Prospectus

for the public offering

of

22,222,222 newly issued ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) from a capital increase against contributions in cash to be resolved by an extraordinary shareholders' meeting of the Company on or about April 27, 2021

and of

39,930,555 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*), consisting of 27,500,000 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) from the holdings of the selling shareholders of the Company in a base deal and of 12,430,555 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) from the holdings of the institutional shareholders of the Company, subject to the exercise of an upsize option upon decision of the institutional shareholders of the Company on the date of pricing based on market demand

and of

9,322,916 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) from the holdings of the institutional shareholders of the Company to cover a potential overallotment

and at the same time for the

admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard)

of

up to 222,222,222 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) (entire share capital),

each such share with a notional value of €1.00 and full dividend rights as of January 1, 2021

of

SYNLAB AG
Munich, Germany

Price Range: €18.00 – €23.00

International Securities Identification Number (ISIN): DE000A2TSL71
German Securities Code (*Wertpapierkennnummer* (WKN)): A2TSL7
Common Code: 233454583
Ticker Symbol: SYAB

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs Bank Europe SE **J.P. Morgan**

Joint Bookrunners

BofA Securities **Deutsche Bank**

Barclays **BNP PARIBAS** **HSBC** **Jefferies** **UniCredit Bank AG**

Co-Lead Managers

Crédit Agricole Corporate and Investment Bank **Natixis**

Prospectus dated April 19, 2021

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I. PROSPECTUS SUMMARY

A. Introduction and Warnings

This prospectus (the "**Prospectus**") relates to ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) of SYNLAB AG (the "**Company**"), Moosacher Strasse 88, 80809 Munich, Federal Republic of Germany ("**Germany**"), (telephone +49 89 307602-0), website: www.synlab.com, legal entity identifier ("**LEI**") 984500883BA5AQ14C037, each such share having the International Securities Identification Number ("**ISIN**") DE000A2TSL71 (each share of the Company, a "**Share**"). The information on the website indicated above does not form part of the prospectus unless that information is explicitly incorporated by reference into the prospectus.

The Shares will be offered by Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, LEI: 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**"), J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany, LEI: 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" and, together with Goldman Sachs, the "**Joint Global Coordinators**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France, LEI: 549300FH0WJAPEHTIQ77 ("**BofA**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86 ("**Deutsche Bank**" or the "**Listing Agent**"), Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland, LEI: 2G5BKIC2CB69PRJH1W31 ("**Barclays**"), BNP PARIBAS, 16 Boulevard des Italiens, 75009 Paris, France, LEI: R0MUWSFPU8MPRO8K5P83 ("**BNPP**"), HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany, LEI: JUNT405OW8OY5GN4DX16 ("**HSBC**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Germany, LEI: 5493004I3LZM39BWHQ75 ("**Jefferies**"), UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI: 2ZCNRR8UK83OBTEK2170 ("**UniCredit**" and, together with BofA, Deutsche Bank, Barclays, BNPP, HSBC and Jefferies and the Joint Global Coordinators, the "**Joint Bookrunners**"), Crédit Agricole Corporate and Investment Bank, 12 Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, LEI: 1VUV7VQFKUOQSJ21A208 ("**Credit Agricole CIB**") and Natixis, 30 avenue Pierre Mendès France, 75013 Paris, France, LEI: KX1WK48MPD4Y2NCUIZ63 ("**Natixis**" and together with Credit Agricole CIB and the Joint Bookrunners, the "**Underwriters**").

On April 19, 2021, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany (telephone +49 228 41080, website: www.bafin.de), approved this Prospectus as competent authority pursuant to Article 20 para. 2 Regulation (EU) 2017/1129.

The Company and the Underwriters take responsibility for this Prospectus, this summary and its German translation. This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the Shares on the review of this Prospectus as a whole. Investors in the Shares may lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. Key Information on the Issuer

B.1 – Who is the issuer of the securities?

Registration and Applicable Laws – The Company has its registered seat in Munich, Germany, is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany, under docket number HRB 246540 and has the LEI 984500883BA5AQ14C037. As a German stock corporation (*Aktiengesellschaft*) it is incorporated in Germany and governed by the laws of Germany. The Company was incorporated on November 28, 2018, currently has no material assets and has conducted no business activities. On or around April 27, 2021, the existing shareholders of SYNLAB Limited, which is the ultimate parent holding company of all companies in the SYNLAB group as of the date of this Prospectus, will contribute their entire shareholdings in SYNLAB Limited into the Company. The "**SYNLAB Group**" is used in this Prospectus to refer to SYNLAB Limited and its consolidated subsidiaries. As a result of the contribution, at the time of the listing, the Company will hold all assets of the SYNLAB Group, as described in this Prospectus. References to "**we**," "**us**" or "**our**" in this Prospectus refer to the consolidated group of SYNLAB companies either before or after the contribution of all of the shares of SYNLAB Limited into the Company, as the context requires.

Principal Activities – The Company has neither engaged in any operations other than maintaining its corporate form, nor generated any revenues or income to date. The Company's principal activities since its acquisition by Ephios Luxembourg S.à r.l., which is indirectly controlled by Cinven (Luxco 1) S.A., have been organizational activities and those necessary to prepare for the Contribution, Offering (as defined below in each case) and the listing.

We are the largest European clinical laboratory and medical diagnostic services company by revenue and number of tests and provide actionable diagnostic information for healthy lives and well-being for all. We benefit from a network of more than 450 laboratories and more than 1,600 blood collection points with direct patient and consumer contact across 36 countries, including our core markets of France, Germany, Italy and the United Kingdom. Our business is taking advantage of the growing market for clinical laboratory and medical diagnostic services in Europe, which is driven by favorable structural trends, including an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention, increasing outsourcing of clinical laboratory testing by hospitals and an additional need for advanced testing. Furthermore, we are in a leading role in the fight against COVID-19, working closely with the competent authorities and leveraging our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries (Source for all statements: SYNLAB Group data).

We have been a pioneer in the consolidation trend in the European clinical laboratories market. Our expansion strategy is focused on adapting to local market environments while drawing from the strength of our pan-European support functions. Our market position and the scale of our laboratory network also allow us to benefit from favorable procurement conditions with suppliers, including through

group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion. (Source for all statements: SYNLAB Group data)

We are among the top five market leading private providers of medical diagnostic services by revenue in each of our core markets (Source: SYNLAB Group data). We also provide clinical laboratory testing services in Latin America, Africa and the Middle East. Our revenue for the year ended December 31, 2020 was €2,621.2 million, with net profit amounting to €259.1 million, Adjusted Operating Profit from Continuing Operations* of €504.5 million and Adjusted EBITDA from Continuing Operations** of €679.2 million.

We believe that the following competitive strengths have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future.

- We are active in the large and growing European clinical laboratory services market, which is supported by strong non-cyclical growth trends with further upside potential, as well as significant emerging market opportunities in Latin America, Asia and Africa.
- We are a global player in the medical diagnostics space and the market leader in Europe by revenue with comprehensive capabilities across a broad range of routine and specialty testing services.
- Our customer-centric strategy is aimed at delivering above market growth and is based on medical and operational excellence, highly skilled employees and a disciplined approach to capital allocation.
- We are a key market consolidator in a highly fragmented market with a demonstrated track record of disciplined acquisitions, successful integration and synergy achievements across geographies, benefitting from sizeable further consolidation opportunities.
- We have a strong financial profile with profitability accelerating through SARS-CoV-2 testing, robust organic growth, operational efficiencies and strong cash generation sustaining growth via strategic acquisitions.
- We benefit from a highly experienced international management team at group and local levels with deep market knowledge and experience in navigating local regulatory requirements and delivering growth and a strong track record executing and integrating acquisitions and driving operational efficiencies.

To achieve continued success, we have developed the following key strategies.

- We aim to provide a superior patient and clinician experience by expanding our service offering, strengthening our network and creating a differentiated brand identity across Europe and internationally.
- We will sustain our focus on operational excellence by leveraging our scale, capabilities and supplier relationships to drive operating efficiencies and increase cash flow.
- We will pursue growth opportunities through efficient capital deployment, investments in our business and selective acquisitions in current and new markets.
- We will develop our talent by empowering and engaging our employees.

Major Shareholders – As of the date of this Prospectus, and prior to the Contribution Capital Increase (as defined below), the Company is 100% owned by Ephios Luxembourg S.à r.l., which is indirectly controlled by Cinven (Luxco 1) S.A.

The major direct shareholders in SYNLAB Limited (and, as a result, in the SYNLAB Group) include: 54%*** Ephios Luxembourg S.à r.l., indirectly controlled by Cinven (Luxco 1) S.A.; 22%*** Novo Invest 1 A/S, indirectly held by Novo Nordisk Foundation; 11%*** Ontario Teachers' Pension Plan Board (together, the "**Institutional Shareholders**"); and 6%*** Dr. Wimmer Verwaltungs GmbH & Co. KG, indirectly controlled by Dr. Bartl Wimmer (together with the Institutional Shareholders, the "**Major Shareholders**").

As of the date of this Prospectus, all SYNLAB Limited shareholders (the "**Existing Shareholders**") have signed binding commitments, as part of their respective investment agreements into SYNLAB Limited, allowing the contribution of their shares in SYNLAB Limited (the SYNLAB Group's holding company until the completion of the Contribution (as defined below)) into the Company on or about April 27, 2021 (the "**Contribution**"). In exchange for the Contribution, the Existing Shareholders will in aggregate receive 199,950,000 Shares in the Company from a capital increase in kind on or around April 29, 2021 (i.e., immediately prior to admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)) (the "**Contribution Capital Increase**"), allocated

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* "**Adjusted Operating Profit from Continuing Operations**" is net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, amortization of customer relationships, separately disclosed items, share-based payments and other items considered by management to be non-underlying.

** "**Adjusted EBITDA from Continuing Operations**" is net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, depreciation and amortization, separately disclosed items, share-based payments and other items considered by management to be non-underlying.

Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations are not IFRS measures, but are rather alternative performance measures as defined by the European Securities and Markets Authority. For a description of the calculation methodology and a reconciliation to operating profit before acquisitions, restructuring and impairment of non-current asset for the year, see Section B.2 below.

*** At the date of this Prospectus the share capital of SYNLAB Limited is divided into various share classes to which different rights are attached that will be reorganized into a single class of ordinary shares immediately prior to the Contribution. The proportional allocation of SYNLAB Limited ordinary shares to each Existing Shareholder in the reorganization will be partly determined by reference to the Offer Price and the valuation of the SYNLAB Group. Therefore, the percentage of each Existing Shareholder's holding in SYNLAB Limited and consequently in the Company following the exchange for Shares in the Company presented herein assume that all Offer Shares are placed at the midpoint of the Price Range (in each case as defined in D.1 below).

proportionally based on their respective individual contributions. The selling shareholders (the "**Selling Shareholders**") comprise the Major Shareholders (together directly holding 92%⁂ of the Shares post Contribution Capital Increase) together with certain management holding vehicles (Ephios PV S.C.A., Ephios MEP I GmbH & Co. KG, Ephios MEP II GmbH & Co. KG, Ephios MEP III GmbH & Co KG, Ephios MEP IV GmbH & Co. KG, Ephios MEP V GmbH & Co. KG, Ephios MEP VI GmbH & Co. KG) and Intertrust Employee Benefit Trustee Limited (in its capacity as trustee of the Synlab Employee Benefit Trust) (together directly holding 8%⁂ of the Shares post Contribution Capital Increase).

Management Board – The members of the Company's management board (the "**Management Board**") are Mathieu Floreani (Chief Executive Officer) and Sami Badarani (Chief Financial Officer).

Statutory Auditors – The statutory auditor of SYNLAB Limited is Deloitte LLP, New Street Square, London EC4A 3BZ, United Kingdom. The Company's statutory auditor is Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Rosenheimer Platz 4, 81669 Munich, Germany.

B.2 – What is the key financial information regarding the issuer?

The Company did not conduct business activities prior to the Contribution. The following tables contain key financial information for the Company for the 2018, 2019 and 2020 financial years extracted from its unconsolidated financial statements prepared in accordance with the German Commercial Code:

Key Financial Information of SYNLAB AG

	Financial year ended December 31,		
	2018	**2019**	**2020**
		(in €)	
		(audited)	
Total assets	**12,500**	**12,500**	**12,500**
Subscribed capital	50,000	50,000	50,000
of which contributions not called-in:	37,500	37,500	37,500
Total equity	**12,500**	**12,500**	**12,500**
Results for the year	**0**	**0**	**0**
Balances with credit institutions	–	**12,439**	**12,362**

The key financial information below is presented for SYNLAB Limited. In 2020, we completed the sale of substantially all of our analytics and services ("**A&S**") business unit. The historical 2020 consolidated financial statements of SYNLAB Limited present A&S as discontinued operations, but the 2018 and the 2019 consolidated financial statements of SYNLAB Limited include A&S in the results of operations. In order to facilitate the comparison of the SYNLAB Group's financial information on an ongoing operations basis, in the consolidated financial statements as at and for the year ended December 31, 2020, the Company has included unaudited restated 2018 and 2019 comparative financial information presenting A&S as discontinued operations in the SYNLAB Group's income and cash flow statements.

The key financial information contained in the following tables is taken or derived from the audited consolidated financial statements of SYNLAB Limited, the holding company of the SYNLAB Group (until the completion of the Contribution), as at and for the year ended December 31, 2020, including the unaudited restated comparative financial information for the years ended December 31, 2018 and 2019 included therein. Additional financial information relating to certain operational information is taken or derived from the SYNLAB Group's accounting records or internal reporting system. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**").

Key Financial Information from the Consolidated Income Statement

	Financial year ended December 31,		
	2018 (restated)	**2019 (restated)**	**2020**
		(€ millions)	
	(unaudited)	*(unaudited)*	*(audited)*
Revenue	1,807.9	1,906.1	2,621.2
Operating profit	138.8	71.9	315.5
Net profit/(loss) for the period	(42.1)	(108.0)	259.1

Key Financial Information from the Consolidated Statement of Financial Position

	As at December 31,		
	2018	**2019**	**2020**
		(€ millions)	
		(audited)	
Assets	**4,300.8**	**4,785.2**	**5,283.2**
Total non-current assets	3,771.2	4,103.0	3,617.9
Total current assets	529.6	682.2	1,665.3
Liabilities	**3,240.0**	**3,837.7**	**4,079.6**
Total non-current liabilities	2,813.6	3,284.2	3,268.2
Total current liabilities	426.5	553.5	811.5
Equity	**1,060.7**	**947.5**	**1,203.6**

Key Financial Information from the Consolidated Statement of Cash Flows

	Financial year ended December 31,		
	2018 (restated)	**2019 (restated)**	**2020**
		(€ millions)	
	(unaudited)	*(unaudited)*	*(audited)*
Cash flow from operating activities of continuing operations	307.7	325.0	480.1
Cash flow from/(used in) investing activities of continuing operations	(201.7)	(148.1)	427.8
Cash flow from/(used in) financing activities of continuing operations	(228.7)	(58.8)	(252.9)
Cash and cash equivalents at the end of the period	**120.3**	**238.6**	**904.7**

Key Indicators and Other Adjusted Financials

The key metrics used to manage the SYNLAB Group are Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations. The table below shows the reconciliation between operating profit before acquisitions, restructuring and impairment of non-current asset and Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations for the years ended December 31, 2018 (restated), 2019 (restated) and 2020.

	Financial year ended December 31,		
	2018 (restated)	**2019 (restated)**	**2020**
		(€ millions)	
	(unaudited)	*(unaudited)*	*(audited, unless otherwise noted)*
Operating profit before acquisition, restructuring and impairment of non-current assets	**185.3**	**191.5**	**449.5**
Amortization of customer relationships [(1)]	50.7	53.0	51.4
Share-based payments	4.3	5.8	3.6
Oher non-underlying items [(2)]	6.0	3.3	–
Adjusted Operating Profit from Continuing Operations	**246.3**	**253.6**	**504.5**[(3)]
Depreciation of property, plant and equipment	43.7	44.8	51.9
Depreciation of right-of-use assets	75.2	78.6	100.5
Amortization of other intangible assets	17.7	20.4	22.4
Adjusted EBITDA from Continuing Operations	**382.9**	**397.4**	**679.2**[(3)]

(1) Amortization of customer relationships relates to customer relationships recognized as part of the purchase price allocation for the acquisitions that we completed.

(2) Other non-underlying items primarily consisted of costs relating to shareholder-related activities, including legal and litigation costs relating to one-off items (including previous merger and acquisition and restructuring events). Other non-underlying items also includes profit and loss from asset disposals and penalties paid due to cancellation of contracts.

(3) Unaudited.

B.3 – What are the key risks that are specific to the issuer?

The Company faces the following risks:

- The Company may face delays, or be unable to, complete the planned corporate reorganization measures required to gain control over the SYNLAB Group at the time of admission to trading.
- If existing SYNLAB Limited shareholders do not transfer good title over their respective shares in SYNLAB Limited to the Company, there is a risk that the Company may own less than 100% in SYNLAB Limited post Contribution.

Our operations and industry are subject to the following risks, among others.

- We operate in a highly regulated sector. Compliance with regulations applicable to our activities may increase operating costs or restrict activities and failure to comply with such regulations may lead to administrative, disciplinary or criminal sanctions.
- The COVID-19 pandemic and demand for SARS-CoV-2-related diagnostic services have had a material effect on our revenue, and, after any revenue-enhancing COVID-19 effects pass, our revenue and profitability levels may be affected.
- A significant part of our future growth comes from our strategy of acquiring companies. If we are unable to implement our acquisition strategy or integrate acquired companies successfully, it could have a material adverse effect on our business, results of operations and financial condition.

- We are exposed to cybersecurity risks as IT systems are used extensively in all aspects of our business. IT systems may be subject to physical or electronic attacks, computer viruses and similar disruptive problems that may materially adversely affect our ability to function.
- We generate and store significant volumes of personal and sensitive information and must comply with stringent privacy laws and information security policies. If we fail to comply with applicable laws, we risk administrative fines and additional penalties.
- The French regulatory environment in which we operate is particularly stringent, especially in relation to ownership and corporate structures of entities such as ours that operate clinical laboratories. If regulators were to successfully challenge our existing legal structure in France, this could have a material adverse impact on our French business.

C. Key Information on the Securities

C.1 – What are the main features of the securities?

This summary relates to the Shares (ISIN: DE000A2TSL71; German Securities Code (WKN): A2TSL7; Common Code 233454583; Trading Symbol: SYAB).

Number and Nature of Shares – As of the date of this Prospectus, the Company's share capital amounts to €50,000.00 and is divided into 50,000 Shares. All Shares are ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). Each Share represents a notional share of €1.00 in the Company's share capital. All Shares are fully paid-up. On the first day of trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), following the completion of the Contribution Capital Increase and the IPO Capital Increase (as defined below under D.1), the Company's share capital will amount to up to €222,222,222.00 and will be divided into up to 222,222,222 Shares.

Currency and Denomination – The Shares are denominated in euros.

Rights Attached to the Shares, Relative Seniority and Transferability – Each Share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. The Shares carry full dividend rights as of January 1, 2021. The Shares are subordinated to all other securities and claims in case of an insolvency of the Company. All Shares are entitled to a share of any distributable liquidation proceeds or insolvency surpluses at the ratio of their share in the share capital. The Shares are freely transferable in accordance with the legal requirements for ordinary bearer shares (*Inhaberaktien*). There are no restrictions on the transferability of the Shares other than certain lock-up agreements entered into between the Company, the Existing Shareholders, the members of the Management Board and the Underwriters.

Dividend Policy – The Company expects to begin paying dividends in 2022 and is targeting a dividend payout representing 20-30% of an amount determined for purposes of the dividend payout calculation by adjusting our Adjusted Operating Profit from Continuing Operations for the prior year to eliminate our share of profit or loss of associates and other non-controlling interest, profit or loss on disposal of investments, net finance costs and income tax expenses (including income tax expenses shown in our income statement as well as deductible taxes on customer lists and impairment, acquisition expenses, restructuring and other expenses and non-underlying items). Neither the Company, nor SYNLAB Limited have paid any dividends or made any other distributions in the last three financial years and up to and including the date of this Prospectus.

C.2 – Where will the securities be traded?

The Company will apply for admission of the Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**FSE Prime Standard**"). The admission of the Shares is expected to take place on April 29, 2021. The commencement of trading of the Shares is expected to take place on April 30, 2021.

C.3 – What are the key risks that are specific to the securities?

The Shares are subject to the following key risks.

- The Shares have not been publicly traded. There can be no assurance that a liquid trading market for the Shares will develop.
- There is uncertainty regarding the price development and the liquidity of the Shares. Share prices may be subject to strong fluctuation.
- Future capitalization measures could lead to a substantial dilution (i.e., a reduction in the value of the Shares and the control rights of existing shareholders' interests in the Company).
- Future sales of the Shares by the Existing Shareholders or investors acquiring Shares in the Offering or the perception that such sales may occur could depress the price of the Shares.

D. Key Information on the Offer of the Securities to the Public and the Admission to Trading on a Regulated Market

D.1 – Under which conditions and timetable can I invest in this security?

Offer Conditions – The offering relates to 71,475,693 Shares with full dividend rights as of January 1, 2021 (the "**Offering**"), comprising:

(i) 22,222,222 newly issued Shares from a capital increase against contributions in cash (the "**IPO Capital Increase**") to be resolved by an extraordinary shareholders' meeting of the Company on or about April 27, 2021 (the "**New Shares**");

(ii) 27,500,000 Shares from the holdings of the Selling Shareholders (the "**Base Shareholder Shares**" and, together with the New Shares, the "**Base Offer Shares**");

(iii) 12,430,555 Shares from the holdings of the Institutional Shareholders (the "**Additional Shareholder Shares**") subject to the exercise of an upsize option upon decision of the Institutional Shareholders on the date of pricing based on market demand (the "**Upsize Option**"); and

(iv) 9,322,916 Shares from the holdings of the Institutional Shareholders in connection with a potential over-allotment (the "**Over-Allotment Shares**" and, together with the Base Offer Shares and any Additional Shareholder Shares, the "**Offer Shares**").

Scope of the Offering – The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will be offered and sold only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

Expected Timetable – The following is the expected timetable of the Offering, which may be extended or shortened:

Date	**Event**
April 19, 2021	Approval of the Prospectus by BaFin
	Publication of the Prospectus on the Company's website (www.synlab.com)
	Commencement of period during which investors can submit purchase orders for the Offer Shares (the "**Offer Period**")
	Application for admission to trading of the Shares on FSE Prime Standard
April 27, 2021	End of Offer Period
	Determination of the final Offer Price (as defined below) and final number of Offer Shares allocated
	Publication of the results of the Offering in the form of an ad-hoc announcement via various media distributed across the entire EEA and on the Company's website (www.synlab.com)
on or about April 29, 2021	Registration of the Contribution Capital Increase and the IPO Capital Increase into the commercial register
April 29, 2021	Admission of the Shares to trading on FSE Prime Standard
April 30, 2021	First day of trading on FSE Prime Standard
May 4, 2021	Book-entry delivery of the Offer Shares allotted against payment of the Offer Price and customary securities commissions payable to the depositary banks

Price Range and Offer Price – The price range within which purchase orders may be placed is €18.00 to €23.00 per Offer Share (the "**Price Range**"). The placement price (the "**Offer Price**") and the final number of Offer Shares ultimately placed in the Offering have not yet been fixed as of the date of this Prospectus and will be set jointly by the Company, the Major Shareholders and the Underwriters on April 27, 2021 on the basis of the purchase orders submitted.

Upsize Option – The number of Additional Shareholder Shares from the Upsize Option will amount to up to 25% of the placed Base Offer Shares.

Greenshoe Option – The Institutional Shareholders have granted the Underwriters an option to acquire a number of Shares equal to the number of Over-Allotment Shares borrowed from the Institutional Shareholders at the Offer Price less agreed commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Underwriters to perform their redelivery obligation under the securities loan from the Institutional Shareholders. The number of Over-Allotment Shares borrowed will not exceed 15% of the sum of the placed Base Offer Shares and Additional Shareholder Shares.

Distribution – The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Major Shareholders after consultation with the Joint Global Coordinators.

Dilution – Reflecting the effects of the Contribution Capital Increase, but prior to the IPO Capital Increase and the completion of the Offering, the Existing Shareholders will hold 200,000,000 Shares in the Company (entire share capital). The Company's net asset value attributable to shareholders would have amounted to €1,201,514 thousand as at December 31, 2020 (calculated including SYNLAB Limited's consolidated balance sheet as at December 31, 2020, assuming the Contribution) and would correspond to a net asset value of €6.01 per Share (assuming the Contribution Capital Increase). Assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment in full of the discretionary fee, the Company's net asset value would have been €1,576,078 thousand (including €375 million expected net proceeds, not considering any tax effects) and the net asset value per Share would amount to €7.18. The amount by which the adjusted net asset value per share is below the Offer Price of €20.50 per share (at the midpoint of the Price Range) is €13.32 or 65% (immediate dilution of new shareholders of the Company per share) and the amount by which the adjusted net asset value per share is above the adjusted net asset value per share prior to the Offering €1.17 or 20% (immediate accretion of Existing Shareholders per share).

Total Expenses – The total expenses will amount to approximately €88 million of which approximately €25 million and 63 million are payable by the Company and the Selling Shareholders, respectively (assuming 19,512,195 New Shares and all Base Shareholder Shares

and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full).

Expenses Charged to Investors – Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

D.2 – Who are the offerors and the person asking for admission to trading?

Offerors – The Offer Shares are being offered by the Company and the Underwriters.

Admission to Trading – The Company expects to apply for the admission to trading of the Shares on the FSE Prime Standard. Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86 is acting as listing agent.

D.3 – Why is this prospectus being produced?

Reasons for the Offering and the Admission to Trading – The Company intends to pursue the Offering and admit to trading its shares on the FSE Prime Standard to receive the net proceeds from the Offering attributable to the Company and to gain access to the capital markets. The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the Offering attributable to the Selling Shareholders.

Net Proceeds – The Company targets gross proceeds of approximately €400 million (corresponding to 19,512,195 New Shares placed at the midpoint of the Price Range). Assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full, the net proceeds from the Offering attributable to the Company and to the Selling Shareholders would amount to approximately €375 million and €923 million, respectively.

Use of Proceeds – The Company intends to use the entire net proceeds of the Offering attributable to the Company (approximately €375 million at the midpoint of the Price Range) together with the required amounts of borrowings under a new €735.0 million term loan to be incurred after the completion of the Offering, to fully redeem SYNLAB Bondco PLC's €850.0 million outstanding aggregate principal amount of senior secured floating rate notes due 2025, and to pay the approximately €10.0 million applicable redemption premium and approximately €3.8 million of accrued and unpaid interest to, but not including, May 19, 2021.

Underwriting Agreement – On April 19, 2021, the Underwriters, the Company and the Selling Shareholders entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering (the "**Underwriting Agreement**"). In the Underwriting Agreement, the Underwriters agreed, subject to certain conditions, to underwrite and purchase the Offer Shares at the Offer Price with a view to offering them to investors in the Offering. The underwriting is not subject to a firm commitment undertaking by the underwriters but rather depends on demand.

Material Conflicts of Interest – There are no material conflicts of interest with respect to the Offering and listing of the Shares.

II. PROSPEKTZUSAMMENFASSUNG

A. Einleitung und Warnhinweise

Dieser Prospekt ("**Prospekt**") bezieht sich auf den Inhaber lautende Aktien ohne Nennbetrag (*Stückaktien*) der SYNLAB AG (die "**Gesellschaft**"), Moosacher Straße 88, 80809 München, Bundesrepublik Deutschland ("**Deutschland**"), Tel.: +49 89 307602-0, Website: www.synlab.com, Rechtsträgerkennung (*legal entity identifier*, "**LEI**") 984500883BA5AQ14C037. Die Internationale Wertpapierkennnummer (*International Securities Identification Number*, "**ISIN**") dieser Aktien ist DE000A2TSL71 (jede Aktie der Gesellschaft, die "**Aktie**"). Die Information auf der hier ausgewiesenen Website ist nicht Teil dieses Prospekts, es sei denn die Information ist in den Prospekt durch Bezugnahme explizit einbezogen.

Die Aktien werden von Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Deutschland, LEI: 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**"), J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Deutschland, LEI: 549300ZK53CNGEEI6A29 ("**J.P. Morgan**", und zusammen mit Goldman Sachs die "**Joint Global Coordinators**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, Frankreich, LEI: 549300FH0WJAPEHTIQ77 ("**BofA**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, LEI: 7LTWFZYICNSX8D621K86 ("**Deutsche Bank**" oder der "**Listing Agent**"), Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Irland, LEI: 2G5BKIC2CB69PRJH1W31 ("**Barclays**"), BNP PARIBAS, 16 Boulevard des Italiens, 75009 Paris, Frankreich, LEI: R0MUWSFPU8MPRO8K5P83 ("**BNPP**"), HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Deutschland, LEI: JUNT405OW8OY5GN4DX16 ("**HSBC**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Deutschland, LEI: 5493004I3LZM39BWHQ75 ("**Jefferies**"), UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI: 2ZCNRR8UK83OBTEK2170 ("**UniCredit**", und zusammen mit BofA, Deutsche Bank, Barclays, BNPP, HSBC und Jefferies und den Joint Global Coordinators die "**Joint Bookrunners**"), Crédit Agricole Corporate and Investment Bank, 12 Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, Frankreich, LEI: 1VUV7VQFKUOQSJ21A208 ("**Credit Agricole CIB**") und Natixis, 30 avenue Pierre Mendès France, 75013 Paris, Frankreich, LEI: KX1WK48MPD4Y2NCUIZ63 ("**Natixis**" und zusammen mit Credit Agricole CIB und den Joint Bookrunners die "**Konsortialbanken**") angeboten.

Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland (Tel.: +49 228 4108-0, Website: www.bafin.de) als gemäß Artikel 20 Abs. 2 Verordnung (EU) 2017/1129 zuständige Behörde hat diesen Prospekt am 19. April 2021 gebilligt.

Die Gesellschaft und die Konsortialbanken übernehmen die Verantwortung für diesen Prospekt, für diese Zusammenfassung und für ihre deutsche Übersetzung. Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt gelesen werden. Bei jeder Entscheidung, in die Aktien zu investieren, sollten sich die Anleger auf den Prospekt als Ganzes stützen. Die Anleger können ihr investiertes Kapital ganz oder teilweise verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in einem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Eintragung und geltendes Recht – Die Gesellschaft hat ihren Sitz in München, Deutschland, ist beim Handelsregister des Amtsgerichts München unter HRB 246540 eingetragen, und ihre LEI lautet 984500883BA5AQ14C037. Als nach dem Recht der Bundesrepublik Deutschland gegründete Aktiengesellschaft unterliegt sie deutschem Recht. Die Gesellschaft wurde am 28. November 2018 gegründet, hat derzeit keine wesentlichen Vermögenswerte und hat bislang keine Geschäftstätigkeit ausgeübt. Am oder um den 27. April 2021 werden die bestehenden Aktionäre der SYNLAB Limited, welche zum Zeitpunkt dieses Prospekts die Muttergesellschaft aller Gesellschaften in der SYNLAB Gruppe ist, ihre Anteile an der SYNLAB Limited vollständig in die Gesellschaft einbringen. Der Begriff "**SYNLAB-Konzern**" wird in diesem Prospekt so verwendet, dass er sich auf die SYNLAB Limited und alle ihre konsolidierten Tochtergesellschaften bezieht. Als Folge der Einbringung wird die Gesellschaft zum Zeitpunkt der Börsennotierung der Aktien alle Vermögenswerte des SYNLAB-Konzerns, so wie in diesem Prospekt dargestellt, halten. Bezugnahmen auf "**wir**", "**uns**" oder "**unser**" beziehen sich in diesem Prospekt auf den konsolidierten Konzern der SYNLAB Unternehmen entweder vor oder nach der Einbringung von allen Aktien der SYNLAB Limited in die Gesellschaft, jeweils so wie es im Kontext zu verstehen ist.

Hauptgeschäftstätigkeiten **–** Die Gesellschaft hat, mit Ausnahme der Erhaltung ihrer Geschäftsform, derzeit keine Geschäftstätigkeit und generiert derzeit auch keine Umsätze oder Einkünfte. Die Hauptgeschäftstätigkeit der Gesellschaft war seit ihrer Übernahme durch die Ephios Luxembourg S.à r.l., die mittelbar von der Cinven (Luxco 1) S.A. kontrolliert wird, auf Aktivitäten organisatorischer Natur und Aktivitäten, welche notwendig waren um die Einbringung, dieses Angebot (jeweils wie nachstehend definiert) und die Börsennotierung vorzubereiten, beschränkt.

Wir sind das nach Umsatz und Anzahl der Tests größte europäische Unternehmen für klinische Labor- und medizinische Diagnoseleistungen und liefern verwertbare diagnostische Informationen für ein gesundes Leben und Gesundheit. Wir profitieren von einem Netzwerk mehr als 450 Laboren und mehr als 1.600 Probensammelstellen mit direktem Patienten- und Verbraucherkontakt in 36 Ländern, darunter unsere Kernmärkte Frankreich, Deutschland, Italien und das Vereinigte Königreich. Unser Geschäft profitiert vom wachsenden Markt für klinische Labor- und medizinische Diagnoseleistungen in Europa, welcher durch strukturelle Entwicklungen begünstigt wird, insbesondere durch eine älter werdende Bevölkerung, die zunehmende Verbreitung chronischer Krankheiten, einen wachsenden Fokus auf Krankheitsvorbeugung, den Trend zur Auslagerung von labormedizinischen Untersuchungen seitens der Krankenhäuser und den zusätzlichen Bedarf an leistungsfähigeren Tests. Darüber hinaus nehmen wir eine führende Rolle im Kampf

gegen COVID-19 ein und arbeiten proaktiv mit den zuständigen Behörden zusammen und nutzen unsere Kapazitäten im diagnostischen Bereich, um Gesundheitsbehörden, Regierungen, Unternehmen, Bildungseinrichtungen und Sportverbände in zahlreichen Ländern, in denen wir tätig sind, hierbei zu unterstützen (Quelle für alle Aussagen: Daten des SYNLAB-Konzerns).

Wir waren ein Vorreiter des Konsolidierungstrends auf dem Markt für klinische Labor- und medizinische Diagnoseleistungen in Europa. Unsere Expansionsstrategie konzentriert sich auf die Anpassung an lokale Marktgegebenheiten und profitiert von unseren europaweiten Unterstützungsfunktionen. Parallel dazu, profitieren wir aufgrund unserer Stellung im Markt und des Umfangs unseres Labornetzwerks von vorteilhaften Konditionen bei der Warenbeschaffung, beispielsweise durch unsere konzern- und europaweiten Rahmenlieferverträge für Reagenzien und Ausrüstung. Große Teile des europäischen Marktes für klinische Labordienstleistungen und medizinische Diagnostik sind nach wie vor fragmentiert, was weitere sinnvolle Möglichkeiten für eine kontinuierliche Expansion bietet (Quelle für alle Aussagen: Daten des SYNLAB-Konzerns).

Wir zählen in jedem unserer Kernmärkte gemessen am Umsatz zu den fünf markführenden privaten Anbietern von medizinischen Diagnosedienstleistungen (Quelle: Daten des SYNLAB-Konzerns). Auch in Lateinamerika, Afrika und im Nahen Osten bieten wir klinische Labortestdienstleistungen an. Unser Umsatz für das zum 31. Dezember 2020 endende Geschäftsjahr betrug €2.621,2 Mio., unser Nettogewinn lag bei €259,1 Mio., unser Bereinigtes Betriebsergebnis aus fortgeführten Geschäftsbereichen* bei €504,5 Mio., und unser Bereinigtes EBITDA** lag bei €679,2 Mio.

Nach unserer Auffassung sind die folgenden Wettbewerbsstärken in der Vergangenheit die Haupttreiber unseres Erfolges gewesen und werden uns auch in Zukunft von unseren Mitbewerbern abheben:

- Wir sind auf dem großen und wachsenden europäischen Markt für klinische Labortestdienstleistungen tätig, der durch starke, nicht zyklische Wachstumstrends geprägt ist und weiteres Wachstumspotential birgt sowie bedeutende Chancen in Schwellenländer in Lateinamerika, Asien und Afrika.
- Mit unserem breiten Angebot an routinemäßigen und spezialisierten Testdienstleistungen sind wir im Bereich der medizinischen Diagnostik ein globaler Akteur und gemessen am Umsatz in diesem Bereich marktführend in Europa.
- Unsere kundenorientierte Strategie zielt auf ein über dem Markt liegendes Wachstum ab und basiert auf medizinischer und operativer Exzellenz, hochqualifizierten Mitarbeitern und einem disziplinierten Ansatz zur Kapitalallokation.
- Wir sind ein wichtiger Marktkonsolidierer in einem stark fragmentierten Markt mit einer nachgewiesenen länderübergreifenden Erfolgsbilanz bei disziplinierten Übernahmen, erfolgreicher Integration und Synergieeffekten und profitieren von beträchtlichen weitere Konsolidierungsmöglichkeiten.
- Wir haben ein starkes Finanzprofil und unsere Rentabilität nimmt durch SARS-CoV 2-Tests, robustes organisches Wachstum, betriebliche Effizienz und starke Liquidität mittels Wachstums durch strategische Übernahmen weiter zu.
- Wir profitieren von einem sehr erfahrenen und erfolgreichen internationalen Managementteam auf Konzernebene und an den jeweiligen Standorten mit umfassenden Marktkenntnissen und Erfahrung in der Berücksichtigung lokaler regulatorischer Anforderungen und der Erzielung von Wachstum sowie einer starken Erfolgsbilanz bei der Durchführung und Integration von Übernahmen sowie der Steigerung der betrieblichen Effizienz.

Um weiterhin Erfolge zu erzielen, haben wir die folgenden Schlüsselstrategien entwickelt:

- Wir beabsichtigen Patienten und Ärzten einen erstklassigen Service zu bieten, indem wir unser Serviceangebot erweitern, unser Netzwerk stärken und in Europa und weltweit eine differenzierte Markenidentität schaffen.
- Wir werden uns weiterhin auf hervorragende operationale Exzellenz konzentrieren, indem wir unsere Unternehmensgröße, Kompetenzen und Lieferantenbeziehungen zur Steigerung der betrieblichen Effizienz und zur Erhöhung des Cashflows einsetzen.
- Wir werden durch effektiven Kapitaleinsatz, Investitionen beim laufenden Geschäft und ausgewählte Übernahmen in unseren bisherigen und neuen Märkten Wachstumsmöglichkeiten nutzen.
- Wir werden unsere Talente fördern, indem wir unseren Mitarbeitern Verantwortung übertragen und uns mit ihnen intensiv befassen.

Hauptanteilseigner **–** Zum Datum dieses Prospekts und vor der Einbringungskapitalerhöhung (wie nachstehend definiert) ist die Gesellschaft eine hundertprozentige Tochtergesellschaft der Ephios Luxembourg S.à r.l., die mittelbar von der Cinven (Luxco 1) S.A. kontrolliert wird.

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* "**Bereinigtes Betriebsergebnis aus fortgeführten Geschäftsbereichen**" ist das Betriebsergebnis für die Periode, abzüglich des Ergebnisses von aufgegebenen Geschäftsbereichen für den Zeitraum und bereinigt um Nettofinanzierungskosten, Ertragsteueraufwand, Abschreibung auf Kundenbeziehungen, gesondert ausgewiesene Posten, anteilsbasierte Vergütungen und sonstige vom Management als nicht zugrundeliegend erachtete Posten.

** "**Bereinigtes EBITDA aus fortgeführten Geschäftsbereichen**" ist das Betriebsergebnis für die Periode, abzüglich des Ergebnisses von aufgegebenen Geschäftsbereichen für den Zeitraum und bereinigt um Nettofinanzierungskosten, Ertragsteueraufwand, Abschreibungen, gesondert ausgewiesene Posten, anteilsbasierte Vergütungen und sonstige vom Management als nicht zugrundeliegend erachtete Posten.

Das Bereinigte Betriebsergebnis aus fortgeführten Geschäftsbereichen und das Bereinigte EBITDA aus fortgeführten Geschäftsbereichen sind keine IFRS-Kennzahlen, sondern sind alternative Leistungskennzahlen, wie diese von der Europäischen Wertpapier- und Marktaufsichtsbehörde (European Securities and Markets Authority) definiert werden. Zur Beschreibung der Berechnungsmethode und Überleitung zum Betriebsergebnis vor Unternehmenserwerben, Restrukturierungen und Wertminderung von langfristigen Vermögenswerten für das Jahr, vgl. nachstehenden Abschnitt B.2.

Die direkten Hauptaktionäre der SYNLAB Limited (und damit des SYNLAB-Konzerns) sind die mittelbar von der Cinven (Luxco 1) S.A. kontrollierte Ephios Luxembourg S.à r.l. mit einer direkten Beteiligung von 54%⁂, die mittelbar von Novo Holdings A/S gehaltene Novo Invest 1 A/S mit 22%⁂, Ontario Teachers' Pension Plan Board mit 11%⁂ (zusammen, die "**Institutionellen Aktionäre**") und die mittelbar von Dr. Bartl Wimmer kontrollierte Dr. Wimmer Verwaltungs GmbH & Co. KG mit 6% ⁂ (gemeinsam mit den Institutionellen Aktionären, die "**Hauptaktionäre**").

Zum Datum dieses Prospekts haben alle Aktionäre der SYNLAB Limited (die "**Altaktionäre**"), als Teil ihrer jeweiligen Investitionsverträge in Bezug auf SYNLAB Limited, bindende Verpflichtungen unterzeichnet, ihre Beteiligungen an SYNLAB Limited (der Holdinggesellschaft des SYNLAB-Konzerns bis zur Durchführung der Einbringung (wie nachstehend definiert)) am oder um den 27. April 2021 in die Gesellschaft einzubringen (die "**Einbringung**"). Als Gegenleistung für die Einbringung erhalten die Altaktionäre anteilig entsprechend der von dem jeweiligen Altaktionär geleisteten Einlage insgesamt 199.950.000 Aktien an der Gesellschaft aus einer Sachkapitalerhöhung an oder um den 29. April 2021 (d. h. unmittelbar vor Zulassung der Aktien zum Handel an der Frankfurter Wertpapierbörse) (die "**Einbringungskapitalerhöhung**"). Die Abgebenden Aktionäre ("**Abgebenden Aktionäre**") bestehen aus den Hauptaktionären (die zusammen direkt 92%⁂ der Aktien nach der Einbringungskapitalerhöhung halten) und bestimmten Managementbeteiligungsgesellschaften (Ephios PV S.C.A., Ephios MEP I GmbH & Co. KG, Ephios MEP II GmbH & Co. KG, Ephios MEP III GmbH & Co KG, Ephios MEP IV GmbH & Co. KG, Ephios MEP V GmbH & Co. KG, Ephios MEP VI GmbH & Co. KG) und Intertrust Employee Benefit Trustee Limited (in seiner Eigenschaft als Treuhänder des Synlab Employee Benefit Trust) (die zusammen direkt 8%⁂ der Aktien nach der Einbringungskapitalerhöhung halten).

***Vorstand* –** Die Mitglieder des Vorstands der Gesellschaft (der "**Vorstand**") sind Mathieu Floreani (Chief Executive Officer) und Sami Badarani (Chief Financial Officer).

***Abschlussprüfer* –** Der Abschlussprüfer von SYNLAB Limited ist Deloitte LLP, New Street Square, London, EC4A 3BZ, United Kingdom. Der Abschlussprüfer der Gesellschaft ist Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Rosenheimer Platz 4, 81669 München, Deutschland.

B.2 – Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die Gesellschaft hat vor der Einbringung keine Geschäftstätigkeit ausgeübt. Die folgenden Tabellen enthalten wesentliche Finanzinformationen der Gesellschaft für die Geschäftsjahre 2018, 2019 und 2020, welche jeweils aus den unkonsolidierten Geschäftsabschlüssen gemäß dem Deutschen Handelsgesetzbuch (HGB) entnommen wurden:

Wesentliche Finanzinformationen der Gesellschaft

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018	**2019**	**2020**
		(in Euro)	
		(geprüft)	
Summe Vermögenswerte	**12.500**	**12.500**	**12.500**
Gezeichnetes Kapital	50.000	50.000	50.000
Davon nicht eingeforderte ausstehende Einlagen	37.500	37.500	37.500
Summe Eigenkapital	**12.500**	**12.500**	**12.500**
Jahresüberschuss	**0**	**0**	**0**
Guthaben bei Kreditinstituten	**–**	**12.439**	**12.362**

Die nachstehenden wesentlichen Finanzinformationen sind die der SYNLAB Limited. Im Jahr 2020, haben wir den Verkauf unseres im Wesentlichen gesamten Analytik- und Service-Geschäfts ("**A&S**") abgeschlossen. Der historische Konzernabschluss 2020 der SYNLAB Limited weist A&S als aufgegebenen Geschäftsbereich aus. In den historischen Konzernabschlüssen 2018 und 2019 der SYNLAB Limited ist A&S in dem Geschäftsergebnis enthalten. Um den Vergleich der Finanzinformationen des SYNLAB-Konzerns auf Basis des laufenden Geschäftsbetriebs zu erleichtern, hat der SYNLAB-Konzern in dem Konzernabschluss für das zum 31. Dezember 2020 endende Geschäftsjahr ungeprüften angepasst vergleichende Finanzinformationen für 2018 und 2019 für die Gewinn- und Verlustrechnung und die Kapitalflussrechnung aufgenommen die A&S als aufgegebenen Geschäftsbereich ausweisen.

Die wesentlichen Finanzinformationen in den nachstehenden Tabellen sind den geprüften Konzernabschlüssen der SYNLAB Limited, der Holdinggesellschaft des SYNLAB-Konzerns (bis zur Durchführung der Einbringung) für das zum 31. Dezember 2020 endende Geschäftsjahr, einschließlich der darin enthaltenen ungeprüften angepassten vergleichende Finanzinformationen für zum 31. Dezember 2018 und 2019 endenden Geschäftsjahre entnommen oder daraus abgeleitet. Weitere Finanzinformationen über bestimmte betriebliche Aspekte sind den Rechnungslegungsunterlagen bzw. dem internen Berichtswesen des SYNLAB-Konzerns entnommen oder daraus abgeleitet. Die geprüften Konzernabschlüsse wurden auf der Grundlage der International Financial Reporting Standards ("**IFRS**") erstellt, wie vom Internationalen Rechnungslegungsstandardsgremium herausgegeben.

⁂ Zum Datum dieses Prospekts ist das Grundkapital der SYNLAB Limited in verschiedene Gattungen von Aktien mit unterschiedlichen Rechten eingeteilt, welche unmittelbar vor der Einbringung in eine einzige Stammaktiengattung reorganisiert werden. Die anteilige Zuteilung der SYNLAB Limited Stammaktien an die jeweiligen Altaktionäre wird teilweise auf Basis des Angebotspreises und der Bewertung des SYNLAB Konzerns erfolgen. Daher geht der hier dargestellte Prozentsatz des jeweiligen Anteilsbesitzes der Altaktionäre an der SYNLAB Limited und dementsprechend der Gesellschaft im Anschluss an den Erhalt der Aktien der Gesellschaft davon aus, dass alle Angebotsaktien in der Mitte der Preisspanne (jeweils wie in D.1 unten definiert) platziert werden.

Wesentliche Finanzinformationen aus der Konzern-Gewinn-und-Verlustrechnung

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018 (angepasst)	**2019 (angepasst)**	**2020**
	(ungeprüft)	*(in Millionen Euro) (ungeprüft)*	*(geprüft)*
Umsatzerlöse	1.807,9	1.906,1	2.621,2
Betriebsergebnis	138,8	71,9	315,5
Nettogewinn/(-verlust) für den Zeitraum	(42,1)	(108,0)	259,1

Wesentliche Finanzinformationen aus der Konzernbilanz

	Zum 31. Dezember		
	2018	**2019**	**2020**
		(in Millionen Euro) (geprüft)	
Vermögenswerte	**4.300,8**	**4.785,2**	**5,283,2**
Summe der langfristigen Vermögenswerte	3.771,2	4.103,0	3.617,9
Summe der kurzfristigen Vermögenswerte	529,6	682,2	1,665,3
Verbindlichkeiten	**3.240,0**	**3.837,7**	**4.079,6**
Summe der langfristigen Verbindlichkeiten	2.813,6	3.284,2	3.268,2
Summe kurzfristige Verbindlichkeiten	426,5	553,5	811,5
Eigenkapital	**1.060,7**	**947,5**	**1,203,6**

Wesentliche Informationen aus der Konzern-Kapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018 (angepasst)	**2019 (angepasst)**	**2020**
	(ungeprüft)	*(in Millionen Euro) (ungeprüft)*	*(geprüft)*
Cashflow aus der laufenden Geschäftstätigkeit aus fortgeführten Geschäftsbereichen	307,7	325,0	480,1
Cashflow aus der/(verwendet für) Investitionstätigkeit aus fortgeführten Geschäftsbereichen	(201,7)	(148,1)	427,8
Cashflow aus der/(verwendet für) Finanzierungstätigkeit aus fortgeführten Geschäftsbereichen	(228,7)	(58,8)	(252,9)
Zahlungsmittel und Zahlungsmitteläquivalente am Periodenende	**120,3**	**238,6**	**904,7**

Wesentliche Kennzahlen und andere bereinigte Finanzdaten

Die wesentlichen Kennzahlen zur Steuerung der Gesellschaft sind das Bereinigtes Betriebsergebnis aus fortgeführten Geschäftsbereichen und das Bereinigtes EBITDA aus fortgeführten Geschäftsbereichen. Die nachstehende Tabelle zeigt die Überleitung zwischen dem Betriebsergebnis vor Unternehmenserwerben, Restrukturierungen und Wertminderungen von langfristigen Vermögenswerten und dem Bereinigten Betriebsergebnis aus fortgeführten Geschäftsbereichen sowie dem Bereinigtem EBITDA aus fortgeführten Geschäftsbereichen für die Geschäftsjahre 2018 (angepasst), 2019 (angepasst) und 2020:

	Für das zum 31. Dezember endende Geschäftsjahr		
	2018 (angepasst)	**2019 (angepasst)**	**2020**
	(ungeprüft)	*(in Millionen Euro) (ungeprüft)*	*(geprüft, soweit nicht anders angegeben)*
Betriebsgewinn vor Unternehmenserwerben, Restrukturierungen und Wertminderungen von langfristigen Vermögenswerten	**185,3**	**191,5**	**449,5**
Abschreibungen auf Kundenbeziehungen [(1)]	50,7	53,0	51,4
Anteilsbasierte Vergütungen	4,3	5,8	3,6
Sonstige nicht zugrundeliegende Posten [(2)]	6,0	3,3	–
Bereinigtes Betriebsergebnis aus fortgeführten Geschäftsbereichen	**246,3**	**253,6**	**504,5[(3)]**
Abschreibung von Sachanlagen	43,7	44,8	51,9
Abschreibung von Nutzungsrechten ("right-of-use assets")	75,2	78,6	100,5
Abschreibungen auf sonstige immaterielle Vermögenswerte	17,7	20,4	22,4
Bereinigtes EBITDA aus fortgeführten Geschäftsbereichen	**382,9**	**397,4**	**679,2[(3)]**

(1) Abschreibungen auf Kundenbeziehungen beziehen sich auf Kundenbeziehungen, die im Rahmen der Kaufpreisallokation von Akquisitionen erfasst wurden, die wir durchgeführt haben.

(2) Sonstige nicht zugrundeliegende Posten bestanden hauptsächlich aus Kosten im Zusammenhang mit gesellschafterbezogenen Aktivitäten, einschließlich Rechts- und Prozesskosten im Zusammenhang mit einmaligen Posten (einschließlich frühere Unternehmensakquisitions- und Restrukturierungsmaßnahmen). Sonstige nicht zugrundeliegende Posten beinhalten zusätzliche Erträge und Aufwendungen aus Anlagenabgängen und gezahlte Vertragsstrafen aufgrund von Vertragsauflösungen.

(3) Ungeprüft.

B.3 – Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

Die Gesellschaft unterliegt den folgenden Risiken:

- Die Gesellschaft könnte auf Verzögerungen bei der Durchführung der geplanten Restrukturierungsmaßnahmen zur Übernahme des SYNLAB-Konzerns am Tag der Aufnahme der Börsennotierung stoßen, oder die Durchführung gar nicht vollziehen können.

- Sollten bestehende Aktionäre der SYNLAB Limited ihre Rechte an ihren jeweiligen Aktien an der SYNLAB Limited nicht auf die Gesellschaft übertragen, besteht das Risiko, dass die Gesellschaft nach Einbringung weniger als 100% an der SYNLAB Limited hält.

Für unser Geschäft und unsere Branche bestehen unter anderem die folgenden Risiken:

- Wir sind in einer stark regulierten Branche tätig. Die Einhaltung der Vorschriften, die für unsere Geschäfte gelten, kann die Betriebskosten erhöhen oder den Tätigkeitsbereich unseres Unternehmens beschränken und die Nichteinhaltung kann verwaltungsrechtliche, disziplinarische oder strafrechtliche Sanktionen nach sich ziehen.
- Die COVID-19-Pandemie und die Nachfrage nach auf SARS-CoV-2 bezogene Diagnostikleistungen hatten erhebliche Auswirkungen auf unseren Umsatz und nach dem Abklingen umsatzsteigernder Effekte im Zusammenhang mit COVID-19 könnte unser Umsatz- und Rentabilitätsniveau beeinträchtigt werden.
- Ein wesentlicher Teil unseres zukünftigen Wachstums soll aus unserer Strategie zum Erwerb von Unternehmen kommen. Falls es uns nicht gelingt, unsere Strategie zum Erwerb von Unternehmen umzusetzen oder erworbene Gesellschaften erfolgreich zu integrieren, könnten unser Geschäft, unsere Geschäftsergebnisse und unsere Finanzlage dadurch erheblich beeinträchtigt werden.
- Wir sind Cybersicherheitsrisiken ausgesetzt, da IT-Systeme in erheblichem Umfang für nahezu aller unserer geschäftlichen Tätigkeiten genutzt werden. IT-Systeme können physischen oder elektronischen Angriffen, durch Computerviren oder ähnliche Störversuche ausgesetzt sein, die unsere Funktionsfähigkeit erheblich beeinträchtigen könnten.
- Wir generieren und speichern personenbezogene und vertrauliche Daten in erheblichem Umfang und müssen strenge Datenschutzgesetze und Informationssicherheitsrichtlinien einhalten. Bei Nichteinhaltung der geltenden Gesetze riskieren wir Bußgelder und weitere Sanktionen.
- Das regulatorische Umfeld, in dem wir tätig sind, ist in Frankreich besonders streng, insbesondere in Bezug auf Eigentum und Unternehmensstrukturen von Unternehmen wie dem unserem, die klinische Labore betreiben. Falls Aufsichtsbehörden unsere gegenwärtige rechtliche Struktur in Frankreich erfolgreich anfechten, könnte das erhebliche nachteilige Auswirkungen auf unser französisches Geschäft haben.

C. Basisinformationen über die Wertpapiere

C.1 – Welches sind die wichtigsten Merkmale der Wertpapiere?

Diese Zusammenfassung bezieht sich auf die Aktien (ISIN: DE000A2TSL71; Wertpapierkennnummer (WKN): A2TSL7; Common Code 233454583; Börsenkürzel: SYAB).

Anzahl und Art der Aktien **–** Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €50.000,00, unterteilt in 50.000 Aktien. Alle Aktien sind Inhaberaktien ohne Nennbetrag (*Stückaktien*). Jede Aktie entspricht einem rechnerischen Anteil von €1,00 am Grundkapital der Gesellschaft. Sämtliche Aktien sind voll eingezahlt. Zum Zeitpunkt des ersten Handelstags an der Frankfurter Wertpapierbörse nach Durchführung der Einbringungskapitalerhöhung und der IPO-Kapitalerhöhung (wie nachstehend in D.1 definiert) beträgt das Grundkapital der Gesellschaft bis zu €222.222.222,00, unterteilt in bis zu 222.222.222 Aktien.

Währung und Stückelung **–** Die Aktien sind in Euro denominiert.

Mit den Aktien verbundene Rechte, Rangverhältnis untereinander und Übertragbarkeit **–** Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen der Stimmrechte. Die Aktien sind ab dem 1. Januar 2021 voll dividendenberechtigt. Die Aktien sind im Falle einer Insolvenz der Gesellschaft gegenüber allen sonstigen Wertpapieren und Forderungen nachranging. Alle Aktien haben Anspruch auf einen Anteil an dem ausschüttungsfähigen Liquidationserlös oder Insolvenzüberschuss im Verhältnis ihres Anteils am Grundkapital. Die Aktien sind im Rahmen der gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar. Mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen der Gesellschaft, den Altaktionären, den Mitgliedern des Vorstands und den Konsortialbanken bestehen keine Einschränkungen der Übertragbarkeit der Aktien.

Dividendenpolitik **–** Die Gesellschaft geht davon aus, dass sie im Jahr 2022 mit der Dividendenzahlung beginnen wird und strebt eine Dividendenausschüttung in Höhe von 20-30 % eines Betrags an, der für die Berechnung der Dividendenausschüttung ermittelt wird, indem wir unser Bereinigtes Betriebsergebnis aus fortgeführten Geschäftsbereichen des Vorjahres um unseren Anteil am Ergebnis von assoziierten Unternehmen und anderen nicht beherrschenden Beteiligungen, das Ergebnis aus der Veräußerung von Investitionen, Nettofinanzierungskosten und den Ertragssteueraufwand (einschließlich des in unserer Gewinn- und Verlustrechnung ausgewiesenen Ertragssteueraufwand sowie abzugsfähiger Steuern auf Kundenlisten und Wertminderungen, Akquisitionsaufwendungen, Restrukturierungs- und sonstige Aufwendungen sowie nicht zugrundeliegende Posten) bereinigen. Weder die Gesellschaft noch SYNLAB Limited haben in den letzten drei Geschäftsjahren und bis einschließlich des Datums dieses Prospekts Dividenden gezahlt oder andere Ausschüttungen vorgenommen.

C.2 – Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Zulassung der Aktien zum Handel am Regulierten Markt der Frankfurter Wertpapierbörse, mit gleichzeitiger Zulassung zu einem Teilbereich des Regulierten Marktes der Frankfurter Wertpapierbörse mit weiteren Zulassungsfolgepflichten (*Prime Standard*) (der "**Prime Standard der FWB**") beantragen. Die Zulassung der Aktien wird für den 29. April 2021 erwartet. Der Beginn des Handels mit den Aktien wird für den 30. April 2021 erwartet.

C.3 – Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

Bei den Aktien bestehen die folgenden zentralen Risiken:

- Die Aktien sind bisher nicht öffentlich gehandelt worden. Es kann keine Zusicherung gegeben werden, dass sich ein liquider Markt für den Handel mit den Aktien entwickeln wird.
- Die Kursentwicklung und die Liquidität der Aktien sind ungewiss. Aktienkurse können erheblichen Schwankungen unterliegen.
- Künftige Kapitalmaßnahmen könnten zu einer erheblichen Verwässerung (d.h. zu einer Verringerung des Wertes der Aktien und der Einflussmöglichkeiten der bestehenden Aktionäre) führen.
- Künftige Veräußerungen von Aktien durch die Altaktionäre oder Anleger, die Aktien im Rahmen des Angebots erwerben, oder die Wahrnehmung solcher Veräußerungen können den Kurs der Aktien drücken.

D. Basisinformationen über das öffentliche Angebot der Wertpapiere und die Zulassung zum Handel an einem geregelten Markt

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Angebotskonditionen **–** Das Angebot bezieht sich auf 71.475.693 Aktien mit voller Dividendenberechtigung ab dem 1. Januar 2021 (das "**Angebot**"), bestehend aus:

(i) 22.222.222 neu ausgegebenen Aktien aus einer Kapitalerhöhung gegen Bareinlagen (die "**IPO-Kapitalerhöhung**"), die von einer außerordentlichen Hauptversammlung der Gesellschaft am oder um den 27. April 2021 zu beschließen ist (die "**Neue Aktien**");

(ii) 27.500.000 Aktien aus den Beteiligungen der Abgebenden Aktionäre (die "**Basisaltaktien**" und, zusammen mit den Neuen Aktien, die "**Basisangebotsaktien**");

(iii) 12.430.555 Aktien aus den Beteiligungen der Institutionelle Aktionäre (die "**Zusätzliche Altaktien**"), vorbehaltlich der Ausübung einer Erhöhungsoption durch Entscheidung der Institutionelle Aktionäre am Tag der Preisfestsetzung basierend auf der Nachfrage am Markt (die "**Upsize-Option**"); und

(iv) 9.322.916 Aktien aus den Beteiligungen der Institutionelle Aktionäre in Zusammenhang mit einer potenziellen Mehrzuteilung (die "**Mehrzuteilungsaktien**", und zusammen mit Basisangebotsaktien und etwaigen Zusätzlichen Altaktien die "**Angebotsaktien**").

Umfang des Angebots **–** Das Angebot besteht aus einem erstmaligen öffentlichen Angebot in Deutschland und Privatplatzierungen in verschiedenen Jurisdiktionen außerhalb Deutschlands. Die Angebotsaktien werden in den Vereinigten Staaten ausschließlich Personen angeboten und verkauft, bei denen es sich um qualifizierte institutionelle Käufer (*qualified institutional investors, QIBs*) im Sinne der Rule 144A des United States Securities Act von 1933 in der jeweils geltenden Fassung (der "**Securities Act**") handelt. Außerhalb der Vereinigten Staaten werden die Angebotsaktien nur im Rahmen von Offshore-Transaktionen gemäß und Regulation S des Securities Act angeboten und verkauft. Die Angebotsaktien sind und werden nicht gemäß dem Securities Act oder bei einer Wertpapieraufsichtsbehörde in einem anderen Bundesstaat oder einer anderen Jurisdiktion in den Vereinigten Staaten registriert.

Voraussichtlicher Zeitplan **–** Es folgt der voraussichtliche Zeitplan für das Angebot, der erweitert oder verkürzt werden kann:

Datum	**Ereignis**
19. April 2021	Billigung des Prospekts durch die BaFin.
	Veröffentlichung des Prospekts auf der Website der Gesellschaft (www.synlab.com)
	Beginn des Zeitraums, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können (der "**Angebotszeitraum**")
	Antrag auf Zulassung der Aktien zum Handel im Prime Standard der FWB
27. April 2021	Ende des Angebotszeitraums
	Festsetzung des endgültigen Angebotspreises (wie nachstehend definiert) und der endgültigen Anzahl der zuzuteilenden Angebotsaktien
	Veröffentlichung der Ergebnisse des Angebots in Form einer Ad-hoc-Meldung über diverse Medien im gesamten EWR und auf der Website der Gesellschaft (www.synlab.com)
am oder um den 29. April 2021	Eintragung der Einbringungskapitalerhöhung und der IPO-Kapitalerhöhung in das Handelsregister
29. April 2021	Zulassung der Aktien zum Handel im Prime Standard der FWB
30. April 2021	Erster Handelstag im Prime Standard der FWB
4. Mai 2021	Buchmäßige Lieferung der zugeteilten Angebotsaktien gegen Zahlung des Angebotspreises und der üblichen Wertpapierprovision an die Depotbanken

Preisspanne und Angebotspreis **–** Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können liegt zwischen €18,00 bis €23,00 je Angebotsaktie (die "**Preisspanne**"). Der Platzierungspreis (der "**Angebotspreis**") und die endgültige Anzahl der Angebotsaktien, die im Rahmen des Angebots platziert werden, stehen zum Datum dieses Prospekts noch nicht fest und werden von der Gesellschaft, den Hauptaktionären und den Konsortialbanken am 27. April 2021 auf der Grundlage der vorliegenden Kaufangebote gemeinsam festgelegt.

Upsize-Option – Die Anzahl der Zusätzliche Altaktien aus der Upsize-Option wird bis zu 25% der platzierten Basisangebotsaktien betragen.

Greenshoe-Option - Die Institutionellen Aktionäre haben den Konsortialbanken eine Option eingeräumt, eine Anzahl von Aktien, die der Anzahl der von den Institutionellen Aktionären geliehenen Mehrzuteilungsaktien entspricht, zum Angebotspreis abzüglich vereinbarter Provisionen zu erwerben (die "**Greenshoe-Option**"), und zwar ausschließlich zu dem Zweck, die Konsortialbanken in die Lage zu versetzen, ihre Rücklieferungsverpflichtung aus dem Wertpapierdarlehen der Institutionellen Aktionäre zu erfüllen. Die Anzahl der geliehenen Mehrzuteilungsaktien wird höchstens 15% der Summe der platzierten Basisangebotsaktien und Zusätzlichen Altaktien betragen.

Zuteilung **–** Die Zuteilung der Angebotsaktien an Privatanleger und institutionelle Anleger wird von der Gesellschaft und den Hauptaktionäre nach Rücksprache mit den Joint Global Coordinators beschlossen.

Verwässerung **–** Unter Berücksichtigung der Auswirkungen der Einbringungskapitalerhöhung, aber vor der IPO-Kapitalerhöhung und dem Abschluss des Angebots, werden die Altaktionäre 200.000.000 Aktien (gesamtes Aktienkapital der Gesellschaft) halten. Der den Aktionären zurechenbare Nettovermögenswert der Gesellschaft hätte zum 31. Dezember 2020 €1.201.514 Tausend betragen (berechnet unter der Annahme der Einbringung, einschließlich der konsolidierten Bilanz der SYNLAB Limited zum 31. Dezember 2020), was einem Nettovermögenswert von €6,01 je Aktie entspräche (unter der Annahme der Einbringungskapitalerhöhung). Unter der Annahme einer Platzierung von 19.512.195 Neuen Aktien, allen Basisaltaktien und 11.753.048 Zusätzlichen Altaktien (entsprechend 25% der platzierten Basisangebotsaktien) in der Mitte der Preisspanne, der vollen Ausübung der Greenshoe-Option (8.814.786 Mehrzuteilungsaktien, die im Rahmen der Greenshoe-Option verkauft werden, entsprechend 15% der platzierten Basisangebotsaktien und Zusätzlichen Altaktien) und der Zahlung der Ermessensprovision in voller Höhe, würde sich der Nettovermögenswert der Gesellschaft auf €1.576.078 Tausend (einschließlich €375 Mio. erwarteter Nettoemissionserlöse ohne etwaige Steuereffekte) belaufen und der Nettovermögenswert je Aktie würde sich auf €7,18 je Aktie belaufen. Der Betrag, um den der angepasste Nettovermögenswert je Aktie unter dem Angebotspreis von € 20,50 je Aktie (in der Mitte der Preisspanne) liegt, beträgt €13,32 oder 65% (unmittelbare Verwässerung der neuen Aktionäre der Gesellschaft je Aktie) und der Betrag, um den der angepasste Nettovermögenswert je Aktie den angepassten Nettovermögenswert je Aktie vor dem Angebot überschreitet, €1,17 bzw. 20% (unmittelbarer Wertzuwachs der Altaktionäre je Aktie).

Gesamtkosten **–** Die Gesamtkosten werden sich auf etwa €88 Mio. belaufen, wovon auf die Gesellschaft etwa €25 Mio. und auf die Abgebenden Aktionäre etwa €63 Mio. entfallen (unter der Annahme einer Platzierung von 19.512.195 Neuen Aktien, allen Basisaltaktien und 11.753.048 Zusätzlichen Altaktien (entsprechend 25% der platzierten Basisangebotsaktien) in der Mitte der Preisspanne, der vollen Ausübung der Greenshoe-Option (8.814.786 Mehrzuteilungsaktien, die im Rahmen der Greenshoe-Option verkauft werden, entsprechend 15% der platzierten Basisangebotsaktien und Zusätzlichen Altaktien) und der Zahlung der Ermessensprovision in voller Höhe).

Kosten, die Anlegern in Rechnung gestellt werden **–** Den Anlegern werden von der Gesellschaft, den Abgebenden Aktionären oder den Konsortialbanken im Zusammenhang mit ihrer Rolle als Konsortialbanken keine Kosten in Rechnung gestellt. Übliche Transaktions- und Bearbeitungsgebühren können Anlegern allerdings von ihren kontoführenden Finanzinstituten in Rechnung gestellt werden.

D.2 – Wer sind die Anbieter und die die Zulassung zum Handel beantragenden Person?

Anbieter **–** Die Angebotsaktien werden von der Gesellschaft und den Konsortialbanken angeboten.

Zulassung zum Handel **–** Die Gesellschaft beabsichtigt, die Zulassung der Aktien zum Handel im Prime Standard der FWB zu beantragen. Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Deutschland, LEI: 7LTWFZYICNSX8D621K86 wird als Zulassungsantragssteller tätig.

D.3 – Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Zulassung zum Handel **–** Die Gesellschaft beabsichtigt, das Angebot und die Börsennotierung ihrer Aktien zum Handel im Prime Standard der FWB zu verfolgen, um dadurch die auf die Gesellschaft entfallenden Nettoerlöse aus dem Angebot sowie Zugang zu den Kapitalmärkten zu erhalten. Die Abgebenden Aktionäre beabsichtigen, mit dem Angebot die auf die Abgebenden Aktionäre entfallenden Nettoerlöse aus dem Angebot zu erzielen.

Nettoerlös **–** Die Gesellschaft beabsichtigt einen Bruttoemissionserlös von ungefähr €400 Mio., was der Platzierung von 19.512.195 Neuen Aktien, in der Mitte der Preisspanne entspricht. Unter der Annahme einer Platzierung von 19.512.195 Neuen Aktien, allen Basisaltaktien und 11.753.048 Zusätzlichen Altaktien (entsprechend 25% der platzierten Basisangebotsaktien) in der Mitte der Preisspanne, der vollen Ausübung der Greenshoe-Option (8.814.786 Mehrzuteilungsaktien, die im Rahmen der Greenshoe-Option verkauft werden, entsprechend 15% der platzierten Basisangebotsaktien und Zusätzlichen Altaktien) und der Zahlung der Ermessensprovision in voller Höhe, würde sich der Nettoerlös aus dem Angebot für die Gesellschaft auf etwa €375 Mio. und für die Abgebenden Aktionäre auf etwa €923 Mio. belaufen.

Zweckbestimmung der Erlöse **–** Die Gesellschaft beabsichtigt, den gesamten auf die Gesellschaft entfallenden Nettoerlös aus dem Angebot (etwa €375 Mio. in der Mitte der Preisspanne), zusammen mit einer Kreditaufnahme nach Vollzug des Angebots aus einem €735,0 Mio. laufzeitgebundenen Darlehen in der erforderlichen Höhe, zur vollständigen Rückzahlung des gesamten Nennbetrags der €850 Mio. vorrangig besicherten variabel verzinslichen Schuldverschreibungen der SYNLAB Bondco PLC mit Fälligkeit in 2025 zu verwenden, einschließlich der entsprechenden Rückzahlungsprämie von rund €10,0 Mio. und rund €3,8 Mio. bis zum 19. Mai 2021 (ausschließlich) aufgelaufener und nicht gezahlter Zinsen.

Übernahmevertrag **–** Die Konsortialbanken, die Gesellschaft und die Abgebenden Aktionäre haben am 19. April 2021 einen Übernahmevertrag über Angebot und Verkauf der Angebotsaktien im Rahmen des Angebots abgeschlossen (der "**Übernahmevertrag**"). Im Übernahmevertrag haben die Konsortialbanken vereinbart, unter bestimmten Bedingungen die Angebotsaktien zum Angebotspreis zu übernehmen und zu erwerben, um sie Anlegern im Rahmen des Angebots anzubieten. Die Übernahme beinhaltet keine feste Verpflichtung der Konsortialbanken, sondern richtet sich nach der Nachfrage im Angebot.

Wesentliche Interessenkonflikte **–** In Bezug auf die Börsennotierung der Aktien und das Angebot existieren keine wesentlichen Interessenkonflikte.

1. RISK FACTORS

*An investment in the shares of SYNLAB AG (the "**Company**") is subject to risks relating to the Company and, following the contribution of SYNLAB Limited and its consolidated subsidiaries (together, the "**SYNLAB Group**") into the Company prior to admission of the Company's shares to trading on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse), to risks relating to the SYNLAB Group. References to "**we**," "**us**" or "**our**" in the risk factors set forth below refer to risks relating to the consolidated group of SYNLAB companies either before or after the contribution of all shares of SYNLAB Limited into the Company, as the context requires. Investors should carefully consider the risks set forth below and the other information contained in this Prospectus prior to making any investment decision.*

*The risk factors featured in this Prospectus are limited to risks that are specific to us or the shares of the Company (the "**Shares**") and are material for making an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact and the risk factors are presented in categories depending on their nature. In each category the two most material risk factors are mentioned first according to the assessment based on the probability of their occurrence and the expected magnitude of their negative impact. The risks mentioned may materialize individually or cumulatively.*

1.1 Risks Related to the Company

1.1.1 The Company may face delays, or be unable to, complete the planned corporate reorganization measures required to gain control over the SYNLAB Group at the time of admission to trading.

As of the date of this Prospectus, the Company has no control over the SYNLAB Group. In order to gain control, all existing shareholders of SYNLAB Limited ("**Existing Shareholders**") have binding commitments, as part of their respective investment agreements into SYNLAB Limited, to contribute their shares in our current holding company, SYNLAB Limited, into the Company on or about April 27, 2021 (the "**Contribution**"). In exchange for the Contribution, SYNLAB Limited's shareholders will in the aggregate receive 199,950,000 Shares in the Company from a capital increase in kind on or around April 29, 2021 (i.e., immediately prior to admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)) (the "**Contribution Capital Increase**"). Furthermore, certain additional corporate measures (e.g., board resolutions, share class reorganization and amendments to partnership agreements) are required at the level of SYNLAB Limited's shareholders to facilitate the Contribution and exchange of shares.

If there are any delays in implementing the Company's reorganization, or if certain measures are not effective or successfully challenged, the listing of the Shares and the settlement of the Offering could be delayed, or the Company may own fewer shares in the SYNLAB Group than anticipated and may incur additional costs to finalize the planned reorganization of the shareholding structure in the SYNLAB Group.

1.1.2 If existing SYNLAB Limited shareholders do not transfer good title over their respective shares in SYNLAB Limited to the Company, there is a risk that the Company may own less than 100% in SYNLAB Limited post Contribution.

Although the Existing Shareholders have signed binding commitments, as part of their respective investment agreements into SYNLAB Limited, to contribute their shares in SYNLAB Limited to SYNLAB AG, there is a risk that the Company may not receive good title on a portion of the SYNLAB Limited shares. For example, if Existing Shareholders are subject to insolvency proceedings or other similar issues that would affect the validity of the share transfer to the Company. As a result, at the time of admission to trading, SYNLAB AG may not own 100% of the shares in SYNLAB Limited and may have to account for a small minority of other shareholders at the level of SYNLAB Limited.

The various interests of minority shareholders and any other interested parties need to be considered when running the SYNLAB Group's business and may limit the SYNLAB Group's ability to implement its strategy or may require SYNLAB AG to pursue additional corporate reorganization steps. This could have a significant adverse effect on the SYNLAB Group's business, net assets, financial condition, cash flows or results of operation.

1.2 Risks Related to Our Industry

1.2.1 We operate in a highly regulated sector. Compliance with regulations applicable to our activities may increase operating costs or restrict activities and failure to comply with such regulations may lead to penalties of various types.

We provide clinical laboratory and medical diagnostic services through a network of more than 450 laboratories and more than 1,600 blood collection points, across 36 countries with core markets comprising France, Germany, Italy and the United Kingdom. Revenue is generated across three channels: (i) business-to-business ("**B2B**"), (approximately, 60% of revenue) through hospital lab outsourcing, services to physicians and through lab-to-lab services; (ii) business-to-consumer ("**B2C**") through retail/blood collection points; and (iii) direct-to-consumer ("**D2C**") through prevention services and wellness tests (with the B2C and D2C segments together comprising the remaining 40% of revenue).

The medical diagnostics industry (including clinical laboratory testing) is subject to extensive regulations and controls by various regulatory authorities in each of the countries in which we operate. Those regulations and controls have a significant influence on the way we carry out activities.

For clinical laboratories, those regulations mainly pertain to operating requirements, professional qualifications of laboratory personnel, ownership and corporate governance constraints on companies that operate laboratories, and the pricing and reimbursement levels of clinical tests. Our activities are also subject to numerous other laws and regulations, particularly as regards the handling and storing of certain chemicals and reagents, the disposal of biological waste (i.e., waste from activities that carry a risk of infection), the handling and storage of personal data (including patients' medical records and test results), relationships with doctors and hospitals (including laws and regulations prohibiting kickbacks and regulating gifts and fringe benefits) and the prevention of fraud to social security systems. Compliance with such regulations is closely monitored by the relevant administrative authorities in the countries and regions in which we operate, as well as by the competent professional associations.

Compliance with current or future laws and regulations entails significant costs and any regulatory developments may cause an increase in our administrative, legal and operational expenditure, forcing us to alter our commercial practices, legal organization, ownership structure and corporate governance of subsidiaries or, more generally, reduce or limit our revenue. Failure to comply with such regulations may also lead to sanctions of various kinds for us and potentially for laboratory doctors working for us. Sanctions may be administrative (e.g., fines, periodic penalty payments, temporary or permanent closures of laboratories), disciplinary (e.g., temporary or permanent removal of the right to practice), civil (e.g., damages), or criminal (e.g., a ban on operating a clinical laboratory or imprisonment).

If we fail to comply with applicable regulations, if they change or are interpreted in a manner adverse to us or if we cannot maintain, renew or secure required permits, licenses, accreditations, agreements or other necessary administrative authorizations, we may be unable to pursue activities or market our services in the relevant jurisdictions, be excluded from participating in public healthcare programs, no longer be able to enter into contracts with third-party payers, suffer penalties or civil and criminal fines, or be subject to complaints by third parties, with the financial consequences that may result. If we cannot respond effectively to regulatory and market changes, our outlook and results of operations could be adversely affected.

Changes affecting certain regulations or government programs that are not directly connected with the medical diagnostics sector, for example, relating to prescription control, co-payment, doctors, health insurers and hospitals, may also affect us and impair our results of operations and ability to expand our activities.

In all of the aforementioned cases, our reputation could be damaged and important relationships with government regulators, or third parties could be adversely affected, which could have a material adverse effect on our business, results of operations and financial condition.

1.2.2 The prices we may charge in certain markets are set by government-enforced rates that are often decreasing.

In many countries, our activities are subject to regulated rates (particularly for clinical services) because our services are provided under public health programs funded partly or entirely by governments. As a result, most the clinical testing services we provide are subject to prices or required rate-determination methods that are generally set by governmental authorities and we have only limited influence on them. Rates may be revised at any time and past revisions have involved reductions in rates. Tariff decreases may reduce our margins and may adversely affect revenue from testing services and results of operations or even the feasibility of providing certain testing services by some or all of our laboratories. Further tariff decreases in the countries in which we operate are possible and any such decreases could be significant.

For the year ended December 31, 2020, nearly all of our revenue from human medicine in our core market countries of France, Germany, Italy and the United Kingdom was generated from services for which prices are directly or indirectly regulated by governmental authorities. Tariffs or volume quotas are often established by or negotiated with governments and other authorities or regulatory bodies, and we have limited or no influence over the levels at which they are set.

Governments typically control healthcare expenditure by reducing rates or reimbursement levels, seeking to reduce the number of tests prescribed by doctors and limiting the testing services covered by their health, welfare or social security programs. Government reimbursement schemes often limit the range of tests that are covered and certain pre-existing or innovative tests that provide higher margins to us may be excluded from such coverage.

In countries where prices are not currently regulated, government price containment measures may impact our activities, since the public healthcare system covers most of the population. In general, we expect increased constraints on government-regulated tariffs to continue. In recent years, many European governments have announced or undertaken measures aimed at curbing spending, including healthcare expenditures, and may institute further policies designed to lower healthcare expenditures. As a result of such policies, changes in medical guidelines could lead to lower volumes of recurring tests, which could have a negative impact on our business. For example, the French government encourages healthcare professionals to limit the number of tests prescribed.

Furthermore, governments tend to reduce in greater proportion tariff levels on tests that are administered in high volumes, which has a multiplying effect on our results as the tests performed in high volumes tend to be impacted by larger tariff cuts, and we may not be able to offset the impact of lower tariff levels by increasing testing volumes accordingly. Policies that limit or decrease the amounts we may charge for our services or exclude coverage of certain of our services from public health programs could have a material adverse effect on our business, results of operations and financial condition.

1.2.3 We face efforts by non-governmental third-party payers—mainly private health insurers—to reduce utilization and reimbursement for clinical laboratory testing services.

In certain markets, we receive payment for our services from private health insurers that have gained significant bargaining power by only reimbursing healthcare services if such services are provided by preselected providers. Furthermore, in certain markets, private health insurers directly negotiate fee structures with healthcare providers, including clinical laboratories. Certain private health insurers have insisted on discounted fee structures as a condition for preselection in the past and may insist on further discounted fee structures in the future. If we are not preselected by private health insurers or are required to accept unfavorable terms to secure such preselection, our revenue and results of operations may be adversely affected.

Private health insurers have also exerted pricing pressure on hospitals which, in turn, have exerted pricing pressure on us. Such pricing pressure on hospitals and other parties with which we conduct business reduces such parties' margins and may cause such parties to default on their obligations to us.

In certain markets where private insurance supplements public healthcare, private health insurers may seek to control their costs by reducing levels of reimbursement under their insurance plans,

requiring the patient to pay any shortfall or an increased amount of shortfall. Such efforts by third-party payers to reduce the utilization of clinical laboratory testing services, or their exposure to risks associated with such utilization, and reimbursement levels on the services we provide, could have a material adverse effect on our business, results of operations, financial condition and prospects.

Future economic downturns may lead governments, public health authorities, private health insurers and patients to further reduce their expenditures on healthcare. Where patients are directly or indirectly responsible for all or part of the cost of laboratory tests, individual decisions to reduce healthcare expenditures may result in a reduction in demand for our services. A decrease in household disposable income, or the perception thereof, in times of economic downturn can lead to a reduction in individuals' healthcare expenditures. This may result in patients postponing certain types of medical treatment and could result in a significant decrease in our test volumes and, in turn, could have a material adverse effect on our business, results of operations and financial condition.

1.2.4 Weak economic conditions may have an adverse effect on our activities.

Economic downturns and volatility, including as a result of the ongoing coronavirus disease 2019 ("**COVID-19**") pandemic, increases our risks associated with conducting activities. Such risks include the risk of default by customers on their payment obligations to us. Economic difficulties also result in reduced levels of activities and higher unemployment and can cause governments, private health insurers and other third parties to reduce their healthcare spending, which may affect our revenue or margins. Our customers include large companies to which we provide clinical laboratory testing services for their employees. However, economic conditions in those countries have led and might continue to lead to bankruptcies, headcount reductions, hiring freezes and financial difficulties for certain of our corporate customers, prompting them to reduce testing services volumes.

In addition to volume reductions or payment defaults, an economic downturn may result in downward pressure on prices and therefore on margins. Where patients, directly or indirectly (such as through private health insurance premiums) are responsible for all or part of the cost of medical tests, individual decisions to reduce healthcare expenditures may result in a reduction of demand for our services. More generally, a decrease in household disposable incomes, or merely the perception thereof, in times of economic downturn can lead to a reduction in individuals' healthcare expenditure, including private insurance coverage and the level of such coverage, regardless of the level of reimbursement by public social security systems. Any such reduction in our services could adversely affect our revenue, results of operations and financial condition.

1.2.5 Increased quality and price competition could have a material adverse impact on our revenue and profitability.

The medical diagnostics market, including clinical testing services, is intensely competitive. In markets where fee structures are regulated, accounting for approximately half of our revenue, competition is based mostly on the quality of services provided. Reputation in the medical community is a key factor affecting the volume of testing services we provide in such markets, since healthcare professionals are an important source of patient referrals to our laboratories. In other market segments not subject to regulatory pricing, we also compete on the basis of price. Such services include, in particular, testing services pursuant to hospital outsourcing agreements, veterinary diagnostics testing and testing paid out-of-pocket by customers in certain countries.

Our main competitors, some of whom are also clients, include large multinational companies, national companies in certain countries and numerous small local companies. Pricing is also a key driver in outsourcing decisions of hospital laboratories, for which the main objective is cost reduction. We may not be able to offer services similar to, or more desirable than those of our competitors or at a price comparable to that of our competitors in all segments where prices are freely negotiated.

In addition, we face competition from both public and private diagnostic service providers based on their areas of scientific and advanced expertise, the geographical footprint of their networks, their ability to process samples and report data accurately and in a timely manner, their historical

experience and customer relationships and the quality of their facilities. Existing or new competitors could develop close relationships with our hospital and medical professional customers in our markets and compete for referrals, which could have a direct impact on business, either through market share losses or price reductions.

The ongoing consolidation of the European clinical laboratory industry is expected to enable larger groups to offer lower prices as they adopt large-scale automated testing allowing them to reduce their costs. The resulting testing procedures are particularly likely to induce increased cost reductions. As a result of the size and structure of our network, we may be unable to achieve competitive levels of efficiency and may lose customers or tenders as a result.

In some markets, scale and geographic reach provide competitive advantages because private health insurers prefer negotiating national contracts with networks that have a substantial geographic footprint and offer them more favorable terms. Our ability to compete effectively may be adversely affected if we do not have an extensive enough network in some of the markets in which we operate, as compared to competitors with greater financial resources, stronger market positions or broader geographical reach.

If we are unable to successfully compete, this will adversely affect our revenue, results of operations and financial condition.

1.3 Risks Related to the COVID-19 Pandemic

1.3.1 The COVID-19 pandemic and demand for SARS-CoV-2-related diagnostic services have had a material effect on our revenue and after any revenue-enhancing COVID-19 effects pass our revenue and profitability levels may be affected.

Our revenue is directly linked to the volume of tests we perform, which is dependent on a number of factors, including the type and mix of such tests. The global impact of the outbreak of severe acute respiratory syndrome corona virus 2 ("**SARS-CoV-2**") and the resulting COVID-19 pandemic continues to evolve and most countries worldwide, including the member states of the European Union, the United Kingdom and countries in Latin America, have implemented testing and/or track and trace measures to reduce the spread of COVID-19. As the crisis has continued, demand for SARS-CoV-2-related diagnostic services has increased and we have worked closely with government bodies to support their efforts in this regard.

Currently, we are proactively working with the national authorities and are leveraging our diagnostics capabilities to offer support to health authorities in all of our countries in the fight against the COVID-19 pandemic. This led to an increase in demand for our SARS-CoV-2-related diagnostic services in 2020, with us performing over seven million tests in the fourth quarter of 2020. SARS-CoV-2 testing volumes had a positive effect on our 2020 financial result, contributing to our revenue growth and profits in 2020. However, we also experienced a temporary decrease in demand for standard testing as a result of the COVID-19 pandemic in 2020.

We are unable to fully predict the extent to which the increased SARS-CoV-2 testing demand will continue, whether any enhancing effects this has had on our revenue and cash flows will continue or whether results of these operations will offset potential adverse effects due to the COVID-19 pandemic on other Group business. Based on available market studies, we expect that steady demand for SARS-CoV-2 testing will continue as testing is anticipated to remain a core pillar of the pandemic response until vaccines are widely distributed and herd immunity is achieved. However, testing and government reimbursement levels are expected to moderately decrease beginning in the first half of 2022, with further decreases anticipated starting in 2024.

If demand for SARS-CoV-2-related diagnostic services does not develop in line with our expectations and there is a quicker or sharper decrease in testing levels or prices, our revenue and profits will be materially adversely affected. If we are not able to maintain overall testing volumes by increasing the number of our other tests performed if and when SARS-CoV-2 testing volumes begin to decline in the long term, lower diagnostic service volumes together with decreased demand or pricing pressure resulting from strained healthcare budgets may lead to us achieving slower growth than we achieved prior to, or have achieved during, the COVID-19 pandemic, which could have a material adverse effect on our business, results of operations and financial condition.

1.3.2 ***The COVID-19 pandemic has had a material adverse effect on our supply chains and our employees. The spread of COVID-19 has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create business continuity issues.***

The global impact of the COVID-19 pandemic has caused severe disruptions to supply chains, business continuity and workforce availability as most countries worldwide have instituted and may continue to institute quarantine measures, travel restrictions or measures otherwise aimed at limiting the spread of the pandemic. This presents business continuity risks for our laboratories. Additionally, the scale and duration of the COVID-19 pandemic has severely impacted global financial and commodity markets as well as regional and global economies, potentially impacting our ability to finance operations.

While our key laboratories remain open and operational, the effects on our business have included decreasing volumes of non-critical medical testing, a shortage of employees in patient-facing activities leading to closures of some blood collection points and uncertainty in relation to the impact on the timeliness of cash collection. During 2020, at the height of the COVID-19 pandemic, approximately 500 of our laboratories and/or blood collection points worldwide had to temporarily suspend operations due to lack of personnel. As of December 2020, the number of affected locations had significantly decreased and all facilities except for approximately five locations had returned to being fully operational. Renewed quarantine and/or other government measures could further impact operations across our laboratories.

Our business continuity could be adversely affected if our employees are affected in significant numbers by the COVID-19 pandemic. In addition, operations at our laboratories could be interrupted if suppliers become unable to deliver necessary personal protective equipment, reagents or other supplies on time in the required quality. Additionally, the pandemic could adversely impact our ability to access debt and equity capital on attractive terms, or at all, in the future due to the disruption and instability in the global financial markets or deteriorations in credit and financing conditions, which could affect our ability to meet liquidity requirements.

The rapid development of the COVID-19 pandemic precludes any prediction as to its ultimate impact. The resurgence of the virus in a number of countries, including most European countries, and further extended duration of COVID-19 or another future pandemic could further negatively impact the global economy and financial markets. The disruptions caused by the COVID-19 pandemic, or any future epidemics or pandemics could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

1.4 Risks Related to Our Business

1.4.1 ***We face risks associated with our strategy of acquiring companies.***

Our growth strategy includes acquiring small- and medium-sized laboratories and integrating them into our network. From the formation of the SYNLAB Group in the second half of 2015 through December 31, 2020, we completed 111 acquisitions of laboratories (excluding 14 additional acquisitions in our A&S business unit that was sold in 2020) in more than 20 countries, including seven countries (excluding one additional country for A&S) that were added to our countries of operations through acquisitions between 2017 and 2020. The acquired laboratory businesses (excluding A&S-related acquisitions) had a combined enterprise value of approximately €665 million or an average of approximately €6 million per business acquired. The continued success of our strategy is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms, complete such transactions and integrate the acquired businesses into our business.

Continued consolidation of the European medical diagnostics market, including clinical laboratory testing services, or adverse macroeconomic conditions, such as the ongoing COVID-19 pandemic, may limit opportunities for further acquisitions. Our acquisition strategy is also exposed to competitive pressures from competitors with similar acquisition strategies or certain financial investors wishing to enter the market, either of which may have greater financial resources than us. Additionally, due to the COVID-19 pandemic, we implemented cost containment measures, including pausing acquisition-related activity for part of 2020.

Furthermore, acquisitions involve the integration of a company that previously operated independently with systems and processes that differ from those used by us. We may not be able to integrate certain acquired companies successfully or the integration may require more time and investment than expected. Additionally, we could bear or assume unknown or unexpected liabilities or risks related to customers, employees, suppliers, competent administrative authorities, professional associations, public health programs, private health insurers or other persons.

If we are unable to implement our acquisition strategy or integrate acquired companies successfully, it could have a material adverse effect on our business, results of operations and financial condition.

1.4.2 We may be unable to successfully manage and integrate acquisitions or achieve anticipated synergies.

Based on our evaluation of synergies for acquisitions that we completed in 2016, we estimate that we saw an approximately 3-5% margin uplift through those synergies after two to three years. Our ability to successfully integrate acquisitions and achieve anticipated synergies is dependent upon a significant number of factors, some of which may be beyond our control. If one or more of the underlying assumptions proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to fully achieve, or achieve in the anticipated timeframe, any benefits from executed acquisitions.

Generally, when we acquire businesses, we identify anticipated synergies that are expected to materialize after the combination of the acquired business with us. Achieving synergies can be difficult and uncertain, and the process of integrating acquired businesses involves risks. These risks include, but are not limited to:

- diversion of management's time and attention from daily operations to the integration of newly acquired operations;
- difficulties in the assimilation of different corporate cultures, practices and sales and distribution methodologies;
- difficulties in conforming the acquired company's accounting system, books and records, internal accounting controls, and procedures and policies to those we use;
- retaining the loyalty and business of the customers of acquired businesses;
- retaining employees who may be vital to the integration of the acquired business or to the future prospects of the combined businesses;
- difficulties and unanticipated expenses related to the integration and standardization of information technology systems, especially financial reporting and accounting systems;
- difficulties in maintaining timeliness and quality of service;
- difficulties in complying with different regulatory environments;
- unforeseen challenges of operating in new geographic areas; and
- unanticipated costs and expenses associated with any undisclosed or potential liabilities.

Failure to successfully transfer business operations and otherwise integrate acquired businesses may result in reduced levels of revenue, operating efficiency or profitability compared to what we historically achieved or might have achieved if we had not acquired such businesses, as well as the loss of customers of the acquired businesses.

1.4.3 We have recognized a significant amount of goodwill and may never realize the full value of that goodwill.

We have recognized a significant amount of goodwill. Goodwill represents the excess of acquisition costs over the fair value of the net assets of companies acquired. Our goodwill

amounted to €2,212.1 million as at December 31, 2020, equal to 41.9% of our total assets. Under IFRS, goodwill is not amortized but is tested for impairment annually and whenever there is any indication of impairment. Impairment may result from, among other things, a deterioration in our performance, a decline in expected future cash flows, adverse market conditions, adverse changes in applicable laws and regulations (including changes that restrict the activities of, or affect the services provided by, our laboratories) and various other factors. For example, in 2019 and 2020 we recorded impairments of goodwill in the amounts of €90.0 million and €115.0 million, respectively, due to commercial challenges faced by our Swiss operations that resulted in the loss of customers.

The amount of any impairment must be reported immediately as a charge to our income statement and cannot be reversed. Any future goodwill impairments can materially adversely affect our results of operation.

1.4.4 We depend on market perceptions, particularly with respect to the safety, effectiveness and quality of our testing.

Market and customer perceptions are important to our business, especially perceptions with respect to the safety and quality of our tests. If any tests administered or distributed by us are subject to a drop-in quality or timeliness or prove to be, or are accused of being, harmful to customers or inaccurate, this could adversely impact demand for our products. Negative publicity with respect to the quality of our tests could have the same effect.

Due to the COVID-19 pandemic, we have become highly visible in the media and may be exposed to increased public scrutiny and shifts in public opinion, influenced by, among other things, if they occur, delays from SARS-CoV-2 test backlogs in laboratories due to extreme demand, perception of false positive/negative results due to human errors or limitations in current testing technology, loss of samples, data privacy breaches or reporting errors. Currently, we are responsible for all UEFA testing, resulting in a number of high-profile events for which players, officials and other team and stadium personnel are regularly tested. More generally, we have been conducting in excess of two million tests globally per month since September 2020. This increased visibility and publicity amplifies risks related to media coverage and public opinion.

Negative changes of market perceptions with respect to our services could negatively affect our relationships with national authorities, prohibit future service contracts with public or private clients or impact demand for our services. This can have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.4.5 A portion of our business is dependent on large customer contracts, often with public or private insurance companies or hospitals. If we were to lose one or more key customers, or if the contracts with these customers are renewed at reduced prices, our revenue could be affected.

The success of our business depends, in part, on large customer contracts entered into with private insurance companies, local or regional health care providers or hospital chains and on our group-wide pan-European framework supply agreements for reagents. These contracts may be long-term contracts with terms of up to five years. We may not be able to renew or extend contracts on favorable terms and we may lose significant business to competitors at upcoming expiries.

While no individual customer contract is material to our revenue generation, failure to maintain or establish new contracts may negatively impact our growth strategy, geographic footprint and future prospects. In 2020, for example, we entered into a service agreement with the United Kingdom's National Health Service. This represents a significant element of our growth plans in the United Kingdom. Furthermore, as we are working closely with government bodies to support their efforts in fighting the COVID-19 pandemic, the dependency risk is amplified for institutional SARS-CoV-2 testing contracts (e.g., in France, the United Kingdom, Germany and other countries)

If we are unable to comply with quality requirements, legal and regulatory requirements or the required service level related to any contract, there could be a risk that we would lose such a contract and the related revenue and profits. The loss of contracts or renewal of contracts at less favorable terms could have a material adverse effect on our business, results of operations and financial condition.

1.4.6 We may be unable to retain or recruit experienced laboratory doctors, which may weaken our relationships with local medical communities and adversely impact our results of operations.

The success of our clinical laboratories depends on employing and retaining qualified, skilled and experienced laboratory doctors who can maintain and enhance our reputation by providing testing services in accordance with our standards. If competition for the services of these professionals were to increase in the future, (i) we may not be able to continue to attract and retain such laboratory doctors, which could make it more difficult to comply with licensing requirements, or (ii) we may only be able to retain medical talent at higher costs, adversely impacting our profitability and financial condition.

Our business depends partly on personal relationships and the professional reputation of laboratory doctors with patients and with the customers that refer patients to our laboratories, such as general practitioners and private hospitals. Departing laboratory doctors who have close relationships with their local medical community may draw some business away from us. If we lose, or fail to attract and retain, qualified laboratory doctors who have positive relationships with their respective local medical communities, it could have a material adverse effect on our business, results of operations and financial condition.

1.4.7 If we lose the services of members of the senior management team, our activities and results of operations may be adversely affected.

The execution of our strategy and our continued success depends in part on the continued skills, efforts and motivation of our senior management team, both at a corporate level and in each of the countries in which we operate. Our strategy for organic growth and improved operating efficiency depends particularly on senior management having deep knowledge of our activities. Our external growth strategy requires knowledge of the dynamics, major players and regulatory environment in the various markets in which we operate. The departure of key senior management members or of experienced personnel may disrupt the pursuit of our strategy. If one or more members of the senior management team or experienced personnel were unable or unwilling to continue in their present positions, including for health, family or other personal reasons, we may not be able to replace them in a timely manner or at all. An inability to attract and retain qualified members or key personnel in due time could have a material adverse effect on our business, results of operations and financial condition.

1.4.8 Failure to comply with and establish appropriate quality standards as part of our testing services may adversely impact our reputation and results of operations.

Our clinical testing services are intended to supply healthcare professionals with information to help them establish or support diagnoses and prescribe medical or other treatment for their patients. Inaccuracies or negligence in providing clinical testing services may lead to inaccurate diagnoses by healthcare professionals, prescriptions of inappropriate treatments or decisions not to prescribe treatment when treatment is required, which may have serious consequences for patients (including illness, harm, death or other adverse effects).

Errors such as misidentifying or inaccurately labeling samples or compromising the integrity of samples, as well as errors caused by testing machines or reagents used for testing, may occur. Claims and litigation against us may result in liability for the harm or other adverse effects caused. We have been the subject of legal proceedings for alleged acts or omissions of our laboratory personnel and other employees in the past. If we are involved in such proceedings in the future, even if we are successful in our defense, the proceedings could be costly, could distract management from executing our strategy and could result in substantial damage to our reputation in the medical community and with patients. Payments related to such liabilities may adversely affect our liquidity and financial position. Failure to comply with and establish appropriate quality standards as part of our testing services may adversely impact our reputation and results of operations.

1.4.9 Business interruption at one of our laboratory facilities could result in significant losses and reputational damage to our business.

We operate a large number of laboratory sites. While many of these are small, we also operated two European reference laboratories and 49 central laboratories as of December 31, 2020. These larger or strategically important laboratory sites are critical to our operations in certain regional or national markets. There is a risk of business interruption at these sites, which could be the result of external factors such as lack of testing supplies, natural disasters, fire, vandalism or other unforeseen events. Business interruption could also be the result of internal factors such as failure to comply with regulatory requirements and the resulting loss of authorizations to operate the facility. While our key laboratories have remained open and operational during the COVID-19 pandemic, a shortage of employees in patient-facing activities has led to closures of some blood collection points and we cannot rule out the possibility that the ongoing pandemic could result in further closures of our laboratories or other facilities.

Business interruptions could have a significant adverse impact on our business, both from direct losses of revenue and profits related to the affected laboratory site and through the reputational damage that such a business interruption could have on our business. While we maintain business interruption insurance for most of our major locations, there can be no assurance that it would adequately offset our losses in the event of a business interruption. In particular, our business interruption insurance does not cover losses resulting from the COVID-19 pandemic. Business interruptions could therefore have a material adverse effect on our business, results of operations and financial condition.

1.4.10 Financial difficulties of a customer or third-party payer may result in payment delays or require us to write off debts.

We encounter third-party credit risk where we are reliant on the ability of a third party to be able to pay for services it provides. We are exposed to varying levels of third-party credit risk across our lines of business depending upon the country in which we provide the service and its specific health scheme.

In certain countries we bill patients directly for the majority of our services, in others we invoice the public healthcare system and in others we invoice private or public hospitals directly for the majority of services performed. Collection efforts for amounts due can be difficult, especially from patients in countries where there is no primary government payer of healthcare expenses. If a third-party payer or a company with which we have a contractual relationship experiences financial difficulties, we may be unable to collect amounts payable to us, resulting in write-offs of such debt. We maintain reserves for doubtful accounts and amounts past due. However, there can be no assurances that such reserves will be sufficient for the third-party credit risks we face. Significant or recurring delays in receiving payment, or incidents of bad debts, could have a material adverse effect on our business, results of operations and financial condition.

1.4.11 Failure to bill quickly or accurately for our services may have a material adverse effect on our activities.

We invoice various customers for our services, including, among others, patients, insurance companies, social security organizations, medical doctors, hospitals or employers. Depending on the billing arrangement and the applicable regulation of the country in which we operate, the payer may be a third party responsible for providing health insurance coverage to patients (such as public health insurance provider or a private medical insurance plan), a patient or other party (such as a hospital, clinic or an employer) who outsourced testing to us, or a combination of these parties. Changes in laws and regulations, contractual terms agreed with payers or payment policies of payers may increase the complexity and cost of our billing process. Additionally, checking compliance with applicable regulations as well as internal compliance policies and procedures further increases the costs and complexity of the billing process.

In general, failure to bill timely or accurately for our services or increased complexity in billing arrangements and procedures may result in penalties, foregone revenue (i.e., no reimbursement or payment for tests already processed), delayed payments and/or an increase in our working capital

requirements, any of which could have a material adverse effect on our business, results of operations and financial condition.

1.4.12 Disruption, failure or inappropriate sample transportation services may adversely affect our activities and financial results.

The proper handling of samples during collection and transportation is essential for maintaining their integrity, ensuring the quality of tests and guaranteeing safety from accidental exposure to potentially infectious microorganisms. The vehicles used to transport samples must satisfy applicable legal, practical and technical requirements, which vary depending on the type of samples transported. These requirements govern, for example, the use of appropriate containers and packaging, the labeling of containers, the manner in which samples and containers are stored in the vehicle, the temperature at which samples must be transported and the duration of the journey. Drivers employed to transport samples must be trained to handle them in accordance with best practice and applicable laws and regulations. Mishandling of the sample in the collection and transportation process may increase the likelihood of errors in laboratory testing. In addition, efficient transportation of samples is key to our business. Our business operates on a model of numerous satellite and emergency laboratory sites and blood collection points where samples are collected and, if testing is not conducted on site at the local laboratory, delivered to our European reference laboratories or national hub or regional laboratory sites where testing takes place. As a result of the COVID-19 pandemic, a shortage of employees in patient-facing activities has led to closures of some blood collection points and we cannot rule out the possibility that the ongoing pandemic could result in further closures. Disruption to the collection and transportation of samples, failure to comply with requirements relating to samples or the inadequate performance of the transportation service may damage our reputation, lead to claims against us and/or result in the loss of customers and patients, any of which could have a material adverse effect on our business, results of operations and financial condition.

In addition, in certain of the countries in which we operate, we have entered into outsourcing arrangements with third parties for the transportation of medical samples from specified sampling points (such as hospital sites or doctors' surgeries) to our clinical laboratories. We do not control the facilities or operations of such third-party transport operators and therefore depend on the quality of their transportation services in order to maintain the integrity of samples. Any interruption in their services, including as a result of the COVID-19 pandemic, strikes, inclement weather conditions or otherwise, or failure to meet their contractual obligations may damage our reputation, lead to claims against us and/or result in the loss of customers or patients, any of which could have a material adverse effect on our business, results of operations and financial condition.

1.4.13 Disruptions in the delivery of testing supplies could adversely affect us.

We depend on effective supply and distribution networks of our suppliers to obtain necessary reagents and consumables for testing operations and for the maintenance of testing equipment. Damage or disruption to such supply or distribution capabilities due to labor strikes at suppliers, loss on non-delivery of such materials or any other reason could impair our ability to process tests and provide customers with their results in a timely manner, which could damage our reputation and adversely impact our results of operations.

In particular, operations at our laboratories could be interrupted if, as a result of the COVID-19 pandemic, our suppliers become unable to deliver necessary personal protective equipment, reagents or other supplies on time in the required quality. To the extent that we are unable to effectively manage such events if they occur or cannot financially mitigate the likelihood or potential impact of such events, they could have a material adverse effect on our business, results of operations and financial condition.

1.4.14 Adverse results in potential material litigation could have an adverse financial impact and an adverse impact on our client base and reputation.

In the ordinary course of our business, we have in the past been, and may in the future continue to be, involved in legal proceedings (including administrative, court, arbitration and disciplinary proceedings) relating to professional liability of our laboratories, disputes with laboratory doctors, medical doctors and employees, as well as enquiries initiated by regulatory authorities,

professional associations and health insurers, regarding, among other things, billing matters, laboratory practices and testing procedures. For example, in 2020, we became the subject of a preliminary investigation related to public procurement contracts for SARS-CoV-2 testing and an alleged misuse of research-use only reagents during the initial months of the COVID-19 pandemic, as a result of which our contractual counterpart is currently withholding an approximately €3 million payment owed to us. The proceedings are currently in a preliminary stage and pending further information from prosecutors.

Proceedings initiated by or against us may involve claims for material amounts and could divert management's attention and time from day-to-day business operations to address such issues. Proceedings may result in substantial monetary damages, adversely affect our customer base and reputation, prohibit us for tendering for public contracts and reduce demand for our services. The final outcome of those proceedings or claims might have an adverse impact on our financial position and any provisions set aside in this respect may prove insufficient, which could have a material adverse effect on our business, results of operations and financial condition.

1.4.15 Extreme weather conditions may affect our testing volume levels and, consequently, our revenue.

The volume of tests that we complete depends in significant part on the ability of patients—who are often ill, aged, pregnant or have limited mobility—to travel to see a doctor or to a laboratory or blood collection point. Accordingly, unusual or inclement weather conditions, particularly those affecting ground transportation conditions, have in the past caused, and may in the future cause, a decrease in demand for our testing services, potentially affecting our results of operations.

1.4.16 Labor disputes could disrupt our operations or lead to higher labor costs.

Our employees in certain countries benefit from collective bargaining agreements and we may not be able to periodically renegotiate collective agreements on acceptable terms. Settlement of actual or threatened labor disputes or an increase in the number of employees covered by collective bargaining agreements may adversely affect our labor costs, productivity and flexibility. We are subject to the risk of labor disputes, which may disrupt operations and may result in an increase in operating costs.

Additionally, labor laws applicable to our business in certain countries can be complex and leave room for interpretation. Labor law authorities or courts may have a different interpretation than we do. In numerous cases, labor laws provide for the strong protection of employees' interests, which we are required to observe.

Although we believe our relations with employees and unions are good, operations may nevertheless be materially affected by strikes, work stoppages, work slowdowns or other labor-related developments in the future, including disagreements with unions, works councils or other employee co-determination bodies, as well as with labor law authorities. These and other similar labor-related incidents or matters could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition.

1.4.17 We may incur liabilities that are not covered by insurance.

We carry insurance of various types, including business interruption, property and casualty, directors' and officers' and general liability coverage. We maintain insurance policies both at the group level as well as specific policies for individual laboratories that we operate through our various subsidiaries. We maintain an amount of insurance protection that we believe is adequate, but there can be no assurances that our insurance coverage will be sufficient or effective under all circumstances and against all liabilities that we may face. We could, for example, be subject to substantial claims for damages upon the occurrence of several events within one calendar year. In addition, insurance costs may increase over time in response to any negative development in our claims history or due to material price increases in the insurance market in general. We may not be able to maintain our current insurance coverage or do so at a reasonable cost. Liabilities that are not covered by insurance or our inability to maintain current insurance coverage could have a material adverse effect on our business, results of operations and financial condition.

1.5 Risks Related to Our Technology

1.5.1 We are exposed to cybersecurity risks.

Information technology ("**IT**") systems are used extensively in all aspects of our business, including clinical testing, the management of personal data (particularly patients' medical records), electronic order entry, test reporting, billing, customer service, logistics, finance, procurement and accounting. Our activities depend on the continued and uninterrupted performance of our IT systems. IT problems may impact the ability to carry out tests, deliver test results, bill for tests in due time or maintain the privacy of the medical data we collect, all of which may disrupt our activities.

IT systems may be subject to physical or electronic attacks, computer viruses and similar disruptive problems that may materially adversely affect our ability to function. This can be caused by events such as ransomware attacks, theft of data or patient health information, hacking of testing equipment leading to wrong test results, or gateway attacks into our customers' systems (e.g., GPs or hospitals). We have experienced such cybersecurity events in the past (for example in Germany) and – although past events were immaterial and we believe that medical, patient and operational data was not affected – future events may occur, may be material, and could also result in data privacy rights infringements. We utilize AI-driven threat protection software to neutralize threats, but we cannot entirely rule out the possibility of a successful attack in the future. See also risk factor 1.7.1 (*Risks Related to the Legal and Regulatory Environment—We generate and store significant volumes of personal and sensitive information and must comply with stringent privacy laws and information security policies. If we fail to comply with applicable laws, we risk administrative fines and additional penalties*.

In addition, IT systems are also vital from a financial and accounting point of view. Given the large number of tests that we manage (approximately 500 million tests for approximately 100 million patients per year), an IT systems failure at one or more of our subsidiaries could affect the reliability of our financial statements. While we have not experienced any material cybersecurity event in the past, our competitors that have been targeted by such attacks have experienced significant business disruptions for an extended period of time, affecting test results, patient data, revenue and public perception. If our activities were so disrupted, it may severely disrupt business operation, adversely affect our reputation, expose us to litigation or regulatory sanctions, result in a loss of customers and patients and/or reduce our revenue.

1.5.2 We rely on licensed technology for our services. If we are unable to license new tests and technology, or cannot develop suitable alternatives in-house, this may materially adversely impact testing volumes and revenue.

If we are unable to license new tests, technology and services to expand our specialty testing activity, our testing methods may become outdated and testing volumes and revenue may be adversely affected.

For the majority of tests, we do not develop our own tests or technologies, but rather we rely on equipment suppliers and test developers. The clinical laboratory industry faces challenges from regularly changing technology and new product introductions. Other companies, including our competitors, may obtain patents, licenses or other rights that may prevent, limit or interfere with our ability to license and provide particular tests or may increase the costs of doing so.

Additionally, demand for outsourced tests may decline. Our customers include public and private hospitals that choose to outsource their testing, usually because they lack the expertise or the resources to conduct the testing themselves in a cost-effective manner. Some of our customers or patients, including hospitals and doctors, may choose to perform tests themselves that we currently perform.

Advances in technology may lead to the development of more cost-effective tests that can be performed outside a commercial clinical laboratory, such as specialty tests that can be performed by hospitals in their own laboratories, point-of-care tests that can be performed by doctors in their surgeries, or home testing that can be performed by patients or other non-medical professionals (such as test kits that already exist for blood sugar testing). For example, integrated genetic

diagnostic testing services, offered by certain professional websites and hardware suppliers, may also reduce activity levels for our laboratories. Manufacturers of laboratory equipment and test kits may seek to increase their sales by marketing tests that can be performed in surgeries or directly by patients.

In addition, consumer healthcare technology companies may succeed in developing novel approaches to laboratory diagnostics testing, including alternative methods of sample collection and testing that replace traditional methods. The development of such technology and testing methods and their use by our customers or patients could reduce the demand for our services and negatively impact revenue.

If we are not successful in managing this risk, it could have a material adverse effect on our business, results of operations, financial condition and prospects.

1.5.3 We rely on complex IT systems that may disrupt operations and cause the loss of customers or business opportunities should they experience disruptions.

A diverse array of software platforms are used in clinical diagnostics, and, in some cases, such platforms are not the subject of regular updates and improvements common in other industries. In addition, many of the software and IT providers that develop and maintain these platforms are small-and medium-sized companies with a regional focus and limited financial resources that are inadequate to service pan-European laboratory diagnostic providers like us. As a consequence, our IT systems may be vulnerable to and experience difficulties or disruptions that impact our ability to operate. IT systems are vulnerable to damage from a variety of sources, including telecommunications or other network failures, individual acts and natural disasters.

Historically, we have grown through acquisitions, and, as a consequence, newly acquired laboratories often use older software platforms that are not consistent with our systems. We are continually integrating laboratory reporting, billing and other IT systems, particularly with respect to newly acquired laboratories, but also with respect to existing laboratories that operate with older or outdated systems and software. There is a risk that our activities may be disrupted due to failures in our IT systems. This could have a material adverse effect on our business, results of operations and financial condition.

For example, our IT infrastructure is currently being modernized, consolidated and harmonized on group level and centralized business processes management software is being implemented as group standard to ensure compliant finance, procurement and billing processes. There is no assurance that the introduction of new systems is seamless or cost efficient. The implementation may, for example, cause our facilities to experience service level disruptions impacting our ability to properly run business operations. Outages or a significant failure to smoothly implement such systems, disruption or cyberbreach may substantially delay workflow processes and may have material adverse effects on our revenue and results of operations.

1.6 Risks Related to Our Intellectual Property Rights

1.6.1 We must protect our trademarks and those of companies that we acquire in the multiple countries in which we operate or in countries in which we may establish operations and we face risks related to protection and enforcement.

Given our acquisition strategy and the importance that we place on developing a strong identity and strong brands, we are exposed to the risk of being unable to use our trademarks in jurisdictions in which they are not protected, for example where a competitor has made a previous application or where the local authorities have refused to protect the trademark. Additionally, a significant portion of the value of companies that we acquire may rest in their trademarks or other intellectual property. We must maintain a significant number of such trademarks and protect against unauthorized use.

Many of our trademarks, including the trademark SYNLAB (word) and the SYNLAB logo hands (figurative), have been filed with the Office for Harmonization in the Internal Market of the European Community, and are therefore protected in the 27 countries of the European Union, including our core markets that are in the European Union, plus the United Kingdom. The

trademark SYNLAB (word) and the SYNLAB logo hands (figurative) are also registered in other countries.

While we monitor new trademark applications for identical or similar marks, we cannot be certain that steps taken to protect our trademarks will be successful or effective, or that third parties will not infringe or make unlawful use of our trademarks. Unauthorized use of trademarks may damage our competitive advantage and have a material adverse impact on our business, results of operations and financial condition.

1.7 Risks Related to the Legal and Regulatory Environment

1.7.1 We generate and store significant volumes of personal and sensitive information and must comply with stringent privacy laws and information security policies. If we fail to comply with applicable laws, we risk administrative fines and additional penalties.

We perform approximately 500 million tests for approximately 100 million patients annually. As a result, we receive, generate and store significant volumes of personal and sensitive information, such as patient medical information, and are exposed to data privacy risks resulting from, among other things, human error, IT problems and cybersecurity breaches.

We are subject to legal obligations relating to respect for, and the protection of, personal data—particularly patients' medical records—and strict policies relating to information security. The handling of confidential and personally identifiable information is increasingly subject to regulation and government approval in numerous jurisdictions around the world with increasingly stringent oversight and penalties in case of breach.

We are subject to privacy and data protection regulations with respect to the use and disclosure of protected health information. Such regulations establish a complex regulatory framework on a variety of subjects, including:

- the circumstances under which the use or disclosure of protected medical health information is permitted or required without specific authorization by the patient;
- a patients' rights to access, ask for amendments to and receive, protected information contained in their medical records;
- requirements to notify patients of privacy measures to maintain the confidentiality of protected medical information;
- administrative, technical and physical backups required of entities that use or receive protected medical information; and
- the protection of computing systems that store protected health information.

For example, the European Union adopted the General Data Protection Regulation ("**GDPR**"), effective as of May 2018, which imposes significant fines and sanctions for violations of the GDPR and is applicable to us and to all companies processing data of European Union residents. Should we breach our GDPR obligations, this could result in the imposition of sanctions, consisting of civil liabilities, administrative fines and criminal sanctions. Sanctions can include administrative fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, for each violation. Additional penalties may apply under certain requirements, such as the disgorgement of profits. In February 2021, we became aware that confidential information in respect of one laboratory in France had been compromised, and we are currently conducting an investigation. We fulfilled our obligation to notify the French regulator through a declaration to the commission. We are currently assessing the potential financial impact and are collaborating with the relevant local regulators.

If we do not adequately safeguard confidential patient data or other protected health information, or if such information or data is wrongfully used by us or disclosed to an unauthorized person or entity, our reputation could suffer and we could be subject to fines, penalties and administrative, legal or disciplinary proceedings. The realization of any of these risks could have a material adverse effect our business, results of operations and financial condition.

1.7.2 Current or future regulatory changes in France, and challenges brought by the competent administrative authorities, professional associations or professional biologists' trade unions, may affect our flexibility, make us more dependent on laboratory doctors to check operations carried out by our French laboratories, and call into question our organizational and legal structure.

Our activities in France generated 24.7% of our revenue for the year ended December 31, 2020 and the French market is important for our growth strategy.

In France, we are subject to regulatory constraints that restrict the ownership of the share capital and voting rights of *Société d'Exercice Liberal* ("**SELs**") by persons other than the laboratory doctors operating within such SELs.

In order to comply with these regulations, we initially established a legal structure under which we directly and indirectly held shares representing around 99.9% of the share capital of our SELs, while certain laboratory doctors operating in such SELs held the remainder of the shares, representing at least 50% of the share capital of SELs in accordance with applicable laws

However, this structure can no longer be used for SELs of laboratory doctors acquired after May 30, 2013, due to the enactment of a law that requires that more than 50% of the share capital (in addition to 50% of the voting rights) of a SEL of laboratory doctors be held by laboratory doctors practicing within that SEL (the "**Law of May 30, 2013**"). The Law of May 30, 2013 provides an exemption for existing SELs of laboratory doctors that operated under a different share capital ownership structure on the date the law was promulgated, enabling them to continue operating under their existing structure and have the majority of their share capital held by companies operating laboratories (referred to as the "grandfathering exception"). Laboratory doctors practicing in the SELs benefiting from this exemption have a preemption right under this law in the event of a transfer of the SEL's shares.

We have therefore adopted a new ownership and corporate governance structure that allows us to own most of the SELs of laboratory doctors acquired since the law was promulgated, or that we may acquire in the future, although we may be required to adopt more complex legal structures than those used before the Law of May 30, 2013 came into force.

We are not required to carry out any restructuring (because of the grandfathering exception set forth by the Law of May 30, 2013) and although the Law of May 30, 2013 is unlikely to prevent us from continuing our development and fully consolidating acquired SELs, if we were to alter aspects of our structure in response to regulatory changes or face a challenge to our current organizational and legal structure, we may no longer be able to fully consolidate our French activities in our financial statements, while our ability to centrally manage cash generated by French SELs or distribute dividends may be affected. Any new structure that we may have to implement to comply with the challenges or new requirements outlined above may result in us owning a smaller stake in existing SELs and make us a minority shareholder, and would make us more dependent on the contractual, corporate governance and other mechanisms we currently use to control our French SELs. Finally, we may also have to reduce control over certain aspects relating to the activities of French SELs or to the integration of the French SELs or the businesses they operate within our network.

The Law of May 30, 2013 may also limit our ability to sell or transfer shares in SELs of laboratory doctors that we hold or may acquire in the future and render more complex any restructuring we might consider for our subsidiaries. The competent administrative authorities could interpret this regime as preventing some forms of restructuring, such as those involving a universal transfer of all assets where the acquired SEL is not covered by the grandfathering exception. Nevertheless, such restructurings are market practice, as confirmed by the French Competition Authority.

In addition, professional biologists' trade unions may try to challenge our operations in France or our legal structure and organization. For example, the *Syndicat des Biologistes* had introduced legal proceedings before the administrative court of Bordeaux aimed at challenging an administrative decision by the competent administrative authorities (each, an "**ARS**") authorizing a merger operation involving an entity of the group. However, the claim was dismissed both in first instance and on appeal and is now definitely closed.

Furthermore, the Law no. 2015-990 of August 6, 2015 on growth and activity (the "**Macron Law**"), the purpose of which was to modify the limitations of capital ownership and corporate governance of SELs other than clinical laboratory SELs (i.e., SELs of technicians and lawyers), also created ambiguities on the regime governing clinical laboratory SELs. The scope of the Macron Law remains, to date, unclear. It cannot be excluded that this provision may be interpreted as prohibiting a corporate structure like the one developed by us, where the majority of the share capital of the French SELs is held through European laboratory companies, if it is not demonstrated that these European laboratory companies comply with the restrictions provided by French Law. However, we are of the view that another interpretation should prevail, pursuant to which it could be considered that this new provision should not apply to the SELs covered by the grandfathering exception, as it is the case for us.

More generally, any adjustment to French regulations applicable to our SELs in the future, any adverse interpretation of existing regulations and any introduction of new rules may affect or further limit our ability to own or control subsidiaries in France.

In particular, the ARSs and the competent professional associations (*Ordres professionnels*) may challenge the legal structure and more specifically the corporate governance arrangements of the SELs that carry out our activities in France. Such challenge, if successful, could have a material adverse effect on our business, financial condition and results of operations. For example, in 2003, the *Ordre des pharmaciens* initiated sanctions proceedings against certain of our subsidiary SELs, along with certain laboratory doctors practicing within these subsidiaries, for alleged violations of applicable regulations. These proceedings were dismissed in 2015, after a decision of the European Commission, confirmed by the European General Court on December 10, 2014, which found that the *Ordre des pharmaciens* had impeded competition on the clinical laboratory services market. We then claimed before the Paris administrative court a compensation for the loss suffered as a result of these practices and, in 2017, entered into a transaction protocol with the *Ordre des Pharmaciens*.

In addition, if the ARSs take the view that our organizational and legal structure breaches applicable statutory or regulatory requirements, they could impose administrative sanctions, ranging from fines to the temporary or permanent closure of the laboratory and could withdraw administrative authorizations granted to our laboratories in France, which may have a material adverse effect on our business, results of operations and financial condition.

1.7.3 The French regulatory environment in which we operate is particularly stringent, especially in relation to ownership and corporate structure of SELs (Société d'Exercice Liberal), particularly those operating clinical laboratories. If regulators were to successfully challenge our existing legal structure, this could have a material adverse impact on our activities.

French regulations impose stringent restrictions on the legal structure and ownership of French companies operating clinical laboratories.

In particular, Article L. 6223-5 of the French Public Health Code ("**Article L. 6223-5**") forbids the following persons, on the basis of their activities or their relations with certain activities in the medical or paramedical sector (the "**prohibited investors**"), from making any direct or indirect investment in the share capital of a company operating a French clinical laboratory:

(i) any individual or legal person qualifying as a health professional (other than laboratory doctors), or operating as provider, distributor or manufacturer of medical devices or in vitro medical diagnostic devices, or operating as a private healthcare institution or as a social or medico-social private law institution, or operating as an insurance or capitalization company or as a welfare, retirement or mandatory or elective social security institution;

(ii) any individual or legal persons holding 10% or more of the share capital of a company which provides, distributes or manufactures medical devices or in vitro medical diagnostic devices, or which operates as an insurance or capitalization company or as a welfare, retirement or mandatory or elective social security institution; and

(iii) any individual or legal person holding a stake of a health professionals' company which is authorized to take samples under the conditions mentioned under Article L. 6211-13 of the French Public Health Code and which does not meet the conditions of chapter II title I livre II "Clinical testing" of part 6 of the legislative part of the French Public Health Code.

Based on legal advice we received in the context of previous financing transactions and prior to this Offering, our view is that "indirect investment" must be interpreted in light of the rules set out by the French Commercial Code and that, accordingly, the penalties provided for by the relevant texts can only apply to our SELs and the concerned prohibited investor if a prohibited investor takes control of us. In 2015, our representatives consulted the French Ministry of Social Affairs, Health and Women's Rights, which did not put forward any different interpretation of the related legal provisions.

In the past, our compliance with the provisions of Article L. 6223-5 was considered in light of our indirect ownership by certain Cinven investment funds. The Cinven investment funds did not have legal capacity (*absence de personnalité morale*) and as such we considered that the funds could not be considered as legally "holding" the portfolio participations at stake, nor did the Cinven investment funds or their limited partners exercise ownership rights over the share capital held in operating companies within their portfolio (which in addition may not be in France) that may engage in activities referred to in Article L. 6223-5. Compliance with the provisions of Article L. 6223-5 was also considered in light of the transactions involving co-investors or potential co-investors of the Cinven investment funds, such as the Ontario Teachers' Pension Plan and Novo Invest 1 A/S which acquired, or contemplated the acquisition of, a stake in the share capital of SYNLAB.

In the context of the Offering, our view remains that "indirect investment" as mentioned in Article L. 6223-5 must be interpreted in light of the rules set out by the French Commercial Code and that, accordingly, the penalties provided for by the relevant texts can only apply to our SELs and the concerned prohibited investor if a prohibited investor were to take control of our clinical laboratories operating in France. We believe that the Offering would not be prevented by the provisions of Article L. 6223-5.

However, if our interpretation above of the application of the provisions of Article L. 6223-5 is not correct, our French laboratories and any investor, natural or legal person, that qualifies as a prohibited investor, acquiring a stake in our share capital could face a fine of up to €2 million if it is a legal entity and €500,000 if it is a natural person. It is unclear whether such fine could be imposed for each of our SELs. This could also give rise to disciplinary sanctions by the competent professional associations against our SELs and the medical biologists as well as to civil remedies.

In addition, Article R. 4113-13 of the French Public Health Code forbids various categories of persons from making any direct or indirect investment in the share capital of SELs of doctors on the basis of their activities or relations with certain activities in the medical or paramedical sector. This provision would be applicable to our SELs of anatomopathology doctors. We believe that "indirect ownership" within the meaning of Article R. 4113-13 is to be interpreted in the same way as for Article L. 6223-5. If our interpretation were challenged, this could give rise to disciplinary sanctions.

Any challenge to our analysis of either Article L. 6223-5 or Article R. 4113-13 of the French Public Health Code, which remain subject to interpretation, or any change in these legal provisions or their application by the relevant authorities, could have a material adverse impact on our activities in France, operating income, financial condition and outlook, as well as on prohibited investors, which may also be subject to personal sanctions. As a result, any of the aforementioned events may cause material disruption to our activities and could have a material adverse effect on our business, results of operations and financial condition.

1.7.4 Our business arrangements could become subject to challenge under laws and regulations that govern our relationships with customers.

Sales, marketing and business arrangements in the healthcare industry are subject to laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices in many

of the jurisdictions where we conduct our business. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Because of the breadth of these laws, it is possible that some of our business arrangements could come under scrutiny by governmental authorities or third parties in the jurisdictions where we do business.

As part of our compliance management system, we conduct reviews of our business arrangements with customers for compliance with applicable laws. In the course of one of these reviews, we have identified certain past business arrangements, which we believe were then common practice in the respective market, but which might nevertheless be challenged by the competent governmental authorities or third parties. We have replaced or terminated all such business arrangements. We do not believe that such business arrangements represented a material portion of our consolidated revenue and believe other operators in the market have or had implemented similar arrangements.

Notwithstanding such measures, we cannot rule out the possibility that governmental authorities or third parties in jurisdictions where we do business may challenge any of our past, current or future business arrangements, which could result in administrative, civil and criminal penalties, damages and fines. In addition to the financial impact, we could suffer significant damage to our reputation if found to be in violation of applicable laws. In addition, as part of our compliance management system, we provide what we believe to be appropriate training to our employees on acceptable business practices. However, this training could fail to adequately educate sales personnel on acceptable business practices and it could also fail to detect the actions of sales personnel who act in violation of applicable laws. We could therefore be liable for violations of applicable laws by our employees, notwithstanding our efforts to prevent such misconduct. If any of our business arrangements are found to violate applicable laws, this could have a material adverse effect on our results of operations, financial condition and reputation.

1.7.5 Failure to comply with environmental, health and safety laws and regulations may result in fines, penalties and other costs as well as the loss of our licenses and authorizations, which could have a material adverse effect on our operations.

Our operations are subject to various licenses, authorizations and regulations under EU, national and local laws and regulations relating to the protection of the environment, human health and occupational health and safety, including those governing the handling, transportation and disposal of medical samples and biological, infectious and hazardous waste, as well as regulations relating to the health and safety of laboratory employees. We must meet strict requirements in all jurisdictions in which we operate for the disposal of laboratory samples at authorized facilities.

In order to organize waste management policies, including the disposal of samples or other waste that may qualify as waste from activities that carry a risk of infection, our companies may use services from external providers. If those providers fail to carry out their activities in line with legal and regulatory requirements, our companies may be held liable.

In addition, we must meet a large number of requirements relating to workplace safety for employees in clinical laboratories, who may be exposed to various biological risks such as blood-borne pathogens (including HIV and the hepatitis B virus). We may also become subject to claims from employees or other persons alleging injury or illness resulting from exposure to the samples or waste they handle.

1.7.6 Our internal controls, procedures, compliance systems and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks.

Members of our governing bodies, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures, in particular in relation to anti-corruption, money-laundering, antitrust and sanctions compliance as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment and general corporate and criminal law. However, there can be no certainty that our internal controls, procedures, compliance systems and risk management systems will be able to identify such violations, ensure that they are reported in a timely manner,

evaluate them correctly or take the appropriate countermeasures, and that they will be adequate for an enterprise of our scale and complexity.

There can further be no certainty that any countermeasures we implement will be appropriate to reduce the corresponding business risks effectively, that breaches of law, regulations or internal controls have not occurred in the past or that their discovery would not result in significant liability or reputational damage for us. Moreover, in light of continuously evolving legal and regulatory requirements, and internal developments such as corporate reorganizations, there can be no certainty that our risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

Historically, we have grown through acquisitions, and, as a consequence, newly acquired laboratories often use older software platforms that are not consistent with our systems. Given our resulting decentralized operational and IT structure, it has in certain instances in the past proven challenging to implement an effective, consistent and robust internal control framework across all geographies. See also risk factor 1.5.3 (*Risks Related to Our Technology—We rely on complex IT systems that may disrupt operations and cause the loss of customers or business opportunities should they experience disruptions*).

Any failure to effectively prevent, identify or address violations of the our legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties and other sanctions, liabilities, the assertion of damages claims by third parties, and reputational damage, each of which could have a material adverse effect on our business, results of operations and financial condition.

1.8 Risks Related to Taxation

1.8.1 We are exposed to risks related to taxation in the various countries in which we operate.

We organize our commercial and financial activities on the basis of various and complex legal and regulatory requirements in the various countries in which we operate, particularly with regard to taxation. Changes in regulations or their interpretation in the various countries in which we operate could affect the calculation of our overall tax burden (i.e., income tax, social security contributions and other taxes), along with our financial position, liquidity and results. In addition, we must interpret national and local regulations, international tax agreements, legal opinions and administrative practice in each of the jurisdictions in which we operate.

We cannot guarantee that our application and interpretation of such provisions will not be challenged by the applicable authorities. In general, any breach of tax laws or regulations applicable in the countries in which we operate could lead to tax adjustments, late-payment interest, fines and penalties. There may also be uncertainties associated with expected changes to tax laws, in particular following the departure of the United Kingdom from the European Union on December 31, 2020. Additionally, we are subject to routine tax audits by local authorities in the countries in which we operate.

If one or more of the aforementioned risks materializes, it could have a material adverse effect on our business, results of operations and financial condition.

1.8.2 We are exposed to risks related to VAT and French payroll tax.

Most of our activities are exempt from VAT. We cannot recover VAT applicable to charges and expenses relating to those VAT-exempt activities. As a result, any increase in the VAT rate on those charges and expenses would represent additional costs for us. We would not necessarily be able to pass on this additional cost in the prices we charge to our customers. The VAT position of our entities varies by location based on local VAT regulations. For example, some countries have a VAT group whereas others have separate VAT registrations. In certain locations, some of our existing or future activities are subject to VAT, which allows us to deduct VAT levied on the related charges and expenses. If the VAT treatment of these activities were to change, we may not be able to pass on the resulting increase in costs to our customers.

Similarly, given that most of our activities are VAT exempt, we are subject to payroll tax in France. As a result, any change in the regulations applicable to the French payroll tax could have a material adverse effect on our business, results of operations and financial condition.

1.9 Risks Related to Our Existing Capital Structure

1.9.1 Our significant leverage may make it difficult for us to operate our businesses.

We currently have, and after the offering will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As at December 31, 2020, our net financial debt, which reflects external interest-bearing loans and borrowings less cash and cash equivalents, amounted to €2,253.5 million. In addition, we may incur substantial additional debt in the future, including indebtedness in connection with any future acquisition.

Our significant leverage could have important consequences for our business and operations including, but not limited to:

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on debt, thus reducing the availability of cash flow to fund acquisitions, organic growth projects and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our own business and industry;
- negatively impacting our credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations. Our ability to make payments on and refinance our indebtedness and to fund acquisitions, working capital expenditures and other expenses will depend on future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. In a negative scenario, we may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or fund future acquisitions or other working capital expenditures.

In addition, we may incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. The terms of our debt obligations permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks we now face could intensify.

Our businesses may not generate sufficient cash flows from operations to make payments on debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay debts when due or to refinance such debts. In the absence of such results of operations and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

1.9.2 We are subject to restrictive covenants that limit operating and financial flexibility.

Our existing financing agreements contain covenants that impose significant restrictions on the way we operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures or undertaking capital expenditure;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- agree to limitations on the ability of our subsidiaries to make distributions;
- sell assets, or consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

These covenants could affect our ability to operate our business and may limit our ability to react to market conditions or regulatory developments or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations; pursue acquisitions, investments or alliances; restructure our organization; or finance our capital needs.

1.9.3 Our failure to comply with the covenants under our existing financing agreements could result in a default or an event of default that could materially and adversely affect our financial condition and results of operations.

If we breach any covenants contained in our existing financing agreements and are unable to cure any such breach in a timely manner, we may be subject to financial drawstop measures, trigger events of default or cross-default across other non-breaching financing obligations. The holders of the defaulted debt could terminate their commitments and declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be immediately due and payable. In these circumstances, our assets and cash flow may not be sufficient to repay our indebtedness in full, if some or all instruments were accelerated, which could force us into bankruptcy or liquidation.

1.10 Risks Related to the Shares, Shareholder Structure and Offering

1.10.1 The Shares have not been publicly traded and there can be no assurance that a liquid trading market for the Shares will develop.

Prior to the listing of the Shares, there has been no public trading in the Shares and they have never been offered to the public. There is no assurance that an active, liquid trading market for the Shares will develop or be sustained following the listing of the Shares. Furthermore, low liquidity of the Shares may also cause high share price volatility.

Investors may not be able to sell their Shares quickly or at the market price if there is no active trading in the Shares. If an active market for the Shares does not develop after the listing, the liquidity and market price of the Shares may be adversely affected.

1.10.2 There is uncertainty regarding the price development and the liquidity of the Shares. Share prices may be subject to strong fluctuation.

The Company intends to apply for admission of the Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard). The Company's share price may be subject to considerable volatility, particularly due to fluctuations in actual or projected operating results of the Company or its competitors, changes in profit forecasts or non-fulfilment of the profit expectations of securities analysts, changes affecting the industry, the overall economy or the financial markets, changes to the shareholder structure, changes in the number of free float Shares and other factors.

General price volatility, specifically of shares in companies in the same industry, or a deterioration of the general stock market environment could also put pressure on the price of the Shares without this price pressure necessarily having its root cause in the Company's business, financial condition or results of operations.

1.10.3 Future capitalization measures could lead to a substantial dilution (i.e., a reduction in the value of the Shares and the control rights of existing shareholders' interests in the Company).

We may require additional capital in the future to finance our business operations and growth, especially to implement our medium-term strategy to expand to new markets. Both the raising of additional equity through the issuance of new or treasury shares and the potential exercise of conversion or option rights by the holders of convertible bonds or bonds with warrants, which may be issued in the future, may dilute shareholder interests in the Company. Additionally, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as the exercise of stock options by our employees in the context of future stock option programs or the issuance of shares to employees in the context of future employee stock participation programs could lead to such dilution.

1.10.4 Future sales of the Shares by the Existing Shareholders or investors acquiring Shares in the Offering or the perception that such sales may occur could depress the price of the Shares.

If any or all of the Existing Shareholders sell a substantial number of the Shares that they hold, directly and indirectly, following completion of the Offering, or a consensus is formed in the market that such a sale is imminent, the Company's share price may decline. While the Shares that are, directly and indirectly, held by the Existing Shareholders are subject to lock-up commitments, such arrangements are only contractual obligations and are only binding for the agreed lock-up period and provide for certain exceptions (including, with respect to the Major Shareholders, the right to pledge Shares in connection with potential margin loan facilities or other financing arrangements). The Existing Shareholders, whose interests may not be aligned with those of other shareholders of the Company, may dispose of Shares under such exemptions, including as a result of an enforcement of the security pursuant to a potential margin loan facility or other financing arrangement. If such arrangements among the parties are amended or waived, shareholders will not have any right of action against the parties. Therefore, a sale of the Shares before the expiration of the lock-up period cannot be ruled out and it is not unlikely that considerable selling pressure will develop after the Shares are admitted to trading. Such sales or perceived sale of Shares in the future may significantly depress the Share price, particularly at the point in time when the lock-up arrangements expire.

1.10.5 Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.

The Company's share capital is denominated in euros and all dividend payments on the Shares, if any, are payable in euros. Therefore, every holder of shares outside of countries where the predominant currency is euros is subject to the risk that following detrimental changes of the exchange rate between euros and such holder's home country currency because of economic, political, or other factors over which we have no control, the effective value of dividend distributions and profits realized upon the sale of Shares, if any, may be lower than expected. In addition, such investors could incur additional costs in converting euros into another currency. There is furthermore a risk that authorities with jurisdiction over the currency in which a

shareholder's financial activities are denominated may impose or modify exchange controls, with the effect that holders may receive fewer dividends than expected. Furthermore, dividend payments on the shares, if any, or profits realized by holders upon the sale of Shares, may be subject to taxation in such holder's home jurisdiction or in another jurisdiction in which he or she is required to pay taxes, further reducing the effective yield of the investment in the Shares.

1.10.6 Our ability to pay dividends depends, among other things, on results of operations, financial investment needs, the availability of distributable reserves and overall financial position.

The Company's general shareholders' meeting will decide matters relating to the payment of future dividends. These decisions will be based on the particular situation of the Company at the time. The Company's ability to pay dividends depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit. Certain reserves must be established by law and must be deducted when calculating the distributable profit.

In addition, our debt financing arrangements contain, and future debt financing arrangements may contain, covenants that impose restrictions on the Company's ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

2. GENERAL INFORMATION

2.1 Responsibility Statement

SYNLAB AG (the "**Company**"), Moosacher Strasse 88, 80809 Munich, Federal Republic of Germany ("**Germany**"), (telephone +49 89 307602-0, website: www.synlab.com, legal entity identifier ("**LEI**") 984500883BA5AQ14C037) together with Goldman Sachs Bank Europe SE, Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, LEI: 8IBZUGJ7JPLH368JE346 ("**Goldman Sachs**"), J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany, LEI: 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" and, together with Goldman Sachs, the "**Joint Global Coordinators**"), BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France, LEI: 549300FH0WJAPEHTIQ77 ("**BofA**"), Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany, LEI: 7LTWFZYICNSX8D621K86 ("**Deutsche Bank**" or the "**Listing Agent**"), Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland, LEI: 2G5BKIC2CB69PRJH1W31 ("**Barclays**"), BNP PARIBAS, 16 Boulevard des Italiens, 75009 Paris, France, LEI: R0MUWSFPU8MPRO8K5P83 ("**BNPP**"), HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany, LEI: JUNT405OW8OY5GN4DX16 ("**HSBC**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Germany, LEI: 5493004I3LZM39BWHQ75 ("**Jefferies**"), UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI: 2ZCNRR8UK83OBTEK2170 ("**UniCredit**" and, together with BofA, Deutsche Bank, Barclays, BNPP, HSBC and Jefferies and the Joint Global Coordinators, the "**Joint Bookrunners**"), Crédit Agricole Corporate and Investment Bank, 12 Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, LEI: 1VUV7VQFKUOQSJ21A208 ("**Credit Agricole CIB**") and Natixis, 30 avenue Pierre Mendès France, 75013 Paris, France, LEI: KX1WK48MPD4Y2NCUIZ63 ("**Natixis**" and together with Credit Agricole CIB and the Joint Bookrunners, the "**Underwriters**") assume responsibility for the content of this prospectus (the "**Prospectus**") pursuant to Article 11 para. 1 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and that this Prospectus makes no omissions likely to affect its import.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

2.2 Validity of this Prospectus

Neither the Company nor the Underwriters are required by law to update the Prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus does no longer apply when a prospectus is no longer valid.

The closing of the offer period is expected to occur on April 27, 2021, and the time when trading on a regulated market begins is expected to occur on April 30, 2021. Accordingly, the validity of this Prospectus will expire with the beginning of the trading of the Company's shares on the regulated market of the Frankfurt Stock Exchange, expected on April 30, 2021.

2.3 Competent Supervisory Authority

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**"), Marie-Curie-Straße 24–28, 60439 Frankfurt am Main, Germany (telephone +49 228 4108-0, website: www.bafin.de), as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company

or the quality of the Company's shares. Investors should make their own assessment as to the suitability of investing in the Company's shares.

This Prospectus has been drawn up based on the disclosure regime for equity in accordance with the Prospectus Regulation and has been composed based on the requirements of Annex 1 and Annex 11 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

2.4 Subject Matter of this Prospectus

This Prospectus relates to the offering of 71,475,693 ordinary bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*) (each share of the Company, a "**Share**") with full dividend rights as of January 1, 2021 (the "**Offering**") consisting of:

(i) 22,222,222 newly issued Shares (the "**New Shares**") from a capital increase against contributions in cash (the "**IPO Capital Increase**") to be resolved by an extraordinary shareholders' meeting of the Company on or about April 27, 2021 (the "**IPO EGM**");

(ii) 27,500,000 Shares from the holdings of the Selling Shareholders (as defined below in section 3.7 (*The Offering—Information on the Existing Shareholders and Selling Shareholders*)) (the "**Base Shareholder Shares**" and, together with the New Shares, the "**Base Offer Shares**");

(iii) 12,430,555 Shares from the holdings of the Institutional Shareholders (as defined below in section 3.7 (*The Offering—Information on the Existing Shareholders and Selling Shareholders*)) (the "**Additional Shareholder Shares**") subject to the exercise of an upsize option upon decision of the Institutional Shareholders on the date of pricing based on market demand (the "**Upsize Option**"); and

(iv) 9,322,916 Shares (maximum of 15% of the sum of the Base Offer Shares and Additional Shareholder Shares) from the holdings of the Institutional Shareholders (as defined below in section 3.7 (*The Offering—Information on the Existing Shareholders and Selling Shareholders*)) in connection with a potential over-allotment (the "**Over-Allotment Shares**" and, together with the Base Offer Shares and any Additional Shareholder Shares, the "**Offer Shares**").

Furthermore, for purposes of admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**FSE Prime Standard**"), this Prospectus relates to up to 222,222,222 Shares (the Company's entire share capital following the Contribution Capital Increase (as defined below) and the IPO Capital Increase) (the "**Listing**"), each such Share with full dividend rights as of January 1, 2021.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will be offered and sold only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Shares offered by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

2.5 Forward-Looking Statements

This Prospectus contains various "forward-looking statements" that reflect management's current view with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical fact or present facts or circumstances. The words "aim," "anticipate," "assume," "continue," "expect," "forecast," "guidance," "intend," "plan," "potential," "predict," "projected" and "will" or the

negatives of these expressions are intended to identify forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements occur in a number of places in this Prospectus, including, without limitation, in the section entitled "*Prospectus Summary*" and in section 10 (*Management's Discussion and Analysis of Financial Condition and Results of Operations*).

Although we consider the expectations reflected in such forward-looking statements to be reasonable, we can provide no assurances that such expectations will prove to be correct. Such statements are not guarantees of future performance because they are based on numerous assumptions. Any forward-looking statement speaks only as at the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless as required by law or regulation.

2.6 Sources of Market Data and Information from Third Parties

To the extent not otherwise indicated, the information contained in this Prospectus on the markets in which we operate and market and industry developments and trends, including growth rates, are based on our assessments and estimates, using underlying data from independent third parties. We have obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications or commissioned reports, including reports, publications and data:

- LaingBuisson, *Diagnostics UK Market Report*, 2019
- Howe Sound Research, *Global Clinical Laboratory Services 2019 to 2023*, February 2018; and
- Boston Consulting Group, *As Vaccines Roll Out, Testing Still Matters*, January 2021 (https://www.bcg.com/en-gb/publications/2021/why-covid-19-testing-remains-a-crucial-part-of-the-response-to-the-pandemic).

Where information has been sourced from third parties, it has been accurately reproduced, citing the relevant source. As far as we are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading.

Irrespective of the assumption of responsibility for the content of this Prospectus by us and the Underwriters (see section 2.1 (*Responsibility Statement*)), neither we nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, we and the Underwriters make no representation or warranty as to the accuracy, completeness or verification of any such information from third party studies included in this Prospectus (for the avoidance of doubt, this does not apply to our own company data analysis described below). You should note that our own estimates and statements of opinion and belief are not always based on studies of third parties. Neither the Company, nor the Selling Shareholders, the Underwriters or any of their respective affiliates or representatives, is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in this Prospectus is not incorporated by reference in this Prospectus and is not part of this Prospectus.

In addition, certain statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets in this Prospectus are not based on published data obtained from independent third parties or extrapolations therefrom, but rather are based upon our analysis and best estimates, which are in turn based upon multiple third party sources, including Howe Sound Research, LaingBuisson and services commissioned from Boston Consulting Group. Together, these sources comprise our company data analysis ("**CDA**").

2.7 Rounding

Certain financial information (including percentages) presented in this Prospectus has been rounded according to established commercial standards. Due to rounding, the sum of the individually rounded figures may not equal the rounded total figure in all cases. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row.

2.8 Currency Information

In this prospectus, "**euro**," "**EUR**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union.

2.9 Presentation of Financial Information

This Prospectus includes consolidated financial information for the years ended December 31, 2020, 2019 and 2018 that has been extracted from SYNLAB Limited's audited consolidated financial statements as at and for the years ended December 31, 2018 (the "**2018 Financial Statements**"), 2019 (the "**2019 Financial Statements**") and 2020 (the "**2020 Financial Statements**") (together, the "**Financial Statements**"), all prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). In order to facilitate the comparison of our financial information on an ongoing operations basis, the 2020 Financial Statements also include unaudited restated consolidated income statement and cash flow information for the years ended December 31, 2019 (the "**Restated 2019 Financial Information**") and 2018 (the "**Restated 2018 Financial Information**") (together, the "**Restated Financial Information**"), in each case to show the results of our analytics and services ("**A&S**") business unit, which was sold in December 2020, as discontinued operations. The 2018 Restated Financial Information also reflects the full retrospective application of IFRS 16 (*Leases*).

- Financial information included in this Prospectus as at and for the year ended December 31, 2018, including the information that appears in the column labeled "2018" in the financial tables included in this Prospectus, is taken from the 2018 Financial Statements.

- Where financial information in this Prospectus is labelled "2018 (restated)," this means that such information has been taken from the 2018 Restated Financial Information.

- Financial information included in this Prospectus as at and for the year ended December 31, 2019, including the information that appears in the column labeled "2019" in the financial tables included in this Prospectus, is taken from the 2019 Financial Statements.

- Where financial information in this Prospectus is labelled "2019 (restated)," this means that such information has been taken from the 2019 Restated Financial Information.

Certain information in this Prospectus is taken from our accounting records or internal reporting systems or is based on calculations of figures from our accounting records or internal reporting systems, the Financial Statements or the Restated Financial Information.

- Balance sheet information that is labelled "2018 (adjusted)" or "2019 (adjusted)" in sections 10.8 (*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion of the Statement of Financial Position*) and 10.9.2 (*—Trade Working Capital*) is not taken from the Financial Statements or the Restated Financial Information, but rather is generated by applying the adjustments described in those sections to the 2018 Financial Statements or the 2019 Financial Statements, respectively.

The SYNLAB Group's financial year begins on January 1 of a given calendar year and ends on December 31 of that calendar year.

Deloitte LLP, 2 New Street Square, London EC4A 3BZ, United Kingdom ("**Deloitte LLP**"), a member of the Institute of Chartered Accountants of England and Wales, SYNLAB Limited's

statutory auditors, has audited the following consolidated financial statements of the SYNLAB Group and issued in each case an unqualified independent auditor's report:

- the 2018 Financial Statements;
- the 2019 Financial Statements; and
- the 2020 Financial Statements.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rosenheimer Platz 4, 81669 Munich, Germany, ("**Deloitte GmbH**"), has audited the following financial statements and issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*):

- the Company's unconsolidated financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") as at and for the years ended December 31, 2018, 2019 and 2020 ("**HGB Financials**").

Financial data in this Prospectus (i) if presented as "audited," is taken from the Financial Statements or the HGB Financials and (ii) if presented as "unaudited," is taken or derived from the Restated Financial Information or from our accounting records or internal reporting systems, or is derived from the Financial Statements or the HGB Financials.

Unless indicated otherwise, all financial information presented in the text and tables in this Prospectus is shown in millions of euros (*€ millions*).

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant item is not applicable, while a zero signifies that the relevant figure is available but has been rounded to zero.

2.10 Non-IFRS Measures

Throughout this Prospectus, certain financial measures and adjustments are not presented in accordance with IFRS, or any other internationally accepted accounting principles. Certain of these measures are termed "non-IFRS" measures because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include Adjusted EBITDA, Adjusted EBITDA from Continuing Operations, Adjusted EBITDA Margin, Adjusted Operating Profit from Continuing Operations, Free Cash Flow, Net Cash Capex, net financial debt, organic growth, Separately Disclosed Items, Unlevered Free Cash Flow and certain adjusted 2018 and 2019 balance sheet information (collectively, the "**Non-IFRS Measures**").

- "**Adjusted EBITDA from Continuing Operations**" is net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, depreciation and amortization, Separately Disclosed Items, share-based payments and other items considered by management to be non-underlying.

  Adjusted EBITDA from Continuing Operations is used when referring to amounts included in or derived from the 2018 Restated Financial Information, the 2019 Restated Financial Information or the 2020 Financial Statements. Certain tables in this Prospectus also show a line item for Adjusted EBITDA for Continuing Operations for 2018 and 2019, in which case they are calculated using line items appearing in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

- "**Adjusted EBITDA Margin**" is defined as Adjusted EBITDA from Continuing Operations divided by revenue for the applicable period.

- "**Adjusted Operating Profit from Continuing Operations**" is net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, amortization of customer relationships, Separately Disclosed Items, share-based payments and other items considered by management to be non-underlying.

  Adjusted Operating Profit from Continuing Operations is used when referring to amounts included in or derived from the 2018 Restated Financial Information, the 2019 Restated Financial Information or the 2020 Financial Statements. Certain tables in this Prospectus also show a line item for Adjusted Operating Profit for Continuing Operations for 2018 and 2019, in which case they are calculated using line items appearing in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

- "**Free Cash Flow**" is cash flow from operating activities of continuing operations, adjusted for purchase of intangibles and property, plant and equipment, proceeds from sale of intangibles and property, plant and equipment, and lease repayments, further adjusted for interest paid, less interest expenses on leases.

  Free Cash Flow for the years ended December 31, 2018 (restated), 2019 (restated) and 2020 is calculated using amounts included in or derived from the 2018 Restated Financial Information, the 2019 Restated Financial Information or the 2020 Financial Statements, respectively. Free Cash Flow for the years ended December 31, 2018 and 2019 is calculated using amounts included in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

- "**Net Cash Capex**" is defined as purchase of intangibles and property, plant and equipment, net of proceeds from the sale of intangibles and property, plant and equipment.

- "**Net financial debt**" is external interest-bearing loans and borrowings less cash and cash equivalents.

- "**Organic growth**" between one accounting period ("period n") and the prior comparative accounting period ("period n-1") is determined as follows:

  - organic growth for acquisitions that took place during period n-1 is calculated by comparing (x) revenue in period n with (y) revenue in period n-1 adjusted for the effects of acquisitions (i.e., by adding back revenue from the acquisitions made during the period prior to the date on which the relevant operations were added to the scope of consolidation). The full-year contribution from the acquisitions made during financial period n-1 consists of the estimate of revenue recognized by the newly acquired companies prior to the date on which they were added to the perimeter of consolidation;

  - organic growth for acquisitions that took place during period n is calculated by subtracting revenue generated by the businesses acquired between the date on which they joined the perimeter of consolidation and the end of period n;

  - organic growth for disposals that took place during period n is calculated by subtracting revenue generated by the businesses disposed of between the start of period n-1 and the date on which they exited the perimeter of consolidation; and

  - the percentage of organic growth is then calculated as the ratio of (x) revenue in period n restated for the acquisitions completed during period n divided by (y) revenue in period n-1 adjusted for the impact of the acquisitions.

- "**Separately Disclosed Items**" are earnings adjustments identified both internally for management reporting purposes and externally for financial reporting that (i) are not

considered to be indicative of our operations and (ii) may impact year-on-year comparability.

- "**Unlevered Free Cash Flow**" is cash flow from operating activities of continuing operations, adjusted for purchase of intangibles and property, plant and equipment, proceeds from sale of intangibles and property, plant and equipment, and lease repayments.

  Unlevered Free Cash Flow for the years ended December 31, 2018 (restated), 2019 (restated) and 2020 is calculated using amounts included in or derived from the 2018 Restated Financial Information, the 2019 Restated Financial Information or the 2020 Financial Statements, respectively. Unlevered Free Cash Flow for the years ended December 31, 2018 and 2019 is calculated using amounts included in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

Balance sheet information that is labelled "2018 (adjusted)" or "2019 (adjusted)" in this Prospectus also constitutes Non-IFRS Measures. Such information is not taken from the Financial Statements or the Restated Financial Information, but rather is generated by applying adjustments to the 2018 Financial Statements or the 2019 Financial Statements, respectively. The adjusted balance sheet information as at December 31, 2018 is derived from our accounting records or internal reporting systems and is calculated by making IFRS 16 (*Leases*) adjustments and deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2018 Financial Statements. The adjusted balance sheet information as at December 31, 2019 is derived from our accounting records or internal reporting systems and is calculated by deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2019 Financial Statements.

We present these Non-IFRS Measures as (i) they are used by management to measure operating performance, including profitability and liquidity, in presentations to our board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of our financial performance, for example, by excluding items that are outside of ongoing operations such as Separately Disclosed Items (described above), income taxes, costs of capital and non-cash expenses.

