

Q1 2023 Financial Results

12 May 2023



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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

AGENDA

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Highlights 3m 2023

- Key messages and outlook

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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

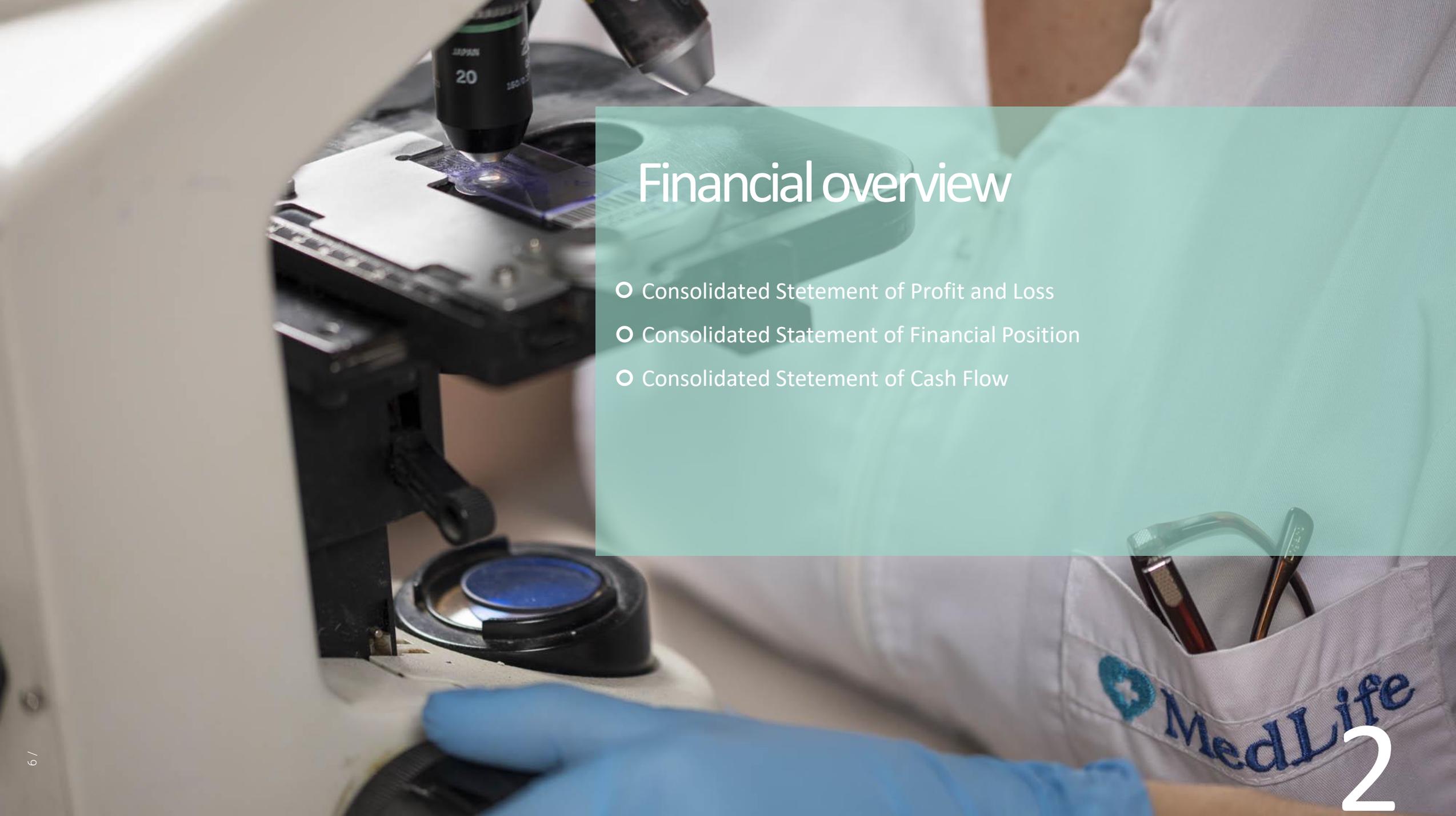


Highlights 3m 2023

- Key messages and Outlook

Key messages and outlook

- The first quarter was characterized by good performance across all business lines, with a 33% increase in revenues compared to Q1 2022;
- the gradual results of the Group reflect the constant and sustainable development over time of financial, operational and business performance;
- In the first quarter, the demand for medical services remained at a high level, but we remain prudent about its evolution till the end of the year, given the macroeconomic context;
- In the first few months of the year we had several achievements, such as the opening of the Hyperclinic in Deva and the completion of the transactions with Muntenia Hospital and Nord (Provita Medical Group);
- MedLife Group proved track record and experience in doing acquisitions and the periods of consolidation and rentability that follow such expansions;
- In 2023 our M&A focus is less dynamic and consistent with the market trends and context. However, it is a year of consolidation in terms of EBITDA margins and integration of the companies acquired in the last 2 years;
- We intend to start merging subsidiaries for a better operational performance during 2023 and 2024;
- We will continue to invest in outpatient medical units nationwide, increasing the portfolio of doctors, as well as investments in top technology and medical services;
- Additionally, we concentrate our efforts to support the development of healthy businesses in Romania, becoming the first private medical operator to offer medical subscriptions with 360° coverage – from prevention services to health insurance, dental services, and fitness.



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)

3m 2023 Pro-forma vs. 3m 2022 IFRS

- **Gross Sales** (National Health Program for chemotherapy drugs included) increased by **33%**, reaching **RON 555.5m** for 3m 2023;
