

AUNA S.A.

Full Year 2023
Earnings Report

auna



About Auna S.A.

Auna S.A. (hereinafter “we”, “our”, the “Company”, “Auna” or the “Group”) is one of the largest and most recognized players in the Latin American healthcare industry with presence in Mexico, Colombia and Peru. With more than 30 years of experience in the healthcare industry, we provide oncology healthcare plans in Peru, dental and vision insurance plans in Mexico and operate hospitals and clinics in Mexico, Peru and Colombia that provide high-quality medical services at all levels of complexity. Our mission is to transform healthcare in the countries in which we operate by providing excellent patient outcomes and positive, streamlined patient and plan member experiences at an affordable cost. We believe we are well positioned to fulfill this mission due to our patient-centric culture, scale, innovative use of technology, unique vertically integrated oncology platform in Peru and high degree of horizontal integration in our Peruvian, Mexican and Colombian healthcare networks, all of which allow us to scale nationally and regionally with cost efficiencies and further advance our strategic development.

As of Q4 2022, we report our business through four segments: (i) Oncosalud Peru, (ii) Healthcare Services in Peru, which consists of our Auna Peru network, (iii) Healthcare Services in Colombia, which consists of our Auna Colombia network, and iv) Healthcare Services Mexico, which consists of our Auna Mexico network and as of Q1 2023 includes our Healthcare Plans in Mexico.

Cautionary Statement on Forward-Looking Statements

This report contains forward-looking statements. The forward-looking statements contained herein include statements about the Company's business prospects and organic projects, among others. These statements are subject to the general risks inherent in Auna's business. These expectations may or may not be realized. Some of these expectations may be based upon assumptions or judgments that prove to be incorrect. In addition, Auna's business and operations involve numerous risks and uncertainties, many of which are beyond the control of Auna, which could result in Auna's expectations not being realized or otherwise materially affect the financial condition, results of operations and cash flows of Auna. The forward-looking statements are made only as of the date hereof, and Auna does not undertake any obligation to (and expressly disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date such statements were made, or to reflect the occurrence of unanticipated events.

Certain Definitions

The term “U.S. dollar” and the symbol “USD” refer to the legal currency of the United States; the term “Peruvian sol” and the symbols “S/” and “PEN” refer to the legal currency of Peru; the term “Colombian peso” and the symbol “COP” refer to the legal currency of Colombia and the term “Mexican Peso” and the symbol “MXN” refer to the legal currency of Mexico.

All references to “Clinica Delgado” in this report are to our high-complexity facility in Lima, Peru and the flagship hospital of the Auna Peru network. References to “PMLA” or “Grupo Las Americas” refers to Promotora Medica Las Americas, a leading healthcare services provider in Medellin Colombia, while references to “Portoazul” are to Clinica Portoazul, a premium high complexity hospital in Barranquilla. Finally, all references to “I/O” and “IMAT Oncomedica” refer to IMAT Oncomedica S.A., a healthcare network with two facilities in Monteria, Colombia that provides healthcare and integral oncology services. References to “OCA” refer to a healthcare clinics group located in Mexico acquired on October 5th, 2022 and to “Dentegra” refers to the insurance company acquired in Mexico on February 1st, 2023.

“EPS” and “EPSs” in this report are Entidades Proveedoras de Salud in Peru or Entidades Promotoras de Salud in Colombia, as the context requires. EPSs in Peru are private health insurance companies that provide EPS plans, a type of private insurance plan funded through a percentage of contributions to Seguro Social de Salud del Perú (“EsSalud”), the social security regime in Peru. EPSs in Colombia are institutions responsible for collecting and managing funds contributed to the social security system in Colombia and for providing health insurance plans mandated by law in Colombia.

All references to “FY”, “Q”, “YoY” in this offering memorandum are to fiscal year, quarterly results, and year-over-year as the context requires

I.

