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MD MEDICAL GROUP POSTS 37.7% EBITDA, 41.8% NET PROFIT GROWTH IN FY 2021

28 March 2022. MD Medical Group Investments Plc ("MD Medical Group," "MDMG," the "Group" or the "Company" – LSE and MOEX: MDMG), a leading Russian private healthcare provider, announces its audited consolidated financial statements for the 12 months ended 31 December 2021 under International Financial Reporting Standards ("IFRS").

Key financial highlights for FY 2021:

- **Revenue grew 31.8%** year-on-year (y-o-y) to **RUB 25,220 mln**.
- **EBITDA grew 37.7%** y-o-y to **RUB 8,276 mln** with **EBITDA margin of 32.8%**, up 1.4 p.p. y-o-y.
- **Net profit grew 41.8%** y-o-y to **RUB 6,143 mln.** The net profit margin was **24.4%** vs. 22.6% in FY 2020.
- **Operational cash flow grew 30.5%** y-o-y to **RUB 8,499 mln**.
- **Capex** amounted to RUB 3,790 mln, down 2.9% y-o-y. Investments were mainly focused on the hospital segment, namely the launch of the new hospitals MD Lakhta in St. Petersburg and Tyumen-2.
- **Net debt** amounted to RUB 1,924 mln as of 31 December 2021. The **net debt to EBITDA** ratio amounted to **0.2x**.

Key operational highlights for FY 2021[1]:

- Total **out-patient** treatments grew **15.2%** y-o-y to **1,858,633**.
- Total **in-patient** treatments grew **29.9%** y-o-y to **152,621**.
- Total **deliveries** grew **8.2%** y-o-y to **8,397**.
- Total **IVF cycles** grew **8.3%** y-o-y to **16,526**.

Key events during 2021 and after the reporting period:

- In June 2021, MDMG registered the company MGIMO Med in partnership with the Moscow State Institute of International Relations (MGIMO) as part of an initiative to launch a medical university.
- In October 2021, MDMG opened a second out-patient Oncological Care Centre in Mozhaysk, Moscow Region, continuing its expansion of oncological care services in line with the Group's strategy.
- In December 2021, MDMG launched its own network of laboratory test collection points under the brand MD Lab with the opening of the first collection point in Moscow. In February 2022, the Group opened its second collection point.
- In January 2022, MDMG opened the new multi-disciplinary hospital MD Lakhta in St. Petersburg. Total investments in the project amounted to approximately RUB 2 bln.
- In February 2022, MDMG launched the new multi-disciplinary hospital Tyumen-2. Total investments in the project amounted to approximately RUB 1 bln.

Mark Kurtser, CEO of MD Medical Group, said:

"Our business saw a successful year in 2021: our effective response to the challenges associated with COVID-19 enabled us to demonstrate excellent financial results.

"I am particularly pleased to note our excellent performance in areas not related to healthcare for women and children. This segment accounted for 51% of our total revenue in 2021, up from 45% a year earlier. At the same time, we continued to grow in those areas that have historically been our main focus, with revenues from healthcare for women and children increasing by 16%. We believe that our diversification strategy is being implemented successfully, and we have been expanding the range of services we offer step by step – in the future, we intend to launch new services across areas where we see potential. As for

[1] Detailed information on operational results can be found in the following press release from 7 February 2022.

changes in overall demand, we are seeing the volume of elective treatment returning to pre-pandemic levels as the pandemic recedes.

"We have also continued to expand. In February, in line with previously announced plans, we opened our second multi-disciplinary hospital in Tyumen, with 100 beds. In addition, we continued to develop our new business segment under the brand MD Lab and have already opened two laboratory test collection points. At the same time, our recently launched projects, including Lapino-2, Lapino-4, Tyumen-2 and MD Lakhta, are meeting expectations and are moving towards target capacity utilisation as planned.

"This shows that our diversified business model is driving the sustainable development of our business. This factor, along with low debt of RUB 1,924 million and a strong cash position, is evidence of our stable position even in the face of challenging external conditions.

