

HALF-YEAR  
FINANCIAL  
REPORT

**SYNLAB AG**  
**2022**



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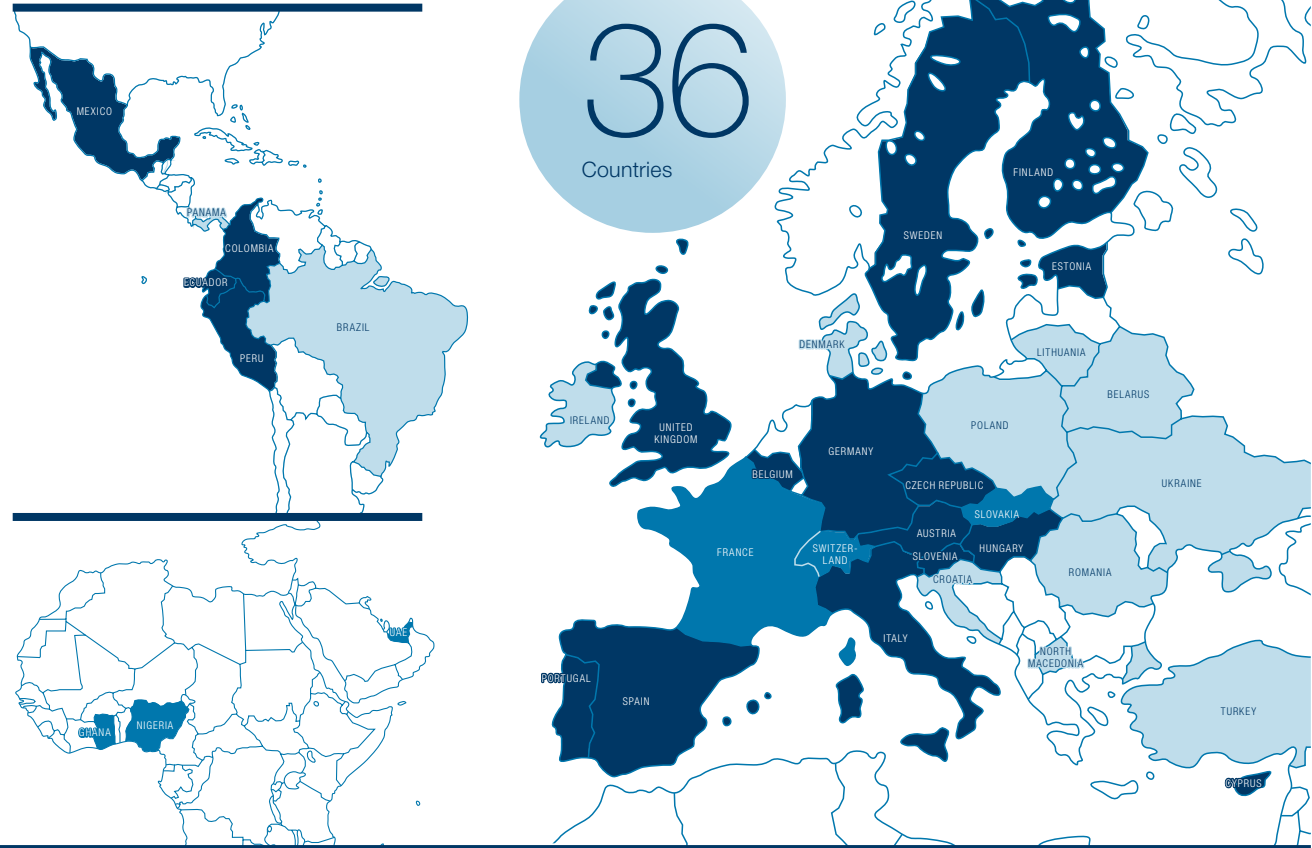
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# ABOUT SYNLAB

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

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

## LEADING POSITIONS IN OUR KEY MARKETS



600+ Mio  
laboratory tests in 2021

500+  
laboratories

1,800+  
BCPs<sup>1</sup>

55+ Mio  
PCR tests since pandemic outbreak

2,000+  
experts<sup>2</sup>

~30,000  
employees

<sup>1</sup> Blood collection points

<sup>2</sup> Scientists / Doctors ... in Labs

**3** TOP 3 MARKET POSITION  
by revenue for private market

**5** TOP 5 MARKET POSITION  
by revenue for private market

● SYNLAB PRESENCE

# ECONOMIC REPORT

## GROUP BUSINESS DEVELOPMENT

### RESULTS OF OPERATIONS

#### STRONG UNDERLYING GROWTH, LOWER COVID-19 TESTING

Revenue			
In €m	H1 2022	H1 2021	Growth
Revenue	1,851	1,923	(4)%
M&A activities	5	64	
<b>Revenue (with M&amp;A activities)</b>	<b>1,856</b>	<b>1,987</b>	<b>(7)%</b>

**H1 2022 reported revenue** was down 4% to €1,851 million (H1 2021: €1,923 million), including 13% year-on-year growth in Q1 2022 and a 20% decline in Q2 2022, driven by a reduction in the COVID-19 testing activity.

H1 2022 M&A adjusted revenue, which includes the contribution of acquisitions as if they had been consolidated from 1 January, was down 7%.

H1 2022 lower COVID-19 testing compared to H1 2021 is illustrated below:

COVID-19 testing	H1 2022	H1 2021
Revenue (€m)	618	853
Average PCR price (€, rounded)	42	55
Average PCR volume (m, rounded)	13.8	14.6

H1 2022 underlying organic growth (excluding COVID-19 related revenues) was 7.2%, driven by a 7.0% volume growth and a 0.2% positive price impact. It also includes the contribution of the South-East London hospital outsourcing contract (the "SEL" contract), annualising in Q2 2022. Excluding the contribution from SEL in Q1 2022, growth was 3.1%, in line with its longer-term guidance.

Q2 2022 underlying organic growth was 4.0%. Volume growth was 2.6%, reflecting some continued softness in the hospital business, some residual impact of the Omicron wave on non-COVID-19 testing activities and some challenging comparison base mainly in Germany and Italy. Q2 2022 prices were up 1.4%, reflecting the positive effect of price indexations in several countries from the North & East and South segments.

H1 2022 COVID-19 testing revenue was above expectations but declining by ~30% compared with H1 2021 to €618 million. SYNLAB performed 13.8 million (H1 2021: 14.6 million) PCR and 2.1 million non-PCR tests (H1 2021: 2.2 million) during the six-month period. The average price per PCR test was around €42 in H1 2022, down from around €55 in H1 2021.

Q2 2022 COVID-19 testing revenue was €164 million, with SYNLAB performing around 3.6 million tests at an average price of around €42.

The total contribution of the ten acquisitions finalised in H1 2022 was €18 million<sup>1</sup>, including €4 million of COVID-19 testing revenue. They represented a 0.9% revenue increase compared with H1 2021. The major acquisition in H1 2022 was Sistemas Genómicos in Spain reflecting the focus on further expansion in specialty testing services.

<sup>1</sup> Including post-acquisition revenue contribution of €13.5 million and pre-acquisition revenue of €4.5 million.

FX revenue growth was 0.8% with the strength of the British Pound Sterling, the Swiss Franc and the Mexican Peso more than offsetting the weakening of a few other emerging currencies.

#### Revenue: segment view

In €m	H1 2022	H1 2021	Organic Growth	Underlying organic Growth
France	382.4	441.6	(14.2)%	(0.8)%
Germany	406.0	367.2	+10.0%	+2.2%
South	538.1	545.5	(15.4)%	(0.6)%
North & East	524.9	568.8	(8.1)%	+30.0%
<b>SYNLAB Group</b>	<b>1,851.4</b>	<b>1,923.0</b>	<b>(8.3)%</b>	<b>+7.2%</b>

Despite robust volume growth, the underlying organic growth in France was impacted by lower prices driven by the regulated price decrease<sup>2</sup> implemented in January 2022 and an unfavourable comparison base in Q1 2022 as the prior price decrease was not implemented until Q2 2021. The South region recorded a soft start of the year due to the high comparison base and a phasing effect from a change in the reimbursement schedule in the Campania region in Italy, but growth resumed in Q2 2022 thanks to price increases. Germany saw robust volume expansion against an increasing comparison base, with limited price pressure. North & East growth remained very strong, driven by volume and the positive effect of price indexation.

<sup>2</sup> As per the 3-year agreement with the French health authorities

## HIGH MARGINS, REDUCING SEQUENTIALLY DUE TO COVID-19 LOWER VOLUME AND HIGHER INFLATION

In €m	H1 2022	H1 2021	Growth
Revenue	1,851.4	1,923.0	(4)%
<b>Adjusted EBITDA (AEBITDA)</b>	<b>528.0</b>	<b>662.0</b>	<b>(20)%</b>
AEBITDA margin	28.5%	34.4%	(5.9)pp
Operating depreciation and amortisation <sup>3</sup>	117.2	93.3	+26%
<b>Adjusted operating profit (AOP)</b>	<b>410.8</b>	<b>568.6</b>	<b>(28)%</b>
AOP margin	22.2%	29.6%	(7.4)pp

**H1 2022 adjusted EBITDA (AEBITDA)** decreased by 20% to €528 million and the adjusted operating profit (AOP) decreased by 28% to €411 million with margins of 28.5% and 22.2% respectively.

Margins developments are mainly explained by the reduction in the COVID-19 testing activity in Q2 2022, with margins dropping sequentially from the very high levels of Q1 2022. SYNLAB was able to offset some of the PCR price decrease thanks to procurement efficiencies for reagents but was impacted, as expected, by the volume drop and the planned lag time before capacity adjustments.

SYNLAB also experienced increased inflationary pressure, mostly from higher fuel and energy prices and higher wage cost in some countries. This was partly offset by efficiencies from the ongoing SALIX programme (€12 million in savings overall in H1 2022) and the Q2 2022 increase in selling price. The SEL contract also had a dilutive impact on Group margins, of around one percentage point.

### AOP: segment view

In €m	H1 2022	H1 2021	Margin, H1 2022	Margin, H1 2021
France	82.9	116.76	21.7%	26.4%
Germany	107.8	95.8	26.6%	26.1%
South	87.2	139.0	16.2%	25.5%
North & East	132.8	217.3	25.3%	38.2%
<b>SYNLAB Group</b>	<b>410.8</b>	<b>568.6</b>	<b>22.2%</b>	<b>29.6%</b>

The year-on-year reduction in the contribution of COVID-19 testing activities was the main factor behind margins development. The AOP margin expanded in Germany however driven by sustained high COVID-19 testing revenue. Margins were down in the other regions, mostly driven by the sharp drop in PCR testing. Country-specific headwinds such as the Italy slowdown and the margin dilution from the SEL contract explain the higher margin decline in the South and North & East segments. At 22.2%, the Group AOP margin remained very high.

