

Styrelsen för

## Geallium Handels AB

Org nr 556942-8005

får härmed avge

# Årsredovisning

för räkenskapsåret 1 januari - 31 december 2022

| <u>Innehåll:</u>  | <u>sida</u> |
|---|-------------|
| Förvaltningsberättelse                                  | 2           |
| Resultaträkning   | 3           |
| Balansräkning   | 4           |
| Noter med redovisningsprinciper och bokslutskommentarer | 6           |
| Underskrifter   | 7           |

Undertecknad styrelseledamot i Geallium Handels AB intygar, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultaträkningen och balansräkningen fastställts på årsstämma den 15 juni 2023. Årsstämman beslöt att godkänna styrelsens förslag till vinstdisposition.

Malmö 2016 2023

Magnus Sjöholm

## Förvaltningsberättelse

### Verksamheten

#### Allmänt om verksamheten

Företagets verksamhet består av att äga och förvalta aktier samt därmed förenlig verksamhet.

Geallium Handels AB, med säte i Malmö, ägs till 99 % av Diaverum Sweden AB, org.nr 556209-2790 och resterande 1% ägs av Diaverum Holding AB, org.nr 556717-6150.

#### Väsentliga händelser under räkenskapsåret

Rysslands invasion av Ukraina februari 2022. Diaverumkoncernen har ingen verksamhet i Ukraina men en liten verksamhet i Ryssland med 20 kliniker och i nuläget 1 300 patienter. Den vård som företagsgruppen levererar till sina patienter är livsnödvändig. Diaverumkoncernen arbetar därför med att säkerställa att verksamheten i Ryssland kan fortlöpa utan avbrott och enligt relevanta lagar och förordningar.

Nedskrivningar har gjorts under året för Ural Medical Centre LLC med 22 818 892 kronor, och Diasan LLC med 12 002 731 kronor. Totalt 34 821 623 kronor.

Företaget har under året erhållit utdelning från Nephromed Albania Shpk med 21 548 100 kr.

### Flerårsöversikt

|                                   | 2022-01-01<br>2022-12-31 | 2021-01-01<br>2021-12-31 | 2020-01-01<br>2020-12-31 | 2019-01-01<br>2019-12-31 |
|-----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Resultat efter finansiella poster | -16,917,251              | -3,267,803               | 3,058,652                | -1,214,839               |
| Soliditet                         | 11%                      | 26%                      | 17%                      | 0%                       |

### Förslag till disposition beträffande bolagets vinst eller förlust

Till bolagsstämans förfogande finns följande vinstmedel:

|                     |                    |
|---------------------|--------------------|
| Balanserat resultat | 21,825,172         |
| Årets resultat      | <u>-16,312,954</u> |
| Totalt              | 5,512,218          |

Styrelsen föreslår att till förfogande stående vinstmedel, 5 512 218 kronor, disponeras enligt följande:

|                         |                  |
|-------------------------|------------------|
| Balanseras i ny räkning | 5,512,218        |
| Summa                   | <u>5,512,218</u> |

### Förändringar i eget kapital

|                                 | Aktie-<br>kapital | Balanserat<br>resultat | Årets<br>resultat  | Totalt             |
|---------------------------------|-------------------|------------------------|--------------------|--------------------|
| Vid årets början                | 50,000            | 25,034,758             | -3,209,586         | 21,875,172         |
| Disposition enl årsstämmobeslut |                   |                        |                    |                    |
| Balanseras i ny räkning         |                   | -3,209,586             | 3,209,586          | -                  |
| Årets resultat                  |                   |                        | <u>-16,312,954</u> | <u>-16,312,954</u> |
| Vid årets slut                  | <u>50,000</u>     | <u>21,825,172</u>      | <u>-16,312,954</u> | <u>5,562,218</u>   |

Vad beträffar företagets resultat och ställning i övrigt, hänvisas till efterföljande resultat- och balansräkningar med tillhörande bokslutskommentarer.

## Resultaträkning

| <i>Belopp i kr</i>  | <i>Not</i> | <i>2022-01-01<br/>-2022-12-31</i> | <i>2021-01-01<br/>-2021-12-31</i> |
|---|------------|-----------------------------------|-----------------------------------|
| <b>Rörelsekostnader</b>   |            |                                   |                                   |
| Övriga externa kostnader  |            | -61,431                           | -58,120                           |
| <b>Summa rörelsekostnader</b>   |            | -61,431                           | -58,120                           |
| <b>Rörelseresultat</b>  |            | -61,431                           | -58,120                           |
| <b>Finansiella poster</b>   |            |                                   |                                   |
| Resultat från andelar i koncernföretag  |            | 21,548,100                        | -                                 |
| Övriga ränteintäkter och liknande resultatposter                                    | 1          | 6,595                             | 841                               |
| Nedskrivningar av finansiella anläggningstillgångar<br>och kortfristiga placeringar | 3          | -34,821,623                       | -                                 |
| Räntekostnader och liknande resultatposter  | 2          | -3,588,892                        | -3,210,524                        |
| <b>Summa finansiella poster</b>   |            | -16,855,820                       | -3,209,683                        |
| <b>Resultat efter finansiella poster</b>  |            | -16,917,251                       | -3,267,803                        |
| <b>Bokslutsdispositioner</b>  |            |                                   |                                   |
| Erhållna koncernbidrag  |            | 604,058                           | 58,217                            |
| <b>Summa bokslutsdispositioner</b>  |            | 604,058                           | 58,217                            |
| <b>Resultat före skatt</b>  |            | -16,313,193                       | -3,209,586                        |
| <b>Skatter</b>  |            |                                   |                                   |
| Skatt på årets resultat   |            | 239                               | -                                 |
| <b>Årets resultat</b>   |            | -16,312,954                       | -3,209,586                        |

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**Balansräkning**

| <i>Belopp i kr</i>                             | <i>Not</i> | <i>2022-12-31</i> | <i>2021-12-31</i> |
|--|------------|-------------------|-------------------|
| <b>TILLGÅNGAR</b>                              |            |                   |                   |
| <b>Anläggningstillgångar</b>                   |            |                   |                   |
| <i>Finansiella anläggningstillgångar</i>       |            |                   |                   |
| Andelar i koncernföretag                       | 3          | 48,243,087        | 83,064,711        |
| <b>Summa finansiella anläggningstillgångar</b> |            | <u>48,243,087</u> | <u>83,064,711</u> |
| <b>Summa anläggningstillgångar</b>             |            | 48,243,087        | 83,064,711        |
| <b>Omsättningstillgångar</b>                   |            |                   |                   |
| <i>Kortfristiga fordringar</i>                 |            |                   |                   |
| Fordringar hos koncernföretag                  | 4          | 604,058           | 58,217            |
| <b>Summa kortfristiga fordringar</b>           |            | <u>604,058</u>    | <u>58,217</u>     |
| <i>Kassa och bank</i>                          |            |                   |                   |
| Kassa och bank                                 |            | 154,218           | 107,618           |
| <b>Summa kassa och bank</b>                    |            | <u>154,218</u>    | <u>107,618</u>    |
| <b>Summa omsättningstillgångar</b>             |            | <u>758,276</u>    | <u>165,835</u>    |
| <b>SUMMA TILLGÅNGAR</b>                        |            | <u>49,001,363</u> | <u>83,230,546</u> |

## Balansräkning

| <i>Belopp i kr</i>                    | <i>Not</i> | <i>2022-12-31</i> | <i>2021-12-31</i> |
|---------------------------------------|------------|-------------------|-------------------|
| <b>EGET KAPITAL OCH SKULDER</b>       |            |                   |                   |
| <b>Eget kapital</b>                   |            |                   |                   |
| <i>Bundet eget kapital</i>            |            |                   |                   |
| Aktiekapital (50 000 aktier)          |            | 50,000            | 50,000            |
| <b>Summa bundet eget kapital</b>      |            | <u>50,000</u>     | <u>50,000</u>     |
| <i>Fritt eget kapital</i>             |            |                   |                   |
| Balanserat resultat                   |            | 21,825,172        | 25,034,758        |
| Årets resultat                        |            | -16,312,954       | -3,209,586        |
| <b>Summa fritt eget kapital</b>       |            | <u>5,512,218</u>  | <u>21,825,172</u> |
| <b>Summa eget kapital</b>             |            | 5,562,218         | 21,875,172        |
| <b>Långfristiga skulder</b>           |            |                   |                   |
| Skulder till koncernföretag           |            | 43,426,314        | 61,343,048        |
| <b>Summa långfristiga skulder</b>     |            | <u>43,426,314</u> | <u>61,343,048</u> |
| <b>Kortfristiga skulder</b>           |            |                   |                   |
| Skulder till koncernföretag           |            | 12,831            | 12,326            |
| <b>Summa kortfristiga skulder</b>     |            | <u>12,831</u>     | <u>12,326</u>     |
|                                       |            | <u>43,439,145</u> | <u>61,355,374</u> |
| <b>SUMMA EGET KAPITAL OCH SKULDER</b> |            | <u>49,001,363</u> | <u>83,230,546</u> |

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**Noter med redovisningsprinciper och bokslutskommentarer***Belopp i kr om inget annat anges***Redovisningsprinciper**

Årsredovisningen har upprättats i enlighet med Årsredovisningslagen och Bokföringsnämnden allmänna råd BFAR 2016:10 Årsredovisning i mindre företag.

**Fordringar och skulder i utländsk valuta**

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs.

Kassa- och bankmedel i utländsk valuta har värderats till balansdagens kurs.

**Koncernuppgifter**

Företaget som utgör moderföretag för en koncern med dotterföretag enl not 1, upprättar ej koncernredovisning med hänvisning till reglerna i 7 kap. 2 § ÅRL.

| Not 1 | Övriga ränteintäkter och liknande resultatposter | 2022-01-01   | 2021-01-01  |
|-------|--|--------------|-------------|
|       |  | -2022-12-31  | -2021-12-31 |
|       | Valutadifferens                                  | 6,593        | 841         |
|       | Övrigt   | 2            | -           |
|       |  | <u>6,595</u> | <u>841</u>  |

| Not 2 | Räntekostnader och liknande resultatposter | 2022-01-01        | 2021-01-01        |
|-------|--|-------------------|-------------------|
|       |  | -2022-12-31       | -2021-12-31       |
|       | Räntekostnader, koncernföretag             | -3,293,193        | -3,209,439        |
|       | Valutadifferens                            | -292,838          | -938              |
|       |  | <u>-3,588,892</u> | <u>-3,210,524</u> |

| Not 3 | Andelar i koncernföretag        | 2022-12-31        | 2021-12-31        |
|-------|---------------------------------|-------------------|-------------------|
|       |                                 |                   | <u>83,064,710</u> |
|       | Akkumulerade anskaffningsvärden |                   |                   |
|       | Vid årets början                | 83,064,710        | 70,321,209        |
|       | Inköp                           | -                 | 41                |
|       | Aktieägartillskott, lämnade     | -                 | 12,743,460        |
|       | Nedskrivning                    | -34,821,623       | -                 |
|       | Vid årets slut                  | <u>48,243,087</u> | <u>83,064,710</u> |

Specifikation av bolagets innehav av aktier och andelar i koncernföretag

| Dotterföretag / Org nr / Säte   | Andel<br>i % 1) | 2022-12-31         |
|---|-----------------|--------------------|
|   |                 | Redovisat<br>värde |
| Ural Medical Center LLC, org.nr 1136671035522, Ekaterinburg, Ryssland         | 100.0           | 1,000              |
| Diaverum Kazakhstan Distribution LLP, org.nr 190840007321, Almaty, Kazakhstan | 25.0            | 18,760             |
| Diasan LLC, org. nr 1126670017165, Ufa, Ryssland                              | 100.0           | 1,000              |
| Nephromed Albania Shpk, org.nr L91820030G, Tirane, Albanien                   | 100.0           | 48,222,286         |
| Sphera Estate LLC, org. nr 1126670001831, Ufa, Ryssland                       | 100.0           | 41                 |
|   |                 | <u>48,243,087</u>  |

1) Ägarandelen av kapitalet avses, vilket även överensstämmer med andelen av rösterna för totalt antal aktier.

## Not 4

## Fordringar hos koncernföretag

|  | 2022-12-31 | 2021-12-31 |
|--|------------|------------|
| <i>Akkumulerade anskaffningsvärden</i> |            |            |
| Vid årets början                       | 58,217     | 132,174    |
| Tillkommande fordringar                | 604,058    | 58,217     |
| Reglerade fordringar                   | -58,217    | -132,174   |
| Vid årets slut                         | 604,058    | 58,217     |

## Not 5

## Moderföretag

Företaget ägs till 99% av Diaverum Sweden AB, org.nr 556209-2790 med säte i Malmö och till 1% av Diaverum Holding AB, org.nr 556717-6150 med säte i Malmö. Geallium Handels AB ingår i en koncern där Diaverum S.à r.l., org. nr B129921, med säte i Luxemburg, upprättar koncernredovisning.

## Not 6

## Väsentliga händelser efter räkenskapsårets slut

Den 19 april 2023 kommunicerades att M42, ett Abu Dhabi baserat bolag, förvärvar 100% av aktierna i Diaverum AB som är moderbolag i Diaverum AB-koncernen i vilken Geallium Handels AB ingår. Förvärvet är villkorat av att berörda konkurrensmyndigheter ger sitt godkännande, vilket förväntas ske under det andra halvåret 2023.

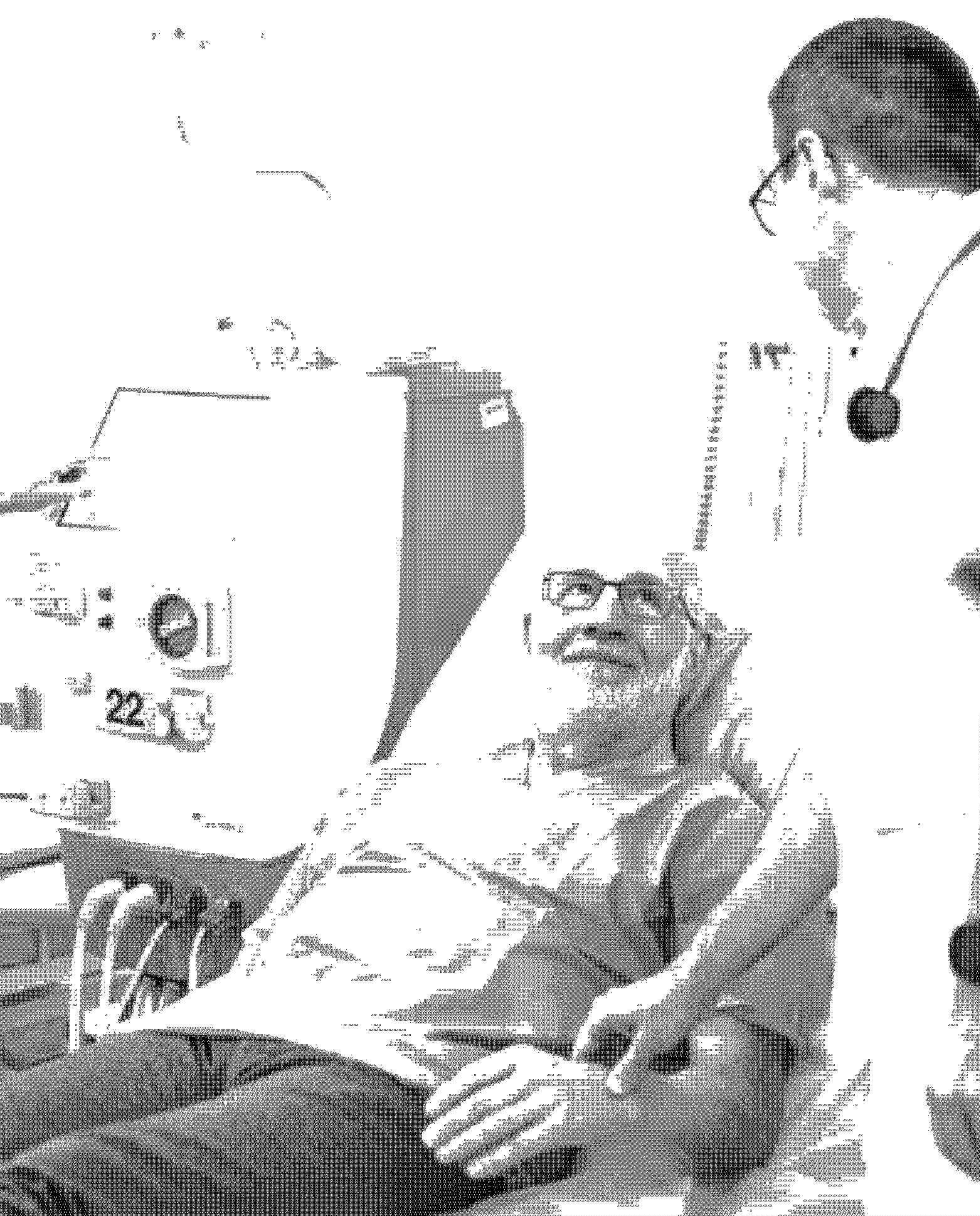
Malmö den 2023-06-09

Björn Brixer  
Ordförande

Magnus Sjöholm



Hans Abrahamsson



# Diaverum S.à r.l.

Consolidated Financial Statements  
for the year ended 31 December 2022

(with the report of the Réviseur d'Enterprises Agréé thereon)

# Management Report

## Business overview

Diaverum S.à r.l. is the parent company of Diaverum AB, a leading global provider of renal care services and the largest independent provider in Europe.

Diaverum has been providing dialysis services for more than 30 years – initially as part of the Gambro Group and since 2007 as an independent company. In 2007, the Gambro Healthcare division was acquired by Velox Bidco S.à r.l. and, later renamed to Diaverum Holding S.à r.l., an independent group 100% dedicated to renal services.

The Diaverum Group aims to deliver best-in-class medical outcomes for patients and value for payers through its scale and expertise in clinical operations, patient care, digital infrastructure, scientific affairs and education. Its focus on patient-centred care and ability to offer flexible and unique digital solutions in care delivery & coordination position Diaverum as an innovative developer in the renal business arena.

Diaverum's vision is “to transform renal care, offering the highest quality of care and empowering patients to live a fulfilling life”. The company works together with payers to reduce the total cost of care while partnering with local communities to educate around health and the value of prevention, as to become the first choice for patients and the preferred partner for key stakeholders such as healthcare ministries, Trusts and university hospitals. Employees, patients and partners benefit from Diaverum's culture of True care, high standards of clinical policies and procedures, thorough internal & external audits and awarded training programmes. World-class scientific activities focus on the needs and demands of the patients and their results are regularly published in renowned international medical publications. The scientific results serve as proof of the value Diaverum delivers to health care systems around the world.

In Diaverum's current countries of operation, haemodialysis (HD) is the primary treatment modality with a market share of more than 90% in most of these. The company's in-centre hemodialysis (HD) and peritoneal dialysis (PD) treatments currently account for 95% (95) of the revenues.

Diaverum operated 437 clinics in 23 markets and served 39,000 HD and PD permanent patients as of 31 December 2022. A patient typically needs to visit a Diaverum clinic three times every week, which provides for stability and predictability in operations.

## Events during the financial year

In line with its expansion strategy, Diaverum further strengthened its position during the year, with acquisitions adding 5 new clinics in Chile and Morocco. Moreover, during the year Diaverum opened 11 new clinics, whereof 4 in Kazakhstan, 2 in the UK, 2 in China, 1 in France, 1 in Portugal and 1 in Russia. During the year Diaverum exited the Argentinean market and divested the renal and transplant business (32 clinics, c. 3,300 patients) as a sale was seen as the best strategic alternative given the macroeconomic deterioration of the country. To optimize the portfolio the group also merged and divested a net of -11 units mainly in Italy, Singapore and Portugal. The net inflow of 1,722 permanent patients (excluding Argentina impact) derives mainly from new business. Like-for-like units increased by 648 with inflow and mortality turning back towards pre-pandemic levels.

Russia's invasion of Ukraine. Diaverum does not have any operations in Ukraine. Diaverum's Russian operations are relatively small with 20 clinics, 1,300 patients, EUR 16 million in revenue and a very limited earnings contribution to the group. The haemodialysis services provided by the Diaverum Group for patients with chronic kidney disease are critical for the patients to stay alive and successively missed treatments will lead to a rapid deterioration in the patients' health and well-being. Diaverum is thus working to ensure that its operations in Russia can continue without interruption and in compliance with all relevant laws and regulations. Diaverum's Russian operations have supplies on-hand and sufficient working capital to cover their needs in the medium term. Diaverum's Russian business is limited to life-sustaining medical treatments which is not an industry sector specifically targeted by sanctions and further only imports medical products it requires to treat its patients. During 2022, Diaverum recognized an impairment loss on goodwill in Russia after which goodwill allocated to the cash-generating unit in Russia was fully impaired.

## FACTS AND FIGURES

### Sales

The customers of the Group are comprised mainly, either directly or indirectly, of publicly funded insurance systems. Net sales are achieved through reimbursements from these systems, based on performed treatments.

The systems and how licenses or agreements are distributed vary in the different markets, as well as the length of these agreements. The level of privatisation and competition in the respective markets also vary. All these circumstances affect to what extent and in what way the Group approaches different markets, as well as their underlying profitability.

For the Financial Year 2022, the Group reached revenues of EUR 920.3 million (881.2), an increase of 4.4% versus the previous year. Growth was mainly driven by a net of 5 new clinics (excluding Argentina), whereof 5 were added through acquisition, 11 by tender awards or greenfield units while -11 were divested, merged or closed. Measured at fixed exchange rates, organic growth reached 3% (excluding Argentina), acquisitions contributed with 1% while divestment effect was -3% and currency impacted positively with 3%. The number of treatments during the full year increased by -1% but +3% excluding Argentina divestment and amounted to EUR 6.3 million (6.0 excluding Argentina) with Brazil, Kazakhstan, Chile, China and Morocco being the main contributors.

### **Earnings**

Results from operating activities (EBIT) for the financial year reached EUR 10.2 million (96.3). The result from operating activities in 2022 was impacted by disposal business of EUR -69.3 million, see note 35. Reported operating margin (EBIT) was 1.1% (10.9%).

Depreciation and amortisation amounted to EUR 87.9 million (76.4). The net profit before tax amounted to EUR -67.5 million (-23.4).

### **Research and Development**

While the Group is very active in the field of science, it does not treat R&D as a separate cost item but rather part of its operating expenses.

### **Business combination and Disposal Businesses**

Acquisitions with a total consideration transferred of EUR 8.7 million (70.3), related to Brazil, Chile, and Morocco, were made during 2022. Other capital expenditure amounted to EUR 61.9 million (58.0).

During the year Diaverum ended its presence in Argentina. 31 clinics and one transplant facility were sold in two separate transactions. Two legal entities in China were also divested. The total consideration transferred was EUR 3.0 million.

### **Equity & Preferred Equity Certificates**

The equity of the Group, including non-controlling interest and Preferred Equity Certificates (PEC), amounts to EUR -183.7 million (-142.7). The Preferred Equity Certificates, held by the shareholders, amount to EUR 1,453.6 million (1,446.3). There are no contractual payments (interests or amortisations) related to the PEC before the year 2037. Management is not aware of any issues that could cause doubt over the Company's ability to continue under a going concern assumption.

Cash and cash equivalents at the end of the period amounted to EUR 133.7 million (104.8).

### **Risks and uncertainties**

Risks related to the Group's business activities include changes in the market and the competitive situation, as well as failure to deliver world-class renal care. The global nature of the Group's business implies a dependence on the different local economic, social and political conditions, together with laws and practices. This means that changes to reimbursement systems, including government decisions on how and by whom future renal care shall be provided, can affect the Group. The Group's ability to compete successfully, to maintain and develop its market position, depends on its capacity to provide life-enhancing renal care with superior medical outcomes and personalised caring support, in a cost-efficient way.

The Group's strategy to fulfil this is based, among other things, on the Constant Quality Improvement programme (CQI), which contributes to an ongoing improvement in clinical care, based on the sharing of experience and comparison to the best available evidence standards. In addition, to secure continual success, it is important to maintain a close relationship with the Group's stakeholders, to closely monitor changes in local market conditions, as well as to consistently work on improving clinical operational efficiency.

For further information regarding the principal risks and uncertainties in the business, objectives & policies with regards to financial risk management and exposure to financial risk, please refer to note 28 (Financial Instruments).

### **Human Resources**

In 2022, the average number of employees amounted to 9,648 (10,446).

A majority share of the employees consists of medically trained personnel, such as doctors and nurses, who work in Diaverum clinics around the world.

Staff supply is key to continued growth. In order to continue to attract skilled healthcare professionals, the Group works in a structured way to build and maintain its strong company culture, known as True care. The culture is driven by the core values focused on delivery of life-enhancing renal care – competency, passion and inspiration. There are annual employee surveys, including a feeding back loop for suggested improvements. Training and development are core to attracting and retaining the best people and Diaverum has developed a best-in-class training platform - d.ACADEMY - to ensure that its people are competent in the delivery of high-quality kidney care. To address medical staff challenges, the Group is also about to deploy an IT-based process support system to standardise and facilitate the hemodialysis service (Treatment Guidance System, TGS).

