



SYNLAB AG
Quarterly Statement
31 March 2021

1. Financial Information

Income Statement

	1.1. - 31.03.2021	1.1. - 31.03.2020
	EUR	EUR
Other operating income	7,60	19,20
Other operating expense	-79,65	-19,20
Result of the period	-72,05	0,00

Balance Sheet

	31.03.2021	31.12.2020
	EUR	EUR
Current Assets		
I. Receivables and Other current assets		
Other current assets	6,02	138,10
	<u>6,02</u>	<u>138,10</u>
II. Cash at bank	49.953,60	12.361,90
	<u>49.953,60</u>	<u>12.361,90</u>
Total Assets	49.959,62	12.500,00

	31.12.2020	31.12.2020
	EUR	EUR
Equity		
I. Subscribed capital	50.000,00	50.000,00
thereof uncalled outstanding	0,00	37.500,00
Total capital	<u>50.000,00</u>	<u>12.500,00</u>
II. Result of the period	-72,05	0,00
	<u>49.927,95</u>	<u>12.500,00</u>
Current Liabilities	<u>31,67</u>	<u>0,00</u>
Total Equity and Liabilities	49.959,62	12.500,00

Cash Flow Statement

	1.1. - 31.03.2021	1.1. - 31.03.2020
	EUR	EUR
Result of the period	-72,05	0,00
Change in trade accounts receivable	132,08	-19,20
Change in trade accounts payable	31,67	0,00
Cash flow from operating activities	91,70	-19,20
Proceeds from contributions to equity by shareholders	37.500,00	0,00
Cash flow from financing activities	37.500,00	0,00
Total cash flows	37.591,70	-19,20
Cash and cash equivalent at the beginning of the period	12.361,90	12.438,70
Cash and cash equivalent at the end of the period	49.953,60	12.419,50

Statement of Equity

	Subscribed capital	thereof uncalled outstanding	Total capital
Equity as of 01.01.2020	50.000	-37.500	12.500
Result of the period	0	0	0
Equity as of 31.03.2020	50.000	-37.500	12.500
Equity as of 01.01.2021	50.000	-37.500	12.500
Result of the period	0	0	-72
Equity as of 31.03.2021	50.000	0	49.928

2. Overview over business performance of SYNLAB AG

The Company's net income for the financial year amounted to a loss of EUR 72.05 (prior year: EUR 0.00). No income from investments has been derived as yet. Due to the previous business activity as a non-operating shell, no further analysis of the company's earnings situation is required. As at the balance sheet date, SYNLAB AG is equity financed only.

On 11 January 2021, the general meeting of the Company adopted a resolution regarding the economic re-formation of the Company and the alteration of its principal activity.

3. Events after balance sheet date

During the extraordinary general meeting on 27 April 2021, the Company's share capital of EUR 50,000.00, consisting of 50,000 no par value bearer shares, was increased by way of a non-cash capital increase by EUR 199,950,000.00 to EUR 200,000,000.00, issuing 199,950,000 new bearer shares with a share in the share capital of EUR 1.00 each. The new shares shall have a profit entitlement as from 1 January 2021. The registration of the non-cash capital increase in the Commercial Register was effective on 28 April 2021. During this transaction the shares of SYNLAB Limited, London, United Kingdom, were contributed to SYNLAB AG. SYNLAB Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered under the number 09630775 (England and Wales) and has its registered address at 2 Portman Street, London W1H 6DU, United Kingdom. SYNLAB Limited and its subsidiaries form the largest European private supplier of medical diagnostic services, primarily involved in clinical diagnostics testing and screening services.

During the extraordinary general meeting on 27 April 2021, it was also resolved to increase the Company's share capital of EUR 200,000,000.00, consisting of 200,000,000 no par value bearer shares, by way of a cash capital increase by EUR 22,222,222.00 to EUR 222,222,222.00, issuing 22,222,222 new bearer shares with a share in the share capital of EUR 1.00 each. With a final issue price of EUR 18.00 per share, the company received a total of approximately EUR 400 million in liquid funds from this capital increase.

The new shares shall have a profit entitlement as from 1 January 2021. The registration of the cash capital increase in the Commercial Register was effective on 28 April 2021.

On 27 April 2021, the general meeting furthermore authorised the executive board, with the approval of the supervisory board, to increase the Company's share capital one or several times until 26 April 2026 up to a maximum amount equal to 50 percent of the Company's share capital existing after the registration of the contributed capital increase and the IPO capital increase (i.e. up to EUR 111,111,111.00) by issuing the related number of shares against cash and/or non-cash capital contribution ("authorised capital 2021"). The registration of the authorised capital in the Commercial Register was also effective on 28 April 2021. The prospectus of SYNLAB AG was approved by the German Federal Financial Supervisory

Authority [BaFin] on 19 April 2021. 30 April 2021 was the first day of trading the shares in the Prime Market.

In May 2021 SYNLAB AG raised a 735 M€ Term Loan A, bearing initial interest rate at 2.5% p.a (applied above the EURIBOR floored at zero and subject to a margin ratchet) maturing in May 2026. The proceeds were used to redeem the existing Senior Secured Notes and part of the Senior Secured Term Loans within SYNLAB Group.

