

# 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<br>IFRS      | 3m 2023<br>IFRS      | %VAR           | Pro-forma adj.     | 3m 2023<br>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 %        |
| <b>OPERATING INCOME</b>    | <b>420,908,827</b>   | <b>532,770,366</b>   | <b>26.6 %</b>  | <b>(6,026,680)</b> | <b>526,743,686</b>   | <b>25.1 %</b>  |
| <b>OPERATING EXPENSES</b>  | <b>(380,052,942)</b> | <b>(505,186,874)</b> | <b>32.9 %</b>  | <b>8,733,954</b>   | <b>(496,452,920)</b> | <b>30.6 %</b>  |
| <b>OPERATING PROFIT</b>    | <b>40,855,885</b>    | <b>27,583,492</b>    | <b>(32.5)%</b> | <b>2,707,274</b>   | <b>30,290,766</b>    | <b>(25.9)%</b> |
| <b>EBITDA</b>              | <b>72,193,166</b>    | <b>74,733,807</b>    | <b>3.5 %</b>   | <b>4,384,787</b>   | <b>79,118,594</b>    | <b>9.6 %</b>   |
| 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)%       |
| <b>FINANCIAL RESULT</b>    | <b>(7,325,655)</b>   | <b>(15,096,179)</b>  | <b>106.1 %</b> | <b>(383,051)</b>   | <b>(15,479,230)</b>  | <b>111.3 %</b> |
| <b>RESULT BEFORE TAXES</b> | <b>33,530,229</b>    | <b>12,487,313</b>    | <b>(62.8)%</b> | <b>2,324,223</b>   | <b>14,811,536</b>    | <b>(55.8)%</b> |
| Income tax expense         | (3,976,198)          | (4,062,738)          | 2.2 %          | (262,730)          | (4,325,468)          | 8.8 %          |
| <b>NET RESULT</b>          | <b>29,554,031</b>    | <b>8,424,575</b>     | <b>(71.5)%</b> | <b>2,061,493</b>   | <b>10,486,068</b>    | <b>(64.5)%</b> |
| <b>Margins</b>             |                      |                      |                |                    |                      |                |
| EBIT %                     | 9.8%                 | 5.2%                 |                |                    | <b>5.8%</b>          |                |
| EBITDA %                   | 17.2%                | 14.1%                |                |                    | <b>15.1%</b>         |                |
| Net Result %               | 7.1%                 | 1.6%                 |                |                    | <b>2.0%</b>          |                |

# Consolidated Statement of Profit and Loss (2/3)

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

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

- ❑ 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       |
| <b>OPERATING EXPENSES</b>                                      | <b>380,052,942</b> | <b>505,186,873</b> | <b>32.9%</b> | <b>100%</b>             | <b>100%</b>  | <b>0 p.p</b>    | <b>90.7%</b> | <b>95.4%</b> | <b>4.7 p.p</b> |

### 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,<br>2022<br>IFRS | March 31,<br>2023<br>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%       |
| <b>TOTAL ASSETS</b>  | <b>2,151,976,329</b>         | <b>2,237,220,603</b>      | <b>4.0%</b> |
| 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%        |
| <b>TOTAL LIABILITIES</b>                                     | <b>1,669,938,084</b>         | <b>1,750,293,260</b>      | <b>4.8%</b> |
| 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%       |
| <b>EQUITY</b>  | <b>482,038,245</b>           | <b>486,927,343</b>        | <b>1.0%</b> |



# Consolidated Statement of Financial Position (2/2)

## Debt position

### Leasing liabilities

|                             | December 31,<br>2022<br>IFRS | March 31,<br>2023<br>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%        |
| <b>Total</b>                | <b>302,317,038</b>           | <b>295,390,200</b>        | <b>-2.3%</b> |

### Financial debt

|                                       | December 31,<br>2022<br>IFRS | March 31,<br>2023<br>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%        |
| <b>Total</b>                          | <b>886,769,729</b>           | <b>979,522,320</b>        | <b>10.5%</b> |
| <b>Net Debt</b>                       | <b>1,100,018,613</b>         | <b>1,156,609,441</b>      | <b>5.1%</b>  |
| Net debt to EBITDA (annualised) ratio | 3.9                          | 3.7                       |              |



# Consolidated Statement of Cash Flow

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

| Description                                       | March 31,<br>2022<br>IFRS | March 31,<br>2023<br>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)              |
| <b>Net cash used in investing activities</b>      | <b>(78,907,998)</b>       | <b>(100,895,206)</b>      |

- ❑ 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!

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