

2021

Annual Report

**Médica
Sur**®

Excelencia médica, calidez humana®

TO
GETH
ER

*we commemorate our
40th anniversary
of medical excellence
and human warmth.*

About US

At Médica Sur, S.A.B. de C.V. we provide integrated services related to health care.

We have a select group of medical professionals backed by state-of-the-art technology and equipment to offer our patients excellent medical care at the highest level of human warmth.

Our shares are traded under the ticker symbol MEDICAB. The stock certificates are listed under the ticker MEDICA 20.

As the only hospital in Mexico publicly traded in the financial markets, we are fully committed to transparency in clinical and financial indicators.



Our Philosophy

Medical Excellence and human warmth

Mission

At Médica Sur, our mission is the health of our patients, the satisfaction of our employees and to offer a fair alternative to the country in medicine.

The patient is the most important reason behind Médica Sur's existence, and this principle will prevail in any relationship or service provided to the community.

Vision

We aim at becoming the most prestigious medical services group in Mexico offering community care, innovative teaching, and biomedical research on the cutting edge of technology. Likewise, we aspire to be a self-sustainable and profitable group offering services affordable to everyone.

Values

Ethics: The unavoidable commitment to ourselves to perform well, allows us to practice medicine with honesty, with respect for the life and dignity of every patient, without any distinction.

Safety: In all processes we avoid any harm to the patient or to Médica Sur's staff that may result from any medical process.

User: The interest in satisfying the current and future needs of patients, family members, physicians and companies that contract our services is a priority.

Service: We interact in an affectionate manner, demonstrating a genuine interest for the person.

Staff: We value our staff as the organization's most important resource; we seek their satisfaction, development and well-being; and we seek to develop their best qualities through teamwork, motivation, training, communication, recognition and reward.

Finance: We are concerned with maintaining a healthy financial operation, to produce a reasonable return for investors and obtain the resources to meet the company's current and future requirements.

Quality Policy

It is our commitment to guarantee the highest quality standards in the care and safety of patients, their families, and our collaborators to achieve the total satisfaction of all our users. Therefore, continuous improvement, medical excellence, teaching and research within a framework of ethics and common good are key elements under this promise.

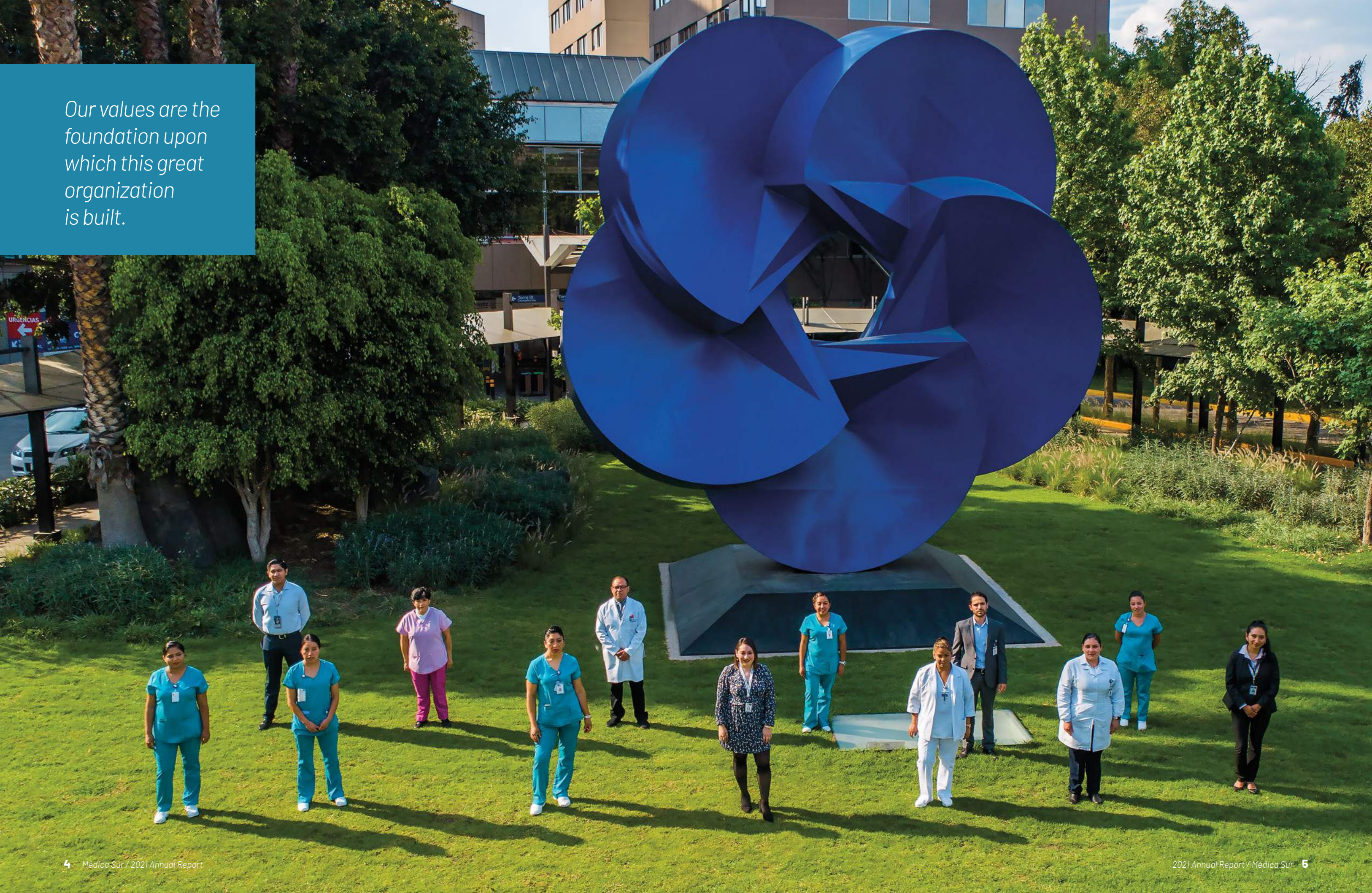


Code of Business Conduct

Our Code of Conduct serves as a guide to comply with the Institution's ethical standards, which highlight the spirit by which the people who work in and for Grupo Médica Sur practice these values in their own lives.



Our values are the foundation upon which this great organization is built.



TOGETHER

creating history

We are celebrating 40 years together with medical excellence and sustained growth.

1990

We inaugurated the hospital. What began as a dream, today is a 3.8-hectare complex, which has the potential for expansion to double its current infrastructure.



1981

We laid the foundation stone of a space in which to practice ethical and quality-based medicine.



1994

Through the listing of 30% of our capital stock on the Mexican Stock Exchange, our company was able to finance the growth of subsequent years.



2011

We listed 5% of our capital stock on the Mexican Stock Exchange in a primary public offering, which was supplemented by Nacional Financiera in a secondary offering of 21.4%.



2013

Affiliated with the Mayo Clinic Care Network, becoming the first non-US partner.



2014

1st JCI Certification. We have been accredited since 2014 and we renew it every three years, 2017 and 2020 respectively. Only 6 hospitals in Mexico are accredited by JCI.



2021

We celebrate 40 years reaffirming our belief in putting our talent at the disposal of our patients with the ultimate goal of saving lives and providing the best healthcare.



2020-2021

Best Hospital in Mexico, Newsweek magazine.



Message from the Chairman of the Board

DEAR SHAREHOLDERS, PARTNERS, PATIENTS AND COLLABORATORS:

It is an honor for me to present to you our financial results, as well as our main operational challenges and achievements.

I am proud to share with our investors that 2021 was one of the best years in the history of Médica Sur. Together we were able to transform opportunities into actions, working as a team and providing value-based care.

MAIN EVENTS 2021:

- For the second consecutive year we were rated as the best Hospital in Mexico by Newsweek magazine and the global data platform Statista.
- In the ranking of the Expansión Magazine and Funsalud, Médica Sur was rated as the second-best hospital in Mexico, noting that it was the hospital with the highest number of specialties rated in first place, which are oncology, pneumology, urology, gastroenterology, endocrinology, and nephrology.
- Through the strictest protocols, we continue to provide safe care to our patients, obtaining outstanding results in infection prevention and control indicators, the most relevant of which are mentioned below:
 - The rate of nosocomial infections was 0.99%, being the international standard 5.0%.
 - The rate of surgical site infections was 0.48 cases per-100 surgeries, being the international standard 2.7 cases per-100 surgeries.

- Adherence to hand hygiene was greater than 90%.

- Since 2013, Médica Sur has been a member of the Mayo Clinic Care Network, and this relationship was further strengthened in 2021 and 2022, when we began a closer stage of collaboration by sharing protocols, diagnoses and treatments in oncology, cardiology, and neurology, to mention the most relevant specialties. This union is a great differentiator that unites the Mayo Clinic, the best hospital in the world, and Médica Sur, the best hospital in Mexico, for the benefit of our patients.
- During 2021, we observed a significant recovery in our three main activities:
 - 1.- Hospital admissions increased Ps. 418 million as a result of higher patient demand:
 - a) We served 12,729 patients discharged from the hospital, 16.0% higher than the previous year.
 - b) Care for non-COVID patients increased by 10% compared to 2020.
 - c) The volume of outpatient surgeries grew 43% and the volume of general surgery increased 28% compared to 2020, while in gynecology there was a 3% decrease compared to the same period mentioned above. The total volume of surgeries in 2021 was 26% higher than in 2020.
 - d) In the Emergency Department, 6% more patients were seen than in the previous year.
 - e) The volume of patients seen in criti-

- cal areas grew 1% compared to 2020.
- 2.- Revenues from Clinical and Diagnostic Services contributed Ps. 282 million more than the previous year, with a significant increase in the demand for preventive services:
 - a) The Comprehensive Diagnostic and Treatment Center performed 63% more checkups and studies compared to 2020.
 - b) In Radiation Oncology we continued with the same upward trend of previous years, with the volume of procedures during 2021 increasing 39%.
 - c) Laboratory patient volume was 35% higher in 2021.
 - d) Nuclear medicine, imaging, angiography, and MRI activity grew by more than 30% compared to 2020.
 - e) PET-CT studies increased 20% compared to 2020.
 - 3.- The other revenues segment increased Ps. 10 million more than the previous year driven by:
 - The addition of a Maison Kayser restaurant in October 2021.
 - Increased visitor traffic to the cafeteria and restaurant concessions.
 - Increased occupancy at the Holiday Inn hotel.
 - Increased income from office rentals.
 - Regarding COVID, the mix of services in 2021 behaved differently from the previous year, since we had a higher volume of tests, with antigen tests being the most in demand, as opposed to PCR tests in 2020; however, total revenues were very similar. We provided health-



At Médica Sur, we live our values every day through our commitment to treat our patients in the most humane way possible.

Dr. Misael Uribe Esquivel
Chairman of the Board of Directors
Médica Sur, S.A.B. de C.V.

- care to more than 1,900 patients in hospital, 64% more than the previous year; and processed more than 115 thousand tests, a 68% increase in comparison with the previous year.
- During 2021 we initiated investment projects with a total value of Ps. 317 million, of which Ps. 134 million were paid during 2021, including:
 - The renovation of the Magnetic Resonance Unit, which included the installation of a high-definition 1.5 Tesla Siemens Magnetom Sola resonator, and the

- acquisition of a 3.0 Tesla GE Signa Architect resonator, which will be operational in the second quarter of 2022 (the total value of this project is Ps. 100 million).
- A Phillips Azurion 7 C20 Angiograph was acquired, and construction began on a new Angiography Unit, which will be the most modern in the country and will be operational in the third quarter of 2022 (the total investment for this project is Ps. 45.0 million).
- Likewise, in March 2021 we started the Robotic Surgery program with the DA-

- VINCI Robot, mainly used in urology procedures.
- We started the Núcleo project, which consists of the implementation of technological solutions for the SAP platform that will start operating in December 2022, with an investment of more than Ps. 100 million.
- At the beginning of 2021, we invested Ps. 12 million in the renewal of cobalt sources for the Gamma Knife equipment.

Revenues and EBITDA for 2021 exceeded pre-pandemic levels by 42% and 156%, respectively.