### **Significant events after the end of the financial year**

No significant events occurred subsequent to 31 December 2022.

### Board of Managers and Group Management

The board of managers consisted, at closing date, of Christopher Bley, Davy Beauce, David Antoine, Rémy Cornet, Matthieu Dion and Céline Dumazert.

The Group Management consisted, at closing date, of Dimitris Moulavasilis, Björn Brixer, Nataliya Das, Fernando Macário, Hans Abrahamsson, Zoltan Szepesi, Kirsty Bashforth and Andreas Fagher.

### Ownership Structure

As of end of 2022, Bridgepoint Capital (Nominees) Limited, situated in the United Kingdom, holds 60.49% (60.49) of the ordinary share capital in Diaverum S.à r.l. and 71.16% (71.16) of the non-redeemable preference shares. In total, the shares controlled by Bridgepoint Capital (Nominees) Limited represent 68.68% (68.68) of the votes. The remaining part of the total share capital and votes, 31.32% (31.32), are held by other private and institutional investors.

### Outlook for 2023

The company is dedicated to continued organic and M&A-led growth. The Group is focused on the continued development of its existing markets, entering new markets, and expanding its service offering. One of its cornerstones is structured sharing of best practice between different clinics and countries. Local presence means that Diaverum has a very good understanding of the systems, patients and local circumstances that exist in each country. The combination of local insight and global perspective is fundamental to Diaverum continuing its path as one of the world's leading providers of renal care services.

Diaverum makes financial forecasts on a regular basis for all its cash generating units. The cash flow projections for the Group did not result in any doubt about the Group's ability to meet its future payment obligations.

Diaverum is consistent in its enterprise risk management with risk identification, assessment, management, monitoring and reporting of risks. No key risks have been identified.

Luxembourg, 23 March 2023



Matthieu Dion



David Antoine

# Content

## Consolidated financial statements

|   |    |
|---|----|
| Consolidated statement of profit or loss                                | 6  |
| Consolidated statement of profit or loss and other comprehensive income | 7  |
| Consolidated statement of financial position                            | 8  |
| Consolidated statement of changes in equity                             | 9  |
| Consolidated statement of cash flow                                     | 10 |

## Notes

|   |    |
|---|----|
| 1 Significant accounting policies                           | 11 |
| 2 Use of judgements and estimates                           | 21 |
| 3 Revenue   | 22 |
| 4 Business combinations                                     | 22 |
| 5 Other income  | 25 |
| 6 Other expenses  | 25 |
| 7 Employees, personnel costs                                | 25 |
| 8 Audit fees and expenses                                   | 26 |
| 9 Expenses by nature  | 26 |
| 10 Finance income and expenses                              | 26 |
| 11 Income taxes   | 27 |
| 12 Goodwill   | 29 |
| 13 Other intangible assets                                  | 31 |
| 14 Property, plant and equipment                            | 32 |
| 15 Equity interest in joint ventures                        | 33 |
| 16 Non-current receivables                                  | 33 |
| 17 Inventories  | 33 |
| 18 Other current receivables                                | 33 |
| 19 Prepaid expenses and unbilled revenue                    | 33 |
| 20 Cash and cash equivalents                                | 33 |
| 21 Equity   | 34 |
| 22 Preferred equity certificates, Loans and borrowings      | 35 |
| 23 Pensions and other long-term employee benefits           | 36 |
| 24 Provisions   | 38 |
| 25 Other liabilities  | 39 |
| 26 Accrued expenses and deferred income                     | 39 |
| 27 Related parties  | 39 |
| 28 Financial instruments and risk management                | 40 |
| 29 Leases   | 47 |
| 30 Pledged assets   | 48 |
| 31 Contingent liabilities                                   | 48 |
| 32 Group entities   | 48 |
| 33 Non-controlling interest                                 | 51 |
| 34 Changes in liabilities arising from financing activities | 52 |
| 35 Disposal of businesses                                   | 53 |
| 36 Subsequent events  | 53 |

# Consolidated statement of profit or loss

1 January–31 December

| EUR thousand                                  | Note | 2022           | 2021           |
|---|------|----------------|----------------|
| Revenue                                       | 3    | 920,263        | 881,182        |
| Costs of sales                                | 9    | -712,376       | -672,926       |
| <b>Gross profit</b>                           |      | <b>207,887</b> | <b>208,256</b> |
| Other income                                  | 5    | 8,956          | 9,374          |
| Administrative and selling expenses           | 9    | -134,863       | -119,712       |
| Other expenses                                | 6    | -2,516         | -1,986         |
| Disposal of businesses                        | 35   | -69,280        | -              |
| Share of profit of joint ventures, net of tax |      | -14            | 379            |
| <b>Operating profit</b>                       |      | <b>10,170</b>  | <b>96,311</b>  |
| Finance income                                |      | 2,163          | 304            |
| Finance costs                                 |      | -79,872        | -73,219        |
| <b>Net finance costs</b>                      | 10   | <b>-77,709</b> | <b>-72,915</b> |
| <b>Profit (loss) before tax</b>               |      | <b>-67,539</b> | <b>23,396</b>  |
| Income tax expense                            | 11   | -25,566        | -24,601        |
| <b>Profit (loss) for the period</b>           |      | <b>-93,105</b> | <b>-1,205</b>  |
| <b>Profit (loss) attributable to:</b>         |      |                |                |
| Owners of the parent company                  |      | -93,773        | -1,652         |
| Non-controlling interests                     | 33   | 668            | 447            |
|   |      | <b>-93,105</b> | <b>-1,205</b>  |

The notes on pages 11 to 53 are an integral part of these special purpose consolidated financial statements.

# Consolidated statement of profit or loss and other comprehensive income

1 January–31 December

| EUR thousand  | Note | 2022           | 2021          |
|---|------|----------------|---------------|
| <b>Profit (loss) for the period</b>   |      | <b>-93,105</b> | <b>-1,205</b> |
| <b>Other comprehensive income</b>   |      |                |               |
| <i>Items that will not be reclassified to profit or loss</i>                |      |                |               |
| Remeasurement of defined benefit pension plans                              | 23   | -315           | -416          |
| Related tax   | 11   | 56             | 79            |
|   |      | <b>-259</b>    | <b>-337</b>   |
| <i>Items that are or may be reclassified subsequently to profit or loss</i> |      |                |               |
| Exchange differences on foreign operations                                  |      | 14,873         | 7 835         |
| Reclassification of exchange differences on disposed foreign operations     | 35   | 39,244         | -             |
|   |      | <b>54,117</b>  | <b>7 835</b>  |
| <b>Other comprehensive income (loss) for the period, net of tax</b>         |      | <b>53,858</b>  | <b>7 498</b>  |
| <b>Total comprehensive income (loss) for the period</b>                     |      | <b>-39,247</b> | <b>6 293</b>  |
| <b>Total comprehensive income (loss) attributable to:</b>                   |      |                |               |
| Owners of the parent company  |      | -39,191        | 5,939         |
| Non-controlling interests   | 33   | -56            | 354           |
| <b>Total comprehensive income (loss) for the period</b>                     |      | <b>-39,247</b> | <b>6,293</b>  |

The notes on pages 11 to 53 are an integral part of these special purpose consolidated financial statements.

# Consolidated statement of financial position

| EUR thousand   | Note | 31 Dec. 2022      | 31 Dec. 2021      |
|--|------|-------------------|-------------------|
| <b>Assets</b>  |      |                   |                   |
| Goodwill   | 12   | 782,453           | 805,399           |
| Other intangible assets                                    | 13   | 24,437            | 25,013            |
| Property, plant and equipment                              | 14   | 242,365           | 240,331           |
| Right-of-use assets  | 29   | 140,459           | 164,116           |
| Equity interest in joint ventures                          | 15   | 150               | 132               |
| Non-current receivables                                    | 16   | 9,231             | 8,336             |
| Deferred tax assets  | 11   | 13,291            | 17,457            |
| <b>Non-current assets</b>                                  |      | <b>1,212,386</b>  | <b>1,260,784</b>  |
| Inventories  | 17   | 29,173            | 36,991            |
| Current tax assets   |      | 13,008            | 15,714            |
| Trade receivables  | 28   | 108,405           | 140,784           |
| Other current receivables                                  | 18   | 8,599             | 11,019            |
| Prepaid expenses and unbilled revenue                      | 19   | 46,913            | 23,517            |
| Cash and cash equivalents                                  | 20   | 133,724           | 104,829           |
| <b>Current assets</b>                                      |      | <b>339,822</b>    | <b>332,854</b>    |
| <b>Total assets</b>  |      | <b>1,552,208</b>  | <b>1,593,638</b>  |
| <b>Equity</b>  |      |                   |                   |
| Share capital  |      | 43,000            | 43,000            |
| Reserves   |      | 6,700             | -48,141           |
| Retained earnings  |      | -1,692,544        | -1,589,725        |
| <b>Equity attributable to owners of the parent company</b> | 21   | <b>-1,642,844</b> | <b>-1,594,866</b> |
| Non-controlling interests                                  | 33   | 5,549             | 5,806             |
| <b>Total equity</b>  |      | <b>-1,637,295</b> | <b>-1,589,060</b> |
| <b>Liabilities</b>   |      |                   |                   |
| Preferred Equity Certificates to equity holders            | 22   | 1,453,557         | 1,446,328         |
| Loans and borrowings                                       | 22   | 1,311,783         | 1,289,658         |
| Leasing liabilities  | 29   | 121,225           | 141,387           |
| Other non-current liabilities                              | 25   | 3,396             | 6,970             |
| Pensions and other long-term employee benefits             | 23   | 18,302            | 14,838            |
| Provisions   | 24   | 449               | 2,292             |
| Deferred tax liabilities                                   | 11   | 23,284            | 28,076            |
| <b>Non-current liabilities</b>                             |      | <b>2,931,996</b>  | <b>2,929,549</b>  |
| Loans and borrowings                                       | 22   | 8,809             | 9,157             |
| Leasing liabilities  | 29   | 29,650            | 29,287            |
| Current tax liabilities                                    |      | 17,827            | 14,845            |
| Trade payables   | 28   | 55,156            | 60,427            |
| Other current liabilities                                  | 25   | 26,239            | 27,039            |
| Accrued expense and deferred income                        | 26   | 119,631           | 112,281           |
| Provisions   | 24   | 195               | 113               |
| <b>Current liabilities</b>                                 |      | <b>257,507</b>    | <b>253,149</b>    |
| <b>Total liabilities</b>                                   |      | <b>3,189,503</b>  | <b>3,182,698</b>  |
| <b>Total equity and liabilities</b>                        |      | <b>1,552,208</b>  | <b>1,593,638</b>  |

The notes on pages 11 to 53 are an integral part of these special purpose consolidated financial statements.

# Consolidated statement of changes in equity

| EUR thousand  | Attributable to owners of the parent company |             |                     |                   |                   | Non-controlling interests | Total equity      |
|---|--|-------------|---------------------|-------------------|-------------------|---------------------------|-------------------|
|   | Share capital                                | Reserve     | Translation reserve | Retained earnings | Total             |                           |                   |
| Balance at 31 December 2020                               | 43,000                                       | -459        | -55,749             | -1,588,197        | -1,601,405        | 6,258                     | -1,595,147        |
| <i>Total comprehensive income for the period</i>          |  |             |                     |                   |                   |                           |                   |
| Profit (loss) for the period                              | -  | -           | -                   | -1,652            | -1,652            | 447                       | -1,205            |
| Other comprehensive income for the period                 | -  | -           | 7,928               | -337              | 7,591             | -93                       | 7,498             |
| <b>Total comprehensive income for the period</b>          | -  | -           | <b>7,928</b>        | <b>-1,989</b>     | <b>5,939</b>      | <b>354</b>                | <b>6,293</b>      |
| Dividend to holders of NCI                                | -  | -           | -                   | -                 | -                 | -225                      | -225              |
| Acquisition of NCI without change of control              | -  | -           | 139                 | 461               | 600               | -600                      | 0                 |
| Acquisition of subsidiaries with non-controlling interest | -  | -           | -                   | -                 | -                 | 19                        | 19                |
| <b>Balance at 31 December 2021</b>                        | <b>43,000</b>                                | <b>-459</b> | <b>-47,682</b>      | <b>-1,589,725</b> | <b>-1,594,866</b> | <b>5,806</b>              | <b>-1,589,060</b> |
| Balance at 31 December 2021                               | 43,000                                       | -459        | -47,682             | -1,589,725        | -1,594,866        | 5,806                     | -1,589,060        |
| <i>Total comprehensive income for the period</i>          |  |             |                     |                   |                   |                           |                   |
| Profit (loss) for the period                              | -  | -           | -                   | -93,773           | -93,773           | 668                       | -93,105           |
| Other comprehensive income for the period                 | -  | -           | 54,841              | -259              | 54,582            | -724                      | 53,858            |
| <b>Total comprehensive income for the period</b>          | -  | -           | <b>54,841</b>       | <b>-94,032</b>    | <b>-39,191</b>    | <b>-56</b>                | <b>-39,247</b>    |
| Dividend to holders of NCI                                | -  | -           | -                   | -                 | -                 | -201                      | -201              |
| Acquisition of NCI without change of control              | -  | -           | -                   | -8,787            | -8,787            | -                         | -8,787            |
| <b>Balance at 31 December 2022</b>                        | <b>43,000</b>                                | <b>-459</b> | <b>7,159</b>        | <b>-1,692,544</b> | <b>-1,642,844</b> | <b>5,549</b>              | <b>-1,637,295</b> |

The notes on pages 11 to 53 are an integral part of these special purpose consolidated financial statements.

# Consolidated statement of cash flow

## 1 January–31 December

| EUR thousand  | Note   | 2022           | 2021           |
|---|--------|----------------|----------------|
| <b>Cash flows from operating activities</b>                   |        |                |                |
| Profit (loss) for the period                                  |        | -93,105        | -1,205         |
| <b>Adjustments for:</b>                                       |        |                |                |
| - Depreciation and impairment                                 | 14, 29 | 82,146         | 72,597         |
| - Amortisation of intangible assets                           | 13     | 5,728          | 3,837          |
| - Impairment losses related to goodwill                       | 12     | 36,461         | 22,854         |
| - Share of profit of joint venture, net of tax                |        | 14             | -379           |
| - Net finance costs   | 10     | 77,709         | 72,915         |
| - Income tax expense  | 11     | 25,566         | 24,600         |
| - Disposal of businesses                                      | 35     | 69,280         | -              |
| - Other non-cash items  |        | 244            | -4,388         |
|   |        | <b>204,043</b> | <b>190,831</b> |
| <b>Changes in:</b>  |        |                |                |
| - Inventories   |        | 3,976          | -2,969         |
| - Trade receivables and other receivables                     |        | -17,756        | -17,535        |
| - Trade payables and other payables                           |        | 21,311         | -11,088        |
| Provision and pension   |        | 2,133          | 1,217          |
|   |        | <b>213,707</b> | <b>160,456</b> |
| <b>Cash generated from operating activities</b>               |        |                |                |
| Dividends received from joint venture                         |        | -              | 9,013          |
| Income tax paid   |        | -30,730        | -29,404        |
|   |        | <b>182,977</b> | <b>140,065</b> |
| <b>Net cash from operating activities</b>                     |        |                |                |
| <b>Cash flows from investing activities</b>                   |        |                |                |
| Interest received   |        | 565            | 211            |
| Acquisition of intangible assets                              | 13     | -4,793         | -6,617         |
| Acquisition of property, plant and equipment                  | 14     | -57,120        | -51,379        |
| Proceeds from sale of property, plant and equipment           | 14     | 1,148          | 767            |
| Acquisition of subsidiaries, net of cash acquired             | 4      | -10,122        | -22,040        |
| Proceeds from disposal business                               | 35     | -5,174         | -              |
| Acquisition of financial assets                               |        | -1,098         | -5,276         |
|   |        | <b>-79,594</b> | <b>-84,334</b> |
| <b>Net cash used in investing activities</b>                  |        |                |                |
| <b>Cash flow from financing activities</b>                    |        |                |                |
| Dividend to holders of non-controlling interests              |        | -169           | -189           |
| Payment of liabilities to holder of non-controlling interests |        | -              | -2,409         |
| Interest paid   |        | -65,514        | -42,794        |
| Proceeds from loans and borrowings                            | 34     | 69,905         | 210,706        |
| Repayment of loans and borrowings                             | 34     | -55,734        | -191,725       |
| Change in bank overdraft                                      | 34     | 3,603          | 4,721          |
| Payment of lease liabilities                                  | 34     | -32,361        | -30,340        |
|   |        | <b>-80,270</b> | <b>-52,030</b> |
| <b>Net cash from (+) / used in (-) financing activities</b>   |        |                |                |
| <b>Net increase/decrease in cash and cash equivalents</b>     |        |                |                |
|   |        | <b>26,113</b>  | <b>3,701</b>   |
| <b>Cash and cash equivalents at 1 January</b>                 |        |                |                |
| Effect of exchange rate fluctuations on cash held             |        | 2,782          | 2,593          |
|   |        | <b>104,829</b> | <b>98,535</b>  |
| <b>Cash and cash equivalents at 31 December</b>               |        |                |                |
|   | 20     | <b>133,724</b> | <b>104,829</b> |

The notes on pages 11 to 53 are an integral part of these special purpose consolidated financial statements.

# Notes to the consolidated financial statements

## NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also section (f) below).

### (a) Reporting entity

Diaverum S.à r.l. (the "Company") is a limited liability company (société à responsabilité limitée) domiciled in Luxembourg which, was formed on 20 June 2007 in the name of Velox Holdco S.à r.l. The address of the Company's registered office is 6B, Rue du Front Niedergrünwald, L-2226 Luxembourg. The consolidated financial statements of the Company, which reflects the Group's financial year as from 1 January 2022 up and until 31 December 2022, comprise the Company and its subsidiaries (together referred to as the "Group" or "Diaverum" and individually as "Group entities"). The Group's primary business is patient care including clinic management in the renal services market.

### (b) Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Events that provide evidence of conditions that existed at the end of the reporting period are adjusted for (adjusting events) whereas events that are indicative of conditions that arose after the reporting period not adjusted for (non-adjusting events), but disclosed (see note 36).

When preparing the financial statements, management has considered events up to the date of authorisation 23 March 2023 of the financial year as of and for the year ended 31 December 2022.

### (c) Basis of accounting

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The annual report and the consolidated financial statements were authorised for issue by the Company's board of directors and the chief executive officer on 23 March 2023.

### (d) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments. Derivative financial instruments and liabilities for contingent consideration are measured at fair value whereas all other financial instruments are measured at amortised cost.

### (e) Functional and presentation currency

The consolidated financial statements are presented in Euro, which is the functional currency of Diaverum S.à r.l. and the presentation currency for the Group. All financial information presented in Euro has been rounded to the nearest thousands, except when otherwise indicated, and consequently the sum of individual figures can deviate from the total.

### (f) Use of estimates and judgements in the financial reports

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements as well as information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk and resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are provided in note 2.

### (g) Changes in significant accounting policies

A number of changes to IFRS were effective from 1 January 2022, but they did not have a material effect on the Group's financial statements.

### (h) Standards and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective as of 1 January 2023 or later. The Group has not early adopted any new or amended standards in preparing these consolidated financial statements. None of the standards, amendments to standards and interpretations issued, but not yet effective, are expected to have a significant impact on the Group's financial statements.

### (i) Operating segments

The Group does not disclose segment information as it does not have debt or equity instruments traded in a public market.

### (j) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled – directly or indirectly – by Diaverum S.à r.l. The Group controls an entity when

it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### **(ii) Business combinations**

Diaverum accounts for business combinations using the acquisition method when control is transferred to the Group. The following steps are considered:

- » Identifying the acquirer and determining the acquisition date.
- » Recognising and measuring of the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI) in the acquiree.
- » Recognising and measuring goodwill as:
  - » the fair value of the consideration transferred including contingent consideration and any liabilities for put options to NCI; plus
  - » the recognised amount of any NCI; plus
  - » if the business combinations is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- » the net recognised amount of the identifiable assets acquired and liabilities assumed.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issuing of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in profit or loss.

Any contingent consideration payable is measured at fair value on the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Increases in the fair value of the contingent consideration are reported as "Other expenses" and decreases in the fair value as "Other income". Interest from the unwinding of discounting on the liabilities for contingent consideration is presented as "Interest expense".

If payments for earn-outs are tied to the continued employment or sub-contracting of a seller, these earn-outs are considered as remuneration for future services and not as additional consideration for the business. If the acquisition accounting is provisional, the acquisition accounting will be revised if the Group obtains new information within one year from the acquisition date.

### **(iii) Non-controlling interests**

NCIs are measured at their proportionate share of the acquiree's identifiable net assets on the acquisition date or at fair value. The choice is made for each business combination. Acquisitions of NCIs are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to NCIs arising from transactions that do not involve the loss of control are based on a proportionate amount of the Group's value of net assets of the subsidiary.

A put option issued to NCI that could require the Group to purchase the shares in the acquiree held by NCI results in the Group recognising of a financial liability for the present value of the redemption amount. IFRS does not specify how the debit side of the transaction is to be accounted for. However, the Group has chosen to apply the so-called anticipated acquisition method (AAM). Under AAM, the NCI that hold the written put option are derecognised when the financial liability is recognised. The underlying interests, profits and losses attributable to the holder of the NCI are presented as already owned by the entity, both in the statement of financial position and in the statement of profit or loss and OCI, even though legally they are still NCI. Changes in the carrying amount of the NCI put liability is recognised in equity (including changes due to accretion of interest).

### **(iv) Loss of control**

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCIs and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **(v) Equity interests in joint ventures**

The Group had an equity interest in a joint venture in the Kingdom of Saudi Arabia. During 2021, the Group acquired the shares held by the joint venture partner. Following the acquisition, the Group owns 100% of the former joint venture in Saudi Arabia and consolidates the entity as a wholly owned subsidiary from the date of acquisition. An acquisition of the shares held by a joint venture partner whereby the acquirer gains control over the joint venture is a business combination achieved in stages, whereby the acquisition is effectively seen as a sale of the joint venture and acquisition of a subsidiary. Consequently, the Group remeasured its previously held equity interest in the joint venture at fair value and reported a minor loss from revaluation as part of "Other operating expenses". The performance price allocation performed for the acquired subsidiary resulted in a bargain purchase for the Group and a gain reported in "Other operating income". The bargain purchase was mainly the result of the price for the joint venture having been set at signing in late 2020, whereas the acquisition date was not until 1 July 2021 when the Group had received the necessary regulatory approvals from

the authorities in the Kingdom of Saudi Arabia. The profits accumulated in the joint venture between the signing of the purchase agreement and the acquisition date more than half a year later resulted in the business combination being a bargain purchase.

Prior to the acquisition date, the Group accounted for its joint venture using the equity method. The consolidated financial statements include the Group's share of the profit or loss (net of tax) and other comprehensive income (OCI) of the joint venture prior to the acquisition date.

The Group considered the joint venture to be integral to the operating business of the Group and therefore chose to present the Group's share of profit from the joint venture within "Operating profit".

The Group also has a joint venture in Malaysia and the Sultanate of Oman. However, as per 31 December 2022, the Group was in the process of closing down the joint venture in the Sultanate of Oman. The joint ventures in Malaysia and the Sultanate of Oman are also accounted for using the equity method as described above.

For more information on the joint ventures, see note 15.

#### **(vi) Transactions with joint ventures**

Prior to the acquisition of the joint venture in Saudi Arabia, the Group purchased routine supplies, leased equipment and purchased maintenance and training services related to the leased equipment from its joint venture. The costs of the purchased services and the leases are included in "Costs of sales". Following the purchase of the joint venture in 2021, these transactions are between consolidated Group entities and does therefore not impact the consolidated financial statements of the Group. For information on the transactions, see note 27.

#### **(vii) Transactions eliminated on consolidation**

Intra-group receivables and liabilities, income and expenses and unrealised profit or losses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised profit, but only to the extent that there is no evidence of impairment.

#### **(k) Foreign currency**

##### **(i) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction day. The functional currency is the currency of the primary economic environments in which the company operates. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate at the reporting date. Non-monetary assets and liabilities measured at historical cost are translated at the

exchange rate at the time of the transaction. Non-monetary assets and liabilities measured at fair value are translated into the functional currency at the exchange rate on the date the fair value was determined and the exchange rate change is then reported in the same way as other changes in the value of the asset or liability.

Foreign currency differences from transactions in foreign currencies are recognised in profit or loss. Gains and losses related to assets and liabilities of an operating function are presented net within "Other income" or "Other expense", whereas gains and losses on assets and liabilities that relate to the financing function are reported net within "Finance income" or "Finance costs".

##### **(ii) Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates on the reporting date. The income and expenses of foreign operations are translated into Euro at an average rate approximating the rates on each transaction day. Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests. For the treatment of retranslation of foreign operations in hyperinflationary economies, see section (l) below.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur, then foreign currency differences from such item form part of the net investment in the foreign operation. Such differences, if they occur, are recognised in OCI and accumulated in the translation reserve.

