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MedLife



9m 2020 Financial Results
Investors and Analysts presentation

2-3 December 2020

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AGENDA

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Highlights 9m 2020

- Key messages 9m 2020

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Financial overview

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

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Q&A Session

Highlights 9m 2020

- Key messages 9m 2020



Key messages 9m 2020

MedLife Group focused on helping patients and state institutions during the pandemic and has shaped its business model to address the new business and economic environment, while still focusing on providing new medical services requested by patients during this period;

The top priority of MedLife Group throughout this pandemic period was to support the Departments of Public Health by contributing to the growing number of PCR tests performed, and relieving public hospitals by treating chronic patients;

The preventive measures taken from the beginning facilitated control over the situation and helped us to protect our patients and personnel, leading to both support for the population and financial performance;

We have also conducted several research studies on the evolution of COVID 19 in Romania, allocating own resources in this regard, and there are more to come;

Sales

Significant advance in Q3`20 vs Q2`20, with a 47% increase in consolidated Sales, fully recovering sales lost during the period of strict restrictions on preventive medical activities and traffic;

- **8.4%** increase YoY in Sales, to **770.8m RON** (IFRS) & **5.1%** increase YoY in Sales, to **747.2m RON** (Pro-forma)

Key messages 9m 2020

Quick adaptability to new services, repositioning on labs & the mix of medical activities in the area of hospitals, clinics, corporate, pharma and dentistry, helped to meet patients` demand and offer a solid perspective for the Group for the period post-COVID;

➤ Clinics

- 43 % increase in Sales in Q3`20 vs Q2`20, 4.7% YoY;
- **490k** visits in Q3`20 (**1.3m** visits 9m 2020);

➤ Stomatology

- 63 % increase in Sales in Q3`20 vs Q2`20, (5.2)% YoY;
- **23k** visits in Q3`20 (**66k** visits 9m 2020);

➤ Hospitals

- 64 % increase in Sales in Q3`20 vs Q2`20, 12.6% YoY;
- **24k** patients in Q3`20 (**60k** patients 9m 2020);

➤ Laboratories

- 85 % increase in Sales in Q3`20 vs Q2`20, 15.7% YoY;
- **1.3m** analysis in Q3`20 (**3.8m** analysis 9m 2020);

➤ Corporate

- 9 % increase in Sales in Q3`20 vs Q2`20, 5% YoY;
- **715k** subscriptions in Corporate segment;

➤ Pharmacies

- 6 % increase in Sales in Q3`20 vs Q2`20, 15.6% YoY;
- **45k** clients in Q3`20 (**151k** clients 9m 2020);

Key messages 9m 2020

The development of 4 COVID-19 laboratories, in record time, was one of the important achievements of the group in this period. Through these, the company was able to keep MedLife employees safe, to periodically test medical and auxiliary staff and patients and keep the units functional, as well as supporting the Departments of Public Health by conducting COVID tests;

In terms of hospitals, we contributed to relieving crowded state hospitals, by treating chronic patients;

We also provided Romanians an alternative for monitoring and treating existing pathologies in conditions of maximum safety. We managed to help hundreds of thousands of Romanians to evaluate their existing diseases and keep them under control, with over 1.9 million total visits in clinics and over 6.1 million lab analyzes performed.

A dynamic activity was also registered in the area of corporate segment. The company has developed new products to meet the needs in this epidemiological context, has designed special projects tailored to support employees of partner companies and increased the segments of medical services and investigations that were a priority.



Key messages 9m 2020

Operating profit and EBITDA

The Group tailored its services to meet new demands and optimized the business dynamics;

Managed to increase operating profit and EBITDA as a result of cost-cutting measures aimed at generating sustainable performance improvements in all business lines and leading to a long-term positive effect on Group's profitability;

On a like to like basis, if COVID related revenues are excluded, the margin is preserved and on an upward trend, despite decreased sales in Q2`20.

- 36.7% increase YoY in EBITDA, reaching 155.4m RON on IFRS;
- 38% increase YoY in EBITDA, reaching 156.9m RON on Pro-forma;

Key messages 9m 2020

Outlook for end of year and 2021

The strategy is to be prepared for post-COVID period when we expect an increase in traffic in all medical units, and a closer relation between general practitioners, small clinics and pharmacies;

We will continue development and expansion plans, having already assured financing from creditors along with significant liquidities generated by the business cashflows;

Current Net Debt to Pro-forma EBITDA ratio of 2.5, historically around an average of 3 – comfortable level given that a high demand for medical services is expected;

We continue to support acute and chronic patients through post-COVID recovery projects and the expansion of radiotherapy and oncology services;

Additional projects related to the area of prevention, research and digitalization;

We will also continue, gradually, the development of MedLife Medical Park project, which has the potential to become the most complex medical project in Romania in the last 30 years.