- We made improvements to the hospital campus for the comfort of our patients, as we replaced 100% of the campus roads with hydraulic concrete.

- For the benefit of our doctors, we built a new doctors' rest area.

• During 2021 we were very active in communicating with our patients and the community in general; and we held 88 congresses and symposiums with the collaboration of specialists interacting live with the participants, resolving their doubts, and contributing ideas. The transmissions were made through social networks and streaming platforms, totaling more than 6,500 participants throughout the year.

Our social media content and marketing campaigns had a reach of 50 million people and interactions with more than 20 million people.

• The most important asset we have is our staff, whom we thank for their commitment, dedication, and talent to achieve the challenges we set for ourselves. During this difficult period, we have taken care of each of our employees by providing them with the necessary preventive and protective equipment, as well as taking care of their physical and mental health:

- More than eight thousand COVID-19 vaccines were administered, from the first to the third dose, as well as Influenza and Hepatitis B vaccines to clinical and administrative personnel.

- Since the beginning of the pandemic, we have performed 2,629 coronavirus

screening tests at no cost to our employees.

- For personnel who required hospitalization as a result of COVID-19, Médica Sur provided hospital care, covering expenses of more than Ps. 10 million.

- During the year, more than 2,800 medical, nutritional, and psychological consultations were provided through the Médica Sur Takes Care of You program.

- The mental health program addressed issues of wellbeing, stress, anxiety, and development, among others, where 95% of the discharged patients showed improvement and recovery.

• At the end of 2021 we had 2,227 employees, 4% more than the previous year.

• Gender equity is very important, with 66% of the clinical staff being women and 34% men. In terms of administrative personnel, the proportion is 53% women and 47% men.

It should be noted that 16% of the members of the Board of Directors are women.

• During 2021 we implemented the changes related to the Labor Reform, through which employees were transferred to the Group's operating companies, generating a greater sense of belonging and profit sharing in relation to the segment in which they collaborate.

FINANCIAL INDICATORS:

• 2021 Revenues and EBITDA exceeded

pre-pandemic levels by 42% and 156%, respectively.

Revenues for 2021 totaled Ps. 3,906 million, up Ps. 712 million pesos, an increase of 22.3% compared to the previous year.

• On November 1, 2021, the divestment process of the business unit Laboratorio Medico Polanco, S.A. de C.V. (LMP) was concluded. This transaction was very relevant and positive for us since it strengthened the financial structure of Médica Sur and allows us focusing on the expansion and renovation of the hospital services business.

The base price of this transaction was Ps. 2,250 million, plus a variable portion subject to the fulfillment of agreed-upon conditions for fiscal years 2021 and 2022. Médica Sur obtained a net gain of Ps. 779 million and an internal rate of return of 30% on the initial investment made in October 2016.

• The Company's EBITDA totaled Ps. 1,831 million with a margin of 46.9%, which considers the effects of discontinued items from the sale of the LMP business unit for Ps. 892 million.

• Net Income totaled Ps. 1,155 million, an increase of Ps. 596 million or 107% compared to 2020, including the effects of discontinued operations of Ps. 778 million.

• In 2021 Médica Sur had its two credit ratings upgraded: HR Ratings revised the rating from HR AA to HR AA+; Fitch Rat-

ings revised the outlook from Stable to Positive.

The group's total debt is Ps. 1,000 million through the issuance of the Certificado Bursátil (debt certificates) MEDICA20, which obtained a very positive fixed rate of 6.99% per annum, with semi-annual interest payments and maturity in September 2025. The Company remains current in the payment of its obligations.

The Company's cash position stood at Ps. 3,532 million, which produced a negative debt of Ps. 2,532 million at the end of the year.

Regarding the stock repurchase fund, the Company has purchased 13.9 million shares with a total value of Ps. 397 million and an average cost per share of Ps. 28.51.

As of the date of this report, the Company's share ownership amounted to 11.28% and the balance in the share reserve was Ps. 337 million.

After reviewing the financial information for the period from January 1 to December 31, 2021, the following are the main indicators obtained by the company during such period:

- Revenues increased 22.3%, totaling Ps. 3,906 million

- Operating income grew 9.8%, totaling Ps. 661 million, with a margin of 16.9%.

- EBITDA increased 46% to Ps. 1,831 million, with a margin of 46.9% including the effects of discontinued operations.

- Net income increased 106.6% to Ps. 1,155 million, with a margin of 29.6%, including the effects of discontinued operations.

Accompanying this report is (i) the Balance Sheet, which shows the company's financial position at the end of the year; (ii) the Statement of Income, which shows the company's results for the year; (iii) the Statement of Changes in Stockholders' Equity, which shows the changes in the items comprising the company's equity that occurred during the year; (iv) the Statement of Cash Flows, which shows the changes in the company's net worth during the year; (v) the statement of cash flows showing the changes in the company's cash position during the year; and (vi) the notes supplementing or clarifying the information referred to in (i) to (v) above.

Finally, as in previous years, I would like to thank all our talented medical and administrative team for their commitment, loyalty, capacity, human quality, and professionalism, where they have demonstrated how to work as a team, which has allowed us to have the very positive clinical and financial results mentioned in this report, and finally to thank our patients for their trust and loyalty.

I thank our investors for their support and our Board of Directors for their invaluable recommendations

and contributions, so that together we have once again become the best Hospital in Mexico.

Sincerely yours,



Dr. Misael Uribe Esquivel

Chairman of the Board of Directors
Médica Sur, S.A.B. de C.V.

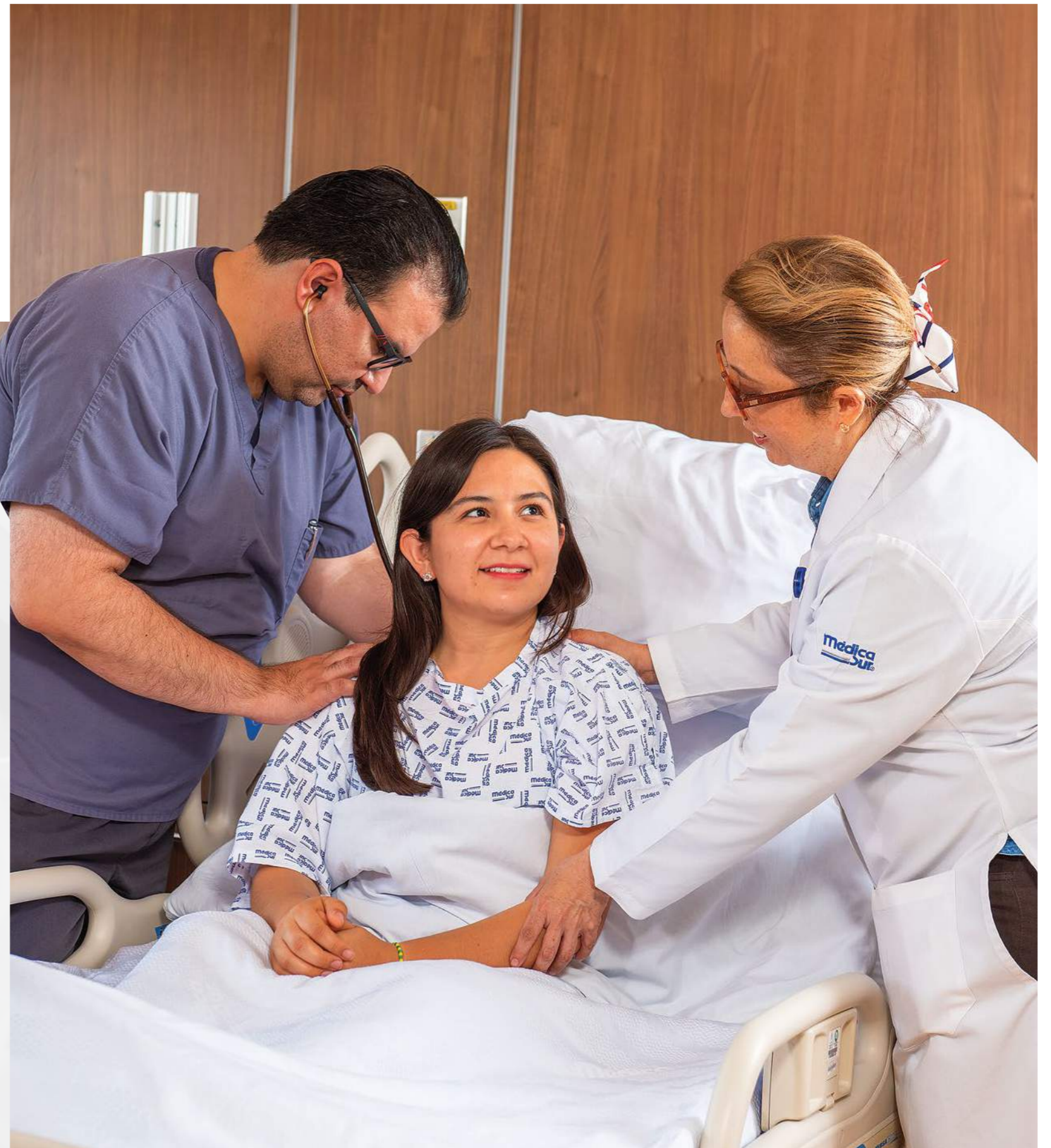
TOGETHER

with our medical doctors

“The support of our professional medical staff was key in strengthening Médica Sur, so that we were able to act effectively during the pandemic.”

Dra. Sandra García López

Director of Medicine and Hospitalization since 2013



Robotic Surgery Program

Our Robotic Surgery Program with DAVINCI robot, applicable to complex and highly specialized surgeries that require minimal invasion, allows us to offer the best to our patients and to continue performing state-of-the-art procedure.

Technology available at Médica Sur for surgeries:

- Urological
- General surgery
- Gynecological* surgeries
- Cardiology*

The robotic surgery improves what our medical specialists do. The robot is controlled by a surgeon who operates from a console and with the support of health professionals who assist him during surgery, combining the best of both worlds, medical technique, and technology at the same time. Major benefits for the patient are:

- Less risk
- Faster recovery
- Shorter hospital stays
- Technology superior to the laparoscopic technique

The Robotic Surgery Program attends to the most complex surgeries with the help of a medical committee, made up of experts from various specialties who discuss each clinical case and provide the best surgical treatment options.

