

MD MEDICAL GROUP ANNOUNCES OPERATING RESULTS FOR Q4 2022

6 February 2023 – MD Medical Group Investments Plc (“MD Medical Group”, “MDMG”, “Group” or the “Company”; LSE and MOEX: MDMG), a leading Russian private healthcare provider, today announces its operating and unaudited financial results for the fourth quarter of 2022.

Key financial highlights for 12M 2022:

- **Total revenue** remained flat year-on-year (y-o-y) at **RUB 25,222 million**.
- **Like-for-like (LFL) revenue** went down by **1.4% y-o-y**.
- Revenue of the Group’s **hospitals in Moscow** decreased by **7.1% y-o-y** to **RUB 13,013 million** due to the strong base effect from 2021 associated with a high utilisation rate at the Lapino-4 COVID treatment facility amid the pandemic.
- Revenue of the Group’s **regional hospitals** grew by **12.1% y-o-y** to **RUB 6,506 million** thanks to the strong operational performance of the medical cluster in Tyumen¹, target utilisation rates achieved at IDK hospital in Samara, as well as the solid results of MD Group Lakhta hospital in St Petersburg.
- Revenue from out-patient **clinics in Moscow and the Moscow Region** rose by **8.8% y-o-y** to **RUB 2,630 million** as demand for IVF recovered following the pandemic.
- Revenue from out-patient **clinics in other regions** increased by **2.9% y-o-y** to **RUB 3,057 million**.

Key operational highlights for 12M 2022:

- Total **out-patient treatments** decreased slightly, by **1.7% y-o-y** to **1,826,555**, with the **average ticket** up **13.1%** to **RUB 5.4 thousand** in Moscow and up **6.5% y-o-y** to **RUB 2.3 thousand** in other regions.
- Total **in-patient treatments** decreased by **3.0% y-o-y** to **148,775** due to the easing of the COVID-19 pandemic, with the **average ticket** up **11.7%** to **RUB 92.6 thousand** in Moscow and down **0.1% y-o-y** to **RUB 34.6 thousand** in other regions.
- Total **IVF cycles** increased by **2.0% y-o-y** to **16,862**, with the **average ticket** increasing by **9.0%** to **RUB 274.0 thousand** in Moscow and by **6.5% y-o-y** to **RUB 245.2 thousand** in other regions.
- Total **deliveries** increased by **2.1% y-o-y** to **8,576**, with the **average ticket** rising by **1.0% y-o-y** to **RUB 482.8 thousand** in Moscow and by **9.8% y-o-y** to **RUB 181.1 thousand** in other regions.

Key financial highlights for Q4 2022:

- **Total revenue** decreased by **5.1% y-o-y** to **RUB 6,619 million**.
- Revenue of the Group’s **hospitals in Moscow** declined by **15.8% y-o-y** to **RUB 3,283 million** due to a decrease in COVID-19 diagnostic and treatment services driven by the pandemic slowdown, as well as fewer deliveries in Moscow amid the overall downward trend in Russia’s birth rate.
- Revenue of the Group’s **regional hospitals** grew by **8.1% y-o-y** to **RUB 1,759 million**.
- Revenue from out-patient **clinics in Moscow and the Moscow Region** rose by **3.5% y-o-y** to **RUB 707 million**.
- Revenue of the Group’s **clinics in other regions** increased by **13.0% y-o-y** to **RUB 863 million**.

¹ The Tyumen medical cluster includes the Tyumen-1 multifunctional hospital and the Tyumen-2 COVID treatment facility.

Key operational highlights for Q4 2022:

- Total **out-patient treatments** decreased by **3.1%** y-o-y to **484,446**.
- Total **in-patient treatments** decreased by **6.8%** y-o-y to **39,083**.
- Total **IVF cycles** increased by **6.4%** y-o-y to **4,426**.
- Total **deliveries** decreased by **3.6%** y-o-y to **2,054**.

Key events during Q4 2022 and after the reporting period:

- **Dividends for H1 2022.** On 26 October 2022, the Board of Directors approved the payment of an interim dividend of RUB 642,318,835.50 or RUB 8.55 per ordinary share / GDR for 6M 2022.
- **Credit facilities repaid early.** In the reporting period, MD Medical Group fully repaid all its existing credit facilities by settling outstanding obligations in the amount of RUB 1,436 million ahead of schedule. The funds had been borrowed to finance the construction of hospitals in Samara, Novosibirsk and Tyumen.
- **First clinic launched in Yekaterinburg.** On 18 November 2022, MD Medical Group opened an out-patient clinic with a focus on IVF in Yekaterinburg. The clinic can handle up to 400 gynecological surgeries, about 800 IVF cycles and over 30,000 appointments per year. Total investments in the project amounted to circa RUB 74 million.
- **Medical centre opened in the Moscow Region.** On 13 January 2023, MD Medical Group opened a new out-patient medical centre, Mother & Child Mytishchi, with a capacity of up to 24,000 appointments per year. Total investments in the project stood at around RUB 23 million.

