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9m 2021 Financial Results
Conference call presentation

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

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- Outlook

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- Consolidated Statement of Financial Position
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Highlights 9m 2021

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- Key messages 9m 2021
- Outlook

Snapshot

- Pro-forma consolidated Sales of **RON 1,2 bn** in 9m 2021, increase by **56.5%** compared to 9m 2020; Reported increase is on one hand due to last year`s crisis, but also due to sustained activity in 2021 on the laboratory segment, clinics - especially on the monitoring of patients with chronic pathology and patients who have gone through Covid. Results are also attributed to the dynamics of the corporate segment that provided support for companies to safely operate during the pandemic, but also to the availability of surgery for chronic and acute patients in the context of limited activity in state hospitals due to the pandemic. Lastly, increase in pro-forma consolidated Sales is also sustained by the acquisitions announced/ completed in 2021.
- IFRS Sales for 9m 2021 of **RON 1 bn**, increased by 35.2% compared to 9m 2020 (30% like to like increase);
- Strong operating performance, in line with the strategy of recent years:
 - 19.9% Pro-forma EBITDA margin; pro-forma EBITDA 1.5x higher compared to 9m 2020;
 - 17.4% Pro-forma EBITDA before IFRS 16 margin: pro-forma EBITDA before IFRS 16 1.7x higher compared to 9m 2020;
 - 8.5% Pro-forma Net Result margin, Pro-forma Net Result 2.3x higher compared to 9m 2020;

Key messages 9m 2021

All business lines were on an upward trend in the first 9 months of this year, which indicates both a higher concern of Romanians for prevention services mixed with increased preference of patients for medical services and surgeries performed in private hospitals

- Clinics: focused on the development of new products, from pre & post covid screening packages to prevention packages for patients with chronic pathology. Revenue increased by 31.9% vs. 9m 2020, with 25.5% increase in traffic (higher number of visits as the pandemic slowed down) and 5.1% increase in average fees, determined by the mix of services;
- Hospitals: increased their activity, more and more Romanians have taken care of their health and benefited from investigations and surgeries, most likely due to postponed surgeries during the lockdown period. Surgeries gained a larger scale, with an increase of 26.1% in hospitalized patients in 9m2021 as compared to the same period last year. There was also an increase of 3.9% in avg. fees (mix of services and complexity), leading to 31% increase in revenues.
- Laboratories: the increase in the number of laboratories by setting up the covid laboratories & increase in number of standard lab. tests in the post lockdown period led to revenues by 52.4% higher compared to the same period last year. Analyses increase by 66.9%, while avg fee decreased by 8.8% (decrease determined by the mix of analyses performed, including PCR as the number of COVID-19 cases declined drastically in Jul and Aug);

Key messages 9m 2021 (Cont.)

- Corporate: developed dedicated programs for the corporate segment, as employers become more and more concerned about the health of their employees; 6.5% increase in revenue, with a portfolio of subscriptions higher by 4% as compared to 9m 2020 (740k HPP).
- Pharmacies: pharma segment has also expanded, with the integration of CED Pharma (company with a portfolio of six pharmacies located in Bucharest) and the expansion of the product portfolio; revenue increased by 26.2% vs. 9m 2020, with 65.4% increase in the number of clients and 23.7% decrease in average fees (decrease explained by CED Pharma integration which has higher number of clients with lower sales per client)
- Stomatology: very dynamic BL, increasing by 68.5% in revenues. Aiming full speed development, both through organic development and acquisitions: completed acquisition of Krudent in Brasov, increase from 52% to 100% shareholding in Dentist 4 Kids SRL (the Group's dental clinic in Timisoara), founded a NewCo- Dent Estet Ploiesti with a 51% ownership and announced the acquisition of 60% of Stomestet Group of companies in Cluj.

Operational KPIs – supporting annex for BL evolution and bridge to pro-forma figures