*Available soon

BENEFITS



Prompt
recovery



Smaller
scars



Shorter
hospitalization

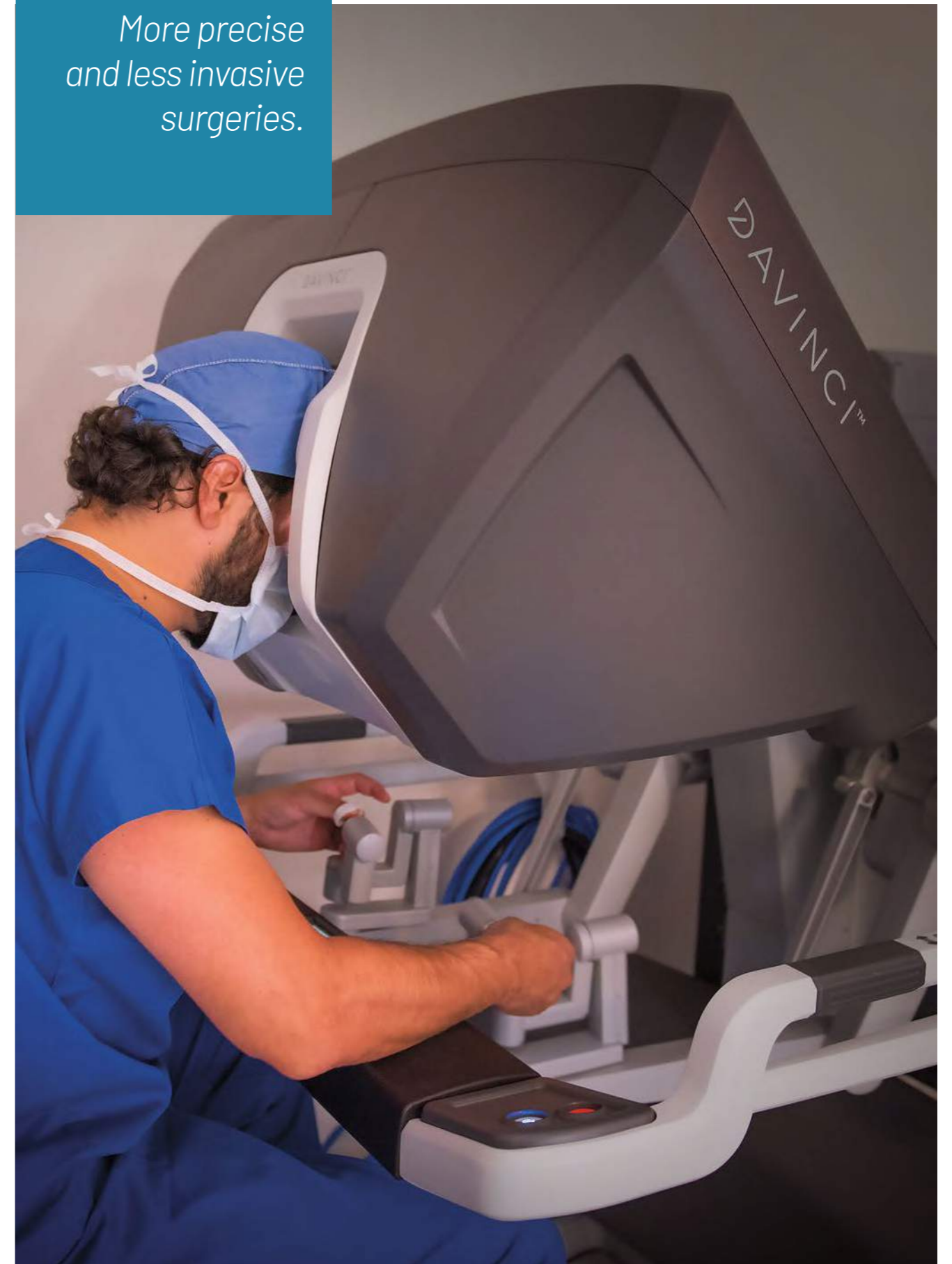


Less
blood loss



Less
pain

More precise
and less invasive
surgeries.





The robot is controlled by a surgeon operating from a console and supported by healthcare professionals who assist during the surgery, combining the best of both worlds, medical technique, and technology at the same time.

Computed Tomography

Computed tomography (CT) combines a series of X-rays acquired from different angles around the body utilizing computer processing to create cross-sectional images (or slices) of the bones, blood vessels and soft tissues in the body.

It allows to quickly examine patients who may have internal injuries as a result of car accidents or other types of trauma, to diagnose disease or injury, as well as to plan medical, surgical or radiation treatments.

The new Somatom Drive is a state-of-the-art tomograph capable of performing the most precise studies. It delivers clear images with a lower dose of contrast agent, and at twice the speed of a CT scan, reducing radiation exposure by 50%.

The innovative and powerful features of the Somatom Drive tomograph make it possible to offer the best radiology and imaging studies:

- Tests can be performed without holding the patient's breath (also suitable for children) and without sedating the patient. It delivers all images in 3D.
- Monitoring is always maintained, thanks to its EGC Check technology.
- It provides a more accurate examination in half the time, allowing to finish the condition and process the study much faster.
- Very high level of comfort for all patients, making them feel less enclosed and more comfortable.



Leading technology with the best results for your health.

Magnetom Sola Resonator with BioMatrix

Artificially intelligent technology makes MRI scans up to 46% faster and more accurate.

Magnetic resonance imaging is a medical technology that uses a magnetic field and computer-generated radio waves to create detailed images of the body's organs and tissues.

The new BioMatrix technology adapts to the anatomy and physiology of each of our patients, allowing us to obtain images with anatomical detail. This new design greatly simplifies the maximum comfort for patients, delivering excellent results.

Equipped with:

- Respiratory sensors: automatically detect breathing movement patterns, providing excellent study quality in less time.

- Kinesthetic sensors: Allow the operator to visually control the movement of the head during brain examinations.
- Adjustment options: Allow a suitable adaptation for use with any type of neck, head, dorsal spine, or abdomen.

The renovation of the Magnetic Resonance Unit included the installation of a high definition 1.5 Tesla Magnetom Sola Siemens resonator. Additionally, a GE Signa Architect 3.0 Tesla MRI machine was acquired, which will be operational in the second quarter of 2022. This project is valued at Ps. 100 million.





TOGETHER

with our patients

“Our patients’ peacefulness is the most important matter to us. It is our goal to make them feel fully cared for and secure thanks to the personalized healthcare that we provide.”

Dra. Claudia Santamaría Arza

Head of Pediatrics since 2017

Effectiveness of Infection Prevention and Control Indicators



Over 250 indicators with outstanding results, exceeding international standards.



2.94
days non-COVID-19 average length of stay.



7.16
days non-critical COVID-19 average length of stay.



15.54
days critical COVID-19 average length of stay.



67.7%
occupancy.

The best
treatment
available for
our patients.



Advantages that benefit our patients

As part of our strategy to standardize protocols and treatments for the benefit of our patients, we fortified our relationship with the Mayo Clinic Care Network.



Since 2013, Médica Sur has been a member of the Mayo Clinic Care Network. This long-term relationship was further strengthened in 2021 and 2022, when we began a closer stage of collaboration, standardizing protocols, diagnoses and treatments in oncology, cardiology and neurology, in addition to other relevant specialties.

The Mayo Clinic, being the best hospital in the world, and Médica Sur, being the best hospital in Mexico, have a great differentiating factor that unites us for the benefit of our patients.

Staying connected

Maintaining close communication with our patients and the community was extremely important to us in 2021.

We held 88 congresses and conferences in which medical specialists interacted live with the participants, solving doubts and contributing ideas.

Broadcasts were made through social networks and streaming platforms, with more than 6,500 participants throughout the year.

Our social media content and marketing campaigns had a reach of 50 million people and registered more than 20 million interactions.



Our hospital activity metrics

12,729

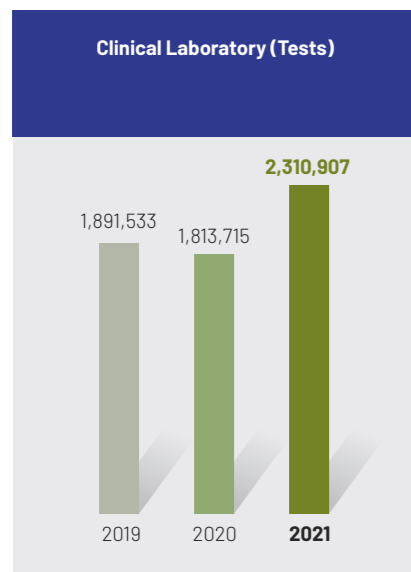
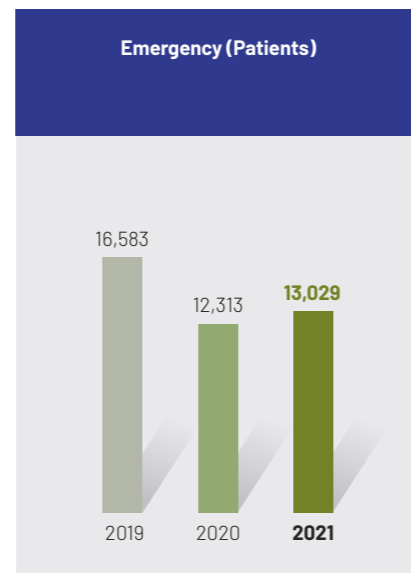
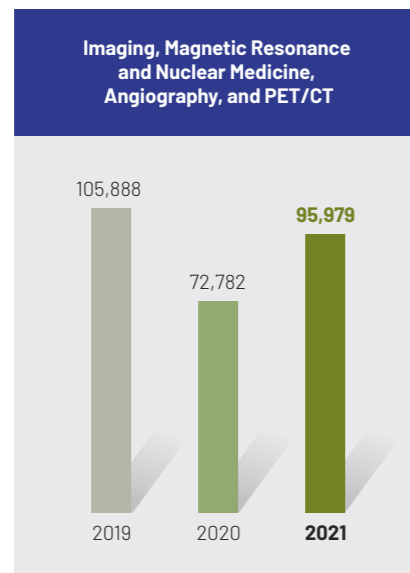
Patients hospitalized in 2021.

+3,000

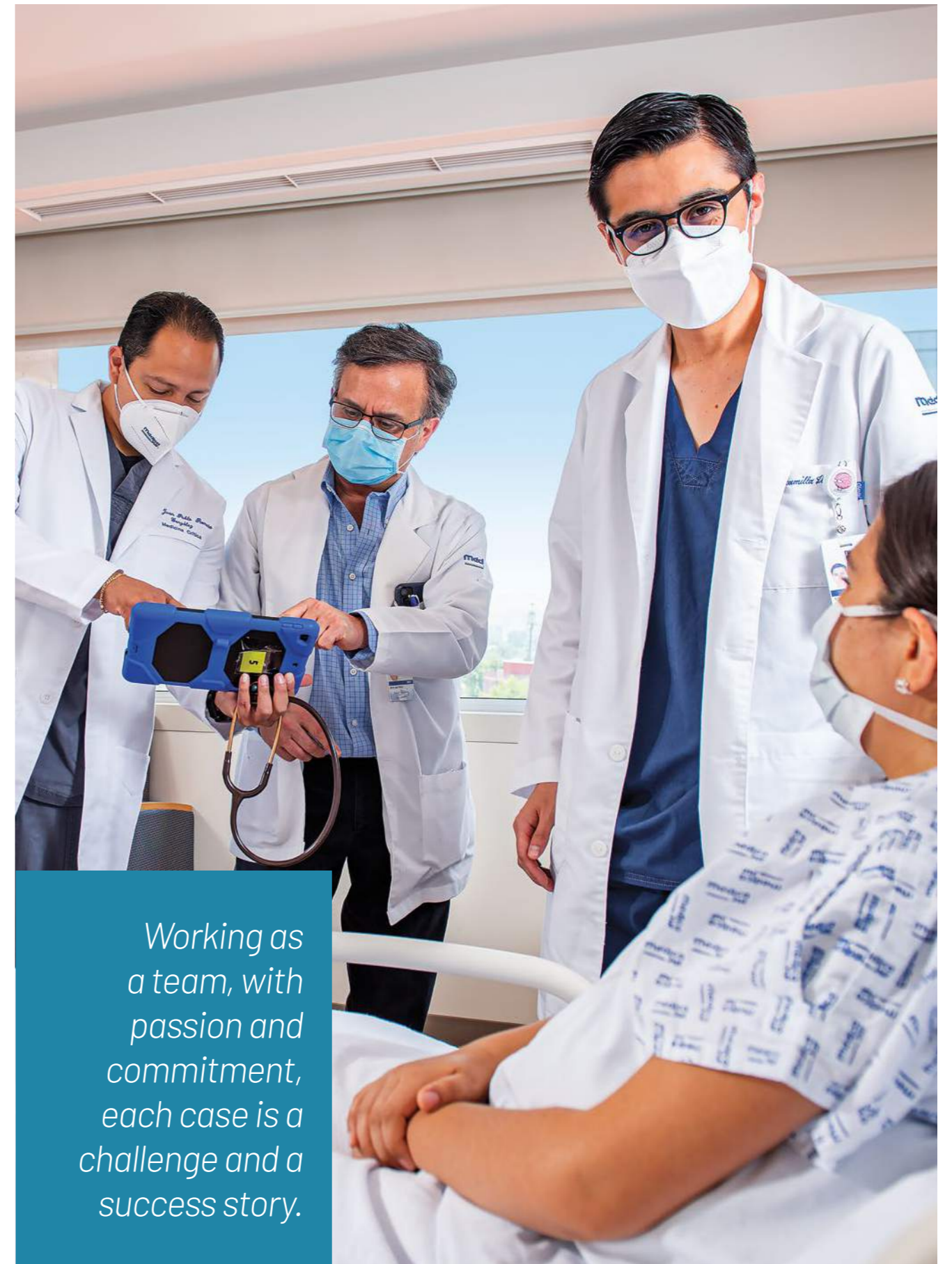
patients seen throughout the pandemic*.