### Adjusted to reported operating profit reconciliation

In €m	H1 2022	H1 2021	Growth
<b>AOP</b>	<b>410.8</b>	<b>568.6</b>	<b>(158)</b>
Strategic projects	–	22.9	(23)
Acquisition-related (income) / expenses	4.1	5.4	(1)
Impairment of non-current assets	173	–	+173
Customer relationship amortisation	27.4	25.1	+2
<b>Total OPEX adjustments</b>	<b>204.5</b>	<b>53.4</b>	<b>+151</b>
<b>Operating profit</b>	<b>206.3</b>	<b>515.3</b>	<b>(309)</b>

H1 2022 OPEX adjustments amounted to €205 million in total, including materially reduced adjustment components, down by €22 million, fully offset by a €173 million impairment of goodwill in Germany. This impairment was triggered by external factors: the currently high inflationary environment and the increase of the 30-year German government bond, impacting the WACC. The expenses for strategic projects in the previous year related to IPO costs.

<sup>3</sup> Consist mainly of depreciation of labs, blood collection points and testing equipment assets

## ROBUST EARNINGS

In €m	H1 2022	H1 2021	Growth
<b>Operating profit</b>	<b>206.3</b>	<b>515.3</b>	<b>(309)</b>
Financial result	0.2	(75.4)	+76
Income tax expense	(83.5)	(111.8)	+28
Effective tax rate (adjusted)	22%	25%	-
Other	(1.2)	15.1	(16)
<b>Net profit (group share)</b>	<b>121.8</b>	<b>343.2</b>	<b>(221)</b>

**H1 2022 net profit (Group share)** was €122 million with the improved financial results and lower tax expense partly offsetting the decrease in operating profit:

- The H1 2022 net financial result was a €0.2 profit. The interest expense<sup>4</sup> reduced materially to €15 million, reflecting lower borrowings and lower borrowing costs. The SYNLAB average cost of borrowings was slightly below 1.9% at the end of Q2 2022. SYNLAB further benefitted from €2 million of net exchange gains and €13 million of net other financial gains, mainly financial instruments revaluation.
- H1 2022 income tax expense was €83 million, a €28 million decrease compared with H1 2021, mainly coming from lower taxable results. The adjusted effective tax rate was 22.0% for the period, lower than the weighted average of 25% (calculated on the basis of expected tax rates for the individual Group companies) mostly due to the use of tax attributes from earlier periods on which no deferred tax was previously recognised.

## Adjusted to reported net profit reconciliation

In €m	H1 2022	H1 2021	Growth
<b>Net profit (group share)</b>	<b>121.8</b>	<b>343.3</b>	<b>(221)</b>
OPEX adjustments	204.5	53.4	+151
Current-year income taxes (OPEX adjustments-related)	(6.3)	(7.9)	+2
Profit / (loss) after tax for the period from discontinued operations	-	(17.9)	+18
<b>Adjusted net profit (group share)</b>	<b>320.1</b>	<b>370.8</b>	<b>(51)</b>

**H1 2022 adjusted net** was €320 million, a €51 million decline compared with H1 2021: In addition to the AOP adjustments and related tax impact and the goodwill impairment (non-cash), the adjusted net profit is further adjusted by deducting the result of discontinued operations in H1 2021.

**H1 2022 adjusted EPS** was €1.44<sup>5</sup>, compared with €1.78 for H1 2021.

<sup>5</sup> Based on 222,137,476 shares a in H1 2022 and 207,901,234 in H1 2021 (weighted average shares outstanding)

## FINANCIAL POSITION

Cash flow			
In €m	June 2022	June 2021	Growth
<b>AEBITDA</b>	<b>528.0</b>	<b>662.0</b>	<b>(134)</b>
Movements in working capital	(42.0)	(82.4)	+40
Income tax paid	(119.5)	(54.1)	(65)
Change in provisions and other	17.7	(2.7)	+20
<b>Operating cash flow</b>	<b>384.3</b>	<b>522.7</b>	<b>(138)</b>
Net capex (incl. leases <sup>6</sup> )	(140.6)	(94.8)	(46)
As % of revenue	7.6%	4.9%	(2.7)%
<b>Unlevered free cash flow</b>	<b>243.7</b>	<b>427.9</b>	<b>(184)</b>
Net interest paid <sup>7</sup>	(20.2)	(66.5)	+46
<b>Free cash flow</b>	<b>223.5</b>	<b>361.4</b>	<b>(138)</b>
Net M&A cash spend	(73.1)	(40.9)	(32)
Net dividend	(75.3)	(0.9)	(74)

## Robust cash flow generation

Operating cash flow from continuing operations was €384 million at the end of H1 2022, driven by robust profitability.

- The negative impact of COVID-19 testing activity on working capital was reduced in the first six months, with inventory reduction and DSOs down by one day compared with the end of H1 2021, to 60 days. This reduction was however offset by a reduction in trade account payables and in non-trade liabilities;

<sup>6</sup> Lease interest included in leases

<sup>7</sup> FX effects on intragroup loans included, lease interest excluded

<sup>4</sup> Includes cost of borrowings, lease interest and amortisation of transaction cost

- Cash tax paid in H1 2022 increased by €65 million to €119 million, as expected, reflecting the strong trading performance of the Group and the low level of taxes paid last year.

Strong operating cash flow led to the unlevered free cash flow of €244 million in H1 2022, including the expected CAPEX increase during the period:

- Net CAPEX (excl. leases) was €62 million, an increase of €14 million compared with H1 2021, mostly from investments in operations and IT in France and in the South segment;
- Leases amounted to €78 million, increasing by €32 million compared with H1 2021 which included a €11 million positive contribution from SEL due to the timing of lease payments.

The net M&A cash spend was €73 million, with sustained M&A activity, notably in the South segment and in specialties.

Following the approval of the AGM on 16 May 2022, SYNLAB paid its first dividend to the SYNLAB AG shareholders in Q2 2022. The total payment amounted to €73 million, corresponding to a dividend of €0.33 cents per share and a pay-out ratio of 11% based on FY 2021 adjusted EPS. In addition, SYNLAB paid €2 million to minority interests.

SYNLAB also implemented a share buyback programme in Q2 2022, the volume of which was determined on the basis of the long-term incentive plans and employee participation programme of the Company and its Group companies. At the end of June 2022, a total of 660,566 shares were bought under this programme, for a total net amount of €11.7 million, representing an average price per share of €17.7.

## NET ASSETS

### Simplified balance sheet

In €m	June 2022	Dec 2021	Growth
Goodwill	2,325	2,440	(115)
Net fixed assets <sup>a</sup>	1,523	1,488	+34
Net working capital (NWC)	210	146	+64
NWC as a % of the last twelve months revenue	5.7%	3.8%	+1.9pp
<b>Capital employed</b>	<b>4,057</b>	<b>4,074</b>	<b>(17)</b>
Equity	2,320	2,256	+64
Net debt	1,535	1,602	(67)
Other	202	216	(14)
<b>Resources</b>	<b>4,057</b>	<b>4,074</b>	<b>(17)</b>

<sup>a</sup> Value net of deferred tax

## Capital employed

SYNLAB is pursuing an ambitious M&A strategy, resulting in goodwill being recognised on its balance sheet. This goodwill represents the fair value of the synergies expected to materialise in future periods. At the end of June 2022 total goodwill was €2,325 million.

The €115 million decrease compared to December 2021 was mainly attributable to the €173 million impairment of the German cash generating unit (CGU), described above and in Note 11 Goodwill, partly offset by new 2022 acquisitions.

Total net fixed assets amounted to €1,523 million at the end of June 2022. Net fixed assets were mainly composed of:

- customer relationships with doctors and hospitals identified in connection with acquisitions and other intangible assets (software, trademarks) amounting to €728 million and reflecting an increase of €2 million compared with end December 2021;
- assets related to labs and blood collection points and testing equipment (property, plant and equipment and right-of-use assets) amounting to €871 million and reflecting an increase of €18 million compared with the end of December 2021. This growth came mainly from investments made as part of the core lab equipment renewal programme.

<b>Net working capital composition</b>			
<b>In €m</b>	<b>June 2022</b>	<b>Dec 2021</b>	<b>Growth</b>
Inventories	98	110	(12)
Trade accounts receivables	571	633	(62)
Trade accounts payable	(319)	(387)	+68
Contract liabilities	(22)	(18)	(4)
Current provisions	(12)	(11)	(1)
Other net current liabilities <sup>9</sup>	(107)	(181)	+74
<b>Net Working Capital</b>	<b>210</b>	<b>146</b>	<b>+64</b>

Net working capital increased by €64 million at end June 2022 compared to end December 2021.

The H1 2022 increase follows the reduction in non-trade liabilities (mainly personnel/M&A-related), while the trade working capital decreased slightly.

### Equity

At the end of June 2022, equity stood at €2,320 compared with €2,256 at the end of December 2021, increasing thanks to the strong H1 2022 earnings.

### H1 2022 debt activity

SYNLAB did not modify the structure of its debt in the first half of 2022. The financial debt of the Group comprises mainly a €735 million Term Loan A, maturing in May 2026, and two Term Loans B: one amounting to €320 million, maturing in July 2026, and one amounting to €385 million, maturing in July 2027. SYNLAB assesses the possibility to improve its debt structure on a regular basis, in terms of maturity, average cost or diversi-

fication of lenders. The current macroeconomic environment is not very supportive for debt markets in general and the access and the cost of liquidity in particular. In this context, SYNLAB considers its current debt structure to be strong.

The financial instruments include certain covenants related to reporting and information requirements as well as certain financial covenants as defined in the agreements.

