

## MD MEDICAL GROUP POSTS 10% REVENUE GROWTH WHILE EBITDA MARGIN EXPANDS TO 33%

**1 April 2024** – 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 2023 under International Financial Reporting Standards (IFRS).

### Key financial highlights for 2023:

- **Total revenue** increased by **9.6% year-on-year (y-o-y)** to **RUB 27,631 million**.
- **EBITDA** went up by **16.3% y-o-y** to **RUB 9,218 million**. EBITDA margin rose by **2 p.p.** y-o-y to **33.4%**.
- **Net profit** grew by **65.8% y-o-y** to **RUB 7,823 million**. Net profit margin was **28.3%**. Compared to the previous year’s adjusted net profit<sup>1</sup>, net profit in 2023 increased by 30.3%.
- **Operating cash flow** increased by **21.3% y-o-y** to **RUB 9,378 million**.
- **Capex** tripled y-o-y, reaching **RUB 3,580 million**. Investments were mainly allocated towards the acquisition and launch of MD Group Michurinsky, a new hospital in Moscow.
- As at 31 December 2023, **the Group’s net cash position** stood at RUB 9,017 million. The **net cash position to EBITDA** ratio was **1.0x**.

### Key operational highlights for 2023<sup>2</sup>:

- Total **deliveries** increased by **15.3% y-o-y** to **9,891**;
- Total **IVF punctures** went up by **14.6% y-o-y** to **19,326**;
- Total **in-patient treatments** decreased by **2.5% y-o-y** to **146,342**;
- Total **out-patient treatments** went up by **11.4% y-o-y** to **2,123,216**.

### Key events in 2023 and after the reporting period:

- **MD Group Michurinsky multifunctional hospital opened.** In November 2023, the Group launched its new 8,755 sq m hospital acquired earlier in the middle of the year. The amount of investment in the project was RUB 2.8 billion, including additional investment in medical equipment and building renovations
- **Primary listing status on the Moscow Exchange obtained.** On 7 November 2023, the Bank of Russia registered the prospectus of the Company's Global Depositary Receipts (GDRs) and admitted them to public trading in Russia. This completed the procedure initiated by the Company to change its listing status on the Moscow Exchange to primary
- **Dividend policy approved.** In December 2023, the Board of Directors approved the Company's dividend policy, stating that MD Medical Group can pay dividends in the amount of up to 100% of net profit, including accrued net profit, if any, based on the Company's consolidated financial statements under IFRS for the past financial year, and based on interim financial statements for the purposes of interim dividends
- **MD Group Zilart multifunctional family clinic launched.** In January 2024, the Group opened a new 452 sq m multifunctional medical centre with an annual capacity of over 50,000 out-patient treatments. Total investments in the project exceeded RUB 81 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.

<sup>1</sup> In 2022 adjusted for impairment of CIP, PPE and goodwill amounted to RUB 1,287 million.

<sup>2</sup> Detailed information on operational results can be found in the following [press-release dated 05.02.2024](#).

**MDMG CEO Mark Kurtser said:**

*“I am proud to share the remarkable results of our Company in 2023. Amid the recovery of pent-up demand for healthcare services and the resurgence of reproductive behaviour, we hit new highs by demonstrating impressive financial performance, extending the network of our medical facilities, and expanding our geography. Excellent results at the Group level were driven by robust operational performance of our medical centres across Russia.*

*In 2023, the Company’s revenue rose by 10% to RUB 27.6 billion, while EBITDA increased by 16% to RUB 9.2 billion. Year after year, we persistently demonstrate strong efficiency, with EBITDA margin in 2023 having expanded by 2 p.p. to 33%.*

*I am pleased to note that women's and children's health services showed consistently high revenue growth. The number of deliveries surged by 15%, nearly reaching the milestone of 10,000. Our focus on providing a wide range of medical services coupled with the patients' care for their health drove up the number of out-patient treatments in Moscow and other regions by 11%.*

*Our business benefits greatly from both vertical and horizontal diversification, which contribute to its reliability, resilience, and excellent prospects. We continue to grow our network of medical facilities. We opened a new large hospital on Moscow’s Michurinsky Avenue in 2023 and launched a new MD Group Zilart multifunctional family clinic in early 2024. This year, we plan to keep growing by starting the construction of a multifunctional hospital in Domodedovo and the Lapino-3 nuclear medical centre, and opening new clinics in Moscow and other regions.*

*I would like to take this opportunity to express my sincere gratitude to all of you – our patients for their trust and loyalty, our shareholders and investors for their support, and our medical and management teams for their dedication and professionalism. Together we are writing this story of success, strengthening the health of people, improving the demographics, and making a significant contribution to the development of Russia's healthcare industry.”*