+220

thousand COVID* tests.



* Comprises March 2020 to March 2022.



Working as a team, with passion and commitment, each case is a challenge and a success story.

Clinical services and diagnostic units

Médica Sur's diagnostic units deliver in-patient and out-patient healthcare.

Our state-of-the-art clinics and diagnostic units are essential to provide excellent and quality medical care.

Critical support for the medical team is provided by the Diagnostic Units. Their main purpose is to diagnose and follow up on various pathologies. The following units are currently available at Médica Sur: Imaging Unit, Clinical Laboratory, Nuclear Medicine Unit, Magnetic Resonance Imaging, PET-CT, Comprehensive Diagnostic and Treatment Center (CIDyT), Angiography and Pathological Anatomy.

We offer clinical services that provide warm, friendly, and comprehensive healthcare, through our medical units specializing in:

- Oncology.
- Radiotherapy.
- Gamma Knife Radiosurgery.
- Neurophysiology.
- Advanced Urology.
- Gastroenterology.
- Endoscopy.
- Rehabilitation Medicine.

In 2021 our hygiene and safety measures followed strict guidelines for patients to be able to follow their treatment while feeling safe in the following areas:

• **Radiotherapy:**

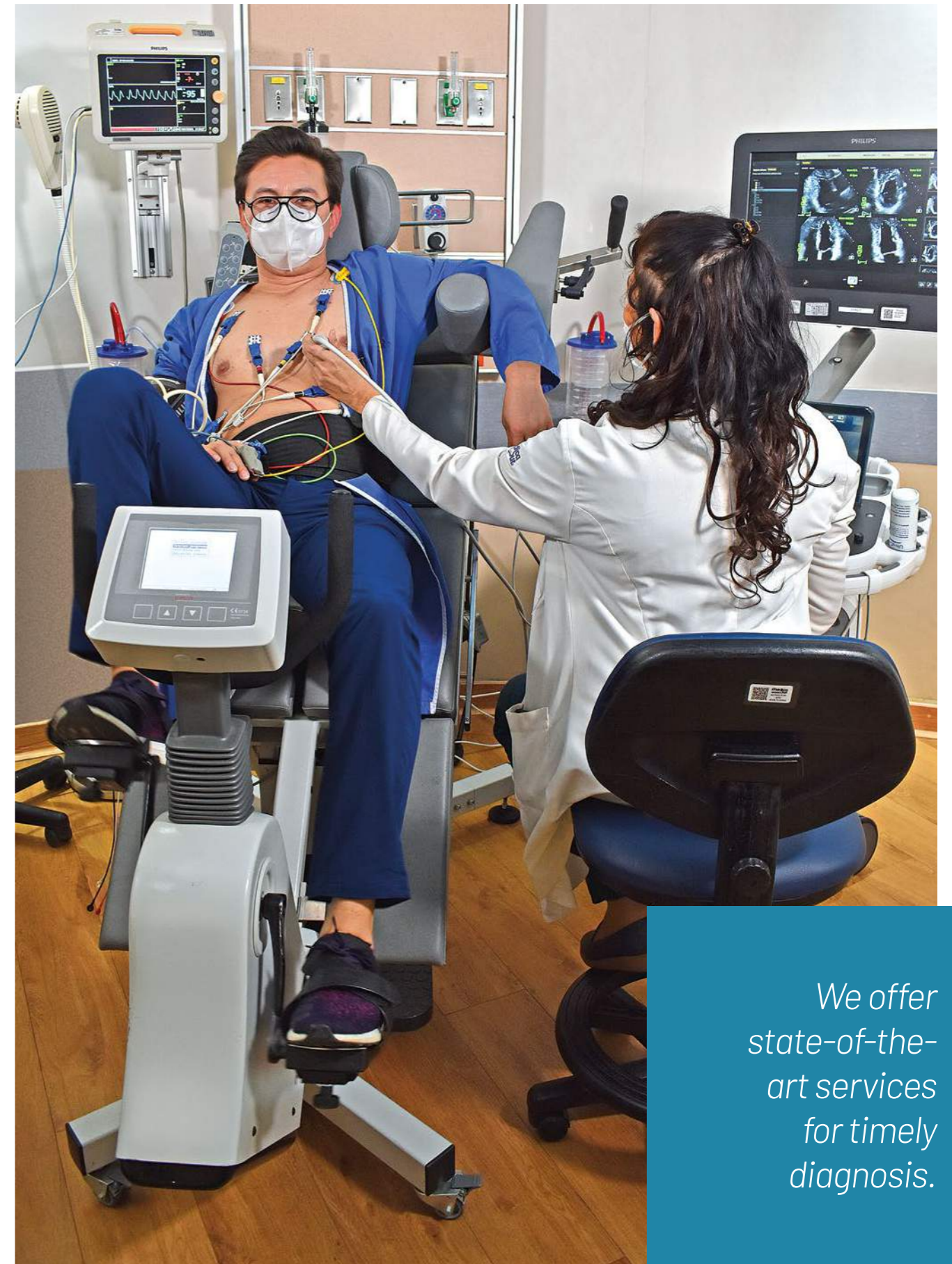
An area established for the care of oncology patients, in which recognized specialists, together with other professionals, elaborate recommendations for radiotherapy treatment on par with the different phases of the pandemic in the country.

• **Oncology Center and Infusion Therapy:**

Areas independent from the hospital, for the exclusive use of oncology patients, with an independent parking lot and a separate reception area, to minimize waiting times for consultations. A unique floor for hospitalization is available to reinforce security.

In all Médica Sur's facilities and office towers, prevention and hygiene measures for patients and visitors continue to be implemented, among which the following stand out:

- Sanitary fences
- Disinfection
- Access control
- Circulation flows



We offer state-of-the-art services for timely diagnosis.

A groundbreaking experience

SMART ROOMS

A partnership with Amazon has been in place since 2019 to incorporate the Alexa voice-command assistant in our smart rooms, with the aim of providing greater security to our patients, who can also use the Alexa assistant's skills to make their stay more comfortable.

This project has brought benefits in terms of controls and safety for patients.

The voice assistant devices are made of insulating materials that are easy to clean and sanitize. The devices have voice commands, so there is no need to operate directly with the patient's hands.

DIGITAL CLINICAL RECORD

Our "Digital Clinical Record", the only one of its kind in Latin America, now represents a competitive advantage as it allows doctors to have online access to the records of hospitalized patients through their cell phones from any location, with measures and filters for the safety of our patients. In addition, it optimizes time in the documentation processes used in the care of our patients.

The record is available through the mobile app, tablets, and wearable devices.

The application allows the patient's data, diagnosis, medical orders and notes, results, and interpretation of studies, among others, to be displayed.

MÉDICA SUR ROBOT

Telemedicine robots allow us to maintain contact with patients who require isolation and protect their health and that of the professionals who care for them.

MY HOSPITAL MÉDICA SUR

In this new telemedicine platform, we are innovating to bring our hospital services to the comfort of our patients' homes or wherever they may be.

In this new platform, announced in June 2020, we have a virtual medical tower, where we offer virtual medical consultations, exchange of studies, online sales, and laboratory services, among others. Doctors and patients can interact securely, always following the highest hospital quality standards.

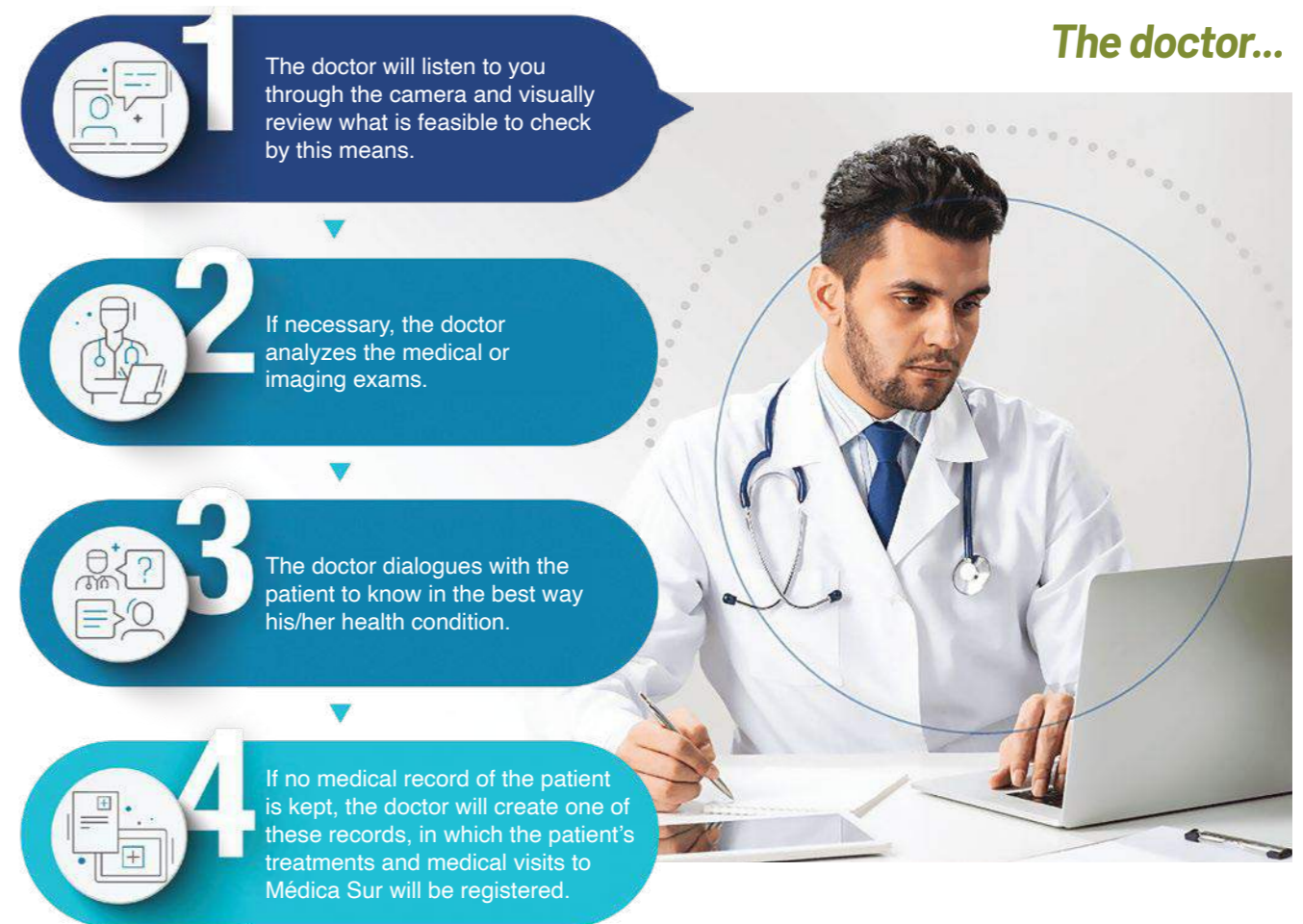
We also offer the "Back to Business" hybrid check-up, for patients who have had respiratory illnesses and wish to know their general health status before returning to their activities.

To digitalize is to innovate, at Médica Sur we are always at the forefront.

The patient...



The doctor...





TOGETHER

with our staff

The commitment and dedication of our medical, nursing, administrative and technical staff has proven their ability to adapt to the most adverse conditions.

Lic. Francisca Vázquez

Director of Nursing since 2010

Our collaborators

TRAINING

We continuously train our employees and encourage them to obtain certification according to their profiles and responsibilities within the hospital. We rely on the Médica Sur Virtual University platform for online and on-site courses at a healthy distance.



+2,400
total training
hours in 2021

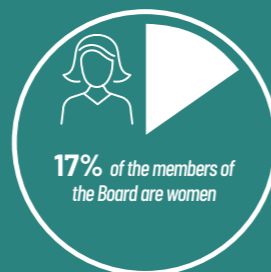


INCLUSION

60% of our total staff is made up of women, who are represented throughout the organizational structure of the hospital, from management positions, board of directors and operational areas.