<b>Debt and leverage ratio</b>			
<b>In €m</b>	<b>June 2022</b>	<b>Dec 2021</b>	<b>Growth</b>
Cash and cash equivalents	(511)	(444)	(67)
Non-current loans and borrowings	1,409	1,418	(9)
Non-current lease liabilities	499	502	(3)
Current loans and borrowings	12	13	(1)
Current lease liabilities	126	114	+12
<b>Net debt</b>	<b>1,535</b>	<b>1,602</b>	<b>(67)</b>
Capitalised transaction costs and embedded derivatives	32	23	+8
M&A deferred price consideration <sup>10</sup>	42	46	(4)
<b>Adjusted net debt</b>	<b>1,609</b>	<b>1,671</b>	<b>(63)</b>
Reported AEBITDA	1,076	1,210	(135)
Proforma <sup>11</sup> for M&A	14	28	(14)
Last twelve months proforma AEBITDA	1,090	1,237	(148)
<b>Leverage ratio</b>	<b>1.48x</b>	<b>1.35x</b>	<b>(0.13)</b>

<sup>10</sup> Long- and short-term contingent purchase price liabilities and deferred purchase price liabilities

<sup>11</sup> AEBITDA from acquisitions, for the period starting 1 January until the date of acquisition

### Liquidity position

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

As at 30 June 2022, SYNLAB has a strong liquidity position with €511 million in cash and cash equivalents and a €500 million undrawn RCF.



# FORECAST REPORT

## COMPANY OUTLOOK

### FY 2022 OUTLOOK

For the remainder of 2022, SYNLAB will continue with the implementation of its growth strategy: outperforming market growth through For You initiatives and continuing to grow through M&A. We expect COVID-19 testing revenue to decline from the high level of H1 2022, but to remain significant due to our large-scale, geographically diversified and medically relevant services.

Based on the strong start to the year due to the Omicron wave, and overall strength in the underlying activity, SYNLAB now expects FY 2022 revenue to be around €3.2 billion (FY 2021 Annual report guidance: around €3.0 billion, already revised upwards in May 2022 at €3.1 billion) compared with €3.76 billion in FY 2021.

The adjusted EBITDA margin is expected to be within a 24 to 25% range (FY 2021 Annual report guidance: 23-25%, narrowed to 24-25% in May 2022), compared with 32.1% in FY 2021. The year-on-year expected decrease is mostly attributable to lower COVID-19 testing revenue. The adjusted AOP is expected to evolve accordingly.

The adjusted EBITDA margin range factors in: 1) the strategy to maintain the COVID-19 response capacity at the level medically necessary and potential lag time before any ramp down 2) the dilutive impact on the margin of additional organic growth initiatives, notably in Direct to Consumer (D2C) activities and 3) inflation risks.

The pipeline for future acquisitions remains strong and diversified. In line with the longer-term targets set at the time of the IPO, as well as the FY 2021 performance, SYNLAB aims to exceed a €200 million M&A spend again in 2022.

## OVERALL ASSESSMENT OF FUTURE DEVELOPMENT

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

SYNLAB is a pioneer in the consolidation trend in the European clinical laboratories market. Our expansion strategy is focused on adapting to local market environments while drawing from the strength of our pan-European support functions. Our market position and the scale of our laboratory network also allow us to benefit from favourable procurement conditions with suppliers, including Group-wide pan-European framework supply agreements for reagents and equipment. Major parts of the European clinical laboratory and medical diagnostic services market remain fragmented, providing further meaningful opportunities for continued expansion. SYNLAB is also pursuing its expansion outside of Europe, with a focus on emerging markets in Latin America, Africa and Asia.

# OPPORTUNITY AND RISK REPORT

The opportunities and risk situation of SYNLAB has not changed materially, apart from the factors mentioned below, since the publication of the Company's 2021 annual report, available on its website.

Specifically, the situation in Ukraine has not changed materially since March 2022, although SYNLAB has reopened the sites closed in Ukraine when the war broke out.

SYNLAB remains impacted by the inflationary pressure resulting from the crisis. The Group is notably experiencing the direct impact on energy prices and the indirect impact on salaries and other operating expenses (material expenses). This currently high inflationary environment and the increase of government bonds, impacting the WACC, increases the probability of goodwill impairment, notably for the Germany CGU, as described in the Goodwill note of 2021 Annual report. In the first half of 2022, and as described above, SYNLAB recorded a €173 million goodwill impairment.

The ripple effects of the crisis are expected to continue into the second half of 2022 and into 2023. They were taken into account when elaborating the current guidance for 2022.

A detailed discussion of SYNLAB's opportunity and risk factors can be found in the "Forecast, opportunities and risk report" section of the Company's 2021 annual report, available on its website.

# SUBSEQUENT REPORT

SYNLAB has closed 4 acquisitions – all bolt-on acquisitions – in Italy, Germany, Spain and Ecuador from 1 July until 10 August 2022. The total purchase price amounted to €26.3 million, of which €3.5 million were already transferred in June 2022. Detailed information on the acquired business units is not disclosed at the half-year due to materiality reasons.

# CONDENSED CONSOLIDATED STATEMENT OF INCOME

€000	For the six months ended 30 June		
	Note	2022	2021
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>1,851,439</b>	<b>1,923,038</b>
Material and related expenses		(440,558)	(476,250)
Payroll and related expenses		(606,112)	(550,608)
Other operating income		14,833	15,147
Other operating expenses		(295,703)	(277,618)
Depreciation and amortisation		(144,606)	(118,433)
Impairment of non-current assets	11	(173,000)	–
<b>Operating profit</b>		<b>206,294</b>	<b>515,276</b>
Share of loss of associates and other non-controlling interest		(1,133)	(1,502)
Profit on disposal of investment		972	34
Finance income	6	44,928	18,553
Finance costs	6	(44,735)	(93,964)
<b>Profit / (loss) before taxes</b>		<b>206,326</b>	<b>438,397</b>
Income tax expenses	7	(83,451)	(111,764)
<b>Profit / (loss) from continuing operations</b>		<b>122,875</b>	<b>326,633</b>
<b>Discontinued operations</b>			
Profit / (loss) after tax for the period from discontinued operations		–	17,868
<b>Profit / (loss) for the period</b>		<b>122,875</b>	<b>344,501</b>
thereof: Profit / (loss) attributable to non-controlling interests		1,062	1,255
thereof: Profit / (loss) attributable to equity holders of the parent company		121,813	343,246
<b>Basic earnings per share from continuing operations (in €)</b>	8	<b>0.55</b>	<b>1.57</b>
<b>Diluted earnings per share from continuing operations (in €)</b>	8	<b>0.55</b>	<b>1.57</b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€000	For the six months ended 30 June		
	Note	2022	2021
<b>Net profit / (loss) for the period</b>		<b>122,875</b>	<b>344,501</b>
Actuarial gains or losses on pension obligations	15	6,946	3,671
Taxes on actuarial gains or losses on pensions obligations		(1,677)	(612)
<b>Items that will not be reclassified to profit or loss (a)</b>		<b>5,269</b>	<b>3,059</b>
Foreign exchange gains/losses		19,457	6,892
<b>Items that may be reclassified subsequently to profit or loss (b)</b>		<b>19,457</b>	<b>6,892</b>
<b>Other comprehensive income for the year (a) + (b)</b>		<b>24,726</b>	<b>9,951</b>
<b>Total consolidated comprehensive profit / (loss) attributable to:</b>		<b>147,601</b>	<b>354,452</b>
Equity holders of the parent company		146,492	353,114
Non-controlling interests		1,109	1,338

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2022	As at 31 December 2021
<b>ASSETS</b>			
Goodwill	11	2,324,918	2,439,780
Intangible assets	10	728,079	725,926
Property, plant and equipment		280,500	273,022
Right of use assets	12	590,907	580,494
Investments in associates		967	4,831
Financial non-current assets		61,865	42,690
Other non-current assets		4,323	5,092
Deferred tax assets		43,407	41,747
<b>Total non-current assets</b>		<b>4,034,966</b>	<b>4,113,582</b>
Inventories	9	98,049	110,020
Trade accounts receivables	13	570,990	632,553
Financial current assets		62,922	62,272
Other current assets		93,007	63,771
Cash and cash equivalents		511,236	443,747
<b>Total current assets</b>		<b>1,336,204</b>	<b>1,312,363</b>
<b>Total assets</b>		<b>5,371,170</b>	<b>5,425,945</b>

continuation of the table

	Note	As at 30 June 2022	As at 31 December 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	21	222,222	222,222
Additional paid-in capital	21	3,716,934	3,788,983
Treasury shares	21	-11,711	-
Cumulative translation adjustment		34,620	15,210
Accumulated deficit	21	-1,642,182	-1,769,537
<b>Total parent company interests</b>		<b>2,319,883</b>	<b>2,256,878</b>
<b>Non-controlling interests</b>		486	-1,179
<b>Total equity</b>		<b>2,320,369</b>	<b>2,255,699</b>
<b>Liabilities</b>			
Loans and borrowings (non-current)	14	1,408,986	1,417,635
Non-current lease liabilities	14	499,486	501,688
Employee benefits liabilities	15	40,595	45,283
Non-current provisions	16	2,087	2,365
Contract liabilities		9,828	10,038
Other non-current liabilities		54,207	52,283
Deferred tax liabilities		187,238	185,424
<b>Total non-current liabilities</b>		<b>2,202,427</b>	<b>2,214,716</b>
Current loans and borrowings	14	12,379	12,573
Current lease liabilities	14	125,531	113,988
Trade accounts payable	15	319,220	387,123
Contract liabilities		11,786	7,540
Current provisions	16	11,735	11,245
Income tax liabilities		104,848	116,066
Other current liabilities		262,875	306,995
<b>Total current liabilities</b>		<b>848,374</b>	<b>955,530</b>
<b>Total liabilities</b>		<b>3,050,801</b>	<b>3,170,246</b>
<b>Total equity and liabilities</b>		<b>5,371,170</b>	<b>5,425,945</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€000								
	Contributed capital	Additional paid-in capital	Treasury shares	Cumulative translation adjustment	Accumulated deficit	Total	Non-controlling interests	Equity
<b>Balance as at 1 January 2022</b>	<b>222,222</b>	<b>3,788,983</b>	–	<b>15,210</b>	<b>(1,769,537)</b>	<b>2,256,878</b>	<b>(1,179)</b>	<b>2,255,699</b>
Net profit for the period	–	–	–	–	121,813	121,813	1,062	122,875
Other comprehensive income	–	–	–	19,410	5,269	24,679	47	24,726
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>19,410</b>	<b>127,082</b>	<b>146,492</b>	<b>1,109</b>	<b>147,601</b>
<b>Transactions with owners, recorded directly in equity</b>								
Purchase of treasury shares	–	–	(11,711)	–	–	(11,711)	–	(11,711)
Change of scope	–	–	–	–	–	–	900	900
Acquisition of non-controlling interests	–	–	–	–	273	273	35	308
Credit to equity for equity-settled share-based payments	–	1,278	–	–	–	1,278	–	1,278
Dividends	–	(73,327)	–	–	–	(73,327)	(379)	(73,706)
<b>Balance as at 30 June 2022</b>	<b>222,222</b>	<b>3,716,934</b>	<b>(11,711)</b>	<b>34,620</b>	<b>(1,642,182)</b>	<b>2,319,883</b>	<b>486</b>	<b>2,320,369</b>