##### **(l) Foreign operations in hyperinflationary economies**

The Group had operations in Argentina that were divested during 2022, see note 35. Argentina has been declared a hyperinflationary economy under the criteria in IAS 29 Financial Reporting in Hyperinflationary Economies. Prior to divestment, the Group applied IAS 29 for its operations in Argentina. The financial statements of the Argentinian entities were first restated to compensate for the loss of purchasing power of the Argentine Peso (ARS) during the period. Restatement was made using the consumer price index (CPI) in Argentina as published by Instituto Nacional de Estadística y Censos de la República Argentina (INDEC). As a result, the financial statements were stated at the current purchasing power at the reporting date under the so-called "current purchasing power concept". Assets (including goodwill) and liabilities as well as income and expenses in the inflation-adjusted financial statements of the Argentinian entities were then as a second step translated from ARS into Euro (EUR) by using the closing rate at the reporting date.

## **(m) Revenue**

### ***(i) Revenue from dialysis treatments***

The Group's revenues consists mainly of revenues from dialysis treatments. The Group's customers are typically national or regional public healthcare authorities, but may also be private insurance providers. The contracts with the customers generally require Diaverum to provide dialysis services to patients for an agreed-upon fee for each treatment.

Diaverum considers each type of dialysis treatment provided in accordance with the contracts with the customers to be a series of distinct services that are "substantially the same". Each treatment also has the same "pattern of transfer" to the customer since the customer (i.e. the insurance provider) simultaneously receives and consumes the benefits of the treatments provided to patients. Hence, the performance obligation in the contracts with the Group's customers is to provide a series of dialysis treatments to patients (under circumstances specified in the contracts).

Since the customer (i.e. the insurance provider) simultaneously receives and consumes the benefits of the treatments provided to patients, the performance obligations in the contracts are considered to be satisfied over time. Since the Group generally has a right to consideration for the treatments provided that directly corresponds to the number of treatments provided, the Group has elected to apply the practical expedient in paragraph B16 of IFRS 15 Revenue from Contracts with Customers that allows an entity to recognise revenue in the amount to which the entity has a right to invoice. This effectively means that revenues are recognised as treatments are performed.

### **(n) Leases**

The majority of the Group's lease contracts relate to properties, i.e., hospitals and clinics. Rental contracts are typically made for fixed periods of 5 to 15 years, but many contracts have extension and termination options. These terms are used to maximise operational flexibility in terms of managing contracts. At lease inception, the Group assesses whether it is reasonably certain to exercise an extension or termination option. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control or when the non-cancellable period is changed. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-use assets and corresponding liabilities on the date at which a leased asset is available for use by the Group. Each lease payment is allocated between the instalment on the lease liability and financial cost. The finance cost is recognised in profit or loss

over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments when applicable:

- » Fixed payments less any lease incentives receivable.
- » Variable lease payment that are based on an index or a rate.
- » Amounts expected to be payable under residual value guarantees.
- » The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
- » Payments of penalties for termination of the lease, if termination is reflected in the assessment of the lease term.

According to IFRS 16, the discount rate to be used when measuring the initial amount of lease liability is primarily the interest rate implicit in the lease. If that rate cannot be determined, the standard specifies that the lessee's incremental borrowing rate should be used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The majority of the Group's leases relate to leases of clinics, offices and other properties for which the implicit rate cannot be determined. Instead, the incremental borrowing rate are used for such leases. The Group determines the incremental borrowing rate by obtaining interest rates in the currency in which the leasing payments are denominated. The rates are obtained from external financing sources and the Group makes adjustments to reflect the terms of the lease (such as the leasing period) and the type of asset leased (such as considering the quality of the underlying asset as collateral in a borrowing transaction and the impact of the collateral on the incremental borrowing rate).

After initial recognition, the lease liabilities are measured at amortised cost using the effective interest rate method. The lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The lease liabilities are also remeasured when there is a change in the non-cancellable leasing period. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset (or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero).

Right-of-use assets are initially measured at cost comprising the following:

- » The amount of the initial measurement of lease liability.
- » Any lease payments made at or before the commencement date less any lease incentives received.
- » Any initial direct costs incurred by the lease.
- » An estimation of restoration costs.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with a lease term of 12 months or less and for leases of low value assets (a value of EUR 5 thousand or less). The lease payments for such leases are recognised as an expense on a straight-line basis over the lease term.

#### **(o) Finance income and finance costs**

Financial income consists of interest income on interest bearing financial assets and foreign exchange gains that arise when translating monetary assets and monetary liabilities denominated in foreign currencies into the functional currency.

Financial costs consist of interest expense on loans and borrowings, on loans from shareholders, on leasing liabilities and from the unwinding of discounting on financial liabilities for contingent consideration. Financial costs also include foreign exchange losses that arise when translating monetary assets and monetary liabilities denominated in foreign currencies into the functional currency.

Interest income and interest expense is recognised using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or the amortised cost of a financial liability. The calculation includes transaction costs, fees and points paid or received by the Group that are an integral part of the effective interest rate as well as other premiums or discounts.

Foreign currency gains and losses are reported on a net basis.

#### **(p) Income tax**

Incomes tax expense comprise current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### **(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. The Group has

determined that interest and penalties related to income taxes, including those relating to uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

##### **(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill, initial recognition of assets and liabilities in a transaction which is not a business combination and at the time of the transaction affects neither reported or taxable earnings or for temporary differences attributable to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of such temporary differences and it is probable that they will not reverse in the near future.

Deferred tax assets relating to deductible temporary differences and unused tax losses are recognised only to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date, and reflects uncertainty related to income tax, if any.

##### **(iii) Offsetting**

Current tax assets and current tax liabilities are offset only if the entities concerned have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A legally enforceable right to set off a current tax asset against a current tax liability normally exists when they relate to income taxes levied by the same taxation authority and the taxation authority permits the entities to make or receive a single net payment.

Deferred tax assets and deferred tax liabilities are offset only if the entities have a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and

assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **(q) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Financial instruments recognised in the statement of financial position include, on the asset side, trade receivables, other receivables and cash and cash equivalents. Financial liabilities consists of loans and borrowings, trade payables and other payables.

##### **(i) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value plus transaction costs directly attributable to its acquisition or issue. Transaction costs are, however, not included in the initial carrying amount of financial assets and financial liabilities measured at fair value through profit or loss. Trade receivables are initially measured at the transaction price determined under IFRS 15.

##### **(ii) Classification and subsequent measurement**

###### **Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. All of the Group's financial assets are measured at amortised cost using the effective interest rate method since they are held to collect the contractual cash flows, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### **Financial liabilities**

All of the Group's financial liabilities are measured at amortised cost using the effective interest rate method, except for liabilities for contingent consideration, which are measured at fair value through profit or loss.

##### **(iii) Derecognition**

###### **Financial assets**

The Group derecognises a financial asset when the contractual right to the cash flows from the financial asset expire or when it transfers the rights to receive the cash flows in a transaction in which substantially all of the risks and rewards of the financial asset is transferred. The Group has non-recourse factoring arrangements in Spain and Portugal. The receivables sold under these arrangements are derecognised in their entirety since substantially all of the risks and rewards of the receivables are transferred to the counterparty.

###### **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### **(iv) Derivative financial instruments**

The Group holds interest rate caps to hedge its interest rate risk exposures. As hedge accounting is not applied for interest rate caps, the caps are measured at fair value through profit or loss.

##### **(v) Offsetting**

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

##### **(r) Property, plant and equipment**

Property, plant and equipment assets are items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and expected to be used during more than one period.

##### **(i) Recognition and measurement**

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Self-constructed assets primarily consist of leasehold improvements. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are recognised as separate items (major components) of property, plant and equipment. 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. The gain or loss is recognised in profit or loss.

##### **(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditures will flow to the Group.

### **(iii) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

- » buildings; 20–50 years
- » machinery and equipment; 3–15 years
- » leasehold improvements; shorter of leasing term and useful life.

### **(s) Intangible assets and goodwill**

An intangible asset is an identifiable non-monetary asset without physical substance. The intangible assets comprise goodwill, customer relationships, patent and similar rights, capitalised software and intangible assets under development. Customer relationships primarily consists of assets recognised for tender contracts held by acquired entities prior to being acquired by the Group. The identifiable criterion is met when an asset is separable, i.e. capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged; or arises from contractual or other legal rights.

#### **(i) Recognition**

An intangible asset is recognised as an asset if it meets the definition of an intangible asset, when it is probable that expected future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. The probability of expected future economic benefits is assessed using reasonable and supportable assumptions that represent the management's best estimate. The probability criterion is always considered to be satisfied for intangible assets that are acquired separately or in a business combination.

Internally generated goodwill, brands, customer lists, and similar items are not recognised as assets. Expenditures on intangible items, which were initially recognised as expenses in previous reporting periods, are not capitalised on a later date. The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### **(ii) Measurement**

An item of intangible asset, which qualifies for recognition as an asset, is initially measured at its cost. The cost of a separately acquired intangible asset comprises its purchase

price, including import duties and non-refundable purchase taxes, and any directly attributable costs of preparing the asset for its intended use. Examples of directly attributable costs are professional fees, such as for legal services. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, has sufficient resources to complete development, and has ability to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Subsequent to initial recognition as an asset, an intangible asset is carried at cost less any accumulated depreciation and any impairment losses. Goodwill is measured at cost less accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

#### **(iii) Useful life**

Intangible assets can be classified as having finite or indefinite useful lives. The useful life of an intangible asset is the period over which the asset is expected to be available for use. If there is no foreseeable limit to the period over which the asset is expected to generate positive net cash flows, the intangible asset is regarded as having an indefinite useful life. The useful life of an intangible asset that arises from contractual or other legal rights does not exceed the period of the contractual or other legal rights. The useful life of intangible assets is reviewed annually. For example, the recognition of an impairment loss may indicate that the amortisation period needs to be changed.

#### **(iv) Amortisation**

Intangible assets with finite useful lives are amortised, whereas goodwill is not amortised but instead tested at least once a year or whenever there is an indication of impairment. Intangible assets with finite useful lives are amortised a straight-line basis over their useful lives:

- » customer relationships; length of the tender contract. Generally, 5–20 years and in exceptional cases up to 50 years.
- » capitalised expenses for software; 3–5 years
- » clinic licenses; contractual length of the license
- » other intangible assets; 5–20 years.

Amortisation starts when the asset is available for use (the month after) and continue until the end of the month when the asset is fully amortised or when the asset is classified as held for sale.

Amortisation methods, useful lives and residual values are reviewed at each closing date and adjusted if appropriate.

**(t) Inventories**

Inventories comprise mainly of consumables used in the treatment process.

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value includes adjustments for obsolescence due to scrapping and write-offs.

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories are based on the weighted average cost method. Inventories are reported net of deductions for obsolescence.

**(u) Other current receivables, prepaid expenses and unbilled revenue**

Other current receivables comprise receivables due within one year. They include VAT receivables, advances and loans to employees and other receivables.

Prepaid expenses constitute payments for the period, which cover costs for subsequent periods such as prepaid insurance costs.

Unbilled revenue represent the Group's unconditional right to consideration for dialysis treatments performed, but where the amounts have not yet been invoiced to the customer.

**(v) Impairment**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment at least once a year or whenever there is an indication of impairment. IAS 36 is applied to test if an impairment loss shall be recognised for assets other than financial assets, inventories, deferred tax receivables and non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5. For the excluded items above, value is assessed in accordance with the relevant standard.

**(i) Impairment of property, plant and equipment and intangible assets including goodwill**

If there is an indication of impairment, the asset's recoverable amount is calculated. For goodwill and intangible assets not yet ready for use, the recoverable amount is estimated annually. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs is determined. An impairment loss is recognised when an asset's or cash-generating unit's carrying value is higher than the recoverable amount. An impairment loss is recognised in profit or loss.

Irrespective of whether there is an indication of impairment, the Group also annually tests an intangible

asset with indefinite useful life or an intangible asset not yet available for use for impairment. An impairment loss for a cash generating unit (group of units) is allocated to reduce the carrying amount of the assets of the unit, firstly to goodwill and then to other assets of the unit (group of units) pro rata based on the carrying amount of each asset. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Group has used an approach to leases in the estimation of values in use in which lease payments are deducted from the cash flows that are discounted (i.e. the cash flows reflect payments on lease agreements). Right-of-use assets are included in the cash generating units' carrying amounts. In order for the carrying amount to be consistent with the value in use, which is reduced with future lease payments, the value of lease liabilities are deducted from the carrying amounts. Under this approach, leases are treated as part of the operations, rather than as financing, with the effect that discount rates constitute a weighted average cost of debt and equity financing where lease liabilities are not included in the debt component.

**(ii) Impairment of financial assets**

The impairment model in IFRS 9 is an expected loss model "ECL", which means that it is not necessary for a loss event to occur before an impairment loss is recognised. As a result, all financial assets generally carry a loss allowance. For financial receivables, other than trade and other receivables that result from transactions within the scope of IFRS 15, the so-called "general model" for impairment in IFRS 9 is applied. Impairment losses are recognised in profit or loss.

Under the general model, the loss allowance is initially calculated as the "12-month ECL". "12-month ECLs" are defined as the portion of lifetime ECLs that represents the ECLs resulting from default events on the receivable that are possible within 12 months of the reporting date. This means that 12-month ECLs represent the lifetime cash shortfalls that will result from a default occurring in the 12 months after the reporting date, or a shorter period if the expected life of the asset is less than 12 months, weighted by the probability of that default occurring. If a significant increase in credit risk of an instrument has occurred since initial recognition, then impairment is measured as "lifetime" ECLs, i.e., the cash shortfalls that will result from a default during the asset's entire lifetime.

The assessment of whether there has been a significant increase in credit risk is made on each closing date.

For trade and other receivables that result from transactions within the scope of IFRS 15, the Group applies the simplified approach in IFRS 9 for calculating ECL. This means that the loss allowance always equals the ECLs that result from all possible default events over the expected life of the receivables.

An individual assessment of expected credit losses is made for trade receivables where an event has occurred that negatively impacts the probability that the customer will pay the Group the full amount. The assessment is based on relevant historical loss experience. For trade receivables, the expected credit loss is estimated using the formula: Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD). The PD and LGD variables are estimated using data from rating agencies.

Receivables are written off when there are no further possibilities to claim the receivable, e.g., if customer been declared bankrupt.

### ***(iii) Impairment of equity interest in joint ventures***

The Group's equity interests in joint ventures are tested for impairment if there is an indication of impairment. An impairment loss in respect of the equity interest in joint ventures is measured by comparing the recoverable amount with its carrying amount. An impairment loss is recognised in profit or loss, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

## **(w) Equity**

### ***(i) Ordinary shares***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### ***(ii) Preference share capital***

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in income statement as accrued. The Company has five different classes of non-redeemable preferred shares classified as equity under these principles. In addition, the Company issued three types of preferred equity certificates that are classified as liabilities under these principles.

## **(x) Employee benefits**

### ***(i) Short-term benefits***

Short-term employee benefits are employee benefits, other than termination benefits, that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. Short-term employee benefits include for example wages, salaries and social security contributions, profit sharing, bonuses and benefits. When an employee has rendered services, the Group recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense.

The Group recognises the expected cost of bonus payments when there is a legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

### ***(ii) Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate entity (fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current or prior periods. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### ***(iii) Defined benefit plans***

A defined benefit plan is a post-employment benefit plan, where the Group has the obligation to provide the agreed benefits to current and former employees. Actuarial risk and investment risk thus fall on the Group, and the Group's obligation may be increased.

The obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, based on demographic variables such as employee turnover and mortality and financial variables, such as future increases in salaries and medical costs, that will influence the cost of the benefit.

That benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality corporate bonds (rated "AA" or "AAA") that have maturity dates approximating the terms of the obligations and are denominated in the same currency as the benefits are expected to be paid. The calculation is performed by a qualified actuary, using the projected unit credit method.

Actuarial gains and losses are recognised in the balance sheet immediately, with a charge to other comprehensive income (OCI) in the periods in which they occur. They are not subsequently recycled to profit or loss. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

#### **(iv) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits relates to incentive programs. The benefits are measured using the projected unit credit method and discounted to determine their present values. Remeasurements are recognised in profit or loss in the period in which they arise.

During 2020, Diaverum issued a bonus to certain employees of the Group whereby each individual is entitled to a fixed bonus amount as a recognition for the commitment shown in connection with Diaverum's exit process. The bonus has been paid out in cash in three instalments until 31 December 2022. The employee's right to receive each instalment is subject to the employee not having been given notice, or not have given notice prior to the due-date for the respective instalment. Due to the requirement for the employee to remain in service until 31 December 2022 in order to receive all three instalments, the bonus has been recognised as an expense over the service period, i.e. from 2020 to 2022.

During 2022, the Diaverum Group has set up a rolling long term cash-based incentive plan for senior executives in the group. Currently there is only one such plan in place, that commenced in 2022. Pay-outs is expected in 2025 and are based on medical, financial and strategic targets set on individual level. Pay-outs can vary between 0-100% of an individual's annual salary and pay-outs will be treated as salary with the customary associated social contributions.

#### **(v) Termination benefits**

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either Diaverum's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

#### **(y) Provisions, contingent liabilities and contingent assets**

##### **(i) Provisions**

A provision is a liability of uncertain timing or amount. A provision becomes recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

A constructive obligation is an obligation that derives from the Group's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the Group has indicated to other parties that it will accept certain responsibilities and as a result, the Group has created a valid expectation on the part of those

other parties that it will discharge those responsibilities. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provisions are made for future operating losses.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

Provisions is reviewed at each closing date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed. A provision is used only for expenditures for which the provision was originally recognised.

##### **(ii) Contingent liabilities**

A contingent liability is not recognised, but disclosed whenever there is a possible obligation arising from past events and whose existence is confirmed only by one or more uncertain future events not wholly within the control of the Group, or there is a present obligation not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

##### **(iii) Contingent assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is disclosed where an inflow of economic benefits is probable.

##### **(z) Other liabilities, accrued expenses and deferred income**

Other liabilities comprise for example VAT liabilities, withheld tax for employees and debts to employees. Accrued expenses are period costs where payments are made in later periods such as accrued vacation pay and accrued interest. Deferred income is payments during the period that relate to services to be performed in future periods when revenue will be recognised.

## **NOTE 2. USE OF JUDGEMENTS AND ESTIMATES**

When preparing these financial statements, management has made judgements and used estimates that affects the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

### **Significant judgements made in the application of the Group's accounting policies**

Significant judgements that management has made in the process of applying the Group's accounting principles are described below.

#### **Options to extend or terminate a lease**

As at 31 December 2022 the Group's right-of-use assets amounted to EUR 140,459 thousand and its leasing liabilities to EUR 150,875 thousand. Assessing the length of the lease term involves judgement, as IFRS 16 requires the lease term to include both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, as well as periods covered by options to terminate the lease if it is reasonably certain the Group will not exercise that right. The majority of the Group's leases relate to leases of clinic facilities. It is common for such leases to contain an option for the Group to extend the lease for additional periods or for the contracts to renew on a continuous basis if the Group does not exercise its right under the contract to terminate the lease at certain dates. The assessment of the lease term has significant impact on the size of the lease liability and the corresponding right-of-use asset, in particular for property leases. When assessing the lease term, the Group in particular considers factors such as the length of the reimbursement contract covering the dialysis treatments that are performed at the leased clinic and the existence of any significant leasehold improvements. For further information on the Group's leasing activities, see note 29.

#### **Assumptions and estimation uncertainties**

The sections below provide information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

#### **Impairment testing of goodwill**

During 2022, the Group recognised an impairment loss on goodwill in Germany. On 31 December 2022, the recoverable amount of the cash-generating unit was therefore almost equal to the carrying amount of the cash-generating unit. Any adverse movements in the assumptions used by management when determining the recoverable amount of the cash-generating unit in Germany would therefore lead to further impairment. On 31 December 2022, the goodwill in the cash-generating unit had a carrying amount of EUR 63,442 thousand. During 2022, the Group also recognised an impairment loss on goodwill in Russia after which goodwill allocated to the cash-generating unit in Russia was fully impaired. As impairment losses on goodwill are not reversed, there is no risk of a change in the carrying amount of goodwill in Russia during the next financial year.

#### **Fair value of liabilities for contingent considerations**

The Group has financial liabilities for contingent consideration that has arisen from several different business combinations. Such liabilities are measured at fair value through profit or loss. Determining the fair value of the liabilities requires management to estimate future expected payments under each agreement, which typically involves estimation of future revenue, EBITDA or other factors in the acquired business. Changes in estimates affects the fair values recognised for the liabilities. At 31 December 2022, financial liabilities for contingent considerations had a total fair value of EUR 11,796 thousand. The minimum amount payable for the contingent considerations that existed at 31 December 2022 was EUR 4,134 thousand and the maximum amount payable was EUR 12,074 thousand. For further information on the fair value measurement of liabilities for contingent considerations, see note 28.

### NOTE 3. REVENUE

The Group generates revenue primarily from dialysis treatments. The Group provides renal services in 23 countries around the world. The most significant dialysis markets are at present Spain, Portugal, France, Romania, Germany and UK that are included in the reportable segment "Europe" and Saudi Arabia, Argentina, Brazil and Kazakhstan included in the reportable segment "International".

#### Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by country in which the Group has operations, as this is consistent with the information regularly reviewed by the chief operating decision maker. The disaggregation of revenue by country also reflects how cash flows are affected by economic factors as the Group's revenue from dialysis treatments over time is affected by the economic and political developments in each country.

| EUR thousand                  | 2022           | 2021           |
|-------------------------------|----------------|----------------|
| <b>Europe</b>                 |                |                |
| Spain                         | 103,779        | 103,540        |
| Portugal                      | 84,056         | 83,436         |
| France                        | 76,680         | 74,816         |
| Romania                       | 73,020         | 65,184         |
| UK                            | 52,494         | 48,463         |
| Germany                       | 48,469         | 50,381         |
| Other countries <sup>1)</sup> | 113,617        | 110,746        |
| <b>Segment revenue</b>        | <b>552,115</b> | <b>536,565</b> |
| <b>International</b>          |                |                |
| Saudi Arabia                  | 184,170        | 161,704        |
| Argentina                     | 39,187         | 56,779         |
| Kazakhstan                    | 36,131         | 32,728         |
| Brazil                        | 31,360         | 24,356         |
| Other countries <sup>2)</sup> | 77,300         | 69,049         |
| <b>Segment revenue</b>        | <b>368,148</b> | <b>344,617</b> |
| <b>Total</b>                  | <b>920,263</b> | <b>881,182</b> |

1) Other countries within Europe includes 2022 following countries: Italy, Poland, Hungary, North Macedonia, Albania, Sweden and Lithuania.

2) Other countries within International includes 2022 following countries: Russia, Chile, Uruguay, China, Morocco, Singapore, Malaysia and Kyrgyzstan.

#### Contract balances

Treatments are generally invoiced to the customer after they are performed. Trade receivables are presented as a separate line item in the statement of financial position. The Group presents amounts for which it has an unconditional right to payment, but which has not yet been invoiced as "Unbilled revenue", see note 19. The Group does not have any material assets that meet the criteria for contract assets in IFRS 15. Payment terms vary depending on agreements in different countries, but in most cases invoices are payable within 30 to 90 days. Contract liabilities consist of the Group's obligation to perform treatments for which

consideration has been received in advance (deferred income). The table provides below information about contract liabilities from contracts with customers. The contract liabilities are included in "Accrued expenses and deferred income", see note 26.

| EUR thousand         | 31 Dec. 2022 | 31 Dec. 2021 |
|----------------------|--------------|--------------|
| Contract liabilities | 6,538        | 230          |

The amounts presented as contract liabilities per 31 December 2021 were recognised as revenue during 2022. The amount presented as contract liability per 31 December 2022 will be recognised as revenue during 2023.

The Group applies the practical expedient in IFRS 15.B16 and recognises revenue at the amount to which it has the right to invoice for treatments performed during the period (see note 1 (m)). As is allowed by IFRS 15, the Group does therefore not provide information about transaction price allocated to remaining performance obligations at 31 December 2022 and 31 December 2021.

#### Revenues from contracts with customers included in "Other income"

The Group has certain revenues from lab services and from clinical studies. The revenues from these services constitute revenue from contract with customers under IFRS 15. Revenues from lab services and clinical studies are included within "Other income" as they result from activities outside the Group's ordinary business as a provider of renal treatments.

| EUR thousand                      | 31 Dec. 2022 | 31 Dec. 2021 |
|-----------------------------------|--------------|--------------|
| Lab services and clinical studies | 1,219        | 1,115        |
| <b>Total</b>                      | <b>1,219</b> | <b>1,115</b> |

### NOTE 4. BUSINESS COMBINATIONS

#### Acquisitions during 2022

In 2022, businesses were acquired in Brazil, Chile and Morocco. The total consideration transferred for these acquisitions were EUR 8,653 thousand.

The business combinations listed individually above are each insignificant, and hence is information presented in aggregate below.