FY 2023
RESULTS OF
OPERATIONS

I. Results of Operations

We have derived the information included in the following discussion from our consolidated financial statements. You should read this discussion along with such financial statements.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table summarizes our results of operations for the year ended December 31, 2023 and 2022:

	<u>Year Ended December 31,</u>		<u>% Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023 vs. 2022</u>
	(in millions of soles)		
Revenue			
Insurance revenue	S/ 914.2	S/ 716.1	27.7%
Health care services revenue	2,695.9	1,514.6	78.0%
Sales of medicines	265.9	220.9	20.4%
Total Revenue from contracts with customers	3,875.9	2,451.6	58.1%
Cost of sales and services	(2,440.6)	(1,571.9)	55.3%
Gross profit	1,435.3	879.7	63.2%
Selling expenses	(193.9)	(169.8)	14.2%
Administrative expenses	(704.6)	(477.5)	47.5%
(Loss) reversal for impairment of trade receivables	(5.7)	1.6	(456.3)%
Other expenses	(20.9)	(1.0)	1,990.0%
Other income	50.1	21.7	130.9%
Operating profit	560.3	254.6	120.1%
Finance income	93.0	6.9	1,247.8%
Finance costs	(783.8)	(312.7)	150.6%
Net finance cost	(690.8)	(305.8)	125.9%
Share of profit of equity-accounted investees ..	6.3	3.8	65.8%
Loss before tax	(124.2)	(47.4)	162.0%
Income tax expense	(90.2)	(29.4)	206.9%
Loss for the period	S/ (214.3)	S/ (76.8)	179.0%

Revenue

	<u>Year Ended December 31,</u>		<u>% Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023 vs. 2022</u>
	(in millions of soles)		
Total revenue from contracts with customers			
Oncosalud Peru	S/ 931.7	S/ 815.1	14.3%
Healthcare Services in Peru	883.9	730.3	21.0%
Healthcare Services in Colombia	1,192.1	895.4	33.1%
Healthcare Services in Mexico	1,130.4	216.1	423.0%
Holding and Eliminations	(262.1)	(205.3)	27.7%
Total	S/3,875.9	S/2,451.6	58.1%

Our total revenue from contracts with customers was S/3,875.9 million for the year ended December 31, 2023, representing an increase of S/1,424.3 million, or 58.1%, from S/2,451.6 million for the year ended December 31, 2022. This increase was partly attributable to our acquisition of Grupo OCA, which contributed revenue of S/1,027.5 million.

Revenue from our Oncosalud Peru segment was S/931.7 million for the year ended December 31, 2023, representing an increase of S/116.6 million, or 14.3%, from S/815.1 million for the year ended December 31, 2022. This increase was primarily driven by a 17.4% net increase in the average number of Oncosalud plan members, which contributed S/127.7 million, offset by a 4.1% decrease in average revenue per plan member caused by our new plan products which cover general healthcare services and as a result have lower average revenue per plan member.

Revenue from our Healthcare Services in Peru segment was S/883.9 million for the year ended December 31, 2023, representing an increase of S/153.6 million, or 21.0%, from S/730.3 million for the year ended December 31, 2022. This increase was primarily driven by a 14.8% increase in average revenue per patient related to the mix of services provided during the period after the COVID-19 pandemic, which contributed S/113.9 million, and an increase in the number of patients treated, which contributed S/39.6 million based on average revenue per patient for the year ended December 31, 2023. The increase in the number of patients is attributable to (i) the normalization of the level of activity in the healthcare sector after the COVID-19 pandemic and (ii) the ramp up of our organic expansion in Clínica Chiclayo and Clínica Vallesur.

Revenue from our Healthcare Services in Colombia segment was S/1,192.0 million for the year ended December 31, 2023, representing an increase of S/296.7 million, or 33.1%, from S/895.4 million for the year ended December 31, 2022. This increase was primarily driven by (i) S/137.4 million of revenue from IMAT Oncomédica, which we acquired in April 2022 and (ii) a 30.2% increase in the number of patients treated at Clínica Las Americas and Clínica Portoazul, which contributed S/159.4 million.

Revenue from our Healthcare Services in Mexico segment was S/1,130.4 million for the year ended December 31, 2023.