Key messages 9m 2020

Outlook for end of year and 2021

On M&A side, interest in several opportunities in the market, including pharma segment, expected to have an important contribution to economic recovery and maintaining the health of the population in the years to come. In this respect, the Group is focusing on relevant add-ons to its business lines to further capture value and providing closure for medical experience of our patients;

The new investments and acquisitions will be carefully calibrated according to the evolution of the pandemic;

Financial overview

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

Consolidated Statement of Profit and Loss (1/3)

| Description | 9m 2019 IFRS | 9m 2020 IFRS | %VAR | Pro-forma adj. | 9m 2020 Pro-forma | %VAR |
|-----------------------------------|----------------------|----------------------|----------------|---------------------|----------------------|----------------|
| Sales | 711,042,507 | 770,809,040 | 8.4% | (23,570,042) | 747,238,998 | 5.1% |
| Other operating income | 4,813,817 | 3,408,489 | -29.2% | - | 3,408,489 | -29.2% |
| OPERATING INCOME | 715,856,324 | 774,217,529 | 8.2% | (23,570,042) | 750,647,487 | 4.9% |
| OPERATING EXPENSES | (672,037,078) | (697,711,654) | 3.8% | 25,067,733 | (672,643,922) | 0.1% |
| OPERATING PROFIT | 43,819,246 | 76,505,875 | 74.6% | 1,497,691 | 78,003,565 | 78.0% |
| EBITDA | 113,729,889 | 155,485,897 | 36.7% | 1,504,695 | 156,990,593 | 38.0% |
| EBITDA before IFRS 16 | 85,923,727 | 125,152,700 | 45.7% | 1,504,695 | 126,657,395 | 47.4% |
| Net finance cost | (14,325,352) | (15,309,602) | 6.9% | (921) | (15,310,523) | 6.9% |
| Other financial expenses | (4,970,859) | (7,260,628) | 46.1% | 8 | (7,260,620) | 46.1% |
| FINANCIAL RESULT | (19,296,211) | (22,570,230) | 17.0% | (913) | (22,571,143) | 17.0% |
| RESULT BEFORE TAXES | 24,523,035 | 53,935,644 | 119.9 % | 1,496,778 | 55,432,422 | 126.0 % |
| Income tax expense | (5,126,883) | (9,943,302) | 93.9 % | (246,357) | (10,189,659) | 98.7 % |
| NET RESULT | 19,396,152 | 43,992,343 | 126.8% | 1,250,421 | 45,242,763 | 133.3% |
| Other comprehensive income | - | 25,682 | 0.0% | - | 25,682 | 0.0% |
| Total comprehensive income | 19,396,152 | 44,018,024 | 126.9% | 1,250,421 | 45,268,445 | 133.4% |

9m 2020 Pro-forma vs. 9m 2019 IFRS

- ❑ Sales increased by **5.1%**, to 747.2m RON
- ❑ OPEX remained flat, at 672.6m RON
- ❑ EBIT increased by **78%** to 78m RON, **10.4%** margin (6.2%)
- ❑ EBITDA increased by **38%** to 156.9m RON, **21%** margin (16%)
- ❑ EBITDA *before IFRS 16* increased by **47.4%** to 126.6m RON, **17%** margin (12.1%)
- ❑ **17%** increase in financial result mainly due to increased FX losses as compared to prior period
- ❑ **Net Result** increased by **133.3%**, to 45.2m RON
- ❑ Split of **Net Result**: 88% to Group Owners, 12% to NCI
- ❑ **Pro-forma adj.** include:
 1. Reclass of subsidies in amount of 23.6m RON in relation to the National Health Program
 2. Financial Results of the Acquired Company (Labor Maricor) for the period January – March 2020
 2. 1.5m RON one-off expenses

Consolidated Statement of Profit and Loss (2/3)