Mark Kurtser, CEO at MDMG, said:

"In 2022, the Group delivered solid operating and financial performance, adapting to the new business environment, with revenue flat year-on-year despite the last year's strong base.

"We continue to capitalise on our diversification strategy in terms of pricing, service range and geography. In 2022, we strengthened our market position in Moscow and the Moscow Region by opening two new medical centres with a focus on antenatal care in Butovo and Mytishchi. The Group continues to diversify its geographical footprint: during the year, we launched two clinical hospitals in St Petersburg and Tyumen, and also tapped into the Sverdlovsk Region, where we plan to expand our operations going forward.

"During the reporting period, we saw an increase in demand in segments not related to women's and children's healthcare, including traumatology, cardiology and oncology. As an example, in just two years after launch, our Lapino-2 surgical unit with a focus on oncology generated as much as RUB 2,182 million in revenue and achieved a 50% utilisation rate while maintaining potential for further growth. Based on expected demand and expertise we have built in oncology, we will continue to expand the Lapino medical cluster in 2023 and are now commencing the construction of a 11,700 sq m Lapino-3 nuclear medical centre, which will support a full cycle of medical care in oncology.

"Throughout the Group's history, we have been focusing on providing high-quality and efficient medical services to our patients while safeguarding the interests of our shareholders. To this end, we have been paying steady dividends. Despite the persistent external headwinds, we distributed more than 50% of our net profit in dividends for H1 2022.

"In conclusion, I would like to thank the entire MD Medical Group team for their contribution to our results and the Group's ability to provide top-notch medical care and deliver stable performance."

Key Highlights for Q4 and 12M 2022

	4Q 2022	4Q 2021	change, %	12M 2022	12M 2021	change, %
Operating indicators						
Hospitals in Moscow						
Out-patient visits	143,075	171,937	(16.8%)	549,256	594,344	(7.6%)
In-patient days	18,391	21,218	(13.3%)	66,194	82,517	(19.8%)
IVF cycles	730	677	7.8%	2,741	2,438	12.4%
Deliveries	952	1,185	(19.7%)	4,275	4,722	(9.5%)
Hospitals in regions						
Out-patient visits	185,136	175,187	5.7%	689,141	678,577	1.6%
In-patient days	19,850	20,210	(1.8%)	79,960	68,951	16.0%
IVF cycles	714	582	22.7%	2,902	2,796	3.8%
Deliveries	1,102	945	16.6%	4,301	3,675	17.0%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	46,544	46,447	0.2%	175,039	176,270	(0.7%)
IVF cycles	1,032	1,121	(7.9%)	4,079	3,868	5.5%
Out-patient clinics in Regions						
Out patient visits	109,691	106,549	2.9%	413,119	409,442	0.9%
In-patient days	842	488	72.5%	2,621	1,837	42.7%
IVF cycles	1,950	1,778	9.7%	7,140	7,424	(3.8%)
Total out-patient visits	484,446	500,120	(3.1%)	1,826,555	1,858,633	(1.7%)
Total in-patient days²	39,083	41,916	(6.8%)	148,775	153,305	(3.0%)
Total IVF cycles	4,426	4,158	6.4%	16,862	16,526	2.0%
Total deliveries	2,054	2,130	(3.6%)	8,576	8,397	2.1%
Revenue, RUB mln						
Hospitals in Moscow						
Out-patient visits	695	694	0.1%	2,695	2,496	8.0%
In-patient days	1,645	1,946	(15.5%)	6,130	6,839	(10.4%)
IVF cycles	212	173	22.5%	764	614	24.4%
Deliveries	454	596	(23.8%)	2,064	2,258	(8.6%)
Other revenue	277	489	(43.4%)	1,360	1,806	(24.7%)
Hospitals in regions						
Out-patient visits	417	381	9.4%	1,539	1,429	7.7%
In-patient days	756	751	0.7%	2,788	2,404	16.0%
IVF cycles	203	163	24.5%	747	680	9.9%
Deliveries	210	160	31.3%	779	606	28.5%
Other revenue	173	172	0.6%	653	684	(4.5%)
Out-patient clinics in Moscow and Moscow region						
Out-patient visits	330	327	0.9%	1,230	1,196	2.8%
IVF cycles	294	294	-	1,105	972	13.7%
Other revenue	83	62	33.9%	295	250	18.0%
Out-patient clinics in regions						
Out-patient visits	259	245	5.7%	974	901	8.1%
In-patient days	24	13	84.6%	71	49	44.9%
IVF cycles	508	419	21.2%	1,715	1,674	2.5%
Other revenue	72	87	(17.2%)	297	348	(14.7%)
Managing company and other	7	4	75.0%	16	15	6.7%
Hospitals in Moscow	3,283	3,898	(15.8%)	13,013	14,013	(7.1%)
Hospitals in regions	1,759	1,627	8.1%	6,506	5,803	12.1%
Clinics in Moscow and MR	707	683	3.5%	2,630	2,418	8.8%
Clinics in regions	863	764	13.0%	3,057	2,972	2.9%
Total Revenue	6,619	6,976	(5.1%)	25,222	25,220	0.0%

