



2023 Preliminary Results Presentation

29 February 2024

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https://www.medlifeinternational.com/public_files/documente_bursa/policy_of_forecast.pdf

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These projections should not be considered a comprehensive representation of Med Life SA's cash generation performance.

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

AGENDA

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- 2023 Overview
- 2024 Outlook

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- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

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2023 Highlights

- 2023 Key messages
- 2023 Overview
- 2024 Outlook

Key messages for 2023

- **Consolidated pro-forma Turnover** of EUR 453 million, **up by 25%** compared to 2022.
- **Growth trend** on average of **25%** YoY maintained since listing on the Bucharest Stock Exchange.
- Continued robust **organic growth** of **12%** in revenues, with sustained demand for medical services despite a less favorable macroeconomic environment.
- Organic growth maintained in the first two months of the current year, thus creating **strong growth premises** for the rest of the year.
- 1.4 million unique patients in 2023 at Group level.
- Gradual **increase** in **EBITDA margins** compared to last year, highlighting the positive direction of the Group, despite the early-stage investments that put pressure on the Group's profitability, but which at the same time lay the foundation for future growth.

Key messages for 2023

- The **investments** in medical oncology, top equipment, the launch of the transport of biological samples with drones and the equipping of three hospitals with state-of-the-art surgical robots, place the Group at the **forefront of medical technology** not only in Romania, but also in the region.
- Increased net debt used to fund new investments, leverage level **coming down** by the end of 2024.
- The companies that joined the Group through M&A activity in the last year added to the Group's balance sheet a volume of debt that did not allow the relaxation of the associated indicators in the short term, adding, on a stand alone basis, more than 0.7x net debt/EBITDA at the consolidated level.
- Nevertheless, investments completed provide **premises for a strong growth**, above the market, especially in Bucharest where, together with the new Provita Nord hospital, we believe that we will be able to take over the position of **main private provider** of hospital services in the coming years.

2023, marked by good dynamics and sustained investments for the benefit of patients

Focused mainly on the **consolidation** and **coagulation** of the new companies under MedLife umbrella.

Opened the **Nord Pipera Hospital** (investment amounted to EUR 30 million excluding IFRS 16 impact): 20,000 square meters hospital, with 8 operating theatres and 110 beds. With an impressive infrastructure, the new hospital covers **top-notch cardiac surgery**, interventional procedures, and cardiology, and a particular focus on **oncology**.

Consolidated the most powerful **oncology and radiotherapy services platform** in Romania, a crises-resilient segment and strong growth driver, by opening **2 radiotherapy Neolife centers** in Braila and Valcea and finalizing **2 investments in radiotherapy units** in Brasov and Sibiu.

Additional **investments** in the **medical infrastructure**, expected to yield significant results in the future:

- DaVinci robotic surgery in Polisano Hospital, reaching 3 equipment at Group level;
- high-end technologies in MedLife Medical Park, Humanitas Hospital in Cluj, MedLife Hospital in Brasov and Polisano Hospital in Sibiu.

Finalization of several **expansion projects**:

- Hyperclinics in Deva and Bacau;
- two new BetterMe Lifestyle Medicine Centers in Cluj-Napoca and Timisoara and the Center of Excellence in Maternal-Fetal Medicine in Timisoara;
- 3 M&A transactions (Muntenia Hospital in Pitesti, Nord Group / Provita Medical Group with presence in Bucharest and Suceava and Brol Medical Center in Timisoara);
- 2 small M&A transactions, completed by Sfanta Maria Group.

3 company mergers were completed, respectively within the Arad Group, the Sfanta Maria network and in the pharmacy segment. This action, to carry out technical mergers, gradually reducing the number of companies in the group, will continue in the years to come.

2024 Outlook

Focus on:

- optimizing the operational flows and procedures within the group, in order to leverage the economies of scale and cumulated expertise of each unit, with further merger projects to be carried out;
- consolidating profitability margins after the significant investments in the organic projects;
- gradual reduction of net debt to EBITDA levels;

Strategic priorities:

- continued development of the MedLife Medical Park project;
- finalization of the Medici`s Hospital in Timisoara;
- opening of new medical units in the country.