Operational KPIs

| Business line | Info | 9m 2019 IFRS | 9m 2020 IFRS | %VAR | % in Total |
|---------------|------------------|--------------------|--------------------|--------------|---------------|
| Clinics | Revenue | 215,147,139 | 225,341,482 | 4.7% | 29.2% |
| Clinics | Visits | 1,374,303 | 1,356,597 | -1.3% | |
| Clinics | Avg fee | 156.6 | 166.1 | 6.1% | |
| Stomatology | Revenue | 44,140,328 | 41,829,791 | -5.2% | 5.4% |
| Stomatology | Visits | 91,538 | 66,108 | -27.8% | |
| Stomatology | Avg fee | 482.2 | 632.7 | 31.2% | |
| Hospitals | Revenue | 161,867,305 | 182,194,030 | 12.6% | 23.6% |
| Hospitals | Patients | 61,971 | 60,622 | -2.2% | |
| Hospitals | Avg fee | 2,612.0 | 3,005.4 | 15.1% | |
| Laboratories | Revenue | 113,933,178 | 131,790,323 | 15.7% | 17.1% |
| Laboratories | Analyses | 4,446,584 | 3,847,035 | -13.5% | |
| Laboratories | Avg fee | 25.6 | 34.3 | 33.8% | |
| Corporate | Revenue | 136,776,660 | 143,634,692 | 5.0% | 18.6% |
| Corporate | Subscriptions | 691,605 | 715,669 | 3.5% | |
| Corporate | Avg fee | 197.8 | 200.7 | 1.5% | |
| Pharmacies | Revenue | 28,725,215 | 33,210,924 | 15.6% | 4.3% |
| Pharmacies | Clients | 192,319 | 151,846 | -21.0% | |
| Pharmacies | Sales per client | 149.4 | 218.7 | 46.4% | |
| Others | Revenue | 10,452,681 | 12,807,798 | 22.5% | 1.7% |
| Total | | 711,042,507 | 770,809,040 | 8.4% | 100.0% |

Sales for **9m 2020** increased by 8.4% vs **9m 2019** (on IFRS), and by **5.1%** vs **9m 2019** (Pro-forma) as an effect of:

- Acquisitions made subsequent to 9m2019
- strong operating performance in January and February
- drop in sales starting with March amid COVID-19 pandemic & Military Ordinances restructuring the healthcare system during the state of emergency, leading to a 22.3% drop in Sales in Q2`20 vs Q1`20
- Rebound of sales in Q3`20, higher by 47% as compared to Q2`20 and by 24% as compared to Q3`19, mainly due to increased traffic in all business lines and COVID 19 PCR testing

Consolidated Statement of Profit and Loss (3/3)

OPEX Evolution

| Description | 9m 2019 IFRS | 9m 2020 IFRS | %VAR | % of OPERATING EXPENSES | | | % of SALES | | |
|--|--------------------|--------------------|--------------|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | 9m 2019 IFRS | 9m 2020 IFRS | Change | 9m 2019 IFRS | 9m 2020 IFRS | Change |
| Consumable materials and repair materials | 115,070,551 | 130,261,305 | 13.2% | 17.1% | 18.7% | 1.5 p.p | 16.2% | 16.9% | 0.7 p.p |
| Commodities | 22,272,585 | 26,721,190 | 20.0% | 3.3% | 3.8% | 0.5 p.p | 3.1% | 3.5% | 0.3 p.p |
| Utilities | 8,705,259 | 9,279,888 | 6.6% | 1.3% | 1.3% | 0 p.p | 1.2% | 1.2% | 0 p.p |
| Repairs maintenance | 8,776,201 | 8,215,069 | -6.4% | 1.3% | 1.2% | -0.1 p.p | 1.2% | 1.1% | -0.2 p.p |
| Rent | 6,174,667 | 1,548,438 | -74.9% | 0.9% | 0.2% | -0.7 p.p | 0.9% | 0.2% | -0.7 p.p |
| Insurance premiums | 2,319,884 | 2,338,734 | 0.8% | 0.3% | 0.3% | 0 p.p | 0.3% | 0.3% | 0 p.p |
| Promotion expense | 9,407,637 | 8,859,631 | -5.8% | 1.4% | 1.3% | -0.1 p.p | 1.3% | 1.1% | -0.2 p.p |
| Communications | 2,975,159 | 3,215,839 | 8.1% | 0.4% | 0.5% | 0 p.p | 0.4% | 0.4% | 0 p.p |
| Third party expenses & Salaries expenses, <i>out of which:</i> | 415,210,162 | 421,259,167 | 1.5% | 61.8% | 60.4% | -1.4 p.p | 58.4% | 54.7% | -3.7 p.p |
| <i>Third party expenses (including doctor's agreements)</i> | <i>192,401,265</i> | <i>209,427,285</i> | <i>8.8%</i> | <i>28.6%</i> | <i>30.0%</i> | <i>1.4 p.p</i> | <i>27.1%</i> | <i>27.2%</i> | <i>0.1 p.p</i> |
| <i>Salary and related expenses (including social contrib.)</i> | <i>222,808,897</i> | <i>211,831,882</i> | <i>-4.9%</i> | <i>33.2%</i> | <i>30.4%</i> | <i>-2.8 p.p</i> | <i>31.3%</i> | <i>27.5%</i> | <i>-3.9 p.p</i> |
| Depreciation | 69,910,643 | 78,980,023 | 13.0% | 10.4% | 11.3% | 0.9 p.p | 9.8% | 10.2% | 0.4 p.p |
| Other administration and operating expenses | 11,214,330 | 7,032,371 | -37.3% | 1.7% | 1.0% | -0.7 p.p | 1.6% | 0.9% | -0.7 p.p |
| OPERATING EXPENSES | 672,037,078 | 697,711,654 | 3.8% | 100% | 100% | 0 p.p | 94.5% | 90.5% | -4 p.p |