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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€000	For the six months ended 30 June		
	Note	2022	2021
<b>Operating profit</b>		<b>206,294</b>	<b>515,276</b>
Depreciation, amortisation, impairment		317,607	118,432
Change in provisions		679	705
Loss (income ) from the disposal of non-current assets		2,076	269
Other non-cash revenues and expenses		19,103	24,537
<b>Operating cash flow before changes in net working capital</b>		<b>545,759</b>	<b>659,219</b>
Change in inventories		14,579	41,582
Change in trade accounts receivable		52,189	(49,719)
Change in trade accounts payable		(70,979)	(63,524)
Change in other net working capital		(37,805)	(10,703)
Income tax paid		(119,478)	(54,143)
Cash flow from operating activities continuing operations		384,265	522,712
Cash flow from operating activities discontinued operations		–	1,021
<b>Cash flow from operating activities (A)</b>		<b>384,265</b>	<b>523,733</b>
Acquisition of subsidiaries, net of cash acquired and changes in debt related to acquisitions	3	(73,139)	(45,418)
Purchase of intangibles and property, plant and equipment		(62,729)	(48,509)
Sale of subsidiaries, net of cash disposed and changes in debt		(4)	4,517
Proceeds from sale of intangibles and property, plant and equipment		349	462
Cash paid for other non-current assets		(298)	(49)
Cash received from other non-current assets		–	12
Interest received		209	401
Net cash from disposal of investments		–	80
Dividends received		358	290
Cash flow used in investing activities continuing operations		(135,254)	(88,214)
Cash flow used in investing activities discontinued operations		–	(1)
<b>Cash flow (used in)/from investing activities (B)</b>		<b>(135,254)</b>	<b>(88,215)</b>

€000	For the six months ended 30 June		
	Note	2022	2021
Proceeds from share capital increase		–	394,050
Acquisition of treasury shares	21	(11,711)	–
Interest paid		(29,639)	(73,571)
New loans, borrowings and other financial liabilities	14	690	730,833
Repayment of loans, borrowings and other financial liabilities	14	(293)	(1,694,689)
Repayment of lease liabilities	14	(68,982)	(40,099)
Contribution from non-controlling interests	3	900	–
Dividends paid and other payments to non-controlling interests		(75,628)	(1,190)
Cash flow used in financing activities continuing operations		(184,663)	(684,666)
Cash flow used in financing activities discontinued operations		–	(22)
<b>Cash flow used in financing activities (C)</b>		<b>(184,663)</b>	<b>(684,688)</b>
<b>TOTAL CASH FLOWS (A+B+C)</b>		<b>64,348</b>	<b>(249,170)</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>443,525</b>	<b>904,707</b>
Net foreign exchange differences		3,119	267
Change cash and cash equivalent assets held for sale		–	3,209
<b>Cash and cash equivalents at the end of the period</b>		<b>510,992</b>	<b>659,013</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>67,467</b>	<b>(245,694)</b>

# SELECTED NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

The condensed consolidated financial statements were prepared by SYNLAB Aktiengesellschaft (hereinafter: “AG” and “the Company”), the ultimate parent company of the SYNLAB Group. The condensed consolidated financial statements for the period from 1 January to 30 June 2022 consolidate those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and include the Group’s interest in associates.

The SYNLAB Group is the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services. The Group, which is based in Germany, employs approximately 30,000 people and benefits from a pan-European network across 36 countries. The Group is currently active in Austria, Belarus, Belgium, Brazil, Colombia, Croatia, Cyprus, the Czech Republic, Denmark, Ecuador, Estonia, Finland, France, Germany, Ghana, Hungary, Ireland, Italy, Lithuania, Mexico, Nigeria, North Macedonia, Panama, Peru, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, U.A.E., Ukraine and the United Kingdom. SYNLAB AG is domiciled at Moosacher Strasse 88, 80809 Munich, Germany.

## 2. BASIS OF PREPARATION

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

The half-year financial report and the interim management report as at 30 June 2022 were reviewed.

### 2.1 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the IASB and adopted by the EU. Accordingly, these interim condensed consolidated financial statements contain all the information and notes that are required for condensed interim financial statements in accordance with IFRS.

In the preparation of the condensed consolidated interim financial statements in accordance with IAS 34, the Executive Board is required to make judgments, estimates and assumptions that influence the application of accounting policies in the Group and the presentation of assets and liabilities, income and expenses. The actual amounts can differ from these estimates. The results achieved so far in the financial year 2022 do not necessarily predict the development of the further course of business.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s annual consolidated financial statements of SYNLAB AG for the financial year from 1 January to 31 December 2021. As at 30 June 2022 several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group has applied IAS 29 for the first time for the year 2022. The effect of adoption of IAS 29 for the Group as at 30 June 2022 was €0.8 million.

## 2.2 DETAILS SPECIFIC TO THE PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2.2.1 SEASONALITY OF OPERATIONS

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

Consequently, the interim results for the six-month period ended 30 June 2022 are not necessarily representative of those that may be expected for the full-year 2022.

### 2.2.2 USE OF ESTIMATES AND JUDGEMENTS

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

- Basis of consolidation
- Right-of-use assets
- Revenue recognition
- Intangible assets
- Restructuring and litigations
- Deferred tax
- Goodwill including contingent consideration payable and fair value adjustments

Estimates and judgments have been applied on the same basis as in preparing the Group's annual consolidated financial statements of SYNLAB AG for the financial year 2021 unless otherwise noted.

## 2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed consolidated financial statements are presented in Euro, which is the Group's functional currency. All financial information presented in Euro has been commercially rounded to the nearest thousand.

## 2.4 GOING CONCERN

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

- the principal risks facing the Group and its systems of risk management and internal control;
- the current capital structure and liquidity of the Group; and
- the cash flow forecasts for 2022 and 2023.

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

## 2.5 RUSSIA-UKRAINE WAR

In the first half of 2022, the Russia-Ukraine war led to a humanitarian crisis as well as a geopolitical and global economic disruption with an increase in the uncertainty in these areas. In this context, however, the situation in Ukraine in particular has remained largely unchanged since March 2022, although SYNLAB has reopened the sites in Ukraine that were closed when the war broke out. The direct impact of this war on the SYNLAB Group is therefore relatively minor. SYNLAB is, however, impacted by the inflationary pressure on energy prices and the indirect pressure on salaries resulting from the crisis. The currently high inflationary environment and the increase of gov-

ernment bonds, impacting the WACC, increases the probability of goodwill impairment, notably for the Germany CGU, as described in the Goodwill note of 2021 Annual report. With regard to 30 June 2022, we refer to note 11. The ripple effects of the crisis are expected to continue into the second half of 2022 and into 2023.

## 3 SIGNIFICANT EVENTS

### 3.1 CHANGES IN SCOPE OF CONSOLIDATION

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

	As at 30 June 2022			As at 31 December 2021		
	% of interest	Method of consolidation	% of control	% of control	Method of consolidation	% of interest
<b>France</b>						
Société d'Exercice Libéral Laboratoire Val de Garonne SELARL	100.00	FC	100.00	49.49	EC	49.49

FC= Full Consolidation / EC = Equity Consolidation

On 31 May 2022, we acquired the remaining shares of Société d'Exercice Libéral Laboratoire Val de Garonne SELARL.

On 17 January 2022, we established a new company in Belgium called SYNLAB Flanders SRL. However, we only have 64.0% control of this company. The minorities paid in €0.9 million at the time of incorporation.

We show this cash inflow for Belgium cash outflow in the cash flow line "Contribution from non-controlling interests".

The following entities were liquidated / dissolved in the financial year 2022:

Country	Date	Entity	Method of consolidation
United Kingdom	28 Feb. 2022	Integrated Path Services Limited	V
United Kingdom	28 Feb. 2022	Genon Laboratories Limited	V
United Kingdom	13 Mar. 2022	SW Path Services LLP	EC
United Kingdom	13 Apr. 2022	Bridge Pathology Limited	V
United Kingdom	13 Apr. 2022	TDDS 2015 Limited	V

### 3.2 ACQUISITIONS

The main acquisitions and corporate structuring activities undertaken during the reporting period are shown below, by country. The Group has continued its external growth strategy with several laboratory bolt-on acquisitions. A deal standalone would have been immaterial from the point of view of the group, so we have combined all other acquisitions in the first half of the year.

All acquisitions in the period earn revenues mainly from genetic, medical or pathology analyses. Through these acquisitions the Group expects to reduce costs through economies of scale, and the goodwill thus represents the fair value of the expected synergies resulting from the acquisitions.

