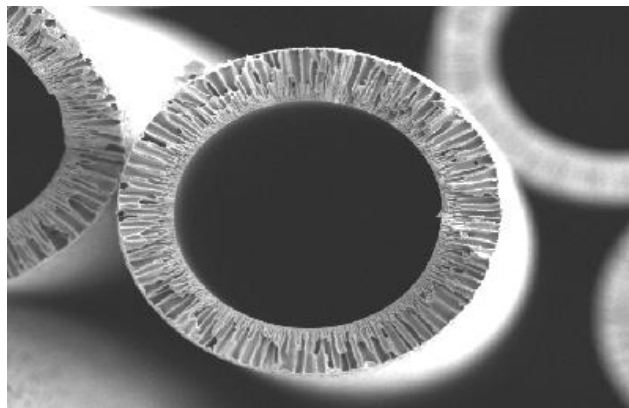


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# MEDICA



## **Consolidated and Separate Financial Statements at 31 December 2023**

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## **Details of the Parent Company**

Medica S.p.A.

### **Registered office**

Via degli Artigiani, 7  
41036 Medolla (MO)

### **Legal information**

Authorised share capital : Euro 4,223,250

Subscribed and paid-up share capital: Euro 4,223,250

Tax code/Register of Companies/VAT no. 01604300366

## **Composition of the Parent Company's corporate and control bodies**

### ***Board of Directors***

In office until the approval of the financial statements at 31 December 2023

Fecondini Luciano

*Chairman of the board of directors*

Fecondini Marco

*Managing director*

Bocchi Letizia

*Managing director*

Stancari Chiara

*Managing director*

Andrea Moschetti

*independent director*

### ***Board of Statutory Auditors***

In office until the approval of the financial statements at 31 December 2024

Mazza Anna Laura

*Chairman*

Grazia Stefania

*Standing Auditor*

Vergnanini Riccardo

*Standing Auditor*

Quattrini Loris

*Alternate Auditor*

Guerzoni Sandra

*Alternate Auditor*

### ***Independent Auditors***

In office until the approval of the financial statements at 31 December 2025

**EY S.p.A.**

## REPORT ON OPERATIONS

### Introduction

With regard to the financial year ended 31 December 2023, the figures shown and the comments made in this report are aimed at providing an overview of the Company and the Group's financial position, results of operations and cash flows and of any related change that was recorded during the reporting period, as well as of the significant events that occurred and had an impact on the result for the period.

We would like to specify that this report provides all the information prescribed and required by Article 2428 of the Italian Civil Code, as amended by Legislative Decree no. 32 of 2007, as well as that required by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*). The information provided is considered to be useful for giving a true, fair and comprehensive view of the Company and the Group's performance concerning the results of operations as a whole, as well as a description of the main risks and uncertainties to which the Company and the Group are exposed.

### The Group's structure and business

Medica S.p.A. ("**Company**") and its subsidiaries (collectively, the "**Group**" or the "**Medica Group**") are an international player that is active in the manufacturing of medical products and hospital equipment, in particular in the rubber plastic and metalworking business sectors.

Since 2010 we have added a water filtration division (Medica Water Division) to our traditional areas of operation, where we are able to use our membrane and filter technology to place on the water filtration market certain products with significantly higher performance for microbiological purification. This division has taken on a key role in the evolution of the Medica group because important opportunities have been established for civil and industrial use, in addition to the initial successful experience in water filtration at hospitals; the proof of this is that in 2020 Medica was assigned the role as the leading company in an important European project, Graphil, which involves 6 other European entities (Universities and enterprises from various member states). The project is 100% funded by the EU and is key to the development of technology aimed at eliminating dangerous pollutants that are beginning to be observed in drinking water. The idea is to use graphene, which is a monolayer material of carbon molecules, to enhance the mechanical properties of polysulfone membranes that Medica has been producing for decades.

Since 2021, the Group has expanded its boundaries both through acquisitions and through the incorporation of new companies, as described in the following paragraphs.

At present the Group operates through the following companies:

- 1) Medica SpA (Medolla – Italy), which is the Group holding company responsible for management, research and development, quality and manufacturing of medical products and is controlled by the holding company Pelmo87 Srl (*Ultimate Parent Company*), which was established in March 2022;
- 2) Tecnoideal Srl, a sole-quotaholder company - hereinafter also referred to as Tecnoideal Srl (Mirandola – Italy) -, which is directly wholly owned by Medica SpA and operates in the electromechanical sector, developing and manufacturing assembly machines used in biomedical companies, as well as hospital equipment for the parent company Medica. Furthermore, the company acquired 100% of Slom Srl, a company specialising in precision machining, at the beginning of September 2022, which was then merged by incorporation at the end of December 2022;
- 3) Sar-med Srl (Iglesias – Italy), which is directly wholly owned by Medica SpA and produces membranes, catheters, filters and disposable products, both for blood and water filtration;

- 4) Medica Méditerranée (Bizerte-Tunisia), which is wholly owned directly by Medica SpA for 92.11% and indirectly through the sole-quotaholder subsidiary Tecnoideal Srl for the remaining investment of 7.89%, and produces printed parts, extruded tubes for blood lines and catheters;
- 5) Tecnoideal America (Maryland – USA), which is wholly owned through the sole-quotaholder subsidiary Tecnoideal Srl that in turns holds an interest of 98.29% in Nefrodom (dialysis centres in Santo Domingo - Dominican Republic);
- 6) Tecnoideal ASIA (Shanghai – China), a commercial company that is wholly owned through the sole-quotaholder subsidiary Tecnoideal Srl and that started its operations in the 2020 financial year at the same time as the outbreak of the Covid-19 pandemic;
- 7) THF Srl (Marzolarà – Italy), 100% of whose quotas were acquired through the sole-quotaholder subsidiary Tecnoideal Srl at the end of April 2021. The company operates in the design and manufacture of special machines for radiofrequency or thermal pulse welding of plastic films, applied to various products, including medical goods (typically blood bags or bags for liquids to be sterilised). By means of the acquisition we hope to expand Tecnoideal's technological offer by adding the sector of welding machines for medical films and consequently approach new industrial markets;
- 8) Spindial SpA (Collecchio – Italy), 51% of whose shares was acquired at the end of July 2022, which is specialising in the sale and technical support concerning medical devices for hospital and home dialysis and the operation of dialysis centres;
- 9) Dialpoint Srl (Traversetolo – Italy), which is 60% owned by Spindial SpA and specialising in the management of services in the field of outpatient hemodialysis;
- 10) Medica USA Inc, established in October 2022 and 70%-owned by Medica SpA, which will be responsible for the production of blood filters and water filters under the contract signed with Evoqua and the distribution of medical products, including those manufactured by Medica SpA;
- 11) Medica Advanced Technologies Ltd, a commercial company that was established in October 2022 and is 85% owned by Medica SpA, operating in the field of medical products, mainly in the apheresis division, in the United Kingdom;
- 12) Medica GmbH, a commercial company that was established at the end of February 2023 and is wholly owned by Medica SpA, operating in the field of medical products in Germany.

Tecnoideal ASIA was included in the scope of consolidation from 1 January 2022, while THF Srl was consolidated on a line-by-line basis from 1 July 2021, Spindial SpA and Dialpoint Srl were consolidated on a line-by-line basis from 31 July 2022, and Slom Srl was consolidated on a line-by-line basis from 31 August 2022. Medica USA Inc, Medica AT Ltd and Medica GmbH have been included in the scope of consolidation since their incorporation.

Medica also holds 17.09% of Tecnopolo MISTE-R, a microtechnology laboratory located at the Italian National Research Council (CNR) in Bologna: the investment is considered to be key to participating in one of the Technology hub projects of the Emilia-Romagna Region, which boasts the best performance, both in terms of results of operations and as a research and development partner for members and third parties.

The sole-quotaholder subsidiary Tecnoideal Srl holds an interest of 11.25% of Medica Middle East (Cairo - Egypt), which was written down in full during the 2014 and 2015 financial years given that the company had not provided any information on its financial and economic performance such that the Directors could maintain the subscription value of the investment in the share capital. There are no debit/credit relationships with the subsidiary.

## **General economic performance and Management Analysis**

### **Introduction**

It should be noted that although they do not show significant seasonal or cyclical variations in overall annual sales, the Group's business activities are affected by differences in the distribution of revenue and cost flows during the various months of the year.

## **General economic performance**

The global market is experiencing a turbulent phase with a high level of uncertainty, which is mainly due to the effects of the Russian-Ukrainian conflict, then followed by the conflict in the Middle East, after the effects of the Covid-19 pandemic.

Significant growth in prices of energy and materials, and a significant decline in the supply of materials, which were first reported in 2022 but that, despite an improvement at the end of 2023, have not returned to pre-conflict levels, and restrictive monetary policy are also putting a strain on both businesses and households, and are making it difficult for businesses to make new investments.

With regard to the business in which the Group operates, the pandemic had already led to a decline in global sales for the first time in decades in the field of extracorporeal blood treatment, and firstly hemodialysis, with mortality in critically ill patients, such as those who are already undergoing dialysis, in double-digit percentages in many of the world's major markets. The Russian-Ukrainian conflict has interrupted the possibility of economic recovery after Covid-19 at least in the short term. The experience of fighting the pandemic has also accelerated the push towards technology capable of connecting patients with physicians remotely, both to avoid the risk of crowding at hospitals and to enable far faster and more effective patient monitoring and care. Telemedicine and portable equipment are certainly the main focus of development in the device industry, in which Medica operates in the development of a portable device that will allow the removal of excess fluid from the patient's body and that will have potential applications in many renal, pulmonary and heart diseases.