We are confident that we set the foundation for a **solid platform for growth** and we anticipate an increased contribution from the early-stage investments and projects implemented so far.

We will continue to invest in **technology** and **digitization**, as we believe that the future of medicine lies in adopting the latest **innovations**.

In terms of **acquisitions**, we continue the cautious approach we took in 2023, and we will only act based on current market circumstances and trends.

We will continue to improve the medical platform and to expand the portfolio of doctors, to provide personalized treatments as we believe that the gradual shift in recent years from prevention services to hospital and oncology services will result in **greater resilience** for the Group.



Financial overview

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

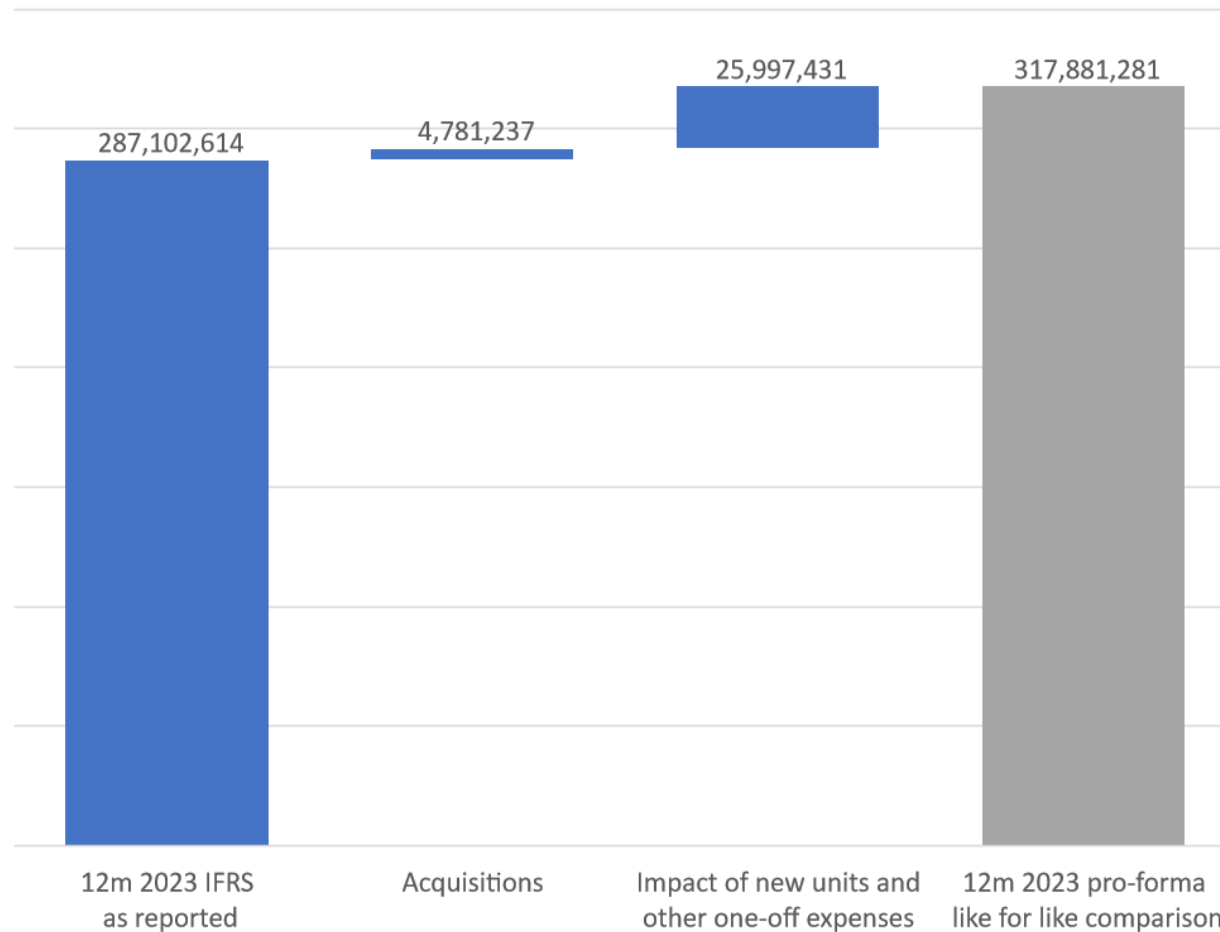
Consolidated Statement of Profit and Loss