Cost of Sales and Services

	<u>Year Ended December 31,</u>		<u>% Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023 vs. 2022</u>
	(in millions of soles)		
Cost of sales and services			
Oncosalud Peru	(502.8)	(419.7)	19.8%
Healthcare Services in Peru	(679.7)	(578.3)	17.5%
Healthcare Services in Colombia	(853.9)	(620.4)	37.6%
Healthcare Services in Mexico	(663.7)	(156.8)	323.3%
Holding and Eliminations	259.5	203.3	27.6%
Total	(2,440.6)	(1,571.9)	55.3%

Our total cost of sales and services was S/2,440.6 million for the year ended December 31, 2023, representing an increase of S/868.7 million, or 55.3%, from S/1,571.9 million for the year ended December 31, 2022. This increase was primarily attributable to our acquisition of Grupo OCA, which contributed cost of sales and services of S/625.5 million.

Cost of sales and services in our Oncosalud Peru segment was S/502.8 million for the year ended December 31, 2023, representing an increase of S/83.1 million, or 19.8%, from S/419.7 million for the year ended December 31, 2022. This increase was primarily attributable to an increase in the number of patients treated due to the expiration of COVID-19 lockdowns in Peru and the sale of new general healthcare plans with a higher MLR than oncology plans, which increased costs by S/88.2 million, offset by a decrease in the average cost of treatment per patient due to the new product offering of healthcare services plans, which decreased cost of sales and services by S/5.5 million.

Cost of sales and services in our Healthcare Services in Peru segment was S/679.7 million for the year ended December 31, 2023, representing an increase of S/101.4 million, or 17.5%, from S/578.3 million for the year ended December 31, 2022. This increase was attributable to (i) an increase in the number of patients treated, which increased costs by S/31.4 million based on the average cost per patient for the year ended December 31, 2023, driven by the normalization of the level of activity in the healthcare sector after the COVID-19 pandemic and the ramp up of our organic expansion in Clínica Chiclayo and Clínica Vallesur and (ii) a 11.5% increase in average cost per patient, which contributed S/70.0 million.

Cost of sales and services in our Healthcare Services in Colombia segment was S/853.9 million for the year ended December 31, 2023, representing an increase of S/233.5 million, or 37.6%, from S/620.4 million for the year ended December 31, 2022. This increase was primarily driven by (i) S/97.4 million of costs from IMAT Oncomédica, which we acquired in April 2022 and (ii) an increase in the number of patients treated at Clínica Las Américas and Clínica Portoazul, which contributed S/150.2 million, offset by a 2.2% decrease in average cost per patient, which decreased costs by S/14.2 million.

Cost of sales and services in our Healthcare Services in Mexico segment was S/663.7 million for the year ended December 31, 2023.

Gross Profit and Gross Margin

For the foregoing reasons, our gross profit was S/1,435.3 million for the year ended December 31, 2023, representing an increase of S/555.6 million, or 63.2%, from S/879.7 million for the year ended December 31, 2022. Our gross margin for the year ended December 31, 2023 was 37.0%. By segment, our gross margin was 46.1% in Oncosalud Peru, 23.1% in Healthcare Services in Peru, 28.4% in Healthcare Services in Colombia and 41.3% in Healthcare Services in Mexico. Overall, our gross margin increased by 1.1% for the year ended December 31, 2023 from 35.9% for the year ended December 31, 2022.

Selling Expenses

Our total selling expenses were S/193.9 million for the year ended December 31, 2023, representing an increase of S/24.1 million, or 14.2%, from S/169.8 million for the year ended December 31, 2022. This increase was partly attributable to our acquisition of Grupo OCA and Dentegra, which contributed selling expenses of S/5.5 million.

Selling expenses in our Oncosalud Peru segment were S/163.3 million for the year ended December 31, 2023, representing an increase of S/17.3 million, or 11.8%, from S/146.0 million for the year ended December 31, 2022. The increase in selling expenses was primarily a result of an increase in variable expenses related to revenues.

