



MED SELECT
— HOLDING GMBH —

FINANCE GUIDELINES

1. Purpose and Scope

These guidelines define the financial reporting requirements for the subsidiary company in order to ensure reliable, consistent, transparent and comparable reporting.



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2. Report Contents

2. Report Contents

The subsidiary company prepares monthly, quarterly and annual financial reports comprising the following documents (M=Monthly / Q=Quarterly / A=Annual):

2.1 Income Statement (P&L)

- Revenue (income)
- Expenses (expenditure)
- Interest and similar income
- Taxes on income
- Profit after tax
- Other taxes
- Net profit or loss for the year

2.2 Balance Sheet

Assets:

Non-current assets: Long-term assets such as real estate, machinery, vehicles and intangible assets (e.g. patents).

Current assets: Short-term assets such as cash on hand, bank balances, receivables, inventories and securities.

Accruals and deferrals: prepaid expenses (ARAP) and deferred income (PRAP)

Liabilities and equity:

Equity: Capital contributed by the owner plus retained earnings, i.e. the company's own capital.

Provisions: Liabilities recognized for uncertain or future obligations.

Debt capital: Debts and liabilities to banks, suppliers or other creditors that must be repaid within a specified period.

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2.3 Cash Flow Statement

- (M) Cash flow from operating activities (operating cash flow): cash receipts and payments from ongoing business operations
- (Q) Cash flow from investing activities
- (Q) Cash flow from financing activities

2.4 Key Figures and Analyses

2.4.1 Liquidity Ratios

- (M) Liquidity ratio 1 (cash ratio): cash and cash equivalents / current liabilities
- (M) Liquidity ratio 2 (quick ratio): cash and cash equivalents + current receivables / current liabilities
- (M) Liquidity ratio 3 (current ratio): current assets / current liabilities

2.4.2 Profitability Ratios

- (Q) Return on Investment (ROI): profit / total capital
- (Q) Return on Equity (ROE): net profit for the year / equity
- (Q) Return on Assets (ROA): earnings before interest and taxes (EBIT) / total capital
- (M) Profit margin: profit / revenue
- (A) Return on sales: profit / revenue

2.4.3 Debt Ratios

- (M) Debt-to-equity ratio: debt capital / equity
- (M) Debt ratio: debt capital / total capital
- (M) Interest coverage ratio: EBIT / interest expense

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2.4.4 Efficiency Ratios

- (M) Receivables turnover: $\text{revenue} / \text{average receivables}$
- (M) Payables turnover: $\text{cost of goods sold} / \text{average payables}$
- (M) Inventory turnover: $\text{cost of goods sold} / \text{average inventory}$

2.4.5 Growth Ratios

- (A) Revenue growth: $(\text{current-year revenue} - \text{prior-year revenue}) / \text{prior-year revenue}$
- (A) Profit growth: $(\text{current-year profit} - \text{prior-year profit}) / \text{prior-year profit}$

2.4.6 Other Key Ratios

- (Q) Equity ratio: $\text{equity} / \text{total capital}$
- (Q) Asset coverage ratio: $\text{equity} / \text{non-current assets}$
- (M) Cash flow: net cash generated from operating activities

3. Reporting Requirements

Format: Reports must be prepared in the format specified by the Group (Excel template). Formatting guidelines must be followed to ensure readability and comparability.

Chart of accounts: The standardized SKR 03 chart of accounts must be used.

Valuation methods: Valuation bases (e.g. depreciation, provisions) must be applied in accordance with applicable accounting standards (e.g. German GAAP/HGB, IFRS).

Reporting period: Reports must cover the relevant reporting period and be submitted on time.

4. Data Sources and Data Quality

Data sources: The principal data sources for the key figures are the ERP system (orgaMAX), the accounting software and the relevant finance and controlling tools used by the subsidiary company's tax adviser.

Data quality: It must be ensured that all data used are current, complete and accurate. The subsidiary's controlling function must regularly review and validate the data in order to ensure the accuracy of the reports.

5. Deadlines and Submission

- Monthly reports: by the 10th of the following month
- Quarterly reports: by the 15th of the month following the end of the quarter
- Annual reports: by 31 March of the following year

6. Report Distribution

Recipients: Reports are distributed to management, the finance department and other authorized stakeholders of MedSelect Holding GmbH.

Distribution channels: Reports are distributed by e-mail, via the company's reporting system or other access-controlled platforms.

Access rights: Clear access rights must be defined to preserve the confidentiality of financial data.

7. Communication

Interpretation: Results and key figures must be discussed during management meetings or as part of specific analyses.

Guidelines: Reports must be interpreted using clear and understandable communication in order to avoid misunderstandings. Regular training sessions and workshops should be offered to promote the correct interpretation of the reports.

8. Quality Control

Reports must comply with legal requirements and internal policies. Regular checks and audits are planned in order to ensure compliance.

Review: Before distribution, the preparer, controlling function and subsidiary's tax adviser must review the reports for completeness, accuracy and plausibility.

Mechanisms: The finance management team or specialist teams conduct regular checks to ensure report quality.

9. Responsibilities

Preparation: The subsidiary company's accounting department is responsible for preparing the reports.

Review: The Holding's finance department reviews the reports for completeness and accuracy.

Approval: The subsidiary company's management and Holding management approve the reports.

10. Archiving

Reports must comply with legal requirements and internal policies. Regular checks and audits are planned in order to ensure compliance.

Review: Before distribution, the preparer, controlling function and subsidiary's tax adviser must review the reports for completeness, accuracy and plausibility.

Mechanisms: The finance management team or specialist teams conduct regular checks to ensure report quality.

11. Amendments to the Guidelines

Amendments to these guidelines require the written approval of Holding management.



Thank You