#### a) Consideration transferred

The following table summarises the acquisition date fair value of the consideration transferred.

| <b>EUR thousand</b>                    |              |
|--|--------------|
| Cash                                   | 6,672        |
| Contingent consideration               | 1,981        |
| <b>Total consideration transferred</b> | <b>8,653</b> |

The following table summarises the cash flows arising from the business combinations.

| <b>EUR thousand</b>                   |              |
|---------------------------------------|--------------|
| Consideration paid, satisfied in cash | 6,672        |
| Cash and cash equivalents acquired    | -201         |
| <b>Net cash outflows</b>              | <b>6,471</b> |

#### **b) Contingent consideration**

The contingent consideration, dependent on future performance of the acquired entities, relates to the acquisitions in Brazil, Chile and Morocco. Out of the initially recognised contingent consideration, EUR 539 thousand was paid out before year-end. For prior years' acquisitions, contingent consideration of EUR 3,116 thousand was paid out. Principles for the calculation in contingent considerations and changes in outstanding contingent considerations are disclosed in note 28.

#### **c) Acquisition-related costs**

Acquisition-related costs amounting to EUR 337 thousand have been excluded from the purchase price and have been recognised as an expense in the current year, within the "Administrative and selling expenses" line item in the consolidated statement of profit or loss.

#### **d) Identifiable acquired assets and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

| <b>EUR thousand</b>                           | Note |              |
|---|------|--------------|
| Tangible assets                               | 14   | 1,266        |
| Right-of-use assets                           |      | 1,769        |
| Other intangible assets                       | 13   | 406          |
| Non-current receivables                       |      | 28           |
| Current assets                                |      | 1,740        |
| Cash and cash equivalents                     |      | 201          |
| Non-interest-bearing liabilities              |      | -2,651       |
| Interest-bearing liabilities                  |      | -180         |
| Deferred tax liabilities                      |      | -136         |
| Leasing liability                             |      | -1,769       |
| <b>Total identifiable net assets acquired</b> |      | <b>674</b>   |
| Goodwill                                      |      | 7,980        |
| <b>Total consideration transferred</b>        |      | <b>8,654</b> |

Customer relationship included in "Other intangible assets" consists of tender contracts held by the acquired entities prior to the acquisitions. The fair value of the tender contracts has been estimated using a discounted cash

flow model with a risk adjusted discount rate. The trade receivables comprise gross contractual amounts due of EUR 1,083 thousand. All of it was expected to be collectable at acquisition date.

The acquisition accounting is provisional since the acquired entities are small, privately held entities and there is a certain time lag between the acquisition date and the date when the Group receives finalised financial statements for the acquired entities

#### **e) Impact on the results of Diaverum**

During 2022, the acquisitions have contributed to the Group's revenue with EUR 4,847 thousand and to the Group's profit before tax with EUR 754 thousand for the period. If the acquisitions had occurred on 1 January 2022, management estimates that consolidated revenue would have been impacted with EUR 6,436 thousand and the consolidated profit before tax for the period with EUR 1,410 thousand.

#### **f) Goodwill**

Goodwill arose in the acquisitions in 2022 because the purchase price paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce in the acquired companies. These benefits are not recognised separately from goodwill because they do not meet the criteria for identifiable intangible assets. The goodwill arising on these acquisitions is not expected to be tax-deductible in the current format. The provisional acquisition accounting for business that occurred during 2021 was updated during 2022. Future mergers of entities could potentially lead to deductibility in the tax jurisdiction of Brazil.

#### **Acquisitions during 2021 - Saudi Arabia**

In 2021, the acquisitions of Diaverum Arabia Ltd and Nazer for Dialysis and Advanced Health Services Co. Ltd were closed. The beneficial ownership was transferred 12 December 2020, subject to regulatory approval. For Diaverum Arabia Ltd the approval was granted in July 2021 and for Nazer for Dialysis and Advanced Health Services Co. Ltd in October 2021. The total consideration transferred for these acquisitions were EUR 28.580 thousand.

#### **a) Consideration transferred**

The following table summarises the acquisition date fair value of the consideration transferred.

| <b>EUR thousand</b>                    |               |
|--|---------------|
| Cash                                   | -             |
| Equity interest in joint venture       | 4,580         |
| Prepaid consideration                  | 24,000        |
| <b>Total consideration transferred</b> | <b>28,580</b> |

The following table summarises the cash flows arising from the business combinations.

**EUR thousand**

|                                       |                |
|---------------------------------------|----------------|
| Consideration paid, satisfied in cash | -              |
| Cash and cash equivalents acquired    | -14,257        |
| <b>Net cash outflows</b>              | <b>-14,257</b> |

**b) Contingent consideration**

There is no contingent consideration for the Saudi transaction.

**c) Acquisition-related costs**

The acquisition had no acquisition-related costs.

**d) Identifiable acquired assets and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

| EUR thousand                                  | Note |               |
|---|------|---------------|
| Tangible assets                               | 14   | 44,570        |
| Right-of-use assets                           |      | 978           |
| Other intangible assets                       | 13   | 512           |
| Non-current receivables                       |      | 1,797         |
| Current assets                                |      | 2,003         |
| Cash and cash equivalents                     |      | 14,257        |
| Interest-bearing liabilities                  |      | -26,141       |
| Employee benefits                             |      | -1,352        |
| Non-interest-bearing liabilities              |      | -3,857        |
| Leasing liability                             |      | -978          |
| <b>Total identifiable net assets acquired</b> |      | <b>31,789</b> |
| Bargain purchase                              |      | -3,209        |
| <b>Total consideration transferred</b>        |      | <b>28,580</b> |

The trade receivables comprise gross contractual amounts due of EUR 330 thousand. All of it was expected to be collectable at acquisition date.

**e) Impact on the results of Diaverum**

During 2021, the acquisitions contributed to the Group's revenue with EUR 365 thousand and to the Group's profit before tax with EUR 797 thousand for the period. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been impacted with EUR 1,395 thousand and the consolidated profit before tax for the period with EUR 1,231 thousand.

**f) Goodwill**

The purchase price allocation performed for Diaverum Arabia Company Ltd. resulted in a bargain purchase for the Group and a gain reported in "Other operating income". The bargain purchase was mainly the result of the price for the joint venture having been set at signing in late 2020, whereas the acquisition date for Diaverum Arabia Company Ltd. was not until July 2021 when the Group had received the necessary regulatory approvals from the authorities in the Kingdom of Saudi Arabia. The profits accumulated

in the joint venture between the signing of the purchase agreement and the acquisition date more than half a year later resulted in the business combination being a bargain purchase. Diaverum for Dialysis and Advanced Health Services Co. Ltd was a non-material acquisition made at the same time as the Group acquired the outstanding shares in Diaverum Arabia Company Ltd.

**Acquisitions during 2021 – Other**

In 2021, businesses were acquired in Brazil, Cyprus, Kazakhstan, Malaysia, Morocco, Portugal and Singapore. The total consideration transferred for these acquisitions were EUR 41,673 thousand.

The business combinations listed individually above are each insignificant, and hence is information presented in aggregate below.

**a) Consideration transferred**

The following table summarises the acquisition date fair value of the consideration transferred.

| EUR thousand                           |               |
|--|---------------|
| Cash                                   | 34,032        |
| Liability for NCI put option           | 2,565         |
| Contingent consideration               | 5,076         |
| <b>Total consideration transferred</b> | <b>41,673</b> |

The following table summarises the cash flows arising from the business combinations.

| EUR thousand                          |               |
|---------------------------------------|---------------|
| Consideration paid, satisfied in cash | 34,032        |
| Cash and cash equivalents acquired    | -3,225        |
| <b>Net cash outflows</b>              | <b>30,807</b> |

**b) Contingent consideration**

The contingent consideration, dependent on future performance of the acquired entities, relates to the acquisitions in Brazil, Cyprus, Kazakhstan, Malaysia, Morocco, Portugal and Singapore. Out of the initially recognised contingent consideration, EUR 2,182 thousand was paid out before year-end. For prior years' acquisitions, contingent consideration of EUR 3,134 thousand was paid out. Principles for the calculation in contingent considerations and changes in outstanding contingent considerations are disclosed in note 28.

**c) Acquisition-related costs**

Acquisition-related costs amounting to EUR 950 thousand have been excluded from the purchase price and have been recognised as an expense in the current year, within the "Administrative and selling expenses" line item in the consolidated statement of profit or loss.

**d) Identifiable acquired assets and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

| <b>EUR thousand</b>                           |    |               |
|---|----|---------------|
| Tangible assets                               | 14 | 2,486         |
| Right-of-use assets                           |    | 4,371         |
| Other intangible assets                       | 13 | 26            |
| Non-current receivables                       |    | 124           |
| Current assets                                |    | 3,815         |
| Cash and cash equivalents                     |    | 3,225         |
| Interest-bearing liabilities                  |    | -1,164        |
| Non-interest-bearing liabilities              |    | -3,729        |
| Leasing liability                             |    | -4,371        |
| <b>Total identifiable net assets acquired</b> |    | <b>4,783</b>  |
| Goodwill                                      |    | 36,890        |
| <b>Total consideration transferred</b>        |    | <b>41,673</b> |

The trade receivables comprise gross contractual amounts due of EUR 2,635 thousand. All of it was expected to be collectable at acquisition date.

The acquisition accounting is provisional since the acquired entities are small, privately held entities and there is a certain time lag between the acquisition date and the date when the Group receives finalised financial statements for the acquired entities

**e) Impact on the results of Diaverum**

During 2021, the acquisitions have contributed to the Group's revenue with EUR 12,618 thousand and to the Group's profit before tax with EUR 3,043 thousand for the period. If the acquisitions had occurred on 1 January 2021, management estimates that consolidated revenue would have been impacted with EUR 17,985 thousand and the consolidated profit before tax for the period with EUR 2,892 thousand.

**f) Goodwill**

Goodwill arose in the acquisitions in 2021 because the purchase price paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce in the acquired companies. These benefits are not recognised separately from goodwill because they do not meet the criteria for identifiable intangible assets. The goodwill arising on these acquisitions is not expected to be tax-deductible in the current format. The provisional acquisition accounting for business that occurred during 2020 was updated during 2021. Future mergers of entities could potentially lead to deductibility in the tax jurisdiction of Brazil.

**NOTE 5. OTHER INCOME**

| <b>EUR thousand</b>                           | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
| Lab services and clinical studies             | 1 219        | 1 115        |
| Clinic-related other income                   | 436          | 926          |
| Exchange rate gains                           | -            | 280          |
| Gain on sale of fixed assets                  | 620          | 382          |
| Change in fair value contingent consideration | 1,332        | 1,032        |
| Bargain purchase                              | -            | 3,209        |
| Other   | 5,349        | 2,430        |
| <b>Total</b>                                  | <b>8,956</b> | <b>9,374</b> |

**NOTE 6. OTHER EXPENSES**

| <b>EUR thousand</b>                           | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
| Clinic-related other expenses                 | 332          | 456          |
| Loss on sales of fixed assets                 | 191          | 129          |
| Exchange rate losses                          | 266          | -            |
| Change in fair value contingent consideration | 1,265        | 561          |
| Other   | 462          | 840          |
| <b>Total</b>                                  | <b>2,516</b> | <b>1,986</b> |

**NOTE 7. EMPLOYEES & PERSONNEL COSTS**

Costs for remuneration to employees

| <b>EUR thousand</b>                       | <b>2022</b>    | <b>2021</b>    |
|---|----------------|----------------|
| Salaries and other remuneration           | 283,403        | 260,515        |
| Severance pay                             | 1,995          | 1,726          |
| Pension costs, defined benefit plans      | 2,833          | 2,509          |
| Pension costs, defined contribution plans | 2,263          | 1,730          |
|   | <b>290,493</b> | <b>266,480</b> |
| Social security contributions             | 49,287         | 46,124         |
| <b>Total</b>                              | <b>339,780</b> | <b>312,604</b> |

Personnel costs of EUR 273,791 thousand (254,919) are included in Costs for sales and EUR 65,989 thousand (57,687) in Administrative and selling expenses.

Average number of employees for the year is 9,648 (10,446).

**NOTE 8. AUDIT FEES AND EXPENSES**

| EUR thousand  | 2022         | 2021         |
|---|--------------|--------------|
| <b>Audit services</b>                                   |              |              |
| KPMG  | 993          | 1,170        |
| Other   | 183          | 141          |
| <b>Subtotal</b>   | <b>1,176</b> | <b>1,311</b> |
| <b>Audit services in excess of the audit engagement</b> |              |              |
| KPMG  | 3            | 32           |
| <b>Subtotal</b>   | <b>3</b>     | <b>32</b>    |
| <b>Tax consultancy</b>                                  |              |              |
| KPMG  | 472          | 391          |
| Other   | 22           | 33           |
| <b>Subtotal</b>   | <b>494</b>   | <b>424</b>   |
| <b>Other services</b>                                   |              |              |
| KPMG  | 63           | 302          |
| Other   | 42           | 142          |
| <b>Subtotal</b>   | <b>105</b>   | <b>444</b>   |
| <b>Total</b>  | <b>1,778</b> | <b>2,211</b> |

Audit services refers to legally required examination of the annual report and the book-keeping, the management by the Board of Directors and the CEO and any other audit examinations or agreed-upon procedures determined by agreement or contract. Audit services in excess of the audit engagement includes other assignments incumbent upon the Company's auditor to conduct, as well as advising or other support justified by observations in the course of examination or execution of such other assignments.

**NOTE 9. EXPENSES BY NATURE**

| EUR thousand  | Note       | 2022           | 2021           |
|---|------------|----------------|----------------|
| Consumables and utilities                                       |            | 246,109        | 244,311        |
| Employee benefits   | 7          | 338,901        | 311,810        |
| Consultancy, advertising, audit etc.                            |            | 136,362        | 124,723        |
| Depreciation and amortisation                                   | 13, 14, 29 | 87,722         | 76,417         |
| Impairment losses on goodwill and property, plant and equipment | 12, 13, 14 | 36,633         | 22,871         |
| Lease and contingent rent                                       | 29         | 1,512          | 12,506         |
| <b>Total</b>  |            | <b>847,239</b> | <b>792,638</b> |

**NOTE 10. FINANCE INCOME AND EXPENSES****Amounts recognised in profit or loss**

| EUR thousand  | 2022           | 2021           |
|---|----------------|----------------|
| Interest income   | 2,163          | 304            |
| <b>Finance income</b>                                   | <b>2,163</b>   | <b>304</b>     |
| Interest expenses loans and borrowings                  | -67,536        | -61,681        |
| Interest expenses leasing                               | -8,104         | -8,612         |
| Net foreign exchange loss                               | -4,232         | -2,925         |
| <b>Finance cost</b>                                     | <b>-79,872</b> | <b>-73,219</b> |
| <b>Net finance expense recognised in profit or loss</b> | <b>-77,709</b> | <b>-72,915</b> |

All interest income is related to financial instruments measured at amortised cost.

Interest expense relating to financial instruments measured at amortised cost amounts to EUR -75,197 thousand (-70,222). The remaining part is interest cost on contingent consideration EUR -443 thousand (-72).

## NOTE 11. INCOME TAXES

### a) Amounts recognised in profit or loss

| EUR thousand                                | 2022          | 2021          |
|---|---------------|---------------|
| <b>Current tax expense</b>                  |               |               |
| Current period                              | 29,922        | 23,414        |
|   | <b>29,922</b> | <b>23,414</b> |
| <b>Deferred tax revenue and tax expense</b> |               |               |
| Change in temporary differences             | -4,356        | 1,187         |
| <b>Tax expenses</b>                         | <b>25,566</b> | <b>24,601</b> |

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. The complexity of rules related to taxes in

different jurisdictions and the accounting for these require management involvement in judgements and estimates. These estimates might differ from the actual outcome.

### b) Amounts recognised in OCI

| EUR thousand                                       | 2022          |           |               | 2021         |           |              |
|--|---------------|-----------|---------------|--------------|-----------|--------------|
|  | Before tax    | Tax       | Net of tax    | Before tax   | Tax       | Net of tax   |
| Remeasurement of defined benefit liability (asset) | -315          | 56        | -259          | -416         | 79        | -337         |
| Foreign currency translations differences          | 54,117        | -         | 54,117        | 7,835        | -         | 7,835        |
| <b>Total</b>                                       | <b>53,802</b> | <b>56</b> | <b>53,858</b> | <b>7,419</b> | <b>79</b> | <b>7,498</b> |

### c) Reconciliation of effective tax rate

| EUR thousand  | 2022 |                | 2021           |               |                |
|---|------|----------------|----------------|---------------|----------------|
| Profit (loss) for the period                          |      | -93,105        |                | -1,205        |                |
| Income tax expenses                                   |      | -25,566        |                | -24,601       |                |
| <b>Profit (loss) before tax</b>                       |      | <b>-67,539</b> |                | <b>23,396</b> |                |
| Tax using the parent company's domestic tax rate      |      | 24.9%          | 16,844         | 24.9%         | -5,835         |
| Effect of tax rates in foreign jurisdictions          |      | 4.2%           | 2,845          | -2.9%         | 674            |
| Changes in tax rates                                  |      | -              | -              | 4.6%          | -1,068         |
| Non-deductible expenses                               |      | -50.1%         | -33,847        | 59.0%         | -13,797        |
| Effect of result in equity-accounted investee         |      | 0.0%           | 2              | -4.7%         | 1,089          |
| Tax-exempt income                                     |      | 2.3%           | 1,564          | -9.5%         | 2,232          |
| Changes in estimates related to prior year            |      | 1.2%           | 816            | 10.6%         | -2,470         |
| Losses for which no deferred tax asset was recognised |      | -20.4%         | -13,790        | 23.2%         | -5,426         |
|   |      | <b>37.9%</b>   | <b>-25,566</b> | <b>105.2%</b> | <b>-24,601</b> |

The non deductible expenses primarily relates to non-tax deductible expenses linked to the disposal of business EUR 20,251 thousand, impairment losses on goodwill EUR 5,142

thousand (4,708), limitation on the deductibility of interest expenses EUR 2,265 thousand (2,530).

**d) Recognised deferred tax assets and liabilities**

**2022**

Balance at 31 December

| EUR thousand                                   | Net balance<br>1 January | Recognised<br>in profit<br>or loss | Business<br>combi-<br>nation /<br>Disposal<br>business | Recognised<br>in OCI | Balance at 31 December |                    |                         |
|--|--------------------------|------------------------------------|--|----------------------|------------------------|--------------------|-------------------------|
|  |                          |                                    |  |                      | Net                    | Def. tax<br>assets | Def. tax<br>liabilities |
| Property, plant and equipment                  | 2,308                    | 2,275                              | -1,716   | 76                   | 2,943                  | 3,245              | -302                    |
| Intangible assets                              | -25,110                  | 2,301                              | -136   | -8                   | -22,953                | -                  | -22,953                 |
| Lease liabilities                              | 3,920                    | -182                               | -298   | -20                  | 3,420                  | 3,420              | -                       |
| Employee benefits                              | 2,852                    | 454                                | -  | 178                  | 3,484                  | 3,506              | -22                     |
| Provisions                                     | 1,510                    | 167                                | -632   | -41                  | 1,004                  | 1,105              | -101                    |
| Other items                                    | 3,268                    | -39                                | -1,012   | -120                 | 2,097                  | 2,428              | -331                    |
| Carry forward losses                           | 633                      | -620                               | -  | -                    | 13                     | 13                 | -                       |
| <b>Deferred tax assets/liabilities (-)</b>     | <b>-10,619</b>           | <b>4,356</b>                       | <b>-3,794</b>  | <b>65</b>            | <b>-9,992</b>          | <b>13,717</b>      | <b>-23,710</b>          |
| <b>Set-off tax</b>                             |                          |                                    |  |                      |                        | <b>-426</b>        | <b>426</b>              |
| <b>Net deferred tax assets/liabilities (-)</b> |                          |                                    |  |                      |                        | <b>13,291</b>      | <b>-23,284</b>          |

**2021**

Balance at 31 December

| EUR thousand                                   | Net balance<br>1 January | Recognised<br>in profit<br>or loss | Business<br>combi-<br>nation | Recognised<br>in OCI | Balance at 31 December |                    |                         |
|--|--------------------------|------------------------------------|------------------------------|----------------------|------------------------|--------------------|-------------------------|
|  |                          |                                    |                              |                      | Net                    | Def. tax<br>assets | Def. tax<br>liabilities |
| Property, plant and equipment                  | 925                      | -1,447                             | 1,785                        | 1,045                | 2,308                  | 4,120              | -1,812                  |
| Intangible assets                              | -24,453                  | -671                               | -                            | 14                   | -25,110                | -                  | -25,110                 |
| Lease liabilities                              | 3,599                    | 321                                | -                            | -                    | 3,920                  | 3,920              | -                       |
| Employee benefits                              | 2,689                    | -102                               | -                            | 265                  | 2,852                  | 2,852              | -                       |
| Provisions                                     | 136                      | 1,479                              | -                            | -105                 | 1,510                  | 1,628              | -118                    |
| Other items                                    | 3,899                    | -616                               | -                            | -15                  | 3,268                  | 4,571              | -1,303                  |
| Carry forward losses                           | 789                      | -151                               | -                            | -5                   | 633                    | 633                | -                       |
| <b>Deferred tax assets/liabilities (-)</b>     | <b>-12,416</b>           | <b>-1,187</b>                      | <b>1,785</b>                 | <b>1,199</b>         | <b>-10,619</b>         | <b>17,724</b>      | <b>-28,343</b>          |
| <b>Set-off tax</b>                             |                          |                                    |                              |                      |                        | <b>-267</b>        | <b>267</b>              |
| <b>Net deferred tax assets/liabilities (-)</b> |                          |                                    |                              |                      |                        | <b>17,457</b>      | <b>-28,076</b>          |

**e) Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

| EUR thousand                     | 2022 Gross     | 2021 Gross     |
|----------------------------------|----------------|----------------|
| Tax losses                       | 892,470        | 847,173        |
| Deductible temporary differences | 3,631          | 6,286          |
|                                  | <b>896,100</b> | <b>853,459</b> |

**f) Tax losses carried forward**

Tax losses for which no deferred tax asset was recognised expire as follows:

| EUR thousand | 2022           |             | 2021           |             |
|--------------|----------------|-------------|----------------|-------------|
|              | Amount         | Expiry date | Amount         | Expiry date |
| Expire       | 354            | 2023        | 11,469         | 2022        |
| Expire       | 18,795         | 2024-2027   | 11,350         | 2023-2026   |
| Expire       | 18,693         | 2028-2032   | 15,633         | 2027-2031   |
| Expire       | 199,779        | 2033-2039   | 189,883        | 2032-2038   |
| Indefinite   | 654,848        | -           | 618,838        | -           |
|              | <b>892,470</b> | <b>-</b>    | <b>847,173</b> | <b>-</b>    |

## NOTE 12. GOODWILL

### a) Reconciliation of carrying amount

| EUR thousand  | 2022            | 2021            |
|---|-----------------|-----------------|
| <b>Costs</b>  |                 |                 |
| Balance at 1 January  | 910,306         | 872,971         |
| Acquisitions through business combinations                  | 7,980           | 36,890          |
| Adjustment of prior year provisional acquisition accounting | -137            | 112             |
| Disposals   | -9,296          |                 |
| Effect of movement in exchange rate                         | 3,045           | 333             |
| <b>Balance at 31 December</b>                               | <b>911,898</b>  | <b>910,306</b>  |
| <b>Impairment losses</b>                                    |                 |                 |
| Balance at 1 January  | -104,907        | -82,287         |
| Impairment losses for the period                            | -36,461         | -22,854         |
| Disposals   | 9,296           |                 |
| Effect of movement in exchange rate                         | 2,627           | 234             |
| <b>Balance at 31 December</b>                               | <b>-129,445</b> | <b>-104,907</b> |
| <b>Carrying amounts</b>                                     |                 |                 |
| <b>At 31 December</b>                                       | <b>782,453</b>  | <b>805,399</b>  |

The goodwill recognised is mainly attributable to the benefit of expected synergies, growth opportunities, market position and the assembled workforce of the acquired businesses.