² Adjustments in 2021 are associated with a change in the methodology for reflecting new contracts

	4Q 2022	4Q 2021	change,%	12M 2022	12M 2021	change,%
Average ticket, RUB ths						
Hospitals in Moscow						
Out-patient visits	4.9	4.0	20.3%	4.9	4.2	16.8%
In-patient days	89.4	91.7	(2.5%)	92.6	82.9	11.7%
IVF cycles	290.4	255.5	13.6%	278.7	251.8	10.7%
Deliveries	476.9	503.0	(5.2%)	482.8	478.2	1.0%
Hospitals in regions						
Out-patient visits	2.3	2.2	3.6%	2.2	2.1	6.0%
In-patient days	38.1	37.2	2.5%	34.9	34.9	0.0%
IVF cycles	284.3	280.1	1.5%	257.4	243.2	5.8%
Deliveries	190.6	169.3	12.6%	181.1	164.9	9.8%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	7.1	7.0	0.7%	7.0	6.8	3.6%
IVF cycles	284.9	262.3	8.6%	270.9	251.3	7.8%
Out-patient clinics in regions						
Out patient visits	2.4	2.3	2.7%	2.4	2.2	7.1%
In-patient days	28.5	26.6	7.0%	27.1	26.7	1.6%
IVF cycles	260.5	235.7	10.5%	240.3	225.5	6.6%

LFL performance for Q4 and 12M 2022, % y-o-y

	4Q 2022			12M 2022		
	Revenue	Actual capacity	Average ticket	Revenue	Actual capacity	Average ticket
Hospitals in Moscow						
Out-patient visits	0.1%	(16.8%)	20.3%	8.0%	(7.6%)	16.8%
In-patient days	(15.5%)	(13.3%)	(2.5%)	(10.4%)	(19.8%)	11.7%
IVF cycles	22.5%	7.8%	13.6%	24.4%	12.4%	10.7%
Deliveries	(23.8%)	(19.7%)	(5.2%)	(8.6%)	(9.5%)	1.0%
Other revenue	(43.4%)	-	-	(24.7%)	-	-
Hospitals in regions						
Out-patient visits	6.8%	1.0%	5.8%	6.0%	(1.6%)	7.7%
In-patient days	(5.0%)	(9.4%)	4.9%	7.3%	3.7%	3.4%
IVF cycles	24.5%	22.7%	1.5%	9.9%	3.8%	5.8%
Deliveries	4.4%	(8.0%)	13.5%	11.9%	1.8%	9.9%
Other revenue	(1.7%)	-	-	(6.6%)	-	-
Out-patient clinics in Moscow and Moscow region						
Out patient visits	(0.6%)	(2.2%)	1.6%	2.4%	(1.3%)	3.8%
IVF cycles	-	(7.9%)	8.6%	13.7%	5.5%	7.8%
Other revenue	25.8%	-	-	16.0%	-	-
Out-patient clinics in regions						
Out patient visits	5.7%	2.7%	3.0%	8.1%	0.8%	7.2%
In-patient days	84.6%	72.5%	7.0%	44.9%	42.7%	1.6%
IVF cycles	21.0%	9.5%	10.5%	2.4%	(3.9%)	6.5%
Other revenue	(17.2%)	-	-	(14.7%)	-	-
Managing company and other	75.0%	-	-	6.7%	-	-
Total Revenue	(6.7%)			(1.4%)		

Hospitals in Moscow

In Q4 2022, revenue from Moscow hospitals declined by 15.8% y-o-y to RUB 3,283 million. This was mainly caused by a 19.7% y-o-y drop in the number of deliveries in Moscow due to the overall downward trend in Russia's birth rate. Revenue and other revenue³ were also affected by a decrease in COVID-19 diagnostic and treatment services amid the pandemic slowdown, with a y-o-y drop in the number of in-patient days and out-patient visits by 13.3% and 16.8% respectively.