2,227
employees



SAFETY AND WELL-BEING

MÉDICA SUR HEALTH CARE

Some of the main areas of interest throughout 2020 and 2021 were mental health issues, focusing on counseling programs for our employees in the areas of grief, family loss, stress, depression, and anxiety. Specific attention and psychological support were provided to all of them.

OCCUPATIONAL MEDICINE

At Médica Sur we work to guarantee the wellbeing of our employees. For this reason, our occupational health practice has an office whose main objective is to provide preventive medical care.

OCCUPATIONAL HEALTH OFFICE

Our primary objective was to provide preventive medical care. We were able to vaccinate front-line personnel against COVID-19 disease as a priority. The execution of free PCR and antigen tests for our employees allowed us to evaluate their health and safety inside and outside Médica Sur.

Our employees are our most important asset.



2,629
COVID
tests



+ 2,800
medical
consultations



+ 8,000
COVID, influenza and
hepatitis B vaccinations

TOGETHER

we make a difference

Through teamwork and value-based healthcare, 2021 was one of the best years in the history of Médica Sur, and together we were able to transform opportunities into actions.

We are a different hospital, where the patient is at the center.

We are celebrating our 40th anniversary with the firm belief that we can be better every day.

Nothing stops us, so we will continue to be constant, persevering and with the attitude and interest to serve.

We believe in our country, and we will continue to invest and generate sources of income for Mexican families.

Lic. Juan Carlos Griera Hernando
Chief Executive Officer

Dr. Misael Uribe Esquivel
Chairman of the
Board of Directors

Dr. Octavio González Chon
Chief Medical Officer



Certifications



A non-profit American health organization that brings together more than 40 organizations in the United States, Mexico, Puerto Rico, Singapore and the United Arab Emirates, Mayo Clinic is one of the largest and most important hospitals in the United States. It is currently one of the largest and most important medical centers in the United States with a worldwide prestige.

For its part, Mayo Clinic Network is a space where our physicians can exchange information on specific cases with top specialists, consult with their colleagues on specific questions and learn about the latest advances in health procedures. In addition, this collaboration has an academic scope, in which, year after year, we exchange experiences. Since 2013, Médica Sur is a member of the Mayo Clinic Care Network.



Our General Health Council (CSG) Certification has been renewed since 2000, through which the Council certifies that we comply with standards that demonstrate the quality of Médica Sur. This includes the safe handling of our patients, the quality of the medical care we provide, and the safety of our hospital facilities. This accreditation is also proof of our commitment to continuous improvement for the benefit of our patients, their families, the staff of Médica Sur and the community.



We hold several national and international certifications that endorse us as a company that complies with all applicable regulations.

One of the most important certifications we have held since 2014 is the Joint Commission International (JCI) accreditation, which identifies, measures, and shares best practices in quality and patient safety worldwide.

It provides leadership and innovative solutions to help healthcare organizations improve their performance and outcomes.

During 2021, we were reaccredited for the fourth time, in which we demonstrated that safety is an indisputable value in our Institution.



We obtained accreditation to Mexican Standard NMX-EC-15189-IMNC-2015/ ISO 15189:2012, which evaluates the technical competence of all processes and personnel in our Blood Bank, to eliminate the risks associated with the production of blood transfusion supplies.



We have been accredited by the College of American Pathologists (CAP), which provides us with a way of increasing the degree of certainty of our results, since it certifies that we cover the following points with world-class quality: the training and competence of our laboratory personnel; the procedures followed in each of the tests we perform; the effectiveness and validity of the reagents we use; and our facilities. Every two years, pathologists from the United States come to the laboratory for an inspection visit to confirm that all the stipulated requirements and standards are being met. This makes our laboratory comparable and competitive with American laboratories offering the same type of services.



The American Heart Association (AHA), granted us the recognition to be one of its international training venues, in various courses related to the cardiovascular system, for physicians, health personnel and the public.



As of March 2022, we achieved for the fourth consecutive year the T - Compliance Certification, after having completed an extensive due diligence process, evaluated by a globally recognized third party, which demonstrates our commitment to ethics, integrity, and business transparency.

Awards

Once again recognized as the “Best Hospital in Mexico”

For the second consecutive year, we were selected as the best hospital in Mexico by Newsweek magazine and the global data platform Statista with a score of 93%.

This distinction is based on recommendations from medical experts, patient surveys and the analysis of hospital performance indicators.

FUNSALUD Expansión Ranking 2021

The alliance between the well-known magazine Expansión and the Mexican Foundation for Health carried out the second ranking of hospital quality in Mexico 2021. Our hospital ranked first in six of the 14 specialties evaluated:

- Oncology
- Pneumology
- Urology
- Gastroenterology
- Endocrinology
- Nephrology

Distinguished in the category of “Exceptional Companies”

In 2021 we received the Exceptional Companies recognition in the Response and Adaptation Strategies category: Reconversión Hospitalaria Médica Sur.

This award is given by the Communication Council and the Institute for the Promotion of Quality to companies that have carried out outstanding practices of immediate response to the challenges brought about by the health crisis. Solidarity, leadership, and innovation are honored, to disseminate and learn from the success stories that have emerged on the road to Mexico’s economic recovery.

Recognition from América Economía magazine

Since 2011, we have been rated as the best hospital in Mexico in the ranking of hospitals in Latin America, by the Intelligence unit of the prestigious magazine América Economía. In 2021 we ranked 19th in Latin America.



TOGETHER

with the community

“ We support vulnerable groups through our commitment to service and kindness, thus improving the quality of life of the neediest patients. ”

Dra. Giota Panopoulou

Director of Fundación Clínica Médica Sur since 2020.



Médica Sur Clinic Foundation

OUR CONTRIBUTION TO THE FUNDACIÓN CLÍNICA MÉDICA SUR

In line with our social commitment, through sponsorship, we promote education and encourage medical knowledge through a non-profit organization, Fundación Clínica Médica Sur, A.C., which promotes medical research and teaching. Moreover, we help the community in collaboration with volunteer doctors in different specialties.

MISSION

To contribute to scientific research, medical education, and assistance to vulnerable groups for the improvement of the health of Mexicans.

VISION

To be a nationwide reference in social support activities that contribute to a more equitable health system.

In 2021 the journal Annals of Hepatology, owned by Fundación Clínica Médica Sur, celebrated 19 years of uninterrupted publication with an annual impact factor of 2.4. Thus, we surpassed the previous year's factor and maintained our position as the scientific journal with the highest impact factor in Mexico and the only hepatology journal with an impact factor in Latin America.

During 2021, the Fundación Clínica Médica Sur offered support through financial incentives to eight researchers who belong to the National System of Researchers, in accordance with the regulations stipulated by CONACYT.

A total of 40 articles were published in the areas of Allergology, Hepatology, Gastroenterology, Oncology and Radiotherapy.

The Ethics and Research Committee for Human Studies (Committee) of the Médica Sur Hospital gained greater importance due to the growing demand for the review of research protocols related to the COVID-19 virus.

Concerning education, the Foundation carried out a total of three educational programs aimed at health professionals, students, and the public:

- Preparatory course for the National Examination for Medical Residency Aspirants.
- Fourth Clinical Pharmacy Symposium.
- 20th Continuing Education Course on In-Hospital Dentistry.

40 articles published in the areas of allergology, hepatology, gastroenterology, oncology, and radiotherapy.

The Fundación Clínica Médica Sur, is not part of the group, it is an Association integrated by different people among which are some Directors of Médica Sur and outstanding people of the institution, as well as people external to the Society who have as a common purpose the promotion of education and medical science.

The "Dispensario Digital", is a virtual modality that allows the beneficiaries of the Dispensario to receive medical services remotely. It also allows the implementation of health measures for face-to-face consultations. The following results were achieved in 2021:



85
health professionals providing health care



1,136
applications of allergy vaccinations



1,400
dispensary patients



345
laboratory studies



24
cataract surgeries



65
hearing aids provided



2,200
consultations

Mexican Olympic Committee

At Médica Sur we are convinced that sports help create a better world, which is why we were proud sponsors of the Mexican Olympic Committee that participated in the Tokyo 2020+1 Olympic Games.

We conducted more than 1,000 tests for the SARS-COV2 virus that were carried out as a prerequisite for the athletes' arrival in Tokyo.

All this was essential so that the athletes focused only on giving their best to put the name of our country on a high level.

Laboratorio Médica Sur was the only certified laboratory in Mexico by the Mexican Olympic Committee and by the Organizing Committee of the Olympic Games Tokyo 2020 + 1. Congratulations on the achievements of our athletes, may they continue to grow and reap success.

Médica Sur is a proud sponsor of the Mexican Olympic Committee.



Orgullosa patrocinadora oficial del Comité Olímpico Mexicano



El **mejor** hospital de **México**



Orgullosa patrocinadora oficial del Comité Olímpico Mexicano



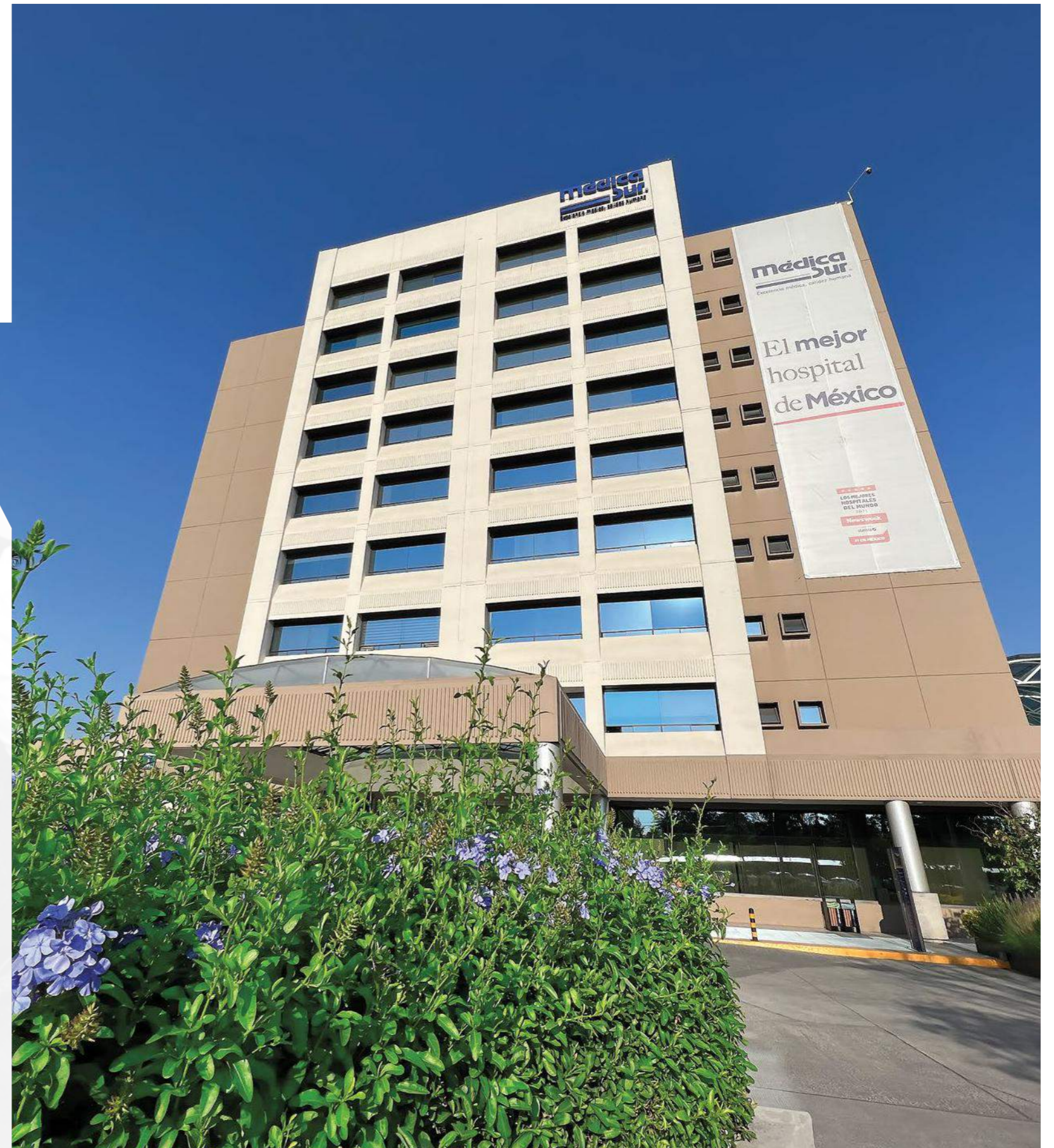
TOGETHER

with our shareholders

We maintain healthy finances, seeking to obtain a reasonable return for our investors and resources to meet the current and future needs of the organization, we focus our decisions for the benefit of our patients.

