

Q3 2022 Financial Results presentation

11 November 2022



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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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- Consolidated Statement of Financial Position
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Highlights 9m 2022

- Snapshot
- Key messages
- Outlook

Snapshot

- Pro-forma consolidated Sales of RON **1.3 bn** in 9m 2022, increased by **27%** compared to 9m 2021 (IFRS base);
- The Group compensated the drop in COVID related demand in 2022 and provided strong organic growth of crisis resilient medical services;
- Sales growth was equally sustained by traffic increase, organic development projects and acquisitions;
- **15.9% pro-forma EBITDA margin** (vs. 21.6% IFRS EBITDA margin in 9m 2021);
- Pro-forma EBITDA margin reflects full effect of the following acquired companies:
 - Neolife (completed in February & consolidated starting with 1st of March 2022);
 - Life-Med (completed in March & consolidated starting with 1st of April 2022);
 - Pro-life (completed in April & consolidated starting with 1st of May 2022);
 - OncoCard group and Tomorad (completed in May & consolidated starting with 1st of June 2022);
 - Medicris Group, Profilaxis and Gastroenterology Center in Tg. Mures (completed in June & consolidated starting with 1st of July 2022);
 - Opticristal Group (completed in July & consolidated starting with 1st of August 2022);
 - Sweat, Sanopass and Medici`s – to enter consolidation after reporting period;
 - *Muntenia Hospital (EUR 5.5m turnover in 2021) and Provita Group (EUR 15m turnover in 2021) – companies that are subject to approval of the Competition Council; were not included in pro-forma reporting.

Snapshot

- **4.7% pro-forma Net Result margin** (vs. 9.5% IFRS Net Result margin in 9m 2021);
- Impact on **EBITDA and net result margins** in 9m 2022 coming from new units and consolidation projects that are short-term dilutive to margins (DE Group with 3 organic development projects and 3 completed acquisitions; relocation of the outpatient unit in the Medical Park, to be followed by new inpatient medical services and medical teams, increased number of surgery rooms, larger preoperative and postoperative units and recalibrated hospital circuits; 3 new hyperclinics: Targu Mures, Deva and Bacau);
- Decrease in margins mainly from newly acquired companies where the trend will change in the following quarters with the release of synergies;
- Impact coming also from consolidation of Pharmachem, which changes the dynamics of the group

Key messages 9m 2022

- Investments for growth amounted to **RON 275 mn. in the 9-month 2022 period, 2.7 x higher YoY: RON 202m** in acquisitions and **RON 72m** in organic capital investment;
- In 2022, the group expended footprint by completing **13 strategic acquisitions** aimed at strengthening the medical services offered nationally through the group's 2 brands: MedLife and Sfânta Maria.
- The Group followed through its strategy of repositioning the business on crisis resilient medical drivers aimed at strengthening the performance response in case of interference of external threats and consolidated the most powerful oncology and radiotherapy services platform in Romania, crises-resilient segment and strong growth driver for 2022 and years to come. Furthermore, MedLife Group continued to develop its medical infrastructure by signing a new partnership with Provita Group - overspecialized in interventional pain therapy, owning a multidisciplinary hospital, 3 polyclinics, 2 laboratories, 2 imaging centers, a pain therapy training center and the only one in Central and Eastern Europe.
- Development towards niche medical services to be scaled nationally (Opticristal - ophthalmological diagnosis and surgery clinic in Brasov) and integration of wellness services through the acquisition of SWEAT Concept gyms;
- Continued investments in the medical infrastructure that will translate into added value for our patients and long-term results for shareholders and investors: DaVinci for robotic surgery in Medical Park, new inaugurations of medical centers at the national level, such as the opening of 3 dental clinics in Craiova, Ploiești and Arad under DENTESTET brand, new Hyperclinics in Târgu Mureș, Deva and Bacau;

Outlook for end of 2022 and 2023

- Pursue a balanced approach, both from a medical and business perspective;
- EGSM convened for 21 November 2022 on approval of refinancing (extending the repayment term of existing facilities, rearranging the applicable terms and conditions) and extending the credit limit available on the basis of Syndicated Credit Facility Agreement by the amount of 50.7 million EUR;
- A period of consolidation of the newly acquired companies for the next 3 quarters;
- M&A projects and further expansion carefully calibrated to the geopolitical and macroeconomic context, with only small M&A projects in sight;