Selling expenses in our Healthcare Services in Peru segment were S/18.1 million for the year ended December 31, 2023, representing an increase of S/2.2 million, or 13.8%, from S/15.9 million for the year ended December 31, 2022. The increase in selling expenses was primarily driven by the increase in credit card fees from payments made by patients during the period.

Selling expenses in our Healthcare Services in Colombia segment were S/6.3 million for the year ended December 31, 2023, representing an increase of S/0.6 million, or 10.0%, from S/5.7 million for the year ended December 31, 2022. The increase in selling expenses was primarily driven by the increase in staff remuneration in Clínica Portoazul due to an increase in personnel, salary increases and new social benefits to employees.

Selling expenses in our Healthcare Services in Mexico segment were S/5.5 million for the year ended December 31, 2023.

Administrative Expenses

Our total administrative expenses were S/704.6 million for the year ended December 31, 2023, representing an increase of S/227.1 million, or 47.5%, from S/477.5 million for the year ended December 31, 2022. This increase was partly attributable to our acquisition of Grupo OCA, which contributed administrative expenses of S/182.5 million.

Administrative expenses for our Oncosalud Peru segment were S/137.3 million for the year ended December 31, 2023, representing a decrease of S/11.7 million, or 7.8%, from S/149.0 million for the year ended December 31, 2022. The decrease was primarily driven by a decrease of S/15.7 million in corporate expenses related to the redistribution of corporate expenses among segments, partially offset by a S/5.6 million increase in administrative payroll due to new positions, annual salary increase and other employees benefits.

Administrative expenses for our Healthcare Services in Peru segment were S/159.3 million for the year ended December 31, 2023, representing an increase of S/27.6 million, or 21.0%, from S/131.6 million for the year ended December 31, 2022. The increase was driven by (i) an increase of S/7.2 million in corporate-level expenses primarily due to services provided in Clínica Chiclayo, which we opened in August 2021, and a relative increase in IT service expenses, (ii) S/1.3 million related to an increase in required maintenance to facilities and equipment and (iii) S/5.0 million in staff expenses due to the regular annual salary increases.

Administrative expenses for our Healthcare Services in Colombia segment were S/188.7 million for the year ended December 31, 2023, representing an increase of S/29.7 million, or 18.7%, from S/159.0 million for the year ended December 31, 2022. This increase was primarily driven by (i) S/22.4 million of expenses from IMAT Oncomédica, which we acquired in April 2022, (ii) S/5.0 million in expenses related to administrative personnel in Clínica Las Américas and Clínica Portoazul (iii) S/2.0 million in expenses related to the facility maintenance of Clínica Las Américas and Clínica Portoazul.

Administrative expenses for our Healthcare Services in Mexico segment were S/220.6 million for the year ended December 31, 2023.

(Loss) Reversal for Impairment of Trade Receivables

Loss for impairment of trade receivables was S/5.7 million for the year ended December 31, 2023, representing a decrease of S/7.3 million, from S/1.6 million reversal for impairment of trade receivables for the year ended December 31, 2022.

Loss for impairment of trade receivables for our Oncosalud Peru segment was S/0.4 million for the year ended December 31, 2023, representing a decrease of S/2.7 million, from S/2.4 million reversal for impairment of trade receivables for the year ended December 31, 2022. The decrease was primarily due to an increase in trade receivables recorded as impaired.

Reversal for impairment of trade receivables for our Healthcare Services in Peru segment was S/0.1 million for the year ended December 31, 2023, representing a decrease of S/4.0 million, or 97.6%, from S/4.1 million for the year ended December 31, 2022. The decrease was primarily due to an increase in trade receivables recorded as impaired.

Loss for impairment of trade receivables for our Healthcare Services in Colombia was S/6.4 million for the year ended December 31, 2023, representing an increase of S/1.6 million, or 36.2%, from S/4.7 million for the year ended December 31, 2022. The increase was primarily

due to an increase in the average number of days for collection of our accounts receivable from EPSs.

Loss for impairment of trade receivables was S/1.1 million for the year ended December 31, 2023 in our Healthcare Services in Mexico segment.