A decrease in revenue from COVID-19 diagnostic and treatment services and revenue from delivery services was partly offset by a 22.5% y-o-y spike in revenue from IVF thanks to the post-pandemic demand recovery (+7.8% IVF cycles y-o-y), as well as stronger demand for treatment unrelated to women's and children's healthcare (the number of in-patient days in traumatology, cardiology and oncology was up 64.5%, 29.9% and 30.5% y-o-y respectively).

The average IVF ticket grew by 13.6% y-o-y, primarily on the back of indexed prices.

The average ticket for out-patient treatment increased by 20.3% y-o-y mainly thanks to the development of dentistry and commercial oncology services at the Lapino medical cluster.

Hospitals in regions

In Q4 2022, regional hospitals' revenue was up 8.1% y-o-y and reached RUB 1,759 million, driven mainly by a 16.6% y-o-y surge in deliveries, with revenue from this business line up 31.3% y-o-y.

A considerable increase in the number of deliveries came on the back of Tyumen-1 and Samara-based IDK hospital gradually progressing towards target capacity (with utilisation rates going up 1.8 p.p. y-o-y to 26.1% and 4.8 p.p. y-o-y to 39.4% respectively) as well as strong results of the new MD Group Lakhta hospital in St Petersburg, which achieved a 31.1% utilisation rate in the reporting period.

The 12.6% y-o-y increase in the average ticket for deliveries in regional hospitals was mainly driven by indexed prices.

Revenue growth was also significantly fuelled by an increase in the number of IVF cycles (up 22.7% y-o-y), with revenue rising by 24.5% y-o-y in this segment. Better operating results in deliveries were predominantly driven by an increase in the number of IVF cycles under the MHI programme due to the allocation of additional quotas in Q4 2022.

Out-patient clinics in Moscow and Moscow region

In Q4 2022, revenue from clinics in Moscow and the Moscow Region rose by 3.5% y-o-y to RUB 707 million.

The number of IVF cycles went down by 7.9% y-o-y due to the exceeded quota target under the MHI programme in H1 2022. The decline in the number of IVF cycles was offset by a 8.6% y-o-y rise in the average ticket mainly due to indexed prices.

Out-patient clinics in regions

In Q4 2022, revenue from regional out-patient clinics went up by 13.0% y-o-y to RUB 863 million. Revenue growth in the reporting period was mainly attributable to a 9.7% y-o-y increase in the number of IVF cycles driven by the gradual utilisation of quotas under the MHI programme in some Russian regions.

The average IVF ticket grew by 10.5% y-o-y, primarily on the back of indexed prices.

On top of that, positive impact on revenue (up 84.6% y-o-y) came from a 72.5% y-o-y hike in the number of in-patient days due to the allocation of quotas under the MHI programme.

³ Other revenue includes other medical revenue (incl. laboratory tests) and other non-medical revenue

Net Cash position

As of 31 December 2022, the Group's debt declined from the 30 September 2022 level by RUB 1,464 million to RUB 597 million. In the reporting period, the Group fully repaid all its existing credit facilities by settling outstanding obligations in the amount of RUB 1,436 million ahead of schedule. As a result, as of 31 December 2022, the Company's net cash position amounted to RUB 3,866 million.

Capex

Total Capex declined by 88.8% y-o-y to RUB 170 million in Q4 2022. The hospital segment accounts for the bulk of Capex (66.4%), while the construction of new clinics and ongoing maintenance make up 33.6% of total Capex.

In the reporting period, the Group launched an out-patient clinic in Yekaterinburg with a focus on IVF.

Notes:

1. This announcement contains inside information
2. Data is based on management accounts
3. Minor variations in calculation of totals, subtotals and/or percentage change are due to rounding of decimals

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About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 53 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals and 43 out-patient clinics in 26 regions of the Russian Federation. In 2022, MD Medical Group's revenue amounted to RUB 25.2 bln. The Company's global depositary receipts are traded on the London Stock Exchange (LSE: MDMG) and Moscow Exchange (MOEX: MDMG).

Forward-Looking Statements

This press release contains forward-looking statements, which are based on the Company's current expectations and assumptions and may involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The forward-looking statements contained in this press release are based on past trends or activities and should not be taken that such trends or activities will continue in the future. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to: conditions in the market, market position of the Company, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments and economic conditions; the Company's ability to obtain capital/additional finance; a reduction in demand by customers; an increase in competition; an unexpected decline in revenue or profitability; legislative, fiscal and regulatory developments, including, but not limited to, changes in environmental and health and safety regulations; exchange rate fluctuations; retention of senior management; the maintenance of labour relations; fluctuations in the cost of input costs; and operating and financial restrictions as a result of financing arrangements. No statement in this press release is intended to constitute a profit forecast, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company. Each forward-looking statement relates only as of the date of the particular statement.