- We believe that Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations are widely used by investors to measure our operating performance. Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations can vary substantially from company to company depending on the accounting methods, book value of assets and capital structure or method by which assets were acquired. Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations both eliminate potential differences in performance caused by variations in capital structures (affecting net finance costs) and tax positions (such as the availability of net operating losses against which to relieve taxable profits), while Adjusted EBITDA from Continuing Operations also eliminates potential differences in performance caused by the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations also eliminate the effect of additional specific items that are considered to hinder comparison of the trading performance of our businesses either year-on-year or with other businesses.

- We use Adjusted EBITDA from Continuing Operations for the purposes of calculating Adjusted EBITDA Margin.

- We believe that Net Cash Capex is useful to assist investors to understand our spending on IT, equipment and infrastructure and our commercial spending separately from our

acquisition capital expenditure, which is primarily related to customer lists and associated goodwill from the acquisitions of laboratories.

- We present Unlevered Free Cash Flow and Free Cash Flow because we believe these measures are useful to investors to understand the funds that we have available both before and after we have met our financial obligations.

- Our net financial debt provides an indication of the overall strength of our balance sheet and can be used to assess the impact of our cash position as compared to our indebtedness.

- We present organic growth because it is an important element of our strategy that management measures and investors use to evaluate how testing volumes and pricing impact our revenue from one period to the next separately from the impact of the revenue contributions of businesses that we acquire during the relevant periods.

- Separately Disclosed Items are presented because we are implementing a number of business change programs as part of a wider transformational change program. These include acquisitions, strategic projects focused on the operational, strategic and structural integration of previous significant acquisitions, business restructuring and redundancy programs. Due to the exceptional size and incidence of these, individually and in aggregate, the directors believe that in order to present our performance in a clear, consistent and comparable format, the costs of these activities should be presented separately. For the years ended December 31, 2018, 2019 and 2020, Separately Disclosed Items mainly include the following expenses or provisions: (i) restructuring and other significant expenses, including strategic project costs, finance transformation and IT project costs and restructuring, severance and other expenses; (ii) acquisition-related expenses or income, including the cost of current period acquisitions and abandoned projects offset by the release of provisions for earn outs and other deferred payments for acquisitions; and (iii) impairments and reversals of impairments of assets, such as goodwill, customer lists, other fixed assets and non-current assets.

However, these Non-IFRS Measures are not measures or adjustments determined based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our performance based on IFRS measures. The Non-IFRS Measures, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our Non-IFRS Measures are calculated. Even though the Non-IFRS Measures are used by management to assess ongoing operating performance and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. For example, some of the limitations for the Non-IFRS Measures include the following:

- they exclude certain tax payments that may represent a reduction in cash available to us;

- they do not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the significant interest expense, or the cash requirements necessary to service interest payments on our debts; and

- the further adjustments made in calculating Adjusted Operating Profit from Continuing Operations are those that management consider are not representative of our underlying operations and therefore are, by definition, subjective in nature.

For a reconciliation of the Non-IFRS Measures to the Financial Statements, see section 10.7 (*Management's Discussion and Analysis of Financial Condition and Results of Operations—Alternative Performance Measures*).

2.11 Non-Financial Operating Data

Certain non-financial operating data included in this Prospectus are derived from management estimates, are not part of the Financial Statements or our financial accounting records and have not been audited by auditors or other outside consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all these terms should not be considered in isolation or as an alternative measure of performance under IFRS.

2.12 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection on our website at www.synlab.com under the "Investor Relations" section:

- the Company's articles of association (the "**Articles of Association**");
- audited consolidated financial statements of SYNLAB Limited as at and for the years ended December 31, 2018, 2019 and 2020 prepared in accordance with IFRS as adopted by the European Union as set forth in this Prospectus; and
- unconsolidated financial statements of SYNLAB AG (formerly ISARSMARAGD AG) prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as at and for the years ended December 31, 2018, 2019 and 2020.

Future consolidated and unconsolidated financial statements and interim reports of the Company will be available on the Company's website (www.synlab.com). The Company's consolidated and unconsolidated financial statements will also be or are published in the German Federal Gazette (*Bundesanzeiger*).

Information contained on our website does not form part of and is not incorporated into this Prospectus, however supplements to this Prospectus published on the website may form a part of this Prospectus (and this Prospectus itself will be published on the website).

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the offering of 71,475,693 Shares with full dividend rights as of January 1, 2021 consisting of:

(i) 22,222,222 New Shares;

(ii) 27,500,000 Base Shareholder Shares;

(iii) 12,430,555 Additional Shareholder Shares, subject to the exercise of the Upsize Option; and

(iv) 9,322,916 Over-Allotment Shares.

The Shares will be offered by the Company and the Underwriters as offerors. The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States, the Offer Shares will be offered and sold only to QIBs as defined in Rule 144A under the Securities Act. Outside the United States, the Offer Shares will be offered and sold only in offshore transactions in reliance on Regulation S under the Securities Act.

The Underwriters are acting in the following capacities: Goldman Sachs and J.P. Morgan as Joint Global Coordinators and together with BofA, Deutsche Bank, Barclays, BNPP, HSBC, Jefferies and UniCredit as Joint Bookrunners and Credit Agricole CIB and Natixis are acting as Co-Lead Managers.

The Underwriters are acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, the Selling Shareholders or the Underwriters, or any of their respective affiliates or representatives, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Price Range, Offer Period, Offer Price and Allotment

The price range within which purchase orders may be placed is €18.00 to €23.00 per Offer Share ("**Price Range**").

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on April 19, 2021 and is expected to end on April 27, 2021(the "**Offer Period**"). On the last day of the Offer Period, offers to purchase may be submitted (i) until 12:00 noon (Central European Time) ("**CET**") by private investors and (ii) until 14:00 (CET) by institutional investors. Multiple purchase orders are permitted.

The Company and the Institutional Shareholders reserve the right, after consultation with the Joint Global Coordinators, to increase or decrease the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Changes in relation to the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this Prospectus, investors

who submitted purchase orders before the supplement is published shall have the right, pursuant to Article 23 of the Prospectus Regulation, to withdraw these offers to purchase within two working days of the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by Regulation (EU) No 596/2014 (the "**Market Abuse Regulation**" or "**MAR**"), as an ad-hoc release via an electronic dissemination information system, on the Company's website and as a supplement to this Prospectus. Investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Underwriters may terminate the underwriting agreement regarding the offer and sale of the Offer Shares in connection with the Offering, entered into with the Company and the Selling Shareholders on April 19, 2021 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see section 19.4 (*Underwriting—Termination/Indemnification*)).

The Institutional Shareholders will, after consultation with the Joint Global Coordinators, decide whether and to which extent to exercise the Upsize Option in their free discretion, taking into account the market demand and using the order book prepared during the bookbuilding process. The number of Additional Shareholder Shares from the Upsize Option will amount to up to 25% of the placed Base Offer Shares.

The offer price (the "**Offer Price**") and the final number of Offer Shares to be placed in the Offering will be determined jointly by the Company, the Major Shareholders and the Joint Global Coordinators following a bookbuilding process. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Offer Shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price, and expected investor behavior. Particularly if the placement volume proves insufficient to satisfy all orders placed at the Offer Price, the Underwriters reserve the right to reject orders, or to accept them in part only.

The Company, the Selling Shareholders and the Underwriters will not charge any expenses and taxes related to the Offering and listing to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (i.e., the result of the Offering) are expected to be set on April 27, 2021. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available. The Offer Price and the final number of Offer Shares (that is, the result of the Offering) are expected to be published on or about April 27, 2021 by means of an ad-hoc release on an electronic information dissemination system and on the Company's website. Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price.

Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of stock exchange trading.

3.3 Expected Timetable of the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

Date	Event
April 19, 2021	Approval of the Prospectus by BaFin.
	Publication of the Prospectus on the Company's website (www.synlab.com)
	Commencement of Offer Period
	Application for admission to trading of the Shares on FSE Prime Standard
April 27, 2021	End of Offer Period
	Determination of the final Offer Price and final number of Offer Shares allocated
	Publication of the results of the Offering in the form of an ad-hoc announcement via various media distributed across the entire EEA and on the Company's website (www.synlab.com)
on or about April 29, 2021	Registration of (i) the Contribution Capital Increase and (ii) the IPO Capital Increase into the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany (the "**Commercial Register**")
April 29, 2021	Admission of the Shares to trading on FSE Prime Standard
April 30, 2021	First day of trading on FSE Prime Standard (the "**First Day of Trading**").
May 4, 2021	Book-entry delivery of the Offer Shares allotted against payment of the Offer Price and customary securities commissions payable to the depositary banks

3.4 Allotment Criteria

The allotment of Offer Shares to retail investors and institutional investors will be determined Company and the Major Shareholders after consultation with the Joint Global Coordinators. Allotments will be made based on the quality of individual investors (e.g., the expected investment horizon and trading behavior) as well as individual orders and other important allotment criteria to be determined by the Company and the Major Shareholders after consultation with the Joint Global Coordinators.

3.5 ISIN, WKN, Trading Symbol

The Shares can be identified as follows:

International Securities Identification Number (ISIN):	DE000A2TSL71
Securities Identification Number (WKN):	A2TSL7
Common Code:	233454583
Ticker symbol:	SYAB

3.6 Information on the Shares

3.6.1 Form, Currency and Certification

All of the Shares are ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*), each with a notional value of €1.00. The Shares were created pursuant to the laws of Germany and are denominated in euros. All Shares are or will be represented by one or multiple global share certificates which are or will be deposited with Clearstream Banking Aktiengesellschaft,

Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be deposited with Clearstream on or about April 29, 2021.

3.6.2 Voting Rights

Each Share confers one vote at the general shareholders' meeting of the Company. There are no restrictions regarding the voting rights other than the restrictions provided by law in certain cases and there are no different classes of voting rights.

3.6.3 Dividend Entitlement and Participation in Liquidation Proceeds

The Shares carry full dividend rights from January 1, 2021.

In the event the Company's liquidation, any liquidation proceeds would be distributed to the shareholders in proportion to their interest in the Company's share capital pursuant to Section 271 German Stock Corporation Act (*Aktiengesetz*).

3.6.4 Transferability of the Shares

The Shares are freely transferable in accordance with the legal provisions applicable to bearer shares (*Inhaberaktien*). See also section 3.11 (*Lock-up*).

3.7 Information on the Existing Shareholders and Selling Shareholders

Immediately prior to the Offering, all of the Company's share capital is directly held by Ephios Luxembourg S.à r.l., a company is indirectly ultimately controlled by Cinven (Luxco 1) S.A.

Immediately prior to the Offering, all the share capital in SYNLAB Limited is directly held by its existing shareholders (the "**Existing Shareholders**"). For further details on the ownership structure and significant shareholders of the Company and SYNLAB Limited, see section 14 (*Shareholder Information*).

It is expected that following the Contribution Capital Increase (as defined in section 4 (*Planned SYNLAB Group Reorganization*) below), the Existing Shareholders will directly hold all of the Company's share capital in equivalent proportions to their shareholding in SYNLAB Limited immediately prior to the Contribution. Following the completion of the Offering and assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares), the Existing Shareholders will continue to directly hold in aggregate approximately 69.2%[⁂] of the Company's share capital.

Of the Existing Shareholders, Ephios Luxembourg S.à r.l, Novo Invest 1 A/S and Ontario Teachers' Pension Plan Board (together, the "**Institutional Shareholders**") and Dr. Wimmer Verwaltungs GmbH & Co. KG constitute the major shareholders (the "**Major Shareholders**"). The Major Shareholders (directly holding 92%[⁂] of the Shares post Contribution Capital Increase) together with Ephios PV S.C.A., Ephios MEP I GmbH & Co. KG, Ephios MEP II GmbH & Co. KG, Ephios MEP III GmbH & Co KG, Ephios MEP IV GmbH & Co. KG, Ephios MEP V GmbH & Co. KG, Ephios MEP VI GmbH & Co. KG and Intertrust Employee Benefit Trustee Limited (in its capacity as trustee of the Synlab Employee Benefit Trust) (together directly holding 8%[⁂] of the Shares post Contribution Capital Increase) comprise the "**Selling Shareholders**." For more information on the Selling Shareholders see section 14 (*Shareholder Information*).

[⁂] At the date of this Prospectus the share capital of SYNLAB Limited is divided into various share classes to which different rights are attached that will be reorganized into a single class of ordinary shares immediately prior to the Contribution. The proportional allocation of SYNLAB Limited ordinary shares to each Existing Shareholder in the reorganization will be partly determined by reference to the Offer Price and the valuation of the SYNLAB Group. Therefore, the percentage of each Existing Shareholder's holding in SYNLAB Limited and consequently in the Company following the exchange for Shares in the Company presented herein assume that all Offer Shares are placed at the midpoint of the Price Range.

The maximum number of Base Shareholder Shares and Additional Shareholder Shares as well as the maximum number of Over-Allotment Shares to be sold under the Greenshoe Option by the Selling Shareholders is set forth below:

	Number of Base Shareholder Shares offered		Number of Additional Shareholder Shares offered		Maximum number of Shares sold under the Greenshoe Option	
Selling Shareholder	***Low end of the Price Range***	***High end of the Price Range***	***Low end of the Price Range*[(1)]**	***High end of the Price Range*[(2)]**	***Low end of the Price Range*[(1)(3)]**	***High end of the Price Range*[(2)(4)]**
Ephios Luxembourg S.à r.l. [(5)]	12,003,951	11,189,138	7,781,772	7,024,841	5,836,329	5,268,630
Novo Invest 1 A/S [(6)]	4,811,190	4,484,763	3,118,938	2,815,654	2,339,203	2,111,741
Ontario Teachers' Pension Plan Board	2,359,898	2,201,771	1,529,845	1,382,331	1,147,384	1,036,748
Dr. Wimmer Verwaltungs GmbH & Co. KG [(7)]	1,609,572	1,648,155	—	—	—	—
Ephios PV S.C.A. [(5)]	1,116,261	1,343,797	—	—	—	—
Ephios MEP I GmbH & Co. KG	1,980,774	1,933,859	—	—	—	—
Ephios MEP II GmbH & Co. KG	1,136,367	1,558,320	—	—	—	—
Ephios MEP III GmbH & Co KG	777,559	1,236,561	—	—	—	—
Ephios MEP IV GmbH & Co. KG	86,837	85,261	—	—	—	—
Ephios MEP V GmbH & Co. KG	960,909	1,064,887	—	—	—	—
Ephios MEP VI GmbH & Co. KG	49,254	54,584	—	—	—	—
Intertrust Employee Benefit Trustee Limited (in its capacity as trustee of the Synlab Employee Benefit Trust)	607,428	698,904	—	—	—	—

(1) 12,430,555 Additional Shareholder Shares (which equals 25% of the sum of 22,222,222 New Shares placed at the low end of the Price Range and all Base Shareholder Shares).

(2) 11,222,826 Additional Shareholder Shares (which equals 25% of the sum of 17,391,304 New Shares placed at the low end of the Price Range and all Base Shareholder Shares).

(3) 9,322,916 Over-Allotment Shares to be sold under the Greenshoe Option (which equals 15% of the sum of 22,222,222 New Shares placed at the low end of the Price Range and all Base Shareholder Shares and 12,430,555 Additional Shareholder Shares placed at the low end of the Price Range).

(4) 8,417,119 Over-Allotment Shares to be sold under the Greenshoe Option (which equals 15% of the sum of 17,391,304 New Shares placed at the high end of the Price Range and all Base Shareholder Shares and 11,222,826 Additional Shareholder Shares placed at the high end of the Price Range).

(5) Indirectly controlled by Cinven (Luxco 1) S.A.

(6) Indirectly controlled by Novo Nordisk Foundation.

(7) Indirectly controlled by Dr. Bartl Wimmer.

3.8 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Goldman Sachs, acting for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and may, as Stabilization Manager acting in accordance with legal requirements (Article 5 paragraph 4 and 5 of MAR in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), take stabilization measures on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in order to support the market price of the Shares during the Stabilization Period (as defined below) and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken from the First Day of Trading and must be terminated no later than the 30th calendar day after such date (the "**Stabilization Period**"). To the extent that there are profits earned from the stabilization, the Stabilization Manager shall remit 100% of these profits as instructed by the

Institutional Shareholders, after deduction of reasonable costs (not to exceed 0.2% of the value at the offer price of the Shares traded on the stabilization account), if any, payable by the Stabilization Manager. Any stabilization losses shall be for the account of the Underwriters. These measures may result in the market price of the Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Under the possible stabilization measures, investors may be allocated, in addition to the Base Offer Shares and any Additional Shareholder Shares, the Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of a potential Over-Allotment, the Stabilization Manager, for the account of the Underwriters, will be provided with up to 9,322,916 Over-Allotment Shares in the form of a securities loan; the number of Over-Allotment Shares will not exceed 15% of the sum of the allotted number of Base Offer Shares and Additional Shareholder Shares, if any. Assuming placement of 22,222,222, 19,512,195 or 17,391,304 New Shares, all Base Shareholder Shares and 12,430,555, 11,753,048 or 11,222,826 Additional Shareholder Shares (equal to 25% of sum of placed Base Offer Shares, respectively) at the low end, midpoint or high end of the Price Range, this corresponds to 9,322,916, 8,814,786 or 8,417,119 Over-Allotment Shares at the low end, midpoint or high end of the Price Range, respectively. In addition, the Institutional Shareholders have granted the Underwriters an option to acquire a number of Shares equal to the number of borrowed Over-Allotment Shares at the Offer Price less agreed commissions (the "**Greenshoe Option**"). The Greenshoe Option will terminate 30 calendar days after the First Day of Trading.

The Stabilization Manager is entitled to exercise the Greenshoe Option up to the extent to which Over-Allotments were initially made; the number of Shares from the holdings of the Institutional Shareholders for which the Greenshoe Option is exercised is to be reduced by the number of Shares held by the Stabilization Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures.

3.9 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company will apply for admission of the Shares to trading on the FSE Prime Standard on or about April 19, 2021. Deutsche Bank is acting as listing agent. The listing approval (admission decision) for the Shares is expected to be granted and announced on or about April 29, 2021. The decision on the admission of the Shares to trading will be made solely by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at its discretion. Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on or about April 30, 2021.

3.10 Designated Sponsors

Goldman Sachs and J.P. Morgan have been mandated as designated sponsors of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years from the First Day of Trading. Pursuant to the designated sponsor agreements expected to be concluded among each of the designated sponsors and the Company, the designated sponsors will, among other things, place limited buy and sell orders for the Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares. The designated sponsors are entitled to delegate their duties under the designated sponsor's agreements to third parties. In accordance with Sections 81 and 82 of the Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), the designated sponsor's agreements stipulate the duties and responsibilities of the designated sponsors. Among other things, the designated sponsors shall be available during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsors shall provide quotes throughout the auction.

3.11 Lock-up

3.11.1 The Company has agreed with the Joint Global Coordinators that, until the end of a period of 180 days after the First Day of Trading, the Company will not:

(i) not to announce or effect an increase of the share capital of the Company from authorized or contingent capital, if any; or

(ii) not to submit a proposal to its shareholders' meeting for an increase of the share capital; or

(iii) not to announce, effect or propose the issue of securities with conversion or option rights on Shares; or

(iv) offer, pledge, allot, issue (unless required by applicable law), sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital; or

(v) enter into a transaction or perform any action economically similar to those described in (i) through (iv) above;

without the Joint Global Coordinators' prior written consent, which consent may not be unreasonably withheld or delayed. The Company may, however, issue or sell Shares or other securities to directors or employees of the Company or any of its Subsidiaries under a customary directors' and/or employees' stock option plan. The foregoing does not apply to any capital increase in connection with the Offering.

3.11.2 The Major Shareholders have each provided commitments for a period of 180 days after the First Day of Trading, to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed:

(i) offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into shares of the Company), any Shares held by it;

(ii) cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares of the Company (other than the Capital Increase);

(iii) propose, directly or indirectly, any increase in the share capital of the Company to any meeting of the shareholders for resolution, or vote in favor of such a proposed increase;

(iv) cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into shares of the Company;

(v) enter into a transaction or perform any action economically similar to those described in (i) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, in cash or otherwise.

None of the aforementioned lock-up provisions shall restrict a Major Shareholder from, either directly or indirectly, selling, transferring or otherwise disposing of (i) the Offer Shares, (ii) Shares by means of an over-the-counter transaction at any time to affiliates, provided that such affiliates have agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, (iii) disposal in accordance with a court order or as required by law or regulation, (iv) any disposal of Shares pursuant to a general offer made to all holders of Shares in the Company made in accordance with takeover regulations on terms which treat all such holders alike, (v) Shares for the

purposes of pledging, charging or otherwise granting any security interest over any Shares or assigning any rights in relation to any Shares (a "**Security Interest**") to or for the benefit of any finance provider(s), including any margin loan lender(s) (and if applicable, its or their permitted assignees and transferees) or any security agent or trustee on its or their behalf (a "**Margin Loan Lender**"), in connection with a financing arrangement, including a margin loan, provided to one or more of the Major Shareholders, (vi) Shares for the purposes of selling, transferring and/or appropriating such Shares pursuant to and following any enforcement of the security over, or in relation to, Shares granted by any Major Shareholder to or for the benefit of any finance provider(s), including a Margin Loan Lender, or (vii) Shares for the purposes of selling, transferring or granting a Security Interest over (or enforcing such Security Interest by way of transfer, sale and/or appropriation) any Shares that have previously been transferred, sold and/or appropriated to or by any person in accordance with (vi) above or (viii) selling or otherwise disposing of Shares pursuant to any offer by a third party purchaser to acquire such Shares in a private transaction where such Shares have not been made available to investors generally, **provided** that in the case of (v) through (viii), in relation to such Shares each transferee or purchaser has agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, which may only be waived with the consent of the Joint Global Coordinators.

3.11.3 The Selling Shareholders, other than the Major Shareholders and the members of the Company's management board (the "**Management Board**"), have each provided commitments for a period of 360 days after the First Day of Trading, to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed:

(i) offer, pledge, allot, distribute, sell, contract to sell, market, transfer or otherwise dispose of any Shares held by it or other securities of the Company;

(ii) grant, issue or sell any option or conversion rights on any Shares;

(iii) purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Shares), any Shares; or

(iv) enter into a transaction or perform any action economically similar to those described in (i) through (iii) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, in cash or otherwise.

None of the aforementioned lock-up provisions shall restrict a Selling Shareholder from, either directly or indirectly, selling, transferring or otherwise disposing of (i) the Offer Shares, (ii) Shares by means of an over-the-counter transaction at any time to affiliates, provided that such affiliates have agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, (iii) disposal in accordance with a court order or as required by law or regulation, (iv) any disposal of Shares pursuant to a general offer made to all holders of Shares in the Company made in accordance with takeover regulations on terms which treat all such holders alike, (v) Shares for the purposes of providing a Security Interest to or for the benefit of any finance provider(s), including any Margin Loan Lender(s), in connection with a financing arrangement, including a margin loan, provided to one or more of the Selling Shareholders, (vi) Shares for the purposes of selling, transferring and/or appropriating such Shares pursuant to and following any enforcement of the security over, or in relation to, Shares granted by any Selling Shareholder to or for the benefit of any finance provider(s), including a Margin Loan Lender, or (vii) Shares for the purposes of selling, transferring or granting a Security Interest over (or enforcing such Security Interest by way of transfer, sale and/or appropriation) any Shares that have previously been transferred, sold and/or appropriated to or by any person in accordance with (vi) above or (viii) selling or otherwise disposing of Shares pursuant to any offer by a third party purchaser to acquire such Shares in a private transaction where such Shares have not been made available to investors generally, **provided** that in the case of (v) through (viii), in relation to such Shares each transferee or purchaser has agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, which may only be waived with the consent of the Joint Global Coordinators.

3.11.4 The Existing Shareholders other than the Selling Shareholders, the Major Shareholders and the Management Board, have each provided commitments for a period of 360 days after the First Day of Trading, to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed:

(i) offer, pledge, allot, distribute, sell, contract to sell, market, transfer or otherwise dispose of any Shares held by it or other securities of the Company;

(ii) grant, issue or sell any option or conversion rights on any Shares;

(iii) purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Shares), any Shares; or

(iv) enter into a transaction or perform any action economically similar to those described in (i) through (iii) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, in cash or otherwise.

The foregoing restrictions shall not apply to (i) the sale of any Shares in the Offering, (ii) transfers to affiliates of the Shareholder or transfers to other shareholders of the Company, provided that the relevant transferee(s) has/have agreed in advance towards the Joint Global Coordinators to be bound by the same lock-up undertaking, (iii) a disposal in accordance with a court order or as required by law or regulation, or (iv) any disposal of Shares pursuant to a general offer made to all holders of Shares in the Company in accordance with takeover regulations on terms which treat all such holders alike.

3.11.5 The members of the Management Board have each provided commitments in respect to Shares held at the completion of the Offering ("**Management Shares**") to neither directly nor indirectly, without the prior written consent of the Joint Global Coordinators, which consent may not be unreasonably withheld or delayed:

(i) offer, pledge, allot, distribute, sell, contract to sell, market, transfer or otherwise dispose of any Management Shares held by it or other securities of the Company;

(ii) grant, issue or sell any option or conversion rights on any Management Shares;

(iii) purchase any option to sell, grant any option, right or warrant to purchase, transfer to another person or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Management Shares), any Management Shares; or

(iv) enter into a transaction or perform any action economically similar to those described in (i) through (iii) above, in particular enter into any swap or other agreement that transfers to another, in whole or in part, the economic risk of ownership of Management Shares, whether any such transaction is to be settled by delivery of Management Shares, in cash or otherwise;

such commitments in respect to (i) through (iv), are made for staggered periods of time in respect to parts of the shareholding of the members of the Management Board, expiring after the below indicated periods:

- in respect to 40% of their Management Shares, after 12 months following the First Day of Trading;
- in respect to a further 30% of their Management Shares, after 24 months following the First Day of Trading; and
- in respect to the remainder of their Management Shares, after 36 months following the First Day of Trading.

3.12 Interests of Persons Participating in the Offering and the Listing of the Shares

The Company will receive the proceeds from the sale of the New Shares (after deduction of fees and commissions). Accordingly, the Company has an interest in the success of the Offering on the best possible terms.

The Selling Shareholders will receive the proceeds from the sale of the Base Shareholder Shares. In addition, the Institutional Shareholders will receive the proceeds from the sale of the Additional Shareholder Shares (if any) and the shares sold under the Greenshoe Option (after deduction of fees and commissions). Accordingly, the Selling Shareholders have an interest in the success of the Offering on the best possible terms.

Both members of the Management Board, Mr. Floreani and Mr. Badarani, and two members of the Company's supervisory board (the "**Supervisory Board**"), Prof. Ebsworth and Dr. Bartl Wimmer, as well as around 300 managers of the SYNLAB Group are indirectly invested in SYNLAB Limited and will receive proceeds from the Selling Shareholders' sale of the Base Shareholder Shares. In addition, the Company intends to pay a one-time bonus of €1 million to Mr. Floreani and €0.5 million to Mr. Badarani in case of a successful IPO. Accordingly, these individuals will directly or indirectly receive proceeds or payments in connection with the Offering and have an interest in the success of the Offering.

In connection with the Offering and the admission to trading of the Shares on the FSE Prime Standard, the Underwriters have entered into a contractual relationship with the Company and the Selling Shareholders. The Underwriters are acting for the Company and the Selling Shareholders in connection with the Offering and coordinating the structuring and execution of the Offering. In addition, Goldman Sachs and J.P. Morgan have been appointed to act as designated sponsors for the Shares. Upon successful implementation of the Offering, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, may take up a portion of the Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Shares being offered or placed should be read as including any offering or placement of Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. Furthermore, pursuant to potential margin loans, certain Selling Shareholders may grant a security interest to one or more Margin Loan Lenders (which may include one or more Underwriters or their affiliates) over substantially all the Shares held by them as at the First Day of Trading, subject to any exclusions from the requirement to pledge Shares as agreed with the Margin Loan Lenders. In case of a default of a Selling Shareholder who entered into margin loan with the Underwriters (or their affiliates), the Underwriters (or their affiliates) would be in a position to enforce their security interest over such Shares, which may therefore result in a disposal or sale of Shares by the Underwriters (or their affiliates). None of the Underwriters or any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Except for the aforementioned interests, there are no interests, including conflicting ones, that are material to the Offering.

4. PLANNED SYNLAB GROUP REORGANIZATION

4.1 Pre-Offering Shareholder Structure

Immediately prior to the Offering, 100.0% of the outstanding share capital of the Company is held by Ephios Luxembourg S.à r.l., indirectly controlled by Cinven (Luxco 1) S.A. The Existing Shareholders (including Ephios Luxembourg S.à r.l.) directly hold 100.0% of the share capital in SYNLAB Limited, the current holding company of the SYNLAB Group. For further details on the ownership structure of the Company and SYNLAB Limited, see section 14 (*Shareholder Information*).

In order for the Company to become the new holding company and to control SYNLAB Group, the ownership of SYNLAB Limited will be transferred from the Existing Shareholders to the Company after the Offer Period but prior to the admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), by way of the Contribution (as defined below).

4.2 Contribution

The Existing Shareholders are all party to a shareholders' agreement with SYNLAB Limited pursuant to which they have expressly agreed that Ephios Luxembourg S.à r.l. may at any time require SYNLAB Limited or a new holding company of SYNLAB Limited to carry out a listing. Further, under the shareholders' agreement, each Existing Shareholder has agreed to provide such co-operation and assistance to implement a listing, including, without limitation, to reorganize the share capital of SYNLAB Limited (subject only to their economic entitlements and the relative value of their shareholdings not being diluted), to pass any shareholder resolutions, to contribute their shares in SYNLAB Limited to a new holding company. Therefore, the Existing Shareholders are contractually obliged to contribute 100% of SYNLAB Limited share capital to the Company in exchange for shares in the Company on or about April 27, 2021 (the "**Contribution**"). Powers of attorney have been sought from all Existing Shareholders other than those who have confirmed they will sign the relevant documents directly. Further, when the articles of association of SYNLAB Limited are amended to reflect the reorganization, the articles of association will expressly permit any director of the company to execute the necessary documentation to contribute the Existing Shareholders' shares in SYNLAB Limited to the Company.

In exchange for the Contribution, the Existing Shareholders will receive 199,950,000 Shares in the Company from a capital increase in kind on or around April 29, 2021 (i.e., immediately prior to admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)) (the "**Contribution Capital Increase**"), allocated proportionally based on individual contributions, and calculated on the basis of their respective economic interest in SYNLAB Limited by reference to the Offer Price determined at the end of the Offer Period. Part of the Shares issued in connection with the Contribution Capital Increase will comprise the Offer Shares offered by the Selling Shareholders in the Offering and delivered to investors at settlement through book-entry delivery on May 4, 2021.

On or around April 27, 2021, the Company together with the Existing Shareholders will enter into a share contribution agreement ("**Contribution Agreement**"), transferring SYNLAB Limited's entire share capital to SYNLAB AG, in exchange for a consideration of 199,950,000 Shares.

5. PROCEEDS OF THE OFFERING AND COSTS OF THE OFFERING AND LISTING

5.1 Proceeds of the Offering

The Company will only receive the proceeds of the Offering resulting from the sale of the New Shares. The Company targets gross proceeds of approximately €400 million (corresponding to 22,222,222, 19,512,195 or 17,391,304 New Shares placed at the low end, midpoint or high end of the Price Range, respectively). The Company will not receive any proceeds from the sale of any Offer Shares other than the New Shares.

Assuming 22,222,222 New Shares and all Base Shareholder Shares and 12,430,555 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the low end of the Price Range, full exercise of the Greenshoe Option (9,322,916 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full the net proceeds from the Offering attributable to the Company and to the Selling Shareholders would amount to approximately €373 million and €828 million, respectively.

Assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full the net proceeds from the Offering attributable to the Company and to the Selling Shareholders would amount to approximately €375 million and €923 million, respectively.

Assuming 17,391,304 New Shares and all Base Shareholder Shares and 11,222,826 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the high end of the Price Range, full exercise of the Greenshoe Option (8,417,119 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full the net proceeds from the Offering attributable to the Company and to the Selling Shareholders would amount to approximately €376 million and €1,018 million, respectively.

5.2 Costs of the Offering

The costs of the Company and the Selling Shareholders related to the Offering of the Offer Shares and listing of the Company's entire share capital, include (i) variable underwriting and placement commissions payable to the Underwriters based on the amount of Offer Shares placed of approximately €38 million (assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment of the discretionary fee in full) and (ii) fixed costs of approximately €50 million related to pre-IPO preparation, re-organization, advisory fees, etc.

The costs will be allocated on a proportional basis between the Company and Selling Shareholders, based on their respective share of the gross proceeds. Assuming placement of 22,222,222, 19,512,195 or 17,391,304 New Shares, all Base Shareholder Shares and 12,430,555, 11,753,048 or 11,222,826 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares, respectively) and full exercise of the Greenshoe Option (9,322,916, 8,814,786 or 8,417,119 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares, respectively) at the low end, midpoint or high end of the Price Range, and payment of the discretionary fee in full, the Company will bear approximately €27 million, €25 million or €24 million of the total costs, respectively, whereas the Selling Shareholders will bear approximately €59 million, €63 million or €66 million, of the total costs, respectively.

Assuming 22,222,222 New Shares and all Base Shareholder Shares and 12,430,555 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the low end of the Price Range, full exercise of the Greenshoe Option (9,322,916 Over-Allotment Shares sold

under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment in full of the discretionary fee of up to €16 million, the commission payable to the Joint Bookrunners would amount to €35 million. Thereof, €11 million are attributable to the Company; €24 million are attributable to the Selling Shareholders.

Assuming 19,512,195 New Shares and all Base Shareholder Shares and 11,753,048 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the midpoint of the Price Range, full exercise of the Greenshoe Option (8,814,786 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment in full of the discretionary fee of up to €17 million, the commission payable to the Joint Bookrunners would amount to €38 million. Thereof, €11 million are attributable to the Company; €27 million are attributable to the Selling Shareholders.

Assuming 17,391,304 New Shares and all Base Shareholder Shares and 11,222,826 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) are placed at the high end of the Price Range, full exercise of the Greenshoe Option (8,417,119 Over-Allotment Shares sold under the Greenshoe Option equal to 15% of the placed Base Offer Shares and Additional Shareholder Shares) and payment in full of the discretionary fee of up to €19 million, the commission payable to the Joint Bookrunners would amount to €41 million. Thereof, €11 million are attributable to the Company; €30 million are attributable to the Selling Shareholders.

Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

6. REASONS FOR OFFERING AND THE LISTING AND USE OF PROCEEDS

6.1 Reasons for the Offering

The Company intends to pursue the Offering and the Listing to receive the net proceeds from the Offering attributable to the Company and to gain access to the capital markets.

The Selling Shareholders intend to pursue the Offering to receive the net proceeds from the Offering attributable to the Selling Shareholders.

6.2 Use of Proceeds

The Company intends to use the entire net proceeds of the Offering attributable to the Company (approximately €373 million, €375 million or €376 million at the low end, midpoint or high end of the Price Range, respectively), together with the necessary amount of borrowings under the 2021 Term Loan Facility (as defined in section 12.24.4.5 (*Business—Material Contracts—Financing Agreements—2021 Term Loan Facility*)), to fully redeem the Senior Secured Notes (as defined in section 12.24.4.7 (*Business—Material Contracts—Financing Agreements—Senior Secured Floating Rate Notes due 2025*)), thereby reducing leverage. The redemption amount for the Senior Secured Notes comprises the €850.0 million aggregate principal amount of Senior Secured Notes outstanding, plus the €10.0 million applicable redemption premium and approximately €3.8 million of accrued and unpaid interest to, but not including, May 19, 2021. For additional information on the 2021 Term Loan Facility and the Senior Secured Notes, see section 12.24.4 (*Business—Material Contracts—Financing Agreements*).

7. DIVIDEND POLICY

7.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. The participation of new shares may be determined differently. For a stock corporation (*Aktiengesellschaft*) under German law, such as the Company, the distribution of dividends for any given fiscal year, and the amount and payment date thereof, are generally resolved by the shareholders' meeting (*Hauptversammlung*) of the subsequent fiscal year. The shareholders' meeting must (usually) be held within the first eight months of each fiscal year. Proposals for the distribution of dividends will be issued by the Management Board and the Supervisory Board jointly or by the Management Board and the Supervisory Board separately, with the shareholders' meeting not bound by those proposals.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's unconsolidated financial statements prepared in accordance with the requirements of German generally accepted accounting principles ("**German GAAP**"). Accounting regulations under German GAAP differ from the IFRS in material aspects.

Dividends resolved by the shareholders' meeting (*Hauptversammlung*) are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later due date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements will be evidenced by global dividend certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Any dividends not claimed become time-barred within two years following expiration of a four-year presentation period for the dividend certificates. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

7.2 Dividend Policy and Dividend Per Share

The Company was formed on November 28, 2018 and did not and will not conduct any business activities prior to the Contribution. Therefore, the Company has not paid any dividends or made any other distributions up to and including the date of this Prospectus. SYNLAB Limited has not paid any dividends or made any other distributions to its shareholders from January 1, 2017 up to and including the date of this Prospectus.

The Company expects to begin paying dividends in 2022 and is targeting a dividend payout representing 20-30% of an amount determined for purposes of the dividend payout calculation by adjusting our Adjusted Operating Profit from Continuing Operations for the year ending December 31, 2021 to eliminate our share of profit or loss of associates and other non-controlling interest, profit or loss on disposal of investments, net finance costs and income tax expenses (including income tax expenses shown in our income statement as well as deductible taxes on customer lists and impairment, acquisition expenses, restructuring and other expenses and non-underlying items). Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

8. CAPITALIZATION AND INDEBTEDNESS

The following tables show the Company's capitalization and indebtedness based on the historical figures as at February 28, 2021, and as adjusted for (i) the Contribution and the Contribution Capital Increase and (ii) the effects of the Offering.

The financial information in the tables below is taken or derived from the from the Company's and SYNLAB Limited's internal accounting records. Investors should read the following tables in conjunction with sections 9 (*Dilution*) *and 10* (*Management's Discussion and Analysis of Financial Condition and Results of Operations*), *the Company's unconsolidated financial statements and SYNLAB Limited's consolidated financial statements, including the related notes thereto, contained in this Prospectus, and additional financial information contained elsewhere in this Prospectus.*

8.1 Capitalization

	As at February 28, 2021			
	SYNLAB AG (actual)	**SYNLAB Limited (actual)**	**SYNLAB AG (adjusted to reflect the Contribution and the Contribution Capital Increase)**	**SYNLAB AG (adjusted to reflect the Offering)[1]**
	(€ thousands)		*(€ millions)*	
Total current debt (including current portion of non-current debt)	–	**596.2**	**596.2**	**596.2**
Guaranteed	–	–	–	–
Secured	–	14.9	14.9	14.9
Unguaranteed / Unsecured	–	581.3	581.3	581.3
Total non-current debt (excluding current portion of non-current debt)	–	**2,469.0**	**2,469.0**	**2,469.0**
Guaranteed	–	–	–	–
Secured	–	2,130.8	2,130.8	2,130.8
Unguaranteed / Unsecured	–	338.2	338.2	338.2
Shareholder's equity	**50**	**1,359.4**	**1,359.4**	**1,734.0**
Share capital	50	134.4	200.0 [2]	219.5
Legal reserve	–	–	–	–
Other reserves	–	1,225.0	1,159.4	1,514.5
Total	**50**	**4,424.6**	**4,424.6**	**4,799.2**

(1) Assumes placement of 19,512,195 New Shares, using an Offer Price at the midpoint of the Price Range, corresponding to net proceeds attributable to the Company in the amount of €374.6 million.

(2) Reflecting the effects of the Contribution Capital Increase resulting in an increase of the Company's share capital to €200,000,000.00.

8.2 Net Financial Indebtedness

	As at February 28, 2021			
	SYNLAB AG (actual)	**SYNLAB Limited (actual)**	**SYNLAB AG (adjusted to reflect the Contribution and the Contribution Capital Increase)**	**SYNLAB AG (adjusted to reflect the Offering)[1]**
	(€ thousands)		*(€ millions)*	
A. Cash [2]	50	318.9	318.9	693.4
B. Cash equivalents	–	7.0[3]	7.0	7.0
C. Other current financial assets	–	629.2[4]	629.2	629.2
D. Liquidity (A)+(B)+(C)	**50**	**955.1**	**955.1**	**1,329.7**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	–	581.3[5][6]	581.3	581.3
F. Current portion of non-current debt	–	14.9[7]	14.9	14.9
G. Current financial indebtedness (E)+(F)	–	**596.2**	**596.2**	**596.2**
H. Net current financial indebtedness (G)-(D)	**(50)**	**(358.9)**	**(358.9)**	**(733.4)**
I. Non-current financial debt (excluding current portion and debt instruments)	–	2,469.0[5]	2,469.0	2,469.0
J. Debt instruments	–	–	–	–
K. Non-current trade and other payables	–	27.1	27.1	27.1
L. Non-current financial indebtedness (I)+(J)+(K)	**(50)**	**2,496.1**	**2,496.1**	**2,496.1**
M. Total financial indebtedness (H)+(L)	**(50)**	**2,137.2[8]**	**2,137.2**	**1,762.6**

(1) Assumes placement of 19,512,195 New Shares, using an Offer Price at the midpoint of the Price Range, corresponding to net proceeds attributable to the Company in the amount of €374.6 million.

(2) Cash comprises cash on hand, bank current accounts and other bank deposits.

(3) Cash equivalents comprises short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

(4) Other current financial assets includes trade receivables and other current financial assets.

(5) Current and non-current financial debt include liabilities related to leases. As at February 28, 2021, short-term lease liabilities amounted to €90.6 million (included in current financial indebtedness) and long-term lease liabilities amounted to €337.4 million (included in non-current financial indebtedness).

(6) Current financial debt includes trade payables, other current financial liabilities, current bank loans, current lease liabilities, current other financial loans, current bank overdraft and current revolving credit facility interest.

(7) Current portion of non-current debt includes accrued interest on term loans and accrued interest on notes.

(8) Total financial indebtedness presents the carrying amount rather than the nominal amount of such debt. Net capitalized transaction costs relating to financial indebtedness amounted to €24.3 million as at February 28, 2021.

8.3 Contingencies and Other Financial Obligations

As at the date of this Prospectus, the Company does not have any material changes in its contingent liabilities from unutilized irrevocable lines of credit as compared to such amounts as at February 28, 2021.

SYNLAB Limited's contingent liabilities from unutilized irrevocable lines of credit amounted to €225 million as at February 28, 2021 (December 31, 2019: €219 million; December 31, 2018: €219 million).

8.4 No Material Adverse Changes

There has not been any significant change in the financial positions of either the Company or SYNLAB Limited since December 31, 2020.

8.5 Working Capital Statement

In the Company's opinion, its working capital is sufficient to meet its present requirements over at least the next twelve months from the date of this Prospectus. Taking into account the effects of the Contribution and of the Contribution Capital Increase, in the Company's opinion, our working capital is sufficient to meet our present requirements over at least the next twelve months from the date of this Prospectus.

9. DILUTION

Reflecting the effects of the Contribution Capital Increase, but prior to the completion of the Offering and the IPO Capital Increase, the Existing Shareholders will hold 200,000,000 Shares in the Company (entire share capital). Based on the Company's total net asset value of €50,000 as at December 31, 2020, adjusted to account for SYNLAB Limited's total net asset value (total assets less total current liabilities, total non-current liabilities and non-controlling interests as shown in the 2020 Financial Statements) in the amount of €1,201,464 thousand according to the 2020 Financial Statements, assuming the effects of the Contribution and the Contribution Capital Increase, the net asset value attributable to the shareholders of the Company would have amounted to €1,201,514 thousand as at December 31, 2020, and would have amounted to €6.01 per Share.

Assuming the Offer Shares are placed at the low end, midpoint and high end of the Price Range, full exercise of the Greenshoe Option and payment in full of the discretionary fee, the Company will receive net proceeds from the issuance of the New Shares, in the amount of €373,455 thousand, €374,564 thousand, and €375,525 thousand, respectively.

On the assumption that the Contribution, the Contribution Capital Increase and the Offering had been fully implemented and the Company had already received the aggregate net proceeds and issued the New Shares at December 31, 2020 (low end, midpoint and high end of the Price Range, respectively):

- the adjusted net asset value of the Company, would have been €1,574,969 thousand, €1,576,078 thousand, or €1,577,039 thousand;
- the number of New Shares issued would have amounted to 22,222,222, 19,512,195 or 17,391,304 respectively, which would correspond to 222,222,222, 219,512,195 or 217,391,304 total outstanding Shares;
- the adjusted net asset value per Share would have amounted to €7.09, €7.18 or €7.25 per Share, respectively;
- the amount by which the respective adjusted net asset value per Share is below the Offer Price is €10.91, €13.32 or €15.75 per Share, or 61%, 65% and 68%, respectively (immediate dilution of new shareholders of the Company per Share); and
- the amount by which the respective adjusted net asset value per Share is above the adjusted net asset value per Share prior to the completion of the Offering and the IPO Capital Increase is €1.08, €1.17 and €1.25 per Share, or an increase of 18%, 20% and 21%, respectively (immediate accretion of Existing Shareholders).

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations for the periods described below. You should read this discussion in conjunction with the Financial Statements included elsewhere in this Prospectus as well as the information set forth under "General Information—Presentation of Financial Information." The following discussion includes forward-looking statements based on assumptions about our future performance. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under sections 2.5 (General Information—Forward-Looking Statements) and 1 (Risk Factors) and elsewhere in this Prospectus. Neither the SYNLAB Group's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking statements contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking statements.

10.1 SYNLAB AG's Financial Performance

SYNLAB AG was incorporated in November 2018 as a shelf company. SYNLAB AG has not engaged in business operations nor generated financial results as of the date of this Prospectus. On or around April 27, 2021, the Existing Shareholders will contribute all shares of SYNLAB Limited (the current parent company of the SYNLAB Group) into the reserves of SYNLAB AG. Following the Contribution, SYNLAB AG's future financial condition and results of operations will be affected by the factors affecting the SYNLAB Group as a whole and the SYNLAB Group's financial condition and results of operations, which are described below.

Below is a description of the relevant developments in SYNLAB AG's financial condition, results of operations and liquidity and capital resources for the 2018, 2019 and 2020 financial years based on the HGB Financials.

	Financial year ended December 31,		
	2018	**2019**	**2020**
		(in €)	
		(audited)	
Total assets	**12,500**	**12,500**	**12,500**
Balance with credit institutions	–	12,439	12,362
Total liabilities	**12,500**	**12,500**	**12,500**
Subscribed capital	50,000	50,000	50,000
of which contributions not called-in:	(37,500)	(37,500)	(37,500)
Total equity	12,500	12,500	12,500
Operating revenue	–	–	–
Results for the year	**0**	**0**	**0**
Balances with credit institutions	–	**12,439**	**12,362**

SYNLAB AG has neither engaged in any operations other than maintaining its corporate form, nor generated any revenues or income to date. SYNLAB AG's principal activities since its acquisition by Ephios Luxembourg S.à r.l. have been organizational activities and those necessary to prepare for the Contribution, the Contribution Capital Increase, the Offering and the Listing. Following the Listing, SYNLAB AG will generate income from its ownership of the SYNLAB Group.

SYNLAB AG's total assets amounted to €12,500 consisting of paid-in equity contributions against issued shares. SYNLAB AG's total liabilities amounted to €12,500. Following the Contribution, SYNLAB AG's assets and liabilities are expected to increase as a result of the Contribution and the issuance of new equity from the Contribution Capital Increase.

As at December 31, 2020, SYNLAB AG had €12,362 in cash and cash equivalents and no material indebtedness. Prior to completion of the Offering, SYNLAB AG has not generated any cash flow from operating, investing or financing activities.

10.2 Overview

We are the largest European clinical laboratory and medical diagnostic services company by revenue and number of tests and provide actionable diagnostic information for healthy lives and well-being for all. We benefit from a network of more than 450 laboratories and more than 1,600 blood collection points with direct patient and consumer contact across 36 countries, including our core markets of France, Germany, Italy and the United Kingdom. We perform approximately 500 million tests for approximately 100 million patients annually, and in 2020 performed approximately 13.8 million SARS-CoV-2 tests as a result of the COVID-19 pandemic. Our continual introduction of new test parameters each year provides us with further growth and diversification potential. (Source for all statements: CDA)

Our business is well positioned to take advantage of the growing market for clinical laboratory and medical diagnostic services in Europe, which benefits from favorable structural trends, including an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention, increasing outsourcing of clinical laboratory testing by hospitals and an additional need for advanced testing. Furthermore, we are a leader in the fight against COVID-19, working closely with the relevant authorities and leveraging our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries. (Source for all statements: CDA)

We have been a pioneer in the consolidation trend in the European clinical laboratories market. Our expansion strategy is focused on adapting to local market environments while drawing from the strength of our pan-European support functions. Our market position and the scale of our laboratory network also allow us to benefit from favorable procurement conditions with suppliers, including through group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion. (Source for all statements: CDA)

For the year ended December 31, 2020, we recorded revenue of €2,621.2 million, with net profit amounting to €259.1 million. Our Adjusted Operating Profit from Continuing Operations was €504.5 million and Adjusted EBITDA from Continuing Operations was €679.2 million. For a reconciliation of net profit to Adjusted EBITDA from Continuing Operations and Adjusted Operating Profit from Continuing Operations, see section 10.7.1 (*Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations*).

We have a pan-European presence and hold a top three or top five market position by revenue within most of the markets where we operate. We also provide clinical laboratory testing services in Latin America, Africa and the Middle East.

10.3 Principal Factors Affecting Our Results of Operations

10.3.1 Demand for Laboratory Tests

Our revenue growth is directly linked to the volume of tests we perform, which is dependent on general economic conditions and a number of other factors, including demographic trends, such as the aging of the population and the increasing prevalence of chronic diseases like cancer and diabetes that require recurrent tests. Testing volumes have also increased as the medical profession has shifted its focus over time from the treatment of chronic and severe illnesses to the prevention and early detection and diagnosis of such illnesses. This shift has been supported by growing demand for customized healthcare solutions and the potential for preventive medicine to reduce medication and hospitalization costs. In doing so, physicians are also increasingly relying on clinical testing for more accurate diagnoses. Other factors, such as the development of new technologies and tests, combined with the reduction in costs from increased automation of testing, have increased the role of clinical testing. In addition, outsourcing of specialty tests from hospital laboratories has also increased in many countries where we operate, due mainly to budgetary pressures and public spending cuts. The overall greater health consciousness of the general public along with increased disposable income contribute to both volume growth and a willingness of certain patients to absorb out-of-pocket costs.

10.3.1.1 SARS-CoV-2 Testing

From the onset of the COVID-19 pandemic, we have been proactively working with the competent authorities and leveraging our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries with the aim to provide vital services in the fight against COVID-19. In March 2020, we began providing SARS-CoV-2 tests and by December 31, 2020 were conducting an average of more than 80,000 SARS-CoV-2 tests per day globally, the majority of which were Polymerase Chain Reaction ("**PCR**") tests. For the three months ended December 31, 2020, we conducted more than seven million SARS-CoV-2 tests and during the year ended December 31, 2020, we conducted approximately 13.8 million SARS-CoV-2 tests. The rapid roll out of SARS-CoV-2 tests offset a temporary decline in our standard routine and specialty diagnostic testing activity that occurred in the early stages of the COVID-19 pandemic, primarily in March and April 2020.

The estimated impact of the COVID-19 pandemic on our revenue was an approximately €620–630 million net increase for the year, reflecting an approximately €805 million revenue contribution from SARS-CoV-2 testing, which was partially offset by an estimated approximately €175–185 million attrition impact from confinement measures (e.g., closures of blood collection points, patients delaying non-critical medical care, blood collection points devoting full capacity to patients receiving SARS-CoV-2 tests, occupational health testing being reduced as companies remained closed, sample collectors being unable to collect samples for drug and alcohol testing, hospitals scaling back normal operations to reserve capacity for COVID-19 patients, general practitioner offices being closed and testing related to sports injuries decreasing as amateur sports competitions were halted in most countries) that temporarily decreased non-SARS-CoV-2 testing volumes below expected volumes predominantly during the early part of the COVID-19 pandemic. COVID-19-related revenue in the year ended December 31, 2020 was split by operating segment broadly in line with our overall revenue split.

Based on published research, we expect that the number of SARS-CoV-2 tests will continue to increase. Boston Consulting Group's analysis published in the January 2021 article titled "*As Vaccines Roll Out, Testing Still Matters*," concluded that between 90-100 million SARS-CoV-2 tests are expected to be required collectively in four representative EU countries (France, Germany, Italy and Spain) in the first quarter of 2021. Testing is a core pillar of national COVID-19 responses and we therefore expect demand for our PCR testing services to remain high while prices could decrease over time from the average price in 2020 of €65 per test. The demand for testing will be driven by the epidemiology of the SARS-CoV-2 virus, the impact of vaccines, the impact of therapeutics and government policy. We also believe that PCR testing will continue to play a major role over the medium term even after vaccines becomes widely available and that we will continue to benefit from elevated SARS-CoV-2 testing volumes in the long term. As with many other infectious diseases, continuing surveillance will be required to support containment, monitor for mutations and work towards large-scale immunity across populations. Boston Consulting Group's estimates published in the article noted above indicate that France, Germany, Italy and Spain collectively will still require approximately 30 million quarterly SARS-CoV-2 tests in the second quarter of 2024. We are a trusted medical partner and adviser to public and private institutions in the context of the COVID-19 pandemic, having built consultative relationships with governments and critical infrastructure in the fight against the pandemic. We are also a partner of choice for corporations, sports associations and academic institutions, with more than 6,500 contracts signed related to "safe at work" programs since May 2020.

10.3.2 Tariffs and Reimbursement Levels for Clinical Laboratory Testing

In many of the countries where we operate, clinical laboratory testing services are delivered to patients under government healthcare programs that are at least partly funded by public organizations that directly set prices or provide a mandated method for determining prices covering all or some of the clinical laboratory testing services that we offer. Prices may be changed at any time, and, while some prices have risen in certain countries in recent years, the more common trend has been for price revisions to result in price reductions to counterbalance growth in test volumes. We do not expect widespread price increases for clinical laboratory services in the short or medium term as governments seek to control healthcare expenditure. In addition to cutting prices or reimbursement levels, governments have also sought to reduce the number of tests prescribed by doctors and limit the testing services covered by their health and social security programs.

In other markets where we operate, healthcare patients rely on private insurance to pay medical bills, but the pricing of medical services is regulated by the state. In such markets, tariffs are set by governments and healthcare authorities and are the basis for the prices we charge to our clients. The timing of tariff cuts and other measures related to the control of healthcare expenditure may affect the comparability of our financial results and the scope of the impact on a particular period or in a particular country.

For the year ended December 31, 2020, nearly all of our revenue from human medicine in our core market countries of France, Germany, Italy and the United Kingdom was generated from services for which prices are directly or indirectly regulated by governmental authorities. The average reimbursement levels for laboratory tests vary significantly from one country to another. In certain markets or segments of our markets, such as veterinary diagnostics, prices may be freely negotiated. For our B2B business, pricing for services provided at the request of prescribers and physicians is more commonly regulated, while pricing for hospital laboratory outsourcing and laboratory-to-laboratory services is usually more flexible. Our B2C business is also partially subject to regulated pricing, while our D2C services generally can be flexibly priced. Accordingly, our B2B business, which includes business with hospitals, typically has lower margins than either B2C or D2C, both of which allow us to have a direct relationship with the patient and capture a higher proportion of the value.

We must also contend with efforts by nongovernmental third-party payers (mainly private health insurers) to control the utilization and reimbursement of clinical laboratory testing services. In certain markets, we receive payment for our services from private health insurers that have gained significant bargaining power by reimbursing healthcare services only if such services are provided by pre-selected providers. These private health insurers negotiate fee structures with healthcare providers, including clinical laboratories, and certain private health insurers have insisted on discounted fee structures as a condition for pre-selection in the past and may insist on further discounted fee structures in the future.

We are also exposed to the impact of general economic conditions in the markets in which we operate on tariffs and reimbursement levels for clinical laboratory testing. Lower government, third-party payer and patient healthcare expenditure would generally be expected to have a negative impact on our results of operations, but difficult economic conditions can alternatively have a positive impact on the outsourcing of clinical laboratory testing insofar as the roll-out of cost-cutting or deficit reduction plans may prompt companies or public-sector institutions to outsource clinical testing services more rapidly and to a greater extent. Price cuts may, for example, be offset by volume growth owing to an increase in the number of patients relying on private healthcare plans. We believe that this trend has recently been observed and reflects the erosion of trust in the public health insurance system and a poorer quality of service provided by some public healthcare systems amid fiscal austerity. We benefit from a broad customer base and a diversity of payers for our testing services.

10.3.3 Influence of the Legislative and Regulatory Environment in which We Operate

We are subject to significant regulation and control by various regulatory organizations and must adapt to frequent legislative and regulatory changes at both national and European levels. These regulations mainly pertain to operating standards, professional qualifications of laboratory personnel, ownership and corporate governance constraints on companies operating clinical laboratories, and pricing and reimbursement levels of clinical laboratory tests. Changes made to laws and regulations in the past have had, and in the future may continue to have, a significant impact on our results of operations. In particular, compliance by laboratories with operating standards and the professional qualifications of laboratory personnel may increase our payroll and related expenses and our administrative, legal and operating costs.

For example, as detailed in section 13.2 (*Regulatory and Legal Environment—France*), the Law of May 30, 2013 amended the ownership rules concerning clinical testing laboratory companies in France, significantly impacting our operations. The Law of May 30, 2013 may limit our ability to sell or transfer shares in SELs that we hold or that we may acquire in the future and render more complex any restructuring we might consider for our subsidiaries. The Law of May 30, 2013 extended the French regional health authorities' oversight of compliance with the concentration rules in a given geographical region (*zone*, previously referred to as *territoire de santé*) and

clarified the fact that the acquisition of shares of companies operating a clinical laboratory is not authorized when such an acquisition would enable a person or entity to control, directly or indirectly, more than 33% of all clinical tests performed in the same zone. A person or entity is deemed to control more than 33% of all clinical tests carried out in a zone if they own, directly or indirectly, the majority of the share capital of several companies operating a clinical laboratory, and the combined business of those companies represents more than 33% of all clinical tests in that zone.

In addition, since the clinical sector is VAT exempt for payers, clinical testing laboratories are responsible for paying VAT, thereby recognizing operating costs inclusive of VAT. VAT rates, the amount of taxes on sales and other similar taxes may be increased, especially in the current economic and political climate, with certain European governments seeking to raise more revenue from direct and indirect taxation.

In addition, deferred tax assets have been recognized to reflect the differences between the carrying amount of assets and liabilities and their tax base as well as carried forward tax losses from our subsidiaries. Future recovery of these assets will depend on tax rules, the outcome of the possible tax audits and future results of the relevant subsidiaries. As at December 31, 2020, the value of the deferred taxes recognized as assets amounted to €29.0 million, of which €3.4 million derived from tax losses carried forward.

10.3.4 Expansion of Our Laboratory Network through Acquisitions

The European clinical laboratory testing market is highly fragmented. For example, we estimate that the accessible market in Italy has more than 1,000 laboratories and the remaining share of the accessible market in Germany includes between 250–350 laboratories with a regional focus (representing more than half of the market). We believe that consolidation of the European clinical laboratory testing market will allow large international laboratory consolidators like us, which benefit from high testing volumes across geographic markets, to further expand regional laboratory clusters, improve efficiency and lower overall cost, and thus mitigate the effect of potential future price declines and create significant value for our shareholders.

We have a proven track record as an effective consolidator of small- and medium-sized, locally owned private laboratories and intends to continue to acquire laboratories to expand our footprint in existing markets, reinforce our scientific expertise and expand into new markets. We have primarily focused on acquisitions of small- and medium-sized regional laboratories in order to maintain a balance across regions and strengthen our network in certain countries and enter into new markets that present high growth opportunities.

From the formation of the SYNLAB Group in the second half of 2015 through December 31, 2020, we completed 111 acquisitions of laboratories (excluding 14 additional acquisitions in our A&S business unit that was sold in 2020) in more than 20 countries, including seven countries (excluding one additional country for A&S) that were added to our countries of operations through acquisitions between 2017 and 2020. The acquired laboratory businesses (excluding A&S-related acquisitions) had a combined enterprise value of approximately €665 million or an average of approximately €6 million per business acquired.

Acquisitions affect our results of operations in several tangible ways. First, our results for the period during which an acquisition takes place are affected by the inclusion of the results of the acquired business in our consolidated results. As acquired businesses are consolidated from the date of their acquisition, the full impact of an acquisition is only reflected in our financial statements in the subsequent period. Furthermore, earn-out payments linked to our acquisitions may turn out to be significant. In addition to the accretive revenue and cost impact of acquisitions, we have historically been able to extract synergies and generate cost savings as a result of acquisitions.

We acquire clinical laboratories with limited property, plant and equipment assets for a consideration that in many cases exceeds their net assets, which leads to significant amounts of goodwill being recognized on our consolidated statement of financial position (€2,211.2 million as at December 31, 2020). Under IFRS, goodwill is recorded as an intangible asset and measured at cost less any accumulated impairment losses. Goodwill is subject to an impairment test annually

and whenever there are indications of impairment. We may record significant charges in our consolidated statement of comprehensive income in case of impairment under IFRS. For example, for the year ended December 31, 2020 we recognized a €115.0 million impairment and for the year ended December 31, 2019, we recognized a €90.0 million impairment, in each case for our Swiss business following commercial challenges over the period.

Changes in regulation can affect our ability to expand our laboratory network. In the past, such regulatory changes have only temporarily affected our acquisition strategy in the applicable country without having a significant impact on our ability to make acquisitions in other markets.

We intend to continue to expand our geographical coverage and increase the density of our network of clinical laboratories in growing and resilient end-markets that provide further growth opportunities. We also intend to pursue further development in specialty testing, such as genetic testing and other clinical diagnostics, including anatomical pathology and radiological testing for integrated diagnosis, by making selective acquisitions or forging commercial partnerships with biotechnology and medical diagnostic companies. In addition, we may consider selling laboratories in some markets or regions.

10.3.5 Seasonality

We experience limited seasonality in the volumes of tests we perform and, consequently, in our revenue. We have historically performed fewer tests during holiday and vacation periods, notably in the summer months, around the winter holidays and during periods of adverse weather conditions. The extent of the impact of the seasonality varies among the countries in which we operate and is also affected by the number of working days in a period. Our working capital requirements generally follow the seasonality of the business and are typically higher in the first quarter of the year, with fluctuations also occurring due to the timing of collections and the seasonal effects of payments by our principal customers, in particular public-sector or public-private organizations, such as INAMI in Belgium and the ASL regional health insurance funds in Italy, which tend to settle all the amounts they owe for the year on December 31 of each year. As a result, more cash is required to cover our working capital requirements over the first nine months of the financial year, while in the fourth quarter we enjoy the benefit of the cash generated by the working capital. In addition, the seasonal effect on cash used as, or generated by, working capital usually tends to increase from one year to the next as a result of organic or acquisition-led growth in consolidated annual revenue.

10.3.6 Foreign Currency Effects

We operate in 36 countries throughout Europe, Africa, Latin America and the Middle East. Consequently, many of our subsidiaries transact business and report financial results in currencies other than euros, which is our consolidated reporting currency. Accordingly, our results of operations are subject to currency effects, primarily currency translation exposure as transaction-related exposure at our subsidiaries is limited because revenue and costs are largely incurred in their respective operating currencies. For those countries with a functional currency other than euros, income and expense amounts are translated into euros at annual average exchange rates, and assets and liabilities are translated into euros at the reporting date rates. Fluctuations in exchange rates against euros will give rise to period-on-period differences in our results of operations. Our primary foreign currency risk relates to fluctuations in Swiss francs, British pounds sterling, Colombian pesos, Czech crowns and Hungarian forints. See section 10.13.3 (*Qualitative and Quantitative Disclosures on Financial Risk—Foreign Currency Risk*).

10.4 Factors Affecting Comparability

10.4.1 Mergers, Acquisitions and Disposals

When comparing financial information corresponding to the different financial periods presented in this Prospectus, investors should take into account the material differences resulting from our merger, acquisition and disposal activity completed between 2018 and 2020 and the resulting changes regarding the composition of the SYNLAB Group. Because of such effects, the financial information presented in the consolidated financial statements included in this Prospectus may not be fully comparable and should be considered in conjunction with the information below relating

to the standalone performance of the businesses that we acquired during this period. Such performance information has not been audited or reviewed by our independent auditors and is based on certain assumptions, adjustments and estimates. Such information does not reflect the revenue or Adjusted EBITDA from Continuing Operations that would have been achieved had the businesses described below been acquired at the beginning of their respective year of consolidation, given that no such acquired business was under our control until their respective date of consolidation. The information in this section excludes acquisitions and disposals of entities within our A&S business unit, which was sold in 2020 as discussed under section 10.4.2 (*Sale of Analytics & Services Business Unit*) below.

10.4.1.1 Changes to the Composition of the SYNLAB Group in 2018

In 2018, we completed 20 acquisitions in Belgium, Colombia, Ecuador, Finland, France, Germany, Italy and Portugal. Between the applicable dates of consolidation into our financial statements for the relevant acquisitions and December 31, 2018, acquired entities cumulatively contributed €54.2 million to our consolidated revenue and €10.9 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had all acquired entities been fully consolidated for the full year 2018, such entities would have contributed an additional €21.0 million to our consolidated revenue and an additional €3.1 million to our consolidated Adjusted EBITDA from Continuing Operations (including the impact of IFRS 16 (*Leases*)) for the year.

We did not complete any disposals in 2018. However, one disposal that we completed in 2019 would have impacted our consolidated revenue and our consolidated Adjusted EBITDA from Continuing Operations for the year ended December 31, 2018 had the entity disposed in 2019 been unconsolidated in 2018. See section 10.4.1.2 (*Changes to the Composition of the SYNLAB Group in 2019*) below for additional detail.

10.4.1.2 Changes to the Composition of the SYNLAB Group in 2019

In 2019, we completed 23 acquisitions in Colombia, the Czech Republic, Denmark, France, Germany, Italy, Portugal, Spain, Sweden and Ukraine. Between the applicable dates of consolidation into our financial statements for the relevant acquisitions and December 31, 2019, acquired entities cumulatively contributed €40.7 million to our consolidated revenue and €7.1 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had all acquired entities been fully consolidated for the full year 2019, such entities would have contributed an additional €32.0 million to our consolidated revenue and an additional €3.4 million to our consolidated Adjusted EBITDA from Continuing Operations (including the impact of IFRS 16 (*Leases*)) for the year.

In 2019, we completed one disposal in Norway. For the year ended December 31, 2018, the entity that was disposed in 2019 contributed €1.0 million to our consolidated revenue and €0.1 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had the disposed entity been fully unconsolidated for 2018, our consolidated revenue and our consolidated Adjusted EBITDA from Continuing Operations for 2018 would have decreased by such amounts. Between January 1, 2019 and the date on which the disposed entity exited the perimeter of consolidation, the disposed entity contributed €0.6 million to our consolidated revenue and €0.1 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had the disposed entity been fully unconsolidated for the full year 2019, our consolidated revenue and our consolidated Adjusted EBITDA from Continuing Operations for 2019 would have decreased by such amounts.

10.4.1.3 Changes to the Composition of the SYNLAB Group in 2020

In 2020, we completed nine acquisitions in Belgium, Colombia, Ecuador, Italy, Portugal and Spain. Between the applicable dates of consolidation into our financial statements for the relevant acquisitions and December 31, 2020, acquired entities cumulatively contributed €8.7 million to our consolidated revenue and €1.7 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had all acquired entities been fully consolidated for the full year 2020, such entities would have contributed an additional €7.8 million to our consolidated revenue and an additional €1.1 million to our consolidated Adjusted EBITDA from Continuing Operations for the year.

In 2020, we completed one disposal in France. Between January 1, 2020 and the date on which the disposed entity exited the perimeter of consolidation, the disposed entity contributed €0.7 million to our consolidated revenue and €0.1 million to our consolidated Adjusted EBITDA from Continuing Operations for the year. Had the disposed entity been fully unconsolidated for the full year 2020, our consolidated revenue and our consolidated Adjusted EBITDA from Continuing Operations for the year would have decreased by such amounts.

In addition, in 2020, we sold our analytics and services business. See section 10.4.2 (*Sale of Analytics & Services Business Unit*) below.

10.4.2 Sale of Analytics & Services Business Unit

In 2020, we completed the sale of substantially all of our analytics and services ("**A&S**") business unit. Of the 27 entities in the A&S business unit, the sales of 26 were completed in 2020 and the sale of the 27th A&S entity was agreed in 2020, with the final sale closing in January 2021. While the operations of the A&S business unit are classified under profit for the year from discontinued operations in the consolidated income statement of the 2020 Financial Statements pursuant to IFRS 5 (*Non-current assets held for sale and discontinued operations*), the 2018 Financial Statements and the 2019 Financial Statements do not distinguish between A&S and the rest of our operations. In order to facilitate the comparison of our financial information on an ongoing operations basis, we have included the 2019 Restated Financial Information and the 2018 Restated Financial Information presenting A&S (including, for the avoidance of doubt, the A&S entity that was held for sale as at December 31, 2020) as discontinued operations in the 2020 Finance Statements.

In connection with the sale of our A&S business unit, we entered into a transitional services agreement pursuant to which we will continue to provide certain services to our former A&S business unit subsidiaries on a transitional basis. See section 12.24.5.2 (*Material Contracts—Commercial Agreements—Sale of Analytics & Services Business Unit*). The value of the services provided in the years ended December 31, 2018, 2019 and 2020 corresponding to the services that will continue to be provided under the transitional services agreement are included within profit for the year from discontinued operations. Had those amounts been included in our results from continuing operations, it would have resulted in increases of €4.9 million, €5.3 million and €5.2 million in our consolidated Adjusted EBITDA from Continuing Operations for the years ended December 31, 2018 (restated), 2019 (restated) and 2020.

10.4.3 IFRS 16 (Leases)

In the year ended December 31, 2019, we applied IFRS 16 (*Leases*) (as issued by the IASB in January 2016) for the first time using the full retrospective approach with restatement of the comparative information in the 2019 Financial Statements. Although the 2018 Financial Statements were not restated and reissued to reflect the adoption of IFRS 16 (*Leases*), for comparative purposes, the 2018 Restated Financial Information (including the comparative columns for the year ended December 31, 2018 appearing in the 2019 Financial Statements and the 2020 Financial Statements) reflect the application of IFRS 16 (*Leases*).

IFRS 16 (*Leases*)resulted in a change in the amount and presentation of expenses related to leases formerly classified as operating leases (where we are a lessee). Under IAS 17, the prior standard, operating lease expense was presented as part of operating expenses. Applying IFRS 16 (*Leases*), the expense is split into financing cost and depreciation expense. Consequently, certain Non-IFRS Measures, such as Adjusted EBITDA from Continuing Operations, were affected.

In December 2019, we agreed to amendments to four laboratory machine contracts that included embedded lease arrangements in order to bring the lease liabilities within the scope of IFRS 16 (*Leases*). The cumulative value of the contracts was €21.0 million. The amendments became effective on January 1, 2020. Had such amendments taken place on January 1, 2018, the application of IFRS 16 (*Leases*) to split the expense into financing cost and depreciation expense, would have resulted in a €10.9 million increase in Adjusted EBITDA from Continuing Operations for the year ended December 31, 2018 (restated). Had such amendments taken place on January 1, 2019, the application of IFRS 16 (*Leases*) to split the expense into financing cost and depreciation expense, would have resulted in a €12.1 million increase in Adjusted EBITDA from Continuing

Operations for the year ended December 31, 2019 (restated). As the amendments took effect on January 1, 2020, there was no impact from embedded leases on our Adjusted EBITDA from Continuing Operations for the year ended December 31, 2020.

The tables below show the impact of IFRS 16 (*Leases*) on certain of our consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows items as at and for the year ended December 31, 2018. For additional information, see note 2.2 (*IFRS basis adopted*) to the 2019 Finance Statements.

Impact on profit or loss for the year ended December 31, 2018	**As previously reported**	**IFRS 16 adjustments**	**As restated for IFRS 16**
		(€ millions)	
Material and related expenses	(431.9)	(7.4)	(439.2)
Other operating expenses	(423.1)	76.7	(346.4)
Depreciation and amortization	(150.8)	(60.8)	(211.6)
Operating profit before acquisition, restructuring and impairment of non-current assets	**187.9**	**8.6**	**196.4**
Operating profit	**138.4**	**8.6**	**146.9**
Share of loss of associates and other non-controlling interest	(1.3)	(0.0)	(1.3)
Finance costs	(164.1)	(13.1)	(177.2)
Loss before taxes	**(8.3)**	**(4.6)**	**(12.9)**
Income tax expenses	(30.4)	1.2	(29.2)
Net loss for the period	**(38.7)**	**(3.4)**	**(42.1)**

Impact on assets, liabilities and equity as at December 31, 2018	**As previously reported**	**IFRS 16 adjustments**	**As restated for IFRS 16**
		(€ millions)	
Intangible assets	901.4	(0.2)	901.2
Property, plant and equipment	284.4	(58.2)	226.2
Right-of-use assets	–	399.5	399.5
Deferred tax assets	31.8	0.8	32.6
Total non-current assets	**3,771.2**	**342.0**	**4,113.2**
Total assets	**4,300.8**	**342.0**	**4,642.8**
Total equity	**1,060.7**	**(13.0)**	**1,047.8**
Non-current lease liabilities	40.4	300.6	341.0
Deferred tax liabilities	210.1	(3.6)	206.6
Total non-current liabilities	**2,813.6**	**297.1**	**3,110.6**
Current lease liabilities	21.4	57.9	79.3
Total current liabilities	**426.5**	**57.9**	**484.4**
Total liabilities and equity	**4,300.8**	**342.0**	**4,642.8**

Impact on cash flow as at December 31, 2018	**As previously reported**	**IFRS 16 adjustments**	**As restated for IFRS 16**
		(€ millions)	
Operating profit	138.5	8.4	146.9
Depreciation, amortization, impairment	150.8	60.8	211.6
Cash flow from operating activities (A)	**269.4**	**69.2**	**338.6**
Purchase of intangibles and property, plant and equipment	(85.2)	(8.6)	(93.8)
Cash flow used in investing activities (B)	**(202.8)**	**(8.6)**	**(211.4)**
Interest paid	(140.1)	(13.9)	(154.0)
Repayment of lease liabilities	(22.0)	(46.7)	(68.6)
Cash flow from financing activities (C)	**(177.3)**	**(60.6)**	**(237.9)**
Total cash flows (A+B+C)	**(110.7)**	–	**(110.7)**

10.5 Description of Key Statement of Comprehensive Income Items

Set forth below is a summary description of the key elements of the line items of our consolidated income statement.

10.5.1 Revenue

We generate revenue from a wide and diverse range of analysis and diagnostic testing services that are invoiced to a range of customers including insurance companies, hospitals, individuals, pharmacies and national health organizations. These services include mainly analysis and diagnostic testing services for human medicine, in particular clinical biological testing, including routine and specialty tests, anatomical pathology, histological or cytological testing and diagnostic imaging using medical and molecular imaging technologies.

We apply the principles set out in IFRS 15 (*Revenue from Contracts with Customers*) for revenue recognition by using the following five steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Our most significant areas of revenue estimation relate to:

- revenue recognized based on as yet, unconfirmed public health budgets, where revenue is estimated based on historical patterns together with other publicly available information (Germany and Italy being the most significant countries impacted); and
- estimates of the consideration received or receivable (taking into account the amount of any trade discounts and volume rebates) using down payments and pricing mechanisms as agreed during contract negotiations, historical experience, actual work performed (e.g., analyses completed) and other factors that might be relevant for adjusting down payments (e.g., inflation).

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

10.5.2 Material and Related Expenses

Material and related expenses primarily include the costs of consumables and reagents. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis. Costs per reported result comprise material inputs such as reagents, consumables and calibrators as well as, in some cases, allocated service charges for maintenance.

10.5.3 Payroll and Related Expenses

Payroll and related expenses consist of fixed and variable salaries and wages, social security contributions, temporary staffing costs, profit sharing, pension contributions, travel expenses, fees for training of personnel and food allowances. Salaries and wages expenses also include the variable remuneration paid to laboratory doctors under various legal forms, either compensation paid as salary or fees or, mainly for French laboratory doctors, the priority dividends based on current-year profits for the variable portion. The priority dividends due to be paid to certain laboratory doctors in the following year are recognized as employee benefit expense and a liability in the current year.

10.5.4 Other Operating Income

Other operating income includes income from reversals of provisions or valuation allowances, other income unrelated to the reporting period (such as receivables due from health insurance companies), overdue charges (dunning fees), income from disposals of non-current assets and foreign currency translation, rental income, reimbursements of travel expenses, income from recoveries on derecognized receivables and other income.

10.5.5 Other Operating Expenses

Other operating expenses mainly include:

- rent and service charges related to premises, equipment and vehicles;
- transportation expenses related to our vehicle fleet and expenses for external logistics providers;
- maintenance and repair expenses, particularly for testing equipment and systems, as well as insurance costs;
- taxes other than on income and in particular land tax and business tax. In France, this category also covers CET (*Contribution Économique Territoriale*), one of the business levies in France, but not the CVAE (*Cotisation sur la Valeur Ajoutée des Entreprises*) business levy. These two levies were both introduced in France on January 1, 2010. The business tax payable by French subsidiaries prior to January 1, 2010 was replaced by the CET and CVAE levies. CVAE is accounted for under "*Income tax*";
- expenses and professional fees, such as legal, audit and consulting fees;
- sales, marketing and quality expenses (since the clinical laboratory testing industry is highly regulated, and particularly so in France with the obligation to secure accreditation based on strict standards, we incur quality related expenses); and
- IT and administrative expenses and allowances for doubtful accounts or inventories, when proven and definitive.

10.5.6 Depreciation and Amortization

Depreciation and amortization reflect the normal wear and tear of property, plant and equipment and intangible assets, in particular customer lists from acquisitions of companies.

10.5.7 Restructuring and Other Significant Expenses

Restructuring and other significant expenses include (i) strategic project costs, which include costs incurred as part of our wider business transformation program, costs relating to finance transformation and other significant IT implementation programs costs (including our enterprise resource planning ("**ERP**") system) that were not considered to meet our policy for capitalization of software development costs in accordance with IAS 38, costs of setting up new laboratory information systems and our group data center and costs for the preparation of a potential change in our capital structure; and (ii) expenses for restructuring, post-merger integration and other costs resulting from acquisitions, significant relocation and internal reorganization programs.

10.5.8 Impairment of Non-Current Assets

Impairment of non-current assets include goodwill impairments and impairments of customer lists, other fixed assets and non-current assets.

10.5.9 Net Finance Costs

Net finance costs is the sum of financial costs and income and primarily includes: (i) interest on outstanding amounts of existing debt, particularly the amounts outstanding on our bonds, revolving credit facility and bank loans and factoring programs, (ii) interest payable on leases, (iii) gains and

losses caused by fluctuations in exchange rates, (iv) the impact of fair value adjustments on financial instruments held to cover interest rate risks, (v) the interest cost of post-employment benefit obligations and (vi) income from cash equivalents.

10.5.10 Income Tax Expense

Income tax expense includes current and deferred income tax expense. The tax rates and tax laws used to compute current income taxes are those that are enacted in the countries where the respective Group companies operate and generate taxable income.

10.5.11 Profit for the Period from Discontinued Operations

Profit for the period from discontinued operations represents the net results for the period of our A&S business unit, the sale of which was substantially completed in 2020. See sections 2.9 (*General Information—Presentation of Financial Information*) and 10.4.2 (*Sale of Analytics & Services Business Unit*).

10.6 Results of Operations

10.6.1 Overview

The following table sets forth our consolidated results of operations for each of the periods indicated.

	For the year ended December 31,				
	2018	**2018 (restated)**	**2019**	**2019 (restated)**	**2020**
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Revenue	**1,998.3**	**1,807.9**	**2,108.1**	**1,906.1**	**2,621.2**
Material and related expenses	(431.9)	(412.5)	(467.0)	(437.0)	(684.5)
Payroll and related expenses	(824.5)	(726.9)	(869.0)	(767.3)	(908.2)
Other operating income	19.8	17.9	20.0	18.9	19.1
Other operating expenses	(423.1)	(313.8)	(365.2)	(332.4)	(371.8)
Depreciation and amortization	(150.8)	(187.3)	(222.1)	(196.8)	(226.2)
Operating profit before acquisition, restructuring and impairment of non-current assets	**187.9**	**185.3**	**204.8**	**191.5**	**449.5**
Restructuring and other significant expenses	(47.5)	(44.0)	(31.8)	(30.1)	(17.1)
Acquisitions related income/(expenses)	(2.0)	(2.5)	1.5	1.6	(1.9)
(Impairment)/reversal of impairment of non-current assets	–	0.1	(91.1)	(91.1)	(115.0)
Operating profit	**138.4**	**138.8**	**83.5**	**71.9**	**315.5**
Share of loss of associates and other non-controlling interest	(1.3)	(1.3)	(1.1)	(1.1)	(2.7)
Profit on disposal of investment	0.1	0.1	0.1	0.1	1.1
Finance income	18.5	18.2	25.0	23.0	20.3
Finance costs	(164.1)	(175.4)	(191.0)	(188.4)	(208.9)
Profit/(Loss) before taxes	**(8.3)**	**(19.5)**	**(83.6)**	**(94.6)**	**125.3**
Income tax expense	(30.4)	(30.6)	(24.3)	(25.0)	(87.3)
Net profit/(loss) for the period from continuing operations	–	**(50.1)**	–	**(119.6)**	**37.9**
Profit for the period from discontinued operations	–	8.0	–	11.7	221.1
Net profit/(loss) for the period	**(38.7)**	**(42.1)**	**(108.0)**	**(108.0)**	**259.1**

In order to facilitate the comparison of our financial information on an ongoing operations basis, the 2019 Restated Financial Information and the 2018 Restated Financial Information present the results of our disposed A&S business unit under "profit for the period from discontinued operations" in the income statement. See sections 10.4.2 (*Factors Affecting Comparability—Sale of Analytics & Services Business Unit*) and 2.9 (*General Information—Presentation of Financial Information*). The 2018 Restated Financial Information also reflects the full retrospective

application of IFRS 16 (*Leases*). See section 10.4.3 (*Factors Affecting Comparability—IFRS 16 (Leases)*).

We believe that the most meaningful way to discuss our results of operations for the years ended December 31, 2018, 2019 and 2020 is to compare:

- the 2019 Restated Financial Information and the 2020 Financial Statements; and, separately,
- the 2018 Restated Financial Information and the 2019 Restated Financial Information. See section 2.9 (*General Information—Presentation of Financial Information*).

We have also included discussions of our results of operations based on a comparison of the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements under section 10.12 (*Comparison of the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements*) below.

10.6.2 Comparison of the Years Ended December 31, 2019 (restated) and 2020

The following table shows our annual results of operations from the 2019 Restated Financial Information and the 2020 Financial Statements.

	For the year ended December 31,	
	2019 (restated)	**2020**
	(€ millions)	
	(unaudited)	*(audited)*
Revenue	**1,906.1**	**2,621.2**
Material and related expenses	(437.0)	(684.5)
Payroll and related expenses	(767.3)	(908.2)
Other operating income	18.9	19.1
Other operating expenses	(332.4)	(371.8)
Depreciation and amortization	(196.8)	(226.2)
Operating profit before acquisition, restructuring and impairment of non-current assets	**191.5**	**449.5**
Restructuring and other significant expenses	(30.1)	(17.1)
Acquisitions related income/(expenses)	1.6	(1.9)
Impairment of non-current assets	(91.1)	(115.0)
Operating profit	**71.9**	**315.5**
Share of loss of associates and other non-controlling interest	(1.1)	(2.7)
Profit on disposal of investment	0.1	1.1
Finance income	23.0	20.3
Finance costs	(188.4)	(208.9)
Profit/(Loss) before taxes	**(94.6)**	**125.3**
Income tax expense	(25.0)	(87.3)
Net profit/(loss) for the period from continuing operations	**(119.6)**	**37.9**
Profit for the period from discontinued operations	11.7	221.1
Net profit/(loss) for the period	**(108.0)**	**259.1**

10.6.2.1 Revenue

Our revenue increased by €715.1 million, or 37.5%, to €2,621.2 million in the year ended December 31, 2020, from €1,906.1 million in the year ended December 31, 2019 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of approximately 36.1% and the approximately 0.6% growth contribution of businesses that we acquired in 2019 and 2020, which was partially offset by approximately 1.0% of decline attributable to unfavorable foreign currency exchange rates. The estimated impact of the COVID-19 pandemic on our revenue was an approximately €620–630 million net increase for the year, reflecting an approximately €805 million revenue contribution from SARS-CoV-2 testing, which was partially offset by an estimated approximately €175–185 million attrition impact from confinement measures that

temporarily decreased non-SARS-CoV-2 testing volumes below expected volumes predominantly during the early part of the COVID-19 pandemic. Excluding the estimated impact of the COVID-19-related revenue contribution, estimated underlying organic growth of 3.5–4.0% primarily reflected volume growth driving approximately 3.4% of growth, with approximately 0.5% of growth resulting from price increases.

Revenue in France increased by €172.2 million, or 36.3%, to €646.6 million in the year ended December 31, 2020, from €474.4 million in the year ended December 31, 2019 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of approximately 34.3%, which was driven by SARS-CoV-2 testing and other volume increases and was partially offset by the impact of prices. Revenue growth in France was also offset as a result of M&A activity, including the sale of our Lannion, Minihy-Tréguier and Guingamp laboratories in Brittany, that had the effect of decreasing revenue by approximately 0.9% for the year. Excluding the estimated revenue impact of the COVID-19 pandemic, estimated underlying organic growth of approximately 3.8% was primarily driven by volume increases that provided approximately 4.3% of growth and was partially offset by approximately 0.5% as a result of price decreases.

Revenue in Germany increased by €150.8 million, or 35.2%, to €579.8 million in the year ended December 31, 2020, from €429.0 million in the year ended December 31, 2019 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of approximately 34.7%, which was driven by SARS-CoV-2 testing and other volume increases. Excluding the estimated revenue impact of the COVID-19 pandemic, estimated underlying organic growth of approximately 4.8% was primarily driven by volume increases that provided approximately 4.3% of growth and approximately 0.5% of growth from price increases.

Revenue in the South segment increased by €213.3 million, or 36.4%, to €799.5 million in the year ended December 31, 2020, from €586.2 million in the year ended December 31, 2019 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of approximately 34.2%, which was driven by SARS-CoV-2 testing volumes in all countries in the segment and other volume increases. Revenue in the South segment also increased as a result of the approximately 2.7% growth contribution of businesses that we acquired in 2019 and 2020. Revenue growth was partially offset by approximately 1.4% of decline attributable to unfavorable foreign currency exchange rates. Excluding the estimated revenue impact of the COVID-19 pandemic, estimated underlying organic growth of approximately 1.5% was primarily driven by volume increases that provided approximately 0.6% of growth and approximately 0.9% of growth from price increases.

Revenue in the North & East segment increased by €178.7 million, or 42.9%, to €595.3 million in the year ended December 31, 2020, from €416.5 million in the year ended December 31, 2019 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of 42.0%, which was driven by SARS-CoV-2 testing in all countries in the segment except the United Kingdom and other volume increases. Revenue in the North & East segment also increased as a result of the approximately 0.1% growth contribution of businesses that we acquired in 2019 and 2020. Revenue growth was partially offset by approximately 2.7% of decline attributable to unfavorable foreign currency exchange rates. Excluding the estimated revenue impact of the COVID-19 pandemic, estimated underlying organic growth of approximately 6.8% was primarily driven by volume increases that provided approximately 5.4% of growth and approximately 1.4% of growth from price increases.

10.6.2.2 Material and Related Expenses

Material and related expenses increased by €247.5 million, or 56.6%, to €684.5 million in the year ended December 31, 2020, from €437.0 million in the year ended December 31, 2019 (restated). Material and related expenses represented 26.1% of our revenue in the year ended December 31, 2020, as compared to 22.9% in the year ended December 31, 2019 (restated). The increase was primarily due to significant increases in spending on reagents and consumables and unfavorable

mix effects with expenses for SARS-CoV-2 testing material expenses being higher than the material expenses for our other testing activity.

10.6.2.3 Payroll and Related Expenses

Payroll and related expenses increased by €140.9 million, or 18.4%, to €908.2 million in the year ended December 31, 2020, from €767.3 million in the year ended December 31, 2019 (restated). The increase was primarily due to a higher average headcount throughout the year as hiring continued in order to support the continuing growth of the business, as well as additional bonuses and premiums that were awarded to the workforce in connection with the COVID-19 pandemic. Increases in other personnel-related costs (which include, among other things, bonus payments and premiums) represented 64.2% of the €140.9 million increase in payroll and related expenses for the year. Payroll and related expenses (excluding €3.6 million related to share-based payments) represented 34.5% of our revenue in the year ended December 31, 2020. Payroll and related expenses (excluding €5.8 million related to share-based payments) represented 40.0% of our revenue in the year ended December 31, 2019 (restated). Payroll and related expenses as a percentage of revenue decreased year-over-year primarily because revenue increased significantly in the year ended December 31, 2020 while the salaries and wages, social security contributions and subcontracting and temporary staff expenses that constitute the majority of payroll and related expenses increased at a lower rate.

10.6.2.4 Other Operating Income

Other operating income increased by €0.2 million, or 1.1%, to €19.1 million in the year ended December 31, 2020, from €18.9 million in the year ended December 31, 2019 (restated).

10.6.2.5 Other Operating Expenses

Other operating expenses increased by €39.4 million, or 11.9%, to €371.8 million in the year ended December 31, 2020, from €332.4 million in the year ended December 31, 2019 (restated). The increase was primarily due to increases in consulting and advisory fees and IT and administrative expenses, all of which were partially driven by additional costs relating to processing SARS-CoV-2 testing results and data. Other operating expenses represented 14.2% of our revenue in the year ended December 31, 2020. Other operating expenses (less €3.3 million of other non-underlying items) represented 17.3% of our revenue in the year ended December 31, 2019 (restated).

10.6.2.6 Depreciation and Amortization

Depreciation and amortization increased by €29.4 million, or 14.9%, to €226.2 million in the year ended December 31, 2020, from €196.8 million in the year ended December 31, 2019 (restated). The increase was primarily due to higher depreciation and amortization expense for property, plant and equipment and right-of-use assets, each corresponding to the impact of acquisitions. Depreciation and amortization as a percentage of revenue was 8.6% for the year ended December 31, 2020 (2019 (restated): 10.3%).

10.6.2.7 Restructuring and Other Significant Expenses

Restructuring and other significant expenses decreased by €13.0 million, or 43.2%, to €17.1 million in the year ended December 31, 2020, from €30.1 million in the year ended December 31, 2019 (restated). The decrease was primarily due to lower spending on strategic group projects, restructurings and post-merger integrations as a consequence of reduced M&A activity during the COVID-19 pandemic.

10.6.2.8 Impairment of Non-Current Assets

Impairment of non-current assets increased by €23.9 million, or 26.2%, to €115.0 million in the year ended December 31, 2020, from €91.1 million in the year ended December 31, 2019 (restated). The impairment of non-current assets in both years related primarily to impairments of goodwill for our business in Switzerland.

10.6.2.9 Operating Profit

As a result of the factors described above, operating profit increased by €243.6 million, or 338.8%, to €315.5 million in the year ended December 31, 2020, from €71.9 million in the year ended December 31, 2019 (restated).

10.6.2.10 Net Finance Costs

Net finance costs increased by €23.2 million, or 14.0%, to €188.6 million in the year ended December 31, 2020, from €165.4 million in the year ended December 31, 2019 (restated). The increase was primarily due to unrealized foreign exchange losses relating to the retranslation of intercompany loans, as well as increased interest expenses, which include certain consent fees and early redemption premiums paid in connection with refinancing our debt obligations.

10.6.2.11 Income Tax Expense

Income tax expense increased by €62.3 million, or 249.2%, to €87.3 million in the year ended December 31, 2020, from €25.0 million in the year ended December 31, 2019 (restated). The increase was primarily due to our profitability in 2020. We expect our tax rate in future periods also to be in the region of approximately 28% of operating profit (2020: 27.7%). Our effective tax rate differed from the UK corporation tax rate for the period as a result of a number of adjustments, including the non-deductibility of financing costs for which either tax relief was not available at all or for which no deferred tax asset was recognized. In addition, the majority of our profits of the arose in jurisdictions with higher rates of corporation tax (mainly France, Italy and Germany).

10.6.2.12 Net Profit/(Loss) for the Period from Continuing Operations

As a result of the factors described above, net profit for the period from continuing operations was €37.9 million, as compared to a net loss of €119.6 million in the year ended December 31, 2019 (restated).

10.6.2.13 Profit for the Period from Discontinued Operations

Profit for the period from discontinued operations increased by €209.4 million, or 1,789.7%, to €221.1 million in the year ended December 31, 2020, from €11.7 million in the year ended December 31, 2019 (restated). The increase was primarily due to income from the disposal of our A&S business unit, which was sold in 2020, net of disposal costs.

10.6.2.14 Net Profit/(Loss) for the Period

As a result of the factors described above, net profit for the period was €259.1 million, as compared to a net loss of €108.0 million in the year ended December 31, 2019 (restated).

10.6.3 Comparison of the Years Ended December 31, 2018 (restated) and 2019 (restated)

The following table shows our annual results of operations from the 2018 Restated Financial Information and the 2019 Restated Financial Information.

	For the year ended December 31,	
	2018 (restated)	2019 (restated)
	(€ millions)	
	(unaudited)	*(unaudited)*
Revenue	**1,807.9**	**1,906.1**
Material and related expenses	(412.5)	(437.0)
Payroll and related expenses	(726.9)	(767.3)
Other operating income	17.9	18.9
Other operating expenses	(313.8)	(332.4)
Depreciation and amortization	(187.3)	(196.8)
Operating profit before acquisition, restructuring and impairment of non-current assets	**185.3**	**191.5**
Restructuring and other significant expenses	(44.0)	(30.1)
Acquisitions related income/(expenses)	(2.5)	1.6
(Impairment)/reversal of impairment of non-current assets	0.1	(91.1)
Operating profit	**138.8**	**71.9**
Share of loss of associates and other non-controlling interest	(1.3)	(1.1)
Profit on disposal of investment	0.1	0.1
Finance income	18.2	23.0
Finance costs	(175.4)	(188.4)
Loss before taxes	**(19.5)**	**(94.6)**
Income tax expense	(30.6)	(25.0)
Net loss for the period from continuing operations	**(50.1)**	**(119.6)**
Profit for the period from discontinued operations	8.0	11.7
Net loss for the period	**(42.1)**	**(108.0)**

10.6.3.1 Revenue

Our revenue increased by €98.2 million, or 5.4%, to €1,906.1 million in the year ended December 31, 2019 (restated), from €1,807.9 million in the year ended December 31, 2018 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to the approximately 4.0% growth contribution of businesses that we acquired in 2018 and 2019, organic growth of approximately 1.9% and approximately 0.1% of growth attributable to favorable foreign currency exchange rates. Organic growth of approximately 1.9% reflected volume growth of approximately 2.2% that was partially offset by approximately 0.3% resulting from lower prices.

Revenue in France increased by €13.3 million, or 2.9%, to €474.4 million in the year ended December 31, 2019 (restated), from €461.1 million in the year ended December 31, 2018 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to the approximately 2.9% growth contribution of businesses that we acquired in France in 2018 and 2019 and organic growth of approximately 2.0%. Organic growth of approximately 2.0% was primarily driven by volume increases that provided approximately 3.7% of growth and was partially offset by approximately 1.7% as a result of price decreases negotiated as part of a planned multi-year industry agreement.

Revenue in Germany increased by €24.4 million, or 6.0%, to €429.0 million in the year ended December 31, 2019 (restated), from €404.6 million in the year ended December 31, 2018 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to the approximately 5.6% growth contribution of businesses that we acquired in Germany in 2018 and 2019, including the acquisition of EMT Medizintechnik, and organic growth of approximately 0.8%. Organic growth of approximately 0.8% was primarily driven by volume increases that provided approximately 1.0% of growth that was partially offset by an approximately 0.2% decline from

lower prices resulting from revisions to the German Uniform Evaluation Standard catalog (*Einheitlicher Bewertungsmaßstab*).

Revenue in the South segment increased by €17.5 million, or 3.1%, to €586.2 million in the year ended December 31, 2019 (restated), from €568.7 million in the year ended December 31, 2018 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to the approximately 2.9% growth contribution of businesses that we acquired in the South segment in 2018 and 2019, primarily resulting from the contributions of businesses that we acquired in Italy in 2018 and 2019 along with increased revenue in Latin America that was primarily attributable to acquisitions closed in 2018 and 2019 in Colombia. Revenue in the South segment was also driven by approximately 0.6% of growth attributable to favorable foreign currency exchange rates. Revenue growth was partially offset by approximately 0.4% organic decline in 2019. Organic decline of approximately 0.4% was primarily driven by approximately 0.5% of decline from price decreases and was partially offset by approximately 0.1% of growth from volume increases. Organic decline was impacted by lower revenue in Spain that was primarily due to reduced volumes as a result of the end of a contract with the Quiron hospital in late 2018, which impacted sales volumes in 2019, and decreased revenue in Switzerland that was primarily due to a contraction in volumes particularly in the French and German speaking regions due to strong competition and regulatory pressure. The Swiss market is a healthy and growing market where we expect to grow in the future and regain market share following a complete review of all contracts in our portfolio during 2020. The addressable portion of the Swiss market is expected to grow at an approximately 1% compound annual growth rate from 2019 to 2022 and accelerate to an approximately 4% compound growth rate from 2022 to 2025 as a result of outsourcing.

Revenue in the North & East segment increased by €43.1 million, or 11.5%, to €416.5 million in the year ended December 31, 2019 (restated), from €373.4 million in the year ended December 31, 2018 (restated). Taking into consideration the revenue impact of the factors discussed in section 10.4 (*Factors Affecting Comparability*) above, the increase was primarily due to organic growth of approximately 6.5% and the approximately 5.2% growth contribution of businesses that we acquired in the North & East segment in 2018 and 2019, including our acquisition of Yhtyneet Medix Laboratoriot Oy in Finland in the second half of 2018 and our initial entries into Denmark, Sweden and Ukraine through acquisitions in 2019. Revenue growth was partially offset by approximately 0.3% of decline attributable to unfavorable foreign currency exchange rates. Organic growth of approximately 6.5% was primarily driven by volume increases that provided approximately 4.8% of growth and approximately 1.7% of growth from price increases. Organic growth was impacted by volume growth in the United Kingdom and price indexation of NHS contracts, volume growth in the Nordic countries of Estonia, Finland and Lithuania and strong organic growth in Austria, the Czech Republic, Hungary and Slovakia.

10.6.3.2 Material and Related Expenses

Material and related expenses increased by €24.5 million, or 5.9%, to €437.0 million in the year ended December 31, 2019 (restated), from €412.5 million in the year ended December 31, 2018 (restated). The increase was primarily due to additional expenses resulting from the full-year inclusion of material and related expenses of businesses that we acquired in 2018 and 2019, including the costs of raw materials needed to satisfy growing sales volumes. Material and related expenses represented 22.9% of our revenue in the year ended December 31, 2020, as compared to 22.8% in the year ended December 31, 2018 (restated).

10.6.3.3 Payroll and Related Expenses

Payroll and related expenses increased by €40.4 million, or 5.6%, to €767.3 million in the year ended December 31, 2019 (restated), from €726.9 million in the year ended December 31, 2018 (restated). The increase was primarily due to additional personnel expenses resulting from the full-year inclusion of personnel expenses of businesses that we acquired in 2018 and 2019 as well as salary increases in some geographies. Payroll and related expenses (less €5.8 million of share-based payments) represented 40.0% of our revenue in the year ended December 31, 2019 (restated). Payroll and related expenses (less €4.3 million of share-based payments) also represented 40.0% of our revenue in the year ended December 31, 2018 (restated).

10.6.3.4 Other Operating Income

Other operating income increased by €1.0 million, or 5.6%, to €18.9 million in the year ended December 31, 2019 (restated), from €17.9 million in the year ended December 31, 2018 (restated). The increase was primarily due to the full-year contribution of businesses that we acquired in 2018 and 2019.

10.6.3.5 Other Operating Expenses

Other operating expenses increased by €18.6 million, or 5.9%, to €332.4 million in the year ended December 31, 2019 (restated), from €313.8 million in the year ended December 31, 2018 (restated). The increase was primarily due to the full-year inclusion of other operating expenses of businesses that we acquired in 2018 and 2019. Other operating expenses (less €3.3 million of other non-underlying items) represented 17.3% of our revenue in the year ended December 31, 2019 (restated). Other operating expenses (less €6.0 million of other non-underlying items) represented 17.0% of our revenue in the year ended December 31, 2018 (restated).

10.6.3.6 Depreciation and Amortization

Depreciation and amortization increased by €9.5 million, or 5.1%, to €196.8 million in the year ended December 31, 2019 (restated), from €187.3 million in the year ended December 31, 2018 (restated). The increase was primarily due to higher depreciation and amortization expense for property, plant and equipment, right-of-use assets, customer relationships and intangible assets, all corresponding to the impact of acquisitions. Depreciation and amortization as a percentage of revenue was 10.3% for the year ended December 31, 2019 (restated) (2018 (restated): 10.4%).

10.6.3.7 Restructuring and Other Significant Expenses

Restructuring and other significant expenses decreased by €13.9 million, or 31.6%, to €30.1 million in the year ended December 31, 2019 (restated), from €44.0 million in the year ended December 31, 2018 (restated). The decrease was primarily due to lower severance costs and lower costs relating to significant restructuring and relocation programs resulting from acquisitions in 2019.

10.6.3.8 Impairment and Reversal of Impairment of Non-Current Assets

Impairment of non-current assets was €91.1 million in the year ended December 31, 2019 (restated), compared to a €0.1 million impairment reversal in the year ended December 31, 2018 (restated). The impairment of non-current assets in 2019 related primarily to a €90.0 million impairment of goodwill for our business in Switzerland.

10.6.3.9 Operating Profit

As a result of the factors described above, operating profit decreased by €66.9 million, or 48.2%, to €71.9 million in the year ended December 31, 2019 (restated), from €138.8 million in the year ended December 31, 2018 (restated).

10.6.3.10 Net Finance Costs

Net finance costs increased by €8.2 million, or 5.2%, to €165.4 million in the year ended December 31, 2019 (restated), from €157.2 million in the year ended December 31, 2018 (restated). The increase was primarily due to higher gross debt on December 31, 2019 compared to December 31, 2018. Interest expenses on financial liabilities measured at amortized cost for the year ended December 31, 2019 (restated) were €157.3 million and interest expenses on leases were €14.6 million.

10.6.3.11 Income Tax Expense

Income tax expense decreased by €5.6 million, or 18.3%, to €25.0 million in the year ended December 31, 2019 (restated), from €30.6 million in the year ended December 31, 2018 (restated). Income tax expense includes both current and deferred tax expenses. The decrease was primarily due to a tax rate change in France and a decrease in our activity in Switzerland. The remaining

decrease was due to adjustments to deferred tax in the year ended December 31, 2018 (restated). Our effective tax rate differed from the UK corporation tax rate for the period as a result of a number of adjustments, including the non-deductibility of financing costs for which either tax relief was not available at all or for which no deferred tax asset was recognized. In addition, the majority of our profits arose in jurisdictions with higher rates of corporation tax (mainly France and Italy).

10.6.3.12 Net Loss for the Period from Continuing Operations

As a result of the factors described above, net loss for the period from continuing operations increased by €69.5 million, or 138.7%, to €119.6 million in the year ended December 31, 2019 (restated), from €50.1 million in the year ended December 31, 2018 (restated).

10.6.3.13 Profit for the Period from Discontinued Operations

Profit for the period from discontinued operations increased by €3.7 million, or 46.3%, to €11.7 million in the year ended December 31, 2019 (restated), from €8.0 million in the year ended December 31, 2018 (restated). The increase was primarily due to increased revenue and lower restructuring and other significant expenses in our A&S business unit, which was subsequently sold in 2020.

10.6.3.14 Net Loss for the Period

As a result of the factors described above, net loss for the period increased by €65.9 million, or 156.5%, to €108.0 million in the year ended December 31, 2019 (restated), from €42.1 million in the year ended December 31, 2018 (restated).

10.7 Alternative Performance Measures

10.7.1 Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations

We present Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations as supplemental measures that we believe are useful to investors in evaluating our operating performance, including our profitability and liquidity.

Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations are not measurements of financial performance under IFRS or U.S. GAAP and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS or U.S. GAAP. Adjusted EBITDA from Continuing Operations as presented in this Prospectus differs from EBITDA as it is defined under our financing agreements described under section 12.24.4 (*Business—Material Contracts—Financing Agreements*). Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations, as presented in this Prospectus, may differ from, and may not be comparable to, similarly titled measures used by other companies.

We present Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations for informational purposes only. There is no assurance that items that we have identified for adjustment as non-underlying will not recur in the future or that similar items will not be incurred in the future. The calculations for Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations are based on various assumptions, management estimates and unaudited management accounts. These amounts have not been and, in certain cases, cannot be audited, reviewed or verified by any independent accounting firm. Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results of operations as reported under IFRS. See sections 2.9 (*General Information—Presentation of Financial Information*) and 2.10 *(—Non-IFRS Measures*).

10.7.1.1 Adjusted Operating Profit from Continuing Operations

Adjusted Operating Profit from Continuing Operations represents our net profit or loss for the period with the adjustments set out in the table below. Such adjustments relate to costs that we

believe are not reflective of the underlying performance of our business and are therefore added back to operating profit to derive Adjusted Operating Profit from Continuing Operations.

Our Adjusted Operating Profit from Continuing Operations for the year ended December 31, 2020 was €504.5 million, as compared to €253.6 million and €246.3 million for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

For the year ended December 31, 2020, our France segment contributed €144.5 million, or 28.6%, to our Adjusted Operating Profit from Continuing Operations, followed by contributions of €131.8 million, or 26.1%, from our North & East segment; €131.0 million, or 26.0%, from our South segment; and €97.1 million, or 19.3%, from our Germany segment.

For the year ended December 31, 2019 (restated), our France segment contributed €96.7 million, or 38.1%, to our Adjusted Operating Profit from Continuing Operations, followed by contributions of €65.1 million, or 25.7%, from our South segment; €50.6 million, or 20.0%, from our North & East segment; and €41.1 million, or 16.2%, from our Germany segment.

For the year ended December 31, 2018 (restated), our France segment contributed €95.2 million, or 38.6%, to our Adjusted Operating Profit from Continuing Operations, followed by contributions of €72.6 million, or 29.5%, from our South segment; €41.4 million, or 16.8%, from our Germany segment; and €37.1 million, or 15.1%, from our North & East segment.

10.7.1.2 Adjusted EBITDA from Continuing Operations

Adjusted EBITDA from Continuing Operations represents our net profit or loss for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, depreciation and amortization, Separately Disclosed Items, share-based payments and other items considered by management to be non-underlying.

Our Adjusted EBITDA from Continuing Operations for the year ended December 31, 2020 was €679.2 million, as compared to €397.4 million and €382.9 million for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

10.7.1.3 Reconciliation from Net Profit or Loss for the Period to Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations

The following table provides a reconciliation from net profit or loss for the period to Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations for the periods indicated.

	Year ended December 31,				
	2018	**2018 (restated)**	**2019**	**2019 (restated)**	**2020**
			(€ millions)		
	(audited, unless otherwise noted)	*(unaudited)*	*(audited, unless otherwise noted)*	*(unaudited)*	*(audited, unless otherwise noted)*
Net profit/(loss) for the period	**(38.7)**	**(42.1)**	**(108.0)**	**(108.0)**	**259.1**
Profit for the period from discontinued operations	–	(8.0)	–	(11.7)	(221.1)
Net profit/(loss) for the period from continuing operations	–	**(50.1)**	–	**(119.6)**	**37.9**
Income tax expenses	30.4	30.6	24.3	25.0	87.3
Finance costs	164.1	175.4	191.0	188.4	208.9
Finance income	(18.5)	(18.2)	(25.0)	(23.0)	(20.3)
Profit on disposal of investment	(0.1)	(0.1)	(0.1)	(0.1)	(1.1)
Share of loss of associates and other non-controlling interest	1.3	1.3	1.1	1.1	2.7
Operating profit	**138.4**	**138.8**	**83.5**	**71.9**	**315.5**
(Impairment)/reversal of impairment of non-current assets [(a)]	–	(0.1)	91.1	91.1	115.0
Acquisitions-related expenses/(income) [(b)]	2.0	2.5	(1.5)	(1.6)	1.9
Restructuring and other significant expenses [(c)]	47.5	44.0	31.8	30.1	17.1
Operating profit before acquisitions, restructuring and impairment of non-current assets	**187.9**	**185.3**	**204.8**	**191.5**	**449.5**
Amortization of customer relationships [(d)]	59.2	50.7	61.6	53.0	51.4
Share-based payments	4.3	4.3	5.8	5.8	3.6
Other non-underlying items [(e)]	6.9	6.0	3.9	3.3	–
Adjusted Operating Profit from Continuing Operations [(f)]	**258.3**†	**246.3**	**276.1**†	**253.6**	**504.5**†
Depreciation of property, plant and equipment	73.0	43.7	51.8	44.8	51.9
Depreciation of right-of-use assets	–	75.2	87.6	78.6	100.5
Amortization of other intangible assets	18.6	17.7	21.0	20.4	22.4
Adjusted EBITDA from Continuing Operations [(g)]	**349.9**†	**382.9**	**436.6**†	**397.4**	**679.2**†

† Unaudited.

(a) There were no impairments of non-current assets in 2018. Impairment of non-current assets in 2019 and 2019 (restated) primarily related to an impairment of goodwill for our operations in Switzerland in an amount of €90.0 million due to commercial challenges faced in Switzerland that resulted in a loss of customers. Impairment of non-current assets in 2020 primarily related to an impairment of goodwill for our operations in Switzerland in an amount of €115.0 million due to continuing commercial challenges in Switzerland.

(b) For 2018, transaction costs for acquisition projects that we completed or abandoned amounted to €2.0 million and included €6.6 million of legal and consulting expenses and €4.6 million in release of provisions for earn-outs relating to previous acquisitions. For 2018 (restated), transaction costs for acquisition projects that we completed or abandoned amounted to €2.5 million, reflecting the elimination of €0.5 million of acquisition-related income in our disposed A&S business unit. For 2019, net income of €1.5 million from acquisition projects that we completed or abandoned included €5.6 million of legal and consulting expenses and €7.1 million in release of provisions for earn-outs relating to previous acquisitions. For 2019 (restated), net income of €1.6 million from acquisition projects that we completed or abandoned reflected the elimination of less than €0.1 million of acquisition-related expenses in our disposed A&S business unit that resulted in a rounding change. For 2020, transaction costs for acquisition projects that we completed or abandoned amounted to €1.9 million and included €2.7 million of legal and consulting expenses and €0.8 million in release of provisions for earn-outs relating to previous acquisitions.

(c) Restructuring and other significant expenses includes (i) strategic group project costs (including costs related to our finance transformation and IT projects) and (ii) restructuring, severance and other expenses.

Strategic group project costs (including costs related to our finance transformation and IT projects) amounted to €20.0 million in 2018, €17.5 million in 2019 and €13.0 million in 2020. Strategic project costs that were attributable to entities in our disposed A&S business unit are eliminated from the 2018 and 2019 strategic business costs in the calculation of restructuring and other significant expenses for 2018 (restated) and 2019 (restated). Strategic project costs consist of costs associated with strategic projects as part of our wider business transformation program, and included costs relating to our group-wide ERP system and other significant IT implementation programs. These costs were considered not to meet our policy for capitalization of software development costs in accordance with IAS 38. In 2018, strategic project costs included €6.6 million of costs related to our business transformation program related to the merger of the predecessor SYNLAB and Labco businesses and our related Gemini operational excellence program. Costs related to our finance transformation and IT projects included €11.2 million incurred in 2018 in the course of setting up the ERP system in Switzerland and Italy, as well as improvement of accounting and financial reporting systems, including support with implementation of the new IFRS 16 (*Leases*) accounting standard. Costs of €2.2 million were incurred in 2018 in various geographies and included setting up of new laboratory information systems. In 2019, strategic project costs were incurred mainly for projects related to the implementation of our "For You" strategy, primarily relating to consulting, market research and promotion for retail, hospital and prescriber sales initiatives, setting up of management training and employee satisfaction monitoring. Costs related to our finance transformation and IT projects included €7.8 million incurred in 2019 in the course of setting up the ERP system in Switzerland and Italy, as well as improvement of accounting and financial reporting systems, including support with implementation of the new IFRS 16 (*Leases*) accounting standard. Costs of €5.4 million in 2019 were incurred in various geographies, including setting up of new laboratory information systems and our group data center. In 2020, strategic project costs included €7.4 million of costs incurred in preparation for a potential change in our capital structure. Costs of strategic IT projects included €5.5 million incurred in 2020 in connection with, among other things, the implementation of the ERP system.

Expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programs amounted to €27.4 million in 2018, €14.3 million in 2019 and €4.1 million in 2020. Expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programs that were attributable to entities in our disposed A&S business unit are eliminated from the 2018 and 2019 strategic business costs in the calculation of restructuring and other significant expenses for 2018 (restated) and 2019 (restated). In 2018, this category included expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programs, as well as provisions for legal cases, totaling €15.9 million and severance costs associated with staff redundancies from restructuring activities across the SYNLAB Group totaling €10.2 million. In 2019, these expenses included €7.0 million of severance costs, as well as €5.8 million for costs relating to significant restructuring and relocation programs, in particular in Germany. The personnel expenses within this category were €1.4 million in 2019. The cost of these individuals is directly attributable to those related one-off projects. The total amount of restructuring, severance and other expenses is net of the income from the release of provisions for similar costs recorded in prior years (2018: €27.4 million, including €10.2 million severance costs associated with staff redundancies as well as a provision of €6.0 million for retroactive reduction of prices by authorities in the region of Campania, Italy). In 2020, these expenses consisted primarily of €4.0 million of costs relating to various restructuring projects, including a major restructuring project in Switzerland.

(d) Amortization of customer relationships relates to customer relationships recognized as part of the purchase price allocation for the acquisitions that we completed.

(e) Other non-underlying items consisted in part of costs relating to shareholder-related activities, including legal costs totaling €2.7 million in 2018 and €1.4 million in 2019. Also included within other non-underlying items are legal and litigation costs relating to one-off items (including previous merger and acquisition and restructuring events). Other non-underlying items for 2018 (restated) and 2019 (restated) reflect the elimination of €0.9 million and €0.6 million of other non-underlying items, respectively, that were attributable to entities in our disposed A&S business unit.

Other non-underlying items also include penalties paid due to cancellation of contracts, which totaled €1.6 million for 2018, €1.5 million for 2018 (restated), €0.8 million for 2019, €0.8 million for 2019 (restated) and nil for 2020. Penalties paid due to cancellation of contracts in 2018 and 2018 (restated) mainly relate to various penalties due to renegotiations of supplier contracts. Penalties paid due to cancellation of contracts in 2019 and 2019 (restated) mainly refer to rental payments in Italy (€0.3 million) and the termination of contracts for IT services in Germany (€0.3 million) in 2019.

Other non-underlying items include the amount of income from asset disposals, which was €0.1 million for each of 2018, 2018 (restated), 2019 and 2019 (restated) and nil for 2020.

(f) For 2018 and 2019, this line presents the arithmetic sum of line items appearing in the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

(g) For 2018 and 2019, this line presents Adjusted EBITDA as shown in note 5 (*Adjusted EBITDA*) to the 2018 Financial Statements and note 5 (*Adjusted EBITDA*) to the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations

10.7.1.4 Reconciliation from Cash Flow from Operating Activities of Continuing Operations to Adjusted EBITDA from Continuing Operations

The following table provides a reconciliation from cash flow from operating activities of continuing operations to Adjusted EBITDA from Continuing Operations for the periods indicated.

	Year ended December 31,				
	2018 [(a)]	2018 (restated)	2019 [(a)]	2019 (restated)	2020
			(€ millions)		
	(audited, unless otherwise noted)	*(unaudited)*	*(audited, unless otherwise noted)*	*(unaudited)*	*(audited, unless otherwise noted)*
Cash flow from operating activities of continuing operations	**269.4**	**307.7**	**359.8**	**325.0**	**480.1**
Movements in working capital [(b)]	(23.0)	(22.5)	(1.6)	(1.3)	142.6
Income tax paid	38.4	36.7	41.2	39.8	41.8
Change in provisions and other [(c)]	65.1	61.1	37.2	33.9	14.9
Adjusted EBITDA from Continuing Operations	**349.9**†	**383.0**	**436.6**†	**397.4**	**679.2**†

† Unaudited.

(a) For 2018 and 2019, this table presents items appearing in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

(b) Movements in working capital comprises change in inventories, change in trade accounts receivable, change in trade accounts payable and change in other net working capital, as shown in the following table.

	Year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Change in inventories	(0.2)	0.0	(2.4)	(2.2)	(111.7)
Change in trade accounts receivable	14.8	16.5	(18.7)	(20.1)	(267.5)
Change in trade accounts payable	(0.3)	(2.2)	14.1	14.7	150.1
Change in other net working capital	8.7	8.2	8.6	8.9	86.5
Movements in working capital	**23.0**	**22.5**	**1.6**	**1.3**	**(142.6)**

(c) Change in provisions and other comprises share-based payments, other non-underlying items, restructuring and other significant expenses, acquisitions-related (income)/expenses, change in provisions, (gain)/loss from the disposal of non-current assets and other non-cash revenue and expenses (e.g., changes in value adjustments of current assets and share-based payment expenses), as shown in the following table.

	Year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Share-based payments	4.3	4.3	5.8	5.8	3.6
Other non-underlying items	6.9	6.0	3.9	3.3	–
Restructuring and other significant expenses	47.5	44.0	31.8	30.1	17.1
Acquisitions-related (income)/expenses	2.0	2.5	(1.5)	(1.6)	1.9
Change in provisions	0.3	(0.0)	2.4	1.3	1.6
(Gain)/loss from the disposal of non-current assets	0.2	0.2	0.1	0.2	(0.6)
Other non-cash (revenue)/expenses	3.9	4.1	(5.4)	(5.2)	(8.7)
Change in provisions and other	**65.1**	**61.1**	**37.2**	**33.9**	**14.9**

10.7.2 Net Cash Capex, Unlevered Free Cash Flow and Free Cash Flow

We define Net Cash Capex as purchase of intangibles and property, plant and equipment, net of proceeds from the sale of intangibles and property, plant and equipment. We define Unlevered Free Cash Flow as cash flow from operating activities of continuing operations, adjusted for Net Cash Capex and lease repayments as shown in the following table. Unlevered Free Cash Flow is further adjusted to exclude net interest to determine Free Cash Flow.

	Year ended December 31,				
	2018 [(a)]	2018 (restated)	2019 [(a)]	2019 (restated)	2020
			(€ millions)		
	(audited, unless otherwise noted)	*(unaudited)*	*(audited, unless otherwise noted)*	*(unaudited)*	*(audited, unless otherwise noted)*
Cash flow from operating activities of continuing operations	**269.4**	**307.7**	**359.8**	**325.0**	**480.1**
Net Cash Capex [(b)]	(84.1)†	(84.3)	(77.8)†	(69.0)	(93.3)†
Lease repayments [(c)]	(25.9)	(76.5)	(101.5)	(91.0)	(115.1)
Unlevered Free Cash Flow	**159.4**†	**146.9**	**180.5**†	**165.0**	**271.7**†
Net interest [(d)]	(135.2)	(136.0)	(118.8)	(120.8)	(126.8)
Free Cash Flow	**24.2**†	**10.9**	**61.7**†	**44.2**	**144.9**†

† Unaudited.

(a) For 2018 and 2019, this table presents items appearing in or derived from the 2018 Financial Statements and the 2019 Financial Statements, respectively. The 2018 Financial Statements and the 2019 Financials Statements do not distinguish between continuing operations and discontinued operations.

(b) We define Net Cash Capex as purchase of intangibles and property, plant and equipment, net of proceeds from the sale of intangibles and property, plant and equipment, as shown in the following table.

	Year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
			(€ millions)		
	(audited, unless otherwise noted)	*(unaudited)*	*(audited, unless otherwise noted)*	*(unaudited)*	*(audited, unless otherwise noted)*
Purchase of intangibles and property, plant and equipment	(85.2)	(85.5)	(79.9)	(70.8)	(94.9)
Proceeds from sale of intangibles and property, plant and equipment	1.1	1.2	2.1	1.8	1.6
Net Cash Capex	**(84.1)**†	**(84.3)**	**(77.8)**†	**(69.0)**	**(93.3)**†

† Unaudited.

(c) For 2018, "lease repayments" represents the total of (i) repayment of finance lease liabilities (which amounted to €22.0 million in 2018) and (ii) interest expenses on finance leases (which amounted to €3.9 million in 2018). For 2018 (restated), 2019, 2019 (restated) and 2020, "lease repayments" represents the total of (i) repayment of lease liabilities (which amounted to €60.7 million in 2018 (restated), €85.5 million in 2019, €76.4 million in 2019 (restated) and €103.3 million in 2020) and (ii) interest expenses on leases (which amounted to €15.8 million in 2018 (restated), €16.0 million in 2019, €14.6 million in 2019 (restated) and €11.8 million in 2020). See section 10.4.3 (*Factors Affecting Comparability—IFRS 16 (Leases)*) for an explanation of changes to accounting treatment of leases as a result of our adoption of IFRS 16 (*Leases*) on January 1, 2019, using the fully retrospective approach. In addition to the increase resulting from the change in accounting treatment, our lease repayments have increased over time as a result of new lease contracts linked to renegotiation of additional supplier contracts in order to realize savings in in the procurement of materials.

(d) Net interest represents interest paid less interest received and lease interest expenses, as shown in the following table. Lease interest expenses represents interest expenses on finance leases for 2018 and interest expenses on leases for 2018 (restated), 2019, 2019 (restated) and 2020. See section 10.4.3 (*Factors Affecting Comparability—IFRS 16*

(Leases)) for an explanation of changes to accounting treatment of leases as a result of our adoption of IFRS 16 (*Leases*) on January 1, 2019, using the fully retrospective approach.

	Year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Interest paid	(140.1)	(152.8)	(135.0)	(135.6)	(139.4)
Interest received	1.0	1.0	0.2	0.2	0.8
Lease interest expenses	3.9	15.8	16.0	14.6	11.8
Net interest	**(135.2)**	**(136.0)**	**(118.8)**	**(120.8)**	**(126.8)**

10.8 Discussion of the Statement of Financial Position

The table below sets forth certain line items from our statement of financial position as at the dates indicated.

	As at December 31,				
	2018	2018 (adjusted)[(a)]	2019	2019 (adjusted)[(b)]	2020
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Non-current assets	3,771.2	3,735.8	4,103.0	3,708.4	3,617.9
Current assets	529.6	470.9	682.2	613.0	1,665.3
Total assets	**4,300.8**	**4,206.7**	**4,785.2**	**4,321.4**	**5,283.2**
Total non-current liabilities	2,813.6	2,911.0	3,284.2	3,069.8	3,268.2
Total current liabilities	426.5	434.8	553.5	499.1	811.5
Total liabilities	**3,240.0**	**3,345.8**	**3,837.7**	**3,568.9**	**4,079.6**
Total equity	**1,060.7**	**860.9**	**947.5**	**752.5**	**1,203.6**

(a) The adjusted balance sheet information as at December 31, 2018 is derived from our accounting records or internal reporting systems and is calculated by (i) making restatement adjustments as required by IFRS 16 (*Leases*) and (ii) deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2018 Financial Statements, as shown in the following table.

	As at December 31,			
	2018	IFRS 16 restatement adjustment	A&S disposal adjustment	2018 (adjusted)
		(€ millions)		
Non-current assets	3,771.2	342.0	(377.4)	3,735.8
Current assets	529.6	(0.0)	(58.7)	470.9
Total assets	**4,300.8**	**342.0**	**(436.1)**	**4,206.7**
Total non-current liabilities	2,813.6	297.0	(199.6)	2,911.0
Total current liabilities	426.5	57.9	(49.6)	434.8
Total liabilities	**3,240.0**	**355.0**	**(249.2)**	**3,345.8**
Total equity	**1,060.7**	**(13.0)**	**(186.8)**	**860.9**

(b) The adjusted balance sheet information as at December 31, 2019 is derived from our accounting records or internal reporting systems and is calculated by deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2019 Financial Statements, as shown in the following table.

	As at December 31,		
	2019	A&S disposal adjustment	2019 (adjusted)
		(€ millions)	
Non-current assets	4,103.0	(394.6)	3,708.4
Current assets	682.2	(69.2)	613.0
Total assets	**4,785.2**	**(463.8)**	**4,321.4**
Total non-current liabilities	3,284.2	(214.4)	3,069.8
Total current liabilities	553.5	(54.4)	499.1
Total liabilities	**3,837.7**	**(268.8)**	**3,568.9**
Total equity	**947.5**	**(195.0)**	**752.5**

10.8.1 Non-current Assets

Non-current assets decreased by €27.4 million, or 0.7%, to €3,708.4 million as at December 31, 2019 (adjusted), from €3,735.8 million as at December 31, 2018 (adjusted). The decrease was primarily attributable to a decrease in goodwill as a result of a €90.0 million goodwill impairment relating to our business in Switzerland, which was partially offset by additions to goodwill from businesses acquired during the period.

Non-current assets decreased by €90.5 million, or 2.4%, to €3,617.9 million as at December 31, 2020, from €3,708.4 million as at December 31, 2019 (adjusted). The decrease was primarily attributable to a decrease in goodwill as a result of a €115.0 million goodwill impairment relating to our business in Switzerland, which was partially offset by additions to goodwill from businesses acquired during the period.

10.8.2 Current Assets

Current assets increased by €142.1 million, or 30.2%, to €613.0 million as at December 31, 2019 (adjusted), from €470.9 million as at December 31, 2018 (adjusted). The increase was primarily attributable to an increase in cash and cash equivalents as a result of the receipt of proceeds from new term loan debt incurred by our subsidiary SYNLAB Bondco PLC during the year.

Current assets increased by €1,052.3 million, or 171.7%, to €1,665.3 million as at December 31, 2020, from €613.0 million as at December 31, 2019 (adjusted). The increase was primarily attributable to increases in inventories of reagents and consumables necessary for increased testing volumes, increased trade accounts receivables reflecting the increases in testing volumes during the year and a significant increase in cash and cash equivalents as a result of the sale of our A&S business unit at the end of the year.

10.8.3 Non-current Liabilities

Non-current liabilities increased by €158.8 million, or 5.5%, to €3,069.8 million as at December 31, 2019 (adjusted), from €2,911.0 million as at December 31, 2018 (adjusted). The increase was primarily attributable to an increase in loans and borrowings as a result of €150.0 million of new term loan debt incurred in April 2019 and €920.0 million of new term loan debt incurred in June 2019 by our subsidiary SYNLAB Bondco PLC, which was partially offset by the repayment of €900.0 million of senior secured notes repaid by our subsidiary SYNLAB Unsecured Bondco PLC in July 2019.

Non-current liabilities increased by €198.4 million, or 6.5%, to €3,268.2 million as at December 31, 2020, from €3,069.8 million as at December 31, 2019 (adjusted). The increase was primarily attributable to a significant increase in non-current lease liabilities and was also impacted by an increase in loans and borrowings, including refinancing activity by SYNLAB Bondco PLC during the year that increased the principal amount of its term loan debt by €478.8 million, or 34.9%, to €1,848.8 million as at December 31, 2020 from €1,370.0 million as at December 31, 2019 (adjusted), which was partially offset by a €90.0 million, or 9.6%, decrease in the principal amount of its senior secured notes to €850.0 million as at December 31, 2020, from €940.0 million as at December 31, 2019 (adjusted), as well as the repayment of its €375.0 million of senior notes in November 2020.

10.8.4 Current Liabilities

Current liabilities increased by €64.3 million, or 14.8%, to €499.1 million as at December 31, 2019 (adjusted), from €434.8 million as at December 31, 2018 (adjusted). The increase was primarily attributable to an increase in other current liabilities as a result of organic revenue growth and acquisitions and an increase in loans and borrowings as a result of accrued interest payable at the beginning of 2020.

Current liabilities increased by €312.4 million, or 62.6%, to €811.5 million as at December 31, 2020, from €499.1 million as at December 31, 2019 (adjusted). The increase was primarily attributable to an increase in trade accounts payable corresponding to increased purchases of inventories of reagents and consumables necessary for increased testing volumes and increased income tax liabilities resulting from our net profit for the year.

10.9 Liquidity and Capital Resources

10.9.1 Overview

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, debt service obligations, capital expenditures, contractual obligations and other commitments, as well as acquisitions.

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our net financial expense;
- our ability and the ability of our subsidiaries to continue to borrow funds from financial institutions; and
- our external growth funding requirements, which consist primarily of the funding of acquisitions of laboratories.

Our primary cash requirements consist of funding acquisitions, our working capital requirements and capital expenditure needs; servicing our indebtedness and the indebtedness of our subsidiaries; and operating activities and paying taxes.

Our principal source of liquidity on an ongoing basis is expected to be cash generated from our operating activities. We will also have access on or about the date of this Prospectus to the 2021 Revolving Credit Facility, but the availability of the 2021 Revolving Credit Facility will be dependent upon certain conditions as described further under section 12.24.4.1 (*Business—Material Contracts—Financing Agreements—2015 Revolving Credit Facility Agreement*). In addition, our ability to generate cash depends on our future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond our control. See section 1 (*Risk Factors*).

10.9.2 Trade Working Capital

We define trade working capital as the sum of inventories and trade accounts receivables less trade accounts payable. We have historically funded our working capital requirements through funds generated from operations as well as the proceeds of bank loans and notes offerings.

Our working capital requirements can fluctuate for a variety of factors, including increases in receivables due to longer time periods to collect payments from customers or a substantial increase in the cost of inventory.

The following table presents our year-end trade working capital as at the dates indicated.

	As at December 31,				
	2018	2018 (adjusted)[a]	2019	2019 (adjusted)[b]	2020
			(€ millions)		
	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Inventories	38.6	34.8	42.7	38.4	149.1
Trade accounts receivables	296.2	265.5	318.8	286.0	534.9
Trade accounts payable	(230.7)	(218.8)	(249.9)	(236.7)	(386.5)
Trade working capital	**104.1**	**81.5**	**111.6**	**87.7**	**297.5**

(a) The adjusted balance sheet information as at December 31, 2018 is derived from our accounting records or internal reporting systems and is calculated by deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2018 Financial Statements, as shown in the following table.

	Year ended December 31,		
	2018	A&S	2018 (adjusted)
		(€ millions)	
Inventories	38.6	(3.8)	34.8
Trade accounts receivables	296.2	(30.7)	265.5
Trade accounts payable	(230.7)	11.9	(218.8)
Trade working capital	**104.1**	**(22.6)**	**81.5**

(b) The adjusted balance sheet information as at December 31, 2019 is derived from our accounting records or internal reporting systems and is calculated by deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the 2019 Financial Statements, as shown in the following table.

	Year ended December 31,		
	2019	A&S	2019 (adjusted)
		(€ millions)	
Inventories	42.7	(4.3)	38.4
Trade accounts receivables	318.8	(32.8)	286.0
Trade accounts payable	(249.9)	13.2	(236.7)
Trade working capital	**111.6**	**(23.9)**	**87.7**

Trade working capital increased by €6.2 million, or 7.6%, to €87.7 million as at December 31, 2019 (adjusted) from €81.5 million as at December 31, 2018 (adjusted). The increase was primarily attributable to a change in trade accounts receivable from a cash inflow of €16.5 million in the year ended December 31, 2018 (restated) following a major effort in receivables collection, to a cash outflow of €20.1 million in the year ended December 31, 2019 (restated), mainly due to revenue growth with stable days sales outstanding. The change was partially compensated by a change in trade accounts payable from an outflow of €2.2 million in the year ended December 31, 2018 (restated) to an inflow of €14.7 million in the year ended December 31, 2019 (restated).

Trade working capital increased by €209.8 million, or 239.2%, to €297.5 million as at December 31, 2020, from €87.7 million as at December 31, 2019 (adjusted). The main driver of the movement was the extraordinary strong growth of the business during 2020 that is reflected in significant increases in inventories, trade accounts receivables and trade accounts payables. The increase was primarily attributable to a change in trade accounts receivable from a cash outflow of €20.1 million in the year ended December 31, 2019 (restated) to a cash outflow of €267.5 million in the year ended December 31, 2020, a change in trade accounts payable from an inflow of €14.7 million in the year ended December 31, 2019 (restated) to an inflow of €150.1 million in the year ended December 31, 2020 and a change in inventories from a cash outflow of €2.2 million in the year ended December 31, 2019 (restated) to a cash outflow of €111.7 million in the year ended December 31, 2020. The increase in inventory resulted from a demand to maintain a sufficient inventory of SARS-CoV-2 testing-related materials and limited increases of safety stocks for other materials. The trade receivable increased as a result of the significant SARS-CoV-2 testing of which a large part was done in the fourth quarter, some specific reimbursement mechanisms that apply to SARS-CoV-2 testing in certain countries and the fact that billing and collection did not fully keep up pace with the significant increased invoicing activity specific to SARS-CoV-2 testing. The increase in trade account payables was not able to fully offset this impact.

The following table presents our working capital days outstanding as at the dates indicated.

	As at December 31,		
	2018 (adjusted)	2019 (adjusted)	2020
Days inventory outstanding [(a)]	31	32	79
Days sales outstanding [(b)]	54	55	74
Days payables outstanding [(c)]	95	102	123

(a) Days inventory outstanding is calculated by dividing (x) inventories (as shown on the balance sheet) by (y) the quotient of material and related expenses (as shown on the income statement) divided by 365 days. The adjusted balance sheet information as at December 31, 2018 and 2019 used in these calculations is derived from our accounting records or internal reporting systems and is calculated by deducting the inventories of our disposed A&S business unit from the inventories of the SYNLAB Group shown in the 2018 Financial Statements and the 2019 Financial Statements, respectively.

(b) Days sales outstanding is calculated by dividing (x) trade accounts receivables (as shown on the balance sheet) by (y) the quotient of revenue (as shown on the income statement) divided by 365 days. The adjusted balance sheet information as at December 31, 2018 and 2019 used in these calculations is derived from our accounting records or internal reporting systems and is calculated by deducting the trade accounts receivables of our disposed A&S business unit from the trade accounts receivables of the SYNLAB Group shown in the 2018 Financial Statements and the 2019 Financial Statements, respectively.

(c) Days payables outstanding is calculated by dividing (x) trade accounts payable (as shown on the balance sheet) by (y) the quotient of the sum of (i) material and related expenses (as shown on the income statement), (ii) other operating income (as shown on the income statement), (iii) other operating expenses (as shown on the income statement), (iv) restructuring and other significant expenses (as shown on the income statement), (v) acquisition-related income or expenses (as shown on the income statement), (vi) purchase of intangibles and property, plant and equipment (as shown on the cash flow statement), (vii) proceeds from the sale of intangibles and property, plant and equipment (as shown on the cash flow statement) and (viii) other non-recurring costs (as shown in note 5 (*Segmental analysis*) to the 2020 Financial Statements), divided by 365 days. The adjusted balance sheet information as at December 31, 2018 and 2019 used in these calculations is derived from our accounting records or internal reporting systems and is calculated by deducting the trade accounts payable of our disposed A&S business unit from the trade accounts payable of the SYNLAB Group shown in the 2018 Financial Statements and the 2019 Financial Statements, respectively.

10.9.3 Cash Flows for the Years Ended December 31, 2018, 2019 and 2020

The table below sets forth certain line items from our statement of cash flows for the periods indicated.

	For the year ended December 31,				
	2018	**2018 (restated)**	**2019**	**2019 (restated)**	**2020**
			(€ millions)		
	(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	*(audited)*
Cash and cash equivalents at the beginning of the period	**236.1**	**236.1**	**120.3**	**120.3**	**238.6**
Cash flow from operating activities of continuing operations	–	307.7	–	325.0	480.1
Cash flow from operating activities of discontinued operations	–	30.9	–	34.8	40.3
Total cash flow from operating activities (A)	**269.4**	**338.6**	**359.8**	**359.8**	**520.4**
Cash flow from/(used in) investing activities of continuing operations	–	(201.7)	–	(148.1)	427.8
Cash flow from/(used in) investing activities of discontinued operations	–	(9.7)	–	(22.1)	(6.7)
Total cash flow from/(used in) investing activities (B)	**(202.8)**	**(211.4)**	**(170.3)**	**(170.3)**	**421.1**
Cash flow from/(used in) financing activities of continuing operations	–	(228.7)	–	(58.8)	(252.9)
Cash flow from/(used in) financing activities of discontinued operations	–	(9.2)	–	(8.5)	(8.9)
Total cash flow from/(used in) financing activities (C)	**(177.3)**	**(237.8)**	**(67.3)**	**(67.3)**	**(261.8)**
Total cash flows (A+B+C)	**(110.7)**	**(110.7)**	**122.2**	**122.2**	**679.7**
Net foreign exchange differences	(5.1)	(5.1)	(4.0)	(4.0)	(10.4)
Cash and cash equivalent assets held for sale	–	–	–	–	(3.2)
Net increase/(decrease) in cash and cash equivalents	**(115.8)**	**(115.8)**	**118.3**	**118.3**	**666.1**
Cash and cash equivalents at the end of the period	**120.3**	**120.3**	**238.6**	**238.6**	**904.7**

10.9.3.1 Cash Flow from Operating Activities of Continuing Operations

Cash flow from operating activities of continuing operations increased by €17.3 million, or 5.6%, to €325.0 million in the year ended December 31, 2019 (restated), from €307.7 million in the year ended December 31, 2018 (restated). The increase was primarily attributable to organic growth leading to a significant increase in operating cash flow before changes in net working capital, which increased from €321.8 million in the year ended December 31, 2018 (restated) to €363.5 million in the year ended December 31, 2019 (restated).

Cash flow from operating activities of continuing operations increased by €155.1 million, or 47.7%, to €480.1 million in the year ended December 31, 2020, from €325.0 million in the year ended December 31, 2019 (restated). The increase was primarily attributable to high SARS-CoV-2 testing volumes and underlying growth leading to a significant increase in operating cash flow before changes in net working capital, which increased from €363.5 million in the year ended December 31, 2019 (restated) to €664.4 million in the year ended December 31, 2020.

10.9.3.2 Cash Flow from/(used in) Investing Activities of Continuing Operations

Cash flow used in investing activities of continuing operations was €201.7 million in the year ended December 31, 2018 (restated), primarily due to a cash outflow for acquisition of subsidiaries net of cash acquired of €120.4 million in the year ended December 31, 2018 (restated). In the year ended December 31, 2018, cash outflows due to company acquisitions related primarily to acquisitions in Belgium, Colombia, Ecuador, Finland, France, Germany, Italy and Portugal.

Cash flow used in investing activities of continuing operations was €148.1 million in the year ended December 31, 2019 (restated), primarily due to a cash outflow for acquisition of subsidiaries net of cash acquired of €79.2 million in the year ended December 31, 2019 (restated). In the year ended December 31, 2019 (restated), cash outflows due to company acquisitions related primarily to acquisitions in Colombia, the Czech Republic, Denmark, France, Germany, Italy, Portugal, Spain, Sweden and Ukraine.

Cash flow from investing activities of continuing operations was €427.8 million in the year ended December 31, 2020, primarily due to cash inflows of €548.2 million arising from the sale of subsidiaries, including the sale of our A&S business unit, net of cash disposed and transaction costs paid in the year ended December 31, 2020, which were partially offset by cash outflows for acquisition of subsidiaries net of cash acquired of €28.3 million. In the year ended December 31, 2020, cash outflows due to company acquisitions related primarily to acquisitions in Belgium, Colombia, Ecuador, Italy, Portugal and Spain.

10.9.3.3 Cash Flow Used in Financing Activities of Continuing Operations

Cash flow used in financing activities of continuing operations was €228.7 million in the year ended December 31, 2018 (restated), primarily attributable to lease payments and interest payments.

Cash flow used in financing activities of continuing operations was €58.8 million in the year ended December 31, 2019 (restated), primarily attributable to a significant cash inflow from new loans, borrowings and other financial liabilities of €1,108.7 million, including €150.0 million of term loan debt incurred in April 2019 and €920.0 million of term loan debt incurred in June 2019 by our subsidiary SYNLAB Bondco PLC, which was partially offset by a significant cash outflow for the repayment of loans, borrowings and other financial liabilities of €951.7 million, including €900.0 million of senior secured notes repaid by SYNLAB Bondco PLC in July 2019.

Cash flow used in financing activities of continuing operations was €252.9 million in the year ended December 31, 2020, primarily attributable to refinancing activity of SYNLAB Bondco PLC, including the issuance of €850.0 million of senior secured floating rate notes, consent fees paid in connection with amendments to certain term loan debt and the redemption or conversion into term loan debt of €940.0 million of senior secured floating rate notes, each of which occurred in May 2020; the incurrence of €385.0 million of additional term loan debt and the redemption of €375.0 million of senior notes in November 2020; and interest paid on amounts drawn under the 2015 Revolving Credit Facility Agreement, which amounts were fully or partially drawn between March and November 2020.

10.10 Net Cash Capex

Our acquisition capital expenditure is primarily related to customer lists and associated goodwill from the acquisitions of laboratories. Our capital expenditures primarily relate to the acquisition of technical machines and equipment, and other equipment, fixtures, fittings and office equipment. We calculate Net Cash Capex as the sum of the cash outflows from the purchase of intangible assets and purchase of property, plant and equipment and do not include the cash outflows from the acquisition of subsidiaries net of cash acquired, each as set out in our consolidated cash flow statements. See section 10.7.2 (*Alternative Performance Measures—Net Cash Capex, Unlevered Free Cash Flow and Free Cash Flow*).

The following table sets forth our Net Cash Capex for each of the periods indicated.

	Year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
			(€ millions)		
	(audited, unless otherwise noted)	*(unaudited)*	*(audited, unless otherwise noted)*	*(unaudited)*	*(audited, unless otherwise noted)*
Purchase of intangibles and property, plant and equipment	(85.2)	(85.5)	(79.9)	(70.8)	(94.9)
Proceeds from sale of intangibles and property, plant and equipment	1.1	1.2	2.1	1.8	1.6
Net Cash Capex	**(84.1)**†	**(84.3)**	**(77.8)**†	**(69.0)**	**(93.3)**†

† Unaudited.

Our Net Cash Capex increased in 2020 compared to 2019 due primarily to increased capital expenditure related to the COVID-19 pandemic. Our Net Cash Capex decreased in 2019 compared to 2018 due primarily to less discretionary capital expenditure spending relating to one-time projects.

For the year ended December 31, 2020, Net Cash Capex represented 3.6% of revenue (2019 (restated): 3.6%; 2019: 3.7%; 2018 (restated): 4.7%; 2018: 4.2%) and 41.2% of depreciation and amortization (2019 (restated): 35.1%; 2019: 35.0%; 2018 (restated): 45.0%; 2018: 55.8%).

Net Cash Capex spending is categorized as spending on IT, spending on equipment and infrastructure or commercial spending. For the year ended December 31, 2020, 31% of Net Cash Capex spending related to IT (2019 (restated): 42%; 2018 (restated): 34%), 67% of Net Cash Capex spending related to equipment and infrastructure (2019 (restated): 54%; 2018 (restated): 62%) and 2% of Net Cash Capex spending was commercial spending (2019 (restated): 4%; 2018 (restated): 4%).

10.11 Commercial Commitments

10.11.1 Indebtedness

Details of our indebtedness as at December 31, 2018, 2019 and 2020 are presented below. Additional details of our indebtedness as at February 28, 2021 are presented in sections 8.2 (*Capitalization and Indebtedness—Net Financial Indebtedness*) and 8.3 (*—Contingencies and Other Financial Obligations*) of this Prospectus. Further detailed information regarding the terms of our debt obligations as of the date of this Prospectus is included in section 12.24.4 (*Business—Material Contracts—Financing Agreements*).

We are targeting a leverage ratio of net financial debt to Adjusted EBITDA from Continuing Operations below 3.0x on a sustainable basis over the mid-term. When calculating our Adjusted EBITDA from Continuing Operations as the denominator in our net leverage ratio, we will take into consideration the impact of the contribution of businesses that we acquire in the future as if they are acquired on the first day of the applicable period. We may temporarily exceed our 3.0x net leverage ratio target if attractive opportunities materialize.

The average interest rate on our financial liabilities was 4.6% and 4.4% in 2019 and 2020, respectively. We expect that our average interest rate will decrease to around 2.9% in 2021 and are targeting and average interest rate around 2.0% in the mid-term.

Our net financial debt as at December 31, 2018, 2019 and 2020 is set out in the table below.

	As at December 31,		
	2018 (adjusted)	**2019 (adjusted)**	**2020**
Revolving Credit Facility	–	–	–
2017 Term Loan B Facility			
Term Loan B due 2022 (September 2017)	300.0	300.0	76.0
Term Loan B due 2022 (April 2019)	–	150.0	–
Term Loan B due 2024 (May 2020)	–	–	467.8
2019 Term Loan B Facility			
Term Loan B due 2026 (July 2019)	–	920.0	68.6
Term Loan B due 2026 (December 2020)	–	–	851.4
Term Loan B due 2027 (November 2020)	–	–	385.0
Senior Secured Notes			
6.25% Senior Secured Notes due 2022	900.0	–	–
Senior Secured Floating Rate Notes due 2022	940.0	940.0	–
Senior Secured Floating Rate Notes due 2025	–	–	850.0
Total Senior Secured Debt [(a)]	**2,140.0**	**2,310.0**	**2,698.8**
Senior Notes due 2023	375.0	375.0	–
Other bank debt [(b)]	2.9	1.7	2.7
Accrued interest	2.7	21.6	35.0
Total financial debt	**2,520.6**	**2,708.3**	**2,736.5**
Lease liabilities [(c)]	**385.7**	**377.5**	**421.9**
Cash and cash equivalents [(d)]	**(114.6)**	**(231.7)**	**(904.9)**
Net financial debt	**2,791.7**	**2,854.1**	**2,253.5**

(a) Represents the nominal amount rather than the carrying amount of such debt.

(b) Other bank debt represents certain additional indebtedness under current and non-current bank loans, bank overdraft facilities and other financial loans.

(c) Lease liabilities as at December 31, 2018 are derived from our accounting records or internal reporting systems and is calculated by (i) making restatement adjustments as required by IFRS 16 (*Leases*) and (ii) deducting the non-current and current lease liabilities of our disposed A&S business unit from the non-current and current lease liabilities of the SYNLAB Group shown in the 2018 Financial Statements, as shown in the following table.

	As at December 31,			
	2018	**IFRS 16 restatement adjustment**	**A&S adjustment**	**2018 (adjusted)**
		(€ millions)		
Non-current lease liabilities	40.4	300.6	(26.1)	314.9
Current lease liabilities	21.4	57.9	(8.4)	70.8
Total lease liabilities	**61.8**	**358.5**	**(34.6)**	**385.7**

Lease liabilities as at December 31, 2019 are derived from our accounting records or internal reporting systems and is calculated by deducting the non-current and current lease liabilities of our disposed A&S business unit from the non-current and current lease liabilities of the SYNLAB Group shown in the 2019 Financial Statements, as shown in the following table.

	As at December 31,		
	2019	**A&S adjustment**	**2019 (adjusted)**
		(€ millions)	
Non-current lease liabilities	331.6	(34.6)	297.0
Current lease liabilities	88.6	(8.1)	80.5
Total lease liabilities	**420.2**	**(42.7)**	**377.5**

(d) Cash and cash equivalents as at December 31, 2018 are derived from our accounting records or internal reporting systems and is calculated by deducting €6.0 million of cash and cash equivalents of our disposed A&S business unit from the €120.6 million of cash and cash equivalents of the SYNLAB Group shown in the 2018 Financial Statements. Cash and cash equivalents as at December 31, 2019 are derived from our accounting records or internal reporting systems and is calculated by deducting €7.0 million of cash and cash equivalents of our disposed A&S business unit from the €238.7 million of cash and cash equivalents of the SYNLAB Group shown in the 2019 Financial Statements.

In January 2021, we repaid the €76.0 million and €467.8 million tranches of our 2017 Term Loan B Facility shown in the table above. As a result, our net financial debt as at February 28, 2021 was €2,274.4 million, composed of total senior secured debt of €2,155.0 million, other bank

debt of €2.4 million, accrued interest of €14.9 million and lease liabilities of €427.9 million, offset by €325.9 million of cash and cash equivalents. Our net financial debt as at February 28, 2021 of €2,274.4 million reflected net financial indebtedness as presented in section 8.2 (*Capitalization and Indebtedness—Net Financial Indebtedness*) of €2,137.2 million, plus €24.3 million of net capitalized transaction costs, without the benefit of €112.9 million of net other assets (composed of €241.6 million of other liabilities and €274.7 million of trade payables, which amounts were offset by €629.2 million of other current financial assets) that were included for the purposes of the presentation of net financial indebtedness in section 8.2 (*Capitalization and Indebtedness—Net Financial Indebtedness*), but are eliminated when determining our net financial debt (including for purposes of calculating our net leverage).

10.11.2 Pensions and Similar Obligations

Our provisions for pensions and similar obligations amounted to €47.8 million as at December 31, 2020. For a description of our pension obligations, see note 27 (*Employee benefits liabilities*) to the 2020 Financial Statements included elsewhere in this Prospectus.

10.11.3 Off-Balance Sheet Commitments

As at December 31, 2020, our off-balance sheet commitments consisted principally of guarantees given in the course of our investing and financing activities, in particular security provided to secure our senior secured notes, term loans and revolving credit facility. See note 34 (*Capital commitment and contingencies*) to the 2020 Financial Statements included elsewhere in this Prospectus.

Except as described above, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on our financial condition, results of operations, liquidity, capital expenditure or capital resources.

10.12 Comparison of the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements

10.12.1 Consolidated Statement of Income

The following table shows our annual results of operations from the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements. The 2018 Financial Statements shown below do not reflect the full retrospective application of IFRS 16 (*Leases*) that is reflected in the 2018 Restated Financial Information shown elsewhere in this Prospectus. For an explanation of the impact of IFRS 16 (*Leases*) on certain income statement line items in the 2018 Financial Statements, see section 10.4.3 (*Factors Affecting Comparability—IFRS 16 (Leases)*). The 2018 Financial Statements and the 2019 Financial Statements shown below also do not reflect the disposition of our A&S business unit in 2020 that is reflected in the 2018 Restated Financial Information, the 2019 Restated Financial Information and the 2020 Financial Statements shown elsewhere in this Prospectus. For additional information, see section 10.4.2 (*Factors Affecting Comparability—Sale of Analytics & Services Business Unit*).

	For the year ended December 31,		
	2018	**2019**	**2020**
		(€ millions) (audited)	
Revenue	**1,998.3**	**2,108.1**	**2,621.2**
Material and related expenses	(431.9)	(467.0)	(684.5)
Payroll and related expenses	(824.5)	(869.0)	(908.2)
Other operating income	19.8	20.0	19.1
Other operating expenses	(423.1)	(365.2)	(371.8)
Depreciation and amortization	(150.8)	(222.1)	(226.2)
Operating profit before acquisition, restructuring and impairment of non-current assets	**187.9**	**204.8**	**449.5**
Restructuring and other significant expenses	(47.5)	(31.8)	(17.1)
Acquisitions related income/(expenses)	(2.0)	1.5	(1.9)
Impairment of non-current assets	–	(91.1)	(115.0)
Operating profit	**138.4**	**83.5**	**315.5**
Share of loss of associates and other non-controlling interest	(1.3)	(1.1)	(2.7)
Profit on disposal of investment	0.1	0.1	1.1
Finance income	18.5	25.0	20.3
Finance costs	(164.1)	(191.0)	(208.9)
Profit/(loss) before taxes	**(8.3)**	**(83.6)**	**125.3**
Income tax expense	(30.4)	(24.3)	(87.3)
Profit/(loss) for the period from continuing operations	–	–	**37.9**
Profit for the period from discontinued operations	–	–	221.1
Profit/(loss) for the period	**(38.7)**	**(108.0)**	**259.1**

10.12.1.1Revenue

Our revenue increased by €109.8 million, or 5.5%, to €2,108.1 million in the year ended December 31, 2019, from €1,998.3 million in the year ended December 31, 2018. The increase was primarily due to strong organic growth in our disposed A&S business unit and in France, Italy and the United Kingdom along with the contributions of business acquired in German and Sweden. The revenue increases were partially offset by organic decline in Switzerland and Spain.

Our revenue increased by €513.1 million, or 24.3%, to €2,621.2 million in the year ended December 31, 2020, from €2,108.1 million in the year ended December 31, 2019. The increase was primarily due to organic growth driven by SARS-CoV-2 testing and other volume increases.

10.12.1.2Material and Related Expenses

Material and related expenses increased by €35.1 million, or 8.1%, to €467.0 million in the year ended December 31, 2019, from €431.9 million in the year ended December 31, 2018. The increase was primarily due to additional expenses resulting from the full-year inclusion of material and related expenses of businesses that we acquired in 2018 and 2019, including the costs of raw

materials needed to satisfy growing sales volumes. The application of IFRS 16 (*Leases*) resulted in an increase in material and related expenses.

Material and related expenses increased by €217.6 million, or 46.6%, to €684.5 million in the year ended December 31, 2020, from €467.0 million in the year ended December 31, 2019. The increase was primarily due to significant increases in spending on reagents and consumables and unfavorable mix effects with expenses for SARS-CoV-2 testing material expenses being higher than the material expenses for our other testing activity.

10.12.1.3Payroll and Related Expenses

Payroll and related expenses increased by €44.5 million, or 5.4%, to €869.0 million in the year ended December 31, 2019, from €824.5 million in the year ended December 31, 2018. The increase was primarily due to the full-period contribution of businesses we acquired in 2019 and due to salary increases in some geographies.

Payroll and related expenses increased by €39.2 million, or 4.5%, to €908.2 million in the year ended December 31, 2020, from €869.0 million in the year ended December 31, 2019. The increase was primarily due to a higher average headcount throughout the year as hiring continued in order to support the continuing growth of the business, as well as additional bonuses and premiums that were awarded to the workforce in connection with the COVID-19 pandemic.

10.12.1.4Other Operating Income

Other operating income increased by €0.2 million, or 1.0%, to €20.0 million in the year ended December 31, 2019, from €19.8 million in the year ended December 31, 2018.

Other operating income decreased by €0.9 million, or 4.5%, to €19.1 million in the year ended December 31, 2020, from €20.0 million in the year ended December 31, 2019.

10.12.1.5Other Operating Expenses

Other operating expenses decreased by €57.9 million, or 13.7%, to €365.2 million in the year ended December 31, 2019, from €423.1 million in the year ended December 31, 2018. The decrease was primarily a result of the application of IFRS 16 (*Leases*), which was partially offset by increases utilities and transportation expenses.

Other operating expenses increased by €6.6 million, or 1.8%, to €371.8 million in the year ended December 31, 2020, from €365.2 million in the year ended December 31, 2019. The increase was primarily a result of increases in consulting and advisory fees and IT and administrative expenses, all of which were partially driven by additional costs relating to processing SARS-CoV-2 testing results and data.

