

MD MEDICAL GROUP INCREASES EBITDA BY 23% AND NET PROFIT BY 45% IN H1 2024

29 August 2024. MD Medical Group IPJSC ("MD Medical", "Group" or the "Company"; MOEX: MDMG), a leading Russian private healthcare provider, announces audited consolidated financial results for 6M ended 30 June 2024 under IFRS.

Key financial highlights for H1 2024:

- **Total revenue** increased by **22.6%** year-on-year (y-o-y) to **RUB 15,760 million** mainly thanks to a hike in revenue from in-patient and out-patient treatments and a substantial improvement of performance in deliveries
- **EBITDA** went up by **23.5%** y-o-y to **RUB 5,061 million**. EBITDA margin rose by **0.2 p.p.** y-o-y to **32.1%**
- **Net profit** grew by **45.1%** to **RUB 4,886 million**. Net profit margin rose by **4.8 p.p.** y-o-y to **31.0%**
- **Operating cash flow** increased by **19.6%** y-o-y to **RUB 5,222 million**
- **Capex** totalled **RUB 946 million**, down **51.5%** due to investments in the hospital on Moscow's Michurinsky Avenue in H1 2023
- As at 30 June 2024, **the Group's net cash position** stood at **RUB 13,328 million**. **Net cash position / LTM EBITDA** ratio was **1.3x**

Key operational highlights for H1 2024¹:

- Total **in-patient treatments** rose by **6.8%** y-o-y to **75,518**
- Total **out-patient treatments** increased by **19.3%** y-o-y to **1,183,219**
- Total **deliveries** increased by **20.0%** y-o-y to **5,402**
- Total **IVF punctures** went up by **3.8%** to **9,704**

Key events during H1 2024 and after the reporting period:

- **H1 2024 Dividends announcement.** At the meeting held on 28 August 2024, the Company's Board of Directors decided in addition to the interim dividends already paid for 3M 2024 to distribute dividends for 6M 2024 in the amount of RUB 1.7 billion, or RUB 22 per ordinary share, representing a cumulative payout of 61% of the Group's IFRS consolidated net profit for 6M 2024. Dividend payments are scheduled to be made before mid-September
- **3M 2024 record-breaking dividends payment.** In July 2024, dividends were paid based on the results of 3M 2024 on ordinary shares of MD Medical Group IPJSC in the amount of c. RUB 10.6 billion, or RUB 141 per ordinary share, including the use of retained earnings from previous years
- **New clinic in Lipetsk launch.** In August 2024 the Group opened its clinic in Lipetsk. The new 450 sq m clinic has a capacity sufficient to perform 800 IVF cycles, including those covered by mandatory health insurance, and to accommodate 18,000 outpatient visits annually. Total investments in the project came in at RUB 103 million.
- **New medical center in Anapa launch.** In August 2024 MD Medical opened its new two-storey family-oriented medical centre MD Group Anapa which spans 2,754 sq m on the premises of the Volleygrad sports and recreation family resort. The state-of-the-art healthcare facility boasts advanced medical equipment for clinical, diagnostic, and rehabilitation services, and was built in 2024 with no investment made by the Company in its development. The Company will operate the centre based on the lease agreement for the premises and equipment. The medical centre has a total capacity of up to 96,000 appointments per year.
- **Expanding operations to a new region – Republic of Komi.** In June this year MD Medical acquired RGS-Med clinic in Syktyvkar, the capital of the Republic of Komi, is one of the largest

¹ For more details on operational highlights, see [our press release dated 31 July 2024](#)

private multifunctional medical centres in the Republic of Komi providing comprehensive consultative, diagnostic, therapeutic and preventive healthcare services for adults and children across a wide range of medical disciplines since 2024. The total cost of the deal is RUB 25 million paid from the Group's own funds. The Company plans to upgrade the clinic, among other things, by enhancing its competencies with in-house solutions in such popular area as infertility treatment and IVF. Further investments in the project will come close to RUB 80 million.

- **Start of trading in shares of MD Medical Group IPJSC.** Due to completion of automatic conversion of securities after the Company's redomiciliation, trading in ordinary shares of MD Medical Group IPJSC (ticker: MDMG, ISIN: RU000A108KL3) commenced on the Moscow Exchange on 17 June 2024.
- **State registration of MD Medical Group IPJSC in Russia.** On 28 May 2024 the Company has finalized its state registration in the Special Administrative Region on Oktyabrsky Island in Russia's Kaliningrad Region as an International Public Joint-Stock Company MD Medical Group Investments (the short name: MD Medical Group IPJSC). The process is regulated by the Federal Law "On International Companies". At the beginning of July the Company has received from the Cyprus Registrar a Certificate of Striking from 28 May 2024 MD MEDICAL GROUP INVESTMENTS PLC off the register of companies of the Registrar of Companies in accordance with the Cyprus Companies Law, because it is continuing under the legal regime of another country of jurisdiction.
- **MD Group Zilart multifunctional family clinic in Moscow 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.