Description	12m 2022 IFRS	12m 2023 IFRS	%VAR	Pro-forma adj.	12m 2023 Pro-forma	%VAR
Gross Sales	1,795,432,748	2,211,576,981	23.2 %	32,323,239	2,243,900,220	25.0 %
Net Sales (less NHP)	1,795,432,748	2,211,576,981	23.2 %	(102,685,672)	2,108,891,308	17.5 %
Other operating income	14,118,061	13,897,955	(1.6)%	974,988	14,872,943	5.3 %
OPERATING INCOME	1,809,550,809	2,225,474,936	23.0 %	(101,710,684)	2,123,764,252	17.4 %
OPERATING EXPENSES	(1,715,321,136)	(2,131,561,916)	24.3 %	129,735,441	(2,001,826,476)	16.7 %
OPERATING PROFIT	94,229,673	93,913,020	(0.3)%	28,024,756	121,937,776	29.4 %
EBITDA	246,640,423	287,102,614	16.4 %	30,778,667	317,881,281	28.9 %
Net finance cost	(42,489,150)	(81,354,044)	91.5 %	(1,088,189)	(82,442,233)	94.0 %
Other financial expenses	(2,183,221)	(5,263,175)	141.1 %	198,279	(5,064,896)	132.0 %
FINANCIAL RESULT	(44,672,371)	(86,617,219)	93.9 %	(889,910)	(87,507,129)	95.9 %
RESULT BEFORE TAXES	49,557,301	7,295,801	(85.3)%	27,134,846	34,430,647	(30.5)%
Income tax expense	(12,124,746)	(12,972,705)	7.0 %	(4,247,966)	(17,220,671)	42.0 %
NET RESULT	37,432,555	(5,676,904)	(115.2)%	22,886,881	17,209,976	(54.0)%
Margins						
EBIT %	5.2%	4.2%			5.8%	
EBITDA %	13.7%	13.0%			15.1%	
Net Result %	2.1%	-0.3%			0.8%	

- Consolidated pro-forma Turnover of RON 2.24 billion, up by 25% compared to 2022, demonstrating the ability to maintain the growth trend since listing until now.
- Pro-forma EBITDA increased by 29% to RON 318 million, reaching a margin of 15.1%.
- Financing of the early stage investments (with 3 main CAPEX intensive projects developed throughout the year) and high yields environment which resulted in significant high financing costs, led to a negative net result from an IFRS perspective, respectively a RON 17.2 million pro-forma net result.

