

MedLife reports a pro-forma consolidated turnover of EUR 405 million for the year 2022.

After having accomplished 20 projects through acquisitions and organic development in 2022, there will follow a period of consolidation and integration of the new companies under the umbrella of MedLife.

- *MedLife reports a pro-forma consolidated turnover of RON 2 billion for the year 2022, up by 41% compared to the previous year.*
- *In an economic period marked by turbulence, the MedLife Group continued its expansion plan in 2022, accomplishing no fewer than 13 significant acquisitions and 7 other projects developed organically.*
- *Beyond the integration of the acquired businesses in 2022, MedLife's priorities for this year include consolidating post-acquisition profitability margins, and operationally, expanding the portfolio of physicians and maintaining the very high quality of medical services.*

Bucharest, 24 February: MedLife, the leader of the private medical services market in Romania and the only Romanian-owned company among the top private medical service operators, has released its financial results for the year 2022. Despite a year marked by global and local instability, the MedLife Group reported a pro-forma consolidated turnover of RON 2 billion, an increase of 41% compared to the previous financial year. Thus, MedLife becomes the first private operator in Romania to exceed the milestone of EUR 400 million in turnover.

The results for the year 2022 confirm the efforts of the MedLife Group to consolidate services at a national level, with a focus on medical excellence and improving patient satisfaction. As a result of development actions, all business lines recorded growth in 2022, with the most successful being clinics, hospitals and corporate, with increases of 78%, 39%, and 10%, respectively, followed by laboratories, stomatologies and pharmacies.

Despite the economic turbulence and the visible impact of high inflation on the business environment, the MedLife Group was able to continue its plan of growth and expansion in 2022. The company completed 13 significant transactions and developed seven projects organically, thus strengthening its expertise in integrated medical services and niche services. The group significantly consolidated its position in the oncology area, which is less sensitive to market turbulence, and the wellness area, where it has high expectations due to the change in the fiscal regime, even though it entered a company in the scale-up zone.

„Our success for almost three decades is based on two key elements, I would say: focusing on patient needs and adaptability. First of all, our DNA obliges us to offer excellence in medical care, through extraordinary doctors and specialists, quality services and state-of-the-art technology, all to meet the needs of the approximately 30,000 patients who use our services daily. The second element refers to flexibility in approach and speed of reaction, advantages which, as far as we are concerned, transform challenges into opportunities, regardless of the economic situation. These solid principles represent a fertile foundation in our development and in obtaining positive results.” stated Dorin Preda, Executive Director of the MedLife Group.

Outlook for 2023

After a highly dynamic year marked by 20 significant projects, 2023 is expected to be a year of business optimization and consolidation at the national level. MedLife representatives are expecting to adopt a cautious approach in the near future, taking into account the context and market trends, despite the company's financial security to pursue its development strategy.

„As a business strategy, I believe we resemble a long-distance runner. After covering a long distance at an accelerated pace, we are now alternating with a moderate pace. This method has proven healthy for us and contributes to the growth of our business performance. Therefore, after 2022, a year marked by economic and regional challenges, during which the Group accomplished 20 projects through acquisitions and organic development, it is natural to follow a period of consolidation and integration of the new companies under the MedLife umbrella. The first step was courage, so the second is settling, namely profitability. Of course, based on market trends and patient needs, we will continue to analyze potential opportunities that support organic growth or acquisitions.” stated Mihai Marcu, President & CEO of the MedLife Group.

One of the main priorities of the company for 2023 remains the MedLife Medical Hub project, the largest medical park of the Group, which has entered the second stage of development. This involves putting into operation new operating rooms, expanding pre- and post-operative units, and recalibrating hospital circuits. In the long run, the MedLife Medical Hub pilot project will be replicated in other areas of the country such as Brasov, Sibiu, Cluj, or Arad.

On short term, MedLife is set to inaugurate a new hyperclinic in Bacau and finalize the acquisition of the Provita Group, for which it has already received approval from the Competition Council. To stay ahead of industry trends, MedLife is committed to investing in technology and digitalization and is convinced that the future of medicine lies in utilizing the latest innovations, developing the medical platform, and offering personalized treatments.

The MedLife Group currently has the most robust network of diagnostic and treatment facilities in Romania, consisting of 700 locations across the country, both owned and in partnership. Over 6 million individual patients have utilized MedLife's prevention, wellness, treatment, and hospitalization services, while more than 800,000 employees have access to medical services through their MedLife subscriptions.

I. FINANCIAL ANALYSIS

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Sales for the 12 months period ended 31 December 2022 amounted to RON 1,805,525,618 higher by 26.5% compared to sales recorded in the 12 months period ended 31 December 2021. This increase was mainly the result of growth in almost all of the Group's business lines, as well as the impact of the acquisitions completed by the Group in 2021 and 2022.

