

MDMG REPORTS 32% GROWTH IN REVENUE IN FY 2021

7 February 2022 – MD Medical Group Investments Plc (“MD Medical Group”, “MDMG” or the “Company” – LSE, MOEX: MDMG), a leading Russian private healthcare provider, today announces its operating and unaudited financial results for Q4 and FY 2021.

Key financial highlights for FY 2021:

- **Total revenue** increased by **31.8%** year-on-year (y-o-y) to **RUB 25,220 million**.
- **Like-for-like revenue** (LFL) grew by **31.8%** y-o-y.
- Revenue of the Group’s **Moscow hospitals** increased by **44.2%** y-o-y to **RUB 14,013 million** thanks to the expansion of Lapino medical cluster¹ and growth in utilization rate for such services as oncology (+69.0% to 17,706), surgery (+16.7% to 1,862) and traumatology (+34.3% to 3,450).
- Revenue of the Group’s **regional hospitals** increased by **26.1%** y-o-y to **RUB 5,803 million** thanks to strong performance at Tyumen-1 medical centre and IDK hospital in Samara reaching its target utilization rate.
- Revenue of the Group’s **out-patient clinics in Moscow and Moscow region, as well as regional clinics** increased by **7.6% y-o-y to RUB 2,418 million** and by **16.6% y-o-y to RUB 2,972 million**, respectively, thanks to the recovery in demand for elective medical care in 2021.

Key operational highlights for FY 2021:

- Total **out-patient treatments** increased by 15.2% y-o-y to **1,858,633**.
- Total **in-patient treatments** increased by **29.9%** y-o-y to **152,621**, while the **average check** grew by **22.8% to RUB 83 thousand** in Moscow and by **10.5% y-o-y to RUB 35 thousand** in the regions thanks to the commercial services performance (in addition to the Mandatory Health Insurance programme).
- Total **deliveries** grew by **8.2%** y-o-y to **8,397**, while the **average check** grew by **11.2% y-o-y to RUB 478 thousand** and by **6.8% y-o-y to RUB 165 thousand** in Moscow and the regions, respectively.
- Total **IVF cycles** increased by **8.3%** y-o-y to **16,526**, while the **average check** grew by **7.0% to RUB 251 thousand** and **4.3% y-o-y to RUB 230 thousand** in Moscow/Moscow region and the regions, respectively.

Mark Kurtser, CEO at MDMG, said:

“2021 was a record year for us despite the continuing challenges posed by the pandemic. We demonstrated strong growth in total revenue by 32%, and by 44% at our hospitals in Moscow. Performance in women’s and children’s health services also continues to increase despite the pandemic, the growth in respective revenue was 16%. The strong results for the Group as a whole were also due to the robust operational performance of our medical centres across the whole network in Russia.

“The first full year of operations at the Lapino-2 surgical facility, which specialises in oncology, saw revenue of RUB 1,798 million and utilisation rate of 40%, while the facility continues to have significant potential for future growth. At the same time, the Lapino-4 infectious diseases facility, which we opened last February, ramped up to full capacity. Lapino-4 is continuing to expand out-patient services for COVID-19 patients, including thanks to telemedicine services, which support a significant increase in patient flows. For COVID-19 patients we also offered high-quality emergency support and have had deliveries in specially designated ‘red zones’, as well as carried out complex cardiological and oncological operations.

“I am pleased to note that in addition to our Moscow hospitals our regional facilities also recorded robust results. In particular, our Tyumen-1 hospital demonstrated strong growth in revenue by 49% to RUB 1,287 million in 2021, while its utilisation rate amounted to 60%.

“Given this success we are continuing to develop our regional network. In January 2022 we opened the

¹ The Lapino medical cluster includes Lapino-1, Lapino-2 and Lapino-4.

150-bed MD Lakhta multi-disciplinary hospital in St Petersburg, Russia's second-largest market. This new hospital will temporarily focus on treating COVID patients, and in due course will offer a full range of services for the whole family.

