

Designated entities	City	Currency	Exchange Rate (1 Euro =)	% of control (add)	Method of Consolidation	Equity in €000	Net income in €000	Footnote
S.C. Laboratoarele SYNLAB S.R.L.	Bucharest	RON	4.95	99.95	FC	811	1,484	
CMI Dr. Marinescu Dana Mihaela S.R.L.	Bucharest	RON	4.95	99.95	FC	(244)	(42)	
CMI Dr. Iacobescu C Anca S.R.L.	Bucharest	RON	4.95	99.95	FC	(195)	(19)	
Laboratoarele RGM S.R.L.	Bucharest	RON	4.95	LIQUIDATION				
Medsense Servicii Medicale S.R.L.	Pitesti	RON	4.95	99.95	FC	(369)	(19)	
Zostalab S.R.L.	Bucharest	RON	4.95	99.95	FC	(160)	93	
SYNLAB WEST S.R.L.	Bucharest	RON	4.95	99.95	FC	(4,083)	(2,783)	
ADRIA LAB Laboratorijska diagnostika d.o.o.	Ljubljana	EUR		100.00	FC	2,729	2,737	
SYNLAB ILK Referans Sağlık Hizmetleri Sanayi ve Ticaret A.Ş.	Ankara	TRY	15.23	MERGER				
Referans M-B Sağlık Laboratuar Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Ankara	TRY	15.23	SPE	FC	668	(75)	10
SYNLAB Turk Sağlik Hizmetleri Sanayii ve Ticaret Anonim Sirketi	Ankara	TRY	15.23	100.00	FC	438	354	
Limited Liability Company "SYNLAB-UKRAINE"	Kyiv	UAH	30.57	100.00	FC	1,230	272	

FC: Fully consolidated /
EC: Equity Method /
NC: Not consolidated /
SPE: Special Purpose Entity (0% shareholding)

[1] Values according to the latest available local GAAP financial statements; underlying fiscal year 01.01.2020 - 31.12.2020
[2] Values according to the latest available local GAAP financial statements; underlying fiscal year 01.01.2019 - 31.12.2019
[3] Exemption according to § 264 Abs. 3 HGB
[4] Exemption according to § 291 HGB
[5] Exemption according to § 245 Abs. 1 UGB
[6] Exemption according to Real Decreto 1159/2010 del 17 de Setiembre que modifica el Plan General de Contabilidad aprobado por Real Decreto 1514/2007 de 16 de Noviembre
[7] Exemption according to Nº3 do artigo 7º do Decreto-Lei nº158/2009, de 13 de Julho, republicado a través do Decreto-Lei nº98/2015 de 2 de Junho
[8] No control due to contractual arrangements or legal circumstances
[9] No significant influence due to contractual arrangements or legal circumstances
[10] Control due to contractual arrangements or legal circumstances
[11] Exemption according to § 264b HGB
– not available

AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements for the period from 1 January 2021 to 31 December 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the 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, 14 March 2022

SYNLAB AG

The Management Board

MATHIEU FLOREANI
Chief Executive Officer

SAMI BADARANI
Chief Financial Officer

ADDITIONAL INFORMATION

FINANCIAL CALENDER

12 MAY 22
(pre-market)
Q1 Results

16 MAY 22
AGM

21 JUN 22
Investor Day

11 AUG 22
Q2/H1 Results

10 NOV 22
Q3/9M Results

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