

Preliminary Financial Results 2022

24 February 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 12m 2022

- Snapshot
- Key messages
- Outlook

Key messages

- Pro-forma consolidated Sales of EUR 405 for 2022, up by 41% compared to previous year;
- Despite economic turbulence and the visible impact of high inflation on the business environment, we were able to continue the plan of growth and expansion during 2022, with 13 M&A transactions completed and 7 organic development projects, thus strengthening the expertise in integrated medical services and niche services;
- The group significantly consolidated the 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 Sweat is still a company in the scale-up process;
- 2023 is expected to be a year of business optimization and consolidation at the national level;
- Except for Provita transaction, we don't have significant or similar transactions in view in terms of M&A;
- Medlife has proven track record and experience in doing acquisitions and the periods of consolidation and rentability that follow such expansions;
- As opposed to prior years, we now have in the ecosystem companies with large growth potential and ability to generate margins in line with those of the Group (i.e. Oncocard, Neolife and Sweat) and we expect to see clear trends in capturing margins towards the end of this year and beginning of next year;
- Moreover, the small acquisitions made at national level are local companies under MedLife or Sfanta Maria brand that have a high growth potential that will ensure in the medium and long term the stability and structured development of the Group at national level;



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)

12m 2022 Pro-forma vs. 12m 2021 IFRS

- ❑ **Gross Sales** (National Health Program for chemotherapy drugs included) increased by **41%**, reaching RON 2 bn;
- ❑ **OPEX** increased by **39.5%**, to RON 1.7 bn;
- ❑ **28.4%** decrease in **EBIT**, to RON 123m, leading to **6.6%** pro-forma margin (12% in the same period last year);
- ❑ **1.8%** increase in **EBITDA**, to RON 290m & **15.5%** pro-forma margin (20% in the same period last year);
- ❑ **Net Result** of RON 56m, leading to **3%** pro-forma margin (7.9% in the same period last year);
- ❑ Split of **Net Result**: 90% to Group Owners, 10% 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 (Sales of **RON 200m**) less subsidies received at Group level from NHIH in relation to the National Health Program for chemotherapy drugs that increased in scale following Neolife and Oncocard acquisitions (Sales of **RON 135m for the full year**), and exclusion of one-off expenses mainly related to M&A process & restructurings related to the asset deal in total amount of **RON 11m**;

Description	12m 2021 IFRS	12m 2022 IFRS	%VAR	Pro-forma adj. (acquisitions, PNS and one-offs)	12m 2022 Pro-forma	%VAR
Gross Sales	1,427,218,373	1,805,525,619	26.5 %	200,792,094	2,006,317,713	40.6 %
Net Sales (less PNS)	1,427,218,373	1,805,525,619	26.5 %	65,472,588	1,870,998,207	31.1 %
Other operating income	10,362,989	14,090,099	36.0 %	3,686,337	17,776,436	71.5 %
OPERATING INCOME	1,437,581,362	1,819,615,718	26.6 %	69,158,925	1,888,774,643	31.4 %
OPERATING EXPENSES	(1,265,729,459)	(1,716,913,872)	35.6 %	(48,778,383)	(1,765,692,255)	39.5 %
OPERATING PROFIT	171,851,903	102,701,846	(40.2)%	20,380,542	123,082,388	(28.4)%
EBITDA	285,612,102	254,187,481	(11.0)%	36,432,221	290,619,703	1.8 %
Net finance cost	(27,451,079)	(43,364,558)	58.0 %	(5,749,483)	(49,114,041)	78.9 %
Other financial expenses	(8,981,263)	(2,273,515)	(74.7)%	496,337	(1,777,178)	(80.2)%
FINANCIAL RESULT	(36,432,342)	(45,638,073)	25.3 %	(5,253,146)	(50,891,219)	39.7 %
RESULT BEFORE TAXES	135,419,561	57,063,773	(57.9)%	15,127,396	72,191,169	(46.7)%
Income tax expense	(22,506,352)	(12,678,035)	(43.7)%	(2,961,909)	(15,639,944)	(30.5)%
NET RESULT	112,913,209	44,385,738	(60.7)%	12,165,488	56,551,225	(49.9)%
Margins						
EBIT %	12.0%	5.7%			6.6%	
EBITDA %	20.0%	14.1%			15.5%	
Net Result %	7.9%	2.5%			3.0%	

Consolidated Statement of Profit and Loss (2/3)