"I would like to stress that today, we are continuing to operate as usual. We are paying particular attention to ensuring an uninterrupted supply of medicines, and we currently are not experiencing any supply problems in that regard. At the same time, we are focused on ensuring sufficient liquidity. To this end, investments in new projects have been put on hold, including the payment of dividends, until we have more clarity on the situation. I would also like to note that we are closely monitoring things as they develop, and we do not rule out the possibility of paying out dividends before the end of the year.

"To sum up, I would like to say that we are pleased with the previous year's results as we continue to unlock the huge potential of our business."

FY 2021 Financial Highlights

RUB mln	12M2021	12M2020	change
Revenue	**25,220**	**19,133**	**31.8%**
Hospitals in Moscow	14,013	9,721	44.2%
Hospitals in regions	5,803	4,602	26.1%
Out-patient clinics in Moscow and MR	2,418	2,246	7.6%
Out-patient clinics in regions	2,972	2,548	16.6%
Managing company and other	15	16	(6.3%)
Gross profit	**9,988**	**7,127**	**40.1%**
Gross profit margin.%	39.6%	37.2%	2.4p.p.
EBITDA	**8,276**	**6,008**	**37.7%**
EBITDA margin.%	32.8%	31.4%	1.4p.p.
EBIT	6,622	4,504	47.0%
EBIT margin.%	26.3%	23.5%	2.8
FX gain / (loss)	(8)	123	n/a
Net finance expenses	(456)	(289)	57.9%
Profit before tax	6,158	4,338	42.0%
Taxes	(15)	(5)	219.3%
Net income	**6,143**	**4,333**	**41.8%**
Net income margin.%	24.4%	22.6%	1.7p.p.

Revenue

The Group's revenue in FY 2021 grew 31.8% y-o-y and amounted to RUB 25,220 mln. This significant growth was mainly driven by an increase in capacity utilisation at Moscow-based and regional hospitals (where revenue grew 44.2% and 26.1% y-o-y, respectively) amid a recovery in demand for medical services, the reaching of target capacity utilisation at Lapino-4, and a significant increase in patient flow at the Lapino-2 oncological centre.

Revenue from medical services not related to women's and children's health accounted for 51.2% of total revenue, up from 44.6% in 2020.

FY 2021 Key Operating Expenses

RUB,mln	12M2021	12M2020	change
Payroll and Social contributions	9,540	7,672	24.34%
as % of total Revenue	37.8%	40.1%	(2.3p.p.)
Material expenses	5,568	3,850	44.63%
as % of total Revenue	22.1%	20.1%	2.0p.p.,
Medical services expenses	335	398	(15.9%)
as % of total Revenue	1.3%	2.1%	(0.8p.p.)
Functional expenses	187	189	(0.8%)
as % of total Revenue	0.7%	1.0%	(0.2p.p.)

Gross profit

Gross profit in 2021 grew 40.1% y-o-y to RUB 9,988 mln. Gross profit margin increased by 2.4 p.p. y-o-y to 39.6% as a result of business growth driven by increased capacity utilisation and optimisation of key expenses.

Impact of key expenses

In the reporting period, the Company's key expenses remained tightly controlled and decreased by 1.3 p.p. y-o-y as a percentage of revenue (to 62.0%) amid a decline in personnel costs and cost optimisation for medical services.

The share of personnel expenses decreased by 2.3 p.p. y-o-y as a percentage of revenue (to 37.8%), primarily due to the effect of operating leverage and a personnel compensation structure in which a portion of compensation is a fixed amount.

The share of materials expenses increased by 2.0 p.p. y-o-y as a percentage of revenue (to 22.1%) on the back of growth in material-intensive services in the Company's portfolio, including chemotherapy, trauma care and therapy related to COVID-19.

The share of medical services expenses declined by 0.8 p.p. y-o-y as a percentage of revenue (to 1.3%) due to the gradual vertical integration of business processes, including the opening of the Company's own laboratory and data processing centre.

The share of functional expenses remained virtually unchanged at 0.7% as a percentage of revenue.

EBITDA

EBITDA grew 37.7% and amounted to RUB 8,276 mln in 2021. EBITDA margin increased by 1.4 p.p. and amounted to 32.8% due to positive dynamics in gross profitability.

Operating profit

Depreciation expenses as a percentage of revenue decreased by 1.2 p.p. y-o-y to 6.7%. This decline was primarily due to growth of the Company's business scale.