10.12.1.6Depreciation and Amortization

Depreciation and amortization increased by €71.3 million, or 47.3%, to €222.1 million in the year ended December 31, 2019, from €150.8 million in the year ended December 31, 2018. The increase was primarily a result of the application of IFRS 16 (*Leases*) with a small portion of the increase attributable to higher depreciation and amortization expense for property, plant and equipment, customer relationships and intangible assets, all corresponding to the impact of acquisitions.

Depreciation and amortization increased by €4.1 million, or 1.8%, to €226.2 million in the year ended December 31, 2020, from €222.1 million in the year ended December 31, 2019. The increase was primarily a result of higher depreciation and amortization expense for property, plant and equipment and right-of-use assets, each corresponding to the impact of acquisitions.

10.12.1.7Restructuring and Other Significant Expenses

Restructuring and other significant expenses decreased by €15.7 million, or 33.1%, to €31.8 million in the year ended December 31, 2019, from €47.5 million in the year ended

December 31, 2018. The decrease was primarily due to lower severance costs and lower costs relating to significant restructuring and relocation programs resulting from acquisitions in 2019.

Restructuring and other significant expenses decreased by €14.7 million, or 46.2%, to €17.1 million in the year ended December 31, 2020, from €31.8 million in the year ended December 31, 2019. The decrease was primarily due to lower spending on strategic group projects, restructurings and post-merger integrations as a consequence of reduced M&A activity during the COVID-19 pandemic.

10.12.1.8Impairment of Non-Current Assets

Impairment of non-current assets was €91.1 million in the year ended December 31, 2019, compared to nil in the year ended December 31, 2018. The impairment of non-current assets in 2019 related primarily to a €90.0 million impairment of goodwill for our business in Switzerland.

Impairment of non-current assets increased by €23.9 million, or 26.2%, to €115.0 million in the year ended December 31, 2020, from €91.1 million in the year ended December 31, 2019. The impairment of non-current assets in 2020 also related to an impairment of goodwill for our business in Switzerland.

10.12.1.9Operating Profit

As a result of the factors described above, operating profit decreased by €54.9 million, or 39.7%, to €83.5 million in the year ended December 31, 2019, from €138.4 million in the year ended December 31, 2018.

As a result of the factors described above, operating profit increased by €232.0 million, or 277.8%, to €315.5 million in the year ended December 31, 2020, from €83.5 million in the year ended December 31, 2019.

10.12.1.10 Net Finance Costs

Net finance costs increased by €20.4 million, or 14.0%, to €166.0 million in the year ended December 31, 2019, from €145.6 million in the year ended December 31, 2018. The increase was primarily a result of the application of IFRS 16 (*Leases*) with the remaining increase attributable to higher gross debt on December 31, 2019 compared to December 31, 2018.

Net finance costs increased by €22.6 million, or 13.6%, to €188.6 million in the year ended December 31, 2020, from €166.0 million in the year ended December 31, 2019. The increase was primarily a result of unrealized foreign exchange losses relating to the retranslation of intercompany loans, as well as increased interest expenses, which include certain consent fees and early redemption premiums paid in connection with refinancing our debt obligations.

10.12.1.11 Income Tax Expense

Income tax expense decreased by €6.1 million, or 20.1%, to €24.3 million in the year ended December 31, 2019, from €30.4 million in the year ended December 31, 2018. The decrease was primarily due to a tax rate change in France and a decrease in our activity in Switzerland. The application of IFRS 16 (*Leases*) also resulted in a decrease in income tax expenses.

Income tax expense increased by €63.0 million, or 259.3%, to €87.3 million in the year ended December 31, 2020, from €24.3 million in the year ended December 31, 2019. The increase was primarily due to our profitability in 2020.

10.12.1.12 Profit for the Period from Continuing Operations

As a result of the factors described above, net profit for the period from continuing operations was €37.9 million in the year ended December 31, 2020. As there were no discontinued operations in the years ended December 31, 2018 and 2019, there is no comparative information for this line item.

10.12.1.13 Profit for the Period from Discontinued Operations

Profit for the period from discontinued operations was €221.1 million in the year ended December 31, 2020. Discontinued operations for the year ended December 31, 2020 relate to our A&S business unit that was sold during the year. As there were no discontinued operations in the years ended December 31, 2018 and 2019, there is no comparative information for this line item.

10.12.1.14 Net Profit or Loss for the Period

As a result of the factors described above, net loss for the period increased by €69.3 million, or 179.1%, to €108.0 million in the year ended December 31, 2019, from €38.7 million in the year ended December 31, 2018.

As a result of the factors described above, net profit for the period was €259.1 million in the year ended December 31, 2020, a €367.1 million change from a net loss of €108.0 million in the year ended December 31, 2019.

10.12.2 Consolidated Statement of Financial Position

The following table shows our year-end balance sheet information from the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements. The 2018 Financial Statements shown below do not reflect the full retrospective application of IFRS 16 (*Leases*). For an explanation of the impact of IFRS 16 (*Leases*) on certain balance sheet line items in the 2018 Financial Statements, see section 10.4.3 (*Factors Affecting Comparability—IFRS 16 (Leases)*). The 2018 Financial Statements and 2019 Financial Statements shown below also do not reflect the disposition of our A&S business unit in 2020. For additional information, see section 10.4.2 (*Factors Affecting Comparability—Sale of Analytics & Services Business Unit*). Please also see the footnotes to the table presented in section 10.8 (*Discussion of the Statement of Financial Position*) for adjusted balance sheet information as at December 31, 2018 and December 31, 2019 derived from our accounting records or internal reporting systems and calculated by deducting the assets and liabilities of our disposed A&S business unit from the assets and liabilities of the SYNLAB Group shown in the relevant Financial Statements.

	As at December 31,		
	2018	**2019**	**2020**
		(€ millions)	
		(audited)	
Non-current assets	3,771.2	4,103.0	3,617.9
Current assets	529.6	682.2	1,665.3
Total assets	**4,300.8**	**4,785.2**	**5,283.2**
Total non-current liabilities	2,813.6	3,284.2	3,268.2
Total current liabilities	426.5	553.5	811.5
Total liabilities	**3,240.0**	**3,837.7**	**4,079.6**
Total equity	**1,060.7**	**947.5**	**1,203.6**

10.12.2.1Non-current Assets

Non-current assets increased by €331.8 million, or 8.8%, to €4,103.0 million as at December 31, 2019, from €3,771.2 million as at December 31, 2018. The increase was primarily attributable to the application of IFRS 16 (*Leases*), according to which our significant portfolio of operating leases, which were off-balance sheet under IAS 17 in 2018, were recognized on-balance sheet in 2019. The impact of IFRS 16 (*Leases*) on the change in non-current assets was partially offset by decreases in goodwill and intangible assets.

Non-current assets decreased by €485.1 million, or 11.8%, to €3,617.9 million as at December 31, 2020, from €4,103.0 million as at December 31, 2019. The decrease was primarily attributable to the sale of our A&S business unit in 2020.

10.12.2.2Current Assets

Current assets increased by €152.6 million, or 28.8%, to €682.2 million as at December 31, 2019, from €529.6 million as at December 31, 2018. The increase was primarily attributable to an increase in cash and cash equivalents.

Current assets increased by €983.1 million, or 144.1%, to €1,665.3 million as at December 31, 2019, from €682.2 million as at December 31, 2018. The increase was primarily attributable to increases in inventories of reagents and consumables necessary for increased testing volumes, increased trade accounts receivables reflecting the increases in testing volumes during the year and a significant increase in cash and cash equivalents as a result of the sale of our A&S business unit at the end of the year.

10.12.2.3Non-current Liabilities

Non-current liabilities increased by €470.6 million, or 16.7%, to €3,284.2 million as at December 31, 2019, from €2,813.6 million as at December 31, 2018. The increase was primarily attributable to the application of IFRS 16 (*Leases*), according to which our significant portfolio of operating leases, which were off-balance sheet under IAS 17 in 2018, were recognized on-balance sheet in 2019. The increase was also partially attributable to increases in non-current loans and borrowings.

Non-current liabilities decreased by €16.0 million, or 0.5%, to €3,268.2 million as at December 31, 2020, from €3,284.2 million as at December 31, 2019. The decrease was primarily attributable to the sale of our A&S business unit in 2020, with that decrease being largely offset by a significant increase in non-current lease liabilities and an increase in loans and borrowings.

10.12.2.4Current Liabilities

Current liabilities increased by €127.0 million, or 29.8%, to €553.5 million as at December 31, 2019, from €426.5 million as at December 31, 2018. The increase was primarily attributable to the application of IFRS 16 (*Leases*) and the resulting increase in current lease liabilities.

Current liabilities increased by €258.0 million, or 46.6%, to €811.5 million as at December 31, 2020, from €553.5 million as at December 31, 2019. The increase was primarily attributable to an increase in trade accounts payable corresponding to increased purchases of inventories of reagents and consumables necessary for increased testing volumes and increased income tax liabilities resulting from our net profit for the year.

10.12.3 Consolidated Statement of Cash Flows

The following table shows certain line items from our annual cash flows from the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements. The 2018 Financial Statements shown below do not reflect the full retrospective application of IFRS 16 (*Leases*) that is reflected in the 2018 Restated Financial Information shown elsewhere in this Prospectus. For an explanation of the impact of IFRS 16 (*Leases*) on certain cash flow statement line items in the 2018 Financial Statements, see section 10.4.3 (*Factors Affecting Comparability—IFRS 16 (Leases)*). The 2018 Financial Statements and the 2019 Financial Statements shown below also do not reflect the disposition of our A&S business unit in 2020 that is reflected in the 2018 Restated Financial Information, the 2019 Restated Financial Information and the 2020 Financial Statements shown elsewhere in this Prospectus. For additional information, see section 10.4.2 (*Factors Affecting Comparability—Sale of Analytics & Services Business Unit*).

	For the year ended December 31,		
	2018	**2019**	**2020**
		(€ millions)	
		(audited)	
Cash flow from operating activities	269.4	359.8	520.4
Cash flow used in investing activities	(202.8)	(170.3)	421.1
Cash flow used in financing activities	(177.3)	(67.3)	(261.8)

10.12.3.1 Cash Flow from Operating Activities

Cash flow from operating activities increased by €90.4 million, or 33.6%, to €359.8 million in the year ended December 31, 2019, from €269.4 million in the year ended December 31, 2018. The increase was primarily attributable to the application of IFRS 16 (*Leases*), according to which the majority of payments on our portfolio of operating leases, which were presented as part of cash flows from operating activities under IAS 17 in 2018, were presented as part of financing activities in 2019.

Cash flow from operating activities increased by €160.6 million, or 44.6%, to €520.4 million in the year ended December 31, 2020, from €359.8 million in the year ended December 31, 2019. The increase was primarily attributable to high SARS-CoV-2 testing volumes and underlying growth.

10.12.3.2 Cash Flow used in Investing Activities

Cash flow used in investing activities was €202.8 million and €170.3 million in the years ended December 31, 2018 and 2019, respectively, in each case primarily made up of cash used for the acquisition of subsidiaries and the purchase of intangibles and property, plant and equipment. Cash flow from investing activities was €421.1 million in the year ended December 31, 2020, primarily due to cash inflows arising from the sale of subsidiaries, including the sale of our A&S business unit.

10.12.3.3 Cash Flow from Financing Activities

Cash flow used in financing activities was €177.3 million in the year ended December 31, 2018, primarily attributable to interest paid. Cash flow used in financing activities was €67.3 million and €261.8 million in the years ended December 31, 2019 and 2020, respectively, in each case primarily attributable to lease payments and interest payments.

10.13 Qualitative and Quantitative Disclosures on Financial Risk

10.13.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The objective of our interest rate risk management is to control and manage market risk exposures within acceptable parameters while optimizing return. Our exposure to the risk of changes in market interest rates has historically related to the Senior Secured Notes, the Term Loan B Facilities and borrowing under the 2015

Revolving Credit Facility Agreement, and our future exposure will relate primarily to the Term Loan B Facilities, the 2021 Term Loan Facility and funds drawn under the 2021 Revolving Credit Facility. As at December 31, 2020, after taking into account two interest rate cap contracts that we have entered into to mitigate the adverse effects of interest rate fluctuations, approximately one-third of our indebtedness bore interest at floating rates of interest per annum equal to EURIBOR, as adjusted periodically, plus a spread.

10.13.2 Credit Risk

Our primary exposure to credit risk relates to our trade accounts receivables. We have no significant concentrations of credit risk due to the large number of disparate customers, customer groups and geographies. Outstanding receivables from customers are regularly monitored and collected on when overdue by way of a multi-step collections procedure. While we are limited in our ability to minimize credit risk of customers prior to transactions due to our public service obligations, we receive a significant portion of our revenue from business with health insurers who are nationwide partners under statutory health insurance schemes or public authorities.

10.13.3 Foreign Currency Risk

We conduct our business in various currencies other than euros, and we are therefore exposed to foreign currency risk. The largest part of our foreign currency risk is attributed to business operations and fluctuations in Swiss francs, British pounds sterling, Colombian pesos, Czech crowns and Hungarian forints. However, because our revenue and expenses are generally denominated in the local currencies of the local operating subsidiary, our exposure to currency risks from operating activities is limited. We do not enter automatically into hedging.

10.13.4 Liquidity Risk

Liquidity risk is the risk of not being able to fulfill current or future obligations if we do not have sufficient funds available to meet such obligations at the time they become due. Liquidity risk arises primarily in relation to cash flows generated and used in working capital and from financing activities, particularly by serving our debt and our payment obligations relating to our ordinary course business activities. We manage liquidity risk by ongoing monitoring of our cash flows on a daily basis. In order to manage our liquidity needs, we also have a six-month rolling liquidity plan, which is regularly prepared.

10.14 Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires management to make assumptions, undertake estimates and exercise judgment that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the fiscal period. See note 2.6 (*Use of estimates and judgements*) to the 2020 Financial Statements. All assumptions, expectations and forecasts used as a basis for certain estimates within the Financial Statements represent good-faith assessments of our future performance for which management believes there is a reasonable basis. Estimates and judgments used in the determination of reported results are continuously evaluated.

Assumptions, estimates and judgments are based on historical experience and on various other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

11. MARKET AND INDUSTRY

Historical and current market data used throughout this Prospectus were obtained from external sources. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in the industry publications is not guaranteed. None of SYNLAB AG, the SYNLAB Group, the Underwriters or any of their respective advisors have independently verified this market data. While we are not aware of any misstatements regarding any industry or similar data presented in this Prospectus, estimates, particularly as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under section 1 (Risk Factors) in this Prospectus. We do, however, accept responsibility for the correct reproduction of this information, and, as far as we are aware and are able to ascertain from information published, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. In particular, certain market data used throughout this Prospectus was prepared before the onset of the COVID-19 pandemic and has not been updated. Therefore, any expectations and projections based upon such market data should not be unduly relied upon. See sections 1 (Risk Factors) and 2.5 (General Information—Forward-Looking Statements).

Unless otherwise indicated, information in this section is derived from CDA. See section 2.6 (General Information—Sources of Market Data and Information from Third Parties).

11.1 Overview

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

11.1.1 Diagnostic Services Sector

The diagnostic services sector comprises businesses and laboratories that offer analytic or diagnostic testing services including clinical biological testing (both routine and specialty), anatomical pathology testing (both histological and cytological samples) and diagnostic imaging (employing medical and nuclear imaging technologies).

Diagnostic services are an important factor in medical decisions and increase the efficiency of healthcare systems. Prompt and accurate diagnoses improve the quality of care and reduce the ultimate cost of medication and hospitalization. Aided by technological and medical advances, the healthcare industry's focus is increasingly shifting from the treatment of existing conditions to the prevention and early detection of medical conditions. This shift, coupled with structural growth trends in our key markets such as aging populations and a growing prevalence of chronic diseases, as well as greater reliance on hospital outsourcing, are leading to an increasing reliance on diagnostic testing services and, consequently, rising demand for clinical laboratory services.

Diagnostic testing is generally organized in three phases: (i) the pre-analytical phase, which consists of collecting samples and delivering them to the clinical laboratory; (ii) the analytical phase, during which the test itself is carried out; and (iii) the post-analytical phase, during which test results are sent to the prescribing doctor and the patient and laboratory doctors validate the results and assist with interpreting the results. After a patient experiences medical symptoms and engages with the healthcare system, laboratory services are involved in the critical stages of information gathering (through sample collections and transfer to laboratory facilities), analysis, information integration and interpretation, and the development of working diagnoses. Once the laboratory communicates results to physicians or patients, treatment can begin.

11.1.2 Market Characteristics

We operate in a large and growing diagnostic testing market that in 2019 was estimated at over €200 billion worldwide. This includes an addressable market of €15 billion in our core European market countries, €13 billion of emerging and other market opportunities and €4 billion globally of new market opportunities arising from precision medicine, D2C offerings and artificial

intelligence. Our addressable market is expected to grow from a market value of approximately €32 billion in 2019 to approximately €41 billion by 2025 (excluding the expected impact of COVID-19). The addressable European market in our core market countries of France, Germany and Italy (plus Switzerland, which is not among our core market countries, but was included in the underlying market research), is collectively expected to grow at approximately 3% per year, while the addressable emerging and other markets are expected to grow at approximately 5% per year. In the past, the HIV epidemic and the 2009 H1N1 pandemic each led to a long-term rise in testing volumes. We expect the current increased focus on diagnostics and disease prevention associated with the COVID-19 pandemic will similarly lead to a rise in testing volumes in the longer-term. COVID-19 is expected to increase the market value of our addressable diagnostic testing market by as much as an additional €13 billion in 2021, before gradually decreasing year-over-year to supplement the expected €41 billion market by an additional €3 billion in 2025. (Source: CDA)

We could benefit from significant growth potential in the over €200 billion global market for diagnostic services, given our leading position in the €62 billion European market, the €17 billion fragmented market in Latin America and the €12 billion fragmented market in the Middle East and Africa. We represent approximately 3% of the European market and less than 1% of the Latin America market and the Middle East and Africa market, in each case based on our 2019 revenue. In addition to the geographies in which we operate, the global market also includes a €63 billion market led by LabCorp and Quest Diagnostics in North America and an €84 billion market led by Sonic Healthcare in the Asia Pacific region (focused mainly in Australia).

We draw on substantial knowledge and experience when designing our operational models for diagnostic services. The models differ significantly depending on (i) the structure of local healthcare systems and the nature of the customer base, (ii) the nature of prescribers, (iii) regulation and (iv) the approach to patient care, as described below.

11.2 Clinical Laboratory Services Sector in Europe

11.2.1 Overview

The overall clinical laboratory services sector in Europe comprises both public and private laboratory services providers, which collectively offer services across a range of scientific areas, including general clinical laboratory testing, or testing of body fluids for abnormalities (e.g., blood cell counts, coagulation, iron levels, cholesterol); microbiology, or testing for presence of microbiological pathogens (e.g., differentiation, antibiotic resistance, influenza tests); anatomic pathology and cytology, or testing of cells and tissue samples for abnormalities (e.g., analysis of tumor marks, pap-smears); and constitutional genetics, or testing of genetic material for abnormalities (e.g., analysis of risk factors, analysis of fetal DNA for mutations).

Clinical laboratory testing is used in all scientific areas and can be broadly divided into routine testing and specialty testing. Routine clinical laboratory tests are regularly used in general patient care by doctors to establish or support a diagnosis, to monitor treatment or to search for an otherwise undiagnosed condition. Routine testing is highly automated, scale driven, and efficiency oriented. Specialty clinical laboratory tests involve a higher level of complexity than routine tests, are conducted by skilled laboratory professionals and generally utilize more sophisticated technology, equipment or materials. Due to technological progress and innovation, the boundary between routine and specialty testing is constantly changing. As certain specialty tests become processable on automated test equipment, the cost per test falls, allowing the process to eventually become part of routine testing. In addition, the spectrum of specialty tests continues to expand through the introduction of new innovative tests.

The customer base in the clinical laboratory services market is diverse and spans both the public and private sectors. Customers include individual patients as well as hospitals, public and private clinics, medical practices and laboratories, physicians, blood collection points, public health agencies, pharmaceutical companies, clinical research organizations and companies in connection with occupational health policies, among others.

Depending on applicable law and regulation, diagnostic services are typically covered by statutory health insurance ("**SHI**") or private health insurance ("**PHI**") providers. Other testing services are

freely negotiated, such as under hospital outsourcing contracts, or are paid for out of pocket by patients (if not covered by their SHI or PHI provider) or other private payers.

The European clinical laboratory service market was valued at approximately €62 billion in 2019 and is expected to grow in the low single digits annually over the coming years (excluding the effects of the COVID-19 pandemic). The market is highly fragmented, and there are currently only a few pan-European players. The nature of competition in the clinical laboratory services sector varies by country, largely due to different market characteristics and regulatory regimes. The overall market has experienced consolidation in recent years, in part driven by regulatory changes and perceived potential for value creation. We expect this trend to continue in the future. In our view, the increasing pressure on governments to reduce healthcare spending is likely to lead to greater outsourcing of hospital laboratory work which, in turn, will further drive volume growth for private laboratory operators and increase the portion of the accessible market for private clinical laboratory service providers like us. We believe that large laboratory networks such as ours will be the main beneficiaries of this development, due to our ability to leverage economies of scale, greater financial resources, experience in operating complex hospital outsourcing contracts and other advantages.

The diversity of healthcare systems in Europe also means that the provision of clinical laboratory services varies from country to country, particularly in relation to:

- *Density of private clinical laboratories and professionals*: The density of private laboratories varies across regions and countries in Europe. Countries like France or Italy have a relatively higher number of laboratories when compared to Germany or the United Kingdom. There is also a significant variance in terms of the density of qualified laboratory doctors and pharmacists across countries.

- *Regulations*: Regulations relating to the qualification of laboratory doctors and laboratory personnel, technical conditions for testing, professional independence of laboratory doctors and conditions for owning, establishing and operating clinical laboratories vary by country. See section 13 (*Regulatory and Legal Environment*).

- *Quality standards*: In some countries, national or regional regulations require, or will require in the future, the accreditation of all clinical laboratories, while other countries accept internal quality management standards.

- *Pricing of clinical laboratory tests*: The prices of clinical laboratory services in most countries in Europe are, to a large extent, regulated. Significant disparities in tariffs persist, with prices per test generally higher in France and Switzerland than in Spain. In countries such as Spain, regulated prices in private clinical laboratory services have been replaced by contractually negotiated prices with private third-party payers.

- *Choice of laboratory*: Depending on the country, the clinical laboratory performing tests for a patient is chosen by the patient, by his or her doctor or by the patient's health insurance provider.

11.2.2 Market Characteristics

The clinical laboratory services market has seen a very limited number of significant new market entrants in recent years, primarily due to factors such as economies of scale, regulatory requirements, requisite technical expertise and reputation are advantages for established market participants.

Economies of scale are present in many areas of the market, including procurement, logistics, test processing, professional training and development as well as building and maintaining relationships with customers, regulators and payers. The presence of such economies of scale can be advantageous to larger players who are better able to benefit from efficiencies in procurement by bundling volumes across laboratories and geographies, which assists them in adjusting to price cuts. Similarly, larger players are better able to operate an integrated laboratory model, which utilizes centralized laboratories combined with geographically dispersed base laboratories and collection centers.

Regulatory requirements and characteristics include complex and varied pricing and reimbursement environments, strict quality standards and requirements, long-term contracts and complex licensing and accreditation processes in certain countries. Market participants, including us, that have more experience in navigating the national reimbursement environments and have established relationships with key customers and suppliers in certain geographies enjoy advantages over new entrants who lack such experience. Moreover, the need to adapt to the varied and changing market and regulatory landscapes across countries may make it difficult for some laboratory networks to expand their businesses into new geographies other than through acquisitions.

In the outpatient doctor segment, there is often relatively little customer attrition due to doctors' satisfaction with their incumbent laboratory providers and the integration of the clinical diagnostic process into doctors' daily clinical practice. This often leads to low levels of customer churn, which acts as a competitive advantage for us and other incumbent players with existing customer relationships.

More established market participants also enjoy advantages in attracting and retaining leading scientific employees due to scientific reputation and technical capabilities, particularly in the provision of specialized testing services. Furthermore, their scale gives them greater scope to identify and employ advanced technology and best practices in certain specialized testing segments.

Building reputation as a reliable, high-quality service provider is often time-consuming for new entrants and may also present a potential challenge in building strong referral networks.

11.3 Clinical Laboratory Services Market by Geography

11.3.1 France

The French clinical laboratory services market generated revenue of approximately €7.1 billion in 2019. Estimates show that the accessible market for private laboratories that year amounted to approximately €4.8 billion (approximately 67% of the total market). From 2015 to 2019, the total French clinical laboratory services market grew by approximately 1% per year, from approximately €6.8 billion in 2015 to approximately €7.1 billion in 2019. According to CDA, which was conducted before the onset of the COVID-19 pandemic and has not been updated, the accessible market is expected to remain largely stable over the coming years driven by volume increases stemming from an aging population, an increase in disease prevalence and a recent price agreement expected to remain in place until 2022. However, in light of the COVID-19 pandemic, the full impact of which cannot yet be known, this growth rate may need to be revised going forward and should not be unduly relied on.

The French clinical laboratory services market is highly regulated. It is estimated that more than 70% of the French healthcare market is funded by the French social security system. (Source: CDA)

In France, doctors prescribe clinical tests for their non-hospitalized patients, who are free to choose the laboratory in which they are tested. Patients typically choose a laboratory based on proximity to their home or workplace. Accordingly, presence in high traffic locations and reputation for quality of services are key factors.

Prices for clinical tests are set by a commission consisting of representatives from the Ministry for Social Affairs, Health and Women's Rights, UNCAM and professional bodies. Tests for which reimbursement is authorized are included in a quotation grid of clinical tests and quantified by the letter B. The rate for a specific test is determined by multiplying the value of B and the coefficient allocated to that specific test. Generally, more specialized and newer tests are initially not included in the quotation grid and thus not initially reimbursed. Non-inclusion in the quotation grid also means that prices for such tests are not fixed.

Depending on the uptake of the test or the therapeutic advantages offered, UNCAM may seek advice from the *Haute Autorité de Santé* ("**HAS**") regarding its inclusion in the quotation grid. HAS will base its advice on the indications for which the proposed service is assessed, identifying, where appropriate, the population groups affected; a description of the role in therapeutic strategy;

and an assessment of the improvement offered by the proposed service compared to alternative standard therapeutic approaches based on current scientific data, notably with regard to the comparative effectiveness of these treatments. The improvement offered by the proposed service is evaluated for each indication and, where appropriate, population group.

With or without this advice, a commission decides whether inclusion in the quotation grid is merited and sets the price as determined by UNCAM. This commission consists of six biologists representing the profession (trade unions) and three UNCAM representatives (each with two votes), and a chairman, elected by the commission, who has one vote. UNCAM has the final decision on proposing the inclusion of a test in the quotation grid and submitting its proposal to the minister. If the minister accepts the proposal the test is included in the quotation grid via advertisement in the Official Journal.

A new agreement was signed in March 2020 reflecting a capped growth rate of 0.5% in 2021 and 0.6% in 2022.

We benefit from the significant consolidation opportunities in the French clinical laboratory services market. Several factors drive this consolidation, including the high number of smaller laboratories in France employing low levels of automation; price cuts undertaken to offset rising testing volumes, which create an erosion of margins that can be offset by the use of increasingly large centers; the requirement that all laboratories operating as legal entities be accredited by COFRAC, which creates substantial financial hurdles and operational constraints for small and independent laboratories; aging biologists, with approximately 30% expected to retire in the next ten years. These factors driving consolidation are reflected in the significant decrease in number of private laboratories.

In 2019, the top seven players accounted for 58% of the French market. We are among the five largest players, accounting for approximately 10% of the market, behind national players Cerba and Biogroup, and multi-regional player, Inovie. Eurofins Scientific is also among the top five players in France (Source: CDA).

11.3.2 Germany

Germany is the largest clinical laboratory services market in Europe, with a total clinical services market value of approximately €10 billion in 2019. In 2019, the accessible market for private laboratories was estimated at approximately €5.4 billion (approximately 55% of the total market). From 2011 to 2019, the total German clinical laboratory services market grew by approximately 3% per year, from approximately €7.6 billion in 2011 to approximately €10 billion in 2019. (Source: CDA)

With respect to customers, the total German clinical laboratory services market can be divided into an outpatient sector, comprising mainly general practitioners ("**GPs**") internists and other office-based specialists, and an inpatient sector comprising mainly hospitals. In Germany, GPs are responsible for collecting samples with their own staff, usually nurses or medical technical assistants. In return, they are free to choose a clinical laboratory to test the sample. GPs are allowed to perform certain tests themselves, primarily basic routine tests. Private practice GPs frequently form laboratory cooperations (*Laborgemeinschaften*) to perform routine tests. Specialized tests are sent to clinical laboratory service providers. Working with laboratory cooperations gives clinical laboratory service providers access to specialty testing prescribed by GPs and reduces customer churn.

We benefit from the increased outsourcing of laboratory services by hospitals and have entered into significant cooperations in the hospital laboratory outsourcing sector. We have the necessary laboratory and testing capacity, logistics networks, the ability to meet turnaround times and the availability of specialty laboratory doctors. Agreements with hospitals are freely negotiated and include agreements for full outsourcing of certain hospitals' laboratory testing (i.e., routine and specialty). Particularly in connection with efforts to control costs in smaller hospitals, there are further opportunities for outsourcing of laboratory services of public hospitals in Germany.

According to CDA, which was conducted before the onset of the COVID-19 pandemic and has not been updated, our accessible market is expected to grow in the low single digits over the coming

years driven by demographic change and medical advances. However, in light of the COVID-19 pandemic, the full impact of which cannot yet be known, the growth rate may need to be revised going forward and should not be unduly relied on.

The clinical laboratory services market in Germany is somewhat less fragmented than that of other European countries due to the presence of five laboratory networks, including ours, which together made up an estimated approximately 45% of the accessible market by revenue in 2018. We estimate that the remainder of the accessible market consists of approximately 250 to 350 small- to medium-sized laboratories with a regional focus. We expect consolidation in the market to continue, driven primarily by efforts of the larger clinical laboratory groups to expand their geographical footprint, increase specialization and take advantage of economies of scale in a highly competitive marketplace.

We believe we are the third largest provider of clinical laboratory testing in Germany based on 2018 revenue, with a market share of approximately 8% of the accessible market in 2018. Our primary competitors include Sonic, Limbach, amedes and LADR. Estimates show that the top three players in the German laboratory services market (i.e., Sonic, Limbach and SYNLAB) had a market share of approximately 36% of the accessible market in 2018.

11.3.3 Italy

In 2019, the Italian clinical laboratory services market (excluding imaging) generated revenue of approximately €5.2 billion. It is estimated that the accessible market for private laboratories amounted to approximately 40-50% of the total market. From 2011 to 2019, the total Italian clinical laboratory services market grew by approximately 0.7% per year, from approximately €5.0 billion in 2011 to approximately €5.2 billion in 2019. (Source: CDA)

According to CDA, which was conducted before the onset of the COVID-19 pandemic and has not been updated, the accessible market is expected to grow in the low single digits, driven by volume growth, to which an aging population, an increase in disease prevalence and broader accessibility are expected to contribute. A moderate price decline due to reimbursement changes and increased competition are expected to partially counteract that growth. However, in light of the COVID-19 pandemic, the full impact of which cannot yet be known, this growth rate may need to be revised going forward and should not be unduly relied on.

The Italian healthcare system is mainly funded by a mix of public taxes and co-payments by patients. In 2018, public spending accounted for approximately 74% of total healthcare expenditures, and private spending accounted for approximately 26%. The majority of private spending was out-of-pocket payments, with a smaller part paid by private health insurance payers.

The Italian healthcare system is organized into three levels: national, regional and local. Generally, in the case of tests covered by the national healthcare authority (*Servizio Sanitario Nazionale*), prior to undergoing any test, a patient must pay a fee that covers only part of the test's actual cost. The amount of this prepayment varies by region and according to the patient's social eligibility criteria. The remaining portion of the cost is covered by the national healthcare authority or by private healthcare insurers.

The *Servizio Sanitario Nazionale* provides guidelines for prices applicable to accredited private clinical laboratories. However, regional authorities, the *Azienda Sanitaria Local* (the "**ASL**") have the authority to set local prices above or below national guidelines. On an annual basis, each accredited private clinical laboratory must sign an agreement with local authorities that determines the specific reimbursement rules for prices and the total budget allocated to the laboratory for the year. Once the annual budget has been reached, which generally occurs in the final quarter of the year, ASLs will no longer, or only partly, reimburse the tests carried out by the clinical laboratories which requires patients to pay for tests themselves. As a result, reimbursement levels vary widely from region to region. In the unlikely case that the annual budgets allocated by the ASLs for a given year are not fully used by the end of the year, a revision aiming to lower such budgets for the next year is possible.

In Italy, outpatients' doctors prescribe clinical tests and patients are free to choose the clinical laboratory in which the tests are conducted. Patients typically choose a laboratory based on proximity to their home or workplace.

Large clinical laboratories in Italy typically offer an integrated diagnostic testing service, providing clinical testing, diagnostic imaging services, ambulatory care and other healthcare services.

We believe the high fragmentation and overall pricing dynamics of the Italian clinical laboratory services market present significant further opportunities for consolidation.

The Italian clinical laboratory services market is highly fragmented and decentralized, with the top three players sharing only approximately 12% of the total market in 2019. We are a market leader with an approximate 6% share, followed by Lifebrain and Bianalisi, each with market share of approximately 3%.

11.3.4 United Kingdom

In 2019, the United Kingdom clinical laboratory services market generated revenue of approximately €7.5 billion. It is estimated that the accessible market for private laboratories amounted to approximately 8% of the total market. From 2015 to 2019, the total United Kingdom laboratory services market grew by approximately 5.8% per year. (Source: CDA)

According to CDA, which was conducted before the onset of the COVID-19 pandemic, the accessible market is expected to grow in the low single digits, driven by volume growth on the back of an aging population, rising disease prevalence and a three-fold increase in accessibility, together with price increases. However, in light of the COVID-19 pandemic, the full impact of which cannot yet be known, this growth rate may need to be revised going forward and should not be unduly relied on.

Clinical laboratory services in the United Kingdom can be either private or public and can be provided as part of a hospital stay (i.e., inpatient services), or outside of a hospital setting (i.e., outpatient services). The National Health Service ("**NHS**") dominates the total market for clinical laboratory services. The market for private clinical laboratory services, in which we are one of the major players, consists of outsourced NHS work as well as private individual, hospital group and corporate spend.

In the current NHS system, the patient sees a GP in the community, then queues at the public hospital to have his or her blood taken. The taking of the blood may take a couple of hours to be processed, and the results may take some time to come back. Since 2000, the United Kingdom has moved to open independent treatment centers ("**ITCs**"). These ITCs treat NHS patients, but are owned and run by private companies. In turn, these ITCs outsource their tests to a private clinical laboratory provider. The aim of this is twofold: to help remove the hidden waiting time between seeing the doctor and receiving a final diagnosis, which in turn helps reduce waiting times for surgery and improves clinical outcomes.

There have been calls to decrease waiting times in the NHS, and there are increasing calls to move to a new system where a public hospital enters into an agreement with a private clinical laboratory company.

About one-third of independent hospital clinical laboratory work is undertaken from NHS trusts' laboratories. This has risen due to the development of NHS private patient facilities. The diagnostic testing for patients in NHS beds and private patients in public hospitals is generally undertaken by the laboratory that performs the hospital diagnostic testing. In almost all cases this testing is performed in-house by the trust itself. The remaining proportion of independent diagnostic testing is outsourced to the private sector. As a cost initiative, the NHS has for some time aimed to decrease spending on diagnostic testing, with potential outsourcing to the private sector being described since 2008. (Source: Lord Carter of Coles report).

The United Kingdom clinical laboratory services market is led by us and our major private competitors, including Sonic Healthcare and HCA Healthcare.

11.3.5 Latin America / Colombia

In 2019, the Latin American clinical laboratory services market (excluding imaging) generated revenue of approximately €17 billion, of which €600-700 million was from Colombia, our main market in the region to-date. It is estimated that the accessible market in Colombia for private laboratories amounted to €240-300 million in 2019, including €180-200 million in the specific hospital B2B segment and €60-100 million in the private laboratory B2C segment. From 2015 to 2019, the total Latin American clinical laboratory services market grew by approximately 10.3% per year, from approximately €11.4 billion in 2015 to approximately €16.9 billion in 2019. (Source: CDA)

According to CDA, which was conducted before the onset of the COVID-19 pandemic and has not been updated, the accessible market is expected to grow in the mid-single digits, with steady volume growth driven by an aging population, and increasing affordability of private healthcare services for the upper-middle class population. However, in light of the COVID-19 pandemic, the full impact of which cannot yet be known, this growth rate may need to be revised going forward and should not be unduly relied on.

The Colombian healthcare system relies on a mandatory public healthcare system, complemented by optional private plans. The public system is a contributive system, which is subsidized if coverage cannot be afforded. Private complementary healthcare includes pre-paid medicine and insurance plans. In 2016, the share of the population with healthcare coverage under the public healthcare system or a private plan was estimated to be approximately 96%.

Clinical laboratory services in Colombia are addressed by three main types of players. Integrated (directly operated) in-house hospital laboratories serve the public healthcare system and are non-accessible to private operators. Outsourced (operated by third-party providers) in-hospital laboratories address both the public and private healthcare systems, including privately insured patients that are sent to hospital and in-city laboratories, and is accessible to private operators. Private in-city laboratories serve the pre-paid medicine and insurance plan segments and are accessible to private operators. Continued outsourcing trends have benefited the in-hospital laboratories segment, while the private in-city laboratories segment has benefited from growth in the number of private complementary healthcare insurance clients.

The Colombian clinical laboratory services market is relatively consolidated. In 2019, the top four players represented approximately 60% of the total market. We were the second largest player with approximately 15-18%, behind Colcan with an approximate share of 18-20%, and followed by Idime and Pasteur, with approximate shares of 14-16% and 8-10%, respectively.

We believe we hold leading positions in Peru and Ecuador, as a top three player in both markets. These markets are primarily driven by B2B contracts, with increasing private insurance coverage, and outsourcing from public sector hospitals being key market growth tailwinds. The market is relatively fragmented, with few mid- to large-sized laboratory players.

11.4 Competitive Features

11.4.1 Highly Competitive Market with Ongoing Consolidation

The European clinical laboratory services sector is highly competitive, with portions of the sector that remain fragmented. We expect further cross-border consolidation among certain of our competitors, as well as increased penetration of the European sector by some of the major non-European laboratory groups (including, in particular, Quest Diagnostics, Laboratory Corporation of America and Sonic Healthcare). As one of the leading pan-European players by revenue in our sector, present in growing and resilient end markets, we believe we are well positioned to continue to lead such consolidation and improve our competitive position.

The portion of the European clinical laboratory services sector that remains fragmented is subject to a combination of factors that in our view make it a prime candidate for consolidation, which could benefit large pan-European players such as ourselves. Those factors include pricing pressure, changing quality standards, increasingly complex and technically demanding tests and the ongoing industrialization of processes in order to generate economies of scale and reduce costs.

Consolidation could increase the market share of medium- and large-scale laboratory groups, allowing them to leverage their pre-existing footprint and established levels of expertise and could accelerate the expansion of large competitors in the European market.

11.4.2 Selection Criteria

Laboratory selection can be determined by the healthcare provider, the insurance company or directly by the patient. Patients who are free to select where they are tested usually base their decision on a laboratory's proximity to their home or workplace.

Other clients, mostly doctors, hospitals and other healthcare providers, consider the following factors, among others, in selecting a clinical laboratory: accuracy; timeliness and consistency in reporting test results; reputation of the clinical laboratory in the medical community or field of specialty; quality of advice and medical value added by the laboratory, number and type of tests performed; method of delivering and publishing results; and tools available for interpreting results. Price is also a key factor in the hospital outsourcing market and unregulated sector.

On an individual basis, our clinical laboratories compete with independent clinical laboratories, hospital-based laboratories (both privately and publicly owned) and doctor office laboratories. At a Group level, our laboratories compete with other national, European and international groups.

11.4.3 Regional, National, European and Global Clinical Laboratory Groups

European clinical laboratories have been undergoing a process of consolidation over the past three decades. Certain national laboratory groups emerged between 1995 and 2005, such as Labco, Cerba and Biomnis in France, Unilabs in Switzerland, and General Lab and Echevarne in Spain. Since 2006, these groups began consolidating into European groups.

Investment funds have also shown an increased interest in the healthcare industry, and more particularly in the clinical laboratory services market. This is likely to continue to accelerate market consolidation and the integration of pan-European groups. Examples include PSP and Partners Group's investment in Cerba in January 2017 and CDPQ's investment in Biogroup in October 2018. An early example was Apax and Nordic Capital's 2007 investment in Unilabs, which now has a pan-European presence, operating in 16 European countries including France, Switzerland, Spain, Portugal and the United Kingdom.

Nonetheless, a number of leading independent national groups remain in Europe, such as, Lifebrain in Italy, Viollier in Switzerland and Echevarne in Spain. In addition, in a number of countries, and in particular in France, there has been an emergence in the recent past of groups organized at a regional level, which are among our main competitors in their particular regional markets.

The consolidation in Eastern Europe is increasing with the formation of pan-European groups such as Medicover-Synevo, which is present in eleven countries.

Sonic Healthcare, a listed Australian group, is an international player in the clinical laboratory services sector, with operations in Australia, New Zealand, the United States, Belgium, Germany, Switzerland, Ireland and the United Kingdom. Eurofins Scientific is also among the five largest European players with its presence in twelve countries (approximately 40-50% of its revenue generated in France).

11.4.4 COVID-19 Pandemic

In light of the COVID-19 pandemic, most countries have periodically put in place temporary restrictions such as social distancing and lockdowns, that have adversely impacted ordinary course laboratory testing volumes at times. The full effect of such impact is still unknown. Simultaneously, many countries are also adopting viral testing strategies and making a material effort to ramp up testing capacity and access in an effort to combat the pandemic. In many geographies private clinical laboratory players are being utilized to help deliver such testing services, creating an additional revenue stream.

We are at the forefront of the fight against COVID-19, having leveraged our scale and agility to react quickly to the evolving market demands. We expect that the demand for SARS-CoV-2 tests

will continue to increase. An analysis by the Boston Consulting Group cited in the January 2021 article "*As Vaccines Roll Out, Testing Still Matters*," concluded that between 90-100 million SARS-CoV-2 tests are expected to be required collectively in four representative EU countries (France, Germany, Italy and Spain) in the first quarter of 2021. We believe testing is a core pillar of national COVID-19 responses and therefore expect demand for our PCR testing services to remain high. The demand for testing will be driven by the epidemiology of the SARS-CoV-2 virus, the impact of vaccines, the impact of therapeutics and government policy. We expect PCR testing will continue to play a major role over the medium term even after vaccines become widely available and that we will continue to benefit from elevated SARS-CoV-2 testing volumes in the long term.

We are a trusted medical partner and adviser to public and private institutions in the context of the COVID-19 pandemic, having built consultative relationships with governments and developed critical infrastructure in the fight against the pandemic. We are also a partner of choice for corporations, with more than 6,500 contracts signed related to "safe at work" programs.

As with many other infectious diseases, continuing surveillance will be required to support containment, monitor for mutations and work towards large-scale immunity across populations. Boston Consulting Group's estimates published in the article cited above indicate that France, Germany, Italy and Spain collectively will still require approximately 30 million quarterly SARS-CoV-2 tests in the second quarter of 2024.

11.4.5 Sector Trends and New Market Opportunities

There are a number of key trends that we expect will impact the clinical laboratory services sector in Europe generally and our business specifically. Because clinical testing is an important healthcare service and due to the key trends discussed below, we believe that the industry will continue to grow over the medium and long term.

11.4.5.1 Demographics

We expect that demographic trends and changes in lifestyles will lead to increased demand for, and consequently increased volumes of clinical testing. These trends include the aging population, the increased frequency of soft diseases (such as allergies) and long-term diseases (such as cancer and diabetes) requiring recurring tests, as well as an increased focus on preventive healthcare. Healthcare policies also increasingly recognize the value of early detection and prevention of chronic and severe diseases. The growing emphasis placed on more accurate diagnoses supported by clinical testing has led doctors to increasingly utilize clinical laboratory tests to help identify potential diseases, detect illnesses early, monitor patient compliance, and determine and evaluate treatment. We also believe there will be a growing demand for customized healthcare solutions as well as preventive medicine as a means to reduce costs.

Further, we believe that higher disposable income and an increased willingness to absorb out-of-pocket costs could contribute to volume growth. At the same time, the impact of certain lifestyle choices, such as low levels of physical activity, malnutrition and stress, can lead to obesity and related chronic illnesses, which in turn may lead to additional testing.

11.4.5.2 Pricing Conditions

In recent years, direct tariff reductions enacted to counterbalance increased volumes and broader health system reforms have placed downward pressure on prices for clinical laboratory services in some countries. Pressure on state budgets has also contributed to reductions in tariffs that can be legally charged for testing as governments and public authorities as well as third-party payers and private insurers have focused on controlling healthcare costs. In certain countries, public reimbursement levels are regularly updated. We expect that efforts to limit the rate of growth in healthcare expenditure will generally result in further reductions in regulated tariffs in the future.

In general, price pressure remains part of operating in the European clinical laboratory services sector and we expect it to continue in the future. Price pressure is higher for automated routine tests than for specialty tests, which mitigates the overall impact of price pressure for companies that offer both routine and specialty testing.

11.4.5.3 Subcontracting and Outsourcing

Subcontracting and outsourcing by public and private hospital laboratories to the benefit of private organizations is another trend observed in the European clinical laboratory services sector over the last few years, driven in particular by hospital operators' desire for productivity gains. We believe subcontracting and outsourcing will potentially represent a growing source of income for us and similarly situated groups. This trend is not uniformly present in all European countries. It is currently most prevalent in Germany and Spain, especially in the private hospital sector and with hospitals run by churches or trusts. In the United Kingdom, NHS hospitals, faced with tight budget restrictions, are increasingly outsourcing their clinical laboratory services to private groups.

11.4.5.4 Integration and Streamlining of Laboratory Workflows

Growing demand for increased efficiency and electronic delivery of laboratory data continue to drive integration, automation and process improvement within the clinical laboratory services market. Clinical laboratory service providers continue to automate patient service workflows and laboratory processing in addition to further integrating patient health records and expanding online access to test results.

11.4.5.5 Precision Medicine

Medical practice has entered a period of profound change, moving from curative medicine to precision medicine that is personalized, predictive, preventive and participatory. Precision medicine involves the customization of medical decisions and treatments as well as products individually tailored to patients. Clinical laboratory testing will play a key role in the development of precision medicine as therapies rely on biomarkers and require regular testing. The acceleration in the development of precision medicine has been made possible by profound changes in biological and medical research which have opened the way to a considerable expansion of the application of clinical testing in diagnostics. In addition, new opportunities in prevention and in the efficient targeting of treatments should create significant cost savings for healthcare systems, on a scale that would affect the selection of policies that accelerate the expansion of diagnostic activities.

The market for precision medicine is projected to grow at a compound annual growth rate of 12-15% from less than €1 billion in 2020 to approximately €2 billion in 2025 and approximately €3 billion in 2030. (Source: CDA)

This transformation has been driven by the development of new techniques which give access to a substantial amount of data on individuals. Progress in DNA sequencing has had a particularly decisive impact and has become the main driver of the development of molecular diagnostics. The methods available have diversified, with polymerase chain reaction and high-speed next generation sequencing ("**NGS**"), which allow for more targeted testing and analysis, including the sequencing of an entire genome, at a considerably quicker pace and at a lower cost. We expect to witness an increase in the demand for and use of sequencing in medical diagnostics.

Technical progress in sequencing is moving along with a better understanding of biological mechanisms. For instance, based on the observation that fragments of fetal DNA circulate freely in maternal blood during pregnancy, progress in sequencing has made it possible to develop non-invasive prenatal tests for Down's Syndrome using maternal blood. We believe that a number of other genetic disorders, such as cystic fibrosis and spinal muscular atrophy, may be able to be detected through molecular biology from a sample of maternal blood. Similarly, it is now possible to identify the genetic changes that make tumors malignant, through analysis of the tumor genome, allowing for a greater role for clinical testing in the field of oncology.

More generally, these developments in molecular biology, combined with the identification of new biomarkers for different diseases, as well as new tests for allergies and nutritional biology, are likely to lead to an expansion of the portfolio of tests carried out in our most sophisticated laboratories.

11.4.5.6 Direct-to-Consumer

The diagnostic testing services market has experienced a growing trend for patients to take control of their own health, which creates new market opportunities for D2C services for the increasing use of diagnostics to measure a number of metrics. The D2C trend includes not only lifestyle monitoring and prevention, such as physical well-being, cardiovascular health and fertility, but also includes self-administered testing for infectious diseases such as HIV or SARS-CoV-2, and at-home tests for detecting the use of drugs and alcohol.

The D2C diagnostic testing market is projected to grow at a compound annual growth rate of 5-6% from approximately €3 billion in 2020 to approximately €5 billion in 2025 and approximately €6 billion in 2030. (Source: CDA)

11.4.5.7 Digital, AI and Data Services

Digital transformation is beginning to impact the diagnostic testing market and create new market opportunities relating to services, including digital offerings, such as virtual consultations with medical professionals with AI-driven triage, diagnosis and referral. In addition, machine learning is being used to analyze biological data sets and support clinical decision making, and AI-driven holistic data integration of medical data sets can be used in drug development.

The digital, AI and data services market is projected to grow at a compound annual growth rate of more than 30% from less than €1 billion in 2020 and 2025 to between €2-3 billion in 2030. (Source: CDA)

11.4.5.8 Quality Standards

Changes in quality standards are also shaping the clinical laboratory services market. We expect that the quality standards applicable to the sector, although varying from one country to another, are likely to become increasingly restrictive in the coming years. Compliance with applicable national-level regulations, accreditation or certification standards and the requirements of standard-setting bodies are not only necessary for the continued operation of laboratories but also, in certain markets, a prerequisite for selection as a contractual partner with health insurance providers or hospitals and clinics. Maintaining high quality standards and meeting increasingly stringent accreditation requirements is costly and time consuming and may force smaller laboratories and laboratory networks to merge or consolidate in the future. For example, French legislation now requires that all clinical laboratories should have undertaken a quality accreditation process and it is likely that other European countries will follow suit. In view of the resources required to implement these quality standards, many small- and medium-sized independent laboratories could be tempted to join a network offering a quality control department and dedicated teams. See section 13.2 (*Regulatory and Legal Environment—France*).

12. BUSINESS

12.1 SYNLAB AG's Business Activities

SYNLAB AG was incorporated in November 2018 as a shelf company. SYNLAB AG has not engaged in business operations as of the date of this Prospectus. On or around April 27, 2021, the Existing Shareholders will contribute all shares of SYNLAB Limited (the current parent company of the SYNLAB Group) into the reserves of SYNLAB AG. Following the Contribution, SYNLAB AG's business will be that of the SYNLAB Group as a whole.

12.2 Overview

We are the largest European clinical laboratory and medical diagnostic services company by revenue and number of tests and provide actionable diagnostic information for healthy lives and well-being for all. We benefit from a network of more than 450 laboratories and more than 1,600 blood collection points with direct patient and consumer contact across 36 countries, including our core markets of France, Germany, Italy and the United Kingdom. We perform approximately 500 million tests for approximately 100 million patients annually, and in 2020 performed approximately 13.8 million SARS-CoV-2 tests as a result of the COVID-19 pandemic. Our continual introduction of new test parameters each year provides us with further growth and diversification potential. (Source for all statements: CDA)

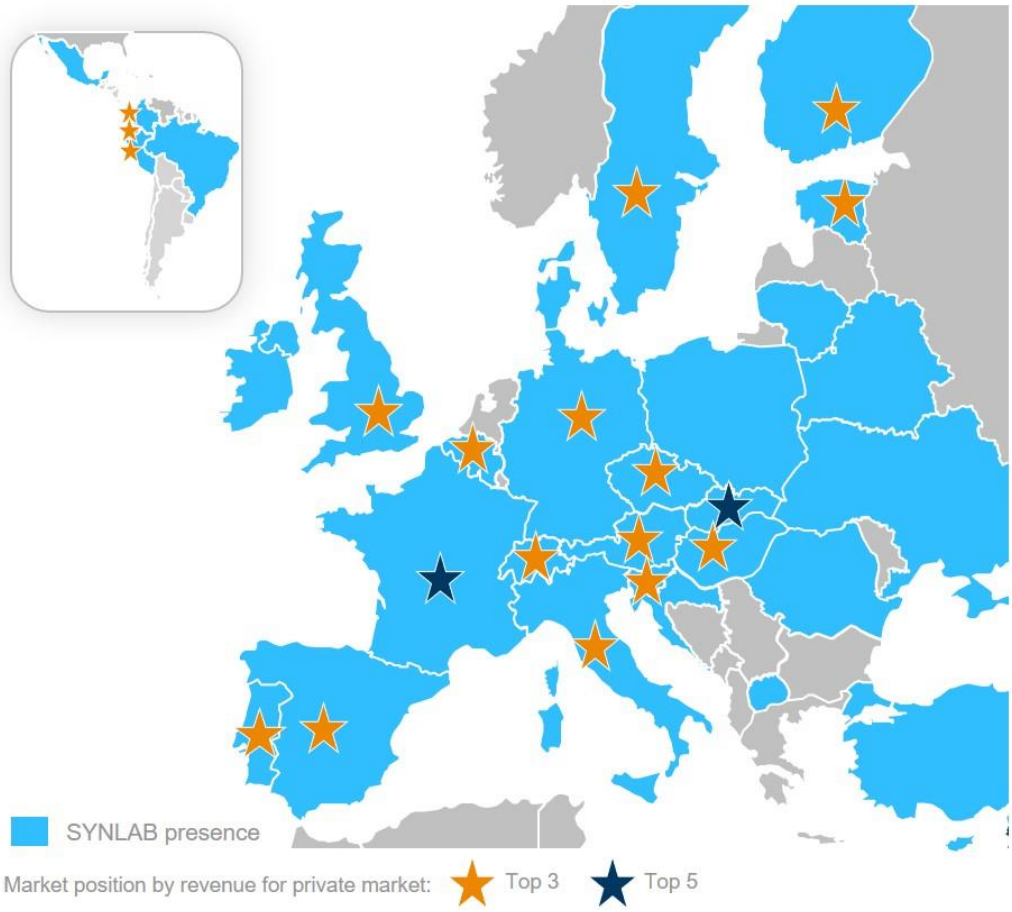
Our business is well positioned to take advantage of the growing market for clinical laboratory and medical diagnostic services in Europe, which benefits from favorable structural trends, including an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention, increasing outsourcing of clinical laboratory testing by hospitals and an additional need for advanced testing. Furthermore, we are a leader in the fight against COVID-19, working closely with the relevant authorities and leveraging our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries. (Source for all statements: CDA)

We have been a pioneer in the consolidation trend in the European clinical laboratories market. Our expansion strategy is focused on adapting to local market environments while drawing from the strength of our pan-European support functions. Our market position and the scale of our laboratory network also allow us to benefit from favorable procurement conditions with suppliers, including through group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion. (Source for all statements: CDA)

For the year ended December 31, 2020, we recorded revenue of €2,621.2 million, with net profit amounting to €259.1 million. Our Adjusted Operating Profit from Continuing Operations was €504.5 million and Adjusted EBITDA from Continuing Operations was €679.2 million. For a reconciliation of net profit to Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations, see section 10.7.1 (*Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted Operating Profit from Continuing Operations and Adjusted EBITDA from Continuing Operations*).

We have a pan-European presence and hold a top three or top five market position by revenue within most of the markets where we operate. We also provide clinical laboratory testing services

in Latin America, Africa and the Middle East. Our leading market positions in certain geographies are illustrated in the map below.



Source: CDA

We report our business activities across four operating segments (France, Germany, South and North & East). The table below provides information about our revenue to external customers for the year ended December 31, 2020, and our number of laboratories (excluding blood collection points) as at January 31, 2021, by operating segment.

France		**Germany**	
Total revenue	€646.6 million	Total revenue	€579.8 million
Revenue contribution	24.7%	Revenue contribution	22.1%
Number of laboratories	67	Number of laboratories	84
South [(1)]		**North & East** [(2)]	
Total revenue	€799.5 million	Total revenue	€595.3 million
Revenue contribution	30.5%	Revenue contribution	22.7%
Number of laboratories	128	Number of laboratories	174

(1) Our South segment includes the following geographies: Brazil, Colombia, Ecuador, Italy, Mexico, Panama, Peru, Portugal, Spain and Switzerland.

(2) Our North & East segment includes the following geographies: Austria, Belarus, Belgium, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Ghana, Hungary, Ireland, Lithuania, Nigeria, North Macedonia, Poland, Romania, Slovakia, Slovenia, Sweden, Turkey, Ukraine, the United Arab Emirates and the United Kingdom.

Our business operations are characterized by a high degree of diversification across customers and payers, geographies, testing services and test parameters. We benefit from a broad and diverse customer and payer base that includes tens of thousands of medical practices, hundreds of hospitals and millions of individuals, in addition to medical insurance companies, pharmaceutical companies and other corporate employers.

12.3 Competitive Strengths

12.3.1 We are active in the large and growing European clinical laboratory services market, which is supported by strong non-cyclical growth trends with further upside potential.

Our core markets have grown materially throughout the last decade and have proven resilient to economic cycles. The market is also expected to continue to benefit from favorable demographic factors, such as an aging population, the increasing prevalence of chronic diseases, a growing focus on disease prevention and increasing outsourcing of clinical laboratory testing by hospitals.

Our addressable diagnostic testing market is expected to grow from a market value of approximately €32 billion in 2020 to approximately €41 billion by 2025 (excluding the expected impact of the COVID-19 pandemic) (Source: CDA). At the same time, our addressable European market in our core market countries of France, Germany and Italy (plus Switzerland, which is not among our core market countries, but was included in the underlying market research), is collectively expected to grow at approximately 3% per year, while addressable emerging and other markets are expected to grow at approximately 5% per year. New precision medicine developments and D2C product rollouts, as well as artificial intelligence developments providing market opportunities for monetization of healthcare data are expected to be key growth drivers. In addition, our business benefits from an increasing propensity of public healthcare providers to outsource diagnostic services to private sector companies. Moreover, technological advances are expected to broaden the scope of diagnostics applications (e.g., companion diagnostics in oncology or prevention and wellness offers made directly to consumers who pay out-of-pocket for services).

The COVID-19 pandemic has increased public focus on diagnostics and disease prevention, providing further upside potential to testing volume growth in the longer-term. COVID-19 is expected to increase our addressable diagnostic testing market by as much as €13 billion (in revenue terms) in 2021, with a gradual reduction year-over-year to €3 billion by 2025.

Finally, our growth strategy further benefits from our increased presence in attractive and growing emerging markets, such as Latin America and Africa. We have expanded in the Latin America region through acquisitions in Colombia, Peru and Ecuador since 2016, achieving leadership positions in these countries, in particular with respect to blood collection points. We are also well positioned to benefit from further market opportunities in the genetics and specialty testing fields, including the EU companion diagnostics market, the EU direct-to-consumer market and the diagnostic support market where we are able to provide support services such as diagnostic decision support.

12.3.2 We are a global player in the medical diagnostics space and the market leader in Europe by revenue with comprehensive capabilities across a broad range of routine and specialty testing services.

We are the largest clinical laboratory services company by revenue in Europe, the only player present in all three of the largest EU markets by nominal GDP (France, Germany and Italy) and in the United Kingdom, and are one of the leaders (with a top five position) in each of these four countries, which we consider our core markets, as well as in other geographies. In addition, we have established a strong foothold in high-growth emerging markets across Eastern Europe, Latin America, the Middle East and Africa and we have achieved local leadership positions in most of the countries where we operate. In total, we are present in 36 countries on four continents.

We draw numerous tangible scale benefits from our wide geographic footprint and full range of services. These include: the ability to win contracts competitively; enhanced procurement power; the ability to consolidate and automate procedures; the knowledge and resources to create new capabilities (e.g., in retail or hospital settings); the critical mass to build an integrated IT infrastructure; and the expertise to capitalize on opportunities for large-scale data analytics.

As an example, we provide a full range of diagnostic testing services for human medicine, including routine and specialty tests, anatomical pathology, companion diagnostics, genetics and imaging, and also provide testing services for veterinary medicine. We bring deep understanding of different market needs across the B2B, B2C and D2C channels, adapting our services to local

requirements to enhance patient experience. This commercial and operational flexibility is a key enabler of our new business generation, customer and payer diversification and new market entry.

We operate an efficient hub-and-spoke network of laboratories. Our "hub" laboratories consist of two European reference laboratories (near Stuttgart, Germany and near Barcelona, Spain), and more than 30 central laboratories in all of our major countries, all of which perform specialty testing services on samples provided from other network laboratories. In addition, our "spoke" laboratories, which include regional laboratories, satellite laboratories and emergency laboratories, together with our point-of-care testing capabilities, make up the backbone of our efficient hub-and-spoke model. Our "centers of excellence" located across our laboratory network deliver medical expertise for certain medical areas and have specialist diagnostic competencies. Through our laboratory network, we are able to offer a wide range of analytical and diagnostic testing services, including more than 5,000 routine and specialist testing services in the field of clinical testing; genetic and anatomical pathology testing of both histological and cytological samples; and diagnostic imaging.

Our strong reputation and market position enable us to attract and retain industry-leading medical experts and qualified specialists. As a result, we have cultivated a wide network of medical experts, significantly enhancing our medical capabilities and ability to innovate. Through close collaboration with research departments from universities and the pharmaceutical industry we continually enhance our diagnostic offering. Further, we have accumulated vast expertise through our operational scale and global presence, which we leverage across markets.

12.3.3 Our customer-centric strategy is aimed at delivering above market growth and is based on medical and operational excellence, highly skilled employees and a disciplined approach to capital allocation.

Our strategy of customer centric medical excellence has yielded tangible results, including unlocking additional organic revenue growth by providing a superior patient and clinician experience. Our business benefits from material diversification across geographies and business models (e.g., B2B, B2C and D2C), as well as our ability to conduct more than 5,000 different tests. We are capable of delivering a highly customized end-to-end customer journey that includes registration, sampling, diagnostics, reporting and consultation.

We offer a tailored approach to prescribers and focus on retail management capabilities. Our business has a broad retail base with millions of patients and a prescriber customer base with more than 100,000 prescribing doctors. We develop innovative products and provide value-added solutions to hospitals, dialysis centers, polyclinics, outpatient clinics, laboratories and others via a variety of business models including point-of-care, management and supply, outsourcing, joint ventures and consulting services. We adapt our business models to suit customer requirements; such as, for example, by providing certain specialty tests only, entire laboratory outsourcing services or special consultancy services.

Medical excellence is at the core of our business. We offer a full spectrum of testing services ranging from routine to highly specialized (including genetics, anatomical pathology, radiology and nuclear medicine) and we have established ourselves as the top European player in anatomical pathology and genetics. Our genetic testing capabilities include full exome sequencing, large gene panels and single genetic variants. Our genetics services, including supporting doctors in day-to-day consultations, providing value-add counseling, expert medical decisions, support services, pre- and post-natal testing, oncogenetic testing, testing for rare diseases and pharma genetics, are performed by more than 70 genetics experts in 17 "centers of excellence" across nine European countries. We also have capabilities covering all anatomic pathology sub-specialties. Our more than 190 in-house employee or consultant pathologists provide histological services for approximately 500,000 cases per year, regularly collaborating with hospitals. Our anatomic pathology platform includes 30 laboratories across twelve European countries.

We benefit from the shared medical knowledge of over 1,200 doctors and specialists and partnerships with leading medical universities, which have fostered innovation and enabled us to develop more than 1,500 tests in-house and produce more than 300 medical publications over the past three years.

The COVID-19 pandemic has demonstrated our unique medical, operational and commercial capabilities. We partnered with national healthcare systems and governments from the outset to develop tests and procedures, leveraging our innovation expertise and securing supply chains early in order to rapidly roll-out testing internationally. This has strengthened our position as a trusted medical partner and adviser globally and allowed us to win contracts with businesses, educational institutions and sports associations to safely get employees back to work, students back to school and athletes back on the playing field. In the year ended December 31, 2020, we conducted approximately 13.8 million SARS-CoV-2 tests.

Testing is now a core pillar of national COVID-19 responses and PCR testing is also expected to continue to play a major role over the medium term, even after vaccines become widely available and herd immunity is achieved. As with many other infectious diseases, continuing surveillance will be required to support containment, monitor vaccine effectiveness and further mutations, and contribute towards large-scale immunity across populations. Specifically, the sequencing of SARS-CoV-2 virus mutations may grow in importance and is a capability that is widely available across our network. As a result, we will continue to benefit from elevated SARS-CoV-2 testing volumes in the long term. (Source: CDA)

12.3.4 We are active in the large and growing European clinical laboratory services market, which is supported by strong non-cyclical growth trends with further upside potential, as well as significant emerging market opportunities in Latin America, Asia and Africa.

We are a leading consolidator in the European clinical laboratory services market with a proven ability to grow through value accretive mergers and acquisitions ("**M&A**"). We benefit from extensive experience and are well-positioned to further capitalize on additional identified opportunities not only in core markets, but also through entering new markets.

From the formation of the SYNLAB Group in the second half of 2015 through December 31, 2020, we completed 111 acquisitions (excluding 14 additional acquisitions in our A&S business unit that was sold in 2020) at an average rate of more than 20 acquisitions per year. We have demonstrated our ability to implement operational efficiencies to realize synergies savings and drive improvements to gross and operating margins. Based on our evaluation of synergies for acquisitions completed in 2016, we estimate approximately 3-5% margin uplift through those synergies after two to three years. We benefit from a dedicated team focused on finding, evaluating and executing external growth opportunities, and have developed a structured approach to acquisitions that capitalizes on the expertise and market knowledge of our management and local laboratory doctors. Our management team has a strong track record of executing buy-and-build strategies through the regular acquisition and integration of laboratories into group operations. We have consistently expanded our laboratory networks through acquisitions.

As of December 31, 2020, we had identified 176 potential near- and medium-term acquisition opportunities. Of the approximately €200 billion global market, we estimate our total addressable market for M&A to be approximately €26 billion, including approximately €17 billion of assets owned by players that are not among the top five competitors in the applicable region or country. As a large laboratory services company with an attractive established network, we are well-positioned to continue to take advantage of future consolidation opportunities in a fragmented European and international market. There is vast room for accretive acquisitions, including approximately €7.3 billion in the South segment regions; €4.3 billion in the North & East segment regions; €2.9 billion in Germany and €2.3 billion in France. (Source: CDA)

12.3.5 We have a strong financial profile with profitability accelerating through COVID-19 testing, robust organic growth, operational efficiencies and strong cash generation sustaining growth via strategic acquisitions.

Our revenue grew 37.5% year-on-year for the year ended December 31, 2020, underpinned by organic growth of 36.1% and acquisitions in core markets made during the years 2019 and 2020. For the year ended December 31, 2020, our Adjusted EBITDA from Continuing Operations grew 70.9% year-on-year, resulting in an Adjusted EBITDA Margin of 25.9% in 2020. The results were supported by our scale advantages and our initiatives to identify cost savings by optimizing supply contract terms, logistics operations and information technology systems.

Additional operational efficiency and cost saving initiatives have allowed us to reduce our cost base and improve our cash flow generation and financial performance. These operational efficiencies, along with organic growth and sustained volumes of SARS-CoV-2 testing in the medium to long term, also support systematic executions of M&A activity that we expect to generate double digit medium-term Adjusted from Continuing Operations growth.

Our strong financial track record is demonstrated by our sustained long-term top line historic growth. Our revenue and Adjusted EBITDA from Continuing Operations for the year ended December 31, 2020 reflect growth above 11% and 19% compound annual growth rates, respectively, from the combined reported revenue and combined reported EBITDA, as applicable, for the year ended December 31, 2010 of the independent SYNLAB and Labco entities that existed prior to their combination and the formation of the SYNLAB Group in 2015. We believe we can continue to deliver strong profit growth through a combination of (i) organic growth resulting from our strategy, (ii) continuing to take advantage of operational efficiencies, (iii) the impact of COVID-19 both on testing volumes in the medium to long term and the infrastructure that is now in place for future applications and (iv) by systematically executing M&A. Over the mid-term, we aim to maintain our growth trend, targeting around 10% overall growth per year from revenue levels in 2019, including organic revenue growth above 3% per year, and targeting our Adjusted EBITDA Margin to be around 23%, in each case taking into consideration the impact on our revenue and our Adjusted EBITDA from Continuing Operations of contributions from businesses we acquire in the future as if they are acquired on January 1 of the applicable year. We expect our near-term revenue growth levels to be higher and to include organic revenue growth at around 10% as result of, among other things, expected growth in the United Kingdom and positive price impacts in multiple countries, as well as the revenue-enhancing impact of SARS-CoV-2 testing, which we expect to peak in 2021, but to remain meaningful for a number of years at around 30% of 2020 COVID-19-related revenue in the mid-term.

12.3.6 We benefit from a highly experienced international management team at group and local levels with deep market knowledge and experience in navigating local regulatory requirements and delivering growth and a strong track record executing and integrating acquisitions and driving operational efficiencies, and a supervisory board made up of talented and knowledgeable industry experts, shareholder representatives and employee representatives.

Our more than 20,000 employees, including the over 1,200 medical doctors and other specialists in our laboratories, are led by our chief executive officer, Mathieu Floreani, who first joined the SYNLAB Group as Deputy CEO in 2017 and became CEO in 2018, having previously held CEO and executive positions in several leading global businesses including the Forwarding division of DHL Americas and McKinsey over his more than 30-year career, as well as our chief financial officer, Sami Badarani, who joined the SYNLAB Group in 2017 and has over 30 years of experience. Our executive-level management team is supported by our experienced international management team in the implementation of our strategies. In addition, we benefit from the experience of the CEOs of our four operating segments and our strong country management teams that have deep market knowledge and experience in navigating local regulatory requirements and acquiring and integrating new laboratories. Our management team has a demonstrated track record of delivering growth, executing and integrating acquisitions and driving operational efficiencies. This has led to a continuing transformation of our business, including its impact on environmental, social and governance practices. We believe the industry knowledge and leadership of our senior and country management teams, combined with their long-term experience, provide us with the skills necessary for continuing to improve performance and efficiency through a common corporate infrastructure and the implementation of best practices across our network, constituting a significant competitive advantage.

In addition, we have put in place a supervisory board that is international and diverse and has extensive experience in our sector and in leading public companies. This group of accomplished individuals, including our independent non-executive directors, the shareholder representatives (four out of six of whom are independent) and the employee representatives, provide us with a balance of an understanding of our history and fresh outlook for our future. For additional information about the Supervisory Board, see section 18 (*Company's Governing Bodies*).

12.4 Strategy

We intend to grow our business and maintain our position as the leading provider of clinical laboratory services in Europe by executing a strategy of customer-centric medical excellence as described below.

12.4.1 We aim to provide a superior patient and clinician experience by expanding our service offering, strengthening our network and creating a differentiated brand identity across Europe and internationally.

We aim to capitalize on our medical expertise, the trend of greater outsourcing by hospitals and advances in science and technology to drive further organic growth. We have leading positions in key geographical areas and have created a fully integrated business with strong brand recognition and reputation. We plan to leverage our reputation and customer-facing logistics services to attract new customers—particularly doctors and other primary care physicians of our testing services—and to win public tenders increasing our public contract numbers.

We have committed to a strategy of medical expertise and scientific leadership based on the highest standards of quality, ethics and reliability. We will continue to focus on providing customers with accurate test results with the highest possible medical precision, the shortest possible turnaround time and the lowest possible analysis error rate. We are also committed to making a meaningful, positive impact in the communities in which we operate. A particular focus is put on our contribution to the primary healthcare system and on the environment. We also intend to further develop our medical expertise by ensuring that all of our laboratories continue to be fully accredited at the highest European standards and by maintaining industry leadership in self-regulation, governance and participation on pan-European scientific committees.

We plan to maintain our "centers of excellence" across our laboratory network, both within our larger European reference laboratories and central laboratories and in smaller laboratories, by continuously strengthening our network through new investments in both technologies and scientists. We are also committed to continuously developing our medical expertise by further improving our track record of research and innovation to underline and expand our medical leadership. We have also introduced medical awards to honor cutting-edge research and publications and motivate employees to strive for scientific advancement, as well as research grants to foster innovative strength and research excellence.

As healthcare systems in some of our markets are coming under significant budgetary pressure, public and private hospitals, organizations and other healthcare providers are seeking to improve their productivity and medical quality of service by outsourcing inefficient and sub-scale laboratory activities to diagnostics experts. We are well placed to benefit from this trend as we provide the full spectrum of outsourcing activities, ranging from testing services to full outsourcing with the transfer of entire teams, most notably in France, Finland, Germany, Portugal, Spain and the United Kingdom. For example, in 2019, we entered the outsourcing and subcontracting market in Sweden. We intend to pursue such opportunities in new geographies in the future.

In addition, we plan to continuously invest in patient interfaces to enhance our customers' wellness and access to preventative care. For example, via the acquisition of DMDD in Denmark (IT service), we are able to increase proximity and improve customer services such as improved digital access to diagnostic results for patients and customers.

As a result of the COVID-19 pandemic, we are fulfilling our special responsibility as part of national healthcare systems and we distinguish ourselves as a leading provider of medical diagnostics services for the people in the various countries in which we operate. We have been granted the status of critical national infrastructure in many countries. We have kept our key locations and infrastructure operational throughout the pandemic in order to continue to meet the increasing demand for our services. We are proactively working with the competent authorities and are leveraging our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries in the fight against COVID-19.

12.4.2 We will sustain our focus on operational excellence by leveraging our scale, capabilities and supplier relationships to drive operating efficiencies and increase cash flow.

We intend to leverage our network to streamline our laboratory operations and administrative functions and strengthen post-merger integration processes and capabilities while enhancing our service offering. In doing so, we aim to continue reducing our operating costs through operational efficiency improvements across our laboratory network and the optimization of procurement contracts at lower costs. To implement this, we introduced the "**SALIX**" (**S**cale, **A**lignment, **L**everage, **I**nstruction, **X**-check) operational excellence program in 2017. Between 2018 and 2020, SALIX generated approximately €65 million in total savings, with further ongoing savings expected over the medium-term.

SALIX is underpinned by three key pillars. The first pillar is procurement. We seek to leverage our scale to save on direct and indirect costs, thereby reducing materials costs and operating expenses. The second pillar is the SYNLAB Transformation System ("**STS**"), which is based on Lean Six Sigma principles (automation, workspace design, planning and scheduling, multi-skilled workforce, standardization, performance management). STS is a management system supporting our strategy and is considered the engine driving us to operational excellence by enabling customer centricity, productivity increases and a healthy organization. STS also has the effect of reducing operating and personnel expenses. All cost savings from STS are transferred into SALIX. The third pillar is focused on our laboratory network, including refining our "hub" and "spoke" network, ensuring it has superior logistics and reliable technical service and maintenance functions. This pillar also has the effect of reducing operating and personnel expenses.

For the year ended December 31, 2020, our Unlevered Free Cash Flow was €271.7 million, representing a conversion of 40.0% of our Adjusted EBITDA from Continuing Operations. We expect that our near-term cash flow will continue to be enhanced by the impact of the COVID-19 pandemic, with Unlevered Free Cash Flow expected to grow to €300–350 million in 2021 and temporarily peak in 2022 as working capital related to SARS-CoV-2 testing unwinds. In the mid-term, we are targeting conversion of from Adjusted EBITDA from Continuing Operations to Unlevered Free Cash Flow of 45–50%.

12.4.3 We will develop our talent by empowering and engaging our employees.

People engagement, with the objective of driving enhanced organizational performance, is a key pillar of our strategy.

"SYNLAB Campus" is one of the core platforms for people development, focused on creating a new way of working based on a culture of collaboration and reflecting our values of passion, accountability and customer centricity. SYNLAB Campus provides professional development courses and training to enhance personal and professional effectiveness, as well as further Group-level initiatives. "SYNLAB Dialogue" is a Group-wide annual survey that gives employees an opportunity to anonymously share their views with the organization and is intended to serve as a base for improving our human capital and driving continuous improvements to become a recognized great place to work.

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

In order to deliver a best-in-class service for patients and customers, we rely on committed and qualified people. Our employees are the interface to patients and customers and are therefore critical to our success. The SYNLAB Group is a place with deep and diverse expertise across multiple fields—an attribute that opens new paths to innovation and growth. We invest in our people in order to foster their growth, benefitting the individual employee, customers and patients, as well as the organization itself. We strive to motivate and engage people while continuously assessing the impact of decisions on them. Other programs implemented include acknowledgement of employee contributions (e.g., by offering medical awards and research grants), dual education opportunities and creating a work environment that minimizes accidents.

12.4.4 We will pursue growth opportunities through efficient capital deployment, investments in our business and selective acquisitions in current and new markets.

Our practices ensure capital is efficiently deployed in order to facilitate growth opportunities, while maximizing operating cash generation with a major focus on accounts receivable and managing capital expenditure efficiently.

Our disciplined expenditure profile for the year ended December 31, 2020 included €93.3 million of net spending on intangibles and property, plant and equipment and €115.1 million spent on leases (including repayment of lease liabilities and interest expenses on leases). Our capital expenditure as a percentage of revenue for the year ended December 31, 2020 was 8.0% (2019 (restated): 8.4%; 2018 (restated): 8.9%) and in the mid-term we expect this percentage to range between 6.5–8.0% of revenue. Our capital expenditure as a percentage of depreciation and amortization was 119.2% (2019 (restated): 111.3%; 2018 (restated): 117.7%).

In addition, we invested approximately €250 million in targeted infrastructure developments between 2018 and 2020 to support our operational excellence strategy. Infrastructure investments typically include, but are not limited to, new blood collection points and commercial activities, logistics infrastructure, diagnostic centers, improvements in existing laboratory and blood collection point facilities, laboratory equipment, customer interaction and end-user service platforms, as well as back office and IT. In response to the COVID-19 pandemic, we made further investments to enable appropriate SARS-CoV-2 testing capabilities across our network, which is reflected in the €24.3 million increase in Net Cash Capex in 2020 as compared to 2019.

Additionally, we will continue our external growth strategy through buy-and-build acquisitions and regional platforms aiming at extending our footprint and capabilities. Our M&A strategy is focused on maintaining a balance across regions, with a particular focus on higher growth regions. The achievement of synergy savings underlines our management team's ability to implement savings and will be a driver in the improvement of our gross and operating margins. In regions where we already have a presence, our expansion strategy will focus on pursuing acquisitions that are accretive to our local networks and generate synergies through economies of scale. To improve our territorial coverage, we intend to pursue acquisitions of laboratory platforms within our current markets, increasing the density of our regional networks, and outside our current markets, expanding our market share and further consolidating our position across Europe and beyond, in each case by continuing to acquire companies that complement the network. For additional information on our M&A strategy, see section 12.9 (*Acquisitions and External Growth Strategy*) below.

12.5 History

We were co-founded in 1998 by our former chief executive officer, Dr. Bartl Wimmer, through the combination of four laboratories in Germany. Since our founding and, in particular, since the introduction of regulatory changes in Germany in 2005 allowing for the operation of commercial laboratory networks, we have continued to develop our expertise in routine and specialty laboratory testing and consistently expanded our presence and services through acquisitions of clinical laboratories, building a network of over 400 laboratories across Europe.

The SYNLAB Group was formed in 2015 when Labco, which was founded in France in 2004, and SYNLAB International GmbH were acquired by the Fifth Cinven Fund in August 2015 and October 2015, respectively, and subsequently integrated as a single group under the SYNLAB name.

From the formation of the SYNLAB Group in the second half of 2015 through December 31, 2020, we completed 111 acquisitions of laboratories (excluding 14 additional acquisitions in our A&S business unit that was sold in 2020) in more than 20 countries, including seven countries (excluding one additional country for A&S) that were added to our countries of operations through acquisitions between 2017 and 2020. The acquired laboratory businesses (excluding A&S-related acquisitions) had a combined enterprise value of approximately €665 million or an average of approximately €6 million per business acquired. In December 2020, we substantially completed the sale of our A&S business unit, allowing us to fully focus on our core medical activities and drive future growth.

12.6 Services

We are active in the field of medical diagnostics and clinical laboratory services. The nature of our services varies from one country to the next and according to the type of establishment.

Testing is generally organized in three phases: (i) the pre-analytical phase, which consists of collecting samples and delivering them to the clinical laboratory; (ii) the analytical phase, during which the test itself is carried out; and (iii) the post-analytical phase, during which test results are sent to the prescribing doctor and the patient while our laboratory doctors validate the results and assist with interpreting the results.

(i) ***Pre-analytical phase***. Before clinical testing is performed, samples are collected from the patient, identified and delivered to our analytical laboratories. Patient samples are labeled immediately with an identification number that is logged into an information technology system by the health practitioner who performed the extraction. Tests are subjected to quality control as well as technical and biological validation procedures.

Samples are usually accompanied by a test request form (in electronic or paper format). The form states which testing services are to be performed and provides the necessary billing information.

Collecting and analyzing samples taken from patients is often carried out at different locations, and samples therefore are moved from their collection point (such as hospital sites, doctors' practices or our blood collection points) to our laboratories. In most of our markets, including in all of our core market countries of France, Germany, Italy and the United Kingdom, some of our laboratories maintain their own fleets of vehicles and provide both transportation and logistics services in order to ship samples to our laboratories. In other countries, we outsource this service to major transportation companies such as DHL and UPS. The transportation of samples is subject to certain legal requirements relating to sample integrity and data confidentiality, in particular. Maintaining our own logistics network allows us to tailor logistics solutions for the collection of the samples to the needs and requirements of our customers.

(ii) ***Analytical phase***. Once the test request form has been entered into our information technology systems and the samples have been collected, the tests are performed, either automatically (in the case of most routine testing services) or by our laboratory doctors or technicians (in the case of most specialty testing services).

(iii) ***Post-analytical phase***. As soon as they are available and then technically and medically validated, test results are inputted either manually or through an electronic data interchange system that is connected with the practitioner, clinic or hospital, depending upon the kind of testing services carried out, the type of equipment used and the country in which the testing services are performed. We run telephonic service centers to support our clients and our medical experts will consult with practitioners, clinics and hospitals once the results are provided to them.

In addition to our focus on human medicine (including anatomical pathology testing of both histological and cytological samples and diagnostic imaging using medical and nuclear imaging technologies), we are also active the adjacent market of veterinary testing.

12.6.1 Human Medicine Diagnostics

Human medicine diagnostics are the primary focus of our business operations and are offered across our entire network of laboratories in each of the countries in which we operate.

For the year ended December 31, 2020, revenue from human medicine diagnostics amounted to €2,402.6 million, or 91.7% of our revenue.

Our human medicine diagnostics can broadly be divided into routine and specialty testing services and also include examination and imaging. We estimate that routine testing represents approximately two-thirds of our testing activity, with specialty testing and examination and imaging collectively representing approximately one-third of testing activity. In addition, in 2020

we began providing SARS-CoV-2 tests and by December 31, 2020 were conducting an average of more than 80,000 SARS-CoV-2 tests per day globally.

12.6.1.1 Routine Tests

Routine clinical laboratory tests are regularly used in general patient care by doctors to establish or support a diagnosis, to monitor treatment or to search for an otherwise undiagnosed condition. The most frequently requested types of test are biochemistry, hematology, coagulation, immunology and bacteriology. We perform these categories of routine tests in all of our laboratories. We perform most routine procedures, and generally report their results within 24 hours, by using a variety of sophisticated and computerized laboratory testing instruments. Our routine testing services include, among others: coagulation tests, blood cell counts; blood chemistry analyses; urinalyses and alcohol and other substance abuse tests.

12.6.1.2 Specialty Tests

Specialty clinical laboratory tests involve a higher level of complexity than routine tests, are conducted by skilled laboratory professionals and generally utilize more sophisticated technology, equipment or materials. In contrast to routine test results, which are frequently provided on a same-day basis, the processing time for specialty testing services is typically one day but can range from several days to up to one week for more complex or less frequent testing services. Our specialty testing services involve tests in the following fields, among others: human genetics; molecular oncology; cytology and pathology; hematology and coagulation testing; immunology and immunogenetics; microbiology and infectious diseases; specialized endocrinology; nutritional biology; virology; allergology; serology; toxicology; and drug analysis. We perform specialty testing services in all countries in which we operate.

We offer a catalogue of more than 5,000 testing services; the ability for clients to integrate results directly from our "Laboratory Information Management System" into their electronic medical records; medical and technical multilingual support; and expertise in the field of sample transportation. Through this know-how, we can satisfy the outsourcing needs of most laboratories around the world, including our clients located in geographies outside of its largest established markets, such as Latin America, the Middle East, Eastern Europe and Africa.

To remain competitive in the clinical testing market, we intend to further enhance our testing capacity. Teams led by our Chief Medical Officer monitor the scientific literature and trade press, hold talks with test manufacturers and suppliers in order to identify new testing services that become commercially available and, when appropriate, add them to our range of services. Introducing new testing services requires giving information about the testing services to those who can prescribe them (such as doctors and hospitals) and, in many instances, third-party payers that cover the reimbursement of such testing services. We often use our customer service and continuing medical education initiatives to educate prescribers about new testing services. We describe the range of routine and specialty testing services offered by each of our laboratories in our pathology handbook/test catalogue that enables us to keep our main prescribers regularly informed about changes that may occur in the services that we provide.

12.6.1.3 Anatomical Pathology

Anatomical pathology is, along with clinical laboratory testing and imaging, one of the principal diagnostics disciplines. This discipline is dedicated to the morphological study of macroscopic and microscopic anomalies of biological tissues and pathological cells removed from a living or dead human being. Anatomical pathology is widely used in oncology to detect and assess the efficiency of the ablation of tumors.

Preparing samples is an important and highly technical stage during which a thin slice, only a few microns thick, is placed onto a glass slide before being colored in order to be examined using a microscope. The preparation, examination and diagnosis of a sample cannot be fully automated, which results in substantial labor costs.

Anatomical pathology also encompasses cytopathology. Cytopathology studies cells smeared over a glass microscope slide and not cross-sections of cells. The cells are, accordingly, whole cells and

can be more easily observed. Some of the most widespread cytologic analyses include lumbar or articular punctures, bone marrow punctures and pap smears.

The development of "telepathology technology" has paved the way for major progress in the discipline. Sample slides can now be digitalized and shared easily, allowing a doctor's diagnosis to be established more easily and swiftly and enables the sample to be sent to specialized doctors anywhere in the world in the case of a complex pathology.

12.6.1.4 Medical Imaging and Nuclear Medicine

Nearly all of our medical imaging and nuclear medicine services are provided by our Italian and Finnish subsidiaries where we have the necessary expertise and cutting-edge technology.

(i) Medical Imaging

Medical imaging encompasses several disciplines such as radiology, scanography, mammography, orthopantomography (dental imaging), sonography and Doppler sonography. Scanning and mammography are our most widely used disciplines.

Technical, technological and IT developments allow more sharply defined and more precise images to be obtained, more rapidly than in the past. We anticipate that this trend is likely to continue to gather momentum. Moreover, systems already enable images to be digitalized and communicated to allow a diagnosis to be made remotely.

(ii) Nuclear Medicine

Molecular imaging is a medical imaging discipline that provides an in-depth view of what occurs within the human body, at the level of molecules and cells. While conventional medical imaging (i.e., X-rays, scanography and ultrasounds) generates an image of the patient's physical structure, molecular imaging enables a doctor to observe the metabolic or molecular activity of the body or its organs by using a technique that is not significantly invasive. Molecular imaging offers a unique vision of the body that allows doctors to, among other things, detect cancer early and precisely, determine appropriate therapies and monitor the patient's reaction to a specific drug or treatment.

12.6.1.5 SARS-CoV-2 Tests

We work proactively with the competent authorities and leverage our diagnostics capabilities to offer support to health authorities, governments, enterprises, educational institutions and sports associations in numerous countries in the fight against COVID-19. For example, we are UEFA's laboratory diagnostics provider responsible for SARS-CoV-2 testing for players, officials and venue staff for UEFA competition matches.

Since the beginning of the COVID-19 pandemic, four basic types of laboratory tests have been developed and used.

Nucleic-acid amplification tests (including RT-PCR, TMA and LAMP) ("**NAAT**") evaluate the presence or absence of the SARS-CoV-2 genome, generally in samples from the respiratory tract (e.g., nasopharyngeal and oropharyngeal swabs, mouth wash, saliva). PCR and equivalent nucleic-acid tests are currently considered the most accurate way of determining if a person is carrying SARS-CoV-2. A positive result indicates that the viral genome is present but does not definitively establish if the person is contagious or not. PCR testing represented approximately 84% of our SARS-CoV-2 testing, accounting for approximately 11.6 million tests in 2020.

Serological tests, both rapid and automated immunoassays, detect the presence of antibodies (specific humoral immune response) against SARS-CoV-2 antigenic proteins in a blood sample. Rapid test results are available within 10-15 minutes and a positive result shows that the person has been exposed to SARS-CoV-2 in the past but gives little or no information on their current infection status. Automated new generation tests provide specific information for each of the involved antibodies, allowing us to quantify IgG antibodies if present to provide information on immunity to SARS-CoV-2 infection, which is very relevant for the follow up of vaccination effectiveness.

Cell mediated immunity tests document the cell mediated immunity response to SARS-CoV-2 infections and vaccinations. Whilst cell mediated immunity tests are not widely used, they are very important in some specific clinical situations.

Antigen tests measure the presence or absence of the viral proteins (antigens) themselves, most commonly the abundant nucleocapsid protein. The preferred sample type is again nasopharyngeal or oropharyngeal swabs, although saliva is already an alternative sample type. Antigen tests are less sensitive than NAAT and their application is limited to symptomatic patients, during a short time after onset of symptoms.

We provide testing to support safety at work, at sports events and universities, and when travelling or crossing borders. The aim is to identify potentially contagious individuals as early as possible, which means also detecting the virus in pre-symptomatic or asymptomatic carriers – for which the RT-PCR or an equivalent NAAT is essential.

12.6.2 Veterinary Diagnostics

Our veterinary diagnostic services encompass the full spectrum of diagnostic laboratory services for veterinary practices and clinics, universities, research institutes, zoos and animal or livestock farms. We offer a wide range of test parameters. Where permitted by applicable regulations, we generate synergies between our veterinary and human diagnostic services businesses by employing the same testing analysis equipment for certain testing services. Our veterinary diagnostic business has a strong focus on the German market, where we operate five laboratories and the UK market, where we operate four laboratories. We also offer veterinary diagnostic services in Belgium and certain other countries.

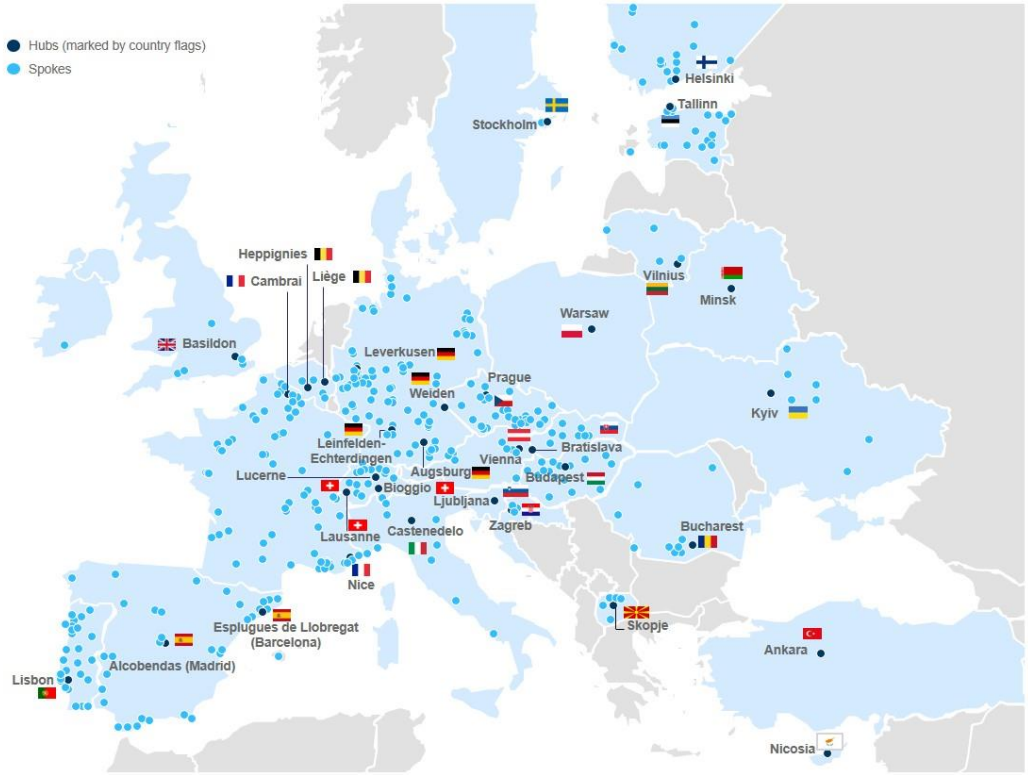
12.7 Operations

12.7.1 Laboratories

Our operations are conducted through our laboratories and blood collection points. We classify our laboratories into "hubs" and "spokes." Typically, hubs focus on certain medical areas to perform specialty tests as a center of excellence and spokes focus on highly automated routine and selected specialty tests with quick turnaround time.

European reference laboratories and central laboratories are classified as hubs while regional laboratories, satellite laboratories and emergency laboratories are classified as spokes.

The map below shows our laboratory network footprint in Europe.



The type and size of a laboratory varies from one country to another because of differences between healthcare systems and regulatory environments. The number of laboratories that we operate changes regularly as we acquire new laboratories, merge laboratories, win or lose emergency laboratories in hospitals and transform laboratories into blood collection points.

The following table sets out information related to our laboratories by operating segment as of January 31, 2021.

Country	Laboratories
France	67
Germany	84
South Segment	128
North & East Segment	174
Total	**453**

12.7.1.1 Hub Medical Laboratories

European Reference Laboratories

Our pan-European operations are supported by our two European reference laboratories, near Stuttgart, Germany and near Barcelona, Spain. These laboratories, together with our "centers of excellence," which feature specialist diagnostic expertise and competencies within one specific field of diagnostics, collectively offer processing of the full spectrum of more than 5,000 test parameters and medical advice on a multilingual basis from multidisciplinary teams. The specialty testing services are conducted by highly skilled laboratory professionals led by medical doctors, biologists and chemists and often require our most sophisticated technologies, equipment and materials.

The European reference laboratories act as global hub laboratories that can carry out highly sophisticated specialty testing services when subcontracting for other laboratories and are the entry points for samples from countries across the world into our laboratory network. Samples are transported by air and results are electronically provided to customers, including hospitals,

prescribing doctors and patients. This business is particularly developed in Europe and in Latin America, where our local subsidiaries or partners connect us with new customers. In countries where we do not have our own subsidiaries, in particular in Latin America, Eastern Europe, Africa or the Middle East, we use commercial agents in order to set up partnerships.

Central Laboratories

Our central laboratories, located in nearly all of the countries in which we operate, are centralized, highly specialized laboratories with specific, specialty testing capabilities, including test parameters outside the full routine spectrum of testing services, such as, among others, serology, autoimmunity and molecular testing. Such specialty testing services are conducted by highly skilled laboratory professionals. Specialty testing services from across our European laboratory network are primarily conducted in our state-of-the-art central laboratories in order to maximize utilization rates and efficiency. Our central laboratories often also house many of our "centers of excellence."

12.7.1.2 Spoke Medical Laboratories

Regional Laboratories

Our regional laboratories are highly automated and equipped with advanced equipment to perform high volume routine testing services. Our regional laboratories centralize the processing of all or some test samples from blood collection points, satellite laboratories and emergency laboratories, and typically offer a test spectrum of several hundred different testing services. Due to the highly automated processes of our advanced, multipurpose testing equipment, the processing time at its regional laboratories is frequently only a few hours, with same-day delivery of results.

Satellite Laboratories

Our satellite laboratories perform routine testing services prescribed by doctors and medical institutions in connection with general patient care to establish or support a diagnosis, to monitor treatment or to search for an otherwise undiagnosed condition. Many of our satellite laboratories are located in or near the hospitals that they primarily serve. Results of routine testing at our satellite laboratories are predominantly delivered to patients and prescribing healthcare professionals on a same-day basis.

Emergency Laboratories

Our emergency laboratories are located in, or adjacent to, the hospitals that they primarily serve and are focused on quickly providing results on the shortest possible turnaround times, in many cases 24 hours a day and up to seven days a week. Emergency laboratories perform basic and emergency tests prescribed by doctors and medical institutions in connection with general patient care to establish or support a diagnosis, to monitor treatment or to search for an otherwise undiagnosed condition.

12.7.2 Point-of-Care Testing

We provide point-of-care testing analysis instruments that provide doctors and nurses with immediate reporting of results. Point-of-care testing is usually conducted by light and mobile analytical instruments that can be installed close to the site where they are needed (e.g., emergency rooms, intensive care units, delivery rooms, operating rooms and doctors' offices).

12.7.3 Blood Collection Points

Blood collection points are common in certain of the markets in which we operate, such as Belgium, Colombia, the Czech Republic, France, Italy, Portugal and Spain, where test samples are taken at dedicated collection points rather than by a physician. Globally, we directly operate approximately 1,600 blood collection points and also have employees in other facilities around the world. Tests and analyses of blood samples are typically not performed at our blood collection points. Rather, these blood collection points generate sample volumes and transfer samples to the appropriate network laboratories for analysis. We own or holds partnerships for blood collection points in nearly all of the countries in which we operate laboratories.

12.7.4 Logistics

We operate our own logistics service with our own drivers and fleet. However, we use also external logistics partners. The logistics team includes over 1,200 employees who are responsible for ensuring the timely delivery of test samples to our network of laboratories and maintain frequent direct contact with our customers through the collection of test samples. We believe logistics is an integrated part of the service value chain and helps to maintain our quality and reliability of service. We also partner with selected external national and international logistics providers. Furthermore, the operation of our logistics operations allows us to integrate new acquisitions of laboratories into our existing operations and laboratory network, in particular with respect to specialty laboratory testing where applicable national regulations permit the cross-border transport of laboratory samples. Our logistics team is also supported by external logistics providers, particularly in geographic markets where we do not operate our own logistics activities. The vehicles that make up our logistics fleet are primarily leased.

12.7.5 Subcontracting and Outsourcing Laboratory Services

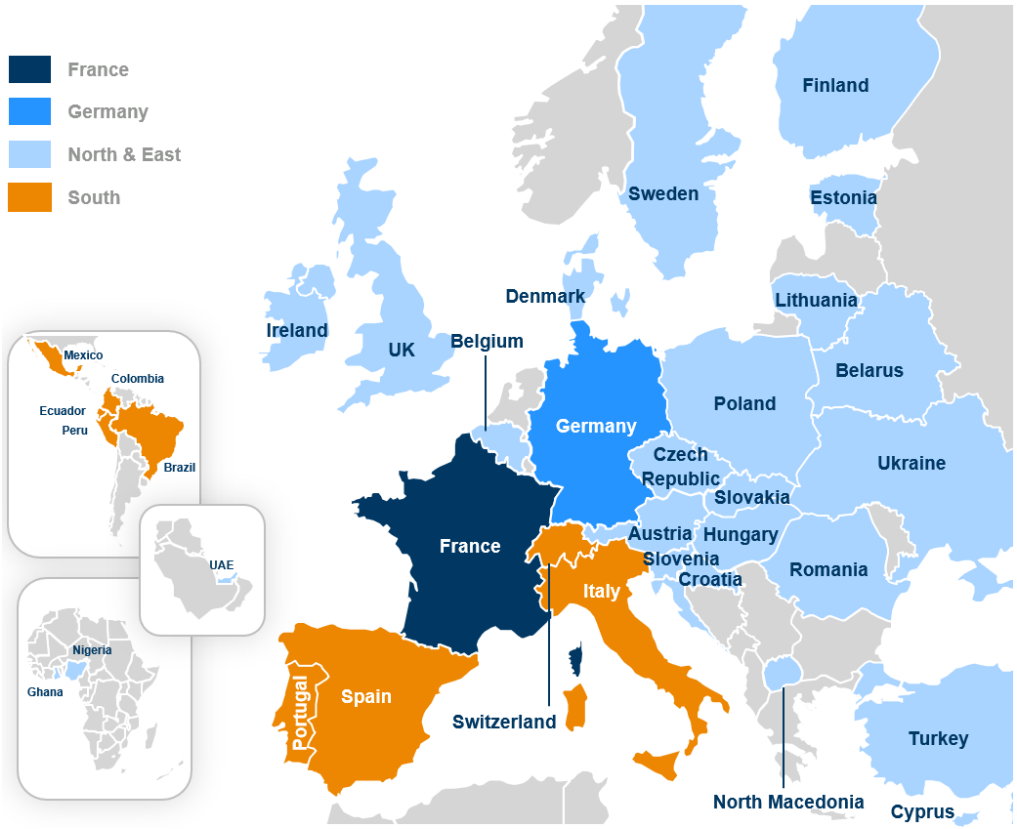
We offer public and private hospitals, clinics and other medical institutions the possibility of subcontracting and outsourcing their clinical laboratory services in most of the countries in which we operate. The range of services we offer differs according to customers' needs. Some customers want to outsource all of their clinical laboratory services, while others prefer to keep some of these services in-house such as, for instance, sampling, the logistics involved in collecting samples, the diagnosis of certain types of pathologies, medical validation or emergency services. The markets in which we offer to subcontract and outsource clinical laboratory services are characterized by high barriers to entry since the process followed in a call for tenders requires a company to invest considerable time before being selected as a potential subcontractor. Being selected requires technical expertise and substantial investment capacities. Finally, the reputation and experience of the bidders are key criteria if they are to be picked as a subcontractor.

We consider a number of strategic reasons for this type of cooperation, in all cases depending on different markets, business models and customer requirements. For example, we might enter into joint ventures with hospitals as an opportunity to expand our medical and scientific know-how, consider fully integrating a partner into our hub-and-spoke operating model or simply take advantage of favorable cost efficiency that outsourcing and subcontracting may present.

12.8 Operating Segments and Core Markets

We operate across four geographic segments: France, Germany, the South segment and the North & East segment. Our core market of Italy is the largest contributor to revenue in the South segment, which also includes our Latin American operations, including the fast-growing market of Colombia. Our core market of the United Kingdom is the largest contributor to revenue in the North & East segment.

The map below shows our global footprint, including our pan-European presence, by operating segment.



12.8.1 France

We first entered the diagnostic services market in France in 2004. As of January 31, 2021, we operated 67 laboratories and approximately 300 blood collection points in France.

Approximately 75% of our business in France is B2C with some B2B applications. Each of our laboratories and blood collection points in France employs a medical doctor or a specially trained pharmacist (both commonly referred to as "biologists"). Our laboratories are distributed throughout France and are mainly located in small towns or rural areas, but we are also present in major cities such as Bordeaux, Marseille, Montpellier, Nantes, Nice, Lille, Lyon and Paris. Our limited operations in large cities is due to our belief that clinical laboratories can be bought at more attractive prices in small towns than in big cities, while the revenue and average profitability per laboratory in large cities is generally lower than the national average in France.

We are among the five largest providers of clinical laboratory testing in France based on revenue. Our primary competitors in France include Cerba, Biogroup, Inovie and Eurofins Scientific. These top five players make up approximately 55% of the market. The portion of the French market addressable by us as a private laboratory company is expected to grow at an approximately 1% compound annual growth rate from 2019 to 2022. (Source: CDA)

A key initiative in France is opening and refurbishing our blood collection points. We are focused on optimizing our blood collection point networks by opening in relevant areas and improving patients' experiences through investments in digital tools. A second key initiative for us in France is ensuring our ability to answer all national and relevant regional or local tenders for test campaigns. A third key initiative is focusing on our over the counter ("**OTC**") strategy and our D2C offering, which includes significantly expanding into the OTC market through new bundles, such as risk prevention, women's health as well as nutrition and well-being. In addition, we believe that enhancing patients' and prescribers' experiences through digital offerings, such as laboratory results enriched with advice and a mobile application and new website that are fully integrated

with our laboratory information management system architecture also provide additional revenue generation opportunities.

Our revenue in France amounted to €646.6 million, or 24.7% of our total revenue, for the year ended December 31, 2020, as compared to €474.4 million (24.9%) and €461.1 million (25.5%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively. Adjusted Operating Profit from Continuing Operations in France for the year ended December 31, 2020 was €144.5 million, or 28.6% of our total Adjusted Operating Profit from Continuing Operations, as compared to €96.7 million (38.1%) and €95.2 million (38.6%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

12.8.2 Germany

We were founded in Germany in 1998 and Germany remains the home of our corporate headquarters. One of our two European reference laboratories is located near Stuttgart, Germany. In addition, as of January 31, 2021, we operated 84 other laboratories in Germany. Our laboratory footprint in Germany is primarily located in southern and western Germany.

Our medical diagnostics services are provided primarily to outpatient doctor prescribers and hospitals. Our laboratories in Germany are predominantly focused on human medicine laboratory testing and are complemented by a limited number of laboratories that provide veterinary diagnostics testing.

We are the third largest provider of clinical laboratory testing in Germany based on revenue. Our primary competitors in Germany include Sonic and Limbach, both of which also have nationwide coverage, as well as amedes and LADR, both of which operate predominantly in northern Germany. These top five players make up approximately 45% of the market. The portion of the German market addressable by us as a private laboratory company is expected to grow at an approximately 3% compound annual growth rate from 2019 to 2025. (Source: CDA)

Our laboratories in Germany offer our full spectrum of routine and specialty testing services. Routine testing services are performed in either our satellite laboratories or our emergency laboratories, depending on where the sample is collected, or at its point-of-care testing facilities. Specialty testing services are primarily performed at our regional laboratories, where possible, or in our central laboratories or our European reference laboratories, depending on the particular test that is required.

A key initiative in Germany is focused on tailoring offerings for prescribers, including rolling out our proprietary order entry front-end and offering sales initiatives for specialized practices, such as in vitro fertilization, oncology, nephrology and occupational medicine. A second key initiative is providing innovative service value for hospital customers. We provide a standardized and profitable offering to hospitals through an expert team for covering tender processes, contractual negotiations, billing, mirroring complex customer demands and using sophisticated IT tools. A third key initiative for us in Germany is utilizing our high-end medical capabilities, which includes expanding our network and offering for genetics based on a new NGS platform, increasing our capacity for cytology and expanding toxicology services by leveraging specialist expertise to provide high-end analytical services.

Our revenue in Germany amounted to €579.8 million, or 22.1% of our total revenue, for the year ended December 31, 2020, as compared to €429.0 million (22.5%) and €404.6 million (22.4%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively. Adjusted Operating Profit from Continuing Operations in Germany for the year ended December 31, 2020 was €97.1 million, or 19.3% of our total Adjusted Operating Profit from Continuing Operations, as compared to €41.1 million (16.2%) and €41.4 million (16.8%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

12.8.3 South Segment

The South segment includes the following ten countries: Brazil, Colombia, Ecuador, Italy, Mexico, Panama, Peru, Portugal, Spain and Switzerland. The core market country of Italy is the largest revenue contributor in the segment, representing 37.5% of the segment's revenue for the year ended

December 31, 2020. Outside of Europe, Colombia is the largest revenue contributor, representing 7.8% of revenue for the segment for the year ended December 31, 2020.

Our revenue in the South segment amounted to €799.5 million, or 30.5% of our total revenue for the year ended December 31, 2020, as compared to €586.2 million (30.8%) and €568.7 million (31.5%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively. Adjusted Operating Profit from Continuing Operations in the South segment for the year ended December 31, 2020 was €131.0 million, or 26.0% of our total Adjusted Operating Profit from Continuing Operations, as compared to €65.1 million (25.7%) and €72.6 million (29.5%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

12.8.3.1 Italy

We began operating laboratories in Italy in 2011. As of January 31, 2020, we operated nine laboratories and more than 200 blood collection points in Italy.

We are the leading provider of clinical laboratory testing in Italy based on revenue. Our laboratories in Italy are almost exclusively focused on human medicine laboratory testing, as additional authorizations and separate laboratories are required for veterinary testing. Our primary competitors in Italy include Lifebrain and Bianalisi. The portion of the Italian market addressable by us as a private laboratory company is expected to grow at an approximately 2% compound annual growth rate from 2019 to 2025. (Source: CDA)

Our laboratories in Italy offer our full spectrum of routine and specialty testing services. In addition to clinical testing services, we also offer other diagnostic services, including medical imaging services, nuclear medicine, medical check-ups, occupational medicine, physiotherapy services and day surgery. Routine testing services are performed in either our satellite laboratories or our regional laboratories, depending on where the sample is collected. Specialty testing services are primarily performed at regional laboratories, where possible, or in our national hub laboratory near Brescia, with a limited number of advanced specialty tests sent to one of our European reference laboratories near Stuttgart, Germany and Barcelona, Spain.

As a large, unconsolidated market, Italy has been a key country for bolt-on acquisitions and expansion for us. Since 2016, we have completed 25 acquisitions of laboratory companies covering 14 sites in northern Italy and 22 sites in central Italy (in each case including blood collection points). As one example, we acquired Datamedica, a leading diagnostic center in Veneto (with four sites in total) to capture additional growth and reinforce our market leading position in Italy. We were also able to achieve material savings on laboratory reagent costs and additional savings on legal, tax, human resources and maintenance costs.

Our revenue in Italy amounted to €300.1 million, or 11.4% of our total revenue for the year ended December 31, 2020.

12.8.3.2 Colombia

We began operating laboratories in Colombia in 2016 and have reached national leadership by initially establishing central hub laboratories in Bogotá, Medellin and Cali. Between 2016 and 2020, we completed ten acquisitions in Colombia and now have operations in Baranquilla, Santander, Norte de Santander and Meta.

Our laboratories in Colombia are focused on human medicine laboratory testing, offering a wide range of services including a network of blood collection points, hospital outsourcing and reference laboratory services. Our laboratories in Colombia offer our full spectrum of routine and specialty testing services.

Our primary competitors in Colombia include Idime and Colcan. (Source: CDA)

We are continuing to build on our successful entry into the Latin American market by expanding into Peru, Ecuador and Mexico, executing our strategy of clinical laboratory market consolidation across and within countries. We have identified multiple actionable targets focused on mid-sized laboratories with high business and operational synergy potential.

Our revenue in Colombia amounted to €62.0 million, or 2.4% of our total revenue for the year ended December 31, 2020.

12.8.3.3 Other South Segment Countries

The three largest revenue contributing countries among the other eight countries in the segment for the year ended December 31, 2020 were Spain, Switzerland and Portugal, which collectively represented 48.9% of revenue for the segment and 14.9% of our total revenue. Latin American countries (Brazil, Colombia, Ecuador, Mexico, Panama and Peru) collectively represented 13.6% of revenue for the segment and 4.1% of our total revenue.

12.8.4 North & East Segment

The North & East segment includes the following 24 countries: Austria, Belarus, Belgium, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Ghana, Hungary, Ireland, Lithuania, Nigeria, North Macedonia, Poland, Romania, Slovakia, Slovenia, Sweden, Turkey, Ukraine, the United Arab Emirates and the United Kingdom. The core market country of the United Kingdom is the largest revenue contributor in the segment, representing 16.6% of the segment's revenue for the year ended December 31, 2020.

Our revenue in the North & East segment amounted to €595.3 million, or 22.7% of our total revenue for the year ended December 31, 2020, as compared to €416.5 million (21.9%) and €373.4 million (20.7%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively. Adjusted Operating Profit from Continuing Operations in the North & East segment for the year ended December 31, 2020 was €131.8 million, or 26.1% of our total Adjusted Operating Profit from Continuing Operations, as compared to €50.6 million (20.0%) and €37.1 million (15.1%) for the years ended December 31, 2019 (restated) and 2018 (restated), respectively.

12.8.4.1 United Kingdom

We began operating laboratories in the United Kingdom in 2011. As of January 31, 2021, we operated 15 laboratories in the United Kingdom.

Our laboratories in the United Kingdom are focused on human medicine laboratory testing through the outsourcing of hospital services from NHS hospitals and with laboratories offering services directly to private clients. Pathology partnerships and joint ventures make up the core strategy for us in the United Kingdom.

We are one of two leading private providers of clinical laboratory testing in the United Kingdom based on revenue. We have created the second largest private provider in the United Kingdom in less than ten years. Our primary competitor in the United Kingdom is Health Services Laboratories, a partnership between two NHS trusts and The Doctors Laboratory, which is owned by Sonic Healthcare. We and Health Services Laboratories together make up approximately 90% of the market in the United Kingdom. The UK market is expected to grow at a 3.3% compound annual growth rate from €7.5 billion in 2019 to €8.3 billion in 2022 and we consider approximately 8% of the remaining market addressable. (Source: CDA)

In November 2020, we entered into a partnership agreement with Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust to become the London Trusts' new pathology partner and transform and deliver pathology services across South East London for 15 years, with services commencing in the second quarter of 2021. Bolt-on activity from Chelmsford Hospital within our existing joint venture with the Mid and South Essex NHS Foundation Trust is expected to result in additional revenue for us. We also have an initiative to expand into adjacent service offerings, such as end-to-end workplace drug and alcohol testing solutions, which are offered by our subsidiary, Lextox.

Our laboratories in the United Kingdom offer our full spectrum of routine and specialty testing services. In addition to clinical testing services, our veterinary pathology group also offers a comprehensive range of tests and diagnostic advice for domestic pets, horses, reptiles and birds as well as exotic species.

Our revenue in the United Kingdom amounted to €98.7 million, or 3.8% of our total revenue for the year ended December 31, 2020.

12.8.4.2 Other North & East Segment Countries

The three largest revenue contributing countries among the other 23 countries in the segment for the year ended December 31, 2020 were Finland, Belgium and the Czech Republic, which collectively represented 41.4% of revenue for the segment. Northern European countries (Belgium, Denmark, Estonia, Finland, Ireland, Norway, Sweden and the United Kingdom) represented 60.9% of revenue for the segment and 13.8% of our total revenue. Central European (Austria, Belarus, Croatia, Cyprus, the Czech Republic, Hungary, Lithuania, Macedonia, Poland, Romania, Slovakia, Slovenia, Turkey and Ukraine), Middle Eastern (the United Arab Emirates) and African (Ghana and Nigeria) countries collectively represented 39.1% of revenue for the segment and 8.9% of our total revenue.

12.9 Acquisitions and External Growth Strategy

Significant parts of the European clinical laboratory services market remain fragmented. As the leading consolidator in the European clinical laboratory services market (based on the number of acquisitions completed), we are well positioned to drive market consolidation.

Since our founding, we have developed our business both through strategic acquisitions of local and regional laboratories, as well as through selective acquisitions of larger clinical laboratory groups to access new markets and expand our presence in existing markets.

Our M&A strategy is focused on our core market countries for add-on acquisitions, other existing countries for bolt-on acquisitions, the acquisition of new platforms and technologies and value accretive acquisitions. We typically analyze acquisition targets in terms of enterprise value-to-EBITDA multiples and aim to deleverage following their restructuring and integration. Based on an analysis we conducted in 2018, we estimate that average acquisition multiples for bolt-on M&A acquisitions carried out in 2016 and 2017 were between 6–7x enterprise value-to-EBITDA including estimated post-acquisition synergy-led EBITDA improvements during the first full calendar year for 2017 acquisitions and the second full calendar year for 2016 acquisitions. Our M&A spending in the year ended December 31, 2020 was €15.6 million (2019 (restated): €79.5 million; 2018 (restated): €130.0 million). M&A activity in 2020 was reduced due to the COVID-19 pandemic. However, we expect that our M&A activity will return to historical levels in the near term as we review a strong pipeline of opportunities across existing and new markets and we are targeting spending of approximately €200 million per year on average for acquisitions through the mid-term.

From the formation of the SYNLAB Group in the second half of 2015 through December 31, 2020, we completed 111 acquisitions of laboratories (excluding 14 additional acquisitions in our A&S business unit that was sold in 2020) in more than 20 countries, including seven countries (excluding one additional country for A&S) that were added to our countries of operations through acquisitions between 2017 and 2020. The acquired laboratory businesses had a combined enterprise value of approximately €665 million or an average of approximately €6 million per business acquired. Acquisitions in France and Italy each represented 22% of acquisitions during this period, followed by Germany at 15%, Iberia at 14%, Latin America at 11%, northern Europe at 9%, central Europe, the Middle East and Africa at 5% and Switzerland at 3%. In addition to the 59% of acquisition transactions over this period that were bolt-on acquisitions within the core countries of France, Germany and Italy, 21% were bolt-on acquisitions in other markets where we have a presence, 14% were new platform acquisitions and 7% were opportunistic acquisition transactions.

M&A activity in 2020 was reduced due to the COVID-19 pandemic, but the preceding four-year period of 2016-2019 demonstrated the execution of our M&A strategy. During these four years, we completed 110 acquisitions (including 13 acquisitions in our A&S business unit). The total enterprise value for acquisitions from 2016-2019 (including A&S-related acquisitions) was €869.1 million or an average of €217.3 million per year. Excluding A&S-related acquisitions, 77 of our acquisitions during this period had enterprise values below €10.0 million, 17 had enterprise

values between €10.0 million and €50.0 million and three had enterprise values greater than €50.0 million.

As of December 31, 2020, we had identified 176 potential near- and medium-term acquisition opportunities, of which 100 were core country bolt-on acquisitions in France, Germany and Italy, 46 were bolt-on acquisition opportunities in 18 other countries and 30 were new platform opportunities. We estimate that the pool of potential core country bolt-on acquisition targets could generate approximately €460 million of additional revenue, the pool of potential other country bolt-on acquisition targets could generate around €370 million of additional revenue and the pool of potential new platform acquisition targets could generate approximately €230 million of additional revenue. We estimate that 62% of the potential target companies as of December 31, 2020 generate annual revenue below €5.0 million, 22% generate €5–10 million of revenue per year, 8% generate €10–20 million of revenue per year and 9% generate €20–50 million of revenue per year. Potential acquisition targets with more than €50 million of annual revenue are tracked separately. The geographic breakdown by the number of targets is 39% in Italy, 15% in Latin America, 15% in Iberia, 11% in France, 7% in Germany, 6% in Switzerland, 5% in northern European countries and 3% in central European countries, the Middle East and Africa.

We have developed a structured and disciplined approach to acquisitions to complete transactions efficiently and effectively. This approach enables us to achieve favorable financial and legal terms and conditions, while still executing quickly enough to acquire the most attractive opportunities. Potential acquisition targets are initially screened for their strategic fit by our country chief executive officers. Potential acquisitions targets are then further screened at a group level. This review takes place once a target is identified and validated and before a non-binding offer is submitted. Our M&A department reviews potential target laboratories in close coordination with our local management (in the case of acquisitions in existing markets) and our group sourcing and operations teams. The same department is also tasked with finding targets in new countries or with sourcing larger deals. Final approvals of acquisitions are subject to consideration and satisfaction of a rigorous set of criteria, including, among others, geographic and strategic fit; mandatory financial, tax, legal, labor, compliance and operational due diligence; additional commercial due diligence for new markets or new business lines; valuation multiples; synergy potential; and review by our post-merger integration teams.

Integration of acquisitions is led primarily by our country management teams, with oversight and support provided by management at a group level. Post-merger integration targets the realization of identified synergies, including laboratory network optimization, process improvement, back-office centralization, insourcing of specialty tests (to our European reference laboratories as well as national hub laboratories) and procurement optimization. As part of our procurement optimization strategy, we implement our pan-European framework agreements with preferred suppliers upon closing of the acquisition and implement standardized laboratory processes and best practices in a phased manner.

For acquisitions of local and regional laboratories, as well as larger businesses, once the acquisition has been completed, we typically aim to achieve about half the expected synergies in the first twelve months, and the majority of the remaining synergies during the second year. Where we purchase laboratory businesses directly from laboratory doctors, we generally prefer for those laboratory doctors to continue operating them. In the case of sizeable acquisitions, we aim to retain the key managers in our local management teams, to ensure retention of specialist and local market knowledge.

12.10 Quality Standards

We are subject to regulation relating to the quality of the testing services we perform and the manner in which we conduct tests. In every country in which we operate, we are subject to the national legislation that defines the mandatory quality standards we must comply with in our operations. These regulatory requirements vary from one country to the next.

Our quality assurance efforts are primarily focused on single test quality, with daily calibrations and quality controls in line with local regulatory requirements, results generally validated by at least two people and final sign-off of test results being done by the appropriate qualified individual, such as the medical doctor or biologist. Quality assurance includes correct patient identification of

samples, reporting accuracy, proficiency testing, reference range relevance, process audits, statistical process control and personnel training at all of our laboratories and blood collection points. We also focus on ensuring that our professional and technical staff receive the proper training and satisfy applicable licensing and credentials requirements.

We believe that we comply with applicable accreditation or certification standards in the countries in which we operate, and, where they apply, we believe that we comply with the requirements set by standard setting bodies, such as the International Organization for Standardization ("**ISO**"), among others. For more detail on certain regulations to which our operations are subject, see section 13 (*Regulatory and Legal Environment*).

We seek to assure the highest level of diagnostic quality control throughout the group. Our laboratories follow calibration and quality control assessment processes and are subject to periodic external reviews for quality assurance. In addition, in various countries, we are a member of self-regulation associations of laboratories or physicians and are committed to the highest quality standards for laboratory services.

We are committed to a strategy of medical expertise and scientific leadership based on the highest standards of quality and reliability. We will continue to focus on providing customers with accurate test results with the highest possible medical precision and the shortest turnaround time. We intend to further develop our medical expertise by ensuring that all of our laboratories continue to be fully accredited in accordance with national regulations, and, where applicable, in accordance with European standards, such as those laid down by the ISO, as well as internal quality assurance standards (ISO 15189).

12.11 Environmental, Health and Safety

Our operations are subject to licensing, authorization and regulation under EU, national and local laws and regulations relating to the protection of the environment and human health and occupational health and safety, including those governing the handling, transportation and disposal of medical samples and biological, infectious and hazardous waste, and the clean-up of contaminated sites. All of our laboratories are subject to strict requirements for the disposal of laboratory samples at authorized facilities, and we generally use external service providers for the disposal of such samples. See section 13 (*Regulatory and Legal Environment*).

In addition, we must meet extensive local requirements relating to workplace safety for employees in clinical laboratories who could be exposed to various biological risks such as blood-borne pathogens (including HIV, the hepatitis B virus and, more recently, SARS-CoV-2). These local requirements might include work practice controls, protective clothing and equipment, training, medical follow-ups, vaccinations and other measures designed to minimize exposure to, and the transmission of, blood-borne pathogens. The required measures and related costs vary with time and regulation.

We strive to employ comprehensive and strict environmental, health and safety systems in our facilities and believes that we are in material compliance with applicable environmental, health and safety requirements. See also section 1.4.8 (*Risk Factors—Risks Related to Our Business—Failure to comply with and establish appropriate quality standards as part of our testing services may adversely impact our reputation and results of operations*).

12.12 Customers

We provide testing services to a diverse range of customers and payers that encompasses public and private healthcare providers, including hospitals, public and private clinics and laboratories, physicians, public health agencies, the general public, statutory and private health insurance companies, pharmaceutical companies, clinical research organizations, companies and governments. We consider any party that either directly contacts us or refers a patient to one of our laboratories to be a "customer." We consider any party from whom a sample is taken or on whom a test is performed to be a "patient." Lastly, we consider any party that pays for the testing services performed to be a "payer." In most cases and depending on the country, our customers, patients and payers may each be different persons or entities.

Our customer base varies considerably from country to country. The main categories of customers to whom we provide our services are:

- ***Patients***. Patients with a prescription for testing from their doctor may choose the clinical laboratory in which their testing services will be performed. The main factor taken into consideration when choosing a laboratory is usually how close it is to the patient's home or workplace.

- ***Independent healthcare professionals and partnerships of health professionals***. In each of our core market countries, physicians determine which laboratory tests should be performed and, in certain countries, healthcare professionals who require testing for their patients can recommend our laboratories. Healthcare professionals take samples themselves and send them to hospitals or private laboratories such as ours and determine themselves where the sample is sent. Consequently, the relationship with healthcare professionals is of significant commercial importance.

- ***Hospitals***. We provide hospitals with services ranging from routine and specialty testing to contract management services. We operate certain clinical laboratories that hospitals generally maintain on-site to perform immediate testing. However, hospitals may also refer less time-sensitive, less frequently needed and/or more highly specialized procedures to outside facilities, including independent clinical laboratories such as ours.

- ***Laboratories***. We perform specialty testing services for other clinical testing laboratories via our hub medical laboratories.

- ***Private medical insurance companies***. In certain countries, private medical insurance companies typically require their insured patients to choose from a list of pre-selected laboratories with which these insurers have a reimbursement contract. The list varies depending on the patient's private insurance scheme.

- ***Companies***. In some jurisdictions, employees are entitled to a regular medical check-up and other prevention and wellness services paid for by their employers. The services related to these check-ups are generally provided by specialized companies that subsequently subcontract the tests to a private laboratory. In addition, during the COVID-19 pandemic, many companies have implemented a safe back to work procedure that in some cases has been designed by or includes testing provided by private laboratory companies such as us.

- ***Governments***. In certain countries, national health systems enter into large contracts for hospital and ambulatory care. During the COVID-19 pandemic, some governments have been contracting directly with private laboratories to support their national screening program campaign.

- ***Consumers***. An area of increasing focus for us is that of individual consumers who pay out-of-pocket without third-party reimbursement for wellness and prevention tests without medical prescriptions.

- ***Other institutions***. We also provide services to other institutions, including government agencies and other independent clinical laboratories that lack the breadth of our testing capabilities.

12.13 Invoicing and Payment Procedures

Billing for laboratory services is a complex process that sometimes involves many payers. Depending on the billing arrangement and the applicable law of the country in which we operate, the payer may be either a third party responsible for providing health insurance coverage to patients (such as a national public health insurance system, a private medical insurance company or an employer), a patient, a practitioner or any other party (such as a hospital, another laboratory or an employer) that referred the patient, or several of these parties. Other than in our German hospital outsourcing business, for a select few contracts in Latin America, and in Spain, where we have entered into agreements with some private insurance companies or hospitals on the basis of

individual policyholders' expenditure, we generally bill for clinical testing services on a fee-for-service basis.

We estimate that our approximate revenue split by distribution channel is greater than 35% retail payers, greater than 35% prescribers, greater than 20% hospitals and approximately 5% other B2B. See section 11 (*Market and Industry*) for a description of the billing and payment arrangements in the markets in which we operate.

12.14 Synergies and Cost Savings Initiatives

Synergies and cost savings are key components of our response to counter potential future price pressure from government and third-party payers, providing for continuing profitable growth of our business. We continue to optimize our laboratory networks, particularly in our core market countries, and improve the efficiency of our operations and the effectiveness of our customer service, while simultaneously reducing costs (i) primarily by making improvements in operational efficiency and procurement due to the combined business' greater scale and (ii) through consolidation of laboratories in certain countries. Our cost savings initiatives may lead in certain cases to restructuring costs, impairment losses, redundancy costs and litigation costs.

We regularly undertake initiatives aimed at reducing costs for all expenditure items, having achieved more than €90 million of cost savings since 2017 as a result of two programs, Gemini and SALIX. We achieved approximately €24 million of cost savings between 2016 and 2017 as a result of our Gemini cost savings program that was put in place to deliver operational synergies from the combination of the historic SYNLAB and Labco businesses. Since 2017, we have been executing our operational excellence program, SALIX, achieving approximately €65 million of cost savings between 2018 and 2020, with savings extraction targeted to continue and improve in the short and mid-term as we continue to complete acquisitions. The SALIX program consists primarily of the following major efficiency-enhancing and cost-savings initiatives: lab centralization; group-wide logistics management; optimization of staffing of laboratories and blood collection points. The SALIX program addresses all three of our primary cost groups – materials, personnel and other operating expenses.

12.15 Suppliers and Procurement

We benefit from a clearly defined procurement framework that is centrally led, managed and supported and is adapted to locally driven requirements. We have achieved greater than €10 million in average annual procurement savings over 2016-2019. The primary equipment and materials required to conduct our business activities are testing equipment (including analytical systems, robotics, and pre- and post-analytical devices), reagents and other consumables. We regularly review our testing equipment needs and have entered into several pan-European procurement agreements with certain preferred laboratory suppliers for the supply of reagents and testing equipment, related services and maintenance. Our diversified supplier base includes leading diagnostics suppliers such as Abbott, Beckman Coulter, Becton Dickinson, bioMérieux, DiaSorin, Roche Diagnostics, Siemens Healthineers, Thermo Fisher Scientific and many others. Multiple suppliers can supply us with the equipment required to perform our testing services and we have more than one supplier for each diagnostic field. In 2020, our three largest suppliers accounted for less than one-third of our total purchases of reagents and consumables. Accordingly, we do not believe that we are dependent on any single supplier and therefore losing one of our current suppliers would probably not have a material adverse effect on our business.

Our supply agreements enable us to benefit from the latest technological and medical advances and strike the right balance between total cost, innovation, flexibility and risk management, as quality is one of our key priorities. Our medical team is involved from the very beginning of the tendering process by drafting specifications for every category of operation with which suppliers must comply.

The terms of these agreements typically range from three to seven years depending on the kind of activity and include pricing frameworks. We have also entered into "per reportable result" agreements for certain testing equipment, reagents and services. Under these agreements, the costs for reagents and consumables, as well as the required testing equipment and related services, are variable and depend on the number of tests performed. For example, the costs of testing equipment

machines, reagents and consumables are frequently based on the type and number of reported results over a given period with bonus agreements in place in certain agreements where we are above certain agreed volume thresholds.

We have also implemented inventory management policies for our network of laboratories, which are aimed at lowering the level of our inventories by asking suppliers to remain the owners of certain products held in our inventories and by making supply deliveries flexible according to the needs of our laboratories.

12.16 Information Technology Systems

We use IT systems in virtually all aspects of our business, particularly in clinical testing, test reporting, billing, customer service, logistics and the management of medical data. Our ability to maintain our operations depends on the continued and uninterrupted performance of our IT systems, especially when time is of the essence for a laboratory test result.

Historically, we have grown through acquisitions, and, as a consequence, newly acquired laboratories often use software platforms that are not consistent with the systems we have implemented, or plan to implement, on a group-wide basis or are those otherwise used in the relevant country. We use our internal reporting system in order to monitor key performance indicators locally in each of our laboratories and adjust our operations accordingly. We are continually integrating laboratory, reporting, billing and other information technology systems, particularly with respect to newly acquired laboratories, but also with respect to existing laboratories. We expect that the implementation of integrated practices and systems across our network will take time to complete, and until such completion, there is a risk that our operations could be disrupted during the implementation of new systems. See section 1.5 (*Risk Factors—Risks Related to Our Technology*).

We have implemented application-specific measures such as stable and redundantly designed IT systems, backup processes, virus and access protection and encryption systems, as well as standardized IT infrastructure and applications. We regularly test and update our IT systems. Risk management related to IT systems and applications is conducted using standardized regulations as well as an internal control system.

We are faced with growing demand for the electronic delivery of laboratory data and because we are committed to improving our patients' experience, we continually develop our platforms by adding new capabilities and services. In order to do so, we automate the workflow in patient service centers as well as data processing in laboratories, while working on integrating patient health records and developing online access to information on services and test results for its customers. The SYNLAB Medical Digital Services platform is specially designed to support the international IT solutions and infrastructure used by healthcare parties.

We invest in our IT platform to achieve operational stability, IT security and to reduce complexity of IT operations. Our IT infrastructure is modernized, consolidated and harmonized on a group level. SAP S/4 HANA is being implemented as a group standard to ensure compliant and optimal finance, procurement and billing processes and the laboratory systems are updated and harmonized on a country-by-country basis to provide a modern and efficient operational and medical environment. All changes support compliance with international and national regulations.

We are currently investing in the use of our large amount of data and medical know-how to develop medical artificial intelligence solutions to provide better and faster test results, improve quality in our customer service and to develop new advanced products to support "personalized medicine" within both professional healthcare and the growing prevention and wellness business.

We are migrating 39 local data centers into one central Tier 4 data center to serve many of our countries of operations and guarantee that the patient data is managed only by us.

12.17 Sales Forces, Assistance in Performing Tests and Establishing Diagnostics

We operate in highly competitive markets across Europe, in which referring parties can send tests to the laboratory of their choice.

We compete on the basis of several criteria, including the quality of our clinical laboratory testing, innovation in our services, the breadth of the test parameters and services we offer, access points (e.g., blood collection points) throughout the various countries in which we operate and prices for our services in the hospital laboratory outsourcing market. For example, in many of our markets, the patient or consumer decides which laboratory to use for diagnostic services, making attractive access points particularly important. Consumers are more likely to use laboratories that are close to their homes, are well-managed and provide the necessary level of communication. For hospitals in all of our countries, and in jurisdictions where outpatient doctors (e.g., *Niedergelassene Ärzte* in Germany) provide prescriptions, the professional business relationship that we have with these healthcare providers is of paramount importance. Peer-to-peer medical consultations, our professional sales force, reliable IT connectivity and the quality and speed of our service drive business development.

Our laboratory doctors and biologists, together with our marketing and sales professionals in our markets, play an important role in the acquisition of new customers and in ongoing daily operations. Even in geographies where management has a more direct role in identifying key prospective customers (e.g., because reimbursement agreements must be negotiated with private insurance companies), it is our laboratory doctors who are entrusted with the crucial task of developing a relationship with healthcare professionals. Our laboratory doctors provide their special expertise to healthcare professionals in consulting as to which diagnostics tests to prescribe and how to interpret the results. In addition, we have developed applications aimed at healthcare professionals. See section 12.16 (*Information Technology Systems*) above.

Our laboratory doctors also continue to conduct independent research supported by the group and participate in international networks and pan-European scientific committees for certain areas of specialty testing. They are supported by our country management teams.

12.18 Property, Plant and Equipment

Our operational facilities consist predominantly of clinical laboratories, blood collection points and office space.

We rent nearly all of our premises and a majority (by value) of our laboratory equipment. Our policy is to lease rather than own its facilities, preferably through long-term leases, except where concentrated activity justifies the acquisition of the buildings in which these activities are conducted. We believe that our laboratories are generally adequate for our present needs and that suitable additional or replacement space would be available to the extent required.

In 2019, we applied IFRS 16 (*Leases*) for the first time. IFRS 16 (*Leases*) introduced new or amended requirements with respect to lease accounting by removing the distinction between operating and finance leases and, subject to limited exceptions, requiring the recognition of a right-of-use asset and a lease liability at the lease commencement. As at December 31, 2020, we owned property, plant and equipment with a carrying amount of €217.1 million and had right-of-use assets with a net carrying amount of €401.1 million.

The property, plant and equipment that we own consists mainly of technical equipment and installations, particularly automated devices and tools used to perform clinical testing, office and IT facilities, fixtures and fittings for the premises and vehicles. The property, plant and equipment that we own is further described in note 19 (*Property, plant and equipment*) to the 2020 Financial Statements included elsewhere in this Prospectus.

12.19 Employees

SYNLAB AG has no employees as of the date of this Prospectus and had no employees during the years ended December 31, 2018, 2019 or 2020. Following the Contribution, SYNLAB AG will be the parent company of the SYNLAB Group and our employees.

As of December 31, 2020, we had over 20,000 full-time employees, primarily composed of (i) laboratory doctors and scientists such as biologists and chemists and (ii) laboratory technicians.

We have a young, diverse and highly skilled workforce that is increasing frequently, mainly due to our external growth policy. As of December 31, 2020, 51% of our employees were aged 40 years

of age or below and 49% were more than 40 years old. The gender split of our leadership (including approximately 1,600 employees from team leaders to Group executives) as of December 31, 2020 was 62% female and 38% male.

The following table sets forth our average number of employees during the year for each of the periods indicated along with a breakdown of their main category of activity. The headcount for 2018 (restated), 2019 (restated) and 2020 excludes the headcount from our A&S business unit that was sold in 2020.

	For the year ended December 31,				
	2018	2018 (restated)	2019	2019 (restated)	2020
Administration	2,900	2,982	3,361	3,170	3,501
Operation	18,828	17,267	19,191	17,799	19,077
thereof doctors and biologists	*1,595*	*1,980*	*1,757*	*2,158*	*2,286*
Average number of employees during the year	**21,728**	**20,249**	**22,552**	**20,969**	**22,578**

France has the largest number of our employees, with 22% of our workforce as of December 31, 2020, followed by Germany, with 18%. The geographic breakdown for the rest of our employees was: 15% in central Europe, the Middle East and Africa; 12% in northern European countries, 12% in Latin America, 11% in Iberia, 8% in Italy and 2% in Switzerland.

For the year ended December 31, 2020, our payroll and related expenses amounted to €908.2 million, including wages and salaries of €560.7 million, social security contributions of €167.6 million and temporary worker, share-based payment and other costs (including bonus payments and premiums) of €179.9 million. The expenses related to the Executive Long-term Incentive Plan and employee participation program described below will be included in our future payroll and related expenses, and associated costs have been incorporated in our mid-term business plan.

12.19.1 Employee Representation

The countries in which we operate provide various protections and other rights to employees. These employment rights may require us to expend greater time and cost in altering or amending employees' terms of employment or making staff reductions. Elections for employee representative bodies have been held in accordance with applicable legislation. The rights, obligations and operating methods of these bodies vary from one country to another, depending on local legislation.

We are subject to certain mandatory bargaining agreements in certain countries, such as Germany, and collective bargaining agreements with unions representing our employees in certain other countries, including in Italy and Hungary. In Germany, certain of our employees are represented by works councils (*Betriebsrat*) and other representative bodies for employees with various information, consultation and co-determination rights. For example, in some jurisdictions, they must be notified in advance of any employee layoffs, must consent to the hiring and relocation of employees and are granted co-determination rights in social matters, such as work schedules and rules of conduct, as well as the rights to advice in respect of certain transactions such as providing guarantees, attracting loans or the granting of security. As German law prohibits asking employees whether they are members of unions, we do not know how many of our employees are unionized. In general, our employees in Germany fall within the scope of the German Dismissal Protection Act (*Kündigungsschutzgesetz*), which limits our ability to terminate individual employment relationships unilaterally. We also comply with the German Anti-Discrimination Act (*Allgemeines Gleichbehandlungsgesetz*) and comparable legislation in other countries in which we operate. In France, social dialogue is structured at the company level. Each company has, if necessary, a works council and trade union representatives or a single staff representative body, depending on the number of employees and the complexity of the company's structure. The management of each company negotiates agreements with the representative trade unions on subjects such as incentive plans, gender equality and working time reduction and flexibility. Such company's management chairs the bodies and can negotiate company-wide agreements with the company's trade union representatives. In the United Kingdom, in-depth work has been carried out with social partners to

define the rules and organization governing the transfer of staff from the NHS to us under a public-private partnership.

We believe that our relationships with our employees are generally good. We have not suffered any material work stoppages or strikes in recent years.

12.19.2 Executive long-term Incentive Plan

We intend to implement a long term incentive plan ("**LTIP**") split into: (a) an LTIP for members of the senior management comparable to the long-term incentives for the members of the Management Board (see section 18.2.4 (*Company's Governing Bodies—Management Board—Remuneration and Other Benefits of the Members of the Management Board*) ("**Senior Executive LTIP**") and (b) a further LTIP for the broader group of managers of the SYNLAB Group ("**Manager LTIP**").

The Senior Executive LTIP (approximately 10-15 members of SYNLAB senior management) will consist of performance share units ("**PSUs**") awarded in annual tranches pursuant to an LTIP target amount, divided into 40% PSUs with performance calculated on the basis of total shareholder return ("**Absolute PSUs**") and 60% PSUs with performance calculated relative to the MSCI Europe Health Care Equipment & Services index ("**Relative PSUs**"). The total value of the Senior Executive LTIP is expected to amount to a maximum of €1.45 million in 2021. The first PSUs will be awarded on May 1, 2021, with further awards expected to be made on an annual basis. Under the Senior Executive LTIP, PSUs will be settled 48 months after their respective award date. The payout value of the Senior Executive LTIP after expiry of such performance period will be calculated by multiplying the sum of the final number of Absolute PSUs and Relative PSUs by the 90-day volume-weighted average Xetra system closing share price of the Shares before the settlement date.

The Manager LTIP (approximately 250-300 members of SYNLAB management) will be similar in structure to the Senior Executive LTIP except that the number of virtual shares is fixed as of the award date and thus the payout value will be linked purely to the 90 day volume-weighted average Xetra system closing share price of the Shares before the settlement date (48 months from grant) and is not intended to be dependent on the achievement of performance conditions. The total value of the Manager LTIP is expected to amount to a maximum of €6.8 million in 2021. The first awards will be awarded shortly after the Listing, with further awards anticipated to be made on an annual basis.

12.19.3 Employee Participation Program

We intend to implement an employee participation program to allow employees to become shareholders in the Company. We expect to determine further details of the program within the next 6 to 10 months; then, once finalized, to offer it to our employees. The total volume of the program is expected to amount to a maximum of €5.0 million. Eligible employees will be entitled to acquire Shares on preferential terms.

12.20 Environment and Corporate Social Responsibility

We have a policy and code of conduct, nurtured by our vision, mission and values, to promote corporate social responsibility ("**CSR**") principles and environmental, social and governance ("**ESG**") best practices among our internal stakeholders (i.e., our employees). We do so for the benefit of, and in cooperation with, our external stakeholders, including customers, financial stakeholders (i.e., shareholders and bondholders), local communities, suppliers and service providers, public administrations and the media. Our CSR strategy supports the implementation of the UN's Sustainable Development Goals, with particular focus on (i) good health and well-being, (ii) gender equality, (iii) decent work and economic growth and (iv) responsible consumption and production.

Our ESG program takes into account diagnostics for the planet, diagnostics for people and ethical diagnostics. Our key ESG objectives include (i) reducing the environmental impact of every test we deliver and limiting our contribution to climate change; (ii) creating positive outcomes in our

communities and empowering our diverse employees; and (iii) operating with the highest standards in governance and compliance and assuming our role as a responsible corporate citizen.

We are aware that the environment can dramatically change our practices and relationships with our stakeholders. Our policy therefore encompasses the management and control of our footprint to limit and mitigate the impact of our activities on the environment and available natural resources. In the medium term, we are focused on the "SYNLAB Green" objectives of reducing CO_2 emissions, reducing water consumption and reducing waste generation. In 2020, we achieved a 0.3-ton reduction in CO_2 emissions per million euros of revenue as compared to the same measurement for 2019.

We believe that social responsibility is not possible if the needs of the people in the communities where we operate and those that we impact are not taken into account as a priority. We therefore strive to foster sustainable human development through our commitment to society at large and, more specifically, to the local communities in which our team members live and work. We also focus on developing social capital and improving the quality of life for the entire community. Our efforts are also aimed at future generations, acknowledging the legacy that our actions can generate. We are focused on the "SYNLAB Care" objectives of increasing diversity at SYNLAB, increasing employee engagement and well-being, developing our talent through meaningful career opportunities and promoting the highest product quality and safety standards.

We further believe that reliability and integrity are key concepts in modern corporate governance and sustained business growth is only possible where a firm is able to trust in the reliability of its shareholders, customers, suppliers, members and employees—locally and globally. The cornerstone to building and improving our reputation with all of our stakeholders is consistently upholding high standards of social and ethical conduct. We are focused on the "SYNLAB Citizenship" objectives of completing the implementation of our ethical business policies, fully complying with global and local regulations, ensuring responsible procurement practices, contributing to the community and implementing state-of-the-art governance for public companies.

Our impact supporting communities, ensuring healthy lives, promoting well-being and delivering the highest quality diagnostic services to our customers have been further reinforced by the COVID-19 pandemic. In 2020, we formalized our governance arrangements, identified and prioritized sustainability issues, established measurable and time-bound targets and produced our first formal ESG report. In 2021 and beyond, we intend to further improve our data measurement and disclosure for key ESG issues and develop new programs and policies that support our ESG targets.

12.21 Research and Development, Patents and Licenses

As of December 31, 2020, we owned or had the right to a limited number of trademarks or trade names related to our business.

We operate under several different business names, trademarks and service brands. We have consolidated a large portion of our business under the "SYNLAB" name. When acquiring new laboratories, we often continues to operate for a period of time under the business name of the acquired laboratory in order to gain access to its customer base and reap the benefit of the prestige associated with the trademark or business name of the laboratory concerned, before co-branding the existing name with SYNLAB and eventually fully transitioning the laboratory to the SYNLAB brand.

Our trademarks are of value to our business, but, other than the "SYNLAB" trademark, we do not believe that any of our other business names, service brands and trademarks are essential for our business activities or that any single trademark other than our "SYNLAB" brand name is material to our business as a whole. We have also registered several domain names. We actively protect our intellectual property, particularly by registering our trademarks and business names. We also often continue to protect the trademarks of businesses that we acquire.

In order to provide the highest quality of service to our customers, we place considerable emphasis on using equipment at the cutting edge of technology in our laboratories. Although we design and perform new tests, we do not have any specific research and development centers or employee

categories devoted to research. Rather, we rely in this regard on the results of the research and development data obtained by our equipment and test suppliers. We also closely cooperate with several renowned universities.

12.22 Insurance

We believe that the types and amounts of our existing insurance policies are adequate in terms of both amounts covered and conditions of coverage to cover the major risks of our business, taking into account the cost of insurance coverage and the potential risks to business operations. However, there can be no assurance that no losses will be incurred or that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim. In addition, longer interruptions of operations in one or more of our laboratories can, even if insured, result in loss of sales, profit, customers and market share.

We maintain insurance policies to cover risks for physical damage to, and loss of, our equipment and properties and losses related to business interruption, professional and general liabilities that may arise in the ordinary course of business. We also maintain liability coverage for directors and officers. These policies are generally renewed annually.

We also maintain various other insurance policies to cover a number of other risks related to our business, such as employment practices, accident and sickness, automobile liability and physical damage and employers' liability, as well as general excess liability policies that reimburse us in certain situations when the limit under the applicable primary liability policy is insufficient to fully satisfy a valid claim.

12.23 Legal and Arbitration Proceedings

There are not and have not been any governmental, legal or arbitration proceedings, nor are we or SYNLAB AG aware of such proceedings pending or threatened, that may have or have in the previous twelve months significant effects on our or SYNLAB AG's financial position or profitability.

In the course of our business, we are involved in ordinary course litigation and we may in the future be involved in material contentious proceedings (including administrative, judiciary, arbitration and disciplinary proceedings) relating to matters concerning the professional liability of our laboratories, disputes with laboratory doctors, medical doctors and employees and regulatory issues, as well as enquiries initiated by, and settlements with, regulatory authorities, prosecutors, professional associations and health insurers, regarding, among other things, billing matters and independent contracting. We also operate in a regulated business sector and, as such, are subject, in the ordinary course of our business, to particular controls and supervision by the competent national or local healthcare authorities. Regulations with which we must comply may increase our costs or restrict our activities. Failure to comply with such regulations may lead to sanctions of various types. Future alterations to regulations that apply to us could have a material adverse impact on our business.

We set aside provisions where there is a sufficient probability of the litigation in question leading to costs for us or any of our subsidiaries. There were no contingent liabilities recognized as at December 31, 2020.

12.24 Material Contracts

12.24.1 Contribution Agreement

For information on the Contribution Agreement, see section 4.2 (*Planned SYNLAB Group Reorganization—Contribution)*.

12.24.2 Underwriting Agreement

For information on the Underwriting Agreement, see section 19 (*Underwriting*).

12.24.3 Cost Sharing and Indemnity Agreement

In connection with Offering, the Selling Shareholders and the Company entered into a cost sharing and indemnity agreement regarding the allocation of costs and liability in connection with the Offering (the "**Cost Sharing and Indemnity Agreement**") (see section 15 (*Related Party Transactions*).

12.24.4 Financing Agreements

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

12.24.4.1 2015 Revolving Credit Facility Agreement

On May 15, 2020, we entered into an amendment and restatement of the Revolving Credit Facility Agreement originally dated June 17, 2015 (the "**2015 Revolving Credit Facility Agreement**").

The 2015 Revolving Credit Facility Agreement provides for total revolving credit facility borrowings of €250.0 million, with our subsidiary SYNLAB Bondco PLC being the borrower. As of the date of this Prospectus, no amounts are drawn directly under the 2015 Revolving Credit Facility Agreement, but lender commitments in an aggregate principal amount of €25.0 million have been reserved for ancillary facilities (under which indebtedness in an aggregate principal amount of approximately €24.4 million is outstanding) made available to us by certain lenders on a bilateral basis (the "**Ancillary Facilities**").

The 2015 Revolving Credit Facility Agreement will be cancelled in connection with the Offering.

12.24.4.2 2021 Revolving Credit Facility

The 2015 Revolving Credit Facility Agreement will be replaced by a new revolving credit facility (the "**2021 Revolving Credit Facility**") to be made available to us under a facilities agreement to be entered into by SYNLAB AG on or about the date of this Prospectus (the "**2021 Facilities Agreement**"). See section 12.24.4.6 (*Further Description of the 2021 Facilities Agreement*) below.

Borrowings

The 2021 Revolving Credit Facility will provide for total revolving credit facility borrowings of up to €500.0 million. The 2021 Revolving Credit Facility is undrawn as of the date of this Prospectus and is not intended to be drawn in connection with the Offering except in respect of the Ancillary Facilities, which are expected to roll-over after the completion of the Offering into the 2021 Revolving Credit Facility such that they continue to be available to us without interruption.

Borrowings under the 2021 Revolving Credit Facility will be permitted to be used to finance or refinance:

(a) acquisitions, investments in joint ventures or capital expenditure;

(b) the servicing of any indebtedness; and

(c) the working capital requirements and/or general corporate purposes of the business.

Conditions Precedent

Utilizations under the 2021 Revolving Credit Facility will be subject to customary conditions precedent.

Maturity Date

Commitments under the 2021 Revolving Credit Facility will mature on or after April 2026.

Interest and Fees

The 2021 Facilities Agreement provides for interest at a rate per annum equal to EURIBOR (subject to a floor of zero), or for borrowings in sterling, SONIA, or for borrowings in Swiss francs, SARON, or for borrowings in U.S. dollars, LIBOR (subject to a floor of zero) (but to be replaced with SOFR in due course), plus a margin of 2.50% per annum, which may be reduced to a minimum of 1.25% per annum by reference to a consolidated leverage test.

We are also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the 2021 Revolving Credit Facility at a rate of 35% of the applicable margin.

Leverage Covenant

The 2021 Facilities Agreement requires us to maintain a consolidated leverage ratio (calculated as the ratio of total net consolidated indebtedness of the group at each financial half-year end to consolidated EBITDA (as defined in the 2021 Facilities Agreement) for the twelve months ending on the most recent financial half year-end) of 4.50:1, stepping down to 4.00:1 for the financial half-year ending December 31, 2022 and for each testing period thereafter.

We are permitted to prevent or cure breaches of the consolidated leverage covenant by applying a "cure" amount (generally, amounts received by us in cash pursuant to any new equity or permitted subordinated debt) as if (at our option) the consolidated leverage had been reduced by such amount or the consolidated EBITDA has been increased by such amount (an "**EBITDA Cure**"). There is no requirement to apply any cure amount in prepayment of the 2021 Revolving Credit Facility. We are not permitted to exercise EBITDA Cures more than four times in aggregate during the term of the 2021 Revolving Credit Facility Agreement or more than twice in any four consecutive financial half-year periods.

Repayment

Loans made under the 2021 Revolving Credit Facility must be, subject to any rollover in accordance with the revolving credit facility, repaid in full on the last day of the relevant interest period. All outstanding amounts under the 2021 Revolving Credit Facility must be repaid on the "termination date." Amounts repaid by us in respect of loans made under the 2021 Revolving Credit Facility may be re-borrowed, subject to certain conditions.

Prepayment

The 2021 Revolving Credit Facility permits each lender to require the mandatory prepayment of all amounts due to that lender upon the occurrence of a "change of control" (as defined therein).

12.24.4.3 2019 Term Loan B Facility Agreement

On December 10, 2020, we entered into an amendment and restatement of our senior secured term loan facilities agreement originally dated June 22, 2019 (the "**2019 Term Loan B Facility Agreement**").

Borrowings

The 2019 Term Loan B Facility Agreement provides for term loans in an aggregate amount of €1,305.0 million, including facilities of €920.0 million, which comprises tranches of €68.6 million (which we refer to as "**Term Loan B-2**") and €851.4 million (which we refer to as "**Term Loan B-5**"), and €385.0 million (which we refer to as "**Term Loan B-4**" and, together with Term Loan B-2 and Term Loan B-5, the "**Term Loan B Facilities**"), which have been borrowed by us (with our subsidiary SYNLAB Bondco PLC being the borrower) as of the date of this Prospectus. After the completion of the Offering, Term Loan B-2 will be fully repaid and Term Loan B-5 will be partially repaid in a principal amount of approximately €231 million. Term Loan B-5 and Term Loan B-4 will otherwise remain outstanding following the Offering.

Bullet repayment at maturity

Loans made under Term Loan B-2 and Term Loan B-5 must be repaid in full on July 1, 2026.

Loans made under Term Loan B-4 must be repaid in full on July 1, 2027.

Interest and Fees

The loans under Term Loan B-2 and Term Loan B-5 bear interest, paid semi-annually in arrears (or at shorter intervals elected by SYNLAB), at a rate per annum equal to EURIBOR plus a margin of 3.75% per annum, subject to a floor of zero. The margin may be reduced to 3.25% per annum by reference to a senior secured net leverage test. For Term Loan B-5, the margin may be reduced to 2.50% per annum by reference to a senior secured net leverage test and upon completion of the Offering.

The loans under Term Loan B-4 bear interest, paid semi-annually in arrears (or at shorter intervals elected by us), at a rate per annum equal to EURIBOR plus a margin of 3.75% per annum, subject to a floor of zero. The margin may be reduced to 2.50% per annum by reference to a senior secured net leverage test and upon completion of the Offering.

Prepayment

The 2019 Term Loan B Facility Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender upon the occurrence of a "change of control" (as defined therein), except (on no more than one occasion) when certain conditions are satisfied including a senior secured net leverage test. The Offering is not expected to result in a change of control under the definition in the 2019 Term Loan B Facility Agreement.

12.24.4.4 Further Description of the 2019 Term Loan B Facility Agreement

Certain other provisions of the 2019 Term Loan B Facility Agreement are further described in this section.

Additional Facility

We may elect to request, subject to certain terms and conditions, the commitment of additional facilities, either as a new facility or as additional sub tranches of existing facilities (the "**Additional Facility Commitments**"). We may agree with the relevant lenders certain terms in relation to the Additional Facility Commitments, including the termination date (subject to parameters as set forth in the relevant Existing Facilities Agreement) and the availability period. The margin on any cash advances under the Additional Facility Commitments will be agreed between us and the relevant lenders providing the relevant Additional Facility Commitments (subject to parameters as set forth in the 2019 Term Loan B Facility Agreement).