Business line	Info	9m 2020 IFRS	9m 2021 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	9m 2021 Pro-forma	Share of total Pro-forma Sales
Clinics	Revenue	225,341,482	297,145,397	31.9%	28.5%	23,689,135	320,834,532	27%
Clinics	Visits	1,356,597	1,702,636	25.5%				
Clinics	Avg fee	166.1	174.5	5.1%				
Stomatology	Revenue	41,829,791	70,473,158	68.5%	6.8%	7,959,656	78,432,814	7%
Stomatology	Visits	66,108	115,833	75.2%				
Stomatology	Avg fee	632.7	608.4	-3.8%				
Hospitals	Revenue	182,194,030	238,721,769	31.0%	22.9%	60,019,750	298,741,519	25%
Hospitals	Patients	60,622	76,419	26.1%				
Hospitals	Avg fee	3,005.4	3,123.8	3.9%				
Laboratories	Revenue	131,790,323	200,793,164	52.4%	19.3%	1,629,698	202,422,862	17%
Laboratories	Analyses	3,847,035	6,420,320	66.9%				
Laboratories	Avg fee	34.3	31.3	-8.8%				
Corporate	Revenue	143,634,692	152,963,186	6.5%	14.7%	44,240	153,007,426	13%
Corporate	Subscriptions	715,669	740,517	3.5%				
Corporate	Avg fee	200.7	206.6	2.9%				
Pharmacies	Revenue	33,210,924	41,900,018	26.2%	4.0%	10,742,957	52,642,975	4%
Pharmacies	Clients	151,846	251,191	65.4%				
Pharmacies	Sales per	218.7	166.8	-23.7%				
Others	Revenue	12,807,798	40,320,503	214.8%	3.9%	59,897,252	100,217,755	8%
Total		770,809,040	1,042,317,195	35.2%	100.0%	163,982,688	1,206,299,883	100%

On a pro-forma basis, Clinics remain the main sales unit of the group, with 27% share of total pro-forma consolidated Sales, followed by Hospitals with 25% (which also reflect NeoLife acquisition) and Laboratories with 17%.

* Others business line includes Pharmachem Distributie, pharmaceutical distribution company with a network of warehouses in Bucharest and throughout the country

Key messages 9m 2021 (Cont.)

The M&A and development plan was focused on the area of oncology diagnostic and treatment services and we have recently announced the acquisition of two leading medical centers in this field: Neolife Medical Center (RON 92m Sales in 2020) and OncoCard Brasov (RON 56.4m Sales in 2020); transactions are to be approved by the Competition Council;

- OncoCard Hospital Brasov: acquisition of 100% of the shares carried out by PDR, the first company acquired by MedLife Group.

OncoCard Hospital was founded in 2012; The medical unit includes a specialized outpatient unit, oncology surgery department, chemotherapy section, hematology, radiotherapy and medical imaging departments, as well as its own laboratory, used internally for inpatients. From its opening until now, investments worth 24 million euros have been made in OncoCard Hospital Brasov.

- Neolife Medical Center: acquisition of 50% of the shares, one of the largest and most modern players in the Oncology segment in Romania and a brand name in Eastern Europe. Currently operates 4 medical center:

Key messages 9m 2021 (Cont.)

- 1) Neolife Medical Center Bucharest (Baneasa) (2014): mainly equipped with two highly competitive accelerators for Radiotherapy and Radiosurgery, a Brachytherapy system, a strong Nuclear Medicine department (PET-CT and Scintigraphy) and a high-performance Chemotherapy section;
- 2) Neolife Medical Center Iasi (2016): offering the same range of diagnosis and treatment services as in Bucharest;
- 3) Neolife Medical Center Brasov (2019), the first nuclear medicine center (PET-CT) in Brasov;
- 4) Neolife Medical Center Bucharest (in Enayati Medical City) (2021): PET-CT diagnosis and oncological radiotherapy treatment.

Under both companies, patients have access to chemotherapy and radiotherapy treatments covered by the NHIH within the National Oncology Programme.

Given the expertise and excellence in Radiotherapy and Nuclear Medicine developed by Neolife in Romania, but also in neighboring countries such as Bulgaria and Moldova, in the future we aim to develop partnerships locally & beyond Romania. Moreover, we have found an excellent management team that will contribute to strengthen the oncological diagnosis and treatment services at the entire group level.

Outlook for the end of 2021

- Pro-forma consolidated turnover of over one third of a billion euros
- Continue the M&A program: we are in advanced discussions for another key transaction, which we hope to announce by the end of this year & plan on another 2-3 M&A transactions.
- We have important ambitions regarding consolidation, both organic and through acquisitions, which will continue in a sustained way in the coming years as well.
- Focus on the research division, which continues to play an important role in monitoring the pandemic, by conducting studies exclusively from own resources;
- investment in digitalization, which will continue in the first months of next year, by developing new applications and updating technology in laboratories, clinics and hospitals, so as to meet the needs of the patient in 2022;

