

## MDMG REPORTS 8% GROWTH IN REVENUE IN Q1 2022

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

### Key financial highlights for Q1 2022:

- **Total revenue** increased by **7.7%** year-on-year (y-o-y) to **RUB 6,208 million**.
- **Like-for-like (LFL) revenue** grew by **6.2%** y-o-y.
- Revenue of the Group’s **Moscow hospitals** increased by **7.3%** y-o-y to **RUB 3,467 million** due to a recovery in demand for IVF (up 20.2% to 578 IVF cycles) and growth in utilization rate for such services as traumatology, urology and oncological surgery.
- Revenue of the Group’s **regional hospitals** grew by **9.5%** y-o-y to **RUB 1,459 million** thanks to the success of the medical cluster in Tyumen<sup>1</sup> and reaching target utilisation rate at IDK hospital in Samara.
- Revenue of the Group’s **clinics in Moscow and the Moscow Region** increased by **21.1%** to **RUB 610 million** thanks to the recovery in demand for IVF (up 41.3% to 904 IVF cycles).
- Revenue of the Group’s **clinics in other regions** decreased by **4.1%** y-o-y to **RUB 669 million** due to the late allocation of IVF quotas covered by the Mandatory Health Insurance (MHI) programme in some regions of the Russian Federation.

### Key operational highlights for Q1 2022:

- Total **out-patient treatments** decreased slightly, by 1.3% y-o-y, to **433,246**, with a **12.9%** increase in the **average check** to **RUB 5.3 thousand** in Moscow/Moscow region and a **10.5%** increase y-o-y to **RUB 2.3 thousand** in other regions.
- Total **in-patient treatments** decreased by **14.2%** y-o-y to **34,498** due to the easing of the COVID-19 pandemic; at the same time, the **average check** increased by **41.5%** y-o-y to **RUB 96.2 thousand** in Moscow and by **8.2%** y-o-y to **RUB 36.5 thousand** in other regions.
- Total **deliveries** increased by **3.2%** y-o-y to **2,008**, while the **average check** rose by **8.5%** y-o-y to **RUB 488.7 thousand** in Moscow and by **6.0%** y-o-y to **RUB 171.6 thousand** in other regions.
- Total **IVF cycles** increased by **0.5%** y-o-y to **3,603**. The number of commercial cycles increased by 10.2%, while the number of cycles covered by MHI decreased by 9.1% due to the late allocation of quotas in regions.

### Mark Kurtser, CEO of MD Medical Group, said:

*“Amid a challenging external environment, MDMG demonstrated strong first-quarter results, and pushed ahead with diversifying its portfolio of services and progressing with its expansion into the Russian regions.*

*“We continued to operate as usual and demonstrated stable revenue growth, both in Moscow and other regions, with total revenue growing by 8% in the reporting quarter. This is tied, in part, to a gradual return of demand for elective treatments to pre-pandemic levels. In that regard, we are seeing a recovery in demand for IVF treatments in the wake of the pandemic, with IVF cycles increasing by 20% in Moscow hospitals and by 41% in our clinics in Q1.*

*“In the first quarter, we saw a decline in hospital load at Lapino-4’s Covid treatment facility as the pandemic subsided. At the same time, we saw growing demand in areas not related to healthcare for women and children, such as trauma care, urology and oncological surgery. This confirms our effective portfolio diversification strategy, which enables us to offer an increasingly varied array of medical services to our customers.*

*“During this challenging time, we are heartened to observe that medicine remains beyond geopolitical*

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

restrictions – the supply of medicines and medical equipment continues as before, and we are not experiencing any difficulties with deliveries.

“Looking ahead, we are moving forward with our planned expansion in the regions and expect to commission a new clinic in Yekaterinburg in the second quarter. We are also continuing to expand our Lapino medical cluster<sup>2</sup> and are currently in the process of designing the core facility at Lapino-3, which will enable us to offer a full cycle of oncological services.

“I am pleased to say that the Company has a strong financial position and a low debt load, as a result of which we are not ruling out the payment of dividends before the end of the year.”

## Key Highlights for Q1 2022

	Q1 2022	Q1 2021	change, %
<b>Operating indicators</b>			
<b>Moscow hospitals</b>			
Out-patient visits	134,649	131,177	2.6%
In-patient days	16,777	24,617	(31.8%)
IVF cycles	578	481	20.2%
Deliveries	1,064	1,050	1.3%
<b>Hospitals in Regions</b>			
Out-patient visits	159,617	165,121	(3.3%)
In-patient days	17,206	15,137	13.7%
IVF cycles	569	680	(16.3%)
Deliveries	944	896	5.4%
<b>Out-patient clinics in Moscow and Moscow region</b>			
Out patient visits	41,484	42,071	(1.4%)
IVF cycles	904	640	41.3%
<b>Out-patient clinics in Regions</b>			
Out patient visits	97,496	100,435	(2.9%)
In-patient days	515	449	14.7%
IVF cycles	1,552	1,785	(13.1%)
<b>Total out-patient visits</b>	<b>433,246</b>	<b>438,804</b>	<b>(1.3%)</b>
<b>Total in-patient days</b>	<b>34,498</b>	<b>40,203</b>	<b>(14.2%)</b>
<b>Total IVF cycles</b>	<b>3,603</b>	<b>3,586</b>	<b>0.5%</b>
<b>Total deliveries</b>	<b>2,008</b>	<b>1,946</b>	<b>3.2%</b>

<sup>2</sup> The Lapino medical cluster includes Lapino-1, Lapino-2, Lapino-4 and outpatient Oncological Care Centre in Mozhaisk.

