

## MD MEDICAL GROUP ANNOUNCES OPERATING RESULTS FOR Q2 2023

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

### Key financial highlights for Q2 2023:

- **Total revenue** increased by **11.4%** year-on-year (y-o-y) to **RUB 6,632 million**.
- **Like-for-like (LFL) revenue** grew by **10.8%** y-o-y.
- Revenue of the Group’s **hospitals in Moscow** increased by **7.6%** y-o-y to **RUB 3,106 million** as elective care and IVF recovered after the COVID-19 pandemic.
- Revenue of the Group’s **regional hospitals** grew by **14.8%** y-o-y to **RUB 1,869 million** thanks to the strong operational performance of the medical cluster in Tyumen, the target utilisation rate 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 **7.2%** y-o-y to **RUB 719 million**.
- Revenue from out-patient **clinics in other regions** rose by **22.1%** y-o-y to **RUB 930 million** mainly thanks to the launch of the renovated Centre for Reproductive Medicine in Novosibirsk and a new clinic in Yekaterinburg.

### Key operational highlights for Q2 2023:

- Total **out-patient treatments** increased by **9.0%** y-o-y to **505,928**, with the **average ticket** increasing by **2.5%** to **RUB 5.5 thousand** in Moscow and by **1.6%** y-o-y to **RUB 2.2 thousand** in other regions.
- Total **in-patient treatments** decreased by **3.8%** y-o-y to **35,320**, with the **average ticket** up **14.1%** to **RUB 87.5 thousand** in Moscow and up **20.3%** y-o-y to **RUB 40.0 thousand** in other regions.
- Total **IVF cycles** increased by **12.7%** y-o-y to **5,209**, with the **average ticket** increasing by **5.1%** to **RUB 280.0 thousand** in Moscow and by **8.0%** y-o-y to **RUB 255.4 thousand** in other regions.
- Total **deliveries** increased by **9.2%** y-o-y to **2,295**, with the **average ticket** decreasing by **7.4%** y-o-y to **RUB 455.1 thousand** in Moscow and rising by **15.6%** y-o-y to **RUB 202.8 thousand** in other regions.

### Key financial highlights for H1 2023:

- **Total revenue** increased by **5.7%** year-on-year (y-o-y) to **RUB 12,853 million**.
- Revenue of the Group’s **hospitals in Moscow** declined by **2.6%** y-o-y to **RUB 6,190 million** due to a decrease in COVID-19 diagnostic and treatment services in Q1 2023 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 **hospitals in regions** grew by **14.6%** y-o-y to **RUB 3,538 million**.
- Revenue of the Group’s **out-patient clinics in Moscow and the Moscow region** increased by **6.2%** to **RUB 1,360 million**.
- Revenue of the Group’s **out-patient clinics in other regions** grew by **22.6%** y-o-y to **RUB 1,753 million**.

**Key operational highlights for H1 2023:**

- Total **out-patient treatments** increased by **8.4%** y-o-y to **991,887**.
- Total **in-patient treatments** decreased by **1.1%** y-o-y to **70,715**.
- Total **IVF cycles** increased by **13.7%** y-o-y to **9,349**.
- Total **deliveries** increased by **9.6%** y-o-y to **4,502**.

**Key events during Q2 2023 and after the reporting period:**

- **Launching the procedure for changing the GDR programme depository.** On 10 April 2023, MD Medical Group launched the procedure for changing the depository bank that administers the Company's Global Depository Receipts (GDR) programme. RCS Issuer Services S.A.R.L. was appointed as the new depository bank. This process will take about 120 days<sup>1</sup>.
- **Delisting of GDRs from the London Stock Exchange.** Following the Group's applications submitted to the UK Financial Conduct Authority (the "FCA") and the London Stock Exchange (the "LSE"), the Company's global depository receipts were removed from the FCA's Official List and their admission to trading on the LSE has been cancelled as of 22 June 2023.
- **Completing the acquisition of a hospital in Moscow.** On 17 July 2023, MD Medical Group completed the acquisition of a ready for service hospital in Moscow. The Company plans to use the existing facilities of the asset to launch a new multidisciplinary hospital MD Group Michurinsky in the second half of 2023. The amount of investment in the project is estimated at RUB 2,840 million, including additional investment in medical equipment and building renovations. The project will be financed from the Group's own funds.