As a result, operating profit grew 47.0% y-o-y to RUB 6,622 mln in 2021, with a margin of 26.3%.

Net profit

In 2021, net financial expenses grew 57.9% and amounted to RUB 456 mln. This increase is due to a decline in financial income against the high base effect in 2020 - the initial recognition of payables to the tax authorities at the market rate.

As a result, the Company's net profit grew 41.8% y-o-y to RUB 6,143 mln in 2021. Net profit margin increased by 1.7 p.p. to 24.4%.

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Key cash flow statement figures

RUB,mln	12M2021	12M2020	change
Operating cash flows before working capital changes	**8,346**	**6,051**	**37.9%**
Changes in working capital	158	474	(66.7%)
Taxes	(5)	(9)	(50.9%)
Cash from operating activities	8,499	6,515	30.5%
Cash used in investing activities	(2,912)	(3,880)	(24.9%)
Cash used in financing activities	(5,031)	(2,779)	81.0%,
Cash and cash equivalents increase / (decrease)	**557**	**(143)**	**n/a**

In 2021, operating cash flow before changes in working capital increased by 37.9% year-on-year to RUB 8,346 mln as a result of growth in EBITDA.

Working capital

RUB,mln	December 31,2021	December 31,2020
Inventories	1,165	974
Accounts receivable	1,112	1,119
Accounts payable	(2,537)	(2,276)
Contract liabilities	(1,990)	(1,909)

The Company has historically maintained negative working capital as a source of additional financing. Working capital remained negative at RUB (2,250) mln and amounted to 8.9% of revenue in 2021.

Cash used for investing activities, mainly consisting of capital expenditures and proceeds from short-term deposits, amounted to RUB 2,912 mln.

Total Capex decreased by 2.9% y-o-y to RUB 3,790 mln in 2021. The main share of capital expenditures was in the hospital segment (84.6%), while expenditures for construction of new clinics and current repairs accounted for 15.4% of total expenditures.

In 2021, cash outflows related to financing activities amounted to RUB 5,031 mln vs. RUB 2,779 mln in 2020, mainly due to dividend payments in the amount of RUB 2,905 mln.

As of December 31, 2021, net cash increased by RUB 557 mln to RUB 3,590 mln.

Debt load of the Group

RUB mln	December 31, 2021	December 31, 2020
Total debt	**5,513**	**6,818**
Short-term debt	1,786	1,588
Long-term debt	3,727	5,230
Cash and cash equivalents	3,590	3,129
Bank deposits	-	746
Net debt	**1,924**	**2,943**
Net debt / EBITDA	0.2x	0.5x

The Group's debt decreased by 19.1% y-o-y to RUB 5,513 mln at year-end, mainly due to the repayment of long-term liabilities in the amount of RUB 1,504 mln. Cash balance grew 14.7% y-o-y to RUB 3,590 mln as of 31 December 2021 vs. RUB 3,129 mln as of 31 December 2020.

Net debt decreased by RUB 1,020 mln from 31 December 2020 to RUB 1,924 mln as of 31 December 2021. The Company's debt is fully denominated in roubles. The net debt to EBITDA ratio amounted to 0.2x as of 31 December 2021.

Notes:

1. This announcement contains inside information.
2. Minor deviations in the calculation of totals, subtotals and/or percent changes are due to rounding.

3. The Group's consolidated financial statements are available on the Group's website: http://www.mcclinics.com/investors/financial-reports/

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About MD Medical Group

MD Medical Group is a leading provider in the Russian private healthcare service market. The Company manages 47 modern healthcare facilities, including 8 hospitals and 39 out-patient clinics in 25 regions of Russia. In 2021, MD Medical Group's revenue amounted to RUB 25.2 bln while EBITDA amounted to RUB 8.3 bln. The Company's GDRs are traded on London Stock Exchange (LSE: MDMG) and Moscow Exchange (MOEX: MDMG).

Currently, further to recent sanctions in connection with events in Ukraine, in light of market conditions, and in order to maintain orderly markets, the London Stock Exchange has suspended the admission to trading of the Company's GDRs listed in London Stock Exchange.

Forward-Looking Statements: