MED LIFE S.A. Standalone Budget for FY 2024

MED LIFE S.A. | Budget FY 2024

MedLife

(RON, unless otherwise stated)	Financial year 2023 IFRS, audited	Financial year 2024 Budget	Variance
Revenue from contracts with customers	**636,435,030**	**708,613,581**	**11.3%**
Other operating income	8,166,567		
Dividend income	24,503,878	25,000,000	2.0%
Operating income	**669,105,475**	**733,613,581**	**9.6%**
OPERATING EXPENSES (without depreciation and amortization)	**561,362,944**	**616,739,782**	**9.9%**
EBITDA	**107,742,531**	**116,873,799**	**8.5%**
EBITDA margin (%)	*16.9%*	*16.5%*	
OPERATING PROFIT	**45,557,407**	**54,144,273**	**18.8%**
OPERATING PROFIT margin (%)	*7.2%*	*7.6%*	
FINANCIAL RESULT	**(30,970,503)**	**(38,290,541)**	**23.6%**
NET RESULT	**16,733,803**	**15,853,732**	**-5.3%**
NET RESULT margin (%)	*2.6%*	*2.2%*	

Substantiation of the 2024 Budget

The **Company**'s financial performance is affected, was affected in the past and is expected to be affected in the future by a number of factors, such as:

- Global and regional economic conditions, respectively the economic context at national and regional level that may negatively influence the **Company**'s activity refer to factors such as: inflation, recession, changes in fiscal and monetary policy, tighter lending, higher interest rates, new or rising tariffs, currency fluctuations, raw material prices (electricity, natural gas), etc.
- Geopolitical context that places pressure on overall demand to a certain extent;
- Evolution of the macroeconomic environment and the general health condition of the targeted population which both determine the consumption of private healthcare services;
- The historically reduced level of the State's investments in public healthcare leads the population to head towards private medical services;
- Most of the **Company**'s turnover relies on private spending and not on State funded medical insurances;
- **MedLife** has a strong balanced business model which facilitates recurrent revenue capture;
- The **Company**'s focus is centralized on expansion by both organic investments, as well as acquisitions, which provides basis for sustainable growth;
- Labor costs and scale efficiencies will impact profitability.

The estimations and assumptions used are based on historical experience and other factors which are considered to be reasonable under the current conditions, and their results set the base for judgement with regards to future performance which is not easily outlined from other sources.

The management expects the **Company**'s performance to improve over time and its financial results to grow, based on the proven increase in demand for the medical services rendered in the Company's facilities.

Substantiation of the 2024 Budget

The **Company** estimates that:

- it will continue to capitalize on the medical units of the acquired companies in order to organically develop their operations and to align the acquired companies to a profitability level (EBITDA margin) similar to that of the Group;
- it will continue to analyze the potential acquisition of certain medical companies, which will determine the expansion of its services in areas where it already has local presence or will allow the Group to expand in new geographical areas;
- it will capitalize on growth opportunities for the existing units through additional revenue generation, based on the same fixed costs structure already in place, especially in the case of hospitals;
- it will continue to optimize the mix of services rendered in its units based on specific market conditions, thus aiming to increase revenues and improve the profit margin of each medical unit;
- it will profit from market consolidation, which is particularly favorable to the leaders of the private medical services market, allowing for an accelerated growth of sales and a more intense presence on the regional market and on niche specialties, facilitating the reach of economies of scale.

The actual results may differ from the estimations.