Financial overview

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

Consolidated Statement of Profit and Loss

Description	9m 2021 IFRS	9m 2022 IFRS	%VAR	Pro-forma adj.	9m 2022 Pro-forma	%VAR
Sales	1,042,317,195	1,323,955,033	27.0 %	(1,740,243)	1,322,214,790	26.9 %
Other operating income	3,835,230	9,901,201	158.2 %	824,687	10,725,888	179.7 %
OPERATING INCOME	1,046,152,425	1,333,856,234	27.5 %	(915,556)	1,332,940,678	27.4 %
OPERATING EXPENSES	(900,078,722)	(1,238,416,926)	37.6 %	8,603,206	(1,229,813,720)	36.6 %
OPERATING PROFIT	146,073,703	95,439,308	(34.7)%	7,687,650	103,126,958	(29.4)%
EBITDA	225,304,777	198,086,984	(12.1)%	11,835,745	209,922,730	(6.8)%
Net finance cost	(18,499,656)	(26,335,478)	42.4 %	(1,335,239)	(27,670,717)	49.6 %
Other financial expenses	(9,511,217)	(1,531,772)	(83.9)%	205,165	(1,326,607)	(86.1)%
FINANCIAL RESULT	(28,010,873)	(27,867,251)	(0.5)%	(1,130,074)	(28,997,325)	3.5 %
RESULT BEFORE TAXES	118,062,830	67,572,057	(42.8)%	6,557,576	74,129,633	(37.2)%
Income tax expense	(19,407,696)	(10,729,535)	(44.7)%	(1,600,797)	(12,330,332)	(36.5)%
NET RESULT	98,655,134	56,842,522	(42.4)%	4,956,778	61,799,301	(37.4)%
Margins						
EBIT %	14.0%	7.2%			7.8%	
EBITDA %	21.6%	15.0%			15.9%	
Net Result %	9.5%	4.3%			4.7%	

9m 2022 Pro-forma vs. 9m 2021 IFRS

- ❑ Sales increased by **26.9%**, to **RON 1.322 bn**;
- ❑ **OPEX** increased by **36.6%**, to **RON 1.229 bn**;
- ❑ **29.4%** decrease in **EBIT**, to **RON 103m**, leading to **7.8%** pro-forma margin (14% in the same period last year) mainly following decrease in PCR testing and increase in assets base and corresponding depreciation: from RON 79.2m in 9m 2021 to **RON 106.7m** in 9m 2022;
- ❑ **6.8%** decrease in **EBITDA**, to **RON 209.9m**, leading to **15.9%** pro-forma margin (21.6% in the same period last year), following decrease in PCR testing & consolidation of Pharmachem that changes the dynamics of the Group and the newly acquired companies to release synergies in the quarters to come;
- ❑ **Net Result** of **RON 62m**, leading to **4.7%** pro-forma margin (9.5% in the same period last year);
- ❑ Split of **Net Result**: 88% to Group Owners, 12% to NCI. Additional acquisition of NCI: 10% in Arad Group of companies, 10% in Almina, 4% in Oncoteam and 30% in RMC Hungary;
- ❑ **Pro-forma adj.** include financial results of the Acquired Companies less subsidies received at Group level from NHIH in relation to the National Health Program for chemotherapy drugs (most significant amounts in Neolife and Oncocard) and exclusion of one-off expenses mainly related to M&A process;