The Russian-Ukrainian conflict

Work will continue, in the short to medium term, on the development of specific devices against the pandemic, with a predominance of respiratory support devices; however, the experience gained in the meantime has made it increasingly clear that respiratory intervention is the "last resort", which should be avoided by using technology of extracorporeal purification of the patients' blood (removal of cytokines) before the patient's pulmonary compromise occurs.

## **The Company and the Group's economic and financial performance**

The result for the year was characterised by very diversified situations in the large product portfolio of the Group.

Sustained growth continued in sales of our apheresis products (lines and filters), which was also supported by considerable growth recorded in previous years and in sales of electro-medical equipment, which were confirmed in 2023 too, with considerable growth in niche products with substantial profit margins such as plasma filters, hemoconcentrators, and bio-regenerative medicine.

With regard to the other business lines, we achieved significant growth in all divisions, except for the Chronic line of business on a like-for-like basis, a division that was most affected by the effects of the global pandemic in terms of reduced volumes of filters and dialysis lines.

In particular, the Automation division, mainly thanks to the fulfilment of orders that had been slowed down last year due to the impact of the Russian-Ukrainian conflict on the supply chain, and the Water division achieved significant growth in the second half of the year, thus recovering from a below-expected first half-year.

From a financial point of view, non-recurring outflows in the recently-acquired and newly-established companies and non-recurring investments dedicated to the construction of factories at Medica Méditerranée and Medica USA, and to the renewal of the vehicle fleet at the former Slom workshop are the main reasons for the cash absorption that occurred in the year. We also report a tangible improvement in liquidity in the second half of the year, which was less impacted by non-recurring events.



## The Group's results of operations

The table below shows the reclassified consolidated income statement for the financial years ended 31 December 2023 and 31 December 2022.

<i>(in thousands of Euro)</i>	Financial year ended 31 December				Change	
	2023	(*)	2022	(*)	2023-2022	
Revenues from sales and services	79,979	100%	50,864	100%	29,115	57%
Raw materials, supplies, consumables and goods for resale <sup>(1)</sup>	-34,812	-44%	-17,220	-34%	-17,592	102%
<b>Gross Profit</b>	<b>45,166</b>	<b>56%</b>	<b>33,644</b>	<b>66%</b>	<b>11,522</b>	<b>34%</b>
Costs for services and leases and rentals	-17,627	-22%	-12,452	-24%	-5,175	42%
Personnel costs	-19,995	-25%	-15,971	-31%	-4,024	25%
Other net operating costs <sup>(2)</sup>	4,453	6%	5,950	12%	-1,497	-25%
Write-downs <sup>(3)</sup>	-282	0%	0	0%	-282	-100%
<b>EBITDA</b>	<b>11,716</b>	<b>15%</b>	<b>11,171</b>	<b>22%</b>	<b>545</b>	<b>5%</b>
Amortisation and depreciation <sup>(4)</sup>	-7,031	-9%	-5,896	-12%	-1,135	19%
Accruals to provisions for risks and charges	-125	0%	-11	0%	-114	1033%
<b>Operating profit (EBIT)</b>	<b>4,560</b>	<b>6%</b>	<b>5,264</b>	<b>10%</b>	<b>-704</b>	<b>-13%</b>
Net financial costs <sup>(5)</sup>	-1,150	-1%	-453	-1%	-697	154%
<b>Profit before tax</b>	<b>3,410</b>	<b>4%</b>	<b>4,811</b>	<b>9%</b>	<b>-1,401</b>	<b>-29%</b>
Income tax	-917	-1%	-798	-2%	-119	15%
<b>Profit for the period</b>	<b>2,492</b>	<b>3%</b>	<b>4,014</b>	<b>8%</b>	<b>-1,522</b>	<b>-38%</b>
Of which Profit attributable to minority interests	-474	-1%	-337	-1%	-137	41%
Of which Profit attributable to the Group	2,967	4%	4,350	9%	-1,383	-32%

(\*) Percentage impact calculated with respect to "Revenues from sales and services"

Notes of reconciliation between reclassified consolidated and condensed consolidated income statement items:

- (1) This item includes costs for purchases of raw materials, consumables and goods for resale, net of changes in inventories
- (2) This item includes other revenues, capitalisation of internal construction costs and other operating charges
- (3) This item includes write-downs of receivables
- (4) This item includes depreciation of property, plant and equipment, amortisation of intangible assets and investment property
- (5) This item includes financial income and costs

**Revenues from sales and services**, equal to Euro 79,979 thousand in 2023, showed an increase of Euro 29,115 thousand (57%) compared to 2022. The growth in sales was mainly characterised by the contribution given by the newly-acquired and newly-established companies, amounting to Euro 18,873 thousand (from Euro 7,411 thousand in 2022 to Euro 26,284 thousand in 2023), and by significant growth in group turnover on a like-for-like basis (+24%, equal to Euro 10,243 thousand), mainly concentrated in the Automation division, Acute & Aferesis line of business, and OEMs.

In particular, the strong growth trend continued in the Acute & Aferesis line of business, which grew by 14% on a like-for-like basis compared to Euro 13,514 thousand achieved in 2022, thus reaching with the contribution given by the new companies a total turnover of Euro 23,640 thousand; this was accompanied by a recovery in the Automation division, which, mainly thanks to the fulfilment of orders that had slowed down last year due to the impact of the Russian-Ukrainian conflict in the supply chain, posted an increase of Euro 5,548 thousand (+60%) compared to Euro 9,255 thousand realised in 2022, and a strong improvement in the second half of the year in the Water division, which made it possible to achieve year-end growth of 21% (+Euro 775 thousand) compared to 2022 on a like-for-like basis and to achieve with the contribution given by the new companies a total turnover of Euro 5,975 thousand in 2023 (+Euro 2,230 thousand, equal to 64%, compared to 2022).

With regard to the other business lines, we achieved significant growth in all divisions, except for the Chronic line of business on a like-for-like basis, a division that was most affected by the effects of the global pandemic in terms of reduced volumes of filters and dialysis lines.

**Gross Profit**, equal to Euro 45,166 thousand in 2023, showed an increase of 34% compared to 2022, mainly due to higher sales compared to the previous year while the reduction in the impact on sales compared to the previous year was mainly due to the contribution given by newly-established and newly-acquired companies, which achieved a lower gross profit than the Group average.

**EBITDA**, equal to Euro 11,716 thousand in 2023, showing an increase of Euro 545 thousand (+5%) compared to 2022, recorded a decline of 7% in terms of impact on sales compared to 31 December 2022, attributable for about 5% to the capital gain of Euro 2,593 thousand realised in 2022 on the sale of the automation line and, on a residual basis, to the contribution given by newly-established companies, being in the start-up phase.

**Operating Profit** amounted to Euro 4,560 thousand; the decrease of Euro 704 thousand (-13%) compared to the value posted in 2022 was mainly attributable to the reasons for the EBITDA stated in the above paragraph, and to higher amortisation arising from a change in the perimeter, mainly from Spindial SpA.

**Profit for the Period** stood at Euro 2,492 thousand, showing a decrease compared to the balance of 2022, equal to Euro 4,014 thousand, which was attributable to the factors described in the previous paragraphs, as well as to higher financial costs, mainly attributable to an increase in the EURIBOR rate.

### The Group's reclassified balance sheet

The table below shows the reclassified consolidated statement of financial position at 31 December 2023 and at 31 December 2022.

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<b>At 31 December 2022</b>
<b>Investments:</b>		
<b>Net Working Capital (B)<sup>(2)</sup></b>	<b>17,597</b>	<b>9,344</b>
Intangible assets	11,822	11,577
Property, plant and equipment	38,747	35,560
Non-current financial assets	2,603	3,775
<b>Fixed assets (A)</b>	<b>53,172</b>	<b>50,912</b>
Employee severance pay	(2,258)	(2,238)
Provisions for risks and charges	(2,030)	(2,838)
Net deferred tax liabilities <sup>(1)</sup>	1,601	1,336
<b>Net invested capital (A+B+C)</b>	<b>68,082</b>	<b>56,517</b>
<b>Sources:</b>		
Shareholders' Equity	54,403	52,179
Net Financial Debt	13,679	4,338
<b>Sources of financing</b>	<b>68,082</b>	<b>56,517</b>

*Notes of reconciliation between reclassified and consolidated balance sheet items:*

- (1) This item includes receivables for deferred tax assets, net of the provision for deferred tax liabilities
- (2) For more information, reference should be made to the paragraph on Non-GAAP alternative performance indicators.

The investments mainly related to the following items:

- 1) completion of the works involving the new building at subsidiary Medica Méditerranée for Euro 2,151 thousand (for an accumulated balance with plot of land of Euro 5,162 thousand at 31 December 2023);
- 2) investments in Medica USA for Euro 1,330 thousand (mainly consisting of works on the leased building for Euro 767 thousand, and advances on machinery for Euro 435 thousand);
- 3) purchase of machinery and moulds at the workshop of Slom (a company acquired during 2022 and merged by incorporation into Tecnoideal at the end of 2022) for approximately Euro 700 thousand;
- 4) purchase of medical equipment purchased from Spindial for Euro 1,366 thousand;
- 5) in-house manufacture of apheresis equipment in the German market for the newly-established Medica GmbH for Euro 938 thousand;
- 6) machinery made by Tecnoideal for the plants of Sarmed, Medica and Medica Méditerranée and THF for a total of Euro 807 thousand;
- 7) capitalisations of costs incurred for ongoing development projects, which had been started in previous years, the most significant of which related to the Grafene project for Euro 241 thousand,

the NewHemo project for Euro 311 thousand, the Life project for Euro 319 thousand, the Detecta project for Euro 149 thousand, and the HomHemo project for Euro 228 thousand.

Below is the breakdown of the Group's Net Working Capital at 31 December 2023 and at 31 December 2022:

<i>(in thousands of Euro)</i>	At 31 December 2023	At 31 December 2022
Inventories	23,435	23,371
Receivables from customers	18,375	13,587
Advances from customers	(5,872)	(7,031)
Payables to suppliers	(12,965)	(17,272)
<b>Net Trade Working Capital</b>	<b>22,973</b>	<b>12,654</b>
Other current and non-current assets	7,0009	9,384
Other current and non-current liabilities	(12,385)	(12,694)
<b>Net Working Capital</b>	<b>17,597</b>	<b>9,344</b>

The increase in net working capital was mainly attributable to the significant increase, to a greater extent in the second half of the year, in turnover and the non-recurring reduction in the high exposure to third-party suppliers in which Spindial SpA was at the time of its acquisition (its payables decreased from Euro 8,493 thousand at 31 December 2022 to Euro 3,680 thousand at 31 December 2023).

The reduction in other assets was mainly attributable to a decrease in tax receivables in the amount of Euro 1,874 thousand.

### The Group's Net Financial Debt

Below is the breakdown of the Group's Net Financial Debt at 31 December 2023 and at 31 December 2022, determined as required by the ESMA 32-382-1138 guidelines:

<i>in thousands of Euro</i>	At 31 December 2023	At 31 December 2022
A. Cash on hand	(7,499)	(20,509)
B. Cash equivalents		
C. Other current financial assets	(8,004)	(10,049)
<b>D. Liquidity (A + B + C)</b>	<b>(15,503)</b>	<b>(30,558)</b>
E. Current financial debt	261	1,140
F. Current portion of non-current financial debt	8,779	8,397
<b>G. Current financial debt (E) + (F)</b>	<b>9,040</b>	<b>9,537</b>
<b>H. Net current financial debt (G)– (D)</b>	<b>(6,463)</b>	<b>(21,021)</b>
I. Non-current financial debt	18,989	20,969
J. Debt instruments		
K. Trade payables and other non-current payables	1,153	4,390
<b>L. Non-current financial debt (I) + (J) + (K)</b>	<b>20,142</b>	<b>25,359</b>
<b>M. Net financial debt or Net Debt (H) + (L)</b>	<b>13,679</b>	<b>4,338</b>

The balance of trade and other non-current payables includes the portion of consideration for company acquisitions not yet paid to sellers, as per the related agreements. The balance of cash and cash equivalents also includes the escrow account of Euro 1,000 thousand.

**Net Financial Debt**, equal to a negative balance of Euro 13,679 thousand, showed an increase compared to the balance of the previous year, mainly due to the non-recurring increase in net working capital and non-recurring investments made in the period, as described in the preceding paragraph.

<i>in thousands of Euro</i>	31/12/2023	31/12/2022	Change	
			2023 vs 2022	2022 vs 2021
EBITDA (A)	11,716	11,171	545	5%
Current tax (B)	-1,199	-221	-977	442%
Change in net working capital (C)	-8,709	-7,198	-1,511	21%
CAPEX (D)	-10,416	-5,573	-4,843	87%
<b>Total FCFO (E) = (A) – (B) – (C) + (D)</b>	<b>-8,608</b>	<b>-1,821</b>	<b>-6,787</b>	<b>373%</b>

CAPEX includes total net investments in property, plant and equipment and intangible assets. If we also exclude non-recurring investments (a building of Medica Méditerranée, investments in Medica USA and former Slom workshop, for a total of Euro 4,181 thousand), and the change in payables to suppliers of Spindial (equal to Euro 4,813 thousand), FCFO would be positive for Euro 386 thousand.

### The Company's results of operations

The table below shows the reclassified separate income statement for the financial years ended 31 December 2023 and 31 December 2022.

<i>(in thousands of Euro)</i>	Financial year ended 31 December				Change	
	2023	(*)	2022	(*)	2023-2022	
Revenues from sales and services	46,608	100%	37,970	100%	8,638	23%
Raw materials, supplies, consumables and goods for resale <sup>(1)</sup>	-34,453	-74%	-27,972	-74%	-6,481	23%
<b>Gross Profit</b>	<b>12,155</b>	<b>26%</b>	<b>9,998</b>	<b>26%</b>	<b>2,157</b>	<b>22%</b>
Costs for services and leases and rentals	-4,530	-10%	-3,530	-9%	-1,000	28%
Personnel costs	-3,338	-7%	-2,889	-8%	-449	16%
Other net operating costs <sup>(2)</sup>	1,058	2%	3,153	8%	-2,095	-66%
<b>EBITDA</b>	<b>5,344</b>	<b>11%</b>	<b>6,731</b>	<b>18%</b>	<b>-1,387</b>	<b>-21%</b>
Amortisation and depreciation <sup>(3)</sup>	-1,213	-3%	-1,735	-5%	522	-30%
Accruals to provisions for risks and charges	-53	0%	0	0%	-53	-100%
<b>Operating profit (EBIT)</b>	<b>4,078</b>	<b>9%</b>	<b>4,996</b>	<b>13%</b>	<b>-918</b>	<b>-18%</b>
Net financial costs <sup>(4)</sup>	-250	-1%	-187	0%	-63	33%
<b>Profit before tax</b>	<b>3,829</b>	<b>8%</b>	<b>4,809</b>	<b>13%</b>	<b>-980</b>	<b>-20%</b>
Income tax	-1,238	-3%	-1,290	-3%	52	-4%
<b>Profit for the period</b>	<b>2,591</b>	<b>6%</b>	<b>3,519</b>	<b>9%</b>	<b>-928</b>	<b>-26%</b>

(\*) Percentage impact calculated with respect to "Revenues from sales and services"

Notes of reconciliation between reclassified consolidated and condensed consolidated income statement items:

- (1) This item includes costs for purchases of raw materials, consumables and goods for resale, net of changes in inventories
- (2) This item includes other revenues, capitalisation of internal construction costs and other operating charges
- (3) This item includes depreciation of property, plant and equipment, amortisation of intangible assets and investment property
- (4) This item includes financial income and costs

**Revenues from sales and services**, equal to Euro 46,608 thousand in 2023, showed an increase of Euro 8,638 thousand (23%) compared to 2022, which was mostly due to the sales performance of the Group's lines of business, except for Tecnoideal Automation and the changes in the perimeter, as described in the paragraph on the Group's "**Revenues from sales and services**".

**Gross Profit**, equal to Euro 12,155 thousand in 2023, showed an increase of 22% compared to the result achieved in 2022, equal to Euro 9,998 thousand, mainly due to higher sales.

**EBITDA**, equal to Euro 5,344 thousand in 2023, showing a decrease of Euro 1,387 thousand compared to Euro 6,731 thousand in 2022, was mainly attributable to the reasons stated in the previous paragraphs, as well as to the capital gain realised on the sale of the automation line in the previous year for Euro 2,594 thousand.

**Operating Profit**, equal to Euro 4,078 thousand, showed a decrease of Euro 918 thousand compared to Euro 4,996 thousand posted in 2022, which was mainly attributable to the reasons for the EBITDA stated in the above paragraph, in addition to lower amortisation incurred during the year as a result of

the sale of the automation line in the previous year, which until then had been intended for use within the Group and therefore subject to amortisation.

**Profit for the Period** stood at Euro 2,591 thousand, showing a decrease compared to the value realised in 2022, equal to Euro 3,519 thousand, mainly attributable to the reasons stated in the previous paragraphs.

### The Company's reclassified balance sheet

The table below shows the Company's reclassified statement of financial position at 31 December 2023 and at 31 December 2022.

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<b>At 31 December 2022</b>
<b>Investments:</b>		
<b>Net Working Capital (B)<sup>(2)</sup></b>	<b>1,898</b>	<b>(5,502)</b>
Intangible assets	7,575	6,716
Property, plant and equipment	3,450	3,458
Non-current financial assets	23,175	20,846
<b>Fixed assets (A)</b>	<b>34,200</b>	<b>31,020</b>
Employee severance pay	(176)	(169)
Provisions for risks and charges	(238)	(163)
Net deferred tax liabilities <sup>(1)</sup>	2	54
<b>Net invested capital (A+B+C)</b>	<b>35,687</b>	<b>25,241</b>
<b>Sources:</b>		
Shareholders' Equity	37,643	35,052
Net Financial Debt (net financial position assets)	(1,956)	(9,811)
<b>Sources of financing</b>	<b>35,687</b>	<b>25,241</b>

*Notes of reconciliation between reclassified and consolidated balance sheet items:*

- (1) This item includes receivables for deferred tax assets, net of the provision for deferred tax liabilities
- (2) For more information, reference should be made to the paragraph on Non-GAAP alternative performance indicators.