### b) Impairment testing for groups of cash-generating units containing goodwill

The Group reviews the carrying value of goodwill on at least an annual basis. In addition testing will be performed at every given occasion where indications of impairment losses have been identified.

| Group of cash generating units   | Item                | 2022          | 2021          |
|--|---------------------|---------------|---------------|
| <b>Germany</b> (Impairment loss due to uncertain organic growth prospects) | Impairment loss:    | 11,500        | -             |
|  | Recoverable amount: | 77,168        | -             |
|  | Discount rate:      | 7.6%          | -             |
| <b>Russia</b> (Impairment due to war in Ukraine and related country risk)  | Impairment loss:    | 24,961        | 9,092         |
|  | Recoverable amount: | 11,307        | 26,822        |
|  | Discount rate:      | 24.4%         | 15.0%         |
| <b>China</b> (Impairment loss due to uncertain organic growth prospects)   | Impairment loss:    | -             | 13,762        |
|  | Recoverable amount: | -             | 11,685        |
|  | Discount rate:      | -             | 9.2%          |
| <b>Impairment loss:</b>  |                     | <b>36,461</b> | <b>22,854</b> |

### c) Assumptions used in estimating value in use

Key assumptions in the calculation of recoverable amounts are revenue growth drivers, development of labour and

For the purpose of impairment testing, goodwill is allocated to each country in which the Group operates, since this represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amount of goodwill allocated to each group of cash generating units is as follows:

| EUR thousand   | 2022           | 2021           |
|--|----------------|----------------|
| Portugal   | 174,618        | 174,925        |
| Spain  | 150,008        | 150,008        |
| France   | 142,011        | 142,011        |
| Romania  | 83,658         | 83,666         |
| Germany  | 63,442         | 74,942         |
| China  | -              | -              |
| Russia   | -              | 25,880         |
| Multiple units without, in comparison with total, significant goodwill | 168,716        | 153,967        |
| <b>Total</b>   | <b>782,453</b> | <b>805,399</b> |

When testing impairment of goodwill, the recoverable amount is compared with the carrying amount for the group of cash generating units. The recoverable amount for the group of cash generating units of the Group was calculated as value in use and was determined by discounting the future cash flows to be generated from the continuing use of the cash-generating unit. The value in use 2022 was determined in a similar manner as in 2021.

The carrying amount of the following groups of cash generating units was determined to be higher than its recoverable amount. The impairment loss was fully allocated to goodwill and included in Administrative and selling expenses.

other cost items and investments relevant to each group of cash generating units. The values assigned to the assumptions used in the cash flow projections are based

on local management's preparation – with guidance from group management - of long-term business plans (normally 5-years). These plans reflect past experience and take into consideration future trends relevant for the renal industry

(based on both external sources and internal historical data) when projecting key drivers such as patient growth, reimbursement development, labour cost development and other cost items as well as expected investment needs.

| Key assumptions   | Determination of the values assigned to key assumptions  |
|---|--|
| Patient growth  | General underlying observed market growth with adaptation to clinic specifics such as location, patient flow patterns, clinic capacity expansion or constraints, tender contract limitations.                              |
| Reimbursement development   | In line with explicit and implicit key drivers such as local inflation and salary increase trends, union agreements. Adjustments made for expected changes to reimbursement scope or local political/regulatory situation. |
| Labour cost development   | Inflation and salary increase trends, union agreements, adherence to staff ratios/needs in line with patient development, offset by potential operational efficiency.  |
| Other cost items (such as rent and cost of maintenance, utilities, pharmacy and laboratory, country organisation) | Contracted price levels and potential changes in supply sourcing, service requirements, country overhead structure; specific efficiency initiatives and inflation.   |
| Investment needs  | Investments in dialysis infrastructure such as monitors, water treatment plants and leasehold improvements in line with local and corporate requirements; other fixed assets as per perceived needs.                       |

Cash flows were extrapolated using a growth rate deemed reasonable considering the long-term average growth rate for the industry combined with local circumstances. The annual projected growth by cash generating unit for the terminal period was based on the assumed inflation rate or minimum 2.0% (inflation rate), the anticipated local real growth, measured as the expected population growth

for each country (external sources). This is in line with management's expectations on the future market growth.

The discount rates were based on different geographical regions, with country-specific differences such as risk-free interest rate and country specific risk. The following table shows the pre-tax discount rate applied in determining the recoverable value and the terminal growth factor used:

|                          | Discount rate |       | Terminal growth rate |       |
|--------------------------|---------------|-------|----------------------|-------|
|                          | 2022          | 2021  | 2022                 | 2021  |
| Portugal                 | 8.6%          | 6.0%  | 1.8%                 | 1.8%  |
| Spain                    | 8.6%          | 5.8%  | 2.1%                 | 2.0%  |
| France                   | 7.8%          | 5.2%  | 2.3%                 | 2.3%  |
| Romania                  | 8.6%          | 5.8%  | 0.9%                 | 1.6%  |
| Germany                  | 7.6%          | 5.0%  | 1.9%                 | 1.8%  |
| Multiple units: Maximum* | 24.4%         | 66.5% | 9.0%                 | 28.4% |
| Multiple units: Minimum  | 7.3%          | 4.7%  | 0.9%                 | 1.0%  |

\* Drop in maximum rates due to disposal of business in Argentina, see note 35

#### d) Sensitivity to changes in assumptions

The cash-generating unit Germany recognised an impairment loss in 2022. The recoverable amount is equal to the carrying amount and as a consequence management have identified that any adverse movement in a key assumption would lead to further impairment.

For all other group of cash-generating units management estimates that no reasonable changes (similar to the 2022 change) to key assumptions will lead to impairment.

## NOTE 13. OTHER INTANGIBLE ASSETS

### a) Reconciliation of carrying amount

| EUR thousand                                     | Internally<br>generated<br>intangible<br>assets | Other intangible assets  |               |               |               | Total          |
|--|---|--------------------------|---------------|---------------|---------------|----------------|
|  | Software  | Customer<br>relationship | Software      | Licenses      | Other         |                |
| <b>Costs</b>                                     |   |                          |               |               |               |                |
| Balance at 1 January 2021                        | 17,439  | 27,455                   | 4,698         | 5,962         | 5,244         | 60,798         |
| Acquisition through business combinations        | -   | -                        | 538           | -             | -             | 538            |
| Other additions                                  | 2,433   | -                        | 797           | 17            | 3,370         | 6,617          |
| Disposals  | -39   | -13,097                  | -23           | -             | -             | -13,159        |
| Reclassifications                                | -   | -                        | -             | -             | 1,564         | 1,564          |
| Effect of movement in exchange rates             | -   | -149                     | 132           | -46           | -60           | -123           |
| <b>Balance at 31 December 2021</b>               | <b>19,833</b>                                   | <b>14,209</b>            | <b>6,142</b>  | <b>5,933</b>  | <b>10,118</b> | <b>56,235</b>  |
| Balance at 1 January 2022                        | 19,833  | 14,209                   | 6,142         | 5,933         | 10,118        | 56,235         |
| Acquisition through business combinations        | -   | 399                      | -             | -             | 7             | 406            |
| Other additions                                  | 3,245   | -                        | 859           | 195           | 494           | 4,793          |
| Disposals  | -4,599  | -                        | -261          | -             | -83           | -4,943         |
| Reclassifications                                | -   | -                        | -             | -             | -             | -              |
| Effect of movement in exchange rates             | -7  | -21                      | -73           | -73           | 74            | -100           |
| <b>Balance at 31 December 2022</b>               | <b>18,472</b>                                   | <b>14,587</b>            | <b>6,667</b>  | <b>6,055</b>  | <b>10,610</b> | <b>56,391</b>  |
| <b>Accumulated depreciation and amortisation</b> |   |                          |               |               |               |                |
| Balance at 1 January 2021                        | -12,780   | -17,026                  | -3,488        | -4,108        | -2,452        | -39,854        |
| Amortisation for the year                        | -1,477  | -974                     | -836          | -108          | -442          | -3,837         |
| Disposals  | 39  | 13,097                   | 21            | -             | -             | 13,157         |
| Reclassification                                 | -   | -                        | -             | -             | -835          | -835           |
| Effect of movement in exchange rates             | -   | 132                      | -82           | 42            | 55            | 147            |
| <b>Balance at 31 December 2021</b>               | <b>-14,218</b>                                  | <b>-4,771</b>            | <b>-4,385</b> | <b>-4,174</b> | <b>-3,674</b> | <b>-31,222</b> |
| Balance at 1 January 2022                        | -14,218   | -4,771                   | -4,385        | -4,174        | -3,674        | -31,222        |
| Amortisation for the year                        | -2,069  | -982                     | -792          | -91           | -1,794        | -5,728         |
| Impairment loss for the year                     | -   | -                        | -20           | -             | -             | -20            |
| Disposals  | 4,589   | -                        | 210           | -             | 23            | 4,822          |
| Effect of movement in exchange rates             | -   | 53                       | 94            | 67            | -21           | 193            |
| <b>Balance at 31 December 2022</b>               | <b>-11,698</b>                                  | <b>-5,700</b>            | <b>-4,893</b> | <b>-4,198</b> | <b>-5,466</b> | <b>-31,955</b> |
| <b>Carrying amounts</b>                          |   |                          |               |               |               |                |
| <b>At 31 December 2020</b>                       | <b>4,659</b>                                    | <b>10,429</b>            | <b>1,210</b>  | <b>1,854</b>  | <b>2,792</b>  | <b>20,944</b>  |
| <b>At 31 December 2021</b>                       | <b>5,615</b>                                    | <b>9,438</b>             | <b>1,757</b>  | <b>1,759</b>  | <b>6,444</b>  | <b>25,013</b>  |
| <b>At 31 December 2022</b>                       | <b>6,774</b>                                    | <b>8,887</b>             | <b>1,774</b>  | <b>1,857</b>  | <b>5,144</b>  | <b>24,436</b>  |

### b) Amortisation

Amortisation relating to intangible assets are included in Cost of sales to an amount of EUR 860 thousand (857) and in Administrative and selling expenses to an amount of EUR 4,868 thousand (2,980).

## NOTE 14. PROPERTY, PLANT AND EQUIPMENT

### a) Reconciliation of carrying amount

| EUR thousand                              | Buildings, land and leasehold improvements | Machinery and equipment | Under construction | Total           |
|---|--|-------------------------|--------------------|-----------------|
| <b>Costs</b>                              |  |                         |                    |                 |
| Balance at 1 January 2021                 | 178,705                                    | 233,617                 | 6,482              | <b>418,804</b>  |
| Acquisition through business combinations | 35,505                                     | 11,551                  | -                  | <b>47,056</b>   |
| Other additions                           | 14,004                                     | 27,988                  | 9,387              | <b>51,379</b>   |
| Disposals                                 | -3,014                                     | -7,412                  | -                  | <b>-10,426</b>  |
| Reclassification                          | 2,455                                      | 2,941                   | -4,645             | <b>751</b>      |
| Effect of movements in exchange rates     | 3,945                                      | 3,336                   | 319                | <b>7,600</b>    |
| <b>Balance at 31 December 2021</b>        | <b>231,600</b>                             | <b>272,021</b>          | <b>11,543</b>      | <b>515,164</b>  |
| Balance at 1 January 2022                 | 231,600                                    | 272,021                 | 11,543             | <b>515,164</b>  |
| Acquisition through business combinations | 51   | 1,215                   | -                  | <b>1,266</b>    |
| Other additions                           | 13,493                                     | 29,298                  | 14,330             | <b>57,121</b>   |
| Disposals                                 | -9,926                                     | -19,287                 | -451               | <b>-29,664</b>  |
| Reclassification                          | 3,374                                      | 2,583                   | -6,627             | <b>-670</b>     |
| Effect of movements in exchange rates     | 1,662                                      | 1,894                   | 136                | <b>3,692</b>    |
| <b>Balance at 31 December 2022</b>        | <b>240,254</b>                             | <b>287,724</b>          | <b>18,931</b>      | <b>546,909</b>  |
| <b>Depreciation and impairment losses</b> |  |                         |                    |                 |
| Balance at 1 January 2021                 | -95,765                                    | -143,616                |                    | <b>-239,381</b> |
| Depreciation for the year                 | -16,320                                    | -25,990                 |                    | <b>-42,310</b>  |
| Impairment loss for the year              | -  | -17                     |                    | <b>-17</b>      |
| Depreciation disposals                    | 2,926                                      | 6,990                   |                    | <b>9,916</b>    |
| Reclassification                          | -20  | -1,465                  |                    | <b>-1,485</b>   |
| Effect of movements in exchange rates     | -894                                       | -662                    |                    | <b>-1,556</b>   |
| <b>Balance at 31 December 2021</b>        | <b>-110,073</b>                            | <b>-164,760</b>         |                    | <b>-274,833</b> |
| Balance at 1 January 2022                 | -110,073                                   | -164,760                |                    | <b>-274,833</b> |
| Depreciation for the year                 | -20,030                                    | -29,700                 |                    | <b>-49,730</b>  |
| Impairment loss for the year              | -81  | -71                     |                    | <b>-152</b>     |
| Depreciation disposals                    | 6,531                                      | 11,425                  |                    | <b>17,956</b>   |
| Reclassification                          | 282  | 388                     |                    | <b>670</b>      |
| Effect of movements in exchange rates     | 919  | 626                     |                    | <b>1,545</b>    |
| <b>Balance at 31 December 2022</b>        | <b>-122,452</b>                            | <b>-182,092</b>         |                    | <b>-304,544</b> |
| <b>Carrying amounts</b>                   |  |                         |                    |                 |
| <b>At 31 December 2020</b>                | <b>82,940</b>                              | <b>90,001</b>           | <b>6,482</b>       | <b>179,423</b>  |
| <b>At 31 December 2021</b>                | <b>121,527</b>                             | <b>107,261</b>          | <b>11,543</b>      | <b>240,331</b>  |
| <b>At 31 December 2022</b>                | <b>117,802</b>                             | <b>105,632</b>          | <b>18,931</b>      | <b>242,365</b>  |

### b) Depreciation

Depreciation for the year is included in Cost of sales to an amount of EUR 46,732 thousand (39,460) and in Administrative and selling expenses to an amount of EUR 2,998 thousand (2,850).

### c) Assets under construction

Increases during the year primarily relates to leasehold improvements in relocation projects and new clinics/premises in UK, Portugal and Romania. In 2021, additional costs primarily related to Germany, Portugal and Romania. Once completed, these will be classified as buildings, land and leasehold improvements.

### d) Reclassification

The reported reclassification is mainly attributable to redirection of leasehold improvements between construction in progress and buildings, land and leasehold improvements.

### e) Contractual commitments for the acquisition of property, plant and equipment

The Group has agreements with suppliers that commit Group entities to acquire certain minimum volumes of machinery and equipment. Failure to acquire contracted volumes by end of year 2026 will result in penalties of 30% of the outstanding amount. As per 31 December 2022 there is no indication that contracted volumes will not be acquired.

**NOTE 15. EQUITY INTEREST IN JOINT VENTURES****Summary of financial information for equity interest in joint ventures:**

| EUR thousand                  | 2022       | 2021       |
|-------------------------------|------------|------------|
| Interest in joint venture     | 150        | 132        |
| <b>Balance at 31 December</b> | <b>150</b> | <b>132</b> |

The Group holds a 40% ownership interest in IMU Dialysis Sdn Bhd. The entity is established in the Federation of Malaya. By agreement with another party with a 60% ownership interest, the Group concludes that IMU Dialysis Sdn Bhd is an entity under joint control and consequently this is classified as a joint venture in the consolidated financial statements of the Group. The Group interest in IMU Dialysis Sdn Bhd is not material.

The Group holds a 35% ownership interest in Diaverum Gulf LLC, a company established in the Sultanate of Oman. By agreement with another party with a 35% ownership interest, the Group concludes that Diaverum Gulf LLC is an entity under joint control and consequently this is classified as a joint venture in the consolidated financial statements of the Group. The Group interest in Diaverum Gulf LLC is not material.

**NOTE 16. NON-CURRENT RECEIVABLES**

| EUR thousand                   | 2022         | 2021         |
|--------------------------------|--------------|--------------|
| Deposits for leasing contracts | 2,886        | 2,781        |
| External lending               | 3,365        | 3,163        |
| Other non-current receivables  | 2,980        | 2,392        |
| <b>Total</b>                   | <b>9,231</b> | <b>8,336</b> |

**NOTE 17. INVENTORIES**

| EUR thousand | 2022          | 2021          |
|--------------|---------------|---------------|
| Consumables  | 29,173        | 36,991        |
| <b>Total</b> | <b>29,173</b> | <b>36,991</b> |

Inventory comprised mainly of consumables used when providing renal services, meaning that obsolescence connected to inventory is rare. No significant costs for obsolescence arose during 2022 or 2021.

There are no inventories recognised at their net realisable value. The amount of inventory recognised in cost of sales during 2022 amounted to EUR 168,363 thousand (175,363).

**NOTE 18. OTHER CURRENT RECEIVABLES**

| EUR thousand                  | 2022         | 2021          |
|-------------------------------|--------------|---------------|
| VAT and other taxes           | 2,660        | 2,817         |
| Advance payments to suppliers | 1,812        | 4,511         |
| Advance payments to employees | 1,155        | 1,210         |
| Other current receivables     | 2,972        | 2,481         |
| <b>Total</b>                  | <b>8,599</b> | <b>11,019</b> |

**NOTE 19. PREPAID EXPENSES AND UNBILLED REVENUE**

| EUR thousand           | 2022          | 2021          |
|------------------------|---------------|---------------|
| Rental/leasing         | 313           | -             |
| Licence costs          | 2,020         | 1,836         |
| Insurance premiums     | 2,015         | 1,532         |
| Unbilled revenue       | 31,143        | 7,072         |
| Other prepaid expenses | 11,422        | 13,077        |
| <b>Total</b>           | <b>46,913</b> | <b>23,517</b> |

**NOTE 20. CASH AND CASH EQUIVALENTS**

| EUR thousand                        | 2022           | 2021           |
|-------------------------------------|----------------|----------------|
| Bank balances                       | 104,853        | 89,557         |
| Call deposits                       | 421            | 751            |
| Bank deposits pledged as collateral | 28,450         | 14,521         |
| <b>Total</b>                        | <b>133,724</b> | <b>104,829</b> |

The Group has pledged bank deposits as collateral for an external financing facility used by the Group's subsidiaries in Saudi Arabia from 2021. The pledged deposits can be interchanged with a bank guarantee at the corresponding amount at any time without penalty and is therefore included within cash and cash equivalents.

## NOTE 21. EQUITY

### Share capital

At 31 December 2022 the share capital comprised 43,000 (43,000) thousand shares divided into ordinary shares (class A) and non-redeemable preference shares (class B). The redeemable preference shares are classified as liability. All shares have a par value of EUR 1 and all issued shares are fully paid.

| EUR thousand            | Ordinary shares |       |       |       |       | Total  |
|-------------------------|-----------------|-------|-------|-------|-------|--------|
|                         | A1              | A2    | A3    | A4    | A5    |        |
| On issue at 1 January   | 2,000           | 2,000 | 2,000 | 2,000 | 2,000 | 10,000 |
| On issue at 31 December | 2,000           | 2,000 | 2,000 | 2,000 | 2,000 | 10,000 |

| EUR thousand                  | Non-redeemable preference shares |              |              |              |              | Total         |
|-------------------------------|----------------------------------|--------------|--------------|--------------|--------------|---------------|
|                               | B1                               | B2           | B3           | B4           | B5           |               |
| On issue at 1 January         | 6,600                            | 6,600        | 6,600        | 6,600        | 6,600        | 33,000        |
| On issue at 31 December       | 6,600                            | 6,600        | 6,600        | 6,600        | 6,600        | 33,000        |
| <b>TOTAL number of shares</b> | <b>8,600</b>                     | <b>8,600</b> | <b>8,600</b> | <b>8,600</b> | <b>8,600</b> | <b>43,000</b> |

### Ordinary shares

Holders of ordinary shares class A1-A4 are entitled to receive a cumulative dividend of 0.25% (0.25%) of the shares nominal value, at the Company's discretion, and holders of class A5 ordinary shares are entitled to receive the remainder of all dividend distribution.

### Non-redeemable preference shares

Holders of class B1-B5 non-redeemable preference shares are entitled to receive a cumulative dividend of 12% (12%) of the shares nominal value, at the Company's discretion or whenever dividends to ordinary shareholders are declared.

### Order of priority to the residual assets

The non-redeemable preference shares have priority in comparison to the ordinary shares with regard to the Group's residual assets. The different classes of shares are ranked in the following order of priority; B1, B2, B3, B4, B5, A1, A2, A3, A4 and A5. Each share, of all classes, entitles its holder to one vote at the general meetings of the shareholders.

### Nature and purpose of reserves

#### Reserves

Included in reserves are registration fees related to the issuance of new shares.

#### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash-flow hedging instruments related to hedged transactions that have not yet occurred.

#### Retained earnings

Retained earnings include the net result of the year and results brought forward.

#### Dividends

No dividends have been proposed or declared by the Group.

**NOTE 22. PREFERRED EQUITY CERTIFICATES, LOANS AND BORROWINGS**

Historically Diaverum S.à r.l. has issued several tranches of Preferred Equity Certificates and Super Senior Preferred Equity Certificates that differs in ranking and historically has had differences in fixed yields. The fixed yield was reduced across all tranches to 0.5% on 1 January 2020.

Diaverum Holding S.à r.l. (DHS) has entered into a Senior Facilities Agreement (SFA) under which loans and borrowings are provided to the Diaverum AB Group. The SFA held by DHS was established in July 2017, with mandated lead arranger being The Royal Bank of Scotland plc, Credit Agricole Corporate & Investment Bank Sweden Branch, BNP Paribas Fortis SA/NV and Sumitomo Mitsui Banking Corporation Europe Ltd. The credit facilities consists of a Second Lien Facility of EUR 160 million, Senior Term Loan Facilities of EUR 960 million and a Revolving Credit Facility of EUR 175 million. The Second Lien Facility matures in 2025 and both the Senior Term Loan Facilities and the Revolving Credit Facility matures in 2024.

In February 2021 an additional Senior Term Loan Facility of EUR 155 million was established under the SFA, adding up the existing EUR 960 million Senior Term Loan Facility to a total of EUR 1 115 million. The additional funds were used to repay the outstanding drawings made under the Revolving Credit Facility.

Shares in subsidiaries and intercompany receivables for material subsidiaries are pledged as security under the SFA.

For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 28.

| EUR thousand  | 2022             | 2021             |
|---|------------------|------------------|
| <b>Non-current liabilities</b>                                |                  |                  |
| Preferred Equity Certificates (PEC) with capitalised interest | 1,453,557        | 1,446,328        |
| Senior term loan  | 1,111,476        | 1,108,925        |
| Revolving credit facility                                     | 40,000           | 15,000           |
| Second lien loan  | 160,000          | 160,000          |
| Other non-current loans                                       | 307              | 5,733            |
| <b>Total</b>  | <b>2,765,340</b> | <b>2,735,986</b> |
| <b>Current liabilities</b>                                    |                  |                  |
| Current loans from credit institutions                        | 535              | 4,449            |
| Bank overdraft  | 8,274            | 4,708            |
| <b>Total</b>  | <b>8,809</b>     | <b>9,157</b>     |
| <b>Total</b>  | <b>2,774,149</b> | <b>2,745,143</b> |

**Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

**31 December 2022**

| EUR thousand                    | Currency | Nominal interest rate | Year of maturity | Face value       | Carrying amount  |
|---------------------------------|----------|-----------------------|------------------|------------------|------------------|
| Preferred Equity Certificates 1 | EUR      | 0.50%                 | 2037             | 1,017,638        | 1,017,638        |
| Preferred Equity Certificates 2 | EUR      | 0.50%                 | 2037             | 214,770          | 214,770          |
| Super Senior Pref.Equity Cert.  | EUR      | 0.50%                 | 2040             | 221,149          | 221,149          |
| Senior term loan                | EUR      | EURIBOR+margin        | 2024             | 1,115,000        | 1,111,476        |
| Revolving credit facility       | EUR      | EURIBOR+margin        | 2024             | 40,000           | 40,000           |
| Second lien loan                | EUR      | EURIBOR+margin        | 2025             | 160,000          | 160,000          |
| Non-current loan Brazil         | BRL      | 18.90%                | 2024             | 232              | 232              |
| Non-current loan Chile          | CLP      | 6.10%                 | 2025             | 75               | 75               |
| Current loan Brazil             | BRL      | 18.90%                | 2024             | 310              | 310              |
| Current loan Chile              | CLP      | 2.47%                 | 2023             | 35               | 35               |
| Current loan Uruguay            | UYU      | 5.50%                 | 2023             | 189              | 189              |
| Bank OverdraftBrazil            | BRL      | 17.90%                | 2023             | 1,010            | 1,010            |
| Bank overdraft Romania          | EUR/RON  | 2.58%                 | 2024             | 7,264            | 7,264            |
| <b>Total</b>                    |          |                       |                  | <b>2,777,673</b> | <b>2,774,149</b> |

### 31 December 2021

| EUR thousand                    | Currency | Nominal interest rate | Year of maturity | Face value       | Carrying amount  |
|---------------------------------|----------|-----------------------|------------------|------------------|------------------|
| Preferred Equity Certificates 1 | EUR      | 0.50%                 | 2037             | 1,012,575        | 1,012,575        |
| Preferred Equity Certificates 2 | EUR      | 0.50%                 | 2037             | 213,702          | 213,702          |
| Super Senior Pref.Equity Cert.  | EUR      | 0.50%                 | 2040             | 220,051          | 220,051          |
| Senior term loan                | EUR      | EURIBOR+margin        | 2024             | 1,115,000        | 1,108,925        |
| Revolving credit facility       | EUR      | EURIBOR+margin        | 2024             | 15,000           | 15,000           |
| Second lien loan                | EUR      | EURIBOR+margin        | 2025             | 160,000          | 160,000          |
| Non-current loan Brazil         | BRL      | 16.27%                | 2024             | 522              | 522              |
| Non-current loan Saudi Arabia   | SAR      | 2.81%                 | 2023             | 5,211            | 5,211            |
| Current loan Brazil             | BRL      | 14.94%                | 2022             | 376              | 376              |
| Current loan Portugal           | EUR      | 1.45%                 | 2022             | 959              | 959              |
| Current loan Saudi Arabia       | SAR      | 2.81%                 | 2022             | 2,977            | 2,977            |
| Current loan Uruguay            | UYU      | 6.35%                 | 2022             | 137              | 137              |
| Bank overdraft Argentina        | ARS      | 41.00%                | 2022             | 108              | 108              |
| Bank overdraft Romania          | EUR/RON  | 1.97%                 | 2022             | 4,600            | 4,600            |
| <b>Total</b>                    |          |                       |                  | <b>2,751,218</b> | <b>2,745,143</b> |

### NOTE 23. PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

| EUR thousand                                      | 2022          | 2021          |
|---|---------------|---------------|
| Defined benefit plans - Saudi Arabia              | 14,101        | 10,743        |
| Defined benefit plans - France                    | 1,996         | 2,290         |
| Defined benefit plans - Italy                     | 1,098         | 1,527         |
| Defined benefit plans - Other                     | 191           | 158           |
| <b>Sub total</b>                                  | <b>17,386</b> | <b>14,718</b> |
| Liabilities for long service award/leave - France | 181           | 120           |
| Long term incentive plan - 2022                   | 735           | -             |
| <b>Total employee benefit plans</b>               | <b>18,302</b> | <b>14,838</b> |

The Group sponsors defined benefit arrangements in a number of territories. These are:

#### France

In France, Diaverum provides mandatory retirement arrangement Indemnité de départ à la retraite ("IDR"), whereby a lump sum payment is made to employees on retirement. The lump sum is a service-related proportion of final salary. The arrangement is unfunded. The lump sums paid on retirement are defined by the Collective Bargaining Agreement of the Chemical Industry for one of the French entities and by the Collective Bargaining Agreement of Clinics for the other French entities. A proportion of salary is also paid as a lump sum awards made on completion of periods of long service (on every 5 years anniversary of service completed between ten and forty years) for certain employees, an anniversary payment plan/jubilee. The arrangement is unfunded. At 31 December 2022, the weighted average duration of the defined benefit obligation was 10.0 years (11.5). In 2023, Diaverum expects to pay EUR 330 thousand in contributions to its defined benefit plans in France.