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

Business line	Info	2m 2021 IFRS	12m 2022 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	12m 2022 Pro-forma	%VAR	Share of total Pro-forma Sales
Clinics	Revenue	407,035,457	616,905,378	51.6%	34.2%	107,794,297	724,699,675	78.0%	36.1%
Clinics	Visits	2,279,580	3,205,637	40.6%					
Clinics	Avg fee	178.6	192.4	7.8 %					
Stomatology	Revenue	93,204,531	119,068,495	27.7%	6.6%	-	119,068,495	27.7%	5.9%
Stomatology	Visits	154,358	176,437	14.3%					
Stomatology	Avg fee	603.8	674.9	11.8 %					
Hospitals	Revenue	317,305,322	378,428,206	19.3%	21.0%	62,452,756	440,880,962	38.9%	22.0%
Hospitals	Patients	100,230	116,447	16.2%					
Hospitals	Avg fee	3,165.8	3,249.8	2.7 %					
Laboratories	Revenue	257,907,412	199,919,067	(22.5)%	11.1%	15,942,115	215,861,183	(16.3)%	10.8%
Laboratories	Analyses	8,541,036	6,278,105	(26.5)%					
Laboratories	Avg fee	30.2	31.8	5.5 %					
Corporate	Revenue	206,070,519	221,374,274	7.4%	12.3%	4,430,818	225,805,092	9.6%	11.3%
Corporate	Subscriptions	742,739	834,434	12.3%					
Corporate	Avg fee	277.4	265.3	(4.4)%					
Pharmacies	Revenue	59,949,420	80,941,361	35.0%	4.5%	-	80,941,361	35.0%	4.0%
Pharmacies	Clients	361,236	575,323	59.3%					
Pharmacies	Sales per	166.0	140.7	(15.2)%					
Others	Revenue	85,745,712	188,888,836	120.3%	10.5%	10,172,108	199,060,944	132.2%	9.9%
Total		1,427,218,372	1,805,525,618	26.5%	100.0%	200,792,093	2,006,317,713	40.6%	100.0%

- ❑ On a pro-forma basis, Clinics remain the main sales unit of the group, with 36% 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 22% share in total Sales; growth has been sustained mainly by increase in the number of patients by 16% YoY, together with the consolidation of Oncocard hospital;
- ❑ Laboratories with 11% share in total Sales: decrease by 26% YoY following dop in covid;
- ❑ Corporate with 11% share in total Sales: subscriptions growth of 12% to over 800k HPPs.

Consolidated Statement of Profit and Loss (3/3)

OPEX evolution

Description	12m 2021 IFRS	12m 2022 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES		
				12m 2021	12m 2022	Change	12m 2021	12m 2022	Change
				IFRS	IFRS		IFRS	IFRS	
Consumable materials and repair materials	234,425,408	312,090,827	33.1%	18.5%	18.2%	-0.3 p.p	16.4%	17.3%	0.9 p.p
Commodities	106,225,169	209,969,213	97.7%	8.4%	12.2%	3.8 p.p	7.4%	11.6%	4.2 p.p
Utilities	15,441,386	26,919,010	74.3%	1.2%	1.6%	0.3 p.p	1.1%	1.5%	0.4 p.p
Repairs maintenance	14,703,501	17,541,667	19.3%	1.2%	1.0%	-0.1 p.p	1.0%	1.0%	-0.1 p.p
Rent	7,698,479	8,432,330	9.5%	0.6%	0.5%	-0.1 p.p	0.5%	0.5%	-0.1 p.p
Insurance premiums	3,651,389	4,706,051	28.9%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Promotion expense	15,138,844	25,317,784	67.2%	1.2%	1.5%	0.3 p.p	1.1%	1.4%	0.3 p.p
Communications	4,907,836	5,211,175	6.2%	0.4%	0.3%	-0.1 p.p	0.3%	0.3%	-0.1 p.p
Third party expenses & Salaries expenses, <i>out of which:</i>	726,440,358	926,981,184	27.6%	57.4%	54.0%	-3.4 p.p	50.9%	51.3%	0.4 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>380,388,868</i>	<i>468,089,965</i>	<i>23.1%</i>	<i>30.1%</i>	<i>27.3%</i>	<i>-2.8 p.p</i>	<i>26.7%</i>	<i>25.9%</i>	<i>-0.7 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>346,051,490</i>	<i>458,891,219</i>	<i>32.6%</i>	<i>27.3%</i>	<i>26.7%</i>	<i>-0.6 p.p</i>	<i>24.2%</i>	<i>25.4%</i>	<i>1.2 p.p</i>
Depreciation	113,760,199	151,485,635	33.2%	9.0%	8.8%	-0.2 p.p	8.0%	8.4%	0.4 p.p
Impairment / Release under IFRS 9 provision on TR	5,269,269	5,253,677	-0.3%	0.4%	0.3%	-0.1 p.p	0.4%	0.3%	-0.1 p.p
Other administration and operating expenses	18,067,621	23,005,319	27.3%	1.4%	1.3%	-0.1 p.p	1.3%	1.3%	0 p.p
OPERATING EXPENSES	1,265,729,459	1,716,913,871	35.6%	100%	100%	0 p.p	88.7%	95.1%	6.4 p.p