The investments mainly related to the following items:

- 1) capital increase at Medica USA, including the option for repurchasing the quota paid by Simest, for a total of Euro 2,769 thousand;
- 2) subscription of capital at Medica GmbH for Euro 500 thousand;
- 3) investments in intangible assets for Euro 1,398 thousand, mainly attributable to the capitalisations of costs incurred for ongoing development projects, which had been started in previous years, the most significant of which related to the Grafene project for Euro 197 thousand, the Life project for Euro 319 thousand, the NewHemo project for Euro 353 thousand, the New SAU project for Euro 58 thousand and the Catetere project for Euro 40 thousand;
- 4) investments in property, plant and equipment for Euro 698 thousand, mainly attributable to machinery.

Below is the breakdown of the Company's Net Working Capital at 31 December 2023 and at 31 December 2022:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<b>At 31 December 2022</b>
Inventories	6,516	5,080
Receivables from customers	8,507	7,655
Advances from customers	(2,125)	(2,981)
Payables to suppliers	(2,469)	(2,654)
Net Receivables from/Payables to Group companies	(7,757)	(11,634)

<b>Net Trade Working Capital</b>	<b>2,672</b>	<b>(4,533)</b>
Other current and non-current assets	2,217	2,933
Other current and non-current liabilities	(2,991)	(3,902)
<b>Net Working Capital</b>	<b>1,898</b>	<b>(5,502)</b>

The increase in net working capital was mainly due to higher sales reported by the Company. The reduction in other liabilities was mainly attributable to the release through profit or loss concerning a portion of the grants on development projects, which had been already collected in previous years, to cover the costs incurred and accounted for in the income statement.

### The Company's Net Financial Debt

Below is the breakdown of the Company's Net Financial Debt at 31 December 2023 and at 31 December 2022, determined as required by the ESMA 32-382-1138 guidelines:

<i>in thousands of Euro</i>	<b>At 31 December 2023</b>	<b>At 31 December 2022</b>
A. Cash on hand	(3,322)	(15,639)
B. Cash equivalents		
C. Other current financial assets	(16,099)	(12,999)
<b>D. Liquidity (A + B + C)</b>	<b>(19,421)</b>	<b>(28,638)</b>
E. Current financial debt	6	14
F. Current portion of non-current financial debt	4,896	4,001
<b>G. Current financial debt (E) + (F)</b>	<b>4,902</b>	<b>4,015</b>
<b>H. Net current financial debt (G)– (D)</b>	<b>(14,518)</b>	<b>(24,623)</b>
I. Non-current financial debt	11,563	10,811
J. Debt instruments		
K. Trade payables and other non-current payables	1,000	4,000
<b>L. Non-current financial debt (I) + (J) + (K)</b>	<b>12,563</b>	<b>14,811</b>
<b>M. Net financial debt or Net Debt (H) + (L)</b>	<b>(1,956)</b>	<b>(9,812)</b>

The balance of trade and other non-current payables includes the portion of consideration for company acquisitions not yet paid to sellers, as per the related agreements. The balance of cash and cash equivalents also includes the escrow account of Euro 1,000 thousand.

**Net Financial Debt**, which recorded a positive balance of Euro 1,956 thousand, showed an increase of Euro 7,856 thousand compared to the value posted at 31 December 2022, mainly due to the outlays relating to the non-recurring company investments and a higher working capital.

<i>in thousands of Euro</i>	31/12/2023	31/12/2022	Change	
			2023 vs 2022	2022 vs 2021
EBITDA (A)	5,344	6,731	-1,387	-21%
Current tax (B)	-1,185	-948	-237	25%
Change in net working capital (C)	-7,400	-7,079	-322	5%
CAPEX (D)	-2,057	-279	-1,778	637%
<b>Total FCFO (E) = (A) – (B) – (C) + (D)</b>	<b>-5,299</b>	<b>-1,574</b>	<b>-3,725</b>	<b>237%</b>

### **Non-GAAP alternative performance indicators**

The Company's management assesses the Group's performance on the basis of certain indicators that are not envisaged by the Italian GAAPs or IFRS. In particular, EBITDA, as appropriately adjusted when requirements are met, is used as the key profitability ratio, since it allows the Group's profit margins to be analysed, eliminating any effect arising from the volatility generated by income statement elements that are either non-recurring or unrelated to ordinary operations.

The components of each of the following key indicators are described below:

- Gross Profit is defined by the Group as the difference between revenues from sales and services and costs of raw materials, supplies, consumables and goods for resale, net of changes in inventories;
- EBITDA is defined by the Group as the sum of profit for the year, plus income tax, write-downs of non-current financial assets, financial income and costs, provisions for risks and charges, amortisation, depreciation and impairment of fixed assets;
- EBITDA Margin is defined by the Group as the ratio of EBITDA to Revenues from sales and services;
- Adjusted EBITDA is defined by the Group as EBITDA adjusted by non-recurring income components;
- Adjusted EBITDA Margin is defined by the Group as the ratio of Adjusted EBITDA to Revenues from sales and services;
- EBIT is defined by the Group as the sum of profit for the year, plus income tax, write-downs of non-current financial assets and financial income and costs;
- EBIT margin is calculated by the Group as the ratio of EBIT to revenues from sales and services;
- Net Trade Working Capital is defined by the Group as the sum of inventories, receivables from customers, net of payables to suppliers and advances from customers;
- Net Working Capital is defined by the Group as the sum of Net Trade Working Capital and other current assets, net of other current liabilities;
- Net Invested Capital is defined by the Group as the sum of Net Working Capital, Fixed Assets and other non-current assets and liabilities;
- Net Financial Debt has been determined by the Group according to the framework provided by ESMA 32-382-1138 guidelines;
- FCFO (Free Cash Flow From Operations) is calculated by the Group from EBITDA less current tax, the change in net working capital compared to the previous period and investments in (net of disinvestments from) property, plant and equipment and intangible assets.

### **Atypical and/or unusual transactions**

There are no positions or transactions arising from atypical and/or unusual transactions that are significant in terms of their impact on the Company and the Group's financial position, results of operations and cash flows.

### **Related-party transactions**

For a detailed description of transactions carried out with related parties in 2023, reference should be made to note 23 "Related-party Transactions" in the notes to the separate and consolidated financial statements at 31 December 2023.

In accordance with Article 2497-*bis*, paragraph 5, of the Italian Civil Code, it should be noted that the transactions between the Group companies are essentially commercial, financial and services in nature and are carried out at arm's length.

In accordance with Article 2497 et seq. of the Italian Civil Code, it should be noted that the Company is not subject to management or coordination on the part of any other company or entity.

## **Description of risks and uncertainties to which the Company and the Group are exposed and financial instruments**

In conducting their business, the Company and the Group are exposed to various risks that may affect the valuation of outstanding financial instruments reported in the separate and consolidated financial statements. In particular, the Company and the Group are exposed to the following risks, in line with the terms used by the Italian Civil Code:

- market;
- technology;
- legal;
- price;
- interest rate;
- credit;
- liquidity.

The Company and Group's Management has put in place means, policies and tools to control business risks in general, and in particular in the areas of product quality and safety, intellectual property rights and the monitoring of debt and its best type for the Group's expansion strategy, pursuing the objective of minimising business risks.

### **Market risks**

Within the broader concept of market risks, i.e. the risk that the fair value of a financial instrument may undergo changes as a result of fluctuations in exchange rates (exchange risk), interest rates (interest rate risk) or as a result of fluctuations in market prices other than exchange and interest rates (other price risk).

**Technological risk:** it is associated with the business in which the Group operates, which is characterised by technological innovation. The Group minimises this risk through continuous investment in quality and in research and development, which enables it to manufacture products with high technological content and added value.

**Legal risks:** they are associated with the exposure to potential losses that might result from ongoing proceedings. The company manages the risk through advice from legal counsels and is confident that the potential effects of such proceedings are not significant.

**Price risk:** the elasticity of selling prices enables the Group to reflect changes in the purchase costs of raw materials in the selling prices of its products in a shorter timeframe.

**Exchange risk:** this is a minimal risk since all major transactions are carried out in Euro.

**Interest rate risk:** in order to conduct its business, the Group raises financing on the market by borrowing both at variable interest rates, thus exposing itself to the risk arising from interest rate fluctuations and at fixed rates to reduce such risk. Given the Company's substantial liquidity, and considering the fact that a significant amount of its loans has been taken out at fixed rates, we consider that the risk is not significant to the Group.

### **Credit risk**

This risk consists of the exposure to potential losses that may arise from any instance of non-fulfilment of the obligations undertaken by customers. The low concentration of credit combined with the use of advances from customers, audits on the rating and reliability of customers and ongoing credit monitoring which lead to the blocking of credit lines in the event of insolvency, allow us to reduce the risk to insignificant levels. No significant issues have arisen in relation to the non-recovery of debt.

### **Liquidity risk**

This is the risk that the financial resources available may be insufficient to cover the bonds falling due or, in any event, the inability to raise the financial resources needed to perform the Group's operations under favourable economic conditions. The Group has implemented a policy of strict credit control as described in the section on the related risk. Moreover, cash on hand held in the Group's accounts ensures an adequate level of liquidity, together with available lines of credit.