- **Net Sales** (net of drugs) increased by **24.8%**, reaching **RON 523m**
- **OPEX** increased by **30.6%**, to **RON 496m**;
- **25.9%** decrease in **EBIT**, to **RON 30m**, leading to **6%** pro-forma margin (10% in the same period last year) – explained in OPEX evolution slide;
- **10%** increase in **EBITDA**, to **RON 79m & 15.1%** pro-forma margin (17.2% in the same period last year);
- **Net Result** of **RON 10.5m**, leading to **2%** pro-forma margin (7% in the same period last year);
- Split of **Net Result**: 87% to Group Owners, 13% to NCI. Additional acquisition of NCI: 5% in DE Group and 11.5% in Sanopass
- **Pro-forma adj.** include financial results of the Acquired Companies (Sales of **RON 26m**) less subsidies received at Group level from NHH in relation to the National Health Program for chemotherapy drugs that increased in scale following Neolife and Oncocard acquisitions (Sales of **RON 33m for Q1 2023**), and exclusion of one-off expenses in amount of **RON 1.5m** ;

Description	3m 2022 IFRS	3m 2023 IFRS	%VAR	Pro-forma adj.	3m 2023 Pro-forma	%VAR
Gross Sales	418,861,038	529,453,478	26.4 %	26,059,518	555,512,996	32.6 %
Net Sales (less PNS)	418,861,038	529,453,478	26.4 %	(6,841,523)	522,611,955	24.8 %
Other operating income	2,047,789	3,316,888	62.0 %	814,843	4,131,731	101.8 %
OPERATING INCOME	420,908,827	532,770,366	26.6 %	(6,026,680)	526,743,686	25.1 %
OPERATING EXPENSES	(380,052,942)	(505,186,874)	32.9 %	8,733,954	(496,452,920)	30.6 %
OPERATING PROFIT	40,855,885	27,583,492	(32.5)%	2,707,274	30,290,766	(25.9)%
EBITDA	72,193,166	74,733,807	3.5 %	4,384,787	79,118,594	9.6 %
Net finance cost	(7,052,599)	(15,222,700)	115.8 %	(582,153)	(15,804,853)	124.1 %
Other financial expenses	(273,056)	126,520	(146.3)%	199,102	325,622	(219.3)%
FINANCIAL RESULT	(7,325,655)	(15,096,179)	106.1 %	(383,051)	(15,479,230)	111.3 %
RESULT BEFORE TAXES	33,530,229	12,487,313	(62.8)%	2,324,223	14,811,536	(55.8)%
Income tax expense	(3,976,198)	(4,062,738)	2.2 %	(262,730)	(4,325,468)	8.8 %
NET RESULT	29,554,031	8,424,575	(71.5)%	2,061,493	10,486,068	(64.5)%
Margins						
EBIT %	9.8%	5.2%			5.8%	
EBITDA %	17.2%	14.1%			15.1%	
Net Result %	7.1%	1.6%			2.0%	

Consolidated Statement of Profit and Loss (2/3)