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure	Control
4 Jan. 2022	Spain	Sistemas Genómicos, S.L.	genetic testing	expansion	share deal	100.00%
4 Jan. 2022	Mexico	Sistemas Genómicos México, S.A. de C.V.	genetic testing	bolt-on	share deal	100.00%
10 Jan. 2022	Italy	Analisi Cliniche O'Bios S.r.l.	medical testing	bolt-on	share deal	100.00%
26 Jan. 2022	Italy	Multimedica Lab S.r.l.	medical testing	bolt-on	share deal	100.00%
27 Jan. 2022	Italy	Centro Polispecialistico Lecchese S.r.l.	medical testing	bolt-on	share deal	100.00%
28 Feb. 2022	Germany	Pathologie Pforzheim	pathology	expansion	asset deal	n/a
1 Apr. 2022	Mexico	Corporación De Atención Medica S.A. De C.V.	medical testing	bolt-on	share deal	100.00%
1 Apr. 2022	Portugal	Genomed, Diagnósticos de Medicina Molecular, S.A.	genetic testing	bolt-on	share deal	93.75%
4 May 2022	Ecuador	Corporación Multigamma S.A.	medical testing	bolt-on	share deal	100.00%
30 May 2022	Italy	Cam Sport S.r.l.	medical testing	bolt-on	share deal	100.00%
30 May 2022	France	Société d'Exercice Libéral Laboratoire Val de Garonne SELARL *)	medical testing	bolt-on	share deal	100.00%

\*) change in scope

### FAIR VALUES OF THE IDENTIFIABLE ASSETS AT THE DATE OF ACQUISITION

€000

#### Non-current assets

Intangible assets	15,811
Property, plant and equipment	4,203
Right of use assets	2,696
Other financial non-current assets	75
Other non-current assets	3
Deferred tax assets	2,414

#### Current assets

Inventories	2,338
Trade accounts receivable	3,974
Other financial current assets	1,880
Other current assets	237
Cash and cash equivalents	6,884

**Total assets** **40,515**

#### Non-current liabilities

Lease liability (non-current)	2,073
Employee benefits liabilities	582
Other non-current liabilities	361
Deferred tax provisions	2,810

#### Current liabilities

Current loans and borrowings	796
Current lease liabilities	623
Trade accounts payable	2,433
Income tax liabilities	404
Other current liabilities	859

**Total liabilities** **10,941**

**Total identifiable net assets at fair value** **29,574**

Non-controlling interests (25)

Goodwill from company acquisitions 44,277

**Total consideration** **73,826**

## CONSIDERATION AT ACQUISITION DATE

€000

Cash consideration	60,928
Deferred consideration	8,204
Contingent consideration	428
Other purchase price change in scope IAS 28	4,266
<b>Total consideration transferred</b>	<b>73,826</b>

The fair value of the trade accounts receivables amounts to €3.9 million. The gross amount of trade accounts receivables is €4.1 million. The impairment of trade accounts receivables amounts to €0.2 million.

Goodwill amounting to €44.3 million reflects the provisional value of expected benefits from the Group acquisitions including potential synergies. The allocation of additional goodwill per CGU group is as follows:

€000 CGU group	30 June 2022
Germany	905
France	6,670
South	36,702
<b>Total</b>	<b>44,277</b>

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

All deals have contributed €13.5 million to revenue with €1.8 million consolidated net profit for the period from continuing operations since their acquisition.

If the deals had been acquired as at the beginning of the year, revenue would have been €4.4 million higher and consolidated net profit for the period from continuing operations would have been €0.6 million higher.

## ANALYSIS OF CASH OUTFLOW DUE TO COMPANY ACQUISITIONS

€000

<b>Total consideration for H1 2022 acquisitions</b>	<b>(73,826)</b>
Deferred consideration on H1 2022 acquisitions unpaid	1,016
Contingent consideration on H1 2022 acquisitions unpaid	408
Non-cash part of the other purchase price IAS 28	4,366
<b>Total cash consideration for H1 2022 acquisitions</b>	<b>(68,036)</b>
Net cash of acquired companies	6,884
<b>Actual cash outflow due to H1 2022 company acquisitions</b>	<b>(61,152)</b>
Cash outflows due to advance payments for a future deal	(3,527)
Deferred consideration cash outflows due to the previous year company acquisitions	(3,142)
Contingent consideration cash outflows due to the previous year company acquisitions	(5,318)
<b>Actual cash outflow due to company acquisitions in H1 2022</b>	<b>(73,139)</b>

The transaction costs related to the completed acquisition amount to €0.3 million (2021: €0.2 million) and are recognised in the consolidated statement of income under other operating expenses, in the sub-item “acquisition and disposal-related items”.

#### 4. SEGMENTAL ANALYSIS

The information by geographical segment presented below corresponds to the information used by Group management to allocate resources to the various segments and to assess each segment's performance. The Group uses Adjusted Operating Profit as the key measure of the segments' results as it reflects the segments' underlying performance for the financial period under evaluation.

Adjusted Operating Profit is one of the consistent measures within the Group. The policies applied to determine the operating segments presented are set out in SYNLAB AG's financials Note 3 "Significant accounting policies" as at 31 December 2021 in the section Segment information. Previous year comparatives only include the results of continued operations.

According to IFRS 8.23 assets and liabilities for each reportable segment should be reported if such amounts are regularly provided to the chief operating decision maker. Balance sheet amounts are not reported according to segment since they are currently not used for steering the Group, and the information cannot be made available with reasonable effort.

The segment results and the reconciliation of the segment measure to the respective statutory items included in the Group statement of income are as follows:

	For the six months ended 30 June 2022					
	France	Germany	South	North & East	Elimination	Total Group
Revenue external	382,384	406,049	538,060	524,946		1,851,439
Revenue intercompany	23	5,143	537	463	(6,166)	–
<b>Total Revenue</b>	<b>382,407</b>	<b>411,192</b>	<b>538,597</b>	<b>525,409</b>	<b>(6,166)</b>	<b>1,851,439</b>
<b>Operating Profit</b>	<b>82,299</b>	<b>(75,851)*</b>	<b>75,700</b>	<b>124,146</b>	<b>–</b>	<b>206,294</b>
<b>Adjusted Operating Profit</b>	<b>82,941</b>	<b>107,805</b>	<b>87,245</b>	<b>132,849</b>	<b>–</b>	<b>410,840</b>
Customer relationship amortisation						(27,403)
Acquisitions related expenses and income						(4,036)
Strategic projects						(107)
Impairment of non-current assets						(173,000)
Share of loss of associates and other non-controlling interest						(1,133)
Net finance costs						193
Income tax expenses						(83,451)
Profit on disposal of investment						972
<b>Result from continuing operations</b>						<b>122,875</b>

\* Operating Loss in Germany due to impairment – see Note 11 Goodwill



€000	For the six months ended 30 June 2021					
	France	Germany	South	North & East	Elimination	Total Group
Revenue external	441,595	367,200	545,483	568,760		<b>1,923,038</b>
Revenue intercompany	164	7,685	493	1,555	(9,897)	–
<b>Total Revenue</b>	<b>441,759</b>	<b>374,885</b>	<b>545,976</b>	<b>570,315</b>	<b>(9,897)</b>	<b>1,923,038</b>
<b>Operating Profit</b>	<b>109,091</b>	<b>77,027</b>	<b>121,846</b>	<b>207,312</b>		<b>515,276</b>
<b>Adjusted Operating Profit</b>	<b>116,564</b>	<b>95,812</b>	<b>138,956</b>	<b>217,282</b>		<b>568,614*</b>
Customer relationship amortisation						(25,082)
Acquisitions related expenses and income						(5,362)
Strategic projects						(22,894)
Share of loss of associates and revaluation of non-controlling interest						(1,502)
Net finance costs						(75,411)
Income tax expenses						(111,764)
Profit on disposal of investment						34
<b>Result from continuing operations</b>						<b>326,633</b>

\* Restated to reflect the changed share-based payments' presentation in accordance with the year end 2021

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

€000	For the six months ended 30 June	
	2022	2021*
<b>Continuing Operations</b>		
Operating profit	206,294	515,276
Strategic projects	107	22,894
Acquisitions related (income) / expenses	4,036	5,362
Impairment of non-current assets	173,000	–
Customer relationship amortisation	27,403	25,082
<b>AOP</b>	<b>410,840</b>	<b>568,614</b>
Depreciation and amortisation	144,606	118,433
Elimination customer relationship amortisation	(27,403)	(25,082)
<b>AEBITDA</b>	<b>528,043</b>	<b>661,965</b>

\* Restated to reflect the changed share-based payments' presentation in accordance with the year end 2021

## 5. REVENUE

The components of revenue are as follows:

€000	For the six months ended 30 June	
	2022	2021
<b>Continuing Operations</b>		
Revenues from human medicine	1,804,837	1,872,231
Revenues from veterinary medicine	22,503	22,082
Revenues environmental and other analysis, studies and expertise	4,795	4,642
Revenues from trading goods and services	11,215	11,571
Revenues from software solutions and services	8,089	12,512
<b>Total revenue</b>	<b>1,851,439</b>	<b>1,923,038</b>

## 6. NET FINANCE COSTS

€000 Continuing Operations	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	thereof interest expenses	thereof other financial expenses	Net finance result	thereof interest expenses	thereof other financial expenses	Net finance result
<b>Net finance result</b>						
Financial assets						
at amortised cost	–	–	–	–	–	–
at fair value through P&L	–	13,747	13,747	–	(9)	(9)
Financial liabilities						
at amortised cost	(14,384)	(4,380)	(18,764)	(51,502)	(12,175)	(63,677)
at fair value through P&L	–	13,214	13,214	–	–	–
<b>Total net finance result</b>	<b>(14,384)</b>	<b>22,581</b>	<b>8,197</b>	<b>(51,502)</b>	<b>(12,184)</b>	<b>(63,686)</b>

€000 Continuing Operations	For the six months ended 30 June	
	2022	2021
<b>Other financial result</b>		
Other interest income	226	2,901
Exchange gains	17,566	15,652
<b>Total other financial income</b>	<b>17,792</b>	<b>18,553</b>
Interest expenses arising from IAS 19 valuation	(207)	(142)
Interest expenses on lease liabilities	(9,196)	(6,667)
Exchange loss	(15,555)	(22,940)
Other finance cost	(838)	(530)
<b>Total other finance costs</b>	<b>(25,796)</b>	<b>(30,279)</b>
<b>Total other financial result</b>	<b>(8,004)</b>	<b>(11,726)</b>

The net finance result relates mainly to:

- i) €320 million Senior Secured Term Loan (TLB5), issued by SYNLAB Bondco Plc, with effective interest rate of 2.9% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2026.
- ii) €385 million Senior Secured Term Loan (TLB4), issued by SYNLAB Bondco Plc, with effective interest rate of 3.3% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2027.
- iii) €735 million Term Loan A, issued by SYNLAB AG, with effective interest rate of 1.9% (applied above the EURIBOR floored at zero and subject to a margin ratchet table) due 2026.
- iv) The Interest expenses line item also includes the commitments fees on the undrawn part of the Revolving Credit Facility (RCF), held by SYNLAB AG.
- v) Changes in the fair value of the interest cap and of the embedded derivative.

Other financial income relates mainly to unrealised FX gains with regard to retranslation of intercompany loans and is primarily due to EUR/MXN FX rate variation.

Exchange losses relate mainly to unrealised FX losses with regard to retranslation of intercompany loans and is primarily due to EUR/CHF and EUR/GBP FX rate variation.

Exchange income and exchange losses relate to financing items.