Consolidated Statement of Profit and Loss – Pro-forma EBITDA

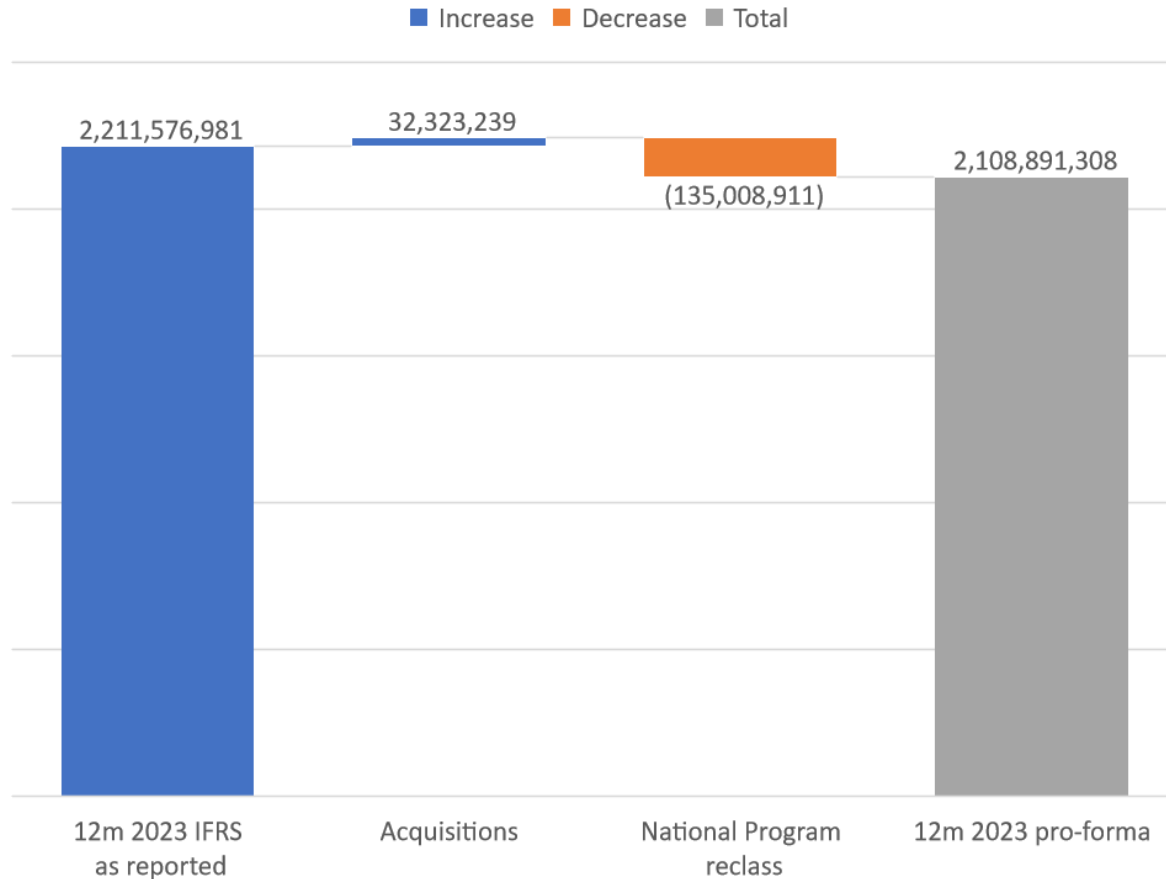
12m 2023 Group pro-forma EBITDA



From IFRS EBITDA to Pro-forma EBITDA:

- RON 4.8 million EBITDA represents the contribution of companies acquired in 2023 (81% related to Nord Group), as if their results would have been consolidated starting with 1st of January 2023.
- RON 26 million represents mostly the impact of the early-stage units, coming from the organically developed projects (Nord Pipera Hospital and 2 radiotherapy centers of Neolife in Braila and Valcea).