Mtra. Marisol Vázquez Mellado Mollón

Chief Financial and Administrative Officer since 2016



Record-breaking financial results

Financially sound

Revenues and EBITDA for 2021 exceeded pre-pandemic levels by 42% and 156%, respectively.

Full-year 2021 revenues totaled Ps. 3,906 million, growing Ps. 712 million or 22.3% compared to the previous year.

During the year, both of Médica Sur's credit ratings were upgraded: HR Ratings revised Médica Sur's rating from HR AA to HR AA+, while Fitch Ratings adjusted its outlook from Stable to Positive.



Revenues increased
Ps. 712
million in 2021.

Investments

In the last three years, investments stood at more than Ps. 397 million. These investments were allocated to medical equipment, as well as to the expansion, remodeling, and modernization of our facilities. They were equivalent to 16% of our total fixed assets as of December 31, 2021.



Capital expenditures
+Ps. 397
million in the last three years.

Sale of Laboratorio Medico Polanco

The divestment process of the business unit Laboratorio Medico Polanco, S.A. de C.V. (LMP), which was very relevant and positive given that it strengthened the financial structure of Médica Sur, concluded on November 1, 2021. Likewise, the divestment of this business permits us to focus our efforts on the expansion and renovation of our hospital services.

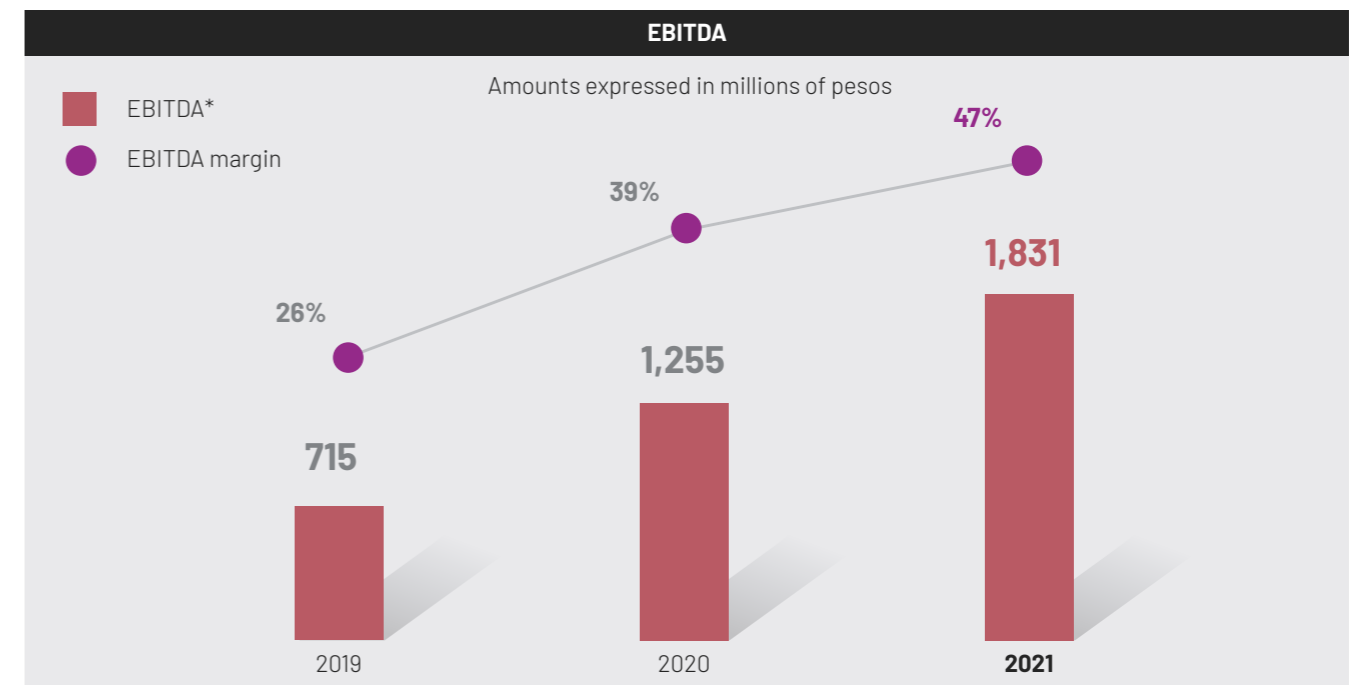
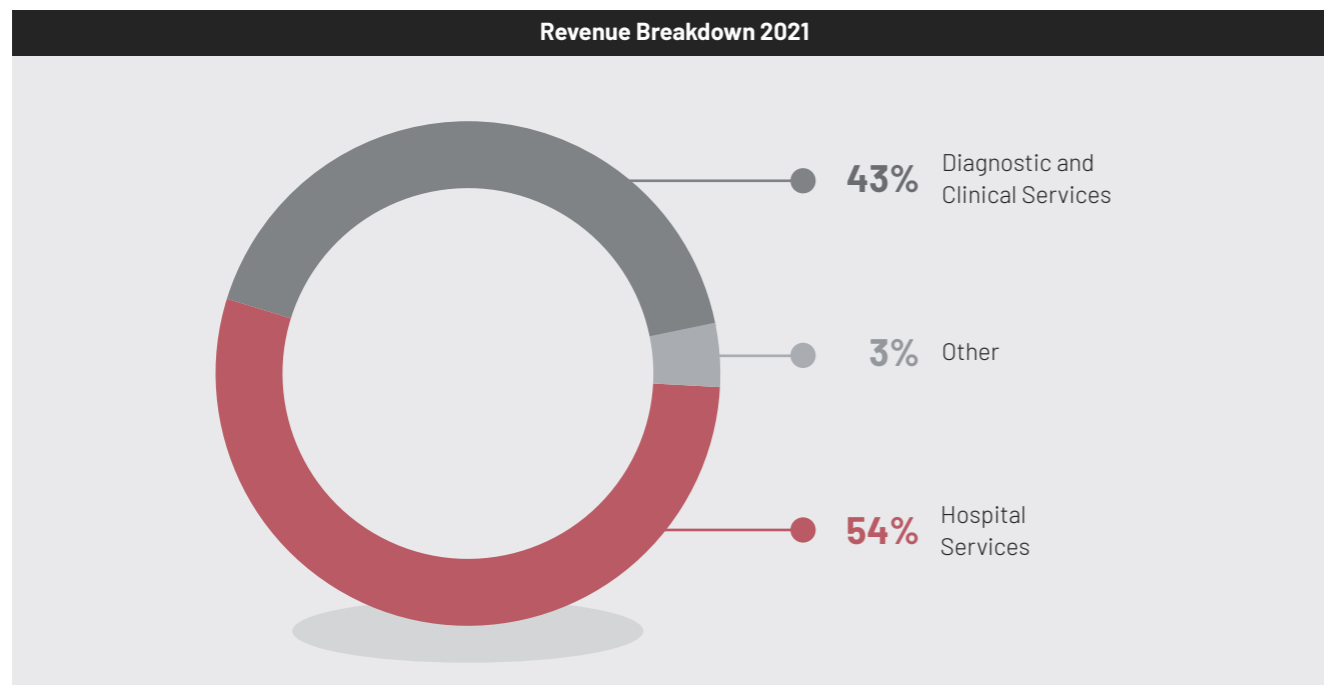
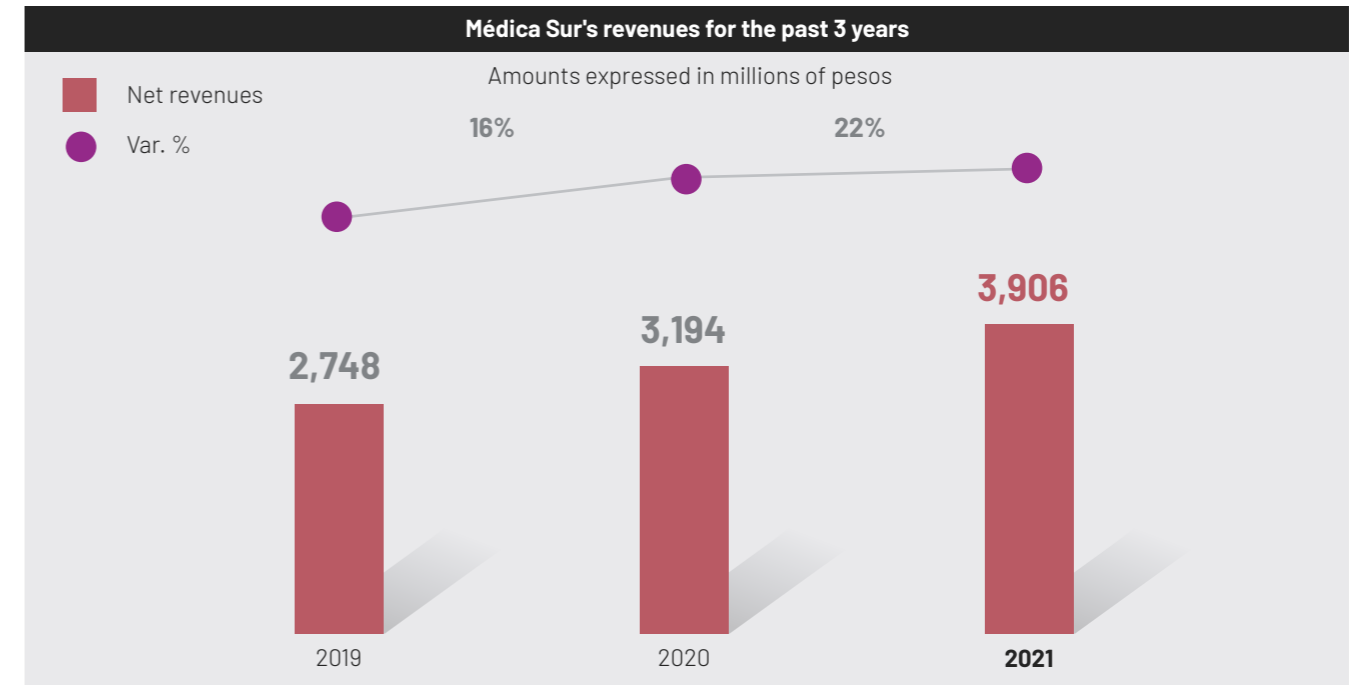
The transaction was valued at a base price of Ps. 2,250 million, plus a variable portion subject to the fulfillment of agreed-upon conditions for fiscal years 2021 and 2022. Médica Sur obtained a net gain of Ps. 779 million and an internal rate of return of 30% on the initial investment in this transaction carried out in October 2016.



Our financial results

Médica Sur, S.A.B. de C.V. and Subsidiaries - Audited Results					
	2019	2020	2021	21-20 \$Var	21-20 %Var
Revenues	2,747.8	3,193.6	3,906.1	712.5	22.3%
Operating Income	382.5	602.3	661.6	59.3	9.8%
Operating Margin	13.9%	18.9%	16.9%		-1.9 pp
EBITDA*	714.6	1,255.3	1,831.4	576.0	45.9%
EBITDA* Margin	26.0%	39.3%	46.9%		7.6 pp
Consolidated Net Income*	140.6	558.9	1,154.5	595.6	106.6%
Net Margin*	5.1%	17.5%	29.6%		12.1 pp

*Includes the effects of discontinued operations.



*Includes the effects of discontinued operations.