MD Medical CEO Mark Kurtser said:

"We are delighted about the Company's strong operating and financial performance in H1 2024. The Group posted 23% growth in both revenue and EBITDA, while maintaining a solid EBITDA margin of 32%. Excellent results were driven by the commendable operating performance of our medical centres across Russia. Our Moscow and regional hospitals saw demand for deliveries soar in the reporting period, with the number of deliveries up 20%, high bed occupancy and strong demand for out-patient care in both multifunctional, women's and children's healthcare. These achievements predominantly underscore the high quality and widespread accessibility of our medical care.

For years, we have shared our successes with our shareholders. Today's dynamic profit growth (up 45% in H1), coupled with a manageable level of capital expenditure, enables us to pay dividends exceeding 60% of the period's profit for the second time this year. Following the decision made by the Company's Board of Directors yesterday, an additional RUB 1.7 billion will be distributed as H1 2024 dividends in September, complementing the dividends already paid for 3M 2024.

This autumn marks the opening of several new clinics for us. We remain committed to expanding and consolidating our presence in Moscow and other regions, granting an increasing proportion of Russia's population access to state-of-the-art medical care."

Financial highlights

RUB mln	1H2024	1H2023	change
Revenue	15,760	12,853	22.6%
Hospitals in Moscow	7,827	6,190	26.4%
Hospitals in regions	4,188	3,538	18.4%
Out-patient clinics in Moscow and MR	1,482	1,360	9.0%
Out-patient clinics in regions	2,235	1,753	27.5%
Managing company and other	28	12	133.3%
Gross profit	6,299	4,966	26.8%
Gross profit margin,%	40.0%	38.6%	1.4pp
EBITDA	5,061	4,099	23.5%
EBITDA margin,%	32.1%	31.9%	0.2pp
EBIT	4,120	3,272	25.9%
EBIT margin,%	26.1%	25.5%	0.6pp
Net finance income / expenses	775	100	n/a
Profit before tax	4,895	3,372	45.2%
Taxes	(9)	(3)	n/a
Net profit	4,886	3,368	45.1%
Net profit margin,%	31.0%	26.2%	4.8pp

Revenue

In H1 2024, MD Medical Group's total revenue increased by 22.6% y-o-y to RUB 15,760 million. This growth was primarily attributed to heightened demand for out-patient visits at both Moscow and regional hospitals and clinics, in-patient care across all of the Group's hospitals, and a substantial rise in delivery revenue (up 43.2%).

Revenue from Moscow hospitals escalated by 26.4% y-o-y chiefly due to an increase in the volume and cost of in-patient care in oncology, gynaecology, neurology, paediatrics, traumatology, and neurosurgery. Revenue from delivery services also witnessed a marked increase owing to a rise in the number of deliveries and the average ticket amid robust demand for the Lapino Clinical Hospital's home obstetrics centre and mid-to-high priced contracts. At regional hospitals, revenue grew by 18.4% from in-patient care in multidisciplinary areas, out-patient visits, and deliveries. The revenue increase at out-patient clinics in Moscow and the regions was principally fuelled by a higher number of treatments primarily due to the acquisition of multidisciplinary clinics in the Khanty-Mansi Autonomous Area–Yugra in H2 2023.

Revenue from medical services not related to women's and children's health accounted for 43.2% of total revenue.

Key expenses

RUB mn	1H2024	1H2023	change
Personnel ²	6,590	5,338	23.5%
as % of Revenue	41.8%	41.5%	0,3pp
Material expenses	2,695	2,354	14.5%
as % of Revenue	17.1%	18.3%	(1,2pp)
Medical services expenses	193	152	26.8%
as % of Revenue	1.2%	1.2%	0.0pp
Functional expenses ³	297	217	36.7%
as % of Revenue	1.9%	1.7%	0,2pp

² Payroll and social contributions

³ Functional expenses include marketing, IT, client service costs, staff training and communication services

Gross profit

In H1 2024, gross profit increased by 26.8% y-o-y to RUB 6,299 million due to a higher volume of treatment services and a growing average ticket. Gross profit margin went up by 1.4 p.p. y-o-y to 40.0% on the back of business growth and lower expenses on consumables.

Impact of key expenses

In H1 2024, the Company's key expenses remained tightly controlled and decreased by 0.7 p.p. y-o-y as a percentage of revenue (to 62.0%).