Consolidated Statement of Profit and Loss – Pro-forma Revenues

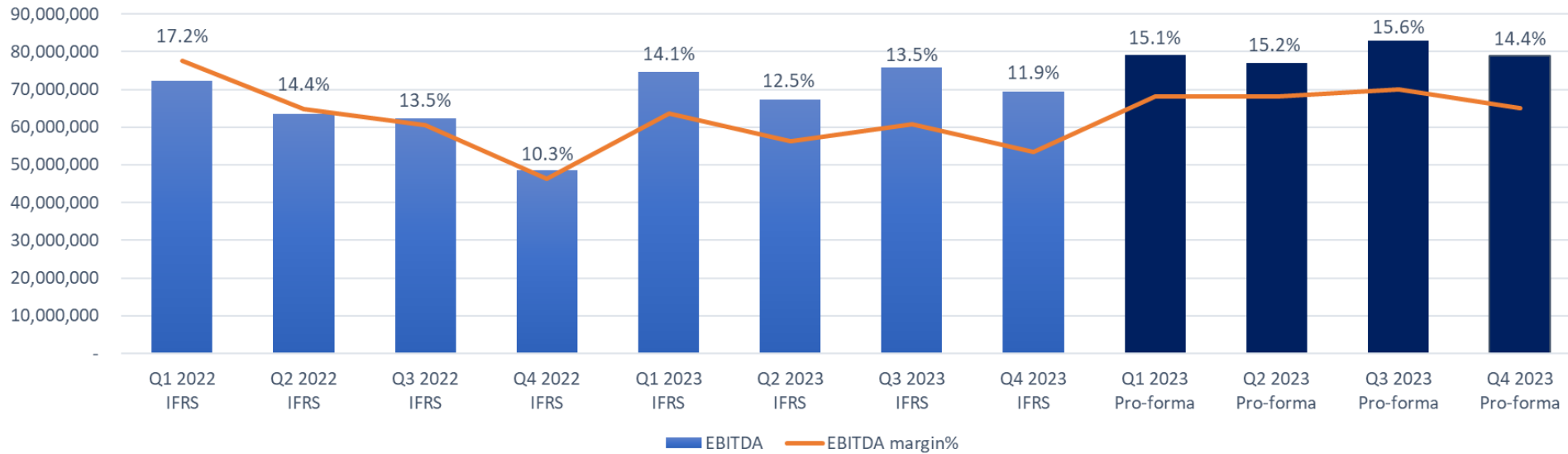


From IFRS Revenues to Pro-forma Revenues:

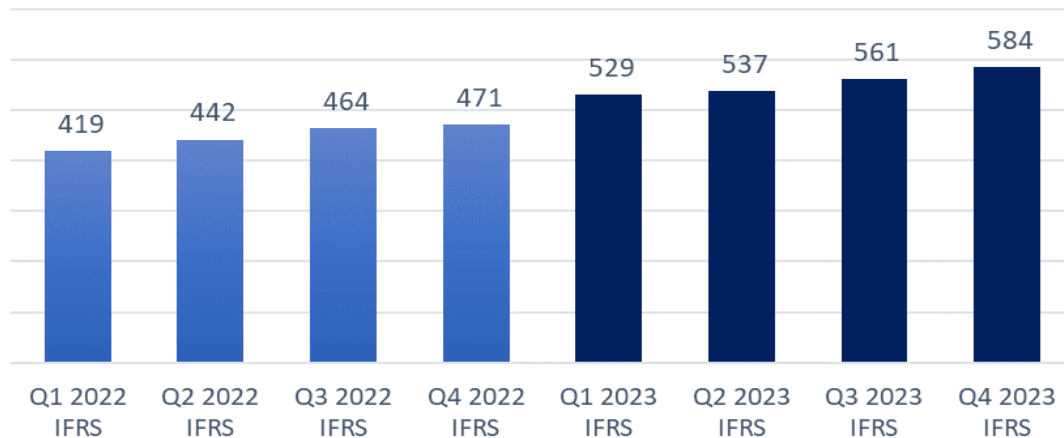
- RON 32 million coming from the acquisitions concluded in 2023.
- RON 135 million reclass related to the National Program for chemotherapy drugs.

Consolidated Statement of Profit and Loss – QoQ Evolution

QoQ EBITDA and margin Evolution



QoQ Revenues evolution



- Gradual improvements in EBITDA levels compared to prior year, quarterly downward trend of the previous year being on a reverse track.
- In terms of Revenues the quarterly trend shows the ability to increase the platform quarter by quarter, both through acquisitions, as well as organically.

Consolidated Statement of Profit and Loss – Operational KPIs

Business line	Info	12m 2022 IFRS	12m 2023 IFRS	%VAR	Share of total IFRS Sales
Clinics	Revenue	616,685,378	831,141,305	34.8%	37.6%
Clinics	Visits	3,205,637	3,834,062	19.6%	
Clinics	Avg fee	192.4	216.8	12.7%	
Stomatology	Revenue	119,068,495	121,778,348	2.3%	5.5%
Stomatology	Visits	176,437	185,829	5.3%	
Stomatology	Avg fee	674.9	655.3	-2.9%	
Hospitals	Revenue	377,991,740	480,454,826	27.1%	21.7%
Hospitals	Patients	116,447	139,234	19.6%	
Hospitals	Avg fee	3,246.0	3,450.7	6.3%	
Laboratories	Revenue	199,919,067	230,656,316	15.4%	10.4%
Laboratories	Analyses	6,278,105	7,424,270	18.3%	
Laboratories	Avg fee	31.8	31.1	-2.4%	
Corporate	Revenue	221,374,274	259,493,546	17.2%	11.7%
Corporate	Subscriptions	834,434	873,036	4.6%	
Corporate	Avg fee	265.3	297.2	12.0%	
Pharmacies	Revenue	80,941,362	60,709,968	-25.0%	2.7%
Pharmacies	Clients	575,323	468,896	-18.5%	
Pharmacies	Sales per client	140.7	129.5	-8.0%	
Others	Revenue	179,452,431	227,342,671	26.7%	10.3%
Total		1,795,432,748	2,211,576,981	23.2%	100.0%