## 2023 Financial Highlights

RUB mln	2023	2022	change
<b>Revenue</b>	<b>27,631</b>	<b>25,222</b>	<b>9.6%</b>
Hospitals in Moscow	13,419	13,013	3.1%
Hospitals in regions	7,514	6,506	15.5%
Out-patient clinics in Moscow and MR	2,885	2,630	9.7%
Out-patient clinics in regions	3,780	3,057	23.6%
Managing company and other	33	16	106.3%
<b>Gross profit</b>	<b>11,292</b>	<b>9,793</b>	<b>15.3%</b>
Gross profit margin,%	40.9%	38.8%	2.1 p.p.
<b>EBITDA</b>	<b>9,218</b>	<b>7,924</b>	<b>16.3%</b>
EBITDA margin,%	33.4%	31.4%	2.0 p.p.
EBIT	7,509	4,969	51.1%
EBIT margin,%	27.2%	19.7%	7.5 p.p.
Foreign exchange income / loss	20	(105)	n/a
Net finance income / expenses	406	(138)	n/a
Profit before tax	7,935	4,726	67.9%
Taxes	(112)	(8)	n/a
<b>Net profit</b>	<b>7,823</b>	<b>4,719</b>	<b>65.8%</b>
Net profit margin,%	28.3%	18.7%	9.6 p.p.
<b>Adjusted Net profit<sup>3</sup></b>	<b>7,823</b>	<b>6,005</b>	<b>30.3%</b>
Adjusted Net profit margin,%	28.3%	23.8%	4.5 p.p.

### Revenue

In 2023, MD Medical Group's total revenue increased by 9.6% to RUB 27,631 million driven primarily by robust demand for delivery and IVF services both in Moscow and other regions. Revenue of the Group's hospitals in Moscow rose by 3.1% y-o-y mainly due to an increase in the number of IVF cycles and out-patient treatments in obstetrics and gynaecology, pediatrics, diagnostics, and telemedicine. A 15.5% rise in the revenue of regional hospitals was driven by significantly improved utilisation of hospital delivery capacity in St Petersburg, Samara and Tyumen, and increased hospital in-patient capacity in Novosibirsk (traumatology and pediatrics), Samara (cardiology and pediatrics), and Lakhta (pediatrics and gynaecology), along with a simultaneous increase in the average ticket across all regional hospitals' service segments. The growth in revenue from out-patient clinics in Moscow and other regions came from an increased number of both out-patient treatments and IVF oocyte retrievals, as well as the higher average ticket for them due to an extended scope of genetic testing and the application of new treatment standards (EmbryoScope).

Revenue from medical services not related to women's and children's health accounted for 43.3% of total revenue.

<sup>3</sup> In 2022 adjusted for impairment of CIP, PPE and goodwill amounted to RUB 1,287 million.

## 2023 Key Expenses

RUB mln	2023	2022	change
Personnel <sup>4</sup>	11,079	10,132	9.3%
as % of Revenue	40.1%	40.2%	(0.1p.p.)
Material expenses	4,902	5,133	(4.5%)
as % of Revenue	17.7%	20.3%	(2.6p.p.)
Medical services expenses	331	308	7.4%
as % of Revenue	1.2%	1.2%	0p.p.
Functional expenses <sup>5</sup>	488	336	45.1%
as % of Revenue	1.8%	1.3%	0.5p.p.

### Gross profit

In 2023, gross profit increased by 15.3% y-o-y to RUB 11,292 million due to a higher volume of treatment services and a growing average ticket. Gross margin went up by 2.1 p.p. y-o-y to 40.9% driven by both stronger revenue and lower share of personnel costs and expenses on consumables as a percentage of revenue.

### Impact of key expenses

In the reporting year, the Company's key expenses remained tightly controlled and decreased by 2.3 p.p. y-o-y as a percentage of revenue (to 60.8%).

The evolution of personnel costs in 2023 was in sync with the increase in revenue, with their share as a percentage of revenue remaining flat at 40.1%.

The share of expenses on consumables decreased by 2.6 p.p. y-o-y as a percentage of revenue (to 17.7%) on the back of a reduction in consumable-intensive services (such as COVID-19 therapy) in the Company's portfolio.

The share of medical services expenses remained flat 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 increased by 0.5 p.p. y-o-y to 1.8% of revenue, driven by the growth in IT expenses amid the Group's business expansion.

### EBITDA

In 2023, EBITDA rose by 16.3% y-o-y and amounted to RUB 9,218 million. EBITDA margin went up by 2 p.p. y-o-y to 33.4% due to improvements in the Company's operational efficiency.

### Operating profit

Following impairment testing in 2022, the Company recognised impairment<sup>6</sup> of investments made in the previous periods amid unfavourable macroeconomic conditions. As a result, operating profit dropped by 25.0% y-o-y in 2022. In 2023, asset impairment testing did not require recognition of any write-offs.