**Mark Kurtser, CEO at MDMG, said:**

*"We are pleased with the Company's Q2 2023 performance, which exceeded our expectations. Patient flows in Moscow hospitals have been gradually normalising across all business lines, and we have also seen stronger demand for delivery services in regional hospitals and IVF services in clinics and hospitals. Among other factors behind the Group's strong results was the high growth rates of medical care in the commercial segment.*

*"Our new assets – MD Group Lakhta hospital in St Petersburg and clinic with a focus on IVF in Yekaterinburg – have achieved efficiency gains, heading towards their planned capacity rates and maintaining potential for further growth. During the reporting period, the revenue of MD Group Lakhta increased more than threefold, and the Mother & Child Yekaterinburg clinic launched in November 2022 already achieved a 50% utilisation rate.*

*"The strong operational performance has driven impressive financial results, with revenue up across all business segments and total revenue growth of 11.4% in Q2 2023.*

*"In July 2023, we completed a deal to acquire a fully operational hospital in Moscow with plans to use this asset to launch the MD Group Michurinsky hospital in the second half of the year. The acquisition comes as a significant milestone for the Group that will help us ramp up our capacities in Moscow and leverage the hospital's favourable location to provide more patients with our high-quality medical services. The MD Group Michurinsky medical centre will implement a Smart Hospital concept, creating a unique environment that ensures safety during treatment, access to the state-of-art medical equipment, and superior building systems, including ventilation and temperature control in operating theatres.*

*"As part of our strategy to expand the Group's portfolio of medical services, we are introducing a new format of outpatient clinics with a focus on multidisciplinary care. By the end of 2023, we plan to open two clinics of this kind – one in Moscow City and one in ZILART residential complex – to further solidify our presence in Moscow.*

*"The second quarter has been a successful follow-up to the beginning of the year, with strong operational momentum in July giving us every reason to expect further growth in our operational and financial results alike."*

<sup>1</sup> As of the date of the press release published on [10 April 2023](#)



## Key Highlights for Q2 2023

	2Q,2023	2Q,2022	change.%	6M,2023	6M,2022	change.%
<b>Operating indicators<sup>2</sup></b>						
<b>Hospitals, in, Moscow</b>						
Out-patient visits	136,094	125,539	8.4%	264,654	256,059	3.4%
In-patient days	15,223	15,133	0.6%	31,432	32,171	(2.3%)
IVF cycles	886	748	18.4%	1,549	1,326	16.8%
Deliveries	1,082	1,081	0.1%	2,099	2,145	(2.1%)
<b>Hospitals in regions</b>						
Out-patient visits	183,769	168,934	8.8%	358,923	328,824	9.2%
In-patient days	19,441	20,906	(7.0%)	38,045	38,178	(0.3%)
IVF cycles	834	862	(3.2%)	1,459	1,431	2.0%
Deliveries	1,213	1,020	18.9%	2,403	1,964	22.4%
<b>Out-patient clinics in Moscow and Moscow region</b>						
Out-patient visits	54,269	52,137	4.1%	106,073	101,154	4.9%
IVF cycles	1,171	1,196	(2.1%)	2,145	2,100	2.1%
<b>Out-patient clinics in Regions</b>						
Out patient visits	131,796	117,508	12.2%	262,237	229,055	14.5%
In-patient days	656	659	(0.5%)	1,238	1,174	5.5%
IVF cycles	2,318	1,814	27.8%	4,196	3,366	24.7%
<b>Total out-patient visits</b>	<b>505,928</b>	<b>464,118</b>	<b>9.0%</b>	<b>991,887</b>	<b>915,092</b>	<b>8.4%</b>
<b>Total in-patient days</b>	<b>35,320</b>	<b>36,698</b>	<b>(3.8%)</b>	<b>70,715</b>	<b>71,523</b>	<b>(1.1%)</b>
<b>Total IVF cycles</b>	<b>5,209</b>	<b>4,620</b>	<b>12.7%</b>	<b>9,349</b>	<b>8,223</b>	<b>13.7%</b>
<b>Total deliveries</b>	<b>2,295</b>	<b>2,101</b>	<b>9.2%</b>	<b>4,502</b>	<b>4,109</b>	<b>9.6%</b>
<b>Revenue, RUB,mln</b>						
<b>Hospitals, in, Moscow</b>						
Out-patient visits	740	666	11.1%	1,415	1,302	8.7%
In-patient days	1,332	1,160	14.8%	2,796	2,891	(3.3%)
IVF cycles	248	210	18.1%	454	361	25.8%
Deliveries	492	531	(7.3%)	956	1,051	(9.0%)
Other revenue	294	321	(8.3%)	569	750	(24.1%)
<b>Hospitals in regions</b>						
Out-patient visits	437	378	15.6%	843	736	14.5%
In-patient days	784	700	12.0%	1,469	1,335	10.0%
IVF cycles	228	211	8.1%	407	351	16.0%
Deliveries	246	179	37.4%	475	341	39.3%
Other revenue	174	160	8.7%	344	324	6.2%
<b>Out-patient clinics in Moscow and Moscow region</b>						
Out-patient visits	316	296	6.8%	621	594	4.5%
IVF cycles	328	308	6.5%	592	545	8.6%
Other revenue	75	67	11.9%	147	142	3.5%
<b>Out-patient clinics in regions</b>						
Out-patient visits	265	249	6.4%	516	476	8.4%
In-patient days	19	16	18.8%	33	28	17.9%
IVF cycles	577	422	36.7%	1,064	777	36.9%
Other revenue	69	74	(7.3%)	140	149	(6.3%)
<b>Hospitals in Moscow</b>	<b>3,106</b>	<b>2,888</b>	<b>7.6%</b>	<b>6,190</b>	<b>6,355</b>	<b>(2.6%)</b>
<b>Hospitals in regions</b>	<b>1,869</b>	<b>1,628</b>	<b>14.8%</b>	<b>3,538</b>	<b>3,087</b>	<b>14.6%</b>
<b>Clinics in Moscow and MR</b>	<b>719</b>	<b>671</b>	<b>7.2%</b>	<b>1,360</b>	<b>1,281</b>	<b>6.2%</b>
<b>Clinics in regions</b>	<b>930</b>	<b>761</b>	<b>22.1%</b>	<b>1,753</b>	<b>1,430</b>	<b>22.6%</b>
Managing company and other	8	3	135.3%	12	6	87.5%
<b>Total Revenue</b>	<b>6,632</b>	<b>5,951</b>	<b>11.4%</b>	<b>12,853</b>	<b>12,159</b>	<b>5.7%</b>