Other Income

Other income was S/50.1 million for the year ended December 31, 2023, representing an increase of S/28.5 million, or 131.4%, from S/21.7 million for the year ended December 31, 2022. This increase was primarily attributable to our acquisition of Grupo OCA, which contributed other income of S/26.0 million.

Other income in our Oncosalud Peru segment was S/12.4 million for the year ended December 31, 2023, representing an increase of S/3.4 million, or 37.2%, from S/9.0 million for the year ended December 31, 2022. This increase was primarily attributable to additional IT services provided to our Healthcare Services in Peru segment.

Other income in our Healthcare Services in Peru segment was S/9.4 million for the year ended December 31, 2023, representing an increase of S/4.9 million, or 111.2%, from S/4.4 million for the year ended December 31, 2022. The increase was primarily due to (i) S/1.3 million in sale of non-operational properties, (ii) S/2.1 million related to an increase in the value of investment properties and (iii) S/1.2 million related to an increase in parking fees and other miscellaneous services provided at the hospitals.

Other income in our Healthcare Services in Colombia segment was S/16.2 million for the year ended December 31, 2023, representing an increase of S/0.9 million, or 5.9%, from S/15.3 million for the year ended December 31, 2022. The increase was primarily due to the recovery of account receivables reserved in prior periods.

Other income was S/26.2 million for the year ended December 31, 2023 in our Healthcare Services in Mexico segment.

Operating Profit

	Year Ended December 31,		% Change 2023 vs. 2022
	2023	2022	
	(in millions of soles)		
Operating profit			
Oncosalud Peru	S/135.8	S/111.8	21.5%
Healthcare Services in Peru	36.4	13.0	180.0%
Healthcare Services in Colombia	132.7	120.8	9.9%
Healthcare Services in Mexico	267.8	14.2	1,785.9%
Holding and Eliminations	(12.4)	(5.2)	138.5%
Total	S/560.3	S/254.6	120.1%

For the foregoing reasons, our operating profit was S/560.3 million for the year ended December 31, 2023, representing an increase of S/305.7 million, or 120.1%, from S/254.6 million for the year ended December 31, 2022.

Finance Income and Finance Cost

Finance income was S/93.0 million for the year ended December 31, 2023, representing an increase of S/86.1 million from S/6.9 million for the year ended December 31, 2022. This increase was primarily due to (i) an appreciation in the local currencies in which we operate (Peruvian soles, Colombian pesos and Mexican pesos), with respect to the U.S. dollars, which contributed S/75.9 million and (ii) S/8.0 million in finance income related to our acquisition of Dentegra in February 2023, and (iii) S/2.0 million in finance income related to our higher cash balance.

Finance cost was S/783.8 million for the year ended December 31, 2023, representing an increase of S/471.1 million, or 150.6%, from S/312.7 million for the year ended December 31, 2022. This increase was primarily attributable to (i) S/224.1 million in interest expense related to the refinancing of certain long-term debt carried out during 2023, which includes amortized cost write-off, exit fees associated with the repayment of the 2028 Notes and unwinding of related derivatives, (ii) S/191.6 million in finance costs related to the 2028 Notes which were issued in April 2023, (iii) S/27.2 million of hedging costs in connection with the new derivative agreements associated with our USD-denominated debt, (iv) S/23.4 million in interest expense related to the bridge loan taken in September 2022 for the acquisition of Grupo OCA, (v) S/9.5 million related to interest expenses from the Term Loan under which we made borrowings on December 2023, (vi) S/9.3 million related to factoring operations, (vii) S/15.6 million related to discounts on invoices that were written off, tax costs related to intercompany loans and others, and (viii) S/5.8 million related to short term debt, offset by a decrease of S/57.8 million attributable to exchange rate variations.