"In the coming days we will also open a new hospital in Tyumen, which will initially also focus on caring for coronavirus cases before switching into multi-disciplinary mode later.

"Overall in 2021 we saw demand for our services begin to recover. Among other metrics, the number of in-patient and out-patient visits across the Group not only increased year-on-year but exceeded the level of 2019, before the pandemic. We believe that demand for private medical care will continue to recover in 2022 as the COVID situation stabilises.

"Growth in the number of out-patient visits to 1,858,663 also confirms that we offer a nationally accessible network with high levels of coverage. Moreover, we are achieving this while maintaining robust margins.

"Over a number of years we have not only met all our patients' needs, but also taken care of the interests of our shareholders. We make regular high dividend payments. In 2021, our revenue exceeded analysts' expectations. In 2022, while continuing to invest in the growth of our business, we expect to pay 50% of net profit as dividends – same as in the previous year.

"I would like to express my thanks to our whole team – it is thanks to them that the Group achieved such strong results in what was a challenging year in 2021. I firmly believe that together we will continue to raise the bar in 2022."

Key Highlights for Q4 and FY 2021

	12M 2021	12M 2020	change,%	4Q 2021	4Q 2020	change,%
Operating indicators						
Moscow hospitals						
Out-patient visits	594 344	467 257	27,2%	171 937	141 092	21,9%
In-patient days	82 517	62 965	31,1%	21 218	25 272	(16,0%)
IVF cycles	2 438	2 172	12,2%	677	718	(5,7%)
Deliveries	4 722	4 482	5,4%	1 185	1 163	1,9%
Hospitals in Regions						
Out-patient visits	678 577	615 950	10,2%	175 187	166 594	5,2%
In-patient days	68 267	52 727	29,5%	20 039	14 576	37,5%
IVF cycles	2 796	2 908	(3,9%)	582	982	(40,7%)
Deliveries	3 675	3 277	12,1%	945	857	10,3%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	176 270	166 956	5,6%	46 447	45 169	2,8%
IVF cycles	3 868	3 654	5,9%	1 121	1 221	(8,2%)
Out-patient clinics in Regions						
Out patient visits	409 442	363 481	12,6%	106 549	103 359	3,1%
In-patient days	1 837	1 822	0,8%	488	586	(16,7%)
IVF cycles	7 424	6 530	13,7%	1 778	2 102	(15,4%)
Total out-patient visits	1 858 633	1 613 644	15,2%	500 120	456 214	9,6%
Total in-patient days	152 621	117 514	29,9%	41 268	40 004	3,2%
Total IVF cycles	16 526	15 264	8,3%	4 158	5 023	(17,2%)
Total deliveries	8 397	7 759	8,2%	2 130	2 020	5,4%

Revenue, RUB mln						
Hospitals in Moscow						
Out-patient visits	2 496	1 896	31,6%	694	567	22,4%
In-patient days	6 839	4 250	60,9%	1 946	1 933	0,7%
IVF cycles	614	519	18,3%	173	168	3,0%
Deliveries	2 258	1 928	17,1%	596	504	18,3%
Other revenue	1 806	1 128	60,1%	489	425	15,1%
Hospitals in Regions						
Out-patient visits	1 429	1 199	19,2%	381	339	12,5%
In-patient days	2 404	1 685	42,7%	751	488	53,9%
IVF cycles	680	624	8,9%	163	188	(13,3%)
Deliveries	606	506	19,8%	160	134	19,4%
Other revenue	684	588	16,3%	172	170	1,3%
Out-patient clinics in Moscow and Moscow region						
Out-patient visits	1 196	1 156	3,5%	327	336	(2,7%)
IVF cycles	972	850	14,3%	294	294	(0,1%)
Other revenue	250	240	4,2%	62	74	(16,2%)
Out-patient clinics in Regions						
Out-patient visits	901	751	19,9%	245	221	10,6%
In-patient days	49	42	16,7%	13	14	(4,3%)
IVF cycles	1 674	1 459	14,7%	419	478	(12,4%)
Other revenue	348	296	17,6%	87	87	(0,3%)
Managing company and other	15	16	(6,3%)	4	5	(20,0%)
Hospitals in Moscow	14 013	9 721	44,2%	3 898	3 597	8,4%
Hospitals in Regions	5 803	4 602	26,1%	1 627	1 319	23,4%
Out-patient clinics in Moscow and Moscow region	2 418	2 246	7,6%	683	704	(3,0%)
Out-patient clinics in Regions	2 972	2 548	16,6%	763	800	(4,6%)
Total Revenue	25 220	19 133	31,8%	6 976	6 425	8,6%