Security and Guarantees

The 2019 Term Loan B Facility Agreement is currently guaranteed on a joint and several basis by certain subsidiaries of SYNLAB Bondco PLC. The 2019 Term Loan B Facility Agreement also requires that the EBITDA of the guarantors represents not less than 50% of our consolidated EBITDA. After the completion of the Offering, it is expected that the guarantor coverage requirement will be suspended and the existing guarantees will be released in accordance with the provisions of the 2019 Term Loan B Facility Agreement. See "—*Covenants*" below.

The 2019 Term Loan B Facility Agreement is currently secured by security interests granted by certain subsidiaries of SYNLAB Bondco PLC, which are subject to certain limitations and the matters set forth in the 2019 Term Loan B Facility Agreement. After the completion of the Offering, it is expected that all security interests, other than the share charge granted over SYNLAB Bondco PLC, will be released in accordance with the provisions of the 2019 Term Loan B Facility Agreement. See "—*Covenants*" below

Covenants

Certain of the covenants contained in the 2019 Term Loan B Facility Agreement are based upon the covenants contained in the indenture governing the Senior Secured Notes. See section 12.24.4.7 (*Senior Secured Floating Rate Notes due* 2025—*Covenants and Events of Default*). The 2019 Term Loan B Facility Agreement also requires SYNLAB Bondco PLC and certain of its restricted

subsidiaries to observe certain customary covenants, subject to certain exceptions, including covenants relating to obtaining required authorizations; at least *pari passu* ranking with certain unsecured payment obligations; compliance with laws; guarantor coverage (as described above) and further assurance with respect to security interests granted.

Certain of the covenants under the 2019 Term Loan B Facility Agreement will be suspended upon (a) a listing of a holding company of SYNLAB Bondco PLC where the senior secured net leverage ratio is equal to or less than 3.50:1 (pro forma for any prepayment of certain indebtedness from the proceeds of such listing) or (b) the facilities achieving a rating equal to or better than Baa3 or BBB- (as applicable) according to both Moody's Investor Services, Inc. and Standard & Poor's Investors Ratings Services, respectively. The Offering is expected to result in the relevant covenants being suspended in accordance with the provisions of the 2019 Term Loan B Facility Agreement.

Events of Default

Certain of the events of default contained in the 2019 Term Loan B Facility Agreement are based upon the events of default contained in the indenture governing the Senior Secured Notes. See section 12.24.4.7 (*Senior Secured Floating Rate Notes due* 2025—*Covenants and Events of Default*).

The 2019 Term Loan B Facility Agreement also contains other events of default the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments and, subject in certain cases to agreed grace periods, thresholds and other qualifications.

The customary events of default, subject to certain agreed exceptions, include:

- inaccuracy of a representation or statement when made; and
- unlawfulness, invalidity, rescission and repudiation or unenforceability of the "finance documents" entered into in connection with the 2019 Term Loan B Facility Agreement.

Governing Law

The 2019 Term Loan B Facility Agreement is governed by English law, but certain covenants and events of default are construed in accordance with the laws of the State of New York.

12.24.4.5 2021 Term Loan Facility

The 2021 Facilities Agreement will provide for term loans in an aggregate amount of up to €735.0 million to be made available to us (the "**2021 Term Loan Facility**") in addition to the 2021 Revolving Credit Facility (see section 12.24.4.1 (*2015 Revolving Credit Facility Agreement*) above). The 2021 Term Loan Facility has not been incurred as of the date of this Prospectus. We expect the full amount of the 2021 Term Loan Facility to be incurred after the completion of the Offering.

Borrowings

Borrowings under the 2021 Term Loan Facility are expected to be used to refinance indebtedness under the 2015 Revolving Credit Facility Agreement, the 2019 Term Loan B Facility Agreement and/or the Senior Secured Notes.

Conditions Precedent

Utilizations under the 2021 Term Loan Facility will be subject to customary conditions precedent.

Bullet repayment at maturity

Loans made under 2021 Term Loan Facility will be repayable in full on a date falling on or after April 2026.

Interest and Fees

Loans under 2021 Term Loan Facility will bear interest, paid semi-annually in arrears (or at shorter intervals elected by us), at a rate per annum equal to EURIBOR (subject to a floor of zero) plus a

margin of 2.50% per annum. The margin may be reduced by reference to a consolidated leverage test to a minimum of 1.25% per annum.

12.24.4.6 Further Description of the 2021 Facilities Agreement

The 2021 Revolving Credit Facility and the 2021 Term Loan Facility will be subject to other provisions of the 2021 Facilities Agreement as further described in this section.

Additional Facility

We may elect to request, subject to certain terms and conditions, the commitment of additional facilities, either as a new facility or as additional sub tranches of existing facilities (the "**Additional Facility Commitments**"). We may agree with the relevant lenders certain terms in relation to the Additional Facility Commitments, including the termination date and the availability period. The margin on any cash advances under the Additional Facility Commitments will be agreed between us and the relevant lenders providing the relevant Additional Facility Commitments.

Security and Guarantees

The 2021 Revolving Credit Facility and the 2021 Term Loan Facility are expected to be guaranteed on a joint and several basis by certain of our subsidiaries who incur indebtedness under the 2021 Revolving Credit Facility and, for so long as the 2019 Term Loan B Facility Agreement is outstanding, by SYNLAB Bondco PLC.

It is not expected that any security interests will be granted in respect of the 2021 Facilities Agreement.

Covenants

The 2021 Facilities Agreement will require us to observe certain customary covenants, subject to certain exceptions, including covenants relating to obtaining required authorizations; complying with laws and maintaining at least a *pari passu* ranking with certain unsecured payment obligations.

The 2021 Facilities Agreement will require us to observe certain customary limitations, subject to certain exceptions, including limitations on creating security, disposing of assets and merging or consolidating with other entities.

Events of Default

The 2021 Facilities Agreement will provide for certain events of default the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments and, in the case of the 2021 Revolving Credit Facility, terminate any letters of credit and ancillary facilities, or declare that cash cover in respect of any letters of credit and ancillary facilities is immediately due and payable, subject in certain cases to agreed grace periods, thresholds and other qualifications.

The customary events of default will include, subject to certain agreed exceptions, non-payment, breach of other obligations set forth in the 2021 Facilities Agreement and related documentation, inaccuracy of a representation or statement when made, default of certain other indebtedness, certain insolvency, winding-up or related events and unlawfulness.

Governing Law

The 2021 Facilities Agreement will be governed by English law.

12.24.4.7Senior Secured Floating Rate Notes due 2025

On May 19, 2020, we issued €850.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2025 (the "**Senior Secured Notes**"). The Senior Secured Notes are senior debt of our subsidiary SYNLAB Bondco PLC and rank *pari passu* in right of payment to all of its existing and future senior indebtedness.

The entire aggregate principal amount of the Senior Secured Notes is outstanding as of the date of this Prospectus. We intend to use the entire net proceeds of the Offering attributable to the Company,

together with borrowings under the 2021 Term Loan Facility, to repay the Senior Secured Notes in full after the completion of the Offering.

Interest Rates, Payment Dates and Maturity

The Senior Secured Notes bear interest at a rate per annum equal to EURIBOR (reset quarterly and subject to a floor of zero), plus a margin of 4.75% per annum. Interest on the Senior Secured Notes is payable quarterly in arrears on January 1, April 1, July 1 and October 1. The maturity date of the Senior Secured Notes is July 1, 2025.

Guarantees and Security

The Senior Secured Notes are currently guaranteed by certain subsidiaries of SYNLAB Bondco PLC.

The Senior Secured Notes and the guarantees are currently secured by a number of security interests, including an English law first ranking share charge over the shares in SYNLAB Bondco PLC (the "**Share Charge**").

After the completion of the Offering, it is expected that all guarantees and security will be released, other than the Share Charge, in accordance with the provisions of the Senior Secured Notes.

Optional Redemption

The Senior Secured Notes are subject to redemption at any time, at the option of SYNLAB Bondco PLC, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the 12-month period beginning on May 19 of the years indicated below:

Year	Redemption Price
2021	101.000%
2022 and thereafter	100.000%

Change of Control and Asset Sale Offers

Upon the occurrence of certain events constituting a "change of control" (as defined in the indenture governing the Senior Secured Notes), we are required to offer to repurchase all outstanding Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase and additional amounts, if any. The Offering is not expected to result in a change of control under the definition in the indenture governing the Senior Secured Notes.

In the event of certain asset sales, after which the proceeds are not reinvested in the form envisaged by the indenture governing the Senior Secured Notes and as a result of which such proceeds exceed €90.0 million, we are required to make an offer to repurchase the Senior Secured Notes at 100% of the principal amount.

Covenants and Events of Default

The indenture governing the Senior Secured Notes contains covenants and events of default typical of instruments similar to the Senior Secured Notes, including limitations on the ability of SYNLAB Bondco PLC and its Restricted Subsidiaries (as defined in the indenture governing the Senior Secured Notes) to, inter alia:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including dividends or other distributions;
- create or permit to exist certain liens;
- sell assets;

- create restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to it;
- merge or consolidate with other entities or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis;
- guarantee additional debt without also guaranteeing the Senior Secured Notes;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries; and
- impair the security interests for the benefit of the holders of the Senior Secured Notes.

The indenture governing the Senior Secured Notes contain various events of default, including, among others, non-payment, breach of certain covenants, breach of other obligations set forth in the indenture governing the Senior Secured Notes, the Intercreditor Agreement, any loan or any note security document related to the Senior Secured Notes after a 60-day grace period, a cross-default in relation to certain indebtedness aggregating the greater of €90.0 million and 20% of consolidated EBITDA (as defined in the indenture governing the Senior Secured Notes) or more at any time outstanding not being paid prior to the expiration of the grace period provided in such indebtedness or indebtedness becoming due and payable before its specified maturity, failure to pay final judgments in excess of the greater of €90.0 million and 20% of consolidated EBITDA following a grace period, any guarantees under the Senior Secured Notes are found to be unenforceable or invalid, breach of any material obligations in the security documents securing the Senior Secured Notes or unenforceability of any security interest in excess of the greater of €25.0 million and 5% of consolidated EBITDA securing the Senior Secured Notes, certain insolvency, winding-up or related events, the occurrence of which, with respect to certain events of default, would result in the Senior Secured Notes becoming due and payable or, with respect to certain other events of default, would allow holders of the Senior Secured Notes to declare the Senior Secured Notes due and payable.

12.24.5 Commercial Agreements

12.24.5.1 NHS Pathology Partnership Contract Agreements

In November 2020, we entered into a partnership agreement with Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust to become the London trusts' new pathology partner and transform and deliver pathology services across South East London for 15 years beginning in the second quarter of 2021. Our partnership with the South East London NHS trusts includes a number of agreements that were finalized in the first quarter of 2021, with services commencing in the second quarter of 2021.

The South East London tender is valued at £1,865 million over 15 years, with ancillary revenue from agreements with third parties expected to take the cumulative direct and indirect revenue of the contract above £2 billion. We expect to perform approximately 35 million tests per year for these two NHS trusts, which oversee healthcare for 2.2 million people.

12.24.5.2 Sale of Analytics & Services Business Unit

In November 2020, we entered into a sale and purchase agreement for the sale of our analytics and services business unit, which was focused on environmental, food, hygiene, pharmaceutical and products analysis and testing, in order to fully concentrate on expanding our core medical activities.

In order to facilitate the comparison of our financial information on an ongoing operations basis, we have restated the 2018 and 2019 comparative financial information in the 2020 Financial Statements to present A&S as discontinued operations. See section 10.4.2 (*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability—Sale of Analytics & Services Business Unit*).

In connection with the sale of our A&S business unit, we entered into a transitional services agreement pursuant to which we will continue to provide certain services to our former A&S

business unit subsidiaries on a transitional basis for periods generally ranging from 3–18 months and will assist the A&S entities with their migration away from reliance on us to provide or procure such services for them.

13. REGULATORY AND LEGAL ENVIRONMENT

In all the countries in which we operate, the medical diagnostic market (including clinical laboratory tests) is subject to stringent regulation and is supervised by various regulatory bodies. This regulation and supervision strongly influence the way in which we operate. With respect to clinical laboratories, this regulation primarily relates to operating standards, the professional qualifications laboratory staff must hold, restrictions on equity interests in companies operating laboratories and their corporate governance (which restrictions are noticeably stringent in France), and the prices, and the reimbursement of clinical laboratory tests. By way of illustration, in some countries, regulations on owning and operating laboratories require each laboratory or small group of laboratories to be held through a separate subsidiary. In some countries such as France, the regulations also govern the legal form of the entities via which laboratories may be held.

Our operations are also subject to numerous other legal and regulatory provisions, in particular with respect to the handling and storing of certain chemical products and reagents, the disposal of infectious healthcare waste, the handling and storing of personal data (notably the patients' medical information) and the prevention of fraud to social security systems.

13.1 Data Protection Regulation within the EU/EEA

In the European Union and the European Economic Area, the principles on the legitimate processing of personal data are laid down in the GDPR. Compared to the predecessor Data Protection Directive (95/46/EC), the GDPR entails significantly stricter requirements for data protection, in particular for data mapping and accountability, transparency, data subject rights, processor (service provider) obligations, and the requirement to designate a data protection officer. In addition, the GDPR provides strict requirements on the processing of sensitive personal data, like genetic and health data of individuals. The GDPR introduced substantial sanctions for non-compliance and, depending on the nature of the infringed provision, may consist of civil liabilities, criminal sanctions and/or administrative fines. Administrative fines can amount to €20 million or up to 4% of the total worldwide annual revenue, whichever is higher, for each violation.

We have implemented an internal data protection organization, including the appointment of data protection officers and has a robust data protection framework that is based on the GDPR or similar regulation in non-EU jurisdictions.

13.2 France

13.2.1 Description of the Regulations Applicable in France

13.2.1.1 Applicable rules to the operation of clinical laboratories

In France, the functioning (namely the establishment and operation) of clinical laboratories was historically governed by administrative authorizations. These authorizations were issued by the competent administrative authorities, after review of an application that described in detail the premises, equipment, performed tests and operating procedures of each laboratory, as well as the professional qualifications of the laboratory staff (including laboratory doctors), the governance of the laboratory and its corporate form. The regulations set minimal standards to be met in each of these areas. While the authorizations were not issued for a limited period of time, these could be withdrawn if the legal requirements for operating a clinical laboratory ceased to be fulfilled. Any change in the above had to be notified to the competent administrative authorities.

A January 13, 2010 Ordinance (*ordonnance n°2010-49 relative à la biologie médicale*), ratified and amended by the Law of May 30, 2013, replaced this administrative authorization procedure. Companies operating clinical laboratories are hence now subject to an accreditation procedure delivered by the French Committee for Accreditation (COFRAC) and to a declaration to the ARS (*agence régionale de santé*), the regional health authority, prior to the opening of the clinical laboratory. The Law n°2020-734 of June 17, 2020 and the Ministerial Order of July 16, 2020 clarified that the accreditation must cover all medical biology activities carried out by clinical laboratories.

However, a transitional regime has also been introduced. Under this regime, existing administrative authorizations were to remain in force until the clinical laboratories that hold them were accredited,

but until no later than November 1, 2020, since these authorizations were to be rescinded as of that date. Due to the COVID-19 pandemic, this deadline has been extended to May 1, 2021 pursuant to the Law n°2020-734 of June 17, 2020. New authorizations can no longer be issued apart from a very small number of cases, and under certain conditions, in the context of the restructuring of existing laboratories or site openings. At the same time, accreditation is gradually being made compulsory, in the following manner:

- since November 1, 2016, clinical laboratories are no longer allowed to operate without an accreditation covering 50% of the clinical tests they perform (or at least clinical laboratories must have initiated the accreditation process before October 31, 2016, for 50% of the tests they carry out including at least one test within each category of clinical tests, in which case they could continue to operate until they were given an answer about the accreditation by the COFRAC and until December 31, 2017, at the latest); and

- as of May 1, 2021, clinical laboratories will no longer be allowed to operate without an accreditation covering 100% of the clinical tests they perform.

Most provisions relating to the conditions under which COFRAC will deliver accreditations have now been specified in enforcement decrees, including the Decree n° 2016-46 of January 26, 2016 relating to clinical biology and the Ministerial Order of July 16, 2020.

Accreditation under ISO 15189 (the international quality standard for clinical laboratories) is delivered by COFRAC. According to the accreditation rules of COFRAC, in the latest version published on June 24, 2019, the very first accreditation of a clinical laboratory is set to expire within four years following its delivery and is subject to regular on-site audits (the first on-site audit must be carried out at the latest twelve months after the entry into force of the first accreditation and then on-site audits must be carried out at least every fifteen months), for so long as the first accreditation is in force. At the end of this first four-year period, a renewal audit is then undertaken and, if satisfactory, a five-year accreditation is delivered and remains subject to regular on-site audits (they must be carried out at least every eighteen months). All on-site audits were suspended until June 2020 due to the COVID-19 pandemic. On November 6, 2020, COFRAC decided to primarily rely on remote and on-documents inspections but will continue to carry out on-site inspections when necessary. COFRAC may suspend or withdraw a clinical laboratory's accreditation for all or part of the laboratory's business if it fails to comply with applicable requirements or in the event of fraud, intentional concealment of information or disclosure of false information. A ministerial order (*arrêté*) dated October 17, 2012, as amended by an order dated October 21, 2013, provides that applications to begin the accreditation process were to be addressed to COFRAC by any non-accredited laboratory no later than May 31, 2013, and; in the event of an incomplete application, the non-accredited laboratory's application were to be regularized no later than October 31, 2013. In addition, a February 23, 2015, order stated that, in order to be in compliance on November 1, 2016, with the accreditation conditions defined by the regulation, each clinical laboratory must submit to COFRAC either an initial request for accreditation which will cover at least 50% of the clinical tests that it carries out, or, for clinical laboratories already having a partial accreditation, an accreditation extension request to cover the percentage of accredited tests defined above by April 30, 2015. In both circumstances, accreditation must apply to at least one test within each category of clinical test that the laboratory carries out.

There were two possible options for entering the accreditation process: route A, consisting of partial COFRAC accreditation (which option has been chosen by 48% of French clinical laboratories) and route B, consisting of a 36-month "Bio Quality" recognition (which option has been chosen by 52% of French clinical laboratories). The mandatory timeline stipulated by the Law of May 30, 2013 has had the effect of accelerating consolidation in the French clinical laboratory market, as the laboratories experiencing difficulties with their accreditation process were forced to merge rapidly with accredited structures.

The ARSs, as the competent administrative authorities in France, are responsible for ensuring that clinical laboratories comply with existing sanitary and safety regulations through on-site inspections. Any change in the operating conditions of a laboratory or in the legal or financial structure of the company operating the laboratory must be notified to the competent ARS. In addition, some tests or categories of tests are controlled by specialized agencies as part of an annual

quality control program. The ARSs may impose administrative sanctions on SELs, as well as, in certain instances, on laboratory doctors and on third parties (e.g., prohibited investors), that infringe certain provisions of the applicable regulation (in particular, health, safety and quality requirements). These sanctions range from fines (potentially up to €2 million per SEL) to the temporary or permanent closure of the laboratory, in the case of particularly serious or repeated violations.

The operation of laboratories is restricted, as described below, based on administrative geographic areas that are defined by each ARS within a region ("zones").

A clinical laboratory can be located on one or several sites. There is no limit under French law to the number of sites that a clinical laboratory may operate, but certain legal provisions may restrict the opening of new sites. Accordingly, a clinical laboratory that has not been granted an accreditation covering 100% of the clinical tests it performs may only open a new site if the total number of its sites open to the public does not increase as a result (of course, an accreditation covering 100% of the clinical tests it performs will be required before May 2021). Moreover, sites of a clinical laboratory cannot be located in more than three adjacent zones (as defined by the competent ARS), barring an exemption granted by the managing director of the competent ARS under the conditions set out by the Decree n° 2016-46 of January 26, 2016 and included in the regional health organization plan.

The competent ARS can, or must, reject any opening of new sites in certain cases defined by the French Public Health Code. For instance, the ARS's managing director may oppose the opening of a clinical laboratory or site if it would result in an increase in the relevant zone's availability of clinical tests to a level 25% higher than the population's needs, as defined by the regional health organization plan. They may also oppose, on grounds related to the risk of affecting the continuity of clinical testing availability, an acquisition or restructuring (including a merger) affecting a clinical laboratory or site when this acquisition or restructuring would result in the number of tests performed by the laboratory resulting from the acquisition or restructuring exceeding the threshold of 25% of all clinical tests carried out in the relevant zone. Finally, the acquisition of shares of companies operating a clinical laboratory is not authorized when such an acquisition would enable a person or entity to control, directly or indirectly, more than 33% of all clinical tests performed in the same zone. A person or entity is deemed to control more than 33% of all clinical tests carried out in a zone if they own, directly or indirectly, the majority of the share capital of several companies operating a clinical laboratory, and the combined business of those companies represents more than 33% of all clinical tests in that zone.

French law also limits the number of tests that can be outsourced by one clinical laboratory to another for analysis and interpretation every year to 15% of the total number of tests carried out by the outsourcing laboratory. Subcontracting contracts must be registered with the competent ARS and professional associations (*Ordres*). Clinical laboratories, however, are free to distribute the tests to be carried out between their various sites as they wish. They can even concentrate the performance of all tests in a single site.

Laboratory doctors (doctors or pharmacists), laboratory technicians and nurses who collect samples taken from patients must meet minimum professional qualifications.

In France, each clinical laboratory must be supervised by at least one laboratory doctor (called the responsible laboratory doctor) who acts as the legal representative of the laboratory company operating the laboratory. This laboratory doctor is responsible for the laboratory's operations, including the processing of tests outsourced to other laboratories. A laboratory doctor can hold the position of responsible laboratory doctor in only one laboratory. Each of a laboratory's sites must also be supervised during its opening hours by a laboratory doctor who can be identified at all times and who can intervene within a timeframe that is compatible with the guarantee of patients' safety. Hence any laboratory shall have a number of laboratory doctors equal to at least the number of sites that it has created.

Laboratory doctors working in laboratories are subject to the same rules of professional conduct as doctors and pharmacists, depending on the professional association (*Ordre*) they are members of. Laboratory doctors must be registered with the relevant *Ordre* (the *Ordre des pharmaciens* for qualified pharmacists and the *Ordre des médecins* for qualified medical doctors). Companies

operating a clinical laboratory must also be registered with either one or both *Ordres*, based on the professional affiliation of the laboratory doctors practicing within the laboratories they operate.

The professional associations (the *Ordres*) are self-regulating bodies with administrative and disciplinary powers over practicing doctors and pharmacists, and over the companies that have registered with them. They also represent the collective interests of pharmacists (in the case of the *Ordre des pharmaciens*) and medical doctors (in the case of the *Ordre des médecins*), including, in both cases, the interests of laboratory doctors, before French public authorities. These *Ordres* may be called upon to issue opinions on certain issues involving their profession, including when bills and regulations are being drafted. They also monitor compliance with applicable laws, regulations and rules of professional conduct by practicing professionals and professional companies.

The principle of independence, defined in article R. 4235-18 of the French Public Health Code, is one of the professional conduct rules enforced by the *Ordre des pharmaciens*. Under this principle, a pharmacist must not be subject to any financial, commercial, technical or moral constraint, if such constraint could impair his or her professional independence. As for medical doctors, article R. 4127-5 of the French Public Health Code provides that a medical doctor cannot, in any manner whatsoever, compromise his or her professional independence. When the responsible laboratory doctor thinks that the decisions taken by a physical or legal person operating a clinical laboratory could endanger patients' health, public health or the operating rules of the laboratory provided for in the French Public Health Code, the responsible laboratory doctor can inform the managing director of the competent ARS, who will then take appropriate measures.

The *Ordre des pharmaciens* and the *Ordre des médecins* maintain, as far as each is concerned, a national register of practicing professionals (*Tableau de l'Ordre*), on which every practicing pharmacist, doctor and professional company must be registered, thereby regulating access to the profession. New companies operating clinical laboratories must apply for registration in the relevant national register. An *Ordre* may withhold or suspend registration if it notices that the applicant has breached the relevant rules of professional conduct.

Clinical laboratories are subject to ongoing regulatory supervision by the *Ordres* and must therefore submit certain proposed actions to the relevant *Ordre or Ordres* for review. These actions include any proposed change in the share capital or in the articles of association (*statuts*) of the companies that operate the laboratories, any cooperation contract entered into with other clinical laboratories and, more generally, any agreement relating to the operations of laboratories or governing relations between their shareholders. After reviewing this information, the *Ordres* may inform the ARSs of any breaches of the regulations. The ARSs are not bound by the findings of the *Ordres* in this respect.

Each professional *Ordre*, using its disciplinary powers, may impose disciplinary sanctions on professional companies and laboratory doctors (doctors or pharmacists). An *Ordre* may especially temporarily or permanently suspend practicing laboratory doctors who have breached rules of professional conduct.

Certain illegal activities, including the illegal practice of clinical biology and the misleading use of the title of laboratory doctor, carry criminal penalties that range from a prohibition from practicing clinical biology or operating a clinical laboratory, to imprisonment for natural persons.

Clinical laboratories may not advertise their services, directly or indirectly, to the general public. However, scientific information given to medical doctors and pharmacists, the public announcement of the existence and location of a clinical laboratory published at the time of its opening or the opening of its sites, and references to the accreditation of a laboratory, are excluded from this prohibition.

With regard to pricing and reimbursement, clinical laboratories are bound by the prices set by the UNCAM. These prices are revised regularly following negotiations between the Ministry of Social Affairs and Health, the UNCAM, the *Ordre des pharmaciens* and the *Ordre des médecins*. However, an agreement was signed on October 10, 2013, by the main French professional biologists' trade unions and UNCAM following the government's announcement in 2012 of its plan to cut healthcare spending on French clinical laboratories by at least €110 million. The agreement

aims to map out the business prospects of clinical laboratories for a three-year period while continuing to control healthcare spending. It aims to limit annual growth in clinical spending to 0.25% between 2014 and 2016, through moderate, gradual rate reductions and control over prescriptions, in order to offset natural volume growth. Professional unions meet with UNCAM every six months to measure the impact of enacted rate changes and to determine the upcoming changes that may need to be made to achieve the annual growth target. In January 2016, on the basis of 2015 figures and information about the trend in early 2016, UNCAM decided to implement a decrease in rates applicable as from April 20, 2016. A further temporary decrease in rates between November 15, 2016, and December 31, 2016, was agreed between UNCAM and professional unions to slow down the fast growth recorded during the first nine months of 2016. In 2016, UNCAM and professional unions also agreed on November 7, 2016, on the extension of the three-year agreement for another three-year period (2017-2019 included), at the same annual growth targeted limit of 0.25%, with a revised system for better managing semi-annual adjustments. In order to reach the annual growth targeted limit, UNCAM decided to implement again a temporary decrease in rates between November 20, 2018 and December 31, 2018. A new agreement was signed on March 11, 2020 between the main French professional biologists' trade unions and UNCAM which extends for three more years (2020-2022) the previous agreement and amends it. The targeted maximal annual growth in clinical spending is increased to 0.4% in 2020, 0.5% in 2021 and 0.6% in 2022. It also aims at taking into account the impact of health crisis or of public health decisions on clinical spending. According to a press release from the UNCAM dated March 11, 2020, the impact of the COVID-19 pandemic on clinical spending will be evaluated as soon as possible in order to adjust these objectives.

Patients are reimbursed for expenses for clinical tests if the performed tests are registered upon a predetermined list set by the UNCAM and the tests have been prescribed in compliance with applicable rules. The French authorities may be tempted in the future to extend the scope of the clinical tests which do not give rise to a reimbursement by the public health insurance funds, hence resulting in a significant decrease of the related prescriptions and revenue.

There is a different regime for laboratories to obtain payment for tests performed at the request of the patient without a prescription. Such clinical tests are not subject to reimbursement by UNCAM. Instead, they are paid for directly by the patient. When the relevant medical biologist performs such tests, he should inform the patient of their non-reimbursable nature and requests his agreement to carry them out.

13.2.1.2 Restrictions on the ownership and corporate governance of companies operating clinical laboratories

French regulation imposes restrictions on the ownership and corporate governance structure of companies operating a clinical laboratory. These restrictions reflect the traditionally held view in France that laboratories should be operated by small, privately run professional practices.

Almost all of our clinical laboratories in France are operated by SELASs (*société d'exercice libéral par actions simplifiée*), which are a specific category of SELs. This kind of company is governed, in particular, by the following principles:

- a SEL, as any company operating a clinical laboratory, shall be registered on the national register of the *Ordre des médecins* and/or the *Ordre des pharmaciens*;
- a SEL can only be run by laboratory doctors who are shareholders of that SEL and who practice within that SEL; a laboratory doctor can run only one SEL;
- more than half of the share capital and voting rights of a SEL must be held, directly or indirectly (through specific companies), by laboratory doctors practicing within that SEL pursuant to article L. 6223-8 of the French Public Health Code that refers to Law no. 90-1258 of December 31, 1990, on SELs.

The remaining shares and voting rights may be held by professionals practicing the same profession, which may be either natural persons (i.e., laboratory doctors who do not practice within the SELs) or legal entities (i.e., companies operating clinical laboratories).

SELs laboratory doctors that had a different capital ownership structure when the Law of May 30, 2013 was promulgated benefit from a grandfathering exception that allows them to keep their existing structure, so that laboratory doctors who do not practice within these SELs and companies that operate clinical laboratories can continue to hold a majority stake in their share capital (but not in their voting rights). The law gives the laboratory doctors practicing within the SELs who qualify for this exception a priority right should shares of the SEL in which they practice be put up for sale. If the laboratory doctors practicing within the SEL have not expressed their willingness to acquire the transferred shares by the end of a period of two months following a notification sent to them, such shares can be proposed to professionals practicing the same profession (natural persons or legal entities) and to natural persons or legal entities that are neither laboratory doctors nor laboratory companies (within the limit of 25% of the share capital, as mentioned below).

The competent administrative authorities could interpret this regime as preventing some forms of restructuring, such as those involving a universal transfer of all assets where the acquired SEL is not covered by the grandfathering exception. Such interpretation, which seems to be the one adopted by the French Ministry of Social Affairs and Health, some ARSs and some trade unions, may make some forms of restructuring of SELs of laboratory doctors within the SYNLAB Group, or other mergers with SELs outside the SYNLAB Group, more complex or prevent them outright. Nevertheless, it is market practice for SELs covered by the grandfathering exception to absorb SELs that are not covered by it and to consider that, as a result, the combined entity resulting from the merger keeps benefiting from the grandfathering exception. In an opinion dated April 4, 2019, the French Competition Authority confirmed that "a structure covered by the grandfathering exception may absorb a non-derogatory SEL, as a result of a merger, thus allowing all existing derogatory structures to expand their chain of laboratories. A SEL which is absorbed by another is dissolved and integrated into the absorbing SEL, which results in the loss of its derogatory or non-derogatory status."

In cases where a laboratory SEL fails to comply with the capital and voting rights of the Law of December 31, 1990, the laboratory SEL must ensure its compliance within one year. Failing this, any interested party may ask the tribunal for the dissolution of the laboratory SEL. The tribunal may grant a maximum six-month delay to allow the laboratory SEL to meet the requirements for compliance.

Law no. 90-1258 of December 31, 1990, on SELs was modified by Law no. 2015-990 of August 6, 2015, on growth and activity (the "**Macron Law**"). The purpose of the Macron Law was to modify the limitations of capital ownership and corporate governance of SELs other than clinical laboratory SELs (i.e., SELs of technicians and lawyers). However, the Macron Law also created ambiguities on the regime governing clinical laboratory SELs because it added the paragraph 5.I. B, 6° of the Law of December 31, 1990, providing that the shares of a SEL that are not held by laboratory doctors working within the SEL may be held, apart notably from professionals practicing the same profession, by a laboratory company established in a member State of the European Union "*that complies, directly or indirectly through another intermediary legal entity, with the requirements on holding of capital and voting rights provided by this Law*." It cannot be excluded that this provision may be interpreted as prohibiting a corporate structuring, as the one developed by SYNLAB, where the majority of the share capital of the French SELs is held through European laboratory companies, if it is not demonstrated that these European laboratory companies comply with the restrictions provided by French Law. The practical implications of this piece of legislation remain unclear, but it could be considered, notably, that this new provision should not apply to the SELs covered by the grandfathering exception, as is the case for SYNLAB. In the absence of a position from the administrative authorities or the judge (this argument was raised by the *Syndicat des biologistes* in the course of legal proceedings before the administrative court of Bordeaux, but only as an element of context and the ruling does not cover this point), the potential impact of the Macron Law on the current corporate structure of laboratory groups in France, including SYNLAB, remains undetermined.

- natural persons or legal entities that are neither laboratory doctors, nor laboratory companies, cannot directly hold more than 25% of the share capital of a SELAS (this limit was confirmed by a decision of the European Court of Justice on 16 December 2010 (case C-89/09), discussed below);

- finally, to prevent any conflict of interest, Article L. 6223-5 of the French Public Health Code forbids the following persons, on the basis of their activities or their relations with certain activities in the medical or paramedical sector (the "prohibited investors"), from making any direct or indirect investment in the share capital of a company operating a French clinical laboratory:

  (i) any individual or legal person qualifying as a health professional (other than laboratory doctors), or operating as provider, distributor or manufacturer of medical devices or in vitro medical diagnostic devices, or operating as a private healthcare institution or as a social or medico-social private law institution, or operating as an insurance or capitalization company or as a welfare, retirement or mandatory or elective social security institution;

  (ii) any individual or legal persons holding 10% or more of the share capital of a company which provides, distributes or manufactures medical devices or in vitro medical diagnostic devices, or which operates as an insurance or capitalization company or as a, welfare, retirement or mandatory or elective social security institution; and

  (iii) any individual or legal persons holding a stake of a health professionals' company which is authorized to take samples under the conditions mentioned under Article L. 6211-13 of the French Public Health Code and which does not meet the conditions of chapter II title I *livre* II "Clinical testing" of part 6 of the legislative part of the French Public Health Code.

It should also be noted that Law no. 90-1258 of December 31, 1990, on SELs enables public authorities to issue decrees, reviewed for legality by the *Conseil d'Etat*, preventing a SEL or an entity operating a clinical laboratory from holding a majority interest in another SEL, and restricting the number of SELs in which a person or a legal entity (practicing as a professional or being a nonprofessional third party) can directly or indirectly hold a stake. Nonetheless, as regards the first of these restrictions, it is probable that the government cannot impose such a restriction with respect to SELs of laboratory doctors insofar as the Law of May 30, 2013 has already made it compulsory for laboratory doctors practicing in a SEL to hold a majority stake in its share capital, while setting out a system of grandfathering exception. As regards the second restriction, the European Court of Justice has already ruled that limiting the number of SELs in which a laboratory doctor or an entity operating a clinical laboratory can be a shareholder to two violates Article 43 on the freedom of establishment of the Treaty Establishing the European Community, as discussed further below.

Certain aspects of this legal regime were examined by the European Court of Justice. In March 2009, the European Commission launched a procedure against France to challenge two provisions of French law. First, the European Commission argued that the 25% limit set on the share capital interests which can be held by non-professional third parties was an unfounded restriction of the freedom of establishment provided for in the Treaty Establishing the European Community. Second, as mentioned above, the European Commission criticized as overly restrictive the rule under which certain legal or natural persons may not own shares in more than two SELs. In its decision dated December 16, 2010, the European Court of Justice found in favor of France on the first issue, holding that this limitation was reasonable in view of the state's legitimate public health and safety concerns. The Court noted the threat to independence that might arise from financial pressures placed on laboratory doctors by third-party investors. It argued that a Member State could validly draw the conclusion that the professional independence of laboratory doctors would not be adequately protected in structures where such professionals would hold only a minority interest in the share capital, regardless of whether they were granted majority voting rights. The Court found against France on the second issue, however, holding that the ownership restriction placed by existing regulations on qualified professionals was inadequate and disproportionate with respect to the public health objectives sought to be achieved. Acknowledging the decision of the European Court of Justice, France repealed the regulatory provision in question in decree no. 2013-117 of February 5, 2013.

13.2.1.3 Rules governing anatomical pathology laboratories

Lastly, it should be noted that SELs that operate anatomical pathology laboratories are medical doctors' SELs, and therefore subject to substantially similar rules to those applicable to the SELs which operate clinical laboratories. In particular, the restrictions on ownership and corporate governance structure are relatively similar. In this respect, it is noteworthy that in order to prevent any conflict of interest, any equity interest (whether direct or indirect) in SELs that operate anatomical pathology laboratories is also prohibited for various categories of natural persons and legal entities, because of their business or their relations with certain operations in the medical or paramedical sector. This prohibition includes laboratory doctors and companies operating clinical laboratories. To comply with this regulation, we have set up a corporate structure that enables us to hold SELs that operate anatomical pathology laboratories through some of our subsidiaries that are not affected by this prohibition.

13.2.2 Impact of Regulations Applicable to Our Corporate Structure

Our French subsidiaries that operate clinical laboratories (in the form of SELAS) are held directly and indirectly through an Italian laboratory company, and our foreign subsidiaries are held indirectly through several national holding companies and other laboratory companies.

In France, as described above, ownership of the share capital and voting rights of SELs operating clinical laboratories and their corporate governance structure are highly regulated. In particular, the majority of voting rights of the SELs must be held by laboratory doctors practicing within these SELs.

In order to comply with this regulation, we have put in place:

(i) a corporate structure under which we holds about 99.9% of the share capital of the SELs benefiting from the grandfathering exception under the Law of May 30, 2013, described above, directly or indirectly through Istituto il Baluardo S.p.A. (an Italian subsidiary), while some of the laboratory doctors practicing in these SELs hold the remaining shares; and

(ii) the articles of association (*statuts*) of all of our SELs grant the majority of voting rights at all shareholders' general meetings to laboratory doctors who are shareholders in the SELs in which they practice.

We can no longer use this approach (which applies, at the date of this Prospectus, to the majority of our SELs) for most of our acquisitions implemented as from the enactment of the Law of May 30, 2013, which has made it mandatory for more than 50% of the share capital (in addition to 50% of voting rights) of a SEL of laboratory doctors to be held by the laboratory doctors practicing in the SEL.

We have therefore set up an alternative structure, based on issuing preferred shares within the SYNLAB Group, in order to make acquisitions in compliance with the regulation, while enabling us to hold virtually all the economic rights in the acquired SELs and to exercise control over them. Therefore, in all cases, we hold virtually all of the economic rights in the SELs and control them under corporate governance, contractual and organizational structures, in compliance with French regulation. Accordingly, we fully consolidate these SELs in our financial statements.

13.2.3 Impact of the Regulation on the Corporate Governance of the SELs

The laboratory doctors from whom we acquire SELs (whether such SELs benefit from the grandfathering exception or not) or clinical laboratories who decide to stay in the SYNLAB Group, continue to run the SELs on a day-to-day basis but are contractually bound to comply with our policies and standards in terms of reporting, and in particular with respect to financial and accounting information, financing and centralized cash pooling, budgeting and, insofar as compatible with the French regulatory framework, management of the SEL.

In order to improve the coordination of operations in our clinical laboratories and consolidate our network, we have set up a resource sharing structure in the form of a French GIE (*Groupement d'intérêt économique*), SYNLAB Gestion, which encompasses all of our existing French laboratory

companies and some of its foreign companies, including SYNLAB Diagnósticos Globales, S.A., SYNLAB Belgium SRL (a Belgian laboratory company) and Istituto il Baluardo S.p.A. (one of the Italian laboratory companies). The GIE provides administrative support for the clinical laboratories of its members, in particular in relation to purchasing, quality management, legal affairs, information technology, scientific communication and human resources. The GIE is managed by SYNLAB Holding France as its sole director, appointed by a qualified (i.e., three-quarters majority) vote of the GIE's members. The GIE's activities are financed by its members through contributions of an amount set every year for each member by SYNLAB Holding France as sole director, based on, *inter alia*, the member's financial capacity, number of employees and level of utilization of the GIE's services. SYNLAB Holding France as sole director appoints the other executive officers of the GIE, including regional managers within France, and country managers outside of France, who act as agents of the GIE with respect to its members in their geographical area.

In strict compliance with French regulations governing clinical laboratories, in 2014 we began to set up a new corporate governance, contractual and organizational structure for our French SEL subsidiaries, giving us control over them. As of the date of this Prospectus, these new corporate governance arrangements have not yet been implemented in all of our SELs, although a significant percentage of our SELs have adopted these new corporate governance arrangements. We do not expect the percentage of our SELs that have adopted the new corporate governance arrangements to increase significantly in the near future.

This structure is based on a set of standard agreements (the "Operating Rules"), including:

- articles of association (*statuts*), (which set out in particular that barring a contrary decision voted in by a qualified majority of shareholders, all the distributable income of the SEL must be allocated to dividend payments for every financial year);
- a shareholders' agreement (governing all the corporate governance arrangements specific to the SEL);
- a private practice agreement (which is individualized to define each laboratory doctor's specific contractual commitments);
- the internal rules (*règlement intérieur*) (governing the daily organization of laboratory doctors within the SELs); and
- a charter of management board members (governing the manner in which the SEL's management board operates).

These Operating Rules give us the power to control the SELs' strategic and financial operations (which may be qualified as *de facto* control where necessary), while strictly complying with the regulation requiring that the laboratory doctors who practice in a SEL (the *associés professionnels internes* or APIs) hold the majority of the voting rights (50.01%) of such a SEL.

Furthermore, shareholders' agreements entered into with the APIs define the commitments that the APIs accept, including an obligation to sell their shares in the SEL, a firm and definitive acceptance of the constraints related to our financing, and a commitment to fully participate in our development and restructuring. Thus, shareholders' agreements facilitate in advance the restructurings that would be put in place (in particular, through the issuance or conversion of existing shares to preferred shares (*actions de préférence*) and changes to the voting majority rules in the general meetings) in case of a change in the regulations applicable to SELs regarding the holding of share capital or voting rights.

We exercise exclusive control over the day-to-day management of the SELs through Strategy Committees (*Comités Stratégiques*) that are set up pursuant to the shareholders' agreements. The control exercised by our French entities relies on corporate governance mechanisms and contractual agreements, qualified by us as *de facto* control. These Strategy Committees take strategic and financial decisions by a simple majority vote and are composed equally of the APIs who are members of the SELs' management boards (which are generally composed of three members) and representatives of the SYNLAB Group (in equivalent number). Given the

contractual commitments accepted by the API parties to the shareholders' agreements, including the commitment of loyal adherence to our legal organization, which includes membership of GIE SYNLAB Gestion and utilization of our central support services (e.g., accounting, finance and legal services, purchasing, IT, human resources, scientific information and quality control), decisions proposed by us are intended to be adopted by consensus, with a favorable vote from the APIs who are members of the Strategy Committee.

We note that the shareholders' agreements expressly provide that the commitments accepted by the APIs shall in no way affect their professional independence and that we expressly undertake not to intervene in the regulated clinical laboratory activities exercised under the sole responsibility of the APIs. We therefore do not, and will never, intervene in the SELs' purely medical practice, which is under the sole responsibility of the laboratory doctors.

In case of a deadlock, which should be analyzed for the sole purpose of justifying our exclusive control described above and therefore full consolidation under IFRS, we may use the following mechanisms of the Operating Rules, where applicable, to exercise control.

- We will always have the right to remove *ad nutum* an API from the Strategy Committee of a SEL and appoint one of the other laboratory doctors in the SEL as a replacement (a medium-sized SEL typically has approximately ten laboratory doctors), who would be favorable to the decision to be adopted pursuant to the Operating Rules.

- If this mechanism is insufficient, for example in the event of a block opposition from all the laboratory doctors in the SEL, we will always have the right to appoint a Group laboratory doctor from outside the SEL. This laboratory doctor would then be appointed an API and member of the Strategy Committee of the SEL under the first mechanism described above.

- Lastly, in an extreme case of deadlock, we will always have the right to have the strategic and financial decisions reviewed and adopted by the general meeting of SEL shareholders. In accordance with the first two mechanisms above, we would begin by appointing a Group laboratory doctor to the SEL, then transfer him or her a few shares to enable that person to exercise some of the votes allocated to the API, which, combined with our voting rights (exercised by the parent SEL(s)) would together give them a majority within the SEL and, therefore, exclusive control over it. This would be possible as, within each category of shareholders (on the one hand the APIs, collectively holding 50.01% of the voting rights and, on the other, the SYNLAB Group, holding 49.99% of the voting rights), the split of voting rights is proportional to the share capital held by each shareholder.

The laboratory doctor appointed in accordance with the above mechanisms, qualified as an "aligned" biologist for the purposes of IFRS 10 (*Consolidated Financial Statements*) (referring to the concept of agent versus principal), can be considered as taking decisions compliant with those of the SYNLAB Group as he himself would be a member of the SYNLAB Group's management and aligned to the SYNLAB Group's interests, given his involvement in the SYNLAB Group.

The mechanism for transferring shares to the laboratory doctor appointed by us could be a loan of shares, but other mechanisms could also be considered (e.g., a simple sale of shares).

We are not in a position to assess whether this mechanism for ending a deadlock situation would consist of any infringement of the principle of professional independence by the laboratory doctor receiving the share transfer. We are nevertheless of the view that, as he or she would become a signatory to the relevant shareholders' agreement guaranteeing total independence in the exercise of his or her medical practice, which is not an element indicative of control, this should be mitigating the risk of noncompliance. The incoming laboratory doctor would only have to take a position on subjects already explicitly set out in the corporate governance documentation summarized above.

Again, in accordance with the regulation, the documentation underlying the legal and organizational structure is systematically sent to the supervisory authorities (professional *Ordres* and competent ARS) when adopted by a SEL. The supervisory authorities ensure that the operation of the clinical laboratories complies with the regulations, and the professional *Ordres* ensure that

it complies with the applicable ethical rules. To date, none of the Operating Rules as summarized above has been challenged in any way by the supervisory authorities.

Lastly, it should be noted in this respect that certain other legal organizational methods adopted in the past by our SELs were criticized and sanctioned by the Governing Board of the *Ordre des pharmaciens*. We contested these sanctions and filed a complaint with the European Commission in 2007. It is mainly on this ground that the European Commission found that the *Ordre des pharmaciens* had sought to prevent the development of laboratory groups in the French market, in violation of European Union rules on collusion and restrictive commercial practices, and ordered it to pay a very substantial fine in December 2010. This ruling was confirmed by a decision of the European Court of Justice on December 10, 2014. On March 5, 2015, the *Conseil Central de la Section G*, which is the body of the *Ordre des pharmaciens* responsible for clinical testing, closed several disciplinary cases against us during an administrative session without taking any further action. The closing of these cases results from a withdrawal of the complaints filed by its president against our medical doctors and SELs. Even though these withdrawals were not motivated by any external action, they are probably the result of the decision of the *Ordre des Pharmaciens* to not appeal its conviction by the European General Court. We had introduced an action against the *Ordre des Pharmaciens* before the administrative tribunal of Paris to ask for compensation for the prejudice suffered as a result of the anti-competitive practices of the *Ordre des Pharmaciens* that were criticized by the European Commission. A transaction protocol was signed with the *Ordre des Pharmaciens* and the *Conseil Central de la Section G* on December 26, 2017, allowing us to put the action introduced before the administrative tribunal of Paris to an end.

This specific legal and organizational structure that we currently use, as well as the arrangements described above, entail certain risks. See section 1.7.3 (*Risk Factors—Risks Related to the Legal and Regulatory Environment—The French regulatory environment in which we operate is particularly stringent, especially in relation to ownership and corporate structure of SELs (Société d'Exercice Liberal), particularly those operating clinical laboratories. If regulators were to successfully challenge our existing legal structure, this could have a material adverse impact on our activities*).

13.3 Germany

13.3.1 Laboratory Diagnostics

In Germany, the health insurance system distinguishes between statutory health insurance (*Gesetzliche Krankenversicherung*, "**SHI**") and the private health insurance (Private Krankenversicherung, "**PHI**"). Approximately 90% of the German population is covered by SHI. The following discussion focuses on our services for SHI patients and SHI reimbursement.

Outpatient medical services, including clinical laboratory testing services, to patients insured through SHI must be provided either by physicians who are licensed by administrative order (*Vertragsärzte*) or by certain non-physician service providers who are licensed by contract with the respective patient's SHI fund. The services must be conducted under the personal supervision and control of such qualified specialists (*Prinzip der persönlichen Leistungserbringung*). Hospitals may also provide outpatient laboratory testing services in certain specialized areas such as oncology, in which case hospital-specific regulations and tariffs apply.

We provide our laboratory testing services primarily by medical care centers (*Medizinische Versorgungszentren*, "**MVZ**") employing qualified physicians. Alternatively, laboratory work may be provided through independent (*freiberuflich*) office-based physicians, working as sole practitioners or in collaboration with other qualified physicians. In addition, clinical laboratory services providers can enter into outsourcing or other cooperation agreements to provide clinical laboratory services to hospitals.

To obtain SHI admission (*vertragsärztliche Zulassung*) and to thereby provide medical services to patients insured under the SHI scheme, MVZs have to meet certain specific eligibility requirements:

- Under the previous law, each MVZ is required to offer multidisciplinary services (*fachübergreifende Tätigkeit*), which de facto requires the presence of at least two

physicians with different areas of specialization at the same site. Relevant case law suggested that two part-time physicians working at least 20 hours per week with different areas of specialization may suffice. Pursuant to a bill which entered into force on July 23, 2015, the operation of an MVZ no longer requires multidisciplinary services. Under the new regulation, MVZs may be founded and continued with at least two physicians who may practice in the same discipline.

- As it is usually the case, our physicians are employees of the MVZ, however, the law also allows them to maintain their status as SHI physicians. The employment of a physician at the MVZ must be approved by way of an administrative order issued by the licensing committee.

- A qualified and licensed SHI physician who works at the MVZ must be free in his medical decision and observe the requirement of personal service provision (*Gebot der persönlichen Leistungserbringung*). The articles of association of each MVZ operating company must specify that shareholders may not instruct physicians acting in their medical capacity.

- MVZs licensed in or after 2012 must be organized in the legal forms of a partnership: a general partnership under German civil law (GbR), a registered partnership (*Partnerschaftsgesellschaft*), a registered cooperative (*eingetragene Genossenschaft*), or a limited liability company (GmbH). MVZs that obtained their license before 2012 benefit from a grandfathering provision pursuant to sec. 95 para 1a of the Social Security Code V (*Sozialgesetzbuch Fünftes Buch*, "**SGB V**"). The grandfathering rule only refers to the status quo of the MVZ (i.e., the legal form and shareholder structure of a MVZ may only be amended into a legal form and shareholder structure which is permissible under the new law).

- For several of our MVZs, such grandfathering provisions apply. This concerns MVZs established under the former legal regime as direct subsidiaries of the holding company. In contrast, MVZs that are directly held by Steinlach-Klinik GmbH, which is the owner of a contract hospital (*Krankenhaus mit Versorgungsvertrag*), are governed by the current regulations.

- Since 2012, MVZs may only be founded and their shares held by, among others, SHI-authorized physicians, SHI-authorized hospitals, licensed non-physician dialysis service providers and non-profit providers already licensed to provide services to publicly insured patients. Since 2019, networks of physicians and municipalities are also authorized to form an MVZ.

- Prior to 2012, any healthcare service provider licensed to provide services to SHI patients was entitled to establish an MVZ entity. Investors that did not qualify as a healthcare services provider were able to indirectly establish and operate an MVZ (e.g., by acting through non-physician dialysis healthcare service providers), which are not limited by similar ownership restrictions. For MVZs licensed prior to 2012, the grandfathering provision under sec. 95 para 1a SGB V is also applicable. Grandfathering protection ceases after six months if new shareholders participate in the MVZ entity that would have not been permitted as shareholders prior to 2012 (sec. 95 para 6 SGB V).

- Since May 2019, providers of non-physician dialysis services are only allowed to set up an MVZ operating in the same area of medical specialization. However, MVZs established by non-physician dialysis service providers existing and authorized before May 11, 2019 enjoy grandfathering.

- Shareholders of an MVZ operating in the legal form of a GmbH must provide a directly enforceable guarantee (*selbstschuldnerische Bürgschaft*) for potential claims of the SHI physicians' associations (*kassenärztliche Vereinigungen*) and SHI funds against the MVZ entity relating to the MVZ's operation as a SHI healthcare provider. The obligations of the guarantor are strictly accessory to the obligations of the MVZ as principal debtor and are not subject to priority claims by the beneficiaries of these guarantees.

We believe that all German MVZs we own have obtained the relevant admissions.

The admission of outpatient medical service providers for SHI services is generally, depending on the respective medical field, subject to capacity planning (*Bedarfsplanung*) on a state-by-state basis, which means that admission is restricted in certain areas of medical specialization. Under this scheme, which was subject to significant amendments in 2013, SHI admission in restricted areas, whether through individual practice or as an employee in an MVZ, is only granted if the applicant already holds a planned position (*Kassenarztsitz*, or *Arztstelle* in a MVZ) in that state or takes over the practice of physician who holds an existing planned position. The replacement of a planned position generally requires a formal public procurement proceeding prior to the transfer of a planned position to another physician. For an MVZ, additional rules apply. An MVZ may generally be allowed to replace an employed doctor who leaves the MVZ; however, when a physician in individual practice abandons his or her planned position to work in an MVZ, the licensing committee has to consent to such employment. While previously exempted, laboratory specialists also became subject to capacity planning in 2013.

In the outpatient sector, different price and compensation levels exist under the SHI and PHI systems. In the SHI system, a uniform assessment standard *Einheitlicher Bewertungsmaßstab*, ("**EBM**") for compensation of medical services has been established at the federal level. The EBM is mandatory in the SHI scheme and the fees for lab services are laid down in chapter 32. Payments are distributed and effected at the state level by state associations of SHI physicians (*kassenärztliche Vereinigungen*). The distribution system has undergone some changes during the last years. In the second half of 2012, the German Federal Association of Statutory Health Insurance Physicians (*Kassenärztliche Bundesvereinigung*, or national KV) implemented a central federal quota (i.e., a capped percentage of the scheduled EBM fees) for laboratory tests. Contrary to the former system, whereby quotas on scheduled compensations were managed at the regional level, under the new national EBM funding structure quotas were calculated nationwide and in advance for each quarter with the general objective of limiting the recent significant increase in laboratory testing expenses in Germany. The quota for the fourth quarter of 2012 was 95.4%. It decreased for the first quarter of 2013 to 89.2%. The quota in 2015 was 91.58% and it remained unchanged for 2016. The quota system has been modified again by a new laboratory reform act which entered into force in April 2018. Under the new law, quota will be calculated again at a regional level by the regional state associations of SHI physicians. However, such regional quota shall not underrun a minimum quota of 89%. The same applies to the modified calculation of the bonus for cost-efficient treatments which shall equally not fall below 89%. However, future tariff reductions cannot be excluded.

There has already been a decision by the Federal Social Court (*Bundessozialgericht*) that confirmed the permissibility of introducing quotas into the reimbursement system for laboratory services.

In the PHI system, a binding scale of fees for physicians (*Gebührenordnung für Ärzte*, "**GOÄ**") has been enacted by the Federal Ministry of Health. An amendment to the over 30 years old tariff system is aimed to be implemented in the current legislative period.

Special contracts (*Selektivverträge*) between SHI funds and clinical laboratories are permitted in the German clinical laboratory services market, and lower prices may be agreed in exchange for volume guarantees. Prices for services provided to hospitals by clinical laboratory services operators under outsourcing or other cooperation contracts are subject to negotiation or public procurement and are not directly regulated.

13.3.2 Environmental Testing and Analysis

Environmental testing orders are placed following a procurement procedure or following a direct order of private customers. Our service providers are licensed to the extent applicable, and, except for the location in Freiburg, all locations are also accredited according to DIN EN ISO 17025.

The locations are qualified by a number of diverse European, federal and state authorizations and notifications, depending on the operations carried out at the respective laboratory. For example, under sec. 15 para 4 s. 2 of the Drinking Water Ordinance (*Trinkwasserverordnung*), certain examinations may be conducted by approved bodies. Certain of our locations are acknowledged as investigative bodies for waste industry under the law of the states as applicable as well as

investigative bodies pursuant to sec. 18 of the Federal Soil Protection Act (*Bundesbodenschutzgesetz*). In addition, certain of our locations hold permits for testing and analyzing sewage for the self-control of waste water facilities and the waste water discharge required under the law of Saxony.

13.3.3 Diagnostics

Pursuant to sec. 44 of the German Infection Protection Act (*Infektionsschutzgesetz*, "**IFSG**"), *inter alia*, the treatment of pathogenic agents requires permission by the competent authority, which may be denied if the applicant does not have sufficient expert knowledge or is found to be unreliable. The same is true for the treatment of epizootic pathogens under the Regulation on Epizootic Pathogens (*Tierseuchenerreger-Verordnung*).

Except for the site in Leverkusen, the permissions under the Regulation on Epizootic Pathogens (*Tierseuchenerreger-Verordnung*) have been granted to the full extent. The permission for the Leverkusen site is expected to be granted soon.

13.4 Italy

The Italian healthcare system has been reformed taking into account the need of ensuring cost efficiency in relation to enhancement of qualitative level of healthcare services, while also considering the peculiarity of the regions involved. The most important regulation is that set forth in Legislative Decree December 30, 1992, no. 502, modified by Legislative Decree December 7, 1993, no. 517 (the "**Healthcare Legislative Decree**").

The Italian healthcare system is decentralized and entails a strong involvement of regions.

In particular, the state is the one responsible for providing guidelines as to the functioning of the whole systems, establishing the goals to be attained by regions. Such goals are reflected in the National Healthcare Plan (*Piano Sanitario Nazionale*), which lays out, *inter alia*, the minimal levels of healthcare assistance to be granted to the population for a three-year term. The regions administer powers entrusted by national and regional laws implement the National Healthcare Plan by adopting or implementing specific regional healthcare plans and providing regulations as to the delivery of health services and establishing criteria for allocating healthcare budgets, taking into account the needs and peculiarities of local territorial entities. As to these latter entities, provinces oversee enacting hygiene, environmental and preventive measures on the relevant territory. Municipalities are mainly dedicated to administrative functions.

Decisions in the public sector are enacted on both a national and regional basis level (in Italian: *competenza concorrente*, shared competence, pursuant to art. 117 of the Italian Constitution). National laws and regulations provide a general framework for healthcare policy and regional healthcare budgets. They also set indicative prices for diagnostic services tests. Each region must implement regional healthcare system in compliance with the national legal framework and is responsible for its own annual healthcare budget and for allocating funds to regional health authorities. In turn, regional health authorities allocate funds to both public healthcare facilities and the private facilities meeting the requirements described below.

To operate in the public healthcare system and receive financings and reimbursements from public authorities, both public and private healthcare facilities must: (i) obtain authorization from the competent local authority—municipality or province or region, depending upon the region involved—(under article 8-ter of the Healthcare Legislative Decree); (ii) obtain accreditation from the competent authority for each healthcare facility (which, depending on the regional legislation, may be issued by either the region or the regional health authority); (iii) enter into agreements with the regional health authorities for the number and type of services that each facility can provide; (iv) meet certain requirements and standards related to laboratory infrastructure, management and personnel training. Maintaining the agreements with the public authorities is likely to become more difficult in the future since it could be requested that the health structure carry out a minimum number of tests per year.

The Healthcare Legislative Decree regulates also the procedures to be complied with as to the authorization requests, the accreditation, the execution of the agreement and the thresholds for the

reimbursement for healthcare. While the authorization is the measure by which private and public health facilities are granted with the possibility of providing healthcare services in Italy, the accreditation acknowledged those facilities, that have been previously authorized, as providers within and on behalf of the national or regional health service, allowing them with the possibility to enter into agreements and have access to healthcare services budget.

Given the recent COVID-19 pandemic emergency, however, the Italian Government approved certain extraordinary measures by way of derogation to the Healthcare Legislative Decree to enhance healthcare services, to simplify the procedure for the execution of the agreement and to expand the thresholds for the reimbursement. These extraordinary measures will be in force for the period of the COVID-19 pandemic emergency (so far, as established by Italian Government Decision dated January 31, 2020, until April 30, 2021, unless an additional prorogation will occur). Further funds have been allocated for the increase in tariffs sustained by organizations and private healthcare facilities providing treatment for COVID-19 patients. In certain regions (e.g., Lombardy), extra budgets have been allowed both in direct forms, by entering into ad-hoc agreements to cope with the emergency, and indirect forms, by waiving to the application of the mechanism called "tariff regression" (*regressione tariffaria*).

In certain regions new accreditations are currently limited, therefore new providers currently cannot enter into agreements with regional healthcare authorities and new facilities cannot be opened (e.g., in Lombardy, Sampling Centers may only be relocated, and new centers cannot be opened). Anyway, already authorized private operators can open new facilities and operate as non-accredited laboratories with the public healthcare system. Generally, such administrative authorization is granted to private individuals or the company, duly represented, that own non-accredited laboratory. Any change of ownership of a non-accredited laboratory must be notified to the region and requires the new owner to obtain administrative authorization to operate. Same applies to accredited healthcare facilities.

Italian laws and regulations provide specifically for data protection requirements in connection with genetic testing, including requirements for security measures (e.g., certified e-mails and coding, biometrical tools compliant with the applicable regulation), detailed information about the scope and purposes of the genetic tests, and genetic counseling and whenever possible genetic data shall process through encryption and pseudonymization procedures. Furthermore, for the safekeeping and security of genetic data, a dedicated procedure for identifying access to the premises of persons authorized to process personal data must be adopted and a person responsible to monitor access should be appointed. In addition to that, private and public healthcare facilities must nevertheless comply with the general data protection regulation.

Public and private healthcare facilities, including clinical laboratories, are generally subject to the following requirements: (i) adequacy of personnel in respect of the activity; (ii) specific professional qualifications of managers and certain other staff members (e.g., the chief medical officer (*direttore sanitario*) must be a qualified doctor and a member of the relevant professional association of doctors); (iii) technical, structural and operational conditions must be met; and (iv) providing that requirements are met, legal entities or natural persons operating the facilities must receive authorization from the relevant regional health authority.

Laboratories are also subject to specific environmental and hazardous waste management regulations (*inter alia* Legislative Decree no. 152/2006 the "**Italian Environmental Code**"). Failure to comply with such regulatory framework may result in administrative and criminal liability, including monetary fines, full or partial suspension of the operation, obligation to compensate damages and clean up obligations. In this respect, COVID-19-related legislation (Italian Law Decree no. 23/2020) provided facilitation to manage medical waste in public and private health facilities whether subject to a specific sterilization process.

Private clinical laboratory operators can self-certify that all requirements are met by filing a declaration of commencement of activity (e.g., Certified declaration of commencement of activity (*Segnalazione Certificata di Inizio Attivita*)) with the local regional health authority, so as the regional health authority verifies the accuracy of the information provided in such declaration of commencement of activity. In addition to that, as mentioned above, clinical laboratories that intend to operate in the public healthcare system must obtain accreditation by enrolling in the register of accredited facilities and being entitled to enter into agreements with the regional health authorities.

Even though most of the regions do not restrict or limit the ownership of laboratories, some of them (e.g., Campania, Latium, Abruzzo and Liguria) started a reorganization of the private accredited laboratories based, *inter alia*, on the introduction of a minimum test volume threshold (in Italian: *soglia minima di efficienza*) to be performed by private accredited laboratories or by aggregations of private accredited laboratories. A hub-and-spoke system is to be implemented among public laboratories, to which accredited healthcare facilities can participate, depending on what set forth by the relevant region. Additionally, the types and target numbers of tests per laboratory have been defined. The reorganization of the private accredited laboratories is based, *inter alia*, on the introduction of a minimum test volume threshold to be performed by private accredited laboratories or by aggregations of private accredited laboratories.

The national healthcare system sets prices and reimbursement levels for patients. Prices applicable to both public and private healthcare facilities operating within the public healthcare system (*Servizio Sanitario Nazionale*) are set at a regional level by regional health authorities. Accordingly, different prices are applied by the various regions. Regional health authorities are also in charge of reimbursing healthcare facilities and are bound by the regulatory framework implemented by their region. Moreover, with respect to patients covered by private insurance, prices are set by an agreement between private insurance companies and healthcare facilities.

Health services advertising has been liberalized with regard to the operations of sole practitioners, professional associations of doctors and medical service providers established in the form of companies (including healthcare facilities, such as clinical laboratories). Advertising in medical services must comply with certain provisions of law, with deontological regulations and with the guidelines issued by medical professional associations. In addition to that, covert and deceptive advertising is always forbidden.

Fees applicable for clinical laboratory services are set up by specific provisions and public healthcare structures and contracting entities are generally required to launch public tender procedures (as provided under Legislative Decree no. 50/2016 as subsequently amended by Legislative Decree April 19, 2017, no. 56 and by Law December 27, 2019, no. 160, the "**Italian Code on Public Procurement**"), although specific derogations to public tender procedures are allowed. COVID-19-related legislation set forth specific rules for public tender proceedings during the COVID-19 emergency, aimed at accelerating the adjudication and to simplify the healthcare construction sector. In response to the COVID-19 pandemic, the Italian Government enacted Law Decree July 16, 2020, no. 76, which was subsequently converted into Law September 11, 2020, no. 120 (*Decreto Semplificazioni*, the "**Semplificazioni Decree**"). The Semplificazioni Decree introduced a number of measures dealing with the COVID-19 emergency and the consequent lockdown, and, among others, introduced dedicated measures regarding public tenders. In particular, the Semplificazioni Decree provided that during the COVID-19 emergency, the public authorities may enter into public contracts below specific thresholds, including the ones related to the healthcare sector, through the negotiated procedures without having to publish a tender notice. In addition, the Semplificazioni Decree provided that procedural deadlines for the award of tenders are reduced due to emergency reasons as well as the time limit for the submission of bids. Furthermore, additional exceptions and dedicated measures have been implemented in relation to specific sectors including healthcare, and, therefore, certain provisions of the Italian Code on Public Procurement may be derogated.

Italian Law Decree No. 21/2012 (as converted into law by Law no. 56/2012, and as subsequently amended and implemented through specific Law Decrees, Presidential Decrees and Decrees of the President of the Council of Ministers) grants to the Italian Government the power (the "Golden Power") to: (i) veto corporate resolutions concerning companies holding assets which are deemed to be of strategic importance ("**Strategic Assets**") and resulting in a change of ownership, control (potentially also in favor of an Italian entity) or purpose of such Strategic Assets, as well as transactions entailing the acquisition of control by non-EU and non-EEA entities over a company owning Strategic Assets, and (ii) impose conditions (and subsequently monitor compliance with such conditions) on any of the above corporate resolutions and transactions, in relation to the security of supplies and information, the transfer of technologies, and export controls. In the defense and national security sector, the Italian government can exercise its Golden Power irrespective of the nationality of the investor (it does not apply only in case of acquisitions made by the Italian State or by an Italian State-controlled entity) and with respect to investments resulting in the acquisition of any shareholding higher than 3% and, subsequently, 5%, 10%, 15%, 20%,

25%, and 50% in the company holding the relevant asset. The Golden Power can be exercised only if the relevant resolutions or transactions could result in a serious threat to the safety of the relevant Strategic Assets or to the essential interests of defense and national security, safety and operation of strategic networks and installations, continuity of supplies, and safety and public order. In particular, the veto power can be exercised only if the threat cannot be addressed by imposing conditions on the relevant resolution or transaction.

Resolutions and transactions falling within the scope of application of the Golden Power are subject to scrutiny by the Italian Government for the above mentioned purposes and, in relation thereto, companies and potential buyers have to file a specific application with the Italian Government, providing the latter with all information necessary for the Government to carry out its analysis. In particular, (i) corporate resolutions must be notified within ten business days from their adoption and, in any event, prior to their implementation; while (ii) the acquisition of a shareholding must be notified within ten calendar days from closing (in practice the notification is usually carried out between signing and closing, in order to obtain clearance before the transaction is completed). Upon receipt of the filing, a 45-day waiting period (which can be extended twice and for an aggregate period of up to 30 days, if additional information is deemed necessary by the Italian government on top of that already provided, the "**Waiting Period**") begins, during which the Italian Government analyses the relevant resolution or transaction and resolves as to whether to exercise or not the relevant Golden Power. In case the cooperation mechanism provided for under EU Regulation 2019/452 is triggered, the Waiting Period can be extended up to 115 calendar days in aggregate. If the Italian Government does not provide clearance or exercise its Golden Power before the expiry of the Waiting Period, the resolution or transaction is deemed to be cleared through the so called silent-consent mechanism. Until the Italian Government completes its review (or until the application is filed): (i) the relevant corporate resolution cannot be implemented, and (ii) the voting rights attached to the acquired shares are suspended. In case of non-compliances with the decision issued by the Italian Government or with the duty to file, (i) the relevant resolution is null and void, (ii) the relevant acquisition can be vetoed or made subject to conditions also post-closing, and (iii) the perpetrators can be subject to administrative fines up to two times the deal value and not less than 1% of the aggregate turnover (as per the last financial statements) of the involved entities. The scope of application of the Golden Power was originally limited to specific assets in the defense and national security, energy, transport and communications sectors. Such scope has been subsequently extended by Law Decree 105/2019, as converted into law by Law 133/2019 and subsequently amended, to broadband communication systems based on 5G technologies and to the sectors referred to in Article 4, Paragraph 1, letters a) and b) of EU Regulation 2019/452 (e.g., critical infrastructure such as health and data processing/storage and critical technologies, such as biotechnologies). Law Decree 23/2020 (part of the COVID-19 emergency related legislation, the "**New GP Law**"), as converted into law by Law 40/2020 and amended by Law 176/2020, further extended the scope of application of the Golden Power to the sectors referred to under Article 4, Paragraph 1, letters c) to e) of EU Regulation 2019/452, including the supply of critical inputs. In any sector included in the scope of application of the Golden Power other than defense and national security, only acquisitions made by non-EU entities, resulting in such entities acquiring control of the company owning the relevant asset, could be vetoed or conditioned.

Moreover, pursuant to the New GP Law, until June 30, 2021, the Golden Power can be exercised also with reference to: (i) acquisitions made by any EU entities that would result in their control of a company holding strategic assets in the sectors referred to above; and (ii) acquisitions made by any non-EU entities, that would result in such entities acquiring at least 10% of the share capital/voting rights in a company holding strategic assets in the sectors referred to above, as well as any further acquisitions that would result in such entities exceeding the 15%, 20%, 25%, and 50% thresholds of the share capital/voting rights. In addition, the New GP Law entitles the Italian Government to exercise its Golden Power also if a transaction or resolution is not notified to the Italian Government, and the latter becomes aware of it through public or private sources.

Moreover, the COVID-19-related legislation also introduced the role of an extraordinary commissioner (*Commissario Straordinario*), appointed in order to implement and coordinate all the measures required to contain the COVID-19 emergency. The Extraordinary Commissioner main powers include the following: (i) implementation and supervision of all the measures concerning the sanitary emergency, including the organization, acquisition and support of the production of any kind of instrumental goods useful to contain the emergency (among others the

acquisition and distribution of medicines, medical and personal protective equipment); (ii) reorganization of hospitals, in particular with respect to the intensive care wards; and (iii) adoption of any necessary measures (including the construction of new premises) to preserve and protect the production lines of goods relevant to combating and containing the COVID-19 emergency. Finally, the extraordinary commissioner cooperates with the regions and supports them in the exercise of their healthcare responsibilities and, at their request, can adopt necessary emergency measures.

Further powers were introduced by COVID-19-related legislation (Italian Law Decree no. 33/2020 converted and amended into Law July 14, 2020, no. 74 and further Prime Minister Decrees) providing that the extraordinary commissioner may execute specific protocols with distributors associations in order to settle maximum retail prices and economic relationships necessary to guarantee the supply and distribution of goods, including measures to restore operators of any difference with respect to the purchase prices. By means of specific orders, the extraordinary commissioner appointed the Presidents of regions as delegated commissioners (*Commissari Delegati*) for the local enforcement of measure according to COVID-19-related legislation.

13.5 United Kingdom

In the United Kingdom, there is no specific regulation related to the ownership of a company operating clinical laboratories. However, authorization to operate may be suspended if the CEO of a company providing services to the NHS fails the "fit and proper persons test." Since the implementation of a particular measure in April 2015, the Care Quality Commission has been able to apply findings of failure of the test more firmly against CEOs.

In order to run a clinical laboratory in the United Kingdom, several authorizations and accreditations are required. First, the company must register with the Care Quality Commission under the Health & Social Care Act 2008 as a service provider; it must also register the address of every one of its laboratories. If the company is already registered, it must apply to register any additional laboratories. Every laboratory must also have a sworn-in manager who supervises operations, quality, safety and compliance rules. The other key requirement is accreditation, delivered by UKAS. All British laboratories need to obtain this accreditation (see section *12.10* (*Business—Quality Standards*). Lastly, according to the type of operation involved, certain specific authorizations may be required. For example, an authorization from the Medicines and Healthcare Regulatory Agency (MHRA) is necessary for blood transfusions.

There are no specific regulations covering laboratory staff or defining a minimum number of qualified employees. Biomedical scientists must be registered with the Health and Care Professions Council (HCPC). With respect to accreditation by UKAS, the ratio of qualified to trainee laboratory technicians is a crucial criterion.

The adoption of the Health & Social Care Act 2012 started an overhaul of the organization of the NHS and the way in which budgets are allocated. This supports and facilitates agreements between the NHS and the private sector.

14. SHAREHOLDER INFORMATION

This section shows the shareholders of the Company that hold an interest in the Company's share capital and voting rights that would qualify as a notifiable interest within the meaning of Sections 33 et seq. of the German Securities *Trading Act (Wertpapierhandelsgesetz, "**WpHG**"), if these provisions were already applicable to the Company, as of the date of this Prospectus, immediately after the Contribution Capital Increase and immediately after the completion of the Offering.*

14.1 Factors Affecting the Presentation of Shareholdings

The shareholding information below showing holdings before and after the Offering, depends on various factors:

- Offer Price and percentage of shareholding: The percentage of each Existing Shareholder's holding in the Company immediately after the Contribution Capital Increase depends partially on the Offer Price because the share capital of SYNLAB Limited is divided into various share classes to which different rights are attached that will be reorganized into a single class of ordinary shares immediately prior to the Contribution. The proportional allocation of SYNLAB Limited ordinary shares to each Existing Shareholder in the reorganization, and consequently in the Company after the Contribution Capital Increase, will be partly determined by reference to the Offer Price and the valuation of the SYNLAB Group.

- Offer Price and number of New Shares: The final Offer Price determines the number of New Shares to be created pursuant to the IPO Capital Increase. The Company targets gross proceeds of €400 million, corresponding to 22,222,222, 19,512,195 or 17,391,304 New Shares at the low end, midpoint or high end of the Price Range, respectively;

- Upsize Option: The Selling Shareholders offer 27,500,000 Base Shareholder Shares in the Offering. However, based on market demand, the Institutional Shareholders have the option to sell an additional up to 12,430,555 Additional Shareholder Shares (the number of Additional Shareholder will amount to up to 25% of the placed Base Offer Shares), increasing the number of existing Shares placed; and

- Exercise and volume of the Greenshoe Shares: The number of Over-Allotment Shares depends on the final number of Base Offer Shares placed and on the exercise of the Upsize Option. The Over-Allotment Shares will be up to 15% of the aggregate number of Base Offer Shares and Additional Shareholder Shares placed in the Offering. If the Greenshoe Option is exercised in full, the Institutional Shareholders will sell 100% of the Over-Allotment Shares placed in the Offering.

14.2 Shareholders in the Company as of the Date of this Prospectus

Immediately prior to the Offering, 100.0% of the outstanding share capital of the Company is directly held by Ephios Luxembourg S.à r.l. As of the date of this Prospectus, the Company is indirectly controlled by Cinven (Luxco 1) S.A., the ultimate controlling shareholder of Ephios Luxembourg S.à r.l. within the

meaning of Section 33 et seq. WpHG (see note (2) to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*) for additional information).

14.3 Shareholders in the Company Immediately After the Contribution Capital Increase

The below table shows the shareholdings of the ultimate shareholders of the Company within the meaning of Sections 33 *et seq.* WpHG immediately following the Contribution Capital Increase assuming an Offer Price at the low end and the high end of the Price Range.

	Ownership immediately following Contribution Capital Increase (in %)[1]	
	Low end of the Price Range	***High end of the Price Range***
Ultimate Shareholder	*(% of Company's total shares)*	
Cinven (Luxco 1) S.A.[2][3]	55.7%	55.0%
Novo Nordisk Foundation[4]	21.7%	21.3%
Ontario Teachers' Pension Plan Board[5]	10.7%	10.5%
Dr. Bartl Wimmer[6]	6.0%	6.1%

(1) Describes direct and indirect shareholdings pursuant to Sections 33, 34 WpHG applicable upon Listing.

(2) Cinven (Luxco 1) S.A. is the ultimate controlling shareholder of the Company's direct shareholders Ephios Luxembourg S.à r.l., Ephios PV S.C.A. and Ephios PV II S.C.A. Ephios Luxembourg S.à r.l. directly holds 54.2% (low end of the Price Range) or 53.2% (high end of the Price Range) of the Company's total shares. Ephios Luxembourg S.à r.l. in turn is ultimately controlled by Cinven (Luxco 1) S.A. through Cinven Capital Management (V) General Partner Limited, Cinven Capital Management (V) Limited Partnership Incorporated and Fifth Cinven Fund (No. 1) Limited Partnership, Fifth Cinven Fund (No. 2) Limited Partnership, Fifth Cinven Fund (No. 3) Limited Partnership, Fifth Cinven Fund (No. 4) Limited Partnership, Fifth Cinven Fund (No. 5) Limited Partnership, Fifth Cinven Fund (No. 6) Limited Partnership (together referred to as the "Fifth Cinven Fund"). Ephios PV S.C.A. and Ephios PV II S.C.A. are controlled by Cinven (Luxco 1) S.A. through Cinven Capital Management (V) General Partner Limited, Cinven Capital Management (V) Limited Partnership Incorporated, Fifth Cinven Fund and Ephios PV G.P. S.à r.l. (the general partner of Ephios PV S.C.A. and Ephios PV II S.C.A.).

(3) Following the Contribution Capital Increase and prior to the completion of the Offering, Ephios PV II S.C.A. will dispose all of its shares in the Company to its shareholders including Ephios Luxembourg S.à r.l. Consequently, the shareholdings of Cinven (Luxco 1) S.A. upon the completion of the Offering do not include any shares in the Company directly held by Ephios PV II S.C.A. except for the shares in the Company transferred to Ephios Luxembourg S.à r.l.

(4) Novo Nordisk Foundation is the ultimate controlling shareholder of Novo Invest 1 A/S which directly holds 21.7% (low end of the Price Range) or 21.3% (high end of the Price Range) of the Company's total shares. Novo Invest 1 A/S is ultimately controlled by Novo Nordisk Foundation through its wholly owned subsidiary Novo Holdings A/S, which is the parent company of Novo Invest 1 A/S.

(5) Ontario Teachers' Pension Plan Board directly holds 10.7% (low end of the Price Range) or 10.5% (high end of the Price Range) of the Company's total shares.

(6) Dr. Bartl Wimmer is the ultimate controlling shareholder of Dr. Wimmer Verwaltungs GmbH & Co. KG which directly holds 6.0% (low end of the Price Range) or 6.1% (high end of the Price Range) of the Company's total shares. Dr. Wimmer Verwaltungs GmbH & Co. KG is controlled by Dr. Bartl Wimmer through FARANO Vermögensverwaltungs GmbH & Co. KG.

14.4 Shareholdings in the Company Immediately After the Completion of the Offering

The below table shows the shareholdings of the ultimate shareholders of the Company within the meaning of Sections 33 *et seq.* WpHG immediately following completion of the Offering assuming (i) the sale of all Base Offer Shares at the low end and the high end of the Price Range and (ii) the sale of all Base Offer Shares, all Additional Shareholder Shares upon full exercise of the Upsize Option and all Over-Allotment Shares to be sold under the Greenshoe Option at the low end and the high end of the Price Range.

	Ownership assuming all Base Offer Shares are sold in the Offering[1]		**Ownership assuming full exercise of Upsize and Greenshoe Options[1]**	
	Low end of the Price Range[2]	***High end of the Price Range[3]***	***Low end of the Price Range[4]***	***High end of the Price Range[5]***
Ultimate Shareholder	*(% of Company's total shares)*			
Cinven (Luxco 1) S.A.[6][7]	44.0%	44.6%	37.9%	38.9%
Novo Nordisk Foundation[8]	17.4%	17.6%	14.9%	15.3%
Ontario Teachers' Pension Plan Board[9]	8.5%	8.6%	7.3%	7.5%
Dr. Bartl Wimmer[10]	4.6%	4.9%	4.6%	4.9%

(1) Describes direct and indirect shareholdings pursuant to Sections 33, 34 WpHG applicable upon Listing.

(2) Assumes issuance of 22,222,222 New Shares at the low end of the Price Range.

(3) Assumes issuance of 17,391,304 New Shares at the high end of the Price Range.

(4) Assumes issuance of 22,222,222 New Shares at the low end of the Price Range and sale of all Base Shareholder Shares, 12,430,555 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) and 9,322,916 Over-Allotment Shares under the Greenshoe Option (which equals 15% of the placed Base Offer Shares and Additional Shareholder Shares).

(5) Assumes issuance of 17,391,304 New Shares at the high end of the Price Range and sale of all Base Shareholder Shares and 11,222,826 Additional Shareholder Shares (equal to 25% of the placed Base Offer Shares) and 8,417,119 Over-Allotment Shares under the Greenshoe Option (which equals 15% of the placed Base Offer Shares and Additional Shareholder Shares).

(6) See note 2 to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*).

(7) See note 3 to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*).

(8) See note 4 to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*).

(9) See note 5 to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*).

(10) See note 6 to the table set forth in section 14.3 (*Shareholders in the Company Immediately After the Contribution Capital Increase*).

14.5 Description of the Selling Shareholders

The Selling Shareholders comprise the Major Shareholders and a group of individual sellers consisting of seven management investment vehicles indirectly controlled by Cinven (Luxco 1) S.A. that hold shares for current and former employees of SYNLAB Limited (Ephios PV S.C.A.; Ephios MEP I GmbH & Co. KG; Ephios MEP II GmbH & Co. KG; Ephios MEP III GmbH & Co KG; Ephios MEP IV GmbH & Co. KG; Ephios MEP V GmbH & Co. KG; and Ephios MEP VI GmbH & Co. KG); and Intertrust Employee Benefit Trustee Limited (in its capacity as trustee of the Synlab Employee Benefit Trust).

14.6 Further Agreements Among Shareholders

On or about the date of this Prospectus, the Major Shareholders entered into an agreement amongst themselves regulating the disposal of Shares by any of them following the Listing (without prejudice to the terms of the lock-up described in section 3.11 (*The Offering—Lock-up*), such that any disposals of Shares by the Major Shareholders may be coordinated and conducted in an orderly manner.

15. RELATED PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies which are, inter alia, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in the SYNLAB Group's audited consolidated financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the SYNLAB Group's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the SYNLAB Group's financial and operating policies, including close family members and intermediate entities.

Set forth below is a description of such transactions with related parties for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018 as well as for the current fiscal year up to and including the date of this prospectus.

On April 19, 2021, the Selling Shareholders and the Company entered into the Cost Sharing and Indemnity Agreement regarding the allocation of costs and liability in connection with the Offering. Pursuant to the Cost Sharing and Indemnity Agreement, the Selling Shareholders will reimburse the Company for certain costs that are incurred in connection with the preparation and the execution of the Offering on a *pro rata* basis, calculated according to the ratio of the number of New Shares to the aggregate number of Offer Shares placed in the Offering. The Selling Shareholders further agreed to indemnify the Company from all liability risks in connection with the Offering on a *pro rata* basis, including the *pro rata* share of all reasonable legal costs.

On or around April 27, 2021, the Company and the Existing Shareholders will enter into the Contribution Agreement, regarding the transfer of SYNLAB Limited's entire share capital to SYNLAB AG, in exchange for a consideration of 199,950,000 Shares. The Company has no other related party transactions.

SYNLAB Group has had, from time to time, related party relationships with its key management (including companies in which managers hold key position) and with its Institutional Shareholders. SYNLAB Limited and Cinven Partners LLP entered into a service agreement pursuant to which Cinven Partners LLP provided advisory and administrative services for an annual fee of €0.7 million in the year ended December 31, 2020 (2019 (restated): €0.6 million; 2018 (restated): €0.7 million). Other relations with related parties as reported by SYNLAB Limited in the Financial Statements are presented in the table below.

	Companies with significant influence on the SYNLAB Group	**Companies in which SYNLAB Group managers hold key positions**	**Members of SYNLAB Group management**	**Total**
		(€ thousands)		
Other relations with related parties as at December 31, 2020				
Loans to related parties	–	–	1,346	**1,346**
Receivables from related parties	–	337	–	**337**
Borrowings from related parties	–	–	–	–
Liabilities to related parties	(150)	(264)	–	**(414)**
Other relations with related parties as at December 31, 2019				
Loans to related parties	–	–	1,200	**1,200**
Receivables from related parties	97	42	-	**139**
Borrowings from related parties	–	–	–	–
Liabilities to related parties	300	9	–	**309**
Other relations with related parties as at December 31, 2018				
Loans to related parties	–	–	290	**290**
Receivables from related parties	73	137	–	**209**
Borrowings from related parties	-	-	–	–
Liabilities to related parties	(847)	(256)	–	**(1,104)**

16. GENERAL INFORMATION ABOUT THE COMPANY AND THE SYNLAB GROUP

16.1 Incorporation, Registration with the Commercial Register, Name

The Company was incorporated as a German stock corporation (*Aktiengesellschaft*) on November 28, 2018 under the legal name "ISARSMARAGD AG." After being acquired by Ephios Luxembourg S.à r.l., the Company's shareholders meeting resolved to change the Company's legal name to "SYNLAB AG" on March 18, 2021. The change in legal name was registered in the Commercial Register on March 29, 2021. The commercial name of the Company and the SYNLAB Group is "SYNLAB."

Upon the completion of the Contribution, the Company will become the parent company of the SYNLAB Group.

16.2 Domicile, Legal Form, Legislation, Registered Office, LEI, Financial Year and Duration

SYNLAB AG has its registered seat in Munich, Germany, is a German stock corporation (*Aktiengesellschaft*), incorporated in Germany and governed by the laws of Germany. It is registered with the Commercial Register under docket number HRB 246540. The registered office and business address of the Company is Moosacher Strasse 88, 80809 Munich, Germany (telephone +49 89 307602-0). The Company's LEI is 984500883BA5AQ14C037.

The financial year of the Company is the calendar year. The Company has been established for an unlimited duration.

16.3 Business Objective

As of the date of this Prospectus, the Company's business objective includes:

- the trading with reagents and the provision of the physical, spatial and personnel prerequisites required for the operation of laboratories and diagnostic facilities as well as the acquisition, the ownership and the management of participating interests in other companies, domestic or abroad, irrespective of their legal form, and the acquisition, ownership and management of other assets.

On or about April 27, 2021, the IPO EGM is expected to replace the above business objective as follows:

- the trade with reagents and the provision of the physical, spatial and personnel prerequisites required for the operation of laboratories and diagnostic facilities, as well as the development and implementation of analytical and diagnostic tests and methods in the field of human medicine;

- the provision of diagnostic and laboratory services to primary healthcare centres, such as hospitals, dialysis centres, policlinics, outpatient clinics (day surgery), laboratories, general practices, and point-of-care facilities, as well as their support;

- the logistical, technical and personnel support and operation of certain primary healthcare services; and

- the acquisition, the ownership and the management of participating interests in other companies, domestic or abroad, irrespective of their legal form, and the acquisition, ownership and management of other assets.

This amendment to the business objective is expected to be registered with the Commercial Register on or about April 29, 2021.

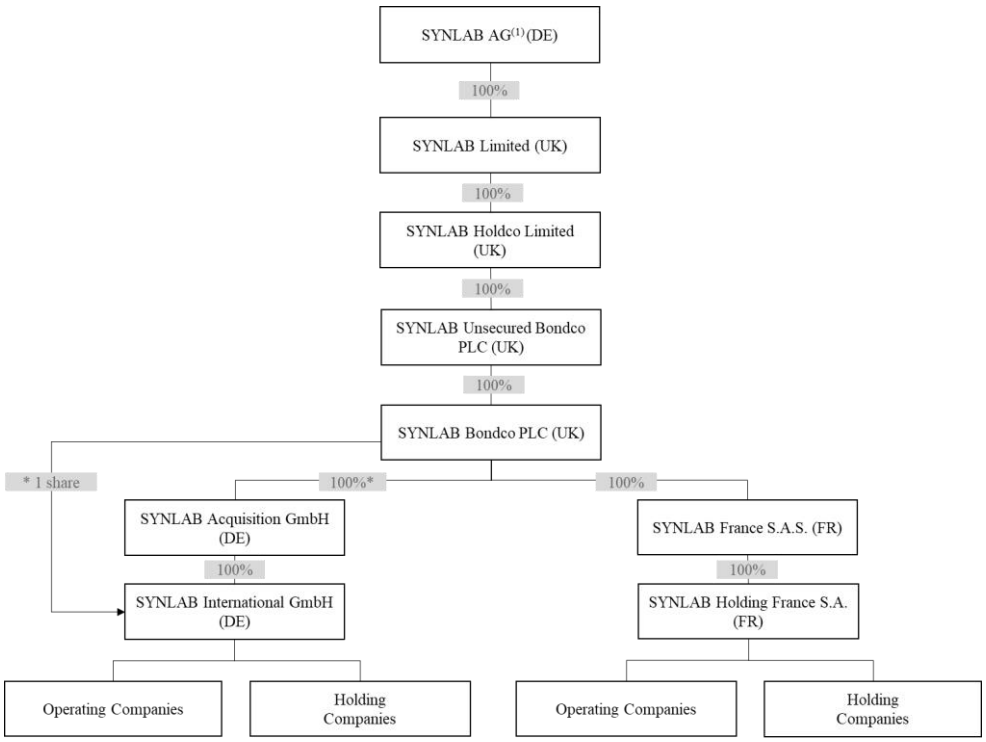
The Articles of Association further provide that the Company's business objective also includes entering into all transactions and taking all actions which are intended to directly or indirectly serve its business objective, or which are directly or indirectly related thereto. The Company may both, domestically and abroad, establish branches and establish, acquire, participate in and/or conduct the business of other entities. The Company may, in particular, render remunerated

management services to companies in which it holds direct or indirect participating interests and is also entitled to render remunerated administrative, financial and business services to these companies, in doing so the Company may render the services using its own or third-party staff.

16.4 Group Structure and Development of Group Structure

As of the date of this Prospectus, the Company has no subsidiaries. Upon effectiveness of the Contribution, the Company will be the parent company of the SYNLAB Group and will exercise certain group management functions, such as strategy, risk management, Group accounting and controlling, treasury, legal, taxation, investor relations, Group marketing and public relations.

The following chart shows the structure of the SYNLAB Group upon effectiveness of the Contribution, showing material subsidiaries of the Company and respective shareholdings.



(1) Chart reflecting the structure as of the date of the Contribution.

We are undertaking a review of our long-term corporate group structure with our advisers. As part of this review we are considering a potential simplification of the holding structure (including a rationalization of the intermediate UK holding companies).

16.5 Significant Subsidiaries

The following table provides an overview of the significant subsidiaries of the SYNLAB Group as of December 31, 2020. As of the date of this Prospectus, the shareholdings remain unchanged, unless indicated otherwise.

Company name	Country of residence	Field of Activity	Participation of the Company (1) (directly and indirectly)
SYNLAB Limited	United Kingdom	Holding Company	100%
SYNLAB France S.A.S	France	Holding Company	100%
SYNLAB Holding France S.A.	France	Holding Company	100%
SYNLAB Acquisition GmbH	Germany	Holding Company	100%

Company name	Country of residence	Field of Activity	Participation of the Company [1] (directly and indirectly)
SYNLAB International GmbH	Germany	Holding Company	100%

(1) Assuming effectiveness of the Contribution. See also section 4 (*Planned SYNLAB Group Reorganization*).

16.6 Announcements, Paying Agent

According to the Articles of Association, announcements are to be published in the German Federal Gazette (*Bundesanzeiger*). For statements or information that must be made available to the shareholders by law but that are not subject to specific form requirements, posting on the Company's website is sufficient. Information to shareholders may also be transmitted via electronic media, to the extent permitted by law.

In compliance with Article 21 of the Prospectus Regulation, this Prospectus, as well as any supplements thereto and notices in connection with the approval of this Prospectus, will be published on the website of the Company (https://www.synlab.com/en/investor-relations/) and by making print versions available free of charge at the Company's office and the offices of the Listing Agent during regular business hours.

Deutsche Bank Aktiengesellschaft, Corporate Bank, Trust and Agency Services/Post IPO Services, Taunusanlage 12, 60325 Frankfurt am Main, Germany will be the paying agent.

Publications concerning the Shares will be published in the German Federal Gazette and, if required by mandatory provisions, by media suitable for publication in the European Economic Area.

17. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

17.1 Share Capital

17.1.1 Current Share Capital

The share capital of the Company amounts to €50,000.00 and is divided into 50,000 ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*). Each Share of the Company represents a notional share of €1.00 in the Company's share capital. All Shares are fully paid-up. The Shares were created pursuant to the laws of Germany and are denominated in euros.

Each Share entitles the shareholder to one vote at the general shareholders' meeting of the Company. There are no restrictions on voting rights and the Shares carry full dividend rights.

17.1.2 Development of Share Capital

The Company was incorporated as a German stock corporation (*Aktiengesellschaft*) on November 28, 2018 with a share capital of €50,000.00. The share capital has not changed since the incorporation of the Company.

Upon effectiveness of the Contribution Capital Increase, the share capital of the Company is expected to amount €200,000,000.00.

On or about April 27, 2021, the IPO EGM is expected to resolve upon the issuance of the New Shares in connection with the IPO Capital Increase, thereby increasing the Company's share capital from €200,000,000.00 to up to €222,222,222.00.

17.2 General Provisions Governing a Change in the Share Capital, Subscription Rights and a Liquidation of the Company

17.2.1 General Provisions Governing a Change in the Share Capital

According to the German Stock Corporation Act (*Aktiengesetz*), the share capital of a stock corporation may be increased against contributions in cash or in kind by resolution of the general shareholders' meeting which must be adopted by a simple majority of the votes cast and a majority of at least three-quarters of the share capital represented at the adoption of the resolution, unless the corporation's articles of association require a different majority; if the share capital is increased by issuing non-voting preference shares or the subscription rights of the shareholders are excluded, the articles of association may only require a larger majority. Pursuant to the Articles of Association, an increase of the share capital against contributions in cash or in kind requires a simple majority of the votes cast and a simple majority of the share capital represented at the adoption of the resolution unless a higher majority is required by mandatory law (e.g., in case of capital increases with a dilutive effect without shareholders' subscription rights) or the Articles of Association. Accordingly, certain capital measures that do not mandatorily require a majority of at least three-quarters of the share capital represented at the vote, such as capital increases from the Company's own funds, may be adopted by a simple majority.

Furthermore, according to the German Stock Corporation Act (*Aktiengesetz*), the general shareholders' meeting may adopt a resolution, with a majority of at least three-quarters of the share capital represented at the time the resolution is adopted, to issue authorized capital, authorizing the Management Board to issue shares within a period of not more than five years following the creation of the authorized capital. The articles of association may provide for a larger majority and other requirements. The aggregate nominal value of the authorized capital may not exceed half of the share capital existing at the time of the time the authorization is registered with the commercial register (*Handelsregister*).

The general shareholders' meeting may also resolve to issue contingent capital for the purpose of (i) issuing shares to the holders of convertible bonds or other securities which grant a right to subscribe for shares, (ii) issuing shares that serve as consideration for a merger with another company, or (iii) issuing shares which are to be offered to managers and employees. According to the German Stock Corporation Act (*Aktiengesetz*), such resolution of the general shareholders' meeting requires a majority of three-quarters of the share capital represented at the adoption of the.

The aggregate nominal value of the contingent capital may not exceed of the share capital existing at the time of the resolution if it is created to issue shares to managers and employees; in all other cases, it may not exceed half of the share capital existing at the time the resolution is adopted.

In accordance with the German Stock Corporation Act (*Aktiengesetz*), a reduction of the share capital may be resolved. In general, such a resolution requires a majority of three-quarters of the share capital represented at the resolution. The Articles of Association may provide for a larger majority and further requirements.

17.2.2 General Provisions Governing Subscription Rights

According to the German Stock Corporation Act (*Aktiengesetz*), each shareholder has, in principle, a right to subscribe for new shares issued in a capital increase (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates) to maintain their existing share in the share capital. Subscription rights are freely transferable and may be traded on German stock exchanges during a fixed period before the expiration of the subscription period. However, shareholders do not have a right to request admission to trading for subscription rights. The subscription period may not be shorter than two weeks. The general shareholders' meeting may exclude subscription rights with a majority of the votes cast and, at the same time, at least three-quarters of the share capital represented at the adoption of the resolution. An exclusion of subscription rights further requires a report of the management board, which must show, in order to justify the exclusion of subscription rights, that the company's interest in excluding the subscription rights outweighs the interest of the shareholders being granted in the subscription rights. In the absence of such objective justification, an exclusion of subscription rights may be permissible for an issuance of new shares if:

- the company increases the capital against cash contributions;
- the amount of the capital increase does not exceed 10% of the existing share capital; and
- the issuance price of the new shares is not substantially lower than the stock exchange price.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights.

17.2.3 General Provisions Governing a Liquidation of the Company

Apart from liquidation following insolvency proceedings, the Company may be liquidated in particular, but not limited to, by shareholders' resolution, but only with a vote of 75% or more of the share capital represented at the general shareholders' meeting at which such a vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors which must be observed in the event of liquidation.

17.3 Authorized Capital

On or about April 27, 2021, the IPO EGM is expected to authorize the Management Board, with the consent of the Supervisory Board, to increase the Company's share capital on one or several occasions on or before April 26, 2026 up to a total amount equal to half of the Company's share capital existing following the registration of the Contribution Capital Increase and the IPO Capital Increase (i.e., up to €111,111,111, assuming a placement of all 22,222,222 New Shares at the low end of the Price Range) by issuing up to the corresponding number of Shares against contributions in cash and/or in kind ("**Authorized Capital 2021**"). In general, shareholders must be granted subscription rights in a capital increase. However, subject to the Supervisory Board's consent, the Management Board is authorized to exclude the shareholders' statutory subscription rights in relation to the Authorized Capital 2021 in whole or in part in the following events:

- in order to exclude fractional amounts (*Spitzenbeträge*) from the shareholders' subscription rights;

- to the extent required to grant a subscription right to new Shares to holders or creditors of conversion or option rights and/or conversion or option obligations of bonds (including profit participation rights) that were issued by the Company to the extent to which they would be entitled as a shareholder after having exercised their conversion or option right or after having fulfilled the conversion or option obligation;

- for the issuance of Shares against contributions in kind, including for, but not limited to, the purpose of directly or indirectly acquiring businesses, parts of businesses or participating interests in businesses or other assets (including receivables) in connection with an acquisition project;

- to the extent required for the implementation of share dividends in the course of which shareholders are offered the opportunity to exchange their claim for dividends (totally or in part) in order to receive in return new Shares from the Authorized Capital 2021 of the Company;

- for the issuance of Shares to employees of the Company and its group companies (employee shares) and/or members of the governing bodies of the Company and its group companies as part of the agreed remuneration or separate share or stock-option programs; to the extent legally permitted by Section 204 para. 3 sentence 1 German Stock Corporation Act (*Aktiengesetz*), the contribution to be made on the new Shares may be covered by that part of the net profits for the year which the Management Board and the Supervisory Board are entitled to allocate to other revenue reserves in accordance with Section 58 para. 2 German Stock Corporation Act (*Aktiengesetz*); the Supervisory Board shall decide if Shares are to be issued to members of the Management Board; the total number of Shares issued to employees of the Company and its group companies on the basis of the authorization under exclusion of shareholders' subscription rights may not exceed 10% of the Company's share capital, and the Shares issued to members of the governing bodies of the Company and its group companies may not exceed 5% of the Company's share capital at the time the authorization becomes effective and is exercised; and

- for issuance of Shares against cash contributions if the issue price of the new Shares is not significantly below the market price of the Shares already listed on a stock exchange. The calculated proportion of the Company's share capital attributable to Shares issued against contributions in cash with an exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*) must not exceed a total of 10% of the Company's share capital. The Company's share capital at the time this authorization becomes effective or – if this value is lower – at the time of the exercise of this authorization is decisive. Shares issued or sold during the term of this authorization until the time of its exercise in direct or corresponding application of this provision shall be deducted from this 10% threshold. Further, Shares issued to serve bonds (including profit participation rights) with conversion or option rights or conversion or option obligations, to the extent the bonds or profit participation rights were issued during the term of this authorization under exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz*), respectively.

Subject to the Supervisory Board's consent, the Management Board is authorized to determine the further details for executing capital increases out of the Authorized Capital 2021.

The Management Board is authorized to determine that the new Shares shall be transferred in accordance with Section 186 (5) German Stock Corporation Act (*Aktiengesetz*) to a credit institution or a company operating pursuant to Section 53 para. 1 sentence 1 or Section 53 b para. 1 sentence 1 or para. 7 of the German Banking Act (*Kreditwesengesetz*) with the obligation to offer them for subscription to the existing shareholders of the Company (indirect subscription right).

The Supervisory Board is authorized to amend the version of the Company's articles of association in accordance with the amount of the capital increase from the Authorized Capital 2021 after complete or partial implementation of the capital increase from the Authorized Capital 2021 or after expiry of the authorization period.

17.4 Authorization to Purchase and Sell Treasury Shares

The Company currently does not hold any treasury Shares and there is no third party that holds any Shares on behalf of the Company or for the Company's account.

On or about April 27, 2021, the IPO EGM is expected to authorize the Management Board until April 26, 2026, provided it complies with the legal requirement of equal treatment, to acquire treasury shares up to a total of 10% of the Company's share capital at the time the authorization becomes effective or – if this value is lower – at the time of the exercise of the authorization, including Shares already held by the Company or attributable to it pursuant to the German Stock Corporation Act (*Aktiengesetz*).

The Shares may be purchased:

- through the stock exchange; or
- by means of a public offer directed to all shareholders of the Company.

The treasury shares may not be used for trading on the market. The Management Board is authorized to use them as follows:

- for the issuance of Shares to employees of the Company and its group companies (employee shares) and/or members of the governing bodies of the Company and its group companies as part of the agreed remuneration or separate share or stock-option programs. Insofar as Shares are to be granted to members of the Management Board, the Supervisory Board shall have the authority to grant such Shares;
- to offer them, with the approval of the Supervisory Board, to third parties to the extent used to acquire companies, parts of companies or interests in companies or other assets or to carry out business combinations;
- to use them, subject to the approval of the Supervisory Board, in the context of the implementation of a share dividend (scrip dividend) by which shareholders are offered to contribute their claim for dividends in kind (totally or in part) into the Company in order to receive Shares in return;
- to sell them, subject to the approval of the Supervisory Board, to third parties for cash if the price at which the Shares are sold is not significantly below the stock exchange price of one Share at the time of sale. The authorization is limited to Shares representing a proportionate amount of the Company's share capital which in total must not exceed 10% of the Company's share capital, either at the time this authorization becomes effective or – if this value is lower – at the time of the exercise of the authorization. The maximum limit of 10% of the Company's share capital shall be reduced by the proportionate amount of the Company's share capital represented by those Shares which are issued or sold during the term of the authorization with an exclusion of subscription rights in direct or corresponding application to Section 186 para 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*). The maximum limit of 10% of the Company's share capital shall also be reduced by the proportionate amount of the Company's share capital represented by the Shares to be issued to service bonds with option or conversion rights or obligations, insofar as these bonds are issued during the term of the authorization under exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*); and
- to redeem them without further resolution by the general shareholders' meeting. The redemption may also be effected without a capital reduction by adjusting the *pro rata* amount of the remaining Shares. In this case, the Management Board is authorized to adjust the number of Shares in the Articles of Association.

The subscription rights of shareholders shall be excluded. If the treasury shares purchased by the Company are sold in a public offering to all shareholders in compliance with the legal requirement of equal treatment, the Management Board is authorized, with the consent of the Supervisory

Board, to exclude the subscription rights of the existing shareholders with respect to fractional shares.

17.5 Mandatory Takeover Bids, Exclusion of Minority Shareholders, Share Ownership Notification Requirements, Director's Dealings

17.5.1 Mandatory Takeover Bids

After the Shares are admitted to trading on FSE Prime Standard, the Company will be subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "**WpÜG**").

Under the provisions of the WpÜG, shareholders who acquire 30% or more of the voting rights in a listed stock corporation (the "**Offeror**") are obligated to publish this fact, including the percentage of their voting interest, within seven calendar days and subsequently (provided no exemption from this obligation has been granted by BaFin) make a mandatory tender offer to all shareholders of the target company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights connected with the shares.

If a shareholder fails to disclose that the 30% threshold was reached or exceeded or fails to submit a mandatory public offer, the shareholder will be precluded from exercising the rights associated with these shares (including the voting right and in case of willful failure to send the notice and failure to subsequently send the notice in a timely fashion, the right to receive dividends) while such default subsists. In addition, an administrative fine may be imposed in the event of failure to comply with duties of notification.

17.5.2 Exclusion of Minority Shareholders

Pursuant to the provisions in Sections 327a *et seqq*. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called "squeeze-out" process, the general shareholders' meeting of a stock corporation may resolve upon the request of a shareholder holding at least 95% of the share capital (the "**Majority Shareholder**") on the transfer of the shares of the remaining minority shareholders to the Majority Shareholder in exchange for granting reasonable cash compensation.

The amount of the cash compensation to be granted to the minority shareholders must take into account "the circumstances of the company" at the time the resolution is adopted by the general shareholders' meeting. The amount of the compensation is determined by the full value of the enterprise which is normally determined using the capitalized earnings method (*Ertragswertverfahren*).

The shareholding requirements for a squeeze-out are lowered if the squeeze-out takes place in connection with the merger of a subsidiary into the parent company. According to Section 62 (5) of the German Transformation Act (*Umwandlungsgesetz*), the general shareholders' meeting of a transferring stock corporation may, within three months after the signing of the merger agreement, adopt a squeeze-out resolution in accordance with Section 327a of the German Stock Corporation Act (*Aktiengesetz*) if the acquiring company is a German stock corporation, partnership limited by shares (*Kommanditgesellschaft auf Aktien*) or European public company (*Societas Europaea*) that holds at least 90% of the registered share capital. After registration of the squeeze-out with the commercial register, the merger can be implemented without a further resolution by the general shareholders' meeting of the subsidiary.

In addition to the squeeze-out process under the German Stock Corporation Act (*Aktiengesetz*) summarized above, the WpÜG permits the so-called squeeze-out under the law on takeovers. Under these provisions, a bidder holding at least 95% of the voting share capital in a target company (within the meaning of the WpÜG) after a public takeover offer or mandatory offer can generally file a motion with the district court (*Landgericht*) of Frankfurt am Main for the transfer of the other voting shares in exchange for the grant of reasonable compensation by means of a court order within three months after expiration of the acceptance period. A resolution of the general shareholders' meeting is not necessary. The type of compensation must correspond to the consideration in the takeover offer or the mandatory offer; cash compensation must always be

offered as an alternative. The consideration offered in connection with the takeover or mandatory offer is deemed to be reasonable if the bidder has acquired shares equal to at least 90% of the share capital affected by the offer. In addition, shareholders have a sell-out right. During squeeze-out proceedings under the law on takeovers initiated upon the motion of the bidder, the provisions on a squeeze-out under stock corporation law do not apply, and they are only applicable after a final conclusion of the squeeze-out proceedings under takeover law.

Pursuant to the provisions in Sections 319 *et seqq*. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called integration process (*Eingliederung*), the general shareholders' meeting of a stock corporation can resolve upon the integration into another company if the future principal company holds at least 95% of the shares in the company to be integrated. The existing shareholders in the integrated company have a claim for reasonable compensation which must as a general rule be granted in the form of own shares in the principal company. The amount of the compensation must be determined using the so-called merger value ratio (*Verschmelzungswertrelation*) between the two companies (i.e., the exchange ratio which would be considered reasonable in the event of merging the two companies). In contrast to the rules governing squeeze-outs, integration is only possible if the future principle company is a stock corporation domiciled in Germany.

17.5.3 Share Ownership Notification Requirements

17.5.4 Notification Thresholds and Attribution Rules

After the Shares are admitted to trading on FSE Prime Standard, the Company is subject to the provisions of the WpHG.

Pursuant to Section 33 para 1 WpHG, anyone who acquires, sells or whose shareholding in any other way reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, as an issuer whose country of origin (*Herkunftsstaat*) is Germany, is required to notify the Company and BaFin at the same time.

All such notifications must be submitted in electronic form (to BaFin via their MVP portal) without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances, should have had knowledge of his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to Section 33 para 3 WpHG. In the case that a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Further, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting in concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (e.g., fundamental changes to the Company's business model or a sale of a substantial part of the Company's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting in concert. Coordination in individual cases, however, is not considered as acting in concert.

Similar obligations to notify the Company and BaFin apply pursuant to Section 38 para 1 WpHG to anyone who reaches, exceeds or falls below the aforementioned thresholds, except for the 3%

threshold, by directly or indirectly holding instruments either (i) giving their holder the unconditional right or discretion to acquire already issued Shares to which voting rights are attached or (ii) relating to such shares and having a similar economic effect, whether or not conferring a right to a physical settlement. Pursuant to Section 38 para 2 WpHG, such instruments include, in particular, transferable securities, options, futures, swaps, forward rate agreements and contracts of difference.

In addition, anyone whose aggregate number of voting rights and instruments pursuant to Sections 33 para 1 and 38 para 1 WpHG reaches, exceeds or falls below the aforementioned thresholds, except for the 3% threshold, has to notify the Company and BaFin pursuant to Section 39 para 1 WpHG.

17.5.4.1 Exceptions to Notification Requirements

There are certain exceptions to the notice requirements. For example, a company is exempt from its notification obligation if its parent company, or if its parent company is itself a subsidiary, the parent's parent company, has filed a group notification pursuant to Section 37 para 1 WpHG. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the EU or in a non-EU member state that is a party to the agreement in the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) they are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the voting shares, do not grant the right to acquire more than 5% of the voting shares, or do not have a similar economic effect and (iii) it is ensured that the voting rights held by them are not exercised or otherwise made use of.

17.5.4.2 Fulfilment of Notification Requirements

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an Annex to the German Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice may be submitted either in German or English, in writing or via fax. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (e.g., the first name, surname and date of birth of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications shall only be made in the English language. The Company is also required to transmit these publications to BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

17.5.4.3 Consequences of Violations of Notification Requirements

If a shareholder fails to file a notice or provides false information with regard to shareholdings pursuant to Sections 33 and 34 WpHG, the rights attached to shares held by or attributed to such shareholder, particularly voting and dividend rights, do not exist for the duration of the failure. This does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been made. If the shareholder fails to disclose the correct proportion of voting rights held and the shareholder acted willfully or was grossly negligent, the rights attached to shares held by or attributed to such shareholder do not exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation in the proportion of the voting rights notified in the preceding incorrect notification was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds pursuant to Section 33 para 1 WpHG was omitted. The same rules apply to shares held by a shareholder, if such shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares

and instruments pursuant to Sections 38 para 1, 39 para 1 WpHG. In addition, a fine may be imposed for failure to comply with notification obligations.

17.5.4.4 Special Notification Requirements for More than 10% of the Voting Rights

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10% threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom.

17.5.5 Short Selling Regulation

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net short-selling positions in the Shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

17.5.6 Managers' Transactions

According to the Market Abuse Regulation, persons discharging managerial responsibilities ("**Manager**") within the Company are obliged to notify the Company and BaFin within three working days regarding any of their transactions in Shares or financial instruments linked to them, particularly derivatives. This obligation also applies to persons closely associated with a Manager. The Company is obliged to promptly publish the information received in accordance with the foregoing and to simultaneously notify BaFin of the publication no later than two business days after receipt of such notification. Notification is not required if the sum of all transactions involving a Manager and persons closely related to him or her is less than €20,000 in a given calendar year.

A "Manager" is any member of the Company's administrative, management or supervisory body or another senior executive who has regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company. Persons closely related to a Manager are spouses, registered civil partners, dependent children as well as other relatives who have been living in the same household as the Manager for at least one year when the relevant transaction is made. Notification is also required for transactions by legal entities in which a Manager or any of the aforementioned parties holds management responsibilities, which are directly or indirectly controlled by a Manager or such a party, which were established for the benefit of a Manager or such a party or whose economic interests are substantially equivalent to those of a Manager or such party. Non-compliance with the notification requirements may result in a fine.

Furthermore, the Market Abuse Regulation imposes a closed period of 30 calendar days prior to the announcement of an interim financial report or a year-end report which the Company is obliged to publish, during which a Manager shall not conduct any transactions in Shares or financial instruments linked to them, particularly derivatives, or act on behalf of a third party in relation to such transactions.

17.5.7 MAR Sanctions

For infringements of the following obligations under MAR, the WpHG provides for the sanctions described below:

- Infringements against the prohibition of insider dealing and market manipulation will be subject to a fine of up to a maximum amount of €5 million for individuals and of the higher of €15 million or 15% of the consolidated annual revenue for corporations.

- If the Company fails to comply with its duties to publish ad-hoc announcements, it may be subject to fines up to a maximum amount of the higher of €2.5 million or 2% of the consolidated annual revenue of the SYNLAB Group. Additionally, if the Company has received economic advantages through the non-publication, BaFin may impose penalties of up to a maximum of three times the economic advantage.

- Infringements with regard to managers' transactions will be sanctioned with a fine of up to €500,000 for individuals and for corporations with a fine of up to €1 million.

Additionally, criminal sanctions are possible in case of willful (*vorsätzliche*) or negligent (*leichtfertige*) non-compliance.

18. COMPANY'S GOVERNING BODIES

The following discussion presents the governing bodies of SYNLAB AG, incorporating planned future supervisory board appointments as well as taking into account planned corporate measures. Reference to SYNLAB Limited and SYNLAB group (to disclose historical board of director remuneration information) are indicated appropriately.

18.1 Overview

The Company's governing bodies are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the general shareholders' meeting (*Hauptversammlung*). The powers and responsibilities of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association (*Satzung*) and the rules of procedure for the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) and the Management Board (*Geschäftsordnung für den Vorstand*).

The Management Board is responsible for managing the Company in accordance with applicable law, the Articles of Association and the rules of procedure for the Management Board, including the schedule of responsibilities (*Geschäftsverteilungsplan*), taking into account the resolutions of the general shareholders' meeting. The members of the Management Board represent the Company in dealings with third parties.

Simultaneous management and supervisory board membership in a German stock corporation (*AG*) is not permitted under the German Stock Corporation Act (*Aktiengesetz*), as the supervisory board is responsible for supervising the management of the Company by the management board. However, in exceptional cases and for an interim period, a member of the supervisory board may take a vacant seat on the management board of the same German stock corporation (*AG*). During this period, such individual may not perform any duties for the supervisory board. Such stand-in arrangement is limited in time for a maximum period of one year.

The Company's Articles of Association allow the Management Board to consist of at least two members, with the Supervisory Board determining their exact number. The Supervisory Board also appoints the members of the Management Board and is entitled to dismiss each of them under certain circumstances. As set out in the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board advises and supervises the Management Board's administration of the Company but is not itself authorized to manage the Company. The Supervisory Board may make types of transactions and measures subject to its prior approval (i.e., reserved matters) by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. Matters subject to the prior approval of the Supervisory Board or of a committee of the Supervisory Board pursuant to the rules of procedure of the Management Board currently include, in particular:

- determining general principles of the business strategy and approval of the business and financial plan (including revenue, income, investments, personnel and finance);
- acquisitions, establishment, disposal, discontinuation of corporate entities as well as establishment of joint ventures (shares or assets and also relating to subsidiary level) reaching or exceeding a materiality threshold;
- capital expenditures including investments in laboratories or diagnostic facilities not included in the group's business and financial plan and individually exceeding a materiality threshold;
- taking out or granting loans, letter of credit, sureties, issuance of bonds, profit participation rights, convertible bonds, hedging, bank guarantees, granting of security outside the group and exceeding a materiality threshold;
- acquiring, developing, encumbering, selling real property, buildings or equivalent rights exceeding a materiality threshold;

- opening of individual locations with an investment exceeding a materiality threshold or closing down locations which, in the individual case, comprise a material percentage of the consolidated yearly revenue and concern more than a certain number of employees;

- concluding or amending business reorganization agreements (other than in connection with approved matters set forth in the second bullet above) and conclusion, amendment or termination of inter-company agreements (*Unternehmensverträge*);

- concluding, amending or termination of agreements outside the ordinary course of business with members of the Supervisory Board or the Management Board;

- changes in significant accounting policies, except as required by law; and

- approving of members of the Management Board taking on board mandates or comparable functions at non-SYNLAB Group companies.

The Management Board is also required to obtain the prior approval of the Supervisory Board to such transactions concluded by subsidiaries of the Company if the Management Board is involved and if such transactions require approval of the Supervisory Board had they been taken by the Company.

The Supervisory Board may also give revocable approval in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each members of these bodies must consider in its decision-making a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be individually or jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for compensatory damages, as the case may be.

Under German law, a shareholder generally has no right to proceed directly against members of the Management Board or Supervisory Board to assert a breach of their duties to the Company. In general, only the Company has the right to enforce claims for damages against the members of the Management Board or Supervisory Board. With respect to claims against Supervisory Board members, the Company is represented by the Management Board, and the Supervisory Board represents the Company with respect to claims against members of the Management Board.

Even if either the Supervisory Board or the Management Board decide not to pursue a claim against the respective other governing body for violations of their duties, the Management Board and the Supervisory Board must nevertheless assert the Company's claims for damages if a resolution to this effect is passed by the general shareholders' meeting with a simple majority vote. The general shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert the claims. Such a special representative may also be appointed by the court upon a request by shareholders whose shares together amount to not less than one tenth (1/10) of the share capital or represent a pro rata amount of €1.0 million.

In addition, the general shareholders' meeting may appoint a special auditor (*Sonderprüfer*) to audit transactions, particularly management transactions, by a simple majority vote. If the general shareholders' meeting rejects a motion to appoint a special auditor, the court must appoint a special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a pro rata amount of €100,000 if facts exist that justify the suspicion that the behavior in question constituted dishonesty or gross violations of the law or the articles of association. If the general shareholders' meeting appoints a special auditor, the court must appoint another special auditor upon the petition of shareholders whose shares cumulatively constitute 1% of the share capital at the time the petition is filed or constitute a pro rata share of €100,000 if this appears necessary, in particular because the appointed special auditor is unsuited.

Shareholders and shareholder associations can solicit other shareholders to file a petition, jointly or by proxy, for a special audit, for the appointment of a special representative, or to convene a general shareholders' meeting or exercise voting rights in a general shareholders' meeting in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of law or the articles of association, shareholders who collectively hold 1% of the share capital or a pro rata share of €100,000 may also, under certain further conditions, seek damages from members of the Company's governing bodies in their own names through court proceedings seeking leave to file a claim for damages. Such claims, however, become inadmissible if the Company itself files a claim for damages.

The Company may only waive or settle claims for damages against members of the Management Board or Supervisory Board three years after such claims arose and if the shareholders grant their consent at the general shareholders' meeting by simple majority vote and if no objection is raised and documented in the minutes of the general shareholders' meeting by shareholders whose shares cumulatively constitute 10% of the share capital.

Under German law, individual shareholders and all other persons are prohibited from using their influence on the Company to cause a member of the Management Board or the Supervisory Board to take an action detrimental to the Company. A shareholder with a controlling influence may not use that influence to cause the Company to act contrary to its own interests unless there is a domination agreement (*Beherrschungsvertrag*) between the shareholder and the Company and unless the influence remains within the boundaries of certain mandatory provisions of law or compensation is paid for the disadvantages that arise. Any person who intentionally uses his influence on the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders is liable to compensate the Company and the affected shareholders for the resulting losses. Alongside a person who uses his influence to the detriment of the Company, the members of the Management Board and Supervisory Board can be jointly and severally liable, if they acted in violation of their duties.

18.2 Management Board

18.2.1 Overview

Under the Articles of Association, the Management Board consists of at least two members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board appoints members of the Management Board for a maximum term of five years. The Supervisory Board may appoint a member of the Management Board to act as chairperson of the Management Board and another member as deputy chairperson.

Reappointment or extension of the term of members of the Management Board, each for a maximum period of up to five years, is permissible. The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the member's term for good cause, such as a gross breach of fiduciary duty, or if the general shareholders' meeting passes a vote of no-confidence with respect to such member, unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court vis-à-vis the Management Board.

If the Management Board has only two members, it has a quorum if all its members are present, and if it has three or more members, if at least half of its members are present. As a general rule, the Management Board shall pass resolutions in meetings. The chairperson of the Management Board may, by way of exception order that a resolution is passed, by circulation in writing, by fax, orally, via telephone, by way of electronic means or by other customary means of telecommunication. The Management Board shall decide unanimously. The chairperson of the Management Board shall not be entitled to a casting vote. If a vote results in a tie, any Management Board member may request a second vote. The chairperson of the Management Board shall determine when such a vote is to be repeated. If the second vote also results in a tie, the matter shall be presented to the presiding committee of the supervisory board for further discussion.

Further details, particularly regarding composition, duties, overall responsibility, allocation of responsibility for particular functions and internal organization are governed by the internal rules of procedure for the Management Board which were resolved upon by the Supervisory Board on April 18, 2021 and entered into force with immediate effect on the same day.

The Company is legally represented vis-à-vis third parties and in court proceedings by two members of the Management Board or by one member of the Management Board together with an authorized representative (*Prokurist*). The Supervisory Board may determine that all or specific members of the Management Board are authorized to represent the Company individually.

The internal rules of procedure for the Management Board provide for a delegation of responsibilities to individual members of the Management Board on the basis of the schedule of responsibilities (*Geschäftsverteilungsplan*). The schedule of responsibilities (*Geschäftsverteilungsplan*) is an annex to the rules of procedure of the Management Board.

18.2.2 Members of the Management Board

The following table sets forth the current members of the Management Board as of the date of this Prospectus.

Members of the Management Board	Age	Member since	Appointed until	Responsibility
Mathieu Floreani	53	2021	2024	Chief Executive Officer Chairperson of the Management Board and expected to be appointed as labor director (*Arbeitsdirektor*)[(1)]
Sami Badarani	57	2021	2024	Chief Financial Officer Member of the Management Board

(1) It is expected that the Supervisory Board will appoint Mr. Floreani as labor director (*Arbeitsdirektor*) pursuant to Section 33 of the German Co-Determination Act (*Mitbestimmungsgesetz*) following the Listing.

The following description provides summaries of the curricula vitae of the current members of the Company's Management Board.

Mathieu Floreani has served as a director of SYNLAB Limited since November 30, 2018. He joined the SYNLAB Group in September 2017 as Deputy CEO and was appointed CEO of the SYNLAB Group in April 2018. Previously, he served as CEO of the Forwarding division of DHL in North and Latin America, where he led an organization operating across 20 countries. Prior to this, he turned around the Express business of DHL in Canada and served as Vice President Commercial at DHL Express in France. Mr. Floreani joined DHL from McKinsey, where he was an Associate Principal and led strategy and organizational engagements advising companies across different industries. He started his career in the Chemicals business of Total.

Sami Badarani has served as CFO of the SYNLAB Group since July 1, 2017. Mr. Badarani is a highly experienced CFO across several industries and international markets. He was formerly CFO of Bureau Veritas, the global testing, inspection and certification firm; Director of Group Finance of Alliance Boots, the international pharmacy-led health and beauty group, and CFO of GE Energy Contractual Services, a global services business. Mr. Badarani has worked in senior finance roles for global businesses based in France, the United Kingdom and the United States.

All members of the Management Board may be reached at the Company's offices Moosacher Strasse 88, 80809 Munich, Germany (telephone +49 89 307602-0).

18.2.3 Outside Positions of the Members of the Management Board

The following overview lists all of the companies and enterprises in which the members of the Management Board currently hold seats or have held seats on administrative, management or

supervisory boards, or comparable German or foreign supervisory bodies, supervisory bodies, or of which they are or were partners, in each case during the last five years and with the exception of the SYNLAB Group.

Members of the Management Board	Positions
Mathieu Floreani	**Current positions (company name, position):** • None **Previous positions (company name, position):** • CEO of the Forwarding Division of DHL in North and Latin America, Miami, USA. (2011-2017)
Sami Badarani	**Current positions (company name, position):** • None **Previous positions (company name, position):** • DNV GL, member of the board and chairperson of the audit committee (2016-2017) • Bureau Veritas, France, CFO (2011-2016)

18.2.4 Remuneration and Other Benefits of the Members of the Management Board

18.2.4.1 Remuneration in the Fiscal Year ended December 31, 2020

The members of the Management Board were appointed with effect as of January 26, 2021. Therefore, the current members of the Management Board received no compensation from the Company during the fiscal year ended December 31, 2020.

In the fiscal year ended December 31, 2020, the members of the Management Board were, together with other managers, members of SYNLAB Limited's executive board. SYNLAB Limited did not disclose the individual compensation for each member of its executive board. However, in the fiscal year ended December 31, 2020, the total remuneration (including fixed and variable components as well as benefits in kind) paid to members of SYNLAB's key management, comprising Mr. Floreani, Mr. Badarani and other key managers, amounted to €11.2 million in the aggregate. See note 36 (*Related party disclosures*) to the 2020 Financial Statements for a further description of the compensation of SYNLAB Limited's management.

18.2.4.2 Remuneration System

The remuneration system for the Management Board supports the achievement of SYNLAB's strategic goals and sets incentives for sustainable value creation while also discouraging excessive risk-taking. The proposed target compensation structure for the Management Board members consists of non-performance-based components (base compensation, pension contribution, health insurance, etc.) and performance-based components (short-term incentives ("**STI**") as well as long-term incentives ("**LTI**")).

(i) *Non-performance-based Components*

The members of the Management Board receive a fixed annual remuneration in cash paid in twelve equal installments as a monthly salary. The gross fixed annual remuneration for Mr. Floreani amounts to €1,000,000 and for Mr. Badarani amounts to €700,000.

Additionally, other benefits and perquisites are granted to members of the Management Board, such as a company car, reimbursement of out-of-pocket expenses, D&O insurance, life and accident insurance, private health insurance allowance, survivor benefits in the event of death, cost of tax advisor and payment in lieu of contributions to pension plans.

(ii) *Performance-based Components*

In addition to the fixed annual remuneration, the members of the Management Board are entitled to receive a short-term variable remuneration element (STI) and a long-term incentive variable remuneration element (LTI) on the basis of the Company's long-term incentive plan for Management Board members.

Short-term Incentives (STI)

The STI is determined on the basis of a specified target achievement level and individual targets set by the Supervisory Board for each fiscal year. Targets consist of financial targets (Adjusted EBITDA, Revenues, Free Cash Flow) and non-financial targets (of which one or more may additionally be defined in relation to ESG). The annual target STI amount equals €1,100,000 for Mr. Floreani and €650,000 for Mr. Badarani. The STI is paid after the approval of the preceding financial year's annual account and capped at a maximum of 180% of the target amount (gross).

Long-Term Incentives (LTI)

The LTI comprises performance shares units ("**PSUs**") awarded in annual tranches pursuant to an LTI target amount, divided into 40% PSUs with performance calculated on the basis of a total shareholder return calculation ("**Absolute PSUs**") and 60% PSU with performance calculated relative to the MSCI Europe Health Care Equipment & Services index ("**Relative PSUs**"). The annual target LTI amount equals €1,300,000 for Mr. Floreani and €750,000 for Mr. Badarani. The LTI is capped at 300% of the target amount (gross).

The first PSUs will be awarded on May 1, 2021, with subsequent award dates on May 1, 2022 and May 1, 2023. Under the LTI, awarded PSUs will be settled 48 months after their respective award date. The payout value of the LTI after expiry of such performance period is calculated by multiplying the sum of the final number of Absolute PSUs and Relative PSUs with the 90 days volume-weighted average Xetra system closing share price of the Shares before the settlement date.

18.2.4.3 Overall Maximum Compensation Amount

The total remuneration (monthly base salary, variable remuneration components, contributions to company pension and fringe benefits), is capped at an annual gross amount of €7.28 million for Mr. Floreani and €4.31 million for Mr. Badarani.

18.2.4.4 Commitments in Connection with Termination of Management Board Membership

In the event of a premature termination within the first two years of the service relationship, the members of the Management Board are entitled to a severance payment in the amount of two annual fixed salary and the STI target amount. In the event of a premature termination after two years of the service relationship, the members of the Management Board are entitled to a severance payment in the amount of one annual fixed salary and the STI based on average target achievement in the past two years, but in any case not exceeding the compensation which would have been payable to the members of the Management Board for the remaining term of the service contract. No claim to a severance payment exists in the event of a termination by the Company for good cause or a resignation by the member of the Management Board without important reason. Any claims to an LTI are subject to good/bad leaver rules.

18.2.5 Shareholdings of the Management Board

Mr. Floreani and Mr. Badarani indirectly hold shares in SYNLAB Limited through certain Selling Shareholders. Upon effectiveness of the Contribution Capital Increase, they will become indirect shareholders of the Company. Assuming all Offer Shares are placed at the midpoint of the Price Range, Mr. Floreani and Mr. Badarani will indirectly hold 0.86% and 0.64% of the Shares upon effectiveness of the Contribution Capital Increase, respectively. Of these shareholdings, 45% will be sold in the Offering. Following the settlement of the Offering, Mr. Floreani and Mr. Badarani will indirectly hold 0.43% and 0.32% of the Shares, respectively, assuming 19,512,195 New Shares placed in the Offering at the midpoint of the Price Range. The remaining Shares indirectly held following the settlement of the Offering are subject to a staggered 36 months lock-up commencing on the First Day of Trading (see also section 3.11 (*The Offering—Lock-up*)).

Under the Company's share ownership guidelines, both members of the Management Board committed to continue to hold Shares during the term of their office as member of the Management Board having a value equal to two times their gross fixed annual remuneration.

18.3 Supervisory Board

18.3.1 Overview

Currently, the Supervisory Board of the Company consists of three shareholder representatives. Upon effectiveness of the Contribution Capital Increase, SYNLAB Limited will become a wholly owned subsidiary of the Company and the Company will therefore become subject to the German Co-determination Act (*Mitbestimmungsgesetz*). In accordance with sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*) and Section 7 of the German Co-determination Act (*Mitbestimmungsgesetz*), the Supervisory Board will in the future consist of twelve members (six shareholders representatives and six employee representatives).

The IPO EGM will amend the Articles of Association regarding the Supervisory Board insofar as the Supervisory Board will for an interim period until the registration of Amendment II (as defined below) with the Commercial Register consist of twelve shareholder representatives ("**Amendment I**"). The Amendment I is expected to be registered with the Commercial Register on or about April 29, 2021.

The new composition of the Supervisory Board with six employee representatives must be determined through a formal procedure, the so-called status proceedings (*Statusverfahren*) that will be initiated by the Management Board following the Contribution. Therefore, the IPO EGM will also amend the Articles of Association regarding the Supervisory Board insofar as the Supervisory Board will in the future consist of six shareholder representatives and six employee representatives ("**Amendment II**"). Amendment II will be registered with the Commercial Register in such a manner as to ensure that it only becomes effective upon completion of the status proceedings.

Subject to the registration of Amendment I and until the registration of Amendment II, the IPO EGM will appoint twelve shareholder representatives. In anticipation of the future composition of the Supervisory Board in accordance with the German Co-determination Act (*Mitbestimmungsgesetz*), the IPO EGM is expected to appoint six Supervisory Board members upon recommendation of SYNLAB group works council (*Konzernbetriebsrat*), the German Mining, Chemical and Energy Industry Union (*Industriegewerkschaft Bergbau, Chemie, Energie*) ("**IG BCE**") and the managing employees (*leitende Angestellte*). Upon registration of Amendment II with the Commercial Register following the completion of the status proceedings, the office of the elected twelve Supervisory Board members will terminate. Therefore, the IPO EGM will re-appoint with effect as of the registration of Amendment II the six shareholder representatives representing the Company's shareholders. In addition, following registration of Amendment II, the Company plans to have six employee representatives appointed by the competent court until the time regular employee representatives have been elected in accordance with the provisions of the German Co-determination Act (*Mitbestimmungsgesetz*).

The Company expects that the status proceedings will be completed in June 2021 and that the employee representatives will be appointed by the local court shortly thereafter. Assuming that the local court appoints the employee representatives proposed by the Company, all newly appointed members of the Supervisors Board following Amendment II will be identical with the previously appointed members of the Supervisory Board.

The shareholders' representatives are elected by the shareholders at the general shareholders' meeting. Unless the general shareholders' meeting has set a shorter term, the term of a Supervisory Board member elected by the shareholders expires at the end of the annual general shareholders' meeting ratifying the activities of the Supervisory Board for the fourth fiscal year following the commencement of the member's term of office, not including the fiscal year in which the term commences. When electing members of the Supervisory Board, the general shareholders' meeting may appoint also substitute members for one or more shareholders' representatives, who, in accordance with specific determinations by the general shareholders' meeting, may become members of the Supervisory Board if elected Supervisory Board members leave their office before the end of their term. The term of the substitute member expires as soon as a successor for the departing Supervisory Board member is appointed, but no later than the expiration of the leaving Supervisory Board member's term. Re-appointment to the Supervisory Board is permissible.

Supervisory Board members elected by the general shareholders' meeting may be removed by a resolution of the general shareholders' meeting if such resolution is approved by at least 75% of the votes cast. Furthermore, each member of the Supervisory Board may resign from office even without cause by submitting notice to the chairperson of the Supervisory Board, or, in case of a resignation by the chairperson of the Supervisory Board, to the deputy chairperson with a notice period of four weeks. The chairperson of the Supervisory Board or, in case of a resignation of the chairperson, the deputy chairperson, shall forward such resignation to the Management Board and may approve a shorter notice period or a waiver of the notice period. In case of a resignation for cause, the four-week notice period does not apply.

As soon as the Supervisory Board has been established, it elects a chairperson and deputy chairperson from among its members to serve for the duration of those members' terms unless a shorter term is determined at the time of their appointment. Should the chairperson or the deputy chairperson resign prior to the expiration of his or her term, the Supervisory Board must without delay elect a new chairperson or deputy chairperson to fill the remaining term of the departing chairperson or deputy chairperson.

The Supervisory Board may adopt internal rules of procedure in accordance with mandatory statutory provisions and the Articles of Association. It is further authorized to establish committees in accordance with the law and the Articles of Association. To the extent permitted by law or by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to its chairperson, to one of its members or to committees established from among its members. The Supervisory Board shall determine the composition, responsibilities and procedures of the committees. The current version of the Supervisory Board's internal rules of procedure was passed by resolution of the Supervisory Board on April 18, 2021. The Supervisory Board is entitled to resolve amendments to the Articles of Association if such amendments only relate to the wording. The Supervisory Board must hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board must be called at least two weeks in advance by the chairperson of the Supervisory Board. Notice of meetings may be given in writing, by telefax, orally, by telephone, by electronic media or any other common means of telecommunication (e.g., email, online platform). In urgent cases the chairperson may reasonably shorten this notice.

The Articles of Association and the internal rules of procedure for the Supervisory Board provide that resolutions of the Supervisory Board shall generally be passed in meetings. Supervisory Board meetings can also be held as a video conference or by phone, or with individual members participating via video conference or by phone. Members of the Supervisory Board absent from the meeting may participate in the voting by providing their vote in writing, by telefax, orally, by telephone, by electronic media or any other common means of telecommunication (e.g., email, online platform). The chairperson of the Supervisory Board may determine that members not absent from the meeting may cast their votes within a reasonable time period after the meeting. The chairperson of the Supervisory Board may also initiate adoption of a Supervisory Board resolution by means of a voting procedure held outside meetings by written, telefax or telephone vote or by vote using other electronic media or any other common means of telecommunication if no member of the Supervisory Board objects to this procedure within a reasonable period of time determined by the chairperson. Any Supervisory Board members who are absent may also participate in the Supervisory Board's passing of resolutions by having another Supervisory Board member submit their written votes.

The Articles of Association and the rules of procedure for the Supervisory Board provide that the Supervisory Board has a quorum if at least half of the members of which it must consist in total take part in the voting. Members who abstain from voting, are considered to take part in the voting for purposes of the required quorum. Resolutions of the Supervisory Board are passed, unless otherwise provided by mandatory law, by a simple majority of the votes cast. For purposes of passing a resolution, abstentions do not count as votes cast. If a vote results in a tie, any member of the Supervisory Board may request a second vote. The chairperson shall determine when such a vote is to be repeated. If the second vote also results in a tie, the chairperson shall have two votes; a deputy shall not be entitled to cast a second vote.

18.3.2 Current and Expected Future Members of the Supervisory Board

The following table sets forth the current members of the Supervisory Board which are also expected to be appointed by the IPO EGM until the registration of the Amendment II and reappointed by the IPO EGM effective upon the registration of Amendment II (see also section 18.3.1 (*Overview*)).

Members of the Supervisory Board	Age	Member since	Appointed until	Position
Prof. Dr. David Ebsworth ...	66	2021	2026	Chairperson[(1)]
Peter Catterall	52	2021	2026	Deputy Chairperson[(2)]/ Member[(3)]
Barbara Lambert.....	58	2021	2026	Member

(1) Until election of the chairperson and the deputy chairperson in the first meeting of the Supervisory Board following the Listing and expected to be reelected as the chairperson of the Supervisory Board in the first meeting of the Supervisory Board following the Listing.

(2) Until election of the chairperson and the deputy chairperson in the first meeting of the Supervisory Board following the Listing.

(3) Following election of the chairperson and the deputy chairperson in the first meeting of the Supervisory Board following the Listing.

The following table sets forth the three additional future shareholder representatives which are expected to be appointed by the IPO EGM until the registration of the Amendment II and reappointed by the IPO EGM effective upon the registration of Amendment II (see also section 18.3.1 (*Overview*)). The following table also sets forth the six employee representatives that are expected to be appointed by the IPO EGM (initially as shareholder representatives) until the registration of the Amendment II and that the Company plans to have appointed by the competent court following the registration of Amendment II until the time regular employee representatives have been elected in accordance with the provisions of the German Co-determination Act (*Mitbestimmungsgesetz*) (see also section 18.3.1 (*Overview*)).

Expected Future Members of the Supervisory Board	Age	Member as from	Appointed until	Position
Marc Welters	54	Registration of Amendment I, expected on April 29, 2021	Employee Election	Deputy Chairperson[1] / Member[2]
Karin Bierstedt	49	Registration of Amendment I, expected on April 29, 2021	Employee Election	Member
Dr. Stefan Graf	58	Registration of Amendment I, expected on April 29, 2021	Employee Election	Member
Dr. med. Ute Hasholzner	62	Registration of Amendment I, expected on April 29, 2021	Senior Employee Election	Member
Anastasya Molodykh	31	Registration of Amendment I, expected on April 29, 2021	2026	Member
Christian Salling	47	Registration of Amendment I, expected on April 29, 2021	2026	Member
Rene Schmidt-Ferroud	59	Registration of Amendment I, expected on April 29, 2021	Employee Election	Member
Iris Schopper	33	Registration of Amendment I, expected on April 29, 2021	Employee Election	Member
Dr. Bartl Wimmer	60	Registration of Amendment I, expected on April 29, 2021	2026	Member

(1) Following election of chairperson and deputy chairperson in first meeting of the Supervisory Board following the Listing.

(2) Until election of chairperson and deputy chairperson in first meeting of the Supervisory Board following the Listing.

The following description provides summaries of the *curricula vitae* of the current and expected future members of the Supervisory Board set forth above and indicates their principal activities outside the SYNLAB Group to the extent those activities are significant with respect to the SYNLAB Group. Of the six current and expected future members of the Supervisory Board representing shareholders, the Supervisory Board considers Prof. Ebsworth, Barbara Lambert, Christian Salling and Dr. Bartl Wimmer as independent in the meaning of the Code (as defined below in section 18.8 (*Corporate Governance*)).

Prof. Dr. David Ebsworth has over 40 years of experience in the healthcare industry. He served as the CEO of Galenica AG, Vifor Pharma AG and past global head of the Pharmaceutical Division of Bayer AG. David has chaired numerous private and public healthcare companies and also served on boards as either chairman of the audit, remuneration or nominations and governance committees. Prof. Ebsworth holds a degree in Chemistry and German and a Ph.D. in Comparative Industrial Relations, both from the University of Surrey and was awarded a Doctor of Humane Letters honorary degree from the University of New Haven, Connecticut. He serves as Visiting Professor to the Business School of the University of Surrey.

Marc Welters has 19 years of experience as a trade union representative. He serves as the union secretary (*Gewerkschaftssekretär*) of the IG BCE union and also acts as the representative for ICEM (*Internationale Föderation der Chemie, Energie, Bergbau und Fabrikarbeitergewerkschaften*) Belgium, responsible for the telecommunications, laboratory, rubber and housing industries. Mr. Welters completed an apprenticeship as an industrial mechanic (*Betriebstechnik*) at Gerresheimer Glas AG in Düsseldorf in 1991. Mr. Welters also serves on the supervisory board of SYNLAB Acquisition GmbH.

Karin Bierstedt is a chemical laboratory technician in the forensic toxicology department of SYNLAB. She joined SYNLAB in 1997, prior to which she worked as a chemical laboratory technician in other laboratories after completing her training at Süd-Chemie in Kelheim in 1993.

Peter Catterall is a partner at Cinven having joined in 1997. He chairs the Portfolio Review Committee and is also a member of the UK and Ireland regional team. During his time at Cinven, he has been involved in numerous transactions, including the Partnership Assurance Group (specialist providers of retirement solutions), Avolon Aerospace Leasing Limited (aircraft leasing business), The Gondola Group Limited (chain restaurant operator), Hotelbeds (hotel distribution platform business) and Kurt Geiger (footwear and accessories retailer). Mr. Catterall has a degree in Chemistry from Exeter University. Mr. Catterall serves on a series of Boards, including Hotelbeds, Kurt Geiger, Premium Credit Limited, Miller Insurance Services LLP and SYNLAB Limited.

Dr. Stefan Graf is a SYNLAB laboratory technician. Through his career since 1992, he has held the positions of laboratory manager, head of laboratory information systems and head of development laboratory information systems. He is a member of the supervisory board of SYNLAB Acquisition GmbH and acts as chairman of the works council of SYNLAB Holding GmbH. Prior to joining SYNLAB, he worked at the Institute of Organic Chemistry at Munich University. Dr. Graf obtained his doctorate from Ludwig-Maximilians-University in Munich in 1992. Dr. Graf also serves of the supervisory board of SYNLAB Acquisition GmbH.

Dr. Ute Hasholzner is the medical director at SYNLAB in Ettlingen. She joined SYNLAB in 2007 as a laboratory doctor in Dachau. Prior to this, she was a freelance consultant at Boehringer Mannheim, and held positions at the Institute for Clinical Chemistry, Klinikum Grosshadern and various medical laboratories. She studied at Munich University, where she obtained her doctorate in 1988. Dr Hasholzner received an accreditation as a laboratory technician in 1998.

Barbara Lambert is a management consultant and an independent member of multiple national and international boards. She acquired expertise in the areas of accounting and internal control procedures through senior positions, *inter alia*, at Arthur Andersen, Ernst & Young and Banque Pictet & Cie SA. At Ernst & Young Switzerland she was head of financial sector audit activities and at Banque Pictet & Cie SA she was a member of the Executive Board and Group Chief Risk Officer. She is currently the Chair of the audit committee of Deutsche Börse AG and Implenia AG.

Ms Lambert is a certified Swiss public accountant and has a degree in economics from the University of Geneva.

Anastasya Molodykh is a principal at Cinven having joined in 2015. She has been involved in multiple transactions made by funds advised by Cinven including LGC Group (an international life sciences measurement and testing company), SYNLAB and Medpace Inc. (a clinical research organization conducting global clinical research for the development of drugs and medical devices). Previously, Ms. Molodykh was an investment banking associate at Deutsche Bank, working across a range of sectors. Ms. Molodykh graduated from the University of Oxford and holds a degree in Philosophy, Politics and Economics. Ms. Molodykh also serves of the supervisory board of SYNLAB Acquisition GmbH.

Christian Salling is a Senior Partner at Novo Holdings A/S having joined in 2014 and is the Head of Principal Investments Asset & Portfolio Management. He has held a position as Senior Vice President, Emerging Markets with Coloplast A/S and a position as Principal in A.T. Kearney's global health practice, working on strategy, M&A and commercial and operational excellence across the MedTech and Pharmaceutical industries. Mr. Salling graduated from the Technical University of Denmark and holds a Master of Science degree. Mr. Salling also serves on the board of directors of SYNLAB Limited and on the supervisory board of SYNLAB Acquisitions GmbH.

Rene Schmidt-Ferroud has more than 25 years of experience as a laboratory technician. He has been the clinical chemistry and serology group leader at SYNLAB's Heidelberg-Eppelheim site for more than 15 years. He is also Chairperson of the SYNLAB group works council (*Konzernbetriebsrat*). Mr. Schmidt-Ferroud obtained his certification as medical laboratory technician in 1995.

Iris Schopper is a union representative for IG BCE Bezirk Nordostbayern. She joined the IG BCE union in Thüringen in 2012 and serves as union secretary (*Gewerkschaftssekretärin*). Prior to this, she worked in internal sales at SATO OFFICE GmbH. Ms Schopper studied labor law at the University of Cologne.

Dr. Bartl Wimmer co-founded SYNLAB in 1998 and was the group CEO for 20 years. Dr. Wimmer grew and developed SYNLAB through numerous acquisitions, including the merger with the Austrian company Futurelab and the Italian company Fleminglabs in 2010. The combination with the French company Labco in 2015 made SYNLAB Group Europe's market leader by revenue. He has served as a director of SYNLAB Limited since 2015. Dr Wimmer completed his medical studies in Regensburg and Munich, and had worked as laboratory physician. Dr. Wimmer also serves on the board of directors of SYNLAB Limited.

All members of the Supervisory Board may be reached at the Company's offices at Moosacher Strasse 88, 80809 Munich, Germany (telephone +49 89 307602-0).

18.3.3 Outside Positions of the Current and Expected Future Members of the Supervisory Board

The following overview lists all companies and enterprises in which the current and expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) currently hold seats or have held seats on administrative, management or supervisory boards, or comparable German or foreign supervisory bodies, or of which they are or were partners, in each case during the last five years and with the exception of the SYNLAB Group.

Members of the Supervisory Board	
Prof. Dr. David Ebsworth	**Current positions (company name, position):** • Actimed Therapeutics Ltd, UK, non-executive chairman of the board of directors (since 2018) • Interpharma Investments Ltd, British Virgin Islands, non-executive member of the board of directors (since 2016) • Kyowa Kirin International plc, UK, non-executive member of the board of directors (since 2017) • Operation Health AG, Switzerland, non-executive chairman of the board of directors (*Verwaltungsrat*) (since 2016)

Members of the Supervisory Board	
	• Sartorius AG, Germany, non-executive member of the supervisory board (*Aufsichtsrat*) (since 2020) • Verona Pharma plc, UK, non-executive chairman of the board of directors (since 2014). **Previous positions (company name, position):** • Pharma Investments SA, Luxembourg, non-executive member of the board of directors (*Conseil d'administration*) (2018-2020) • Soho Flordis International, Australia, non-executive member of the board of directors (2016-2019)
Marc Welters	**Current positions (company name, position):** • Deutsche Shell Holding GmbH, Germany, member of the Supervisory Board (since 2006) • Deutsche Shell GmbH, Germany, member of the Supervisory Board (since 2006) **Previous positions (company name, position):** • None
Karin Bierstedt	**Current positions (company name, position):** • None **Previous positions (company name, position):** • None
Peter Catterall	**Current positions (company name, position):** • Clockhouse 2018, United Kingdom, member of the board of directors (since 2018) • HBG Limited, Jersey, member of the board of directors (since 2016) • HNVR Topco Limited, United Kingdom, member of the board of directors (since 2019) • HNVR UK Guarantee Limited, United Kingdom, member of the board of directors (since 2020) • HNVR Holdco Limited, England and Wales, member of the board of directors (since 2019) • HNVR Midco Limited, England and Wales, member of the board of directors (since 2019) • HNVR Topco Limited, England and Wales, member of the board of directors (since 2019) • Mercury Acquisitions Topco Limited, Jersey, member of the board of directors (since 2020) • Miller Insurance Services LLP, member of the partnership board (since 2021) • Pomegranate Acquisitions Limited, United Kingdom, member of the board of directors (since 2015) • Pomegranate Holdings Limited, Jersey, member of the board of directors (since 2015) • Pomegranate Midco Limited, United Kingdom, member of the board of directors (since 2015) • Pomegranate Topco Limited, Jersey, member of the board of directors (since 2015) • Premium Credit Limited, United Kingdom, member of the board of directors (since 2015) • The Royal Yachting Association (since 2019), group board director (since 2019) • 76 Schubert Road Limited, United Kingdom, member of the board of directors (since 2007)

Members of the Supervisory Board	
	Previous positions (company name, position):
	• Cinven Partners LLP, United Kingdom, partner (2012-2020)
	• Company AE Ltd, England and Wales, member of the board of directors (2013-2018)
	• Gondola Investments (GP) Limited, Guernsey, member of the board of directors (2009-2019)
	• JRP Group PLC, United Kingdom, member of the board of directors (2016-2017)
	• Mercury Acquisitions Topco Limited, Jersey, member of the board of directors (2015-2017)
	• Mizzen Bidco Limited, United Kingdom, member of the board of directors (2015-2017)
	• Mizzen Mezzco Limited, United Kingdom, member of the board of directors (2015-2017)
	• Mizzen Midco Limited, United Kingdom, member of the board of directors (2015-2017)
	• Mizzen Mezzco 2 Limited, United Kingdom, member of the board of directors (2015-2017)
	• Partnership Assurance Group Limited, United Kingdom, member of the board of directors (2013-2017)
	• Partnership Holdings Limited (previously PAG Acquisitions Ltd), England and Wales, member of the board of directors (2009-2017)
	• Vendcrown Limited, United Kingdom, member of the board of directors (2015-2017)
Dr. Stefan Graf	**Current positions (company name, position):**
	• None
	Previous positions (company name, position):
	• None
Dr. Ute Hasholzner.....	**Current positions (company name, position):**
	• None
	Previous positions (company name, position):
	• None
Barbara Lambert.....	**Current positions (company name, position):**
	• Banque Pictet & Cie, Geneva, Switzerland, member of the board of directors (since 2018)
	• Deutsche Börse AG, Frankfurt am Main, Germany member of the supervisory board (since 2018)
	• Implenia AG, Dietlikon, Switzerland, member of the Board of Directors (since 2019)
	Previous positions (company name, position):
	• Banque Pictet & Cie, Geneva, Switzerland, Group Chief Risk Officer, member of the executive management committee (2014-2018)
Anastasya Molodykh.....	**Current positions (company name, position):**
	• None
	Previous positions (company name, position):
	• Medpace Holding Inc., United States, member of the Board of Directors (since 2017)
Christian Salling.....	**Current positions (company name, position):**
	• Novo Invest 1 A/S, Denmark, CEO since 2015 and member of the Board of Directors (since 2016)
	• Sonion HoldCo A/S, Denmark, CEO and member of the board of directors (since 2015)
	• Sonion Holding A/S, Denmark, member of the board of directors (since 2017)
	• Sonion InvestCo A/S, Denmark, member of the board of directors (since 2018)
	• ENV HoldCo A/S, Denmark, CEO and member of the board of directors (since 2019)
	• Envirotainer Topco Limited, UK, member of the board of directors (since 2019)
	• Envirotainer Holding AB, Sweden, member of the board of directors (since 2019)
	• Valencell Inc., United States, member of the board of directors (since 2020)

Members of the Supervisory Board	
	• Orexo AB, Sweden, Chairman of the nomination committee (since 2019) **Previous positions (company name, position):** • Xilco Holding (CH) AG, Switzerland, member of the board of directors (2016-2018)
Rene Schmidt-Ferroud	**Current positions (company name, position):** • None **Previous positions (company name, position):** • None
Iris Schopper.....	**Current positions (company name, position):** • None **Previous positions (company name, position):** • None
Dr. Bartl Wimmer.....	**Current positions (company name, position):** • Sparkasse Berchtesgadener Land, member of the Board of Directors • Zweckverband Bergerlebnis, Berchtesgaden, First Chairman **Previous positions (company name, position):** • None

18.3.4 Committees

According to current considerations, it is expected that the Supervisory Board will establish the following committees with the following tasks once the Supervisory Board is composed of all members:

Presiding Committee (*Präsidialausschuss*) **–** The Presiding Committee shall consist of at least four Supervisory Board members, equally split between shareholders' representatives and employees' representatives. The chairperson of the Supervisory Board shall be the chairperson of the Presiding Committee. Currently, the members of the Presiding Committee are expected to be Prof. Ebsworth (Chairperson), Mr. Catterall, Mr. Welters and Dr. Graf.

The Presiding Committee coordinates the activities of the Supervisory Board and prepares Supervisory Board meetings. It deals with personnel matters, particularly those of the Management Board, prepares Management Board contracts and submits proposals to the Supervisory Board on the remuneration of Management Board members. Together with the Management Board, the Presiding Committee coordinates and agrees on long-term succession planning for the Management Board. The Presiding Committee shall provide advice also on the fundamental strategic and financial aspects of the Company's development, on investments and acquisitions/disposals as well as scientific matters and shall prepare the corresponding decisions of the Supervisory Board in relation to such matters. In addition, and depending on the enterprise value, the Presiding Committee shall ratify or approve certain acquisitions instead of the entire Supervisory Board depending on materiality.

Audit and Risk Committee (*Prüfungs- und Risikoausschuss*) – The Audit and Risk Committee shall consist of at least four Supervisory Board members, equally split between shareholders' representatives and employees' representatives. The chairperson of the Supervisory Board shall not be the chairperson of the Audit and Risk Committee and at least one member shall be experienced in accounting and at least another member shall be experienced in auditing. Currently, the members of the Audit and Risk Committee are expected to be Ms. Lambert (Chairperson), Ms. Molodykh, Mr. Welters and Dr. Graf.

The purpose of the Audit and Risk Committee is to oversee the Company's and the SYNLAB Group's accounting and financial reporting processes. These responsibilities include the preliminary review of the Company's annual financial statements, consolidated financial statements, non-financial reporting and related disclosure, with approval of the financial statements and group management report being subject to full Supervisory Board approval. In addition, the Audit and Risk Committee will monitor the Company's internal control system, risk management and internal audit and compliance functions as well as corporate and social responsibility reporting.

Nomination Committee (*Nominierungsausschuss*) – The Nomination Committee shall consist of three members of the Supervisory Board (all shareholders' representatives). Currently, the members of the Nomination Committee are expected to be Prof. Ebsworth (Chairperson), Mr. Catterall and Mr. Salling.

The Nomination Committee will pre-select candidates for the Supervisory Board in connection with the Supervisory Board's proposal to the general shareholders' meeting for the appointment of shareholders' representatives of the Supervisory Board.

Conciliation Committee (*Vermittlungsausschuss*) – The Conciliation Committee shall consist of four members of the Supervisory Board: the chairperson of the Supervisory Board, the deputy chairperson and two other Supervisory Board members (one shareholder representative and one employee representative). Currently, the members of the Conciliation Committee are expected to be Prof. Ebsworth (Chairperson), Dr. Wimmer, Mr. Welters and Ms. Bierstedt.