Income Tax Expense

We recognized income tax expense of S/90.2 million for the year ended December 31, 2023, representing an increase of S/60.8 million, or 206.9%, from an income tax expense of S/29.4 million for the year ended December 31, 2022. This represented an effective tax rate of 72.6% and 61.9% for the year ended December 31, 2023 and 2022, respectively. The effective tax rate for the year ended December 31, 2023 was mainly impacted by carryforward tax losses in Mexico, which have been considered not probable to be recovered and therefore no deferred income tax was recognized. The effective tax rate for the year ended December 31, 2022 was mainly impacted by (i) expenses related to our acquisition of Grupo OCA which were allocated to one of our subsidiaries in Mexico reducing profit without recognition of deferred income tax and (ii) tax losses in Colombia as a result of a deferred tax asset which was recognized at a lower tax rate due to being in a free trade zone.

Loss for the Period

For the foregoing reasons, loss for the year ended December 31, 2023 was S/214.3 million, representing a decrease of S/137.5 million from a loss of S/76.8 million for the year ended December 31, 2022.

Liquidity and Capital Resources

Our financial condition and liquidity is, and will continue to be, influenced by a variety of factors, including (i) our ability to generate cash flows from our operations; (ii) the level of outstanding indebtedness and the interest payable on this indebtedness; and (iii) our capital expenditure requirements.

Overview

Our primary source of liquidity is our operating cash flow from insurance revenue on healthcare plans and the sale of healthcare services and medicines. Our healthcare plans are prepaid plans for one-year terms pursuant to which plan members typically pay us a fixed amount per month over the course of a year, while a smaller percentage of them make payments on an annual basis. Our dental and vision plans are insurance plans pursuant to which plan members typically pay us a fixed amount per month over the course of a year. During the year ended December 31, 2023, in the Healthcare Services in Peru segment, 46.9% of payments in our healthcare services business came from third-party insurance and institutional providers, including the Peruvian government, 22.7% are payments made by the Oncosalud segment and 30.4% were paid out-of-pocket by our patients, including co-payments and non-covered expenses. In the Healthcare Services in Colombia segment, 96.3% of payments came from third-party insurance and institutional providers, including insurance providers under the Colombian government's social security system, and 3.7% were paid out-of-pocket by our patients, including co-payments and non-covered expenses. In our Healthcare Services in Mexico segment, 91.1% of payments came from third-party insurance and institutional providers, including the Mexican government, and 8.9% were paid out-of-pocket by our patients, including co-payments and non-covered expenses. Our accounts receivable for payments from the third-party insurance and institutional providers previously mentioned are typically collected on an average of 44 days in Mexico, 117 days in Peru and 150 days in Colombia; this average is calculated from the average billed revenue and accounts receivables of third-party insurance and institutional providers of each segment, during the year ended December 31, 2023. The average collection days in each country, including out-of-pocket revenue and accounts receivables are 41 days in Mexico, 75 days in Peru and 145 days in Colombia; this average is calculated from the average total billed revenue and accounts receivables of each segment, during the year ended December 31, 2023.

As of December 31, 2023, our cash and cash equivalents were S/241.1 million, and we had a negative working capital (defined as current assets less current liabilities) of S/140.2 million. See "Risk Factors—Risks Relating to Our Business—We may not have sufficient funds to settle current liabilities and as a result we may continue to have negative working capital from time to time."

We believe that our available cash and cash equivalents and cash flows expected to be generated from operations and borrowings available to us under our revolving credit lines, will be adequate to satisfy our capital expenditure and liquidity needs for the foreseeable future. Our principal economic activities provide predictable cash

flows, as they consist primarily of the sale of prepaid plans that have monthly prepayments agreed for one-year terms or annual payments that are automatically renewed unless canceled by the plan members, and the provision of healthcare services, for which we are reimbursed by third-party healthcare providers under agreements that typically also have one-year terms and automatically renew each year, unless renegotiated.

Given the predictability of these cash flows, we can operate with negative working capital.

Our ability to expand and grow our business in accordance with management's current plans and to meet our long-term capital requirements will depend on many factors, including those mentioned above. To the extent we pursue one or more significant strategic acquisitions, we may be required to incur additional debt or sell additional equity to finance those acquisitions.