<sup>2</sup> Adjustments in 2022 are associated with a change in the accounting methodology in 2023 of the Group's operating indicators



	2Q,2023	2Q,2022	change.%	6M,2023	6M,2022	change.%
<b>Average ticket, RUB ths</b>						
<b>Hospitals,in,Moscow</b>						
Out-patient visits	5.4	5.3	2.5%	5.3	5.1	5.1%
In-patient days	87.5	76.7	14.1%	89.0	89.9	(1.0%)
IVF cycles	279.9	280.7	(0.3%)	293.1	272.2	7.7%
Deliveries	455.1	491.2	(7.4%)	455.6	490.0	(7.0%)
<b>Hospitals in regions</b>						
Out-patient visits	2.4	2.2	6.3%	2.3	2.2	4.9%
In-patient days	40.3	33.5	20.4%	38.6	35.0	10.4%
IVF cycles	273.4	244.8	11.7%	279.0	245.3	13.7%
Deliveries	202.8	175.5	15.6%	197.7	173.6	13.8%
<b>Out-patient clinics in Moscow and Moscow region</b>						
Out-patient visits	5.8	5.7	2.6%	5.9	5.9	(0.0%)
IVF cycles	280.1	257.5	8.8%	276.0	259.5	6.3%
<b>Out-patient clinics in regions</b>						
Out-patient visits	2.0	2.1	(5.1%)	2.0	2.1	(5.3%)
In-patient days	29.0	24.3	19.3%	26.7	23.9	11.8%
IVF cycles	248.9	232.9	7.0%	253.6	231.0	9.8%

### LFL performance for Q2 2023, % y-o-y

	2Q 2023			6M 2023		
	Revenue	Actual capacity	Average ticket	Revenue	Actual capacity	Average ticket
<b>Hospitals in Moscow</b>						
Out-patient visits	11.1%	8.4%	2.5%	8.7%	3.4%	5.1%
In-patient days	14.8%	0.6%	14.1%	(3.3%)	(2.3%)	(1.0%)
IVF cycles	18.1%	18.4%	(0.3%)	25.8%	16.8%	7.7%
Deliveries	(7.3%)	0.1%	(7.4%)	(9.0%)	(2.1%)	(7.0%)
Other revenue	(8.3%)	-	-	(24.1%)	-	-
<b>Hospitals in regions</b>						
Out-patient visits	15.6%	8.8%	6.3%	13.7%	8.3%	5.1%
In-patient days	12.0%	(7.0%)	20.4%	8.4%	(2.4%)	11.1%
IVF cycles	8.1%	(3.2%)	11.7%	16.0%	2.0%	13.7%
Deliveries	37.4%	18.9%	15.6%	35.2%	18.7%	13.9%
Other revenue	8.7%	-	-	3.8%	-	-
<b>Out-patient clinics in Moscow and Moscow region</b>						
Out-patient visits	3.9%	(0.0%)	3.9%	2.1%	1.2%	0.9%
IVF cycles	6.4%	(2.1%)	8.7%	8.6%	2.1%	6.3%
Other revenue	5.0%	-	-	(2.9%)	-	-
<b>Out-patient clinics in regions</b>						
Out-patient visits	5.8%	11.5%	(5.1%)	7.8%	13.8%	(5.3%)
In-patient days	15.5%	(0.5%)	16.1%	15.1%	5.5%	9.2%
IVF cycles	32.6%	23.0%	7.8%	33.4%	20.4%	10.8%
Other revenue	(10.9%)	-	-	(9.5%)	-	-
Managing company and other	135.3%	-	-	87.5%	-	-
<b>Total Revenue</b>	<b>10.8%</b>			<b>4.8%</b>		

### Hospitals in Moscow

In Q2 2023, there has been a gradual recovery in demand across all areas of medical care in Moscow hospitals, with revenue growing by 7.6% y-o-y to RUB 3,106 million. The revenue growth is mainly attributed to the recovery of elective care (+8.4% visits y-o-y) and IVF (+18.4% IVF cycles y-o-y) following the end of the COVID-19 pandemic.