Operational KPIs –business lines evolution and bridge to pro-forma figures

Business line	Info	3m 2022 IFRS	3m 2023 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	3m 2023 Pro-forma	%VAR	Share of total Pro-forma Sales
Clinics	Revenue	133,513,421	199,260,702	49.2%	37.6%	7,972,044	207,232,746	55.2%	39.7%
Clinics	Visits	645,337	863,694	33.8%					
Clinics	Avg fee	206.9	230.7	11.5 %					
Stomatology	Revenue	25,530,365	32,289,809	26.5%	6.1%	-	32,289,809	26.5%	6.2%
Stomatology	Visits	44,176	46,681	5.7%					
Stomatology	Avg fee	577.9	682.9	18.2 %					
Hospitals	Revenue	85,649,611	108,295,119	26.4%	20.5%	(18,966,741)	89,328,378	4.3%	17.1%
Hospitals	Patients	25,824	33,259	28.8%					
Hospitals	Avg fee	3,316.7	3,256.1	(1.8)%					
Laboratories	Revenue	55,972,427	57,199,089	2.2 %	10.8%	3,845,531	61,044,620	9.1 %	11.7%
Laboratories	Analyses	1,851,466	1,853,301	0.1 %					
Laboratories	Avg fee	30.2	30.9	2.1 %					
Corporate	Revenue	51,416,746	57,953,029	12.7%	10.9%	307,643	58,260,672	13.3%	11.1%
Corporate	Subscriptions	763,175	846,217	10.9%					
Corporate	Avg fee	67.4	68.5	1.7 %					
Pharmacies	Revenue	18,726,740	18,481,757	-1.3%	3.5%	-	18,481,757	-1.3%	3.5%
Pharmacies	Clients	148,478	124,312	-16.3%					
Pharmacies	Sales per	126.1	148.7	17.9 %					
Others	Revenue	48,051,728	55,973,973	16.5%	10.6%	-	55,973,973	16.5%	10.7%
Total		418,861,038	529,453,478	26.4%	100.0%	(6,841,523)	522,611,955	24.8%	100.0%

- ❑ On a pro-forma basis, Clinics remain the main sales unit of the group, with 40% share in total Sales: growth explained by sustained demand of outpatient medical services and new acquisitions performed during 2022 and 2023;
- ❑ Hospitals with 17% share in total Sales; growth has been sustained by increase in the number of patients by 29% compared to the same period of 2022, following increase in medical teams and complexity of the medical act & the consolidation of Oncocard and Muntenia hospitals;
- ❑ Laboratories with 12% share in total Sales; moderate growth YoY in absolute amounts due to Q1 2022 covid related revenues replacing with more usual lab tests, which are less profitable in terms of margins;
- ❑ Corporate with 11% share in total Sales: subscriptions growth of 11% to over 840k HPPs

Consolidated Statement of Profit and Loss (3/3)

OPEX evolution

Description				% of OPERATING EXPENSES			% of SALES		
	3m 2022	3m 2023	%VAR	3m 2022	3m 2023	Change	3m 2022	3m 2023	Change
	IFRS	IFRS		IFRS	IFRS		IFRS		
Consumable materials and repair materials	64,210,728	91,017,054	41.7%	16.9%	18.0%	1.1 p.p	15.3%	17.2%	1.9 p.p
Commodities	50,564,976	56,109,225	11.0%	13.3%	11.1%	-2.2 p.p	12.1%	10.6%	-1.5 p.p
Utilities	6,308,705	8,522,964	35.1%	1.7%	1.7%	0 p.p	1.5%	1.6%	0.1 p.p
Repairs maintenance	4,380,262	4,335,216	-1.0%	1.2%	0.9%	-0.3 p.p	1.0%	0.8%	-0.2 p.p
Rent	3,011,825	2,686,451	-10.8%	0.8%	0.5%	-0.3 p.p	0.7%	0.5%	-0.2 p.p
Insurance premiums	927,356	1,313,225	41.6%	0.2%	0.3%	0 p.p	0.2%	0.2%	0 p.p
Promotion expense	4,444,961	7,860,349	76.8%	1.2%	1.6%	0.4 p.p	1.1%	1.5%	0.4 p.p
Communications	1,238,001	1,585,066	28.0%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Third party expenses & Salaries expenses, out of which:	208,922,963	278,479,708	33.3%	55.0%	55.1%	0.2 p.p	49.9%	52.6%	2.7 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>108,927,667</i>	<i>147,723,764</i>	<i>35.6%</i>	<i>28.7%</i>	<i>29.2%</i>	<i>0.6 p.p</i>	<i>26.0%</i>	<i>27.9%</i>	<i>1.9 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>99,995,296</i>	<i>130,755,944</i>	<i>30.8%</i>	<i>26.3%</i>	<i>25.9%</i>	<i>-0.4 p.p</i>	<i>23.9%</i>	<i>24.7%</i>	<i>0.8 p.p</i>
Depreciation	31,337,281	47,150,315	50.5%	8.2%	9.3%	1.1 p.p	7.5%	8.9%	1.4 p.p
Impairment / Release under IFRS 9 provision on TR	-	1,002,093		0.0%	0.2%	0.2 p.p	0.0%	0.2%	0.2 p.p
Other administration and operating expenses	4,705,884	5,125,208	8.9%	1.2%	1.0%	-0.2 p.p	1.1%	1.0%	-0.2 p.p
OPERATING EXPENSES	380,052,942	505,186,873	32.9%	100%	100%	0 p.p	90.7%	95.4%	4.7 p.p