Average ticket						
Moscow hospitals						
Out-patient visits	4,2	4,1	3,5%	4,0	4,0	0,4%
In-patient days	82,9	67,5	22,8%	91,7	76,5	19,9%
IVF cycles	251,8	239,0	5,4%	255,5	234,0	9,2%
Deliveries	478,2	430,2	11,2%	503,0	433,4	16,1%
Hospitals in Regions						
Out-patient visits	2,1	1,9	8,2%	2,2	2,0	7,0%
In-patient days	35,2	32,0	10,2%	37,5	33,5	11,9%
IVF cycles	243,2	214,7	13,3%	279,6	191,2	46,3%
Deliveries	164,9	154,4	6,8%	169,3	156,4	8,3%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	6,8	6,9	(2,0%)	7,0	7,4	(5,4%)
IVF cycles	251,2	232,6	8,0%	262,1	240,8	8,8%
Out-patient clinics in Regions						
Out patient visits	2,2	2,1	6,5%	2,3	2,1	7,3%
In-patient days	26,7	23,1	15,7%	26,8	23,3	14,9%
IVF cycles	225,4	223,4	0,9%	235,6	227,5	3,6%

LFL performance for Q4 and FY 2021, % y-o-y

	12M 2021			4Q 2021		
	Revenue	Actual capacity	Average ticket	Revenue	Actual capacity	Average ticket
Moscow hospitals						
Out-patient visits	31,6%	27,2%	3,5%	22,4%	21,9%	0,4%
In-patient days	60,9%	31,1%	22,8%	0,7%	(16,0%)	19,9%
IVF cycles	18,3%	12,2%	5,4%	3,0%	(5,7%)	9,2%
Deliveries	17,1%	5,4%	11,2%	18,3%	1,9%	16,1%
Other revenue	60,1%	-	-	15,1%	-	-
Hospitals in Regions						
Out-patient visits	19,2%	10,2%	8,2%	12,5%	5,2%	7,0%
In-patient days	42,7%	29,5%	10,2%	53,9%	37,5%	11,9%
IVF cycles	8,9%	(3,9%)	13,3%	(13,3%)	(40,7%)	46,3%
Deliveries	19,8%	12,1%	6,8%	19,4%	10,3%	8,3%
Other revenue	16,3%	-	-	1,3%	-	-
Out-patient clinics in Moscow and Moscow region						
Out patient visits	3,2%	5,2%	(1,8%)	(3,5%)	1,8%	(5,3%)
IVF cycles	14,3%	5,9%	8,0%	(0,1%)	(8,2%)	8,8%
Other revenue	3,9%	-	-	(17,0%)	-	-
Out-patient clinics in Regions						
Out patient visits	19,9%	12,6%	6,5%	10,6%	3,1%	7,3%
In-patient days	16,7%	0,8%	15,7%	(4,3%)	(16,7%)	14,9%
IVF cycles	14,7%	13,7%	0,9%	(12,4%)	(15,4%)	3,6%
Other revenue	17,6%	-	-	(0,3%)	-	-
Managing company and other	(6,3%)	-	-	(20,0%)	-	-
Total Revenue	31,8%			8,5%		