## 7. INCOME TAX EXPENSES

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

## 8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit from continuing operations or the total profit after tax attributable to ordinary shareholders of SYNLAB AG by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive securities and share-based payment plans are converted or exercised. The number of ordinary shares for the computation of earnings per share in the previous year was determined based on the capital reorganisation in terms of the initial public offering at SYNLAB AG. Consequently, the shares of SYNLAB Limited were converted into 200,000,000 shares of SYNLAB AG. Additionally, 22,222,222 shares were issued in terms of the initial public offering of the company in the second quarter of the previous year. These amounts are respectively used to derive the weighted average share number for the previous year's purposes. The calculation of basic and diluted earnings per share is based on the following data:

	For the six months ended 30 June	
	2022	2021
<b>€000</b>		
<b>Earnings</b>		
Profit from continuing operations	122,875	326,633
Less profit attributable to non-controlling interest	1,062	1,255
<b>Earnings for the purpose of basic earnings per share</b>	<b>121,813</b>	<b>325,378</b>
Effect of dilutive potential ordinary shares	–	–
<b>Earnings for the purposes of diluted earnings per share</b>	<b>121,813</b>	<b>325,378</b>
Total profit for the Group	122,875	344,501
Less profit attributable to non-controlling interest	1,062	1,255
<b>Earnings for the purpose of basic earnings per share</b>	<b>121,813</b>	<b>343,246</b>
Effect of dilutive potential ordinary shares	–	–
<b>Earnings for the purposes of diluted earnings per share</b>	<b>121,813</b>	<b>343,246</b>
<b>000s shares</b>		
<b>€</b>		
<b>Basic earnings per share from continuing operations</b>	<b>0.55</b>	<b>1.57</b>
<b>Diluted earnings per share from continuing operations</b>	<b>0.55</b>	<b>1.57</b>
<b>Basic earnings per share from discontinued operations</b>	<b>–</b>	<b>0.09</b>
<b>Diluted earnings per share from discontinued operations</b>	<b>–</b>	<b>0.09</b>
<b>Basic earnings per share</b>	<b>0.55</b>	<b>1.65</b>
<b>Diluted earnings per share</b>	<b>0.55</b>	<b>1.65</b>

## 9. INVENTORIES

€000	As at 30 June 2022	As at 31 December 2021
Raw materials	95,481	108,134
Finished goods	2,336	1,542
Advance payments	232	345
<b>Total</b>	<b>98,049</b>	<b>110,021</b>

In the financial year 2021 there was an inventory build-up in reagents due to COVID-19. The reduction in inventories as at 30 June 2022 is related to the consumption of the COVID-19 reagents.

## 10. INTANGIBLE ASSETS

€000

Gross amount	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
<b>As at 1 January 2022</b>	<b>915,732</b>	<b>36,327</b>	<b>156,772</b>	<b>15,966</b>	<b>19,617</b>	<b>1,144,414</b>
Acquisition of subsidiaries	8,843	–	1,096	5,872	–	15,811
Foreign currency translation	7,487	43	247	(55)	(61)	7,661
Additions	–	–	6,944	460	16,927	24,331
Disposals	–	(762)	(393)	–	–	(1,155)
Reclassification	–	–	4,411	–	(4,411)	–
<b>As at 30 June 2022</b>	<b>932,062</b>	<b>35,608</b>	<b>169,077</b>	<b>22,243</b>	<b>32,072</b>	<b>1,191,062</b>

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

€000

Accumulated amortisation and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
<b>As at 1 January 2022</b>	<b>(318,988)</b>	<b>(407)</b>	<b>(91,869)</b>	<b>(7,224)</b>	<b>–</b>	<b>(418,488)</b>
Amortisation of the period	(27,403)	(400)	(12,327)	(2,356)	–	(42,486)
Foreign currency translation	(2,852)	(25)	(276)	22	–	(3,131)
Disposals	–	762	360	–	–	1,122
<b>As at 30 June 2022 Amortisation</b>	<b>(327,845)</b>	<b>(70)</b>	<b>(104,112)</b>	<b>(9,558)</b>	<b>–</b>	<b>(441,585)</b>
<b>As at 30 June 2022 Impairment</b>	<b>(21,398)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(21,398)</b>
<b>Carrying amount as at 1 January 2022</b>	<b>596,744</b>	<b>35,920</b>	<b>64,903</b>	<b>8,742</b>	<b>19,617</b>	<b>725,926</b>
<b>Carrying amount as at 30 June 2022</b>	<b>582,819</b>	<b>35,538</b>	<b>64,965</b>	<b>12,685</b>	<b>32,072</b>	<b>728,079</b>

€000						
	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
<b>As at 1 January 2021</b>	<b>898,462</b>	<b>36,661</b>	<b>119,537</b>	<b>13,270</b>	<b>23,243</b>	<b>1,091,173</b>
Acquisition of subsidiaries	34,138	–	346	9,455	36	43,975
Foreign currency translation	13,378	(56)	962	176	(2)	14,458
Additions	146	–	17,235	18	25,581	42,980
Disposals	(30,392)	(278)	(10,597)	(6,905)	–	(48,172)
Reclassification	–	–	29,289	(48)	(29,241)	–
<b>As at 31 December 2021</b>	<b>915,732</b>	<b>36,327</b>	<b>156,772</b>	<b>15,966</b>	<b>19,617</b>	<b>1,144,414</b>

€000						
Accumulated amortisation and carrying amount of intangible assets	Customer relationships	Trademarks	Software	Property rights and similar rights	Other	Total
<b>As at 1 January 2021 Amortisation</b>	<b>(264,157)</b>	<b>(582)</b>	<b>(73,284)</b>	<b>(9,303)</b>	–	<b>(347,326)</b>
<b>As at 1 January 2021 Impairment</b>	<b>(28,467)</b>	–	–	–	–	<b>(28,467)</b>
Amortisation of the year	(51,632)	(134)	(28,146)	(4,754)	–	(84,666)
Foreign currency translation	(5,124)	31	(937)	(74)	–	(6,104)
Disposals	30,392	278	10,498	6,907	–	48,075
<b>As at 31 December 2021 Amortisation</b>	<b>(297,590)</b>	<b>(407)</b>	<b>(91,869)</b>	<b>(7,224)</b>	–	<b>(397,090)</b>
<b>As at 31 December 2021 Impairment</b>	<b>(21,398)</b>	–	–	–	–	<b>(21,398)</b>
<b>Carrying amount as at 1 January 2021</b>	<b>605,838</b>	<b>36,079</b>	<b>46,253</b>	<b>3,967</b>	<b>23,243</b>	<b>715,380</b>

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 have been performed since the formation of the Group in 2015.

Customer relationships break down into the following group of CGUs:

€000	As at 30 June 2022			€000	As at 31 December 2021		
	Gross	Amortisation & Impairment	Net		Gross	Amortisation & Impairment	Net
Germany	375,648	(125,362)	250,286	Germany	373,099	(115,256)	257,843
France	8,760	(2,291)	6,469	France	8,286	(2,057)	6,229
South	292,737	(119,202)	173,535	South	277,992	(106,298)	171,694
North & East	254,917	(102,388)	152,529	North & East	256,355	(95,377)	160,978
<b>Total</b>	<b>932,062</b>	<b>(349,243)</b>	<b>582,819</b>	<b>Total</b>	<b>915,732</b>	<b>(318,988)</b>	<b>596,744</b>

## 11. GOODWILL

### As at 30 June 2022

	Carrying Amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany	359,365	1.0	6.2	8.5
France	925,896	0.8	6.4	8.5
South	800,466	1.0	7.7	10.2
North & East	239,191	1.1	6.9	8.6
	<b>2,324,918</b>			

### As at 31 December 2021

	Carrying Amount	LT growth rate	Discount rate post-tax	Discount rate pre-tax
	€000	%	%	%
Germany	492,324	1.0	5.8	8.1
France	919,226	0.7	6.4	8.5
South	749,764	0.8	7.3	9.8
North & East	278,466	1.1	6.9	8.5
	<b>2,439,780</b>			

A risk assessment of the Group's goodwill was performed as at 30 June 2022 based on the updated information of the current fiscal year. In the course of the assessment, there were indications that led to the performance of an impairment test for the CGU Germany.

### RECOVERABLE AMOUNT

The recoverable amount of each cash-generating unit was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the unit. The main assumptions on which the value in use of a cash generating unit is based are the discount rate and trends in volumes, prices and direct costs (inflation) over the period.

The calculation of the value in use was based on the following key assumptions:

- The latest available Group's 5-year business plan shows trends in volumes, prices and direct costs based on past trends and on the future market outlook which include a certain level of uncertainties, was reviewed in the current context of economic difficult environment in certain European countries.
- The cash flows projections for the years 2022 to 2026 include also:
  - Taxes impact by applying the latest enacted rate per country;
  - Working capital; and
  - Capital expenditures
- The terminal value is then calculated by discounting the forecast flows of the last year (2026 as the steady state of the respective CGU) using a sustainable growth rate between 0,8% and 1,1% (2021: 0.7% and 1.1%) depending on the cash generating unit. This percentage is management's best estimate of the inflationary growth effects based on the long-term inflation rates for each CGU.

- The discount rate is based on the respective CGU's weighted average cost of capital (WACC) including a leveraged beta, market risk premium, country risk premium and cost of debt.
- 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 THE IMPAIRMENT TEST FOR THE CGU GERMANY

Based on the impairment test model calculation performed, an impairment of €173 million has been recognised for the CGU Germany as at June 2022.

The impairment in Germany has been largely the consequence of the overall geopolitical situation which affected our German CGU in two ways. Firstly, the increase of the yield of the 30-year German government bond increased the WACC of the CGU and secondly the current high inflationary environment weakened our outlook for the German CGU.