Improved hospital utilisation rates predominantly came on the back of the higher number of in-patient days in traumatology (+28.5% y-o-y), general surgery (+9.8% y-o-y), and cardiology (+7.6% y-o-y). This pushed the average ticket for in-patient treatments up 14.1% y-o-y thanks to a higher share of more expensive

surgical beds in the service mix during the reporting period. As a result, revenue from in-patient treatments in Moscow hospitals grew by 14.8% y-o-y in Q2 2023.

The decline in revenue from deliveries by 7.3% y-o-y was due to the overall downward trend in Russia's birth rate, as well as a decrease in the average ticket coming from the product mix structure during the reporting period.

A slight decrease in the average IVF ticket by 0.3% y-o-y was driven by the product mix structure (the correlation of transvaginal oocyte retrieval and frozen embryo transfers) in Q2 2023.

### **Hospitals in regions**

In Q2 2023, regional hospitals' revenue grew by 14.8% y-o-y to RUB 1,869 million, driven mainly by an 18.9% y-o-y surge in deliveries and the post-pandemic recovery of elective care (+8.8% visits 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 design capacity as well as strong results of the new MD Group Lakhta hospital in St Petersburg, which achieved a high utilisation rate in the reporting period.

The 15.6% y-o-y increase in the average ticket for deliveries in regional hospitals was mainly driven by indexed prices, along with contribution of the MD Group Lakhta hospital, which boasted a higher average ticket than other regions and is gradually progressing towards design capacity.

In the reporting period, the Group's hospital segment focused on providing comprehensive commercial services in the following areas such as surgery, oncology, cardiology, and traumatology, which influenced the number of in-patient days (down by 7.0% y-o-y) and the average ticket (up 20.4% y-o-y). As a result, revenue from in-patient treatments in regional hospitals grew by 12.0% y-o-y in Q2 2023.

A slight 3.2% y-o-y decrease in the number of IVF cycles performed in the reporting period was fully offset by an 11.7% y-o-y increase in the average ticket, with revenue rising by 8.1% y-o-y in this segment. The growth of the average IVF ticket was supported by an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

### **Out-patient clinics in Moscow and Moscow Region**

In Q2 2023, revenue from out-patient clinics in Moscow and the Moscow Region rose by 7.2% y-o-y to RUB 719 million.

A slight 2.1% y-o-y decrease in the number of IVF cycles performed in the reporting period was fully offset by an 8.8% y-o-y increase in the average ticket, with revenue rising by 6.5% y-o-y in this segment. The growth of the average IVF ticket was supported by an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

### **Out-patient clinics in regions**

In Q2 2023, revenue from regional out-patient clinics rose by 22.1% y-o-y to RUB 930 million, driven mainly by consistent demand for IVF, with IVF cycles up 27.8% y-o-y.

The IVF segment's operational performance was also bolstered by the launch of the Reproductive Medicine Centre in Novosibirsk, which underwent major renovations in the first half of 2022, and the successful results of the clinic launched in Ekaterinburg in November 2022.

The growth of the average IVF ticket by 7.0% y-o-y was supported by an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

The reporting period saw an increase in attendance (up +12.2% y-o-y) along with a 5.1% drop in the average ticket on the back of the growing share of telemedicine in total visits.



## **Net cash position**

As at 30 June 2023, the Group's debt represented entirely by lease liabilities increased from the 31 March 2023 level by RUB 18 million to RUB 641 million. As a result, as at 30 June 2023, the Company's net cash position amounted to RUB 6,008 million.

## **Capex**

Total Capex increased significantly y-o-y to RUB 1,801 million in Q2 2023. The hospital segment accounts for the bulk of Capex (99.2%), while the construction of new clinics and ongoing maintenance make up 0.8% of total Capex.

In July 2023, MD Medical Group completed the acquisition of a ready for service hospital in Moscow. The amount of investment in the project is estimated at RUB 2,840 million, including additional investment in medical equipment and building renovations, of which RUB 1,608 million was paid in the reporting period.

## **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 49 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals and 39 out-patient clinics in 26 regions of the Russian Federation. In 2022, MD Medical Group's revenue amounted to RUB 25.2 bln while EBITDA amounted to RUB 7.9 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.