### **Treasury shares**

The Company neither holds nor held during the period any of its treasury shares or shares or quotas of parent companies, not even through third parties and/or trust companies, and has therefore not carried out any purchase or sale of the above-mentioned shares and/or quotas.

### **Environment and personnel**

It is worth noting that human capital plays a crucial role for the Group; the latter operates in newly-built premises, with improved working conditions and in full compliance with occupational safety regulations, as well as to also offer a better quality working environment. With reference to the Group personnel, it should be noted that there were no significant events which are worthy of special mention in order to provide a better understanding of the business environment. However, during the year, the Group companies monitored all their offices and sites with periodic audits on an ongoing basis, in order to operate in compliance with the current laws governing environment and safety at the workplace and the quality of the working environment. In order to complete the analysis that has been carried out so far, it is deemed appropriate to also provide the following information on the development programme undertaken by the Group in terms of limiting the environmental impact arising from the type of business that is conducted.

In this regard, the Group companies did not incur any particularly significant environmental cost or investment during the current year, in the absolute conviction that respect for the environment is not only a fundamental human value, but also a strategic factor, and a key to the competitiveness and sustainability of our Group.

The Company is committed to reducing its impact resulting from the production cycle through a rational consumption of energy resources and the careful management of waste and refuse generated by production activities.

What the Company aims to implement is realised through the reduction of its direct impacts, investments in R&D for sustainable innovation, and the promotion of responsible behaviour along the value chain.

In addition, the Company has taken into account any impact arising from environmental issues and climate change in applying accounting standards, not reporting any significant effect.

### **Research and development activity**

The Group, which is oriented towards continuous innovation, has sustained substantial development costs for projects which it believes may have an excellent chance of becoming new innovative products, with correlated expected economic benefits, in the future and which will expand the offer provided to our customers.

Work was successfully completed on the Graphil project, which is funded by the European Union within the scope of the H2020 programmes, which involved Medica as coordinator and the Italian National Research Council (CNR), the University of Chalmers (Goteborg, Sweden), the University of Manchester, Polmem (France) and Icon Lifesaver (United Kingdom) as partners. The project was aimed at developing new filters for water purification that combine the properties of a capillary membrane with those of graphene.

A key project for the future of the Company is New Hemo, which concerns an innovative dialysis machine that has been partially financed by the Emilia-Romagna Regional Government as part of the Research and Development call for earthquake-affected areas. The project, which has been concluded in the development phase and is now in the phase of certification of the product, is taking longer than planned, due both to the intrinsic complexity of the project and to the Company's decision to give priority to other contracts awarded by multinationals, but in any case it does not show any evidence of permanent impairment. This, however, does not take anything away from the strategic value of DiaSmart (New Hemo), which we believe may be capable of meeting the needs of both the public market, through competitive tenders, and the private market with direct sales, which is increasingly oriented towards a complete package combining equipment and disposables.

Work was completed at the beginning of 2024 on the HomHemo project development for the manufacturing of a home dialysis machine, funded by the Emilia Romagna Regional Government. Work continued on the certification of the product.

Development work also continued on the high-resolution catheter project for esophageal manometry in collaboration with Istituto Superiore S. Anna of Pisa, and on the Med Log project concerning a machine for recording body data over a long period of time.

During 2021, the Group started a new project funded by the European Union, Life Remembrance, whose main objective is the manufacturing and sale of a new generation of safe and innovative filters for water purification, obtained from the recycling of scraps from the production of hollow fiber membranes.

### **Significant events in 2023**

In April 2023 an investment agreement was signed with SIMEST - the Cassa Depositi e Prestiti Group's company for the internationalisation of Italian companies -, which was aimed at entering the share capital of Medica USA Inc. The total investment by SIMEST in Medica's international expansion project, was Euro 1.7 million, including capital payment and interest-bearing financing. The transaction, which also benefited from the intervention of the Venture Capital Fund, managed by SIMEST in agreement with the Ministry of Foreign Affairs and International Cooperation, confirms SIMEST's commitment to supporting the international growth of Italian companies of excellence. SIMEST's entry into the share capital of Medica USA Inc. allows Medica to develop its planned investment plan in the U.S. company as part of the Group's broader geographic expansion project, which is backed by the asset purchase agreement to produce blood filters and water filters finalised with Evoqua Water Technologies on 1 April 2023.

On 1 March 2023, the subsidiary Medica USA Inc signed a final agreement – then finalised on 1 April 2023 - with Evoqua Water Technologies (NYSE: AQUA), a leading company in mission-critical water treatment solutions, concerning the acquisition of assets to produce blood filters and water filters. Evoqua will retain the distribution rights to the water filtration product line, including life-science filters and filters used in endoscope washing (AER).

This transaction is a key step in Medica USA's strategic growth as a manufacturer of blood and water filters and provides for long-term cooperation with Evoqua in the water filter business based on the acquired technology.

At the end of February 2023 Medica GmbH was established, which is a commercial company that is wholly owned by Medica S.p.A. and operates in the field of medical products in Germany.

The armed conflict continued between Russia and Ukraine, which had started in 2022. At the time of preparation of this report the conflict was limited to the two nations, but most of the Western countries, including Italy, have taken economic decisions aimed at imposing sanctions on the Russian Federation, which have also had repercussions on economy in our country.

Although the Company has no direct commercial relations with the two countries and has no significant exposure with respect to energy costs, the gradual deterioration of economy resulting from the sanctions and from the consequences of the conflict has had an indirect impact on the Company, as described in the paragraph on the performance of operations; at present, it is not possible to quantify or predict how these repercussions may be reflected in the financial statements for the coming financial years, as they depend substantially on the duration of the conflict, the expansion of its area and its extension over time and the consequent expiry date of the economic sanctions.

With reference to the critical situation due to the outbreak of the conflict in Ukraine, no substantial adverse impacts on the Company's business performance are reported to date, except for the effects of the supply chain crisis that the conflict helped exacerbate and caused the Company: i) a slowdown in the delivery of some orders, which were then fulfilled during 2023; ii) the increase especially in 2022 in stock levels to cope with market and price turbulence and uncertainty, with a consequent incremental effect on inventories of raw materials and work in progress.

With regard to the conflict in the Middle East at the end of 2023 and still ongoing, the Group is not experiencing a direct impact due to the conflict and no adverse impact is reported on business performance.

However, the directors note that they are monitoring the ongoing conflicts very carefully, in view of the potential adverse impact on the general economic environment, and are carrying out the audits required by the new EU regulations with the support of consultants in order to prevent sales in violation of the related legislation and in the verification of dual use.

Any possible risks could be associated with:

- Indirect impact derived from business relations with our customers and/or suppliers that could have direct effects in the countries involved in the conflict
- Fluctuations in the prices of raw materials and energy commodities
- Any possible repercussions (including indirectly) on the global economic and financial system.

### **Events after the reporting date**

The 510k Clearance for the sale of hemoconcentrators, manufactured by Medica, in the U.S. market has been received, through subsidiary Tecnoideal America Inc, from the U.S. FDA, with the indication of use on adult patients, for the removal of excess fluid from blood, for the purpose of restoring physiological blood conditions during or at the end of cardiopulmonary bypass surgery. This authorisation opens important commercial opportunities for the Medica Group, given the importance of the U.S. market in both strategic and geographic terms. Hemoconcentrators represent only the first class of approved devices; the FDA clearance process is already underway for a number of other devices in Medica's product portfolio.

### **Outlook**

The Group will continue to operate in order to provide rapid responses to the needs of the market and its customers, even if the present conditions of procurement of raw materials (plastics, metals, electronic components) put a strain on the scheduling of the various manufacturing operations. To this must be added the general increase in prices that greatly complicates industrial relations with both suppliers and customers. The Group has a growth potential that is still unexpressed, but it is difficult to estimate the results for 2024 in this situation. On the one hand, the substantial order backlog (equal to Euro 36 million at 31 December 2023, without considering the contribution given by Spindial and Medica GmbH, which are more related to long-term tenders or agreements), and the hyper-performing market trends of our main products (apheresis), and the firsts signals from recently established and acquired companies are positive signals in terms of growth trends while on the other hand the continuation of the geopolitical and military tensions and difficulties in the supply chain may lead to slippage of sales into the subsequent financial year.