## 12. RIGHT-OF-USE ASSETS

€000	Land and building	Technical machines and equipment	Vehicle fleet	Office, IT and Other equipment	Total
<b>Net carrying amount</b>					
as at 31 December 2021	430,540	124,941	13,367	11,646	580,494
as at 30 June 2022	426,027	138,002	14,448	12,430	590,907
<b>Depreciation expense for the period ended</b>					
31 December 2021	(69,563)	(34,614)	(8,372)	(5,086)	(117,635)
30 June 2022	(39,493)	(21,024)	(4,335)	(3,009)	(67,861)

## 13. TRADE ACCOUNTS RECEIVABLE

Net trade accounts receivable break down into the following segments:

€000	As at 30 June 2022			€000	As at 31 December 2021		
	Gross	Loss allowance	Net		Gross	Loss allowance	Net
Germany	168,022	(4,766)	163,257	Germany	178,969	(4,246)	174,722
France	85,609	(8,834)	76,775	France	91,359	(6,294)	85,065
North & East	139,197	(8,974)	130,224	North & East	169,112	(6,029)	163,083
South	236,733	(35,999)	200,735	South	237,416	(27,734)	209,682
<b>Total</b>	<b>629,561</b>	<b>(58,571)</b>	<b>570,990</b>	<b>Total</b>	<b>676,856</b>	<b>(44,304)</b>	<b>632,553</b>



## 14. BORROWINGS AND OTHER FINANCIAL LIABILITIES

As at 30 June 2022, the Group borrowings comprised:

- A €735 million Term Loan, issued by SYNLAB AG, that bears floating interests at 1.25% (subject to a margin ratchet, initially at 2.50%) + Euribor (with a 0% floor) due in May 2026;
- A €320 million Senior Secured Term Loan, issued by SYNLAB Bondco Plc, that bears floating interests at 2.50% (subject to a margin ratchet) + EURIBOR (with a 0% floor) due in July 2026;
- A €385 million Senior Secured Term Loan, issued by SYNLAB Bondco Plc, that bears floating interests at 2.50% (subject to a margin ratchet) + Euribor (with a 0% floor) due in July 2027.

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

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

€000								
	Term Loan	Accrued interest on Term Loan/ Notes	RCF Syndicated Secured loan	Other financial loans	Derivative financial instruments	Subtotal	Lease liabilities	Total
<b>Amount at 1 January 2022</b>	<b>1,398,276</b>	<b>10,846</b>	<b>416</b>	<b>1,605</b>	<b>19,065</b>	<b>1,430,208</b>	<b>615,676</b>	<b>2,045,884</b>
Business acquired	-	-	-	796	-	796	2,696	3,492
Non-cash movements	4,110	(651)	(89)	(192)	(13,214)	(10,036)	4,241	(5,795)
Proceeds from loans and borrowings	-	-	-	690	-	690	-	690
Lease additions	-	-	-	-	-	-	71,386	71,386
Repayments of loans and borrowings	-	-	-	(293)	-	(293)	(68,982)	(69,275)
<b>As at 30 June 2022</b>	<b>1,402,386</b>	<b>10,195</b>	<b>327</b>	<b>2,606</b>	<b>5,851</b>	<b>1,421,365</b>	<b>625,017</b>	<b>2,046,382</b>

€000									
	Floating Senior Secured Notes	Term Loan	Accrued interest on Term Loan/ Notes	RCF Syndicated Secured loan	Other financial loans	Derivative finan- cial instruments	Subtotal	Lease liabilities	Total
<b>Amount at 1 January 2021</b>	<b>836,230</b>	<b>1,843,754</b>	<b>34,680</b>	<b>295</b>	<b>2,686</b>	<b>-</b>	<b>2,717,645</b>	<b>421,911</b>	<b>3,139,556</b>
Business acquired	-	-	-	-	1,053	-	1,053	34,970	36,023
Non-cash movements	16,612	20,301	(23,834)	2,825	(402)	(36,389)	(20,887)	27,687	6,800
Transfer	(2,842)	(52,612)	-	-	-	55,454	-	-	-
Proceeds from loans and borrowings	-	730,333	-	(2,704)	2	-	727,631	-	727,631
Lease additions	-	-	-	-	-	-	-	239,935	239,935
Repayments of loans and borrowings	(850,000)	(1,143,500)	-	-	(1,734)	-	(1,995,234)	(108,827)	(2,104,061)
<b>As at 31 December 2021</b>	<b>-</b>	<b>1,398,276</b>	<b>10,846</b>	<b>416</b>	<b>1,605</b>	<b>19,065</b>	<b>1,430,208</b>	<b>615,676</b>	<b>2,045,884</b>

## REVOLVING CREDIT FACILITY (RCF) AND TERM LOAN A COVENANTS

RCF and the Term Loan A both include certain covenants related to reporting and information requirements as well as certain financial covenants as defined in the agreements. As part of this, SYNLAB needs to ensure that on each Testing Date the Consolidated Leverage Ratio is lower or equal to 4.50:1 for the Half Year Financials ending June 2022. The ratio goes down to 4.00:1 for Financial Year ending 2022 and thereafter. A consolidated leverage ratio above the threshold can trigger an event of default.

## SENIOR SECURED TERM LOAN B COVENANTS

The Senior Secured Term Loan includes certain maintenance covenants as well as some incurrence covenants as defined in the agreements.

## LEASE LIABILITIES

The Group has leases mainly for land and building and technical equipment (refer to Note 12 Right-of-Use Assets).

## 15. EMPLOYEE BENEFITS LIABILITIES

Employee benefit liabilities decreased by € 4.7 million to € 40.6 million compared to 31 December 2021. This is mainly due to the increased discount rates and inflation rates in Europe. The discount and inflation rates for our three main countries are shown below:

Country	Discount Rate		Inflation Rate	
	31 December 2021	30 June 2022	31 December 2021	30 June 2022
France	1.10%	3.20%	2,00%	2.20%
Italy	1.00%	3.20%	1.70%	2.20%
Switzerland	0.35%	2.10%	0.60%	1.10%

These parameter changes have caused actuarial gains in the condensed consolidated statement of comprehensive income of €6.9 million (2021: €3.7 million).

## 16. PROVISIONS

€000	Provisions for restructuring (incl. onerous contracts)	Other provisions	Total
<b>As at 1 January 2022</b>	<b>644</b>	<b>12,966</b>	<b>13,610</b>
Foreign currency translation	–	27	27
Provisions made during the period	1,472	4,796	6,268
Provisions utilised during the period	(400)	(3,180)	(3,580)
Provisions reversed during the period	(50)	(2,453)	(2,503)
<b>As at 30 June 2022</b>	<b>1,666</b>	<b>12,156</b>	<b>13,822</b>
Current at the end of the year	1,666	10,069	11,735
Non-current at the end of the year	–	2,087	2,087

€000	Provisions for restructuring (incl. onerous contracts)	Other provisions	Total
<b>As at 1 January 2021</b>	<b>349</b>	<b>8,549</b>	<b>8,898</b>
Business acquired	–	2,086	2,086
Foreign currency translation	–	135	135
Provisions made during the period	380	7,756	8,136
Provisions utilised during the period	(85)	(1,188)	(1,273)
Provisions reversed during the period	–	(4,372)	(4,372)
<b>As at 31 December 2021</b>	<b>644</b>	<b>12,966</b>	<b>13,610</b>
Current at the end of the year	644	10,601	11,245
Non-current at the end of the year	–	2,365	2,365

## OTHER PROVISIONS

The other provisions mainly relate to provisions for litigation. In the ordinary course of its business, the Group is involved in legal proceedings relating to different matters (personnel €0.2 million, damages €0.5 million and other claims €0.4 million) with uncer-

tainties 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.

## 17. TRADE PAYABLES AND OTHER LIABILITIES

€000	As at 30 June 2022	As at 31 December 2021
Trade payables	194,179	269,848
Accruals and other payables	125,041	117,275
<b>Trade payables</b>	<b>319,220</b>	<b>387,123</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The carrying amount of trade payables approximates to their fair value.

€000	As at 30 June 2022	As at 31 December 2021
Long term contingent purchase price liabilities incl. put options over non-controlling interests	14,242	16,268
Long term deferred purchase price liabilities	35,097	32,505
Other	4,868	3,510
<b>Other non-current liabilities</b>	<b>54,207</b>	<b>52,283</b>
Liabilities from salaries and social security payments	177,263	198,812
Short term contingent purchase price liabilities incl. put options over non-controlling interests	9,925	15,121
Short term deferred purchase price liabilities	18,429	32,389
Liabilities from VAT and other taxes	29,658	27,761
Liabilities to related parties	235	940
Payables related to fixed assets suppliers	479	3,498
Priority dividends payables	626	184
Other	26,259	28,290
<b>Other current liabilities</b>	<b>262,874</b>	<b>306,995</b>
<b>Total</b>	<b>317,081</b>	<b>359,278</b>

In the context of the external growth strategy of the SYNLAB Group, contingent consideration may arise in the scope of business combinations which is required to be recorded at fair value as at 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.

Of the total amount of €14.2 million (2021: €16.2 million) for long-term contingent purchase price liabilities incl. put options over non-controlling interests, SYNLAB Labor München Zentrum GbR (DELMZ) amounted to €7.4 million (2021: €7.5 million). Of the total amount of €9.9 million (2021: €15.1 million) for short-term contingent purchase price liabilities incl. put options over non-controlling interests, SYNLAB Labor München Zentrum GbR (DELMZ) and EMT Medizintechnik GmbH & Co.KG (DEEMTG) amounted €4.5 million (2021: €4.6 million).

## 18. 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.

### CLASSES AND CATEGORIES OF FINANCIAL INSTRUMENTS AND THEIR FAIR VALUES

The following table provides information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments

€000		30 June 2022				
		Carrying amount	AC	FVOCI	FVPL	Fair value
<b>Financial assets</b>	<b>Measurement categories according to IFRS 9</b>					
<b>Non-current assets</b>						
Non-current financial assets	AC	41,842	41,842	–	–	41,842
Equity instruments	FVOCI	1,284	–	1,284	–	1,284
Derivative instruments	FVPL	18,740	–	–	18,740	18,740
		<b>61,866</b>	<b>41,842</b>	<b>1,284</b>	<b>18,740</b>	<b>61,866</b>
<b>Current assets</b>						
Trade accounts receivable	AC	570,990	570,990	–	–	570,990
Other current financial assets	AC	62,921	62,921	–	–	62,921
Cash and cash equivalents	AC	511,236	511,236	–	–	511,236
		<b>1,145,147</b>	<b>1,145,147</b>	<b>–</b>	<b>–</b>	<b>1,145,147</b>
<b>Financial liabilities</b>						
<b>Non-current liabilities</b>						
Interest bearing loans borrowings	AC	1,403,135	1,403,135	–	–	1,403,135
Lease liabilities	AC	499,486	499,486	–	–	499,486
Other liabilities	FVPL	14,242	–	–	14,242	14,242
Derivative financial instruments	FVPL	5,851	–	–	5,851	5,851
Other liabilities	AC	39,965	39,965	–	–	39,965
		<b>1,962,679</b>	<b>1,942,586</b>	<b>–</b>	<b>20,093</b>	<b>1,962,679</b>
<b>Current liabilities</b>						
Interest bearing loans borrowings	AC	12,379	12,379	–	–	12,379
Lease liabilities	AC	125,530	125,530	–	–	125,530
Other liabilities	FVPL	12,059	–	–	12,059	12,059
Other liabilities	AC	216,417	216,417	–	–	216,417
Trade accounts payable	AC	319,220	319,220	–	–	319,220
		<b>685,605</b>	<b>673,546</b>	<b>–</b>	<b>12,059</b>	<b>685,605</b>

As part of its risk policy, SYNLAB is regularly assessing its interest rate risk and, in this year macro context, along the past six to nine months, SYNLAB paid particular attention to this risk.