#### Italy

In Italy, Diaverum provides statutory defined benefit leaving service indemnities, Trattamento di Fine Rapporto ("TFR"). Employees receive a lump sum payment on termination of their employment for any reason (including retirement). TFR benefits accrued before 1 January 2007 are unfunded and reported on the balance sheet with payment for these benefits occurring when employees leave. With effect from 1 January 2007, employees were allowed to choose the either divert their TFR accrual to an external pension fund or to the Italian Social Security Institute ("INPS"). Under both options, TFR benefits accrued from 1 January 2007 are paid on a defined contribution basis with no additional liabilities arising for these benefits.

#### Saudi Arabia

Saudi Arabia employees are eligible for an End of Service Benefit ("EOSB") calculated on the salary when ending the employment. This is payable to them on cessation of employment on all grounds except for misconduct, negligence or incompetence. In the case of the company terminating an employee's service for reasons other than misconduct, negligence or incompetence, their benefit entitlement is half a month's salary for each year of service thereafter. In the case of an employee resigning with more than two years' service, their benefit entitlement under the EOSB is as follows:

- » between two and five years' service: one third of the benefit that would otherwise be paid to them on termination;
- » between five and ten years' service: two thirds of the benefit that would otherwise be paid to them on termination;
- » for service of more than ten years: 100% of the benefit that would otherwise be paid to them on termination.

At 31 December 2022, the weighted average duration of the defined benefit obligation was 5.1 years (4.4). In 2023, Diaverum expects to pay EUR 1,850 thousands in contributions to its defined benefit plans in Saudi Arabia.

## Sweden

For white-collar workers in Sweden, the ITP 2-plan's defined benefit pension commitments for retirement and family pensions are secured through insurance with Alecta. The plan is semi-closed, meaning that only new employees born before 1979 have the possibility to choose the ITP 2 solution. Employees born after 1979 are encompassed by a defined-contribution plan. According to an interpretation from the Swedish Financial Reporting Board (UFR 10), this is a multi-employer defined benefit plan. For the financial year 2022, the Diaverum Group did not have access to information from Alecta that would have enabled this plan to be recognized as a defined benefit plan. Accordingly, the plan has been accounted for as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually and is based on such factors as the salary, previously earned pension and expected remaining length of service. For 2023, the expected contribution to Alecta is EUR 384 thousand. The Diaverum Group's share of the total contributions to the pension scheme for ITP 2 in Alecta amounted to 0.0% for 2022 (0.0) and the share of the total number of active members in the scheme was 0.0% (0.0).

The collective consolidation level comprises the apportionable assets in relation to the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. According to Alecta's consolidation policy for defined benefit pension insurance, the collective consolidation level is normally allowed to vary between 125% and 175%. Alecta's preliminary consolidation ratio for 2022 amounts to 172%. If the consolidation level falls short of or exceeds the normal interval, measures must be taken to create the conditions for the consolidation level to return to the normal range. One measure may be to increase the contract price for new subscription or to introduce premium reductions.

The premiums to Alecta are calculated using assumptions about interest rates, life expectancy, operating costs and tax on returns, so that the payment of a consistent amount of premium up to the date of retirement is sufficient to ensure that the entire, targeted benefit, based on the insured's current pensionable salary, is, in fact, earned. There is no agreed framework to guide the process of managing any deficit that may arise. In the first instance, losses will be covered by Alecta's collective consolidation capital and will thus not lead to increased costs through higher contractual premiums. Nor are there guidelines on how any surpluses or deficits should be allocated in the event of dissolution of the scheme or a company's withdrawal from the scheme.

## Other countries

Diaverum currently provides unfunded lump sums on leaving and/or retirement in Poland.

## Long term incentive plan - 2022

The Diaverum Group has set up a rolling long term cash-based incentive plan for senior executives in the group. Currently there is only one such plan in place, that commenced in 2022. Pay-out is expected in 2025 and are based on medical, financial and strategic targets set on individual level. Pay-outs can vary between 0-100% of an individual's annual salary and pay-outs will be treated as salary with the customary associated social contributions.

## Risks

The defined benefit plans expose the Diaverum Group to actuarial risks, currency risk and interest rate risk.

## Movement in the present value of the defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

### Defined benefit obligations

| EUR thousand                                | 2022          | 2021          |
|---|---------------|---------------|
| Balance at 1 January                        | 14,718        | 11,290        |
| Business combination / disposal of business | -16           | 1,351         |
| <b>Included in profit or loss</b>           |               |               |
| Current service costs                       | 2,833         | 2,276         |
| Past service costs                          | -             | -67           |
| Interest costs                              | 226           | 81            |
| <b>Total</b>                                | <b>3,059</b>  | <b>2,290</b>  |
| <b>Included in OCI</b>                      |               |               |
| Remeasurement loss (gain):                  |               |               |
| » Actuarial loss (gain) arising from:       |               |               |
| - Demographic assumptions                   | 650           | 6             |
| - Financial assumptions                     | -1,298        | -28           |
| - Experience adjustment                     | 963           | 455           |
| » Effect of movement in exchange rates      | 608           | 637           |
| <b>Total</b>                                | <b>923</b>    | <b>1,070</b>  |
| <b>Other</b>                                |               |               |
| Benefits paid                               | -1,298        | -1,283        |
| <b>Total</b>                                | <b>-1,298</b> | <b>-1,283</b> |
| <b>Balance at 31 December</b>               | <b>17,386</b> | <b>14,718</b> |

As reported prior year, the table above included the liability for the long-term service award in France. As this is not a defined benefit obligation, it has been excluded from the table and prior period restated.

## Actuarial assumptions

Principal actuarial assumptions at the reporting date:

| EUR thousand                 | France     |          | Italy |      | Saudi Arabia |       |
|------------------------------|------------|----------|-------|------|--------------|-------|
|                              | 2022       | 2021     | 2022  | 2021 | 2022         | 2021  |
| Discount rate at 31 December | 3.6%       | 0.9%     | 3.5%  | 0.3% | 4.1%         | 1.8%  |
| Future salary increase       | 2.5-2.8%   | 1.1-2.5% | 5.9%  | 2.4% | 4.0%         | 3.0%  |
| Withdrawal rates             | 10.0-14.0% | -        | 4.0%  | 4.0% | 15.3%        | 12.0% |

Assumptions regarding future mortality are based on published statistics and mortality tables for each respective country.

## Sensitivity analysis

The table below indicates the sensitivity to assumption changes. Holding the other assumptions constant, any change to the listed actuarial assumptions, would have affected the defined benefit obligation with percentages shown.

| 2022              | Change |        | Impact on liability |       |
|-------------------|--------|--------|---------------------|-------|
|                   | (+)    | (-)    |                     |       |
| Discount rate     | +1.0%  | -1.0%  | -5.4%               | +6.0% |
| Salary increase   | +1.0%  | -1.0%  | +6.2%               | -5.7% |
| Withdrawal rates* | +10.0% | -10.0% | -1.5%               | +1.5% |

\* Saudi Arabia and Italy only.

## NOTE 24. PROVISIONS

### 31 December 2022

| EUR thousand                              | Legal      | Other     | Total      |
|---|------------|-----------|------------|
| Balance at 1 January 2022                 | 1,611      | 794       | 2,405      |
| Provisions made during the period         | 915        | 34        | 949        |
| Provisions used during the period         | -531       | -31       | -562       |
| Provisions reversed during the period     | -1,282     | -         | -1,282     |
| Provisions reclassified during the period | -          | -779      | -779       |
| Effect of movements in exchange rates     | -87        | -         | -87        |
| <b>Balance at 31 December 2022</b>        | <b>626</b> | <b>18</b> | <b>644</b> |
| Non-current liabilities                   | 431        | 18        | 449        |
| Current liabilities                       | 195        | -         | 195        |
| <b>Balance at 31 December 2022</b>        | <b>626</b> | <b>18</b> | <b>644</b> |

### 31 December 2021

| EUR thousand                              | Legal        | Other      | Total        |
|---|--------------|------------|--------------|
| Balance at 1 January 2021                 | 2,369        | 16         | 2,385        |
| Provisions made during the period         | 684          | 799        | 1,483        |
| Provisions used during the period         | -594         | -          | -594         |
| Provisions reversed during the period     | -674         | -21        | -695         |
| Provisions reclassified during the period | -            | -          | -            |
| Effect of movements in exchange rates     | -174         | -          | -174         |
| <b>Balance at 31 December 2021</b>        | <b>1,611</b> | <b>794</b> | <b>2,405</b> |
| Non-current liabilities                   | 1,514        | 778        | 2,292        |
| Current liabilities                       | 97           | 16         | 113          |
| <b>Balance at 31 December 2021</b>        | <b>1,611</b> | <b>794</b> | <b>2,405</b> |

Provisions that will be used within one year are classified as current liabilities. The provided amount under legal reflects estimated contingencies in connection with legal cases and relates mainly to former employees. Out of the obligations that existed at 31 December 2022, EUR 544 (1,219) thousand were expected to be paid within 1 to 5 years and EUR 100 (1,186) thousand after five years.

## NOTE 25. OTHER LIABILITIES

| EUR thousand              | 2022          | 2021          |
|---------------------------|---------------|---------------|
| Contingent consideration  | 11,796        | 12,741        |
| VAT and other taxes       | 11,058        | 9,003         |
| Other liabilities         | 6,781         | 12,265        |
| <b>Total</b>              | <b>29,635</b> | <b>34,009</b> |
| Non-current liabilities   | 3,396         | 6,970         |
| Other current liabilities | 26,239        | 27,039        |
| <b>Total</b>              | <b>29,635</b> | <b>34,009</b> |

## NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

| EUR thousand                               | 2022           | 2021           |
|--|----------------|----------------|
| Accrued interest                           | 31,211         | 30,205         |
| Accrued personnel-related expenses         | 46,463         | 46,537         |
| Accrued consultancy expenses               | 3,652          | 991            |
| Accrued rent and utilities expenses        | 1,867          | 1,396          |
| Accrued goods and services expenses        | 28,292         | 22,997         |
| Advance payments contract liabilities      | 6,538          | 230            |
| Other accrued expenses and deferred income | 1,608          | 9,925          |
| <b>Total</b>                               | <b>119,631</b> | <b>112,281</b> |

## NOTE 27. RELATED PARTIES

### Parent company and ultimate controlling party

The Group's parent company, Diaverum S.à r.l., is indirectly controlled by Bridgepoint Advisers Limited, acting as manager for Bridgepoint Europe III Fund.

### Transactions with key management personnel and board members

#### - Key management personnel compensation

Included in key management personnel are the members of the Group Management together with the Board of Managers in Diaverum S.à r.l.

Key management personnel compensation comprised:

| EUR thousand                      | 2022         | 2021         |
|-----------------------------------|--------------|--------------|
| Short-term employee benefits      | 4,374        | 3,966        |
| Post-employment benefits          | 687          | 661          |
| Other long-term employee benefits | 1,456        | 3,207        |
| Termination benefits              | -            | 630          |
| <b>Total</b>                      | <b>6,516</b> | <b>8,464</b> |

#### - Management incentive program

Key management personnel have, since 2015, purchased securities in Diaverum Holding S.à r.l. at fair value. The company and the holders have the right to buy or sell back the securities, at any time, at the original purchase price plus interest of 0.5%.

Bridgepoint has purchased part of the issued securities during 2021 at the original purchase price plus interest of 0.5% and, per 31 December 2022, Bridgepoint owns 39,120

securities and certain current and former key management personnel own 27,855. An exit of the Group below Diaverum Holding S.à r.l. or an initial public offering of such Group could result in a leverage yield on the security. The securities are presented as liabilities in Diaverum Holding S.à r.l.

#### - Recognition and retention bonus

Diaverum has issued a recognition and retention bonus to key management personnel and certain other employees of the Group whereby each individual is entitled to a fixed bonus amount as recognition for the commitment shown in connection with Diaverum's development and exit process and to incentivise the relevant employees to remain committed to Diaverum's development. The bonus has been paid out as salary in three instalments in December 2020 / January 2021, December 2021 and December 2022 respectively. For certain employees to receive the full bonus (i.e. all three instalments) he or she would have to remain employed by entities within the Diaverum Group at least until 31 December 2022.

#### Other related party transactions

##### - Transactions with joint venture in Saudi Arabia

Diaverum's branch in Saudi Arabia purchases routine supplies, leases equipment and purchase related installation and training services from the Group's joint venture with Nazer Group. See note 4, regarding the acquisition of Diaverum Arabia Ltd during 2021. In addition, Diaverum has performed certain administrative services to the joint venture.

Transactions with shareholders, joint ventures in Saudi Arabia and Oman are classified as transactions with related parties and recognised as follows:

| EUR thousand  | Transaction values for the year ended 31 December |                |
|---|---|----------------|
|   | 2022  | 2021           |
| <b>Transaction with joint venture</b>                             |   |                |
| - Purchase of leases including installation and training services | -   | -11,761        |
| - Purchase of routine supplies                                    | -   | -              |
| - Purchase of administrative services                             | -   | -5             |
| - Sales of administrative services                                | 17  | 79             |
| - Interest income   | -   | -              |
| - Interest expenses   | -   | -              |
| <b>Total</b>  | <b>17</b>   | <b>-11,687</b> |
| <b>Transaction with ultimate controlling party:</b>               |   |                |
| - Administrative services   | -70   | -60            |
| <b>Total</b>  | <b>-70</b>  | <b>-60</b>     |

| EUR thousand                                | Balance outstanding<br>as at 31 December |          |
|---|--|----------|
|   | 2022                                     | 2021     |
| <b>Receivables from related parties</b>     |  |          |
| - Receivables from joint venture            | 1  | -        |
| <b>Total</b>                                | <b>1</b>                                 | <b>-</b> |
| <b>Liabilities to related parties</b>       |  |          |
| - Liabilities to joint venture              | -  | -        |
| <b>Total</b>                                | <b>-</b>                                 | <b>-</b> |
| - Liabilities to ultimate controlling party | -  | 3        |
| <b>Total</b>                                | <b>-</b>                                 | <b>3</b> |

The ultimate controlling party controls PECs amounting to EUR 1,075 million (1,070), including accumulated interest, corresponding to 73.76% (73.77%) of the total issued PECs. See note 22 for additional information on PECs.

## NOTE 28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. For

bank facilities, the difference between the carrying amounts and the fair values relates primarily to transaction costs included in the carrying amounts of the liabilities. The fair values of bank facilities belong to level 2 of the fair value hierarchy.

### 31 December 2022

| EUR thousand  | Carrying amount                           |   |                                |                   | Fair value     |
|---|---|---|--------------------------------|-------------------|----------------|
|   | Mandatory<br>at fair value<br>through P&L | Financial assets<br>measured at<br>amortised cost | Other financial<br>liabilities | Total             |                |
| <b>Financial receivables measured at fair value</b>     |   |   |                                |                   |                |
| Contingent consideration                                | 630                                       | -   | -                              | <b>630</b>        | 630            |
| <b>Total</b>  | <b>630</b>                                | <b>-</b>  | <b>-</b>                       | <b>630</b>        | <b>630</b>     |
| <b>Financial assets not measured at fair value</b>      |   |   |                                |                   |                |
| Non-current receivables                                 | -   | 2,886   | -                              | <b>2,886</b>      |                |
| Trade receivables                                       | -   | 108,405   | -                              | <b>108,405</b>    |                |
| Receivables from related parties                        | -   | -   | -                              | <b>-</b>          |                |
| Unbilled revenue  | -   | 31,143  | -                              | <b>31,143</b>     |                |
| Cash and cash equivalents                               | -   | 133,724   | -                              | <b>133,724</b>    |                |
| <b>Total</b>  | <b>-</b>                                  | <b>276,158</b>                                    | <b>-</b>                       | <b>276,158</b>    |                |
| <b>Financial liabilities measured at fair value</b>     |   |   |                                |                   |                |
| Contingent consideration                                | -11,796                                   | -   | -                              | <b>-11,796</b>    | -11,796        |
| <b>Total</b>  | <b>-11,796</b>                            | <b>-</b>  | <b>-</b>                       | <b>-11,796</b>    | <b>-11,796</b> |
| <b>Financial liabilities not measured at fair value</b> |   |   |                                |                   |                |
| Preferred Equity Certificates                           | -   | -   | -1,453,557                     | <b>-1,453,557</b> |                |
| Senior term loan  | -   | -   | -1,311,476                     | <b>-1,311,476</b> |                |
| Trade payables  | -   | -   | -55,156                        | <b>-55,156</b>    |                |
| Liabilities to related parties                          | -   | -   | -                              | <b>-</b>          |                |
| Liabilities to non-controlling interest                 | -   | -   | -                              | <b>-</b>          |                |
| Accrued expenses and deferred income                    | -   | -   | -119,631                       | <b>-119,631</b>   |                |
| Other non-current loans                                 | -   | -   | -307                           | <b>-307</b>       |                |
| Current bank loan                                       | -   | -   | -535                           | <b>-535</b>       |                |
| Bank overdraft  | -   | -   | -8,274                         | <b>-8,274</b>     |                |
| <b>Total</b>  | <b>-</b>                                  | <b>-</b>  | <b>-2,948,936</b>              | <b>-2,948,936</b> |                |

**31 December 2021**

| EUR thousand  | Carrying amount                     |   |                             | Total             | Fair value     |
|---|-------------------------------------|---|-----------------------------|-------------------|----------------|
|   | Mandatory at fair value through P&L | Financial assets measured at amortised cost | Other financial liabilities |                   |                |
| <b>Financial assets not measured at fair value</b>      |                                     |   |                             |                   |                |
| Non-current receivables                                 | -                                   | 2,781                                       | -                           | <b>2,781</b>      |                |
| Trade receivables                                       | -                                   | 140,784                                     | -                           | <b>140,784</b>    |                |
| Receivables from related parties                        | -                                   | -   | -                           | -                 |                |
| Unbilled revenue  | -                                   | 7,072                                       | -                           | <b>7,072</b>      |                |
| Cash and cash equivalents                               | -                                   | 104,829                                     | -                           | <b>104,829</b>    |                |
| <b>Total</b>  | -                                   | <b>255,466</b>                              | -                           | <b>255,466</b>    |                |
| <b>Financial liabilities measured at fair value</b>     |                                     |   |                             |                   |                |
| Contingent consideration                                | -12,741                             | -   | -                           | <b>-12,741</b>    | -12,741        |
| <b>Total</b>  | <b>-12,741</b>                      | -   | -                           | <b>-12,741</b>    | <b>-12,741</b> |
| <b>Financial liabilities not measured at fair value</b> |                                     |   |                             |                   |                |
| Preferred Equity Certificates                           | -                                   | -   | -1,446,328                  | <b>-1,446,328</b> |                |
| Senior term loan  | -                                   | -   | -1,283,925                  | <b>-1,283,925</b> |                |
| Trade payables  | -                                   | -   | -60,427                     | <b>-60,427</b>    |                |
| Liabilities to related parties                          | -                                   | -   | -                           | -                 |                |
| Liabilities to non-controlling interest                 | -                                   | -   | -5,646                      | <b>-5,646</b>     |                |
| Accrued expenses and deferred income                    | -                                   | -   | -112,281                    | <b>-112,281</b>   |                |
| Other non-current loans                                 | -                                   | -   | -5,733                      | <b>-5,733</b>     |                |
| Current bank loan                                       | -                                   | -   | -4,449                      | <b>-4,449</b>     |                |
| Bank overdraft  | -                                   | -   | -4,708                      | <b>-4,708</b>     |                |
| <b>Total</b>  | -                                   | -   | <b>-2,923,497</b>           | <b>-2,923,497</b> |                |

**Fair value hierarchy**

Financial instruments carried at fair value are valued according to the following three levels:

- » Level 1: quoted prices in active markets for identical assets or liabilities.
- » Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- » Level 3: inputs for the asset or liability that are not based on observable market data.

**31 December 2022**

| EUR thousand                         | Level 1 | Level 2 | Level 3        | Total          |
|--------------------------------------|---------|---------|----------------|----------------|
| Contingent consideration Receivables | -       | -       | 630            | <b>630</b>     |
| Contingent consideration Liability   | -       | -       | -11,796        | <b>-11,796</b> |
|                                      | -       | -       | <b>-11,166</b> | <b>-11,166</b> |

**31 December 2021**

| EUR thousand                         | Level 1 | Level 2 | Level 3        | Total          |
|--------------------------------------|---------|---------|----------------|----------------|
| Contingent consideration Receivables | -       | -       | -              | -              |
| Contingent consideration Liability   | -       | -       | -12,741        | <b>-12,741</b> |
|                                      | -       | -       | <b>-12,741</b> | <b>-12,741</b> |

There have been no transfers between the different levels for 2022 and 2021.

**b) Measurement of fair value**

The following table shows the valuation techniques used for measuring level 2 and 3 fair values.

| Type                     | Valuation technique   | Significant unobservable inputs   | Inter-relationship between significant unobservable inputs and fair value measurements  |
|--------------------------|---|---|---|
| Contingent consideration | Discounted cash flow: The valuation model considers the present value of expected payment (+/-), discounted using a risk adjusted discount rate. The expected payment (+/-) is determined by considering the possible scenarios depending on the disposal business/business combination. It can vary between forecasted revenue, EBITDA or other factors, the amount to be paid and the probability of each scenario. | Risk-adjusted discount rates: 6.1% (4.5).<br>EBITDA margin.<br>Annual revenue growth. | The estimated fair value would increase if:<br>- The annual revenue growth rate were higher.<br>- The EBITDA margin were higher.<br>- The risk-adjusted discount rate were lower.<br><br>Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin. |

### Contingent consideration

The table shows a reconciliation from the opening to the closing balance.

| EUR thousand  | Receivables |          | Liabilities   |               |
|---|-------------|----------|---------------|---------------|
|   | 2022        | 2021     | 2022          | 2021          |
| Opening balance 1 January                                   | -           | -        | 12,741        | 13,100        |
| Assumed in business combination / disposal business         | 630         | -        | 1,981         | 5,076         |
| Adjustment of prior year provisional acquisition accounting | -           | -        | -394          | -             |
| Settlements   | -           | -        | -3,655        | -5,326        |
| <i>Recognised in income statement</i>                       |             |          |               |               |
| Change in fair value*                                       | -           | -        | -67           | -471          |
| Interest expense  | -           | -        | 443           | 72            |
| Effect of movement in exchange rates                        | -           | -        | 747           | 290           |
| <b>Balance at 31 December</b>                               | <b>630</b>  | <b>-</b> | <b>11,796</b> | <b>12,741</b> |

\* Decreases in the fair value of the receivables/liabilities are reported in 'Other income', and increases in 'Other expenses'. Interest expense is reported among financial items.

For contingent consideration the outcome will be minimum EUR 4,134 thousand (6,030) and maximum EUR 12,074 thousand (14,898).