- Solid growth of 23% on an IFRS basis, despite high inflation and rising consumer costs, with almost all business lines continuing their upward trend, highlighting the excellence and high quality services provided in clinics, hospitals and the corporate area, that recorded increases of 35%, 27% and 17%, followed by laboratories and dental clinics with increases of 15% and 2%.
- The pharmacies business line saw a decrease as a result of the adjustments of the drugs' portfolio for a more efficient operational management.

Consolidated Statement of Profit and Loss – OPEX

Description				% of OPERATING EXPENSES			% of SALES		
	12m 2022	12m 2023	%VAR	12m 2022	12m 2023	Change	12m 2022	12m 2023	Change
	IFRS	IFRS		IFRS	IFRS		IFRS		
Consumable materials and repair materials	311,233,127	390,007,066	25.3%	18.1%	18.3%	0.2 p.p	17.3%	17.6%	0.3 p.p
Commodities	209,975,320	208,162,319	-0.9%	12.2%	9.8%	-2.5 p.p	11.7%	9.4%	-2.3 p.p
Utilities	25,955,216	35,089,378	35.2%	1.5%	1.6%	0.1 p.p	1.4%	1.6%	0.1 p.p
Repairs maintenance	13,361,182	19,369,183	45.0%	0.8%	0.9%	0.1 p.p	0.7%	0.9%	0.1 p.p
Rent	8,432,798	13,446,289	59.5%	0.5%	0.6%	0.1 p.p	0.5%	0.6%	0.1 p.p
Insurance premiums	4,711,548	5,962,658	26.6%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Promotion expense	26,664,612	37,019,598	38.8%	1.6%	1.7%	0.2 p.p	1.5%	1.7%	0.2 p.p
Communications	5,211,175	6,089,145	16.8%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Third party expenses & Salaries expenses, out of which:	926,946,451	1,188,206,789	28.2%	54.0%	55.7%	1.7 p.p	51.6%	53.7%	2.1 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>468,196,458</i>	<i>625,682,515</i>	<i>33.6%</i>	<i>27.3%</i>	<i>29.4%</i>	<i>2.1 p.p</i>	<i>26.1%</i>	<i>28.3%</i>	<i>2.2 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>458,749,993</i>	<i>562,524,274</i>	<i>22.6%</i>	<i>26.7%</i>	<i>26.4%</i>	<i>-0.4 p.p</i>	<i>25.6%</i>	<i>25.4%</i>	<i>-0.1 p.p</i>
Depreciation	152,410,751	193,189,594	26.8%	8.9%	9.1%	0.2 p.p	8.5%	8.7%	0.2 p.p
Impairment / Release under IFRS 9 provision on TR	4,851,599	2,275,688	-53.1%	0.3%	0.1%	-0.2 p.p	0.3%	0.1%	-0.2 p.p
Other administration and operating expenses	25,567,358	32,744,209	28.1%	1.5%	1.5%	0 p.p	1.4%	1.5%	1.0%
OPERATING EXPENSES	1,715,321,136	2,131,561,916	24.3%	100%	100%	0 p.p	95.5%	96.4%	0.8 p.p

- Largest driver of the OPEX increase as % in Sales was the *Third party expenses* line, due, on one hand, to the medical and operational staff constantly brought throughout the year and put in place for the early stage investments, and on the other hand, to the high inflation that came with upward pressure on salaries.
- The decrease of the *Commodities* line as % in Sales comes from the decrease of the pharma business' share in total Group, following the consolidation of the companies acquired during 2023 and further organic development of outpatient units and hospitals, combined with the adjustment of the Pharmacies' mix of products and economies of scale, on the back of the pharmaceutical distribution company within the Group.