Board of Directors

Related Board Members

Dr. Misael Uribe Esquivel
Proprietary Board Member

Lic. Genaro Borrego Estrada
Proprietary Board Member

Lic. Juan Carlos Griera Hernando
Proprietary Board Member

Dr. Octavio González Chon
Proprietary Board Member

Ing. Mario Federico Sicilia Benard
Proprietary Board Member

Dra. Martha Helena Ramos Ostos
Proprietary Board Member

Dr. Misael Uribe Ramos
Proprietary Board Member

Dr. José Manuel Correa Rovelo
Proprietary Board Member

**Lic. Cuauhtémoc Rafael
Santa-Ana Otero**
Secretary of the Board

Independent Board Members

Lic. Enrique Castillo Sánchez Mejorada
Proprietary Board Member

Lic. Joaquín Vargas Guajardo
Proprietary Board Member

Lic. Carlos Elizondo Mayer Serra
Proprietary Board Member

Lic. Alonso De Garay Gutiérrez
Proprietary Board Member

C.P.C. Manuel Augusto Sánchez y Madrid
Proprietary Board Member

Lic. Mikel Andoni Arriola Peñalosa
Proprietary Board Member

Dra. Xóchitl Castañeda
Proprietary Board Member

Lic. Daniel Antonio Del Río Loiza
Proprietary Board Member

Lic. Alejandro Quiroz Pedrazzi
Proprietary Board Member

Lic. Laura Renné Diez Barroso Azcárraga
Proprietary Board Member

Dr. Julio José Frenk Mora
Proprietary Board Member

Corporate Practices Committee

Lic. Daniel Antonio del Río Loiza
Proprietary Board Member

C.P.C. Manuel Augusto Sánchez y Madrid
Chairman

Lic. Juan Carlos Griera Hernando

Dr. Octavio González Chon

C.P.C. J. Vinicio González Castillo

Lic. Alejandro Quiroz Pedrazzi

Ing. Mario Federico Sicilia Benard

Audit Committee

C.P.C. Manuel Sánchez y Madrid
Chairman

C.P.C. J. Vinicio González Castillo

Lic. Daniel Antonio del Río Loiza

Lic. Mikel Andoni Arriola Peñalosa

Ing. Mario Federico Sicilia Benard
Invited special guest

Executive Officers and Medical and Management Team

Dr. Misael Uribe Esquivel
Chairman of the Board of Directors

Lic. Juan Carlos Griera Hernando
Chief Executive Officer

Dr. Octavio González Chon
Chief Medical Director

Mtra. Marisol Vázquez Mellado Mollón
Chief Financial and Administrative Officer

Lic. Cuauhtémoc Rafael Santa-Ana Otero
Legal Director

Lic. Concepción Guadalupe Arriaga Ruiloba
Commercial, Marketing and Corporate
Communications Director

Ing. Juan Antonio Chávez Nieves
Human Resources Director

Ing. José Luis Torres Infante
IT Director and Systems Director

Dr. José Manuel Correa Roveló
Chief Operating Officer

Dr. Francisco Sánchez Girón
Clinical Pathology Laboratory Director

Lic. Enrique Higuera Aguilar
Risk Prevention Director

Lic. Beatriz Carolina Hernández Alanís
Internal Audit Director

Dra. Martha H. Ramos Ostos
Clinical Diagnostics and Imaging Director

Dra. Sandra María Del Carmen García López
Medicine and Hospitalization Director

Dr. Rodolfo Barragán García
Surgery Director

Lic. Francisca Vázquez García
Nursing Director

Dra. Carmen Zavala García
Academic Director

Lic. Elsa Juárez Rojas
Quality Director

Dra. Adela Poitevin Chacon
Head of Radiotherapy

Lic. Ana Lara Pulido
Head of Nutrition

Dr. Alejandro Zavala Reina
Head of the Neurophysiology Unit

Dra. Alma Iveth Olmedo Alcántara
Head of Neonatology

Dr. Bernardo Gabilondo Pliego
Head of Urology

Dr. Carlos Federico Ortiz Hidalgo
Head of Pathological Anatomy

Dra. Claudia Santamaría Arza
Head of Pediatrics

Dr. Eduardo Emir Cervera Ceballos
Chief of the Oncology Unit

Dr. Héctor Baptista González
Head of Blood Bank

Dr. Luis Assad Simón Pereira
Head of Gynecology and Obstetrics

Dr. Luis Enrique Soto Ramírez
Head of Infectology and Hospital
Epidemiological Surveillance Unit

Dr. Luis Felipe Alva López
Head of the Imaging Unit

Dr. Mario Luis Roca Cabrera
Head of Respiratory Therapy

Dr. Norberto Carlos Chávez Tapia
Head of Gastroenterology,
Hepatology and Endoscopy

Arq. Norma Esthela Ríos Ostos
Head of Infrastructure

Dr. Pedro Yeverino Suárez
Head of Emergency Medicine

Dr. Ramiro Del Valle Robles
Head of the Gamma Knife Unit

Consolidated Financial Statements

For the Years Ended December 31, 2021, 2020 and 2019, and Independent Auditors' Report Dated April 4, 2022

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Consolidated statements of cash flows	72



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Independent Auditors' Report

to the Board of Directors and Stockholders
of Médica Sur, S.A.B. de C.V. and Subsidiaries

Opinion

(Mexican pesos)

We have audited the consolidated financial statements of Médica Sur, S. A.B. de C. V. and Subsidiaries (the "Entity"), which include the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2021 and 2020, as well as the explanatory notes to the consolidated financial statements, which include a summary of the significant accounting policies applied.

In our opinion, the accompanying consolidated financial statements reasonably present, in all material respects, the consolidated financial position of Médica Sur, S.A.B. de C.V. and Subsidiaries (the Entity) as of December 31, 2021 and 2020, as well as its consolidated financial performance and consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

Fundamentals of the opinion

We have performed our audits in conformity with International Auditing Standards (IAS). Our responsibilities under these standards are explained more extensively in the section Auditors' responsibilities in relation to the audit of the consolidated financial statements of our report. We are independent from the Entity in conformity with the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and that issued by the Mexican Institute of Public Accountants (IMCP Code of Ethics), and we have complied with the other ethical responsibilities in conformity with the IESBA Code of Ethics and the IMCP Code of Ethics. We believe that the audit evidence obtained provides a sufficient and adequate basis for our opinion.

Emphasis paragraphs

- 1) We draw attention to Note 1c to the attached consolidated financial statements, "Important activities and events", where the Entity's Management describes the effects known to date caused by the COVID-19 pandemic and the repercussions it has had on its operation. Our opinion has not been changed by this issue. 2) During the year 2021, the sale of the shares representing stockholders' equity of Laboratorios Médica Sur, S.A. de C.V. and subsidiaries was carried out, the transaction consisted on the sale of 100% of the shares. This transaction qualified as a discontinued operation and such effect is presented retrospectively in the consolidated financial statements for the periods from January 1 to December 31, 2020 and 2019, as required by IFRS 5 Non-current assets held for sale and discontinued operations.

Other matters

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico.

The consolidated financial statements of the Entity as of December 31, 2019 and for the year then ended, were reviewed by other auditors, who in their opinion dated July 3, 2020 expressed an opinion without qualifications. The 2019 consolidated financial statements are presented for comparative purposes only, so we do not express any opinion about them. Due to what is mentioned in subsection 2) of the previous paragraph, the consolidated financial statements and associated notes for the year ended January 1 to December 31, 2019, were modified retrospectively due to adjustments to the discontinued operation, which we audited.

Key audit matters

The key audit matters are those matters which, in our professional judgment, have been most important in our audit of the consolidated financial statements for the current period. These matters have been dealt with in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion on the latter, and we do not issue a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

Sale of the shares representing the capital of Laboratorios Médica Sur, S.A de C.V. and subsidiaries ("LMS")

The transaction consists of the sale of 100% of the shares representing the stockholder's equity of Laboratorio Médico Polanco, S.A. de C.V. ("LMP"), together with the shares of Laboratorios Clínicos de Puebla, S.A. de C.V. (LCP) and Laboratorios Clínicos de Puebla Bioequivalencia, S.A. de C.V. (LCPB) (collectively, Laboratorios Médica Sur, S.A. de C.V. and subsidiaries ("LMS")). Operation authorized by the Shareholders' Meeting on October 19 of this year and by the Federal Competition Commission, notified to the Entity on October 14, 2021 by said authority.

The consideration for the operation is \$2,250,000,000 (Mexican pesos) as the base price plus or minus the variation in working capital, plus or minus the net financial position to, as stated in the certificate of closing of the transaction. In addition to the foregoing, buyers will pay the Entity the additional amount of up to \$550,000,000 (Mexican pesos) as an adjustment to the price for earnings before taxes, interest, depreciation and amortization ("EBITDA") 2021, which will be based on the normalized EBITDA of the basic business activity validated for the year 2021 as described in the purchase and sale contract, said price adjustment for EBITDA 2021 is independent of Covid-19 royalties, which are expected during the first quarter of the 2022 period according to the purchase and sale contract. Regarding Covid-19 royalties, from the closing date until December 31, 2022, buyers are obliged to pay the Entity the Covid-19 royalties. The sale took effect on November 1, 2021.

Our audit procedures related to our review of the sale of LMS shares include, but are not limited to, the following:

- We read the contract of sale (the "Contract") to gain an understanding of the structure of the sale and deferred set-off, including an assessment of whether all pre-sale conditions were met on the effective date of the transaction.
- We evaluated the conclusion of the Entity's Management that the sale qualified as discontinued operations in the consolidated financial statements. We involved our specialist to jointly evaluate the conclusion of the Management of the Entity that the sale qualified as discontinued operations in the consolidated financial statements, as well as to audit the reasonableness of the presentation of the discontinued operation and the profit on sale of subsidiaries, all in accordance with IFRS.
- We tested the completeness and accuracy of management's identification of the assets and liabilities included in the disposal group as defined in the Agreement and the underlying data supporting the calculation of the carrying value and fair value of the disposal group.
- We evaluated the completeness and accuracy of the presentation and disclosure of the sale of LMP in the consolidated financial statements.

On the basis of our tests, we noted that Management reasonably considered the presentation of the discontinued transaction in the consolidated financial statements.

Other information included in the document containing the audited consolidated financial statements

The Entity's management is responsible for the other information. The other information will include the information that will be incorporated into the Annual Report that the Entity is obliged to prepare in accordance with Article 33, Section I, subsection b) of Title Four, Chapter One, of the General Provisions Applicable to Issuers and other Securities Market Participants in Mexico and the Instructions that accompany those provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information mentioned and we will not express any form of assurance about it.

In connection with our audit of the consolidated financial statements as of December 31, 2021, our responsibility shall be to read the Annual Report, when available, and when we do so, to consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit or appears to contain a material error. When we read the Annual Report, we will issue the legend on the reading of the annual report, required in Article 33, Section I, subsection b) numeral 1.2., of the Provisions.

Responsibilities of the Administration and of the Audit Committee of the Entity in relation to the consolidated financial statements

Management is responsible for the preparation and reasonable presentation of the accompanying consolidated financial statements in conformity with the IFRS, and for any internal control that management believes necessary to enable the preparation of the consolidated financial statements free from material misstatement due to fraud or error.