### c) Financial risks and risk management

From a financial risk management perspective, the Group is exposed to the following risks:

- » credit risks,
- » liquidity risks,
- » market risks (currency and interest).

#### (i) Risk management framework

The Group is continuously exposed to various financial risks through its international operations. Financial risks refer to fluctuations in the company's earnings and cash flow due to changes in exchange rates, interest rate levels, refinancing and credit risks. The Group's treasury policy for managing financial risks is prepared by the Board and creates a framework of guidelines and regulations in the form of risk mandates and limits on the financial operations. The Board decides on the treasury policy annually. The Group's Treasury function centrally manages the responsibility for the Group's financial transactions and risks. The overall goal of the treasury department is to provide cost efficient financing, to map out financial risks that affect the Group,

and to minimize negative impacts on the Group's earnings that stem from market risks. The Board's Audit Committee prepares, on behalf of the Board, the practical application of the policy in consultation with the Group's CFO. The Group's Treasury function regularly reports to the Board's Audit Committee via the Group CFO.

#### (ii) Credit risks

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 financial investments.

#### - Exposure to credit risks

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was (carrying amount):

| EUR thousand              | Note | 2022           | 2021           |
|---------------------------|------|----------------|----------------|
| Trade receivables         |      | 108,405        | 140,784        |
| Other receivables         |      | 8,599          | 11,019         |
| Unbilled revenue          | 19   | 31,143         | 7,072          |
| Cash and cash equivalents | 20   | 133,724        | 104,829        |
| <b>Total</b>              |      | <b>281,871</b> | <b>263,704</b> |

**- Cash and cash equivalent**

Any cash within the Group is, to the extent possible, pooled to a master bank account in Sweden. Any excess cash holdings are being used to repay borrowings under the revolving credit facility.

**- Trade receivable and unbilled revenue**

The Group's exposure to credit risks is impacted mainly by the individual characteristics of each customer or, i.e. the reimbursement system in each respective country. Customer are, in this respect, usually publicly owned insurance systems or sometimes privately held insurance companies.

Timely payment of due invoices is monitored very closely in the countries and is supported by lobbying activities, non-recourse transactions and, in case of delayed payments, through the involvement of lawyers and other external advisors. Due to the nature of the payer, the risk in trade receivables is mainly a timing risk. However due to changes in political and economic environment in the last years this topic has been given highest priority by management and is discussed in management and board meetings on a regular basis.

Based on the fact that the Group's customers are insurance providers, in most cases ultimately financed through government funding, the risk connected to losses on trade receivables are considered low. The gross value of trade receivables are written off only when an impairment loss is definitive. The group has non-recourse factoring agreements in Spain and Portugal, which is used to improve the working capital performance.

The maximum exposure to credit risk for trade receivables, unbilled revenue and receivables on related parties at the reporting date by geographic region was (carrying amount):

| EUR thousand             | 2022           | 2021           |
|--------------------------|----------------|----------------|
| Eurozone countries       | 51,825         | 49,320         |
| Argentina                | -              | 17,608         |
| Saudi Arabia             | 34,456         | 32,609         |
| Other European countries | 26,715         | 21,772         |
| Other regions            | 26,552         | 26,547         |
| <b>Total</b>             | <b>139,548</b> | <b>147,856</b> |

The maximum possible exposures for credit risks for trade receivables, unbilled revenue and claims from associated parties on the balance sheet day were, by due date (recognised value):

| EUR thousand  | 2022           | 2021           |
|---|----------------|----------------|
| Not past due  | 126,805        | 131,324        |
| Past due 0-30 days                                  | 2,037          | 5,697          |
| Past due 31-120 days                                | 4,444          | 4,298          |
| More than 120 days                                  | 16,367         | 16,445         |
| <b>Trade receivable and unbilled revenue, gross</b> | <b>149,653</b> | <b>157,764</b> |
| Loss reserve  | -10,105        | -9,908         |
| <b>Trade receivable and unbilled revenue, net</b>   | <b>139,548</b> | <b>147,856</b> |

Outstanding trade receivables more than 120 days relates primarily to the markets in Italy and North Macedonia (Italy and Argentina).

The following table provides information on exposure to credit risks and expected credit losses for trade receivables and unbilled revenue at 31 December. The below classes summarise the credit ratings in the countries where the Group operates.

**31 December 2022**

**Category (sovereign credit rating - Moody's)**

| EUR thousand | Weighted average loss level, percentage | Gross carrying amount | Impairment loss allowance |
|--------------|---|-----------------------|---------------------------|
| Aaa          | 0.5%                                    | 12,933                | -71                       |
| Aa           | 0.9%                                    | 13,285                | -124                      |
| A            | 0.3%                                    | 43,954                | -112                      |
| Baa          | 14.3%                                   | 62,035                | -8,841                    |
| Ba           | 6.0%                                    | 15,841                | -951                      |
| B            | 0.5%                                    | 1,087                 | -5                        |
| Caa-C        | 0.2%                                    | 518                   | -1                        |
| <b>Total</b> |   | <b>149,653</b>        | <b>-10,105</b>            |

**31 December 2021**

**Category (sovereign credit rating - Moody's)**

| EUR thousand | Weighted average loss level, percentage | Gross carrying amount | Impairment loss allowance |
|--------------|---|-----------------------|---------------------------|
| Aaa          | 0.4%                                    | 14,140                | -50                       |
| Aa           | 1.5%                                    | 9,105                 | -141                      |
| A            | 0.1%                                    | 46,670                | -54                       |
| Baa          | 14.0%                                   | 57,530                | -8,032                    |
| Ba           | 3.9%                                    | 11,371                | -444                      |
| B            | 0.2%                                    | 537                   | -1                        |
| Caa-C        | 6.4%                                    | 18,411                | -1,185                    |
| <b>Total</b> |   | <b>157,764</b>        | <b>-9,908</b>             |

**- Movements in the allowance for impairment in respect of trade receivables and unbilled revenue**

The movement in the allowance for impairment in respect of trade receivables and unbilled revenue during the year was as follows:

| EUR thousand                        | 2022          | 2021         |
|-------------------------------------|---------------|--------------|
| Balance at 1 January                | 9,908         | 9,567        |
| Amounts written off                 | -2,125        | -206         |
| Net remeasurement of loss allowance | 2,322         | 547          |
| <b>Balance at 31 December</b>       | <b>10,105</b> | <b>9,908</b> |

**(iii) Liquidity risks**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group works with planning processes to ensure that it will always have sufficient liquidity on a short- and long-term base.

As per 31 December 2022 the Group had unused revolving credit facilities of EUR 133.9 million (149.8).

**- Exposure to liquidity risks**

The following are the contractual maturities of financial liabilities, including estimated interest payments.

**31 December 2022**

| EUR thousand                            | Carrying amount  | Contractual cash flow |                  |               |                  |                  |
|---|------------------|-----------------------|------------------|---------------|------------------|------------------|
|   |                  | Total                 | 6 months or less | 6-12 months   | 1-2 years        | >2 years         |
| Preferred Equity Certificates           | 1,453,557        | 1,565,659             | -                | -             | -                | 1,565,659        |
| Senior term loan                        | 1,111,476        | 1,176,693             | 20,339           | 20,339        | 1,136,016        | -                |
| Revolving credit facility               | 40,000           | 42,068                | 1,022            | 1,022         | 40,023           | -                |
| Second Lien Loan                        | 160,000          | 193,103               | 6,584            | 6,584         | 179,935          | 0                |
| Contingent consideration                | 11,796           | 12,141                | 6,810            | 1,634         | 3,095            | 602              |
| Leasing liability                       | 150,875          | 183,683               | 20,877           | 15,655        | 27,396           | 119,755          |
| Trade payables                          | 55,156           | 55,156                | 55,156           | -             | -                | -                |
| Liabilities to non-controlling interest | -                | -                     | -                | -             | -                | -                |
| Accrued expenses and deferred income    | 119,631          | 119,631               | 119,631          | -             | -                | -                |
| Current bank loans                      | 535              | 600                   | 565              | 35            | -                | -                |
| Other non-current loans                 | 307              | 391                   | 24               | 24            | 343              | -                |
| Bank overdraft                          | 8,274            | 8,619                 | 1,119            | 142           | 7,358            | -                |
| <b>Total</b>                            | <b>3,111,607</b> | <b>3,357,745</b>      | <b>232,127</b>   | <b>45,436</b> | <b>1,394,166</b> | <b>1,686,016</b> |

**31 December 2021**

| EUR thousand                            | Carrying amount  | Contractual cash flow |                  |               |                  |                  |
|---|------------------|-----------------------|------------------|---------------|------------------|------------------|
|   |                  | Total                 | 6 months or less | 6-12 months   | 1-2 years        | >2 years         |
| Preferred Equity Certificates           | 1,446,328        | 1,565,659             | -                | -             | -                | 1,565,659        |
| Senior term loan                        | 1,108,925        | 1,210,705             | 19,056           | 19,056        | 1,172,592        | -                |
| Revolving credit facility               | 15,000           | 15,981                | 244              | 244           | 15,493           | -                |
| Second Lien Loan                        | 160,000          | 204,942               | 6,400            | 6,400         | 12,800           | 179,342          |
| Contingent consideration                | 12,741           | 12,897                | 3,851            | 2,097         | 6,602            | 347              |
| Leasing liability                       | 170,674          | 205,917               | 19,293           | 17,649        | 33,793           | 135,182          |
| Trade payables                          | 60,427           | 60,427                | 60,427           | -             | -                | -                |
| Liabilities to non-controlling interest | 5,646            | 5,646                 | -                | 5,646         | -                | -                |
| Accrued expenses and deferred income    | 112,281          | 112,281               | 112,281          | -             | -                | -                |
| Current bank loans                      | 4,449            | 5,886                 | 2,867            | 3,019         | -                | -                |
| Other non-current loans                 | 5,733            | 6,046                 | 207              | 200           | 5,639            | -                |
| Bank overdraft                          | 4,708            | 4,840                 | 4,840            | -             | -                | -                |
| <b>Total</b>                            | <b>3,106,912</b> | <b>3,411,227</b>      | <b>229,466</b>   | <b>54,311</b> | <b>1,246,919</b> | <b>1,880,530</b> |

**- Preferred Equity Certificates (PEC)**

The mandatory redemption date of the Preferred Equity Certificates (PEC) occur year 2037 for PEC issued 2007, 2010 and year 2040 for PEC issued 2013. No contractual cash flow is connected to the PEC before these dates.

**(iv) Markets risks**

Market risks are risks that arise due to currency fluctuations (currency risks) and/or changes in interest rates (interest risks).

**- Currency risks**

Currency risks can be divided into translational risk and transactional risk.

**- Translation risk**

This risk is defined as the exposure that arises when consolidating foreign operations that do not have Euro as their functional currencies. The Group's policy regarding investment in its subsidiaries is that these investments are not hedged.

The following significant exchange rates have been used for the year:

| Euro 1 | Average rate |          | Reporting date spot rate |          |
|--------|--------------|----------|--------------------------|----------|
|        | 2022         | 2021     | 2022                     | 2021     |
| ARS    | 136.9581     | 112.4259 | 189.0255                 | 116.7810 |
| BRL    | 5.4432       | 6.3813   | 5.6386                   | 6.3101   |
| CLP    | 917.8853     | 898.0022 | 909.2437                 | 968.8945 |
| GBP    | 0.8526       | 0.8600   | 0.8869                   | 0.8403   |
| HUF    | 390.9439     | 358.4635 | 400.8700                 | 369.1900 |
| KZT    | 485.6652     | 504.8052 | 493.8381                 | 494.4603 |
| MKD    | 61.5654      | 61.5755  | 61.5537                  | 61.8694  |
| MYR    | 4.6292       | 4.9026   | 4.6984                   | 4.7184   |
| PLN    | 4.6845       | 4.5640   | 4.6808                   | 4.5969   |
| RON    | 4.9317       | 4.9209   | 4.9490                   | 4.9490   |
| RUB    | 71.5570      | 87.2321  | 77.9094                  | 85.3004  |
| SAR    | 3.9566       | 4.4380   | 4.0226                   | 4.2688   |
| SEK    | 10.6274      | 10.1448  | 11.1218                  | 10.2503  |
| SGD    | 1.4520       | 1.5896   | 1.4300                   | 1.5279   |
| UYU    | 43.4545      | 51.5375  | 42.4392                  | 50.8329  |

#### - Sensitivity analysis

A movement of the Euro as indicated below, against the BRL, PLN, RON, SAR, SGD and GBP at 31 December would have increased (decreased) the net investment by the amounts shown below. This analysis is based on foreign currency exchange rate variances against euro of +/- 5%. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as for 2021.

#### 31 December 2022

| Impact in EUR thousand | Net investment | Impact on equity of an exchange rate fluctuation of 5% |
|------------------------|----------------|--|
| SAR                    | 137,894        | 6,895  |
| RON                    | 97,355         | 4,868  |
| BRL                    | 55,791         | 2,790  |
| PLN                    | 36,373         | 1,819  |
| SGD                    | 33,667         | 1,683  |
| GBP                    | 29,581         | 1,479  |
| Other                  | 70,639         | 3,532  |

#### 31 December 2021

| Impact in EUR thousand | Net investment | Impact on equity of an exchange rate fluctuation of 5% |
|------------------------|----------------|--|
| SAR                    | 96,941         | 4,847  |
| RON                    | 95,595         | 4,780  |
| BRL                    | 41,547         | 2,077  |
| PLN                    | 35,471         | 1,774  |
| GBP                    | 30,975         | 1,549  |
| SGD                    | 30,654         | 1,533  |
| Other                  | 122,116        | 6,106  |

#### - Transaction risks

The Group's significant transaction exposure relates to loans between group entities, denominated in euro and borrowed by entities with another functional currency. These loans create foreign exchange gains and losses that impact the Group's profit or loss. The impact of the transaction

exposure is for 2022 negative and totals EUR -4,232 thousand (-2,925) before taxes, mainly related to internal loans. This amount is recognised in the income statement as financial expenses. Based on the outstanding amount at the end of 2022, a strengthening of the euro by 5% unit against other functional currencies would result in a currency loss of EUR 23,711 thousand (SEK: 13,183, HKD: 2,683, GBP: 2,005, CLP: 1,476, RON: 1,198, PLN: 1,168 and other currencies 1,998)

#### - Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates and the risk that changes in the interest rate level will impact the Group's borrowing costs. Interest rate risk can lead to a change in fair values and changes in cash flows. This interest rate risk is managed by the Group's Treasury function.

The Group have historically used IRS and caps for managing the interest rate risk. The Group do currently not hold any IRS or caps, and has its senior debt set on interest rate fixings on EURIBOR 6M.

An increase of the interest rate of 100 points rate during 2022 would have affected the result before tax with EUR 13.2 million (6.6).

#### - Financial covenants

Diaverum Holding S.à r.l. (DHS) has entered into a Senior Facilities Agreement (SFA) under which loans and borrowings are provided to the Group (see note 22). The SFA held by DHS was established in July 2017, with mandated lead arranger being The Royal Bank of Scotland plc, Credit Agricole Corporate & Investment Bank Sweden Branch, BNP Paribas Fortis SA/NV and Sumitomo Mitsui Banking Corporation Europe Ltd. The credit facilities consists of a Second Lien Facility of EUR 160 million, Senior Term Loan Facilities of EUR 1,115 million and a Revolving Credit Facility of EUR 175 million. The second Lien Facility matures in 2025, and the Senior Term Loan Facilities and the Revolving Credit Facility both matures in 2024. Following the refinancing in

July 2017, the Group is, provided the Revolving Facility is utilised above a certain level (Test Condition), subject to a financial covenant measured quarterly as the ratio of its senior indebtedness to its financial performance.

**- Capital management**

The Board's policy is to maintain the capital base to maintain investor, creditor and market confidence and to sustain future development and growth of the business. Capital consists of share reserves less accumulated losses of the business.

The management of the Group has, together with the shareholder, discussions on an ongoing basis to ensure the future financing of the Group taking the maturity of the Syndicated Facilities Agreement into account. The weighted average margin on interest bearing borrowings was approximately 3.97% (3.88) at the end of 2022.

**- Master netting or similar agreements**

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. These agreements stipulates that when a credit event such as a default occurs - all outstanding transactions under the agreement are terminated. The termination value is assessed and only a single net amount is payable in settlement of all transactions. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other events.

**- Cash flow hedges**

The amounts relating to items designated as hedging instruments were as follows:

| 2022                |                |                         |                              |   |  |   |   |
|---------------------|----------------|-------------------------|------------------------------|---|--|---|---|
| EUR thousand        | Nominal amount | Carrying amount: Assets | Carrying amount: Liabilities | Line item in the statem. of financial position where instrument is included | Changes in the value recognised in OCI | Amount reclassified from hedging reserve to P&L | Line item in P&L affected by the reclass. |
| Interest rate swaps | -              | -                       | -                            | -   | -                                      | 0   | Finance expenses                          |
| 2021                |                |                         |                              |   |  |   |   |
| EUR thousand        | Nominal amount | Carrying amount: Assets | Carrying amount: Liabilities | Line item in the statem. of financial position where instrument is included | Changes in the value recognised in OCI | Amount reclassified from hedging reserve to P&L | Line item in P&L affected by the reclass. |
| Interest rate swaps | -              | -                       | -                            | -   | -                                      | 0   | Finance expenses                          |

## NOTE 29. LEASES

The Group leases many assets, including buildings, vehicles, machines and equipment. Information on leasing agreements where the Group is the lessee are presented below.

### Right-of-use assets

| EUR thousand          | Depreciation for the year |                | Balance at 31 December |                |
|-----------------------|---------------------------|----------------|------------------------|----------------|
|                       | 2022                      | 2021           | 2022                   | 2021           |
| Buildings             | -31,166                   | -29,136        | 139,107                | 161,879        |
| Vehicles & Equipments | -1,098                    | -1,134         | 1,352                  | 2,238          |
| <b>Total</b>          | <b>-32,264</b>            | <b>-30,270</b> | <b>140,459</b>         | <b>164,117</b> |

Additions to the right-of-use assets during 2022 totalled EUR 20.2 million (36.0). Most of the increases in right-of-use assets pertain to facilities for clinical operations. The Group recognises new leasing and increases in leasing liabilities due to revaluation of the leasing period as additions to the right-of-use assets.

### Lease liabilities included in the statement of financial position at 31 December

| EUR thousand                                     | 2022           | 2021           |
|--|----------------|----------------|
| Current  | 29,650         | 29,287         |
| Non-current                                      | 121,225        | 141,387        |
| <b>Total lease liabilities as at 31 December</b> | <b>150,875</b> | <b>170,674</b> |

A maturity analysis for the leasing liabilities is provided in note 28.

### Amounts recognised in profit or loss

| EUR thousand   | 2022    | 2021    |
|--|---------|---------|
| Depreciation   | -32,264 | -30,270 |
| Interest on lease liabilities  | -8,104  | -8,612  |
| Variable lease payments not included in the measurement of lease liabilities                     | -384    | -11,942 |
| Expenses relating to short-term leases   | -1,027  | -519    |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | -102    | -45     |

Variable lease payments not included in the measurement of lease liabilities relate to equipment leased by the Group from its former joint venture in Saudi Arabia. The lease payments were based on the number of treatments performed by the Group's branch in Saudi Arabia (which was the lessee), see also note 27. There were no minimum lease payments. Since the number of treatments was not a variable that depends on an index or rate, the leasing payments were not included in a leasing liability. Instead, these payments were recognised in profit or loss in the period in which the treatments were performed.

### Amounts recognised in statement of cash flows

| EUR thousand                         | 2022           | 2021           |
|--------------------------------------|----------------|----------------|
| <b>Total cash outflow for leases</b> | <b>-43,007</b> | <b>-51,458</b> |

### Options to extend or terminate a lease

The majority of the Group's leases relate to leases of clinic facilities. It is common for such leases to contain an option for Diaverum to extend the lease for additional periods or for the contracts to renew on a continuous basis if the Group does not exercise its right under the contract to terminate the lease at certain dates. The Group assesses whether it is reasonably certain to exercise an option to extend the lease or not to exercise an option to cancel the lease when determining the lease term at the inception of the lease. The assessment of the lease term has significant impact on the size of the lease liability and the corresponding right-of-use asset, in particular for property leases. When assessing the lease term, the Group in particular considers factors such as the length of the reimbursement contract covering the dialysis treatments that are performed at the leased clinic and the existence of any significant leasehold improvements.

As per 31 December 2022, the average remaining lease term was 4 (4) years including periods covered by extension options reasonably certain to be exercised and termination options not reasonably certain to be exercised.

**NOTE 30. PLEDGED ASSETS**

The group has entered into a Senior Facilities Agreement under which assets are pledged in the form of pledged bank accounts and shares in a number of subsidiaries in the Group. The value of the pledged bank accounts amounts to EUR 28.7 million (3.4). The aggregated net assets relating to the pledged shares in subsidiaries amount to EUR 809.1 million (1,124.1). In addition to the pledged assets for the Senior Facilities Agreement, assets are pledged in some jurisdictions for local credit facilities. These pledges are bank deposits of EUR 0.0 million (14.5) and other assets of EUR 0.0 million (0.0).

**NOTE 31. CONTINGENT LIABILITIES**

As at 31 December 2022 the Group has issued guarantees for clinics leases and for local bank overdraft facilities totalling EUR 1.2 million (10.2).