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 2020 IFRS	9m 2021 IFRS	%VAR	Pro-forma adj.	9m 2021 Pro-forma	%VAR
Sales	770,809,040	1,042,317,195	35.2 %	163,982,688	1,206,299,883	56.5%
Other operating income	3,408,489	3,835,230	12.5 %	4,019,258	7,854,488	130.4%
OPERATING INCOME	774,217,529	1,046,152,425	35.1 %	168,001,946	1,214,154,371	56.8%
OPERATING EXPENSES	(697,711,654)	(900,078,722)	29.0 %	(160,279,921)	(1,060,358,643)	52.0%
OPERATING PROFIT	76,505,875	146,073,703	90.9 %	7,722,025	153,795,728	101.0%
EBITDA	155,485,897	225,304,777	44.9 %	15,107,744	240,412,521	54.6%
EBITDA before IFRS 16	125,152,700	195,016,554	55.8 %	15,107,744	210,124,298	67.9%
Net finance cost	(15,309,602)	(18,499,656)	20.8 %	(2,337,961)	(20,837,617)	36.1%
Other financial expenses	(7,260,628)	(9,511,217)	31.0 %	(1,328,007)	(10,839,224)	49.3%
FINANCIAL RESULT	(22,570,230)	(28,010,873)	24.1 %	(3,665,968)	(31,676,841)	40.3%
RESULT BEFORE TAXES	53,935,644	118,062,830	118.9 %	4,056,057	122,118,887	126.4%
Income tax expense	(9,943,302)	(19,407,696)	95.2 %	(734,460)	(20,142,156)	102.6%
NET RESULT	43,992,343	98,655,134	124.3 %	3,321,597	101,976,731	131.8%
Other comprehensive income	25,682	-	(100.0)%	-	-	-100.0%
Total comprehensive income	44,018,024	98,655,134	124.1 %	3,321,597	101,976,731	131.7%
Margins						
EBIT %	9.9%	14.0%			12.7%	
EBITDA %	20.2%	21.6%			19.9%	
EBITDA before IFRS 16 %	16.2%	18.7%			17.4%	
Net Result %	5.7%	9.5%			8.5%	

Consolidated Statement of Profit and Loss (2/3)

explained

1) 9m 2021 Pro-forma vs. 9m 2020 IFRS

- ❑ **Sales** increased by **56.5%**, to RON 1.2 bn;
- ❑ **OPEX** increased by **52.0%**, to RON 1 bn;
- ❑ Twofold increase in **EBIT**, to 153.8m RON, leading to **12.7%** margin (9.9% same period last year), due to improved financial performance;
- ❑ **EBITDA** increased by **54.6%** to 240.4m RON, leading to **19.9%** margin (20.2% in the same period last year)
- ❑ **EBITDA before IFRS 16** increased by **67.9%** to 210.1m RON, leading to **17.4%** margin (16.2% in the same period last year)
- ❑ 2.3 X increase in **Net Result**, to 101.9m RON
- ❑ Split of **Net Result**: 90% to Group Owners, 10% to NCI
- ❑ **Pro-forma adj.** include financial results of the Acquired Companies in amount of 163.9m RON (Veridia for the period January-February 2021; Medica Sibiu January – April 2021; CED Pharma group January-June 2021; Pharmachem January-July 2021; StomEstet group & Neollife January-September 2021)

Consolidated Statement of Profit and Loss (3/3)

OPEX Evolution

Description	9m 2020 IFRS	9m 2021 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES		
				9m 2020 IFRS	9m 2021 IFRS	Change	9m 2020 IFRS	9m 2021 IFRS	Change
Consumable materials and repair materials	130,261,305	177,860,822	36.5%	18.7%	19.8%	1.1 p.p	16.9%	17.1%	0.2 p.p
Commodities	26,721,190	55,718,350	108.5%	3.8%	6.2%	2.4 p.p	3.5%	5.3%	1.9 p.p
Utilities	9,279,888	10,324,075	11.3%	1.3%	1.1%	-0.2 p.p	1.2%	1.0%	-0.2 p.p
Repairs maintenance	8,215,069	10,554,756	28.5%	1.2%	1.2%	0 p.p	1.1%	1.0%	-0.1 p.p
Rent	1,548,438	7,956,774	413.9%	0.2%	0.9%	0.7 p.p	0.2%	0.8%	0.6 p.p
Insurance premiums	2,338,734	2,631,010	12.5%	0.3%	0.3%	0 p.p	0.3%	0.3%	-0.1 p.p
Promotion expense	8,859,631	8,632,945	-2.6%	1.3%	1.0%	-0.3 p.p	1.1%	0.8%	-0.3 p.p
Communications	3,215,839	3,549,870	10.4%	0.5%	0.4%	-0.1 p.p	0.4%	0.3%	-0.1 p.p
Third party expenses & Salaries expenses, <i>out of which:</i>	421,259,167	531,541,558	26.2%	60.4%	59.1%	-1.3 p.p	54.7%	51.0%	-3.7 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>209,427,285</i>	<i>278,682,145</i>	<i>33.1%</i>	<i>30.0%</i>	<i>31.0%</i>	<i>0.9 p.p</i>	<i>27.2%</i>	<i>26.7%</i>	<i>-0.4 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>211,831,882</i>	<i>252,859,413</i>	<i>19.4%</i>	<i>30.4%</i>	<i>28.1%</i>	<i>-2.3 p.p</i>	<i>27.5%</i>	<i>24.3%</i>	<i>-3.2 p.p</i>
Depreciation	78,980,023	79,231,074	0.3%	11.3%	8.8%	-2.5 p.p	10.2%	7.6%	-2.6 p.p
Other administration and operating expenses	7,032,371	12,077,488	71.7%	1.0%	1.3%	0.3 p.p	0.9%	1.2%	0.2 p.p
OPERATING EXPENSES	697,711,654	900,078,722	29.0%	100%	100%	0 p.p	90.5%	86.4%	-4.2 p.p