	Q1 2022	Q1 2021	change, %
<b>Revenue, RUB mln</b>			
<b>Hospitals in Moscow</b>			
Out-patient visits	636	545	16.7%
In-patient days	1,614	1,674	(3.6%)
IVF cycles	151	128	18.0%
Deliveries	520	473	9.9%
Other revenue	546	410	33.3%
<b>Hospitals in regions</b>			
Out-patient visits	358	335	6.9%
In-patient days	635	516	23.1%
IVF cycles	140	164	(14.7%)
Deliveries	162	145	11.7%
Other revenue	164	172	(4.5%)
<b>Out-patient clinics in Moscow and Moscow region</b>			
Out-patient visits	298	269	10.8%
IVF cycles	237	176	34.7%
Other revenue	75	59	27.3%
<b>Out-patient clinics in regions</b>			
Out-patient visits	227	212	7.1%
In-patient days	12	10	20.0%
IVF cycles	355	389	(8.7%)
Other revenue	75	87	(13.9%)
Managing company and other	3	3	-
<b>Hospitals in Moscow</b>	<b>3,467</b>	<b>3,230</b>	<b>7.3%</b>
<b>Hospitals in regions</b>	<b>1,459</b>	<b>1,332</b>	<b>9.5%</b>
<b>Out-patient clinics in Moscow and Moscow region</b>	<b>610</b>	<b>504</b>	<b>21.1%</b>
<b>Out-patient clinics in regions</b>	<b>669</b>	<b>698</b>	<b>(4.1%)</b>
<b>Total Revenue</b>	<b>6,208</b>	<b>5,766</b>	<b>7.7%</b>
<b>Average ticket</b>			
<b>Moscow hospitals</b>			
Out-patient visits	4.7	4.2	13.7%
In-patient days	96.2	68.0	41.5%
IVF cycles	261.2	266.1	(1.8%)
Deliveries	488.7	450.5	8.5%
<b>Hospitals in Regions</b>			
Out-patient visits	2.2	2.0	10.6%
In-patient days	36.9	34.1	8.3%
IVF cycles	246.0	241.5	1.9%
Deliveries	171.6	161.8	6.0%
<b>Out-patient clinics in Moscow and Moscow region</b>			
Out patient visits	7.2	6.4	12.3%
IVF cycles	262.2	275.0	(4.7%)
<b>Out-patient clinics in Regions</b>			
Out patient visits	2.3	2.1	10.3%
In-patient days	23.3	22.3	4.6%
IVF cycles	228.7	217.8	5.0%

**LFL performance for Q1 2022, % y-o-y**

Q1 2022			
	Revenue	Actual capacity	Average ticket
<b>Moscow hospitals</b>			
Out-patient visits	16.7%	2.6%	13.7%
In-patient days	(3.6%)	(31.8%)	41.5%
IVF cycles	18.0%	20.2%	(1.8%)
Deliveries	9.9%	1.3%	8.5%
Other revenue	33.3%	-	-
<b>Hospitals in Regions</b>			
Out-patient visits	6.1%	(4.6%)	11.3%
In-patient days	8.6%	4.4%	4.1%
IVF cycles	(14.7%)	(16.3%)	1.9%
Deliveries	10.3%	4.9%	5.2%
Other revenue	(8.0%)	-	-
<b>Out-patient clinics in Moscow and Moscow region</b>			
Out patient visits	10.8%	(1.4%)	12.3%
IVF cycles	34.7%	41.3%	(4.7%)
Other revenue	27.3%	-	-
<b>Out-patient clinics in Regions</b>			
Out patient visits	7.1%	(2.9%)	10.3%
In-patient days	20.0%	14.7%	4.6%
IVF cycles	(8.7%)	(13.1%)	5.0%
Other revenue	(13.9%)	-	-
Managing company and other	-	-	-
<b>Total Revenue</b>	<b>6.2%</b>		

**Moscow hospitals**

In Q1 2022, revenue in Moscow hospitals increased by 7.3% y-o-y to RUB 3,467 million. The increase in revenue was primarily due to considerable growth in demand for IVF (+20.2% IVF cycles y-o-y). Despite the 31.8% decrease in the number of in-patient treatments and the corresponding 3.6% decrease in hospital revenues due to the easing of the COVID-19 pandemic and the gradual decrease in the number of patients at the Lapino-4 COVID treatment facility, there was higher demand for treatment unrelated to healthcare for women and children: an increase in utilization rate at in-patient facilities for such service as traumatology (+24.6% y-o-y), oncological surgery (+55.2% y-o-y) and urological treatment (+28.3% y-o-y). The number of in-patient oncology treatments also increased considerably, by 77.4%, through direct payments from patients.