Medolla, 25 March 2024

For the Board of Directors

Luciano Fecondini  
(Chairman)



## CONSOLIDATED FINANCIAL STATEMENTS OF THE MEDICA GROUP

### *Balance Sheet*

<i>ASSETS</i>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b><i>B) FIXED ASSETS:</i></b>		
<b>I – INTANGIBLE ASSETS:</b>		
1) start-up and expansion costs	764,220	1,032,265
2) development costs	316,693	583,618
3) industrial patent and intellectual property rights	229,560	194,522
4) concessions, licences, trademarks and similar rights	67,101	72,716
5) goodwill	2,104,332	2,710,069
6) fixed assets under development and advances	7,406,289	5,957,706
7) others	934,118	1,025,759
<b>TOTAL I</b>	<b>11,822,313</b>	<b>11,576,654</b>
<b>II – PROPERTY, PLANT AND EQUIPMENT:</b>		
1) land and buildings	14,874,524	10,080,834
2) plant and machinery	9,540,319	7,885,507
3) industrial and business equipment	513,709	582,928
4) other assets:	13,040,082	13,687,803
5) fixed assets under construction and advances	778,620	3,323,161
<b>TOTAL II</b>	<b>38,747,253</b>	<b>35,560,233</b>
<b>III – NON-CURRENT FINANCIAL ASSETS:</b>		
1) Equity investments in:	<b>66,607</b>	<b>66,607</b>
a) subsidiaries:	-	-
d) other companies	66,607	66,607
2) receivables:	<b>3,536,498</b>	<b>7,708,750</b>
b) from associates:	-	10,000
a.1) due beyond 12 months	-	10,000
d bis) from others	3,536,498	7,698,750
a.1) due within 12 months	2,423,768	3,628,173
a.2) due beyond 12 months	1,112,730	4,070,577
3) other securities	8,003,596	10,049,000
<b>TOTAL III:</b>	<b>11,606,701</b>	<b>17,824,357</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>62,176,267</b>	<b>64,961,245</b>
<b><i>C) CURRENT ASSETS</i></b>		
<b>I – INVENTORIES:</b>		
1) raw materials, supplies and consumables	8,429,089	8,147,926
2) work in progress and semi-finished products	3,729,026	4,228,905
3) contract work in progress	1,692,420	4,042,029
4) finished products and goods for resale	9,354,400	6,897,421
5) advances:	230,514	54,683
<b>TOTAL I:</b>	<b>23,435,449</b>	<b>23,370,964</b>
<b>II – RECEIVABLES</b>		
1) from customers:	18,374,588	13,586,727
a.1) due within 12 months	18,374,588	13,586,727
2) from subsidiaries:	-	-
a.1) due within 12 months	-	-
5) bis tax receivables:	5,467,546	7,341,588
due within 12 months.	4,939,071	6,588,695
due beyond 12 months.	528,475	752,893
5) ter deferred tax assets:	2,071,699	1,910,894
5) quater from others:	900,783	1,524,189
a.1) due within 12 months	826,060	1,449,466
a.2) due beyond 12 months	74,723	74,723
<b>TOTAL II:</b>	<b>26,814,617</b>	<b>24,363,398</b>
<b>IV – CASH AND CASH EQUIVALENTS:</b>		
1) bank and postal deposits:	6,489,321	16,501,065
3) money and cash on hand:	9,494	7,701
<b>TOTAL IV:</b>	<b>6,498,815</b>	<b>16,508,766</b>
<b>TOTAL CURRENT ASSETS (C):</b>	<b>56,748,881</b>	<b>64,243,128</b>
<b><i>D) ACCRUED INCOME AND PREPAID EXPENSES:</i></b>		
1) accrued income and prepaid expenses:	640,700	518,179
<b>TOTAL ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>640,700</b>	<b>518,179</b>
<b>TOTAL ASSETS</b>	<b>119,565,848</b>	<b>129,722,552</b>

<b>A) SHAREHOLDERS' EQUITY:</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
I - SHARE CAPITAL	4,223,250	4,223,250
II - SHARE PREMIUM RESERVE	18,575,820	18,575,820
III - REVALUATION RESERVES	1,721,314	1,721,314
IV - LEGAL RESERVE	646,206	470,241
V - RESERVES REQUIRED BY ARTICLES OF ASSOCIATION	10,799,700	7,456,358
VI - OTHER RESERVES	643,983	736,582
VIII - PROFITS (LOSSES) CARRIED FORWARD	12,498,777	11,667,804
IX - PROFITS (LOSSES) FOR THE YEAR	2,966,898	4,350,280
<b>TOTAL GROUP EQUITY</b>	<b>52,075,948</b>	<b>49,201,649</b>
I - MINORITY INTERESTS' CAPITAL AND RESERVES	2,801,307	3,313,388
I - PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS	-474,474	-336,607
I - EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	2,326,834	2,976,782
<b>TOTAL CONSOLIDATED EQUITY</b>	<b>54,402,782</b>	<b>52,178,431</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES:</b>		
1) for pension fund and similar obligations	225,571	203,879
2) for tax, including deferred tax	471,088	575,312
4) others	1,804,644	2,633,891
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>	<b>2,501,303</b>	<b>3,413,083</b>
<b>C) EMPLOYEE SEVERANCE PAY</b>	<b>2,258,285</b>	<b>2,237,714</b>
<b>D) PAYABLES</b>		
4) payables to banks:	24,097,700	27,200,713
a.1) due within 12 months	8,205,709	8,487,260
a.2) due beyond 12 months	15,891,991	18,713,453
5) payables to other lenders:	3,930,813	3,305,425
a.1) due within 12 months	834,278	1,050,432
a.2) due beyond 12 months	3,096,535	2,254,993
6) advances	6,867,337	8,889,831
a.1) due within 12 months	6,867,337	8,889,831
7) payables to suppliers:	13,065,227	17,372,426
a.1) due within 12 months	12,965,227	17,272,426
a.2) due beyond 12 months	100,000	100,000
9) payables to subsidiaries:	-	-
a.1) due within 12 months	-	-
a.2) due beyond 12 months	-	-
12) tax payables:	1,151,064	1,079,953
a.1) due within 12 months	1,151,064	1,079,953
13) payables to social security institutions	1,053,096	929,814
a.1) due within 12 months	1,053,096	929,814
14) other payables:	6,790,776	9,804,761
a.1) due within 12 months	5,700,776	5,564,761
a.2) due beyond 12 months	1,090,000	4,240,000
<b>TOTAL PAYABLES</b>	<b>56,956,014</b>	<b>68,582,923</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME:</b>		
1) accrued expenses and deferred income:	3,447,467	3,310,401
<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>3,447,467</b>	<b>3,310,401</b>
<b>TOTAL LIABILITIES</b>	<b>119,565,848</b>	<b>129,722,552</b>

## *Income Statement*

<b>A) VALUE OF PRODUCTION:</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
1) revenues from sales and services	79,978,824	50,863,747
2) changes in inventories of work in progress, semi-finished and finished products	1,870,791	1,225,488
3) changes in contract work in progress	2,227,509-	2,092,307
4) capitalisation of internal construction costs	2,986,814	2,050,948
5) other revenues and income	<b>2,630,762</b>	<b>4,650,359</b>
a) operating grants	1,312,672	764,220
b) capital grants (portions for the year)	479,300	484,454
c) others	838,790	3,401,684
<b>TOTAL A)</b>	<b>85,239,680</b>	<b>60,882,850</b>
<b>B) PRODUCTION COSTS:</b>		
6) for raw materials, supplies, consumables and goods for resale	34,721,343	22,222,794
7) for services	16,264,493	11,573,298
8) for leases and rentals	1,362,569	878,424
9) personnel costs	19,995,080	15,971,392
a) wages and salaries	14,623,740	11,442,920
b) social security contributions	3,896,209	3,124,931
c) employee severance pay	781,029	895,513
d) pension fund and similar obligations	58,965	35,637
e) other costs	635,137	472,391
10) amortisation, depreciation and write-downs	7,312,832	5,914,517
a) amortisation of intangible assets	1,284,385	1,642,957
b) depreciation of property, plant and equipment	5,746,633	4,253,211
d) write-downs of receivables stated under current assets and of cash and cash equivalents	281,814	18,348
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	265,607-	1,685,404-
12) provisions for risks	124,602	10,777
14) other operating charges:	1,164,305	733,084
<b>TOTAL B)</b>	<b>80,679,616</b>	<b>55,618,882</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A-B)</b>	<b>4,560,064</b>	<b>5,263,968</b>
<b>C) FINANCIAL INCOME AND COSTS</b>		
16) other financial income	120,676	14,181
d) income other than the foregoing	120,676	14,181
d.5) others	120,676	14,181
17) interest and other financial costs	1,302,833	533,020
4) from others	1,302,833	533,020
17) bis Foreign exchange gains and losses	31,810	66,046
<b>TOTAL (15+16-17)</b>	<b>1,150,347-</b>	<b>452,794-</b>
<b>PROFIT (LOSS) BEFORE TAX (A-B+-C+-D)</b>	<b>3,409,717</b>	<b>4,811,174</b>
20) current, deferred and prepaid tax for the year	917,293	797,501
<b>21) PROFIT (LOSS) FOR THE YEAR:</b>	<b>2,492,424</b>	<b>4,013,673</b>
<i>Profit (loss) attributable to minority interests</i>	474,474-	336,607-
<b>Profit (loss) attributable to the Group</b>	<b>2,966,898</b>	<b>4,350,280</b>

## Cash Flow Statement

(indirect method)