Release of **1.5 p.p.** in EBITDA margin due to:

- Increase in Commodities with **1.9 p.p.** of Sales due to consolidation of CED Pharma starting with 1st July and Pharmachem Distributie starting with 1st August;
- Increase in Rent with **0.6 p.p.** of Sales also due to consolidation of recent acquisitions & IFRS 16 recognition criteria;
- Decrease in Third party expenses & Salaries expenses with **3.7 p.p.** of Sales due to cost cutting measures implemented in 2020 & change in the mix of services provided;

Consolidated Statement of Financial Position (1/2)

Description	December 31, 2020 IFRS	September 30, 2021 IFRS	%VAR
Non-current assets	904,446,206	971,304,389	7.4%
Current assets, excluding Cash and cash equivalents	197,077,260	277,430,521	40.8%
Cash and cash equivalents	81,970,397	143,096,867	74.6%
TOTAL ASSETS	1,183,493,863	1,391,831,777	17.6%
Current liabilities (excluding interest bearing liabilities)	199,597,812	268,311,261	34.4%
Financial Debt	676,523,965	718,943,053	6.3%
Other long term debt	18,119,743	13,192,324	-27.2%
Deferred tax liability	20,345,799	23,178,079	13.9%
TOTAL LIABILITIES	914,587,319	1,023,624,717	11.9%
Equity attributable to owners of the Group	241,273,524	328,102,882	36.0%
Non-controlling interests	27,633,021	40,104,178	45.1%
EQUITY	268,906,545	368,207,060	36.9%



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

Description	December 31, 2020 IFRS	September 30, 2021 IFRS	%VAR
Current portion – Leasing	41,166,069	38,033,291	-7.6%
Long term portion – Leasing	147,097,180	142,653,823	-3.0%
Total	188,263,249	180,687,113	-4.0%

Financial debt

Description	December 31, 2020 IFRS	September 30, 2021 IFRS	%VAR
Overdraft	27,127,907	21,266,715	-21.6%
Current portion of long-term debt	46,436,217	82,860,131	78.4%
Long-term debt	414,696,592	434,129,094	4.7%
Total	488,260,716	538,255,940	10.2%

Net Debt	594,553,568	575,846,186	-3.1%
Net debt to EBITDA ratio	2.8	2.0	

Consolidated Statement of Cash Flow

Description	September 30,	September 30,
	2020	2021
	IFRS	IFRS
Net income before taxes	53,935,644	118,062,830
Adjustments for non-monetary items	100,278,057	105,189,393
Operating cash flow before working capital and other monetary changes	154,213,701	223,252,223
Cash generated from working capital changes	(39,249,527)	(30,934,053)
Other monetary changes (income tax and net interest paid)	(14,853,490)	(35,979,233)
Net cash from operating activities	100,110,684	156,338,937
Net cash used in investing activities	(75,520,548)	(102,071,498)
Net cash from/ (used in) financing activities	22,995,833	6,859,031
Net change in cash and cash equivalents	47,585,970	61,126,470
Cash and cash equivalents beginning of the period	38,886,218	81,970,397
Cash and cash equivalents end of the period	86,472,188	143,096,867



Investing activities

Description	September 30,	September 30,
	2020	2021
	IFRS	IFRS
Investment in business combination	(1,267,257)	(33,488,923)
Additional participation interest acquired	0	(1,319,994)
Purchase of intangible assets	(2,673,510)	(4,278,679)
Purchase of property, plant and equipment	(71,579,781)	(62,983,902)
Net cash used in investing activities	(75,520,548)	(102,071,498)

Cash flow for the period characterized by good operating performance:

1. 1.5 times increase in net cash from operating activities, to 156m RON;
2. 65% engaged in investing activities: 102m RON;
3. Cash from financing activities of 6.8m RON

Q&A Session

Thank you!