The Conciliation Committee will make a proposal for the election of the members of the Management Board should the Supervisory Board fail to elect the members of the Management Board.

ESG Committee (*ESG-Ausschuss*) **–** The ESG Committee shall consists of four Supervisory Board Members, equally split between shareholders' representatives and employees' representatives. Currently, the members of the ESG Committee are expected to be Dr. Wimmer (Chairperson), Mr. Salling, Ms. Schopper and Mr. Schmidt-Ferroud.

The ESG Committee is responsible for monitoring and advising the Supervisory Board and Management Board on economically and socially sound and sustainable development and governance of the Company. In addition, the ESG Committee advises the Audit and Risk Committee on the corporate and social responsibility reporting.

18.3.5 Remuneration and Other Benefits of the Members of the Supervisory Board

18.3.5.1 Remuneration in the Fiscal Year Ended December 31, 2020

Prof. David Ebsworth, Peter Catterall and Barbara Lambert were appointed as members of the Supervisory Board with effect as of January 11, 2021. Therefore, the current members of the Supervisory Board received no compensation from the Company during the fiscal year ended December 31, 2020.

18.3.5.2 Remuneration System

The general shareholders' meeting resolved upon the remuneration of the Supervisory Board members effective as of the Listing. Each Supervisory Board member shall receive a fixed annual remuneration of €80,000, except for the chairperson of the Supervisory Board and deputy chairperson of the Supervisory Board, who shall receive fixed annual remunerations of €220,000 and €110,000, respectively.

The Presiding Committee members receive an additional annual remuneration of €15,000, its chairperson receives an additional annual remuneration of €30,000. The Audit Committee members receive an additional annual remuneration of €20,000, its chairperson receives an additional annual remuneration of €80,000. The ESG Committee members receive an additional annual remuneration of €15,000, its Chairperson receives an additional annual remuneration of €30,000.

Furthermore, the Supervisory Board members receive a meeting attendance fee of €2,000 per meeting, whereas the person chairing the meeting shall receive a meeting attendance fee of €4,000 per meeting. In addition, the members of Supervisory Board committees receive a meeting attendance fee of €1,000 per meeting, whereas the person chairing the Supervisory Board committee meeting receive a meeting attendance fee of €2,000 per meeting.

In addition to the remuneration paid, the Company reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as

Supervisory Board members as well as any value added tax or social security charges on their compensation and out-of-pocket expenses.

18.3.6 Shareholdings of the Current and Expected Future Members of the Supervisory Board

Prof. Ebsworth and Dr. Wimmer indirectly hold shares in SYNLAB Limited through certain Selling Shareholders. No other current or expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) hold any shares or options over shares in the Company or SYNLAB Limited as of the date of this Prospectus. Upon effectiveness of the Contribution Capital Increase, Prof. Ebsworth and Dr. Wimmer will become indirect shareholders of the Company. Assuming all Offer Shares are placed at the midpoint of the Price Range, Prof. Ebsworth and Dr. Wimmer will indirectly hold 0.06% and 6.04% of the Shares upon effectiveness of the Contribution Capital Increase, respectively. Of Prof. Ebsworth's shareholdings, 45% will be sold in the Offering through Ephios MEP VI GmbH & Co. KG and of Dr. Wimmer's shareholdings, up to 13.5% will be sold in the Offering. Following the settlement of the Offering, Prof. Ebsworth and Dr. Wimmer will indirectly hold 0.03% and 4.76% of the Shares, respectively, assuming 19,512,195 New Shares placed in the Offering at the midpoint of the Price Range. The remaining Shares indirectly held following the settlement of the Offering are subject to a lock-up of 360 days in case of Prof. Ebsworth and of 180 days in case of Dr. Wimmer, in each case commencing on the First Day of Trading.

18.4 Certain Information Regarding the Current and Expected Members of the Supervisory Board and of the Members of the Management Board

In the last five years, no current member of the Management Board or current or expected future member of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) has been convicted of fraudulent offences. No current member of the Management Board or current or expected future member of the Supervisory Board has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body or as a senior manager.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the current members of the Management Board or current or expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)), nor have sanctions been imposed by the aforementioned authorities. No court has ever disqualified any of the current member of the Management Board or any of the current or expected future member of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) from acting as a member of the board of directors of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. Beyond the service agreements of the members of the Management Board neither the members of the Management Board nor the current or expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) have entered into a service agreement with a Group company that provides for benefits upon termination of employment or office.

At the date of this Prospectus, no family relationships exist among the members of the Management Board, among the current and expected future members of the Supervisory Board or among the members of the Management Board on the one hand and the current and expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)).

18.5 Conflicts of Interest

To the extent current members of the Management Board (set forth in section 18.2.5 (*Shareholdings of the Management Board*)) or current or expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) and of the Management Board directly or indirectly hold shares in the Company, there can be conflicting interests arising from their shareholding, apart from their positions on the governing body. Members of the Management Board may have employment agreements with an entity of the SYNLAB Group, as well as memberships on the management or

supervisory boards of the other Group companies. Therefore, conflicts of interest could arise for the members of the Management Board between their duties towards the SYNLAB Group, the relevant individual group company and their duties as members of the Management Board of the Company.

Except as described in the preceding paragraph there are no other actual or potential conflicts of interest between the obligations of the current members of the Management Board or of the current and expected future members of the Supervisory Board (set forth in section 18.3.2 (*Current and Expected Future Members of the Supervisory Board*)) toward the Company and their respective private interests or other obligations.

18.6 D&O Insurance

The executive board of SYNLAB Limited (including the current members of the Management Board and certain employees of the SYNLAB Group) are currently covered by a group liability insurance policy with regard to their management activities. This policy covers personal liability for financial loss associated with performing the respective activity. The Company has concluded similar insurance coverage for members of the Management Board and the Supervisory Board and certain employees of the SYNLAB Group under a re-negotiated group liability insurance policy effective upon Listing. This policy will provide for a deductible/retention for the members of the Management Board that conforms to the requirements of the German Stock Corporation Act (*Aktiengesetz*).

18.7 General Shareholders' Meeting

18.7.1 Overview

Except for virtual general shareholders' meetings as described below, general shareholders' meetings (ordinary and extraordinary) are held at the Management Board's option either at the Company's registered seat or at the place of a stock exchange in Germany. Each Share entitles the shareholder to one vote in the respective general shareholders' meetings.

Unless mandatory law and the Articles of Association provide otherwise, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required, with the simple majority of the share capital represented on the adoption of a resolution. According to mandatory law, resolutions of fundamental importance require, in addition to the majority of votes cast, a majority of three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include in particular:

- changes of the corporate purpose of the Company;
- share capital increases; if preference shares are issued, and share capital decreases;
- creation of authorized and conditional share capital;
- exclusion of the subscription rights of shareholders;
- mergers, split-ups, spin-offs as well as the transfer of all assets of the Company;
- entering into enterprise agreements (*Unternehmensverträge*) (in particular domination agreements and profit and loss transfer agreements (*Beherrschungs- und Ergebnisabführungsverträge*));
- change of the corporate form of the Company; and
- dissolution of the Company.

General shareholders' meetings are convened by the Management Board. The Supervisory Board must convene general shareholders' meetings whenever the interests of the Company so require. Upon request of shareholders holding an aggregate of 5% or more of the registered share capital, the Management Board is obliged to convene a general shareholders' meeting. The annual general shareholders' meeting, which decides on the discharge of the Management Board and the

Supervisory Board, profit distributions, appointment of the auditor and the approval of the annual accounts, must be held within the first eight months of each financial year.

The German Stock Corporation Act (*Aktiengesetz*) requires the Company to publish notices of general shareholders' meetings in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior the day of the meeting. When calculating the notice period, the day on which the invitation is sent and the day of the shareholders' meeting are not counted.

Only those shareholders who have duly submitted notification of attendance in a timely manner prior to the meeting shall be entitled to attend the general shareholders' meeting and to exercise their voting rights. Such notification of attendance shall be made in text form in German or English language and must be received by the Company at the address specified for this purpose in the notice of the meeting not later than six days prior to the general shareholders' meeting. A shorter time limit to be expressed in days may be stipulated in the notice of the meeting. The day of receipt of the notification of attendance and the day of the general shareholders' meeting shall not be taken into account for the purpose of calculating this time limit.

Neither German law nor the Articles of Association restrict the right of non-resident or foreign shareholders to hold shares or to exercise any voting rights attached to these shares.

18.7.2 Virtual Shareholders' Meetings

Pursuant to the German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020 (the "**COVID-19-Act**") as extended by regulation of the Federal Ministry of Justice and Consumer Protection (*Bundesministerium der Justiz und für Verbraucherschutz*) dated October 20, 2020, the Management Board may decide, with the approval of the Supervisory Board, to hold general shareholders' meetings on or before December 31, 2021 as virtual shareholders' meetings without physical attendance of the shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire general shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the opportunity to ask questions via electronic communication; and
- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the general shareholders' meeting without the requirement to attend in person at the general shareholders' meeting.

Under the COVID-19-Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, general shareholders' meetings held on or before December 31, 2021. In particular, the general shareholders' meeting may be convened as late as on the 21st day prior to the day of the meeting.

18.8 Corporate Governance

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) was established by the German Federal Ministry of Justice in September 2001, approved the German Corporate Governance Code on February 26, 2002 (the "**Code**"), and most recently adopted various amendments to the Code on December 16, 2019. The Code contains recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to management and supervision,

appointments to management boards, the composition of the supervisory board, supervisory board procedures, conflicts of interest, transparency and external reporting, and management board and supervisory board remuneration. The Code is available at: https://www.dcgk.de/en/.

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) obliges the Management Board and the Supervisory Board of a listed company to declare annually either that the recommendations of the Code were and are being complied with, or to declare which recommendations were not and are not applied. This declaration is to be made accessible to shareholders.

As of the date of this Prospectus, the Company intends to comply with the recommendations of the Code, apart from Section B.1 of the Code (Diversity). Section B.1. of the Code recommends that the Supervisory Board should also take diversity into account when appointing members of the Management Board, which in the Company's understanding also includes an appropriate consideration of women. The current members of the Management Board both are male and have been appointed for a period of three years. When considering succession planning, and depending on the number of Management Board members at such time, the Supervisory Board plans to take diversity into account.

19. UNDERWRITING

On April 19, 2021, the Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering. Under the terms of the Underwriting Agreement and subject to certain conditions, the maximum number of Offer Shares to be underwritten by each of the Underwriters is set forth below opposite the Underwriter's name:

	Maximum Number of Offer Shares	Percentage of maximum Number Offer Shares Underwritten
Goldman Sachs Bank Europe SE	20,013,193	28.0%
J.P. Morgan AG	20,013,193	28.0%
BofA Securities Europe SA	7,147,570	10.0%
Deutsche Bank Aktiengesellschaft	7,147,570	10.0%
Barclays Bank Ireland PLC	3,216,406	4.5%
BNP PARIBAS	3,216,406	4.5%
HSBC Trinkaus & Burkhardt AG	3,216,406	4.5%
Jefferies GmbH	3,216,406	4.5%
UniCredit Bank AG	2,144,273	3.0%
Crédit Agricole Corporate and Investment Bank	1,072,135	1.5%
Natixis	1,072,135	1.5%

19.1 Underwriting Agreement

In the Underwriting Agreement, the Underwriters agreed to subscribe for and purchase the Offer Shares with a view to offering them to investors in this Offering. The obligations of the Underwriters are subject to various conditions, including (i) the absence of a material event (e.g., a material adverse change in or affecting the business, prospects, management, financial position, shareholders' equity, or results of operations of the Company, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange), (ii) receipt of customary certificates, legal opinions and auditor letters and (iii) the admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Underwriters have provided and may in the future provide services to the Company in the ordinary course of business and may extend credit to and have regular business dealings with the Company in their capacity as financial institutions. For a more detailed description of the interests of the Underwriters in the Offering, see section 3.12 (*The Offering—Interests of Persons Participating in the Offering and the Listing of the Shares*).

19.2 Commissions

The Underwriters will offer the Offer Shares at the Offer Price. The Company and the Selling Shareholders will pay the Underwriters a base commission of 1.5% of the aggregate gross Offering proceeds (the "**Base Commission**"), each in proportion to the gross Offering proceeds they will receive. In addition to the Base Commission, the Company may pay the Underwriters an incentive fee of up to 1.25% of the aggregate gross Offering proceeds.

19.3 Greenshoe Option and Securities Loan

For the purpose of a possible Over-Allotment, the Stabilization Manager, for the account of the Underwriters, will be provided with up to 9,322,916 Over-Allotment Shares in the form of a securities loan free of charge from the Institutional Shareholders; this number of Over-Allotment Shares will not exceed 15% of the sum of the allotted number of Base Offer Shares and Additional Shareholder Shares, if any. In addition, the Institutional Shareholders have granted the Underwriters an option to acquire a number of Shares equal to the number of borrowed Over-Allotment Shares at the Offer Price less agreed commissions (Greenshoe Option) in order to satisfy the retransfer obligation under the securities loan. The Greenshoe Option may be exercised at maximum to the extent that Shares of the Company have been placed by way of Over-Allotments.

The Greenshoe Option shall be exercisable by Goldman Sachs as stabilization manager in agreement with the other Underwriters within 30 calendar days after the First Day of Trading. The stabilization manager may, to the extent permitted by applicable law, over-allot or effect transactions with the view to supporting the market price of the Shares or any options, warrants or rights with respect to, or other interest in, the Shares or other securities of the Company, in each case at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilization manager will undertake stabilization action.

19.4 Termination/Indemnification

The Underwriting Agreement provides that the Underwriters may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include in particular:

- there has been any material adverse change, or any development involving a prospective adverse change, in or affecting the business, prospects, management, financial position, shareholders' equity or results of operations of the Company;
- a suspension or material limitation in trading on the Frankfurt, London or New York stock exchange (other than for technical reasons) develops;
- a general moratorium is imposed on commercial banking activities in Frankfurt am Main, London or New York by the responsible authorities;
- a material, not only temporary, disruption takes place in commercial banking or securities settlement or clearance services in Germany, the United Kingdom, or the United States; and
- an outbreak or escalation of hostilities or war, or the occurrence of acts of terrorism or other calamity or crisis has a material adverse impact on the financial markets in Germany, the United Kingdom or the United States.

If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. The Company has agreed in the Underwriting Agreement to indemnify the Underwriters against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

19.5 Selling Restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Existing Shareholders or the Underwriters to permit a public offering of the Offer Shares anywhere other than in Germany or the transmission or distribution of this Prospectus into any other jurisdiction where action for that purpose may be required. This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (see section 2.3 (*General Information—Competent Supervisory Authority*).

Accordingly, neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than in Germany, except under circumstances that will result in compliance with applicable laws and regulations. Persons taking possession of this Prospectus are required to inform themselves about, and observe any, such restrictions, including those set out in the following paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

19.5.1 EEA and the United Kingdom

In relation to each Member State of the European Economic Area ("**EEA**") and the United Kingdom (each a "**Relevant State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant State or, where appropriate and applicable, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation and the UK Prospectus Regulation (as each such term is defined below) as applicable, except that the Offer Shares may be offered to the public in that Relevant State at any time:

- to any legal entity which is a qualified investor in the EEA as defined under Article 2 of the Prospectus Regulation or which is a qualified investor in the United Kingdom pursuant to Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors in the EEA as defined under Article 2 of the Prospectus Regulation and other than qualified investors in the United Kingdom as defined under Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation and/or within Section 86 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") as applicable,

provided that no such offer of the Offer Shares shall require the Company, any Selling Shareholder or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation and Section 85 of the FSMA, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe for any Offer Shares and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of the domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

19.5.2 United Kingdom

In the United Kingdom, this Prospectus is only addressed to and directed to qualified investors within the meaning of Article 2 of the UK Prospectus Regulation (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or (ii) who are high net worth entities falling within article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or (iii) who are other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

19.5.3 United States of America

The Company does not intend to register either the Offering or any portion of the Offering in the United States or to conduct a public offering of shares in the United States. The Offer Shares and the subscription rights have not been, and will not be, registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States and may not be offered, sold or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from the registration and reporting requirements of the United States securities laws and in compliance with all other applicable United States legal regulations. The Offer Shares

may be sold in or into the United States only to persons who are QIBs within the meaning of Rule 144A or another exemption from registration, and outside the United States in accordance with Rule 903 of Regulation S and in compliance with other United States legal regulations, and no (i) "direct selling efforts" as defined in Regulation S or (ii) "general advertising" or "general solicitation," each as defined in Regulation D under the Securities Act, may take place. Any offer or sale of shares in reliance on Rule 144A will be made by broker dealers who are registered as such under the Securities Act. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of this Offering, an offer or sale of shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

19.5.4 MiFID II Target Market Assessment

Each distributor is responsible for undertaking its own target market assessment with respect to the Offer Shares and determining appropriate distribution channels.

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits, and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II, or (ii) a recommendation to any investor or group of investors to invest in, purchase or take any other action whatsoever with respect to, the Offer Shares.

20. CERTAIN TAX CONSIDERATIONS

Income received from Shares is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat and place of effective management (i.e., Germany) may have an impact on the income received from Shares.

The following section contains a summary of key German taxation principles which generally are or may be relevant to the acquisition, holding or transfer of shares under German law. This summary does not purport to be an exhaustive or complete description of all potential tax aspects that could be relevant for shareholders. The information is based on the domestic tax law in force in Germany as of the date of this Prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax laws of jurisdictions other than Germany with authority to impose taxes on a shareholder may impact the shareholder's taxation. Tax legislation and the status of the treaties may change, possibly with retroactive or retrospective effect. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section is no substitute for individual tax advice to a particular shareholder and should not be viewed as such advice. Prospective investors are therefore advised to consult their tax advisers and attorneys regarding the tax implications of the acquisition, holding or transfer, donating or bequeathing of shares and/or subscription rights and regarding the procedures to be followed to potentially achieve a reimbursement of German withholding tax (Kapitalertragsteuer). Only such individual tax advice can adequately take the specific tax-relevant circumstances of individual investors into due account and consider special legal consequences that might arise for the shareholders in their personal tax situations and under their applicable legal systems.

20.1 Taxation of the Company

As a rule, the taxable profits generated by German corporations are subject to corporate income tax (*Körperschaftsteuer*). The rate of the corporate income tax is a standard 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (i.e., 15.825% in total).

In general, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporations are effectively 95% exempt from corporate income tax, as 5% of such receipts are treated as a non-deductible business expenses, and are therefore subject to corporate income tax (and solidarity surcharge (i.e., increase the income of the Company)). However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon) if the Company only holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (herein after in all cases, a "**Portfolio Participation**" – *Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the Company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the Company only on a *pro rata* basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

The Company's gains from the disposal of shares in a domestic or foreign corporation are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon), regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a rate of 15.825%. Conversely, losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations. Please note that there have been discussions and even draft laws which would lead to the taxation of such gains. However, so far none of the draft laws has actually been passed.

Additionally, German corporations are generally subject to trade tax (*Gewerbesteuer*) on their taxable trade profit (*Gewerbeertrag*) generated at their permanent establishments maintained in Germany (*inländische Betriebstätten*). The effective trade tax rate depends on the municipalities in which the corporation maintains its operations or permanent establishments. The effective trade

tax rates generally range from 7% to more than 18% depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*). When determining the income of the corporation that is subject to corporate income tax, trade tax may not be deducted as a business expense.

In principle, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes. However, 95% of profit shares will in effect be exempt from trade tax only if the Company held an interest of at least 15% in the share capital of the distributing corporation at the beginning of the relevant tax assessment period (*Erhebungszeitraum*). Otherwise, the profit shares will be fully subject to trade tax.

Profits derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes (i.e., 95% of such profits are effectively in general exempt from trade tax).

If and to the extent the Company and its German subsidiaries form a tax group for corporate income and trade tax purposes (*ertragsteuerliche Organschaft*), the profits and losses are generally consolidated and subject to tax at the level of the Company.

Interest expenses are generally tax-deductible, the provisions of the so-called interest barrier rules (*Zinsschranke*), however, limit the amount of interest expenses which can be deducted from the tax base in certain cases. According to these rules, interest (and other financing) expenses are tax deductible without limitation to the extent the relevant entity earns taxable interest income in the same financial year. Interest (and other financing) expenses which exceed the taxable interest income ("**net interest expenses**"), are only tax deductible up to an amount of 30% of the current year EBITDA of the respective entity unless the net interest expenses of the entity are below the threshold of €3.0 million per annum and no other exceptions apply. Non-deductible interest expenses will be carried forward and may generally be deductible in subsequent years, subject to certain exceptions and limitations. EBITDA that has not been fully utilized can under certain circumstances be carried forward to subsequent years and may be utilized for interest deduction (see the 30%-rule above) subject to certain exceptions and limitations. For trade tax purposes, 25% of the interest expenses deductible after applying the interest barrier rules are added back to the tax base for trade tax purposes (*gewerbesteuerliche Bemessungsgrundlage*) when calculating the taxable trade profit. Therefore, for trade tax purposes, the deductible interest expenses amount to only 75% of the interest expenses which are deductible for corporate income tax purposes.

Under certain conditions, negative income of the Company that has not been offset by the current year's positive income can be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to €1.0 million for corporate income tax but not for trade tax purposes. Negative income that has not been offset and not carried back can only be carried forward to subsequent assessment periods in an amount of up to €1.0 million to offset positive income for corporate income and trade tax purposes (tax loss carry-forward). If the taxable income or the taxable trade profit exceeds this amount, only 60% of the excess amount can be offset by tax loss carry-forwards. The remaining 40% of the taxable income are subject to trade tax and corporate income tax (so called minimum taxation – *Mindestbesteuerung*). Generally, tax loss carry-forwards that are not utilized may be carried forward and be used to offset by future income, subject to the application of the minimum taxation rules.

According to recently enacted laws in force since July 1, 2020 to provide COVID-19 tax support (*Zweites Corona-Steuerhilfegesetz*, "**COVID-19 Law**"), tax loss carry-back for the assessment periods 2020 and 2021 are increased to €5.0 million. The COVID-19 Law also provides for a mechanism to utilize tax loss carry-backs from the assessment period 2020 in the tax assessment for the assessment period 2019.

However, interest carry-forwards, tax loss carry-forwards and unused losses of the current year are forfeited in full if more than 50% of the subscribed capital, membership rights, participation rights or voting rights in the Company are transferred, directly or indirectly, to an acquirer or related parties of such acquirer (or a group of acquirers with common interest) within a period of five years or in case of comparable measures (harmful acquisition – *schädlicher Beteiligungserwerb*). If and

to the extent the tax loss carry-forwards and unused losses of the current year as well as the interest carry-forwards are matched by built-in gains of the loss making company's business assets that are subject to domestic taxation, a forfeiture of such items will generally not apply. An allocation of the built-in gains of business assets to interest carry-forwards is subordinated to the allocation of built-in gains to loss carry-forwards/unused losses. The forfeiture of accrued losses, loss carry-forwards and interest carry-forwards can be avoided upon application of the taxpayer provided that the company has been continuously operating the same business operations since its establishment or at least within a period of three tax assessment periods preceding the tax assessment period, in which the harmful transfer of shares or voting rights takes place, and that none of further pre-determined events has occurred during this period (so-called continuation-bound loss carry-forward). Furthermore, if any of these pre-determined events (including the discontinuation of the business operations) occurs in a subsequent period, any tax loss carry-forwards remaining after this period will forfeit.

20.2 Taxation of the Shareholders

20.2.1 Income Tax Implications of the Holding, Sale and Transfer of Shares

Shareholders may be subject to taxation in connection with the holding of shares ("**Taxation of Dividends**"), the sale of shares ("**Taxation of Capital Gains**") and the gratuitous transfer of shares ("**Inheritance and Gift Tax**").

20.2.2 Taxation of Dividends

20.2.3 Withholding Tax

As a general rule, dividends distributed by the Company are subject to a withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*), Section 27 of the German Corporate Taxation Act (KStG), in this case no withholding tax will be withheld. However, these payments will reduce the acquisition costs of the shares and may, consequently, result in or increase a taxable gain upon the disposal of the shares (see section 20.3 (*Taxation of Capital Gains*) below). The assessment basis for the withholding tax is the dividend approved by the general shareholders' meeting.

If shares are admitted for collective custody by a securities custodian bank (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany (as in the case of the Shares), the withholding tax is withheld and passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit – oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent or (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*) (the "**Dividend Paying Agent**"). The Company does not assume any responsibility for the withholding of the withholding tax.

In general, the withholding tax must be withheld regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

20.2.4 Withholding Tax Relief

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive, may be refunded upon application provided that further conditions are met, including, for example, the minimum holding requirement of 10% for certain periods and substance requirements of the German anti-treaty shopping rules. This also applies to dividends distributed to a permanent establishment of such a

parent company in another Member State of the European Union or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. The application has to be filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, D-53225 Bonn, Germany).

With respect to distributions made to shareholders not tax resident in Germany, the withholding tax rate can be reduced in accordance with an applicable double taxation treaty Germany has entered into with the shareholder's country of residence if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax reduction is generally granted by the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15%) is refunded by the German Federal Central Tax Office.

The German Federal Central Tax Office (http://www.bzst.bund.de) as well as German embassies and consulates provide forms for the application of the refund of the withheld tax. Alternative to the refund procedure, upon application, if the conditions are met, the German Federal Central Tax Office issues an exemption certificate (*Freistellungsbescheinigung*) on the basis of which withholding taxes may be withheld at the reduced rate as stipulated in the exemption certificate.

If dividends are distributed to corporations subject to limited taxation (i.e., corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed), two-fifths of the tax withheld at the source can generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or the relevant double taxation treaty are fulfilled (subject to certain substance requirements). The relevant application forms are available at the German Federal Central Tax Office (at the address specified above).

Further, pursuant to recently introduced Section 36a ITA, the aforementioned withholding tax reliefs as well as the credit of withholding tax described in the section 20.2.5 (*Taxation of Dividends of Shareholders with a Tax Domicile in Germany*) below for shares held as non-business and as business assets will only be granted if the shareholder (i) has been the economic owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the "**Minimum Holding Period**" (*Mindesthaltedauer*)), (ii) has been exposed (if taking into account claims of the shareholder from transactions reducing the risk of changes of the market value of the shares and corresponding claims of related parties of the shareholder) to at least 70% of the risk resulting from a decrease-in-value of the shares continuously during the Minimum Holding Period (the minimum change-in-value risk (*Mindestwertänderungsrisiko*)) and (iii) is not obliged to forward (*vergüten*) these dividends, directly or indirectly, in total or to more than 50% to another person.

In the event that a shareholder tax resident in Germany does not meet the aforementioned three requirements, three-fifths of the withholding tax levied on the dividends (i.e., 15% of the dividends) is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income in an assessment procedure. Shareholders who do not meet the requirements but who have, nevertheless, not suffered a withholding tax deduction on the dividends (for example, due to the presentation of a non-assessment certificate) or have already obtained a refund of the taxes withheld, are obliged to notify their competent tax office thereof and to make the payment of an amount corresponding to the amount which would otherwise be withheld; pursuant to the law regarding tax incentives for electric mobility and the amendment of further tax regulations (*Gesetz zur weiteren steuerlichen Förderung der Elektromobilität und zur Änderung weiterer steuerlicher Vorschriften*) that came into force on December 18, 2019, this amount will be equal to 15% of the dividends from January 1, 2019 onwards. The special rule on the restriction of withholding tax credit does not apply to a shareholder if either (i) his or her amount of dividend income on shares (including Shares) and certain profit participation rights (*Genussrechte*) does not exceed an amount of €20,000 in a given tax assessment period or if (ii) he or she has been, upon actual receipt of the

dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

In the event that a shareholder not tax resident in Germany does not meet the aforementioned three requirements, a refund of the withholding tax pursuant to a double taxation treaty is under Section 50j ITA not available. This restriction only applies if (i) the applicable double taxation treaty provides for a tax reduction leading to an applicable tax rate of less than 15%, (ii) the shareholder is not a corporation that directly holds at least a participation of 10% of the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt and (iii) the shareholder has not been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

The Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called "pots for offsetting losses" (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

20.2.5 Taxation of Dividends of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

20.2.5.1 Shares Held as Private Assets

Dividends distributed to shareholders being tax resident in Germany and holding shares as private (non-business) assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). The private investor's income tax liability is in general settled by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax - *Abgeltungsteuer*). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 in the case of jointly assessed spouses or registered life partners). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded; in principle, such withholding tax credit or refund might be limited pursuant to Section 36a ITA; however, pursuant to a tax decree dated April 3, 2017 (amended by a tax decree dated February 2, 2018), this provision should generally not apply to shares held as private assets. Also, in this case income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

In general, no flat income withholding tax is levied in case of an individual shareholder who holds the shares as private assets ifhe or she submits a tax exemption request (*Freistellungsauftrag*) to the German Custodian, but only to the extent the income derived from the shares together with all other capital income do not exceed the lump-sum deduction amount. Similarly, no withholding tax is deducted if it is to be assumed that the income is not subject to taxation and the shareholder has submitted to the German Custodian a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

Another exceptions from the flat rate withholding tax apply upon application for shareholders who have a shareholding of at least 25% in the Company and for shareholders who have a shareholding of at least 1% in the Company and are able to have, as a result of their employment (*berufliche*

Tätigkeit) for the Company, a significant entrepreneurial influence on the business activities of the Company.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. In consequence a shareholder being a member of a religious community is obliged – as also in case of an insufficient withholding of taxes – to report the capital gains that are subject to church tax subsequently within the scope of his income tax return. In this case, church tax on interest income is imposed by assessment. Any church tax withheld as a surcharge on the withholding tax is not deductible as special expenses (*Sonderausgaben*).

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do – contrary to the above – not form part of the shareholder's taxable income but reduce the acquisition costs for the underlying shares. This results in a higher capital gain in the event of the shares' disposal (see section 20.3 (*Taxation of Capital Gains*) below). However, these dividend payments are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable (i) if the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Holding**") and (ii) the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in section 20.3 (*Taxation of Capital Gains*) made with regard to shareholders maintaining a Qualified Holding.

20.2.5.2 Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will, in general, be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess. However, such withholding tax credit or refund might be limited if the prerequisites set out in Section 36a ITA are not met.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in section 20.3 (*Taxation of Capital Gains*) made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

20.2.5.3 Corporations

Generally, dividends paid to a corporation with a tax domicile in Germany are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825%. However, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge if the corporation holds a direct participation of at least 10% in the share capital of such corporation at the beginning of the calendar year. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax

(plus the solidarity surcharge). In other respects, business expenses actually incurred in direct relation to the dividends may be deducted.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. This is generally the case if the dividend receiving entity holds a stake of at least 15% in the share capital of the Company at the beginning of the assessment period. In case the requirements of the participation exemption are met, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be non-deductible business expenses (amounting to 5% of the dividend). Trade tax ranges from 7% to more than 18% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority.

Special rules apply to dividends received by companies active in the financial and insurance sectors, as well as pension funds (see section 20.3.4 (*Taxation of Capital Gains—Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*) below).

20.2.5.4 Sole Proprietors

In general, if the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder of up to 47.5%, so-called partial income method (*Teileinkünfteverfahren*). Respectively, only 60% of the business expenses incurred in connection with the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deduction of business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case the net amount of dividends (i.e., after deducting directly related expenses) is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.2.5.5 Partnerships

The income or corporate income tax, as the case may be, is not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations. If the partner is an individual, the taxation is in line with the principles described for sole proprietors. Upon application and subject to further conditions, an individual as a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisors.

20.2.6 Taxation of Dividends of Shareholders without a Tax Domicile in Germany

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see also section 20.3.1.2 (*Taxation of Capital Gains—Taxation of Capital Gains of Shareholders with a Tax Domicile in*

Germany—Shares Held as Business Assets)). The withholding tax (including the solidarity surcharge) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess. However, such withholding tax credit or refund might be limited if the prerequisites set out in Section 50j ITA are not met.

In all other cases, any German tax liability for dividends received by shareholders resident outside of Germany will be discharged by the withholding of the withholding tax by the Dividend Paying Agent. Withholding tax is only reimbursed in the cases and to the extent described above under section 20.2.4 (*Withholding Tax Relief*).

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) are generally not taxable in Germany.

20.3 Taxation of Capital Gains

20.3.1 Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

This section applies to shareholders with a tax domicile in Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

20.3.1.1 Shares Held as Private Assets

Gains on the disposal of shares acquired after December 31, 2008 and held by a shareholder with a tax domicile in Germany as private assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon (i.e., 26.375%) in total plus any church tax if applicable). If the entitlement to dividend payments is disposed of without the shares, the income from the sale of the entitlement to dividend payments is taxable. The same applies if shares are sold without the entitlement to dividend payments.

The taxable capital gain is computed from the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares and the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as Qualified Holding.

Only an annual lump-sum deduction of €801 (€1,602 in the case of jointly assessed spouses or registered life partners) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares, and, if gains are exceeded by losses, such excess losses are carried forward to subsequent assessment periods. If losses result from the derecognition (*Ausbuchung*) or transfer to a third party of worthless assets in terms of Section 20 para 1 German Income Tax Act (EStG) or any other total loss of such assets, such losses together with losses resulting from the full or partial non-recoverability of the repayment claim of capital receivables of the same year and loss-carry forwards of previous years can only be offset against investment income up to an amount of €10,000 ("**Limitation on Loss Deduction**") per calendar year. Any exceeding loss amount can be carried forward and offset against future investment income, but again subject to the €10,000 limitation. Given that the Limitation on Loss Deduction will not be applied by the Domestic Paying Agent (as defined below), investors suffering losses which are subject to the Limitation on Loss Deduction are required to declare such losses in their income tax return.

If the shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (a "**Domestic Paying Agent**"), the tax on the capital gains will in general be satisfied by the Domestic Paying

Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in custody or administered by the respective Domestic Paying Agent after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses that stand in direct relation to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% (plus the 5.5% solidarity surcharge thereon and church tax, if any) will be applied to 30% of the gross sales proceeds if the shares were not administered by the same Domestic Paying Agent since acquisition and the original cost of the shares cannot be verified or such verification is not valid. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his annual tax return. In any case, the acquisition costs for subscription rights granted by the Company are deemed to be €0 for purposes of this calculation.

However, the shareholder can apply for his total capital investment income together with his other taxable income to be subject to progressive income tax rate as opposed to the uniform tax rate on investment income if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded; limitations on offsetting losses are applicable. Also, income-related expenses are non-deductible, except for the annual lump-sum deduction. Moreover, the limitations on offsetting losses are also applicable under the income tax assessment.

Shareholders who are subject to German residents' taxation and hold their shares as private assets may realize capital gains without deduction of tax on capital investment income and solidarity surcharge if certain prerequisites are met, particularly if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

In case of a Qualified Holding instead of the flat-rate withholding tax regime the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to progressive income tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

20.3.1.2 Shares Held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to uniform withholding tax. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto*; Section 27 KStG) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

20.3.1.3 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as a non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the respective municipal authority, generally between 7% and more than 18%). As a rule, losses on disposals and other profit reductions in connection with shares (e.g., from a write-down) cannot be deducted as business expenses. Currently, there are no specific rules for the taxation of gains arising from the disposal of Portfolio Participations. Please note that there have been discussions and even draft laws which would lead to the taxation of such gains. However, so far none of the draft laws has actually been passed.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see section 20.3.4 (*Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*) below).

20.3.1.4 Sole Proprietors

In general, if the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder (currently up to 47.5%), and, if applicable, church tax (partial-income method). Respectively only 60% of the losses in connection with the disposal of the shares are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.1.5 Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations. For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under section 20.3.1.4 (*Sole Proprietors*)). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of a commercial or deemed commercial partnership if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, 60% of the gain as far as the shares are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.2 Withholding Tax

In case of a Domestic Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see the section 20.2.5.1 (*Taxation of the Shareholders—Taxation of Dividends of Shareholders with a Tax Domicile in Germany—Shares Held as Private Assets*)). However, the Domestic Paying Agent will not withhold the withholding tax if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the Domestic Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a Domestic Paying Agent, the withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or will be refunded in the amount of any excess.

20.3.3 Taxation of Capital Gains of Shareholders without a Tax Domicile in Germany

Generally, capital gains derived from the disposal of shares by shareholders with no tax domicile in Germany are only subject to German tax if the shareholder making the disposal—or, in case of a sale of shares acquired without consideration, its legal predecessor—held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed. Pursuant to a decision of the German Federal Fiscal Court, dated May 31, 2017 (Federal Tax Gazette (*Bundessteuerblatt*) part II of 2018, p. 144) the gains on the disposal of shares are exempt from corporate income tax if the shareholder is a corporation and has no domestic permanent establishment or fixed place of business in Germany and the shares do not form part of business assets for which a permanent representative in Germany has been appointed.

If the shareholder is a private individual, only 60% of the gains of the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon (partial-income method) and church tax, if applicable. However, most double taxation treaties provide for exemption from German taxation and assign the right of taxation to the shareholder's country of residence. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25% (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%). However, if (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany, then, pursuant to a tax decree issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on January 18, 2016, the Domestic Paying Agent will in general not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon) if the shareholder submits to the Domestic Paying Agent a certificate of domicile issued by a foreign tax authority. In the case of a Qualified Holding, the capital gains must be declared in a tax return and will be taxed via an assessment procedure if no exemption under a double taxation treaty or under domestic law applies.

With regard to gains or losses of the disposal of shares belonging to a domestic permanent establishment or fixed place of business or which are part of business assets for which a permanent representative in Germany has been appointed, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply *mutatis mutandis* (see section 20.3.1.2 (*Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany—Shares Held as Business Assets*)). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

20.3.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If financial institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungsinstitute*) within the meaning of Section 1a of the German Banking Act hold or sell shares which are allocable to their trading book (*Handelsbuch*) pursuant to Section 340e (3) of the German Corporate Code (*Handelsgesetzbuch*), neither dividends nor capital gains are subject

to the partial-income method or the economical 95% exemption from corporate income tax and any applicable trade tax. Thus, dividend income and capital gains are fully taxable and business expenses relating thereto are generally fully deductible. The same applies to shares acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act if at least 50% of the shares in such financial enterprise are held (directly or indirectly) by financial institutions or financial services providers and the shares had to be capitalized as current assets (*Umlaufvermögen*) upon acquisition. This also applies to financial institutions, financial services providers, and financial enterprises that have their seat in a member state of the European Community or another country that is a signatory to the treaty on the EEA.

Likewise, the 95% exemption from corporate income tax and any applicable trade tax does not apply to dividends from shares held as investments by life insurance and health insurance companies, and to capital gains from the sale of such shares or which are held by pension funds.

The 95% exemption from corporate income tax and any applicable trade tax does, however, apply to dividends distributed to aforementioned companies if such dividends qualify for the exemption under the Parent-Subsidiary Directive.

20.3.5 Inheritance and Gift Tax

The transfer of shares to another person by way of inheritance or gift is generally subject to German inheritance or gift tax if:

(i) the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has prior to the transfer not spent more than five consecutive years outside of Germany without maintaining a place of residence in Germany, or

(ii) independent of these individual circumstances, the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed, or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, as stated under (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals who are resident outside Germany.

20.4 Abolishment of Solidarity Surcharge

On December 13, 2019, the law regarding a significant reduction of the solidarity surcharge (*Gesetz zur Rückführung des Solidaritätszuschlags* 1995) came into force. Even though, this new law has no impact on the solidarity surcharge levied in addition to the withholding tax, it can affect the solidarity surcharge levied on the income tax liability which the withholding tax is credited against, as the case may be. According to this new law the threshold as of which solidarity surcharge is levied will be significantly increased, so that the solidarity surcharge shall be abolished in full for approx. 90% of the German taxpayers and partly for a further 6.5% of German taxpayers. The new rules apply as of 2021. Shareholders are advised to monitor further future developments.

20.5 Other Taxes

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax (*Vermögenssteuer*) is currently not levied in Germany.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") of a directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**Participating Member States**") and Estonia. However, Estonia has since stated that it will not participate.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Shares where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective shareholders are advised to seek their own professional advice in relation to the FTT.

21. FINANCIAL INFORMATION

HGB Financial Statements of SYNLAB AG
(formerly ISARSMARAGD AG)
as at December 31, 2018, 2019 and 2020 and as at November 28, 2018 and for the years ended December 31, 2019 and 2020 and for the period from November 28, 2018 to December 31, 2018

SYNLAB Limited
Consolidated financial statements
For the year ended 31 December 2020

SYNLAB Limited
Consolidated financial statements
For the year ended 31 December 2019

SYNLAB Limited
Consolidated financial statements
For the year ended 31 December 2018

HGB Financial Statements of SYNLAB AG
(formerly ISARSMARAGD AG)
as at December 31, 2018, 2019 and 2020 and as at November 28, 2018 and for the years ended December 31, 2019 and 2020 and for the period from November 28, 2018 to December 31, 2018

Statement of Financial Position

	As at December 31,			As at November 28,
	2020	**2019**	**2018**	**2018**
		in EUR		
Assets				
Current assets				
Receivables and other assets				
Other assets	138.10	61.30	12,500.00	12,500.00
	138.10	61.30	12,500.00	12,500.00
Balance with credit institutions	12,361.90	12,438.70	0.00	0.00
	12,361.90	12,438.70	0.00	0.00
Total	**12,500.00**	**12,500.00**	**12,500.00**	**12,500.00**
Equity				
Subscribed capital	50,000.00	50,000.00	50,000.00	50,000.00
Outstanding contributions not called in	37,500.00	37,500.00	37,500.00	37,500.00
Called-in contributions	12,500.00	12,500.00	12,500.00	12,500.00
Result for the year	0.00	0.00	0.00	0.00
	12,500.00	12,500.00	12,500.00	12,500.00
Total	**12,500.00**	**12,500.00**	**12,500.00**	**12,500.00**

There are no contingencies according to § 268 (7) of the HGB in conjunction with § 251 of the HGB, § 285 number 9 letter c of the HGB or § 160 (3) sentence 2 of the Stock Corporation Act (*Aktiengesetz*).

Statement of Profit and Loss

	from January 1 to December 31,		from November 28 to December 31,
	2020	**2019**	**2018**
		in EUR	
Other operating income	76.80	71.30	0.00
Other Operating Expenses	(76.80)	(71.30)	0.00
Result for the year	**0.00**	**0.00**	**0.00**

Statement of Cash Flows

	from January 1 to December 31,		from November 28 to December 31,
	2020	**2019**	**2018**
		in EUR	
Result for the year	0.00	0.00	0.00
Increase in other assets	(76.80)	(61.30)	0.00
Net Cash flows from operating activities	**(76.80)**	**(61.30)**	**0.00**
Payments from contributions from shareholders	0.00	12,500.00	0.00
Net Cash flows from financing activities	**0.00**	**12,500.00**	**0.00**
Net increase/decrease in cash and cash equivalents	**(76.80)**	**12,438.70**	**0.00**
Cash and cash equivalents at the beginning of the period	12,438.70	0.00	0.00
Cash and cash equivalents at the end of the period	**12,361.90**	**12,438.70**	**0.00**

	As at December 31,		
	2020	**2019**	**2018**
		in EUR	
Composition of cash and cash equivalents			
Liquid funds	12,361.90	12,438.70	0.00
	12,361.90	12,438.70	0.00

Statement of Changes in Equity

	Subscribed capital	Outstanding contributions not called in	Total equity
		in EUR	
As at November 28, 2018	**50,000**	**(37,500)**	**12,500**
Result for the year	0	0	0
As at December 31, 2018	**50,000**	**(37,500)**	**12,500**
As at January 1, 2019	**50,000**	**(37,500)**	**12,500**
Result for the year	0	0	0
As at December 31, 2019	**50,000**	**(37,500)**	**12,500**
As at January 1, 2020	**50,000**	**(37,500)**	**12,500**
Result for the year	0	0	0
As at December 31, 2020	**50,000**	**(37,500)**	**12,500**

The following independent auditor's report (Bestätigungsvermerk) has been issued in accordance with §322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the unconsolidated financial statements of SYNLAB AG (formerly known as ISARSMARAGD AG) as of and for the year ended December 31, 2020.

Independent Auditor's Report

To SYNLAB AG (formerly ISARSMARAGD AG), Munich/Germany

Audit Opinion

We have audited the annual financial statements of SYNLAB AG (formerly ISARSMARAGD AG), Munich/Germany, which comprise the balance sheet as at 31 December 2020, as at 31 December 2019, as at 31 December 2018, and as at 28 November 2018, and the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the financial years from 1 January to 31 December 2020, from 1 January to 31 December 2019 and from 28 November to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020, as at 31 December 2019 and as at 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2020, from 1 January to 31 December 2019 and from 28 November to 31 December 2018 in compliance with German Legally Required Accounting Principles taking advantage of the exemption rules applicable to micro business corporations in accordance with Section 264 (1) sentence 5 German Commercial Code (HGB).

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

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles taking advantage of the exemption rules applicable to micro business corporations in accordance with Section 264 (1) sentence 5 HGB. In addition, the executive directors are responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

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

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

- identify and assess the risks of material misstatement of the annual 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 audit 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 controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles taking advantage of the exemption rules applicable to micro business corporations in accordance with Section 264 (1) sentence 5 HGB.

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.

Munich, April 12, 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Dirk Bäßler Cornelia Tauber

SYNLAB LIMITED

Consolidated financial statements
For the year ended 31 December 2020

Registered number: 9630775

Independent auditors report to the members of Synlab Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Synlab Ltd (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 39.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditors report to the members of Synlab Limited

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company'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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors report to the members of Synlab Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and local tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These include medical diagnostic industry regulations and controls put in place by the various local regulatory authorities in each of the countries in which Synlab operate; in addition to local environmental, health and safety laws and regulations and local employment law.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition due to estimation, specifically revenue recognised based on as yet unconfirmed public health budgets, which is estimated based on historical information and accrued revenue based on complete but unbilled tests, which is estimated based on expected volume and anticipated prices:

  Our audit work in this area has included:

  - obtaining an understanding of, and assessing the relevant controls in relation to, revenue recognition;
  - understanding and challenging areas of estimation based on budget and contracts with local authorities at the year-end;
  - assessing the accuracy of the revenue data transferred between the testing system/database and the finance system, through testing the reconciliation between the two system types on a sample basis; and
  - testing the accuracy of prices or average price assumptions used to calculate the value of unbilled revenues on a sample basis; agreeing a sample of unbilled tests to post year end invoices and payments to support the accuracy of revenue recognised.

- Classification of restructuring and other significant expenses and other adjusting items in the calculation of Adjusted Operating Profit:

  Our audit work in this area has included:

  - obtaining an understanding of and assessing the relevant controls in relation to the classification;
  - obtaining a detailed understanding of the nature of the costs included within restructuring and other significant expenses and other adjusting items during the year;
  - evaluating whether the restructuring and other significant expenses meet the IAS 1 definition as separately disclosed items;
  - agreeing a sample to supporting documentation to validate their classification; and
  - reviewing financial statement disclosures to assess whether the nature of the items included was clear and transparent.

In common with all audits under ISAs(UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Independent auditors report to the members of Synlab Limited

Matters on which we are required to report by exception

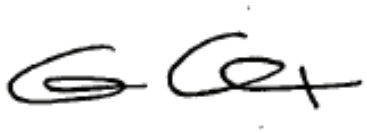
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Cox ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK

4 March 2021

Consolidated Statement of Income
For the year ended 31 December 2020

Continuing operations

	Note	Year ended 31 December 2020 €000	2019* €000	2018* €000
Revenue	6	**2,621,184**	**1,906,070**	**1,807,873**
Material and related expenses	7	(684,517)	(437,005)	(412,513)
Payroll and related expenses	8	(908,226)	(767,328)	(726,896)
Other operating income	10	19,062	18,947	17,893
Other operating expenses	9	(371,807)	(332,408)	(313,794)
Depreciation and amortisation	11	(226,221)	(196,784)	(187,257)
Operating profit before acquisition, restructuring and impairment of non-current assets		**449,475**	**191,492**	**185,306**
Restructuring and other significant expenses	12	(17,087)	(30,124)	(44,020)
Acquisitions related income/(expenses)	12	(1,902)	1,568	(2,528)
Impairment of non-current assets	12	(114,995)	(91,064)	80
Operating profit		**315,491**	**71,872**	**138,838**
Share of loss of associates and other non-controlling interest		(2,746)	(1,125)	(1,292)
Profit on disposal of investment		1,120	58	141
Finance income	13	20,271	22,975	18,214
Finance costs	13	(208,879)	(188,400)	(175,416)
Profit/(loss) before taxes		**125,257**	**(94,620)**	**(19,515)**
Income tax expenses	14	(87,316)	(25,008)	(30,595)
Profit/(loss) for the year from continuing operations		**37,941**	**(119,628)**	**(50,110)**
Discontinued operations				
Profit for the year from discontinued operations	15	221,117	11,677	7,991
Profit/(loss) for the year		**259,058**	**(107,951)**	**(42,119)**
Profit attributable to non-controlling interests		1,499	2,239	1,158
Loss attributable to equity holders of the parent company		257,559	(110,190)	(43,277)
Profit/(loss) for the year		**259,058**	**(107,951)**	**(42,119)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 €000	2019* €000	2018* €000
Net profit/(loss) for the period		**259,058**	**(107,951)**	**(42,117)**
Actuarial gains or losses on pension obligations	27	(3,947)	(7,336)	6,582
Taxes on actuarial gains or losses on pensions obligations		573	1,222	(848)
Items that will not be reclassified to profit or loss (a)		**(3,374)**	**(6,114)**	**5,734**
Foreign exchange gains/losses		(9,629)	9,552	6,754
Reclassification from translation reserve to income statement arising on divestment		7,385	–	–
Other		–	(9)	14
Items that may be reclassified subsequently to profit or loss (b)		**(2,244)**	**9,543**	**6,768**
Other comprehensive income for the year (a) + (b)		**(5,618)**	**3,429**	**12,502**
Total consolidated comprehensive profit/(loss) attributable to		**253,440**	**(104,522)**	**(29,615)**
Equity holders of the parent company		252,070	(106,720)	(30,786)
Non-controlling interests		1,370	2,198	1,171
Total consolidated comprehensive profit/(loss)		**253,440**	**(104,522)**	**(29,615)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The accompanying notes are an integral part of the financial statements

Consolidated Statement of Financial Position
For the year ended 31 December 2020

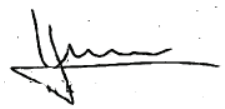
	Note	As at 31 December 2020 €000	2019 €000	2018 €000
ASSETS				
Goodwill	17	2,212,128	2,517,683	2,528,677
Intangible assets	18	715,380	887,062	901,216
Property, Plant and Equipment	19	217,069	232,310	226,226
Right of Use assets	19	401,109	396,800	399,522
Investments in associates	20	4,574	4,668	4,454
Other non-current assets	21	38,611	26,424	20,540
Deferred tax assets	22	29,017	38,004	32,557
Total non-current assets		**3,617,888**	**4,102,951**	**4,113,192**
Inventories	16	149,055	42,656	38,555
Trade accounts receivables	23	534,910	318,831	296,169
Other current assets	24	72,194	82,013	74,281
Cash and cash equivalents	25	904,900	238,712	120,561
Assets classified as held for sale	15	4,242	–	–
Total current assets		**1,665,301**	**682,212**	**529,566**
Total assets		**5,283,189**	**4,785,163**	**4,642,758**

Consolidated Statement of Financial Position
For the year ended 31 December 2020

	Note	As at 31 December 2020 €000	2019 €000	2018 €000
EQUITY				
Contributed capital	35	134,388	134,388	134,388
Additional paid-in capital	35	1,523,590	1,519,639	1,512,482
Cumulative translation adjustment	35	(8,365)	(6,219)	(15,830)
Accumulated deficit	35	(443,973)	(698,610)	(582,568)
Total parent company interests		**1,205,640**	**949,198**	**1,048,472**
Non-controlling interests		(2,088)	(1,737)	(703)
Total equity		**1,203,552**	**947,461**	**1,047,769**
LIABILITIES				
Loans and borrowings (non-current)	26	2,680,895	2,666,987	2,494,316
Non-current lease liabilities	26	338,166	331,578	341,033
Employee benefits liabilities	27	47,806	47,800	39,839
Non-current provisions	29	2,458	3,694	5,963
Other non-current liabilities	31	27,191	31,625	22,889
Deferred tax liabilities	22	171,638	202,471	206,569
Total non-current liabilities		**3,268,154**	**3,284,154**	**3,110,609**
Current loans and borrowings	25	36,750	22,587	4,305
Current lease liabilities	25	83,745	88,566	79,266
Trade accounts payable	31	386,523	249,927	230,742
Contract liabilities		22,935	4,334	3,956
Current provisions	29	6,440	9,439	11,167
Income tax liabilities		48,326	12,281	10,702
Other current liabilities	31	224,449	166,414	144,242
Liabilities directly associated with assets classified as held for sale	15	2,315	–	–
Total current liabilities		**811,483**	**553,548**	**484,380**
Total liabilities		**4,079,637**	**3,837,702**	**3,594,989**
Total liabilities and equity		**5,283,189**	**4,785,163**	**4,642,758**

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors on 4 March 2021 and were signed on its behalf by:



Mathieu Floreani
Director
4 March 2021
2 Portman Street, London, England, W1H 6DU

Company number: 9630775

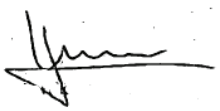
Company Statement of Financial Position
For the year ended 31 December 2020

	Note	As at 31 December 2020 €000	2019 €000
ASSETS			
Investments in subsidiaries	38	1,397,890	1,397,890
Total non-current assets		**1,397,890**	**1,397,890**
Trade accounts receivables to group companies		11,979	–
Other current assets		803	753
Total current assets		**12,782**	**753**
Total assets		**1,410,672**	**1,398,643**
EQUITY			
Contributed capital	35	134,388	134,388
Additional paid-in capital	35	1,523,590	1,519,640
Accumulated deficit	35	(293,982)	(275,608)
Total equity		**1,363,996**	**1,378,420**
LIABILITIES			
Parent company loans		823	823
Accruals		7,798	1,710
Trade accounts payable		5,593	2,103
Taxation and social security payable		2,233	1,304
Trade accounts payable to group companies		30,229	14,283
Total current liabilities		**46,676**	**20,223**
Total liabilities		**46,676**	**20,223**
Total liabilities and equity		**1,410,672**	**1,398,643**

The accompanying notes are an integral part of the financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement. The net loss and the total comprehensive income for the parent company for the year was (26.8) M€ (2019: (16.8) M€).

The financial statements were approved by the board of directors on 4 March 2021 and were signed on its behalf by:



Mathieu Floreani
Director
4 March 2021
2 Portman Street, London, England, W1H 6DU

Company number: 09630775

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

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

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance as at 1 January 2019	**134,388**	**1,512,482**	**(15,830)**	**(582,568)**	**1,048,472**	**(703)**	**1,047,769**
Net loss for the year	–	–	–	(110,190)	(110,190)	2,239	(107,951)
Other comprehensive income	–	–	9,611	(6,141)	3,470	(41)	3,429
Total comprehensive income/ Loss for the year	–	–	9,611	(116,331)	(106,720)	2,198	(104,522)
Acquisition of non-controlling interests	–	–	–	288	288	(638)	(350)
Credit to equity for equity settled share based payments	–	7,158	–	–	7,158	–	7,158
Dividends	–	–	–	–	–	(2,594)	(2,594)
Balance as at 31 December 2019	**134,388**	**1,519,640**	**(6,219)**	**(698,611)**	**949,198**	**(1,737)**	**947,461**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance as at 1 January 2018	**134,385**	**1,507,730**	**(22,579)**	**(544,849)**	**1,074,688**	**873**	**1,075,561**
Other comprehensive income	–	–	6,749	5,729	12,478	13	12,491
Net (loss) for the year	–	–	–	(43,275)	(43,275)	1,158	(42,117)
Total comprehensive income for the year	–	–	6,749	(37,546)	(30,797)	1,171	(29,626)
Issue of share capital	3	437	–	–	440	–	440
Acquisition of non-controlling interests	–	–	–	(174)	(174)	(191)	(365)
Credit to equity for equity settled share based payments	–	4,315	–	–	4,315	–	4,315
Dividends	–	–	–	–	–	(2,556)	(2,556)
Balance as at 31 December 2018	**134,388**	**1,512,482**	**(15,830)**	**(582,568)**	**1,048,472**	**(703)**	**1,047,769**

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2020	**134,388**	**1,519,640**	**(275,608)**	**1,378,420**
Net (loss) for the year	–	–	(14,824)	(14,824)
Total comprehensive loss for the year	–	–	(14,824)	(14,824)
Credit to equity for equity settled share based payments	–	3,550	(3,550)	–
Issue of share capital	–	400	–	400
Balance at 31 December 2020	**134,388**	**1,523,590**	**(293,982)**	**1,363,996**

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2019	**134,388**	**1,512,482**	**(257,515)**	**1,389,355**
Net (loss) for the year	–	–	(10,935)	(10,935)
Total comprehensive loss for the year	–	–	(10,935)	(10,935)
Credit to equity for equity settled share based payments	–	7,158	(7,158)	–
Balance at 31 December 2019	**134,388**	**1,519,640**	**(275,608)**	**1,378,420**

The accompanying notes are an integral part of the financial statements.

Company Statement of Changes in Equity
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 €000	2019* €000	2018* €000
Operating Profit		**315,491**	**71,873**	**138,840**
Depreciation, amortisation, impairment		341,216	287,835	187,302
Change in provisions		(1,633)	(1,298)	48
Loss from the disposal of non-current assets		634	(180)	(220)
Other non-cash revenues and expenses	33	8,663	5,233	(4,144)
Operating cash flow before changes in net working capital		**664,371**	**363,463**	**321,826**
Change in inventories		(111,728)	(2,201)	45
Change in trade accounts receivable		(267,456)	(20,104)	16,508
Change in trade accounts payable		150,105	14,693	(2,212)
Change in other net working capital		86,532	8,853	8,224
Income tax paid		(41,750)	(39,752)	(36,726)
Cash flow from operating activities continuing operations		*480,074*	*324,952*	*307,665*
Cash flow from operating activities discontinued operations		*40,340*	*34,798*	*30,947*
Cash flow from operating activities (A)		**520,414**	**359,750**	**338,612**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	4	(28,289)	(79,166)	(120,362)
Purchase of intangibles and property, plant and equipment		(94,912)	(70,754)	(85,507)
Sale of subsidiaries, net of cash disposed and changes in debt	15	548,229	–	–
Proceeds from sale of intangibles and property, plant and equipment		1,644	1,796	1,214
Cash paid for other non-current assets		(80)	(478)	–
Cash received from other non-current assets		127	235	1,391
Interest received		752	189	966
Net cash from disposal of investments		–	(358)	375
Dividends received		288	394	216
Cash flow used in investing activities continuing operations		*427,759*	*(148,142)*	*(201,707)*
Cash flow used in investing activities discontinued operations		*(6,695)*	*(22,111)*	*(9,722)*
Cash flow (used in)/from investing activities (B)		**421,064**	**(170,253)**	**(211,429)**

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	Year ended 31 December 2020 €000	2019* €000	2018* €000
Proceeds from share capital increase	35	400	–	441
Interest paid		(139,401)	(135,607)	(152,767)
New loans, borrowings and other financial liabilities	26	1,433,992	1,108,708	464
Repayment of loans, borrowings and other financial liabilities	26	(1,442,014)	(951,742)	(12,459)
Repayment of lease liabilities	26	(103,292)	(76,438)	(60,704)
Dividends paid and other payments to non-controlling interests		(2,554)	(3,712)	(3,634)
Cash flow used in financing activities continuing operations		*(252,869)*	*(58,791)*	*(228,659)*
Cash flow used in financing activities discontinued operations		*(8,897)*	*(8,476)*	*(9,211)*
Cash flow used in financing activities (C)		**(261,766)**	**(67,267)**	**(237,870)**
TOTAL CASH FLOWS (A+B+C)		**679,712**	**122,230**	**(110,687)**
Cash and cash equivalent at the beginning of the period		**238,580**	**120,319**	**236,096**
Net foreign exchange differences		(10,376)	(3,969)	(5,090)
Cash and cash equivalent Assets Held for sale	15	(3,209)	–	–
Cash and cash equivalent at the end of the period	25	904,707	238,580	120,319
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**666,127**	**118,261**	**(115,777)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The accompanying notes are an integral part of the financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1. Reporting entity

The consolidated financial statements were prepared by SYNLAB Limited (hereinafter: "the Company"), London, United Kingdom, the ultimate parent company of the SYNLAB Group. SYNLAB Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered under the number 09630775 (England and Wales) and has its registered address at 2 Portman Street, London W1H 6DU, United Kingdom. The Group consolidated financial statements as at and for the period from 1 January 2020 to yearend 31 December 2020 consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and include the Group's interest in associates.

The SYNLAB Group is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in the UK, employs approximately 22,000 employees and benefits from a pan-European network across 36 countries. The Group is currently active in Austria, Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Ireland, Italy, Lithuania, Mexico, Nigeria, North Macedonia, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, U.A.E., Ukraine and the United Kingdom.

In the opinion of the directors, the Company's immediate and ultimate parent company is Ephios Luxembourg Sarl, a company registered in Luxembourg. The Group is ultimately owned by funds advised by Cinven Capital Management (V) General Partner Limited, authorised and regulated by the Guernsey Financial Services Commission (reference number: 2022096). Novo owns a stake of approximately 20% of the equity of SYNLAB. Cinven remains the majority holder.

The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is SYNLAB Limited, a company incorporated in the United Kingdom which operates under the laws of England and Wales. Copies of the group financial statements of SYNLAB Limited are available from Companies House.

The Group audited consolidated financial statements were authorised for issue by the directors on 4 March 2021.

2. Basis of preparation

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

2.1 Statement of compliance

The Group consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

The parent company's financial statements present information about the Company SYNLAB Limited for the year ended 31 December 2020. The Company has elected to prepare the parent company's financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions Where required equivalent disclosures are given in the Group consolidated financial statements.

2.2 IFRS basis adopted

2.2.1 *Standards, amendments and interpretations effective or adopted in 2020*

From 1 January 2020, the following standards and amendments are effective and did not have a material impact on the Group's consolidated Financial Statements:

- The Conceptual Framework for Financial Reporting (Revised in 2018)
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations re: Definition of a Business in accordance with specific requirements in IFRS 3
- Amendments to IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors re: Definition of Material
- IFRS 7 Amendments regarding pre-replacement issues in the context of the IBOR reform
- IFRS 9 Amendments regarding pre-replacement issues in the context of the IBOR reform

2.2.2 *New standards, amendments and interpretations not applicable*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2020, and have not been applied in preparing these consolidated financial statements.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 17 – to address concerns and implementation challenges that were identified after IFRS 17
- IFRS 17 'Insurance Contracts' Proceeds before Intended Use (Amendments to IAS 16)'
- 'Annual Improvements to IFRS Standards 2018–2020'. Cost of Fulfilling a Contract (Amendments to IAS 37)'
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' the IASB issued 'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)'

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

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

2.5 Going Concern

The financial statements of the Group have been prepared on a going concern basis. At 31 December 2020, the Group had net assets of 1,203.6M€ (31 December 2019 restated: 947.5M€) and net current assets of 853.8 M€ (31 December 2019 restated: 128.7 M€). The Group reported an operating profit of 315.5 M€ for the year ended 31 December 2020 (31 December 2019 restated: 71.9 M€), net cash inflows from operating activities of 520.4 M€ (31 December 2019 restated: 520.4 M€), cash inflows of 679.7 M€ (31 December 2019 : 679.7 M€ inflows) and, cash position of 904.9 M€ (31 December 2019: 238.7 M€).

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

- the principal risks facing the Group and its systems of risk management and internal control;
- the current capital structure and liquidity of the Group (see Note 26, Borrowings and other financial liabilities); and
- the cash flow forecasts over 2021 and 2022 and a number of downside sensitivities to those forecasts.

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

- Business continuity plans are in place across each of the Group's operating segments, with measures to manage employee absences, the efficiency and stability of the Group's infrastructure and the ability for home working for non-operational activities. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. The approach is reviewed daily in line with latest global developments and government guidance.
- Testing and particularly medical testing is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified in terms of its geographies and the nature of the testing that it undertakes and is not materially exposed to a single customer or market sector.

Following the assessment of the Group's financial position, which includes significant headroom throughout the forecast period, operational consequences and ramifications of the COVID-19 pandemic and its ability to meet its obligations as and when they fall due, based on the above analysis the Directors have a reasonable expectation that the Group will be able to continue to operate for at least the next 18 months. Therefore, the financial statements have been prepared on a going concern basis.

2.6 Use of estimates and judgements

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

2.6.1 *Critical accounting judgements*

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

LEASES

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

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

- is within the control of the lessee; and
- affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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

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

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

BASIS OF CONSOLIDATION

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

THE CLASSIFICATION OF SEPARATELY DISCLOSED ITEMS AND OTHER ADJUSTING ITEMS IN THE PRESENTATION OF ADJUSTED OPERATING PROFIT

Judgement is exercised in determining the adjustments to apply to IFRS measurements in order to derive the Adjusted Operating Profit (AOP), which provides additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous costs classified as separately disclosed items or other adjusting items in the presentation of AOP are assessed based on the same criteria. A breakdown of the separately disclosed items is included in the Group income statement and within Note 12 to the financial statements. A breakdown of the other adjusting items in the presentation of AOP are disclosed in Note 5.

2.6.2 *Key sources of estimation*

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

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

REVENUE ESTIMATION

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

a) revenue recognised based on as yet, unconfirmed public health budgets, where revenue is estimated based on historical patterns together with other publicly available information (Germany, Italy, Switzerland and Spain being the most significant segments of the business impacted); and

b) accrued revenue based on complete but unbilled tests, where the calculation of the value of those tests include a level of estimation based on

- pricing mechanisms as agreed during contract negotiations and used to calculate average prices;
- historical experience; and
- actual work performed (e.g. analyses completed).

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

Please refer to Note 3 for further details.

GOODWILL AND IMPAIRMENT OF GOODWILL

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

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

Please refer to Note 17 Goodwill.

ACQUISITIONS

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

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

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

PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

3. Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

BASIS OF ACCOUNTING

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

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

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

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

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

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

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

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

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

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France.

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

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

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

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

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

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

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

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses, regardless of whether equity instruments or other assets are acquired, are accounted for using the acquisition method at the acquisition date, being the date on which control is obtained. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum

of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees are expensed as incurred and are presented in a dedicated aggregate "Acquisitions related expenses" line within the consolidated statement of income.

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

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after the 12 months window are recognised in profit or loss and are presented in the dedicated aggregate "Acquisitions related expenses" line. Contingent consideration classified as equity is not re-measured.

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

Acquisitions and disposal of non-controlling interests

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

Acquisitions of achieved in stages

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

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

GOODWILL

Goodwill is initially recognised and measured as set out above.

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

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

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

INVESTMENTS IN ASSOCIATES

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

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

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

REVENUE

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

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

Since 2018 the Group applies the principles set out in IFRS 15 for revenue recognition by using the following five steps:

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

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

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

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

Human medicine

Health insurance funds

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

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

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

Doctors

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

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

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

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

Private patients

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

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

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

Hospitals

In case of hospital contracts, SYNLAB has to combine two or more contracts entered into at or near the same time with the same hospital (or related parties of the hospital) and account for the contracts as a single contract if (i) the contracts are negotiated as a package with a single commercial objective; (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or (iii) the goods or services promised in the contracts are considered to be a single performance obligation.

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

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

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

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

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

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

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

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

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

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

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

Other labs, public agencies and other companies

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

The activities performed to generate revenues might include e.g. logistics, analytics and the provision of a result. However, the service promised to the customer is an analysis (even for multiple parameters), i.e. the combined output of the several activities, which are either not capable of being distinct or not distinct within the context of

the contract (due to high interrelation). As a result, each contract (purchase order) has only one performance obligation. As each contract (purchase order) has only one performance obligation, there is no need to allocate the (estimated) transaction price (per analysis).

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

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

Revenues veterinary medicine

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

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

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

Revenues from trading goods

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

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

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

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

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

LEASES

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise

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

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

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

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

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

Lease payments

Lease payments included in the measurement of the liability comprise:

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

The lease liability is subsequently measured after the commencement date by

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

Lease modifications

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

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

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

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

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

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

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

Right of use assets

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

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

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

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

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

Short-term lease

The Group makes use of the "short-term" lease exemption for all leases that at commencement date have a lease term of 12 months or less, including any extension options. Rentals for short team leases are recognised as an operating expense in profit or loss similar to charges for operating lease under IAS17.

FOREIGN CURRENCIES

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

Foreign currency transactions and balances

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

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

Value of €1:	**Assets and liabilities Closing rates 31 December 2020**	**Income and expense Cumulative average rates Period ended 31 December 2020**
Swiss Francs (CHF)	1.08020	1.07030
Colombian Peso (COP)	4,232.85000	4,213.60360
Czech Koruna (CZK)	26.24200	26.45540
Pound Sterling (GBP)	0.89903	0.88922
Croatian Kuna (HRK)	7.55190	7.53844
Hungarian Forint (HUF)	363.89000	351.20430

Value of €1:	**Assets and liabilities Closing rates 31 December 2019**	**Income and expense Cumulative average rates Period ended 31 December 2019**
Swiss Francs (CHF)	1.08540	1.11270
Colombian Peso (COP)	3683.83000	3622.76600
Czech Koruna (CZK)	25.40800	25.66970
Pound Sterling (GBP)	0.85080	0.87730
Croatian Kuna (HRK)	7.43950	7.41820
Hungarian Forint (HUF)	330.53000	325.22970

Value of €1:	**Assets and liabilities Closing rates 31 December 2018**	**Income and expense Cumulative average rates Period ended 31 December 2018**
Swiss Francs (CHF)	1.12690	1.15490
Colombian Peso (COP)	3719.96000	3488.89060
Czech Koruna (CZK)	25.72500	25.64320
Pound Sterling (GBP)	0.89450	0.88470
Hungarian Forint (HUF)	320.98000	318.82500

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

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

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

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

FINANCE INCOME AND FINANCE COSTS

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

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

RETIREMENT BENEFIT COSTS

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

Defined contribution plans

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

Defined benefit plans and similar obligations

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

occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

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

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

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

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

TAXATION

Current income taxes

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

The Group has adopted IFRIC 23 for the first time in 2019. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is

probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Value-added tax (VAT)

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

DEPRECIATION

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The residual value is estimated to be nil € at the end of the useful life, except for real estate in certain cases.

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

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

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

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

INTANGIBLE ASSETS

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

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

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

The estimated useful lives are as follows:

- Customer relationships 3 to 25 years;
- Trademarks 1 to 10 years;
- Trademark (own brand) indefinite;

- Property rights and similar rights 3 to 6 years; and
- Software 1 to 7 years.

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

During the initial purchase allocation when setting up the SYNLAB Group, the own SYNLAB brand was identified as an intangible asset. As the SYNLAB brand exists since the creation of the company in 1998 and SYNLAB is the largest European laboratory operator with a global presence, an indefinite useful life has been retained.

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

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

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

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

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

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

INVENTORIES

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

FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

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

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

Classification of financial assets

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

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

The Group does not have any debt financial assets that are recognised as fair value through other comprehensive income (FVTOCI). By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). For the Group, upon initial adoption of IFRS 9, the only assets held as FVTPL were derivative financial assets.

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

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

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(2) Financial assets at FVPL

Financial assets, that do not meet the criteria for being measured at amortised cost, are subsequently measured at FVTPL and are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

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

- Financial assets with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial assets in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Impairment of financial assets

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

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

Definition of default

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

FINANCIAL LIABILITIES AND EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Direct issue costs are incremental costs directly attributable to the issue of equity instruments, net of any tax effects.

Equity instruments designated as at FVTOCI

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

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (Note 14) in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit, or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument. All other financial liabilities are held at amortised cost.

Financial liabilities measured at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Financial liabilities that do not meet the criteria to be FVTPL are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition of a financial liability

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply any hedge accounting.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

PROVISIONS

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised when the Group has a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably expect that the restructuring will take place, or it must have already begun.

SHARE-BASED PAYMENTS

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model.

The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option, that is, when the employee concerned is irrevocably entitled to exercise the option. The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect at any reporting date up to the date of first possibility of exercising the option the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or cash-settled is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

NON-CONTROLLING INTERESTS IN PARTNERSHIPS/PUT OPTIONS

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders has been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "Other financial expenses".

SEPARATELY DISCLOSED ITEMS

The Group is implementing a number of business change programmes as part of a wider transformational change programme. These include acquisitions, strategic projects focused on the operational, strategic and structural integration of previous significant acquisitions, business restructuring and redundancy programmes. Due to the exceptional size and incidence of these, individually and in aggregate, the directors believe that in order to present the performance of the Group in a clear, consistent and comparable format, the costs of these activities should be presented separately on the face of the income statement in dedicated lines in accordance with IAS 1.

The separately disclosed items recorded in the consolidated income statement include the following categories:

- Acquisition related costs (including transaction costs for cancelled or realised acquisitions, as well as earn out variations of fair value subsequent to the 1 year window period);
- Expenses for restructuring and other related costs (including costs associated with the Group's finance transformation, restructuring activities, severance costs and strategic projects); and
- Impairment and reversal of impairment of non-operational assets.

Disclosure of these items is provided in Note 12.

ADJUSTED OPERATING PROFIT

In the analysis of the Group's operating results, we present certain non-IFRS measures as (i) they are used by management to measure operating performance, in presentations to our board members, and as a basis for strategic planning and forecasting, and (ii) they represent similar measures that are widely used by certain investors, securities analysts and other parties as supplemental measures of performance. These measures enhance management's and investors' understanding of our financial performance by excluding items that are outside of ongoing operations such as Separately Disclosed Items (described above), income taxes and costs of capital.

We believe that Adjusted Operating Profit is widely used by investors to measure our operating performance and can vary substantially from company to company depending on the accounting methods, book value of assets and capital structure or method by which assets were acquired. This adjusted measures eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). This adjusted measure also eliminates the effect of additional specific items that are considered to hinder comparison of the trading performance of our business year-on-year.

However, non-IFRS measures are not measures or adjustments determined based on IFRS or any other internationally accepted accounting principles, and you should not consider such items as an alternative to the historical financial results or other indicators of our performance based on IFRS measures. The non-IFRS measure, as defined by us, may not be comparable to similarly titled measures as presented by other companies due to differences in the way our non-IFRS measure is calculated. Even though non-IFRS measures are used by management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of SYNLAB's results as reported under IFRS.

In calculating Adjusted Operating Profit certain items are added back.

Adjusted Operating Profit

- Earnings before Interest, Taxation, Depreciation/Amortization/Impairment (EBITDA)
- Share of loss of associates and other non controlling interest
- Profit on disposal of investment
- Separately disclosed items (see Note 12 and Separately Disclosed Items above)
- Share-based payments
- Other non-recurring costs (see Note 5)
- Less depreciation and amortization on all items, except for amortization on customer relationships

Adjusted Operating Profit is the group's segmental performance measure and has therefore been disclosed in Note 5.

SEGMENT INFORMATION

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

Segment performance is mainly assessed based on total revenue and adjusted operating profit and is measured consistently with the statement of income in the consolidated financial statements. All costs initially borne by head office are allocated to those segments when directly attributable. General costs are assigned to the segments on a revenue basis, costs with a closer relation to single segments are allocated on a case by case scenario. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

This is the basis on which internal reports are provided to the chief operating decision-maker for assessing performance and determining the allocation of resources within the Group.

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad-hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4. Significant events

4.1 Changes in scope in consolidation

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

	As at 31 December					
	2020			2019		
Designated entities	% of control	Method of consolidation	% of interest	% of control	Method of consolidation	% of interest
Spain						
LAB DOS ANALISIS S.L.	100.00%	FC	100.00%	50.00%	EC	50.00%

FC = Full Consolidation/EC = Equity Consolidation

On 9 July 2020, we acquired the remaining 50% of LAB DOS ANALISIS S.L. for 1 €.

The French entity SYNLAB Bretagne SELAS was sold as of 29 February 2020. The Belgium entity Generalimmo SPRL was sold as 9 July 2020 and the Austrian entity SYNLAB Analytics & Services Austria GmbH was sold as of 8 September 2020. The Italian entities SYNLAB Analytics and Services S.r.l. and SYNLAB Analytics & Services Italia S.r.l. were sold on 3 November 2020. The remaining entities making up the Analytics and Services operating segment were disposed of on 31 December 2020 (with the exception of a single entity classified as held for sale), please see Note 15 for more information.

The following entities were liquidated entities in fiscal year 2020:

Country	Date	Entity
France	30 Jun 2020	Laboratoire de Biologie Medicale Cayrou-Gorse-Bourjeili SELAS (CGB)
France	01 Feb 2020	SCM GROUPEMENT LABOS
Germany	30 Apr 2020	Ärztliche Laborgemeinschaft Hamburg Nordwest GbR(*)
Sweden	27 Nov 2020	Profulus AB
UK	29 Dec 2020	BPL Hold Limited
UK	29 Dec 2020	CTDS 2015 Hold Limited
UK	29 Dec 2020	PTDS Hold Limited
UK	29 Dec 2020	TDDS 2015 Hold Limited
UK	29 Dec 2020	VLSI Hold Limited

(*) former SPE (Special Purpose entity) all other entity were full consolidated

4.2 Acquisitions

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with several laboratories bolt-on acquisitions.

The acquisitions in the period earn revenues mainly from medical testing. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

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

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
14 Jan 2020	Italy	Laboratori Riuniti S.r.l.	medical testing	bolt-on	share deal
31 Jan 2020	Colombia	Laboratorio Clinico Marcela Hoyos Rendón S.A.S.	medical testing	bolt-on	share deal
23 Jun 2020	Germany	Hoch Transportation	logistic	bolt-on	asset deal
08 Jul 2020	Colombia	ANALIZAR Laboratorio Clinico S.A.	medical testing	bolt-on	share deal
08 Oct 2020	Portugal	T. G. T. – Centro Médico Lda	medical testing	bolt-on	share deal
19 Oct 2020	Belgium	Anapet SPRL	veterinary testing	bolt-on	share deal
04 Nov 2020	Ecuador	Asmedlab Cia. Ltda.	medical testing	bolt-on	share deal
10 Nov 2020	Italy	Medilab S.r.l.	medical testing	bolt-on	share deal
25 Nov 2020	Italy	IGEA Laboratorio di Analisi Cliniche S.r.l.	medical testing	bolt-on	share deal

The businesses acquired have generated an increase of goodwill amounting to 17.2 M€.

At the date of acquisition, the fair values of the identifiable assets were as follows:

	€000
Non-current assets	
Intangible assets	3,348
Property, Plant and Equipment	3,648
Right of Use Assets	2,910
Other non-current assets	9
Deferred tax assets	11
Current assets	
Inventories	137
Trade accounts receivable	2,234
Other current assets	611
Cash and cash equivalents	3,048
Total assets	**15,956**
Non-current liabilities	
Lease liability (non-current)	2,312
Employee benefits liabilities	268
Deferred tax provisions	993
Current liabilities	
Current loans and borrowings	557
Current lease liabilities	578
Trade accounts payable	1,854
Contract liabilities	23
Income tax liabilities	87
Other current liabilities	1,350
Total liabilities	**8,022**
Total identifiable net assets at fair value	**7,934**
Change in scope Spain(*)	(302)
Goodwill from company acquisitions	17,234
Total consideration	**24,866**

(*) Change in scope Spain is related to LAB DOS ANALISIS SL we acquired the remaining control see note 4.1. The amount of 302 k€ is shown under equity position acquisition of non-controlling interests.

The consideration at acquisition date is satisfied by:

	€000
Cash consideration	22,898
Deferred consideration	1,420
Contingent consideration	548
Total consideration transferred	**24,866**

The fair value of the trade accounts receivables amounts to 1.5 M€. Gross amount of trade accounts receivables amounts to 1.4 M€. Impairment of trade accounts receivables is amounting to 70 k€.

Goodwill in the amount of 17.2 M€ reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. The allocation of additional goodwill per CGU is as follows:

CGU	Year ended 31 December 2020 €000
Germany	500
LATAM	12,521
Italy	3,902
Iberia	157
Northern Europe	154
Total	**17,234**

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

If the companies acquired by way of a share deal had been acquired as at the beginning of the year, revenue would have been 5.4 M€ higher and consolidated net profit for the period from continuing operations would have been 0.4 M€ higher.

The companies acquired in share deals have contributed 8.7 M€ to revenue 0.6 M€ consolidated net profit for the period from continuing operations since their acquisition.

Cash outflow due to company acquisitions:

	€000
Analysis of cash outflow due to company acquisitions	
Total consideration for 2020 acquisitions	(24,866)
Deferred consideration on 2020 acquisitions unpaid	1,083
Contingent consideration on 2020 acquisitions unpaid	292
Total cash consideration for 2020 acquisitions	**(23,491)**
Net cash of acquired companies	3,048
Actual cash outflow due to 2020 company acquisitions	**(20,443)**
Deferred consideration cash outflows due to the prior year company acquisitions	(5,645)
Contingent consideration cash outflows due to the prior year company acquisitions	(2,413)
Actual cash outflow due to company acquisitions	**(28,501)**

Transaction costs related to the closed acquisition amount to 0.9 M€ (2019: 2.6 M€) and were expensed as incurred in the separately disclosed items balance “Acquisition related expenses”.

For details of business combinations during the year ended 31 December 2019 please refer to Note 4 Business combinations of the Group’s annual consolidated financial statements for the year ended 31 December 2019. For details of business combinations during the year ended 31 December 2018 please refer to Note 4 Business combinations of the Group’s annual consolidated financial statements for the year ended 31 December 2018.

5. Segmental analysis

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. The Group uses Adjusted Operating Profit as the key measures of the segments' results as it reflects the segments' underlying performance for the financial year under evaluation. Following the implementation of IFRS 16 in 2019, a major portion of the Group's leasing expenses for laboratory buildings and laboratory equipment was capitalized as Right of use assets and is now impacting the consolidated statement of income through depreciation and interest expense. Adjusted EBITDA fails to capture the cost associated with these assets, critical to SYNLAB's business, and does not fully reflect the Group's performance. In order to take account of this fact, SYNLAB introduced a new group key performance indicator during the year: Adjusted Operating Profit (AOP), which is also now the segmental performance measure. This key performance indicator will continue to be the Group's key performance indicator in future years. Adjusted Operating Profit is a consistent measure within the Group as defined within Note 2.6.1. Refer to Note 12 for separately disclosed items.

In this year, the Group's segment reporting structure has been modified as the internal reporting reviewed by chief operating decision maker has changed.

In recent years, six segments with West Europe, Central Europe, North Europe, CEMEA, Analytics and Services and LATAM have been reported. By the end of 2020, one segment, Analytics and Services, has been sold (please refer to Note 15). The remaining former segments have been replaced by the following four segments representing geographic areas of the Group's business activities and whose operating results are regularly reviewed by Group's chief operating decision-maker or Group management to assess its performance. After the sale of the Analytics and Services business, all segments are now mainly active in the clinical laboratory and medical diagnostic services market.

Segments

South

France

Germany

North & East

For further detail of the country operations which make up the South and North & East Segments noted above, please refer to Note 6 Revenue. The information below is extracted from the Group's consolidated reporting system and prepared in accordance with the same accounting rules as in the consolidated financial statements and set out in the notes thereto. The modification and the policies applied to determine the operating segments presented are set out in Note 3 Significant accounting policies above in the section Segment information. Prior year comparatives have been represented in accordance with the new segment definitions. Moreover, neither prior years nor current year include results from the Analytics & Services business, which has been classified as discontinued operations. Refer to Note 15.

The segment results and the reconciliation of the segment measure to the respective statutory items included in the Group statement of income are as follows:

SEGMENT REPORTING

	Year ended 31 December 2020					
	South €000	**France €000**	**North & East €000**	**Germany €000**	**Elimination €000**	**Total Group €000**
Revenue external	799,495	646,593	595,263	579,834	–	2,621,184
Revenue Intercompany	1,477	57	1,962	26,995	(30,491)	–
Adjusted Operating Profit	**131,042**	**144,509**	**131,763**	**97,145**	**–**	**504,459**
Customer relationship amortization						(51,435)
Acquisitions related expenses and income						(1,902)
Restructuring and other significant expenses						(17,087)
Impairment of non-current assets						(114,995)
Share of loss of associates and revaluation of non-controlling interest						(2,746)
Net finance costs						(188,607)
Income tax expenses						(87,316)
Profit on disposal of investment						1,120
Share-based payments						(3,550)
Profit for the year from continuing operations						**37,941**

SEGMENT REPORTING

	Year ended 31 December 2019*					
	South €000	**France €000**	**North & East €000**	**Germany €000**	**Elimination €000**	**Total Group €000**
Revenue external	586,151	474,407	416,523	428,989	–	1,906,070
Revenue Intercompany	885	59	615	12,242	(13,801)	–
Adjusted Operating Profit	**65,095**	**96,732**	**50,640**	**41,148**	**–**	**253,614**
Customer relationship amortization						(53,002)
Acquisitions related expenses and income						1,568
Restructuring and other significant expenses						(30,124)
Impairment of non-current assets						(91,064)
Share of loss of associates and revaluation of non-controlling interest						(1,125)
Net finance costs						(165,425)
Income tax expenses						(25,008)
Profit on disposal of investment						58
Share-based payments						(5,828)
Other non-recurring costs[(1)]						(3,292)
Loss for the year from continuing operations						**(119,628)**

SEGMENT REPORTING

	Year ended 31 December 2018*					
	South €000	**France €000**	**North & East €000**	**Germany €000**	**Elimination €000**	**Total Group €000**
Revenue external	568,664	461,148	373,424	404,637	–	1,807,873
Revenue Intercompany	870	2,436	1,542	13,400	(18,248)	–
Adjusted Operating Profit	**72,605**	**95,182**	**37,138**	**41,388**	**–**	**246,313**
Customer relationship amortization						(50,678)
Acquisitions related expenses and income						(2,528)
Restructuring and other significant expenses						(44,020)
Impairment of non-current assets						80
Share of loss of associates and revaluation of non-controlling interest						(1,292)
Net finance costs						(157,202)
Income tax expenses						(30,595)
Profit on disposal of investment						141
Share-based payments						(4,318)
Other non-recurring costs(1)						(6,011)
Loss for the year from continuing operations						**(50,110)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

(1) Other non-recurring costs include profit and loss from asset disposals, penalties paid due to cancellation of contracts, finance-structure related costs like rating agency fees and shareholder fees, mobilisation costs and other non-recurring costs.

The detail of revenue by country is outlined in Note 6 Revenue.

6. Revenue

The components of revenue are as follows:

	Year ended 31 December		
	2020 €000	**2019* €000**	**2018* €000**
Continuing Operations			
Revenues from human medicine	2,402,562	1,741,308	1,656,907
Revenues from veterinary medicine	36,065	31,246	29,071
Revenues from trading goods	15,143	16,344	17,662
Other revenues	167,414	117,172	104,233
Total revenue	**2,621,184**	**1,906,070**	**1,807,873**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

Other revenues consists among others of revenues from studies and examination, hygiene analysis, revenue from nuclear medicine as well as hair, drug & alcohol testing in the UK, the digital services we provide in Denmark, and certain services we provide in our diagnostics centers in Italy.

The detail of revenue by country is as follows for each fiscal year 2020, 2019 and 2018:

Continuing Operations	2020 €000	2019* €000	2018* €000
Germany	**579,933**	**428,989**	**404,637**
France	**646,593**	**474,407**	**461,148**
North and East	**595,263**	**416,523**	**373,424**
Belgium	90,026	48,702	49,011
Denmark	7,951	3,352	–
Estonia	49,907	18,677	16,380
Finland	93,118	51,642	39,107
Ireland	1,502	1,346	1,219
Lithuania	3,478	2,612	2,363
Norway	–	586	1,029
Sweden	21,428	5,008	–
United Kingdom	98,735	94,442	89,267
Austria	37,211	27,914	25,241
Croatia	3,273	2,278	1,897
Cyprus	5,056	3,653	2,222
Czech Republic	63,147	53,174	52,113
Ghana	1,921	2,565	2,006
Hungary	51,156	42,114	40,099
Nigeria	6,504	4,381	3,863
North Macedonia	2,443	1,827	1,746
Poland	2,238	1,689	1,520
Romania	11,472	11,804	10,978
Slovakia	17,132	12,828	12,128
Slovenia	4,532	4,167	3,502
Belarus	4,837	5,777	4,711
United Arab Emirates	8,317	6,519	6,212
Turkey	8,156	9,284	6,810
Ukraine	1,723	182	–
South	**799,395**	**586,151**	**568,664**
Portugal	76,242	51,644	48,524
Spain	191,798	101,992	103,955
Italy	300,128	237,046	225,133
Switzerland	122,538	116,847	120,970
Brazil	6,163	9,902	9,636
Colombia	61,979	47,589	45,810
Ecuador	22,496	9,704	3,130
Mexico	879	1,129	850
Panama	214	259	279
Peru	16,958	10,039	10,377
Total revenue	**2,621,184**	**1,906,070**	**1,807,873**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

There are no single customers that contribute 10 per cent or more to the Group's revenue in either 2020, 2019 or 2018. As the Group generates revenue from a wide range of analysis and diagnostic testing services with a wide range of customers in many different countries worldwide.

7. Materials related expenses

Significant items included in material expenses are as follows:

	Year ended 31 December		
	2020 €000	2019* €000	2018* €000
Continuing Operations			
Reagents	(218,448)	(125,710)	(119,955)
External analysis services	(80,576)	(65,303)	(60,433)
Consumables	(142,457)	(83,629)	(80,886)
Per reported result	(177,427)	(112,697)	(101,995)
Temporary workers	(30,399)	(35,476)	(33,795)
Other	(35,210)	(14,190)	(15,449)
Total	**(684,517)**	**(437,005)**	**(412,513)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis.

8. Payroll related expenses

	Year ended 31 December		
	2020 €000	2019* €000	2018* €000
Continuing Operations			
Salaries and wages	(560,680)	(529,168)	(500,263)
Social security contributions	(167,620)	(151,308)	(143,618)
Other personnel related costs (including bonus payments & premiums)	(142,461)	(51,963)	(47,880)
Subcontracting/temporary staff	(33,915)	(29,061)	(30,817)
Share-based payments	(3,550)	(5,828)	(4,318)
Total payroll and related expenses	**(908,226)**	**(767,328)**	**(726,896)**
Average number of employees during the year:	**22,578**	**20,969**	**20,249**
Administration	3,501	3,170	2,982
Operation	19,077	17,799	17,267
thereof doctors/biologists	2,286	2,158	1,980

* *Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.*

The average headcount throughout the year was 22,578 (2019: 20,969; 2018: 20,249) employees. The headcount excludes the headcount from the A&S operating segment that was sold in 2020 for all three years. No employees were employed at Synlab Limited for all three years.

Other personnel related costs include, amongst others, profit sharing, overtime, premiums, bonuses, severance payments & unconsumed vacation.

The other personnel related costs have increased significantly between 2019 and 2020. This increase is resulting mostly from additional bonuses and premiums that were awarded to the workforce in relation to the COVID-19 pandemic.

Details of pension arrangements and share-based payment transactions are set out in Notes 27 and 28 respectively. In the year ended 31 December 2020, 45.1 M€ (2019: 40.8 M€; 2018: 37.1 M€) was paid by the Group into defined contribution plans.

Total Payroll and Related expenses include the variable remuneration paid to the French biologists under the legal form of a dividend. These priority dividends to be paid to certain laboratory doctors after year-end are recognised as employee benefits expense and liability in the current year.

9. Other operating expenses

Significant items included in other operating expenses are as follows:

	Year ended 31 December		
	2020 €000	**2019* €000**	**2018* €000**
Continuing Operations			
Low value, variable and short term lease	(10,930)	(8,732)	(9,583)
Marketing and communication expenses	(43,141)	(40,758)	(39,234)
Transportation expenses	(60,732)	(54,428)	(48,664)
Repairs and maintenance and insurance expenses	(32,938)	(31,064)	(32,407)
Utilities	(56,843)	(52,325)	(50,819)
Consulting and advisory fees	(39,638)	(34,100)	(34,603)
IT and administration expenses	(53,937)	(45,811)	(43,777)
Personnel related expenses	(27,492)	(28,103)	(28,367)
Other taxes, dues and fees	(20,592)	(17,233)	(15,616)
Other expenses	(25,564)	(19,854)	(10,724)
Total other operating expenses	**(371,807)**	**(332,408)**	**(313,794)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

Personnel related expenses include, amongst others, travel expenses, expenses on temporary workers and training.

Other taxes, dues and fees consists mostly of non-recoverable VAT and other trade taxes.

Other expenses include, amongst others, valuation of receivables (consists mostly of allowance for bad debts net of income from release of provision for bad debt), loss on disposal, realized- and unrealized FX losses, penalties and bank charges.

Audit services

Audit services are included in the line Consulting and advisory fees. During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs. The amount of fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements for the period from 1 January 2020 until 31 December 2020 and the comparative period for all the consolidated companies, where they are appointed, is broken down as follows:

Audit fees:

	Year ended 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Fees payable to the Company's auditor for the audit of the Company's financial statements	536	489	422
The audit of the Company's subsidiaries	3,728	3,618	3,341
Total audit fees	**4,264**	**4,107**	**3,763**

Non-audit fees:

	Year ended 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Corporate finance services	3,884	3,314	489
Other services	111	191	90
Total non-audit fees	**3,995**	**3,505**	**579**
Total fees	**8,259**	**7,612**	**4,342**

10. Other operating income

Significant items included in other operating income are as follows:

	Year ended 31 December		
	2020 €000	**2019* €000**	**2018* €000**
Continuing Operations			
Rental and lease income	432	464	412
Income from overdue fines	1,070	1,051	989
Other	17,560	17,432	16,492
Total other operating income	**19,062**	**18,947**	**17,893**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

Other operating income comes from the aggregation of other insignificant items of other income in the group.

11. Depreciation and amortisation

Depreciation and amortisation relate to the following items:

	Year ended 31 December		
	2020 €000	2019* €000	2018* €000
Continuing Operations			
Property, Plant and Equipment	(51,920)	(44,832)	(43,709)
Right of Use assets	(100,456)	(78,567)	(75,202)
Customer relationships	(51,435)	(53,002)	(50,678)
Other intangible assets	(22,410)	(20,383)	(17,668)
Total depreciation and amortisation	**(226,221)**	**(196,784)**	**(187,257)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

Amortisation of customer relationships relates to customer relationships recognized as part of the purchase price allocation for the acquisitions completed by the Group.

12. Separately disclosed items

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

		Year ended 31 December		
Continuing Operations		2020 €000	2019* €000	2018* €000
Strategic Group Projects	(a)	(12,973)	(17,481)	(20,021)
Restructuring, Post-Merger Integration and Other	(b)	(4,114)	(12,644)	(23,999)
Restructuring and other significant expenses		**(17,087)**	**(30,125)**	**(44,020)**
Costs incurred in connection with acquisitions, disposals and abandoned projects	(c)	(2,708)	(5,407)	(6,613)
Changes in the fair value of contingent consideration	(d)	806	6,975	4,085
Acquisition related income/(expenses)		**(1,902)**	**1,568**	**(2,528)**
Impairment of goodwill		(114,995)	(90,011)	–
Impairment and reversal of impairment of non-current assets		–	(1,053)	80
Impairment and reversal of impairment of assets	(e)	**(114,995)**	**(91,064)**	**80**
Total		**(133,984)**	**(119,621)**	**(46,468)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

(a) Strategic Group Projects amount to 13.0 M€ (2019: 17.5 M€, 2018: 20.0 M€) and consist mainly of the following elements:

- 7.4 M€ of costs for preparation of a potential change in the capital structure of the group.
- 5.5 M€ of strategic IT projects, including but not limited to the costs of the implementation of an ERP system. These costs within this category were considered not to meet the group's policy for capitalization of software development costs in accordance with IAS 38.

In 2019, the amount of 17.5 M€ consisted primarily of the following elements:

– 7.8 M€ of costs incurred amongst others in course of setting up the ERP system in Switzerland and Italy, as well as improving the accounting and financial reporting systems (including the support to implement the new IFRS 16 accounting standard).

– 5.4 M€ of costs incurred in various geographies, including but not limited to setting up of new laboratory information systems (LIS) and the group data center.

In 2018, the amount of 20.0 M€ consisted primarily of the following elements:

– 11.2 M€ of costs incurred amongst others in course of setting up the ERP system in Switzerland and Italy, as well as improving the accounting and financial reporting systems (including the support to implement the new IFRS 16 accounting standard).

– 2.2 M€ of costs incurred in various geographies, including but not limited to setting up of new laboratory information systems (LIS).

– 6.6 M€ of costs associated with strategic projects as part of the Group's wider business transformation program, mainly the projects 'Gemini', related to the merger of SYNLAB and Labco, and Lean, relating to the operational excellence program and forms part of the wider transformational change program.

(b) Restructuring, Post-Merger Integration and Other costs amount to 4.1 M€ (2019: 12.6 M€, 2018: 24.0 M€) and consist mainly of 4.0 M€ of costs relating to various restructuring projects, including but not limited to a major restructuring project in Switzerland.

In 2019, this category amounted to 12.6 M€ and consisted of expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programs. Included within this was the total of 6.4 M€ of severance costs, as well as 4.1 M€ for costs relating to significant restructuring and relocation programs, in particular in Germany. Other expenses in this category included costs relating to a strategic review and a diligence exercise totaling 2.7 M€. The total amount of restructuring, severance and other expenses is net of the income from the release of provisions for similar costs recorded in prior years.

In 2018, this category amounted to 24.0 M€ and consisted of 9.3 M€ severance costs associated with staff redundancies as well as a 6.0 M€ provision related to the retroactive reduction of prices by authorities in the region of Campania, Italy.

(c) Costs incurred in connection with acquisitions, disposals and abandoned projects amounts to 2.7 M€ (2019: 5.4 M€, 2018: 6.6 M€) and consist of mostly advisory costs related to various acquisitions project closed or abandoned by the group, as well as advisory costs related to a non-strategic disposal.

(d) Changes in the fair value of contingent consideration amount to 0.8 M€ (2019: 7.0 M€, 2018: 4.1 M€).

(e) The impairment test performed as of 31 December 2020 resulted in impairment of goodwill for the CGU Switzerland in an amount of 115.0 M€ (2019: 90.0 M€); for further details please refer to Note 17 Goodwill.

13. Net finance costs

	Year ended 31 December		
Continuing Operations	**2020 €000**	**2019* €000**	**2018* €000**
Finance income	20,271	22,975	18,214
Interest expenses on financial liabilities measured at amortised cost	(166,271)	(157,306)	(141,464)
Interest expenses on leases	(11,786)	(14,617)	(15,756)
Other interest expenses	(347)	(583)	(366)
Loss on remeasurement of derivatives at fair value through profit or loss	(180)	(213)	(5)
Exchange losses	(30,250)	(14,032)	(17,101)
Other financial expenses	(45)	(1,649)	(724)
Total finance costs	**(208,879)**	**(188,400)**	**(175,416)**
Net finance costs	**(188,608)**	**(165,425)**	**(157,202)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The Interest expenses relate mainly to:

i. 920 M€ Senior Secured Term Loan (TLB2) with effective interest rate of 3.7% (applied above the EURIBOR floored at zero) due 2026 (amended in November 2020, with regards to the margin ratchet table). Following the November 2020 Facility amendment, the original Term Loan was divided into two tranches which only differ with regards to their margin ratchet table (851 M€ TLB5 and 69 M€ TLB2). Interest expenses also include a 2.1 M€ consent fees which was paid in relation to the November 2020 Facility Amendment.

ii. 940 M€ Senior Secured Floating Rate Notes with effective interest rate of 3.7% (applied above the EURIBOR floored at zero) due 2022, redeemed in an amount of 847.4 M€ in May 2020 – the remaining amount (92.6 M€) being transferred into the 468 M€ Senior Secured Term Loan, referred as TLB3.

iii. 850 M€ Senior Secured Floating Rate Notes due 2025 at effective interest rate of 5.2% (applied above the EURIBOR floored at zero).

iv. 450 M€ Senior Secured Term Loan (TLB1) with effective interest rate of 3.2% (applied above the EURIBOR floored at zero) due 2022. The Term Loan was amended in May 2020, resulting in a reduced Term Loan amount of 76 M€, with effective interest rate of 3.1% (applied above the EURIBOR floored at zero) due 2022.

v. 468 M€ Senior Secured Term Loan (TLB3) with effective interest rate of 3.3% (applied above the EURIBOR floored at zero) due 2024 which started in May 2020.

vi. 385 M€ Senior Secured Term Loan (TLB4) with effective interest rate of 3.7% (applied above the EURIBOR floored at zero) due 2027.

vii. 375 M€ of Senior Notes with the effective interest rate of 8.25% due 2023, fully redeemed in November 2020. It also includes the premium cost of 7.7 M€ for the early redemption in addition to the write off of the unamortised debt issuance costs on the extinguishment of the €375m of Senior Notes, totaling 2.1 M €.

viii. The net fair value loss, totaling €16.8 M€ as a result of the non-substantial modification as described in Note 26 and a write off of the unamortised debt issuance costs on the part-extinguishment of 3.1 M€ of the total €940 M€ Senior Secured Notes.

ix. The Interest expenses line item also includes the interest expenses on the drawn part (from March to November 2020) of the Revolving Credit Facility (RCF) as well as the commitments fees on the undrawn part of the RCF.

Finance income relates mainly to unrealized FX gains with regards to retranslation of intercompany loans.

This finance income mainly arises in the books of Synlab Bondco and is primarily due to EUR/GBP FX rate variation.

Exchange losses relates mainly to unrealized FX losses with regards to retranslation of intercompany loans.

These exchange losses mainly arise in the books of Synlab Bondco and is primarily due to EUR/GBP FX rate variation.

Exchange income and exchange losses relate to financing items.

14. Income tax expenses

Analysis of tax charge in the year:

	Year ended 31 December		
Continuing Operations	**2020 €000**	**2019* €000**	**2018* €000**
Current tax current year	(83,208)	(40,882)	(38,735)
Current tax prior year	1,365	735	(2,733)
Deferred tax	(5,473)	15,139	10,873
Total income tax expenses	**(87,316)**	**(25,008)**	**(30,595)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The tax charge for the year can be reconciled to the profit/loss per the income statement as follows:

	Year ended 31 December		
Continuing Operations	**2020 €000**	**2019* €000**	**2018* €000**
Profit/(loss) on ordinary activities before tax	125,257	(94,620)	(19,515)
Tax charge/credit expected on the profit/loss on ordinary activities at 19.00% (2019: 19.00%)	(23,799)	17,978	3,707
Impairment of goodwill	(21,850)	(17,097)	–
Other net permanent differences on non-deductible items	(8,335)	(5,766)	(1,555)
Non-taxable income	(1,894)	149	14
Non UK profits taxed at rates different from the UK rate	(31,743)	(23,508)	(16,935)
Movements in temporary differences upon which no deferred tax asset has been recognised	3,126	2,238	(13,487)
Effect of changes in corporate tax rates on deferred tax balances	(4,376)	216	102
Prior year tax adjustments	1,365	735	(2,733)
Other items	190	47	292
Total tax charge for the year	**(87,316)**	**(25,008)**	**(30,595)**

* Restated to reflect the Group's discontinued operations in accordance with IFRS 5 – see Note 15.

The effective tax rate differs from the UK corporation tax rate for the period as a result of a number of adjustments, including non-deductibility of financing costs for which either tax relief is not available at all or for which no deferred tax asset is recognised. In addition the majority of the profits of the group arise in jurisdictions with higher rates of corporation tax (mainly France, Italy and Germany).

15. Discontinued Operations

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

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

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

Country	Entities
Switzerland	SYNLAB Analytics and Services Switzerland AG
Germany	BZH GmbH Deutsches Beratungszentrum für Hygiene(*)
Germany	SYNLAB Analytics & Services LAG GmbH
Germany	SYNLAB Chemie, Industrie- und Spezialanalytik CIS GmbH
Germany	SYNLAB Analytics & Services Germany GmbH
Denmark	AnalyTech Miljølaboratorium A/S
Finland	SYNLAB Analytics & Services Finland Oy
Finland	Nordic Testing Oy
Netherlands	SYNLAB Analytics & Services BV
Netherlands	SYNLAB Analytics & Services Oosterhout BV
Netherlands	Alcontrol Holding (Netherlands) BV
Netherlands	ALcontrol Holland BV
Norway	SYNLAB Analytics & Services Norway AS
Norway	ALcontrol Norway AS
Sweden	SYNLAB Analytics & Services AB
Sweden	ALcontrol Holding (Sweden) AB
Sweden	ALcontrol Sweden AB
UK	ALcontrol Financial Limited
UK	ALcontrol Holdings Limited
UK	ALcontrol Netherlands Limited
UK	ALcontrol Holding (Norway) Limited
UK	ALcontrol Sweden Limited
UK	ALcontrol Holdings (UK) Limited
UK	SYNLAB Analytics & Services UK Limited

(*) Shown as held for sale as of 31 December 2020.

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

	Year ended 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Revenue	206,178	202,031	190,407
Expenses	(194,545)	(191,047)	(183,817)
Profit before tax	**11,633**	**10,984**	**6,590**
Attributable tax (expense)/income	(1,951)	693	1,401
Disposal costs	(11,979)	–	–
Profit on disposal before transaction costs and tax	223,802	–	–
Tax charge on profit on disposal	(388)	–	–
Profit for the year from discontinued operations	**221,117**	**11,677**	**7,991**

The profit on disposal of these entities, which has been calculated as the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets and attributable goodwill totalled disposal of 223,8 M€.

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

	2020 €000
Non-current assets	
Intangible assets	116,709
Property, Plant and Equipment	26,137
Right of Use Assets	30,563
Other non-current assets	276
Deferred tax assets	1,287
Current assets	
Inventories	4,515
Trade accounts receivable	30,477
Other current assets	6,366
Cash and cash equivalents	30,849
Total assets	**247,179**
Non-current liabilities	
Lease liability (non-current)	24,259
Employee benefits liabilities	3,731
Non current provisions	81
Deferred tax provisions	28,172
Current liabilities	
Current Lease liabilities	7,712
Trade accounts payable	12,872
Contract liabilities	2,114
Current provisions	532
Income tax liabilities	2,162
Other current liabilities	24,902
Total liabilities	**106,537**
Attributable goodwill	196,287(*)
Net assets disposed of	**336,929**
Consideration received, satisfied in cash	**567,336**
Deferred consideration	780
Reclassification from translation reserve to income statement arising on divestment	(7,385)
Profit on disposal before transaction costs and tax	**223,802**
Disposal costs	(11,979)
Tax charge on profit on disposal	(388)
Profit on disposal after tax	**211,435**

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

	2020 €000
Consideration received, satisfied in cash	567,336
Less: cash and cash equivalents disposed of	(30,848)
Transaction costs paid	(590)
Net cash inflow arising on disposal:	**535,898**(**)

(*) The total amount in attributable goodwill in Note 17 Goodwill is 205.5 M€, the difference of 9.2 M€ from attributable goodwill arising on shown in the table above is due to other disposals during the year in France and Belgium (please refer to note 4.1).

(**) The total amount disclosed on the face of the Consolidated Statement of Cash Flows in relation to Sale of subsidiaries, net of cash disposed and changes in debt totals 548.2 M€, the difference of 12.3 M€ from the total net cash inflow arising on disposal shown in the table above, is due to other disposals during the year in France and Belgium (please refer to note 4.1).

BZH GmbH Deutsches Beratungszentrum für Hygiene, has been classified as held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale (refer also to Note 36). The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2020 €000
Non-current assets	
Intangible assets	15
Property, Plant and Equipment	76
Right of Use Assets	864
Other non-current assets	2
Deferred tax assets	10
Current assets	
Trade accounts receivable	48
Other current assets	18
Cash and cash equivalents	3,209
Assets classified as held for sale	**4,242**
Non-current liabilities	
Lease liability (non-current)	695
Current liabilities	
Current Lease liabilities	184
Trade accounts payable	856
Contract liabilities	2
Current provisions	43
Income tax liabilities	98
Other current liabilities	437
Liabilities directly associated with assets classified as held for sale	**2,315**
Net assets held for sale	**1,927**

16. Inventories

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Raw Materials	143,424	40,444	36,528
Work-in-progress	4	496	329
Finished goods	2,207	1,643	1,610
Advance payments	3,420	73	88
Total Inventories	**149,055**	**42,656**	**38,555**

The inventories during year 2020 increased due to the COVID -19 crisis as there was a demand to maintain a sufficient inventory of COVID -19 related materials to absorb fluctuations in demand for COVID -19 testing and also a limited increase of safety stocks for other materials.

The cost of inventories recognized as an expense during the year in respect of continuing operations was 538.3 M€ (2019: 322.0 M€; 2018: 302.8 M€).

17. Goodwill

		Goodwill €000
Gross amount	**At 1 January 2020**	**2,751,084**
	Acquisition of subsidiaries	17,234
	Disposal of subsidiaries	(205,538)
	Foreign currency translation	(1,672)
	31 December 2020	**2,561,108**
Impairment	**At 1 January 2020**	**(233,401)**
	Impairment charge	(115,000)
	Foreign currency translation	(579)
	31 December 2020	**(348,980)**
Carrying amount	**At 1 January 2020**	**2,517,683**
	At 31 December 2020	**2,212,128**

		Goodwill €000
Gross amount	**At 1 January 2019**	**2,671,943**
	Business acquired	67,744
	Foreign currency translation	11,397
	31 December 2019	**2,751,084**
Impairment	**At 1 January 2019**	**(143,265)**
	Impairment charge	(90,000)
	Foreign currency translation	(136)
	31 December 2019	**(233,401)**
Carrying amount	**At 1 January 2019**	**2,528,678**
	At 31 December 2019	**2,517,683**

		Goodwill €000
Gross amount	**At 1 January 2018**	**2,535,076**
	Business acquired	127,548
	Foreign currency translation	9,318
	31 December 2018	**2,671,942**
Impairment	**At 1 January 2018**	**(141,552)**
	Impairment charge	–
	Foreign currency translation	(1,713)
	31 December 2018	**(143,265)**
Carrying amount	**At 1 January 2018**	**2,393,524**
	At 31 December 2018	**2,528,677**

Goodwill values for the acquisitions made during the period ended 31 December 2020 are provisional and subject to modification in the twelve months period following the acquisition date.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash-generating units ("CGUs") defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The CGUs and group of CGUs for the year ended 31 December 2020 are Germany, France, Italy, Switzerland, Iberia, North Europe (UK, Belgium, Estonia, Finland, Lithuania, Norway), CEMEA (Austria, Czech Republic, Slovakia, Hungary, Emerging Markets) LATAM. The former CGU Analytics and Services has been sold and is therefore no longer included.

The aggregate carrying amounts of goodwill allocated to each CGUs and key assumptions of the impairment testing model are as follows:

As at 31 December 2020	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	487,611	2.0%	6.6%	9.1%
France	887,714	1.6%	7.3%	9.7%
Switzerland	26,917	1.0%	7.0%	9.0%
Italy	393,486	1.4%	8.9%	12.3%
Iberia	73,372	1.6%	9.1%	12.0%
Northern Europe	154,673	1.9%	7.7%	10.0%
CEMEA	124,247	2.8%	9.2%	11.0%
LATAM	64,108	2.4%	11.5%	16.2%
	2,212,128			

As at 31 December 2019	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	487,525	2.1%	7.0%	9.1%
France	898,106	1.7%	7.8%	10.0%
Switzerland	141,149	1.0%	8.1%	9.8%
Italy	389,584	1.5%	8.8%	11.7%
Iberia	73,218	1.7%	8.8%	11.0%
Northern Europe	155,202	1.9%	8.2%	9.6%
CEMEA	126,217	2.7%	9.8%	11.3%
LATAM	51,587	2.6%	10.9%	14.4%
Analytics & Services	195,095	2.0%	7.7%	9.6%
	2,517,683			

As at 31 December 2018	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	478,791	2.6%	7.3%	9.4%
France	875,514	1.9%	8.1%	10.2%
Switzerland	221,426	1.0%	6.7%	7.9%
Italy	381,081	1.7%	9.5%	12.9%
Iberia	64,959	2.0%	9.8%	12.0%
Northern Europe	146,796	2.0%	8.5%	10.1%
CEMEA	126,156	2.5%	9.7%	11.1%
LATAM	48,173	2.8%	11.8%	15.9%
Analytics & Services	185,781	1.9%	7.6%	9.4%
	2,528,677			

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period. The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5 year business plan shows trends in volumes, prices and direct costs based on past trends and on the future market outlook which include a certain level of uncertainties, especially in the current context of economic difficult environment in certain European countries.

- The cash flows projections for the years 2021 to 2025 include also:
  - Taxes impact by applying the latest enacted rate per country;
  - Working capital; and
  - Capital expenditures
- The terminal value is then calculated by discounting the forecast flows of the last year (2025) using a perpetual growth rate between 1.0% and 2.8% (2019: 1.0% and 2.8%) depending on the cash generating unit. This percentage is management's best estimate of the expected market evolution based on the long term inflation rates for each CGU or published sector-specific market research.
- The discount rate is based on the respective CGU's weighted average cost of capital (WACC) including a leveraged beta, cost of debt and cost of equity (including market risk premium and size premium). The discount rate in Switzerland includes a mark-up for increased commercial risk of 0.6% to reflect the commercial challenges we are encountering in the Swiss market.
- Discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates result in value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow. (as required by IAS 36).

RESULT OF ANNUAL IMPAIRMENT TESTING

Based on the impairment test model calculation performed, an impairment of 115 M€ has been recognized for the CGU Switzerland as of December 2020.

The impairment in Switzerland has been the consequence of the loss of additional customers during 2020 following the implementation of a strict commercial policy covering remuneration practices within Synlab Switzerland this, in turn, led to a renegotiation of customer contractual agreements during 2020, which resulted in a number of customer losses. These customer losses are considered permanent. As noted above the discount rate has been increased by 0,6% to reflect the ongoing commercial challenges we are encountering in this market.

Additionally, we have considered the impact of forecast contribution of COVID-19 testing activity into the short to medium term (but not into perpetuity) and although the level of COVID-19 testing activity is uncertain have included the forecast contribution of this in a combined scenario with the increased discount rate of 7.0%; resulting in a total impairment of 115 M€.

Certain other combinations of these scenarios were considered which would lead to an impairment ranging from 104 M€ to 124 M€. We have concluded that the 115 M€ impairment is reasonable within that potential range. Reducing the total carrying amount of the Switzerland CGU to 140 M€.

SENSITIVITY ANALYSIS

A post-tax discount rate increase of 1% point would not lead to any additional goodwill impairment in any of the CGUs, except for Switzerland, where it would lead to an additional 14 M€ being recognised.

A 5% decrease in the forecasted EBITDA over the forecasts horizon included in the terminal value would not lead to any additional goodwill impairment in any of the CGUs, except for Switzerland, where it would lead to an additional 12 M€ being recognised.

18. Intangible assets

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

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

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

Gross amount	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2019	**1,005,700**	**36,799**	**84,558**	**11,471**	**11,994**	**1,150,522**
Acquisition of subsidiaries	32,216	–	436	1,045	15	33,712
Foreign currency translation	9,285	(21)	503	111	1	9,879
Additions	17	–	17,052	1,039	8,820	26,928
Disposals	(475)	–	(1,192)	(168)	–	(1,835)
Reclassification	–	–	4,418	(23)	(3,078)	1,317
As at 31 December 2019	**1,046,743**	**36,778**	**105,775**	**13,475**	**17,752**	**1,220,523**

Accumulated amortization and carrying amount of intangible assets	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2019	**(203,627)**	**(341)**	**(39,242)**	**(6,096)**	**–**	**(249,306)**
Amortization of the year	(61,620)	(155)	(18,911)	(2,991)	–	(83,677)
Foreign currency translation	(2,736)	8	(363)	(67)	–	(3,158)
Disposals	200	–	2,320	160	–	2,680
As at 31 December 2019	**(267,783)**	**(488)**	**(56,196)**	**(8,994)**	**–**	**(333,461)**
Carrying amount as at 1 January 2019	**802,073**	**36,458**	**45,316**	**5,375**	**11,994**	**901,216**
Carrying amount as at 31 December 2019	**778,960**	**36,290**	**49,579**	**4,481**	**17,752**	**887,062**

Gross amount	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2018	**995,618**	**36,804**	**65,454**	**11,651**	**4,374**	**1,113,901**
Acquisition of subsidiaries	5,728	–	217	316	35	6,296
Foreign currency translation	3,904	(5)	129	19	(3)	4,044
Additions	450	–	17,249	505	11,216	29,420
Disposals	–	–	(1,845)	(1,294)	–	(3,139)
Reclassification	–	–	3,354	274	(3,628)	–
As at 31 December 2018	**1,005,700**	**36,799**	**84,558**	**11,471**	**11,994**	**1,150,522**

Accumulated amortization and carrying amount of intangible assets	Customer relationships €000	Trademarks €000	Software €000	Property rights and similar rights €000	Other €000	Total €000
As at 1 January 2018	**(142,826)**	**(186)**	**(25,161)**	**(4,138)**	**–**	**(172,311)**
Amortization of the year	(59,220)	(159)	(15,269)	(3,125)	–	(77,773)
Foreign currency translation	(1,580)	4	(52)	(5)	–	(1,633)
Disposals	–	–	1,240	1,171	–	2,411
As at 31 December 2018	**(203,626)**	**(341)**	**(39,242)**	**(6,097)**	**–**	**(249,306)**
Carrying amount as at 1 January 2018	**852,792**	**36,618**	**40,293**	**7,513**	**4,374**	**941,590**
Carrying amount as at 31 December 2018	**802,074**	**36,458**	**45,316**	**5,374**	**11,994**	**901,216**

The customer relationships primarily represent customer relationships with doctors and hospitals. These customer relationships consist of customer relationships acquired, identified and evaluated in connection with the acquisitions that were performed since the formation of the Group 2015.

Customer relationships break down into the following group of CGUs:

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

As at 31 December 2019	Gross €000	Amortisation & Impairment €000	Net €000
Germany	379,890	(83,173)	296,717
France	6,656	(1,237)	5,419
Italy	44,442	(9,552)	34,890
Switzerland	183,100	(63,102)	119,998
Iberia	30,639	(14,345)	16,294
North Europe	151,393	(46,839)	104,554
CEMEA	94,975	(22,534)	72,441
LATAM	8,704	(1,676)	7,028
Analytics & Services	146,944	(25,325)	121,619
Total	**1,046,743**	**(267,783)**	**778,960**

As at 31 December 2018	Gross €000	Amortisation & Impairment €000	Net €000
Germany	367,709	(62,873)	304,836
France	5,844	(912)	4,932
Italy	44,442	(7,278)	37,164
Switzerland	176,357	(48,113)	128,244
Iberia	27,191	(12,661)	14,530
North Europe	140,906	(37,295)	103,611
CEMEA	94,640	(17,037)	77,603
LATAM	8,623	(881)	7,742
Analytics & Services	139,988	(16,576)	123,412
Total	**1,005,700**	**(203,626)**	**802,074**

19. Property, plant and equipment

Gross amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2020	**90,680**	**168,045**	**1,929**	**7,113**	**119,808**	**387,575**
Acquisition of subsidiaries	3,175	220	1	–	251	3,647
Foreign currency translation	(1,535)	(1,478)	(86)	(2,270)	(1,072)	(6,441)
Additions	7,613	34,657	924	13,799	16,984	73,977
Disposals	(1,051)	(4,451)	(707)	(100)	(3,516)	(9,825)
Reclassification	3,441	6,343	39	(10,712)	889	–
Disposal of subsidiaries	(10,617)	(43,613)	(481)	(123)	(18,961)	(73,795)
Reclassification to held for sale	(55)	–	(92)	–	(395)	(542)
As at 31 December 2020	**91,651**	**159,723**	**1,527**	**7,707**	**113,988**	**374,596**

Accumulated depreciation and carrying amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2020	**(17,440)**	**(83,815)**	**(465)**	**–**	**(53,545)**	**(155,265)**
Depreciation of the year	(10,158)	(22,326)	(691)	–	(18,745)	(51,920)
Foreign currency translation	481	882	69	–	804	2,236
Disposals	634	3,300	679	–	3,241	7,854
Disposal of subsidiaries	4,120	22,075	278	–	12,629	39,102
Reclassification to held for sale	34	–	92	–	340	466
As at 31 December 2020	**(22,329)**	**(79,884)**	**(38)**	**–**	**(55,276)**	**(157,527)**
Carrying amount as at 1 January 2020	**73,240**	**84,230**	**1,464**	**7,113**	**66,263**	**232,310**
Carrying amount as at 31 December 2020	**69,322**	**79,839**	**1,489**	**7,707**	**58,712**	**217,069**

Gross amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2019	**80,809**	**145,177**	**2,284**	**13,526**	**103,361**	**345,157**
Acquisition of subsidiaries	1,226	3,558	133	407	2,501	7,825
Foreign currency translation	561	1,095	53	22	532	2,263
Additions	4,609	18,845	488	11,591	17,587	53,120
Disposals	(6,690)	(4,021)	(1,177)	(665)	(6,501)	(19,054)
Reclassification	10,165	3,391	148	(17,768)	2,328	(1,736)
As at 31 December 2019	**90,680**	**168,045**	**1,929**	**7,113**	**119,808**	**387,575**

Accumulated depreciation and carrying amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2019	**(15,721)**	**(62,115)**	**(524)**	**–**	**(40,571)**	**(118,931)**
Depreciation of the year	(7,660)	(23,185)	(853)	–	(20,122)	(51,820)
Foreign currency translation	(119)	(581)	(51)	–	(375)	(1,126)
Disposals	6,060	2,066	963	–	7,523	16,612
As at 31 December 2019	**(17,440)**	**(83,815)**	**(465)**	**–**	**(53,545)**	**(155,265)**
Carrying amount as at 1 January 2019	**65,088**	**83,062**	**1,760**	**13,526**	**62,790**	**226,226**
Carrying amount as at 31 December 2019	**73,240**	**84,230**	**1,464**	**7,113**	**66,263**	**232,310**

Gross amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2018	**71,925**	**127,911**	**2,519**	**8,377**	**85,808**	**296,540**
Acquisition of subsidiaries	2,538	1,900	107	7	3,499	8,051
Foreign currency translation	6	111	58	(2)	349	522
Additions	5,257	19,829	536	16,073	14,837	56,532
Disposals	(2,568)	(6,757)	(935)	(862)	(5,366)	(16,488)
Reclassification	3,651	2,183	(1)	(10,067)	4,234	–
As at 31 December 2018	**80,809**	**145,177**	**2,284**	**13,526**	**103,361**	**345,157**

Accumulated depreciation and carrying amount of property, plant and equipment	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Assets under construction €000	Office, IT and Other equipment €000	Total €000
As at 1 January 2018	**(10,024)**	**(44,760)**	**(360)**	**–**	**(27,942)**	**(83,086)**
Depreciation of the year	(8,269)	(23,860)	(899)	–	(17,469)	(50,497)
Foreign currency translation	(14)	(240)	(26)	–	(221)	(501)
Disposals	2,586	6,745	761	–	5,061	15,153
As at 31 December 2018	**(15,721)**	**(62,115)**	**(524)**	**–**	**(40,571)**	**(118,931)**
Carrying amount as at 1 January 2018	**61,901**	**83,151**	**2,159**	**8,377**	**57,866**	**213,454**
Carrying amount as at 31 December 2018	**65,088**	**83,062**	**1,760**	**13,526**	**62,790**	**226,226**

19.1 ***Right-of-use assets***

	Land and building €000	Technical machines and equipment €000	Vehicle fleet €000	Office, IT and Other equipment €000	Total €000
Net carrying amount					
as at 31 December 2018	335,012	41,191	13,130	10,189	399,522
as at 31 December 2019	336,117	40,017	11,370	9,296	396,800
as at 31 December 2020	324,845	52,334	12,564	11,366	401,109
Depreciation expense for the year ended					
31 December 2018	(54,791)	(16,483)	(7,483)	(4,532)	(83,289)
31 December 2019	(58,758)	(16,620)	(7,511)	(4,745)	(87,634)
31 December 2020	(60,044)	(28,665)	(7,163)	(4,584)	(100,456)

The additions in RoU Assets were 115.9 M€ (2019: 79.4 M€)

20. Investments in associates

The Group's investments in its associates (equity accounted investees) as at 31 December 2020 was 4.6 M€ (2019: 4.7 M€; 2018:4.5M€).

The main group investments in associates correspond to non-controlling investment in a French biology laboratory and a Spanish laboratory.

In addition, the Group owned interests of 33% in a local Economic Interest Group (so called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2020 the Group received dividends of 0.3 M€ (2019: 0.3 M€; 2018: 0.5 M€) from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

	As at 31 December 2020			
Companies	**Equity €000**	**Interest/ ordinary shares in %**	**Gross value including goodwill €000**	**Provisions for losses €000**
Bakteriologisches Institut Olten BIO AG	367	30%	14	–
Switzerland Société d'Exercice Libéral	2,776	50%	3,812	–
Laboratoire Val de Garonne SELARL, France CONSORZIO PER LO SVILUPPO	100	33%	23	–
DELLA MEDICINA, Italy GESTORA PERUANA DE HOSPITALES S.A	957	32%	342	–
CLINICA SAMPEDRO Lda.	35	30%	100	–
Southwest Pathology Services LLP, UK	(130)	33%	109	–
SPS LLP, UK	(73)	33%	174	–
Total	**4,032**		**4,574**	**–**

	As at 31 December 2019			
Companies	**Equity €000**	**Interest/ ordinary shares in %**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	34	50%	47	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,694	50%	3,771	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	100	33%	23	–
GESTORA PERUANA DE HOSPITALES S.A	1,119	32%	334	–
Southwest Pathology Services LLP, UK	5	33%	159	–
SPS LLP, UK	71	33%	227	–
CLINICA SAMPEDRO Lda., Portugal	39	30%	101	–
Bakteriologisches Institut Olten BIO AG, Switzerland	350	30%	6	–
Total	**4,412**		**4,668**	**–**

	As at 31 December 2018			
Companies	**Equity €000**	**Interest/ ordinary shares in %**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	137	50%	109	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,865	49%	3,755	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	99	33%	22	–
SPS Facilities LLP, UK	44	33%	99	–
Southwest Pathology Services LLP, UK	28	33%	137	–
SPS LLP, UK	15	33%	2	–
Bakteriologisches Institut Olten BIO AG, Switzerland	1,047	32%	331	–
Total	**4,235**		**4,454**	**–**

Summarised financial information for the investments in associates is as follows (100% of amounts); other associates report after March 2021:

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Non-current assets	880	1,096	1,204
Current assets	5,781	4,847	2,999
Cash	2,630	3,855	5,781
Total assets	**9,291**	**9,798**	**9,984**
Shareholders' equity	3,608	4,083	4,235
Other liabilities and provisions	5,683	5,715	5,749
Total liabilities and equity	**9,291**	**9,798**	**9,984**
Income Statement			
Revenue	70,278	70,119	63,928
Results from operating activities	914	1,380	(517)
Net profit for the period	**650**	**1,274**	**1,024**

21. Other non-current assets

Other non-current assets include the following:

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Deposits	10,419	9,495	10,472
Equity instruments designated as at FVTOCI	993	1,095	733
Other non-current assets and loans	27,200	15,834	9,335
Total other non-current assets	**38,612**	**26,424**	**20,540**

Escrow accounts relating to M&A transactions in an amount of 6.7 M€ (2019: 10.3 M€) and a compensation agreed for the early termination of a rental contract in an amount of 13.1 M€ (2019: 0) are the main components of the line "Other".

For entities in which the Group has an ownership below 20% or no significant influence, they are not consolidated and the investments in those entities have been classified as equity instruments designated as at FVTOCI as such recognised at fair value. Unrealised gains and losses are taken directly to other comprehensive income.

No unrealised gain or loss was recognised in 2020, 2019 and in 2018.

22. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Deferred tax assets	**Deferred tax liabilities**			
	Tax losses and other deductible temporary differences €000	**Accelerated tax depreciation and other liabilities €000**	**Deferred tax on intangible assets €000**	**Total deferred tax liabilities €000**	**Total net deferred tax €000**
As at 1 January 2020	**38,004**	**(10,970)**	**(191,501)**	**(202,471)**	**(164,467)**
Acquisition of businesses		(6)	(942)	(948)	(948)
Disposal of businesses	(1,394)	1,476	26,687	28,163	26,769
Charge/(credit) to income	(7,817)	(5,278)	8,146	2,868	(4,949)
Charge/(credit) to other comprehensive income	643			–	643
Exchange differences	(419)	(162)	912	750	331
As at 31 December 2020	**29,017**	**(14,940)**	**(156,698)**	**(171,638)**	**(142,621)**

The recognition of these assets, and the non-recognition of assets in respect of other losses, is based on SYNLAB's management's estimate of the probability of being able to use these losses (or prior to the expiration of the losses), based upon forecast operating results and the level of deferred tax liabilities recognized in the particular territory/tax grouping. It is expected that the benefit of certain tax attributes will be lost in the near future as a result of matters which are outside the control of management, therefore no asset is recognized in relation to these attributes. Deferred Tax Assets totaling 3.4M€ have been recognized on losses mainly in France. Deferred tax assets have not been recognized in respect of losses of 161.6M€, which are available for indefinite

carry forward. These losses have arisen mainly in the UK, France and Spain. The majority of these losses can be utilised in the future if taxable profits continue to be consistent with current year levels. Whilst there is potential for the losses to be utilised against future taxable profits, no deferred tax asset is recognised on the basis that it is not reasonably certain that the entities will generate taxable profits in accordance with IAS 12.

The Group has also incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of 381.0 M€ is available for indefinite carry forward (subject to special rules in a number of territories), primarily in Germany, Spain, and France. Deferred tax assets totaling 1.1M€ have been recognized on excess interest amounts in companies in France which are forecasting excess interest capacity. Deferred tax assets have not been recognized in respect of excess interest amounts of 376.3M€ either because excess interest capacity is not currently forecasted for future periods or because the attributes are expected to be lost on a change in control before they can be utilized.

The following are the major deferred tax assets and liabilities recognized by the Group and movements thereon during the prior year periods:

	Deferred tax assets	**Deferred tax liabilities**			
	Tax losses and other deductible temporary differences €000	**Accelerated tax depreciation and other liabilities €000**	**Deferred tax on intangible assets €000**	**Total deferred tax liabilities €000**	**Total net deferred tax €000**
As at 1 January 2019	**32,557**	**(9,169)**	**(197,401)**	**(206,570)**	**(174,013)**
Acquisition of businesses	8	(134)	(7,954)	(8,088)	(8,080)
Effect of change in accounting policy for IFRS 16	3,883	(3,550)	–	(3,550)	333
Charge/(credit) to income	184	2,559	14,459	17,018	17,202
Charge/(credit) to other comprehensive income	1,222	–	–	–	1,222
Exchange differences	150	(676)	(605)	(1,281)	(1,131)
As at 31 December 2019	**38,004**	**(10,970)**	**(191,501)**	**(202,471)**	**(164,467)**

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other deductible temporary differences €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
As at 1 January 2018	**14,389**	**(4,345)**	**(199,735)**	**(204,080)**	**(189,691)**
Acquisition of businesses	244	(4)	(1,666)	(1,670)	(1,426)
Effect of change in accounting policy for IFRS 9 and IFRS 15	–	1,121	–	1,121	1,121
Charge/(credit) to income	16,686	(9,813)	5,585	(4,228)	12,458
Charge/(credit) to other comprehensive income	171	(27)	(991)	(1,018)	(847)
Exchange differences	266	350	(594)	(244)	22
As at 31 December 2018 – as reported	**31,756**	**(12,718)**	**(197,401)**	**(210,119)**	**(178,363)**
Adjustment for impact of IFRS 16	801	3,549	–	3,550	4,351
As at 31 December 2018 – as restated	**32,557**	**(9,169)**	**(197,401)**	**(206,569)**	**(174,012)**

The Group has restated deferred tax assets and liabilities on IFRS 16 on prior years. This net adjustment on deferred tax is 5.3 M€. The net adjustment on deferred tax for IAS 17 elimination is (1) M€. Please refer to Note 2.2.1 on IFRS 16 in the 2019 Financial Statements.

23. Trade accounts receivable

Net trade accounts receivable break down into the following Segments:

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

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

As a result of the billing processes and billing cycles in the various countries and businesses, there are 98.4 M€ of accrued income not yet billed to customers included in trade accounts receivables. No provision was built based on the ageing of those items (2019: 39.5 M€; 2018: 0.7 M€).

The ageing of trade accounts receivable at the reporting date was as follows:

	Carrying amount	Gross receivable	Not due	Overdue				
As at 31 December	€000	€000	€000	<3 months €000	3>6 months €000	6<12 months €000	12<24 months €000	>24 months €000
2020 (new structure)	534,910	567,601	415,928	84,857	21,285	15,128	18,279	12,124

	Carrying amount	Gross receivable	Not due	Overdue			
	€000	€000	€000	<3 months €000	3<6 months €000	6<9 months €000	>12 months €000
2019	318,831	345,550	233,078	53,777	17,325	19,276	22,094
2018	296,168	327,300	217,813	54,740	14,094	13,623	27,030

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2020 €000	2019 €000	2018 €000
As at 1 January	**(26,720)**	**(31,131)**	**(49,681)**
Business acquired	727	(500)	(196)
Additions recognised in profit or loss	(18,184)	(12,097)	(20,723)
Foreign currency translation	414	35	(64)
Utilisation and reversal	11,072	16,973	39,533
As at 31 December	**(32,691)**	**(26,720)**	**(31,131)**

The actual write-off relating to trade receivables as at 31 December 2020 amounts to 3.7 M€ (2019: 3.3 M€; 2018: 11.3 M€). There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs continuous credit evaluations of its receivables.

24. Other current assets

Other current assets mainly consist of the following:

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Escrow accounts	2,511	4,776	3,002
VAT and other tax receivables	12,954	24,777	20,359
Prepayments	15,757	17,962	16,726
Receivables from supplier bonuses	20,309	18,703	16,678
Receivables – related party (see Note 36)	264	172	–
Other	20,398	15,623	17,516
Total other current assets	**72,193**	**82,013**	**74,281**

The line "Other" mainly includes receivables from employees of 1.2 M€ (2019: 0.9 M€; 2018: 1.0 M€), receivables from excess payments to creditors 1.4 M€ (2019: 0.3 M€; 2018: 0.9 M€) and an aggregation of other short-term receivables from across the group totaling 18.8 M€ (2019: 14.6 M€; 2018: 20.0 M€).

25. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts and cash equivalent. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Euro (EUR)	842,730	189,437	81,921
UK Sterling pounds (GBP)	3,513	9,426	12,252
Swiss franc (CHF)	17,686	17,350	11,256
Czech Crown (CZK)	770	437	550
Hungarian Forint (HUF)	7,848	658	1,163
Swedish Krona (SEK)	501	2,373	1,962
Other currencies	22,486	14,163	6,311
Cash at bank and deposit	**895,534**	**233,844**	**115,415**
Cash equivalents	7,516	3,515	3,546
Cash on hand	1,850	1,353	1,600
Cash and cash equivalents	**904,900**	**238,712**	**120,561**
Bank overdrafts	(193)	(132)	(242)
Cash and cash equivalents in the statement of cash flows	**904,707**	**238,580**	**120,319**

26. Borrowings and other financial liabilities

	As at 31 December		
	2020 €000	2019 €000	2018 €000
Non-current liabilities			
Bank loans	405	717	1,280
Senior Secured Notes	836,230	936,027	1,823,733
Senior Notes	–	372,134	371,461
Term Loan	1,843,754	1,358,109	297,842
Lease liabilities	338,166	331,578	341,033
Other financial loans	506	–	–
Current liabilities			
Bank loans	230	315	889
Accrued interest on Term Loan	24,503	21,571	2,650
Accrued interest on Notes	10,177	–	–
Lease liabilities	83,745	88,566	79,266
RCF Syndicated Secured loan	295	–	–
Other financial loans	1,352	569	524
Bank overdraft	193	132	242
Total Non-Current	**3,019,061**	**2,998,565**	**2,835,349**
Total Current	**120,495**	**111,153**	**83,571**
Total	**3,139,556**	**3,109,718**	**2,918,920**

REVOLVING CREDIT FACILITY

The Group's principal Bank Facility comprises of a Revolving Credit Facility (RCF), which expires in July 2021 for an amount of 250 M€ and which has been contractually renewed from July 2021 till July 2023 for an amount of 228 M€. Advances under the facility bear interest at a rate equal to EURIBOR (with a 0% floor) plus 3% p.a. (subject to margin ratchet). The RCF is subject to certain covenants, which among others, require from the Group to ensure compliance with a Senior Secured Net Leverage ratio, tested quarterly. In March 2020 the Group drew 219 M€ on the Facility and the totality of the drawing was repaid by the end of November 2020. The cost and fees for the extension of the RCF maturity in the amount of 1.1 M€ were capitalized and subsequently amortized to the maturity dates. This Facility was undrawn as at 31 December 2020 (2019: 0 M€, 2018: 0 M€). Accrued interest for non-utilization fee amounts to 0.3 M€ as at 31 December 2020.

SENIOR SECURED NOTES

In May 2020 the Group launched an offer to exchange its outstanding 940 M€ Senior Secured Floating Rate Notes due 2022 at an exchange ratio of 101.01% against a participation in a Term Loan B due 2024. Pursuant to the Exchange Offer investors accepted the switch in an amount of 92.6 M€, which translated into 93.8 M€ of Term Loan B principal amount. The remaining amount of the Existing Notes that were not exchanged (847.4 M€) were fully redeemed in May 2020. The unamortised part of debt issuance costs of the redeemed tranche amounting 3.1 M€ were recognised in the profit and loss statement and were included in the "net finance costs – interest expenses" line item. The repayment of the notes was accounted for as an extinguishment.

In May 2020 the Group issued 850 M€ Senior Secured Floating Rate Notes repayable on the 1st of July 2025. The Senior Secured Notes bear interest at EURIBOR (with a 0% floor) plus 4.75% p.a. The notes were used to redeem the outstanding Senior Secured Floating Rate Notes due 2022 at a redemption price of 100.00% in the amount of 847.4 M€.

Fees incurred by the issuance of the Senior Secured Floating Rate Notes amounted to 6.9 M€ have been capitalized as debt issuance costs to be amortized over the notes maturity using the effective interest rate method.

SENIOR NOTES

In August 2015 the Group issued 375 M€ of Senior Notes at an interest rate of 8.25% due on the 1st of July 2023. The Notes were listed and traded on the Irish Stock Exchange. The Notes were fully redeemed in November 2020. The Group paid an early redemption premium of 7.7 M€ for the early redemption of the Notes. The premium cost as well as the unamortised part of debt issuance costs amounting 2.1 M€ were recognised in the profit and loss statement and were included in the "net finance costs – interest expenses" line item.

468 M€ AND 76 M€ SENIOR SECURED TERM LOAN (TLB3 AND TLB1)

In addition to the above described Exchange Offer, the 2017 Term Loan B was amended and extended for an amount of 374 M€ with a new maturity date on July 2024. Together with the Exchanged Offer, the Amended and Extended amount constitute a single new Term Loan B tranche which totals 468 M€ (TLB3). Lenders that did not consent to Amend and Extend their shares in the 2017 Term Loan B remain in the existing Facility under the existing terms: this remaining 2017 Term Loan B tranche amount to 76 M€ (TLB1). The unamortised part of debt issuance costs of the remaining tranche, in an amount of 0.5 M€, remains on the balance sheet to be amortised over the notes maturity using the effective interest rate method.

The Group performed both qualitative and quantitative tests to analyze both the Exchanged Offer and the Amended and Extended tranches of the refinancing. The results of the qualitative tests on both tranches were that the exchanges were not deemed to be a settlement of existing debt and issuance of new debt. For the quantitative tests, the modification of both tranches was not substantial. Both transactions have therefore been accounted for as non-substantial modifications. To account for a non-substantial modification under IFRS 9, the revised cash flows as a result of the modification should be discounted at the date of the modification at the original effective interest rate (EIR). The difference between the carrying amount of the liability immediately before the modification and the sum of the present value of the cash flows of the modified liability discounted at the original EIR should be recognised in profit or loss as a modification gain or loss. A modification loss of 16.8 M€ was recognised, split 1.9 M€ in relation to the exchange offer and 14.9 M€ in relation to the amend and extend. Costs and fees in relation to the modification of the financial liability in the amount of 1.7 M€ are recognised as part of the carrying amount of the liability. The unamortised part of debt issuance costs of the remaining modified tranches amounting 2.5 M€, split 0.3 M€ in relation to the exchange offer and 2.2 M€ in relation to the amend and extend, are added to the new incurred debt issuance costs and are amortized over the remaining term of the modified liability. Following the refinancing, the Group cannot separate the tranche of the debt that came from the amend and exchange and the part from the exchange offer. As a result, they are subsequently combined into one unit of account and a new effective interest rate was calculated.

920 M€ SENIOR SECURED TERM LOAN (TLB2 AND TLB5)

In July 2019, SYNLAB Bondco PLC issued a 920 M€ Senior Secured Term Loan. Proceeds of this Term Loan were used to repay the existing 900 M€ Senior Secured Notes due 2022. The Term Loan bear floating interest at 3.75% p.a. (subject to margin ratchet) + Euribor (with a 0% floor) and mature in July 2026. In November 2020, a waiver request was introduced in the documentation of the Facility to modify the existing margin ratchet. Consent to the waiver was given by lenders representing 851 M€ while non-consenting lenders represent 69 M€. Consequently, the original 920 M€ TLB was divided into two tranches which only differ with regards to the margin ratchet table.

The Group performed both qualitative and quantitative tests to analyze the modification of the margin ratchet terms. The result of the qualitative test was that the exchange of the margin ratchet terms was not deemed to be a settlement of existing debt and issuance of new debt. For the quantitative test, the modification was not substantial. There was no impact on the carrying amount of the loan. The consent fee for the modification of the margin ratchet terms in the amount of 2.1 M€ was recognised in the profit and loss statement and was included in

the "net finance costs – interest expenses" line item. The unamortised part of the debt issuance costs in the amount of 7.7 M€ remain on the balance sheet to be amortised over the notes maturity using the effective interest rate method.

The original 920 M€ TLB now amounting to 69 M€ is still referred as TLB2 while the consenting tranche, amounting to 851 M€, is referred as TLB5. Both Facilities are fully drawn as at 31 December 2020.

385 M€ SENIOR SECURED TERM LOAN (TLB4)

In November 2020, SYNLAB Bondco PLC issued a 385 M€ Senior Secured Term Loan. Proceeds of this Term Loan were used to repay the existing SYNLAB Unsecured Bondco Plc Senior Notes in an amount of 375 M€ due 2023. The new Senior Secured Term Loan is an incremental Facility on the existing 2019 Senior Facility Agreement (TLB2), however introducing an amended margin ratchet in line with the ratchet included in the 851 M€ Senior Secured Term Loan (TLB5). The Term Loan bears floating initial interest at 3.75% p.a.(subject to margin ratchet) + Euribor (with a 0% floor) and matures in July 2027. Fees incurred in the issuance of the Senior Secured Term Loan, amounting to an estimated amount of 2.5 M€, have been capitalized as debt issuance costs to be amortized over the maturity of the financial instrument using the effective interest rate method.

	Bank loans	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Accrued interest on Term Loan	Accrued interest on notes	Term Loan	RCF Syndicated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2020	**1,032**	**936,028**	**372,134**	**21,571**		**1,358,109**	**–**	**701**	**2,689,575**	**420,143**	**3,109,718**
Business acquired	180	–	–	–		–	–	377	557	2,890	3,447
Non-cash movements	–	5,304	2,866	2,932	10,177	(973)	1,435	798	22,539	20,548	43,087
Modification loss	–	–	–	–		13,021	–	–	13,021	–	13,021
Transfer	–	(92,232)	–	–		92,232	–	–	–	–	–
Proceeds from loans and borrowings	2	834,565	–	–		381,365	217,860	200	1,433,992	–	1,433,992
Lease additions	–	–	–	–		–	–	–	–	115,764	115,764
Repayments of loans and borrowings	(554)	(847,435)	(375,000)	–		–	(219,000)	(25)	(1,442,014)	(103,292)	(1,545,306)
Disposal of subsidiaries	(25)	–	–	–		–	–	–	(25)	(33,264)	(33,289)
Transferred to held for sale	–	–	–	–		–	–	–	–	(878)	(878)
As at 31 December 2020	**635**	**836,230**	**–**	**24,503**	**10,177**	**1,843,754**	**295**	**2,051**	**2,717,645**	**421,911**	**3,139,556**

The modification loss is exclusive of the €3.7 M€ of fees paid to existing lenders on modification.

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

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

	Bank loans	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Accrued interest on notes/Term Loan	Term Loan	RCF Syndicated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2019	**2,169**	**1,823,733**	**371,461**	**2,650**	**297,842**	**–**	**766**	**2,498,621**	**420,299**	**2,918,920**
Business acquired	508	–	–	–	–	–	226	734	5,913	6,647
Foreign currency translation	–	–	–	–	–	–	–	–	719	719
Non-cash movements	–	12,295	673	18,921	1,622	–	(257)	33,254	(716)	32,538
Proceeds from loans and borrowings	7	–	–	–	1,058,645	50,000	56	1,108,708	79,403	1,188,111
Repayments of loans and borrowings	(1,652)	(900,000)	–	–	–	(50,000)	(90)	(951,742)	(85,475)	(1,037,217)
As at 31 December 2019	**1,032**	**936,028**	**372,134**	**21,571**	**1,358,109**	**–**	**701**	**2,689,575**	**420,143**	**3,109,718**

	Bank loans	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Accrued interest on notes	Term Loan	RCF Syndicated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2018	**2,490**	**1,819,645**	**370,843**	**2,700**	**297,269**	**–**	**1,234**	**2,494,181**	**384,722**	**2,878,903**
Business acquired	11,780	–	–	–	–	–	9	11,789	29,027	40,816
Foreign currency translation	(2)	–	–	–	–	–	6	4	(759)	(755)
Non-cash movements	(80)	4,088	618	(50)	573	–	(483)	4,666	–	4,666
Proceeds from loans and borrowings	472	–	–	–	–	–	–	472	75,928	76,400
Repayments of loans and borrowings	(12,491)	–	–	–	–	–	–	(12,491)	(68,619)	(81,110)
As at 31 December 2018	**2,169**	**1,823,733**	**371,461**	**2,650**	**297,842**	**–**	**766**	**2,498,621**	**420,299**	**2,918,920**

FLOATING SECURED SENIOR NOTES COVENANTS

Depending on the terms of the High Yield Bond indentures, the Group has to respect certain covenants mainly related to reporting and information requirement.

REVOLVING CREDIT FACILITY (RCF) COVENANTS

The RCF includes certain covenants related to reporting and information requirement as well as certain financial covenants as defined in the agreements. The Senior Secured Net Leverage covenant only acts as a draw stop to new drawings under the RCF and, if breached, will not trigger a default or event of default.

SENIOR SECURED TERM LOAN COVENANTS

The Senior Secured Term Loan includes certain maintenance covenants as well as some incurrence covenants as defined in the agreements.

LEASE LIABILITIES

The Group has leases mainly for land and building and technical equipment (refer to Note 19 Property, plant and equipment).

27. Employee benefits liabilities

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these legal pension schemes, a provision for pensions and other post-employment benefits is recorded in the IFRS consolidated statement of financial position as of 31 December 2020, 31 December 2019 and 31 December 2018 based on an actuarial expert opinion for the following obligations:

OBLIGATIONS IN SWITZERLAND

In general, employers in Switzerland must offer a pension plan to its employees in accordance with the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). Employees whose salary exceeds a particular threshold – which is redefined periodically – participate in the pension plan. The BVG requires a minimum plan, the "BVG minimum", which must be covered in any case.

The Group's pension plans in Switzerland are contribution-based plans with guarantee of a minimum interest credit and fixed conversion rates at retirement. The pension plans also provide benefits in case of disability and death. The Group as a sponsoring employer is affiliated to various collective foundations and fulfils the legal obligation by means of a defined benefit plan. Each collective foundation is responsible for the governance of the plan and the board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies.

The pension plan must always be fully funded under BVG law on a static basis. The Group is exposed to the risk that in case of an underfunding, recovery measures must be taken which encompass additional financing through employer or reduction of benefits (or both). Such risk may occur in case when the life expectancy of plan participants is higher than expected. Furthermore, the underlying plan assets may develop differently than expected.

The Group Pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 0.10% (2019: 0.30%, 2018: 1.00%) and a salary increase rate of 1.00% (2019: 1.00%, 2018: 1.00%). Staff turnover assumptions is based on the demographic BVG 2015, (2019: BVG 2015., 2018: BVG 2015). The individual values range from between 1.23% and 29.59% (2019: was between 1.23% and 29.59%, 2018: was between 1.23% and 29.59%). Mortality, disability and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2015, CMI 1.25% (2019: BVG 2015, 2018: BVG 2015).

Long-services award commitments ("jubilee awards") in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 0.10% (2019: 0.30%, 2018: 1.00%), a salary increase rate of 1.00% (2019: 1.00%, 2018: 1.00%), and a staff turnover rate per BVG 2015 of between 1.23% and 29.59% (2019: BVG 2015 of between 1.23% and 29.59, 2018: was between 1.23% and 29.59%).

OBLIGATIONS IN FRANCE

In France, the Group provides benefits in case of retirement, which are based on various collective bargaining agreements. The corresponding plans are mostly fully unfunded. The Group is exposed to the risk that the salary increase could be higher than expected. In France, the life expectancy is less important in terms of risk exposure given that the benefit is paid as a lump sum.

Based on collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on following actuarial assumptions: voluntary departure, discount rate amounting to 1.00% (2019: 1.20%, 2018:1.90%), inflation rate 1.75% (2019: 1.75%, 2018:1,75%), salary increase between 1.00% and 1.50% (2019: between 1.0% and 1,5%, 2018: 1.00%), age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 46.49% (2019: 46.19%, 2018: 46.19%) and low staff turnover rate.

OBLIGATIONS IN ITALY

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one time severance payment when they leave the Company. The amounts depend on the employee's term of service and salary level. Provisions were calculated based on following actuarial assumptions: discount rate of 0.85% (2019 0,85%, 2018: 1.75%), inflation rate 0.70% (2019: 1.00%, 2018: 1.50%) and salary increase 2.00% (2019: 2.00%, 2018: 2.00%).

OTHER OBLIGATIONS

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Ecuador, Slovenia, Slovakia) or when they leave the Company (United Arab Emirates). The Group assumed also pension obligations from defined benefit plans for a few executive staff as a consequence of specific agreements in Ecuador, Germany, Netherlands and Norway.

The defined benefits plans for Netherlands and Norway and some Austrian, Germans, Italian and Swiss defined benefits plans are included in our discontinued Note 15.

	As at 31 December 2020				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Net present value of defined benefit obligations (DBO) at beginning of period	**88,686**	**14,747**	**10,642**	**29,188**	**143,263**
Acquired through business combination	–	–	263	5	268
Change in scope	–	(152)	–	–	(152)
Discontinued operations see Note 15	(7,430)	–	(541)	(26,388)	(34,359)
Service cost	1,519	881	526	316	3,242
Interest cost	268	169	88	470	995
Employee contributions	2,251	–	–	2	2,253
Benefits paid	(907)	(1,009)	(663)	(452)	(3,031)
Insurance premiums	(736)	–	–	–	(736)
Remeasurements	4,729	555	(162)	1,115	6,237
Exchange rate differences	431	–	–	(385)	46
Net present value of defined benefit obligations at end of period	**88,811**	**15,191**	**10,153**	**3,871**	**118,026**

	As at 31 December 2020				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**69,848**	**883**	**–**	**24,732**	**95,463**
Interest income	216	11	–	407	634
Discontinued operations see Note 15	(5,330)	–	–	(25,465)	(30,795)
Employer contributions	2,278	(28)	–	111	2,361
Employee contributions	2,251	–	–	3	2,254
Benefits paid	(907)	(11)	–	(211)	(1,129)
Insurance premiums	(736)	–	–	–	(736)
Revaluations (income from plan assets, excluding amounts included in interest cost)	1,442	(41)	–	670	2,071
Exchange rate differences	344	–	–	(246)	98
Plan assets at the end of the period	**69,406**	**814**	**–**	**0**	**70,220**
Net present value of defined benefit obligations (DBO) at end of period	88,811	15,191	10,153	3,871	118,026
Net present value of plan assets at end of period	69,406	814	–	–	70,220
Balance sheet provisions at year-end	**19,405**	**14,377**	**10,153**	**3,871**	**47,806**

	As at 31 December 2020				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	1,519	881	526	316	3,242
Interest expense	52	158	88	64	362
Revaluation of other long-term obligations	(30)	–	–	211	181
Total annual net expense	**1,541**	**1,039**	**614**	**591**	**3,785**

	As at 31 December 2020				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
[•] and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	(2,704)	–	–	(443)	(3,148)
Actuarial gains/losses from changes of financial assumptions	2,707	439	(149)	1,468	4,465
Adjustments based on past experience	4,756	116	(13)	(84)	4,774
Income/expenses from plan assets, excluding amounts included in interest cost)	(1,442)	41	–	(706)	(2,107)
Total annual amount recorded in other comprehensive income	**3,316**	**597**	**(162)**	**234**	**3,985***

* The difference between the total €3,985k presented here and the €3,947k within the consolidated statement of comprehensive income, totaling €38k (2019: €27k) relates to results from non-controlling interests.

Fair value of plan assets other countries are based on assets held by insurance policies.

In addition to the items shown above, provisions for other liabilities to employees of 1.9 M€ (2019: 1.9 M€, 2018: 1.7 M€) were included in the total balance of employee benefits liabilities of 47.8 M€ (2019: 47.8 M€, 2018: 39.8 M€), also cash provisions for cash settled share based payment plans 1.3 M€ were included).

Fair value of plan assets other countries is based on the value of insurance policies held.