The decrease in the utilization rate of in-patient facilities was also offset by a 41.5% increase in the average check for in-patient treatments, which was driven mainly by the preponderance of more expensive surgical treatments during the reporting period.

The 1.8% decrease in the average check for IVF was due to the treatment profile (the ratio of follicular punctures to cryo-embryo transfers) in Q1 2022.

**Regional hospitals**

In Q1 2022, revenue in the Group's regional hospitals increased by 9.5% y-o-y to RUB 1,459 million due to an increase in the number of deliveries (+5.4% y-o-y) as well as an increase in the number of in-patient treatments (+13.7% y-o-y). The strongest growth in in-patient utilisation rates was seen at clinical hospitals in Tyumen (+13.9% y-o-y) and Samara (+21.7% y-o-y).

The 16.3% decrease in IVF cycles during the reporting period was due to the late allocation of quotas for treatments covered by the MHI programme in some regions of the Russian Federation. The allocated

quotas will be distributed in subsequent quarters of 2022.

On 16 March 2022, due to the easing of the COVID-19 pandemic, the MD Lakhta clinical hospital, which had been converted into a temporary COVID treatment facility, began operating in its main area of specialisation: healthcare for women and children, with a focus on childbirth and gynaecological surgery. The hospital plans to perform up to 3,000 deliveries per year.

The 8.3% increase in the average check for in-patient treatments and the 10.6% increase for out-patient treatments were due to the growing range of medical treatments available, such as surgery, traumatology and cardiology, as well as the current level of inflation.

### **Moscow and Moscow region out-patient clinics**

In Q1 2022, revenue at Moscow and Moscow region clinics increased by 21.1% y-o-y to RUB 610 million. Revenue growth was driven mainly by a 41.3% increase in the number of IVF cycles performed thanks to the recovery in demand following the pandemic.

The 4.7% decrease in the average check for IVF was due to the treatment profile (the ratio of follicular punctures to cryo-embryo transfers) in Q1 2022. The 12.3% increase in the average check for out-patient treatments was due to the indexing of prices for services.

### **Regional out-patient clinics**

In Q1 2022, revenue at regional clinics decreased by 4.1% y-o-y to RUB 669 million. The drop in revenue was due to a 13.1% decrease in the number of IVF cycles performed in the reporting period as a result of the late allocation of quotas under the MHI programme in some regions of the Russian Federation. The allocated quotas will be distributed in subsequent quarters of 2022.

The 10.3% increase in the average check for out-patient treatments was due to the indexing of prices for services.

### **Net debt**

As of 31 March 2022, net debt declined by RUB 616 million compared to 31 December 2021 to RUB 1,308 million.

### **CAPEX**

Total CAPEX in Q1 2022 increased by 41.7% y-o-y to RUB 551 million. The hospital segment accounted for the bulk of CAPEX (86.3%), while 13.7% was allocated for the construction of new clinics and maintenance costs.

An out-patient clinic in Yekaterinburg with a focus on IVF cycles is expected to be ready for operations in Q2 2022. The CAPEX for the construction of the clinic is expected to amount to RUB 50 million.

In H1 2022, the Group is also expecting to launch two out-patient clinics in the Moscow Region as well as one lab specimen collection site under the MD LAB brand.

The nuclear medicine centre Lapino-3 – a future part of the Lapino medical cluster – is currently at the design stage and is expected to be ready for operations in 2024. Total CAPEX for construction of the facility is expected to amount to RUB 1.5 billion.

As part of the Group's efforts to ensure that it maintains sufficient liquidity, investments in part of the Company's new projects have been suspended until further notice: the psychoneurology centre Lapino-5, the Domodedovo multifunctional hospital as well as the out-patient clinics in Lipetsk and Belgorod have been put on hold.

**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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**For further information please contact:****Investors**

Renata Battalova  
Investor Relations Director  
Tel.: +7 917 294 2882  
r.battalova@mcclinics.ru

**Media**

EM  
Tom Blackwell  
Tel.: +7 919 102 9064  
MDMG@em-comms.com

**About MD Medical Group**

*MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 49 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals<sup>3</sup> and 39 out-patient clinics in 25 regions of the Russian Federation. In 2021, MD Medical Group's revenue amounted to RUB 25.2 bln, with EBITDA of RUB 8.3 bln. The Company's global depository receipts are traded on the London Stock Exchange (LSE: MDMG) and Moscow Exchange (MOEX: MDMG).*

*Due to recent sanctions related to events in Ukraine as well as the current market environment, the London Stock Exchange has suspended the listing of the Company's GDRs in order to maintain market stability.*

**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.

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<sup>3</sup> The number of hospitals is shown on a stand-alone basis. The Lapino medical cluster includes three hospitals: the Lapino-1 multifunctional hospital, the Lapino-2 cancer centre and the Lapino-4 COVID treatment facility.