Consolidated Statement of Financial Position (1/2)

| Description | December 31, 2019 IFRS | September 30, 2020 IFRS | %VAR |
|---|------------------------------|-------------------------------|--------------|
| Non-current assets | 811,596,971 | 830,517,040 | 2.3% |
| Current assets, excluding Cash and cash equivalents | 172,090,253 | 194,709,664 | 13.1% |
| Cash and cash equivalents | 38,886,218 | 86,472,188 | 122.4% |
| TOTAL ASSETS | 1,022,573,442 | 1,111,698,892 | 8.7% |
| Current liabilities | 340,941,966 | 358,940,355 | 5.3% |
| Long term liabilities | 451,609,561 | 479,127,126 | 6.1% |
| Deferred tax liability | 19,756,346 | 21,327,325 | 8.0% |
| TOTAL LIABILITIES | 812,307,874 | 859,394,806 | 5.8% |
| Equity attributable to owners of the Group | 187,085,058 | 225,302,842 | 20.4% |
| Non-controlling interests | 23,180,511 | 27,001,244 | 16.5% |
| EQUITY | 210,265,569 | 252,304,086 | 20.0% |



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

| Description | December 31, 2019 IFRS | September 30, 2020 IFRS | %VAR |
|-----------------------------|------------------------------|-------------------------------|---------------|
| Current portion – Leasing | 46,742,639 | 45,682,132 | -2.3% |
| Long term portion – Leasing | 99,007,320 | 73,198,360 | -26.1% |
| Total | 145,749,960 | 118,880,491 | -18.4% |

Financial debt

| Description | December 31, 2019 IFRS | September 30, 2020 IFRS | %VAR |
|-----------------------------------|------------------------------|-------------------------------|--------------|
| Overdraft | 29,011,944 | 24,606,887 | -15.2% |
| Current portion of long-term debt | 24,802,015 | 50,907,107 | 105.3% |
| Long-term debt | 345,952,241 | 402,603,766 | 16.4% |
| Total | 399,766,200 | 478,117,760 | 19.6% |

| | | | |
|------------------------------------|--------------------|--------------------|-------------|
| Net Debt | 506,629,942 | 510,526,063 | 0.8% |
| Net debt to Pro-forma EBITDA ratio | 3.1 | 2.5 | |

Consolidated Statement of Cash Flow

| Description | September, 30 | September, 30 |
|--|---------------------|---------------------|
| | 2019 | 2020 |
| | IFRS | IFRS |
| Net income before taxes | 24,523,035 | 53,935,644 |
| Adjustments for non-monetary items | 84,442,898 | 100,278,057 |
| Operating cash flow before working capital and other monetary changes | 108,965,933 | 154,213,701 |
| Cash generated from working capital changes | (31,550,882) | (39,249,527) |
| Other monetary changes (income tax and net interest paid) | (15,277,791) | (14,853,490) |
| Net cash from operating activities | 62,137,260 | 100,110,684 |
| Net cash used in investing activities | (42,061,002) | (75,520,548) |
| Net cash from/ (used in) financing activities | (3,124,590) | 22,995,833 |
| Net change in cash and cash equivalents | 16,951,668 | 47,585,970 |
| Cash and cash equivalents beginning of the period | 34,206,159 | 38,886,218 |
| Cash and cash equivalents end of the period | 51,157,827 | 86,472,188 |

Cash flow for the period characterized by good operating performance, reinforced by controls and saving measures:

1. 61% increase in net cash from operating activities;
2. 80% increase in cash used in investing activities;
3. Increase in cash with 22.9m RON from financing activities



Q&A Session

Thank you!