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

Business line	Info	9m 2021 IFRS	9m 2022 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	9m 2022 Pro-forma	%VAR	Share of total Pro-forma Sales
Clinics	Revenue	297,145,397	446,170,930	50.2%	33.7%	26,130,798	472,301,728	58.9%	35.7%
Clinics	Visits	1,702,636	2,203,401	29.4%					
Clinics	Avg fee	174.5	202.5	16.0 %					
Stomatology	Revenue	70,473,158	87,420,487	24.0%	6.6%	-	87,420,487	24.0%	6.6%
Stomatology	Visits	115,833	138,231	19.3%					
Stomatology	Avg fee	608.4	632.4	3.9 %					
Hospitals	Revenue	238,721,769	274,742,758	15.1%	20.8%	(41,690,742)	233,052,016	-2.4%	17.6%
Hospitals	Patients	76,419	86,882	13.7%					
Hospitals	Avg fee	3,123.8	3,162.3	1.2 %					
Laboratories	Revenue	200,793,164	153,193,881	(23.7)%	11.6%	1,290,836	154,484,717	(23.1)%	11.7%
Laboratories	Analyses	6,420,320	4,904,181	(23.6)%					
Laboratories	Avg fee	31.3	31.2	(0.1)%					
Corporate	Revenue	152,963,186	163,704,809	7.0%	12.4%	2,356,757	166,061,566	8.6%	12.6%
Corporate	Subscriptions	740,517	784,910	6.0%					
Corporate	Avg fee	206.6	208.6	1.0 %					
Pharmacies	Revenue	41,900,018	60,278,085	43.9%	4.6%	-00	60,278,085	43.9%	4.6%
Pharmacies	Clients	251,191	465,470	85.3%					
Pharmacies	Sales per	166.8	129.5	(22.4)%					
Others	Revenue	40,320,503	138,444,083	243.4%	10.5%	10,172,108	148,616,191	268.6%	11.2%
Total		1,042,317,195	1,323,955,033	27.0%	100.0%	(1,740,243)	1,322,214,790	26.9%	100.0%

- ❑ On a pro-forma basis, Clinics remain the main sales unit of the group, with 35.7% share in total Sales: growth sustained mainly by increased traffic in all outpatient units and new acquisitions performed; we are confident that traffic in outpatient units is a good indicator of further demand in hospitals, labs and corporate divisions;
- ❑ Hospitals with 17.6% share in total Sales; pro-forma negative adj. on Hospitals is the result of OncoCard consolidation less reclass of subsidies received at Group level from NHIH in relation to the National Health Program for chemotherapy drugs. In Hospitals growth has been sustained mainly by increase in the number of patients by 13.7% YoY;
- ❑ Laboratories with 11.7% share in total Sales: decrease by 23.7% YoY due to significant decrease in PCR testing partially off-set by increase in the number of common lab tests;
- ❑ Corporate with 12.6% share in total Sales: subscriptions growth of 6% to 785k HPPs.

OPEX evolution

Description				% of OPERATING EXPENSES			% of SALES		
	9m 2021	9m 2022	%VAR	9m 2021	9m 2022	Change	9m 2021	9m 2022	Change
	IFRS	IFRS		IFRS	IFRS		IFRS		
Consumable materials and repair materials	177,860,822	224,657,498	26.3%	19.8%	18.1%	-1.6 p.p	17.1%	17.0%	-0.1 p.p
Commodities	55,718,350	153,548,065	175.6%	6.2%	12.4%	6.2 p.p	5.3%	11.6%	6.3 p.p
Utilities	10,324,075	18,262,152	76.9%	1.1%	1.5%	0.3 p.p	1.0%	1.4%	0.4 p.p
Repairs maintenance	10,554,756	14,843,122	40.6%	1.2%	1.2%	0 p.p	1.0%	1.1%	0.1 p.p
Rent	7,956,774	8,866,438	11.4%	0.9%	0.7%	-0.2 p.p	0.8%	0.7%	-0.1 p.p
Insurance premiums	2,631,010	3,363,516	27.8%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Promotion expense	8,632,945	19,338,991	124.0%	1.0%	1.6%	0.6 p.p	0.8%	1.5%	0.6 p.p
Communications	3,549,870	3,958,443	11.5%	0.4%	0.3%	-0.1 p.p	0.3%	0.3%	0 p.p
Third party expenses & Salaries expenses, <i>out of which:</i>	531,541,558	673,587,195	26.7%	59.1%	54.4%	-4.7 p.p	51.0%	50.9%	-0.1 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>278,682,145</i>	<i>339,861,734</i>	<i>22.0%</i>	<i>31.0%</i>	<i>27.4%</i>	<i>-3.5 p.p</i>	<i>26.7%</i>	<i>25.7%</i>	<i>-1.1 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>252,859,413</i>	<i>333,725,461</i>	<i>32.0%</i>	<i>28.1%</i>	<i>26.9%</i>	<i>-1.1 p.p</i>	<i>24.3%</i>	<i>25.2%</i>	<i>0.9 p.p</i>
Depreciation	79,231,074	102,647,676	29.6%	8.8%	8.3%	-0.5 p.p	7.6%	7.8%	0.2 p.p
Impairment / Release under IFRS 9 provision on TR	2,644,465	-	-100.0%	0.3%	0.0%	-0.3 p.p	0.3%	0.0%	-0.3 p.p
Other administration and operating expenses	9,433,023	15,343,831	62.7%	1.0%	1.2%	0.2 p.p	0.9%	1.2%	0.3 p.p
OPERATING EXPENSES	900,078,722	1,238,416,926	37.6%	100%	100%	0 p.p	86.4%	93.5%	7.2 p.p