### Net profit

In 2023, FX gains amounted to RUB 20 million as compared to the FX loss of RUB 105 million in the previous year.

Net profit grew by 65.8% to RUB 7,823 million in 2023. Net profit margin was 28.3%.

The Company's net profit adjusted for the above impairments amounted to RUB 6,005 million in 2022.

<sup>4</sup> Payroll and social contributions

<sup>5</sup> Functional expenses include marketing, IT, client service costs, staff training and communication services

<sup>6</sup> Detailed information about impairment of investments in 2022 can be found in the following [press-release for 2022](#)

Adjusted net profit margin was 23.8%. Compared to the previous year's adjusted net profit, net profit in 2023 increased by 30.3%, while the margin rose by 4.5 p.p.

## Working Capital

RUB mln	December 31, 2023	December 31, 2022
Inventories	1,086	1,212
Accounts receivable	1,297	1,147
Accounts payable	(2,385)	(2,447)
Contract liabilities	(2,218)	(1,972)
<b>Net working capital</b>	<b>(2,220)</b>	<b>(2,060)</b>

The Company has historically maintained negative working capital as a source of additional financing. In 2023, working capital remained negative at RUB (2,220) million and amounted to 8.0% of revenue.

The decline in inventories was attributable to effective procurement practices and controls to ensure the right level of consumable and medicine stocks.

A slight increase in accounts receivable was due to the growth of prepayments to the suppliers of medicines and consumables.

The rise in contract liabilities was primarily associated with the patients' growing prepayments for the Group's medical services.

## Key cash flow items

RUB mln	2023	2022	change
<b>Operating cash flow before working capital changes</b>	<b>9,247</b>	<b>7,902</b>	<b>17.0%</b>
Changes in working capital	246	(155)	n/a
Taxes	(115)	(13)	n/a
Cash from operating activities	9,378	7,734	21.3%
Cash used in investing activities	(3,316)	(848)	n/a
Cash used in financing activities	(650)	(5,904)	n/a
Effect of movements in exchange rates on cash held	19	(109)	n/a
<b>Cash and cash equivalents increase</b>	<b>5,431</b>	<b>873</b>	<b>n/a</b>

In 2023, operating cash flow before changes in working capital rose by 17.0% y-o-y to RUB 9,247 million as a result of EBITDA growth.

Cash used in investing activities, mainly comprising capital expenditures in 2023, amounted to RUB 3,316 million. Total Capex in 2023 tripled y-o-y to reach RUB 3,580 million. Capex growth in the reporting year was primarily due to the acquisition of the turnkey MD Group Michurinsky hospital in Moscow.

In 2023, cash outflows related to financing activities amounted to RUB 650 million compared to RUB 5,904 million in 2022 due to the high base effect in 2022 caused by an early repayment of credit facilities.

## Debt portfolio

RUB mln	December 31, 2023	December 31, 2022
<b>Total debt<sup>7</sup></b>	<b>877</b>	<b>596</b>
Short-term debt	141	106
Long-term debt	736	489
<b>Cash and cash equivalents</b>	<b>9,894</b>	<b>4,463</b>
<b>Net Cash position</b>	<b>9,017</b>	<b>3,866</b>
Net cash position / EBITDA	1.0x	0.5x

The Group's debt represented entirely by lease liabilities increased by 47.2% y-o-y to RUB 877 million as at the end of 2023. Cash balance grew 2.2 times to RUB 9,894 million as at 31 December 2023 vs

<sup>7</sup> Lease contracts liabilities

RUB 4,463 million as at 31 December 2022.

As at 31 December 2023, the Company's net cash position amounted to RUB 9,017 million. The Company's debt is fully denominated in roubles. The net cash position to EBITDA ratio as at the end of 2023 was 1.0x.

**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:  
[www.mcclinics.com/investors/financial-reports/](http://www.mcclinics.com/investors/financial-reports/)

**Analyst and investor conference call:**

Date: 1 April 2024

Time: 3.00 PM Moscow

Event Language: Russian

Speakers:

- Mark Kurtser, Managing Director
- Iya Lukianova, CFO
- Olesya Lapina, IR Director

Registration for the call is available following the link:

[https://us02web.zoom.us/webinar/register/WN\\_JBZplf7MRDC1FCuR-CM0gg#/registration](https://us02web.zoom.us/webinar/register/WN_JBZplf7MRDC1FCuR-CM0gg#/registration)

A replay of the call will be available on the Company's website shortly after the end of the live event.

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**For further information please contact:**

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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 55 state-of-the-art healthcare facilities, including 11 multidisciplinary hospitals and 44 out-patient clinics in 27 regions of the Russian Federation. In 2023, MD Medical Group's revenue amounted to RUB 27.6 bln while EBITDA amounted to RUB 9.2 bln. The Company's GDRs are traded on 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.