As SYNLAB AG became the parent company of SYNLAB Group with the contribution of SYNLAB Limited, the following sections shall outline the business performance of the SYNLAB Group.

SYNLAB Group Key figures (€m)

	Q1 2021	Q1 2020	Growth
Revenue	938.2	479.5	+95.6%
Adjusted EBITDA	324.1	85.0	x3.8
Adjusted EBITDA margin	34.5%	17.7%	+16.8pts
Adjusted operating profit	280.3	45.4	x6.2
Net profit	188.8	(18.0)	+207m
Unlevered Free cash flow	181.8	11.3	+170m

Financial update: strong profitable growth in Q1 2021

Q1 2021 revenues increased by 96% compared with Q1 2020 at EUR 938.2 million. This record growth was established against a comparison base which included a very strong March 2020 SARS-CoV-2 attrition impact¹ in several geographies (total Q1 2020 attrition impact of EUR 46 million), partly mitigated by the strong start to the year (+4.9% underlying organic growth in Jan.-Feb. 2020) and the early ramp-up of SARS-CoV-2 testing capabilities in several countries.

Currency variations had a small negative impact in Q1 2021, driven by further weakening of emerging currencies against the Euro. M&A had a small positive contribution, reflecting subdued M&A activity in previous quarters.

Q1 2021 adjusted EBITDA rose to EUR 324.1 million compared with EUR 85.0 million in Q1 2020. The EUR 239.5 million organic increase in adjusted EBITDA was mostly driven by i) a surge in volume and overall positive pricing ii) contained inflation of personnel and other OPEX costs and iii) productivity gains related to the SALIX program, in line with previous quarters and annual targets.

¹ Attrition impact on revenue from confinement measures, such as closures of blood collection points or patients delaying non-critical medical care, that resulted in temporary decreases in ordinary testing volumes

The strong volume leverage translated into adjusted EBITDA margin expansion, at 34.5%, increasing materially from 17.7% in Q1 2020 but also higher than the 31.8% EBITDA margin recorded in Q4 2020.

Q1 2021 adjusted operating profit was multiplied by 6.2x to reach EUR 280.3 million, with margin expanding materially. Operating profit grew by the same amount, with slightly lower customer list amortization at EUR 12.4 million offset by slightly higher OPEX adjustments - mostly IPO and acquisition-related- at EUR 9.7 million. Total adjustments reduced materially as a % of adjusted EBITDA.

Q1 2021 net profit reached EUR 188.8 million, driven by higher operating profit and lower financial costs, partly offset by higher income tax from improved financial performance. A residual sale of the A&S business, classified as discontinued operations, had a positive EUR 17.9 million impact on net profit.

Operating cash flow expanded materially in the quarter, driven by profit growth and despite the negative impact of SARS-CoV-2 testing activity on working capital. DSOs stood at 73 days at the end of Q1 2021, compared with 56 days at the end of Q1 2020 (and 77 days at end December 2020).

A moderate increase in net CAPEX, of which EUR 3.6 million related to SARS-CoV-2 testing, and in Lease payments, together representing 5.3% of Q1 2021 revenue, resulted in record unlevered free cash flow of EUR 181.8 million. The cash conversion ratio (Unlevered free cash flow / adjusted EBITDA) was 56%.

Q1 2021 strong cash generation enabled SYNLAB to deleverage organically: at end March 2021, its adjusted net debt stood at EUR 2,127 million compared with EUR 2,254 million at end December 2020. Net debt to LTM pro-forma adjusted EBITDA leverage ratio dropped to 2.3x compared with 3.3x at the end of 2020, the lowest level achieved since the creation of the SYNLAB Group.

Outlook: EUR 3 billion revenue to be comfortably exceeded in 2021
--

SARS-CoV-2 testing assumptions

To date, SYNLAB has seen no slowdown in the monthly run-rate for SARS-CoV-2 testing revenues. SYNLAB anticipates the revenue-enhancing effects of SARS-CoV-2 testing to continue through 2021, with the net revenue-enhancing impact peaking during 2021 and decreasing, but remaining meaningful, in the mid-term.

Q2 2021 outlook

In Q2 2021, SYNLAB expects sustained activity in SARS-CoV-2 testing, underlying organic growth acceleration thanks to the commencement of services for the South East London (SEL) contract, which started on April, 1st 2021, and sustained M&A activity based on its strong pipeline, with 3 acquisitions already closed since 31 March 2021.

FY 2021 outlook

Based on the very strong start to the year, exceeding anticipated levels as described in the IPO prospectus, SYNLAB expects the EUR 3 billion revenue mark to be comfortably exceeded in 2021, with a very material contribution of SARS-CoV-2 testing.

The Group expects underlying organic growth to reach ~10%, enhanced by the full roll-out effects of "For You" growth initiatives and the contribution of the SEL contract.

Based on the 10 acquisitions carried out since the beginning of the year and its strong M&A pipeline, SYNLAB expects its FY 2021 M&A spending to be in line with the EUR 200 million of M&A spending per annum set as mid-term guidance.

Unlevered free cash flow (pre-M&A) is expected to amount to EUR 300 to 350 million.

Munich, 12 May 2021

SYNLAB AG

The Management Board

Mathieu Floreani

Sami Badarani