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

The Government of the Entity, is responsible for supervising the consolidated financial reporting process of the Entity, review the content of the consolidated financial statements and submit them for approval by the Board of Directors.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with IASs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and evaluate the risks of material misstatements in the consolidated financial statements, due to fraud or error, by designing and applying audit procedures which respond to these risks, and by obtaining audit evidence which is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting material misstatements resulting from fraud is greater than those resulting from an error, because fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous declarations, or the evasion of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient and adequate audit evidence related to the financial information of the entities and business activities which comprise the Entity in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the entities comprising the Entity. We are the only persons responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Elsa Alarcón Gutiérrez

April 4, 2022

Médica Sur, S. A

Consolidated statements of financial position

As of December 31, 2021, 2020 and 2019
(In pesos)

ASSETS	Note	2021	2020	2019
Current asset:				
Cash and cash equivalents	5	\$ 3,531,821,699	\$ 572,844,050	\$ 277,226,393
Accounts receivable, net	6	439,393,041	592,474,001	373,369,497
Other accounts receivable	7	17,240,996	28,951,014	33,920,740
Inventories, net	8	126,776,698	155,376,649	102,524,584
Advance payments	9	17,891,592	52,985,698	20,725,830
Assets available for sale	10	-	215,614,158	235,443,433
Total current assets		4,133,124,026	1,618,245,570	1,043,210,477
Non-current asset:				
Buildings, furniture, equipment and improvements to leased premises, net	11	2,514,706,602	2,766,385,908	2,889,612,149
Lease right-of-use assets	13	63,679,010	299,475,572	320,592,459
Investment properties, net	12	73,424,493	80,241,167	79,998,627
Goodwill	15	123,432,329	1,025,126,111	1,025,126,111
Intangible assets, net	16	-	351,608,150	365,899,989
Deferred income taxes	21	64,765,712	115,357,941	97,474,224
Other assets, net	17	10,908,925	22,720,457	24,888,239
Total non current assets		2,850,917,071	4,660,915,306	4,803,591,798
Total assets		\$ 6,984,041,097	\$ 6,279,160,876	\$ 5,846,802,275

LIABILITIES AND STOCKHOLDERS' EQUITY	Note	2021	2020	2019
Current liabilities:				
Documents payable current portion	18 and 19	\$ 19,416,667	\$ 19,324,820	\$ 320,161,246
Suppliers		269,143,231	345,923,604	241,702,320
Taxes payable and accrued expenses		559,949,466	457,848,931	254,136,241
Dividends payable		17,879,238	13,687,442	18,181,101
Direct employee benefits	20a	102,196,979	15,094,421	7,320,376
Provisions for contingent liabilities	30	13,077,580	24,136,930	24,070,579
Lease liabilities	14	22,180,264	87,708,213	98,064,255
Total current liabilities		1,003,843,425	963,724,361	963,636,118
Non current liabilities:				
Long-term documents payable	18 and 19	991,928,321	989,725,252	903,367,172
Lease liabilities	14	43,002,092	206,235,404	211,051,481
Employee benefits at retirement	20b	30,968,955	37,135,499	27,580,254
Deferred income taxes	21	-	73,475,070	58,698,884
Total non current liabilities		1,065,899,368	1,306,571,225	1,200,697,791
Total liabilities		2,069,742,793	2,270,295,586	2,164,333,909
Stockholders' Equity:				
Capital stock	23	517,873,932	517,873,932	517,869,032
Contributions for future capital increases		124,628	124,628	124,628
Surplus in subscription of shares		121,280,931	121,280,931	121,280,931
Retained earnings		3,756,687,722	3,272,028,595	2,745,184,592
Legal reserve		103,573,805	103,573,805	103,573,805
Reserve for share repurchases	23c	422,517,711	2,975,667	197,488,662
Other comprehensive results		(8,716,064)	(9,976,043)	(4,014,180)
Stockholders' Equity attributable to the controlling interest		4,913,342,665	4,007,881,515	3,681,507,470
Non-controlling interest	23	955,639	983,775	960,896
Total stockholders' equity		4,914,298,304	4,008,865,290	3,682,468,366
Contingent commitments and liabilities	31			
Total liabilities and stockholders' equity		\$ 6,984,041,097	\$ 6,279,160,876	\$ 5,846,802,275

The accompanying notes are part of the consolidated financial statements.

Consolidated income statements and other comprehensive income

For the years ending December 31, 2021, 2020 and 2019
(In pesos)

	Note	2021	2020	2019
Revenue from services	26	\$ 3,906,143,775	\$ 3,193,597,535	\$ 2,747,806,270
Costs for services		2,371,049,205	1,987,384,958	1,838,993,927
Gross profit		1,535,094,570	1,206,212,577	908,812,343
Selling and administrative expenses	27	760,290,166	552,360,049	547,762,799
Other expenses, net	28	113,157,513	51,507,927	(21,432,858)
Foreign exchange loss (gain), net	22b	(3,100,630)	(4,140,348)	2,135,205
Interest expenses and commissions		78,796,467	121,322,882	132,887,344
Interest income		(53,842,876)	(19,229,403)	(18,957,133)
Profit before income tax		639,793,930	504,391,470	266,416,986
Income taxes	21	263,780,443	151,134,987	65,239,226
Net income from continuing operations		\$ 376,013,487	\$ 353,256,483	\$ 201,177,760
Profit (loss) from discontinued operation, net	32	778,475,117	205,594,218	(60,610,080)
Consolidated net income for the year		\$ 1,154,488,604	\$ 558,850,701	\$ 140,567,680
Consolidated net income attributable to:				
Controlling participation		\$ 1,154,516,740	\$ 558,827,822	\$ 140,551,783
Non-controlling participation	24	(28,136)	22,879	15,897
Consolidated net income		1,154,488,604	558,850,701	140,567,680

	Note	2021	2020	2019
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain (loss) ORI (net of Income Tax)		1,259,979	(5,961,863)	(3,928,476)
Consolidated comprehensive income for the year		\$ 1,155,748,583	\$ 552,888,838	\$ 136,639,204
Consolidated comprehensive income attributable to:				
Controlling participation		\$ 1,155,776,719	\$ 552,865,959	\$ 136,623,307
Non-controlling participation		(28,136)	22,879	15,897
		\$ 1,155,748,583	\$ 552,888,838	\$ 136,639,204
Earnings per share:				
From continuous and discontinued operations:				
Basic and diluted	25	\$ 9.36	\$ 4.53	\$ 1.14
Continuous operations:				
Basic and diluted	25	\$ 3.05	\$ 2.87	\$ 1.63
Weighted average of outstanding shares	25	123,281,750	123,281,750	123,281,750

The accompanying notes are part of the consolidated financial statements.

Consolidated statements of changes in Stockholders' Equity

For the years ending December 31, 2021, 2020 and 2019
(In pesos)

	Note	Stockholders equity	Contributions for future increases in capital	Surplus in subscription of shares	Retained earnings
Balances as of January 1, 2019	23, 24	\$ 517,869,032	\$ 124,628	\$ 121,280,931	\$ 2,600,090,664
Repurchase of shares		-	-	-	-
Dividend prescription		-	-	-	4,542,145
Consolidated comprehensive profit		-	-	-	140,551,783
Balances as of December 31, 2019	23, 24	517,869,032	124,628	121,280,931	2,745,184,592
Repurchase of shares		-	-	-	(36,089,699)
Dividend prescription		-	-	-	4,307,900
Dividend decree		-	-	-	(202,020)
Capital increase		4,900	-	-	-
Consolidated comprehensive income		-	-	-	558,827,822
Balances as of December 31, 2020	23, 24	517,873,932	124,628	121,280,931	3,272,028,595
Repurchase of shares		-	-	-	(500,000,000)
Dividend decree		-	-	-	(169,857,613)
Consolidated comprehensive income		-	-	-	1,154,516,740
Balances as of December 31, 2021	23, 24	\$ 517,873,932	\$ 124,628	\$ 121,280,931	\$ 3,756,687,722

Legal reserve	Reserve for share repurchases	Other comprehensive results	Stockholders' Equity attributable to the controlling interest	Non-controlling participation	Total Stockholders' Equity
\$ 103,573,805	\$ 199,543,300	\$ (85,704)	\$ 3,542,396,656	\$ 944,999	\$ 3,543,341,655
-	(2,054,638)	-	(2,054,638)	-	(2,054,638)
-	-	-	4,542,145	-	4,542,145
-	-	(3,928,476)	136,623,307	15,897	136,639,204
103,573,805	197,488,662	(4,014,180)	3,681,507,470	960,896	3,682,468,366
-	(194,512,995)	-	(230,602,694)	-	(230,602,694)
-	-	-	4,307,900	-	4,307,900
-	-	-	(202,020)	-	(202,020)
-	-	-	4,900	-	4,900
-	-	(5,961,863)	552,865,959	22,879	552,888,838
103,573,805	2,975,667	(9,976,043)	4,007,881,515	983,775	4,008,865,290
-	419,542,044	-	(80,457,956)	-	(80,457,956)
-	-	-	(169,857,613)	-	(169,857,613)
-	-	1,259,979	1,155,776,719	(28,136)	1,155,748,583
\$ 103,573,805	\$ 422,517,711	\$ (8,716,064)	\$ 4,913,342,665	\$ 955,639	\$ 4,914,298,304

The accompanying notes are part of the consolidated financial statements.

Consolidated statements of cash flows

For the years ending December 31, 2021, 2020 and 2019
(In pesos)

	Note	2021	2020	2019
Cash flows from operating activities:				
Consolidated net income		\$ 1,154,488,604	\$ 558,850,701	\$ 140,567,680
Income taxes		263,780,443	151,134,987	65,239,226
Income taxes from discontinued operation			81,336,329	(8,641,970)
Net cost of the period		(1,259,979)	5,961,863	3,928,476
Net cost from discontinued period		0	(2,368,481)	1,851,282
Items related to investment activities:				
Depreciation and amortization	11,12	277,379,433	161,139,670	158,275,910
Depreciation and amortization from discontinued operation	32	-	162,625,450	192,590,859
Result from disposals from discontinued operation		(778,475,117)	-	-
Impairment of goodwill		100,584,603	-	-
(Profit) loss on sale of transportation equipment and other assets		(378,764)	24,189,726	8,052,083
Item related to financing activities:				
Interests gain		(53,842,876)	(19,229,403)	(18,957,134)
Interest and commissions expense		78,796,467	121,322,882	132,887,344
Interest expense and discontinued commissions		-	41,428,279	50,187,175
		1,041,072,814	1,286,392,003	725,980,931
Items related to operational activities:				
Decrease (increase) in:				
Accounts receivable		153,080,960	(219,104,505)	(36,693,917)
Other accounts receivable		11,878,050	10,443,368	53,909,972
Inventories		28,599,951	(52,852,065)	(73,391)
Advance payments		34,926,053	(37,733,510)	1,273,376
Increase (decrease) in:				
Suppliers		(76,780,373)	104,221,285	25,367,151
Taxes and accrued expenses		(191,537,290)	125,597,385	(36,261,421)
Provisions for contingent liabilities		(11,059,350)	4,172,188	(3,142,627)
Employee Benefits		87,102,559	7,774,045	(1,450,927)
Income taxes paid		(255,963,115)	(127,594,276)	(144,332,462)
Net cash flows generated by operating activities		821,320,259	1,101,315,918	584,576,685

	Note	2021	2020	2019
Cash flows from investment activities:				
Acquisitions of real estate, furniture, equipment and investment properties	11, 12	(150,790,585)	(128,513,467)	(134,672,120)
Acquisitions of intangibles		-	-	(2,666,118)
Increase (decrease) in other non-current assets, net		12,651,875	2,167,782	(1,956,226)
Sale of real estate, furniture and equipment		-	-	12,670,422
Income from sale of subsidiaries	32	2,354,842,000	-	-
Refunded deposits		-	-	(214,530,739)
Dividend collection	32	290,310,669	-	-
Interest charged		52,239,057	13,731,557	8,987,889
Cash flows used in investment activities		\$ 2,559,253,016	\$ (112,614,128)	\$ (332,166,892)
Cash flows from financing activities:				
Loans obtained	18	-	1,325,000,000	230,000,000
Loan repayment	18	-	(1,539,478,339)	(132,567,251)
Dividend payment	23	(161,680,346)	(185,758)	(1,226,418)
Payments of leases		(108,780,657)	(109,687,940)	(81,564,977)
Repurchase of Treasury shares		(80,457,956)	(230,602,694)	(2,054,638)
Capital contributions		-	4,900	-
Interest paid	19	(70,676,667)	(138,134,302)	(159,136,105)
Net cash flows used in financing activities		(421,595,626)	(693,084,133)	(146,549,389)
Net increase in cash and cash equivalents		2,958,977,649	295,617,657	105,860,404
Cash and cash equivalents at the beginning of the year		572,844,050	277,226,393	171,365,989
Cash and cash equivalents at the end of the year		\$ 3,531,821,699	\$ 572,844,050	\$ 277,226,393

The accompanying notes are part of the consolidated financial statements.



Information for investors

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MEDICAB

TICKER SYMBOLS

Shares: **Medica B**
Debt certificates: **Medica 20**

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