	As at 31 December		
Fair value of plan assets Switzerland (quoted)	**2020 €000**	**2019 €000**	**2018 €000**
a. Cash and cash equivalents	653	2,976	2,902
b. Equity instruments	19,125	13,139	12,676
c. Debt instruments	27,737	18,980	18,416
d. Real estate	17,361	14,751	14,343
e. Assets held by insurance company	1,986	14,138	13,672
f. Other	2,544	5,864	5,716
Total	**69,406**	**69,848**	**67,725**

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Net present value of defined benefit obligations (DBO) at beginning of period	**79,202**	**13,368**	**9,843**	**25,653**	**128,066**
Short term DBO	–	–	–	(136)	(136)
Acquired through business combination	–	255	610	–	865
Service cost	3,152	834	388	265	4,639
Interest cost	798	248	166	612	1,824
Employee contributions	2,248	–	–	4	2,252
Benefits paid	(9,067)	(539)	(1,069)	(763)	(11,438)
Insurance premiums	(774)	–	–	(79)	(853)
Remeasurements/Revaluations	9,940	581	704	3,582	14,807
Exchange rate differences	3,187	–	–	50	3,237
Net present value of defined benefit obligations at end of period	**88,686**	**14,747**	**10,642**	**29,188**	**143,263**

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**67,724**	**724**	**–**	**21,120**	**89,568**
Acquired through business combination	–	148	–	–	148
Interest income	701	14	–	502	1,217
Employer contributions	2,288	–	–	210	2,498
Employee contributions	2,248	–	–	4	2,252
Benefits paid	(9,067)	(39)	–	(198)	(9,304)
Insurance premiums	(774)	–	–	(131)	(905)
Revaluations (income from plan assets, excluding amounts included in interest cost)	4,150	36	–	3,201	7,387
Exchange rate differences	2,578	–	–	24	2,602
Plan assets at the end of the period	**69,848**	**883**	**–**	**24,732**	**95,463**
Net present value of defined benefit obligations (DBO) at end of period	88,686	14,747	10,642	29,188	143,263
Net present value of plan assets at end of period	69,848	883	–	24,732	95,463
Balance sheet provisions at year-end	**18,838**	**13,864**	**10,642**	**4,456**	**47,800**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,152	834	388	265	4,639
Interest expense	97	234	166	110	607
Revaluation of other long-term obligations	(1)	–	–	69	68
Total annual net expense	**3,248**	**1,068**	**554**	**444**	**5,314**

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
[•] and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	9,209	1,159	647	3,532	14,547
Actuarial gains/losses from changes of financial assumptions	732	(577)	58	(20)	193
Adjustments based on past experience	(4,150)	(30)	–	(3,196)	(7,376)
Total annual amount recorded in other comprehensive income	**5,791**	**552**	**705**	**316**	**7,363***

* The difference between the total €7,363k presented here and the €7,336k within the consolidated statement of comprehensive income, totaling €27 k€ relates to results from non-controlling interests.

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Net present value of defined benefit obligations (DBO) at beginning of period	**84,784**	**11,897**	**9,550**	**24,669**	**130,900**
Changes in the scope of consolidation	–	800	736	615	2,151
Service cost	3,256	773	340	658	5,027
Interest cost	553	223	139	559	1,474
Employee contributions	2,336	–	–	(15)	2,321
Benefits paid	(7,533)	(551)	(676)	(331)	(9,091)
Insurance premiums	(672)	–	–	–	(672)
Remeasurements/Revaluations	(6,565)	226	(246)	(511)	(7,096)
Exchange rate differences	3,043	–	–	9	3,052
Net present value of defined benefit obligations at end of period	**79,202**	**13,368**	**9,843**	**25,653**	**128,066**

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**68,544**	**–**	**–**	**20,745**	**89,289**
Interest income	459	93	–	484	1,036
Employer contributions	2,378	631	–	234	3,243
Employee contributions	2,336	–	–	3	2,339
Benefits paid	(7,467)	–	–	(134)	(7,601)
Insurance premiums	(672)	–	–	(47)	(719)
Revaluations (income from plan assets, excluding amounts included in interest cost)	(404)	–	–	(140)	(544)
Exchange rate differences	2,550	–	–	(35)	2,515
Plan assets at the end of the period	**67,724**	**724**	**–**	**21,110**	**89,558**
Net present value of defined benefit obligations (DBO) at end of period	79,202	13,368	9,843	25,653	128,066
Net present value of plan assets at end of period	67,724	724	–	21,110	89,558
Balance sheet provisions at year-end	**11,478**	**12,644**	**9,843**	**4,543**	**38,508**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,256	773	340	658	5,027
Interest expense	94	131	139	75	439
Revaluation of other long-term obligations	(135)	–	–	95	(40)
Total annual net expense	**3,215**	**904**	**479**	**828**	**5,426**

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
[•] and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	–	–	–	(197)	(197)
Actuarial gains/losses from changes of financial assumptions	(4,426)	(314)	(134)	(52)	(4,926)
Adjustments based on past experience	(2,003)	540	(189)	(333)	(1,985)
Income/expenses from plan assets, excluding amounts included in interest cost	404	–	–	149	553
Total annual amount recorded in other comprehensive income	**(6,025)**	**226**	**(323)**	**(433)**	**(6,555)***

* The difference between the total €(6,555)k presented here and the €(6,582)k within the consolidated statement of comprehensive income, totaling €(27)k relates to results from non-controlling interests.

Current service costs, effects of plan settlements and plan curtailments, and revaluation of other long-term obligations were included in the amounts recorded in "Payroll and related expenses"; interest costs were included in the respective expense items.

The cumulative net actuarial gains and losses recognised in OCI are broken down in the consolidated statement of comprehensive income.

The Group expects to pay contributions to defined benefit plans for the year ended 31 December 2019 and made payments for the year ended 31 December 2020 in the amount of 2.5 M€ and 2.0 M€ (2018: 2.3 M€) respectively.

	Changed by	**Impact 2020 on DBO amount €000**	**Impact 2019 on DBO amount €000**	**Impact 2018 on DBO amount €000**
Salary reductions	(0.50%)	142,080	140,657	125,729
Salary increase	0.50%	145,634	144,633	128,909
Discount rate	(0.50%)	155,377	155,205	137,268
Discount rate	0.50%	133,607	131,472	118,320

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

	As at 31 December		
	2020 €000	2019 €000	2018 €000
Within the next 12 months	5,280	3,212	2,519
In 2 years	5,074	3,119	2,698
In 3 years	5,286	3,604	2,892
In 4 years	5,263	4,237	3,370
In 5 years	5,709	4,357	3,669
In the following 5 years	27,353	26,240	18,866

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As of 31 December 2020	15	12	10	11
As of 31 December 2019	17	12	10	21
As of 31 December 2018	13	14	9	16

28. Share-based payment schemes

The Company established in November 2015 a share scheme for key management ("Management package scheme") and a free share plan.

FREE SHARE PLAN

The historical Labco free share award scheme implemented in November 2014 granted to the beneficiaries up to 687,361 free shares, subject to the achievement of the conditions detailed in the issuance agreement. Those conditions included cumulatively a performance condition (that was met as at 31 December 2014) and conditional to an active employment period of two years, with an obligation to keep the shares for a certain period.

Subsequent to the Labco acquisition on 7 August 2015, the free share plan was replaced by an equivalent scheme composed of SYNLAB Limited shares with the original vesting schedule remaining unchanged and a holding period of one year.

During 2017 a total of 25,850 G Ordinary Shares were granted under the Free Share Plan representing approx. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

During 2018 a total of 6,250 G Ordinary Shares were granted under the Free Share Plan representing less than 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

	2020	2019	2018
Free Share Plan	**Number of shares**	**Number of shares**	**Number of shares**
Shares outstanding at the beginning of the period.	139,000	139,000	132,750
Shares granted during the period.	–	–	6,250
Shares outstanding at the end of the period.	139,000	139,000	139,000

MANAGEMENT PACKAGE SCHEME

In November 2015, SYNLAB Limited put in place a management package by granting A Ordinary Shares representing 10% of total SYNLAB Limited Ordinary Shares to certain key managers as determined by the remuneration committee.

For certain beneficiaries, A Ordinary Shares are subscribed by a dedicated entity (Management Co.) which has been funded by the managers with ordinary shares being acquired at fair value with a one year holding period. For other beneficiaries, A Ordinary Shares have been granted for free, subject to a one year service condition and a one year holding period. The awards are subject to a service condition of being employed at the date of an exit event. During the year no grants were made out of this scheme.

	2020		2019		2018	
A Ordinary Share Plan	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares outstanding at the beginning of the period.	1,220,835	1.69	1,220,835	1.69	1,237,835	1.68
Shares forfeited during the period.	–	–	–	–	17,000	1
Shares outstanding at the end of the period.	1,220,835	1.69	1,220,835	1.69	1,220,835	1.69
Range of exercise prices in EUR	1 – 15.37	–	1 – 15.37	–	1 – 15.37	–
Weighted average remaining contractual life in months	0	–	1	–	13	–

As determined by the remuneration committee, further key managers became beneficiaries in December 2016, when SYNLAB Limited granted 501,375 G Ordinary Shares representing ca. 3.5% of total SYNLAB Limited Ordinary Shares. The vesting period for those shares is four years. The fair value of the G shares granted was 1.55 €, which measured at the date of grant using a binomial model.

During 2017 further key managers became beneficiaries, when SYNLAB Limited granted additional 370,000 G Ordinary Shares representing ca. 1.6% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 3.91 €, which was measured at the date of grant using a binomial model.

During 2018 SYNLAB Limited granted additional 178,000 G Ordinary Shares representing ca. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 6.51 €, which was measured at the date of grant using a binomial model.

	2020		2019		2018	
G Ordinary Share Plan	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares at the beginning of the period.	1,034,375	1.55	1,034,375	1.55	864,375	1.55
Shares granted during the period.	–	–	–	–	178,000	1.55
Shares forfeited during the period.	–	–	–	–	8,000	1.55
Shares outstanding at the end of the period.	1,034,375	1.55	1,034,375	1.55	1,034,375	1.55
Range of exercise prices in EUR	1.55	–	1.55	–	1.55	–
Weighted average remaining contractual life in months	5	–	16	–	34	–

In 2018 SYNLAB Limited established a new share class "I Preferred Ordinary Shares" and granted additional 375,000 I Preferred Ordinary Shares representing ca. 1.4% of total SYNLAB Limited Ordinary Shares to key management in 2019. The average fair value of the I Preferred Ordinary Shares granted was 19.23 €, which was measured at the date of grant using a binomial model.

Similar to B Ordinary Shares and G Ordinary Shares the I Preferred Ordinary Share entitles the holder to receive notice of and to attend and speak and to vote at general meetings of the Company.

I Preferred Ordinary Shares have been granted, subject to a service condition of being employed at the date of an exit event.

The I Preferred Ordinary Shares are entitled to participate in returns once the holders of the existing issued Preference Shares have received a return equal to the face value of the Preference Shares. The holders of the I Shares are entitled to receive a certain percentage of any dividends paid to the holders of the existing issued Preference Shares and to participate pro rata, in accordance with the number of shares in issue, in any returns to the holders of the Ordinary Shares.

During 2020 SYNLAB Limited granted additional 19,222 I Preferred Ordinary Shares representing ca. 0.1% of total SYNLAB Limited Ordinary Shares to key management. The average fair value of the I Preferred Ordinary Shares granted was 39.58 €, which was measured at the date of grant using a binomial model.

	2020		2019		2018	
I-shares	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares at the beginning of the period.	375,000	0.47	–	–	–	–
Shares granted during the period.	19,222	20.81	375,000	0.47	–	–
Shares outstanding at the end of the period.	394,222	1.46	375,000	0.47	–	–
Range of exercise prices	0.47 – 20.81	–	0.47	–	–	–
Weighted average remaining contractual life in months	21	–	31	–	–	–

The Group recognised as total share-based payment expense a net expense of 3.6 M€ (2019: 5.8 M€; 2018: 4.3 M€) during the period given new grants and the changes in expectations of beneficiaries as well as update of economic assumptions during the year ended 31 December 2020. This expense is included in payroll and related expenses within the consolidated statement of income (see Note 8). The share-based payment reserve included in equity amounted to 17.1 M€ as at 31 December 2020 (2019: 13.5 M€; 2018: 6.4 M€).

29. Provisions

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

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
As at 1 January 2019	**6,238**	**10,892**	**17,130**
Business acquired	–	972	972
Foreign currency translation	(36)	28	(8)
Provisions made during the period	515	6,316	6,831
Transfer	(1,222)	1,222	–
Provisions utilised during the period	(4,231)	(5,094)	(9,325)
Provisions reversed during the period	(574)	(1,893)	(2,467)
As at 31 December 2019	**690**	**12,443**	**13,133**
Current at the end of the year	690	8,750	9,440
Non-current at the end of the year	–	3,693	3,693

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
As at 1 January 2018	**6,100**	**8,274**	**14,374**
Business acquired	–	2,058	2,058
Foreign currency translation	(9)	31	22
Provisions made during the period	4,463	5,235	9,698
Transfer	(2,027)	2,027	–
Provisions utilised during the period	(29)	(3,830)	(3,859)
Provisions reversed during the period	(2,260)	(2,903)	(5,163)
As at 31 December 2018	**6,238**	**10,892**	**17,130**
Current at the end of the year	3,905	7,262	11,167
Non-current at the end of the year	2,333	3,630	5,963

PROVISIONS FOR RESTRUCTURING

The provisions for restructuring reflect both provisions existing in the SYNLAB Groups balance sheet at acquisition date and measured at fair value and new provisions recognised for the restructuring plans announced.

OTHER PROVISIONS

The other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel, taxes, suppliers) with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses.

30. Litigations and Contingent liabilities

Group companies are involved in various legal proceedings arising in the ordinary course of business, including disputes concerning professional liability and employee related matters, as well as inquiries from governmental agencies and health insurance carriers regarding, among other things, billing issues or litigations with tax, social security and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel, for the various litigations.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls. There are no contingent liabilities recognised as at the year ended 31 December 2020.

31. Trade payables and other liabilities

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Trade payables	320,177	206,514	190,428
Accruals and other payables	66,346	43,413	40,314
Trade payables	**386,523**	**249,927**	**230,742**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade payables approximates to their fair value.

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Long term contingent purchase price liabilities incl. put options over non-controlling interests	17,986	19,196	21,449
Long term deferred purchase price liabilities	8,513	11,653	–
Other	692	776	1,440
Other non-current liabilities	**27,191**	**31,625**	**22,889**
Liabilities from salaries and social security payments	171,191	102,268	98,082
Short term contingent purchase price liabilities incl. put options over non-controlling interests	7,740	8,860	6,014
Short term deferred purchase price liabilities	3,526	10,018	12,901
Liabilities from VAT and other taxes	24,277	28,162	14,390
Liabilities to related parties	904	1,049	1,085
Payables related to fixed assets suppliers	3,666	3,470	1,539
Priority dividends payables	323	400	398
Other	12,822	12,187	9,833
Other current liabilities	**224,449**	**166,414**	**144,242**
Total	**251,640**	**198,039**	**167,131**

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

32. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through

profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

OVERVIEW OF FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures.

The Group's principal financial instruments, other than derivatives, comprise high yield bonds, bank loans and overdrafts, debentures, finance leases, trade payables, purchase contracts and loans granted. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivables and cash and short-term deposits, which arise directly from its operations.

The carrying amount of all financial assets and liabilities is equal to their fair value except for the interest-bearing loans as shown below.

CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments.

As at 31 December 2020	Measurement categories according to IFRS 9	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
Financial assets						
Non-current assets						
Non-current financial assets	AC	35,364	35,364	–	–	35,364
Equity instruments	FVOCI	994	–	994	–	994
Derivative instruments	FVPL	10	–	–	10	10
		36,368	**35,364**	**994**	**10**	**36,368**
Current assets						
Trade accounts receivable	AC	534,810	534,810	–	–	534,810
Other current financial assets	AC	43,482	43,482	–	–	43,482
Cash and cash equivalents	AC	904,900	904,900	–	–	904,900
		1,483,192	**1,483,192**	**–**	**–**	**1,483,192**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	3,019,061	3,019,061	–	–	3,039,903
Other liabilities	FVPL	17,986	–	–	17,986	17,986
Other liabilities	AC	9,205	9,205	–	–	9,205
		3,046,252	**3,028,266**	**–**	**17,986**	**3,067,094**
Current liabilities						
Interest bearing loans borrowings	AC	120,496	120,496	–	–	120,496
Other liabilities	FVPL	7,740	–	–	7,740	7,740
Other liabilities	AC	192,432	192,432	–	–	192,432
Trade accounts payable	AC	386,523	386,523	–	–	386,523
		707,191	**699,451**	**–**	**7,740**	**707,191**

As at 31 December 2019	Measurement categories according to IFRS 9	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
Financial assets						
Non-current assets						
Non-current financial assets	AC	25,284	25,284	–	–	25,284
Equity instruments	FVOCI	1,095	–	1,095	–	1,095
Derivative instruments	FVPL	45	–	–	45	45
		26,424	**25,284**	**1,095**	**45**	**26,424**
Current assets						
Trade accounts receivable	AC	318,704	318,704	–	–	318,704
Other current financial assets	AC	39,272	39,272	–	–	39,272
Cash and cash equivalents	AC	238,712	238,712	–	–	238,712
		596,688	**596,688**	**–**	**–**	**596,688**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	2,998,565	2,998,565	–	–	3,024,896
Other liabilities	FVPL	19,196	–	–	19,196	19,196
Other liabilities	AC	12,429	12,429	–	–	12,429
		3,030,190	**3,010,994**	**–**	**19,196**	**3,056,521**
Current liabilities						
Interest bearing loans borrowings	AC	111,153	111,153	–	–	111,153
Other liabilities	FVPL	8,860	–	–	8,860	8,860
Other liabilities	AC	129,393	129,393	–	–	129,393
Trade accounts payable	AC	249,927	249,927	–	–	249,927
		499,333	**490,473**	**–**	**8,860**	**499,333**

As at 31 December 2018	Measurement categories according to IFRS 9	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
Financial assets						
Non-current assets						
Non-current financial assets	AC	19,807	19,807	–	–	19,807
Equity instruments	FVOCI	733	–	733	–	733
		20,540	**19,807**	**733**	**–**	**20,540**
Current assets						
Trade accounts receivable	AC	296,149	296,149	–	–	296,149
Other current financial assets	AC	37,196	37,196	–	–	37,196
Cash and cash equivalents	AC	120,561	120,561	–	–	120,561
		453,906	**453,906**	**–**	**–**	**453,906**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	2,835,349	2,835,349	–	–	2,867,260
Other liabilities	FVPL	21,449	–	–	21,449	21,449
Other liabilities	AC	144	144	–	–	144
		2,858,238	**2,836,789**	**–**	**21,449**	**2,890,149**
Current liabilities						
Interest bearing loans borrowings	AC	87,526	87,526	–	–	87,526
Other liabilities	FVPL	6,014	–	–	6,014	6,014
Other liabilities	AC	123,838	123,838	–	–	123,838
Trade accounts payable	AC	230,742	230,742	–	–	230,742
		448,120	**442,106**	**–**	**6,014**	**448,120**

Abbreviations:

AC	Measured at amortised cost
FVOCI	Fair Value through other comprehensive income
FVPL	Fair Value through profit or loss

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 26 Borrowings and other financial liabilities for detail of maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these

covenants, if the Group does not respect contractual requirements, it may result in preventing of future drawing on the undrawn facility.

The Group monitors its risk to a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets and the projected cash flows from operations.

Prospective liquidity analysis for non-derivative and derivative financial liabilities is as follows:

		Cash flow – remaining period			
As at 31 December 2020	Carrying amount €000	< 1 year €000	1-5 years €000	> 5 years €000	Total €000
Interest bearing loans	2,717,645	106,200	1,885,289	1,364,972	3,356,461
Lease liabilities	421,911	83,745	224,071	114,095	421,911
Trade payables	386,523	386,523	–	–	386,523
Other financial liabilities	227,364	200,173	27,191	–	227,364
Total	**3,753,443**	**776,641**	**2,136,551**	**1,479,067**	**4,392,259**

		Cash flow – remaining period			
As at 31 December 2019	Carrying amount €000	< 1 year €000	1-5 years €000	> 5 years €000	Total €000
Interest bearing loans	2,689,574	120,562	2,284,520	989,958	3,395,040
Lease liabilities	420,144	88,566	201,537	130,041	420,144
Trade payables	249,927	249,927	–	–	249,927
Other financial liabilities	198,039	166,414	31,625	–	198,039
Total	**3,557,684**	**625,469**	**2,517,682**	**1,119,999**	**4,263,150**

		Cash flow – remaining period			
As at 31 December 2018	Carrying amount €000	< 1 year €000	1-5 years €000	> 5 years €000	Total €000
Interest bearing loans	2,498,621	136,253	3,136,741	–	3,272,994
Lease liabilities	420,299	79,266	203,312	137,721	420,299
Trade payables	230,742	230,742	–	–	230,742
Other financial liabilities	167,131	144,242	22,889	–	167,131
Total	**3,316,793**	**590,503**	**3,362,942**	**137,721**	**4,091,166**

Included in the interest-bearing loans, the Revolving Credit Facility amounting to 250 M€ (maturing on July 2021 and renewed for a total commitment of 228 M€ till July 2023) which was undrawn as of 31 December 2020. Future cash flow contains commitment fees paid on the undrawn facility with a rate corresponding to 35% of the interest rate of the RCF.

MARKET RISK – INTEREST RATE RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the floating tranche of the Senior Secured Notes, to the Term Loan tranches and to the debt drawn on the Revolving Credit Facility (RCF). A large part of the Group's long-term debt bears interest at fixed rates – due to interest rate derivatives – which limits the impacts of market risks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	As at 31 December		
	2020 €000	2019 €000	2018 €000
Fixed rate instruments			
Financial liabilities	1,856,122	2,220,684	2,180,743
Variable rate instruments			
Financial assets	904,900	238,712	120,561
Financial liabilities	1,283,435	889,034	738,177

Under the Group's current financing strategy, the Secured Senior Notes are floating at 4,75% for a tranche of 850 M€ and the Senior Secured Term Loans are floating for a tranche of 76 M€ at 2.75%, a tranche of 69 M€ at 3.5%, a tranche of 468 M€ at 3.75%, a tranche of 385 M€ at 3.75% and a tranche of 851 M€ at 3,5%. Although the Group is not required to enter into hedging transactions or to use derivative financial instruments to mitigate the adverse effects of interest rate fluctuations, the Group entered into two interest rate cap contracts to hedge against a potential market interest rate increase. As a consequence, the portion of the fixed rate borrowings (excluding the Revolving Credit Facility which is undrawn as of the 31 December 2020) represents more than half of the total borrowings as of 31 December 2020. The Group does not enter into financial instruments for trading or speculative purposes.

Due to the Group's specific interest rate risk position and funding structure, risk management policies require to manage cash flow volatility.

Cash flow sensitivity analysis for variable rate instruments

On an annual basis and given the interest rate hedging in place, a EURIBOR reference at 1% would have led to an additional payment of 4.75 M€ interest on the Floating Rate Senior Secured Notes and 11.45 M€ interest on the Senior Secured Term Loan. If the RCF would be drawn for its maximum amount of 250 M€, exposure to interest risk rate on financial liabilities would amount to a maximum of 2.5 M€ for an increase of variable interest rate of 100 basis points (over a EURIBOR zero reference). That limited exposure to interest rate risk on financial liabilities would be compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable rate instruments. This analysis assumes that all other variables remain constant.

MARKET RISK – FOREIGN CURRENCY RISK

The Group has been exposed to limited foreign exchange risk, given the SYNLAB Group is mostly present in European countries which are part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British pound, the Swiss operations which are exposed to Swiss francs, certain Northern or Eastern Europe countries and Rest of World cash generating unit. Furthermore, the Group has subsidiaries in Latin America especially in Brazil and Colombia and is therefore exposed to foreign exchange risk in respect of the Brazilian real and the Colombian peso. Non-euro denominated total revenue represented, in aggregate, 20% of the Group's total revenue for the year ended 31 December 2020.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and where currency units strengthens 5 per cent against the relevant currency. The following table

demonstrates the sensitivity to a change in FX-exchange rates of BRL, CHF, and GBP with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

As at 31 December 2020	Change of currency %	Effect on EBT* €000
Change in BRL rate	0.05	(777)
Change in BRL rate	(0.05)	820
Change in CHF rate	0.05	(4,996)
Change in CHF rate	(0.05)	5,166
Change in GBP rate	0.05	(4,545)
Change in GBP rate	(0.05)	5,023

As at 31 December 2019	Change of currency %	Effect on EBT* €000
Change in CZK rate	0.05	(745)
Change in CZK rate	(0.05)	855
Change in CHF rate	0.05	(5,127)
Change in CHF rate	(0.05)	5,414
Change in GBP rate	0.05	(5,673)
Change in GBP rate	(0.05)	6,261

As at 31 December 2018	Change of currency %	Effect on EBT* €000
Change in CZK rate	0.05	(928)
Change in CZK rate	(0.05)	1,067
Change in CHF rate	0.05	(5,019)
Change in CHF rate	(0.05)	5,213
Change in GBP rate	0.05	(4,777)
Change in GBP rate	(0.05)	5,347

* Earnings Before Taxes

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk are provided in Note 23 Trade accounts receivable.

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group has adopted the simplified expected credit loss model for its trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. To measure the expected credit losses, trade accounts receivables have been grouped based on shared credit risk characteristics and the days past due. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

INVESTMENTS AND CASH AND CASH EQUIVALENTS

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

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

	As at 31 December		
	2020 €000	**2019 €000**	**2018 €000**
Trade accounts receivables	534,810	318,704	296,149
Other current assets	43,482	39,272	37,196
Cash and cash equivalents	904,900	238,712	120,561
Other non-current assets	36,368	26,424	20,540
Total	**1,519,560**	**623,112**	**474,446**

FAIR VALUES

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of shares and other securities <20%, call options on minority interests with agreed price determination formula as well as contingent consideration recorded in a business combination (as detailed in Note 31 Trade payables and other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and liabilities, together that are not at fair value in the statement of financial position, are not significantly different from recorded carrying amounts.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the table below. The fair value of contingent considerations is mainly dependent on the results of the acquired entities in a certain period after the acquisition and will be adjusted based on actuals and amended projections. Higher result will usually lead to higher contingent considerations, lower results will lead to lower contingent considerations. In many cases however a certain bandwidth of possible outcomes is defined in the contracts, which limit the movement of the contingent considerations. The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the specific aggregate acquisition related expenses detailed in Note 12 Separately Disclosed Items.

No transfers out of level 3 category have been performed given the nature of financial assets and liabilities measured at fair value.

FINANCIAL INSTRUMENTS DESIGNATED AS FVPL

	Derivatives €000	Contingent Consideration €000
As at 1 January 2020	**9,061**	**18,995**
Business acquired	–	292
Realised during the period	(2,223)	(2,413)
Change in fair value	3,126	(1,112)
As at 31 December 2020	**9,964**	**15,762**

	Derivatives €000	Contingent Consideration €000
As at 1 January 2019	**8,484**	**18,979**
Business acquired	–	12,543
Realised during the period	(1,328)	(5,016)
Change in fair value	1,905	(7,511)
As at 31 December 2019	**9,061**	**18,995**

	Derivatives €000	Contingent Consideration €000
As at 1 January 2018	**7,850**	**20,212**
Realised during the period	(5)	(1,233)
Change in fair value	639	–
As at 31 December 2018	**8,484**	**18,979**

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss.

The Group holds interest rate hedges in the form of caps (2 caps at 0,25% for amount of 500 M€ and 920 M€, respectively maturing in January 2021 and December 2021) in SYNLAB Bondco PLC. Those derivatives correspond, according to the categorisation by hierarchy of fair value, to level 2 financial instruments. The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable to hierarchical level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques which includes inputs that are not based on observable market data (Level 3).

The notional amount of Financial Instruments designated at Fair Value through Profit and Loss outstanding at the end of reporting period was 25.7 M€ (2019: 28.1 M€, 2018: 27.5 M€).

33. Notes to the cash flow statement

OTHER NON-CASH REVENUES AND EXPENSES

Other non-cash revenues and expenses mainly include write-off of trade receivables and other short term assets amounting to 12.7 M€ (2019: 4.8 M€, 2018: (2.7) M€), share based payments of 3.6 M€ (2019: 5.8 M€, 2018: 4.3 M€) and price components relating to the sale of subsidiaries of 5.4 M€. The remaining amounts relate mainly to changes in contingent and deferred purchase price liabilities of (0.8) M€ (2019: (4.1) M€, 2018 (5.7) M€) and (12.0) M€ disposal costs.

34. Capital commitment and contingencies

OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

As of 31 December 2020, and 31 December 2019, the Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, in particular securities provided to secure the Senior Secured Notes, RCF and Term Loans.

Indeed, the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement and the Senior Secured Team Loan agreements, have been guaranteed by a certain number of Group entities, called Guarantors.

The RCF and the Senior Secured Term Loans provide that the commitments from borrowers pursuant to the RCF and Senior Facility Agreements are jointly guaranteed on the same basis as the Group's Bonds: (i) by SYNLAB Bondco PLC; and (ii) by some subsidiaries (together "Guarantors") representing more than 50% of the Group Adjusted EBITDA. The Collateral securing the obligations under the RCF and the Term Loans are the same as the ones securing the obligations under the indentures relating to the High Yield Bonds. They are mainly composed of: (i) pledge over the shares of certain Group companies; and (ii) the pledge over the long-term intercompany loans' receivables under any intra group loan in excess of 5.0 M€. Refer to Note 25 Borrowings and other financial liabilities for the details of the covenants under the RCF and the indentures relating to the Senior Secured Notes.

As at 31 December 2020 the Guarantors are the following entities:

Country	Entity name
Austria	Institut für medizinische und chemische Labordiagnostik GmbH Synlab Holding Austria GmbH
Belgium	SYNLAB Belgium sc/SPRL
France	SYNLAB Oxabio SELAS SYNLAB Aquitaine (formerly: Laboratoire de Biologie Médicale Aquilab SELAS) SYNLAB Biofrance (formerly: Biofrance SELAS) SYNLAB Corporate Assistance (formerly: Labco Corporate Assistance) SYNLAB France SAS SYNLAB Hauts de France SELAS (formerly: Eurabio SELAS) SYNLAB Holding France SA (formerly: SYNLAB LABCO SA) SYNLAB Nord de France (formerly: Novabio Diagnostics SELAS) SYNLAB Provence SELAS (formerly: Mazarin SELAS)
Germany	MVZ Synlab Leverkusen GmbH Steinlach-Klinik GmbH SYNLAB Acquisition GmbH SYNLAB Holding Deutschland GmbH SYNLAB International GmbH Synlab Medizinisches Versorgungszentrum Augsburg GmbH Synlab Medizinisches Versorgungszentrum Berlin GmbH Synlab Medizinisches Versorgungszentrum Heidelberg GmbH Synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH Synlab Medizinisches Versorgungszentrum Kassel GmbH Synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH Synlab Medizinisches Versorgungszentrum Stuttgart GmbH Synlab Medizinisches Versorgungszentrum Trier GmbH Synlab Medizinisches Versorgungszentrum Weiden GmbH Synlab Verwaltungs und Beteiligungs GmbH Synlab.vet GmbH
Italy	Instituto Il Baluardo Spa S.D.N Spa SYNLAB Holding Italy S.r.l Synlab Italia S.r.l.
Spain	Synlab Diagnosticos Globales S.A. Synlab Holding Iberia S.A
Switzerland	Synlab Suisse SA
UK	Labco UK Group Limited SYNLAB Bondco PLC

In addition, the Group provides guarantees in the ordinary course of business. They correspond mainly to lease guarantees for buildings and equipment and to performance parent guarantees on the UK contracts.

Under the RCF Agreement, part of the total available facility of 250 M€ (with maturity on July 2021) is for an ancillary available facility amounting to 25 M€ under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary facilities were almost fully drawn as at 31 December 2020.

35. Capital and reserves

ORDINARY SHARES AND DEFERRED SHARES

The issued share capital of SYNLAB Limited is divided into eight types (2019: eight types; 2018: eight types) of shares:

		Number Issued of fully paid shares				
Share type	**Nominal value**	**Number of shares as at 1 January 2020**	**Value as at 1 January 2020 in €000**	**Shares issued**	**Number of shares as at 31 December 2020**	**Value as at 31 December 2020 in €000**
'A' Ordinary shares	0.00 €	1,459,585	–	–	1,459,585	–
'B' Ordinary shares	0.10 €	20,466,690	2,047	–	20,466,690	2,047
'F' Ordinary shares	0.00 €	47,712	–	–	47,712	–
'F' Preference shares	0.00 €	3,079,593	–	–	3,079,593	–
'G' Ordinary shares	0.00 €	1,082,225	–	–	1,082,225	–
Redeemable Preference shares	0.10 €	1,323,272,234	132,337	–	1,323,272,234	132,337
Deferred shares	1.00 £	6	–	–	6	–
"I" Preferred ordinary shares	0.01 €	375,000	4	19,222	394,222	4
Total		**1,349,783,045**	**134,388**	**19,222**	**1,349,802,267**	**134,388**

		Number Issued of fully paid shares				
Share type	**Nominal value**	**Number of shares as at 1 January 2019**	**Value as at 1 January 2019 in €000**	**Shares issued**	**Number of shares as at 31 December 2019**	**Value as at 31 December 2019 in €000**
'A' Ordinary shares	0.00 €	1,459,585	–	–	1,459,585	–
'B' Ordinary shares	0.10 €	20,466,690	2,047	–	20,466,690	2,047
'F' Ordinary shares	0.00 €	47,712	–	–	47,712	–
'F' Preference shares	0.00 €	3,079,593	–	–	3,079,593	–
'G' Ordinary shares	0.00 €	1,076,975	–	5,250	1,082,225	–
Redeemable Preference shares	0.10 €	1,323,272,234	132,337	–	1,323,272,234	132,337
Deferred shares	1.00 £	6	–	–	6	–
"I" Preferred ordinary shares	0.01 €	375,000	4	–	375,000	4
Total		**1,349,777,795**	**134,388**	**5,250**	**1,349,783,045**	**134,388**

- 'A' Ordinary Shares: Subject to the provisions in the articles of associations of SYNLAB Limited ("Articles"), the holders of 'A' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'A' Ordinary Shares do not entitle the holders to any voting right.
- 'B' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'B' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'B' Ordinary Shares entitle the holders to full voting rights.

- 'F' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'F' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'F' Ordinary Shares do not entitle the holders to any voting right.
- 'F' Preference Shares: Subject to the provisions in the Articles, the F Preference shares do not entitle the holder to any voting rights. Each F Preference share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the reference price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary shares and compounds annually.
- 'G' Ordinary Shares: 'G' Ordinary Shares: The holders of 'G' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares ("pari passu"), once the holders of the other Ordinary Shares received in aggregate a sum equal to 15.37 € in respect of each such Ordinary shares. 'G' Ordinary Shares entitle the holders to full voting rights.
- Preference Shares: The Preference Shares do not entitle the holder to any voting rights until such time as any dividend or redemption sum becomes overdue, any debt held by the Group has become payable before its specified maturity date, or on occasions where it is proposed to wind up or dissolve SYNLAB Limited or change the rights attaching to the Preference Shares. Each Preference Share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the issue price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary Shares and compounds annually. The total amount of cumulative preference dividends not recognised is 567.0 M€ (2019: 392.5 M€; 2018: 233.8M€) as at 31 December 2020. Such dividends are only payable upon redemption of the Preference shares; the Preference shares do not have a fixed redemption date and all events that trigger redemption are within the control of the Company. Accordingly, the Preferences shares are accounted for as equity instruments.
- Deferred Shares: The holders of Deferred Shares are not entitled to participate in any dividend or distribution. The Deferred Shares do not entitle the holders to any voting right.
- I' Preferred Ordinary Shares: Subject to the provisions in the Articles, each I Preferred Ordinary share will entitle holders to a preferred return linked to the amount of interest paid on the Preference Shares and F preference Shares. I Preferred Ordinary Shares rank *pari passu* with other Ordinary Shares, but they constitute a separate class of shares. I Preferred Ordinary Shares entitle the holder to receive notice of and to attend and speak and to vote at general meetings of the Company.

According to the articles of association, the 'A' Ordinary Shares, 'B' Ordinary Shares, 'F' Ordinary Shares, F Preference Shares, 'G' Ordinary Shares, Preference Shares and Deferred Shares may be transferred with the consent of the majority shareholder.

At incorporation, 6 ordinary £1 shares were issued at par value, the 6 ordinary £1 shares were converted into deferred shares.

Issuance of 'I' Ordinary shares during the period

Ordinary Shares with a nominal value of 0.10 €. The holders of these shares are entitled to participate to any dividend or distribution. Ordinary Shares entitle the holders to full voting rights.

Deferred Ordinary Shares with a nominal value of £1. The deferred shares do not entitle the holder to any voting rights or any dividend or distribution.

As at 31 December 2020 the share capital consisted of 1,299,701,388 ordinary shares. The shares have a par value of 0.10 €, all shares being fully paid. The capital of the Company is the total equity on the Company's Statement of Financial Position.

At incorporation, 50,001 ordinary £1 shares were issued at par value with the amount owed by the parent entity as at 30 June 2015. In July 2015, the 50,001 ordinary £1 shares were converted into deferred shares.

Date of capital increase	Nature of transactions	Total number of shares pre-transactions	Number of shares issued	Subscription price (nominal + issue price) (in €)	Total number of shares post-transactions	Share capital post-transaction (in €)	Share premium post-transaction (in €)
16 Nov 2020	Capital increase	375,000	19,222	20.81	394,222	3,942	572,318

The objective of the Company's capital management is to grow its business and deliver improving returns for its parent company. Subject to statutory shareholder authorisation, the management of the Company's capital is performed by the Board of Directors. There are no externally imposed capital requirements.

ACCUMULATED DEFICIT

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

CURRENCY TRANSLATION RESERVE

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

DIVIDENDS

No dividends were declared or distributed in 2020, 2019 or 2018.

36. Related party disclosures

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its key management (including companies in which managers hold key position) and with its majority shareholders, the Cinven funds and Novo or entities controlled by them.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

DIRECTORS' AND KEY EXECUTIVE MANAGEMENT COMPENSATION

The Group considers key management to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Members of the board of directors and the executive committee receive no compensation for their services on either of these committees.

Certain members of the board of directors and the executive committee are, or were, compensated for certain other services they render to the Group. Such remuneration is paid to them (or to professional companies wholly-owned by them) by way of a fixed annual salary (or fees) and an annual bonus.

The remuneration of the key management is set out below in aggregate as at 31 December 2020:

	Notes	Year ended 31 December 2020 €000	2019 €000	2018 €000
Short-term benefits		9,011	8,665	7,035
Share-based payments	(i)	2,168	3,752	1,417
Total	(ii)	**11,179**	**12,417**	**8,452**

(i) Certain key members of the senior management benefit from the various share-based payment schemes implemented by SYNLAB Limited. No awards were exercisable by any members of the senior management during that period. As part of management incentive plans, 21 (in 2019: 20; in 2018: 23) directors or key executives have received awards receivable in the form of shares in the parent company under a long-term incentive scheme or rights to subscribe in the parent company through a Management vehicle. Refer to Note 27 Share based payment schemes.

(ii) Post-employment benefits are not significant and correspond only for the few members concerned to legal post-employment benefits due to employees as described in Note 26 Employee benefit liabilities. None of the directors or key executives is member of a defined benefit pension scheme or money purchase pension scheme.

REMUNERATION OF THE HIGHEST PAID DIRECTOR

The remuneration of the sole and highest paid director amounts to 2.2 M€ (2019: 3.0 M€; 2018: 0.6 M€) including shared based payment remuneration. The highest paid director did not exercise any share options in the year and is not benefiting from any defined benefit pension scheme.

OTHER RELATED PARTY TRANSACTIONS WITH DIRECTORS OR KEY MANAGEMENT MEMBER

Service agreement with Cinven Partners LLP

SYNLAB Limited and Cinven Partners LLP entered into a service agreement pursuant to which Cinven Partners LLP provided advisory and administrative services for an annual fee of 0.7 M€ in 2020 (2019: 0.6 M€; 2018: 0.7 M€).

Other relations with related parties

	As at 31 December 2020			
	Companies with significant influence on the Group €000	Companies in which managers hold key positions €000	Members of Key Management €000	Total €000
Loans to related parties	–	–	1,346	**1,346**
Receivables from related parties	–	337	–	**337**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	(150)	(264)	–	**(414)**

	As at 31 December 2019			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Members of Key Management €000**	**Total €000**
Loans to related parties	–	–	1,200	**1,200**
Receivables from related parties	97	42	–	**139**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	(300)	(9)	–	**(309)**

	As at 31 December 2018			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Members of Key Management €000**	**Total €000**
Loans to related parties	–	–	290	**290**
Receivables from related parties	73	137	–	**209**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	(847)	(256)	–	**(1,104)**

Receivables and payables, income and expenses concerning related parties, i.e. companies with significant influence on the Group and companies in which managers hold key positions.

OTHER RELATED PARTY TRANSACTION

A number of associates accounted for under the equity method incur expenses for certain subsidiaries of the Group. These operating expenses are recharged to the relevant subsidiaries. All transactions and outstanding balances with the related parties during the year are priced on an arm's length basis. None of the balances are secured. As of December 31, 2020 the Group has receivables in an amount of 0.2 M€ (2019: 0.5 M€; 2018: 0.6 M€) and payables of 0.1 M€ (2019: 0.6 M€; 2018: 1.0 M€) on its balance sheet.

During the year 2019, the Group acquired an entity (SYNLAB-Ukraine TOB) formerly owned by a director of the company. The consideration paid amounted to 0.3 M€ and the transaction resulted in a negative goodwill of 0.2 M€.

37. Events after the reporting period

ACQUISITIONS AND DISPOSALS

From 1 January 2021 until 4 March 2021, acquisitions have been made for a total value of 38.3 M€. They relate to the following acquisitions in Italy and France. Detailed information on those operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
26 Jan 2021	Italy	Monterchi S.r.l.	medical testing	bolt-on	share deal
26 Jan 2021	Italy	Fleming S.r.l.	medical testing	bolt-on	share deal
27 Jan 2021	France	BIONYVAL SELARL	medical testing	bolt-on	share deal
24 Feb 2021	Italy	Centro Diagnostico Monteverde S.r.l.	medical testing	bolt-on	share deal
25 Feb 2021	Italy	Dott. Matteo Pizzolorusso S.r.l.	medical testing	bolt-on	share deal
26 Feb 2021	France	Institut de Pathologie du Forez SELAS	pathology	bolt-on	share deal
26 Feb 2021	France	Sevre Biologie SELAS	medical testing	bolt-on	share deal

We acquired for all deals 100% controls subject to applicable legal constraints.

German Analytics and Services entity BZH GmbH Deutsches Beratungszentrum für Hygiene, which has been classified as held for sale in these financial statements, was sold as of 29 January 2021. The selling price was 15.7 M€.

REPAYMENT OF TERM LOAN TRANCHES DUE 2022 AND 2024

SYNLAB Bondco Plc repaid the existing 76 M€ Term Loan B (TLB1) with a scheduled maturity in July 2022 and the 468 M€ Term Loan B (TLB3) with a scheduled maturity in July 2024, plus accrued and unpaid interest with respect to each loan on 13 January 2021.

GDPR BREACH IN FRANCE

In the course of February 2021, the Group has been made aware that confidential patient information, which was hosted by one of our IT suppliers in respect of one laboratory in France, has been compromised. We have fulfilled our obligation to notify the regulator through a declaration to the commission nationale de l'informatique et des libertés ("CNIL"). The Group is currently assessing the potential financial impact (if any) and is collaborating with the relevant local regulators.

38. Investments in subsidiaries

PRINCIPAL GROUP INVESTMENTS

The Company and the Group have investments in subsidiary undertakings and investments, which principally affected the profits or net assets of the Group as listed in Note 39 Group entities.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

39. Group entities

Parent company : SYNLAB Limited

	As at 31 December 2020				
Designated entities	**Address of Registered Office**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
	FRANCE				
Alpigène SELAS	8, rue Saint Jean de Dieu	Lyon	32.32	FC	55.00
Synlab Bordeaux Atlantique SELAS (Anabio SELAS)	2A Rue Marguerite Dumora	Blanquefort	99.14	FC	100.00
Synlab Aquitaine (Laboratoire de Biologie Médicale Aquilab SELAS)	1, place Turenne	Castillon-la-Bataille	99.14	FC	99.99
SYNLAB Lorraine SELAS	66 bis, avenue Carnot	Saint-Max	99.54	FC	99.87
Synlab Normandie SELAS	4, place Ernest Thorel	Louviers	99.83	FC	99.99
Synlab Pays de Savoie SELAS (Bio-Alpes SELAS)	15, rue Président Coty	Albertville	99.53	FC	99.99
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	6, rue Barla	Nice	98.36	FC	98.36
Synlab Occitanie SELAS (Beffroi SELAS)	2-3, galerie du Midi	Revel	99.60	FC	99.92
Synlab Adour SELAS (Laboratoire de Biologie Médicale Bio Adour SELAS)	10, rue Victor Lourties	Aire Sur l'Adour	99.88	FC	100.00
Bioalliance SELAS	17, avenue des Droits de l'Homme	Orléans	99.68	FC	99.70
SYNLAB Bretagne SELAS	6, rue de Saint-Marc	Lannion		SOLD	
SYNLAB Opale SELAS (formerly: Centre Biologique SELAS)	16, rue Quatre Coins	Calais	99.75	FC	99.86
SYNLAB Hauts de France SELAS	1, rue du professeur Calmette	Lille	99.97	FC	99.97
Synlab France SAS	60-62 rue d'Hauteville	Paris	100.00	FC	100.00
Synlab Biofrance SELAS (Biofrance SELAS)	Lieudit "Le Château d'Eau"	Avesnelles	99.99	FC	100.00
SCM Biologis	2, avenue Louise Michel	Reze	96.90	FC	95.23
Synlab Bourgogne SELAS	Rue Louis Pasteur	Paray Le Monial	99.97	FC	99.97
SYNLAB Biopaj SELAFA	25, Avenue Georges Clémenceau	Valenciennes	99.90	FC	99.99
SYNLAB Auvergne SELAS (formerly: Bioval Laboratoires SELAS)	34, Cours Tracy	Cusset	99.99	FC	100.00
Synlab Vallée du Rhône SELAS	71, avenue Gabriel Péri	Roussillon	99.91	FC	99.94
Biosynthèse SELAS	6, place Abbé Pasty	Fleury-les-Aubrais	99.15	FC	99.60
Laboratoire de Biologie Médicale Carron SELAS	1, avenue des puits	Montceau-les-Mines	99.88	FC	99.91
Sylab SELAS	81, avenue Charles de Gaulle	Aurillac	98.95	FC	99.80
SCM Cabinet Médical Saint Côme	N3 Centre Commercial Carrefour	Claye-Souilly	45.61	EM	45.61
Laboratoire de Biologie Médicale Delaporte SELAS	N3 Centre Commercial Carrefour	Claye-Souilly	99.99	FC	99.99
eBioSanté SELAS	60-62 rue d Hauteville	Paris	50.00	EM	50.00
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	Zone d'Activités de Dumès, lot A6	Langon	49.49	EM	49.92
SYNLAB Gascogne SELAS (Laboratoire de Biologie Médicale Labo Gascogne)	13, rue Alsace	Auch Cedex	99.86	FC	99.98
Laboratoire de Biologie Medicale Cayrou-Gorse-Bourjeili SELAS (CGB)	5, boulevard Gambetta	Rodez		LIQUIDATION	
SCM GROUPEMENT LABOS	1 rue de Crech Tanet	Lannion		LIQUIDATION	
SYNLAB Hygiène France SAS	60-62 rue d'Hauteville	Paris	100.00	FC	100.00

Parent company : SYNLAB Limited

	As at 31 December 2020				
Designated entities	**Address of Registered Office**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
Synlab Charentes SELAS (Isolab SELAS)	53, rue Elysée Loustalot	Saint-Jean-D'Angely	99.99	FC	100.00
Laboratoire Synlab Bioliance SELAS (formerly:Laboratoire Bioliance S.)	2, avenue Louise Michel	Reze	96.90	FC	97.00
SYNLAB Holding France SA	60-62 rue d'Hauteville	Paris	100.00	FC	100.00
Synlab Corporate Assistance (Labco Corporate Assistance)	60-62 rue d'Hauteville	Paris	100.00	FC	100.00
SYNLAB Analytics&Services France SARL (Labco Services France)	60-62 rue d'Hauteville	Paris	100.00	FC	100.00
SCM Labo centre	27, rue Gustave Eiffel	Chécy	99.69	FC	100.00
SYNLAB LABCO GESTION	60-62 rue d'Hauteville	Paris	98.80	FC	100.00
SCM de la Rue de la Marne	35, rue de la Marne	Gien	99.99	FC	100.00
SYNLAB Provence SELAS (Mazarin SELAS)	93, avenue des Caillols	Marseille	99.83	FC	100.00
Synlab Midi SELAS (Labco Midi SELAS)	115, rue de la Haye	Montpellier	99.98	FC	99.98
SYNLAB Nord de France SELAS (Novabio Diagnostics SELAS)	149, rue Georges Pompidou	Saint-Quentin	99.88	FC	99.98
Laboratoire de Biologie Médicale du Val d'Orne SELAS	50, rue de la République	Argentan	99.97	FC	100.00
SYNLAB Oxabio SELAS (formerly: Oxabio SELAS)	13, rue d'Alger	Cambrai	99.90	FC	99.93
Laboratoire d'Analyses de Biologie Médic. Chr. Pepin-Philippe SELAS	5, rue Eugène Marchand	Fécamp	99.30	FC	99.42
Laboratoire d'Analyses de Biologie Medicale Biopole 33 SELARL	20, rue Armand Lamarque	Bordeaux		MERGER	
SYNLAB Paris SELAS (Probio SELAS)	9, rue Stanislas	Paris	99.99	FC	99.99
Synlab Corrèze SELAS	12 rue Marcellin Berthelot	Brive		MERGER	
SOGESER SARL	17, Avenue des droits de l'homme	Orléans	99.68	FC	100.00
Technipath SELAS	41, Allée des Cyprès	Limonest	99.40	FC	99.40
SYNLAB Normandie Maine SELAS (Laboratoire Verdun de Lore SELAS)	1, rue de Verdun	Mayenne	99.85	FC	99.94
SWEDEN					
SYNLAB Analytics & Services Sweden AB	Box 1083	Linkoping		SOLD	
ALcontrol Holding (Sweden) AB	Box 1083	Linkoping		SOLD	
ALcontrol Sweden AB	Box 1083	Linkoping		SOLD	
Profulus AB	Vaisalantie 2 (A-talo)	Espoo		LIQUIDATION	
Synlab Holding Sverige AB (formerly: Goldcup 26160 AB)	Postbox 270	Sundsvall	100.00	FC	100.00
SYNLAB Sverige AB (formerly: Aleris Medilab AB)	Nytorpsvägen 28 Box 1550	Täby	100.00	FC	100.00
NORWAY					
SYNLAB Analytics & Services Norway AS	Bekkelivegen 2	Hamar		SOLD	
ALcontrol Norway AS	Bekkelivegen 2	Hamar		SOLD	

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	Address of Registered Office	City	% of control (add)	Method of Consoli-dation	% of interest (result)
ITALY					
Centro Diagnostico Eur S.r.l.	Via Fiume Bianco 56	Roma RM	100.00	FC	100.00
S.D.N Spa	VIA FRANCESCO CRISPI 8	Napoli	100.00	FC	100.00
Instituto il Baluardo S.p.A.	VIA DEL MOLO 4	Genova	100.00	FC	100.00
Baluardo Servizi Sanitari S.r.l.	PIAZZALE PORTA DEL MOLO 2	Genova	100.00	FC	100.00
Sociétà Biomedica Bioingegneristica Campagnia SCARL	Via Sergio Panzini 5	Napoli	7.20	NC	7.20
Synlab Ecoservice S.r.l. (CAM ECO SERVICE SRL)	VIA MARTIRI DELLE FOIBE 1	Monza	60.00	FC	60.00
Centro A. Fleming S.r.l.	Via Andrea Doria N16/A	Verona	100.00	FC	100.00
CENTROLAB S.r.l.	Via dei Montecatini 6	Roma RM		MERGER	
Synlab Como S.r.l.	VIA MARTIRI DELLE FOIBE 1	Monza	100.00	FC	100.00
CONSORZIO PER LO SVILUPPO DELLA MEDICINA OCCUPAZIONALE E AMBIENTALE	VIA MARTIRI DELLE FOIBE 1	Monza	33.00	EM	33.00
Data Medica Padova S.p.A.	Via Antonio Zanchi n. 89	Padova	100.00	FC	100.00
Synlab Italia S.r.l.	Via Martiri delle Foibe 1	Monza	100.00	FC	100.00
Analisi Cliniche Gallieno S.r.l.	VIA G. C. ABBA N. 12/A	Verona VR	10.00	NC	10.00
Geneticlab S.r.l.	Via Roveredo 20/B	Pordenone	100.00	FC	100.00
Immunolab S.r.l.	Piazza Addis Abeba, 1	Roma		MERGER	
Synlab MED S. r. l. (Synlab Emilia Romagna S.r.l.)	via Casenuove 44	Faenza (RA)	100.00	FC	100.00
Laboratorio Analisi Clinico Chimiche Camillo Golgi S.r.l.	Via A. De Gasperi, 2	Brescia		MERGER	
IGEA Laboratorio di Analisi Cliniche S.r.l.	Largo Fiorenzo spadoni 4	Rieti	100.00	FC	100.00
Laboratori Riuniti S.r.l.	Piazza del Ponterosso 6	Trieste	100.00	FC	100.00
Synlab Lazio S.r.l.	via Torrenova, 249	Rom	100.00	FC	100.00
Poliamblatorio Euganea Medica S.r.l.	via Colombo no. 13, Albignasego	Albignasego	100.00	FC	100.00
Medilab S.r.l.	Via San Francesco d'Assisi 58	Ciampino (RM)	100.00	FC	100.00
Pharmadiagen S.r.l.	Via Roveredo 20/B	Pordenone	100.00	FC	100.00
Poliambulatorio Camillo Golgi S.r.l.	V. Triumplina, 14	Brescia		MERGER	
POLIAMBULATORI SANTA MARIA S.r.l.	Via Provinciale 77/E	Vobarno		MERGER	
SYNLAB Analytics & Services Italia S.r.l.	Via Nuoava Valassina 5/B	Merone (CO)		SOLD	
SANTA MARIA CENTRO ANALISI CHIMICO CLINICHE S.r.l.	Via Provinciale, 77/e	Vobarno BS		MERGER	
Synlab Analytics and Services S.r.l. (Synlab Toscana S.r.l.)	VIA DELLA QUERCIOLA 12	SESTO FIORENTINO (FI)		SOLD	
SYNLAB Holding Italy S.r.l.	Via Pietro Paleocapa 6	Milano	100.00	FC	100.00

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GERMANY					
Apparategemeinschaft i. Albrecht-Dürer-Haus GbR	Albrecht-von-Dürer-Platz 9-11	Nürnberg	SPE	FC	SPE
SYNLAB Acquisition GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
BZH GmbH Deutsches Beratungszentrum für Hygiene GmbH	Schnewlinstrasse 10	Freiburg im Breisgau	55.92	FC	55.92
EMT Medizintechnik GmbH&Co.KG	Otto-Hahn-Strasse 18	Ettlingen	75%	FC	75%
EMT Medizintechnik Verwaltungs GmbH	Otto-Hahn-Strasse 18	Ettlingen	75%	FC	75%
synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	Harrlachweg 1	Mannheim	100.00	FC	100.00
Stülpnagelstraße GbR	Kaiserdamm 24	Berlin	33.00	NC	33.00
SYNLAB MVZ für Dermatohistologie GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
SYNLAB Analytics & Services LAG GmbH	Südstrasse 7	Spremberg/OT Schwarze Pumpe		SOLD	
Vertragsärztliche Laborgemeinschaft Allgäu GbR	Pettenkoferstrasse 1 c	Kempten	SPE	FC	SPE
Laborgemeinschaft Albtal GbR	Otto-Hahn-Strasse 18	Ettlingen	SPE	FC	SPE
Laborgemeinschaft Bayerischer Ärzte GbR	Bayerstrasse 53	München	SPE	FC	SPE
Laborgemeinschaft Bayern-Nord GbR	Hildegard-von-Bingen-Strasse 1	Regensburg	SPE	FC	SPE
Ärztliche Laborgemeinschaft GbR	Turmstrasse 21	Berlin	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Bonn/Rhein Sieg	Dechenstrasse 1	Bonn	SPE	FC	SPE
Laborgemeinschaft Bayern-Süd GbR	Gubenerstrasse 39	Augsburg	SPE	FC	SPE
Laborgemeinschaft Brandenburg-Templin GbR	Robert-Koch-Strasse 24	Templin	SPE	FC	SPE
KV-LG Eschweiler	Dechant-Deckers-Strasse 8	Eschweiler	SPE	FC	SPE
Ärztliche Laborgemeinschaft Region Eschweiler	Dechant-Deckers-Strasse 8	Eschweiler	SPE	FC	SPE
Laborgemeinschaft Bayerischer Heilpraktiker GbR	Bayerstrasse 53	München	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	Am Schönschede	Brilon	SPE	FC	SPE
Privatärztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstrasse 2	Varel	SPE	FC	SPE
Vertragsärztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstrasse 2	Varel	SPE	FC	SPE
Laborgemeinschaft Kassel GbR	Pettenkoferstrasse 26	Kassel	SPE	FC	SPE
KV-LG Köln Kalk	Buchforststrasse 2	Köln	SPE	FC	SPE
Ärztliche Laborgemeinschaft Köln-Kalk	Buchforststrasse 2	Köln	SPE	FC	SPE
Die Privatärztliche Laborgemeinschaft GbR	Pettenkofer Strasse 26	Kassel	SPE	FC	SPE
Privatärztliche Laborgemenischaft Kurpfalz	Wasserturmstrasse 71	Eppelheim	SPE	FC	SPE
Laborgemeinschaft Kurpfalz GbR	Wasserturmstrasse 71	Eppelheim	SPE	FC	SPE
Laborgemeinschaft Mittelfranken GbR	Fürther Strasse 212	Nürnberg	SPE	FC	SPE
Laborgemeinschaft München-Innenstadt GbR	Hochstrasse 27	Dachau	SPE	FC	SPE

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KV-LG Nordeifel	St.-Elisabeth-Strasse 2 – 6	Mechernich	SPE	FC	SPE
Privatörztliche Laborgemeinschaft Nordeifel	St.-Elisabeth-Strasse 2 – 6	Mechernich	SPE	FC	SPE
Privataerztliche Laborgemeinschaft LG Nord	Osterbekstrasse 90 c	Hamburg	SPE	FC	SPE
Laborgemeinschaft Oberpfälzer Ärzte GbR	Zur Kesselschmiede 4	Weiden	SPE	FC	SPE
Laborgemeinschaft Ostbayern-Bavaria GbR	Hildegard-von-Bingen-Strasse 1	Regensburg	SPE	FC	SPE
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	Feldstrasse 26	Trier	SPE	FC	SPE
Laborgemeinschaft Stuttgart-Voralb GbR	Nikolaus-Otto-Strasse. 6	Leinfelden-Echterdingen	SPE	FC	SPE
Laborgemeinschaft Südwest GbR	Otto-Hahn-Strasse 18	Ettlingen	SPE	FC	SPE
KV-LG Troisdorf	Schloßstrasse 18	Troisdorf	SPE	FC	SPE
Laborgemeinschaft Thueringia GbR	Bahnhofstrasse 1 A	Stadtroda	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Troisdorf	Schloßstrasse 18	Troisdorf	SPE	FC	SPE
Laborgemeinschaft Trier GbR	Feldstrasse 26	Trier	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Ulm GbR	Frauenstrasse 51	Ulm	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Weinstrasse	Landauer Strasse 1	Neustadt a. d. Weinstrasse	SPE	FC	SPE
Laborgemeinschaft Dr. Wimmer GbR	Gubenerstrasse 39	Augsburg	SPE	FC	SPE
synlab Labor München Zentrum GbR	Bayerstrasse 53	München	100.00	FC	100.00
LS Medizinservice GmbH	Otto-Hahn-Strasse 18	Ettlingen	75%	FC	75%
synlab Logistics GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
Privamed – privatärztliche Laborgemeinschaft GbR	Bayerstrasse 53	München	SPE	FC	SPE
SYNLAB MVZ Pathologie Hannover GmbH	Feodor-Lynen-Strasse 21	Hannover	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	A 2,2	Mannheim	100.00	FC	100.00
SYNLAB Chemie, Industrie- und Spezialanalytik CIS GmbH	Industriestrasse 300	Hürth		SOLD	
synlab Verwaltungs und Beteiligungs GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
SYNLAB International GmbH	Moosacher Strasse 88	München	100.00	FC	100.00
SYNLAB Holding Deutschland GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
SYNLAB Analytics & Services Germany GmbH	Gubenerstrasse 39	Augsburg		SOLD	
Synlab.vet GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Augsburg GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Berlin GmbH	Reichartstrasse 2	Berlin	100.00	FC	100.00
Medizinisches Versorgungszentrum synlab Bonn GmbH	Dechenstrasse 1	Bonn	100.00	FC	100.00
MVZ Laborzentrum Ettlingen GmbH	Otto-Hahn-Strasse 18	Ettlingen	75%	FC	75%
SYNLAB MVZ Humangenetik Freiburg GmbH	Heinrich-von-Stephan-Strasse 5	Freiburg im Breisgau	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Heidelberg GmbH	Wasserturmstrasse 71	Eppelheim	100.00	FC	100.00
Medizinisches Versorgungszentrum synlab Hämatologisches Labor Köln Gmb	Kerpener Strasse 62	Köln	100.00	FC	100.00

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SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	Beethovenstrasse 2	Varel	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Kassel GmbH	Kurt-Wolters-Strasse 2-4	Kassel	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	Nikolaus-Otto-Strasse 6	Leinfelden-Echterdingen	100.00	FC	100.00
MVZ Synlab Leverkusen GmbH	Paracelsusstrasse 13	Leverkusen	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Stuttgart GmbH	Stuttgarter Strasse 11	Stuttgart	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Trier GmbH	Feldstrasse 26	Trier	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Weiden GmbH	Zur Kesselschmiede 4	Weiden	100.00	FC	100.00
synlab Medizinisches Versorgungszentrum Hamburg GmbH	Osterbekstrasse 90 c	Hamburg	100.00	FC	100.00
Steinlach-Klinik GmbH	Gubenerstrasse 39	Augsburg	100.00	FC	100.00
	SPAIN & GIBRALTAR				
UTE BCN Patolegs S.L.	PJ. JOSEP LLOVERA, 9 BJ	Barcelona	SPE	NC	SPE
Brugues Asistencial, S.A.	CTRA.A SANTA CREU DE CALAFELL, 100	Gava Barcelona	99.98	FC	100.00
LAB DOS ANALISIS, S.L.	AMIGÓ, 12	Barcelona	99.98	FC	100.00
Egara Laboratoris S.L.	CALLE SANT ANTONI, 32	Errassa	44.99	EM	45.00
UTE GEMU Analysis S.L.	Verge de Guadalupe, 18	Esplugues de LLobregat	49.99	EM	50.00
Imadia 2005 S.A.	CTRA.A SANTA CREU DE CALAFELL, 100	Gava Barcelona	99.98	FC	100.00
BioKilab S.L.	Calle Aranzabal 11	Vitoria-Gasteiz	99.98	FC	100.00
Synlab Holding Iberia S.A.	28 Calle Londres	Barcelona	99.98	FC	100.00
LABCO BUILDINGS SL	VERGE DE GUADALUPE, 18	ESPLUGUES DE LLOBREGAT	100.00	FC	100.00
Synlab Diagnosticos Globales S.A.	VERGE DE GUADALUPE, 18	ESPLUGUES DE LLOBREGAT	99.98	FC	100.00
Laboratorios Clinicos Compostela S.L.	Calle Xeneral Pardiñas, 10 Semis. 8	Santiago de Compostela	99.98	FC	100.00
Laboratorios Clinicos Gallegos Reunidos S.L.	Avenda Marinas, 6 – BL II BJ	Olerios	99.98	FC	100.00
Synlab Pathology, S.L. (formerly: Labco Pathology, S.L.)	CALLE VALGRANDE, 8	Alcobendas	99.98	FC	100.00
Clinica Pinar S.A.	CALLE VALGRANDE, 8 ALCOBENDAS	Madrid	39.99	EM	40.00
Roqueta-Esteve-Rimbau, S.L.P	Pare Claret, 20	Girona	99.98	FC	100.00
Reus C.M. S.A,	Calle sant joan, 34 – 3, Reus	Tarragona	11.00	NC	11.00
Seaslab S.L.	Avenida As Mariñas, 323	Oleiros, A Coruña	99.98	FC	100.00
SYNLAB SERVICES S.L.	Calle Verge de Guadalupe, 18	Barcelona	99.98	FC	100.00
C.M. Tarragona S.A,:	Rambla Nova, 78 43003	Tarragona	2.73	NC	2.73
GENERAL LABORATORIES AND TRIALS, S.L.	MARIA DE MOLINA, 28.	Madrid	74.99	EM	75.00
Raban Gibraltar LDA	6A QUEENSWAY	GIBRALTAR	99.98	FC	100.00

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	LATAM				
CIC ANALÍTICA ESPECIAL GESTAO E INVESTIMENTO BRASIL, LTDA.	AVDA. REPUBLICA DO LIBANO, 2065	São Paulo	99.98	FC	100.00
CIC ANALISES CLINICAS ESPECIAIS LTDA	AVDA. REPUBLICA DO LIBANO, 2065	São Paulo	99.98	FC	100.00
LABORATORIO LABCO NOUS DO BRASIL, LTDA	AVDA. REPUBLICA DO LIBANO, 2065	São Paulo	98.98	FC	99.00
CLINICAL REFERENCE LABORATORIES HOLDING SA	Sternmatt 6	Kriens	99.98	FC	100.00
Analizar Laboratorio Clínico Automatizado S.A.S.	Carrena 14 A 101 73/811	Bogotá	99.98	FC	100.00
Andreani S.A.S.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca		MERGER	
Àngel Diagnóstica S.A.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca	99.98	FC	100.00
Bioter Diagnóstica S.A.S.	Calle 22 N # 5 N 29	Cali – Valle del Cauca	99.98	FC	100.00
Botero Sanin S.A.S.	Carrera 48 10 45	Medellín – Antioquia		MERGER	
Laboratorio Clinico Falab S.A.S.	Cra 49B N° 79 – 99	Barranquilla (Atlántico)	99.98	FC	100.00
Instituto de Referencia Andino S.A.S.	Calle 13 # 60-49 Piso 3	Bogotá		MERGER	
Jucamimca S.A.S	Avenida 10 A Norte # 10 – 93	Cali – Valle del Cauca		MERGER	
Laboratorio Clinico Marcela Hoyos Rendón S.A.S.	Calle 51 # 22-28	Manizales – Caldas	99.98	FC	100.00
Synlab Colombia S.A.S (formerly: Prolab S.A.S.)	Transversal 5 A # 45-118	Medellín – Antioquia	99.98	FC	100.00
Andreas Rothstein S.A.S.	Cra. 16a	Bogotá		MERGER	
Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.	Calle 94 # 15 – 45	Bogotá	97.48	FC	97.50
Asmedlab Cía. Ltda.	Oe7a 31-145,	Quito	99.98	FC	100.00
Instituto de Referencia Andino IRA S.A.	Calle Av. Amazonas N21-252	Quito	99.98	FC	100.00
Synlab Sociedad Anomina S.A. (formerly: NETLAB S.A.)	Calle A N31-145	Quito	99.98	FC	100.00
CIC MEXICO ANALISIS ESPECIALES, S.C.	Contadores No. 4, Col. Sifon	Mexico	69.99	FC	70.00
Instituto de Referencia Andino S.A.	Century Tower Office 17-21	Panama	99.98	FC	100.00
CIC Peru Analisis Clinicos Especiales S.A.C.	Avenida Felipe Pardo y Aliaga 680	Lima	99.98	FC	100.00
GESTORA PERUANA DE HOSPITALES S.A	Av. Javier Prado Este 560 Dpto.	Peru Lima-San Isidro	31.99	EM	32.00
SYNLAB Perú S.A.C.	Av. Gregorio Escobedo 710, Jesús M.	Lima	99.98	FC	100.00

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	BELGIUM				
SYNLAB Belgium SC/SPRL (Laboratoire d Analyses Medicales Dr.)	Avenue Alexander Fleming 3	Heppignies	99.97	FC	100.00
Ellipsys SCA	Avenue Alexander Fleming 3	Heppignies	99.93	FC	100.00
Generalimmo SPRL	Avenue Alexander Fleming 3	Heppignies		SOLD	
ANAPET SPRL	Rue du Faubourg 269	Montigny-le-Tilleul	99.97	FC	100.00
	UK & IRELAND				
Synlab Unsecured Bondco PLC	2 Portman Street	London	100.00	FC	100.00
SYNLAB Holdco Limited	2 Portman Street	London	100.00	FC	100.00
VLSI Limited	Unit 50, Vicars Road, Pouladuff	Cork	100.00	FC	100.00
ALcontrol Financial Limited	Parc Caer Seion	Conwy		SOLD	
ALcontrol Group Limited	Parc Caer Seion	Conwy	100.00	FC	100.00
ALcontrol Holdings Limited	Parc Caer Seion	Conwy		SOLD	
ALcontrol Netherlands Limited	Parc Caer Seion	Conwy		SOLD	
ALcontrol Holdings (Norway) Limited	Parc Caer Seion	Conwy		SOLD	
ALcontrol Sweden Limited	Parc Caer Seion	Conwy		SOLD	
SYNLAB Analytics & Services United Kingdom Limited	44 Colbourne Crescent,Nelson Park,	Cramlington, Northumberland		SOLD	
ALcontrol Holdings (UK) Limited	Parc Caer Seion	Conwy		SOLD	
SYNLAB Bondco PLC	2 Portman Street	London	100.00	FC	100.00
Bridge Pathology Limited	1 More London Place, London	London	100.00	FC	100.00
The Christie Pathology Partnership LLP	550 Wilmslow Road, Withington	Manchester	50.10	FC	50.10
CPP Facilities LLP	550 Wilmslow Road, Withington	Manchester	50.10	FC	50.10
CTDS 2015 Limited	1 More London Place, London	London	100.00	FC	100.00
E4Law Limited	The Maltings East Tyndall Street	Cardiff	100.00	FC	100.00
Facilities First LLP	2 Portman Street	London	49.00	EM	49.00
Geneius Laboratories Limited	44 Colbourne Crescent,Nelson Park	Cramlington	100.00	FC	100.00
Genon Laboratories Ltd.	1 More London Place, London	London	100.00	FC	100.00
Integrated Path Services Limited	1 More London Place, London	London	100.00	FC	100.00
BPL Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter		LIQUIDATION	
CTDS 2015 Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter		LIQUIDATION	
PTDS Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter		LIQUIDATION	
TDDS 2015 Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter		LIQUIDATION	
VLSI Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter		LIQUIDATION	
IPP Analytics Ltd.	2 Portman Street	London	100.00	FC	100.00
IPP Facilities Ltd.	2 Portman Street	London	100.00	FC	100.00
IPP Ltd.	2 Portman Street	London	100.00	FC	100.00
Labco Diagnostics (UK) Limited	2 Portman Street	London	100.00	FC	100.00

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Labco UK Group Limited	2 Portman Street	London	100.00	FC	100.00
Pathology First LLP	2 Portman Street	London	49.00	EM	49.00
PTDS Limited	1 More London Place, London	London	100.00	FC	100.00
Synlab Health Laboratory Service Ltd.	2 Portman Street	London	100.00	FC	100.00
SPS Facilities LLP	2 Portman Street	London	33.30	EM	33.30
Southwest Pathology Services LLP	2 Portman Street	London	33.30	EM	33.30
Synlab VPG Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100.00	FC	100.00
SW Part Services LLP	2 Portman Street	London	33.30	EM	33.30
Synlab UK Limited	2 Portman Street	London	100.00	FC	100.00
TDDS 2015 Limited	1 More London Place, London	London	100.00	FC	100.00
	PORTUGAL				
PATRICK AGOSTINI II, Lda.	Dobra, Odelouca	Silves		MERGER	
Análises Clinicas do Bom Jesus, Lda	Rua do Bom Jesus, 18-1º Andar	Funchal		MERGER	
Laboratório De Análises Clínicas Da Covilhã, S.A.	Ru Pedro Álvares Cabral, n.º 2	Covilhã	99.98	FC	100.00
Dr. Macedo Dias – Laboratório de Anatomia Patológica S.A	Rua da Constituição, 668 1º	Porto	99.98	FC	100.00
SYNLABHEALTH MADEIRA, S.A. (José Júlio De Castro Fernandes,S.A)	Rua do Hospital Velho, 23 A	Madeira	99.98	FC	100.00
Synlabhealth-Genética Medica S.A.	Rua do Campo Alegre, 1306, Sala 403	Porto	99.98	FC	100.00
Synlabhealth Algarve S.A. (Gnóstica-Lab. De Análises Clínicas)	Rua D. Jerónimo Osório, n.º1	Faro	99.98	FC	100.00
SYNLABHEALTH ALENTEJO, S.A. (Flaviano Gusmão, S.A.)	Praceta Horta do Bispo, r/c,	Évora	99.98	FC	100.00
SYNLABHEALTH PORTO S.A (Laboratórios Consolidados do Porto, S.A.)	Rua Sá da Bandeira, 790	Porto	99.98	FC	100.00
Synlabhealth Portugal, S.A.	Ave. Columbano Bordalo Pinheiro, 75	Lisboa	99.98	FC	100.00
SYNLABHEALTH Leiria LTD (Lab.de Análises Clínicas-S. Pereira Rosas)	Av. dos Combatentes da GrandeGuerra	Leiria	99.98	FC	100.00
Laboratório de Análises Clínicas São José, Lda.	Rua Combatentes da Grande Guerra	Coimbra	99.98	FC	100.00
CLINICA SAMPEDRO Lda.	R. de Santo Eloy 3, 1675-150	Odivelas	29.72	EM	29.73
Synlabhealth II, SA (Lab. Médico Dr.Santos Pinto e Dr.Teixeira)	Ave. Columbano Bordalo Pinheiro, 75	Lisboa	99.98	FC	100.00
Sscp – Serviços De Saúde Curativos e Preventivos Lda.	Avenida 25 de Abril, 27 C	Pontinha	99.98	FC	100.00
T.G.T Centro Medico LDA	Rua Cap. Leitao Lt. A R/C Esq Pared	Parede	99.98	FC	100.00
Synlabhealth Torres Novas, Unipessoal LDA (Clinova- Centro De Diagnóst	Largo D. Diogo Fernandes de Almeida	Torres Novas	99.98	FC	100.00

Parent company : SYNLAB Limited

	As at 31 December 2020				
Designated entities	**Address of Registered Office**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
		SWITZERLAND			
SYNLAB Analytics and Services Switzerland AG	Sternenfeldstrasse 14	Birsfelden		SOLD	
Bakteriologisches Institut Olten BIO AG	Baslerstrasse 150	Olten	30.00	EM	30.00
Cyto Obwegeser AG	Gfennstrasse 39	Schwerzenbach	100.00	FC	100.00
SYNLAB Suisse SA	Alpenquai 14	Luzern	100.00	FC	100.00
ARGOT Lab SA (formerly: Marnaud Holding SA)	Rue du Liseron 11	Lausanne	100.00	FC	100.00
one-provide ag	Sternmatt 6	Kriens	100.00	FC	100.00
		AUSTRIA			
synlab Logistic Austria GmbH (Analytika Laborbetriebs GmbH)	Rosensteingasse 49-51	Vienna	100.00	FC	100.00
synlab Holding Austria GmbH	Donaustadtstrasse 1	Vienna	100.00	FC	100.00
Institut für medizinische und chemische Labordiagnostik GmbH	Rosensteingasse 49-51	Vienna	100.00	FC	100.00
Synlab Analytics & Services Austria GmbH	St.-Peter-Strasse 25	Linz		SOLD	
		CZECH REPUBLIK & SLOVAKIA			
Poliklinika Moravské Budějovice, s.r.o.	Tovacovského sady 78	Moravské Budejovice	4.00	NC	4.00
SYNLAB cytologie s.r.o. (form.PROKOPEC COP s.r.o.)	Vrbenská 197/23	České Budějovice 4	100.00	FC	100.00
synlab czech s.r.o.	Sokolovská 100/94	Praha 8	100.00	FC	100.00
synlab slovakia s.r.o.	Limbová 5	Bratislava	100.00	FC	100.00
		ESTONIA & LITHUANIA			
SYNLAB Eesti OÜ	Veerenni 53A	Tallinn	100.00	FC	100.00
SYNLAB Lietuva UAB	Kalvariju g. 137A-15	Vilnius	100.00	FC	100.00
		DENMARK			
AnalyTech Miljølaboratorium A/S	Bøgildsmindevej 21	Nørresundby		SOLD	
SYNLAB Medical Digital Services A/S	Storhaven 12	Vejle	100.00	FC	100.00
SYNLAB Holding Denmark ApS	Storhaven 12	Yejle	100.00	FC	100.00
		FINLAND			
Cityterveys Oy	Kivihaantie 7	Helsinki		MERGER	
SYNLAB Suomi Oy (formerly: Cityterveys Group Oy)	Kivihaantie 7	Helsinki	100.00	FC	100.00
Yhtyneet Medix Laboratorio Oy	Kivihaantie 7	Helsinki		MERGER	
SYNLAB Analytics & Services Finland Oy	Lepolantie 9	Karkkila		SOLD	
Nordic Testing Oy	Lepolantie 9	Karkkila		SOLD	
SYNLAB Finland OY	Kivihaantie 7	Helsinki	100.00	FC	100.00
Cityterveys Seulonta Oy	Kivihaantie 7	Helsinki		MERGER	
SYNLAB Holding Finland OY (formely synlab Holding Finland OY)	Kivihaantie 7	Helsinki	100.00	FC	100.00
		HUNGARY			
Synlab Hungary Kft.	Weiss Manfréd út 5-7	Budapest	100.00	FC	100.00

Parent company : SYNLAB Limited

Designated entities	As at 31 December 2020				
	Address of Registered Office	City	% of control (add)	Method of Consoli-dation	% of interest (result)
NETHERLANDS					
SYNLAB Analytics & Services BV	Steenhouwerstraat 15	Rotterdam		SOLD	
SYNLAB Analytics & Services Oosterhout BV	Everdenberg 41	Oosterhout		SOLD	
Alcontrol Holding (Netherlands) BV	Steenhouwerstraat 15	Rotterdam		SOLD	
ALcontrol Holland BV	Steenhouwerstraat 15	Rotterdam		SOLD	
REST OF WORLD					
Freiburg Medical Laboratory Middle East LLC	205 Al Kifaf Comm.Bldg, Karama	Dubai	70.00	FC	70.00
Das ausl. private einheitliche Dienstleistungsuntern. "Synlab-EML"	Akademicheskaja Str. 26-74	Minsk	100.00	FC	100.00
Synlab Cyprus Limited	Piraeus 36, Strovolos	Nicosia	100.00	FC	100.00
SYNLAB Ghana Ltd (former Medlab Ghana Limited)	17 Ridge Road	Roman Ridge, Accra	100.00	FC	100.00
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAGNOSTIKU	Kraljevićeva ulica 24	Zagreb	100.00	FC	100.00
Medven Africa Limited	Victoria Road	Douglas	75%	FC	75%
Private Health Institution SYNLAB Skopje	Ognjen Prica 1 loc. 3,4,5	Skopje	98.00	FC	98.00
SYNLAB Nigeria Limited	9 Egbeyemi Street, Off Coker Road	Lagos	51%	FC	51%
Synlab Polska Sp. Z.o.o.	UI. Kartezjusza 2	Warsaw	100.00	FC	100.00
Laboratarele Synlab S.r.L.	B-dul Tudor Vladimiresco, 45 dis. 5	Bucharest	99.95	FC	100.00
CMI Dr. Marinescu Dana Mihaela SRL	Cetatea Histriei Street no 12 Dis 6	Bucharest	99.95	FC	100.00
CMI Dr. Iacobescu C Anca SRL	B-dul Tudor Vladimirescu 45, dis 5	Bucharest	99.95	FC	100.00
Laboratoarele RGM. SRL	Calea Plevnei – 137C district 6	Bucharest	99.95	FC	100.00
Medsense Servici Medicale S.R.L.	B-dul Tudor Vladimirescu 45 dis 5	Bucharest	99.95	FC	100.00
Zostalab SRL	B-dul Tudor Vladimirescu 45 dis 5	Bucharest	99.95	FC	100.00
SYNLAB WEST S.r.l.	B-dul Tudor Vladimirescu 45 dis 5	Bukarest	99.95	FC	99.95
Adria Lab laboratorijska diagnostika d.o.o	Šestova ulica 2	Ljubljana	100.00	FC	100.00
Synlab ILK Referans Sağlık Hizmetleri Sanayi ve Ticaret A.Ş.	Hilal Mah Tagore Cad. 716 Sk 12/1	Ankara	100.00	FC	100.00
Referans M-B Sağlık Laboratuvar Hizmetleri Sanayi ve Ticaret Ltd. Şti.	Balgat Mah Ziyabey Cad. 1410 Sk. 4	Ankara	SPE	FC	SPE
Synlab Turk A.Ş.	Balgat Mah. Ziyabey Cad 1408	Ankara	100.00	FC	100.00
Synlab-Ukraine Limited Liability Company	Petropavlivska St. 52	Kyiv	100.00	FC	100.00

EM: Equity Method/FC: Fully consolidated/NC: Not consolidated/SPE: Special Purpose Entity

SYNLAB LIMITED

Consolidated financial statements
For the year ended 31 December 2019

Registered number: 09630775

Independent auditor's report to the members of Synlab Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Synlab Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company'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 directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent auditor's report to the members of Synlab Limited

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

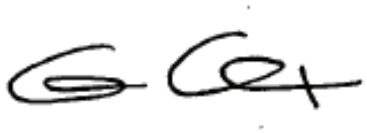
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Cox BA ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

17 April 2020

Consolidated statement of income
For the year ended 31 December 2019

Strategic report

	Note	Year ended 31 December 2019 €000	2018* €000
Revenue	7	**2,108,101**	**1,998,280**
Material and related expenses	8	(466,955)	(439,242)
Payroll and related expenses	9	(869,028)	(824,451)
Other operating income	11	19,965	19,795
Other operating expenses	10	(365,201)	(346,415)
Depreciation and amortisation	12	(222,087)	(211,559)
Operating profit before acquisition, restructuring and impairment of non-current assets		**204,795**	**196,408**
Restructuring and other significant expenses	13	(31,808)	(47,457)
Acquisitions related income/(expenses)	13	1,532	(2,037)
Impairment of non-current assets	13	(91,064)	–
Operating profit		**83,455**	**146,914**
Share of loss of associates and other non-controlling interest		(1,125)	(1,292)
Profit/(Loss) on disposal of investment		58	141
Finance income	14	24,990	18,517
Finance costs	14	(191,013)	(177,203)
Loss before taxes		**(83,635)**	**(12,923)**
Income tax expenses	15	(24,316)	(29,194)
Net loss for the period		**(107,951)**	**(42,117)**
Profit attributable to non-controlling interests		2,239	1,158
Loss attributable to equity holders of the parent company		(110,190)	(43,275)
Net loss for the period		**(107,951)**	**(42,117)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The accompanying notes are an integral part of the financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 €000	2018* €000
Net loss for the period		**(107,951)**	**(42,117)**
Actuarial gains or losses on pension obligations	26	(7,336)	6,582
Taxes on actuarial gains or losses on pensions obligations		1,222	(848)
Items that will not be reclassified to profit or loss (a)		**(6,114)**	**5,734**
Foreign exchange gains		9,552	6,754
Other		(6)	14
Items that may be reclassified subsequently to profit or loss (b)		**9,546**	**6,768**
Revenues and expenses directly recognised in other comprehensive income (a) + (b)		**3,432**	**12,502**
Total consolidated comprehensive loss		**(104,522)**	**(29,615)**
Equity holders of the parent company		(106,720)	(30,786)
Non-controlling interests		2,198	1,171
Total consolidated comprehensive loss		**(104,522)**	**(29,615)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The accompanying notes are an integral part of the financial statements.

Consolidated statement of financial position
For the year ended 31 December 2019

	Note	As at 31 December 2019 €000	As at 31 December 2018* €000	As at 1 January 2018* €000
ASSETS				
Goodwill	16	2,517,683	2,528,677	2,393,524
Intangible assets	17	887,062	901,216	941,591
Property, Plant and Equipment	18	232,310	226,226	213,454
Right of Use assets	18	396,800	399,522	376,140
Investments in associates	19	4,668	4,454	4,220
Other non-current assets	20	26,424	20,540	16,445
Deferred tax assets	21	38,004	32,557	5,051
Total non-current assets		**4,102,951**	**4,113,192**	**3,950,425**
Inventories		42,656	38,555	37,599
Trade accounts receivables	22	318,831	296,169	303,913
Other current assets	23	82,013	74,281	99,487
Cash and cash equivalents	24	238,712	120,561	236,569
Total current assets		**682,212**	**529,566**	**677,568**
Total assets		**4,785,163**	**4,642,758**	**4,627,993**

* Restated on adoption of IFRS 16. Refer to Note 2.2

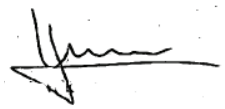
Consolidated statement of financial position
For the year ended 31 December 2019

	Note	As at 31 December 2019 €000	As at 31 December 2018* €000	As at 1 January 2018* €000
EQUITY				
Contributed capital	33	134,388	134,388	134,385
Additional paid-in capital	33	1,519,639	1,512,482	1,507,730
Cumulative translation adjustment		(6,219)	(15,830)	(22,579)
Accumulated deficit		(698,610)	(582,568)	(544,849)
Total parent company interests		**949,198**	**1,048,472**	**1,074,688**
Non-controlling interests		(1,737)	(703)	873
Total equity		**947,461**	**1,047,769**	**1,075,561**
LIABILITIES				
Loans and borrowings (non-current)	25	2,666,987	2,494,316	2,490,225
Non-current lease liabilities	25	331,578	341,033	313,754
Employee benefits liabilities	26	47,800	39,839	42,942
Non-current provisions	28	3,694	5,963	6,364
Other non-current liabilities	30	31,625	22,889	17,627
Deferred tax liabilities	21	202,471	206,569	191,920
Total non-current liabilities		**3,284,154**	**3,110,609**	**3,062,832**
Current loans and borrowings	25	22,587	4,305	4,780
Current lease liabilities	25	88,566	79,266	77,680
Trade accounts payable	30	249,927	230,742	224,402
Contract liabilities		4,334	3,956	–
Current provisions	28	9,439	11,167	8,010
Income tax liabilities		12,281	10,702	18,820
Other current liabilities	30	166,414	144,242	155,908
Total current liabilities		**553,548**	**484,380**	**489,600**
Total liabilities		**3,837,702**	**3,594,989**	**3,552,432**
Total liabilities and equity		**4,785,163**	**4,642,758**	**4,627,993**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors on 15 April 2020 and were signed on its behalf by:



Mathieu Floreani
Director
17 April 2020
2 Portman Street, London, England, W1H 6DU

Company number: 09630775

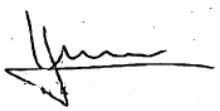
Company statement of financial position
For the year ended 31 December 2019

	Note	As at 31 December 2019 €000	As at 31 December 2018 €000
ASSETS			
Investments in subsidiaries	36	1,397,890	1,397,890
Total non-current assets		**1,397,890**	**1,397,890**
Other current assets		753	753
Total current assets		**753**	**753**
Total assets		**1,398,643**	**1,398,643**
EQUITY			
Contributed capital	33	134,388	134,388
Additional paid-in capital		1,519,640	1,512,482
Accumulated deficit		(275,608)	(257,515)
Total equity		**1,378,420**	**1,389,355**
LIABILITIES			
Parent company loans		823	823
Accruals		1,710	1,382
Trade accounts payable		2,103	198
Taxation and security payable		1,304	–
Trade accounts payable to group companies		14,283	6,885
Total current liabilities		**20,223**	**9,288**
Total liabilities		**20,223**	**9,288**
Total liabilities and equity		**1,398,643**	**1,398,643**

The accompanying notes are an integral part of the financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement. The net loss and the total comprehensive income for the parent company for the year was (16.8) M€ (2018: (12.2) M€).

The financial statements were approved by the board of directors on 15 April 2020 and were signed on its behalf by:



Mathieu Floreani
Director
17 April 2020
2 Portman Street, London, England, W1H 6DU

Company number: 09630775

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance as at 1 January 2019	**134,388**	**1,512,482**	**(15,830)**	**(569,475)**	**1,061,565**	**(836)**	**1,060,729**
Effect of change in accounting policy for IFRS 16*	–	–	–	(13,093)	(13,093)	133	(12,960)
Balance as at 1 January 2019 – as restated	**134,388**	**1,512,482**	**(15,830)**	**(582,568)**	**1,048,472**	**(703)**	**1,047,769**
Net result for the year	–	–	–	(110,190)	(110,190)	2,239	(107,951)
Other comprehensive income	–	–	9,611	(6,141)	3,470	(41)	3,429
Total comprehensive income for the year	–	–	9,611	(116,331)	(106,720)	2,198	(104,522)
Transactions with owners, recorded directly in equity							
Acquisition of non-controlling interests	–	–	–	288	288	(638)	(350)
Share-based payment transactions	–	7,158	–	–	7,158	–	7,158
Dividends	–	–	–	–	–	(2,594)	(2,594)
Balance as at 31 December 2019	**134,388**	**1,519,640**	**(6,219)**	**(698,611)**	**949,198**	**(1,737)**	**947,461**

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance as at 1 January 2018	**134,385**	**1,507,730**	**(22,579)**	**(535,175)**	**1,084,362**	**770**	**1,085,132**
Effect of change in accounting policy for IFRS 16*	–	–	–	(9,674)	(9,674)	103	(9,571)
Balance as at 1 January 2018 – as restated	**134,385**	**1,507,730**	**(22,579)**	**(544,849)**	**1,074,688**	**873**	**1,075,561**
Other comprehensive income	–	–	6,749	5,729	12,478	13	12,491
Net result for the year	–	–	–	(43,275)	(43,275)	1,158	(42,117)
Total comprehensive income for the year	–	–	6,749	(37,546)	(30,797)	1,171	(29,626)
Transactions with owners, recorded directly in equity							
Capital increase	3	437	–	–	440	–	440
Acquisition of non-controlling interests	–	–	–	(174)	(174)	(191)	(365)
Share-based payment transactions	–	4,315	–	–	4,315	–	4,315
Dividends	–	–	–	–	–	(2,556)	(2,556)
Balance as at 31 December 2018 – as restated	**134,388**	**1,512,482**	**(15,830)**	**(582,568)**	**1,048,472**	**(703)**	**1,047,769**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The accompanying notes are an integral part of the financial statements.

Company statement of changes in equity
For the year ended 31 December 2019

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2019	**134,388**	**1,512,482**	**(257,515)**	**1,389,355**
Net result for the year	–	–	(10,935)	(10,935)
Total comprehensive loss for the year	–	–	(10,935)	(10,935)
Share-based payment transactions	–	7,158	(7,158)	–
Balance at 31 December 2019	**134,388**	**1,519,640**	**(275,608)**	**1,378,420**

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2018	**134,385**	**1,507,730**	**(245,366)**	**1,396,749**
Net result for the year	–	–	(7,834)	(7,834)
Total comprehensive loss for the year	–	–	(7,834)	(7,834)
Capital increase	3	437	–	440
Share-based payment transactions	–	4,315	(4,315)	–
Balance at 31 December 2018	**134,388**	**1,512,482**	**(257,515)**	**1,389,355**

The accompanying notes are an integral part of the financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 €000	Year ended 31 December 2018* €000
Operating Profit		**83,455**	**146,914**
Depreciation, amortisation, impairment		313,143	211,565
Change in provisions		(2,418)	(263)
Loss from the disposal of non-current assets		(134)	(211)
Other non-cash revenues and expenses		5,371	(4,044)
Operating cash flow before changes in net working capital		**399,417**	**353,961**
Change in inventories		(2,445)	(162)
Change in trade accounts receivable		(18,699)	14,810
Change in trade accounts payable		14,062	(257)
Change in other net working capital		8,634	8,666
Income tax paid		(41,219)	(38,406)
Cash flow from operating activities (A)		**359,750**	**338,612**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions		(92,630)	(121,808)
Purchase of intangibles and property, plant and equipment		(79,900)	(93,775)
Proceeds from sale of intangibles and property, plant and equipment		2,101	1,124
Increase in other non-current assets		(478)	–
Decrease in other non-current assets		415	1,391
Interest received		203	966
Net cash from disposal of investments		(358)	375
Dividends received		394	298
Cash flow used in investing activities (B)		**(170,253)**	**(211,429)**
Proceeds from share capital increase		–	441
Interest paid		(135,046)	(153,973)
New loans, borrowings and other financial liabilities		1,108,708	472
Repayment of loans, borrowings and other financial liabilities		(951,742)	(12,491)
Repayment of lease liabilities		(85,475)	(68,619)
Dividends paid and other payments to non-controlling interests		(3,712)	(3,700)
Cash flow used in financing activities (C)		**(67,267)**	**(237,870)**
TOTAL CASH FLOWS (A+B+C)		**122,230**	**(110,687)**
Cash and cash equivalent at the beginning of the period		120,319	236,096
Net foreign exchange differences		(3,969)	(5,090)
Cash and cash equivalent at the end of the period	24	238,580	120,319
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**118,261**	**(115,777)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2019

1. Reporting entity

The consolidated financial statements were prepared by SYNLAB Limited (hereinafter: "the Company"), London, United Kingdom, the ultimate parent company of the Synlab Group. SYNLAB Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered under the number 09630775 (England and Wales) and has its registered address at 2 Portman Street, London W1H 6DU, United Kingdom. The Group consolidated financial statements as at and for the period from 1 January 2019 to yearend 31 December 2019 consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and include the Group's interest in associates.

The Synlab Group is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in the UK, employs approximately 22,000 employees and benefits from a pan-European network across 38 countries. The Group is currently active in Austria, the Republic of Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Gibraltar, Hungary, Isle of Man, Ireland, Italy, Lithuania, Mexico, Netherlands, Nigeria, North Macedonia, Norway, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom.

In the opinion of the directors, the Company's immediate and ultimate parent company is Ephios Luxembourg Sarl, a company registered in Luxembourg. The Group is ultimately owned by funds advised by Cinven Capital Management (V) General Partner Limited, authorised and regulated by the Guernsey Financial Services Commission (reference number: 2022096). Novo owns a stake of approximately 20% of the equity of SYNLAB. Cinven remains the majority holder.

The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is SYNLAB Limited, a company incorporated in the United Kingdom which operates under the laws of England and Wales. Copies of the group financial statements of SYNLAB Limited are available from Companies House.

The Group audited consolidated financial statements were authorised for issue by the directors on 15 April 2020.

2. Basis of preparation

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

2.1 Statement of compliance

The Group consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) effective as at 31 December 2019.

The parent company's financial statements present information about the Company SYNLAB Limited for the year ended 31 December 2019. The Company has elected to prepare the parent company's financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required equivalent disclosures are given in the Group consolidated financial statements.

2.2 IFRS basis adopted

2.2.1 *Standards, amendments and interpretations effective or adopted in 2019*

From 1 January 2019, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- IFRS 16: 'Leases'

The impact of adoption of these standards and the key changes to the accounting policies are disclosed below.

The following standards and amendments to IFRSs became effective for the period beginning on 1 January 2019 and did not have a material impact on the consolidated financial statements:

- Amendments to IAS 19: Employee Benefits (issued on 7 February 2018)
- IFRIC 23: Uncertainty over Income Tax Treatments
- Annual Improvements to IFRSs 2015-2017 Cycle: Amendments to IFRS 11 Joint Arrangements and IAS 12 Income Taxes
- Amendments to IFRS9: Prepayment Features with Negative Compensation
- Amendments o IAS28: Long term interests in Associates and Joint Ventures

IFRS 16

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) for the first time.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a Right of Use asset and a lease liability at the lease commencement for all leases, except for short-term leases, leases of low value assets (defined as all lease of assets with an original price of EUR 5,000.00 or less). The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

- The date of initial application of IFRS 16 for the Group is 1 January 2019.
- The Group has applied IFRS 16 using the fully retrospective approach from the date of acquisition, with restatement of the comparative information.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

IFRS 16 changes how the Group accounts for leases previously classified as operating leases and finance leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases the Group:

a) Recognises right of use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

b) Recognises depreciation of right of use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the local amount of cash paid into a principal portion (presented with financing activities) and interest (presented within operating activities) in the Consolidated statement of profit or loss.

Lease incentives (e.g. free rent period) are recognized as part of the measurement of the right of use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, Right of Use (RoU) assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and lease of low-value assets (such as personal computers and office furniture), the Group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right of use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

The Group has only few subleases to external parties with no material effect on financial statements.

Financial impact of initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior year.

Impact on profit or loss

The new standard has resulted in a change in the amount and presentation of expenses related to leases formerly classified as operating leases (where the Group is a lessee). Under IAS 17, the old standard, operating lease expense was presented as part of operating expenses. Applying IFRS 16,

the expense is split into financing cost and depreciation expense. Consequently, key performance indicators (KPIs) such as operating profit and Adjusted EBITDA, which are reported by Group, have been affected. The accounting for leases formerly classified as Finance Lease did not significantly change however now the IBR (Incremental Borrowing Rate) according to IFRS 16 will be applied for discounting the lease liability.

There are some exceptions. Any rental payments not included in the initial measurement of the liability, including variable lease payments, remain classified as operating expenses, including expenses relating to short-term and low-value leases contracts for which the Group, as a lessee, makes use of the available exemption.

For the twelve months period ended 31 December 2019 the Group shows following amounts classified as operating expenses:

- Short-term leases: 2.2 M€ (2018: 2.7 M€)
- Low-value leases: 1.2 M€ (2018: 0.8 M€)
- Variable lease payments: 4.2 M€ (2018 1.1 M€)

A number of the Group's leases relate to laboratory machines, and are classified as embedded leases according to IFRS. For laboratory machines which fall under such contracts, the Group purchases a volume of reagents and/or maintenance from the supplier at a fixed price per test, and the supplier provides the laboratory machine for no additional cost during the contractual period. The lease rental of the laboratory machine is included in the price per test. According to IFRS, the arrangement conveys a right to use the machine and therefore, a lease is present in the contract, and the arrangement falls within the scope of IFRS 16.

However, the price per test in the contractual terms of the aforementioned supply agreements are entirely variable and therefore do not in fact qualify as lease rentals under IFRS 16. Based on this, the affected laboratory machines are not included in the RoU assets for 2018 and 2019. Going forward, i.e. starting 2020, Synlab will consider this change in requirements regarding the contractual terms in the preparation of new supplier agreements or amendments, so that embedded lease arrangement will fall under the scope of IFRS 16. This process has already started and several agreements have been adjusted.

Impact on profit or loss at 31 December 2018		**As previously reported €000**	**IFRS 16 adjustments €000**	**As restated €000**
Material and related expenses	(1)	(431,892)	(7,350)	(439,242)
Other operating expenses	(2)	(423,106)	76,692	(346,414)
Depreciation and amortization	(3)	(150,771)	(60,788)	(211,559)
Operating profit before acquisition, restructuring and impairment of non-current assets		**187,856**	**8,553**	**196,408**
Operating profit		**138,361**	**8,553**	**146,914**
Share of loss of associates and other non-controlling interest	(4)	(1,261)	(31)	(1,292)
Finance costs	(5)	(164,062)	(13,141)	(177,203)
Loss before taxes		**(8,305)**	**(4,618)**	**(12,923)**
Income tax expenses	(6)	(30,414)	1,220	(29,194)
Net loss for the period		**(38,719)**	**(3,398)**	**(42,117)**

The application of IFRS 16 resulted in the following impact on profit or loss (1) Increase in Material and related expenses, (2) decrease in other operating expenses, (3) increase in depreciation and amortisation, (4) increase in share of loss of associates and other non-controlling interest, (5) increase in finance costs and (6) decrease in income tax expenses.

Impact on assets, liabilities and equity

The new requirements lead to an increase in recognised assets and liabilities. The Group, as lessee, had a significant portfolio of operating leases that were off-balance sheet under IAS 17. Most of these leases are recognised on-balance sheet under IFRS 16. The effect is more significant for leases with a longer lease period and a lower discount rate.

Equipment held under finance lease arrangements previously presented within property, plant and equipment is now presented within the line item right of use assets.

Deferred tax assets have been decreased due to the higher net effect of lease liabilities over right of use assets recognised.

Impact on assets, liabilities and equity as at 1 January 2018		**As previously reported €000**	**IFRS 16 adjustments €000**	**As restated €000**
Intangible assets	(a)	941,651	(60)	941,591
Property, plant and equipment	(b)	273,840	(60,386)	213,454
Right of use assets	(c)	–	376,140	376,140
Deferred tax assets	(d)	14,389	(9,338)	5,051
Total non-current assets		**3,644,069**	**306,356**	**3,950,425**
Total assets		**4,321,637**	**306,356**	**4,627,993**
Total equity		**1,085,132**	**(9,571)**	**1,075,561**
Non-current lease liabilities	(e)	44,397	269,357	313,754
Deferred tax liabilities	(f)	204,078	(12,158)	191,920
Total non-current liabilities		**2,805,633**	**257,199**	**3,062,832**
Current lease liabilities	(g)	18,952	58,728	77,680
Total current liabilities		**430,872**	**58,728**	**489,599**
Total liabilities and equity		**4,321,637**	**306,356**	**4,627,993**

Impact on assets, liabilities and equity as at 31 December 2018		As previously reported €000	IFRS 16 adjustments €000	As restated €000
Intangible assets	(a)	901,380	(164)	901,216
Property, plant and equipment	(b)	284,400	(58,174)	226,226
Right of use assets	(c)	–	399,522	399,522
Deferred tax assets	(d)	31,754	804	32,558
Total non-current assets		**3,771,205**	**341,988**	**4,113,193**
Total assets		**4,300,772**	**341,988**	**4,642,758**
Total equity		**1,060,729**	**(12,960)**	**1,047,769**
Non-current lease liabilities	(e)	40,427	300,607	341,033
Deferred tax liabilities	(f)	210,120	(3,551)	206,570
Total non-current liabilities		**2,813,554**	**297,056**	**3,110,609**
Current lease liabilities	(g)	21,375	57,890	79,266
Total current liabilities		**426,490**	**57,890**	**484,380**
Total liabilities and equity		**4,300,772**	**341,988**	**4,642,758**

The application of IFRS 16 resulted in the recognition of right of use assets (c) and lease liabilities (e) + (g).

Equipment under finance lease arrangements under IAS 17, previously presented within property, plant and equipment (b) is now being presented within the line item Right of use assets (c).

Lease liability on leases previously classified as finance leases under IAS17 and previously presented within obligations under finance leases is now presented in the line "lease liabilities" (e) + (g).

Lease incentives liability previously recognised with respect to operating leases has been derecognised and the amount factored into the measurement of the Right of use assets (c) and lease liabilities (e) + (g).

Impact on cash flows

- The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group.
- Under IFRS 16, lessees must present:
  - Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
  - Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
  - Cash payments for the principal portion for a lease liability, as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by 72 M€ in 2019 (69.2 M € in 2018) being the lease payments, and net cash used in financing activities has increased by the same amount.

Impact on cash flow as at 31 December 2018	As previously reported €000	IFRS 16 adjustments €000	As restated €000
Operating Profit	**138,502**	**8,411**	**146,914**
Depreciation, amortisation, impairment	150,778	60,787	211,565
Cash flow from operating activities (A)	**269,414**	**69,198**	**338,612**
Purchase of intangibles and property, plant and equipment	(85,154)	(8,621)	(93,775)
Cash flow (used in) investing activities (B)	**(202,808)**	**(8,621)**	**(211,429)**
Interest paid	(140,060)	(13,913)	(153,973)
Repayment of Lease liabilities	(21,954)	(46,665)	(68,619)
Cash flow from financing activities (C)	**(177,292)**	**(60,577)**	**(237,870)**
TOTAL CASH FLOWS (A+B+C)	**(110,687)**	**–**	**(110,687)**

Impact on the statement of changes in equity

The restatement to accumulated deficit to be recorded in the statement of changes in equity is as follows:

	Accumulated deficit €000
Balance at 1 January 2018	**(535,175)**
Effect of change in accounting policy for IFRS 16 (note 2.2.1)	(9,674)
Balance at 1 January 2018 – As restated	**(544,849)**

	Accumulated deficit €000
Balance at 1 January 2019	**(569,475)**
Effect of change in accounting policy for IFRS 16 (note 2.2.1)	(13,093)
Balance at 1 January 2019 – As restated	**(582,568)**

2.2.2 *New standards, amendments and interpretations not applicable*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2019, and have not been applied in preparing these consolidated financial statements.

- Amendments to IFRS 3: Definition of a Business
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 17: *Insurance Contracts* (will replace IFRS 4)
- Amendments to IAS 1 and IAS 8: Definition of material
- Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS Standards

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

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

2.5 Going Concern

The financial statements of the Group set out on pages 28 to 39 have been prepared on a going concern basis. At 31 December 2019, the Group had net assets of 947.5 M€ (31 December 2018 restated: 1,047.8 M€) and net current assets of 128.7 M€ (31 December 2018 restated: 45.2 M€). The Group reported an operating profit of 83.5 M€ for the year ended 31 December 2019 (31 December 2018 restated: 146.9 M€), net cash inflows from operating activities of 359.8 M€ (31 December 2018 restated: 338.6 M€) and cash inflows of 122.2 M€ (31 December 2018: 110.7 M€ outflows).

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

- the principal risks facing the Group and its systems of risk management and internal control;
- the current capital structure and liquidity of the Group (see Strategic Report and Note 25, Borrowings and other financial liabilities), including the recent draw down of 219 M€ of Revolving Credit Facility;
- the base case cashflow forecasts over 2020 and 2021 and a number of downside sensitivities to those forecasts, including a stress test scenario described further below;
- specifically in relation to the potential impact of the Covid-19 pandemic on the Group, the Directors have considered:
    - the current trading performance of laboratories in countries which are most significantly impacted by Covid-19;
    - market intelligence from competitors in markets such as China, who are further advanced through the pandemic, reflecting possible future trends;
    - current available information for each of the group's geographies regarding additional factors impacting the group as a result of Covid-19, primarily reflecting governmental support;
    - other mitigating factors within the group's control, specifically the timing of discretionary investment expenditure;

The key stress test scenario that the Directors have modelled reflects a reduction in volumes which management consider unlikely but have been used to demonstrate the impact on net cashflows. The assumptions used include:

- Volume reductions averaging 38% over the period from April to December 2020, phased for modelling purposes as follows:
  - 65% reduction in volumes across all operating segments between April and June 2020;
  - A gradual recovery in the second half of 2020 with 40% reduction in July, 30% in August and 20% in September to December.
- Mitigating actions within management control including delayed capital and M&A expenditure together with the estimated impact of existing governmental support relating predominantly to payroll cash costs and taxes.
- The stress test excludes any revenue generated by Covid-19 testing.

Under this stress test scenario and taking into account the RCF drawn down in March 2020, the Group still has liquidity headroom in excess of 150 M€ within the Going Concern period.

Leveraging the work done on the unlikely occurrence of the stress test scenario, the Group has also established a financial model to reflect latest available information and consider its financial impact on a monthly basis. This model is helping the Group in monitoring the impact of the dynamic situation on its financials.

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

- Business continuity plans are in place across each of the Group's operating segments, with measures to manage employee absences, the efficiency and stability of the Group's infrastructure and the ability for home working for non-operational activities. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues. The approach is reviewed on a daily basis in line with latest global developments and government guidance.
- Testing and particularly medical testing is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Group is highly diversified in terms of its geographies and the nature of the testing that it undertakes and is not materially exposed to a single customer or market sector.
- Although Covid-19 developments are fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility.

Following the assessment of the Group's financial position, the operational consequences and ramifications of the Covid-19 pandemic and its ability to meet its obligations as and when they fall due, based on the above analysis the Directors have a reasonable expectation that the Group will be able to continue to operate for at least the next 12 months. Therefore, the financial statements have been prepared on a going concern basis.

2.6 Use of estimates and judgements

The preparation of the consolidated Group financial statements requires management to make judgements, estimates and assumptions in applying the Group's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, with revisions to accounting estimates applied prospectively.

2.6.1 *Critical accounting judgements*

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

LEASES

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

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

- is within the control of the lessee; and
- affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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

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

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

BASIS OF CONSOLIDATION

Judgement is applied when determining if the Group controls a subsidiary or associate. In assessing control, the Group considers whether it has power over the investee to affect the amount of investors returns. See Note 3 Basis of consolidation policy and Note 4 Basis in scope of consolidation.

THE CLASSIFICATION OF SEPARATELY DISCLOSED ITEMS AND OTHER ADJUSTING ITEMS IN THE PRESENTATION OF ADJUSTED EBITDA

Judgement is exercised in determining the adjustments to apply to IFRS measurements in order to derive AEBITDA, which provides additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous costs classified as separately disclosed items or other adjusting items in the presentation of Adjusted

EBITDA are assessed based on the same criteria. A breakdown of the separately disclosed items is included in the Group income statement and within note 13 to the financial statements. A breakdown of the other adjusting items in the presentation of Adjusted EBITDA are disclosed in Note 5.

2.6.2 *Key sources of estimation*

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

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

REVENUE ESTIMATION

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

(a) revenue recognised based on as yet, unconfirmed public health budgets, where revenue is estimated based on historical patterns together with other publically available information (Germany, Italy, Switzerland and Spain being the most significant segments of the business impacted); and

(b) SYNLAB estimates the consideration received or receivable (taking into account the amount of any trade discounts and volume rebates) using

- down payments and pricing mechanisms as agreed during contract negotiations,
- historical experience,
- actual work performed (e.g. analyses completed) and
- other factors that might be relevant for adjusting down payments (e.g. inflation).

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

Please refer to Note 3 for further details.

GOODWILL AND IMPAIRMENT OF GOODWILL

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

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

Please refer to Note 16 Goodwill.

ACQUISITIONS

Acquisition accounting involves estimation in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. The key areas of estimation include:

- estimates in accounting for any unusual terms and conditions in the respective share purchase agreement ("SPA"), including contingent consideration. These amounts are contingent on the acquired business meeting agreed performance targets. At the date of the acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. See Note 30 Trade Payables and other Liabilities; and
- the key assumptions within the fair value calculation of the intangible assets through a purchase price allocation, specifically the discount rates, revenue growth rates and future cash flow forecasts.

Please refer to Note 4 Significant events and Note 17 Intangible assets.

3. Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

BASIS OF ACCOUNTING

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

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

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

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

The principal accounting policies adopted are set out below.

Notes to the consolidated financial statements
For the year ended 31 December 2019

BASIS OF CONSOLIDATION

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

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

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

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

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France.

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

In Germany, due to German fee regulations, local physicians outsource a wide range of laboratory procedures to medical collaborative laboratories ("CLs"), which may also be responsible for billing. The sole shareholders of such CLs are local physicians co-operating to provide the required services in an economically viable way. The Synlab Group as a laboratory services provider thus sometimes has to cooperate based on contractual agreements with these CLs to render services. As a consequence of these contracts most of the benefits from the CL's business operations accrue to the Group, i.e. the Group has put in place mechanisms that grant it the majority of the

economic rights in such CLs and allow it to control the relevant activities, in accordance with the German regulatory framework. The Group therefore considers it has control over the CLs even though it does not legally own a shareholding and fully consolidates those entities.

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

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

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

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

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

BUSINESS COMBINATIONS

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

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

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after the 12 months window are recognised in profit or loss and are presented in the dedicated aggregate "Acquisitions related expenses" line. Contingent consideration classified as equity is not re-measured.

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

Acquisitions and disposal of non-controlling interests

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

Acquisitions of achieved in stages

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

GOODWILL

Goodwill is initially recognised and measured as set out above.

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

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

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

INVESTMENTS IN ASSOCIATES

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

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

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

REVENUE

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

Those services include mainly analysis and diagnostic testing services for human medicine with notably the clinical biological testing, including routine and specialty tests (esoteric), anatomical pathology, histological or

cytological testings and the diagnostic imaging using medical and molecular imaging technologies, but also testing services for veterinary medicine. The Group also offers environmental analysis.

Since 2018 the Group applies the principles set out in IFRS 15 for revenue recognition by using the following five steps:

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

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

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

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

Human medicine

Health insurance funds

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

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

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

Doctors

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

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

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

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

Private patients

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

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

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

Hospitals

In case of hospital contracts, Synlab has to combine two or more contracts entered into at or near the same time with the same hospital (or related parties of the hospital) and account for the contracts as a single contract if (i) the contracts are negotiated as a package with a single commercial objective; (ii) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or (iii) the goods or services promised in the contracts are considered to be a single performance obligation.

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

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

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

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

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

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

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

Type 3 arrangements typically include an annual fixed amount of consideration that might be constant or increasing or decreasing from period to period. In addition, there is typically a variable component based on the number and complexity of analysis actually performed within each period. Accordingly, the amount of

consideration to which the entity will be entitled in exchange for transferring the lab operation services to the hospital shall be estimated.

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

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

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

Other labs, public agencies and other companies

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

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

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

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

Revenues environmental analysis

The contracting party ordering the environmental analysis is the customer according to IFRS 15. In general, the contractual basis for the revenue from environmental analysis comes from general service agreements.

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

The basis for remuneration with respect to revenues from environmental analysis and (optional) additional goods and services are the prices stated in the contract. In general, the price for each kind of analysis and each (optional) additional good and service is fixed.

In general, the prices for an analysis as stated in the contract reflect the stand alone selling price for such analysis, i.e. the price at which SYNLAB would sell the analysis separately to another customer with similar characteristics. Vice versa, the prices stated for additional goods and services are set independently from the actual volume of analysis ordered. Accordingly, no reallocation needs to be made.

With respect to analysis, the (estimated) transaction price (per analysis) is recognised once the results of the analysis have been validated and reported to the customer. With respect to (optional) additional goods and services that are considered to be both capable of being distinct and distinct within the context of the contract, the (estimated) transaction price for the good and service is recognised either at a point in time (on delivery of the good to the customer) or over time.

Revenues veterinary medicine

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

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

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

Revenues from trading goods

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

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

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

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

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

LEASES

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

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

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

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

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

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

Lease payments

Lease payments included in the measurement of the liability comprise:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured after the commencement date by:

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

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

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

Variable payments

Performance-linked and usage-based variable payments are excluded from the lease payments when calculating the right of use asset and the lease liability. Instead they are recognised in profit or loss in the period in which the event that triggers the payment occurs.

Lease modifications

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

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

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

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

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

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

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

- For all other lease modifications, making a corresponding adjustment to the right of use asset and lease liability.

Right of use assets

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

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

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

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

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

Short-term lease

The Group makes use of the "short-term" lease exemption for all leases that at commencement date have a lease term of 12 months or less, including any extension options. And all lease charges for lease with a duration of 12 months, measured from the commencement date, are recognised as an operating expense in profit or loss similar to charges for operating lease under IAS17.

Practical expedient

IFRS 16.C3 allows entities transitioning to the new standard, as a practical expedient, not to reassess whether a contract is, or contains, a lease (as defined by IFRS 16) at the date of initial application. Instead, the entity is permitted (IFRS 16.C3):

- To apply this Standard to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease, applying the transition requirements in IFRS 16.C5–C18 to those leases; and
- Not to apply this Standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

In the analysis completed, there were no contracts identified which would lead to a significant different classification under IFRS 16. Therefore, the Group decided to apply the above practical expedient to continue to account for current classified lease contracts (IAS 17/IFRIC 4) as lease contracts under IFRS 16 and current classified service contracts as service contracts under IFRS 16.

FOREIGN CURRENCIES

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

Foreign currency transactions and balances

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

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

The following key exchange rates were applied:

Value of €1:	Assets and liabilities Closing rates 31 December 2019	Income and expense Cumulative average rates Period ended 31 December 2019
Swiss Francs (CHF)	1.0854	1.1127
Colombian Peso (COP)	3,683.8300	3,622.7660
Czech Koruna (CZK)	25.4080	25.6697
Pound Sterling (GBP)	0.8508	0.8773
Croatian Kuna (HRK)	7.4395	7.4182
Hungarian Forint (HUF)	330.5300	325.2297

Value of €1:	Assets and liabilities Closing rates 31 December 2018	Income and expense Cumulative average rates Period ended 31 December 2018
Swiss Francs (CHF)	1.1269	1.1549
Colombian Peso (COP)	3,719.9600	3,488.8906
Czech Koruna (CZK)	25.7250	25.6432
Pound Sterling (GBP)	0.8945	0.8847
Hungarian Forint (HUF)	320.9800	318.8250

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

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

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

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

FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on hedging instruments that are recognised at fair value in profit or loss and foreign

currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

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

RETIREMENT BENEFIT COSTS

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

Defined contribution plans

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans and similar obligations

The Group's net obligation in respect of defined benefit pension plans and similar obligations comprises the amount of future benefit that employees have earned, based on the duration of the employee's service, expected salary increases and projected retirement age and discounted to determine a present value, less the fair value of the pension plan assets, if any. The calculation is performed by a qualified external actuary using the projected unit credit method. Actuarial gains and losses are recognised in equity.

TAXATION

Current income taxes

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

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Value-added tax (VAT)

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

DEPRECIATION

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The residual value is estimated to be nil € at the end of the useful life, except for real estate in certain cases.

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

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

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

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

INTANGIBLE ASSETS

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

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

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

The estimated useful lives are as follows:

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

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

During the initial purchase allocation when setting up the Synlab Group, the own Synlab brand was identified as an intangible asset. As the Synlab brand exists since the creation of the company in 1998 and Synlab is the largest European laboratory operator with a global presence, an indefinite useful life has been retained.

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

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

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

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

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

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

INVENTORIES

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

FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

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

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

Classification of financial assets

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

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

The Group does not have any debt financial assets that are recognised as fair value through other comprehensive income (FVTOCI). By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). For the Group, upon initial adoption of IFRS 9, the only assets held as FVTPL were derivative financial assets.

(1) Amortised cost and effective interest method

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "net finance costs – interest income" line item.

For these financial instruments, the Group measures the loss allowance equal to the 12 month expected credit losses, as there has been no significant increase in credit risk since initial recognition.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(2) Financial assets at FVTPL

Financial assets, that do not meet the criteria for being measured at amortised cost, are subsequently measured at FVTPL and are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 31.

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

- Financial assets with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial assets in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Impairment of financial assets

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

FINANCIAL LIABILITIES AND EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Direct issue costs are incremental costs directly attributable to the issue of equity instruments, net of any tax effects.

Equity instruments designated as at FVTOCI

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

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (note 14) in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit, or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument. All other financial liabilities are held at amortised cost.

Financial liabilities measured at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Financial liabilities that do not meet the criteria to be FVTPL are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition of a financial liability

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability

if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply any hedge accounting.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

PROVISIONS

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised when the Group has a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably expect that the restructuring will take place, or it must have already begun.

SHARE-BASED PAYMENTS

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option, that is, when the employee concerned is irrevocably entitled to exercise the option. The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect at any reporting date up to the date of first possibility of exercising the option the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or cash-settled is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

NON-CONTROLLING INTERESTS IN PARTNERSHIPS/PUT OPTIONS

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders has been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "Other financial expenses".

SEPARATELY DISCLOSED ITEMS

The Group is implementing a number of business change programmes as part of a wider transformational change programme. These include acquisitions, strategic projects focused on the operational, strategic and structural integration of previous significant acquisitions, business restructuring and redundancy programmes. Due to the exceptional size and incidence of these, individually and in aggregate, the directors believe that in order to present the performance of the Group in a clear, consistent and comparable format, the costs of these activities should be presented separately on the face of the income statement in dedicated lines in accordance with IAS 1.

The separately disclosed items recorded in the consolidated income statement include the following categories:

- Acquisition related costs (including transaction costs for cancelled or realised acquisitions, as well as earn out variations of fair value subsequent to the 1 year window period);
- Expenses for restructuring and other related costs (including costs associated with the Group's finance transformation, restructuring activities, severance costs and strategic projects); and
- Impairment and reversal of impairment of non-operational assets.

Disclosure of these items is provided in Note 13.

ADJUSTED EBITDA
(EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, IMPAIRMENT, SEPARATELY DISCLOSED ITEMS AND OTHER ADJUSTING ITEMS)

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are unusual, non-recurring or other items relevant to an understanding of the Group's performance.

This additional information is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other organisations. The non-statutory disclosures should not be viewed in isolation or as an alternative to the equivalent statutory measure. Information for separate presentation is considered as follows:

- Earnings before Interest, Taxation, Depreciation/Amortization/Impairment;
- Share of loss of associates and other non controlling interest;
- Profit on disposal of investment;
- Separately disclosed items (see Note 13 and Separately Disclosed Items above)
- Income and expenses from asset disposals;
- Share-based payments;
- Other non-recurring costs (see Note 5); and
- Penalties paid due to cancellations of contracts.

Disclosure of these items is provided in Note 5.

SEGMENT INFORMATION

The Group has not issued shares in a public market. Therefore the Group is not required to but has decided to disclose certain segment information in accordance with IFRS 8.

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

The segments presented below correspond to the information used by Group management to allocate resources to the various segments and to assess each segment's performance.

Segments

West Europe

Central Europe

North Europe

CEMEA

Analytics and Services

LATAM

Segment performance is mainly assessed based on total revenue and adjusted EBITDA and is measured consistently with the statement of income in the published consolidated financial statements. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad-hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4. Significant events

4.1 Changes in scope in consolidation

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

We sold in Lab1 AS (Norway) as of 25 July 2019.

Liquidated entities in fiscal year 2019:

Country	Entity
Belgium	Labco Finance SPRL
Belgium	Labco Belgium SA
Czechia	synlab genetics s.r.o.
Germany	LG Rhein-Nahe-Eck GbR
Spain	Centro De Patologia Celular Y Diagnostico Prenatal, S.A.
Romania	SYNLAB.VET S.R.L
UK	SYNLAB HoldCo III Limited

4.2 Acquisitions

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with a number of laboratories bolt-on acquisitions.

All acquisitions in the period earn revenues mainly from medical or environmental analyses. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

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

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
10. Jan. 2019	Czeck Republic	PROKOPEC COP s.r.o.	medical testing	market consolidation	share deal
14. Jan. 2019	Germany	EMT Medizintechnik GmbH&Co.KG(*)	medical testing	market consolidation	share deal
14. Jan. 2019	Germany	EMT Medizintechnik Verwaltungs GmbH(*)	holding	market consolidation	share deal
14. Jan. 2019	Germany	MVZ Laborzentrum Ettlingen GmbH(*)	medical testing	market consolidation	share deal
14. Jan. 2019	Germany	LS Medizinservice GmbH	medical testing	market consolidation	share deal
14. Jan. 2019	Germany	Laborgemeinschaft Albtal GbR(**)	medical testing	market consolidation	SPE
14. Jan. 2019	Germany	Laborgemeinschaft Südwest GbR(**)	medical testing	market consolidation	SPE
25. Jan. 2019	Denmark	SYNLAB Holding Denmark ApS	holding	expansion	FC set up
01. Feb. 2019	Denmark	Dansk Medicinsk Data Distribution A/S	software	expansion	share deal
04. Mar. 2019	Spain	SEAT Cordoba	medical testing	market consolidation	asset deal
29. May 2019	Spain	Salusartix	medical testing	market consolidation	asset deal
30. May 2019	Italy	Centrolab S.r.l.	medical testing	market consolidation	share deal
31. May 2019	Italy	Poliambulatori Santa Maria S.r.l.	medical testing	market consolidation	share deal
31. May 2019	Italy	Santa Maria Centrol Analisi Chimico Clinche S.r.l.	medical testing	market consolidation	share deal
31. May 2019	Spain	Laboratorios Clinicos Gallegos Reunidos S.L.	medical testing	market consolidation	share deal
31. May 2019	Spain	Laboratorios Clinicos Compostela S.L.	medical testing	market consolidation	share deal
01. Jul. 2019	Germany	CBA – Gesellschaft für chemische CBA – Gesellschaft für chemische und biologische Analytik mbH	medical testing	market consolidation	share deal
01. Jul. 2019	France	CEVEN Labo SELAS	medical testing	market consolidation	share deal
04. Jul. 2019	Colombia	Andreas Rothstein S.A.S.	medical testing	market consolidation	share deal
08. Jul. 2019	Italy	Laboratorio Analisi Clinico Chimiche Camillo Golgi S.r.l.	medical testing	market consolidation	share deal
08. Jul. 2019	Italy	Poliambulatorio Camillo Golgi S.r.l.	medical testing	market consolidation	share deal
09. Jul. 2019	Italy	Immunolab S.r.l.	medical testing	market consolidation	share deal
27. Aug. 2019	Colombia	Botero Sanin S.A.S.	medical testing	market consolidation	share deal
02. Sept. 2019	Sweden	SYNLAB Sverige AB (formerly: Aleris Medilab AB)	medical testing	market consolidation	share deal
01. Oct. 2019	Portugal	Laboratório de Análises Clínicas São José, Lda.	medical testing	market consolidation	share deal
01. Oct. 2019	Spain	Seaslab S.L.	vetenerary	expansion	share deal
04. Oct. 2019	Colombia	Laboratorio Clinico Falab S.A.S.	medical testing	market consolidation	share deal
04. Nov. 2019	Denmark	AnalyTech Miljølaboratorium A/S	water testing	expansion	share deal
07. Nov. 2019	Germany	Patholgie Mutlangen	patholgy testing	market consolidation	asset deal
28. Nov. 2019	Ukraine	Synlab-Ukraine TOB	medical testing	expansion	share deal
29. Nov. 2019	France	Laboratoire d'Analyses de Biologie Medicale Biopole 33 SELARL	medical testing	market consolidation	share deal
29. Nov. 2019	France	SCI des Practiciens de Floirac (***)	real estate	market consolidation company	share deal

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
30. Nov. 2019	France	Vals	medical testing	market consolidation	asset deal
12. Dec. 2019	Italy	Centro Diagnostico Eur S.r.l.	medical testing	market consolidation	share deal

(*) We acquired only 75.0% of control. For all other deals we acquired 100% voting rights subject to applicable legal constraints.

(**) Special Purpose Entities

(***) We acquired only 9.7% of voting rights; we do not consolidate this entity (less than 20% control).

The businesses acquired have generated an increase of goodwill amounting to 67.7 M€.

At the date of acquisition, the fair values of the identifiable assets were as follows:

	€000
Non-current assets	
Intangible assets	33,733
Property, Plant and Equipment	7,827
Right of Use Assets	5,909
Other non-current assets	225
Deferred tax assets	134
Current assets	
Inventories	1,503
Trade accounts receivable	9,227
Other current assets	3,946
Cash and cash equivalents	7,774
Total assets	**70,278**
Non-current liabilities	
Loans and borrowings (non-current)	330
Lease liability (non-current)	5,137
Employee benefits liabilities	717
Non-current provisions	58
Other long term liabilities	191
Deferred tax provisions	8,046
Current liabilities	
Current loans and borrowings	405
Current Lease liabilities	775
Trade accounts payable	4,182
Contract liabilities	375
Current provisions	914
Income tax liabilities	2,498
Other current liabilities	6,744
Total liabilities	**30,372**
Total identifiable net assets at fair value	**39,906**
Negative Goodwill (recognized in consolidated statement of income)	(240)
Goodwill from company acquisitions	67,744
Total consideration	**107,410**

The consideration at acquisition date is satisfied by:

	€000
Cash consideration	84,446
Deferred consideration	10,301
Contingent consideration	12,663
Total consideration transferred	**107,410**

Goodwill in the amount of 67.8 M€ reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. The goodwill per CGU is as follows:

CGU	**€000**
Germany	8,732
France	22,591
Italy	8,501
Northern Europe	5,512
Iberia	8,261
CEMEA	78
LATAM	3,417
Analytics & Services	10,652
Total	**67,744**

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

If the companies acquired by way of a share deal had been acquired as at the beginning of the year, revenue would have been 36.4 M€ higher and consolidated profit would have been 3.0 M€ higher.

The companies acquired in share deals have contributed 36.5 M€ to revenue and increased by 1.3 M€ consolidated profit or loss since their acquisition.

The acquired French companies CEVEN Labo SELAS and Laboratoire d'Analyses de Biologie Medicale Biopole 33 SELARL. and German company CBA - Gesellschaft für chemische CBA - Gesellschaft für chemische und biologische Analytik mbH were merged after the acquisition. Due to these mergers, no information can be provided about these companies' contribution to revenue and consolidated profit or loss.

Cash outflow due to company acquisitions:

Analysis of cash outflow due to company acquisitions	**€000**
Total consideration	(107,410)
Deferred consideration on 2019 acquisitions unpaid	5,396
Contingent consideration on 2019 acquisitions unpaid	12,543
Total cash consideration	**(89,471)**
Net cash of acquired companies	7,774
Actual cash outflow due to 2019 company acquisitions	**(81,697)**
Cash outflows due to the prior year company acquisitions	(10,933)
Actual cash outflow due to company acquisitions	**(92,630)**

Transaction costs related to the closed acquisition amount to 2.6 M€ (2018: 3.0 M€) and were expensed as incurred in the separately disclosed items balance "Acquisition related expenses".

For significant events as at 31 December 2018 please refer to Note 4 Business combinations of the Group's annual consolidated financial statements for the year ended 31 December 2018.

5. Adjusted EBITDA

As set out within Note 3, in the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off and should be adjusted in order to reflect an understanding of the Group's performance.

The reconciliation between net loss and adjusted EBITDA is as follows:

	Year ended 31 December	
	2019 €000	**2018* €000**
Net loss for the period	**(107,951)**	**(42,117)**
Income tax expenses	24,316	29,194
Finance expenses	191,013	177,203
Finance income	(24,990)	(18,517)
Share of loss of associates and other non-controlling interest	1,125	1,292
Profit on disposal of investment	(58)	(141)
Operating profit	**83,455**	**146,914**
Adjustments for:		
Impairment of non-current assets(1)	91,064	–
Acquisitions related expenses(1)	(1,532)	2,037
Restructuring and other significant expenses(1)	31,808	47,457
Operating profit before acquisition, restructuring and impairment of non-current assets	**204,795**	**196,408**
Other adjustments for:		
Depreciation and amortisation	222,087	211,559
Income and expenses from asset disposals	(134)	(70)
Share-based payments	5,828	4,318
Other non-recurring costs(2)	3,243	5,447
Penalties paid due to cancellation of contracts(3)	767	1,553
Adjusted EBITDA	**436,586**	**419,215**

* Restated on adoption of IFRS 16. Refer to Note 2.2

(1) Please refer to Note 13 Seperately Disclosed Items.

(2) Other non-recurring costs primarily consists of costs relating to shareholder related activities, including certain legal costs totalling 1.4 M€ (2018: 2.7 M€). Also included within other non-recurring costs are legal and litigation costs relating to one-off items (previous M&A and restructuring events).

(3) Penalties paid due to cancellation of contracts mainly refer to rental payments in Italy (0.3 M€) and the termination of contracts of IT services in Germany (0.3 M€).

6. Segmental analysis

The information by geographical segment and for the business segment Analytics & Services ("A&S") presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. It is extracted from the Group's consolidated reporting system and prepared in accordance with the same accounting rules as in the consolidated financial statements and set out in the notes thereto. The policies applied to determine the operating segments presented are set out in Note 3 Significant accounting policies above in the section Segment information.

SEGMENT REPORTING	Year ended 31 December 2019							
	West Europe €000	Central Europe €000	North Europe €000	CEMEA €000	A&S €000	LATAM €000	Elimi-nation €000	Total Group €000
Revenue external	628,043	782,882	226,366	190,157	202,031	78,622	–	2,108,101
Revenue Intercompany	8,851	10,334	578	40	264	0	(20,067)	0
Ratio Adj. EBITDA/Revenue	*24.6%*	*21.1%*	*18.6%*	*24.1%*	*16.8%*	*19.1%*		*20,7%*
Adjusted EBITDA	**154,765**	**165,754**	**42,099**	**45,753**	**33,936**	**14,992**	**(20,713)**	**436,586**
Acquisitions related expenses and income								1,532
Restructuring and other significant expenses								(29,530)
Impairment of non-current assets								(91,064)
Share of loss of associates and revaluation of non-controlling interest								(1,125)
Net finance costs								(166,023)
Income tax expenses								(24,316)
Profit on disposal of investment								58
Depreciation and amortisation								(222,087)
Income and expenses from asset disposals								134
Share-based payments								(5,828)
Other non-recurring costs								(5,521)
Penalties paid due to cancellation of contracts								(767)
Net loss for the period								**(107,951)**

SEGMENT REPORTING

	Year ended 31 December 2018							
	West Europe €000	**Central Europe €000**	**North Europe €000**	**CEMEA €000**	**A&S €000**	**LATAM €000**	**Elimi-nation €000**	**Total Group €000**
Revenue external	613,627	750,740	198,377	175,048	190,406	70,082	–	1,998,280
Revenue Intercompany	8,897	10,189	318	37	272	–	(19,713)	–
Ratio Adj. EBITDA/Revenue	*25.6%*	*22.3%*	*16.9%*	*21.2%*	*16,5%*	*17.1%*		*21.0%*
Adjusted EBITDA	**156,714**	**167,375**	**33,363**	**37,123**	**31,469**	**11,960**	**(18,789)**	**419,215**
Acquisitions related expenses and income								(2,037)
Restructuring and other significant expenses								(47,457)
Impairment of non-current assets								–
Share of loss of associates and revaluation of non-controlling interest								(1,292)
Net finance costs								(158,686)
Income tax expenses								(29,194)
Profit on disposal of investment								141
Depreciation and amortisation								(211,559)
Income and expenses from asset disposals								70
Share-based payments								(4,318)
Other non-recurring costs								(5,447)
Penalties paid due to cancellation of contracts								(1,553)
Net loss for the period								**(42,117)**

The column Elimination includes all Group central functions included in Corporate holdings such as management, legal, Group finances and treasury, internal audit and strategic procurement which cannot be attributed to individual operating segments. Furthermore, the Group total includes finance income and expenses and taxes because they are centrally managed by the Group, and therefore cannot be attributed to individual business segments, as well as the elimination of transactions conducted among the individual segments.

The detail of revenue by country is as follows for the period from 1 January until 31 December 2019:

	Year ended 31 December			
	2019 €000	%	2018 €000	%
West Europe	**628,043**	**30**	**613,628**	**31**
France	474,407	22	461,148	23
Portugal	51,644	2	48,524	2
Spain	101,992	5	103,955	5
Central Europe	**782,882**	**37**	**750,740**	**37**
Germany	428,989	20	404,637	20
Italy	237,046	11	225,133	11
Switzerland	116,847	6	120,970	6
North Europe	**226,366**	**11**	**198,377**	**10**
Belgium	48,702	2	49,011	2
Denmark	3,352	0	0	0
Estonia	18,676	1	16,380	1
Finland	51,641	2	39,107	2
Ireland	1,346	0	1,219	0
Lithuania	2,612	0	2,363	0
Norway	586	0	1,029	0
Sweden	5,008	0	–	–
United Kingdom	94,442	4	89,268	4
CEMEA	**190,157**	**9**	**175,047**	**9**
Austria	27,914	1	25,241	1
Croatia	2,278	0	1,897	0
Cyprus	3,653	0	2,222	0
Czech Republic	53,174	3	52,113	3
Ghana	2,565	0	2,006	0
Hungary	42,114	2	40,099	2
Nigeria	4,381	0	3,863	0
North Macedonia	1,827	0	1,746	0
Poland	1,689	0	1,520	0
Romania	11,804	1	10,978	1
Slovakia	12,828	1	12,128	1
Slovenia	4,167	0	3,502	0
The Republic of Belarus	5,777	0	4,711	0
The United Arab Emirates	6,519	0	6,212	0
Turkey	9,284	0	6,810	0
Ukrania	182	0	–	–
LATAM	**78,622**	**4**	**70,082**	**4**
Brazil	9,902	0	9,636	0
Columbia	47,590	2	45,810	2
Ecuador	9,704	0	3,130	0
Mexico	1,129	0	850	0
Panama	259	0	279	0
Peru	10,039	0	10,377	1

	Year ended 31 December			
	2019 €000	%	2018 €000	%
Analytics & Services	**202,031**	**10**	**190,407**	**10**
Austria	4,787	0	4,437	0
Denmark	938	0	–	0
Finland	2,760	0	2,640	0
Germany	75,261	4	72,131	4
Italy	3,789	0	1,931	0
Netherlands	47,878	2	46,284	2
Norway	4,841	0	5,113	0
Sweden	35,975	2	34,066	2
Switzerland	10,723	1	10,637	1
United Kingdom	15,079	1	13,167	1
Total revenue	**2,108,101**	**100**	**1,998,280**	**100**

There are no single customers that contribute 10 per cent or more to the Group's revenue in either 2019 or 2018, as the Group generates revenue from a wide range of analysis and diagnostic testing services with a wide range of customers in many different countries worldwide.

7. Revenue

The components of revenue are as follows:

	Year ended 31 December	
	2019 €000	2018 €000
Revenues human medicine	1,741,308	1,656,907
Revenues environmental analysis	209,966	195,055
Revenues veterinary medicine	31,246	29,071
Revenues from trading goods	16,344	17,662
Other revenues	109,237	99,585
Total revenue	**2,108,101**	**1,998,280**

Other revenue mainly consist of revenue from studies, hygiene analysis and nuclear medicine.

8. Materials related expenses

Significant items included in material expenses are as follows:

	Year ended 31 December	
	2019 €000	2018* €000
Reagents	(135,329)	(129,775)
External analysis services	(72,856)	(66,625)
Consumables	(96,146)	(92,470)
Per reported result	(112,805)	(102,080)
Temporary workers	(35,826)	(33,871)
Other	(13,992)	(14,421)
Total	**(466,955)**	**(439,242)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis.

9. Payroll related expenses

	Year ended 31 December	
	2019 €000	**2018 €000**
Salaries and wages	(602,429)	(570,130)
Social security contributions	(171,552)	(162,927)
Other personnel related costs	(58,283)	(54,501)
Subcontracting/temporary staff	(30,936)	(32,575)
Share-based payments	(5,828)	(4,318)
Total payroll and related expenses	**(869,028)**	**(824,451)**
Average number of employees during the year:	**22,552**	**21,728**
Administration	3,361	2,900
Operation	19,191	18,828
thereof doctors/biologists	1,757	1,595

The weighted average headcount throughout the year was 22,552 (2018: 21,728) employees.

Other personnel related costs include, amongst others, profit sharing, pensions expenses, travel expenses, fees for training of personnel and food allowances.

Details of pension arrangements and share-based payment transactions are set out in Notes 26 and 27 respectively. In the year ended 31 December 2019, 47.2 M€ (2018: 42.0 M€) was paid by the Group into defined contribution plans.

Salaries and wages expenses include also the variable remuneration paid to biologists under various legal forms, either compensation paid as salary or, mainly for French biologists, the priority dividends paid on the current year result. The priority dividends to be paid to certain laboratory doctors after year-end are recognised as employee benefits expense and liability in the current year.

10. Other operating expenses

Significant items included in other operating expenses are as follows:

	Year ended 31 December	
	2019 €000	**2018* €000**
Low value, variable and short term lease	(8,330)	(4,635)
Marketing and communication expenses	(42,819)	(40,961)
Transportation expenses	(64,456)	(57,798)
Repairs and maintenance and insurance expenses	(35,533)	(36,934)
Utilities	(58,032)	(49,675)
Consulting and advisory fees	(30,183)	(30,678)
IT and administration expenses	(48,865)	(46,488)
Personnel related expenses	(32,861)	(33,311)
Other taxes, dues and fees	(8,392)	(7,110)
Other expenses	(35,730)	(38,825)
Total other operating expenses	**(365,201)**	**(346,415)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

Other expenses include, amongst others, service charges relating to security, cleaning and storage costs.

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

Audit services

Audit services are included in the line Consulting and advisory fees. During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs. The amount of fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements for the period from 1 January 2019 until 31 December 2019 and the comparative period for all the consolidated companies, where they are appointed, is broken down as follows:

Audit fees:

	Year ended 31 December	
	2019 €000	**2018 €000**
Fees payable to the Company's auditor for the audit of the Company's financial statements	489	422
The audit of the Company's subsidiaries	3,618	3,341
Total audit fees	**4,107**	**3,762**

Non-audit fees:

	Year ended 31 December	
	2019 €000	**2018 €000**
Corporate finance services	3,314	489
Other services	191	90
Total non-audit fees	**3,505**	**579**
Total fees	**7,612**	**4,341**

11. Other operating income

Significant items included in other operating income are as follows:

	Year ended 31 December	
	2019 €000	**2018 €000**
Rental and lease income	473	418
Income from overdue fines	1,059	995
Other	18,433	18,382
Total other operating income	**19,965**	**19,795**

Other is the aggregation of various insignificant items of other income from across the group.

12. Depreciation and amortisation

Depreciation and amortisation relate to the following items:

	Year ended 31 December	
	2019 €000	**2018* €000**
Property, Plant and Equipment	(51,820)	(50,497)
Right of Use assets	(87,634)	(83,289)
Customer relationships	(61,620)	(59,220)
Intangible assets	(21,013)	(18,553)
Total depreciation and amortisation	**(222,087)**	**(211,559)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

Amortisation of customer relationships relates to customer relationships recorded as part of the acquisitions done by the Group.

13. Separately disclosed items

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

The separately disclosed items mainly include in the year to 31 December 2019 the following expenses or provisions:

		Year ended 31 December	
		2019 €000	2018 €000
Strategic project costs	(a)	(4,315)	(6,624)
Finance transformation and IT projects	(b)	(13,166)	(13,397)
Restructuring, severance and other expenses	(c)	(14,328)	(27,436)
Restructuring and other significant expenses		**(31,808)**	**(47,457)**
Cost on current year acquisitions and abandoned projects	(d)	(5,545)	(6,620)
Release of provisions for earn outs and other deferred payments for acquisitions	(d)	7,077	4,583
Acquisition related expenses/income		**1,532**	**(2,037)**
Impairment of goodwill	(e)	(90,011)	–
Impairment of customer lists, other fixed assets and non-current assets		(1,053)	–
Impairment and reversal of impairment of assets		**(91,064)**	**–**
Total		**(121,340)**	**(49,494)**

(a) This category includes 4.3 M€ (2018: 6.6 M€) of costs associated with strategic projects as part of the Group's wider business transformation program.

Thereof, the amount of 3.5 M€ (2018: nil) was incurred for projects related to the implementation of the Group's strategy, "For You" (see also the respective section in the Strategic Report), primarily relating to consulting, market research and promotion for retail, hospital and prescriber sales initiatives, setting up of management training and employee satisfaction monitoring.

(b) This category includes costs relating to the group-wide ERP and other significant IT implementation programs, totaling 13.2 M€ (2018: 13.4 M€). These costs within this category were considered not to meet the group's policy for capitalistion of software development costs, in accordance with IAS 38.

Thereof, the amount of 7.8 M€ (2018: 11.2 M€) was incurred in course of setting up ERP in Switzerland and Italy, as well as improvement of accounting and financial reporting systems, including, but not limited to, the support of implementation of the new IFRS 16 accounting standard, ongoing costs of complying with this new accounting standard will not be separately disclosed.

The amount of 5.4 M€ (2018: 2.2 M€) was incurred in various geographies, including but not limited to setting up of new laboratory information systems (LIS), data center and other IT related projects in Germany, France, as well as in the holdings of the Group for the support of these projects. The personnel expenses within this category total 3.7 M€. The cost of these individuals is directly attributable to those related one-off projects.

(c) This category includes expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programs. Included within this total is 7.0 M€ of severance costs, as well as 5.8 M€ for costs relating to significant restructuring and relocation programmes in 2019, in particular in Germany. The personnel expenses within this category are 1.4 M€. The cost of these individuals is directly attributable to those related one-off projects. Other expenses in this category include costs relating to a strategic review and a diligence exercise totaling 2.7 M€. The total amount of restructuring, severance and other expenses is net of the income from the release of provisions for similar costs recorded in prior years (2018: 27.4 M€, including 10.2 M€ severance costs associated with staff redundancies as well as 6.0 M€ provision for retroactive reduction of prices by authorities in the region of Campania, Italy).

(d) The net income of 1.5 M€ (2018: 2.0M€ expenses) from acquisition projects done or abandoned by the Group includes 5.6 M€ legal and consulting expenses (2018: 6.6 M€) and 7.1 M€ release of provision for earn-outs relating to previous acquisitions (2018: 4.6 M€).

(e) The impairment test performed as of 31 December 2019 resulted in impairment of goodwill for the CGU Switzerland in an amount of 90.0 M€ (2018: nil); for further details please refer to Note 16 Goodwill.

14. Net finance costs

	Year ended 31 December	
	2019 €000	2018* €000
Finance income	24,990	18,517
Interest expenses on financial liabilities measured at amortised cost	(157,325)	(141,477)
Interest expenses on leases	(16,035)	(17,012)
Other interest expenses	(614)	(481)
Loss on remeasurement of derivatives at fair value through profit or loss	(213)	(5)
Exchange losses	(15,177)	(17,503)
Other financial expenses	(1,649)	(725)
Total finance costs	**(191,013)**	**(177,203)**
Net finance costs	**(166,023)**	**(158,686)**

* Restated on adoption of IFRS 16. Refer to Note 2.2

The interest expenses relate mainly to:

i. the 920 M€ Senior Secured Term Loan with effective interest rate of 3.91% due 2026

ii. the 150 M€ and 300 M€ Term Loans with effective interest rate of 3.2% due 2022

iii. the 940 M€ Senior Secured Floating Rate Notes due 2022 at effective interest rate of 3.67 (applied above the EURIBOR floored at zero and to the 375 M€ 8.5% Senior Fixed Rate Notes issued by SYNLAB Unsecured Bondco PLC on-lent to SYNLAB Bondco PLC due 2023.

It also includes the interest expenses on the drawn part of the Revolving Credit Facility ("RCF") as well as the commitments fees on the undrawn part of the RCF. Additionally it includes the interest expenses to the 900 M€ Senior Secured Fixed Rate Notes with effective interest rate of 6.25% repaid on 1 July 2019, as well as the not amortised part of debt issuance costs of the Senior Secured Notes amounting 9.4 M€ and the premium paid for early repayment amounting 14 M€. The exchange losses mainly relate to unrealized losses from intercompany loans.

15. Income tax expenses

Analysis of tax charge in the year:

	Year ended 31 December 2019 €000	Year ended 31 December 2018 €000
Current tax current year	(42,058)	(40,158)
Current tax prior year	540	(2,713)
Deferred tax	17,202	13,677
Total income tax expenses	**(24,316)**	**(29,194)**

Since 2016, Management has decided to reconcile at the UK rate of corporation tax (on the basis that the group results are consolidated into a UK resident company) rather than the blended rate for the period.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Loss on ordinary activities before tax	(83,636)	(8,304)
Tax credit expected on the loss on ordinary activities at 19.00% (2018: 19.00%)	15,891	1,578
Impairment of acquired goodwill	(17,097)	–
Other net permanent differences on non-deductible items	(5,766)	(2,562)
Non-taxable income	215	14
Non UK profits taxed at rates different from the UK rate	(19,366)	(14,665)
Net movements in temporary differences upon which no deferred tax asset has been recognised	1,282	(12,022)
Effect of changes in corporate tax rates on deferred tax balances	(61)	970
Net prior year tax adjustments	540	(2,713)
Other items	47	206
Total tax charge for the year	**(24,316)**	**(29,194)**

The effective tax rate differs from the UK corporation tax rate for the period as a result of a number of adjustments, including non-deductibility of financing costs for which either tax relief is not available at all or for which no deferred tax asset is recognised. In addition the majority of the profits of the group arise in jurisdictions with higher rates of corporation tax (mainly France and Italy).

16. Goodwill

		Goodwill €000
Gross amount	**At 1 January 2019**	**2,671,943**
	Business acquired	67,744
	Foreign currency translation	11,397
	31 December 2019	**2,751,084**
Impairment	**At 1 January 2019**	**(143,265)**
	Impairment charge	(90,000)
	Foreign currency translation	(136)
	31 December 2019	**(233,401)**
Carrying amount	**At 1 January 2019**	**2,528,677**
	At 31 December 2019	**2,517,683**

		Goodwill €000
Gross amount	**At 1 January 2018**	**2,535,076**
	Business acquired	127,548
	Foreign currency translation	9,318
	31 December 2018	**2,671,942**
Impairment	**At 1 January 2018**	**(141,552)**
	Impairment charge	–
	Foreign currency translation	(1,713)
	31 December 2018	**(143,265)**
Carrying amount	**At 1 January 2018**	**2,393,524**
	At 31 December 2018	**2,528,677**

Goodwill values for the acquisitions made during the period ended 31 December 2019 are provisional and subject to modification in the twelve months period following the acquisition date.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to cash generating units or groups of cash-generating units ("CGUs") defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The CGUs and group of CGUs for the year ended 31 December 2019 are Germany, France, Italy, Switzerland, Iberia, North Europe (UK, Belgium, Estonia, Finland, Lithuania, Norway), CEMEA (Austria, Czech Republic, Slovakia, Hungary, Emerging Markets), LATAM and Analytics and Services.

The aggregate carrying amounts of goodwill allocated to each group of CGUs and key assumptions of the impairment testing model are as follows:

As at 31 December 2019	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	487,525	2,1%	7,0%	9,1%
France	898,106	1,7%	7,8%	9,1%
Switzerland	141,149	1,0%	8,1%	9,8%
Italy	389,584	1,5%	8,8%	11,7%
Iberia	73,218	1,7%	8,8%	11,0%
Northern Europe	155,202	1,9%	8,2%	9,6%
CEMEA	126,217	2,7%	9,8%	11,3%
LATAM	51,587	2,6%	10,9%	14,4%
Analytics & Services	195,095	2,0%	7,7%	9,6%
	2,517,683			

As at 31 December 2018	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	478,791	2,6%	7,3%	9,4%
France	875,514	1,9%	8,1%	10,2%
Switzerland	221,426	1,0%	6,7%	7,9%
Italy	381,081	1,7%	9,5%	12,9%
Iberia	64,959	2,0%	9,8%	12,0%
Northern Europe	146,796	2,0%	8,5%	10,1%
CEMEA	126,156	2,5%	9,7%	11,1%
LATAM	48,173	2,8%	11,8%	15,9%
Analytics & Services	185,781	1,9%	7,6%	9,4%
	2,528,677			

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period. The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5 year business plan shows trends in volumes, prices and direct costs based on past trends and on the future market outlook which include a certain level of uncertainties, especially in the current context of economic difficult environment in certain European countries. The impact of the Corona-Virus crisis is however not included as this is a post balance sheet event (see Note 35).
- The cash flows projections for the years 2020 to 2024 include also:
  - Taxes impact by applying the latest enacted rate per country;
  - Working capital; and
  - Capital expenditures corresponding in general to 4.9% (2018: 4.2%) of forecasted annual turnover
- The terminal value is then calculated by discounting the forecast flows of the last year (2024) using a perpetual growth rate between 1.0% and 2.8% (2018: 1.0% and 2.8%) depending on the cash generating unit. This percentage is management's best estimate of the expected market evolution based on the long term inflation rates for each CGU or published sector-specific market research.
- The discount rate is based on the respective CGU's weighted average cost of capital (WACC) including a leveraged beta, cost of debt and cost of equity (including market risk premium and size premium);
- Discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates result in value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow. (as required by IAS 36).

RESULT OF ANNUAL IMPAIRMENT TESTING

Based on the impairment test calculation performed, impairment of 90 M€ was recognized for the CGU Switzerland as of December 2019.

Sensitivity analysis

The calculation of the value in use is most sensitive to EBITDA and discount rates.

A post-tax discount rate increase of 1% point would not lead to any additional goodwill impairment in all the CGUs, except for Switzerland, where it would lead to an additional 29 M€ being recognised.

A 5% decrease in the forecasted EBITDA over the forecasts horizon included in the terminal value would not cause any impairment, again except for the CGU Switzerland, for which it would result in an additional 10 M€ impairment (2018: nil M€).

The impact of the Corona-Virus crisis will be taken into account in future impairment tests.

17. Intangible assets

Gross amount of intangible assets	Gross amount as at 1 January 2019* €000	Acquisition of sub-sidiaries €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassifi-cation €000	Gross amount as at 31 December 2019 €000
Customer relationships	1,005,700	32,216	9,285	17	(475)	–	1,046,743
Trademarks	36,799	–	(21)	–	–	–	36,778
Software	84,558	436	503	17,052	(1,192)	4,418	105,775
Property rights and similar rights	11,471	1,045	111	1,039	(168)	(23)	13,475
Other	11,994	15	1	8,820	–	(3,078)	17,752
Intangible assets	**1,150,522**	**33,712**	**9,879**	**26,928**	**(1,835)**	**1,317**	**1,220,523**

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

Accumulated amortization and carrying amount of intangible assets	As at 1 January 2019* €000	Amorti-sation and • €000	Foreign currency translation €000	Disposal €000	As at 31 December 2019 €000	Carrying amount as at 1 January 2019 €000	Carrying amount as at 31 December 2019 €000
Customer relationships	(203,627)	(61,620)	(2,736)	200	(267,783)	802,073	778,960
Trademarks	(341)	(155)	8	–	(488)	36,458	36,290
Software	(39,242)	(18,911)	(363)	2,320	(56,196)	45,316	49,579
Property rights and similar rights	(6,096)	(2,991)	(67)	160	(8,994)	5,375	4,481
Other	–	–	–	–	–	11,994	17,752
Intangible assets	**(249,306)**	**(83,677)**	**(3,158)**	**2,680**	**(333,461)**	**901,216**	**887,062**

Gross amount of intangible assets	Gross amount as at 1 January 2018* €000	Acquisition of sub-sidiaries €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassifi-cation €000	Gross amount as at 31 December 2018* €000
Customer relationships	995,618	5,728	3,904	450	–	–	1,005,700
Trademarks	36,804	–	(5)	–	–	–	36,799
Software	65,454*	217	129	17,249	(1,845)	3,354	84,558
Property rights and similar rights	11,651	316	19	505	(1,294)	274	11,471
Other	4,374	35	(3)	11,216	–	(3,628)	11,994
Intangible assets	**1,113,901**	**6,296**	**4,044**	**29,420**	**(3,139)**	**–**	**1,150,522**

Accumulated amortization and carrying amount of intangible assets	As at 1 January 2018* €000	Amortisation and • €000	Foreign currency translation €000	Disposal €000	As at 31 December 2018* €000	Carrying amount as at 1 January 2018* €000	Carrying amount as at 31 December 2018* €000
Customer relationships	(142,826)	(59,220)	(1,580)	–	(203,626)	852,792	802,074
Trademarks	(186)	(159)	4	–	(341)	36,618	36,458
Software	(25,161)	(15,269)	(52)	1,240	(39,242)	40,293	45,316
Property rights and similar rights	(4,138)	(3,125)	(5)	1,171	(6,097)	7,513	5,374
Other	–	–	–	–	–	4,374	11,994
Intangible assets	**(172,311)**	**(77,773)**	**(1,633)**	**2,411**	**(249,306)**	**941,590**	**901,216**

The customer relationships primarily represent customer relationships with doctors and hospitals. These customer relationships consist of customer relationships acquired, identified and evaluated in connection with the acquisitions that were performed since the formation of the Group 2015.