	12 months 2022	% of Total	12 months 2021	% of Total	Variation
Business Line	Sales	Sales	Sales	Sales	2022/2021
Clinics	616,905,378	34.2%	407,035,457	28.5%	51.6%
Stomatology	119,068,495	6.6%	93,204,531	6.5%	27.7%
Hospitals	378,428,206	21.0%	317,305,322	22.2%	19.3%
Laboratories	199,919,067	11.1%	257,907,412	18.1%	-22.5%
Corporate	221,374,274	12.3%	206,070,519	14.4%	7.4%
Pharmacies	80,941,362	4.5%	59,949,420	4.2%	35.0%
Others	188,888,836	10.5%	85,745,712	6.0%	120.3%
TOTAL SALES	1,805,525,619	100.0%	1,427,218,373	100%	26.5%

Other operating revenues have increased by 36% in 2022 compared to previous year, reaching RON 14,090,099 in 2022.

Operating expenses include variable and fixed costs, as well as the cost of goods and materials used to provide the Group's services. The Group recorded operating expenses of RON 1,716,913,872 in 2022, representing an increase of 35.6%, or RON 451,184,413 as compared to 2021. The Group's operating expenses as a percentage of total operating income reached 88% in the 12 months period ended 31 December 2021 and 94.4% in the 12 months period ended 31 December 2022.

Operating expenses evolution

	12 months 2022	12 months 2021
Consumable materials and repair materials	312,090,827	234,425,408
Commodities expenses	209,969,213	106,225,169
Utilities	26,919,010	15,441,386
Repairs maintenance	17,541,667	14,703,501
Rent	8,432,330	7,698,479
Insurance premiums	4,706,051	3,651,389
Promotion expense	25,317,784	15,138,844
Communications	5,211,175	4,907,836
Third party expenses (including doctor's agreements)	468,089,965	380,388,868
Salary and related expenses	443,035,742	333,837,004
Social contributions	15,855,477	12,214,486
Depreciation	151,485,635	113,760,199
Impairment losses and gains (including reversals of impairment losses)	5,253,677	5,269,269
Other administration and operating expenses	23,005,319	18,067,621
TOTAL	1,716,913,872	1,265,729,459

Operating profit recorded a decrease of 40.2% in 2022 as compared to 2021, from RON 171,851,903 in 2021 to RON 102,701,846 in 2022.

Financial loss increased in 2022 with RON 9,205,731 from a negative RON 36,432,342 in 2021 to a negative RON 45,638,073 in 2022.

The net result for the 12 months period ended 31 December 2022 decreased with RON 68,527,471 as compared to the corresponding period of 2021.

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Non-current assets amount to RON 1,619,307,668 as of 31 December 2022, recording an increase of 56.5% as compared to 31 December 2021.

Current assets increased by 18.5% from RON 382,833,159 as at 31 December 2021 to RON 453,595,367 as at 31 December 2022.

Current liabilities (excluding interest-bearing debt items) increased with RON 134,093,896, or by 48.2%, from RON 278,030,456 as at 31 December 2021, to RON 412,124,352 as at 31 December 2022.

Interest bearing debt increased with RON 467,099,271, or by 64.2%, from RON 727,061,202 as of 31 December 2021 to RON 1,194,160,473 as of 31 December 2022. This increase is mainly linked to financing of acquisitions performed.

II.MAIN FINANCIAL RATIOS AS AT 31 december 2022

	Period ended at	
1 Current ratio	December 31, 2022	
Current assets	453,595,367	= 0.78
Current liabilities	578,586,197	
2 Debt to equity ratio	Period ended at	
	December 31, 2022	
Long Term Debt	1,034,469,705	= 242%
Equity	428,125,907	
Long Term Debt	1,034,469,705	= 71%
Capital Assets	1,462,595,612	

	Period ended at	
3 Trade receivables turnover (days)	December 31, 2022	
Average receivables	177,957,399	= 35.48
Sales	1,805,525,619	
	Period ended at	
4 Fixed assets turnover	December 31, 2022	
Sales	1,805,525,619	= 1.11
Net Fixed Assets	1,619,307,668	

III. OPERATIONAL KEY PERFORMANCE INDICATORS

Business line	Info	12 months ended	
		2022	2021
Clinics	Revenue	616,905,378	407,035,457
Clinics	Visits	3,205,637	2,279,580
Clinics	Avg fee	192.4	178.6
Stomatology	Revenue	119,068,495	93,204,531
Stomatology	Visits	176,437	154,358
Stomatology	Avg fee	674.9	603.8
Hospitals	Revenue	378,428,206	317,305,322
Hospitals	Patients	116,447	100,230
Hospitals	Avg fee	3,249.8	3,165.8
Laboratories	Revenue	199,919,067	257,907,412
Laboratories	Analyses	6,278,105	8,541,036
Laboratories	Avg fee	31.8	30.2
Corporate	Revenue	221,374,274	206,070,519
Corporate	Subscriptions	834,434	742,739
Corporate	Avg fee	265.3	277.4
Pharmacies	Revenue	80,941,362	59,949,420
Pharmacies	Clients	575,323	361,236
Pharmacies	Sales per client	140.7	166.0
Others	Revenue	188,888,836	85,745,712