Drivers for increased costs:

- Increase in Consumable materials and repair materials with **0.9 p.p.** of Sales following NeoLife & Oncocard consolidation of chemotherapy drugs consumables;
- Increase in Commodities with **4.2 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;
- Increase in Salary and related expenses with **1.2 p.p.** of Sales (new companies consolidated)

Consolidated Statement of Financial Position (1/2)

Description	December 31, 2021 IFRS	December 31, 2022 IFRS	%VAR
Non-current assets	1,034,769,069	1,619,307,668	56.5%
Current assets, excluding Cash and cash equivalents	246,974,271	356,669,670	44.4%
Cash and cash equivalents	135,858,888	96,925,697	-28.7%
TOTAL ASSETS	1,417,602,228	2,072,903,035	46.2%
Current liabilities (excluding interest bearing liabilities)	278,030,456	412,124,352	48.2%
Financial Debt	727,061,202	1,194,160,473	64.2%
Other long term debt	7,546,394	6,771,077	(10.3)%
Deferred tax liability	23,559,617	31,721,225	34.6%
TOTAL LIABILITIES	1,036,197,669	1,644,777,127	58.7%
Equity attributable to owners of the Group	338,109,409	370,001,542	9.4%
Non-controlling interests	43,295,149	58,124,365	34.3%
EQUITY	381,404,558	428,125,907	12.2%



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

	December 31, 2021 IFRS	December 31, 2022 IFRS	%VAR
current portion - leasing	52,586,827	77,812,852	48.0%
long term portion - leasing	149,685,246	224,424,969	49.9%
Total	202,272,073	302,237,821	49.4%

Financial debt

	December 31, 2021 IFRS	December 31, 2022 IFRS	%VAR
Overdraft	25,493,223	32,953,939	29.3 %
Current portion of long-term debt	58,455,422	55,695,054	-4.7%
Long-term debt	440,840,484	803,273,659	82.2%
Total	524,789,129	891,922,652	70.0%
Net Debt	591,202,314	1,097,234,776	85.6%
Net debt to EBITDA ratio	2.1	3.8	



Consolidated Statement of Cash Flow

Description	December 31, 2021 IFRS	December 31, 2022 IFRS
Net income before taxes	135,419,561	57,063,774
Adjustments for non-monetary items	151,725,284	195,306,407
Operating cash flow before working capital and other monetary changes	287,144,845	252,370,181
Cash used in working capital changes	(4,520,129)	(42,853,642)
Other monetary changes (income tax and net interest paid)	(55,227,318)	(54,781,049)
Net cash from operating activities	227,397,398	154,735,491
Net cash used in investing activities	(151,077,310)	(443,152,479)
Net cash from/ (used in) financing activities	(22,431,597)	249,483,797
Net change in cash and cash equivalents	53,888,491	(38,933,191)
Cash and cash equivalents beginning of the period	81,970,397	135,858,888
Cash and cash equivalents end of the period	135,858,888	96,925,697

Description	December 31, 2021 IFRS	December 31, 2022 IFRS
Investment in business combination	(52,504,735)	(255,510,320)
Additional participation interest acquired	(1,661,990)	(6,527,676)
Purchase of intangible assets	(5,385,050)	(21,503,824)
Purchase of property, plant and equipment	(91,525,535)	(159,610,659)
Net cash used in investing activities	(151,077,310)	(443,152,479)

- ❑ Strong cash flow from operations before working capital changes at RON 252m;
- ❑ 3 X increase in investments in 2022, with RON 443m invested in business combinations and organic development;
- ❑ Net cash from financing activities of RON 249m RON.



Q&A Session

Thank you!

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