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (Loss) for the year	2,492,424	4,013,673
Income tax	917,293	797,501
Interest expense	1,302,833	533,020
Interest income	(120,676)	(14,181)
Capital losses from disposal of assets	3,597	18,000
Capital gains from disposal of assets	(227,862)	(2,601,000)
<b>Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from disposal</b>	<b>4,367,610</b>	<b>2,747,013</b>
<i>Adjustments for non-monetary items without a contra-entry in net working capital</i>		
Accruals to provisions	835,761	477,081
Amortisation and depreciation of fixed assets	7,031,018	5,896,168
Other non-monetary adjustments		
<b>CASH FLOW BEFORE CHANGES IN NET WORKING CAPITAL</b>	<b>12,234,389</b>	<b>9,120,262</b>
<i>Changes in net working capital</i>		
Decrease/(increase) in inventories	(264,985)	(5,004,734)
Decrease/(increase) in receivables (from customers and others)	(2,916,154)	(525,793)
Increase/(decrease) in payables (to suppliers and others)	(6,224,164)	3,649,076
Decrease/(increase) in accrued income and prepaid expenses	(122,521)	(174,513)
Increase/(decrease) in accrued expenses and deferred income	137,066	(390,984)
<b>CASH FLOW AFTER CHANGES IN NET WORKING CAPITAL</b>	<b>2,843,631</b>	<b>6,673,313</b>
<i>Other adjustments</i>		
Interest collected	93,075	6,205
Interest paid	(1,375,831)	(538,352)
Income tax paid	(400,588)	(824,056)
Use of provisions	(1,794,705)	(95,786)
<b>TOTAL OTHER ADJUSTMENTS</b>	<b>(3,478,049)</b>	<b>(1,451,989)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(634,419)</b>	<b>5,221,325</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments in intangible assets	(1,848,443)	(2,097,424)
Selling price of disinvestments from intangible assets	6,000	17,000
Investments in property, plant and equipment	(8,821,764)	(4,836,000)
Selling price of disinvestments from property, plant and equipment	247,874	71,612
Investments in non-current financial assets	(2,181,111)	(12,245,083)
Selling price of disinvestments from non-current financial assets	4,910,000	
Acquisition or sale of subsidiaries or business units, net of cash and cash equivalents	746,316	(3,397,503)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(6,941,127)</b>	<b>(22,487,398)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<i>Borrowed capital</i>		
Increase (decrease) in short-term payables to banks	(929,909)	(100,216)
New loans	7,115,584	11,500,000
Repayments of loans	(9,451,920)	(8,534,591)
<i>Net worth</i>		
Capital increase against payment	831,840	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(2,434,405)</b>	<b>2,865,193</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(10,009,951)</b>	<b>(14,400,881)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>16,508,766</b>	<b>30,909,647</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>6,498,815</b>	<b>16,508,766</b>

## *Notes to the financial statements*

### **1. General Information**

Medica S.p.A. (hereinafter the “**Company**” or the “**Parent Company**”) is a company incorporated under Italian law, domiciled in Italy and with registered office in Medolla (Modena).

The Company and its subsidiaries (collectively the “**Group**”) operate in the sector of medical products and hospital equipment. In particular, the Group includes a number of well-known brands in the sector and a wide range of products.

Medica S.p.A. has been listed since 3 November 2021 on the Euronext Growth Milan market, a multilateral trading system organised and managed by Borsa Italiana S.p.A..

The Consolidated Financial Statements prepared by the Board of Directors on 25 March 2024 were subject to a limited audit on the part of EY S.p.A..

### **2. Basis of preparation**

The Group’s consolidated financial statements at 31 December 2023 (“**Consolidated Financial Statements**”) have been prepared in accordance with the provisions of the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the Italian Accounting Board (*Organismo Italiano di Contabilità*).

The Consolidated Financial Statements have been prepared on a going concern basis for the Parent Company and all Group Companies. The financial statements used for consolidation purposes are made up of the relevant balance sheets, income statements and cash flow statements, as properly prepared.

The income statement and balance sheet data of the Consolidated Financial Statements are compared with the data for the financial year ended 31 December 2022.

The figures in the financial report are expressed in thousands of Euro, except as otherwise stated.

### **3. Form of the financial statements**

The structure of the Balance Sheet, the Income Statement and the Cash Flow Statement, as required by Article 32, paragraph 1, of Legislative Decree no. 127 of 1991 and subject to any necessary adjustment, is compliant with the formats provided for by Articles 2424 and 2425 of the Italian Civil Code, as also supplemented and prescribed by Articles 2424-*bis* and 2425-*bis*.

Furthermore, it should be noted that:

- items have been measured according to the principle of prudence, as well as by considering the economic function of the relevant asset or liability item;
- only those profits that had been realised as at the reporting date of the financial period have been stated;
- account has been taken of income and costs accrued in the financial period, regardless of the date of their receipt or payment;
- account has been taken of risks and losses pertaining to the financial period, even if they became known after the reporting date;
- heterogeneous elements included in each item have been valued separately;
- in application of the principle of materiality, the obligations regarding the recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect in order to provide a true and fair view;



- the items in the financial statements have been valued on a going-concern basis and thus taking account of the fact that the business constitutes a functioning economic complex, which is intended for the production of income, at least for a foreseeable future time horizon (12 months from the relevant reporting date of the financial statements).

#### 4. Scope of consolidation

The consolidated financial statements have been prepared by reporting, in full, the balance sheet and income statement data of the parent company and of the following subsidiaries:

Name	Registered Office	Share/Quota Capital	Group's ownership %
Tecnoideal Srl unipersonale	Mirandola – Italy	EUR 101,490	100%
Tecnoideal USA	Maryland – USA	USD 50,000	100%
Nefrodom	Santo Domingo – Dominican Republic	DOP 1,900,000	98.42%
Sar-med Srl	Iglesias – Italy	EUR 10,318,000	100%
Medica Méditerranée	Bizerte - Tunisia	TND 12,400,000	100%
THF Srl	Calestano – Italy	EUR 100,000	100%
Medica GmbH	Lüdenscheid - Germany	EUR 500,000	100%
Spindial SpA	Collecchio – Italy	EUR 13,102,000	51%
Dialpoint Srl	Traversetolo - Italy	EUR 10,400	30.6%
Medica USA Inc	Delaware – USA	USD 3,000,000	70%
Medica AT Ltd	Birmingham - UK	GBP 100,000	85%
Tecnoideal Asia	Shanghai – China	RMB 478,464	100%

The scope of consolidation underwent changes during the year as a result of the incorporation of Medica GmbH at the beginning of 2023, the different contribution given by Spindial SpA and Dialpoint Srl compared to 2022, since they were consolidated from 31 July 2022, and by Slom Srl, which was then merged into Tecnoideal in the previous year, consolidated from 31 August 2022, and by the newly-established companies at the end of 2022, Medica USA Inc and Medica AT Ltd, which were consolidated since the date of their incorporation.

#### 5. Consolidation principles

The most significant consolidation techniques adopted in drawing up the consolidated financial statements are described below:

- the main method adopted is that of consolidation on a line-by-line basis;
- the book value of each investment included in the scope of consolidation is eliminated against the elimination of the corresponding value of the investee's equity as at the date on which the company is consolidated for the first time and as resulting after such adjustments as may be necessary to make the accounting policies consistent. Where possible, the differences between the two values identified as above are charged to the assets and liabilities of the consolidated companies. Any residual amount, if negative, is recognised as "consolidation reserve" in equity, or, when it is due to forecasts of unfavourable results of operations, as "Provision for consolidation for future risks and charges"; if positive, it is recognised as "Goodwill" among assets or is explicitly taken as a reduction in the consolidation reserve up to its full amount;

- the share of equity attributable to minority shareholders, if any, is recognised as "Minority interests' capital and reserves" in equity; the share of profit (loss) for the financial period attributable to minority shareholders, if any, is recognised as "Profit (loss) attributable to minority interests" in equity and through profit or loss;
- payables and receivables and income and costs arising from transactions between Group companies are eliminated as from the date on which they are included for the first time in the consolidated financial statements;
- profits and losses resulting from transactions carried out between consolidated companies as from the date on which both companies joined the Group, are eliminated if they refer to assets that are still included in the company's capital;
- dividends, if any, which are distributed by Group companies consolidated on a line-by-line basis are reversed from the consolidated income statement;
- assets acquired under finance leases are accounted for by using the finance method;
- deferred tax arising from consolidation operations is accounted for on an accruals basis, but in any case according to the principle of prudence.

## 6. Accounting policies

### Intangible assets

They are recognised, within the limits of their recoverable value, at purchase or production cost, as increased by additional charges and reduced by the value of amortisation calculated on a straight-line basis in relation to the residual useful life of the asset. Deferred charges may be stated among balance sheet assets only if their future useful life can be demonstrated, there is an objective correlation with the related future benefits that will flow to the company and their recoverability can be estimated with reasonable certainty. Intangible assets are recognised when the definition of intangible asset is met pursuant to paragraph 9 of the accounting standard OIC 24 issued by the Italian Accounting Board; the company acquires the power to obtain the future economic benefits flowing from the asset itself and can restrict third-party access to those benefits, and the cost can be estimated with sufficient reliability. Goodwill is stated among intangible assets if it is acquired for a consideration, its value can be determined since it is included in the consideration paid and is initially made up of charges and costs deferred over time, which therefore guarantee future economic benefits and the principle of recoverability of the related cost is satisfied.

The company assesses whether there is any evidence of permanent impairment losses on each reporting date of the financial statements. If this evidence exists, the company would estimate the recoverable value of the fixed asset and carry out a write-down, in accordance with Article 2426, paragraph 1.3, when the fixed asset shows a value that is permanently lower than its net book value.

Start-up and expansion costs and development costs may only be recognised with the consent of the Board of Statutory Auditors.