Drivers for increased costs:

- ❑ Increase in Consumable materials and repair materials with **2 p.p.** of Sales following NeoLife & Oncocard consolidation of chemotherapy drugs consumables;
- ❑ Decrease in Commodities with **1.5 p.p.** of Sales following decrease of Pharmachem share in total Group (consolidation of companies acquired during 2023 and further organic development of outpatient units and hospitals);
- ❑ Increased marketing expenses, in line with the strategy of past quarters to consolidate the brand value and implicitly the leading position in the private medical market ;
- ❑ Increase in third party expenses (including doctor`s agreements) and salaries expenses with **3 p.p.** of Sales following consolidation of the newly acquired companies (part of them below the profitability level of the Group) and high inflation with upward pressure on wages;

Consolidated Statement of Financial Position (1/2)

Description	December 31, 2022 IFRS	March 31, 2023 IFRS	%VAR
Non-current assets	1,686,590,024	1,759,003,201	4.3%
Current assets, excluding Cash and cash equivalents	376,318,151	359,914,323	-4.4%
Cash and cash equivalents	89,068,154	118,303,079	32.8%
TOTAL ASSETS	2,151,976,329	2,237,220,603	4.0%
Current liabilities (excluding interest bearing liabilities)	414,943,880	410,481,167	-1.1%
Financial Debt	1,189,086,767	1,274,912,520	7.2%
Other long term debt	21,657,277	20,649,414	(4.7)%
Deferred tax liability	44,250,160	44,250,159	0.0%
TOTAL LIABILITIES	1,669,938,084	1,750,293,260	4.8%
Equity attributable to owners of the Group	416,780,834	424,030,208	1.7%
Non-controlling interests	65,257,411	62,897,135	-3.6%
EQUITY	482,038,245	486,927,343	1.0%



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

	December 31, 2022 IFRS	March 31, 2023 IFRS	%VAR
current portion - leasing	77,141,698	74,920,778	-2.9%
long term portion - leasing	225,175,340	220,469,422	-2.1%
Total	302,317,038	295,390,200	-2.3%

Financial debt

	December 31, 2022 IFRS	March 31, 2023 IFRS	%VAR
Overdraft	27,801,016	16,923,285	(39.1)%
Current portion of long-term debt	55,695,054	62,375,478	12.0%
Long-term debt	803,273,659	900,223,557	12.1%
Total	886,769,729	979,522,320	10.5%
Net Debt	1,100,018,613	1,156,609,441	5.1%
Net debt to EBITDA (annualised) ratio	3.9	3.7	



Consolidated Statement of Cash Flow

Description	March 31, 2022 IFRS	March 31, 2023 IFRS
Net income before taxes	33,530,229	12,487,313
Adjustments for non-monetary items	37,369,579	61,808,895
Operating cash flow before working capital and other monetary changes	70,899,808	74,296,208
Cash used in working capital changes	(27,792,776)	(6,709,272)
Other monetary changes (income tax and net interest paid)	(3,814,612)	(1,269,363)
Net cash from operating activities	39,292,420	66,317,573
Net cash used in investing activities	(78,907,998)	(100,895,206)
Net cash from financing activities	49,493,733	63,812,558
Net change in cash and cash equivalents	9,878,155	29,234,925
Cash and cash equivalents beginning of the period	135,858,888	89,068,154
Cash and cash equivalents end of the period	145,737,043	118,303,079

Description	March 31, 2022 IFRS	March 31, 2023 IFRS
Acquisition of subsidiaries, net of cash acquired	(69,791,913)	(72,914,537)
Purchase of intangible assets	(3,660,902)	(3,476,458)
Purchase of property, plant and equipment	(5,455,183)	(24,504,211)
Net cash used in investing activities	(78,907,998)	(100,895,206)

- ❑ robust cash flow from operations before working capital changes at RON 74m;
- ❑ 1.3 X increase in investments in 2023, with RON 73m invested in business combinations (transactions completed in Q1 2023) and RON 24m in organic development;
- ❑ Net cash from financing activities of RON 63.8m RON.



Q&A Session

Thank you!