

MED LIFE S.A. Standalone Budget for FY 2023



	Financial Year		Variance
	2022	2023	
<i>(RON, unless otherwise stated)</i>	<i>IFRS, audited</i>	<i>Budget</i>	
Revenue from contracts with customers	586,566,266	659,868,351	12.5%
Other operating revenues	6,826,511		
OPERATING INCOME	593,392,777	659,868,351	11.2%
OPERATING EXPENSES (without depreciation and amortization)	512,038,681	560,752,684	9.5%
EBITDA	81,354,096	99,115,668	21.8%
<i>EBITDA margin (%)</i>	<i>13.9%</i>	<i>15.0%</i>	
OPERATING PROFIT	23,488,263	34,867,454	48.4%
<i>OPERATING PROFIT margin (%)</i>	<i>4.0%</i>	<i>5.3%</i>	
FINANCIAL RESULT	(17,684,700)	(27,582,888)	56.0%
NET RESULT	3,606,994	4,527,458	25.5%
<i>NET RESULT margin (%)</i>	<i>0.6%</i>	<i>0.7%</i>	

Substantiation of the 2023 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 price (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 orientates the population's reach 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 and 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 on 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 in the proven increase in demand for the medical services rendered in the Company's facilities.

Moreover, an upside effect will translate from the increased performance of the newly acquired entities which are headed to align performance to the Group's threshold.

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 Company to expend in new geographical areas;
- it will generate organic growth opportunities through both launching of greenfield units and capitalizing on growth opportunities for the existing units by building up additional business on the same, already existing, fixed costs structure, especially in 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 the revenue 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, and facilitating to reach economies of scale.

The actual results may differ from the estimations.