Moscow hospitals

In 2021, revenue in Moscow hospitals grew by 44.2% y-o-y to RUB 14,013 million. This significant growth was mainly due to the Lapino-4 hospital, focused on treating COVID-19 patients, reaching utilisation rate of 70% over less than one year, as well as the strong ramping up at the oncology centre Lapino-2, where revenue grew to RUB 1,798 million. In the reporting period, demand for deliveries (+5.4% y-o-y) and IVF (+12.2% y-o-y) recovered to the pre-pandemic levels. Growth in revenue in the reporting period was also driven by higher utilisation rate at in-patient facilities for such service as traumatology (+34.3% y-o-y) and surgery (+16.7% y-o-y).

Significant increase in the average check for in-patient treatments by 22.8% was due to the expansion in the range of services offered in surgery, traumatology and cardiology.

In Q4 2021, in-patient days declined by 16.0% y-o-y due to the high base effect of Q4 2020, when there was high influx of COVID-19 patients admitted to Lapino-2 which temporarily focused on treating coronavirus.

Regional hospitals

In 2021, revenue in the Group's regional hospitals grew by 26.1% y-o-y to RUB 5,803 million thanks to the increase in out-patient treatments (+10.2% y-o-y) and in-patient treatments (+29.5% y-o-y). The strongest growth in in-patient utilisation rates was seen at clinical hospitals in Tyumen (+44.9% y-o-y) and Samara (+37.5% y-o-y).

Growth in the average check for in-patient treatments by 10.2% was due to the expansion in the range of services offered in surgery, traumatology and cardiology.

Moscow and Moscow region out-patient clinics

In 2021, revenue at Moscow and Moscow region clinics increased by 7.6% y-o-y and amounted to RUB

2,418 million. Growth in revenue was mainly due to higher utilisation rate, partly because of the gradual recovery in demand for elective medical services – growth in patient number amounted to 5.6% y-o-y.

Regional out-patient clinics

In 2021, revenue at regional clinics increased by 16.6% y-o-y to RUB 2,972 million. This growth was due to the recovery in demand for elective medical services – growth in patient number amounted to 12.6% y-o-y, number of IVF cycles grew by 13.7% y-o-y.

IVF cycles

In Q4 2021, IVF cycles at Moscow and regional hospitals declined by 5.7% and 40.7% y-o-y, respectively, due to the restrictions in providing elective medical services during the pandemic amid growth in COVID-19 cases, and as a result, IVF cycles under the MHI programme declined. At the same time, the total commercial IVF cycles grew, which supported the average check growth by 5.4% and 13.3% y-o-y, respectively, in Moscow and the regions in 2021.

Net debt

Net debt as of 31 December 2021 declined by RUB 1,020 million compared to 31 December 2020 to RUB 1,924 million.

CAPEX

CAPEX in 2021 declined by 2.9% y-o-y and amounted to RUB 3,790 million. The biggest share of CAPEX was dedicated to hospitals (84.6%), while expenses related to the construction of new clinics and maintenance amounted to 15.4% of total expenses.

The nuclear medicine centre Lapino-3 and psychoneurology centre Lapino-5 are currently at the design stage, their commissioning is scheduled for 2024 and Q3 2023, respectively. Both medical institutions will be part of the Lapino cluster. The expected CAPEX for both centres is estimated at approx. RUB 6.0 billion. In addition, in Q4 2023, a multi-disciplinary hospital in Domodedovo with estimated investment of RUB 4 billion is scheduled for commissioning.

In H1 2022, the Group plans to launch two out-patient clinics in Moscow region, three clinics in the regions and three lab specimen collection sites under the MD LAB brand.

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.

The company manages 46 modern healthcare facilities, including 8 hospitals and 38 out-patient clinics in 25 of the Russian regions. In 2021, MDMG's revenue amounted to RUB 25.2 billion, up 32% y-o-y. The Company's GDRs are traded on 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.