Comparative Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Year Ended December 31,	
	2023	2022
	<i>(in millions of soles)</i>	
Net cash from operating activities	S/ 582.4	S/ 162.6
Net cash used in investing activities	(173.2)	(3,209.4)
Net cash from (used in) financing activities	(370.0)	3,130.7
Net increase (decrease) in cash and cash equivalents	39.3	83.8
Cash and cash equivalents at beginning of period	208.7	138.8
Effect of movements in exchange rates on cash held	(6.8)	(14.1)
Cash and cash equivalents at end of period	S/ 241.1	S/ 208.7

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Net cash from operating activities for the year ended December 31, 2023 was \$/582.4 million compared to \$/162.6 million for the year ended December 31, 2022, an increase of \$/419.8 million. This increase was primarily due to the net cash from operating activities from the Healthcare Services in Mexico segment, acquired in October 2022, which was \$/305.1 million for the year ended December 31, 2023. The net cash from operating activities of our other three segments was \$/277.3 million compared to \$/149.4 million for the year ended December 31, 2022, an increase of \$/127.9 million. This result was primarily explained by an improvement in our cash management, which led to an increase in our cash conversion rate (i.e., the rate at which we convert our revenue to cash, which is calculated by dividing our net cash from operating activities by our total revenue from the same period) from 6.7% to 15.0%, and which resulted in an increase of \$/93.8 million in cash as compared to the year ended December 31, 2022.

Net cash used in investing activities for the year ended December 31, 2023 was \$/173.2 million, compared to \$/3,209.4 million for the year ended December 31, 2022. The primary investment for the year ended December 31, 2022 was \$/476.3 million for the acquisition of IMAT Oncomédica in April 2022. The primary investment for the year ended December 31, 2023 was \$/60.0 million for the acquisition of Dentegra in February 2023. We also made investments of \$/165.2 million, with a focus on (i) maintenance, replacements and standardization improvements of our facilities and medical equipment and for software and other intangibles and (ii) organic growth in Colombia and Peru, through the expansion of the healthcare network capacity IMAT, Chiclayo and Vallesur.

Net cash used in financing activities for the year ended December 31, 2023 was \$/370.0 million, compared to net cash from financing activities of \$/3,130.7 million for the year ended December 31, 2022. Net cash from financing activities for the year ended December 31, 2022 primarily reflected \$/2,287.8 million of loans and borrowings used for the financing of our acquisitions of IMAT Oncomédica and Grupo OCA. Net cash used in financing activities for the year ended December 31, 2023 primarily reflected \$/4,871.4 million in proceeds from loans and borrowings, that were used to repay certain existing indebtedness and financial obligations of \$/4,520.8 million and make certain interest payments of \$/671.2 million, which includes (i) a prepayment fee of \$/53.3 million related to the repayment of the 2028 Notes and (ii) \$/54.5 million in transaction costs related to the Term Loan and 2029 Notes.

Capital Expenditures

We define capital expenditures as the acquisition of intangible assets and property, furniture and equipment.

Our capital expenditures for the year ended December 31, 2023 were \$/199.9 million, 38.4% of which was for the acquisition of land, buildings and facilities, 32.1% of which was for medical equipment, furniture and vehicles and 29.5% of which was for intangibles, mainly software.

Contractual Obligations and Commitments

The following table presents information relating to our contractual obligations as of December 31, 2023:

	<u>Total</u>	<u>Rentals with non-financial entities</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>More than 6 years</u>
	<i>(in millions of soles)</i>							
Loans and								
borrowings(1)	S/3,761.6	—	S/385.3	S/431.4	S/336.5	S/433.2	S/1,172.8	S/1,002.4
Lease liabilities(1) . . .	75.4	—	20.5	18.6	14.2	6.3	6.3	9.5
Operating leases(1) ..	82.7	82.7	—	—	—	—	—	—
Total	<u>S/3,919.6</u>	<u>S/82.7</u>	<u>S/405.8</u>	<u>S/450.0</u>	<u>S/350.6</u>	<u>S/439.4</u>	<u>S/1,179.1</u>	<u>S/1,012.0</u>

(1) Excludes interest.

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