Consolidated Statement of Financial Position

Description	December 31, 2022 IFRS	December 31, 2023 IFRS	%VAR
Non-current assets	1,686,590,024	2,113,089,470	25.3%
Current assets, excluding Cash and cash equivalents	376,318,151	407,352,007	8.2%
Cash and cash equivalents	89,068,154	100,300,295	12.6%
TOTAL ASSETS	2,151,976,329	2,620,741,772	21.8%
Current liabilities (excluding interest bearing liabilities)	414,943,880	490,563,530	18.2%
Financial Debt	1,189,086,767	1,556,661,351	30.9%
Other long term debt	21,657,277	28,458,890	31.4 %
Deferred tax liability	44,250,160	47,474,025	7.3%
TOTAL LIABILITIES	1,669,938,084	2,123,157,796	27.1%
Equity attributable to owners of the Group	416,780,834	418,564,285	0.4%
Non-controlling interests	65,257,411	79,019,691	21.1%
EQUITY	482,038,245	497,583,976	3.2%

- Non-current assets increased by 25% due to the increase in property plant and equipment, and increase in goodwill, following the consolidation of the newly acquired companies.
- Financial debt increased by 31%, following the M&A investments completed at the beginning of the year, and also the organically developed projects and their corresponding IFRS 16 contracts. The latest comers in the group have a limited number of buildings leased over an extended period of time, from 10 to 20 years, which is outside the range of MedLife Group's contracts.

Consolidated Statement of Financial Position – Debt

Leasing liabilities

	December 31, 2022 IFRS	December 31, 2023 IFRS	%VAR
current portion - leasing	77,141,698	98,906,364	28.2%
long term portion - leasing	225,175,340	303,106,805	34.6%
Total	302,317,038	402,013,169	33.0%

Financial debt

	December 31, 2022 IFRS	December 31, 2023 IFRS	%VAR
Overdraft	27,801,016	29,835,472	7.3 %
Current portion of long-term debt	55,695,054	82,417,660	48.0%
Long-term debt	803,273,659	1,042,395,050	29.8%
Total	886,769,729	1,154,648,182	30.2%

Net Debt	1,100,018,613	1,456,361,056	32.4%
Net debt to pro-forma EBITDA ratio	3.9	4.58	
Net debt to pro-forma EBITDA ratio, w/o Nord Group		3.92	

- The companies that joined the Group through the M&A activity in 2023 added, on a stand alone basis, more than 0.7x net debt / EBITDA at the consolidated level.
- However, this shows the premises for a strong growth, above the market.
- We are committed to continuing the solid business growth trend, entering a cycle of gradually increasing margins and lower debt levels over the next 12-18 months.

Consolidated Statement of Cash Flow

Description	December 31, 2022 IFRS	December 31, 2023 IFRS
Net income before taxes	49,557,301	7,295,801
Adjustments for non-monetary items	195,945,435	283,076,001
Operating cash flow before working capital and other monetary changes	245,502,736	290,371,802
Cash used in working capital changes	(16,939,126)	(40,146,805)
Other monetary changes (income tax and net interest paid)	(43,947,674)	(82,029,965)
Net cash from operating activities	184,615,936	168,195,032
Net cash used in investing activities	(485,906,186)	(280,988,820)
Net cash from financing activities	254,499,516	124,025,930
Net change in cash and cash equivalents	(46,790,734)	11,232,141
Cash and cash equivalents beginning of the period	135,858,888	89,068,154
Cash and cash equivalents end of the period	89,068,154	100,300,295

Description	December 31, 2022 IFRS	December 31, 2023 IFRS
Acquisition of subsidiaries, net of cash acquired	(316,554,749)	(69,846,936)
Purchase of intangible assets	(20,243,591)	(16,554,650)
Purchase of property, plant and equipment	(149,107,846)	(194,587,234)
Net cash used in investing activities	(485,906,186)	(280,988,820)

- Increased investments in property plant and equipment, that will drive future increases in profitability.



Q&A Session

Thank you!