**NOTE 32. GROUP ENTITIES****Specification of all holdings of participations in Group companies**

| Name/Corp. Id. No.  | Country of incorporation | Ownership interest, % |              |
|---|--------------------------|-----------------------|--------------|
|   |                          | 31 Dec. 2022          | 31 Dec. 2021 |
| <b>. Diaverum Holding S.à r.l. /B128894/ Luxembourg, Luxembourg</b> | Luxembourg               | 100                   | 100          |
| <b>.. Diaverum AB / 559140-5344 / Malmö, Sweden</b>                 | Sweden                   | 100                   | 100          |
| ... Diaverum Treasury AB  | Sweden                   | 100                   | 100          |
| ... d.VENTURES International AB                                     | Sweden                   | 100                   | -            |
| <b>... Diaverum Holding AB / 556717-6150 / Malmö, Sweden</b>        | Sweden                   | 100                   | 100          |
| .... Diaverum Sweden AB   | Sweden                   | 100                   | 100          |
| ..... Diaverum International AB                                     | Sweden                   | 100                   | 100          |
| ..... Diaverum Russ LLC   | Russia                   | 100                   | 100          |
| ..... DiaVita Shpk  | Albania                  | 100                   | 100          |
| ..... Diaverum Kazakhstan Distribution LLC                          | Kazakhstan               | 100                   | 100          |
| ..... Diaverum Distribution KG LLC                                  | Kyrgyzstan               | 100                   | 100          |
| ..... Geallium Handels AB   | Sweden                   | 100                   | 100          |
| ..... Ural Medical Centre LLC                                       | Russia                   | 100                   | 100          |
| ..... Diasan LLC  | Russia                   | 100                   | 100          |
| ..... Nephromed Albania Shpk  | Albania                  | 100                   | 100          |
| ..... Sphera Estate LLC   | Russia                   | 100                   | 100          |
| ..... Diaverum Ufa AB   | Sweden                   | -                     | 100          |
| ..... Diaverum Deutschland GmbH                                     | Germany                  | 100                   | 100          |
| ..... MVZ Diaverum Erkelenz GmbH                                    | Germany                  | 100                   | 100          |
| ..... MVZ Diaverum Kleve GmbH                                       | Germany                  | 100                   | 100          |
| ..... Diaverum MVZ Am Neuen Garten GmbH                             | Germany                  | 100                   | 100          |
| ..... Diaverum Betriebsgesellschaft Nordost GmbH                    | Germany                  | 100                   | 100          |
| ..... MVZ Diaverum Remscheid GmbH                                   | Germany                  | 100                   | 100          |
| ..... MVZ Diaverum Prignitz GmbH                                    | Germany                  | 100                   | 100          |
| ..... MVZ Diaverum V GmbH   | Germany                  | 100                   | 100          |
| ..... Diaverum Betriebsgesellschaft Hamburg GmbH                    | Germany                  | 100                   | 100          |
| ..... Diaverum (Hong Kong) Ltd                                      | Hong Kong                | 100                   | 100          |
| ..... Diaverum Trading (Hong Kong) Limited                          | Hong Kong                | 100                   | 100          |
| ..... Nanjing Daqian Medical Products Co., Ltd                      | China                    | -                     | 70           |
| ..... Nanjing Jinzun Medical Products Co., Ltd                      | China                    | -                     | 70           |
| ..... Zhenjiang Diaverum Hemodialysis Centre Company Ltd            | China                    | -                     | 70           |
| ..... Diaverum Guangzhou Medical Services Investment Ltd Co.        | China                    | 100                   | 100          |
| ..... Integrated Dialysis Facility (HK) Limited                     | Hong Kong                | 100                   | 100          |
| ..... Guangzhou Huangpu Diaverum Dialysis Center Limited            | China                    | 100                   | 100          |
| ..... Wuhu Diaverum Hemodialysis Centre Company Ltd                 | China                    | 100                   | 70           |

| Name/Corp. Id. No.   | Country of incorporation | Ownership interest, % |              |
|--|--------------------------|-----------------------|--------------|
|  |                          | 31 Dec. 2022          | 31 Dec. 2021 |
| ..... Ningguo Diaverum Hemodialysis Company Ltd                                  | China                    | 100                   | 70           |
| ..... Wuxi Liangxi Diaverum Hemodialysis Centre Co Ltd                           | China                    | 100                   | 70           |
| ..... Wuxi Xishan Diaverum Hemodialysis Centre Co Ltd                            | China                    | 100                   | 70           |
| ..... Guangzhou Zengcheng Diaverum Dialysis Center Ltd                           | China                    | 100                   | 100          |
| ..... Shenzhen Kangdawei Medical management Ltd, Co.                             | China                    | -                     | 100          |
| ..... Metropolitien D.O.O.E.L.   | North Macedonia          | 100                   | 100          |
| ..... PZU Diamed Makedonija  | North Macedonia          | 100                   | 100          |
| .... Livenfox S.A.   | Uruguay                  | 100                   | 100          |
| .... Cofin S.A.  | Uruguay                  | 100                   | 100          |
| ..... Crani SRL  | Uruguay                  | 100                   | 100          |
| ..... Intir SRL  | Uruguay                  | 100                   | 100          |
| ..... Ceter Ltda   | Uruguay                  | 100                   | 100          |
| ..... Centro de Nefrología Renis Ltda  | Uruguay                  | 100                   | 100          |
| ..... Seine SRL  | Uruguay                  | 100                   | 100          |
| ..... Senniad SRL  | Uruguay                  | 100                   | 100          |
| ..... Unedi SRL  | Uruguay                  | 100                   | 100          |
| .... Diaverum Polska Sp. z o.o   | Poland                   | 100                   | 100          |
| .... Nefros Asia LLP   | Kazakhstan               | 100                   | 100          |
| ..... ID Senim   | Kazakhstan               | 100                   | 100          |
| ..... Nephro Life Gaz LLP  | Kazakhstan               | 100                   | 100          |
| ..... Prime Clinic LLP   | Kazakhstan               | 100                   | 100          |
| ..... Nefro Care LLP   | Kazakhstan               | 100                   | 100          |
| .... Diaverum Middle East DMCC   | United Arab Emirates     | 100                   | 100          |
| .... Virtus Vita Limited   | Cyprus                   | 100                   | 100          |
| .... Diaverum Holding SEA Pte Ltd  | Singapore                | 100                   | 100          |
| ..... Advance Renal Care (S) Pte Ltd   | Singapore                | -                     | 100          |
| ..... Advance Renal Care (Novena) Pte Ltd  | Singapore                | -                     | 100          |
| ..... Advance Renal Care (Kovan) Pte Ltd   | Singapore                | -                     | 100          |
| ..... Eon Advance Renal Care Pte Ltd   | Singapore                | -                     | 100          |
| ..... Advance Dialysis Services Pte Ltd  | Singapore                | -                     | 100          |
| ..... Asia Kidney Dialysis (TP) Pte Ltd  | Singapore                | -                     | 100          |
| ..... Asia Kidney Dialysis (TPY) Pte Ltd   | Singapore                | -                     | 100          |
| ..... ARCA (Farrer Park) Dialysis Pte Ltd  | Singapore                | -                     | 100          |
| ..... Diaverum Singapore Pte Ltd   | Singapore                | 100                   | 100          |
| ..... Pacific Advance Renal Care (Seng Kong) Pte Ltd                             | Singapore                | -                     | 100          |
| ..... Tropicana Renal Services Sdn Bhd   | Malaysia                 | 100                   | 100          |
| ..... IMU Dialysis Sdn Bhd   | Malaysia                 | 40                    | 40           |
| ..... Advance Renal Care (M) Sdn Bhd   | Malaysia                 | 49                    | 49           |
| ..... Asia Renal Networks Sdn Bhd  | Malaysia                 | 49                    | 49           |
| ..... Ara Damansara Dialysis Sdn Bhd   | Malaysia                 | 25.48                 | 25.48        |
| <b>... Diaverum Holding France S.A.S / FR00 498 723 873 00036 / Lyon, France</b> | France                   | 100                   | 100          |
| .... Diaverum Paris S.A.S  | France                   | -                     | 100          |
| .... Diaverum Montereau S.A.S  | France                   | 100                   | 100          |
| .... Diaverum Angers S.A.S   | France                   | 100                   | 100          |
| .... Diaverum Mulhouse S.A.S   | France                   | 100                   | 100          |
| .... Diaverum Provence S.A.S   | France                   | 100                   | 100          |
| .... Diaverum Draguignan S.A.S   | France                   | 100                   | 100          |
| .... Diaverum Saint Denis  | France                   | 100                   | 100          |
| .... Diaverum France GIE   | France                   | 100                   | 100          |
| .... Diaverum Kft  | Hungary                  | 100                   | 100          |
| .... Diaverum Hungary Kft  | Hungary                  | 100                   | 100          |
| .... Diaverum Business Services Kft  | Hungary                  | 100                   | 100          |
| .... UAB Diaverum Lietuva  | Lithuania                | 100                   | 100          |
| ..... UAB Diaverum klinikos  | Lithuania                | 100                   | 100          |
| .... Centre d'Hémodialyse de Marrakech SARLAU                                    | Morocco                  | 100                   | 100          |
| .... Centre d'Hémodialyse d'Agadir SARLAU  | Morocco                  | 100                   | 100          |
| .... Centre d'Hémodialyse El Basma SARLAU  | Morocco                  | 100                   | -            |
| .... Centre de Néphrologie Hémodialyse de Meknès SARLAU                          | Morocco                  | 100                   | -            |

| Name/Corp. Id. No.  | Country of incorporation | Ownership interest, % |              |
|---|--------------------------|-----------------------|--------------|
|   |                          | 31 Dec. 2022          | 31 Dec. 2021 |
| .... Diaverum Arabia Company Ltd  | Saudi Arabia             | 100                   | 100          |
| ..... Diaverum for Dialysis and Advanced Health services Company Ltd              | Saudi Arabia             | 100                   | 100          |
| <b>... Diaverum Investimentos e Servicos L.D.A / 511154097 / Sintra, Portugal</b> | Portugal                 | 100                   | 100          |
| .... DV-Diálises do Vouga LDA   | Portugal                 | 95                    | 95           |
| .... CMDR-Centro Medico de Doencas Renias, S.A                                    | Portugal                 | 66.67                 | 66.67        |
| .... SDP-Sociedade Portuguesa De Diálise S.A.                                     | Portugal                 | 82.25                 | 82.25        |
| .... Hemo-atlântico- Centro de Hemodiálise do Atlântico S.A.                      | Portugal                 | 100                   | 100          |
| .... Pombaldial- Clínica de Diálise S.A   | Portugal                 | 100                   | 100          |
| <b>... Diaverum Servicios Renales S.L / B84991736 / Madrid, Spain</b>             | Spain                    | 100                   | 100          |
| .... Ponfedial, S.L   | Spain                    | -                     | 100          |
| .... Centro de Hemodiálises del Sur S.A.  | Argentina                | 100                   | 100          |
| .... Instituto de Nefrología S.A.   | Argentina                | 100                   | 100          |
| .... Servicio de Nefrología General Sarmiento S.A.                                | Argentina                | 100                   | 100          |
| .... Diaverum Argentina S.A.  | Argentina                | -                     | 99.9985      |
| ..... Ceter S.A. (Temperley)  | Argentina                | -                     | 80           |
| ..... Instituto Privado de Nefrología S.A.  | Argentina                | -                     | 75           |
| ..... Nephrology S.A.   | Argentina                | -                     | 80           |
| .... Diaverum Assistência Médica e Nefrológica Ltda                               | Brazil                   | 100                   | 100          |
| ..... Nefroclinica Ltda   | Brazil                   | 100                   | 100          |
| ..... Instituto de Nefrologia de Mogi das Cruzes Ltda                             | Brazil                   | 100                   | 100          |
| ..... Instituto de Nefrologia de Suzano Ltda                                      | Brazil                   | 100                   | 100          |
| ..... CNTT - Clinica de Nefrologia e Transplante Renal do Tatuapé                 | Brazil                   | 100                   | 100          |
| ..... CNH - Centro de Nefrologia e Hipertensão Ltda                               | Brazil                   | 100                   | 100          |
| ..... INEDI Instituto de Nefrologia e Diálise Ltda                                | Brazil                   | 100                   | 100          |
| ..... CTN Clínica de Nefrologia Ltda  | Brazil                   | 100                   | 100          |
| ..... ACS Brasil Cirúrgica Ltda   | Brazil                   | 100                   | 100          |
| ..... GS Nefrologia SS  | Brazil                   | 100                   | -            |
| <b>... Diaverum Italia S.r.l / BA-336586 / Bari, Italy</b>                        | Italy                    | 100                   | 100          |
| <b>... Diaverum Holding UK Ltd / 01372902 / St. Albans, UK</b>                    | UK                       | 100                   | 100          |
| .... Diaverum UK Ltd  | UK                       | 100                   | 100          |
| .... Diaverum Facilities Management Ltd   | UK                       | 100                   | 100          |
| .... Diaverum Holding Chile S.A   | Chile                    | 100                   | 100          |
| ..... Diaverum Servicios Renales Chile Limitada                                   | Chile                    | 100                   | 100          |
| ..... Servicios Medicos Cidial Limitada   | Chile                    | 100                   | 100          |
| ..... Servicios Medicos Medinefro Limitada  | Chile                    | 100                   | 100          |
| ..... Centro De Diálisis Villarrica Limitada                                      | Chile                    | 100                   | 100          |
| ..... Sociedad Medica Limitada (Lawen)  | Chile                    | 100                   | 100          |
| ..... Centro Médico de Diálisis Diaseal Limitada                                  | Chile                    | 100                   | 100          |
| ..... Diálisis Norte S.A.   | Chile                    | 100                   | 100          |
| ..... Diálisis Colina S.A.  | Chile                    | 100                   | 100          |
| ..... Centro de Diálisis San Antonio Limitada                                     | Chile                    | 100                   | 100          |
| ..... Servicios Medicos Horizonte S.A.  | Chile                    | 100                   | 100          |
| ..... Centro de Dialisis Apumanque Limitada                                       | Chile                    | 100                   | 100          |
| ..... Dialisis del Valle Limitada   | Chile                    | 100                   | 100          |
| ..... Sociedad Medica Vitta SpA   | Chile                    | 100                   | -            |
| <b>... SC Diaverum Romania S.R.L / 25934329 / Bucharest, Romania</b>              | Romania                  | 100                   | 100          |
| <b>... Diaverum Hellas SA / 161253801000 / Maursi, Greece</b>                     | Greece                   | 100                   | 100          |

### NOTE 33. NON-CONTROLLING INTEREST

The following subsidiaries/subgroups have material NCI.

|                    | Location  | Note | Ownership interest held by NCI |        |
|--------------------|-----------|------|--------------------------------|--------|
|                    |           |      | 2022                           | 2021   |
| Argentina subgroup | Argentina | 35   | -                              | 20-25% |
| Portugal subgroup  | Portugal  |      | 5-33%                          | 5-33%  |
| Malaysia subgroup  | Malaysia  |      | 25%                            | 25%    |

The following is a summarised financial information on the Group's non-controlling interest. It is prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before intercompany eliminations in the group.

#### 2022

| EUR thousand                      | Portugal sub-group | Malaysia sub-group | Argentina sub-group | Elim | Total        |
|-----------------------------------|--------------------|--------------------|---------------------|------|--------------|
| Non-current assets                | 6,004              | 3                  | -                   |      |              |
| Current assets                    | 34,829             | 51                 | -                   |      |              |
| Non-current liabilities           | 1,819              | 0                  | -                   |      |              |
| Current liabilities               | 3,746              | 100                | -                   |      |              |
| Net assets                        | 35,268             | -46                | -                   |      |              |
| <b>Carrying amount of NCI</b>     | <b>5,571</b>       | <b>-22</b>         | -                   | -    | <b>5,549</b> |
| Net sales                         | 8,391              | 213                | 16,623              |      |              |
| Profit                            | 2,148              | -50                | 1,627               |      |              |
| OCI                               | -                  | 1                  | -566                |      |              |
| <b>Total comprehensive income</b> | <b>2,148</b>       | <b>-49</b>         | <b>1,061</b>        |      |              |
| Profit allocated to NCI           | 353                | -24                | 339                 | -    | 668          |
| OCI allocated to NCI              | -                  | 0                  | -724                |      | -724         |
| Dividends to NCI                  | 201                | -                  | -                   | -    | 201          |

#### 2021

| EUR thousand                      | Portugal sub-group | Malaysia sub-group | Argentina sub-group | Russia sub-group | Elim | Total        |
|-----------------------------------|--------------------|--------------------|---------------------|------------------|------|--------------|
| Non-current assets                | 6,873              | 66                 | 4,070               | -                |      |              |
| Current assets                    | 32,548             | 59                 | 9,742               | -                |      |              |
| Non-current liabilities           | 2,246              | 2                  | 3,827               | -                |      |              |
| Current liabilities               | 2,925              | 120                | 8,464               | -                |      |              |
| Net assets                        | 34,250             | 3                  | 1,521               | -                |      |              |
| <b>Carrying amount of NCI</b>     | <b>5,419</b>       | <b>2</b>           | <b>385</b>          | -                | -    | <b>5,806</b> |
| Net sales                         | 8,594              | 151                | 17,739              | 96               |      |              |
| Profit                            | 2,182              | -36                | 604                 | -53              |      |              |
| OCI                               | -                  | 0                  | -150                | -20              |      |              |
| <b>Total comprehensive income</b> | <b>2,182</b>       | <b>-36</b>         | <b>454</b>          | <b>-73</b>       |      |              |
| Profit allocated to NCI           | 348                | -17                | 130                 | -14              | -    | 447          |
| OCI allocated to NCI              | -                  | 0                  | -88                 | -5               |      | -93          |
| Dividends to NCI                  | 225                | -                  | -                   | -                | -    | 225          |

**NOTE 34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

| <b>EUR thousand</b>                                      | PEC              | Other loans<br>and borrowings | Leasing<br>liabilities | Bank<br>overdraft | <b>Total</b>     |
|--|------------------|-------------------------------|------------------------|-------------------|------------------|
| Opening balance 1 January 2021                           | 1,439,128        | 1,261,275                     | 156,506                | 0                 | <b>2,856,909</b> |
| <b>Changes from cash flows from financing activities</b> |                  |                               |                        |                   |                  |
| Proceeds   | -                | 210,706                       | -                      | -                 | <b>210,706</b>   |
| Repayments   | -                | -191,725                      | -                      | -                 | <b>-191,725</b>  |
| Change in bank overdraft                                 | -                | -                             | -                      | 4,721             | <b>4,721</b>     |
| Payment of leasing liabilities                           | -                | -                             | -30,341                | -                 | <b>-30,341</b>   |
| Total changes from financing cash flows                  | -                | 18,981                        | -30,341                | 4,721             | <b>-6,639</b>    |
| Changes from acquisitions                                | -                | 10,303                        | 5,349                  | -                 | <b>15,652</b>    |
| Exchange rate differences                                | -                | 2,287                         | 1,888                  | -13               | <b>4,162</b>     |
| Changes in fair value                                    | -                | -                             | -                      | -                 | -                |
| Changes in fair value                                    | -                | -                             | -                      | -                 | -                |
| <b>Other changes</b>                                     |                  |                               |                        |                   |                  |
| New/Remeasured leases                                    | -                | -                             | 37,273                 | -                 | <b>37,273</b>    |
| Capitalised borrowing cost                               | 7,200            | 521                           | -                      | -                 | <b>7,721</b>     |
| Amortised prepaid borrowing cost                         | -                | 739                           | -                      | -                 | <b>739</b>       |
| Total liabilities related to other changes               | 7,200            | 1,260                         | 37,273                 | -                 | <b>45,733</b>    |
| <b>Balance at 31 December 2021</b>                       | <b>1,446,328</b> | <b>1,294,106</b>              | <b>170,675</b>         | <b>4,708</b>      | <b>2,915,817</b> |

| <b>EUR thousand</b>                                      | PEC              | Other loans<br>and borrowings | Leasing<br>liabilities | Bank<br>overdraft | <b>Total</b>     |
|--|------------------|-------------------------------|------------------------|-------------------|------------------|
| Opening balance 1 January 2022                           | 1,446,328        | 1,294,106                     | 170,675                | 4,708             | <b>2,915,817</b> |
| <b>Changes from cash flows from financing activities</b> |                  |                               |                        |                   |                  |
| Proceeds   | -                | 69,905                        | -                      | -                 | <b>69,905</b>    |
| Repayments   | -                | -55,734                       | -                      | -                 | <b>-55,734</b>   |
| Change in bank overdraft                                 | -                | -                             | -                      | 3,603             | <b>3,603</b>     |
| Payment of leasing liabilities                           | -                | -                             | -32,361                | -                 | <b>-32,361</b>   |
| Total changes from financing cash flows                  | -                | 14,171                        | -32,361                | 3,603             | <b>-14,587</b>   |
| Changes from acquisitions                                | -                | -321                          | 1,769                  | -                 | <b>1,448</b>     |
| Changes from disposals                                   | -                | -                             | -4,221                 | -                 | <b>-4,221</b>    |
| Exchange rate differences                                | -                | 1,975                         | -218                   | -37               | <b>1,720</b>     |
| Changes in fair value                                    | -                | -                             | -                      | -                 | -                |
| <b>Other changes</b>                                     |                  |                               |                        |                   |                  |
| New/Remeasured leases                                    | -                | -                             | 15,231                 | -                 | <b>15,231</b>    |
| Capitalised borrowing cost                               | 7,229            | -                             | -                      | -                 | <b>7,229</b>     |
| Amortised/paid prepaid borrowing cost                    | -                | 2,387                         | -                      | -                 | <b>2,387</b>     |
| Total liabilities related to other changes               | 7,229            | 2,387                         | 15,231                 | -                 | <b>24,847</b>    |
| <b>Balance at 31 December 2022</b>                       | <b>1,453,557</b> | <b>1,312,318</b>              | <b>150,875</b>         | <b>8,274</b>      | <b>2,925,024</b> |

**NOTE 35. DISPOSAL OF BUSINESSES****Argentina**

In 2022 the entities Diaverum Argentina S.A. (June 2022) and Instituto de Trasplantes y Alta Complejidad (September 2022) were sold to two different buyers. The deal includes 31 dialysis clinics and one transplant facility.

The transaction marks the end of Diaverum presence in Argentina.

**China**

In January 2022 Diaverum got full control of the clinics in Ningguo, Wuhu, Liangxi and Xishan in return for the shares in the entities Nanjing Daqian Medical Products Co., Ltd and Nanjing Jinzun Medical Products Co., Ltd. All entities were previously fully consolidated in the Group according to the anticipated acquisition method, see note 1.

None of the the transactions were previously classified as held-for-sale or as discontinued operation.

**(A) Result of disposal business**

| EUR thousand                              | 2022           |
|---|----------------|
| Consideration received, satisfied in cash | 1,935          |
| Deferred and contingent consideration     | 1,027          |
| Net assets disposed of                    | -32,998        |
| Exchange difference recycled to P&L       | -39,244        |
| <b>Result of disposal business</b>        | <b>-69,280</b> |

Prior to the disposal of Nanjing Daqian Medical Products Co., Ltd and Nanjing Jinzun Medical Products Co., Ltd, the NCI in the Group's operations in China had an option to sell their holdings to Diaverum (an NCI put). That option gave rise to a liability for the present value of the redemption amount in the Group's statement of financial position. As part of the agreement to dispose of Nanjing Daqian Medical Products Co., Ltd and Nanjing Jinzun Medical Products Co., Ltd in return for the Group gaining 100% ownership of clinics in Ningguo, Wuhu, Liangxi and Xishan, the NCI put option was cancelled. The Group therefore derecognized the NCI put liability with a corresponding credit in equity. Furthermore, the actual exchange of Nanjing Daqian Medical Products Co., Ltd and Nanjing Jinzun Medical Products Co., Ltd for 100% ownership of the clinics constitute a transaction with NCI and has therefore been reported within equity. The net effect on equity was -8,787 KEUR (before reclassification of foreign exchange differences).

**(B) Cash flows from disposal business.**

| EUR thousand                          | Note | 2022       |
|---------------------------------------|------|------------|
| Net cash used in operating activities |      | 5,871      |
| Net cash from investing activities    | (C)  | -5,174     |
| <b>Net cash outflows</b>              |      | <b>697</b> |

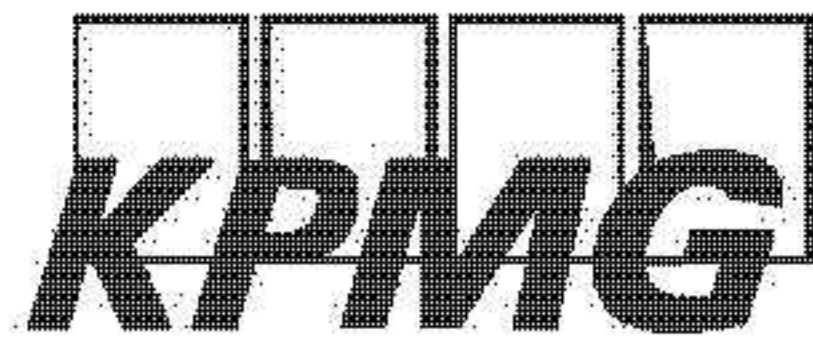
**(C) Effect on the disposal on the financial position of the group**

| EUR thousand                              | Note | 2022           |
|---|------|----------------|
| Tangible assets                           |      | -11,012        |
| Right-of-use assets                       |      | -9,172         |
| Other intangible assets                   |      | -44            |
| Non-current receivables                   |      | -9,009         |
| Current assets                            |      | -45,972        |
| Cash and cash equivalents                 |      | -7,109         |
| Employee benefits                         |      | 16             |
| Leasing liability                         |      | 4,221          |
| Non-interest-bearing liabilities          |      | 30,571         |
| <b>Net assets and liabilities</b>         |      | <b>-47,510</b> |
| Consideration received, satisfied in cash |      | 1,935          |
| Cash and cash equivalents disposed of     |      | -7,109         |
| <b>Net cash inflows</b>                   | (B)  | <b>-5,174</b>  |

For comparison purposes, there was no disposal of businesses to disclose during 2021.

**NOTE 36. SUBSEQUENT EVENTS**

No significant events occurred subsequent to 31 December 2022.



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## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Report on the audit of the consolidated financial statements***

#### ***Opinion***

We have audited the consolidated financial statements of Diaverum S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

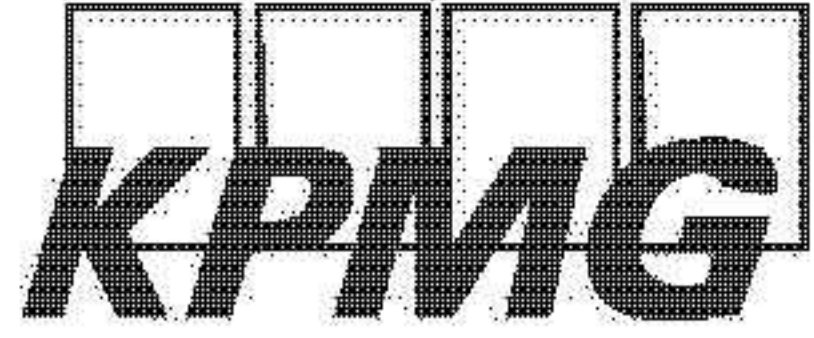
In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### ***Basis for opinion***

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other information***

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

#### ***Responsibilities of the Board of Managers for the consolidated financial statements***

The Board of Managers is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

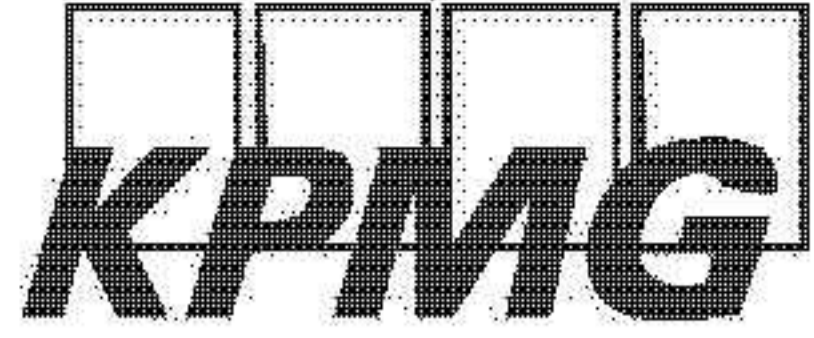
In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### ***Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements***

The objectives of our audit 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 to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of the Board of Managers' 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 our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

***Report on other legal and regulatory requirements***

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

Luxembourg, 24 March 2023

KPMG Audit S.à r.l.  
Cabinet de révision agréé

Jean-Manuel Séris