Customer relationships break down into the following group of CGUs:

As at 31 December 2019	Gross €000	Amortisation & Impairment €000	Net €000
Germany	379,890	(83,173)	296,717
France	6,656	(1,237)	5,419
Italy	44,442	(9,552)	34,890
Switzerland	183,100	(63,102)	119,998
Iberia	30,639	(14,345)	16,294
North Europe	151,393	(46,839)	104,554
CEMEA	94,975	(22,534)	72,441
LATAM	8,704	(1,676)	7,028
Analytics & Services	146,944	(25,325)	121,619
	1,046,743	**(267,783)**	**778,960**

As at 31 December 2018	Gross €000	Amortisation & Impairment €000	Net €000
Germany	367,709	(62,873)	304,836
France	5,844	(912)	4,932
Italy	44,442	(7,278)	37,164
Switzerland	176,357	(48,113)	128,244
Iberia	27,191	(12,661)	14,530
North Europe	140,906	(37,295)	103,611
CEMEA	94,640	(17,037)	77,603
LATAM	8,623	(881)	7,742
Analytics & Services	139,988	(16,576)	123,412
	1,005,700	**(203,626)**	**802,074**

18. Property, plant and equipment

With the implementation of IFRS 16 in 2019 a new category of assets was introduced, Right of Use assets. Synlab is now reflecting this new category in a separate table below.

Gross amount of property, plant and equipment	Gross amount as at 1 January 2019* €000	Acquisition of subsidiary €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassification €000	Gross amount as at 31 December 2019* €000
Land and building	80,809	1,226	561	4,609	(6,690)	10,165	90,680
Technical machines and equipment	145,177	3,558	1,095	18,845	(4,021)	3,391	168,045
Vehicle fleet	2,284	133	53	488	(1,177)	148	1,929
Assets under construction	13,526	407	22	11,591	(665)	(17,768)	7,113
Office, IT and Other equipment	103,361	2,501	532	17,587	(6,501)	2,328	119,808
Property, Plant and Equipment	**345,157**	**7,825**	**2,263**	**53,120**	**(19,054)**	**(1,736)**	**387,575**

Accumulated depreciation and carrying amount of property, plant and equipment	As at 1 January 2019* €000	Depreciation €000	Foreign currency translation €000	Disposal €000	As at 31 December 2019 €000	Carrying amount as at 1 January 2019 €000	Carrying amount as at 31 December 2019 €000
Land and building	(15,721)	(7,660)	(119)	6,060	(17,440)	65,088	73,240
Technical machines and equipment	(62,115)	(23,185)	(581)	2,066	(83,815)	83,062	84,230
Vehicle fleet	(524)	(853)	(51)	963	(465)	1,760	1,464
Assets under construction	–	–	–	–		13,526	7,113
Office, IT and Other equipment	(40,571)	(20,122)	(375)	7,523	(53,545)	62,790	66,263
Property, Plant and Equipment	**(118,931)**	**(51,820)**	**(1,126)**	**16,612**	**(155,265)**	**226,226**	**232,310**

Gross amount of right of use assets	Gross amount as at 1 January 2019* €000	Acquisition of subsidiary €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassification €000	Gross amount as at 31 December 2019 €000
Land and building	467,277	5,150	876	54,386	(13,587)	–	514,102
Technical machines and equipment	84,043	439	(28)	15,702	(11,278)	–	88,878
Vehicle fleet	25,352	234	19	5,554	(6,909)	–	24,250
Office, IT and Other equipment	19,358	88	(5)	3,762	(3,946)	–	19,257
Right of use assets	**596,030**	**5,911**	**862**	**79,404**	**(35,720)**	**–**	**646,487**

Accumulated depreciation and carrying amount of right of use assets	As at 1 January 2019* €000	Depreciation €000	Foreign currency translation €000	Disposal €000	As at 31 December 2019 €000	Carrying amount as at 1 January 2019 €000	Carrying amount as at 31 December 2019 €000
Land and building	(132,265)	(58,758)	(515)	13,553	(177,985)	335,012	336,117
Technical machines and equipment	(42,852)	(16,620)	(48)	10,659	(48,861)	41,191	40,017
Vehicle fleet	(12,222)	(7,511)	(53)	6,906	(12,880)	13,130	11,370
Office, IT and Other equipment	(9,169)	(4,745)	7	3,946	(9,961)	10,189	9,296
Right of use assets	**(196,508)**	**(87,634)**	**(609)**	**35,064**	**(249,687)**	**399,522**	**396,800**

Gross amount of property, plant and equipment	Gross amount as at 1 January 2018 €000	Acquisition of subsidiary €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassification €000	Gross amount as at 31 December 2018 €000
Land and building	71,925*	2,538	6	5,257	(2,568)	3,651	80,809
Technical machines and equipment	127,911*	1,900	111	19,829	(6,757)	2,183	145,177
Vehicle fleet	2,519*	107	58	536	(935)	(1)	2,284
Assets under construction	8,377*	7	(2)	16,073	(862)	(10,067)	13,526
Office, IT and Other equipment	85,808*	3,499	349	14,837	(5,366)	4,234	103,361
Property, Plant and Equipment	**296,540**	**8,051**	**522**	**56,532**	**(16,488)**	**–**	**345,157**

Accumulated depreciation and carrying amount of property, plant and equipment	As at 1 January 2018* €000	Depreciation €000	Foreign currency translation €000	Disposal €000	As at 31 December 2018* €000	Carrying amount as at 1 January 2018* €000	Carrying amount as at 31 December 2018* €000
Land and building	(10,024)	(8,269)	(14)	2,586	(15,721)	61,901	65,088
Technical machines and equipment	(44,760)	(23,860)	(240)	6,745	(62,115)	83,151	83,062
Vehicle fleet	(360)	(899)	(26)	761	(524)	2,159	1,760
Assets under construction	–	–	–	–	–	8,377	13,526
Office, IT and Other equipment	(27,942)	(17,469)	(221)	5,061	(40,571)	57,866	62,790
Property, Plant and Equipment	**(83,086)**	**(50,497)**	**(501)**	**15,153**	**(118,931)**	**213,454**	**226,226**

Gross amount of right of use assets	Gross amount as at 1 January 2018 €000	Acquisition of subsidiary €000	Foreign currency translation €000	Additions €000	Disposals €000	Reclassification €000	Gross amount as at 31 December 2018 €000
Land and building	391,938	27,093	953	57,635	(10,342)	–	467,277
Technical machines and equipment	80,074	1,368	26	6,986	(4,411)	–	84,043
Vehicle fleet	21,697	49	136	8,020	(4,550)	–	25,352
Office, IT and Other equipment	16,552	517	(92)	3,497	(1,116)	–	19,358
Right of use assets	**510,261**	**29,027**	**1,023**	**76,138**	**(20,419)**	**–**	**596,030**

Accumulated depreciation and carrying amount of right of use assets	As at 1 January 2018* €000	Depreciation €000	Foreign currency translation €000	Disposal €000	As at 31 December 2018* €000	Carrying amount as at 1 January 2018* €000	Carrying amount as at 31 December 2018* €000
Land and building	(87,709)	(54,791)	(107)	10,342	(132,265)	304,229	335,012
Technical machines and equipment	(31,353)	(16,483)	(3)	4,987	(42,852)	48,721	41,191
Vehicle fleet	(9,174)	(7,483)	(115)	4,550	(12,222)	12,523	13,130
Office, IT and Other equipment	(5,885)	(4,532)	132	1,116	(9,169)	10,667	10,189
Right of use assets	**(134,121)**	**(83,289)**	**(93)**	**20,995**	**(196,508)**	**376,140**	**399,522**

19. Investments in associates

The Group's investments in its associates (equity accounted investees) as at 31 December 2019 was 4.7 M€ (2018: 4.5 M€).

The main group investments in associates correspond to non-controlling investment in a French biology laboratory and a Spanish laboratory.

In addition, the Group owned interests of 33% in a local Economic Interest Group (so called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2019 the Group received dividends of 0.3 M€ (2018: 0.5 M€) from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

	As at 31 December 2019			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	34	50%	47	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,694	50%	3,771	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	100	33%	23	–
GESTORA PERUANA DE HOSPITALES S.A	1,119	32%	334	–
Southwest Pathology Services LLP, UK	5	33%	159	–
SPS LLP, UK	71	33%	227	–
CLINICA SAMPEDRO Lda., Portugal	39	30%	101	–
Bakteriologisches Institut Olten BIO AG, Switzerland	350	30%	6	–
Total	**4,412**		**4,668**	**–**

	As at 31 December 2018			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	137	50%	109	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,865	49%	3,755	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	99	33%	22	–
SPS Facilities LLP, UK	44	33%	99	–
Southwest Pathology Services LLP, UK	28	33%	137	–
SPS LLP, UK	15	33%	2	–
GESTORA PERUANA DE HOSPITALES S.A. Peru	1,047	32%	331	–
Total	**4,235**		**4,454**	**–**

Summarised financial information for most of the investments in associates is as follows (100% of amounts); other associates report after March 2020.:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Non-current assets	1,096	1,204
Current assets	4,847	2,999
Cash	3,855	5,781
Total assets	**9,798**	**9,984**
Shareholders' equity	4,083	4,235
Financial debt	0	–
Other liabilities and provisions	5,715	5,749
Total liabilities and equity	**9,798**	**9,984**
Income Statement		
Revenue	70,119	63,928
Results from operating activities	1,380	(517)
Net profit for the period	**1,274**	**1,024**

20. Other non-current assets

Other non-current assets include the following:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Deposits	9,495	10,472
Equity instruments designated as at FVTOCI	1,095	733
Other non-current assets and loans	15,834	9,335
Total other non-current assets	**26,424**	**20,540**

Escrow accounts relating to M&A transactions in an amount of 10.3 M€ (2018: 5.6 M€) are the main component of the line "Other".

For entities in which the Group has an ownership below 20% or no significant influence, they are not consolidated and the investments in those entities have been classified equity instruments designated as at FVTOCI as such recognised at fair value or historical value. Unrealised gains and losses are taken directly to other comprehensive income.

No unrealised gain or loss was recognised in 2019 and in 2018.

21. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other deductible temporary differences €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
At 1 January 2019	**32,558**	**(9,169)**	**(197,401)**	**(206,570)**	**(174,012)**
Acquisition of businesses	8	(134)	(7,954)	(8,088)	(8,080)
Effect of change in accounting policy for IFRS 16	3,883	(3,550)	–	(3,550)	333
Charge/(credit) to income	184	2,559	14,459	17,018	17,202
Charge/(credit) to other comprehensive income	1,222	–	–	–	1,222
Exchange differences	151	(676)	(606)	(1,282)	(1,131)
At 31 December 2019	**38,006**	**(10,970)**	**(191,502)**	**(202,472)**	**(164,466)**

The recognition of these assets, and the non-recognition of assets in respect of other losses, is based on Synlab's management's estimate of the probability of being able to use these losses (or prior to the expiration of the losses), based upon forecast operating results, the current financing structure and the level of deferred tax liabilities recognised in the particular territory/tax grouping. It is expected that the benefit of certain tax attributes (mainly in Germany) will be lost in the near future as a result of matters which are outside the control of management, therefore no asset is recognised in relation to these attributes. Deferred Tax Assets totalling €12.1m have been recognised on losses mainly in the UK and France. Deferred tax assets have not been recognised in respect of losses of 236.2 M€, which are available for indefinite carry forward. These losses have arisen mainly in the UK, France and Spain and are not recognized on the basis that these losses cannot be accessed by other group companies which are forecasting profits.

The Group has also incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of 370.5 M€ is available for indefinite carry forward (subject to special rules in a number of territories), primarily in Germany, Spain and France. A deferred tax asset has not been recognized either because excess interest capacity is not currently forecast in future periods or because the attributes are expected to be lost on a change in control before they can be utilized. Furthermore, a deferred tax liability has not been recognised in relation to unrepatriated profits (including foreign exchange movements on these profits) on the basis that management is able to control the unwinding of these amounts and does not currently have an intention to repatriate these profits.

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the prior year period:

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other deferred taxes €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
At 1 January 2018	**14,389**	**(4,345)**	**(199,735)**	**(204,080)**	**(189,691)**
Acquisition of businesses	244	(4)	(1,666)	(1,670)	(1,426)
Effect of change in accounting policy for IFRS 9 and IFRS 15	–	1,121	–	1,121	1,121
Charge/(credit) to income	16,686	(9,813)	5,585	(4,228)	12,458
Charge/(credit) to other comprehensive income	171	(27)	(991)	(1,018)	(847)
Exchange differences	266	350	(594)	(244)	22
At 31 December 2018	**31,756**	**(12,718)**	**(197,401)**	**(210,119)**	**(178,363)**
Adjustment for impact of IFRS 16	802	3,549	–	3,549	4,351
At 31 December 2018 – as restated	**32,558**	**(9,169)**	**(197,401)**	**(206,570)**	**(174,012)**

The Group has restated deferred tax assets and liabilities on IFRS 16 on prior years. This net adjustment on deferred tax is 5.3 M€. The net adjustment on deferred tax for IAS 17 elimination is (1) M€. Please refer to note 2.2.1 on IFRS 16.

22. Trade accounts receivable

Net trade accounts receivable break down into the following geographical areas or CGUs:

As at 31 December 2019	Gross €000	Loss allowance €000	Net €000
Germany	87,965	(3,011)	84,954
France	33,615	(2,461)	31,154
Italy	58,423	(12,757)	45,666
Switzerland	14,095	(565)	13,530
Iberia	40,948	(2,459)	38,489
North Europe	24,934	(1,415)	23,519
CEMEA	33,633	(1,059)	32,574
LATAM	31,191	(2,591)	28,600
Analytics & Services	20,747	(402)	20,345
	345,551	**(26,720)**	**318,831**

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

As a result of the billing processes and billing cycles in the various countries and businesses, there are 39.5 M€ of accrued income not yet billed to customers included in trade accounts receivables. No provision was built based on the aging of those items (2018: 0.7 M€).

The ageing of trade accounts receivable at the reporting date was as follows:

			Not due	Overdue			
As at 31 December	Carrying amount €000	Gross receivables €000	€000	<3 months €000	3<6 months €000	6<9 months €000	>12 months €000
2019	318,831	345,550	233,078	53,777	17,325	19,276	22,094
2018	296,168	327,300	217,813	54,740	14,094	13,623	27,030

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2019 €000	2018* €000
At 1 January	**(31,131)**	**(49,681)**
Business acquired	(500)	(196)
Additions recognised in profit or loss	(12,097)	(20,723)
Foreign currency translation	35	(64)
Utilisation and reversal	16,973	39,533
At 31 December	**(26,720)**	**(31,131)**

The actual write-off relating to trade receivables as at 31 December 2019 amounts to 3.3 M€ (2018: 11.3 M€). There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs ongoing credit evaluations of its receivables.

23. Other current assets

Other current assets mainly consist of the following:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Escrow accounts	4,776	3,002
VAT and other tax receivables	24,777	20,359
Prepayments	17,962	16,726
Receivables from supplier bonuses	18,703	16,678
Other	15,795	17,515
Total other current assets	**82,013**	**74,280**

The line "Other" includes receivables related party of 0.2 M€ (2018: 0.1 M€), receivables from employees of 0.9 M€ (2018: 1.0 M€), receivables from debit balance for creditors 0.3 M€ (2018: 0.9 M€) and various other small items.

24. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts and cash equivalent. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Euro (EUR)	189,437	81,921
UK Sterling pounds (GBP)	9,426	12,252
Swiss franc (CHF)	17,350	11,256
Czech Crown (CZK)	437	550
Hungarian Forint (HUF)	658	1,163
Swedish Krona (SEK)	2,373	1,962
Other currencies	14,163	6,311
Cash at bank and deposit	**233,844**	**115,415**
Cash equivalents	3,515	3,546
Cash on hand	1,353	1,600
Cash and cash equivalents	**238,712**	**120,561**
Bank overdrafts	(132)	(242)
Cash and cash equivalents in the statement of cash flows	**238,580**	**120,319**

25. Borrowings and other financial liabilities

	As at 31 December 2019 €000	As at 31 December 2018* €000
Non-current liabilities		
Bank loans	717	1,281
Senior Secured Notes	936,027	1,823,733
Senior Notes	372,134	371,461
Term Loan	1,358,109	297,842
Lease liabilities	331,578	341,033
Current liabilities		
Bank loans	315	888
Accrued interest on Term Loan	21,571	2,650
Lease liabilities	88,566	79,266
Other financial loans	569	524
Bank overdraft	132	242
Total Non-Current	**2,998,565**	**2,835,350**
Total Current	**111,153**	**83,570**
Total	**3,109,718**	**2,918,920**

* Restated on adoption of IFRS 16. Refer to Note 2.2

REVOLVING CREDIT FACILITY

The Group's principal bank facility comprises of a 250 M€ Revolving Credit Facility ("RCF"), with a maturity date of 17 June 2021. Advances under the facility bear interest at a rate equal to EURIBOR (with a 0% floor) plus 3% although this may reduce to 2% by reference to a Senior Secured Net Leverage test. The RCF is subject to certain covenants which require SYNLAB Bondco PLC to ensure compliance with a Senior Secured Net Leverage ratio tested quarterly. This Facility was undrawn as at 31 December 2019 (2018: 0 M€).

SENIOR SECURED NOTES

In November 2016 the Group issued 940 M€ of Senior Secured Notes. The Notes were issued at a floating rate of 3 months EURIBOR (with a 0% floor) plus 3.5% and are repayable on 1 July 2022.

Fees incurred by the issuance of the additional debt amounted to approximately 8.5 M€ and have been capitalised as debt issuance costs to be amortised over the notes maturity using the effective interest rate method. The Notes are listed and traded on the Irish Stock Exchange.

SENIOR NOTES

In August 2015 the Group issued 375 M€ of Senior Notes at an interest rate of 8.25% and are repayable on 1 July 2023. The Notes are listed and traded on the Irish Stock Exchange.

SENIOR SECURED TERM LOAN

In September 2017 the Group raised additional 300 M€ debt via a Term Loan issuance with a maturity date of 1 July 2022. This Senior Secured Facility bears interests at a rate of EURIBOR (with a 0% floor) plus 3% although this may reduce to 2.5% by reference to a Senior Secured Net Leverage test. In April 2019, SYNLAB Bondco PLC raised a 150 M€ incremental new debt with new lenders but based on the same terms as its existing 300 M€

Term Loan debt tranche. The Senior Secured Term Loan bears floating interests at 3,00% + Euribor (floored at 0%) and matures 2022. This facility is fully drawn as at 31 December 2019.

On 1 July 2019, SYNLAB Bondco PLC issued a 920 M€ Senior Secured Term Loan. Proceeds of the Term Loan were used to repay the existing 900 M€ Senior Secured Notes due 2022. The new term loan bears floating interest at 3.75% + Euribor (floored at 0%) and matures in July 2026. This facility is fully drawn as at 31 December 2019.

	Bank loans	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Accrued interest on notes/Term Loan	Term Loan	RCF Syndicated Secured loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2019*	**2,169**	**1,823,733**	**371,461**	**2,650**	**297,842**	**–**	**766**	**2,498,621**	**420,299**	**2,918,920**
Business acquired	508	–	–	–	–	–	226	734	5,913	6,647
Foreign currency translation	–	–	–	–	–	–	–	–	719	719
Transaction costs, accrued interest and other changes related to loans and borrowings	–	12,295	673	18,921	1,622	–	(257)	33,254	(716)	32,538
Proceeds from loans and borrowings	7	–	–	–	1,058,645	50,000	56	1,108,708	79,403	1,188,111
Repayments of loans and borrowings	(1,652)	(900,000)	–	–	–	(50,000)	(90)	(951,742)	(85,475)	(1,037,217)
As at 31 December 2019	**1,032**	**936,028**	**372,134**	**21,571**	**1,358,109**	**–**	**701**	**2,689,575**	**420,143**	**3,109,718**

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

	Bank loans	Fixed and floating Senior Secured Notes	Fixed Senior Notes	Accrued interest on notes	Term Loan	Other financial loans	Subtotal	Lease liabilities	Total
Amount at 1 January 2018*	**2,490**	**1,819,645**	**370,843**	**2,700**	**297,269**	**1,234**	**2,494,181**	**384,722**	**2,878,903**
Business acquired	11,780	–	–	–	–	9	11,789	29,027	40,816
Foreign currency translation	(2)	–	–	–	–	6	4	(759)	(755)
Transaction costs, accrued interest and other changes related to loans and borrowings	(80)	4,088	618	(50)	573	(483)	4,666	–	4,666
Proceeds from loans and borrowings	472		–	–	–	–	472	75,928	76,400
Repayments of loans and borrowings	(12,491)	–	–	–	–	–	(12,491)	(68,619)	(81,110)
As at 31 December 2018*	**2,169**	**1,823,733**	**371,461**	**2,650**	**297,842**	**766**	**2,498,621**	**420,299**	**2,918,920**

* Restated on adoption of IFRS 16. Refer to Note 2.2

FIXED AND FLOATING SECURED SENIOR NOTES COVENANTS

Depending on the terms of the bonds indentures, SYNLAB Bondco PLC has to respect certain covenants mainly related to reporting and information requirement.

FIXED SENIOR NOTES COVENANTS

Depending on the terms of the bonds indentures, SYNLAB Unsecured Bondco PLC has to respect certain covenants mainly related to reporting and information requirement.

REVOLVING CREDIT FACILITY (RCF) COVENANTS

The RCF includes certain covenants related to reporting and information requirement and also certain financial covenants as defined in the agreements.

The Senior Secured Net Leverage covenant only acts as a draw stop to new drawings under the RCF and, if breached, will not trigger a default or event of default.

SENIOR SECURED TERM LOAN COVENANTS

The Senior Secured Term Loan includes certain maintenance covenants as well as some incurrence covenants as defined in the agreements.

LEASE LIABILITIES

The Group has leases mainly for land and building and technical equipment (refer to Note 18 Property, plant and equipment).

26. Employee benefits liabilities

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these legal pension schemes, a provision for pensions and other post-employment benefits is recorded in the IFRS consolidated statement of financial position as of 31 December 2019 and 31 December 2018 based on an actuarial expert opinion for the following obligations:

OBLIGATIONS IN SWITZERLAND

Swiss statutes require the Group to provide occupational pension schemes for employees in which contributions are paid into pension funds. The Group fulfils this obligation by means of a defined benefit plan. Pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 0.30% (2018: 1.00%) and a salary increase rate of 1.00% (2018: 1.00%). Staff turnover assumptions is based on the demographic BVG 2015, (2017: BVG 2015). The individual values range from between 1.23% and 29.59% (2018: was between 1.23% and 29.59%). Mortality, disability and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2015 (2017: BVG 2015).

Long-services award commitments ("jubilee awards") in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 0.30% (2018: 1.00%), a salary increase rate of 1.00% (2018: 1.00%), and a staff turnover rate per BVG 2015 of between 1.23% and 29.59% (2017: BVG 2015 of between 1.23% and 29.59%).

OBLIGATIONS IN FRANCE

Based on collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on following actuarial assumptions: voluntary departure, discount rate amounting to 1.20% (2018: 1.90%), inflation rate 1.75% (2018: 1.75%), salary increase between 1.00% and 1.50% (2018: between 1.00%), age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 46.19% (2018: 46.19%) and low staff turnover rate.

OBLIGATIONS IN ITALY

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one time severance payment when they leave the Company. The amounts depend on the employee's term of service and salary level. Provisions were calculated based on following actuarial assumptions: discount rate of 0.85% (2018: 1.75%), inflation rate 1.00% (2018: 1.50%) and salary increase 2.00% (2018: 2.00%).

OTHER OBLIGATIONS

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Ecuador, Slovenia, Slovakia) or when they leave the Company (United Arab Emirates. The Group assumed also pension obligations from defined benefit plans for a few executive staff as a consequence of specific agreements in Ecuador, Germany, Netherlands and Norway.

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Net present value of defined benefit obligations (DBO) at beginning of period	**79,202**	**13,368**	**9,843**	**25,653**	**128,066**
Short term DBO	–	–	–	(136)	(136)
Acquired through business combination	–	255	610	–	865
Service cost	3,152	834	388	265	4,639
Interest cost	798	248	166	612	1,824
Employee contributions	2,248	–	–	4	2,252
Benefits paid	(9,067)	(539)	(1,069)	(763)	(11,438)
Insurance premiums	(774)	–	–	(79)	(852)
Remeasurements	9,940	581	704	3,582	14,807
Exchange rate differences	3,187	–	–	50	3,237
Net present value of defined benefit obligations at end of period	**88,686**	**14,747**	**10,642**	**29,188**	**143,263**

There is a negative plan curtailment due to a reduction in conversion rate in Switzerland.

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**67,724**	**724**	**–**	**21,120**	**89,568**
Acquired through business combination	–	148	–	–	148
Interest income	701	14	–	502	1,217
Employer contributions	2,288	–	–	210	2,498
Employee contributions	2,248	–	–	4	2,252
Benefits paid	(9,067)	(39)	–	(198)	(9,304)
Insurance premiums	(774)	–	–	(131)	(905)
Revaluations (income from plan assets, excluding amounts included in interest cost)	4,150	36	–	3,201	7,387
Exchange rate differences	2,578	–	–	24	2,602
Plan assets at the end of the period	**69,848**	**883**	**–**	**24,732**	**95,463**
Net present value of defined benefit obligations (DBO) at end of period	88,686	14,747	10,642	29,188	143,263
Net present value of plan assets at end of period	69,848	883	–	24,732	95,463
Balance sheet provisions at year-end	**18,838**	**13,864**	**10,642**	**4,456**	**47,800**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,152	834	388	265	4,639
Interest expense	97	234	166	110	607
Revaluation of other long-term obligations	(1)	–	–	69	68
Total annual net expense	**3,248**	**1,068**	**554**	**444**	**5,314**

	As at 31 December 2019				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
[•] and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	9,209	1,159	647	3,532	14,547
Actuarial gains/losses from changes of financial assumptions	732	(577)	58	(20)	192
Adjustments based on past experience	(4,150)	(30)	–	(3,196)	(7,376)
Total annual amount recorded in other comprehensive income	**5,791**	**551**	**704**	**316**	**7,363**[*]

(*) The delta of 27k€ to consolidated statement of comprehensive income results from non-controlling interests.

In addition to the items shown above, provisions for other liabilities to employees of 1.9 M€ (2018: 1.7 M€) and provisions for cash settled share based payment plans of nil M€ (2018: 1.3 M€) were included in the total balance of employee benefits liabilities of 47.8 M€ (2018: 39.8 M€).

Fair value of plan assets other countries are based on assets held by insurance companies.

Fair value of plan assets Switzerland	As at 31 December 2019 €000	As at 31 December 2018 €000
a. Cash and cash equivalents	2,976	2,902
b. Equity instruments	13,139	12,676
c. Debt instruments	18,980	18,416
d. Real estate	14,751	14,343
e. Assets held by insurance company	14,138	13,672
f. Other	5,863	5,715
Total	**69,847**	**67,724**

	As at 31 December 2018				
	Switzerland €000	France €000	Italy €000	Other €000	Total €000
Net present value of defined benefit obligations (DBO) at beginning of period	**84,784**	**11,897**	**9,550**	**24,669**	**130,900**
Changes in the scope of consolidation	–	800	736	615	2,151
Service cost	3,256	773	340	658	5,027
Interest cost	553	223	139	559	1,474
Employee contributions	2,336	–	–	(15)	2,321
Benefits paid	(7,533)	(551)	(676)	(331)	(9,091)
Insurance premiums	(672)	–	–	–	(672)
RemeasurementsRevaluations	(6,565)	226	(246)	(511)	(7,096)
Exchange rate differences	3,043	–	–	9	3,052
Net present value of defined benefit obligations at end of period	**79,202**	**13,368**	**9,843**	**25,653**	**128,066**

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**68,544**	**–**	**–**	**20,745**	**89,289**
Changes in the scope of consolidation	–	–	–	–	–
Interest income	459	93	–	484	1,036
Employer contributions	2,378	631	–	234	3,243
Employee contributions	2,336	–	–	3	2,339
Benefits paid	(7,467)	–	–	(134)	(7,601)
Insurance premiums	(672)	–	–	(47)	(719)
Revaluations (income from plan assets, excluding amounts included in interest cost)	(404)	–	–	(130)	(534)
Exchange rate differences	2,550	–	–	(35)	2,515
Plan assets at the end of the period	**67,724**	**724**	**–**	**21,120**	**89,568**
Net present value of defined benefit obligations (DBO) at end of period	79,202	13,368	9,843	25,653	128,066
Net present value of plan assets at end of period	67,724	724	–	21,120	89,568
Balance sheet provisions at year-end	**11,478**	**12,644**	**9,843**	**4,543**	**38,508**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,256	773	340	658	5,027
Interest expense	94	131	139	75	439
Revaluation of other long-term obligations	(135)	–	–	95	(40)
Total annual net expense	3,215	904	479	828	5,426

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
[•] and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of demographic assumptions	–	–	–	(197)	(197)
Actuarial gains/losses from changes of financial assumptions	(4,426)	(314)	(134)	(52)	(4,926)
Adjustments based on past experience	(2,003)	540	(189)	(333)	(1,985)
Income/expenses from plan assets, excluding amounts included in interest cost	404	–	–	149	553
Total annual amount recorded in other comprehensive income	**(6,025)**	**226**	**(323)**	**(433)**	**(6,555)***

* The delta of 27 k€ to consolidated statement of comprehensive income results from non-controlling interests.

The change in the net present value of the defined benefit obligations were as follows:

Current service costs, effects of plan settlements and plan curtailments, and revaluation of other long-term obligations were included in the amounts recorded in "Payroll and related expenses"; interest costs were included in the respective expense items.

The cumulative net actuarial gains and losses recognised in OCI are broken down in the consolidated statement of comprehensive income.

The Group expects to pay contributions to defined benefit plans for the year ended 31 December 2018 and made payments for the year ended 31 December 2019 in the amount of 2.3 M€ and 2.5 M€ respectively.

The following sensitivity analysis shows the impact on the net present value of the defined benefit obligations if the most important actuarial assumptions were to change:

	Changed by	**Impact 2019 on DBO amount €000**	**Impact 2018 on DBO amount €000**
Salary reductions	(0.50%)	140,657	125,729
Salary increase	0.50%	144,633	128,909
Discount rate	(0.50%)	155,205	137,268
Discount rate	0.50%	131,472	118,320

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

	As at 31 December 2019 €000	As at 31 December 2018 €000
Within the next 12 months	3,212	2,519
In 2 years	3,119	2,698
In 3 years	3,604	2,892
In 4 years	4,237	3,370
In 5 years	4,357	3,669
In the following 5 years	26,240	18,866

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As of 31 December 2019	17	12	10	21
As of 31 December 2018	13	14	9	16

27. Share-based payment schemes

The Company established in November 2015 a share scheme for key management ("Management package scheme") and a free share plan to replace the historical Labco's free share plan.

FREE SHARE PLAN

The historical Labco free share award scheme implemented in November 2014 granted to the beneficiaries up to 687,361 free shares, subject to the achievement of the conditions detailed in the issuance agreement. Those conditions included cumulatively a performance condition (that was met as at 31 December 2014) and conditional to an active employment period of two years, with an obligation to keep the shares for a certain period.

Subsequent to the Labco acquisition on 7 August 2015, the free share plan was replaced by an equivalent scheme composed of SYNLAB Limited shares with the original vesting schedule remaining unchanged and a holding period of one year.

During 2017 a total of 25,850 G Ordinary Shares were granted under the Free Share Plan representing ca. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

During 2018 a total of 6,250 G Ordinary Shares were granted under the Free Share Plan representing less than 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

	2019	2018
Free Share Plan	**Number of shares**	**Number of shares**
Shares outstanding at the beginning of the period.	139,000	132,750
Shares granted during the period.	–	6,250
Shares outstanding at the end of the period.	139,000	139,000

MANAGEMENT PACKAGE SCHEME

In November 2015, SYNLAB Limited put in place a management package by granting A Ordinary Shares representing 10% of total SYNLAB Limited Ordinary Shares to certain key managers as determined by the remuneration committee.

For certain beneficiaries, A Ordinary Shares are subscribed by a dedicated entity (Management Co.) which has been funded by the managers with ordinary shares being acquired at fair value with a one year holding period. For other beneficiaries, A Ordinary Shares have been granted for free, subject to a one year service condition and a one year holding period. The awards are subject to a service condition of being employed at the date of an exit event. During the year no grants were made out of this scheme.

	2019		2018	
A Ordinary Share Plan	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares outstanding at the beginning of the period.	1,220,835	1.69	1,237,835	1.68
Shares forfeited during the period.	–	–	17,000	1
Shares outstanding at the end of the period.	1,220,835	1.69	1,220,835	1.69
Range of exercise prices in EUR	1 – 15.37		1 – 15.37	–
Weighted average remaining contractual life in months	1		13	–

As determined by the remuneration committee, further key managers became beneficiaries in December 2016, when SYNLAB Limited granted 501,375 G Ordinary Shares representing ca. 3.5% of total SYNLAB Limited Ordinary Shares. The vesting period for those shares is four years. The fair value of the G shares granted was 1.55 €, which measured at the date of grant using a binomial model.

During 2017 further key managers became beneficiaries, when SYNLAB Limited granted additional 370,000 G Ordinary Shares representing ca. 1.6% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 3.91 €, which was measured at the date of grant using a binomial model.

During 2018 SYNLAB Limited granted additional 178,000 G Ordinary Shares representing ca. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 6.51 €, which was measured at the date of grant using a binomial model.

	2019		2018	
G Ordinary Share Plan	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares at the beginning of the period.	1,034,375	1.55	864,375	1.55
Shares granted during the period.	–	–	178,000	1.55
Shares forfeited during the period.	–	–	8,000	1.55
Shares outstanding at the end of the period.	1,034,375	1.55	1,034,375	1.55
Range of exercise prices in EUR	1.55	–	1.55	–
Weighted average remaining contractual life in months	16	–	34	–

In 2018 SYNLAB Limited established a new share class "I Preferred Ordinary Shares" and granted additional 375,000 I Preferred Ordinary Shares representing ca. 1.4% of total SYNLAB Limited Ordinary Shares to key management in 2019. The average fair value of the I Preferred Ordinary Shares granted was 19.23 €, which was measured at the date of grant using a binomial model.

Similar to B Ordinary Shares and G Ordinary Shares the I Preferred Ordinary Share entitles the holder to receive notice of and to attend and speak and to vote at general meetings of the Company.

I Preferred Ordinary Shares have been granted, subject to a service condition of being employed at the date of an exit event.

The I Preferred Ordinary Shares are entitled to participate in returns once the holders of the existing issued Preference Shares have received a return equal to the face value of the Preference Shares. The holders of the I Shares are entitled to receive a certain percentage of any dividends paid to the holders of the existing issued Preference Shares and to participate pro rata, in accordance with the number of shares in issue, in any returns to the holders of the Ordinary Shares.

	2019		2018	
I-shares	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
Shares granted during the period.	375,000	0.47	–	–
Shares outstanding at the end of the period.	375,000	0.47	–	–
Range of exercise prices	0.47		–	–
Weighted average remaining contractual life in months	0		–	–

The Group recognised as total share-based payment expense a net expense of 5.8 M€ (2018: 4,3 M€) during the period given new grants, forfeitures, the changes in expectations of beneficiaries as well as update of economic

assumptions during the year ended 31 December 2019. This expense is included in the adjusted EBITDA disclosure in Note 5. The share-based payment liability included in employee benefits liabilities in 2018 (1.3 M€) was released to equity during 2019; therefore the share-based payment reserve included in net equity amounted to 13.5 M€ as at 31 December 2019 (2018: 6,4 M€).

28. Provisions

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At 1 January 2019	**6,238**	**10,892**	**17,130**
Business acquired	0	972	972
Foreign currency translation	(36)	28	(7)
Provisions made during the period	515	6,316	6,831
Transfer	(1,222)	1,222	0
Provisions utilised/reversed during the period	(4,805)	(6,987)	(11,792)
As of 31 December 2019	**690**	**12,443**	**13,133**
Thereof short-term at the end of the year	690	8,750	9,439

PROVISIONS FOR RESTRUCTURING

The provisions for restructuring reflect both provisions existing in the Synlab Groups balance sheet at acquisition date and measured at fair value and new provisions recognised for the restructuring plans announced. For Seldaix SELAS, an acquisition in France in 2018, the Group reversed provisions for legal disputes amounting to 1.6 M€.

OTHER PROVISIONS

The other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel, taxes, suppliers) with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses.

29. Litigations and Contingent liabilities

Group companies are involved in various legal proceedings arising in the ordinary course of business, including disputes concerning professional liability and employee related matters, as well as inquiries from governmental agencies and health insurance carriers regarding, among other things, billing issues or litigations with tax, social security and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel, for the various litigations.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls. There are no contingent liabilities recognized as at the year ended 31 December 2019.

30. Trade payables and other liabilities

	As at 31 December 2019 €000	As at 31 December 2018 €000
Trade Payables		
Trade payables	206,514	190,428
Accruals and other payables	43,413	40,314
Trade payables	**249,927**	**230,742**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade payables approximates to their fair value.

	As at 31 December 2019 €000	As at 31 December 2018 €000
Long term contingent purchase price liabilities incl. put options over non-controlling interests	19,196	21,449
Long term deferred purchase price liabilities	11,653	–
Other	776	1,440
Other non-current liabilities	**31,625**	**22,889**
Liabilities from salaries and social security payments	102,268	98,082
Short term contingent purchase price liabilities incl. put options over non-controlling interests	8,860	6,014
Short term deferred purchase price liabilities	10,018	12,901
Liabilities from VAT and other taxes	28,162	14,390
Liabilities to related parties	1,049	1,085
Payables related to fixed assets suppliers	3,470	1,539
Priority dividends payables	400	398
Other	12,187	9,833
Other current liabilities	**166,414**	**144,242**
Total	**198,039**	**167,131**

The movement in deferred purchase price liabilities from 2018 to 2019 was also influenced by the netting of escrow payments of 3.4 M€ with those liabilities.

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

31. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through

profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

OVERVIEW OF FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures.

The Group's principal financial instruments, other than derivatives, comprise high yield bonds, bank loans and overdrafts, debentures, finance leases, trade payables, purchase contracts and loans granted. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivables and cash and short-term deposits, which arise directly from its operations.

The carrying amount of all financial assets and liabilities is equal to their fair value except for the interest-bearing loans as shown below. The financial instruments break down as follows by accounting classification:

CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments

As at 31 December 2019	Measurement categories according to IFRS 9 [1]	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
Financial assets						
Non-current assets						
Non-current financial assets	AC	25,284	25,284	–	–	25,284
Equity instruments	FVOCI	1,095	–	1,095	–	1,095
Derivatives accounting	FVPL	45	–	–	45	45
		26,424	**25,284**	**1,095**	**45**	**26,424**
Current assets						
Trade accounts receivable	AC	**318,704**	**318,704**	**–**	**–**	**318,704**
Other current financial assets	AC	**39,272**	**39,272**	**–**	**–**	**39,272**
Cash and cash equivalents	AC	238,712	238,712	–	–	238,712
		596,688	**596,688**	**–**	**–**	**596,688**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	**2,998,565**	**2,998,565**	**–**	**–**	**3,024,896**
Other liabilities	FVPL	**19,196**	**–**	**–**	**19,196**	**19,196**
Other liabilities	AC	**12,429**	**12,429**	**–**	**–**	**12,429**
		3,030,190	**3,010,994**		**19,196**	**3,056,521**
Current liabilities						
Interest bearing loans borrowings	AC	**111,153**	**111,153**	**–**	**–**	**111,153**
Other liabilities	FVPL	**8,860**	**–**	**–**	**8,860**	**8,860**
Other liabilities	AC	**129,393**	**129,393**	**–**	**–**	**129,393**
Trade accounts payable	AC	249,927	249,927	–	–	249,927
		499,333	**490,473**	**–**	**8,860**	**499,333**

As at 31 December 2018*	Measurement categories according to IFRS 9	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
	abbr. s. note 2.2.1					
Financial assets						
Non-current assets						
Non-current financial assets	AC	19,807	19,807	–	–	19,807
Equity instruments	FVOCI	733	–	733	–	733
Derivatives accounting	FVPL	–	–	–	–	–
		20,540	**19,807**	**733**	**–**	**20,540**
Current assets						
Trade accounts receivable	AC	296,149	296,149	–	–	296,149
Other current financial assets	AC	37,196	37,196	–	–	37,196
Cash and cash equivalents	AC	120,561	120,561	–	–	120,561
		453,906	**453,906**	**–**	**–**	**453,906**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	2,835,349	2,835,349	–	–	**2,867,260**
Other liabilities	FVPL	21,449	–	–	21,449	21,449
Other liabilities	AC	1,440	1,440	–	–	1,440
		2,858,238	**2,836,789**	**–**	**21,449**	**2,890,149**
Current liabilities						
Interest bearing loans borrowings	AC	87,526**	87,526	–	–	87,526
Other liabilities	FVPL	6,014	–	–	6,014	6,014
Other liabilities	AC	123,838	123,838	–	–	123,838
Trade accounts payable	AC	230,742	230,742	–	–	230,742
		448,120	**442,106**	**–**	**6,014**	**448,120**

* Restated on adoption of IFRS 16. Refer to Note 2.2

Abbreviations:

AC	Measured at amortised cost
FVOCI	Fair Value through other comprehensive income
FVTPL	Fair Value through profit or loss

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 25 Borrowings and other financial liabilities for detail of maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these covenants, if the Group does not respect contractual requirements, it may result in preventing of future drawing on the undrawn facility.

The Group monitors its risk to a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets and the projected cash flows from operations.

Prospective liquidity analysis for non-derivative and derivative financial liabilities is as follows:

		Cash flow – remaining period			
As at 31 December 2019	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	2,689,574	120,562	2,284,520	989,958	3,395,040
Lease liabilities	420,144	88,566	201,537	130,041	420,144
Trade payables	249,927	249,927	–	–	249,927
Other financial liabilities	198,039	166,414	31,625	–	198,039
Total	**3,557,684**	**625,469**	**2,517,682**	**1,119,999**	**4,263,150**

		Cash flow – remaining period			
As at 31 December 2018*	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	2,498,621	136,253	3,136,741	–	3,272,994
Lease liabilities	420,299	79,266	203,312	137,721	420,299
Trade payables	230,742	230,742	–	–	230,742
Other financial liabilities	167,131	144,242	22,889	–	167,131
Total	**3,316,793**	**590,503**	**3,362,942**	**137,721**	**4,091,166**

* Restated on adoption of IFRS 16. Refer to Note 2.2

Included in the interest-bearing loans, the Revolving Credit Facility amounting to 250 M€ was undrawn as of 31 December 2019. Future cash flow contains commitment fees paid on the undrawn facility until mid-2021 with a rate corresponding to 35% of the interest rate of the RCF.

MARKET RISK – INTEREST RATE RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the floating tranches of the Senior Secured Notes, to the Term Loan tranche and to the debt drawn on the revolving credit facility (RCF). A large part of the Group's long-term debt is at fixed rates, enabling us to limit the impacts of market risks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	As at 31 December 2019 €000	As at 31 December 2018* €000
Fixed rate instruments		
Financial liabilities	2,220,684	2,180,743
Variable rate instruments		
Financial assets	238,712	120,561
Financial liabilities	889,034	738,177

* Restated on adoption of IFRS 16. Refer to Note 2.2

Under the Group's current financing strategy, the Secured Senior Notes are floating at 3,5% for a tranche of 940 M€, the Senior Notes are fixed at 8.25% rate for a tranche of 375 M€ and the Senior Secured Term Loans are floating for a tranche of 450 M€ at 3% and a tranche of 920 M€ at 3.75% In total, fixed rate borrowings represent approximately 14%. The Group is only exposed to market risk arising from fluctuations in interest rates in respect of the Revolving Credit Facility (undrawn as at 31 December 2019), the floating rate Senior Secured Notes and the Senior Secured Term Loans. Although the Group is not required to enter into hedging transactions or to use derivative financial instruments to mitigate the adverse effects of interest rate fluctuations, the Group entered into two interest rate cap contracts to hedge against a potential market interest rate increase. As a consequence, portion of the fixed rate borrowings (excluding the Revolving Credit Facility which is undrawn as of the 31 December 2019 two third of the total borrowings as of 31 December 2019. The Group does not enter into financial instruments for trading or speculative purposes.Due to the Group's specific interest rate risk position and funding structure, risk management policies require to manage cash flow volatility.

Cash flow sensitivity analysis for variable rate instruments

On an annual basis and given the interest rate hedging in place, a EURIBOR reference at 1% would have led to an additional payment of 5.65 M€ interest on the Floating Rate Senior Secured Notes and 6.8 M€ interest on the Senior Secured Term Loan . If the RCF would be drawn for its maximum amount of 250 M€, exposure to interest risk rate on financial liabilities would amount to a maximum of 2.5 M€ for an increase of variable interest rate of 100 basis points (over a EURIBOR zero reference). That limited exposure to interest rate risk on financial liabilities would be compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable rate instruments. This analysis assumes that all other variables remain constant.

MARKET RISK – FOREIGN CURRENCY RISK

The Group has been exposed to limited foreign exchange risk, given Synlab Group is mostly present in European countries which are part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British pound sterling, the Swiss operations which are exposed to Swiss francs, certain Northern or Eastern Europe countries and Rest of World cash generating unit. Furthermore the Group has subsidiaries in Latin America especially in Brazil and Colombia, and is therefore exposed to foreign exchange risk in respect of the Brazilian real and the Colombian peso. Non-euro denominated total revenue represented, in aggregate, 23% of the Group's total revenue for the year ended 31 December 2019.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in

profit and where currency units strengthens 5 per cent against the relevant currency. The following table demonstrates the sensitivity to a change in FX-exchange rates of CZK, CHF, and GBP with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

As at 31 December 2019	Change of currency %	Effect on EBT €000
Change in CZK rate	0.05	(745)
Change in CZK rate	(0.05)	855
Change in CHF rate	0.05	(5,127)
Change in CHF rate	(0.05)	5,414
Change in GBP rate	0.05	(5,673)
Change in GBP rate	(0.05)	6,261

As at 31 December 2018	Change of currency %	Effect on EBT €000
Change in CZK rate	0.05	(928)
Change in CZK rate	(0.05)	1,067
Change in CHF rate	0.05	(5,019)
Change in CHF rate	(0.05)	5,213
Change in GBP rate	0.05	(4,777)
Change in GBP rate	(0.05)	5,347

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk are provided in Note 22 Trade accounts receivable.

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group has adopted the simplified expected credit loss model for its trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. To measure the expected credit losses, trade accounts receivables have been grouped based on shared credit risk characteristics and the days past due. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

INVESTMENTS AND CASH AND CASH EQUIVALENTS

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

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

	As at 31 December 2019 €000	As at 31 December 2018 €000
Trade accounts receivables	318,704	296,149
Other current assets	39,272	37,196
Cash and cash equivalents	238,712	120,561
Other non-current assets	26,424	20,540
Total	**623,112**	**474,446**

FAIR VALUES

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of shares and other securities <20%, call options on minority interests with agreed price determination formula as well as contingent consideration recorded in a business combination (as detailed in Note 30 Other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and liabilities, together that are not at fair value in the statement of financial position, are not significantly different from recorded carrying amounts.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the table below. The fair value of contingent considerations is mainly dependent on the results of the acquired entities in a certain period after the acquisition and will be adjusted based on actuals and amended projections. Higher result will usually lead to higher contingent considerations, lower results will lead to lower contingent considerations. In many cases however a certain bandwidth of possible outcomes is defined in the contracts, which limit the movement of the contingent considerations.

No transfers out of level 3 category have been performed given the nature of financial assets and liabilities measured at fair value.

FINANCIAL INSTRUMENTS DESIGNATED AS FVTPL

	Derivatives €000	Contingent Consideration €000
As at 1 January 2019	**8,484**	**18,979**
Business acquired	–	**12,543**
Realised during the period	(1,328)	**(5,016)**
Change in fair value	1,905	**(7,511)**
As at 31 December 2019	**9,061**	**18,995**

	Derivatives €000	Contingent Consideration €000
As at 1 January 2018	**7,850**	**20,212**
Realised during the period	(5)	(1,233)
Change in fair value	639	–
As at 31 December 2018	**8,484**	**18,979**

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss.

The Group holds interest rate hedges in the form of caps in SYNLAB Bondco PLC. Those derivatives correspond, according to the categorisation by hierarchy of fair value, to level 2 financial instruments. The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable to hierarchical level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques which includes inputs that are not based on observable market data (Level 3).

The notional amount of Financial Instruments designated at Fair Value through Profit and Loss outstanding at the end of reporting period was 28.1 M€ (2018: 27.5 M€).

32. Capital commitment and contingencies

OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

As of 31 December 2019 and 31 December 2018, the Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, in particular securities provided to secure the Senior Secured Notes, RCF and Term Loans, or also for the Group cash pooling activities.

Indeed the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement and the Senior Secured Team Loan agreement, have been guaranteed by a certain number of Group entities, called Guarantors.

The RCF and the Senior Secured Team Loan provides that the commitments from borrowers pursuant to the RCF and Senior Facility Agreements are jointly guaranteed on the same basis as the Group's Bonds: (i) by SYNLAB Bondco PLC; and (ii) by some subsidiaries (together "Guarantors") representing more than 50% of the Group EBITDA. The Collateral securing the obligations under the RCF and the Term Loans are the same as the ones securing the obligations under the indentures relating to the high yield bonds. They are mainly composed of: (i) pledge over the shares of certain Group companies; and (ii) the pledge over the long-term intercompany loans receivables under any intra group loan in excess of 5.0 M€. Refer to Note 25 Borrowings and other financial liabilities for the details of the covenants under the RCF and the indentures relating to the Senior Secured Notes.

As at 31 December 2019 the Guarantors are the following entities:

Country	Entity name
Austria	Institut für medizinische und chemische Labordiagnostik GmbH Synlab Holding Austria GmbH
Belgium	SYNLAB Belgium sc/SPRL
France	Bioalliance SELAS Biopar SAS Oxabio SELAS Synlab Aquitaine (formerly: Laboratoire de Biologie Médicale Aquilab SELAS) Synlab Biofrance (formerly: Biofrance SELAS) Synlab Corporate Assistance (formerly: Labco Corporate Assistance) Synlab France SAS SYNLAB Hauts de France SELAS (formerly: Eurabio SELAS) SYNLAB Holding France SA (formerly: SYNLAB LABCO SA) SYNLAB Nord de France (formerly: Novabio Diagnostics SELAS) SYNLAB Provence SELAS (formerly: Mazarin SELAS)
Germany	MVZ Synlab Leverkusen GmbH Steinlach-Klinik GmbH SYNLAB Acquisition GmbH SYNLAB Analytics & Services Germany GmbH SYNLAB Holding Deutschland GmbH SYNLAB International GmbH Synlab Medizinisches Versorgungszentrum Augsburg GmbH Synlab Medizinisches Versorgungszentrum Berlin GmbH Synlab Medizinisches Versorgungszentrum Heidelberg GmbH Synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH Synlab Medizinisches Versorgungszentrum Kassel GmbH Synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH Synlab Medizinisches Versorgungszentrum Stuttgart GmbH Synlab Medizinisches Versorgungszentrum Trier GmbH Synlab Medizinisches Versorgungszentrum Weiden GmbH Synlab Verwaltungs und Beteiligungs GmbH Synlab.vet GmbH
Italy	Instituto Il Baluardo Spa S.D.N Spa SYNLAB Holding Italy S.r.l Synlab Italia S.r.l.
Netherlands	SYNLAB Analytics & Services BV (fomerly ALcontrol BV) SYNLAB Analytics & Services Oosterhout BV (formerly NL Food)
Spain	Synlab Diagnosticos Globales S.A. Synlab Holding Iberia S.A
Sweden	SYNLAB Analytics & Services AB (formlery: ALcontrol Schweden AB)
Switzerland	Synlab Suisse SA
UK	Labco UK Group Limited SYNLAB Analytics & Services UK Ltd (formerly:ALcontrol Tribology Ltd SYNLAB Bondco PLC

In addition the Group provides guarantees in the ordinary course of business. They correspond mainly to lease guarantees for buildings and equipment and to performance parent guarantees on the UK contracts.

Under the RCF agreement, part of the total available facility of 250 M€ is for an ancillary available facility amounting to 31 M€ under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary facilities were almost fully drawn as at 31 December 2019.

33. Capital and reserves

ORDINARY SHARES AND DEFERRED SHARES

The issued share capital of SYNLAB Limited is divided into eight types (2018: eight types) of shares:

		Number Issued of fully paid shares				
Share type	**Nominal value**	**Number of shares as at 1 January 2019**	**Value as at 1 January 2019 in €000**	**Shares issued**	**Number of shares as at 31 December 2019**	**Value as at 31 December 2019 in €000**
'A' Ordinary shares	0.00001 €	1,459,585	–		1,459,585	–
'B' Ordinary shares	0.10 €	20,466,690	2,047		20,466,690	2,047
'F' Ordinary shares	0.00001 €	47,712	–		47,712	–
'F' Preference shares	0.00001 €	3,079,593	–		3,079,593	–
'G' Ordinary shares	0.00001 €	1,076,975	–	5,250	1,082,225	–
Redeemable Preference shares	0.10 €	1,323,272,234	132,337		1,323,272,234	132,337
Deferred shares	1.00 £	6	–		6	–
"I" Preferred ordinary shares	0.01 €	375,000	4		375,000	4
Total		**1,349,777,795**	**134,388**	**5,250**	**1,349,783,045**	**134,388**

- 'A' Ordinary Shares: Subject to the provisions in the articles of associations of SYNLAB Limited ("Articles"), the holders of 'A' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'A' Ordinary Shares do not entitle the holders to any voting right.

- 'B' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'B' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'B' Ordinary Shares entitle the holders to full voting rights.

- 'F' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'F' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'F' Ordinary Shares do not entitle the holders to any voting right.

- 'F' Preference Shares: Subject to the provisions in the Articles, the F Preference shares do not entitle the holder to any voting rights. Each F Preference share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the reference price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary shares and compounds annually.

- 'G' Ordinary Shares: 'G' Ordinary Shares: The holders of 'G' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares ("pari passu"), once the holders of the other Ordinary Shares received in aggregate a sum equal to 15.37 € in respect of each such Ordinary shares. 'G' Ordinary Shares entitle the holders to full voting rights.

- Preference Shares: The Preference Shares do not entitle the holder to any voting rights until such time as any dividend or redemption sum becomes overdue, any debt held by the Group has become payable before its specified maturity date, or on occasions where it is proposed to wind up or dissolve SYNLAB Limited or change the rights attaching to the Preference Shares. Each Preference Share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the issue price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary Shares and compounds annually. The total amount of cumulative preference dividends not recognised is 233.8 M€ (2018: 233.8M€) as at 31 December 2019. Such dividends are only payable upon redemption of the Preference shares; the Preference shares do not have a fixed redemption date and all events that trigger redemption are within the control of the Company. Accordingly, the Preferences shares are accounted for as equity instruments.
- Deferred Shares: The holders of Deferred Shares are not entitled to participate in any dividend or distribution. The Deferred Shares do not entitle the holders to any voting right.
- I' Preferred Ordinary Shares: Subject to the provisions in the Articles, each I Preferred Ordinary share will entitle holders to a preferred return linked to the amount of interest paid on the Preference Shares and F preference Shares. I Preferred Ordinary Shares rank *pari passu* with other Ordinary Shares, but they constitute a separate class of shares. I Preferred Ordinary Shares entitle the holder to receive notice of and to attend and speak and to vote at general meetings of the Company.

According to the articles of association, the 'A' Ordinary Shares, 'B' Ordinary Shares, 'F' Ordinary Shares, F Preference Shares, 'G' Ordinary Shares, Preference Shares and Deferred Shares may be transferred with the consent of the majority shareholder.

At incorporation, 6 ordinary £1 shares were issued at par value, the 6 ordinary £1 shares were converted into deferred shares.

Issuance of 'G' Ordinary shares during the period

Date of capital increase	Nature of transactions	Total number of shares pre-transactions	Number of shares issued	Subscription price (nominal + issue price)	Total number of shares post-transactions	Share capital post transaction (in €)	Share premium post transaction (in €)
30 Jan 2019	Capital increase	1,060.975	5,250	€0.00001	1,066,225	10,66	1,623.420,78

The objective of the Company's capital management is to grow its business and deliver improving returns for its parent company. Subject to statutory shareholder authorisation, the management of the Company's capital is performed by the Board of Directors. There are no externally imposed capital requirements.

CURRENCY TRANSLATION RESERVE

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

DIVIDENDS

No dividends were declared or distributed in 2019 or 2018.

34. Related party disclosures

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its key management (including companies in which managers hold key position) and with its majority shareholders, the Cinven funds and Novo or entities controlled by them.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

DIRECTORS' AND KEY EXECUTIVE MANAGEMENT COMPENSATION

The Group considers key management to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Members of the board of directors and the executive committee receive no compensation for their services on either of these committees.

Certain members of the board of directors and the executive committee are, or were, compensated for certain other services they render to the Group. Such remuneration is paid to them (or to professional companies wholly-owned by them) by way of a fixed annual salary (or fees) and an annual bonus.

The remuneration of the key management is set out below in aggregate as at 31 December 2019:

	Notes	Year ended 31 December 2019 €000	Year ended 31 December 2018 €000
Short-term benefits		8,665	7,035
Post-employment benefits	(i)	–	–
Share-based payments	(ii)	3,752	1,417
Total		**12,417**	**8,452**

(i) Post-employment benefits are not significant and correspond only for the few members concerned to legal post-employment benefits due to employees as described in Note 26 Employee benefit liabilities. None of the directors or key executives is member of a defined benefit pension scheme or money purchase pension scheme.

(ii) Certain key members of the senior management benefit from the various share-based payment schemes implemented by SYNLAB Limited. No awards were exercisable by any members of the senior management during that period. As part of management incentive plans, 20 directors or key executives have received awards receivable in the form of shares in the parent company under a long-term incentive scheme or rights to subscribe in the parent company through a Management vehicle. Refer to Note 27 Share based payment schemes.

REMUNERATION OF THE HIGHEST PAID DIRECTOR

The remuneration of the sole and highest paid director amounts to 3.0 M€ (2018: 0.6 M€) including shared based payment remuneration. The highest paid director did not exercise any share options in the year and is not benefiting from any defined benefit pension scheme.

OTHER RELATED PARTY TRANSACTIONS WITH DIRECTORS OR KEY MANAGEMENT MEMBER

Service agreement with Cinven Partners LLP

SYNLAB Limited and Cinven Partners LLP entered into a service agreement pursuant to which Cinven Partners LLP provided advisory and administrative services for an annual fee of 0.6 M€ in 2019 (2018: 0.7 M€).

Other relations with related parties

	As at 31 December 2019			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Members of Key Management €000**	**Total €000**
Loans to related parties	–	–	1,200	**1,200**
Receivables from related parties	97	42	–	**139**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	300	9	–	**309**

	As at 31 December 2018			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Members of Key Management €000**	**Total €000**
Loans to related parties	–	–	290	**290**
Receivables from related parties	73	137	–	**209**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	(847)	(256)	–	**(1,104)**

Receivables and payables, income and expenses concerning related parties, i.e. companies with significant influence on the Group and companies in which managers hold key positions.

OTHER RELATED PARTY TRANSACTION

A number of associates accounted for under the equity method incur expenses for certain subsidiaries of the Group. These operating expenses are recharged to the relevant subsidiaries. All transactions and outstanding balances with the related parties during the year are priced on an arm's length basis. None of the balances are secured.

During the year, the Group acquired an entity (Synlab-Ukraine TOB) formerly owned by a director of the company. The consideration paid amounted to 0.3 M€ and the transaction resulted in a negative goodwill of 0.2 M€ (see also Note 4).

35. Events after the reporting period

ACQUISITIONS

From 1 January 2020 until 17 April 2020, acquisitions have been made for a total value of 1.5 M€. They relate to the following acquisitions in Colombia and Italy: Detailed information on those operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
14. Jan 2020	Italy	Laboratori Riuniti S.r.l.	medical testing	market consolidation	share deal
31. Jan 2020	Colombia	Laboratorio Clinico Marcela Hoyos Rendón S.A.S.	medical testing	market consolidation	share deal

We acquired for all deals 100% controls subject to applicable legal constrains.

The French entity SYNLAB Bretagne SELAS was sold as 29 February 2020.

COVID-19 CRISIS

As set out within the strategic report, the ongoing crisis with Covid-19 is creating significant uncertainty for all businesses across the geographies, in which the Group operates and, as might be expected, is having an impact on the Group operations in most countries, particularly those in the height of the crisis.

The development of the crisis is very dynamic. To mitigate liquidity risk, the group has drawn down its entire available Revolving Credit Facility (RCF), with 219 M€ drawn in two tranches in the week of 16 March 2020 (100 M€ on 16 March 2020 and then 119 M€ on 20 March 2020).

The impact of Covid-19 is a non-adjusting post balance sheet event which is likely to impact (in the future) the judgements and estimates made as at the balance sheet date of 31 December 2019, primarily in respect of Goodwill and Intangibles, but also including Pensions Assets, Deferred Tax Assets and Expected Credit Losses which may result in impairments in future periods.

36. Investments in subsidiaries

PRINCIPAL GROUP INVESTMENTS

The Company and the Group have investments in subsidiary undertakings and investments, which principally affected the profits or net assets of the Group as listed in Note 37 Group entities.

37. Group entities

EM: Equity Method/FC: Fully consolidated/NC: Not consolidated/SPE: Special Purpose Entity

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
		FRANCE			
Alpigène SELAS	8, rue Saint Jean de Dieu	Lyon	32,32	FC	55,00
Synlab Bordeaux Atlantique SELAS	2A Rue Marguerite Dumora	Blanquefort	99,14	FC	100,00
Synlab Aquitaine	1, place Turenne	Castillon-la-Bataille	99,14	FC	99,99
SYNLAB Lorraine SELAS	66 bis, avenue Carnot	Saint-Max	99,54	FC	99,87
Synlab Normandie SELAS	4, place Ernest Thorel	Louviers	99,83	FC	99,99
Synlab Pays de Savoie SELAS	15, rue Président Coty	Albertville	99,53	FC	99,99
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	6, rue Barla	Nice	98,36	FC	98,36
Synlab Occitanie SELAS	2-3, galerie du Midi	Revel	99,60	FC	99,92
Synlab Adour SELAS	10, rue Victor Lourties	Aire Sur l'Adour	98,37	FC	100,00
Bioalliance SELAS	17, avenue des Droits de l'Homme	Orléans	99,68	FC	99,70
SYNLAB Bretagne SELAS	6, rue de Saint-Marc	Lannion	99,07	FC	99,92

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
		FRANCE			
SYNLAB Opale SELAS (formerly: Centre Biologique SELAS)	16, rue Quatre Coins	Calais	99,75	FC	99,86
SYNLAB Hauts de France SELAS	1, rue du professeur Calmette	Lille	99,97	FC	99,97
Synlab France SAS	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
Synlab Biofrance SELAS	Lieudit "Le Château d'Eau"	Avesnelles	99,99	FC	100,00
SCM Biologis	2, avenue Louise Michel	Reze	95,60	FC	95,23
Synlab Bourgogne SELAS	Rue Louis Pasteur	Paray Le Monial	99,97	FC	99,97
SYNLAB Biopaj SELAFA	25, Avenue Georges Clémenceau	Valenciennes	98,55	FC	99,99
SYNLAB Auvergne SELAS (formerly: Bioval Laboratoires SELAS)	34, Cours Tracy	Cusset	99,99	FC	100,00
Biopar SAS	60-62, rue d'Hauteville	Paris		MERGER	
Synlab Vallée du Rhône SELAS	71, avenue Gabriel Péri	Roussillon	99,91	FC	99,94
Biosynthèse SELAS	6, place Abbé Pasty	Fleury-les-Aubrais	99,15	FC	99,60
Laboratoire de Biologie Médicale Carron SELAS	1, avenue des puits	Montceau-les-Mines	99,88	FC	99,91
Sylab SELAS	81, avenue Charles de Gaulle	Aurillac	98,95	FC	99,80
SCM Cabinet Médical Saint Côme	N3 Centre Commercial Carrefour	Claye-Souilly	45,61	EM	45,61
Laboratoire de Biologie Médicale Delaporte SELAS	N3 Centre Commercial Carrefour	Claye-Souilly	99,99	FC	99,99
eBioSanté SELAS	60-62 rue d Hauteville	Paris	50,00	EM	50,00
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	Zone d'Activités de Dumès, lot A6	Langon	49,49	EM	49,92
SYNLAB Gascogne SELAS	13, rue Alsace	Auch Cedex	99,05	FC	99,98
Laboratoire de Biologie Medicale Cayrou-Gorse-Bourjeili SELAS (CGB)	5, boulevard Gambetta	Rodez	99,99	FC	100,00
SCM GROUPEMENT LABOS	1 rue de Crech Tanet	Lannion	65,28	FC	66,04
Synlab Charentes SELAS	53, rue Elysée Loustalot	Saint-Jean-D'Angely	99,99	FC	100,00
Laboratoire Synlab Bioliance SELAS (formerly:Laboratoire Bioliance S.)	2, avenue Louise Michel	Reze	95,60	FC	97,00
SYNLAB Holding France SA	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
Synlab Corporate Assistance	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
SYNLAB Analytics&Services France SARL	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
SCM Labo centre	27, rue Gustave Eiffel	Chécy	98,74	FC	100,00
SYNLAB LABCO GESTION	60-62 rue d'Hauteville	Paris	98,74	FC	100,00
SCM de la Rue de la Marne	35, rue de la Marne	Gien	99,99	FC	100,00
SYNLAB Provence SELAS	93, avenue des Caillols	Marseille	99,83	FC	99,98
Synlab Midi SELAS	115, rue de la Haye	Montpellier	99,98	FC	99,98
SYNLAB Nord de France SELAS	149, rue Georges Pompidou	Saint-Quentin	98,37	FC	99,98
Laboratoire de Biologie Médicale du Val d'Orne SELAS	50, rue de la République	Argentan	99,97	FC	100,00
SYNLAB Oxabio SELAS (formerly: Oxabio SELAS)	13, rue d'Alger	Cambrai	98,39	FC	98,42
Laboratoire d'Analyses de Biologie Médic. Chr. Pepin-Philippe SELAS	5, rue Eugène Marchand	Fécamp	98,50	FC	99,42

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
Laboratoire d'Analyses de Biologie Medicale Biopole 33 SELARL	20, rue Armand Lamarque	Bordeaux	99,14	FC	100,00
SCI des Practiciens de Floirac	143 Rue du Tondu	Bordeaux	9,22	NC	9,30
SYNLAB Paris SELAS	9, rue Stanislas	Paris	99,99	FC	99,99
Synlab Corrèze SELAS	12 rue Marcellin Berthelot	Brive	97,39	FC	99,00
Technipath SELAS	41, Allée des Cyprès	Limonest	99,40	FC	99,40
SYNLAB Normandie Maine SELAS	1, rue de Verdun	Mayenne	98,91	FC	99,94
	SWEDEN				
SYNLAB Analytics & Services AB	Box 1083	Linkoping	100,00	FC	100,00
ALcontrol Holding (Sweden) AB	Box 1083	Linkoping	100,00	FC	100,00
ALcontrol Sweden AB	Box 1083	Linkoping	100,00	FC	100,00
Profulus AB	Vaisalantie 2 (A-talo)	Espoo	100,00	FC	100,00
SYNLAB Sverige AB (formerly: Aleris Medilab AB)	Box 6401	Stockholm	100,00	FC	100,00
	NORWAY				
SYNLAB Analytics & Services Norway AS	Bekkelivegen 2	Hamar	100,00	FC	100,00
ALcontrol Norway AS	Bekkelivegen 2	Hamar	100,00	FC	100,00
Lab1 AS	Elias Smithsvei 10	Sandvika		SOLD	
	ITALY				
Centro Diagnostico Eur S.r.l.	Via Fiume Bianco 56	Roma RM	100,00	FC	100,00
Ar.Pa. Radiologica S.r.l	Via Nomentana n. 314	Roma		MERGER	
S.D.N Spa	Via Francesco Crispi 8	Napoli	100,00	FC	100,00
Instituto il Baluardo S.p.A.	Via del Molo 4	Genova	100,00	FC	100,00
Baluardo Servizi Sanitari S.r.l.	Piazzale Porta del Molo 2	Genova	100,00	FC	100,00
Società Biomedica Bioingegneristica Campagnia SCARL	Via Sergio Panzini 5	Napoli	7,20	NC	7,20
Synlab Ecoservice S.r.l. (CAM ECO SERVICE SRL)	Via Martiri delle Foibe 1	Monza	60,00	FC	60,00
Centro A. Fleming S.r.l.	Via Andrea Doria N16/A	Verona	100,00	FC	100,00
CENTROLAB S.r.l.	Via dei Montecatini 6	Roma RM	100,00	FC	100,00
Synlab Como S.r.l.	Via Martiri delle Foibe 1	Monza	100,00	FC	100,00
CONSORZIO PER LO SVILUPPO DELLA MEDICINA OCCUPAZIONALE E AMBIENTALE	Via Martiri delle Foibe 1	Monza	33,00	EM	33,00
Data Medica Padova S.p.A.	Via Antonio Zanchi n. 89	Padova	100,00	FC	100,00
Medical Fisiolab S.r.l.	Via Strada Vecchia, 2, Riano	Riano RM		MERGER	
Fisiokinesiterapia 21 S.r.l	Via G. Battista Bodoni n.7/9	Roma		MERGER	
Synlab Italia S.r.l.	Via Martiri delle Foibe 1	Monza	100,00	FC	100,00
Analisi Cliniche Gallieno S.r.l.	Via G. sc. Abba n. 12/a	Verona VR	10,00	NC	10,00
Geneticlab S.r.l.	Via Roveredo 20/B	Pordenone	100,00	FC	100,00
Immunolab S.r.l.	Piazza Addis Abeba, 1	Roma	100,00	FC	100,00
Laboratorio Iris S. r. l.	via del Castani 236	Roma		MERGER	
Synlab MED S. r. l.	via Casenuove 44	Faenza (RA)	100,00	FC	100,00
Laboratorio Analisi Clinico Chimiche Camillo Golgi S.r.l.	Via A. De Gasperi, 2	Brescia	100,00	FC	100,00
Synlab Lazio S.r.l.	via Torrenova, 249	Rom	100,00	FC	100,00

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
Poliamblatorio Euganea Medica S.r.l.	via Colombo no. 13, Albignasego	Albignasego	100,00	FC	100,00
Laboratorio Analisi per la Diagnostica Medica – IV Miglio S.r.l.	Via Pozzobonelli 8	Rom		MERGER	
Laboratorio MYCETE S.r.l.	Via S. Polo dei Cavalieri, 16	Roma		MERGER	
Laboratorio Ostiense S.r.l	Via Ostiense N.38	Roma		MERGER	
Pharmadiagen S.r.l.	Via Roveredo 20/B	Pordenone	100,00	FC	100,00
Poliambulatorio Camillo Golgi S.r.l.	V. Triumplina, 14	Brescia	100,00	FC	100,00
POLIAMBULATORI SANTA MARIA S.r.l.	Via Provinciale 77/E	Vobarno	100,00	FC	100,00
SYNLAB Analytics & Services Italia S.r.l.	Via Nuoava Valassina 5/B	Merone (CO)	100,00	FC	100,00
Salus Controlli Medici Diagnostici S.r.l.	Via Volta Alessandro N.37	Roma		MERGER	
SANTA MARIA CENTRO ANALISI CHIMICO CLINICHE S.r.l.	Via Provinciale, 77/e	Vobarno BS	100,00	FC	100,00
Synlab Analytics and Services S.r.l.	Via della Querciola 12	Sesto Fiorentino (fi)	100,00	FC	100,00
SYNLAB Holding Italy S.r.l.	Via Pietro Paleocapa 6	Milano	100,00	FC	100,00
	GERMANY				
Apparategemeinschaft i. Albrecht-Dürer-Haus GbR	Albrecht-von-Dürer-Platz 9-11	Nürnberg	SPE	FC	SPE
SYNLAB Acquisition GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
BZH GmbH Deutsches Beratungszentrum für Hygiene GmbH	Schnewlinstrasse 10	Freiburg im Breisgau	55,92	FC	55,92
EMT Medizintechnik GmbH&Co.KG	Otto-Hahn-Strasse 18	Ettlingen	75,00	FC	75,00
EMT Medizintechnik Verwaltungs GmbH	Otto-Hahn-Strasse 18	Ettlingen	75,00	FC	75,00
synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	Harrlachweg 1	Mannheim	100,00	FC	100,00
SYNLAB MVZ für Dermatohistologie GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
Stülpnagelstraße GbR	Kaiserdamm 24	Berlin	33,00	NC	33,00
SYNLAB Analytics & Services LAG GmbH	Südstrasse 7	Spremberg/OT Schwarze Pumpe	100,00	FC	100,00
Vertragsärztliche Laborgemeinschaft Allgäu GbR	Pettenkoferstrasse 1 c	Kempten	SPE	FC	SPE
Laborgemeinschaft Albtal GbR	Otto-Hahn-Strasse 18	Ettlingen	SPE	FC	SPE
Laborgemeinschaft Bayerischer Ärzte GbR	Bayerstrasse 53	München	SPE	FC	SPE
Laborgemeinschaft Bayern-Nord GbR	Hildegard-von-Bingen-Strasse 1	Regensburg	SPE	FC	SPE
Ärztliche Laborgemeinschaft GbR	Reichartstrasse 2	Berlin	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Bonn/Rhein Sieg	Dechenstrasse 1	Bonn	SPE	FC	SPE
Laborgemeinschaft Bayern-Süd GbR	Gubenerstrasse 39	Augsburg	SPE	FC	SPE
Laborgemeinschaft Brandenburg-Templin GbR	Robert-Koch-Strasse 24	Templin	SPE	FC	SPE
KV-LG Eschweiler	Dechant-Deckers-Strasse 8	Eschweiler	SPE	FC	SPE
Ärztliche Laborgemeinschaft Region Eschweiler	Dechant-Deckers-Strasse 8	Eschweiler	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hamburg Nordwest GbR	Hohe Weide 17	Hamburg	SPE	FC	SPE

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
Laborgemeinschaft Bayerischer Heilpraktiker GbR	Bayerstrasse 53	München	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	Am Schönschede	Brilon	SPE	FC	SPE
Laborgemeinschaft Idar-Oberstein GbR	Göttschieder Straße 39	Idar-Oberstein	SPE	FC	SPE
Privatärztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstrasse 2	Varel	SPE	FC	SPE
Vertragsärztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstrasse 2	Varel	SPE	FC	SPE
Laborgemeinschaft Kassel GbR	Pettenkoferstrasse 26	Kassel	SPE	FC	SPE
KV-LG Köln Kalk	Buchforststrasse 2	Köln	SPE	FC	SPE
Ärztliche Laborgemeinschaft Köln-Kalk	Buchforststrasse 2	Köln	SPE	FC	SPE
Die Privatärztliche Laborgemeinschaft GbR	Pettenkofer Strasse 26	Kassel	SPE	FC	SPE
Privatärztliche Laborgemenischaft Kurpfalz	Wasserturmstrasse 71	Eppelheim	SPE	FC	SPE
Laborgemeinschaft Kurpfalz GbR	Wasserturmstrasse 71	Eppelheim	SPE	FC	SPE
Laborgemeinschaft Mittelfranken GbR	Fürther Strasse 212	Nürnberg	SPE	FC	SPE
Laborgemeinschaft München-Innenstadt GbR	Hochstrasse 27	Dachau	SPE	FC	SPE
KV-LG Nordeifel	St.-Elisabeth-Strasse 2 – 6	Mechernich	SPE	FC	SPE
Privatörztliche Laborgemeinschaft Nordeifel	St.-Elisabeth-Strasse 2 – 6	Mechernich	SPE	FC	SPE
Privataerztliche Laborgemeinschaft LG Nord	Osterbekstrasse 90 c	Hamburg	SPE	FC	SPE
Laborgemeinschaft Oberpfälzer Ärzte GbR	Zur Kesselschmiede 4	Weiden	SPE	FC	SPE
Laborgemeinschaft Ostbayern-Bavaria GbR	Hildegard-von-Bingen-Strasse 1	Regensburg	SPE	FC	SPE
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	Feldstrasse 26	Trier	SPE	FC	SPE
Laborgemeinschaft Stuttgart-Voralb GbR	Nikolaus-Otto-Strasse. 6	Leinfelden-Echterdingen	SPE	FC	SPE
Laborgemeinschaft Südwest GbR	Otto-Hahn-Strasse 18	Ettlingen	SPE	FC	SPE
KV-LG Troisdorf	Schloßstrasse 18	Troisdorf	SPE	FC	SPE
Laborgemeinschaft Thueringia GbR	Bahnhofstrasse 1 A	Stadtroda	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Troisdorf	Schloßstrasse 18	Troisdorf	SPE	FC	SPE
Laborgemeinschaft Trier GbR	Feldstrasse 26	Trier	SPE	FC	SPE
Laborgemeinschaft Ulm	Frauenstrasse 51	Ulm	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Weinstrasse	Landauer Strasse 1	Neustadt a. d. Weinstrasse	SPE	FC	SPE
Laborgemeinschaft Dr. Wimmer GbR	Gubenerstrasse 39	Augsburg	SPE	FC	SPE
synlab Labor München Zentrum GbR	Bayerstrasse 53	München	100,00	FC	100,00
LS Medizinservice GmbH	Otto-Hahn-Strasse 18	Ettlingen	75%	FC	75
synlab Logistics GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
Privamed – privatärztliche Laborgemeinschaft GbR	Bayerstrasse 53	München	SPE	FC	SPE
SYNLAB MVZ Pathologie Hannover GmbH	Feodor-Lynen-Strasse 21	Hannover	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	A 2,2	Mannheim	100,00	FC	100,00
SYNLAB Chemie, Industrie- und Spezialanalytik CIS GmbH	Industriestrasse 300	Hürth	100,00	FC	100,00

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
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synlab Verwaltungs und Beteiligungs GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
SYNLAB International GmbH	Moosacher Strasse 88	München	100,00	FC	100,00
SYNLAB Holding Deutschland GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
SYNLAB Analytics & Services Germany GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
Synlab.vet GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Augsburg GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Berlin GmbH	Reichartstrasse 2	Berlin	100,00	FC	100,00
Medizinisches Versorgungszentrum synlab Bonn GmbH	Dechenstrasse 1	Bonn	100,00	FC	100,00
MVZ Laborzentrum Ettlingen GmbH	Otto-Hahn-Strasse 18	Ettlingen	75,00	FC	75,00
SYNLAB MVZ Humangenetik Freiburg GmbH	Heinrich-von-Stefan-Strasse 5	Freiburg im Breisgau	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Heidelberg GmbH	Wasserturmstrasse 71	Eppelheim	100,00	FC	100,00
Medizinisches Versorgungszentrum synlab Hämatologisches Labor Köln Gmb	Kerpener Strasse 62	Köln	100,00	FC	100,00
SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	Beethovenstrasse 2	Varel	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Kassel GmbH	Kurt-Wolters-Strasse 2-4	Kassel	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	Nikolaus-Otto-Strasse 6	Leinfelden-Echterdingen	100,00	FC	100,00
MVZ Synlab Leverkusen GmbH	Paracelsusstrasse 13	Leverkusen	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Stuttgart GmbH	Stuttgarter Strasse 11	Stuttgart	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Trier GmbH	Feldstrasse 26	Trier	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Weiden GmbH	Zur Kesselschmiede 4	Weiden	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Hamburg GmbH	Osterbekstrasse 90 c	Hamburg	100,00	FC	100,00
Steinlach-Klinik GmbH	Gubenerstrasse 39	Augsburg	100,00	FC	100,00
SPAIN & GIBRALTAR					
UTE BCN Patolegs S.L.	PJ. Josep Llovera, 9 BJ	Barcelona	SPE	NC	SPE
Brugues Asistencial, S.A.	Ctra.A Santa creu de Calafell, 100	Gava Barcelona	99,87	FC	100,00
LAB DOS ANALISIS, S.L.	Amigó, 12	Barcelona	49,93	EM	50,00
Egara Laboratoris S.L.	CAlle Sant Antoni, 32	Errassa	44,94	EM	45,00
UTE GEMU Analysis S.L.	Verge de Guadalupe 18	Esplugues de Llobregat	49,93	EM	50,00
Imadia 2005 S.A.	Ctra.A Santa creu de Calafell, 100	Gava Barcelona	99,87	FC	100,00
BioKilab S.L.	Calle Aranzabal 11	Vitoria-Gasteiz	99,87	FC	100,00
Synlab Holding Iberia S.A.	28 Calle Londres	Barcelona	99,87	FC	100,00
LABCO BUILDINGS SL	Verge de Guadalupe, 18	Esplugues de Llobregat	100,00	FC	100,00

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	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
Synlab Diagnosticos Globales S.A.	Verge de Guadalupe, 18	Esplugues de Llobregat	99,87	FC	100,00
Laboratorios Clinicos Compostela S.L.	Calle Xeneral Pardiñas, 10 Semis. 8	Santiago de Compostela	99,87	FC	100,00
Laboratorios Clinicos Gallegos Reunidos S.L.	Avenda Marinas, 6 – BL II BJ	Olerios	99,87	FC	100,00
Synlab Pathology, S.L. (formerly: Labco Pathology, S.L.)	Calle VAlgrande, 8	Alcobendas	99,87	FC	100,00
Clinica Pinar S.A.	Calle VAlgrande, 8 Alcobendas	Madrid	39,95	EM	40,00
Centro De Patologia Celular Y Diagnostico Prenatal, S.A.	Londres, 6	Barcelona		LIQUIDA-TION	
Roqueta-Esteve-Rimbau, S.L.P	Pare Claret, 20	Girona	99,87	FC	100,00
Reus C.M. S.A,	Calle sant joan, 34 – 3, Reus	Tarragona	10,99	NC	11,00
Seaslab S.L.	Avenida As Mariñas, 323	Oleiros, A Coruña	99,87	FC	100,00
SYNLAB SERVICES S.L.	Calle Verge de Guadalupe, 18	Barcelona	99,87	FC	100,00
C.M. Tarragona S.A,:	Rambla Nova, 78 43003	Tarragona	2,73	NC	2,73
GENERAL LABORATORIES AND TRIALS, S.L.	Maria de Molina, 28.	Madrid	74,90	EM	75,00
Raban Gibraltar LDA	6A Queensway	Gibraltar	99,87	FC	100,00
	LATAM				
CIC ANALÍTICA ESPECIAL GESTAO E INVESTIMENTO BRASIL, LTDA.	Avda. Republica do Libano, 2065	São Paulo	99,87	FC	100,00
CIC ANALISES CLINICAS ESPECIAIS LTDA	Avda. Republica do Libano, 2065	São Paulo	99,87	FC	100,00
LABORATORIO LABCO NOUS DO BRASIL, LTDA	Avda. Republica do Libano, 2065	São Paulo	98,87	FC	99,00
Andreani S.A.S.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca	99,87	FC	100,00
Àngel Diagnóstica S.A.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca	99,87	FC	100,00
Bioter Diagnóstica S.A.S.	Calle 22 N # 5 N 29	Cali – Valle del Cauca	99,87	FC	100,00
Botero Sanin S.A.S.	Carrera 48 10 45	Medellín – Antioquia	99,87	FC	100,00
Laboratorio Clinico Falab S.A.S.	Cra 49B N° 79 – 99	Barranquilla (Atlántico)	99,87	FC	100,00
Imágenes Diagnósticas S.A.	Calle 94 # 15 – 45	Bogotá		MERGER	
Instituto de Referencia Andino S.A.S.	Calle 13 # 60-49 Piso 3	Bogotá	99,87	FC	100,00
Jucamimca S.A.S	Avenida 10 A Norte # 10 – 93	Cali – Valle del Cauca	99,87	FC	100,00
Labco Nous Colombia LTDA	Cra 12 No 98-64 Oficina 504	Bogotá		MERGER	

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	As at 31 December 2019				
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Synlab Colombia S.A.S (formerly: Prolab S.A.S.)	Transversal 5 A # 45-118	Medellín – Antioquia	99,87	FC	100,00
Andreas Rothstein S.A.S.	Cra. 16a	Bogotá	99,87	FC	100,00
Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.	Calle 94 # 15 – 45	Bogotá	97,37	FC	97,50
Instituto de Referencia Andino IRA S.A.	Calle Av. Amazonas N21-252	Quito	99,87	FC	100,00
Synlab Sociedad Anomina (formerly: NETLAB S.A.)	Calle A N31-145	Quito	99,87	FC	100,00
CIC MEXICO ANALISIS ESPECIALES, S.C.	Contadores No. 4, Col. Sifon	Mexico	69,91	FC	70,00
Instituto de Referencia Andino S.A.	Century Tower Office 17-21	Panama	99,87	FC	100,00
CIC Peru Analisis Clinicos Especiales S.A.C.	Avenida Felipe Pardo y Aliaga 680	Lima	99,87	FC	100,00
GESTORA PERUANA DE HOSPITALES S.A	Av. Javier Prado Este 560 Dpto.	Peru Lima-San Isidro	31,96	EM	32,00
SYNLAB Perú S.A.C.	Av. Gregorio Escobedo 710, Jesús M.	Lima	99,87	FC	100,00
BELGIUM					
SYNLAB Belgium SC/SPRL	Avenue Alexander Fleming 3	Heppignies	99,74	FC	100,00
Ellipsys SCA	Avenue Alexander Fleming 3	Heppignies	98,96	FC	100,00
Generalimmo SPRL	Avenue Alexander Fleming 3	Heppignies	99,74	FC	100,00
SPRL ANALSES MEDICALES RISSELN	Place de l'Hotel de Ville	Franes-Lez-Anvaing		MERGER	
Labco Belgium SA	Avenue Alexander Fleming 3	Heppignies		LIQUIDA-TION	
Labco Finance SPRL	Avenue Alexander Fleming 3	Heppignies		LIQUIDA-TION	
UK & IRELAND					
Synlab Unsecured Bondco PLC	2 Portman Street	London	100,00	FC	100,00
SYNLAB Holdco Limited	2 Portman Street	London	100,00	FC	100,00
SYNLAB HoldCo III Limited	2 Portman Street	London	100,00	FC	100,00
VLSI Limited	Unit 50, Vicars Road, Pouladuff	Cork	100,00	FC	100,00
ALcontrol Financial Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Group Limited	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Holdings Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Netherlands Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Holding (Norway) Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Sweden Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
SYNLAB Analytics & Services UK Ltd.	44 Colbourne Crescent,Nelson Park,	Cramlington, Northumberland	100,00	FC	100,00
ALcontrol Holding (UK) Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
SYNLAB Bondco PLC	2 Portman Street	London	100,00	FC	100,00
Bridge Pathology Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00

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	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
The Christie Pathology Partnership LLP	550 Wilmslow Road, Withington	Manchester	50,10	FC	50,10
CPP Facilities LLP	550 Wilmslow Road, Withington	Manchester	50,10	FC	50,10
CTDS 2015 Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
E4Law Limited	The Maltings East Tyndall Street	Cardiff	100,00	FC	100,00
Facilities First LLP	2 Portman Street	London	49,00	EM	49,00
Geneius Laboratories Limited	44 Colbourne Crescent,Nelson Park	Cramlington	100,00	FC	100,00
Genon Laboratories Ltd.	2 Portman Street	London	100,00	FC	100,00
Integrated Path Services Ltd.	2 Portman Street	London	100,00	FC	100,00
BPL Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
CTDS 2015 Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
PTDS Hold Limted	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
TDDS 2015 Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
VLSI Hold Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
IPP Analytics Ltd.	2 Portman Street	London	100,00	FC	100,00
IPP Facilities Ltd.	2 Portman Street	London	100,00	FC	100,00
IPP Ltd.	2 Portman Street	London	100,00	FC	100,00
Labco Diagnostics (UK) Limited	2 Portman Street	London	100,00	FC	100,00
Labco UK Group Limited	2 Portman Street	London	100,00	FC	100,00
Pathology First LLP	2 Portman Street	London	49,00	EM	49,00
PTDS Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
Synlab Health Laboratory Service Ltd.	2 Portman Street	London	100,00	FC	100,00
SPS Facilities LLP	2 Portman Street	London	33,30	EM	33,30
Southwest Pathology Services LLP	2 Portman Street	London	33,30	EM	33,30
Synlab VPG Limited	Unit 1b, Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
SW Part Services LLP	2 Portman Street	London	33,30	EM	33,30
Synlab UK Limited	2 Portman Street	London	100,00	FC	100,00
TDDS 2015 Limited	Unit 1b Science Park, Babbage Way	Honiton, Exeter	100,00	FC	100,00
	PORTUGAL				
PATRICK AGOSTINI II, Lda.	Dobra, Odelouca	Silves	99,87	FC	100,00
Análises Clinicas do Bom Jesus, Lda	Rua do Bom Jesus, 18-1º Andar	Funchal	99,87	FC	100,00
Laboratório De Análises Clínicas Da Covilhã, S.A.	Ru Pedro Álvares Cabral, n.º 2	Covilhã	99,87	FC	100,00
Dr. Macedo Dias – Laboratório de Anatomia Patológica S.A	Rua da Constituição, 668 1º	Porto	99,87	FC	100,00

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	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
SYNLABHEALTH MADEIRA, S.A.	Rua do Hospital Velho, 23 A	Madeira	99,87	FC	100,00
Synlabhealth-Genética Medica S.A.	Rua do Campo Alegre, 1306, Sala 403	Porto	99,87	FC	100,00
Synlabhealth Algarve S.A.	Rua D. Jerónimo Osório, n.º1	Faro	99,87	FC	100,00
SYNLABHEALTH ALENTEJO, S.A.	Praceta Horta do Bispo, r/c,	Évora	99,87	FC	100,00
SYNLABHEALTH PORTO S.A (formerly: Laboratórios Consolidados do Porto, S.A.)	Rua Sá da Bandeira, 790	Porto	99,87	FC	100,00
Synlabhealth Portugal, S.A.	Rua Rodrigues Sampaio, 30-C, 3º	Lisboa	99,87	FC	100,00
SYNLABHEALTH Leiria LTD	Av. dos Combatentes da GrandeGuerra	Leiria	99,87	FC	100,00
Laboratório de Análises Clínicas São José, Lda.	Ciruclar Externa de Coimbra	Coimbra	99,87	FC	100,00
CLINICA SAMPEDRO Lda.	R. de Santo Eloy 3, 1675-150	Odivelas	29,69	EM	29,73
Synlabhealth II, SA	Rua Rodrigues Sampaio, 30-C, 3º	Lisboa	99,87	FC	100,00
Sscp – Serviços De Saúde Curativos e Preventivos Lda.	Avenida 25 de Abril, 27 C	Pontinha	99,87	FC	100,00
Synlabhealth Torres Novas, Unipessoal LDA (Clinova- Centro De Diagnóst	Largo D. Diogo Fernandes de Almeida	Torres Novas	99,87	FC	100,00
SWITZERLAND					
ARGOT Lab Dermatopathologie SA	Rue du Liseron 11	Lausanne		MERGER	
ARGOT Lab Holding SA	Rue du Liseron 5	Lausanne		MERGER	
ARGOT Lab Pathologie Oculaire SA	Rue du Liseron 5	Lausanne		MERGER	
ARGOT Lab SA	Rue du Liseron 5	Lausanne		MERGER	
SYNLAB Analytic and Services Switzerland AG	Sternenfeldstrasse 14	Birsfelden	100,00	FC	100,00
Bakteriologisches Institut Olten BIO AG	Baslerstrasse 150	Olten	30,00	EM	30,00
Biopath Lab. SA	Rue du Liseron 5	Lausanne		MERGER	
Cyto Obwegeser AG	Gfennstrasse 39	Schwerzenbach	100,00	FC	100,00
SYNLAB Suisse SA	Alpenquai 14	Luzern	100,00	FC	100,00
ARGOT Lab SA (formerly: Marnaud Holding SA)	Rue du Liseron 11	Lausanne	100,00	FC	100,00
one-provide ag	Sternmatt 6	Kriens	100,00	FC	100,00
CLINICAL REFERENCE LABORATORIES HOLDING SA	Sternmatt 6	Kriens	99,87	FC	100,00
Synlab SWISS Holding SA	Alpenquai 14	Luzern		MERGER	
AUSTRIA					
Synlab Logistic Austria GmbH	Rosensteingasse 49-51	Vienna	100,00	FC	100,00
Synlab Holding Austria GmbH	Donaustadtstrasse 1	Vienna	100,00	FC	100,00
Institut für medizinische und chemische Labordiagnostik GmbH	Rosensteingasse 49-51	Vienna	100,00	FC	100,00
Synlab Analytics & Services Austria GmbH	St.-Peter-Strasse 25	Linz	100,00	FC	100,00

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	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
CZECH REPUBLIK & SLOVAKIA					
Synlab genetics s.r.o.	Sokolovská 100/94	Praha 8		LIQUIDA-TION	
Poliklinika Moravské Budějovice, s.r.o.	Tovacovského sady 78	Moravské Budejovice	4,00	NC	4,00
SYNLAB cytologie s.r.o. (form.PROKOPEC COP s.r.o.)	Vrbenská 197/23	České Budějovice 4	100,00	FC	100,00
synlab czech s.r.o.	Sokolovská 100/94	Praha 8	100,00	FC	100,00
Synlab slovakia s.r.o.	Limbová 5	Bratislava	100,00	FC	100,00
ESTONIA & LITHUANIA					
SYNLAB Eesti OÜ	Veerenni 53A	Tallinn	100,00	FC	100,00
SYNLAB Lietuva UAB	Kalvariju g. 137A-15	Vilnius	100,00	FC	100,00
DENMARK					
AnalyTech Miljølaboratorium A/S	Bøgildsmindevej 21	Nørresundby	100,00	FC	100,00
SYNLAB Medical Digital Services A/S(Dansk Medicinsk Data Distribution)	Storhaven 12	Vejle	100,00	FC	100,00
SYNLAB Holding Denmark ApS	Storhaven 12	Yejle	100,00	FC	100,00
FINLAND					
Cityterveys Oy	Kivihaantie 7	Helsinki	100,00	FC	100,00
SYNLAB Suomi Oy (formerly: Cityterveys Group Oy)	Kivihaantie 7	Helsinki	100,00	FC	100,00
Yhtyneet Medix Laboratorio Oy	Kivihaantie 7	Helsinki	100,00	FC	100,00
SYNLAB Analytics & Services Finland Oy	Lepolantie 9	Karkkila	100,00	FC	100,00
Nordic Testing Oy	Lepolantie 9	Karkkila	100,00	FC	100,00
SYNLAB Finland OY	Kivihaantie 7	Helsinki	100,00	FC	100,00
Cityterveys Seulonta Oy	Kivihaantie 7	Helsinki	100,00	FC	100,00
SYNLAB Holding Finland OY (formely synlab Holding Finland OY)	Kivihaantie 7	Helsinki	100,00	FC	100,00
HUNGARY					
CENTRUM-LAB Laboratóriumi Diagnosztikai Korlátolt Felelősségű Társaság	Lövőház utca 1-5. Mammut. ép II.	Budapest		MERGER	
Synlab Hungary Kft.	Weiss Manfréd út 5-7	Budapest	100,00	FC	100,00
Spectromass Analitikai Labortórium Kft.	Röppentyu utca 48.	Budapest		MERGER	
NETHERLANDS					
SYNLAB Analytics & Services BV	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00
SYNLAB Analytics & Services Oosterhout BV	Everdenberg 41	Oosterhout	100,00	FC	100,00
Alcontrol Holding (Netherlands) BV	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00
ALcontrol Holland BV	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00

Parent company : SYNLAB Limited PLC

	As at 31 December 2019				
Designated entities	**Address**	**City**	**% of control (add)**	**Method of Consoli-dation**	**% of interest (result)**
	REST OF WORLD				
Freiburg Medical Laboratory Middle East LLC	205 Al Kifaf Comm.Bldg, Karama	Dubai	70,00	FC	70,00
Das ausl. private einheitliche Dienstleistungsuntern. “Synlab-EML”	Akademicheskaja Str. 26-74	Minsk	100,00	FC	100,00
Synlab Cyprus Limited	Piraeus 36, Strovolos	Nicosia	100,00	FC	100,00
SYNLAB Ghana Ltd (former Medlab Ghana Limited)	17 Ridge Road	Roman Ridge, Accra	75,00	FC	75,00
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAGNOSTIKU	Kraljevićeva ulica 24	Zagreb	100,00	FC	100,00
Medven Africa Limited	Victoria Road	Douglas	75,00	FC	75,00
Private Health Institution SYNLAB Skopje	Ognjen Prica 1 loc. 3,4,5	Skopje	98,00	FC	98,00
SYNLAB Nigeria Limited	9 Egbeyemi Street, Off Coker Road	Lagos	51,00	FC	51,00
Synlab Polska Sp. Z.o.o.	UI. Kartezjusza 2	Warsaw	100,00	FC	100,00
Laboratarele Synlab S.r.L.	B-dul Tudor Vladimiresco, Nr. 29	Bucharest	99,95	FC	100,00
CMI Dr. Marinescu Dana Mihaela SRL	Cetatea Histriei Street no. 12, Dis	Bucharest	99,95	FC	100,00
CMI Dr. Iacobescu C Anca SRL	Masina de paine Street, no. 47,	Bucharest	99,95	FC	100,00
Laboratoarele RGM. SRL	Calea Plevnei – 137C	Bucharest	99,95	FC	100,00
Medsense Servici Medicale S.R.L.	sector 5, Str. Costache Negri nr. 2	Bucharest	99,95	FC	100,00
SYNLAB.VET S.R.L	B-dul Tudor Vladimirescu nr.29	Bucharest		LIQUIDA-TION	
Zostalab SRL	Calea Plevnei Street 137C, corp 23	Bucharest	99,95	FC	100,00
SYNLAB WEST S.r.l.	B-dul Tudor Vladimiresco, Nr. 29	Bukarest	99,95	FC	99,95
Adria Lab laboratorijska diagnostika d.o.o	Šestova ulica 2	Ljubljana	100,00	FC	100,00
Synlab ILK Referans Sağlık Hizmetleri Sanayi ve Ticaret A.Ş.	Hilal Mah. Tagore Cad. §	Ankara	100,00	FC	100,00
Referans M-B Sağlık Laboratuvar Hizmetleri Sanayi ve Ticaret Ltd. Şti.	Ziyabey Cad. 1410	Ankara	SPE	FC	SPE
Synlab Turk A.Ş.	Hilal Mah. Tagore Cad. 716	Ankara	100,00	FC	100,00
Synlab-Ukraine Limited Liability Company	Petropavlivska St. 52	Kyiv	100,00	FC	100,00

EM: Equity Method/FC: Fully consolidated/NC: Not consolidated/SPE: Special Purpose Entity

SYNLAB LIMITED

Consolidated financial statements
For the year ended 31 December 2018

Registered number: 09630775

Independent auditor's report to the members of Synlab Limited For the year ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Synlab Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated and parent statement of financial position;
- the consolidated and parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of Synlab Limited For the year ended 31 December 2018

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company'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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Synlab Limited
For the year ended 31 December 2018

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

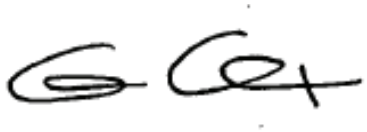
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Cox BA ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London

21 March 2019

Consolidated statement of income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 €000	2017 €000
Revenue	7	**1,998,280**	**1,816,645**
Material and related expenses	8	(431,892)	(394,078)
Payroll and related expenses	9	(824,450)	(735,338)
Other operating expenses	10	(423,106)	(392,884)
Other operating income	11	19,795	15,206
Depreciation and amortisation	12	(150,771)	(138,300)
Operating profit before acquisition, restructuring and impairment of non-current assets		**187,855**	**171,253**
Restructuring and other significant expenses	13	(47,457)	(22,856)
Acquisitions related expenses	13	(2,037)	(10,452)
Impairment of non-current assets	13	–	(90,633)
Operating profit		**138,361**	**47,312**
Share of loss of associates and other non-controlling interest	19	(1,261)	(804)
Profit on disposal of investment		140	–
Finance income	14	18,517	12,822
Finance costs	14	(164,062)	(204,232)
Loss before taxes		**(8,305)**	**(144,902)**
Income tax expenses	15	(30,414)	(19,011)
Net loss for the period		**(38,719)**	**(163,913)**
Profit attributable to non-controlling interests		1,128	1,661
Loss attributable to equity holders of the parent company		(39,847)	(165,574)
Net loss for the period		**(38,719)**	**(163,913)**

All losses are from continuing operations.

The accompanying notes are an integral part of the financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 €000	2017 €000
Net loss for the period		**(38,719)**	**(163,913)**
Actuarial gains or losses on pension obligations	26	6,582	3,030
Taxes on actuarial gains or losses on pensions obligations		(848)	(668)
Items that will not be reclassified to profit or loss (a)		**5,734**	**2,362**
Foreign exchange gains/(losses)		6,754	(31,663)
Other		3	(4)
Revaluation of equity instruments designated as at FVTOCI		(169)	–
Items that may be reclassified subsequently to profit or loss (b)		**6,588**	**(31,667)**
Revenues and expenses directly recognised in other comprehensive income (a) + (b)		**12,322**	**(29,305)**
Total consolidated comprehensive income		**(26,397)**	**(193,218)**
Equity holders of the parent company		(27,538)	(194,841)
Non-controlling interests		1,141	1,623
Total consolidated comprehensive income		**(26,397)**	**(193,218)**

The accompanying notes are an integral part of the financial statements.

Consolidated statement of financial position
For the year ended 31 December 2018

	Note	As at 31 December 2018 €000	As at 31 December 2017* €000
ASSETS			
Goodwill	16	2,528,677	2,393,524
Intangible assets	17	901,380	941,651
Property, Plant and Equipment	18	284,400	273,839
Investments in associates	19	4,454	4,220
Other non-current assets	20	20,540	16,446
Deferred tax assets	21	31,754	14,388
Total non-current assets		**3,771,205**	**3,644,068**
Inventories		38,556	37,599
Trade accounts receivable	22	296,169	307,248
Other current assets	23	74,281	99,487
Cash and cash equivalents	24	120,561	236,569
Total current assets		**529,567**	**680,903**
Total assets		**4,300,772**	**4,324,971**

* Restated, IFRS 3 impact at 31 December 2017. Refer to Note 4.2.2.

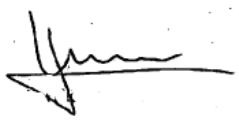
Consolidated statement of financial position
For the year ended 31 December 2018

	Notes	As at 31 December 2018 €000	As at 31 December 2017* €000
EQUITY			
Contributed capital	33	134,388	134,385
Additional paid-in capital	33	1,512,482	1,507,730
Cumulative translation adjustment		(15,830)	(22,579)
Accumulated deficit		(569,475)	(531,840)
Total parent company interests		**1,061,565**	1,087,697
Non-controlling interests		(836)	770
Total equity		**1,060,729**	**1,088,467**
LIABILITIES			
Loans and borrowings (non-current)	25	2,494,316	2,490,225
Finance lease liabilities	25	40,427	44,396
Employee benefits liabilities	26	39,839	42,942
Non-current provisions	28	5,963	6,364
Other non-current liabilities	30	22,889	17,627
Deferred tax liabilities	21	210,119	204,079
Total non-current liabilities		**2,813,553**	**2,805,633**
Current loans and borrowings	25	4,305	4,780
Current finance lease liabilities	25	21,375	18,952
Trade accounts payable		230,742	224,402
Contract liabilities	2	3,956	–
Current provisions	28	11,167	8,010
Income tax liabilities	15	10,702	18,820
Other current liabilities	30	144,242	155,907
Total current liabilities		**426,490**	**430,871**
Total liabilities		**3,240,043**	**3,236,504**
Total liabilities and equity		**4,300,772**	**4,327,971**

* Restated, IFRS 3 impact at 31 December 2017. Refer to Note 4.2.2.

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors on 21 March 2019 and were signed on its behalf by:



Mathieu Floreani
Director
21 March 2019
1 Kingdom Street, London, England, W2 6BD

Company number: 09630775

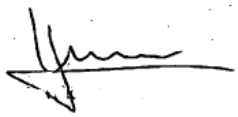
Company statement of financial position
For the year ended 31 December 2018

	Note	As at 31 December 2018 €000	As at 31 December 2017 €000
ASSETS			
Investments in subsidiaries	36	1,397,890	1,397,890
Total non-current assets		**1,397,890**	**1,397,890**
Trade accounts receivables to group companies		–	1,257
Cash and cash equivalents		–	210
Other current assets		753	–
Total current assets		**753**	**1,467**
Total assets		**1,398,643**	**1,399,357**
EQUITY			
Contributed capital	33	134,388	134,385
Additional paid-in capital	33	1,512,482	1,507,730
Accumulated deficit		(257,515)	(245,370)
Total equity		**1,389,355**	**1,396,745**
LIABILITIES			
Parent company loans		–	823
Total non-current liabilities		**–**	**823**
Parent company loans		823	
Trade accounts payable		198	1,011
Trade accounts payable to group companies		6,885	9
Accruals		1,382	768
Total current liabilities		**9,288**	**1,788**
Total liabilities		**9,288**	**2,611**
Total liabilities and equity		**1,398,643**	**1,399,357**

The accompanying notes are an integral part of the financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company income statement. The net loss and the total comprehensive income for the parent company for the year was (12,2) M€ (2017: (51,3) M€).

The financial statements were approved by the board of directors on 21 March 2019 and were signed on its behalf by:



Mathieu Floreani
Director
21 March 2019
1 Kingdom Street, London, England, W2 6BD

Company number: 09630775

Consolidated statement of changes in equity
For the year ended 31 December 2018

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance at 1 January 2018	**134,385**	**1,507,730**	**(22,579)**	**(531,840)**	**1,087,697**	**770**	**1,088,467**
Effect of change in accounting policy for IFRS 9 and IFRS 15*	–	–	–	(3,166)	(3,166)	–	(3,166)
Balance at 1 January 2018 – As restated	–	–	–	(535,006)	1,084,530	–	1,085,301
Net result for the year	–	–	–	(39,847)	(39,847)	1,128	(38,719)
Other comprehensive income	–	–	6,749	5,729	12,478	13	12,491
Revaluation of equity instruments designated as at FVTOCI	–	–	–	(169)	(169)	–	(169)
Total comprehensive income for the year	–	–	6,749	(34,287)	(27,537)	1,141	(26,397)
Transactions with owners, recorded directly in equity							
Capital increase	3	437	–	–	440	–	440
Acquisition of non-controlling interests	–	–	–	(182)	(182)	(191)	(373)
Share-based payment transactions		4,315	–	–	4,315	–	4,315
Dividends	–	–	–	–	–	(2,556)	(2,556)
Balance at 31 December 2018	**134,388**	**1,512,482**	**(15,830)**	**(569,475)**	**1,061,565**	**(836)**	**1,060,729**

	Contributed capital €000	Additional paid-in capital €000	Cumulative translation adjustment €000	Accumulated deficit €000	Total €000	Non-controlling interest €000	Equity €000
Balance at 1 January 2017	**1,795**	**16,050**	**8,993**	**(368,525)**	**(341,686)**	**2,671**	**(339,015)**
Net result for the year	–	–	–	(165,574)	(165,574)	1,661	(163,913)
Other comprehensive income	–	–	(31,572)	2,305	(29,267)	(38)	(29,305)
Total comprehensive loss for the year	–	–	(31,572)	(163,269)	(194,841)	1,623	(193,218)
Transactions with owners, recorded directly in equity							
Capital increase	757	73,638	–	–	74,395	–	74,395
Reclassification of Preferred Shares	131,833	1,415,933	–	–	1,547,766	–	1,547,766
Acquisition of non-controlling interests	–	–	–	(46)	(46)	(649)	(695)
Share-based payment transactions	–	2,109	–	–	2,109	–	2,109
Dividends	–	–	–	–	–	(2,875)	(2,875)
Balance at 31 December 2017	**134,385**	**1,507,730**	**(22,579)**	**(531,840)**	**1,087,697**	**770**	**1,088,467**

* Restated on adoption of IFRS 9 and IFRS 15. Refer to Note 2.2.1

The accompanying notes are an integral part of the financial statements.

Company statement of changes in equity
For the year ended 31 December 2018

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2018	**134,385**	**1,507,730**	**(245,366)**	**1,396,749**
Net result for the year	–	–	(7,834)	(7,834)
Total comprehensive loss for the year	–	–	(7,834)	(7,834)
Capital increase	3	437	–	440
Share-based payment transactions	–	4,315	(4,315)	–
Balance at 31 December 2018	**134,388**	**1,512,482**	**(257,515)**	**1,389,355**

	Contributed capital €000	Additional paid-in capital €000	Accumulated deficit €000	Total €000
Balance at 1 January 2017	**1,795**	**16,050**	**(191,915)**	**(174,070)**
Net result for the year	–	–	(51,342)	(51,342)
Total comprehensive loss for the year	–	–	(51,342)	(51,342)
Capital increase	757	73,638	–	74,395
Reclassification of Preferred Shares	131,833	1,415,933	–	1,547,766
Share-based payment transactions	–	2,109	(2,109)	–
Balance at 31 December 2017	**134,385**	**1,507,730**	**(245,366)**	**1,396,749**

The accompanying notes are an integral part of the financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Operating Profit		**138,361**	**47,312**
Depreciation, amortisation, impairment		150,778	228,933
Change in provisions		(263)	(6,320)
Loss from the disposal of non-current assets		(211)	(256)
Other non-cash revenues and expenses		(3,903)	21,212
Profit before changes in net working capital		**284,762**	**291,393**
Change in inventories		(162)	(30)
Change in trade accounts receivable		14,810	(32,240)
Change in trade accounts payable		(257)	(9,344)
Change in other net working capital		8,666	(5,083)
Income tax paid		(38,406)	(50,777)
Cash flow from operating activities (A)		**269,413**	**212,607**
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions		(121,808)	(423,935)
Purchase of intangibles and property, plant and equipment		(85,154)	(77,010)
Proceeds from sale of intangibles and property, plant and equipment		1,124	5,862
Net increase/decrease in other non-current assets		1,391	(111)
Interest received		966	606
Net cash from disposal of investments		375	2,723
Dividends received		298	490
Cash flow (used in) investing activities (B)		**(202,808)**	**(491,375)**
Proceeds from share capital increase		441	258,709
Interest paid and other cash from financial profit (loss)		(140,060)	(137,238)
New loans, borrowings and other financial liabilities		472	301,318
Repayment of loans, borrowings and other financial liabilities		(12,491)	(18,226)
Repayment of finance lease liabilities		(21,954)	(21,851)
Dividends paid and other payments to non-controlling interests		(3,700)	(3,869)
Cash flow used in from financing activities (C)		**(177,292)**	**378,843**
TOTAL CASH FLOWS (A+B+C)		**(110,687)**	**100,075**
Cash and cash equivalent at the beginning of the period		236,096	142,179
Net foreign exchange differences		(5,089)	(6,158)
Cash and cash equivalent at the end of the period	24	120,319	236,096
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(115,777)**	**93,917**

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2018

1. Reporting entity

The consolidated financial statements were prepared by SYNLAB Limited (hereinafter: "the Company"), London, United Kingdom, the ultimate parent company of the Synlab Group. The Company is registered under number 09630775 (England and Wales) and has its registered address at 1 Kingdom Street, London W2 6BD, United Kingdom. The Group consolidated financial statements as at and for the period from 1 January 2018 to year-end 31 December 2018 consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and include the Group's interest in associates.

The Synlab Group is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in the UK, employs approximately 22,000 employees and benefits from a pan-European network across 37 countries. The Group is currently active in Austria, the Republic of Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Ecuador, Estonia, Finland, France, Germany, Ghana, Gibraltar, Hungary, Ireland, Isle of Man, Italy, Lithuania, Macedonia, Mexico, Netherlands, Nigeria, Norway, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates and the United Kingdom.

In the opinion of the directors, the Company's immediate and ultimate parent company is Ephios Luxembourg Sarl, a company registered in Luxembourg. The Group is ultimately owned by funds advised by Cinven Capital Management (V) General Partner Limited, authorised and regulated by the Guernsey Financial Services Commission (reference number: 2022096). On 12 April 2017 Novo A/S, the holding company for the Novo Group, has agreed to increase its equity stake in the Group through a 250 M€ subscription to new shares. Novo owns a stake of approximately 20% of the equity of SYNLAB. Cinven remains the majority holder.

The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is SYNLAB Limited, a company incorporated in the United Kingdom which operates under the laws of England and Wales. Copies of the group financial statements of SYNLAB Limited are available from Companies House.

The Group audited consolidated financial statements were authorised for issue by the directors on 21 March 2019.

2. Basis of preparation

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

2.1 Statement of compliance

The Group consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) effective as at 31 December 2018.

The parent company's financial statements present information about the Company SYNLAB Limited for the year ended 31 December 2018. The Company has elected to prepare the parent company's financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required equivalent disclosures are given in the Group consolidated financial statements.

2.2 IFRS basis adopted

2.2.1 *Standards, amendments and interpretations effective or adopted in 2018*

From 1 January 2018, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- IFRS 9: 'Financial instruments'
- IFRS 15: 'Revenue from contracts with customers'

The impact of adoption of these standards and the key changes to the accounting policies are disclosed below.

The following standards and amendments to IFRSs became effective for the period beginning on 1 January 2018 and did not have a material impact on the consolidated financial statements:

- Annual Improvements to IFRSs 2014-2016 Cycle: Amendments to IFRS 1 First-time Adoption of IFRS
- IFRS 2 (amendments): Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)
- IFRIC 22: Foreign Currency Transactions and Advanced Consideration
- Amendments to IAS 40: Investment Property (issued on 8 December 2016)
- Amendments to IAS 28: Investments in Associates and Joint Ventures

IFRS 9

The Group adopted IFRS 9 from 1 January 2018. In accordance with the transition provisions in the Standard, comparatives have not been restated. Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets;
2) Impairment of financial assets;
3) The classification and measurement of financial liabilities; and
4) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

1) ***Classification of financial assets***

IFRS 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. The Standard goes on to identify three categories of

financial assets – amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI). Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost;
- Derivative financial assets are measured at fair value through profit or loss (FVTPL);
- Debt instruments within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at fair value through other comprehensive income (FVTOCI).

A summary of all reclassifications, which have resulted in no change to the carrying value of any financial instrument, is shown below. All other financial instruments (cash and deposits, trade receivables, borrowings, derivative instruments etc.) measurement categories remain the same.

	IAS 39 measurement category	**IFRS 9 measurement category**	**carrying amount according to IFRS 9 at 1 January 2018 €000**
Non-current financial assets			
Equity instruments	Available for sale	FVOCI	898

2) ***Impairment of financial assets:***

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

(i) Debt investments measured subsequently at amortised cost or at FVTOCI;

(ii) Lease receivables;

(iii) Trade receivables and contract assets.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group

is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

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

Other short term and other long term financial assets are measured at amortised cost, using the effective interest method. The impact of discounting is not material for other short term financial assets. For other long term financial assets the effective interest rate is used. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For these financial instruments, the Group measures the loss allowance equal to the 12 month expected credit losses, as there has been no significant increase in credit risk since initial recognition.

The impact of the change in the measurement (there being no change in the classification of the financial asset) as a result of considering expected credit losses has been set out below:

	Carrying amount according to IAS 39 at 31 December 2017 €000	**Re-measurement effects €000**	**Carrying amount according to IFRS 9 at 1 January 2018 €000**
Assets			
Trade accounts receivable	307,008	(2,752)	304,256
Other financial assets	57,441	(207)	57,234
Deferred tax asset	–	922	922
Total effect on equity		**2,037**	

For equity instruments, the Group chooses the option of measurement at fair value through other comprehensive income. When these equity instruments are sold or written off, any unrealised gains and losses on these equity instruments are reclassified to retained earnings and not presented under profit or loss. These equity instruments are shown within other non-current assets.

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

3) ***The classification and measurement of financial liabilities.***

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. All financial liabilities are measured subsequently at amortised cost or at FVTPL. Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL. Specifically:

- A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit, or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument.
- All other financial liabilities are held at amortised cost.

A summary of all reclassifications, which have resulted in no change to the carrying value of the financial liability, is shown below. All other financial instruments measurement categories remain the same.

	IAS 39 measurement category	IFRS 9 measurement category	carrying amount according to IFRS 9 at 1 January 2018 €000
Non-current liabilities			
Other liabilities	Amortised cost	FVTPL	4,373

4) ***General hedge accounting***

The Group has not applied IFRS 9's hedge accounting requirements and continues to account for its hedge relationships in accordance with IAS 39.

IFRS 15

In the current year, for the first time, SYNLAB Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016). The standard has become effective for an annual period that begins on or after 1 January 2018 and replaces all of the legacy revenue standards and interpretations in IFRS, including IAS 11 (Construction Contracts), IAS 18 (Revenue), IFRIC 13 (Customer Loyalty Programs), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 18 (Transfers of Assets from Customers) and SIC-31 (Revenue – Barter Transactions Involving Advertising Services).

As IFRS 15 requires a retrospective application, SYNLAB Group decided to elect the modified retrospective method to recognize the impact of IFRS 15 on the financial statements. Accordingly, the Group will apply the standard retrospectively to the current period presented in the financial statements (i.e. fiscal year 2018). Comparative periods have been presented in accordance with legacy revenue standards (e.g. IAS 11, IAS 18, etc.). The cumulative effect of initially applying IFRS 15 is recognized as an adjustment to the opening balance of retained earnings at the date of initial application (1 January 2018). In addition, IFRS 15 will be applied only to contracts that are not completed at this date as well as to new contracts from the effective date onwards.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term deferred income is used in respect of other liabilities balances that are disclosed in note 30 and are not within the scope of IFRS 15.

IFRS 15 applies to all entities and all contracts with customers to provide goods or services in the ordinary course of business, except for the following contracts, which are specifically excluded:

- lease contracts within the scope of IAS 17 (Leases) or, when effective, IFRS 16 (Leases);
- insurance contracts within the scope of IFRS 4 (Insurance Contracts) or, when effective, contracts within the scope of IFRS 17 (Insurance Contracts);
- financial instruments and other contractual rights or obligations within the scope of IFRS 9 (Financial Instruments), IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IAS 27 (Separate Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures); and
- non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

As its objective is to "report useful information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer", IFRS 15 establishes with the help of a five step module a comprehensive framework for revenue recognition that gives prescriptive guidance to deal with specific scenarios and additionally, details on notes disclosures.

The approach contains the following five steps:

1. Identifying the contract
2. Identifying the performance obligation
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Satisfaction of the performance obligations

The Group's accounting policies for its revenue streams are disclosed in detail in note 3 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

IFRS 15 requires presentation of contract assets, contract liabilities and receivables separately in the statement of financial position. Contract assets represent the right to consideration in exchange for goods or services that have been transferred to a customer. Contract liabilities represent the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Receivables represent the right to consideration that is unconditional (only the passage of time is required before payment of that consideration is due). Prior to the adoption of IFRS 15, the Group presented short-term advances from its customers in the statement of financial position as Deferred income within Other current liabilities. According to IFRS 15, reclassifications have been made from Deferred income to Contract liabilities. As at 31 December 2018, the Deferred income to be reclassified into Contract liabilities amounts to 4 M€.

The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

Impact on the profit/(loss) for the year

	2018 €000
Revenue: Increase due to change in the timing of recognition	1,329
Deferred tax	(200)
Total impact	**1,129**

Impact on the consolidated balance sheet for the year (opening balance):

	€000
Equity – Retained earnings	(1,329)
Deferred tax	200
	(1,129)

For human medicine there was a timing difference between the fulfillment of performance obligations and revenue recognition. An adjustment to revenue has therefore been made to reflect the change in accounting.

Restatement effect of change in accounting policy for IFRS 9 and IFRS 15

As set out above, from 1 January 2018, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- IFRS 9: 'Financial instruments'
- IFRS 15: 'Revenue from contracts with customers'

The total restatement to be recorded in the statement of changes in equity as at 1 January 2018 is as follows:

	Accumulated deficit €'000k
Balance at 1 January 2018	**(531,840)**
Effect of change in accounting policy for IFRS 9 (note 2.2.1)	(2,037)
Effect of change in accounting policy for IFRS 15 (note 2.2.1)	(1,129)
Balance at 1 January 2018 – As restated	**(535,006)**

2.2.2 *New standards, amendments and interpretations not applicable*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2018, and have not been applied in preparing these consolidated financial statements.

- Amendments to IFRS 3: Definition of a Business
- IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- Annual Improvements to IFRSs 2015-2017 Cycle: Amendments to IFRS 11 Joint Arrangements and IAS 12 Income Taxes
- IFRS 16: Leases (published on 13 January 2016)
- IFRS 17: *Insurance Contracts* (will replace IFRS 4)
- Amendments to IAS 19: Employee Benefits (issued on 7 February 2018)
- IFRIC 23: Uncertainty over Income Tax Treatments

The Group is currently reviewing these standards, amendments and interpretations to assess their possible effect on its financial information. For IFRS 16 below.

- IFRS 16 – Leases has been issued in January 2016 to replace IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise an asset representing the right to use the underlying asset and a corresponding liability for the lease payments during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The full retrospective approach will be applied on implementation. From the date of first-time adoption, the new lease standard will have a material effect on Synlab's consolidated financial statements, particularly on the results of operations, net cash from operating activities, total assets, and the presentation of the financial position. Please refer to Note 32 Capital commitment and contingencies and here shown Minimum obligation (payments) from operating leases 2018. A material impact from IFRS 16 on the financials is expected in the area of real estate leases.

  Synlab anticipates a significant increase in both the total assets on first-time adoption due to the capitalization of right-of-use assets, and the recognition of lease liabilities. The increase in lease liabilities leads to a corresponding increase in net debt. At the same, operating measures like the operating profit will materially rise and finance costs will significantly increase as well.

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

2.5 Going Concern

The Board has reviewed forecasts, including forecasts adjusted for reasonably possible changes in the business. The Board has also reviewed the Group's funding requirements and the available debt facilities. As a result of these reviews the Board remains satisfied with the Group's funding and liquidity position and believe that the Group is well placed to manage its business risks successfully. On the basis of its forecasts, both base case and stressed, and available facilities, which are described in Note 27, the Board has concluded that the going concern basis of preparation continues to be appropriate.

2.6 Use of estimates and judgements

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

2.6.1 *Critical accounting judgements*

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

BASIS OF CONSOLIDATION

Judgement is applied when determining if the Group controls a subsidiary or associate. In assessing control, the Group considers whether it has power over the investee to affect the amount of investors returns. See Note 3 Basis of consolidation policy.

IDENTIFICATION OF CASH GENERATING UNITS

Judgement is required in identifying the cash generating units ("CGUs") to which the goodwill is associated for the purposes of goodwill impairment testing. The identification of cash generating units involves an assessment of whether assets or groups of assets generate cash flows that are largely independent of other assets or groups of assets. Goodwill is then allocated to each identified cash generating unit that is expected to benefit from the synergies of the business combinations from which goodwill has arisen. Further information in relation to the identification of CGUs is set out in note 16.

THE CLASSIFICATION OF EXCEPTIONAL ITEMS IN THE PRESENTATION OF AEBITDA

Judgement is exercised in determining the adjustments to apply to IFRS measurements in order to derive AEBITDA, which provides additional useful information on the underlying trends, performance and position of the Group. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous exceptional items are assessed based on the same criteria. A breakdown of the exceptional items included in the Group income statement, is disclosed in Note 5 to the consolidated financial statements.

2.6.2 *Key sources of estimation*

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

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

REVENUE RECOGNITION

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

- revenue recognised based on as yet, unconfirmed public health budgets, where revenue is estimated based on historical patterns together with other publically available information (Germany, Italy, Switzerland and Spain being the most significant segments of the business impacted); and
- accrued revenue based on complete but unbilled tests, where there is risk in both the completeness and accuracy of the volume of tests noted as completed as well as the calculation of the value of those tests, which is based on average pricing schedules derived from historic invoicing (Germany, Switzerland, Spain and UK being the most significant segments of the business impacted).

Please refer to Note 3 for further details.

GOODWILL AND IMPAIRMENT OF GOODWILL

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

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

Please refer to Note 16 Goodwill.

ACQUISITIONS

Acquisition accounting involves estimation in determining the fair value of identifiable assets, liabilities and contingent assets and liabilities assumed in a business combination and the fair value of the consideration payable. The key areas of estimation include:

- estimates in accounting for any unusual terms and conditions in the respective share purchase agreement ("SPA"), including contingent consideration. These amounts are contingent on the acquired business meeting agreed performance targets. At the date of the

acquisition, the Group reviews the profit and cash forecasts for the acquired business and estimates the amount of contingent consideration that is likely to be due. See Note 30 Other Liabilities; and

- the key assumptions within the fair value calculation of the intangible assets through a purchase price allocation, specifically the discount rates, revenue growth rates and future cash flow forecasts.

Please refer to Note 4 Significant events and Note 17 Intangible assets.

3. Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

BASIS OF ACCOUNTING

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

The principal accounting policies adopted are set out below.

BASIS OF CONSOLIDATION

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

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

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

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

Regulations governing the ownership and certification of laboratories in certain jurisdictions require the Group to hold each clinical laboratory or a limited number of the clinical laboratories through a separate subsidiary. Certain countries also regulate the corporate form through which laboratories may be held, such as "MVZs" (Medizinisches Versorgungszentrum) in Germany and "SELs" (société d'exercice libéral) in France.

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

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

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

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

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

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

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

BUSINESS COMBINATIONS

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

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

If at the reporting date the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities can only be established provisionally, then these values are used. Adjustments to the fair values can be made within 12 months of the acquisition date and are taken as adjustments to goodwill.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement (e.g. earn out), the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Any subsequent changes after the 12 months window are recognised in profit or loss and are presented in the dedicated aggregate "Acquisitions related expenses" line. Contingent consideration classified as equity is not re-measured.

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

Acquisitions and disposal of non-controlling interests

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

Acquisitions of achieved in stages

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

GOODWILL

Goodwill is initially recognised and measured as set out above.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and all the other risks specific to the assets being considered in the estimated future cash flows from the assets or units. Depending on the timely availability each year of long-term business plans, future cash flows are either: (i) estimated based on the long-term five year business plans approved by senior management; or (ii) estimated based on the budget prepared for the following year and which are extrapolated over the next four years consistently with the latest five years business plan. In addition to projecting future cash flows over a five year-period, the calculation of the value in use includes a terminal value to incorporate expectations of growth thereafter. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

For the purposes of goodwill impairment testing, the lowest level at which goodwill is monitored for internal reporting purposes corresponds to the twelve geographical areas as described in Note 16 Goodwill. The Group's corporate assets (Synlab holding entities in the UK, Synlab International GmbH, Synlab France, SYNLAB Acquisition GmbH, Synlab Labco SA and Synlab Corporate Assistance) could not be allocated on a reasonable and consistent basis to each cash-generating units. As such they are included in the group of cash-generating units' impairment test (global test). Local holdings are included in their respective country.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INVESTMENTS IN ASSOCIATES

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

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

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

REVENUE

The Group earns revenues from a wide range of analysis and diagnostic testing services, which are invoiced to insurance companies, hospitals, individuals, pharmacies, and National Health entities. The Group has adopted IFRS 15 on a modified retrospective basis, the impact of which is set out in Note 2.2. The impact of adoption was not significant and as a result, the revenue recognition policy set out below, reflects the relevant policies under both IAS 18 and IFRS 15.

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

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of returns, trade discounts, volume rebates and other sales related taxes. Revenue is based on the net amount billed or billable if it can be estimated reliably. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Recognition of income requires fulfilment of the following criteria:

Provision of services

Revenue from laboratory services is recognised to the extent that the profit or loss of the business can be reliably estimated and it is sufficiently probable that the economic benefit will accrue to the Company. Medical services revenue is recognised on a completed test or service basis.

Sale of goods

Revenue is recognised when the significant risks and rewards associated with ownership of the goods and products sold have been transferred to the buyer. This usually takes place upon delivery of the goods and products.

Main nature of payers and general collection timetable varies from country to country.

The process of estimating the ultimate collection of receivables associated with the Group’s clinical testing business involves significant assumptions and judgements.

Government payers

Payments for clinical laboratory testing services made by the government are based on fee schedules set by governmental authorities. Collection of such receivables is normally a function of providing the complete and correct billing information within the various filing deadlines. Collection timetable varies from country to country and the Group utilises a standard approach to establish allowances for doubtful accounts which considers the ageing of the receivables.

Private insurers

Reimbursements from private insurers are based on negotiated fee-for-service schedules and on capitated payment rates.

Substantially all of the accounts receivable due from private insurers represent amounts billed under negotiated fee-for-service arrangements. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, historical collection experience and other factors.

Client payers

Client payers include physicians, hospitals, employers and other commercial laboratories. Credit risk and ability to pay are more of a consideration for these payers than private insurers and government payers. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, as well as specific account reviews, historical collection experience and other factors.

Patient receivables (individuals)

Patients are billed based on established patient fee schedules, subject to any limitations on fees negotiated with healthcare insurers or physicians on behalf of their patients. Collection of receivables due from patients is subject to credit risk and ability of the patients to pay. The Group utilises a standard approach to establish allowances for doubtful accounts for such receivables, which considers the ageing of the receivables, historical collection experience and other factors.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The decision whether an agreement is classified as a lease is made on the economic substance of the agreement at the time of the conclusion of the agreement, and requires an estimate as to whether the fulfilment of the agreement depends on the use of a specific asset or assets and whether the agreement grants the right to use this asset.

The contracts for use of clinical testing or diagnostic equipment often stipulate that if the laboratory buys, exclusively from the supplier, chemical reagents for a certain indicative volume during the term of the contract, the supplier, in return, puts the clinical testing or diagnostic equipment at the disposal of the Group for free during the contractual period (referred to as “pay per reported result” equipment). These “put at disposal” schemes, although not under the legal form of a leasing agreement, correspond in substance to a lease agreement whereby the global fee paid contains not only materials but also a rent/lease fee for provision of the equipment.

As a consequence, under IFRS, such agreements are analysed in accordance with IAS 17 on leases with respect to the transfer of the majority of risks and rewards. The portion of lease components in these agreements is estimated based on the available documents because the parties to the contracts have provided limited information.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the finance lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Payments for operating leases are recorded on a straight-line basis in the income statement as expenses for rental and lease agreements over the term of the lease agreement. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

FOREIGN CURRENCIES

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

Foreign currency transactions and balances

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

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

The following key exchange rates were applied:

Value of €1:	Assets and liabilities Closing rates 31 December 2018	Income and expense Cumulative average rates Period ended 31 December 2018
Emirati Dirham (AED)	4.2044	4.3396
Brazilian Real (BRL)	4.4440	4.3087
Belarusion Ruble (BYN)	2.4734	2.4056
Swiss Francs (CHF)	1.1269	1.1549
Colombian Peso (COP)	3719.9600	3488.8906
Czech Koruna (CZK)	25.7250	25.6432
Pound Sterling (GBP)	0.8945	0.8847
Ghanaian Cedi (GHS)	5.5586	5.5205
Croatian Kuna (HRK)	7.4125	7.4182
Hungarian Forint (HUF)	320.9800	318.8250
Macedonian Denar (MKD)	61.7721	61.5027
Mexican Peso (MXN)	22.4921	22.7160
Nigerian Naira (NGN)	418.2950	426.7263
Norwegian Krone (NOK)	9.9483	9.6006
Peruvian Sol (PEN)	3.8583	3.8804
Polish Zloty (PLN)	4.3014	4.2606
Romanian New Leu (RON)	4.6639	4.6541
Swedish Krona (SEK)	10.2548	10.2567
Turkish Lira (TRY)	6.0422	5.6986
Ukrainian Hryvnia (UAH)	31.7141	32.1790
United States Dollar (USD)	1.1450	1.1815

Value of €1:	Assets and liabilities Closing rates 31 December 2017	Income and expense Cumulative average rates Period ended 31 December 2017
Emirati Dirham (AED)	4.401260	4.147500
Brazilian Real (BRL)	3.972900	3.604100
Belarusion Ruble (BYN)	2.355300	2.183500
Swiss Francs (CHF)	1.170200	1.111600
Colombian Peso (COP)	3584.240000	3333.340800
Czech Koruna (CZK)	25.540000	26.327200
Pound Sterling (GBP)	0.887230	0.876100
Ghanaian Cedi (GHS)	5.438620	4.968700
Croatian Kuna (HRK)	7.440000	7.464400
Hungarian Forint (HUF)	310.330000	309.272500
Macedonian Denar (MKD)	61.833500	61.591700
Mexican Peso (MXN)	23.661200	21.327800
Nigerian Naira (NGN)	435.091000	378.313700
Norwegian Krone (NOK)	9.840300	9.328600
Peruvian Sol (PEN)	3.895190	3.680800
Polish Zloty (PLN)	4.177000	4.256300
Romanian New Leu (RON)	4.659700	4.568700
Swedish Krona (SEK)	9.843800	9.636900
Turkish Lira (TRY)	4.515500	4.121400
Ukrainian Hryvnia (UAH)	33.495400	30.032200
United States Dollar (USD)	1.199300	1.129300

Presentation of consolidated financial statements

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

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

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

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

FINANCE INCOME AND FINANCE COSTS

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

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

RETIREMENT BENEFIT COSTS

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

Defined contribution plans

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans and similar obligations

The Group's net obligation in respect of defined benefit pension plans and similar obligations comprises the amount of future benefit that employees have earned, based on the duration of the employee's service, expected salary increases and projected retirement age and discounted to determine a present value, less the fair value of the pension plan assets, if any. The calculation is performed by a qualified external actuary using the projected unit credit method. Actuarial gains and losses are recognised in equity.

TAXATION

Current income taxes

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax

assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

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

Value-added tax (VAT)

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

DEPRECIATION

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The residual value is estimated to be nil € at the end of the useful life, except for real estate in certain cases.

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

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

- buildings 15 to 30 years;
- leasehold improvements and fixtures 3 to 10 years;
- laboratory and office equipment 3 to 10 years;
- fixtures and fittings 2 to 10 years; and
- other fixed assets 2 to 10 years including vehicle fleet 3 to 5 years.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

INTANGIBLE ASSETS

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

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

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

The estimated useful lives are as follows:

- customer lists 3 to 25 years;
- acquired trademarks 1 to 10 years;
- own brand indefinite;
- concessions, industrial property rights, and similar rights 3 to 6 years; and
- software 1 to 5 years.

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

During the initial purchase allocation when setting up the Synlab Group, the own Synlab brand was identified as an intangible asset. As the Synlab brand exists since the creation of the company in 1998 and Synlab is the largest European laboratory operator with a global presence, an indefinite useful life has been retained.

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

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

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

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

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

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

INVENTORIES

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

FINANCIAL INSTRUMENTS

In 2018 the group adopted IFRS 9 as disclosed in note 2.2. The group adopted the standard on a modified retrospective approach. The accounting policy for 2018 is set out below.

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

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

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

FINANCIAL ASSETS

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

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

Classification of financial assets

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

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

The Group does not have any debt financial assets that are recognised as fair value through other comprehensive income (FVTOCI). By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). For the Group, upon initial adoption of IFRS 9, the only assets held as FVTPL were derivative financial assets.

(1) ***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts)

excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "net finance costs – interest income" line item.

For these financial instruments, the Group measures the loss allowance equal to the 12 month expected credit losses, as there has been no significant increase in credit risk since initial recognition.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

(2) ***Financial assets at FVTPL***

Financial assets, that do not meet the criteria for being measured at amortised cost, are subsequently measured at FVTPL and are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 31.

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

- Financial assets with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial assets in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Impairment of financial assets

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

FINANCIAL LIABILITIES AND EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Direct issue costs are incremental costs directly attributable to the issue of equity instruments, net of any tax effects.

Equity instruments designated as at FVTOCI

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

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (note 14) in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Financial liabilities are classified as at FVTPL when the liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as FVTPL. A financial liability is classified as held for trading if it has been acquired principally for the purpose of repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a

recent actual pattern of short-term profit, or it is a derivative, except for a derivative that is a financial guarantee or a designated and effective hedging instrument. All other financial liabilities are held at amortised cost.

Financial liabilities measured at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial liability.

Financial liabilities that do not meet the criteria to be FVTPL are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

Derecognition of a financial liability

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply any hedge accounting.

As noted above, the group adopted IFRS 9 on a modified retrospective approach. As a result the comparative figures as were disclosed in the 2017 financial statements. The accounting policies in the comparative period under IAS 39 and corresponding IFRS 7 disclosure requirements are as follows:

FINANCIAL INSTRUMENTS

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

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

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

FINANCIAL ASSETS

Financial assets held by the Group comprise available-for-sale financial assets, loans and receivables carried at amortised cost including trade and other receivables, and financial assets measured at fair value through income, including derivative financial instruments and the Group determines the classification of its financial assets when they are recognised for the first time.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as: (a) loans and receivables; (b) held-to-maturity investments; or (c) financial assets at fair value through profit or loss.

The Group's investments in equity securities (generally the non-consolidated investments) and certain debt securities are classified as available-for-sale financial assets. These items are measured at fair value on initial recognition, which generally correspond to the acquisition cost plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The fair value of financial investments traded on organised markets is determined using the market bid price quoted at the reporting date.

The fair value of financial investments for which no active market exists is assessed using valuation methods. If there is no market and the fair value cannot be reasonably assessed, the asset is recognised at amortised cost.

Loans and receivables at amortised cost

Loans and receivables including trade receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables also include loans and advances to associates or non-consolidated companies and guarantee deposits and are recognised initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

On initial recognition, trade and certain other current assets are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. Gains or losses are recognised in the income statement for the period if loans or receivables are derecognised or impaired.

Impairment of financial assets

The Group determines at each reporting date whether there is any indication of impairment of a financial asset or a group of financial assets that are not recorded at fair value through profit or loss. Objective evidence for the impairment could include, for example, the repudiation of a draft invoice in a demand for payment, a significantly overdue payment or other indications of non-collectability such as default by a debtor.

With respect to available-for-sale financial investments, an objective indication of impairment is present if the fair value falls below the carrying amount either for an extended period or by a significant amount (more than 30%). To the extent such an asset is impaired, the cumulative loss previously recognised directly in equity is recognised in the income statement. A reversal of an impairment loss on an equity instrument classified as available-for-sale at a later point in time is not recorded in profit or loss, but rather reversed in equity.

FINANCIAL LIABILITIES AND EQUITY

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Direct issue costs are incremental costs directly attributable to the issue of equity instruments, net of any tax effects.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments and other financial liabilities.

Non-derivative financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. On initial recognition, any issue or redemption premiums and discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

- Financial liabilities with a settlement or maturity date within 12 months of the statement of financial position date; and
- Financial liabilities in respect of which the Group does not have an unconditional right to defer settlement for at least 12 months after the statement of financial position date.

De-recognition of a financial liability

In the event that the Group de-recognises a financial liability, and this is outside the scope of IFRIC 19, the Group has adopted the policy to de-recognise that financial liability at its carrying value, opposed to its fair value.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in the specific note. For the contracts for which formal documentation of hedging relationship at inception has been prepared, hedge accounting according to IAS 39 is applied. Where other instruments used in economic hedges have not been formally documented as hedging relationships and therefore do not qualify for hedge accounting under IAS39, changes in its fair value are recognised immediately in profit or loss. Gains and losses on foreign currency borrowings or permanent advances to foreign subsidiaries used to hedge foreign currency investments are recognised in other comprehensive income.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank current accounts, and other bank deposits and short-term investments considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts that are repayable on demand and form an integral part of Group's cash management are recorded under "Short-term borrowings" but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

PROVISIONS

A provision is recognised if the Group has a present (legal or constructive) obligation arising from a past event, expenditure of resources with economic benefit to fulfil the obligation is likely, and a reliable assessment of the amount of the obligation is possible. If an accrued liability is expected to be reimbursed at least in part (e.g. liabilities covered under an insurance policy), the reimbursement is classified as a separate asset, provided there is a high probability of it occurring. The expense for such a provision is reported in the consolidated statement of income less any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material for a cash outflow after more than one year). Discount rates reflect current assessments of the time value of money and risks that are specific to the liability and not included in expected cash flows. The unwinding of the discount is recorded as finance costs.

A provision for restructuring is only recognised when the Group has a formalised restructuring plan setting out detailed requirements regarding the business unit or part of the business unit concerned, the site and the number of employees concerned, as well as a detailed estimate of associated cost and a reasonable time schedule. The employees concerned must justifiably expect that the restructuring will take place, or it must have already begun.

SHARE-BASED PAYMENTS

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group. The expenses also include any social charges to be paid on the shares granted.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is determined using a suitable option pricing model. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27, Share-based payments.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

This vesting period ends at the first possibility to exercise the option, that is, when the employee concerned is irrevocably entitled to exercise the option. The cumulative expenses recorded for equity-settled share-based payment transactions thereby reflect at any reporting date up to the date of first possibility of exercising the option the vesting period already expired as well as the number of equity instruments which, based on the best estimate of management, will eventually vest. However, the amount by which the Group's income is reduced or increased reflects the change in cumulative expenses reported at the beginning versus the end of the reporting period.

Forfeited equity instruments granted for remuneration are not recorded as expense. An exception is equity instruments granted for which non-forfeitability is based on certain market or non-vesting conditions. These equity instruments granted are deemed to be exercisable regardless of whether the market or non-vesting conditions are fulfilled, as long as all performance and service conditions have been fulfilled.

If the underlying conditions of an equity-settled share-based payment transaction are changed, expenses are recorded in the minimum amount of costs that would have been incurred if contractual conditions had not been changed, provided that the original conditions of the remuneration agreement are fulfilled. The Company also records the effect of changes that increase the fair value of the share-based payment or are related to any other benefit for the employee, valued at the date of the change.

If an equity-settled share-based payment agreement is cancelled, this is treated as if the option had been exercised on the day of cancellation. Expenditure not yet recognised is recorded immediately. This applies to all remuneration agreements for which non-vesting conditions on which either the Company or the employee have an influence have not been fulfilled. However, if the cancelled remuneration agreement, either equity or cash-settled is replaced by another remuneration agreement declared on the day it is granted as replacement for the cancelled remuneration agreement, the cancelled agreement and the new remuneration agreement are recorded as a change to the original remuneration agreement with an impact limited to the incremental fair value granted, if any, during replacement.

NON-CONTROLLING INTERESTS IN PARTNERSHIPS/PUT OPTIONS

Pursuant to the rules prescribed by IAS 32, non-controlling interests in partnerships for which minority partners have a right of termination are recorded as a liability. In the same manner, shares for which the minority shareholders has been granted a put option by the majority partner are to be recognised at the fair value of the purchase price as an obligation. If this is done for a business combination, the business combination is accounted for as if the non-controlling interests had already been acquired. As a result, goodwill is recognised in full. Such shares are shown on the Group statement of financial position as a liability under "Other liabilities". Income from these shares which can be withdrawn by the minority partner is shown in the consolidated statement of income in "Other financial expenses".

SEPARATELY DISCLOSED ITEMS

The Group is implementing a number of business change programmes as part of a wider transformational change programme. These include acquisitions, strategic projects focused on the operational, strategic and structural integration of previous significant acquisitions, business restructuring and redundancy programmes. Due to the exceptional size and incidence of these, individually and in aggregate, the directors believe that in order to present the performance of the Group in a clear, consistent and comparable format, the costs of these activities should be presented separately on the face of the income statement in dedicated lines in accordance with IAS 1.

The separately disclosed items recorded in the consolidated income statement include the following categories:

- Acquisition related costs (including transaction costs for cancelled or realised acquisitions, as well as earn out variations of fair value subsequent to the 1 year window period);
- Expenses for restructuring and other related costs (including costs associated with the Group's finance transformation, restructuring activities, severance costs and strategic projects); and
- Impairment and reversal of impairment of non-operational assets.

Disclosure of these items is provided in note 13.

ADJUSTED EBITDA
(EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, IMPAIRMENT, SEPARATELY DISCLOSED ITEMS AND OTHER ADJUSTING ITEMS)

In the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are unusual, non-recurring or other items relevant to an understanding of the Group's performance and long-term trends with reference to their materiality and nature.

This additional information is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other organisations. The non-statutory disclosures should not be viewed in isolation or as an alternative to the equivalent statutory measure. Information for separate presentation is considered as follows:

- Earnings before Interest, Taxation, Depreciation/Amortization/Impairment;
- Separately disclosed items (see previous section);
- Costs related to the disposal of a business;
- Mobilisation costs;
- Share-based payments;
- Income and expenses from asset disposals;

- Shareholder costs;
- Provisions and costs associated with one off litigation or tax claims; and
- Penalties paid due to cancellations of contracts.

Disclosure of these items is provided in note 5.

SEGMENT INFORMATION

The Group has not issued shares in a public market. Therefore the Group is not required to but has decided to disclose certain segment information in accordance with IFRS 8.

In accordance with IFRS 8, the reportable segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are regularly reviewed by the chief operating decision-maker.

Starting 1st April 2018, Synlab reorganized the management structure for its geographical segments and group of CGUs towards a new regional structure. The new segments and the group of CGUs presented below correspond to the information used by Group management to allocate resources to the various segments and group of CGUs and to assess each segment's and group of CGUs performance.

Additionally, the former segments East Europe and Rest of the World have been combined to the new segment CEMEA. The segments LATAM and Analytics & Services were not affected by the change in Group's management structure.

Segment performance is mainly assessed based on total revenue and adjusted EBITDA and is measured consistently with the statement of income in the published consolidated financial statements. The Group's financing (including finance costs and finance income) and income taxes are centrally managed on a Group basis and are not allocated to operating segments.

DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the three-level fair value hierarchy.

For assets or liabilities repeatedly reported in the financial statements the Group determines any hierarchy level re-classification by re-evaluating the existing classification at the end of each reporting period. Such revaluation is based on the lowest-level input parameters which are essential for fair value measurement.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount that would be received to sell a property in an orderly transaction between market participants at the measurement date. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted recent market prices for similar items when available and current replacement cost when appropriate.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The net carrying value is considered as a reasonable estimate of their fair value considering the short payment and settlement periods applied by the Group. This fair value is determined for disclosure purposes.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness on an ad-hoc basis by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Share-based payment transactions

The fair value of employee share options is generally measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of similar quoted entities), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

4. Significant events

4.1 Changes in scope in consolidation

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

	As at 31 December 2018			As at 31 December 2017		
Designated entities	**% of control**	**Method of consolidation**	**% of interest**	**% of control**	**Method of consolidation**	**% of**
Switzerland						
Argot Lab SA	98.20%	FC	98.20%	92.20%	FC	92.20%
Romania						
SYNLAB WEST S.r.l.	99.95%	FC	99.95%	99.94%	FC	99.94%

FC = Full Consolidation

On 28 May 2018, the Group sold the French entity SCI la Salicorne. On 27 December 2018 Aneclab s.r.o. was liquidated.

4.2 Acquisitions

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with a number of laboratories bolt-on acquisitions.

All acquisitions in the period earn revenues mainly from medical or environmental analyses. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

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

4.2.1 ***Seldaix SELAS acquisition***

On 10 January 2018, the Group acquired Seldaix SELAS, founded in 1990 in France. At the date of acquisition, Seldaix runs 50 medical laboratories (located in the Bouches-du-Vaucluse departments) and one technical platform in Marseille.

At the date of acquisition, the fair values of the assets acquired were as follows:

	€000
Non-current assets	
Intangible assets	31
Property, plant and equipment	4,883
Other non-current assets	525
Deferred tax assets	224
Current assets	
Inventories	330
Trade accounts receivable	1,059
Other current assets	1,600
Cash and cash equivalents	2,182
Total assets	**10,834**
Non-current liabilities	
Loans and borrowings (non-current)	7,766
Employee benefits liabilities	800
Current liabilities	
Current loans and borrowings	3,204
Trade accounts payable	3,087
Current provisions	2,040
Income tax liabilities	100
Other current liabilities	3,489
Total liabilities	**20,486**
Total identifiable net assets at fair value	**(9,652)**
Goodwill from company acquisitions	90,812
Total consideration/Fixed Purchase Price	**81,160**

Seldaix goodwill in the amount of 90.8 M€ reflects the provisional value of expected benefits from the Seldaix's acquisition including potential synergies.

During our purchase price allocation we didn't identified any intangible assets.

Most of the goodwill recognised is expected to be non-deductible for tax purposes.

Seldaix has contributed 31.6 M€ to revenue and increased by 6.1 M€ consolidated profit or loss since their acquisition.

Seldaix cash outflow:

	€000
Analysis of cash outflow due to company acquisitions	
Total consideration	(81,160)
Deferred/contingent consideration	8,660
Cash consideration	**(72,500)**
Net cash of acquired companies	2,182
Cash consideration	**(70,318)**

Transaction costs related to the closed acquisition amount to 2.0 M€ and were expensed as incurred in the separately disclosed items balance "Acquisition related expenses".

4.2.2 ***Other acquisitions***

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
02 Jan. 2018	Italy	ELOIS S.r.l.	medical testing	market consolidation	share deal
11 Jan. 2018	Colombia	Imágenes Diagnósticas S.A.	diagnostic imaging	market consolidation	share deal
11 Jan. 2018	Colombia	Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.(*)	medical testing	market consolidation	share deal
01 Feb. 2018	Germany	WSF GmbH	drinking water analysis	market consolidation	share deal
08 Feb. 2018	Belgium	SPRL ANALYSES MEDICALES RISSELIN	medical testing	market consolidation	share deal
05 Mar. 2018	Portugal	Análises Clinicas do Bom Jesus, Lda	medical testing	market consolidation	share deal
04 Apr. 2018	Italy	Fleming Bio S.r.l.	medical testing	market consolidation	share deal
05 Apr. 2018	France	Axiome	medical testing	market consolidation	asset deal
18 Apr. 2018	Italy	Piombino Poliambulatory	medical testing	market consolidation	asset deal
01 Jul. 2018	Germany	Wieland	medical testing	market consolidation	asset deal
10 Jul. 2018	Italy	Laboratorio Iris S.r.l.	medical testing	market consolidation	share deal
12 Jul. 2018	Finland	Yhtyneet Medix Laboratoriot Oy	medical testing	market consolidation	share deal
18 Jul. 2018	Italy	MYCETE S.r.l.	medical testing	market consolidation	share deal
01 Aug. 2018	Germany	Genjung	medical testing	market consolidation	asset deal
01 Aug. 2018	Finland	LSPL	medical testing	market consolidation	asset deal
06 Aug. 2018	France	eBioSanté SELAS(**)	medical testing	set up	share deal
11 Sep. 2018	Ecuador	Netlab S.A.	medical testing	expansion	share deal
01 Oct. 2018	Germany	Praxisgemeinschaft Wuppertal	gynecology testing	market consolidation	asset deal
02 Oct. 2018	Italy	Medical Fisiolab S.r.l.	medical testing	market consolidation	share deal
21 Oct. 2018	Italy	Branch of Instituto Analisi Fiorentino S.r.l.	medical testing	market consolidation	asset deal
28 Nov. 2018	Italy	Fisiokinesiterapia 21 S.r.l	medical testing	market consolidation	share deal
28 Nov. 2018	Italy	Laboratorio Ostiense S.r.l	medical testing	market consolidation	share deal
28 Nov. 2018	Italy	Ar.Pa. Radiologica S.r.l	medical testing	market consolidation	share deal
28 Nov. 2018	Italy	Salus Controlli Medici Diagnostici S.r.l.	medical testing	market consolidation	share deal
29 Nov. 2018	Italy	Branch of Clinalis S.a.s.	medical testing	market consolidation	asset deal

(*) We acquired only 97.5% of control. For all other deals we acquired 100% voting rights subject to applicable legal constraints.

(**) Joint Venture only 50.0% of control (IFRS 11).

The businesses acquired have generated an increase of goodwill amounting to 37.3 M€.

At the date of acquisition, the fair values of the identifiable assets were as follows:

	€000
Non-current assets	
Intangible assets	6,266
Property, plant and equipment	3,242
Other non-current assets	204
Deferred tax assets	19
Current assets	
Inventories	848
Trade accounts receivable	6,127
Other current assets	2,302
Cash and cash equivalents	3,247
Total assets	**22,255**
Non-current liabilities	
Loans and borrowings (non-current)	276
Employee benefits liabilities	1,351
Deferred tax liabilities	1,557
Current liabilities	
Current loans and borrowings	540
Current finance lease liabilities	36
Trade accounts payable	3,689
Current provisions	19
Income tax liabilities	407
Other current liabilities	3,628
Total liabilities	**11,503**
Total identifiable net assets at fair value	**10,752**
Non-controlling interests	(32)
Goodwill from company acquisitions	36,730
Total consideration	**47,450**

The consideration is satisfied by:

	€000
Fixed purchase price	46,275
Deferred consideration arrangement	1,175
Total consideration transferred	**47,450**

Goodwill in the amount of 36.7 M€ reflects the provisional value of expected benefits from the Group acquisitions including potential synergies.

The goodwill per group of Cash Generating Unit (CGU) is as follows:

	€000
CGU	
Germany	765
France	2,193
Italy	10,120
Iberia	628
North Europe	13,587
LATAM	8,240
Analytics and Services	1,197
Total	**36,730**

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

If the companies acquired by way of a share deal had been acquired as at the beginning of the year, revenue would have been 18.7 M€ higher and consolidated profit would have been 0.6 M€ higher.

The companies acquired in share deals have contributed 19.6 M€ to revenue and increased by 0.9 M€ consolidated profit or loss since their acquisition.

The acquired Italian companies ELOIS S.r.l and Fleming Bio S.r.l. and German company WSF GmbH were merged after the acquisition. Due to these mergers, no information can be provided about these companies' contribution to revenue and consolidated profit or loss.

Cash outflow due to company acquisitions:

	€000
Analysis of cash outflow due to company acquisitions	
Total consideration	(47,450)
Deferred/contingent consideration	4,295
Total cash consideration	**(43,155)**
Net cash of acquired companies	3,247
Actual cash outflow due to company acquisitions	**(39,908)**

Transaction costs related to the closed acquisition amount to 1.0 M€ and were expensed as incurred in the separately disclosed items balance "Acquisition related expenses".

For significant events as at 31 December 2017 please refer to Note 4 Business combinations of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Restatement other notes 31 December 2017:

At 31 December 2017, the opening balance sheet position of PathCare Nigeria Limited was presented in the financial statements aggregated with 30 other acquisitions on a provisional basis. The provisional amounts recognized in relation to the fair value of the contingent liability for put call option plan have been updated to reflect new information about facts and circumstances that existed at the acquisition date relating to required payments to seller. Further the tangible assets were adjusted. That deal was included in the other acquisitions notes, specifically Note 4.2.3 of the Group's annual consolidated financial statements for the year ended 31 December 2017.

The following adjustments have been applied to the respective goodwill, tangible assets and consideration balances of other acquisitions included in the 31 December 2017 financial statements:

	Amount in Opening Balance	Adjustment	Restated balance
Goodwill	112,510	(1,655)	110,855
Tangible assets	9,474	(1,160)	8,314
Consideration	177,123	(2,815)	174,308

5. Adjusted EBITDA

As set out within note 3, in the analysis of the Group's operating results, information is presented to provide readers with additional performance indicators that are prepared on a non-statutory basis. This presentation is regularly reviewed by management to identify items that are considered to be one-off and should be adjusted in order to reflect an understanding of the Group's performance and long-term trends.

The reconciliation between net loss and adjusted EBITDA is as follows:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Net loss for the period	**(38,719)**	**(163,913)**
Income tax expenses	30,414	19,011
Finance expenses	164,062	204,232
Finance income	(18,517)	(12,822)
Share of loss of associates and other non-controlling interest	1,261	804
Profit on disposal of investment	(140)	–
Operating profit	**138,361**	**47,312**
Adjustments for:		
Impairment of non-current assets	–	90,633
Acquisitions related expenses	2,037	10,452
Restructuring and other significant expenses	47,457	22,856
Operating profit before acquisition, restructuring and impairment of non-current assets	**187,855**	**171,253**
Other adjustments for:		
Depreciation and amortisation	150,771	138,300
Income and expenses from asset disposals	(70)	256
Share-based payments	4,318	2,109
Other non-recurring costs	5,447	9,369
Penalties paid due to cancellation of contracts	1,553	712
Adjusted EBITDA	**349,874**	**321,999**

6. Segmental analysis

The information by geographical segment and for the business segment Analytics & Services ("A&S") presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance.