The evolution of personnel costs in H1 2024 was in sync with the increase in revenue, with their share as a percentage of revenue remaining virtually flat at 41.8%.

The share of expenses on consumables decreased by 1.2 p.p. y-o-y as a percentage of revenue to 17.1% on the back of a reduction in consumable-intensive services (such as pulmonology) 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 data processing centre.

The share of functional expenses increased by 0.2 p.p. y-o-y to 1.9% of revenue, driven by the growth in IT expenses amid the Group's business expansion.

EBITDA

EBITDA increased by 23.5% y-o-y to RUB 5,061 million in H1 2024. EBITDA margin rose by 0.2 p.p. y-o-y to 32.1%.

Net profit

In H1 2024, net finance income came in at RUB 775 million compared to RUB 100 million in the same period of 2023 due to the interest income from depositing idle funds.

As a result, the Company's net profit increased by 45.1% y-o-y to RUB 4,886 million in H1 2024. Net profit margin went up by 4.8 p.p. y-o-y to 31.0%.

Key cash flow items

RUB mn	1H2024	1H2023	change
Operating cash flow before working capital changes	5,064	4,113	23.1%
Changes in working capital	166	262	(36.4%)
Taxes	(8)	(9)	18.9%
Cash from operating activities	5,222	4,366	19.6%
Cash used in investing activities	(13)	(1,767)	(99.2%)
Cash used in financing activities	(493)	(427)	15.6%
Effect of movements in exchange rates on cash held	(1)	14	n/a
Cash and cash equivalents increase	4,714	2,187	115.5%

In H1 2024, operating cash flow before changes in working capital increased by 23.1% y-o-y to RUB 5,064 million as a result of EBITDA growth.

Working capital

RUB mn	30 June 2024	31 December 2023	change
Inventories	920	1,086	(15.3%)
Accounts receivable	1,341	1,297	3.4%
Accounts payable	(2,260)	(2,385)	(5.3%)
Contract liabilities	(2,383)	(2,218)	7.4%
Net working capital	(2,381)	(2,220)	7.3%

The Company has historically maintained negative working capital as a source of additional financing. In H1 2024, net working capital remained negative at RUB (2,381) million and amounted to 7.8% of revenue. As a result, operating cash flow increased by 19.6% y-o-y to RUB 5,222 million.

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.

Cash used in investing activities, mainly consisting of Capex and proceeds from interest on deposits, came in at RUB 13 million due to significantly lower capital investments in the reporting period compared to H1 2023, which had seen the acquisition of the MD Group Michurinsky hospital (the amount paid under the deal in H1 2023 was RUB 1,608 million).

In H1 2024, cash outflows related to financing activities slightly rose to RUB 493 million mostly as a result of increasing lease liabilities amid ongoing efforts to deliver on the Company's business growth strategy and open new clinics.

Debt portfolio

RUB mn	30 June 2024	31 December 2023	change
Total debt⁴	1,280	877	46.0%
Short-term debt	180	141	27.4%
Long-term debt	1,100	736	49.6%
Cash and cash equivalents	14,608	9,894	47.6%
Net Cash position	13,328	9,017	47.8%
Net cash position / EBITDA	1.3x	1.0x	

As at 30 June 2024, the Group's debt represented entirely by lease liabilities increased from the 31 December 2023 level by RUB 403 million to RUB 1,280 million due to new lease contracts signed amid ongoing efforts to deliver on the Company's business growth strategy and open new clinics.

Cash and cash equivalents grew by 47.6% to RUB 14,608 million as at 30 June 2024 vs RUB 9,894 million as at 31 December 2023.

As at 30 June 2024, the Company's net cash position amounted to RUB 13,328 million. The net cash position to LTM EBITDA ratio as at the end of H1 2024 was 1.3x.

After the reporting period, the Company allocated RUB 10,593 million to pay dividends in early July 2024.

⁴ Lease contracts liabilities

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/

Analyst and investor conference call:

Date: 29 August 2024

Time: 12.00 PM MSK

Event Language: Russian

Speakers:

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

Registration for the call is available following the link:

https://us02web.zoom.us/webinar/register/WN_1u8oRZRLTvGkjG0UU4bVNw#/registration

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

For further information pls contact:

Investors

Olesya Lapina

Investor Relations Director

Tel.: +7 916 629 64 27

o.lapina@mcclinics.ru

About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 58 state-of-the-art healthcare facilities, including 11 multidisciplinary hospitals and 47 out-patient clinics in 29 regions of the Russian Federation. In 2023, MD Medical Group's revenue amounted to RUB 27.6 bln while EBITDA was RUB 9.2 bln. The Company's ordinary shares 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.