Early February 2022, via the purchase of an interest rate cap, SYNLAB AG entered into an interest rate hedging contract to cover part of its exposure to the EURIBOR, being the reference rate for the SYNLAB external financing. The increase of the inter-

est rate over the past six months have given a significant value to this hedging contract which will also contribute to significantly lower the interest rate paid by SYNLAB on its external financing.

€000		31 December 2021				
		Carrying amount	AC	FVOCI	FVPL	Fair value
<b>Financial assets</b>	<b>Measurement categories according to IFRS 9</b>					
<b>Non-current assets</b>						
Non-current financial assets	AC	41,704	41,704	–	–	41,704
Equity instruments	FVOCI	986	–	986	–	986
Derivative instruments	FVPL	–	–	–	–	–
		<b>42,690</b>	<b>41,704</b>	<b>986</b>	<b>–</b>	<b>42,690</b>
<b>Current assets</b>						
Trade accounts receivable	AC	632,395	632,395	–	–	632,395
Other current financial assets	AC	62,272	62,272	–	–	62,272
Cash and cash equivalents	AC	443,747	443,747	–	–	443,747
		<b>1,138,414</b>	<b>1,138,414</b>	<b>–</b>	<b>–</b>	<b>1,138,414</b>
<b>Financial liabilities</b>						
<b>Non-current liabilities</b>						
Interest bearing loans borrowings	AC	1,398,570	1,398,570	–	–	1,398,570
Lease liabilities	FVPL	501,688	501,688	–	–	501,688
Other liabilities	FVPL	16,268	–	–	16,268	16,268
Derivative financial instruments	FVPL	19,065	–	–	19,065	19,065
Other liabilities	AC	36,015	36,015	–	–	36,015
		<b>1,971,606</b>	<b>1,936,273</b>	<b>–</b>	<b>35,333</b>	<b>1,971,606</b>
<b>Current liabilities</b>						
Interest bearing loans borrowings	AC	12,573	12,573	–	–	12,573
Lease liabilities	FVPL	113,988	113,988	–	–	113,988
Other liabilities	FVPL	15,121	–	–	15,121	15,121
Other liabilities	AC	257,500	257,500	–	–	257,500
Trade accounts payable	AC	387,123	387,123	–	–	387,123
		<b>786,305</b>	<b>771,184</b>	<b>–</b>	<b>15,121</b>	<b>786,305</b>

Abbreviations:

AC	Measured at amortised cost
FVOCI	Fair Value through other comprehensive income
FVPL	Fair Value through profit or loss

## 19. CAPITAL COMMITMENT AND CONTINGENCIES

### OFF-BALANCE-SHEET COMMITMENTS GIVEN

As at 30 June 2022, the Group's off-balance-sheet commitments consist principally of guarantees given with regard to the existing Term Loans. This includes the pledge over the shares of certain Group companies. Additionally guarantees were given in connection with leasing contracts.

## 20. SHARE-BASED PAYMENT SCHEMES

SYNLAB AG has set up various long-term, share-based payment schemes for the SYNLAB Group in the financial year 2021. During the year 2022 the following new programmes and new tranches under existing programmes were granted:

- EPP (employee participation programme) for all employees / grant date: 7 January 2022
- Tranche 2 LTIP (long-term incentive plan) for the Management Board / grant date: 1 May 2022
- Tranche 2 LTIP for senior executives / grant date: 1 May 2022
- Tranche 2 Virtual LTIP for employees / grant date: 1 May 2022

The terms and conditions of the three LTIP programmes are mainly similar to the grants that were issued in 2021 (for the terms and conditions of the above programmes, please refer to SYNLAB Group financials 2021). However the vesting period for tranche 2 of the LTIP for the Management Board is only 24 months. The new EPP programme is set up as follows:

### EPP FOR ALL EMPLOYEES

Under the EPP programme, all employees of the SYNLAB Group have the opportunity to acquire shares ("purchase shares") in monthly tranches at the respective market prices (maximum 16 shares per monthly tranche). After a vesting period of 36 months, employees are allocated free shares ("matching shares") at a ratio of 4:1 (thus a maximum of 4 free shares per monthly tranche). Each phase of the EPP programme runs for six months and is renewed thereafter. At each renewal, SYNLAB employees have the option to join or leave the programme.

The total expenses for the first half year 2022, which was recorded for those four plans amounted to €1.3 million. The comparison period 2021 partly included share-based remuneration plans at SYNLAB Limited (predecessor of SYNLAB AG) and at SYNLAB AG. The total expenses recorded under those plans amounted to €0.7 million in H1 2021.

## 21. CAPITAL AND RESERVES

### SHARE CAPITAL

Share type	Nominal value	Number of shares as at		Change in shares	Number of shares as at	
		1 January 2022	Value as at 1 January 2022		30 June 2022	Value as at 30 June 2022
Ordinary shares	1.00 €	222,222,222	222,222,222.00 €	–	222,222,222	222,222,222.00 €
<b>Total</b>		<b>222,222,222</b>	<b>222,222,222.00 €</b>	<b>–</b>	<b>222,222,222</b>	<b>222,222,222.00 €</b>

Treasury shares	Number of treasury shares	Total
<b>As at 1 January 2022</b>	–	–
Acquisition of treasury shares	660,566	11,711,288
<b>As at 30 June 2022</b>	<b>660,566</b>	<b>11,711,288</b>

### TREASURY SHARES AND SHARE BUY-BACK

In May/June 2022, the Company started to purchase ordinary shares in the market to satisfy the Company's various share-based payment schemes (Note 20) at the time of vesting. The required number of shares will be acquired over the vesting period. The buy-back was approved by shareholders at the annual general meeting in May 2022. The shares were acquired at an average price of €17.73 per share. The total cost of €11,711,288 is shown as treasury shares within equity.

### CAPITAL RESERVE AND DIVIDENDS

In May 2022, SYNLAB AG distributed a dividend of €73,326,601.26 to its shareholders based on the resolution of the Annual General Meeting. In addition, reserves of €1.3 million (2021: €0.7 million) were recognised in connection with the equity-settled share-based payment programmes.

### ACCUMULATED DEFICIT

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

## 22. RELATED PARTIES

Relationships with related parties have not changed significantly compared to 31 December 2021.

## 23. EVENTS AFTER THE REPORTING PERIOD

### ACQUISITIONS

From 1 July 2022 until 10 August 2022, acquisitions have been made for a total value of €26.3 million, of which €3.5 million were already transferred in June 2022. They relate to the following acquisitions in Ecuador, Italy, Spain and Germany. Detailed information on the acquired business units is not disclosed at the half-year due to materiality reasons.

Acquisition date	Country	Entities	Specialisation	Objectives	Deal structure	Control
1 Jul. 2022	Ecuador	Lab Centro Illingworth LCI S.A.	medical testing	bolt-on	share deal	100.00%
1 Jul. 2022	Spain	Centre Sanitari Can Mora S.L.	medical testing	bolt-on	share deal	100.00%
4 Jul. 2022	Germany	MVZ für Rheumatologie Dr. Martin Welcker GmbH	medical testing	bolt-on	share deal	100.00%
1 Aug. 2022	Italy	Salus S.r.l.	diagnostic center	expansion	share deal	100.00%
1 Aug. 2022	Italy	Belluno Medica S.r.l.	diagnostic center	expansion	share deal	100.00%

# RESPONSIBILITY STATEMENT

## AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim condensed consolidated financial statements for the period from 1 January to 30 June 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group reflects a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Munich, 10 August 2022

The Management Board

Mathieu Floreani  
Chief Executive Officer

Sami Badarani  
Chief Financial Officer



# REPORT ON THE REVIEW

## OF THE CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS AND THE GROUP INTERIM REPORT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2022

### TO SYNLAB AG, MUNICH/GERMANY

We have reviewed the condensed consolidated interim financial statements, which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, selected explanatory notes to the consolidated financial statements as well as the group interim management report for the period from 1 January to 30 June 2022 of SYNLAB AG, Munich/Germany, which form part of the semi-annual financial report pursuant to Sec. 115 German Securities Trading Act (WpHG). The Company's executive board is responsible for the preparation of the condensed consolidated interim financial statements in accordance with the IFRS for interim financial statements reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the WpHG. Our responsibility is to issue a report on the condensed consolidated interim financial statements and the interim group management report based on our review.

We have performed the review of the condensed consolidated interim financial statements and of the group interim management report in compliance with the German Generally Accepted Standards for the Review of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and under the supplementary consideration of the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). According to these, the review has to be planned and conducted in a way – based on a critical assessment and with reasonable assurance – that we can rule out that material aspects of the condensed consolidated interim financial statements do not comply with the IFRS for interim reporting as adopted by the EU and that material aspects of the group interim management report do not comply with the provisions of the WpHG applicable for the preparation of group management reports.

A review is primarily limited to inquiring of Company personnel and to analytical procedures and thus provides less assurance than an audit of financial statements. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matter has come to our attention that causes us to believe that material aspects of the condensed consolidated interim financial statements do not comply with the IFRS for interim reporting as adopted by the EU or that material aspects of the group interim management report do not comply with the provisions of the WpHG applicable for the preparation of group interim reports.

Munich/Germany, 10 August 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Cornelia Tauber  
Wirtschaftsprüfer  
(German Public Auditor)

Polina Spang  
Wirtschaftsprüferin  
(German Public Auditor)

SYNLAB AG  
Moosacher Straße 88  
80809 Munich / Germany

Investor contact: [IR@SYNLAB.COM](mailto:IR@SYNLAB.COM)  
Media contact: [MEDIA-CONTACT@SYNLAB.COM](mailto:MEDIA-CONTACT@SYNLAB.COM)