It is extracted from the Group's consolidated reporting system and prepared in accordance with the same accounting rules as in the consolidated financial statements and set out in the notes thereto. The policies applied to determine the operating segments presented are set out in Note 3 Significant accounting policies above in the section Segment information.

	Year ended 31 December 2018				
	West Europe €000	**Central Europe €000**	**North Europe €000**	**CEMEA €000**	**A&S €000**
SEGMENT REPORTING					
Revenue external	613,627	750,740	198,377	175,048	190,406
Revenue Intercompany	8,897	10,189	318	37	272
Adjusted EBITDA	**131,649**	**144,890**	**26,934**	**31,768**	**25,099**
Ratio Adjusted EBITDA./Revenue	**21.5%**	**19.3%**	**13.6%**	**18.1%**	**13.2%**
Operating profit before acquisition, restructuring and impairment of non-current assets	**105,815**	**70,929**	**7,198**	**18,341**	**7,313**
Acquisitions related expenses	(1,995)	876	(234)	2,309	491
Restructuring and other significant expenses	(4,382)	(20,252)	(2,090)	(1,011)	(4,331)
Impairment of non-current assets	–	–	–	–	–
Share of loss of associates and revaluation of non-controlling interest					
Net finance costs					
Income tax expenses					
Profit on disposal of investment					
Net loss for the period					

	Year ended 31 December 2018		
	LATAM €000	**Reconcili-ation €000**	**Total Group €000**
SEGMENT REPORTING			
Revenue external	70,082	–	**1,998,280**
Revenue Intercompany	–	(19,713)	–
Adjusted EBITDA	**10,396**	**(20,862)**	**349,874**
Ratio Adjusted EBITDA./Revenue	**14.8%**	**–**	**17.5%**
Operating profit before acquisition, restructuring and impairment of non-current assets	**7,631**	**(29,373)**	**187,855**
Acquisitions related expenses	(21)	(3,463)	(2,037)
Restructuring and other significant expenses	(426)	(14,965)	(47,457)
Impairment of non-current assets	–	–	–
Share of loss of associates and revaluation of non-controlling interest			(1,261)
Net finance costs			(145,545)
Income tax expenses			(30,414)
Profit on disposal of investment			140
Net loss for the period			**(38,719)**

Information is not available to present the year ended 31 December 2017 under the new segmental reporting basis and therefore we have included below the segment reporting for the year ended 31 December 2018 using the same segmental reporting basis as the previous year for comparability:

	Year ended 31 December 2018				
	West Europe €000	**Central Europe €000**	**South Europe €000**	**East Europe €000**	**North Europe €000**
SEGMENT REPORTING					
Revenue external	600,647	525,607	377,612	129,580	58,879
Revenue Intercompany	127	11,109	8,624	257	–
Adjusted EBITDA	**130,116**	**90,465**	**72,598**	**26,188**	**10,293**
Ratio Adjusted EBITDA./Revenue	21.7%	69.8%	13,8%	20.2%	17.5%
Operating profit before acquisition, restructuring and impairment of non-current assets	**101,698**	**32,097**	**47,037**	**15,045**	**3,105**
Acquisitions related expenses	(2,104)	1,051	2	2,309	(302)
Restructuring and other significant expenses	(5,321)	(10,181)	(10,285)	(521)	(937)
Impairment of non-current assets	–	–	–	–	–
Share of loss of associates and revaluation of non-controlling interest					
Net finance costs					
Income tax expenses					
Profit on disposal of investment					
Net loss for the period					

	Year ended 31 December 2018				
	RoW €000	**A&S €000**	**LATAM €000**	**Reconcili-ation €000**	**Total Group €000**
SEGMENT REPORTING					
Revenue external	45,467	190,406	70,082	–	**1,998,280**
Revenue Intercompany	–	272	–	(20,389)	**–**
Adjusted EBITDA	**5,581**	**25,099**	**10,396**	**(20,862)**	**349,874**
Ratio Adjusted EBITDA./Revenue	12.3%	13.2%	14.8%	–	**17.5%**
Operating profit before acquisition, restructuring and impairment of non-current assets	**3,298**	**7,313**	**7,631**	**(29,369)**	**187,855**
Acquisitions related expenses	–	491	(21)	(3,463)	(2,037)
Restructuring and other significant expenses	(490)	(4,331)	(426)	(14,965)	(47,457)
Impairment of non-current assets	–	–	–	–	–
Share of loss of associates and revaluation of non-controlling interest			–	–	(1,261)
Net finance costs					(145,545)
Income tax expenses					(30,414)
Profit on disposal of investment					140
Net loss for the period					**(38,719)**

	Year ended 31 December 2017				
	West Europe €000	**Central Europe €000**	**South Europe €000**	**East Europe €000**	**North Europe €000**
SEGMENT REPORTING					
Revenue external	548,073	523,442	366,030	121,049	35,621
Revenue Intercompany	150	12,787	8,671	344	–
Adjusted EBITDA	**121,084**	**100,859**	**66,447**	**21,536**	**7,125**
Ratio Adjusted EBITDA./Revenue	22.1%	19.3%	18.2%	17.8%	20.0%
Operating profit before acquisition, restructuring and impairment of non-current assets	93,895	43,547	40,278	11,074	1,968
Acquisitions related expenses	(2,207)	535	19	16	(1,040)
Restructuring and other significant expenses	(2,271)	(4,082)	(279)	(312)	266
Impairment of non-current assets	(40,000)	(30,307)	–	–	–
Share of loss of associates and revaluation of non-controlling interest					
Net finance costs					
Income tax expenses					
Profit on disposal of investment					
Net loss for the period					

	Year ended 31 December 2017				
	RoW €000	**A&S €000**	**LATAM €000**	**Reconcili-ation €000**	**Total Group €000**
Revenue external	39,693	134,924	47,814	–	**1,816,645**
Revenue Intercompany	–	–	–	(22,205)	–
Adjusted EBITDA	**5,734**	**13,417**	**4,146**	**(18,351)**	**321,999**
Ratio Adjusted EBITDA./Revenue	14.4%	9.9%	8.7%	–	17.7%
Operating profit before acquisition, restructuring and impairment of non-current assets	3,937	216	2,766	(26,432)	171,253
Acquisition related expenses	78	32	–	(7,884)	(10,452)
Restructuring and other significant expenses	(96)	(775)	5	(15,308)	(22,856)
Impairment of non-current assets	(20,000)	(324)	(2)	–	(90,633)
Share of loss of associates and revaluation of non-controlling interest					(805)
Net finance costs					(191,410)
Income tax expenses					(19,011)
Profit on disposal of investment					–
Net loss for the period					**(163,913)**

The column Reconciliation includes all Group central functions included in Corporate holdings such as management, legal, Group finances and treasury, internal audit and strategic procurement which cannot be attributed to individual operating segments. Furthermore, the Group total includes finance income and expenses and taxes because they are centrally managed by the Group, and therefore cannot be attributed to individual business segments, as well as the elimination of transactions conducted among the individual segments.

The detail of revenue by country is as follows for the period from 1 January 2018 until 31 December 2018:

	Year ended 31 December 2018		Year ended 31 December 2017	
	€000	%	€000	%
West Europe	**613,627**	**31**	**580,936**	**32**
France	461,148	23	424,519	23
Portugal	48,524	2	44,719	2
Spain	103,955	5	111,699	6
Central Europe	**750,740**	**38**	**733,095**	**40**
Germany	404,637	20	397,241	22
Italy	225,133	11	209,612	12
Switzerland	120,970	6	126,242	7
North Europe	**198,377**	**10**	**159,176**	**9**
Belgium	49,011	2	50,766	3
Estonia	16,380	1	14,295	1
Finland	39,107	2	18,281	1
Lithuania	2,363	0	1,915	0
Norway	1,029	0	1,129	0
United Kingdom	90,487	5	72,788	4
CEMEA	**175,048**	**9**	**160,742**	**9**
Austria	25,241	1	23,111	1
Czech Republic	52,113	3	48,508	3
Hungary	40,099	2	37,603	2
Slovakia	12,128	1	11,827	1
Croatia	1,897	0	1,678	0
Cyprus	2,222	0	3,006	0
Ghana	2,006	0	1,973	0
North Macedonia	1,746	0	1,630	0
Nigeria	3,863	0	611	0
Poland	1,520	0	1,295	0
Romania	10,978	1	10,320	1
Slovenia	3,502	0	3,432	0
The Republic of Belarus	4,711	0	4,234	0
The United Arab Emirates	6,212	0	5,775	0
Turkey	6,810	0	5,738	0
LATAM	**70,082**	**4**	**47,814**	**3**
Brazil	9,636	0	10,275	1
Columbia	45,810	2	33,466	2
Ecuador	3,130	0	118	0
Mexico	850	0	860	0
Panama	279	0	153	0
Peru	10,377	1	2,941	0
Analytics & Services	**190,406**	**10**	**134,883**	**7**
Austria	4,437	0	4,590	0
Finland	2,640	0	1,288	0
Germany	72,131	4	68,124	4
Italy	1,931	0	1,934	0

	Year ended 31 December 2018		Year ended 31 December 2017	
	€000	%	€000	%
Norway	5,113	0	3,411	0
Netherlands	46,284	2	23,594	1
Sweden	34,066	2	17,800	1
Switzerland	10,637	1	8,574	0
United Kingdom	13,167	1	5,568	0
Total revenue	**1,998,280**	**100**	**1,816,645**	**100**

In case the segments would not have changed, the detail of revenue by country would be distributed as follows:

	Year ended 31 December 2018		Year ended 31 December 2017	
	€000	%	€000	%
West Europe	**600,646**	**30**	**548,073**	**30**
France	461,148	23	424,519	23
Belgium	49,011	2	50,766	2
Ireland	1,219	0	174	0
United Kingdom	89,268	4	72,614	4
South Europe	**377,612**	**19**	**366,030**	**20**
Italy	225,133	11	209,612	12
Portugal	48,524	2	44,719	2
Spain	103,955	5	111,699	6
Central Europe	**525,607**	**26**	**523,442**	**29**
Switzerland	120,970	6	126,242	7
Germany	404,637	20	397,241	22
East Europe	**129,581**	**6**	**121,049**	**7**
Austria	25,241	1	23,111	1
Czech Republic	52,113	3	48,508	3
Hungary	40,099	2	37,603	2
Slovakia	12,128	1	11,827	1
North Europe	**58,879**	**3**	**35,621**	**2**
Estonia	16,380	1	14,295	1
Finland	39,107	2	18,281	1
Lithuania	2,363	0	1,915	0
Norway	1,029	0	1,129	0
RoW	**45,467**	**2**	**39,693**	**2**
Croatia	1,897	0	1,678	0
Cyprus	2,222	0	3,006	0
Ghana	2,006	0	1,973	0
North Macedonia	1,746	0	1,630	0
Nigeria	3,863	0	612	0
Poland	1,520	0	1,295	0
Romania	10,978	1	10,320	1
Slovenia	3,502	0	3,432	0
The Republic of Belarus	4,711	0	4,234	0
The United Arab Emirates	6,212	0	5,775	0
Turkey	6,810	0	5,738	0
Analytics & Services	**190,406**	**10**	**134,924**	**7**

	Year ended 31 December 2018		Year ended 31 December 2017	
	€000	%	€000	%
Austria	4,437	0	4,590	0
Finland	2,640	0	1,289	0
Germany	72,131	4	68,164	4
Italy	1,931	0	1,934	0
Norway	5,113	0	3,411	0
Netherlands	46,284	2	23,594	1
Sweden	34,066	2	17,800	1
Switzerland	10,637	1	8,574	0
United Kingdom	13,167	1	5,568	0
LATAM	**70,082**	**4**	**47,814**	**3**
Brazil	9,636	0	10,275	1
Columbia	45,810	2	33,466	2
Ecuador	3,130	0	119	0
Mexico	850	0	860	0
Panama	279	0	153	0
Peru	10,377	1	2,941	0
Total revenue	**1,998,280**	**100**	**1,816,645**	**100**

7. Revenue

The components of revenue are as follows:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Revenues human medicine	1,656,907	1,552,417
Revenues environmental analysis	195,055	99,959
Revenues veterinary medicine	29,071	18,159
Revenues from trading goods	17,662	13,753
Other revenues	99,585	132,357
Total revenue	**1,998,280**	**1,816,645**

Other revenue mainly consist of revenue from studies, hygiene analysis and nuclear medicine.

8. Materials related expenses

Significant items included in material expenses are as follows:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Reagents	(129,775)	(117,641)
External analysis services	(66,625)	(57,762)
Consumables	(92,470)	(87,444)
Per reported result	(94,730)	(93,568)
Temporary workers	(33,871)	(28,930)
Other	(14,422)	(8,733)
Total revenue	**(431,893)**	**(394,078)**

Consumables and reagents are the key materials in the clinical diagnostic business. Master agreements in place with clinical diagnostic equipment manufacturers also provide for payments to suppliers based on the analyses performed on a "per reported result" billing basis.

9. Payroll related expenses

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Salaries and wages	(570,130)	(507,586)
Social security contributions	(162,927)	(141,557)
Other personnel related costs	(54,500)	(54,516)
Subcontracting/temporary staff	(32,575)	(29,570)
Share-based payments	(4,318)	(2,109)
Total payroll and related expenses	**(824,450)**	**(735,338)**
Average number of employees during the year:	**21,728**	**18,303**
Administration	2,900	2,181
Operation	18,828	16,122
Thereof doctors/biologists	1,595	1,328

The weighted average headcount throughout the year was 21,728 (2017: 18,303) employees.

Other personnel related costs include, amongst others, profit sharing, pensions expenses, travel expenses, fees for training of personnel and food allowances.

Details of pension arrangements and share-based payment transactions are set out in Notes 26 and 27 respectively. In the year ended 31 December 2018, 42.0 M€ (2017: 36.9 M€) was paid by the Group into defined contribution plans.

Salaries and wages expenses include also the variable remuneration paid to biologists under various legal forms, either compensation paid as salary or, mainly for French biologists, the priority dividends paid on the current year result. The priority dividends to be paid to certain laboratory doctors after year-end are recognised as employee benefits expense and liability in the current year.

10. Other operating expenses

Significant items included in other operating expenses are as follows:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Operating lease and rental expenses	(101,878)	(87,717)
Marketing and communication expenses	(40,961)	(46,558)
Transportation expenses	(57,797)	(50,496)
Repairs and maintenance and insurance expenses	(36,934)	(33,980)
Utilities	(49,675)	(45,030)
Consulting and advisory fees	(30,678)	(26,892)
IT and administration expenses	(46,488)	(40,968)
Personnel related expenses	(33,311)	(29,731)
Other taxes, dues and fees	(7,110)	(8,700)
Other expenses	(18,274)	(22,812)
Total other operating expenses	**(423,106)**	**(392,884)**

Other expenses include, amongst others, service charges relating to security, cleaning and storage costs.

Transportation expenses include both expenses related to external logistics providers and expenses incurred for the Group's vehicle fleet.

The prior year disclosure has been restated to reflect current year treatment.

Audit services

Audit services are included in the line Consulting and advisory fees. During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor and its associates at the following costs. The amount of fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements for the period from 1 January 2018 until 31 December 2018 and the comparative period for all the consolidated companies, where they are appointed, is broken down as follows:

Audit fees:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Fees payable to the Company's auditor for the audit of the Company's financial statements	900	763
The audit of the Company's subsidiaries	2,862	2,398
Total audit fees	**3,762**	**3,161**

Non-audit fees:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Audit related assurance services	–	320
Corporate finance services	489	1,105
Other services	90	1,136
Total non-audit fees	**579**	**2,561**
Total fees	**4,341**	**5,722**

11. Other operating income

Significant items included in other operating income are as follows:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Rental and lease income	418	369
Other	19,377	14,837
Total other operating income	**19,795**	**15,206**

Gains on sale of non-current assets are included in the line Other as well as other income consultancy expenses.

The prior year disclosure has been restated to reflect current year treatment.

12. Depreciation and amortisation

Depreciation and amortisation relate to the following items:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Property, Plant and Equipment	(72,954)	(65,392)
Customer lists	(59,220)	(56,042)
Intangible assets	(18,597)	(16,866)
Total depreciation and amortisation	**(150,771)**	**(138,300)**

Amortisation of customer lists relates to customer lists recorded as part of the acquisitions done by the Group.

13. Separately disclosed items

As set out in note 3, the Group is implementing a number of business change programmes as part of a wider transformational change programme and the costs of these activities are presented separately on the face of the income statement in dedicated lines in accordance with IAS 1.

The separately disclosed items mainly include in the year to 31 December 2018 the following expenses or provisions:

		Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Strategic project costs	(a)	(6,624)	(5,558)
Finance transformation	(b)	(13,397)	(1,816)
Restructuring, severance and other expenses	(c)	(27,436)	(15,482)
Restructuring and other significant expenses		**(47,457)**	**(22,856)**
Costs on current year acquisitions and abandoned projects	(d)	(2,037)	(10,452)
Acquisition related expenses		**(2,037)**	**(10,452)**
Impairment of goodwill		–	(84,483)
Impairment of customer lists		–	(6,149)
Impairment and reversal of impairment of non-current assets	(e)	**–**	**(90,633)**
Total		**(49,494)**	**(123,941)**

(a) This category includes 6.6 M€ (2017: 5.6 M€) of costs associated with strategic projects as part of the Group's wider business transformation programme. Project Gemini relates to merger of Synlab and Labco, consisting mainly of advisory costs and other expenses incurred in relation to the implementation of the merger. Project Lean relates to the operational excellence programme and forms part of the wider transformational change programme, consisting mainly of consultancy costs incurred during the year. All costs included within this category are considered to directly relate to the business transformation programme. Internal staff costs of 0.5€M have been included within this category.

(b) This category includes costs relating to the group wide ERP and other significant IT implementation programmes, totaling 9.6M€ (2017: 1.8M€). This category also includes significant one-off costs incurred during the year associated with the implementation of IFRS 15 and IFRS 16 totaling 3.8M€. The cost of ongoing compliance with these accounting standards will not be presented as a separately disclosed item. All costs included within this category are considered to directly relate to the business transformation programme. Internal staff costs of 2.8€M have been included within this category.

(c) This category includes expenses for restructuring resulting from acquisitions, significant relocation and internal reorganization programmes as well as provisions for legal cases, totaling 15.9M€ and severance costs associated with staff redundancies from restructuring activities across the Group totaling 10.2M€.

(d) 2.0 M€ (2017: 10.5M€) of transaction costs for acquisition projects done or abandoned by the Group;

(e) The impairment test performed as of 31 December 2018 resulted in no impairment of goodwill and customer lists (2017: 90.6M€); for further details please refer to Note 16 Goodwill.

14. Net finance costs

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Finance income	18,517	12,822
Interest expenses on financial liabilities measured at amortised cost	(141,477)	(180,565)
Interest expenses on finance leases	(3,871)	(3,655)
Other interest expenses	(481)	(489)
Loss on remeasurement of derivatives at fair value through profit or loss	(5)	(133)
Exchange losses	(17,503)	(19,079)
Other financial expenses	(725)	(311)
Net finance costs	**(145,545)**	**(191,410)**

The interest expenses correspond mainly to the 900 M€ Senior Secured Fixed Rate Notes with effective interest rate of 6,6% due 2022, to the 940 M€ Senior Secured Floating Rate Notes due 2022 at effective interest rate of 3,7% (applied above the EURIBOR floored at zero) and to the 370 M€ loan from SYNLAB Unsecured Bondco PLC to SYNLAB Bondco PLC at 8,55% due 2022. It also includes the interest expenses on the drawn part of the Revolving Credit Facility ("RCF") as well as the commitments fees on the undrawn part of the RCF and interest expenses on the Term Loan raised in September 2017 and due in 2022. Additionally interest on preferred shares was included in 2017 (45.2 M€) until the shares were reclassified to equity in May 2017. The exchange losses mainly relate to losses from intercompany loans.

15. Income tax expenses

Analysis of tax charge in the year:

	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Current tax current year	(40,158)	(42,242)
Current tax prior year	(2,713)	1,167
Deferred tax	12,457	22,064
Total income tax expenses	**(30,414)**	**(19,011)**

Since 2016, Management has decided to reconcile at the UK rate of corporation tax (on the basis that the group results are consolidated into a UK resident company) rather than the blended rate for the period.

The tax charge for the year can be reconciled to the loss per the income statement as follows:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Loss on ordinary activities before tax	(8,305)	(144,902)
Tax credit expected on the loss on ordinary activities at 19.00% (2017: 19.25%)	1,578	27,893
Impairment of acquired goodwill	–	(16,207)
Permanent item of non-deductible finance cost related to preference shares	–	(8,702)
Other net permanent differences on non-deductible items	(2,562)	(5,881)
Non-taxable income	14	292
Non UK profits taxed at rates different from the UK rate	(14,665)	(3,908)
Net movements in temporary differences upon which no deferred tax asset has been recognised	(13,242)	(25,213)
Effect of changes in corporate tax rates on deferred tax balances	970	11,741
Net prior year tax adjustments	(2,713)	1,167
Other items	206	(193)
Total tax charge for the year	**(30,414)**	**(19,011)**

The effective tax rate differs from the UK corporation tax rate for the period as a result of a number of adjustments, including non-deductibility of financing costs for which either tax relief is not available at all or for which no deferred tax asset is recognised. In addition the majority of the profits of the group arise in jurisdictions with higher rates of corporation tax (mainly France and Italy).

16. Goodwill

		Goodwill €000
Gross amount	**At 1 January 2018**	**2,535,076**
	Business acquired	127,548
	Foreign currency translation	9,318
	31 December 2018	**2,671,942**
Impairment	**At 1 January 2018**	**(141,552)**
	Impairment charge	–
	Foreign currency translation	(1,713)
	31 December 2018	**(143,265)**
Carrying amount	**At 1 January 2018**	**2,393,524**
	At 31 December 2018	**2,528,677**

		Goodwill €000
Gross amount	**At 1 January 2017**	**2,311,433**
	Business acquired	247,809*
	Foreign currency translation	(24,166)
	31 December 2017	**2,535,076**
Impairment	**At 1 January 2017**	**(57,377)**
	Impairment charge	(84,175)
	Foreign currency translation	–
	31 December 2017	**(141,552)**
Carrying amount	**At 1 January 2017**	**2,254,056**
	At 31 December 2017	**2,393,524***

* The carrying amount for 31 December 2017 has been reduced by 1.6 M€ (2,395,179 K€ prior year vs Dec 2018 2,393,524 K€) due to a goodwill adjustment made in Nigeria. Refer to IFRS 3 restatements in note 2 and 4.2.2.

Goodwill values for the acquisitions made during the period ended 31 December 2018 are provisional and subject to modification in the twelve months period following the acquisition date.

IMPAIRMENT TESTING FOR CASH-GENERATING UNITS CONTAINING GOODWILL

For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units defined at the level of main countries or geographical zones, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. Beginning of Q2 2018, Synlab reorganized its internal management structure which led to the following new changes in the group of CGUs: Iberia which now includes Spain, North Europe- which includes Belgium and UK, Portugal is now part of LATAM, Czech Republic, Eastern Europe, rest of the world are now part of CEMEA.

Before the reorganization, these were the 13 geographical areas and one business area defined as cash-generating units (CGUs) and groups of CGUs: Germany, France, Italy, Spain, LATAM, Switzerland, Belgium, United Kingdom, Czech Republic, Portugal, Analytics & Services, Eastern Europe, Northern Europe and Rest of World (RoW).

The CGUs and group of CGUs for the year ended 31 December 2018 are Germany, France, Italy, Switzerland, Iberia, North Europe (UK, Belgium, Estonia, Finland, Lithuania, Norway), CEMEA (Austria, Czech Republic, Slovakia, Hungary, Emerging Markets), LATAM and Analytics and Services.

The aggregate carrying amounts of goodwill allocated to each group of CGUs and key assumptions of the impairment testing model are as follows:

As at 31 December 2018	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	478,791	2,6%	7,3%	9,4%
France	875,514	1,9%	8,1%	10,2%
Switzerland	221,426	1,0%	6,7%	7,9%
Italy	381,081	1,7%	9,5%	12,9%
Iberia	64,959	2,0%	9,8%	12,0%
Northern Europe	146,796	2,0%	8,5%	10,1%
CEMEA	126,156	2,5%	9,7%	11,1%
LATAM	48,173	2,8%	11,8%	15,9%
Analytics & Services	185,781	1,9%	7,6%	9,4%
	2,528,677			

As at 31 December 2017	Carrying Amount €000	LT growth rate	Discount rate post-tax	Discount rate pre-tax
Germany	478,026	1.9%	7.5%	9.8%
France	782,508	1.9%	7.9%	10.4%
Italy	372,188	1.7%	9.4%	12.1%
Spain	3,213	2.0%	8.7%	9.4%
LATAM	38,127	3.6%	11.9%	15.2%
Switzerland	208,455	1.3%	6.9%	8.1%
Belgium	31,994	1,8%	7.9%	10.4%
United Kingdom	32,719	2.0%	8.4%	9.6%
Czech Republic	20,689	3.0%	9.7%	11.0%
Portugal	61,888	1.8%	10.9%	15.0%
Analytics & Services	186,330	1.6%	7.6%	9.5%
Eastern Europe	61,138	2.5%	9.5%	10.9%
Northern Europe	71,845	2.6%	8.0%	10.3%
RoW	44,404*	3.6%	8.8%	13.5%
	2,393,524*			

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period. The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5 year business plan, rationalised with 2018 budget. Trends in volumes, prices and direct costs are based on past trends and on the future market outlook which include a certain level of uncertainties, especially in the current context of economic difficult environment in certain European countries.
- The cash flows projections for the years 2018 to 2022 include also:
  - Taxes impact by applying an average theoretical rate per country;
  - Working capital variance; and
  - Capital expenditures corresponding in general to 4,2% (2017: 2.7%) of forecasted annual turnover.

- The terminal value is then calculated by discounting the forecast flows of the last year (2022) using a perpetual growth rate between 1.0% and 2.8% (2017: 1.3% and 3.6%) depending on the cash generating unit. This percentage is management's best estimate of the expected market evolution based on an organic growth rate such as inflation or published sector-specific market research.
- The discount rate is based on the Group's weighted average cost of capital (WACC) including a leveraged beta, cost of debt and cost of equity (including market risk premium and size premium);
- Discount rates used are post-tax discount rates applied to post tax cash flows. Applying those rates result in value in use materially consistent to those computed using pre-tax discount rates applied to pre-tax cash flow. (as required by IAS 36).

RESULT OF ANNUAL IMPAIRMENT TESTING

No impairment was recognized for any of the group of CGUs for December 2018.

Sensitivity analysis

The calculation of the value in use is most sensitive to EBITDA and discount rates.

A discount rate increase of 1% point would lead to the following goodwill impairment: Italy 35 M€ (2017: 14 M€), Switzerland 24 M€ (2017: 80 M€) and Analytics & Services 5 M€ (2017: nil M€).

A 5% decrease in the forecasted EBITDA over the forecasts horizon included in the terminal value would not cause any impairment except marginally for the group of CGUs, Italy 11 M€ (2017: 5 M€).

17. Intangible assets

		Customer lists €000	Trade-marks €000	Software €000	Property rights and similar rights €000	Other (incl. prepayment) €000	Total €000
Gross amount	**At 1 January 2018**	**995,618**	**36,804**	**65,515**	**11,651**	**4,374**	**1,113,962**
	Business acquired	5,728	–	217	316	35	6,296
	Foreign currency translation	3,904	(5)	129	19	(3)	4,044
	Additions	450	–	17,403	505	11,216	29,574
	Disposals	–	–	(1,845)	(1,294)	–	(3,139)
	Reclassification	–	–	3,354	274	(3,628)	–
	31 December 2018	**1,005,700**	**36,799**	**84,773**	**11,471**	**11,994**	**1,150,737**
Amortisation and Impairment	**At 1 January 2018**	**(142,826)**	**(186)**	**(25,161)**	**(4,138)**	**–**	**(172,311)**
	Amortisation and Impairment charge	(59,220)	(159)	(15,320)	(3,125)	–	(77,824)
	Foreign currency translation	(1,580)	4	(52)	(5)	–	(1,633)
	Disposal	–	–	1,240	1,171	–	2,411
	31 December 2018	**(203,626)**	**(341)**	**(39,293)**	**(6,097)**	**–**	**(249,357)**
Carrying amount	**At 1 January 2018**	**852,792**	**36,618**	**40,354**	**7,513**	**4,374**	**941,650**
	31 December 2018	**802,074**	**36,458**	**45,480**	**5,374**	**11,994**	**901,380**

		Customer lists €000	Trade-marks €000	Software €000	Property rights and similar rights €000	Other (incl. prepayment) €000	Total €000
Gross amount	**At 1 January 2017**	**852,750**	**35,858**	**43,362**	**4,356**	**2,280**	**938,606**
	Business acquired	155,922	368	4,291	5,611	127	166,389
	Foreign currency translation	(15,486)	(120)	(355)	(208)	34	(16,135)
	Additions	2,362	698	15,940	2,790	4,566	26,356
	Disposals	–	–	(1,083)	–	(171)	(1,254)
	Reclassification	–	–	3,360	(898)	(2,462)	–
	31 December 2017	**995,618**	**36,804**	**65,515**	**11,651**	**4,374**	**1,113,962**
Amortisation and Impairment	**At 1 January 2017**	**(83,100)**	**(44)**	**(11,519)**	**(1,470)**	**–**	**(96,136)**
	Amortisation and Impairment charge	(62,445)	(150)	(13,991)	(2,725)	–	(79,311)
	Foreign currency translation	2,719	8	164	57	–	2,948
	Disposal	–	–	185	–	–	185
	31 December 2017	**(142,826)**	**(186)**	**(25,161)**	**(4,138)**	**–**	**(172,311)**
Carrying amount	**At 1 January 2017**	**769,650**	**35,814**	**31,843**	**2,886**	**2,280**	**842,473**
	31 December 2017	**852,792**	**36,618**	**40,354**	**7,513**	**4,374**	**941,651**

The customer lists primarily represent customer relationships with doctors and hospitals. These customer lists consist of customer relationships acquired, identified and evaluated in connection with the acquisitions that were performed since the formation of the Group 2015.

Customer relationships break down into the following group of CGUs:

As at 31 December 2018	Gross €000	Amortisation & Impairment €000	Net €000
Germany	367,709	(62,873)	304,836
France	5,844	(912)	4,932
Italy	44,442	(7,278)	37,164
Switzerland	176,357	(48,113)	128,244
Iberia	27,191	(12,661)	14,530
North Europe	140,906	(37,295)	103,611
CEMEA	94,640	(17,037)	77,603
LATAM	8,623	(881)	7,742
Analytics & Services	139,988	(16,576)	123,412
	1,005,700	**(203,626)**	**802,074**

As at 31 December 2017	Gross €000	Amortisation & Impairment €000	Net €000
Germany	367,513	(42,674)	324,839
France	5,844	(587)	5,257
Italy	44,442	(5,005)	39,437
Switzerland	169,789	(33,68)	136,109
Iberia	26,730	(11,094)	15,636
North Europe	139,324	(30,391)	108,933
CEMEA	95,113	(11,453)	83,66
LATAM	5,848	(266)	5,582
Analytics & Services	141,016	(7,677)	133,339
	995,619	**(142,827)**	**852,792**

18. Property, plant and equipment

		Land and building (incl. leasehold improvements) €000	Technical machines and equipment €000	Vehicle fleet €000	Other (incl. prepayment) €000	Total €000
Acquisition cost and ccc coo conversion	**At 1 January 2018**	**74,851***	**200,121**	**4,303**	**99,096**	**378,371**
	Business acquired	2,538	1,900	107	3,506	8,051
	Foreign currency translation	(18)	(45)	34	346	317
	Additions	5,256	38,047	895	33,373	77,571
	Disposals	(2,574)	(13,572)	(1,159)	(5,574)	(22,879)
	Reclassification	3,692	2,922	(3)	(6,611)	–
	31 December 2018	83,745	229,373	4,177	124,136	441,431
Depreciation and impairment	**At 1 January 2018**	**(10,338)**	**(64,186)**	**(572)**	**(29,437)**	**(104,533)**
	Depreciation	(8,411)	(44,028)	(1,424)	(19,091)	(72,954)
	Foreign currency translation	(10)	(165)	(55)	(219)	(449)
	Disposal	2,586	12,221	969	5,129	20,905
	31 December 2018	(16,173)	(96,158)	(1,082)	(43,618)	(157,033)
Carrying amount	**At 1 January 2018**	**64,513***	**135,935**	**3,731**	**69,659**	**273,838**
	At 31 December 2018	**67,572**	**133,215**	**3,095**	**80,518**	**284,400**

* see note 4.2.

		Land and building (incl. leasehold improvements) €000	Technical machines and equipment €000	Vehicle fleet €000	Other (incl. prepayment) €000	Total €000
Acquisition cost and ccc coo conversion	**At 1 January 2017**	**60,871**	**138,513**	**2,631**	**83,594**	**285,609**
	Business acquired	8,216*	26,646	947	3,847	39,656*
	Foreign currency translation	(677)	(1,769)	(198)	(1,553)	(4,197)
	Additions	5,386	38,484	1,603	26,731	72,204
	Disposals	(1,760)	(8,464)	(996)	(3,678)	(14,898)
	Reclassification	2,815	6,711	316	(9,845)	–
	31 December 2017	**74,851***	**200,121**	**4,303**	**99,096**	**378,374***
Depreciation and impairment	**At 1 January 2017**	**(3,079)**	**(31,737)**	**(222)**	**(14,517)**	**(49,555)**
	Depreciation	(7,698)	(38,341)	(1,332)	(18,021)	(65,392)
	Foreign currency translation	162	1,029	167	951	2,309
	Disposal	277	4,863	815	2,150	8,105
	31 December 2017	**(10,338)**	**(64,186)**	**(572)**	**(29,437)**	**(104,533)**
Carrying amount	**At 1 January 2017**	**57,792**	**106,766**	**2,409**	**69,076**	**236,054**
	At 31 December 2017	**64,513***	**135,935**	**3,731**	**69,659**	**273,838***

* see note .2.2.

Other fixed assets mainly include IT and office equipment as well as prepayments and assets under construction amounting to 80.5 M€ (2017: 69.7 M€) as at 31 December 2018. These assets in the course of construction will not be depreciated until they are available for use.

LEASED PLANT AND MACHINERY

Included in Property, Plant and equipment are the following amounts for assets held as finance lease:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Leasing – buildings and improvements (gross)	3,171	3,015
Leasing – buildings and improvements (dep.)	(687)	(403)
Net book value	**2,484**	**2,612**
Leasing – furniture, industrial fixtures, equipment and tooling (gross)	138,371	128,295
Leasing – furniture, industrial fixtures, equipment and tooling (dep.)	(78,307)	(71,255)
Net book value	**60,064**	**57,040**
Leasing – Motor vehicles (gross)	2,032	2,228
Leasing – Motor vehicles (dep.)	(696)	(687)
Net book value	**1,336**	**1,541**
Leasing – IT equipment (gross)	3,617	2,681
Leasing – IT equipment (dep.)	(706)	(452)
Net book value	**2,911**	**2,229**
Net lease property under finance leases	**66,795**	**63,422**

The leased plant and machinery mainly relate to the automats included in technical equipment used for medical analyses. The contracts in use for this activity often stipulate that, if the laboratory buys, exclusively from the supplier, chemical reagents for a certain indicative volume during the term of the contract, the supplier, in return, puts the clinical testing or diagnostic equipment at the disposal of the Group for free during the contractual period (referred to as "pay per reported result" equipment).

These "put at disposal" schemes, although not under the legal form of a leasing agreement, correspond, in substance, to a lease agreement whereby the global fee paid contains not only materials (reagent) but also a rent/lease fee for provision of the equipment. As a consequence under IFRS, such agreements are analysed in accordance with IAS 17 on leases with respect to the transfer of majority of risks and rewards.

A number of such contracts have been classified as finance leases. For these contracts, the relating finance lease assets and liabilities have been recognised on the balance sheet at the lower of the fair value of the asset and the present value of the minimum lease payment at inception of the contract.

19. Investments in associates

The Group's investments in its associates (equity accounted investees) as at 31 December 2018 was 4.5 M€ (2017: 4.2 M€).

The main group investments in associates correspond to non-controlling investment in a French biology laboratory and a Spanish laboratory.

In addition, the Group owned interests between 10% and 50% in a local Economic Interest Group (so called Consorzio in Italy), which corresponds to entities in which support functions are pooled, working for both the Group's laboratories and other external entities. For those entities, the Group has significant influence but no control of the entities.

In 2018 the Group received dividends of 0.5 M€ (2017: 0.5 M€) from its investments in equity accounted investees.

Details of the Group's associates at the end of the reporting period are as follows:

	As at 31 December 2018			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	137	50%	109	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,865	49%	3,755	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	99	33%	22	–
SPS Facilities LLP, UK	44	33%	99	–
Southwest Pathology Services LLP, UK	28	33%	137	–
SPS LLP, UK	15	33%	2	–
GESTORA PERUANA DE HOSPITALES S.A. Peru	1,047	32%	331	–
Total	**4,325**		**4,454**	**–**

	As at 31 December 2017			
Companies	**Equity €000**	**% interest/ ordinary shares**	**Gross value including goodwill €000**	**Provisions for losses €000**
Lab Dos Analisis S.L., Spain	118	50%	103	–
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL, France	2,709	49%	3,681	–
CONSORZIO PER LO SVILUPPO DELLA MEDICINA, Italy	99	33%	20	–
SPS Facilities LLP, UK	130	33%	41	–
Southwest Pathology Services LLP, UK	192	33%	52	–
SPS LLP, UK	42	33%	1	–
GESTORA PERUANA DE HOSPITALES S.A. Peru	1,028	32%	322	–
Total	**4,317**		**4,220**	**–**

Summarised financial information for the main investments in associates is as follows (100% of amounts):

	As at 31 December 2018 €000	**As at 31 December 2017 €000**
Non-current assets	1,204	1,354
Current assets	2,999	3,688
Cash	5,781	3,494
Total assets	**9,984**	**8,537**
Shareholders' equity	4,235	4,317
Financial debt	–	–
Other liabilities and provisions	5,749	4,220
Total liabilities and equity	**9,984**	**8,537**
Income Statement		
Revenue	63,928	37,162
Results from operating activities	(517)	2,739
Net profit for the period	**1,024**	**1,234**

20. Other non-current assets

Other non-current assets include the following:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Deposits and guarantees	10,472	11,090
Equity instruments designated as at FVTOCI	733	898
Other non-current assets and loans	9,335	3,958
Total other non-current assets	**20,540**	**15,946**

Non-current assets correspond mainly to deposits and guarantees provided to lessors for the renting of buildings and other premises. 5.6 M€ (2017: 0.1 M€) of other non-current assets are escrow accounts.

For entities in which the Group has an ownership below 20% or no significant influence, they are not consolidated and the investments in those entities have been classified as equity instruments designated as at FVTOCI, as such, recognised at fair value or historical value when fair value could not be reliably estimated. Equity instruments designated as at FVTOCI are categorised within level 3.

No unrealised gain or loss was recognised in 2018 and in 2017.

21. Deferred tax assets and liabilities

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current period:

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other deferred taxes €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
At 1 January 2018	**14,389**	**(4,345)**	**(199,735)**	**(204,080)**	**(189,691)**
Acquisition of businesses	244	(4)	(1,666)	(1,670)	(1,426)
Effect of change in accounting policy for IFRS 9 and IFRS 15	–	1,121	–	–	1,121
Charge/(credit) to income	16,686	(9,813)	5,585	(4,229)	12,457
Charge/(credit) to other comprehensive income	171	(27)	(991)	(1,018)	(848)
Exchange differences	264	350	(592)	(243)	21
At 31 December 2018	**31,754**	**(12,718)**	**(197,401)**	**(210,119)**	**(178,365)**

The recognition of these assets, and the non-recognition of assets in respect of other losses, is based on Synlab's management's estimate of the probability of being able to use these losses within the next 5 years, based upon forecast operating results, the current financing structure and the level of deferred tax liabilities recognised in the particular territory/tax grouping. Deferred Tax Assets totaling €7.7m have been recognised on losses in the UK and France. Deferred tax assets have not been recognised in respect of losses of 311.2 M€, which are available for indefinite carry forward. These losses have arisen mainly in the UK, France and Spain and are not recognized on the basis that these losses cannot be accessed by other group companies which are forecasting profits.

The Group has also incurred interest expense in excess of the maximum available to be offset against current profits in a number of territories. An amount of 318 M€ is available for indefinite carry forward, primarily in Germany, Spain and France, although a deferred tax asset has not been recognised as excess interest capacity is not currently forecast in future periods.

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the prior year period:

	Deferred tax assets	Deferred tax liabilities			
	Tax losses and other deferred taxes €000	Accelerated tax depreciation and other liabilities €000	Deferred tax on intangible assets €000	Total deferred tax liabilities €000	Total net deferred tax €000
At 1 January 2017	**19,112**	**(7,159)**	**(192,143)**	**(199,302)**	**(180,190)**
Acquisition of businesses	–	(613)	(33,413)	(34,026)	(34,026)
Disposal of businesses	–	–	–	–	–
Charge/credit to income	(4,723)	3,202	23,586	26,787	22,064
Charge/credit to other comprehensive income	–	–	–	–	–
Exchange differences	1	224	2,236	2,461	2,461
At 31 December 2017	**14,389**	**(4,345)**	**(199,735)**	**(204,080)**	**(189,691)**

22. Trade accounts receivable

Net trade accounts receivable break down into the following geographical areas or business segment:

As at 31 December 2018	Gross €000	Loss allowance €000	Net €000
Germany	84,434	(4,239)	80,195
France	31,225	(2,185)	29,040
Italy	53,605	(13,935)	39,670
Switzerland	16,261	(376)	15,885
Iberia	42,203	(4,634)	37,569
North Europe	25,055	(1,004)	24,051
CEMEA	28,783	(1,575)	27,208
LATAM	26,513	(2,672)	23,841
Analytics & Services	19,221	(512)	18,709
	327,300	**(31,132)**	**296,168**

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

As a result of the billing processes and billing cycles in the various countries and businesses, there are 48.4 M€ of accrued income not yet billed to customers included in trade accounts receivables. The Group's assessment of recoverability is reflected in a provision of 0.7M€ based on the aging of those items (2017: 4.8M€).

As at 31 December 2017	Gross €000	Loss allowance €000	Net €000
Germany	86,578	(13,590)	72,988
France	32,580	(2,243)	30,337
Italy	51,092	(6,680)	44,412
Switzerland	20,260	(3,468)	16,792
Iberia	55,342	(11,338)	44,004
North Europe	26,881	(3,722)	23,159
CEMEA	28,123	(2,182)	25,941
LATAM	20,981	(1,689)	19,292
Analytics & Services	32,340	(2,017)	30,323
	354,177	**(46,929)**	**307,248**

The ageing of trade accounts receivable at the reporting date was as follows:

			Lifetime expected credit loss				
				Overdue			
As at 31 December 2018	Carrying amount €000	Gross receivables €000	Not due €000	<3 months €000	3<6 months €000	6<9 months €000	>12 months €000
	296,168	327,300	217,202	54,740	14,094	13,623	27,030

			Of these not impaired				
				Overdue			
As at 31 December 2017	Carrying amount €000	Gross receivables €000	Of these impaired fully or partially €000	Not due €000	<3 months €000	3<5 months €000	>5 months €000
	307,248	354,177	46,929	207,605	65,478	9,036	22,546

The Group's exposure to credit and currency risks related to trade accounts receivable is as follows. The carrying amount of trade accounts receivable represents the maximum credit exposure. There is no material difference between the above carrying amounts and their fair value due to their short-term duration.

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

	2018 €000	2017 €000
At 1 January	**(49,681)***	**(37,448)**
Business acquired	(196)	(2,732)
Additions recognised in profit or loss	(20,723)	(15,489)
Foreign currency translation	(64)	293
Utilisation and reversal	39,533	8,447
At 31 December	**(31,131)**	**(46,929)**

* see note 2.2.1.

The actual write-off relating to trade receivables as at 31 December 2018 amounts to 11.3 M€ (2017: 3.8 M€). There was no material individual impairment of trade receivables.

The Group has no significant concentration of credit risk due to a large number of private customers and individually non-significance of amounts due. The Group performs ongoing credit evaluations of its receivables.

23. Other current assets

Other current assets mainly consist of the following:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Escrow accounts	3,002	11,008
VAT and other tax receivables	20,359	35,615
Prepayments	16,726	22,525
Other	34,193	30,339
Total other current assets	**74,280**	**99,487**

24. Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and at banks, net of outstanding bank overdrafts and cash equivalent. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Euro (EUR)	81,921	206,438
UK Sterling pounds (GBP)	12,252	6,490
Swiss franc (CHF)	11,256	10,235
Czech Crown (CZK)	550	977
Hungarian Forint (HUF)	1,163	736
Swedish Krona (SEK)	1,962	1,917
Other currencies	6,311	4,497
Cash at bank and deposit	**115,415**	**231,290**
Cash equivalents	3,546	4,152
Cash on hand	1,600	1,127
Cash and cash equivalents	**120,561**	**236,569**
Bank overdrafts	(242)	(473)
Cash and cash equivalents in the statement of cash flows	**120,319**	**236,096**

25. Borrowings and other financial liabilities

		As at 31 December 2018 €000	As at 31 December 2017 €000
At amortised cost	**Non-current liabilities**		
	Bank loans	1,281	1,537
	Senior Secured Notes	1,823,733	1,819,645
	Senior Notes	371,461	370,843
	Term Loan	297,842	297,269
	Finance lease liabilities	40,427	44,396
	Other financial loans	–	108
	Current liabilities		
	Bank loans	888	954
	Accrued interest on Senior Secured Notes	–	–
	Accrued interest on Term Loan	2,650	2,700
	Finance lease liabilities	21,375	18,952
	Other financial loans	524	653
	Bank overdraft	242	47 3
Total Non-Current		**2,534,744**	**2,533,798**
Total Current		**25,679**	**23,732**
Total		**2,560,423**	**2,557,530**

REVOLVING CREDIT FACILITY

The Group's principal bank facility comprises of a 250 M€ Revolving Credit Facility ("RCF"), with a maturity date of 17 June 2021. Advances under the facility bear interest at a rate equal to EURIBOR (with a 0% floor) plus 3% although this may reduce to 2% by reference to a Senior Secured Net Leverage test. The RCF is subject to certain covenants which require SYNLAB Bondco PLC to ensure compliance with a Senior Secured Net Leverage ratio tested quarterly. This Facility was undrawn as at 31 December 2018 (2017: 0 M€).

SENIOR SECURED NOTES

In June 2015 the Group issued 500 M€ of Senior Secured Notes at a fixed annual interest rate of 6.25% and repayable on 1 July 2022. The Notes, which are listed and traded on the Irish Stock Exchange, are subject to covenants related to incurrence of additional indebtedness as well as reporting and information requirements.

In August 2015 the Group issued 400 M€ of Senior Secured Notes at a fixed annual interest rate of 6.25% and repayable on 1 July 2022. The Notes, which are listed and traded on the Irish Stock Exchange, are subject to covenants related to incurrence of additional indebtedness as well as reporting and information requirements.

In November 2016 the Group issued 940 M€ of Senior Secured Notes. The Notes were issued at a floating rate of 3 month EURIBOR (with a 0% floor) plus 3.5% and are repayable on 1 July 2022.

Fees incurred by the issuance of the additional debt amounted to approximately 8.5 M€ and have been capitalised as debt issuance costs to be amortised over the notes maturity using the effective interest rate method. The remaining amount of debt issuance costs of the repaid Floating Rate notes were fully amortised as at 16 November 2016.

SENIOR NOTES

In August 2015 the Group issued 375 M€ of Senior Notes at an interest rate of 8.25% and are repayable on 1 July 2023. The Notes are listed and traded on the Irish Stock Exchange.

SENIOR SECURED TERM LOAN

In September 2017 the Group raised additional 300 M€ debt via a Term Loan issuance with a maturity date of 1 July 2022. This Senior Secured Facility bears interests at a rate of EURIBOR (with a 0% floor) plus 3% although this may reduce to 2,5% by reference to a Senior Secured Net Leverage test. This facility is fully drawn as at 31 December 2018.

	Bank loans €000	Fixed and floating Senior Secured Notes €000	Fixed Senior Notes €000	Term Loan €000	Accrued interest on Notes/Term Loan €000	Finance lease liabilities €000	Other financial loans €000	Bank over-drafts €000	Total €000
Amount at 1 January 2018	**2,491**	**1,819,645**	**370,843**	**297,269**	**2,700**	**63,348**	**761**	**473**	**2,557,530**
Business acquired	11,780	–	–	–	–	33	–	10	11,823
Foreign currency translation	(4)	–	–	–	–	(134)	–	5	(133)
Additions	475	4,088	618	573	–	21,902	1	–	27,657
Decrease	(12,573)	–	–	–	(50)	(23,347)	(238)	(246)	(36,454)
As at 31 December 2018	**2,169**	**1,823,733**	**371,461**	**297,842**	**2,650**	**61,802**	**524**	**242**	**2,560,423**

	Bank loans €000	Fixed and floating Senior Secured Notes €000	Liability from Preferred Shares €000	Fixed Senior Notes €000	Term Loan €000	Accrued interest on Notes/Term Loan €000	Finance lease liabilities €000	Other financial loans €000	Bank over-drafts €000	Total €000
Amount at 1 January 2017	**10,526**	**1,815,780**	**1,318,393**	**370,276**	**–**	**4,204**	**65,268**	**691**	**3,937**	**3,589,074**
Business acquired	3,722	–	–	–	–	–	1,537	513	534	6,306
Foreign currency translation	(719)	–	–	–	–	–	(525)	4	(234)	(1,474)
Additions	603	3,865		567	297,269	–	20,208	45,428	–	367,940
Decrease	(11,641)		(1,318,393)			(1,504)	(23,140)	(45,874)	(3,765)	(1,404,317)
As at 31 December 2017	**2,491**	**1,819,645**	**–**	**370,843**	**297,269**	**2,700**	**63,348**	**761**	**473**	**2,557,530**

FIXED AND FLOATING SECURED SENIOR NOTES COVENANTS

Depending on the terms of the bonds indentures, SYNLAB Bondco PLC has to respect certain covenants mainly related to reporting and information requirement.

FIXED SENIOR NOTES COVENANTS

Depending on the terms of the bonds indentures, SYNLAB Unsecured Bondco PLC has to respect certain covenants mainly related to reporting and information requirement.

REVOLVING CREDIT FACILITY (RCF) COVENANTS

The RCF includes certain covenants related to reporting and information requirement and also certain financial covenants as defined in the agreements.

The Senior Secured Net Leverage covenant only acts as a draw stop to new drawings under the RCF and, if breached, will not trigger a default or event of default.

SENIOR SECURED TERM LOAN COVENANTS

The Senior Secured Term Loan includes certain maintenance covenants as well as some incurrence covenants as defined in the agreements.

FINANCE LEASE LIABILITIES

The Group has finance leases mainly for technical equipment (refer to Note 18 Property, plant and equipment).

26. Employee benefits liabilities

Most of the Group's employees are covered by state pension and collective plans managed by third parties if required under local legislation. Those plans are defined contribution plans.

In addition to these legal pension schemes, a provision for pensions and other post-employment benefits is recorded in the IFRS consolidated statement of financial position as of 31 December 2018 and 31 December 2017 based on an actuarial expert opinion for the following obligations:

OBLIGATIONS IN SWITZERLAND

Swiss statutes require the Group to provide occupational pension schemes for employees in which contributions are paid into pension funds. The Group fulfils this obligation by means of a defined benefit plan. Pension obligations and ongoing service cost were calculated using the projected unit credit method, applying a discount rate of 1.00% (2017: 0.65%) and a salary increase rate of 1.00% (2017: 1.50%). Staff turnover assumptions is based on the demographic BVG 2015, (2017: BVG 2015). The individual values range from between 1.23% and 29.59% (2017: was between 1.23% and 29.59%). Mortality, disability and withdrawal probabilities were calculated in accordance with the new demographic tables BVG 2015 (2017: BVG 2015).

Long-services award commitments ("jubilee awards") in Switzerland are based on collective or other agreements granting employees long-term claims depending on their remuneration levels and duration of service. Provisions for long-service awards were calculated applying a discount rate of 1.00% (2017: 0.65%), a salary increase rate of 1.00% (2017: 1.50%), and a staff turnover rate per BVG 2015 of between 1.23% and 29.59% (2017: BVG 2015 of between 1.23% and 29.59%).

OBLIGATIONS IN FRANCE

Based on collective agreement, a payment is granted to staff when they retire depending on their remuneration levels and duration of service. Provisions were calculated based on following actuarial assumptions: voluntary departure, discount rate amounting to 1.90% (2017: 1.70%), inflation rate 1.75% (2017: 1.50%), salary increase 1.00% (2017: between 1.00% and 1.50%), age at retirement phased depending on birth date with a maximum of 65 years for employees and 67 years for executives; social charge rate 46.19% (2017: 46.19%) and low staff turnover rate.

OBLIGATIONS IN ITALY

Pursuant to statutory regulations (Trattamento di Fine Rapporto, TFR), employees are entitled to a one time severance payment when they leave the Company. The amounts depend on the employee's term of service and salary level. Provisions were calculated based on following actuarial assumptions: discount rate of 1.75% (2017: 1.50%), inflation rate 1.50% (2017: 1.30%) and salary increase 2.00% (2017: 2.00%).

OTHER OBLIGATIONS

In certain other countries, there are legal obligations to make a one-time salary-based severance payment to a retiring employee (Austria, Ecuador, Slovenia, Slovakia) or when they leave the Company (United Arab Emirates). In addition in Germany and in Belgium (only 2017), the Group is legally obliged to pay salary-related top-ups when employees retire early under certain conditions. The Group assumed also pension obligations from defined benefit plans for a few executive staff as a consequence of specific agreements in certain acquisitions in Ecuador, Germany, Netherlands and Norway.

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Changes in pensions and similar obligations	–	800	736	615	2,151
Net present value of defined benefit obligations (DBO) at beginning of period	**84,784**	**11,897**	**9,550**	**24,669**	**130,900**
Changes in the scope of consolidation	–	800	736	615	2,151
Service cost	3,256	773	340	658	5,027
Interest cost	553	223	139	559	1,474
Employee contributions	2,336	–	–	(15)	2,321
Benefits paid	(7,533)	(551)	(676)	(331)	(9,091)
Insurance premiums	(672)	–	–	–	(672)
Revaluations	(6,565)	226	(246)	(511)	(7,096)
Exchange rate differences	3,043	–	–	9	3,052
Net present value of defined benefit obligations at end of period	**79,202**	**13,368**	**9,843**	**25,653**	**128,066**

There is a negative plan curtailment due to a reduction in conversion rate in Switzerland.

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**68,544**	**–**	**–**	**20,745**	**89,289**
Changes in the scope of consolidation	–	–	–	–	–
Interest income	459	93	–	484	1,036
Employer contributions	2,378	631	–	234	3,243
Employee contributions	2,336	–	–	3	2,339
Benefits paid	(7,467)	–	–	(134)	(7,601)
Insurance premiums	(672)	–	–	(47)	(719)
Revaluations (income from plan assets, excluding amounts included in interest cost)	(404)	–	–	(130)	(534)
Exchange rate differences	2,550	–	–	(35)	2,515
Plan assets at the end of the period	**67,724**	**724**	**–**	**21,120**	**89,568**
Net present value of defined benefit obligations (DBO) at end of period	79,202	13,368	9,843	25,663	128,076
Net present value of plan assets at end of period	67,724	724	–	21,120	89,568
Balance sheet provisions at year-end	**11,478**	**12,644**	**9,843**	**4,543**	**38,508**

	As at 31 December 2018				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,281	773	340	261	4,655
Interest expense	94	131	139	75	439
Effects of plan settlements/plan curtailments	(24)	–	–	397	373
Revaluation of other long-term obligations	(136)	–	–	95	(41)
Total annual net expense and amounts thereof recorded in other comprehensive income	**3,215**	**904**	**479**	**828**	**5,426**
Actuarial gains/losses fromchanges of demographic assumptions	–	–	–	(197)	(197)
Actuarial gains/losses from changes of financial assumptions	(4,426)	(314)	(134)	(52)	(4,926)
Adjustments based on past experience	(2,003)	540	(189)	(333)	(1,985)
Income/expenses from plan assets, excluding amounts included in interest cost	404	–	–	149	553
Total annual amount recorded in other comprehensive income	**(6,025)**	**226**	**(323)**	**(433)**	**(6,555)**
Total annual expenses from pensions and similar obligations	**(2,810)**	**1,130**	**156**	**395**	**(1,129)**

In addition to the items shown above, provisions for other liabilities to employees of 1.7 M€ (2017: 1.4 M€) and provisions for cash settled share based payment plans of 1.3M€ (2017: 1.3 M€) were included in the total balance of employee benefits liabilities of 39.8 M€ (2017: 45.1 M€).

Fair value of plan assets other countries are based on assets held by insurance companies.

Fair value of plan assets Switzerland	**As at 31 December 2018 €000**	**As at 31 December 2017 €000**
a. Cash and cash equivalents	2,902	2,664
b. Equity instruments	12,676	11,629
c. Debt instruments	18,416	16,899
d. Real estate	14,343	13,162
e. Assets held by insurance company	13,672	18,946
f. Other	5,715	5,245
Total	**67,724**	**68,545**

	As at 31 December 2017				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Changes in pensions and similar obligations					
Net present value of defined benefit obligations (DBO) at beginning of period	**85,112**	**12,889**	**9,288**	**3,766**	**111,055**
Changes in the scope of consolidation	–	291	145	20,881	21,317
Service cost	3,372	787	423	250	4,832
Interest cost	530	204	125	68	927
Employee contributions	2,294	–	–	–	2,294
Benefits paid	2,463	(549)	(881)	(130)	903
Insurance premiums	(837)	–	–	–	(837)
Revaluations	(793)	(1,725)	450	(98)	(2,166)
Exchange rate differences	(7,357)	–	–	(68)	(7,425)
Net present value of defined benefit obligations at end of period	**84,784**	**11,897**	**9,550**	**24,669**	**130,890**

	As at 31 December 2017				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Plan assets available measured at market values					
Plan assets at the beginning of the period	**66,708**	**–**	**–**	**643**	**67,351**
Changes in the scope of consolidation	–	–	–	20,075	20,075
Interest income	426	–	–	–	426
Employer contributions	2,333	–	–	–	2,332
Employee contributions	2,294	–	–	–	2,294
Benefits paid	2,512	–	–	–	2,512
Insurance premiums	(837)	–	–	–	(837)
Revaluations (income from plan assets, excluding amounts included in interest cost)	984	–	–	3	987
Exchange rate differences	(5,876)	–	–	–	(5,876)
Plan assets at the end of the period	**68,544**	**–**	**–**	**20,745**	**89,288**
Net present value of defined benefit obligations (DBO) at end of period	84,784	11,897	9,550	24,699	130,890
Net present value of plan assets at end of period	68,544	–	–	20,745	89,288
Balance sheet provisions at year-end	**16,241**	**11,897**	**9,550**	**3,924**	**41,613**

	As at 31 December 2017				
	Switzerland €000	**France €000**	**Italy €000**	**Other €000**	**Total €000**
Composition of costs from defined benefit plans and similar obligations and amounts thereof recorded in the income statement for the period					
Service cost	3,371	786	423	250	4,830
Interest expense	104	204	125	56	489
Revaluation of other long-term obligations	(84)	–	–	70	(14)
Total annual net expense	**3,392**	**990**	**548**	**375**	**5,305**
and amounts thereof recorded in other comprehensive income					
Actuarial gains/losses from changes of financial assumptions	(177)	(1,412)	55	(109)	(1,643)
Adjustments based on past experience	(532)	(311)	395	(58)	(506)
Income/expenses from plan assets, excluding amounts included in interest cost	(984)	–	–	(3)	(987)
Total annual amount recorded in other comprehensive income	**(1,693)**	**(1,723)**	**450**	**(170)**	**(3,136)**
Total annual expenses from pensions and similar obligations	**1,699**	**(733)**	**998**	**205**	**2,169**

The change in the net present value of the defined benefit obligations were as follows:

Current service costs, effects of plan settlements and plan curtailments, and revaluation of other long-term obligations were included in the amounts recorded in "Payroll and related expenses"; interest costs were included in the respective expense items.

The cumulative net actuarial gains and losses recognised in OCI are broken down in the consolidated statement of comprehensive income.

The Group expects to pay contributions to defined benefit plans for the year ended 31 December 2018 and made payments for the year ended 31 December 2017 in the amount of 2.5 M€ and 2.5 M€ respectively.

The following sensitivity analysis shows the impact on the net present value of the defined benefit obligations if the most important actuarial assumptions were to change:

	Changed by	**Impact 2018 on DBO amount €000**	**Impact 2017 on DBO amount €000**
Salary reductions	(0.50%)	125,729	129,585
Salary increase	0.50%	128,909	132,112
Discount rate	(0.50%)	137,268	141,316
Discount rate	0.50%	118,320	121,760

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following defined benefit plan payments are expected to be disbursed in the coming years:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Within the next 12 months	2,519	2,872
In 2 years	2,698	2,459
In 3 years	2,892	3,421
In 4 years	3,370	3,384
In 5 years	3,669	4,001
In the following 5 years	18,866	23,317

The average duration of all post-employment benefit payments in the countries listed below is as follows:

In years	Switzerland	France	Italy	Other
As of 31 December 2018	13	14	9	16
As of 31 December 2017	13	14	10	21

27. Share-based payment schemes

The Company established in November 2015 a sharescheme for key management ("Management package scheme") and a free share plan to replace the historical Labco's free share plan.

FREE SHARE PLAN

The historical Labco free share award scheme implemented in November 2014 granted to the beneficiaries up to 687,361 free shares, subject to the achievement of the conditions detailed in the issuance agreement. Those conditions included cumulatively a performance condition (that was met as at 31 December 2014) and conditional to an active employment period of two years, with an obligation to keep the shares for a certain period.

Subsequent to the Labco acquisition on 7 August 2015, the free share plan was replaced by an equivalent scheme composed of SYNLAB Limited shares with the original vesting schedule remaining unchanged and a holding period of one year.

During 2017 a total of 25,850 G Ordinary Shares were granted under the Free Share Plan representing ca. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

During 2018 a total of 6,250 G Ordinary Shares were granted under the Free Share Plan representing less than 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 7.07 €, which was measured at the date of grant using a binomial model.

MANAGEMENT PACKAGE SCHEME

In November 2015, SYNLAB Limited put in place a management package by granting A Ordinary Shares representing 10% of total SYNLAB Limited Ordinary Shares to certain key managers as determined by the remuneration committee.

For certain beneficiaries, A Ordinary Shares are subscribed by a dedicated entity (Management Co.) which has been funded by the managers with ordinary shares being acquired at fair value with a one year holding period. For other beneficiaries, A Ordinary Shares have been granted for free, subject to a one year service condition and a one year holding period. The awards are subject to a service condition of being employed at the date of an exit event. During the year no grants were made out of this scheme.

As determined by the remuneration committee, further key managers became beneficiaries in December 2016, when SYNLAB Limited granted 501,375 G Ordinary Shares representing ca. 3.5% of total SYNLAB Limited Ordinary Shares. The vesting period for those shares is four years. The fair value of the G shares granted was 1.55 €, which measured at the date of grant using a binomial model.

During 2017 further key managers became beneficiaries, when SYNLAB Limited granted additional 370,000 G Ordinary Shares representing ca. 1.6% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 3.91 €, which was measured at the date of grant using a binomial model.

During 2018 SYNLAB Limited granted additional 178,000 G Ordinary Shares representing ca. 0.1% of total SYNLAB Limited Ordinary Shares. The average fair value of the G shares granted was 6.51 €, which was measured at the date of grant using a binomial model.

The Group recognised as total share-based payment expense a net expense of 4.3 M€ (2017: 2.1 M€) during the period given new grants, forfeitures, the changes in expectations of beneficiaries as well as update of economic assumptions during the year ended 31 December 2018. This expense is included in the adjusted EBITDA disclosure. The share-based payment liability included in employee benefits liabilities amounted to 1.3 M€ and the share-based payment reserve included in net equity of 6.4 M€ as at 31 December 2018 (2017: 2.1 M€).

	2018		2017	
Free Share Plan	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
share options for groups of options outstanding at the beginning of the period.	132,750	–	129,000	–
share options for groups of options granted during the period.	6.250	–	3,750	–
share options for groups of options forfeited during the period.	–	–	–	–
share options for groups of options exercised during the period.	–	–	–	–
share options for groups of options outstanding at the end of the period.	139,000	0.00	132,750	0.00
range of exercise prices in EUR	–	–	–	–
weighted average remaining contractual life in months	–	–	4	–

	2018		2017	
A-share options	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
share options for groups of options outstanding at the beginning of the period.	1,237,835	1.68	1,332,835	1.63
share options for groups of options granted during the period.	–	–	–	–
share options for groups of options forfeited during the period.	17,000	1	95,000	1
share options for groups of options exercised during the period.	–	–	–	–
share options for groups of options outstanding at the end of the period.	1,220,835	1.69	1,237,835	1.68
range of exercise prices in EUR	1 – 15.37	–	1 – 15.37	–
weighted average remaining contractual life in months	13	–	25	–

	2018		2017	
G-share options	**number of share options**	**average exercise price**	**number of share options**	**average exercise price**
share options for groups of options outstanding at the beginning of the period.	864,375	1.55	501,375	1.55
share options for groups of options granted during the period.	178,000	1.55	370,000	1.55
share options for groups of options forfeited during the period.	8,000	1.55	7,000	1.55
share options for groups of options exercised during the period.	–	–	–	–
share options for groups of options outstanding at the end of the period.	1,034,375	1.55	864,375	1.55
range of exercise prices in EUR	1.55	–	1.55	–
weighted average remaining contractual life in months	34	–	38	–

28. Provisions

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At 1 January 2018	**6,100**	**8,274**	**14,374**
Business acquired	–	2,058	2,058
Foreign currency translation	(9)	31	22
Provisions made during the period	4,463	5,235	9,698
Transfer	(2,027)	2,027	–
Provisions utilised/reversed during the period	(2,289)	(6,733)	(9,022)
As of 31 December 2018	**6,238**	**10,892**	**17,130**
Thereof short-term at the end of the year	3,905	7,262	11,167

	Provisions for restructuring (incl. onerous contracts) €000	Other provisions €000	Total €000
At 1 January 2017	**7,692**	**15,492**	**23,184**
Business acquired	2,346	330	2,676
Foreign currency translation	(161)	(201)	(362)
Provisions made during the period	1,689	3,763	5,452
Provisions utilised/reversed during the period	(5,466)	(11,110)	(16,576)
As of 31 December 2017	**6,100**	**8,274**	**14,374**
Thereof short-term at the end of the year	4,067	3,943	8,010

PROVISIONS FOR RESTRUCTURING

The provisions for restructuring reflect both provisions existing in the Labco or Synlab Group balance sheet at acquisition date and measured at fair value and new provisions recognised as at 31 December 2018 given the restructuring plans announced. It is expected that those provisions will lead to cash outflows in the next 12 months.

Provisions assumed in the Labco business combination correspond mainly to the remaining restructuring provision in Spain for the Barcelona reorganisation and provisions assumed in the Synlab business combination correspond mainly to the onerous contracts provision (0.6 M€; 2017: 0.6 M€) from the hospital business in Germany.

Provisions made during the period correspond mainly to the headquarters restructuring scheme (1 M€; 2017: 0.9 M€) as a consequence of the relocation to a new headquarter in Munich (Germany) and to a lesser extent the restructuring schemes implemented in Germany (1 M€; 2017: 0.9 M€).

OTHER PROVISIONS

Other provisions mainly relate to provisions for litigation. In the normal conduct of its business, the Group is involved in legal proceedings relating to different matters (personnel, taxes, suppliers) with uncertainties about the amount or timing of the outflows. According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses.

According to management and as confirmed by legal counsel, the recorded provision is considered to be sufficient to cover probable losses. For Seldaix SELAS acquisition in France, the Group absorbed provisions for legal disputes amounting to 2 M€.

The provisions correspond to certain risks existing related to several Labco and Synlab subsidiaries and have been estimated at fair value at acquisition date as well as to new risks identified since formation of the Group, the largest of which totaling 0.7 M€ is disclosed in Note 29 Litigations and Contingent Liabilities.

29. Litigations and Contingent liabilities

Group companies are involved in various legal proceedings arising in the ordinary course of business, including disputes concerning professional liability and employee related matters, as well as inquiries from governmental agencies and health insurance carriers regarding, among other things, billing issues or litigations with tax, social security and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel, for the various litigations.

Additionally, the Group operates in a regulated industry. As such, in the ordinary course of business, the Group is subject to national and local regulatory scrutiny, supervision and controls. There are no contingent liabilities recognized as at the year ended 31 December 2018.

30. Other liabilities

		As at 31 December 2018 €000	As at 31 December 2017 €000
*Other liabilities	**Other non-current liabilities**	**22,889**	**17,629***
	Put options over non-controlling interests	7,103	6,616
	Purchase price contingent consideration	14,346	10,766
	Other	1,440	247
	Other current liabilities	**144,242**	**155,909***
	Liabilities from salaries and social security payments	98,082	88,443
	Purchase price contingent consideration	17,534	35,414
	Liabilities from VAT and other taxes	14,390	10,007
	Deferred income	–	5,196
	Put options over non-controlling interests	1,381	1,229
	Liabilities to related parties	1,085	481
	Payables related to fixed assets suppliers	1,539	906
	Priority dividends payables	398	370
	Other	9,833	13,863
	Total non-current	**22,889**	**17,628**
Total Current		**144,242**	**155,909**
Total		**167,131**	**173,538**

* The total amount for non-current liability for Dec 2017 increased by 2.3 M€ (prior 19,932 € versus Dec 2018 22,235 €). Refer to IFRS 3 restatement, note 4.2.2.

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

31. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

OVERVIEW OF FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures.

The Group's principal financial instruments, other than derivatives, comprise high yield bonds, bank loans and overdrafts, debentures, finance leases, trade payables, purchase contracts and loans granted. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as accounts receivables and cash and short-term deposits, which arise directly from its operations.

The carrying amount of all financial assets and liabilities is equal to their fair value except for the interest-bearing loans as shown below. The financial instruments break down as follows by accounting classification:

As at 31 December 2018	Measurement categories according to IFRS 9	Carrying amount €000	AC €000	FVOCI €000	FVPL €000	Fair value €000
	abbr. s. note 2.2.1					
Financial assets						
Non-current assets						
Non-current financial assets	AC	19,807	19,807	–	–	19,807
Equity instruments	FVOCI	733	–	733	–	733
Derivates accounting	FVPL	–	–	–	–	–
		20,540	**19,807**	**733**	**–**	**20,540**
Current assets						
Trade accounts receivable	AC	296,149	296,149	–	–	296,149
Other current financial assets	AC	37,196	37,196	–	–	37,196
Cash and cash equivalents	AC	120,561	120,561	–	–	120,561
		453,906	**453,906**	**–**	**–**	**453,906**
Financial liabilities						
Non-current liabilities						
Interest bearing loans borrowings	AC	2,534,743	2,534,743	–	–	2,556,653
Other liabilities	FVPL	21,449	–	–	21,449	21,449
Other liabilities	AC	1,440	1,440	–	–	1,440
		2,557,632	**2,536,183**	**–**	**21,449**	**2,589,542**
Current liabilities						
Interest bearing loans borrowings	AC	29,636	29,636	–	–	29,636
Other liabilities	FVPL	6,014	–	–	6,014	6,014
Other liabilities	AC	123,838	123,838	–	–	123,838
Trade accounts payable	AC	230,742	230,742	–	–	230,742
		390,230	**384,216**	**–**	**6,014**	**390,230**

As at 31 December 2017	Valuation categories (IAS 39)	Carrying amount €000	(Amortised) cost €000	FV recognised other through comprehensive income €000	FV recognised through P&L €000	Fair Value €000
Non-current assets						
Non-current financial assets	LAR	15,043	15,043	–	–	15,043
Equity investments	AFS	898	–	898	–	898
Derivatives – no hedge accounting	FAHfT	5	–	–	5	5
		15,946	**15,043**	**898**	**5**	**15,946**
Current assets						
Trade receivables	LAR	307,008	307,008	–	–	307,008
Other current financial assets	LAR	57,441	57,441	–	–	57,441
Cash and Cash equivalents	LAR	236,569	236,569	–	–	236,569
Discontinued operations and long term assets held for sale	FVTPL	–	–	–	–	–
		601,018	**601,018**	**–**	**–**	**601,018**
Non-current liabilities						
Interest bearing loans borrowings	FLAC	2,534,622	2,534,622	–	–	2,633,440
Other non-current liabilities						
measured at amortised costs	FLAC	4,621	4,621	–	–	4,621
measured at FV through P&L	FLHfT	15,311	–	–	15,311	15,311
Derivatives – no hedge accounting	FLHfT	–	–	–	–	–
		2,554,554	**2,539,243**	**–**	**15,311**	**2,653,372**
Current liabilities						
Interest bearing loans borrowings	FLAC	23,732	23,732	–	–	23,732
Other current liabilities						
measured at amortised costs	FLAC	135,133	135,133	–	–	135,133
measured at FV through P&L	FLHfT	12,745	–	–	12,745	12,745
Trade payables	FLHfT	224,402	224,402	–	–	224,402
		396,012	**383,267**	**–**	**12,745**	**396,012**

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risks and credit risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This planning considers the maturity of both its financial assets, and its projected cash flow from operations.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. In addition, the Group maintains a line of credit (Revolving Credit Facility) under which drawings could be made for financing acquisitions or for general financing purposes. Refer to Note 25 Borrowings and other financial liabilities for detail of maturities of financial indebtedness, as well as for a description of the covenants in place with the RCF agreement. Under these covenants, if the Group does not respect contractual requirements, it may result in preventing of future drawing on the undrawn facility.

The Group monitors its risk to a shortage of funds using a systematic liquidity planning scheme. This scheme considers the maturity of its financial investments and assets and the projected cash flows from operations.

Prospective liquidity analysis for non-derivative and derivative financial liabilities is as follows:

		Cash flow – remaining period			
As at 31 December 2018	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	2,498,621	136,253	3,136,741	–	3,272,994
Finance lease liabilities	61,802	22,379	38,040	5,819	66,238
Trade payables	230,742	230,742	–	–	230,742
Other financial liabilities	167,131	144,242	22,889	–	167,131
Total	**2,958,296**	**533,616**	**3,197,670**	**5,819**	**3,737,105**

		Cash flow – remaining period			
As at 31 December 2017	**Carrying amount €000**	**< 1 year €000**	**1-5 years €000**	**> 5 years €000**	**Total €000**
Interest bearing loans	2,495,005	136,678	2,877,473	390,555	3,404,706
Finance lease liabilities	63,348	21,686	44,899	6,766	73,351
Trade payables	224,402	224,402	–	–	224,402
Other financial liabilities	167,811	147,879	19,932	–	167,811
Total	**2,950,566**	**530,645**	**2,942,304**	**397,321**	**3,870,270**

Included in the interest bearing loans, the Revolving Credit Facility amounting to 250 M€ was undrawn as of 31 December 2018. Future cash flow contain commitment fees paid on the undrawn facility until mid-2021 with a rate corresponding to 35% of the interest rate of the RCF.

MARKET RISK – INTEREST RATE RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to the risk of changes in market interest rates relates primarily to the floating tranches of the Senior Secured Notes, to the Term Loan tranche and to the debt drawn on the revolving credit facility (RCF). A large part of the Group's long-term debt is at fixed rates, enabling us to limit the impacts of market risks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	As at 31 December 2018 €000	As at 31 December 2017 €000
Fixed rate instruments		
Financial liabilities	1,822,246	1,821,139
Variable rate instruments		
Financial assets	120,561	236,569
Financial liabilities	738,177	737,214

Under the Group's current financing strategy, the Secured Senior Notes are 6.25% fixed rate for a tranche of 900 M€ and floating for a tranche of 940 M€, the Senior Notes are fixed at 8.25% rate for a tranche of 375 M€ and the Senior Secured Term Loan is floating for the drawn part (300 M€ as of 31 December 2018). In total, fixed rate borrowings represent approximately 51%. The Group is only exposed to market risk arising from fluctuations in interest rates in respect of the Revolving Credit Facility (undrawn as at 31 December 2018), the floating rate Senior Secured Notes and the Senior Secured Term Loan. Although the Group is not required to enter into hedging transactions or to use derivative financial instruments to mitigate the adverse effects of interest rate fluctuations pursuant to the RCF Agreement or the Senior Secured Note documentation, the Group entered into an interest rate cap contract to hedge against a potential market interest rate increase. As a consequence, portion of the fixed rate borrowings represents 71% of the total borrowings as of 31 December 2018. The Group does not enter into financial instruments for trading or speculative purposes.

Due to the Group's specific interest rate risk position and funding structure, risk management policies require to manage cash flow volatility.

Cash flow sensitivity analysis for variable rate instruments

On an annual basis and given the interest rate hedging in place, a change of 100 basis points in interest rates would have led to an additional payment of 4.4 M€ interest on the Floating Rate Senior Secured Notes and 3 M€ interest on the Senior Secured Term Loan fully drawn. If the RCF would be drawn for its maximum amount of 250 M€, exposure to interest risk rate on financial liabilities would amount to a maximum of 2.5 M€ for an increase of variable interest rate of 100 basis points. That limited exposure to interest rate risk on financial liabilities would be compensated by the positive effect on financial income generated by cash equivalents, which are mostly based on variable rate instruments. This analysis assumes that all other variables remain constant.

MARKET RISK – FOREIGN CURRENCY RISK

The Group has been exposed to limited foreign exchange risk, given Synlab Group is mostly present in European countries which are part of the Eurozone, except for the UK operations which are exposed to foreign exchange risk in respect of the British pound sterling, the Swiss operations which are exposed to Swiss francs, certain Northern or Eastern Europe countries and Rest of World cash generating unit. Furthermore the Group has subsidiaries in Latin America especially in Brazil and Colombia, and is therefore exposed to foreign exchange risk in respect of the Brazilian real and the Colombian peso. Non-euro denominated total revenue represented, in aggregate, 24% of the Group's total revenue for the year ended 31 December 2018.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and where currency units strengthens 5 per cent against the relevant currency. The following table demonstrates the sensitivity to a change in FX-exchange rates of CZK, CHF, and GBP with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

As at 31 December 2018	Change of currency %	Effect on EBT €000
Change in CZK rate	0.05	(928)
Change in CZK rate	(0.05)	1,067
Change in CHF rate	0.05	(5,019)
Change in CHF rate	(0.05)	5,213
Change in GBP rate	0.05	(4,777)
Change in GBP rate	(0.05)	5,347

As at 31 December 2017	Change of currency %	Effect on EBT €000
Change in CZK rate	0.05	(1,182)
Change in CZK rate	(0.05)	1,322
Change in CHF rate	0.05	(3,248)
Change in CHF rate	(0.05)	3,577
Change in GBP rate	0.05	(4,435)
Change in GBP rate	(0.05)	4,893

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Detailed quantitative information on credit risk are provided in Note 22 Trade accounts receivable.

TRADE AND OTHER RECEIVABLES

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentrations of credit risks due to the large numbers of customers and individually immateriality of amounts due. The Group has adopted the simplified expected credit loss model for its trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. To measure the expected credit losses, trade accounts receivables have been grouped based on shared credit risk characteristics and the days past due. Moreover, reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions have been taken into account in the calculations. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

INVESTMENTS AND CASH AND CASH EQUIVALENTS

The Group's exposure to credit risk arises from default of the counterparty. The Group limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have a high credit rating. Management actively monitors its investments and does not expect any counterparty to fail to meet its obligations.

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

	As at 31 December 2018 €000	As at 31 December 2017 €000
Trade accounts receivables	296,149	307,248
Other current assets	37,196	57,441
Cash and cash equivalents	120,561	236,569
Other non-current assets	20,540	15,946
Total	**474,446**	**617,204**

FAIR VALUES

The basis for determining fair values is disclosed in Note 3 Determination of fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. They consist mainly of shares and other securities <20%, call options on minority interests with agreed price determination formula as well as contingent consideration recorded in a business combination (as detailed in Note 30 Other liabilities) which are all categorised within level 3 and for which fair values have been usually determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of financial assets and liabilities, together that are not at fair value in the statement of financial position, are not significantly different from recorded carrying amounts.

Reconciliation of Level 3 fair value measurements

The total fair value gains or losses on contingent considerations recognised in the statement of income are included in the specific aggregate Acquisition related expenses detailed in Note 13 Separately Disclosed Items.

No transfers out of level 3 category have been performed given the nature of financial assets and liabilities measured at fair value.

FINANCIAL INSTRUMENTS DESIGNATED AS FVTPL

	Derivatives €000	Contingent Consideration €000
As at 1 January 2018	**7,850**	**20,212**
Realised during the period	(5)	(1,233)
Change in fair value	639	–
As at 31 December 2018	**8,484**	**18,979**

	Derivatives €000	Contingent Consideration €000
As at 1 January 2017	**8,883**	**7,883**
Realised during the period	(180)	12,329
Change in fair value	(853)	–
As at 31 December 2017	**7,850**	**20,212**

The Group measures derivative financial instruments, a non-controlling interest in a partnership (puts on NCI) and contingent consideration recorded in business combinations at fair value through profit and loss.

The Group holds a non-significant interest rate hedge in the form of a cap in SYNLAB Bondco PLC. Those derivatives correspond, according to the categorisation by hierarchy of fair value, to level 2 financial instruments. The fair value of non-controlling interests in a partnership was measured based on the compensation formula set forth in the partnership agreement and in consideration of the Company's planning and market interest rates. The fair value thus measured is therefore classifiable to hierarchical level 3. The discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The fair value arising from liabilities related to business combinations is derived from valuation techniques which includes inputs that are not based on observable market data (Level 3).

The notional amount of Financial Instruments designated at Fair Value through Profit and Loss outstanding at the end of reporting period was 27.463 M€ (2017: 28.1 M€).

32. Capital commitment and contingencies

OPERATING LEASE AND COMMERCIAL COMMITMENTS

The Group has entered into rental and commercial lease agreements as lessee primarily for company buildings, equipment and vehicles. These lease agreements have an average term of between two and seven years with no renewal option included in the contracts for equipment and vehicles. The Group leases almost all of the properties where its laboratories are located. Such Real Estate leases in Germany are mainly on 2 to 7 years lease contracts, in France on a 3/6/9 year lease contracts or 6 or 12 years lease terms, and in Portugal and Spain, the situation is such that the Group can exit leases at 6-12 months' notice.

Minimum obligation (payments) from operating leases 2018	Building €000	Other €000
Due in one year or less	73,152	29,234
Due between one and five years	220,961	46,122
Due over five years	87,961	1,422
Total	**382,074**	**76,778**

Minimum obligation (payments) from operating leases 2017	Building €000	Other €000
Due in one year or less	63,721	22,159
Due between one and five years	182,327	37,481
Due over five years	62,644	3,759
Total	**308,692**	**63,400**

Operating lease payments related to property amounted to 76.4 M€ in 2018 (2017: 64.4 M€) and other (including equipment) lease payments of 36 M€ (2017: 29.2 M€).

FINANCE LEASE AND COMMERCIAL COMMITMENTS

The Group has entered into finance leases and commercial commitments on certain testing equipment as well as motor vehicles, items of machinery or IT and office equipment.

Reagents suppliers in certain instances provide the testing equipment free of charge to laboratories in exchange for exclusive purchasing commitments, including minimum volume commitments. Management believes minimum volume commitments for consumables are substantially below current volumes and therefore does not consider these minimum purchase commitments to be material.

As stated in Note 18 Property, Plant and Equipment, some of these contracts have been qualified as capital lease over an average duration of 5 – 7 years because the contracts have tacit renewal clauses, but no purchase options. Renewals are at the option of the specific entity that holds the leases. Other contracts which have been agreed with Beckmann Coulter GmbH for analysis instruments were classified as capital leases over an average duration of 7 years because the lease agreements contain purchase options. Future minimum lease payments under finance leases are as follows:

	As at 31 December 2018		As at 31 December 2017	
	Minimum obligations payments			
	(nominal value) €000	(present value) €000	(nominal value) €000	(present value) €000
Due over one year or less	23,575	21,124	21,667	18,952
Due between one and five years	40,180	36,474	45,006	40,559
Due over five years	5,617	3,476	6,362	3,837
Total minimum lease payments	**69,372**	**61,074**	**73,035**	**63,348**
Less interest portion	(8,298)	–	(9,687)	–
Total	**61,074**	**–**	**63,348**	**–**
Lease payments for the year	**25,298**			**23,167**

OFF BALANCE SHEET COMMITMENTS GIVEN AND RECEIVED

As of 31 December 2018 and 31 December 2017, the Group's off-balance sheet commitments consist principally of guarantees given in the course of its investing and financing activities, in particular securities provided to secure the Senior Secured Notes, RCF and Term Loan, or also for the Group cash pooling activities.

Indeed the obligations taken by SYNLAB Bondco PLC under the Senior Secured Notes indentures and by the borrowing entities according to the RCF agreement and the Senior Secured Team Loan agreement, have been guaranteed by a certain number of Group entities, called Guarantors.

The RCF and the Senior Secured Team Loan provides that the commitments from borrowers pursuant to the RCF and Senior Facility Agreements are jointly guaranteed on the same basis as the Group's Bonds: (i) by SYNLAB Bondco PLC; and (ii) by some subsidiaries (together "Guarantors") representing more than 50% of the Group EBITDA. The Collateral securing the obligations under the RCF and the Term Loan are the same as the ones securing the obligations under the indentures relating to the high yield bonds. They are mainly composed of: (i) pledge over the shares of certain Group companies; and (ii) the pledge over the long term intercompany loans receivables under any intra group loan in excess of 5.0 M€. Refer to Note 25 Borrowings and other financial liabilities for the details of the covenants under the RCF and the indentures relating to the Senior Secured Notes.

As at 31 December 2018 the Guarantors are the following entities:

Country	Entity name
Austria	Institut für medizinische und chemische Labordiagnostik GmbH Synlab Holding Austria GmbH
Belgium	SYNLAB Belgium sc/SPRL
France	Bioalliance SELAS Biopar SAS Oxabio SELAS Synlab Aquitaine (formerly: Laboratoire de Biologie Médicale Aquilab SELAS) Synlab Biofrance (formerly: Biofrance SELAS) Synlab Corporate Assistance (formerly: Labco Corporate Assistance) Synlab France SAS SYNLAB Hauts de France SELAS (formerly: Eurabio SELAS) SYNLAB Holding France SA (formerly: SYNLAB LABCO SA) SYNLAB Nord de France (formerly: Novabio Diagnostics SELAS) SYNLAB Provence SELAS (formerly: Mazarin SELAS)
Germany	MVZ Synlab Leverkusen GmbH Steinlach-Klinik GmbH SYNLAB Acquisition GmbH SYNLAB Analytics & Services Germany GmbH SYNLAB Holding Deutschland GmbH SYNLAB International GmbH synlab Medizinisches Versorgungszentrum Augsburg GmbH synlab Medizinisches Versorgungszentrum Berlin GmbH synlab Medizinisches Versorgungszentrum Heidelberg GmbH synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH synlab Medizinisches Versorgungszentrum Kassel GmbH synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH synlab Medizinisches Versorgungszentrum Stuttgart GmbH synlab Medizinisches Versorgungszentrum Trier GmbH synlab Medizinisches Versorgungszentrum Weiden GmbH synlab Verwaltungs und Beteiligungs GmbH Synlab.vet GmbH
Italy	Instituto Il Baluardo Spa S.D.N Spa SYNLAB Holding Italy S.r.l Synlab Italia S.r.l.
Netherlands	SYNLAB Analytics & Services BV (fomerly ALcontrol BV) SYNLAB Analytics & Services Oosterhout BV (formerly NL Food)
Spain	Synlab Diagnosticos Globales S.A. Synlab Holding Iberia S.A
Sweden	SYNLAB Analytics & Services AB (formlery: ALcontrol Schweden AB)
Switzerland	Synlab Suisse SA
UK	Labco UK Group Limited SYNLAB Analytics & Services UK Ltd (formerly:ALcontrol Tribology Ltd SYNLAB Bondco PLC

In addition the Group provides guarantees in the ordinary course of business. They correspond mainly to lease guarantees for buildings and equipment and to performance parent guarantees on the UK contracts.

Under the RCF agreement, part of the total available facility of 250.0 M€ is for an ancillary available facility amounting to 16.9 M€ under which banks may issue bank guarantees to third parties on behalf of Group companies. The ancillary facilities were almost fully drawn as at 31 December 2018.

33. Capital and reserves

ORDINARY SHARES AND DEFERRED SHARES

The issued share capital of SYNLAB Limited is divided into seven types (2017: seven types) of shares:

		Issued and fully paid shares		
Share type	**Nominal value**	**As at 1 January 2018**	**Shares issued**	**As at 31 December 2018**
'A' Ordinary shares	0.00001 €	1,459,585		1,459,585
'B' Ordinary shares	0.10 €	20,466,690		20,466,690
'F' Ordinary shares	0.00001 €	47,712		47,712
'F' Preference shares	0.00001 €	3,079,593		3,079,593
'G' Ordinary shares	0.00001 €	902,225	174,750	1,076,975
Redeemable Preference shares	0.10 €	1,323,375,891		1,459,585
Deferred shares	1.00 £	6		
"I" Preferred ordinary shares	0.01 €		172,500	172,500

- 'A' Ordinary Shares: Subject to the provisions in the articles of associations of SYNLAB Limited ("Articles"), the holders of 'A' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'A' Ordinary Shares do not entitle the holders to any voting right.

- 'B' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'B' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'B' Ordinary Shares entitle the holders to full voting rights.

- 'F' Ordinary Shares: Subject to the provisions in the Articles, the holders of 'F' Ordinary Shares are entitled to participate in any dividend or distribution pro rata to the holders of the other Ordinary shares. 'F' Ordinary Shares do not entitle the holders to any voting right.

- 'F' Preference Shares: Subject to the provisions in the Articles, the F Preference shares do not entitle the holder to any voting rights. Each F Preference share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the reference price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary shares and compounds annually.

- 'G' Ordinary Shares: The holders of 'G' Ordinary Shares are entitled to participate in any dividend or distribution for 10 per cent of any amount they would be entitled to receive pro rata to the holders of the other Ordinary shares (the "Original Entitlement") until the holders of the other Ordinary Shares receive in aggregate a sum equal to 15.37 € in respect of each such Ordinary shares they are the holder, the remainder of the Original Entitlement being distributed between the holders of the other Ordinary Shares on a pro rata basis. If, pursuant to the distribution of the remainder of the Original Entitlement, each of the holders of the other Ordinary Shares receive in aggregate a sum equal to 15.37 €, the remaining amount of such remainder of the Original Entitlement shall be distributed to holders of 'G' Ordinary Shares. 'G' Ordinary Shares entitle the holders to full voting rights.

- Preference Shares: The Preference Shares do not entitle the holder to any voting rights until such time as any dividend or redemption sum becomes overdue, any debt held by the Group has become payable before its specified maturity date, or on occasions where it is proposed to wind up or dissolve SYNLAB Limited or change the rights attaching to the Preference Shares. Each Preference Share confers the right to a fixed cumulative preferential dividend equal to 10% per annum of the issue price 1.00 €. This dividend ranks in priority to the payment of any dividend to the holders of the other class of Ordinary Shares and compounds annually. The total amount of cumulative preference dividends not recognised is 233.8 M€ (2017: 85.6 M€) as at 31 December 2018.
- Deferred Shares: The holders of Deferred Shares are not entitled to participate in any dividend or distribution. The Deferred Shares do not entitle the holders to any voting right.
- I' Preferred Ordinary Shares: Subject to the provisions in the Articles, each I Preferred Ordinary share will entitle holders to a preferred return linked to the amount of interest paid on the Preference Shares and F preference Shares. I Preferred Ordinary Shares rank *pari passu* with other Ordinary Shares, but they constitute a separate class of shares. I Preferred Ordinary Shares entitle the holder to receive notice of and to attend and speak and to vote at general meetings of the Company.

According to the articles of association, the 'A' Ordinary Shares, 'B' Ordinary Shares, 'F' Ordinary Shares, F Preference Shares, 'G' Ordinary Shares, Preference Shares and Deferred Shares may be transferred with the consent of the majority shareholder.

As at 31 December 2018 the issued share capital consisted of 1,459,585 'A' Ordinary Shares, 20,466,690 'B' Ordinary Shares, 47,712 'F' Ordinary Shares, 3,079,593 'F' Preference Shares, 1,060.975 'G' Ordinary shares, 375.000 'I' Ordinary shares ;1,323,375,891 Preference shares and 6 Deferred Shares, all shares being fully paid. The capital of the Company is the total equity on the Company's Statement of Financial Position.

At incorporation, 6 ordinary £1 shares were issued at par value, the 6 ordinary £1 shares were converted into deferred shares.

Issuance of 'I' ordinary shares during the period

Date of capital increase	Nature of transactions	Total number of shares pre-transactions	Number of shares issued	Subscription price (nominal + issue price)	Total number of shares post-transactions	Share capital post transaction (in €)	Share premium post transaction (in €)
13 Aug 2018	Capital increase for cash	–	375.000	€0,47	375.000	3.750	172.500,0

Issuance of 'G' Ordinary shares during the period

Date of capital increase	Nature of transactions	Total number of shares pre-transactions	Number of shares issued	Subscription price (nominal + issue price)	Total number of shares post-transactions	Share capital post transaction (in €)	Share premium post transaction (in €)
8 Mar 2018	Capital increase for cash	886,225	117.000	€1.55	1,003,225	10,03	1,539.721,32
9 Mar 2018	Capital increase for cash	1,003,225	54.000	€1.55	1,057.225	10,57	1,623.420,78
5 Apr 2018	Capital increase for cash	1,057.225	3.750	€0.00001	1,060.975	10,61	1,623.420,78

The objective of the Company's capital management is to grow its business and deliver improving returns for its parent company. Subject to statutory shareholder authorisation, the management of the Company's capital is performed by the Board of Directors. There are no externally imposed capital requirements.

CURRENCY TRANSLATION RESERVE

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

DIVIDENDS

No dividends were declared or distributed.

34. Related party disclosures

IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its key management (including companies in which managers hold key position) and with its majority shareholders, the Cinven funds and Novo or entities controlled by them.

Transactions between the Company and its subsidiaries and between subsidiaries have been eliminated on consolidation and are not discussed in this note.

DIRECTORS' AND KEY EXECUTIVE MANAGEMENT COMPENSATION

The Group considers key management to be those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Members of the board of directors and the executive committee receive no compensation for their services on either of these committees.

Certain members of the board of directors and the executive committee are, or were, compensated for certain other services they render to the Group. Such remuneration is paid to them (or to professional companies wholly-owned by them) by way of a fixed annual salary (or fees) and an annual bonus.

The remuneration of the key management is set out below in aggregate as at 31 December 2018:

	Notes	Year ended 31 December 2018 €000	Year ended 31 December 2017 €000
Short-term benefits	(i)	7,035	6,464
Post-employment benefits	(ii)	–	–
Special indemnities (including termination)	(iii)	–	680
Share-based payments		1,417	626
Total		**8,452**	**7,770**

(i) Post-employment benefits are not significant and correspond only for the few members concerned to legal post-employment benefits due to employees as described in Note 26 Employee benefit liabilities. None of the directors or key executives is member of a defined benefit pension scheme or money purchase pension scheme.

(ii) The specific indemnities correspond to the compensation for loss of office paid to certain director or key executive.

(iii) Certain key members of the senior management benefit from the various share-based payment schemes implemented by SYNLAB Limited. No awards were exercisable by any members of the senior management during that period. As part of management incentive plans, 24 directors or key executives have received awards receivable in the form of shares in the parent company under a long-term incentive scheme or rights to subscribe in the parent company through a Management vehicle. Refer to Note 27 Share based payment schemes.

REMUNERATION OF THE HIGHEST PAID DIRECTOR

The remuneration of the sole and highest paid director amounts to 0.6 M€ (2018: 0.3 M€). The highest paid director did not exercise any share options in the year and is not benefiting from any defined benefit pension scheme.

OTHER RELATED PARTY TRANSACTIONS WITH DIRECTORS OR KEY MANAGEMENT MEMBER

Service agreement with Cinven Partners LLP

SYNLAB Limited and Cinven Partners LLP entered into a service agreement pursuant to which Cinven Partners LLP will provide advisory and administrative services for an annual fee of 0.7 M€ (2018: 0.5 M€) in 2018.

Other relations with related parties

	As at 31 December 2018			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Other €000**	**Total €000**
Loans to related parties	290	–	–	**290**
Receivables from related parties	73	62	74	**209**
Borrowings from related parties	–	–	–	**–**
Liabilities to related parties	(847)	(9)	(248)	**(1,104)**

	As at 31 December 2017			
	Companies with significant influence on the Group €000	**Companies in which managers hold key positions €000**	**Other €000**	**Total €000**
Loans to related parties	145	–	–	**145**
Receivables from related parties	–	–	91	**91**
Borrowings from related parties	(823)	–	–	**(823)**
Liabilities to related parties	–	–	(464)	**(464)**

Receivables and payables, income and expenses concerning related parties, i.e. companies with significant influence on the Group and companies in which managers hold key positions.

OTHER RELATED PARTY TRANSACTION

A number of associates accounted for under the equity method incur expenses for certain subsidiaries of the Group. These operating expenses are recharged to the relevant subsidiaries. All transactions and outstanding balances with the related parties during the year are priced on an arm's length basis. None of the balances are secured.

35. Events after the reporting period

ACQUISITIONS

From 1 January 2019 until 21 March 2019, acquisitions have been made for a total value of 38.6 M€. They relate to the following acquisitions: Detailed information on those operations acquired could not be disclosed as requested by IFRS 3 given the recent closing and the time necessary to obtain accounts on closing date.

Acquisition date	Country	Entities	Specialization	Objectives	Deal structure
10 Jan. 2019	Czech Republic	PROKOPEC COP s.r.o.	medical testing	market consolidation	share deal
14 Jan. 2019	Germany	EMT Medizintechnik GmbH&Co.KG*	medical testing	market consolidation	share deal
14 Jan. 2019	Germany	EMT Medizintechnik Verwaltungs GmbH*	holding	market consolidation	share deal
14 Jan. 2019	Germany	MVZ Laborzentrum Ettlingen GmbH*	medical testing	market consolidation	share deal
14 Jan. 2019	Germany	LS Medizinservice GmbH*	medical testing	market consolidation	share deal
25 Jan. 2019	Denmark	SYNLAB Holding Denmark ApS	holding	expansion	share deal
01 Feb. 2019	Denmark	Dansk Medicinsk Data Distribution A/S	software	expansion	share deal
04 Mar. 2019	Spain	SEAT Cordoba	medical testing	market consolidation	asset deal

* We acquired only 75% of control (+ for Put Call Option) For all other deals we acquired 100% voting rights subject to applicable legal constraints

36. Investments in subsidiaries

PRINCIPAL GROUP INVESTMENTS

The Company and the Group have investments in subsidiary undertakings and investments, which principally affected the profits or net assets of the Group as listed in Note 37 Group entities.

37. Group entities

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
		FRANCE			
Synlab France S.A.S.	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
SYNLAB Holding France S.A.	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
Synlab Corporate Assistance SAS (formerly: Labco Corporate Assistance S.A.S.)	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
Oxabio SELAS	13, rue d'Alger	Cambrai	98,42	FC	98,42
SYNLAB LABCO GESTION	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
SYNLAB Lorraine SELAS	66 bis, avenue Carnot	Saint-Max	99,87	FC	99,87
Synlab Biofrance SELAS (formerly: Biofrance SELAS)	Lieudit "Le Château d'Eau"	Avesnelles	100,00	FC	100,00
Synlab Midi SELAS (formerly: Labco Midi SELAS)	115, rue de la Haye	Montpellier	99,98	FC	99,98
Laboratoire de Biologie Médicale Delaporte SELAS	N3 Centre Commercial Carrefour	Claye-Souilly	99,99	FC	99,99
Bioalliance SELAS	17, avenue des Droits de l'Homme	Orléans	99,68	FC	99,68
SYNLAB Hauts de France SELAS	19, rue du 11 Novembre	Lens	99,97	FC	99,97
Biologistes Associés Regroupant des Laboratoires d'Analyses SELAS	6, rue Barla	Nice	98,36	FC	98,36
SYNLAB Biopaj SELAFA	25, Avenue Georges Clémenceau	Valenciennes	99,99	FC	99,99
Biopar S.A.S.	60-62, rue d'Hauteville	Paris	100,00	FC	100,00
Biosynthèse SELAS	6, place Abbé Pasty	Fleury-les-Aubrais	99,60	FC	99,60
Laboratoire de Biologie Médicale Carron SELAS	1, avenue des puits	Montceau-les-Mines	99,91	FC	99,91
Synlab Occitanie SELAS (formerly: Beffroi SELAS)	2-3, galerie du Midi	Revel	99,92	FC	99,92
Synlab Nord de France SELAS (formerly: Novabio Diagnostics SELAS)	149, rue Georges Pompidou	Saint-Quentin	99,98	FC	99,98
Centre Biologique SELAS	16, rue Quatre Coins	Calais	99,86	FC	99,86
SYNLAB Bretagne SELAS	6, rue de Saint-Marc	Lannion	99,92	FC	99,92
Synlab Aquitaine SELAS (formerly: Laboratoire de Biologie Médicale Aquilab SELAS)	1, place Turenne	Castillon-la-Bataille	99,99	FC	99,99
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	Zone d'Activités de Dumès, lot A6	Langon	49,92	EM	49,92
Synlab Bourgogne SELAS	Rue Louis Pasteur	Paray Le Monial	99,98	FC	99,98
Synlab Adour SELAS (formerly: Laboratoire de Biologie Médicale Bio Adour SELAS)	30, rue Carnot	Aire Sur l'Adour	100,00	FC	100,00
Laboratoire Bioliance SELAS	2, avenue Louise Michel	Reze	96,90	FC	96,90
Synlab Vallée du Rhone SELAS	71, avenue Gabriel Péri	Roussillon	99,93	FC	99,93
Synlab Bordeaux Atlantique SELAS (formerly: Anabio SELAS)	2A Rue Marguerite Dumora	Blanquefort	100,00	FC	100,00
Bioval Laboratoires SELAS	34, Cours Tracy	Cusset	100,00	FC	100,00
Laboratoire de Biologie Médicale du Val d'Orne SELAS	50, rue de la République	Argentan	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consolidation**	**% of interest**
Laboratoire de Biologie Medicale Cayrou-Gorse-Bourjeili SELAS (CGB)	5, boulevard Gambetta	Rodez	100,00	FC	100,00
Laboratoire d'Ananlyses de Biologie Médicale Christine Pepin-Philippe SELAS	5, rue Eugène Marchand	Fécamp	99,42	FC	99,42
Synlab Pays de Savoie SELAS (formerly: Bio-Alpes SELAS)	15, rue Président Coty	Albertville	99,99	FC	99,99
Normabio SELAS	28, rue d'Hautvie	La Ferté Macé		MERGER	
SYNLAB Gascogne SELAS (formerly: Laboratoire de Biologie Médicale Labo Gascogne)	13, rue Alsace	Auch Cedex	99,98	FC	99,98
SYNLAB Paris SELAS (formerly: Probio SELAS)	9, rue Stanislas	Paris	99,99	FC	99,99
SYNLAB Provence SELAS (formerly: Mazarin SELAS)	93, avenue des Caillols	Marseille	100,00	FC	100,00
Synlab Normandie SELAS	4, place Ernest Thorel	Louviers	99,99	FC	99,99
SYNLAB Normandie Maine SELAS (formerly : Laboratoire Verdun de Lore SELAS)	1, rue de Verdun	Mayenne	99,94	FC	99,94
Synlab SELAS	Rue du Sol de Trémeille	Saint-Céré	99,80	FC	99,80
Synlab Charentes SELAS (formerly: Isolab SELAS)	53, rue Elysée Loustalot	Saint-Jean-D'Angely	99,99	FC	99,99
Laboratoire de Biologie medical Régional de Normandie SELAS	36, rue neubourg	Elbeuf		MERGER	
Alpigène SELAS	8, rue Saint Jean de Dieu	Lyon	32,35	FC	55,00
Technipath SELAS	41, Allée des Cyprès	Limonest	99,20	FC	99,20
SCM de la Rue de la Marne	35, rue de la Marne	Gien	100,00	FC	100,00
SCM GROUPEMENT LABOS	1 rue de Crech Tanet	Lannion	65,90	FC	66,04
SCM Cabinet Médical Saint Côme	N3 Centre Commercial Carrefour	Claye-Souilly	45,61	EM	45,61
SCM Labo centre	27, rue Gustave Eiffel	Chécy	100,00	FC	100,00
SCM Biologis	2, avenue Louise Michel	Reze	100,00	FC	95,23
Technipath Hub SCM	41, Allée des Cyprès	Limonest		MERGER	
SCI la Salicorne	28, rue Saint Barthélémy	Champenoux		LIQUIDATION	
SYNLAB Analytics & Services France SARL (formerly: Labco Services France)	60-62 rue d'Hauteville	Paris	100,00	FC	100,00
Synlab Corrèze SELAS	12 rue Marcellin Berthelot	Brive	99,00	FC	99,00
	SWEDEN				
SYNLAB Analytics & Services AB (formerly: AL Control Sweden AB)	Box 1083	Linkoping	100,00	FC	100,00
ALcontrol Holding (Sweden) AB	Box 1083	Linkoping	100,00	FC	100,00
ALcontrol Sweden AB	Box 1083	Linkoping	100,00	FC	100,00
Profulus AB	Vaisalantie 2 (A-talo)	Espoo	100,00	FC	100,00
	NORWAY				
SYNLAB Analytics & Services Norway AS	Bekkelivegen 2	Hamar	100,00	FC	100,00
ALcontrol Norway AS	Bekkelivegen 2	Hamar	100,00	FC	100,00
Lab1 AS	Elias Smithsvei 10	Sandvika	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
		ITALY			
Synlab Italia S.R.L.	Via Martiri delle Foibe 1	Monza	100,00	FC	100,00
Instituto Il Baluardo SPA	VIA DEL MOLO 4	GENOVA	100,00	FC	100,00
S.D.N SPA	VIA FRANCESCO CRISPI 8	NAPOLI	100,00	FC	100,00
Synlab Ecoservice S.R.L.	VIA MARTIRI DELLE FOIBE 1	MONZA	60,00	FC	60,00
CONSORZIO PER LO SVILUPPO DELLA MEDICINA OCCUPAZIONALE E AMBIENTALE	VIA MARTIRI DELLE FOIBE 1	MONZA	33,00	EM	33,00
Baluardo Servizi Sanitari S.R.L.	PIAZZALE PORTA DEL MOLO 2	GENOVA	100,00	FC	100,00
Centro A. Fleming S.R.L.	Via Andrea Doria N16/A	Verona	100,00	FC	100,00
Synlab Como S.R.L.	VIA MARTIRI DELLE FOIBE 1	MONZA	100,00	FC	100,00
Laboratorio Analisi per la Diagnostica Medica – IV Miglio S.R.L.	Via Pozzobonelli 8	Rom	100,00	FC	100,00
Synlab MED S.R.L. (formerly: Synlab Emilia Romagna S.R.L.)	via Casenuove 44	Faenza	100,00	FC	100,00
SYNLAB Holding Italy S.R.L. (formerly: Labco Italia + Synlab Holding Italy S.R.L.)	Via Pietro Paleocapa 6	MILANO	100,00	FC	100,00
Synlab Lazio S.R.L.	via Torrenova, 249	Rom	100,00	FC	100,00
synlab Veneto S.R.L.	Via M.K. Gandhi snc	Cerea		MERGER	
Synlab Analytics and Services SRL (formerly: Synlab Toscana S.R.L.)	VIA DELLA QUERCIOLA 12	SESTO FIORENTINO	100,00	FC	100,00
SYNLAB Analytics & Services Italia S.R.L.	Via Nuoava Valassina 5/B	Merone	100,00	FC	100,00
Geneticlab S.R.L.	Via Roveredo 20/B	Pordenone	100,00	FC	100,00
Pharmadiagen S.R.L.	Via Roveredo 20/B	Pordenone	100,00	FC	100,00
Data Medica Padova SPA	Via Antonio Zanchi n. 89	Padova	100,00	FC	100,00
Poliamblatorio Euganea Medica S.R.L.	via Colombo no. 13, Albignasego	Albignasego	100,00	FC	100,00
Analisi Cliniche Gallieno S.R.L.	VIA G. C. ABBA N. 12/A	Verona	10,00	NC	10,00
Ar.Pa. Radiologica S.R.L.	VIA NOMENTANA N. 314	Roma	100,00	FC	100,00
Medical Fisiolab S.R.L.	Via Strada Vecchia, 2	Riano	100,00	FC	100,00
Fisiokinesiterapia 21 S.R.L.	VIA G. BATTISTA BODONI N.7/9	Roma	100,00	FC	100,00
Laboratorio Iris S.R.L.	via del Castani 236	Roma	100,00	FC	100,00
Laboratorio MYCETE S.R.L.	Via S. Polo dei Cavalieri, 16	Roma	100,00	FC	100,00
Laboratorio Ostiense S.R.L.	VIA OSTIENSE N.38	Roma	100,00	FC	100,00
Salus Controlli Medici Diagnostici S.R.L.	Via Volta Alessandro N.37	Roma	100,00	FC	100,00
Sociétà Biomedica Bioingegneristica Campagnia SCARL	VIA SERGIO PANSINI 5	Napolina	7,20	NC	7,20
		GERMANY			
SYNLAB MVZ für Dermatohistologie GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
SYNLAB Acquisition GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
SYNLAB International GmbH	Moosacher Straße 88	München	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
Arbeitsgemeinschaft für Laboratoriumsmedizin Neuwied GbR	Dahlbachs Weg 15	Neuwied	LIQUIDATION		
KV-LG Troisdorf	Schloßstraße 18	Troisdorf	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hamburg Nordwest GbR	Hohe Weide 17	Hamburg	SPE	FC	SPE
Ärztliche Laborgemeinschaft Hochsauerland Brilon GbR	Am Schönschede	Brilon	SPE	FC	SPE
Laborgemeinschaft Kassel GbR	Pettenkofer Straße 26	Kassel	SPE	FC	SPE
KV-LG Köln Kalk	Buchforststraße 2	Köln	SPE	FC	SPE
KV-LG Nordeifel	St.-Elisabeth-Straße 2 – 6	Mechernich	SPE	FC	SPE
KV-LG Eschweiler	Dechant-Deckers-Straße 8	Eschweiler	SPE	FC	SPE
BZH GmbH Deutsches Beratungszentrum für Hygiene GmbH	Schnewlinstr. 10	Freiburg im Breisgau	55,92	FC	55,92
Vertragsärztliche Laborgemeinschaft Allgäu GbR	Pettenkofer Straße 1 c	Kempten	SPE	FC	SPE
Laborgemeinschaft Bayern-Nord GbR	Hildegard-von-Bingen-Straße 1	Regensburg	SPE	FC	SPE
Laborgemeinschaft Bayern-Süd GbR	Gubener Straße 39	Augsburg	SPE	FC	SPE
Laborgemeinschaft Bayerischer Ärzte GbR	Bayerstraße 53	München	SPE	FC	SPE
Ärztliche Laborgemeinschaft Berlin GbR	Reichartstraße 2	Berlin	SPE	FC	SPE
Laborgemeinschaft Bayerischer Heilpraktiker GbR	Bayerstraße 53	München	SPE	FC	SPE
Laborgemeinschaft Idar-Oberstein GbR	Göttschieder Straße 39	Idar-Oberstein	SPE	FC	SPE
Laborgemeinschaft Kurpfalz GbR	Wasserturmstraße 71	Eppelheim	SPE	FC	SPE
Laborgemeinschaft Mittelfranken GbR	Fürther Straße 212	N³rnberg	SPE	FC	SPE
Laborgemeinschaft Mittelhessen GbR	Friedenstraße 39	Wetzlar	SPE	FC	SPE
Laborgemeinschaft München-Innenstadt GbR	Hochstraße 27	Dachau	SPE	FC	SPE
Laborgemeinschaft Oberpfälzer Ärzte GbR	Zur Kesselschmiede 4	Weiden	SPE	FC	SPE
Laborgemeinschaft Ostbayern-Bavaria GbR	Hildegard-von-Bingen-Straße 1	Regensburg	SPE	FC	SPE
Laborgemeinschaft Rhein-Nahe-Eck GbR	Kapuziener Straße 15	Bingen	SPE	FC	SPE
Laborgemeinschaft Stuttgart-Voralb GbR	Max-Lang-Straße 58	Leinfelden-Echterdingen	SPE	FC	SPE
Laborgemeinschaft Thueringia GbR	Bahnhofstraße 1 A	Stadtroda	SPE	FC	SPE
Laborgemeinschaft Trier GbR	Kaiserstraße 1 – 2	Trier	SPE	FC	SPE
Laborgemeinschaft Dr. Wimmer GbR	Gubener Straße 39	Augsburg	SPE	FC	SPE
Laborgemeinschaft-Verbund Rhein-Mosel-Nahe GbR	Kaiserstraße 1 – 2	Trier	SPE	FC	SPE
Medizinisches Versorgungszentrum synlab Bonn GmbH	Dechenstraße 1	Bonn	100,00	FC	100,00
Medizinisches Versorgungszentrum synlab Hämatologisches Labor Köln GmbH	Kerpener Straße 62	Köln	100,00	FC	100,00
Privamed – privatärztliche Laborgemeinschaft GbR	Bayerstraße 53	München	SPE	FC	SPE
Die Privatärztliche Laborgemeinschaft GbR	Pettenkofer Straße 26	Kassel	SPE	FC	SPE
Steinlach-Klinik GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
synlab Labor München Zentrum GbR	Bayerstraße 53	München	100,00	FC	100,00
SYNLAB Labormedizinisches Versorgungszentrum Jade-Weser GmbH	Beethovenstraße 2	Varel	100,00	FC	100,00
synlab Logistics GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
synlab Medizinisches Versorgungszentrum Augsburg GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Berlin GmbH	Reichartstraße 2	Berlin	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Hamburg GmbH	Horner Landstraße 304	Hamburg	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Heidelberg GmbH	Wasserturmstraße 71	Eppelheim	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Humangenetik Mannheim GmbH	Harrlachweg 1	Mannheim	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Kassel GmbH	Kurt-Wolters-Straße 2-4	Kassel	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Leinfelden-Echterdingen GmbH	Max-Lang-Straße 58	Leinfelden-Echterdingen	100,00	FC	100,00
MVZ Synlab Leverkusen GmbH	Paracelsusstraße 13	Leverkusen	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Pathologie Mannheim GmbH	A 2,2	Mannheim	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Stuttgart GmbH	Stuttgarter Straße 11	Stuttgart	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Trier GmbH	Kaiserstraße 1-2	Trier	100,00	FC	100,00
synlab Medizinisches Versorgungszentrum Weiden GmbH	Zur Kesselschmiede 4	Weiden	100,00	FC	100,00
SYNLAB Holding Deutschland GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
SYNLAB Analytics & Services Germany GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
synlab Verwaltungs und Beteiligungs GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
Synlab.vet GmbH	Gubenerstraße 39	Augsburg	100,00	FC	100,00
Laborgemeinschaft Brandenburg-Templin GbR	Robert-Koch-Str. 24	Templin	SPE	FC	SPE
SYNLAB MVZ Humangenetik Freiburg GmbH	Heinrich-von-Stefan-Str. 5	Freiburg im Breisgau	100,00	FC	100,00
SYNLAB MVZ Pathologie Hannover GmbH	Tiergartenstraße 73	Hannover	100,00	FC	100,00
SYNLAB Analytics & Services LAG GmbH	Südstraße 7	Spremberg/OT Schwarze Pumpe	100,00	FC	100,00
Ärztliche Laborgemeinschaft Region Eschweiler	Dechant-Deckers Straße 8	Eschweiler	SPE	FC	SPE
Privatärtztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstraße 2	Varel	SPE	FC	SPE
Vertragsärtztliche Labor- und Apparategemeinschaft Jade GbR	Beethovenstraße 2	Varel	SPE	FC	SPE
Ärztliche Laborgemeinschaft Köln-Kalk	Buchforststraße 2	Köln	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Nordeifel	St.-Elisabeth-Straße 2 – 6	Mechernich	SPE	FC	SPE
Privatärztliche Laborgemeinschaft LG Nord	Horner Landstraße 304	Hamburg	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Troisdorf	Schloßstraße 18	Troisdorf	SPE	FC	SPE

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
SYNLAB Chemie, Industrie- und Spezialanalytik CIS GmbH	Industriestraße 300	Hürth	100,00	FC	100,00
Labor Stülpnagelstraße GbR	Kaiserdamm 24	Berlin	33,00	NC	33,00
Privatärztliche Laborgemenischaft Kurpfalz	Wasserturmstraße 71	Eppelheim	SPE	FC	SPE
Privatärztliche Laborgemeinschaft Weinstrasse	Landauer Str. 1	Neustadt a. d. Weinstrasse	SPE	FC	SPE
SPAIN & GIBRALTAR					
Synlab Holding Iberia S.A	28 Calle Londres	Barcelona	100,00	FC	100,00
Synlab Diagnosticos Globales S.A.	VERGE DE GUADALUPE, 18	ESPLUGUES DE LLOBREGAT	100,00	FC	100,00
GENERAL LABORATORIES AND TRIALS, S.L.	MARIA DE MOLINA, 28.	Madrid	75,00	EM	75,00
LAB DOS ANALISIS, S.L.	AMIGÓ, 12	Barcelona	50,00	EM	50,00
Raban Gibraltar LDA	6A QUEENSWAY	GIBRALTAR	100,00	FC	100,00
Centro De Patologia Celular Y Diagnostico Prenatal S.A.	LONDRES, 6	Barcelona	85,00	FC	85,00
Synlab Pathology S.L. (formerly: Labco Pathology S.L.)	CALLE VALGRANDE, 8	Alcobendas	100,00	FC	100,00
Egara Laboratoris S.L.	CALLE SANT ANTONI, 32	Errassa	45,00	EM	45,00
Synlab Holding Iberia S.A	28 Calle Londres	Barcelona	100,00	FC	100,00
LABCO BUILDINGS S.L.	VERGE DE GUADALUPE, 18	ESPLUGUES DE LLOBREGAT	100,00	FC	100,00
Investigación y Análisis, S.A.	Verge de Cuadalupe 18	Esplugues de Llobregat		MERGER	
Brugues Asistencial, S.A.	CTRA.A SANTA CREU DE CALAFELL, 100	Gava Barcelona	100,00	FC	100,00
Imadia 2005 S.A.	CTRA.A SANTA CREU DE CALAFELL, 100	Gava Barcelona	100,00	FC	100,00
Centro Médico Virgen de Nuria S.A.	Ctra. A Santa Creu de Calafell 100	Gava Barcelona		MERGER	
Servicios Integrales de Medicina de Urgencia S.L.	Ctra. A Santa Creu de Calafell 100	Gava Barcelona		MERGER	
BioKilab S.L.	Calle Aranzabal 11	Vitoria-Gasteiz	100,00	FC	100,00
Roqueta-Esteve-Rimbau, S.L.P	Pare Claret, 20	Girona	100,00	FC	100,00
LATAM					
CIC MEXICO ANALISIS ESPECIALES, S.C.	Contadores No. 4, Col. Sifon	Mexico	70,00	FC	70,00
CIC Peru Analisis Clinicos Especiales S.A.C.	Avenida Felipe Pardo y Aliaga 680	Lima	100,00	FC	100,00
GESTORA PERUANA DE HOSPITALES S.A	Av. Javier Prado Este 560 Dpto.	Peru Lima-San Isidro	32,00	EM	32,00
SYNLAB Perú S.A.C.	Av. Gregorio Escobedo 710, Jesús M.	Lima	100,00	FC	100,00
LABORATORIO LABCO NOUS DO BRASIL, LTDA	AVDA. REPUBLICA DO LIBANO, 2065	São Paulo	99,00	FC	99,00
CIC ANALÍTICA ESPECIAL GESTAO E INVESTIMENTO BRASIL LTDA	RUA MONTE APRAZÍVEL, 140	BAIRRO VILA NOVA CONCAICAO	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
CIC ANALISES CLINICAS ESPECIAIS LTDA	Rua Frei Caneca, 91 4º Andar Conj42	São Paulo	100,00	FC	100,00
Labco Nous Colombia LTDA	Cra 12 No 98-64 Oficina 504	Bogotá	100,00	FC	100,00
Àngel Diagnóstica S.A.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca	100,00	FC	100,00
Bioter Diagnóstica S.A.S.	Calle 22 N # 5 N 29	Cali – Valle del Cauca	100,00	FC	100,00
Andreani S.A.S.	Avenida 2 N # 22 N 19	Cali – Valle del Cauca	100,00	FC	100,00
Jucamimca S.A.S	Avenida 10 A Norte # 10 – 93	Cali – Valle del Cauca	100,00	FC	100,00
Instituto de Referencia Andino S.A.S.	Calle 13 # 60-49 Piso 3	Bogotá	100,00	FC	100,00
Prolab S.A.S.	Transversal 5 A # 45-118	Medellín – Antioquia	100,00	FC	100,00
Imágenes Diagnósticas S.A.	Calle 94 # 15 – 45	Bogotá	100,00	FC	100,00
Sociedad Interdisciplinaria para la Salud S.A. – Siplas S.A.	Calle 94 # 15 – 45	Bogotá	97,50	FC	97,50
Instituto de Referencia Andino S.A.	Century Tower Office 17-21	Panama	100,00	FC	100,00
Instituto de Referencia Andino IRA S.A.	Calle Av. Amazonas N21-252	Quito	100,00	FC	100,00
NETLAB S.A.	Calle A N31-145	Quito	100,00	FC	100,00
BELGIUM					
Labco Belgium S.A.	Avenue Alexander Fleming 3	Heppignies	100,00	FC	99,45
Ellipsys SCA	Avenue Alexander Fleming 3	Heppignies	100,00	FC	100,00
Generalimmo SPRL	Avenue Alexander Fleming 3	Heppignies	100,00	FC	100,00
Labco Finance SPRL	Avenue Alexander Fleming 3	Heppignies	100,00	FC	100,00
SYNLAB Belgium SC/SPRL (formerly: Laboratoire d'Analyses Médicales Dr. J. Colland SPRL)	Avenue Alexander Fleming 3	Heppignies	99,99	FC	99,99
SPRL ANALSES MEDICALES RISSELN	Place de l'Hotel de Ville	Franes-Lez-Anvaing	100,00	FC	100,00
Labco Belgium S.A.	Avenue Alexander Fleming 3	Heppignies	100,00	FC	99,45
UK & Ireland					
IPP Ltd.	1 Kingdom Street	London	100,00	FC	100,00
Labco Diagnostics (UK) Ltd.	1 Kingdom Street	London	100,00	FC	100,00
Integrated Path Services Ltd.	1 Kingdom Street	London	100,00	FC	100,00
IPP Facilities Ltd.	1 Kingdom Street	London	100,00	FC	100,00
IPP Analytics Ltd.	1 Kingdom Street	London	100,00	FC	100,00
Labco UK Group Ltd.	1 Kingdom Street	London	100,00	FC	100,00
Synlab UK Ltd.	1 Kingdom Street	London	100,00	FC	100,00
The Christie Pathology Partnership LLP	550 Wilmslow Road, Withington	Manchester	50,10	FC	50,10
Synlab Unsecured Bondco PLC	1 Kingdom Street	London	100,00	FC	100,00
SYNLAB HoldCo III Limited	1 Kingdom Street	London	100,00	FC	100,00
SYNLAB Holdco Limited	1 Kingdom Street	London	100,00	FC	100,00
SYNLAB Bondco PLC	1 Kingdom Street	London	100,00	FC	100,00
CPP Facilities LLP	550 Wilmslow Road, Withington	Manchester	50,10	FC	50,10
Genon Laboratories Ltd.	1 Kingdom Street	London	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
Synlab Health Laboratory Service Ltd. (formerly: Synergy Health Laboratory Services Ltd.)	1 Kingdom Street	London	100,00	FC	100,00
VLSI Ltd.	Unit 50, Vicars Road, Pouladuff	Cork	100,00	FC	100,00
ALcontrol Financial Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Group Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Holdings Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Netherlands Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Holding (Norway) Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
ALcontrol Sweden Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
SYNLAB Analytics & Services UK Ltd. (formerly: ALcontrol Tribology Ltd (UK))	44 Colbourne Crescent, Nelson Park	Cramlington, Northumberland	100,00	FC	100,00
ALcontrol Holding (UK) Ltd.	Parc Caer Seion	Conwy	100,00	FC	100,00
Bridge Pathology Ltd.	1 Kingdom Street	London	100,00	FC	100,00
CTDS 2015 Ltd.	1 Kingdom Street	London	100,00	FC	100,00
E4Law Ltd.	The Maltings East Tyndall Street	Cardiff	100,00	FC	100,00
Geneius Laboratories Ltd.	44 Colbourne Crescent, Nelson Park	Cramlington, Northumberland	100,00	FC	100,00
BPL Hold Ltd.	Rennes Drice	Exeter	100,00	FC	100,00
CTDS 2015 Hold Ltd.	1 Kingdom Street	London	100,00	FC	100,00
PTDS Hold Ltd.	1 Kingdom Street	London	100,00	FC	100,00
TDDS 2015 Hold Ltd.	1 Kingdom Street	London	100,00	FC	100,00
VLSI Hold Ltd.	1 Kingdom Street	London	100,00	FC	100,00
PTDS Ltd.	1 Kingdom Street	London	100,00	FC	100,00
Synlab VPG Ltd.	1 Kingdom Street	London	100,00	FC	100,00
TDDS 2015 Ltd.	1 Kingdom Street	London	100,00	FC	100,00
SPS Facilities LLP	1 Kingdom Street	London	33,30	EM	33,30
Southwest Pathology Services LLP	1 Kingdom Street	London	33,30	EM	33,30
SW Part Services LLP	1 Kingdom Street	London	33,30	EM	33,30
Facilities First LLP	1 Kingdom Street	London	49,00	EM	49,00
Pathology First LLP	1 Kingdom Street	London	49,00	EM	49,00
	PORTUGAL				
Synlabhealth Portugal, S.A.	Rua Rodrigues Sampaio, 30-C, 3º	Lisboa	100,00	FC	100,00
General Lab Portugal, S.A.	RUA OLIVEIRA MARTINS, 2 1º A	Lisboa		MERGER	
Germilab – Patologistas Clínicos Associados, S.A.	Avenida Nossa Senhora do Rosário	Cascais		MERGER	
C.D.E. – Centro de Diagnóstico de Elvas, Lda.	Rua de S. Lourenco, 17	Elvas		MERGER	
Synlabhealth II S.A. (formerly: Lab. Médico Dr.Santos Pinto e Dr.Teixeira S.A.)	Rua Rodrigues Sampaio, 30-C 3º	Lisboa	100,00	FC	100,00
Clinova – Centro De Diagnóstico Laboratorial De Torres Novas, Lda.	Largo D. Diogo Fernandes de Almeida	Torres Novas	100,00	FC	100,00
SYNLABHEALTH ALENTEJO, S.A. (formerly: Flaviano Gusmão, S.A.)	Praceta Horta do Bispo, R/c	Évora	100,00	FC	100,00
Synlabhealth Algarve S.A. (formerly: Gnóstica-Lab. De Análises Clínicas S.A.)	Rua D. Jerónimo Osório, 1 1º	Faro	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
SYNLABHEALTH MADEIRA, S.A. (formerly:José Júlio De Castro Fernandes, S.A)	Rua do Hospital Velho, 23 A	Madeira	100,00	FC	100,00
SYNLABHEALTH Leiria LTD (formerly: Lab.de Análises Clínicas-S. Pereira Rosas)	Av. dos Combatentes da Grande Guerra	Leiria	100,00	FC	100,00
Laboratório De Análises Clínicas Da Covilhã, S.A.	Ru Pedro Álvares Cabral, n.º 2	Covilhã	100,00	FC	100,00
Laboratórios Consolidados do Porto, S.A.	Rua Sá da Bandeira, 790	Porto	100,00	FC	100,00
Synlabhealth-Genética Medica S.A.	Rua do Campo Alegre, 1306, Sala 403	Porto	100,00	FC	100,00
Sscp – Serviços De Saúde Curativos e Preventivos, Lda.	Avenida 25 de Abril, 27 C	Pontinha	100,00	FC	100,00
Dr. Macedo Dias – Laboratório de Anatomia Patológica S.A.	Rua da Constituição, 668 1º	Porto	100,00	FC	100,00
PATRICK AGOSTINI II, Lda.	Dobra, Odelouca	Silves	100,00	FC	100,00
MEDPAT BOM SUCESSO CENTRO DE ANÁLISE EM	PRAÇA BOM SUCESSO, Nº 127	Porto		MERGER	
Análises Clinicas do Bom Jesus, Lda.	Rua do Bom Jesus, 18-1º Andar	Funchal	100,00	FC	100,00
SWITZERLAND					
TEST Tailored Efficient Swiss Testing S.A.	36, rue de Lausanne	Genève		MERGER	
Labsupply AG	Bundesstrasse 3	Zug		MERGER	
SYNLAB Analytic and Services Switzerland AG (formerly: synlab Pharma Institute AG)	Sternenfeldstrasse 14	Birsfelden	100,00	FC	100,00
SYNLAB Suisse S.A. (formerly: SYNLAB Suisse S.A.)	Alpenquai 14	Luzern	100,00	FC	100,00
Bakteriologisches Institut Olten BIO AG	Baslerstrasse 150	Olten	30,00	NC	30,00
Marnaud Holding S.A.	Rue du Liseron 5	Lausanne	100,00	FC	100,00
Argot Lab Dermatopathologie S.A.	Rue du Liseron 11	Lausanne	100,00	FC	100,00
Argot Lab Holding S.A.	Rue du Liseron 5	Lausanne	100,00	FC	100,00
Argot Lab S.A.	Rue du Liseron 5	Lausanne	97,20	FC	97,20
Argot Lab Pathologie Oculaire S.A.	Rue du Liseron 5	Lausanne	100,00	FC	100,00
Biopath Lab S.A.	Rue du Liseron 5	Lausanne	100,00	FC	100,00
Sium Engineering AG	Brüelstrasse 14	Dielsdorf		MERGER	
Cyto Obwegeser AG	Gfennstrasse 39	Schwerzenbach	100,00	FC	100,00
Lab Top, Medizinische Laboratorien AG	Chriesbaumstrasse 6	Volketswil		MERGER	
One-provide AG	Sternmatt 6	Kriens	100,00	FC	100,00
Synlab SWISS Holding S.A.	Alpenquai 14	Luzern	100,00	FC	100,00
AUSTRIA					
Institut für medizinische und chemische Labordiagnostik GmbH	Rosensteingasse 49-51	Vienna	100,00	FC	100,00
synlab Holding Austria GmbH	Donaustadtstraße 1	Vienna	100,00	FC	100,00
synlab Logistic Austria GmbH	Rosensteingasse 49-51	Vienna	100,00	FC	100,00
Synlab Analytics & Services Austria GmbH	St.-Peter-Straße 25	Linz	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consolidation**	**% of interest**
CZECH REPUBLIK					
Aneclab s.r.o.	Sokolovská 100/94	Praha 8		LIQUIDATION	
synlab czech s.r.o.	Sokolovská 100/94	Praha 8	100,00	FC	100,00
synlab genetics s.r.o.	Sokolovská 100/94	Praha 8	100,00	FC	100,00
Poliklinika Moravské Budějovice s.r.o.	Tovacovského sady 78	Moravské Budejovice	4,00	NC	4,00
ESTONIA					
SYNLAB Eesti OÜ	Veerenni 53A	Tallinn	100,00	FC	100,00
FINLAND					
SYNLAB Finland Oy	Kivihaantie 7	Helsinki	100,00	FC	100,00
synlab Holding Finland Oy	Vaisalantie 2	Espoo	100,00	FC	100,00
Cityterveys Group Oy	Vaisalantie 2	Espoo	100,00	FC	100,00
Cityterveys Oy	Vaisalantie 2	Espoo	100,00	FC	100,00
Cityterveys Seulonta Oy	Vaisalantie 2	Espoo	100,00	FC	100,00
Nordic Testing Oy	Lepolantie 9	Karkkila	100,00	FC	100,00
SYNLAB Analytics & Services Finland Oy	Lepolantie 9	Karkkila	100,00	FC	100,00
HUNGARY					
Spectromass Analitikai Labortórium Kft.	Röppentyu utca 48.	Budapest	100,00	FC	100,00
Synlab Hungary Kft.	Bajcsy-Zsilinszky ·t 53.	Budapest	100,00	FC	100,00
CENTRUM-LAB Laboratóriumi Diagnosztikai Korlátolt Felelősségű Társaság Kft.	Lövöház utca 1-5. Mammut. ép II.	Budapest	100,00	FC	100,00
NETHERLANDS					
SYNLAB Analytics & Services BV (formerly: ALcontrol BV)	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00
SYNLAB Analytics & Services Oosterhout BV	Everdenberg 41	Oosterhout	100,00	FC	100,00
Alcontrol Holding (Netherlands) BV	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00
ALcontrol Holland BV	Steenhouwerstraat 15	Rotterdam	100,00	FC	100,00
REST OF WORLD					
Freiburg Medical Laboratory Middle East LLC	Sheikh Khalifa Bin Zayed Road	Dubai	70,00	FC	70,00
Das ausl. private einheitliche Dienstleistungsuntern. “Synlab-EML”	Akademicheskaja Str. 26-36á	Minsk	100,00	FC	100,00
Synlab Cyprus Ltd.	16 Nicodemou Mylona	Lycavittos Nicosia	100,00	FC	100,00
Medlab Ghana Ltd.	17 Ridge Road, Roman Ridge	Accra	100,00	FC	100,00
SYNLAB HRVATSKA-POLIKLINIKA ZA MEDICINSKO LABORATORIJSKU DIJAGNOSTIKU	Bukovcev trg 4.	Zagreb	100,00	FC	100,00
MEDVEN Africa Ltd.	Victoria Road	Douglas	100,00	FC	100,00
SYNLAB Lietuva UAB	Kalvarijs g. 137A-15	Vilnius	100,00	FC	100,00

Parent company: SYNLAB Limited

	As at 31 December 2018				
Designated entities	**Address**	**City**	**% of control**	**Method of Consoli-dation**	**% of interest**
Private Medical Institution – Diagnostic Laboratory with Biochemical and Microbiological Laboratory SYNLAB Skopje	BLVD. Jane Sandanski No. 24 loc. 4, 4a	Skopje	98,00	FC	98,00
SYNLAB Nigeria Limited (formerly: PathCare Nigeria Limited)	Egbeyemi Street, Off Coker Road	Lagos	100,00	FC	100,00
Synlab Polska Sp. Z.o.o.	UI. Kartezjusza 2	Warschau	100,00	FC	100,00
S.C Laboratoarele Synlab S.R.L.	B-dul Tudor Vladimiresco, Nr. 29	Bukarest	100,00	FC	100,00
SYNLAB WEST S.R.L.	B-dul Tudor Vladimiresco, Nr. 29	Bukarest	100,00	FC	100,00
CMI Dr. Marinescu Dana Mihaela S.R.L.	Cetatea Histriei Street no. 12	Bucharest	100,00	FC	100,00
CMI Dr. Lacobescu C Anca S.R.L.	Masina de paine Street 47	Bucharest	100,00	FC	100,00
Laboratoarele RGM. S.R.L.	Calea Plevnei – 137C	Bucharest	100,00	FC	100,00
Medsense Servicii Medicale S.R.L.	Gavana III Street, A4 , app. 2	Pitesti	100,00	FC	100,00
SYNLAB.VET S.R.L.	B-dul Tudor Vladimirescu 29	Bucharest	99,01	FC	99,01
Zostalab S.R.L.	Calea Plevnei Street 137	Bucharest	100,00	FC	100,00
Adria Lab d.o.o	SESTOVA ULICA 2	Ljubljana	100,00	FC	100,00
SYNLAB slovakia S.R.O.	Limbová 5	Bratislava	100,00	FC	100,00
Referans M-B Sağlık Laboratuvar Hizmetleri Sanayi ve Ticaret Anonim Şirketi	1410 Cad. No 4 Balgat/Çankaya	Ankara	SPE	FC	SPE
Synlab İlk Referans Sağlık Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Tagore Cad. 716 Sok. No:12/1 Çankaya	Ankara	100.00%	FC	100.00%
Synlab Turk Sağlık Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Tagore Cad. 716 Sok. No:12/1 Çankaya	Ankara	100.00%	FC	100.00%

EM: Equity Method/FC: Fully consolidated/NC: Not consolidated/SPE: Special Purpose Entity

22. RECENT DEVELOPMENTS AND OUTLOOK

22.1 Recent Developments

Our strong business momentum from late 2020 has continued in early 2021. From January 1, 2021 to the date of this Prospectus, organic revenue growth from our underlying business (excluding net COVID-19 pandemic-related revenue effects) has been in line with our mid-term guidance on organic revenue growth, namely above 3% per year. Since the start of the year, we have not seen a slowdown in monthly SARS-CoV-2 testing-related revenue. Based on preliminary figures, our net COVID-19 pandemic-related revenue in the first quarter of 2021 was at approximately the same level that it was in the fourth quarter of 2020, and we expect our overall results in the first quarter of 2021 to be significantly ahead of the corresponding period of 2020.

From January 1, 2021 through the date of this Prospectus, we completed nine acquisitions of laboratories with a combined enterprise value of approximately €44 million. Based on our M&A activity so far in 2021, we believe that we are on track for our M&A spending for the year to be in line with our mid-term target of spending approximately €200 million per year on average.

Other than as described above, there have been no material recent developments affecting our financial performance since December 31, 2020, the end of the last financial period for which financial information has been published, to the date of this Prospectus.

22.2 Outlook

Based on preliminary figures for 2021 to date, we anticipate that the revenue-enhancing effects of SARS-CoV-2 testing will continue through 2021, with the net revenue impact of the COVID-19 pandemic peaking during 2021 and decreasing, but remaining meaningful, in the mid-term. In 2022, we expect our net COVID-19 pandemic-related revenue to remain at approximately 80% of the level of the net COVID-19-related impact that we saw for the full year in 2020. The quarterly average of net COVID-19 pandemic-related revenue expected for the full year in 2022 would correspond to approximately 30% of the net COVID-19 pandemic-related revenue impact observed in the fourth quarter of 2020. By 2023, the corresponding percentage of the net COVID-19 pandemic-related impact in the fourth quarter of 2020 is anticipated to decrease to approximately 15%; thereafter, we expect this percentage going forward to be at a level of around 10%.

For the full year 2021, we expect the significant net COVID-19 pandemic-related revenue to complement organic revenue growth of our underlying business (excluding net COVID-19 pandemic-related revenue effects) of around 10%, driven by, amongst other things, the full rollout effects of our "For You" strategy and expected growth in the United Kingdom following the April 2021 commencement of services under our newly established 15-year partnership agreement with Guy's and St Thomas' NHS Foundation Trust and King's College Hospital NHS Foundation Trust in South East London, as well as positive price impacts in multiple countries. Based on the above, we anticipate that our revenue for the year ending December 31, 2021 will comfortably exceed €3,000 million, as compared to €2,621 million for the year ended December 31, 2020.

Our recorded revenue for 2021 up to the date of this Prospectus has exceeded anticipated levels, positioning us well to achieve our future growth targets. Our strong revenue growth and our continuing focus on cost discipline and cash management are contributing to strong cash flow and deleveraging momentum. At the same time, our strong cash flow generation puts us in an even better position to deliver on our M&A strategy. We have good short-term visibility on our M&A pipeline and expect to achieve our mid-term target of spending approximately €200 million per year on average for acquisitions. Over the mid-term, we expect to remain in line with our historical compounded annual total growth rate of approximately 10% overall revenue growth per year (2009–2019), using 2019 (restated) revenue of €1,906 million as the base and taking into consideration the impact on our revenue of the contribution of businesses that we acquire in the future as if they are acquired on January 1 of the applicable year.

Other than described above, there have been no material changes in the Company's outlook since December 31, 2020, the end of the last financial period for which financial information has been published, to the date of this Prospectus.

23. GLOSSARY

€, **EUR** or **Euro**	€, EUR or Euro refer to the single European currency adopted by certain participating member states of the European Union.
2018 Financial Statements	SYNLAB Limited's audited consolidated financial statements as at and for the year ended December 31, 2018.
2019 Financial Statements	SYNLAB Limited's audited consolidated financial statements as at and for the year ended December 31, 2019.
2019 Term Loan B Facility Agreement	On December 10, 2020, SYNLAB Bondco PLC entered into an amendment and restatement of its senior secured term loan facilities agreement originally dated June 22, 2019.
2020 Financial Statements	SYNLAB Limited's audited consolidated financial statements as at and for the year ended December 31, 2020, including the unaudited restated 2018 and 2019 comparative financial information for the income and cash flow statements, presenting A&S as discontinued operations.
A&S	Analytics and services business unit of the SYNLAB Group.
Absolute PSUs	Absolute performance shares units issued as part of the Management Board LTI, calculated on the basis of a total shareholder return calculation.
Additional Facility Commitments	Commitment of additional facilities, either as a new facility or as additional sub tranches of existing facilities that we may elect to request, subject to certain terms and conditions.
Additional Shareholder Shares	12,430,555 Shares from the holdings of the Institutional Shareholders that may be included in the Offering subject to the exercise of the Upsize Option.
Adjusted EBITDA from Continuing Operations	Net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, depreciation and amortization, Separately Disclosed Items, share-based payments and other items considered by management to be non-underlying.
Adjusted EBITDA Margin	Adjusted EBITDA from Continuing Operations divided by revenue for the applicable period.
Adjusted Operating Profit from Continuing Operations	Net profit/(loss) for the period, less profit for the period from discontinued operations, before net finance costs, income tax expenses, amortization of customer relationships, Separately Disclosed Items, share-based payments and other items considered by management to be non-underlying.
Amendment I	Amendment to the Articles of Association pursuant to the IPO EGM regarding the Supervisory Board composition immediately after the IPO.
Amendment II	Amendment to the Articles of Association regarding the Supervisory Board composition insofar as the Supervisory Board will in the future consist of six shareholder representatives and six employee representatives.
ARS	French competent administrative authorities.

Article L. 6223-5	Article of the French Public Health Code.
Articles of Association	Articles of Association of the Company.
ASL	Azienda Sanitaria Local, Italian regional health authorities.
B2B	Business to Business.
B2C	Business to Consumer.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24–28, 60439 Frankfurt am Main, Germany.
Barclays	Barclays Bank Ireland PLC, One Molesworth Street, Dublin 2, D02 RF29, Ireland.
Base Offer Shares	The New Shares together with the Base Shareholder Shares.
Base Shareholder Shares	27,500,000 Shares from the holdings of the Selling Shareholders.
BNPP	BNP PARIBAS, 16 Boulevard des Italiens, 75009 Paris, France.
BofA	BofA Securities Europe SA, 51 rue La Boétie, 75008 Paris, France.
Bonds	Bearer or registered convertible bonds, warrant bonds, profit participation rights and/or participating bonds.
CDA	The SYNLAB Group's analysis and best estimates, which are in turn based upon multiple third-party sources, including Howe Sound Research, LaingBuisson, and services commissioned from Boston Consulting Group.
CET	Central European Time.
Clearstream	Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany.
Code	German Corporate Governance Code as approved on February 26, 2002 and most recently adopted with various amendments on December 16, 2019.
Commercial Register	Commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany.
Company	Company refers to SYNLAB AG, organized as a stock corporation incorporated in the Federal Republic of Germany and governed by German law.
Contribution	Capital increase of SYNLAB AG against contribution in kind of all SYNLAB Limited's share capital by SYNLAB Limited's existing shareholders in exchange for Shares in SYNLAB AG.
Contribution Capital Increase	The contribution of the shares in SYNLAB Limited into the Company by SYNLAB Limited's existing shareholders.
Cornerstone Investor	The capital increase of SYNLAB AG against contribution in kind of the shares in SYNLAB Limited by SYNLAB Limited's existing shareholders.

Cost Sharing and Indemnity Agreement	Agreement between the Selling Shareholders and the Company regarding the allocation of costs and liability in connection with the Offering.
COVID-19 Act	German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020.
COVID-19 Law	Recently enacted German laws in force since 1 July 2020 to provide COVID-19 tax support (*Zweites Corona-Steuerhilfegesetz*).
Credit Agricole CIB	Crédit Agricole Corporate and Investment Bank, 12 Place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France.
CSR	Corporate social responsibility principles.
D2C	Direct to Consumer.
Deloitte GmbH	Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Schwannstraße 6, 40476 Düsseldorf, Germany.
Deloitte LLP	Deloitte LLP, 2 New Street Square, London EC4A 3BZ, United Kingdom.
Deutsche Bank	Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany.
EBM	A uniform assessment standard in the SHI system (*Einheitlicher Bewertungsmaßstab*).
EEA	EEA refers to the European Economic Area.
ESG	Environmental, social and governance best practices.
Existing Facilities Agreements	The 2015 Revolving Credit Facility Agreement and the 2019 Term Loan B Facility Agreement together.
Existing Shareholders	Immediately prior to the Offering, all SYNLAB Limited shareholders.
Existing Shares	Shares existing prior to the IPO Capital Increase.
Fifth Cinven Fund	Fifth Cinven Fund (No. 1) Limited Partnership, Fifth Cinven Fund (No. 2) Limited Partnership, Fifth Cinven Fund (No. 3) Limited Partnership, Fifth Cinven Fund (No. 4) Limited Partnership, Fifth Cinven Fund (No. 5) Limited Partnership, Fifth Cinven Fund (No. 6) Limited Partnership, together.
First Day of Trading	First day of trading of the Shares on FSE Prime Standard, expected to occur on or about April 30, 2021.
Free Cash Flow	Cash flow from operating activities of continuing operations, adjusted for purchase of intangibles and property, plant and equipment, proceeds from sale of intangibles and property, plant and equipment, and lease repayments, further adjusted for interest paid, less interest expenses on leases.
FSE Prime Standard	The regulated market segment with simultaneous admission to the sub-segment with additional post-admission obligations of the Frankfurt Stock Exchange (Prime Standard).

FSMA	Financial Services and Markets Act 2000.
FTT	Financial Transaction Tax (*Finanztransaktionssteuer*).
GDPR	General Data Protection Regulation (EU) 2016/679.
German GAAP	German generally accepted accounting principles.
Germany	Federal Republic of Germany.
GOÄ	A binding scale of fees for physicians in the PHI system (*Gebührenordnung für Ärzte*).
Goldman Sachs	Goldman Sachs Bank Europe SE, Frankfurt am Main, Germany. Goldman Sachs is acting as one of the Joint Global Coordinators.
GPs	General Practitioners.
Greenshoe Option	The option the Institutional Shareholders have granted the Underwriters to acquire a number of shares in the Company equal to the number of Over-Allotment Shares at the Offer Price, less agreed commissions.
HAS	Haute Autorité de Santé, the French national authority for health.
HGB	German Commercial Code (*Handelsgesetzbuch*).
HGB Financials	SYNLAB AG's unconsolidated financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as at and for the years ended December 31, 2018, 2019 and 2020.
HSBC	HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany.
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
IFSG	The German Infection Protection Act (*Infektionsschutzgesetz*).
IG BCE	German Mining, Chemical and Energy Industry Union (*Industriegewerkschaft Bergbau, Chemie, Energie*).
Inheritance and Gift Tax	Taxation in connection with the gratuitous transfer of shares.
Institutional Shareholders	Ephios Luxembourg S.à r.l., Novo Invest 1 A/S and Ontario Teachers' Pension Plan Board.
IPO Capital Increase	Capital increase against contributions in cash to be resolved by an extraordinary shareholders' meeting of the Company, creating the New Shares.
IPO EGM	An extraordinary shareholders' meeting of the Company on or about April 27, 2021.
ISIN	International Securities Identification Number.
ISO	International Organization for Standardization.
IT	Information technology.
ITCs	Independent treatment centers in the United Kingdom.

J.P. Morgan	J.P. Morgan AG, Frankfurt am Main, Germany. J.P. Morgan is acting as one of the Joint Global Coordinators.
Jefferies	Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Germany.
Joint Bookrunners	BofA, Deutsche Bank, Barclays, BNPP, HSBC, Jefferies, UniCredit and the Joint Global Coordinators.
Joint Global Coordinators	Goldman Sachs Bank Europe SE, Frankfurt am Main, Germany and J.P. Morgan AG, Frankfurt am Main, Germany.
Law of May 30, 2013	French law that requires that more than 50% of the share capital (in addition to 50% of the voting rights) of a SEL of laboratory doctors be held by laboratory doctors practicing within that SEL.
LEI	Legal entity identifier.
Listing	Admission to trading FSE Prime Standard, of Company's entire share capital following the Contribution Capital Increase and the IPO Capital Increase.
LTI	Long-term incentives of the Management Board (performance-based compensation components).
Macron Law	French law no. 2015-990 of August 6, 2015 on growth and activity.
Major Shareholders	Institutional Shareholders together with Dr. Wimmer Verwaltungs GmbH & Co. KG.
Majority Shareholder	A shareholder holding at least 95% of the share capital.
Management Board	Management board (*Vorstand*) of the Company.
Manager	Persons discharging managerial responsibilities.
MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.
Margin Loan Lender	Any margin loan lender(s) and if applicable, its or their permitted assignees and transferees or any security agent or trustee on its or their behalf.
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse.
MiFID II	EU Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
MiFID II Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
MVZ	Medical care centers (*Medizinische Versorgungszentren*).
Natixis	Natixis, 30 avenue Pierre Mendès France, 75013 Paris, France.
Net Cash Capex	purchase of intangibles and property, plant and equipment, net of proceeds from the sale of intangibles and property, plant and equipment.

New Shares	Up to 22,222,222 newly issued ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*).
NGS	Next generation sequencing, a diagnostic testing method.
NHS	National health service of the United Kingdom.
Offer Period	Period during which investors may submit purchase orders for the Offer Shares is expected to begin on April 19, 2021 and is expected to end on April 27, 2021.
Offer Price	The placement price to be set jointly by the Company, the Selling Shareholders and the Underwriters on April 27, 2021 on the basis of the purchase orders submitted.
Offer Shares	The Base Offer Shares together with the Over-Allotment Shares and any Additional Shareholder Shares.
Offeror	Shareholders who acquire 30% or more of the voting rights in a listed stock corporation.
Organic growth	Has the meaning described in section 2.10 (*Non-IFRS Measures*).
OTC	Over the counter.
Over-Allotment	The allocation of Over-Allotment Shares as part of the allocation of the Offer Shares.
Over-Allotment Shares	9,322,916 Shares from the holdings of the Institutional Shareholders in connection with a potential over-allotment.
Participating Member States	Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia are participating in the FTT.
PCR	Polymerase Chain Reaction, a diagnostic testing method.
PHI	Private health insurance.
Price Range	The Price Range within which purchase orders may be placed is €18.00 to €23.00 per Offer Share.
Prohibited investors	Persons who, on the basis of their activities or their relations with certain activities in the medical or paramedical sector from making any direct or indirect investment in the share capital of a company operating a French clinical laboratory pursuant to Article L. 6223-5.
Prospectus	Securities Prospectus as approved by the German Federal Supervisory Agency for Financial Services (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (BaFin).
Prospectus Regulation	Regulation (EU) 2017/1129.
PSUs	Performance shares units awarded to the Management Board pursuant to an LTI program.
QIBs	Qualified institutional buyers as defined in Rule 144A.
Relative PSUs	Relative performance shares units issued as part of the Management Board LTI, calculated on basis of selected share indexes.

Relevant State	Member states of the EEA that are subject to the Prospectus Regulation and the United Kingdom.
Restated Financial Information	The Restated 2019 Financial Information and the Restated 2018 Financial Information, comprising unaudited restated consolidated income statement and cash flow information for the years ended December 31, 2018 and 2019 included in the 2020 Financial Statements, showing the result of the A&S sale.
SALIX	Operational excellence program introduced by the SYNLAB Group in 2017 (**S**cale, **A**lignment, **L**everage, **I**nstruction, **X**-check).
SARS-CoV-2	Severe acute respiratory syndrome corona virus 2.
Securities Act	The United States Securities Act of 1933, as amended.
Security Interest	Pledging, charging or otherwise granting any security interest over any Shares or assigning any rights in relation to any Shares.
Selling Shareholders	Means the Major Shareholders together with Ephios PV S.C.A., Ephios MEP I GmbH & Co. KG, Ephios MEP II GmbH & Co. KG, Ephios MEP III GmbH & Co KG, Ephios MEP IV GmbH & Co. KG, Ephios MEP V GmbH & Co. KG, Ephios MEP VI GmbH & Co. KG and Intertrust Employee Benefit Trustee Limited (in its capacity as trustee of the Synlab Employee Benefit Trust).
SELs	*Société d'Exercice Liberal* – a French corporate structure used by our French Laboratories.
Separately Disclosed Items	Earnings adjustments identified both internally for management reporting purposes and externally for financial reporting that (i) are not considered to be indicative of our operations and (ii) may impact year-on-year comparability.
SGB V	German Social Security Code V (*Sozialgesetzbuch Fünftes Buch*).
Share	Each share of the Company.
Shares	All ordinary bearer shares (*Inhaberaktien*) of the Company with no-par value (*Stückaktien*) and each such share with full dividend rights as of January 1, 2021.
SHI	Statutory health insurance.
Short Selling Regulation	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps.
Stabilization Manager	Goldman Sachs, acting as the Stabilization Manager.
Stabilization Period	Period of 30 calendar days starting from the date the Shares commence trading on the regulated markets (r*egulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
STI	Short-Term incentives of the Management Board (performance-based compensation components).
STS	The SYNLAB Transformation System, which is a management system supporting the SYNLAB Group's strategy.
Supervisory Board	Supervisory board (*Aufsichtsrat*) of the Company.

SYNLAB	SYNLAB AG, SYNLAB Limited and its consolidated subsidiaries.
SYNLAB Group	SYNLAB Limited and its consolidated subsidiaries.
Target Market Assessment	A product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II.
Taxation of Capital Gains	Taxation in connection with the sale of shares.
Taxation of Dividends	Taxation in connection with the holding of shares.
Underwriters	Credit Agricole CIB, Natixis and the Joint Bookrunners.
Underwriting Agreement	Underwriting Agreement between the Underwriters, the Company and the Selling Shareholders, dated April 19, 2021.
Unlevered Free Cash Flow	Cash flow from operating activities of continuing operations, adjusted for purchase of intangibles and property, plant and equipment, proceeds from sale of intangibles and property, plant and equipment, and lease repayments.
Upsize Option	A decision of the Institutional Shareholders on the date of pricing based on market demand.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpÜG	German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).