Drivers for increased costs (as % of Sales):

- Increase in Commodities with **6.3 p.p.** of Sales due to consolidation of CED Pharma Group and Pharmachem Distribution company;
- Increase in Utilities with **0.4 p.p.** of Sales; as per emergency ordinance, a cap to 1.3 RON/ kWh for private hospitals was proposed, which are the largest consumers in MedLife Group;
- Increase in Promotion expenses with **0.6 p.p.** of Sales due to intensified marketing activity;

Consolidated Statement of Financial Position

Description	December 31, 2021 IFRS	September 30, 2022 IFRS	%VAR
Non-current assets	1,034,769,069	1,412,431,544	36.5%
Current assets, excluding Cash and cash equivalents	246,974,271	357,326,310	44.7%
Cash and cash equivalents	135,858,888	112,429,614	-17.2%
TOTAL ASSETS	1,417,602,228	1,882,187,468	32.8%
Current liabilities (excluding interest bearing liabilities)	278,030,456	346,681,945	24.7%
Financial Debt	727,061,202	1,061,018,188	45.9%
Other long term debt	7,546,394	6,131,160	(18.8)%
Deferred tax liability	23,559,617	24,427,231	3.7%
TOTAL LIABILITIES	1,036,197,669	1,438,258,524	38.8%
Equity attributable to owners of the Group	338,109,409	387,420,386	14.6%
Non-controlling interests	43,295,149	56,508,556	30.5%
EQUITY	381,404,558	443,928,943	16.4%



Debt position

Leasing liabilities

	December 31, 2021 IFRS	September 30, 2022 IFRS	%VAR
current portion - leasing	52,586,827	59,772,218	13.7%
long term portion - leasing	149,685,246	177,124,141	18.3%
Total	202,272,073	236,896,359	17.1%

Financial debt

	December 31, 2021 IFRS	September 30, 2022 IFRS	%VAR
Overdraft	25,493,223	38,097,040	49.4 %
Current portion of long-term debt	58,455,422	84,442,545	44.5%
Long-term debt	440,840,484	701,582,244	59.1%
Total	524,789,129	824,121,829	57.0%
Net Debt	591,202,314	948,588,574	60.5%
Net debt to EBITDA ratio	2.1	3.5	



Consolidated Statement of Cash Flow

Description	September 30,	September 30,
	2021	2022
	IFRS	IFRS
Net income before taxes	118,062,830	67,572,057
Adjustments for non-monetary items	105,189,393	125,902,080
Operating cash flow before working capital and other monetary changes	223,252,223	193,474,137
Cash used in working capital changes	(30,934,053)	(124,602,541)
Other monetary changes (income tax and net interest paid)	(35,979,233)	(27,682,084)
Net cash from operating activities	156,338,937	41,189,512
Net cash used in investing activities	(102,071,498)	(275,185,369)
Net cash from/ (used in) financing activities	6,859,031	210,566,584
Net change in cash and cash equivalents	61,126,470	(23,429,274)
Cash and cash equivalents beginning of the period	81,970,397	135,858,888
Cash and cash equivalents end of the period	143,096,867	112,429,614

Description	September 30,	September 30,
	2021	2022
	IFRS	IFRS
Investment in business combination	(33,488,923)	(196,440,330)
Additional participation interest acquired	(1,319,994)	(6,527,676)
Purchase of intangible assets	(4,278,679)	(9,411,121)
Purchase of property, plant and equipment	(62,983,902)	(62,806,242)
Net cash used in investing activities	(102,071,498)	(275,185,369)

- ❑ 2.7 X increase in investments YoY, to RON 275m mainly due to investment in business combination;
- ❑ Net cash from financing activities of RON 210m RON.



Q&A Session

Thank you!