The rates applied are as follows:

Start-up and expansion costs: 5 years

Development costs: 5 years

Industrial patent and intellectual property rights: 10 years

Concessions, licences, trademarks and similar rights: from 5 to 18 years

Goodwill: from 10 to 18 years

Others: from 5 to 12 years

### Property, plant and equipment

They are recognised, within the limit of their recoverable value, at purchase or production cost, including directly-attributable additional charges. The value of certain assets has been adjusted over the years in accordance with laws that allow for the currency appreciation of fixed assets.

Maintenance costs, which increase the productivity or useful life of assets, have been added to the corresponding item of the asset to which they refer and are amortised together with the asset itself. Maintenance costs that do not increase the value of the asset were expensed during the financial period.

Depreciation is calculated with reference to the cost, as revalued (if necessary), at constant rates, which are unchanged with respect to the previous financial period and are based on the residual useful life of the assets. Depreciation begins when the assets are available and ready for use and the rates are reduced by 50% in the financial period when they are acquired or enter into service.

The company assesses whether there is any evidence of permanent impairment losses on each reporting date of the financial statements. If this evidence exists, the company would estimate the recoverable value of the fixed asset and carry out a write-down, in accordance with Article 2426, paragraph 1.3, when the fixed asset shows a value that is permanently lower than its net book value.

Finance leases are accounted for by using the finance method. According to this approach:

- cost of leased assets is stated among property, plant and equipment and is depreciated on a straight-line basis according to their estimated useful life. As a contra-entry, a financial payable to the lessor is recognised for an amount equal to the value of the leased asset;
- lease payments are accounted for in such a way as to separate the financial element from principal, to be considered as repayment of the debt stated against the lessor.

The rates applied are as follows:

Land: indefinite useful life

Buildings: 33 years (3%)

Plant and Machinery: from 6.7 to 20 years (from 5% to 15%)

Industrial and commercial equipment: from 2.5 to 10 years (from 10% to 40%)

Other assets: 4 to 10 years (10% to 25%)

#### Inventories

They are valued at the lower of their cost and their net presumed realisable value that can be inferred from market trends. Cost is determined according to the FIFO method, as adjusted (if necessary) by the related provision for obsolescence.

Contract work in progress with a term exceeding one year, which meets the conditions laid down in the accounting standard OIC 23 issued by the Italian Accounting Board is measured according to the percentage of completion method, whilst other work is measured according to the completed contract method.

#### Receivables from customers and other receivables

They are classified on the basis of their allocation or origin with respect to recurring operations and are stated net of the provision for bad debts in order to be recognised at their presumed realisable value. Receivables whose due date does not fall within normal commercial terms and which do not accrue explicit interest are stated at their amortised cost, if significant, by using the effective interest method, net of any related impairment loss.

#### Tax receivables and payables, receivables for deferred tax assets and provisions for deferred tax liabilities

Tax receivables include certain and determined amounts deriving from receivables for which a right of recovery has arisen through repayment or offsetting.

Tax payables include certain and determined tax liabilities, as well as deductions carried out as a withholding agent and not yet paid as at the reporting date and, where offsetting is permitted, are stated net of advances, withholdings and tax credits.

Deferred tax assets are only accounted for when there is reasonable certainty of their recovery and are classified as "deferred tax assets". The amount of deferred tax assets is reviewed on each reporting date of the financial statements in order to establish whether there continues to be a reasonable certainty that future taxable income will arise and therefore the possibility of recovering the recognised amount.

Deferred tax liabilities are classified under "provisions for tax, including deferred tax" and are calculated on the basis of taxable temporary differences, applying the estimated rate prevailing on the date when these differences are expected to reverse.

#### Cash and cash equivalents

They are stated at their nominal value. Stocks in currencies other than euro are recognised at the exchange rate prevailing on the end date of the reporting period.

#### Accruals and deferrals

The principle of accruals concerning costs incurred or revenues earned in subsequent financial periods is applied by means of accounting for accrued income and prepaid expenses and accrued expenses and deferred income.

#### Provision for risks and charges

They are set aside to meet present, legal or constructive and probable obligations deriving from past events for which a reliable estimate of the amount arising from fulfilling related obligation can be made at the end of the financial period. If a liability is regarded as possible, no provision for risks is set aside and appropriate disclosure is provided in the notes to the financial statements.

#### Provision for employee severance pay

It corresponds to the full amount of benefits accrued in favour of employees in relation to current contractual and legal obligations.

#### Payables

They are classified on the basis of their allocation or origin with respect to recurring operations and are stated at their nominal value. Payables whose due date does not fall within normal commercial terms and which do not accrue explicit interest are stated at their amortised cost by using the effective interest method; if the effect of amortised cost is immaterial, these payables are also stated at their nominal value.

#### Revenue and cost recognition

Revenues from sales of products and costs for their purchase are recognised when there is the transfer of all the risks and rewards connected with ownership, which normally takes place upon shipment or delivery of the goods.

Financial income is recognised on an accruals basis.

#### Foreign currency amounts

Receivables and payables denominated in foreign currency have been accounted for on the basis of exchange rates applicable on the date when the related transactions were carried out.

Receivables and payables denominated in currencies other than euro were converted at the end of the financial period by using the exchange rate reported by the Bank of Italy on the last working day of the period, allocating the result to each debit or credit item.

In accordance with the provisions of Article 2427, paragraph 1.6-*bis*, of the Italian Civil Code, it should be noted that no significant changes occurred in exchange rates after the end of the reporting period.

#### Italian Accounting Board standard OIC 34 Revenues – First-time adoption

During 2023, the Management Board of the Italian Accounting Board (*Organismo Italiano di Contabilità*, OIC) approved the accounting standard no. 34 on revenues. The standard was applicable to financial statements for financial periods beginning on or after 1 January 2024. In addition to systematising elements that were already provided for in other standards (mainly OIC 15 “Receivables” and OIC 12 “Composition and Format of financial statements”), the new standard provided guidance on matters that had not been previously covered.

The scope of application of OIC 34 covers all transactions that involve the recognition of revenues from sales of goods and the provision of services, regardless of their classification in the Income Statement while disposals of business units, rent income, reversals and contract work in progress, as well as transactions that do not have the purpose of buying and selling, remain excluded.

The accounting model introduced by the new standard consists of the following steps:

- determining the total price of the contract;
- identifying the distinctly identifiable elementary units of accounting contained in the contract;
- measuring the elementary units of accounting;
- recognising revenues when the elementary unit of accounting is fulfilled by the entity, taking into account the fact that services could be rendered not at a specific time, but also over a period of time.

In order to identify any potential impact on the 2024 financial statements upon first-time adoption of the new provisions, the Company carried out a preliminary assessment in order to understand the most relevant cases for Companies affected by the new provisions of OIC 34.

The Company has preliminarily assessed that no significant impact on the result for the year and equity is expected from the application of the standard.

#### Cash flow statement

It has been prepared according to the accounting standard OIC 10 issued by the Italian Accounting Board; cash flows are shown according to the area from which they originate (operating, investing and financing activities).

The algebraic sum of the abovementioned cash flows consists of the increase or decrease in cash and cash equivalents that was recorded during the financial period.

Cash flow from operating activities is determined by using the indirect method, which entails reconstructing the data backwards, based on the profit (loss) for the financial period and making any necessary adjustment (amortisation and depreciation, provisions, changes in inventories, etc.) that has had no impact in terms of the creation or consumption of cash and cash equivalents.

Cash flows from investing activities include those from the purchase and sale of property, plant and equipment, intangible assets and non-current financial assets, as well as of current financial assets.

Cash flows from financing activities include those that result from obtaining or returning cash and cash equivalents in the form of venture capital or debt capital.

#### Climate Change

It should be pointed out that Medica does not fall under the scope of Directive 2003/87/EC (as finally amended by Directive (EU) 2018/410), which introduced and regulated the European Union Emissions Trading System (EU ETS).

The ETS is the main tool adopted by the European Union to achieve CO2 reduction targets in major manufacturing sectors and in the aviation industry.

Although the accounting standards OIC issued by the Italian Accounting Board do not make any explicit reference to climate-related issues, these impacts are taken into account by the Company in the application of accounting standards when they are significant, assessing their effects, both in the application of each accounting standard and on the Company’s ability to continue as a going concern. In this context, it should be noted that no significant risks have been reported for the Company from the application of each standard, and no doubts or uncertainties have arisen in relation to events or conditions that might call into question the Company's ability to continue as a going concern. It should

also be considered that the transition to reducing emissions from economies in response to climate change will create challenges and opportunities for global growth.

## 7. Intangible assets

The table below shows the breakdown of this item and the related changes during the period.

<i>(in thousands of Euro)</i>	Start-up and expansion costs	Development costs	Industrial patent and intellectual property rights	Concessions, licences and trademarks	Goodwill	Fixed assets under development and advances	Others	Total
<b>Balance at 31 December 2022</b>	<b>1,032</b>	<b>584</b>	<b>195</b>	<b>73</b>	<b>2,710</b>	<b>5,958</b>	<b>1,026</b>	<b>11,577</b>
<i>Of which:</i>								
- historical cost	1,387	11,135	916	261	3,688	5,958	4,913	28,258
- amortisation fund	-355	-10,552	-721	-188	-978	-	-3,887	-16,682
Change in perimeter								
Investments	-	-	102	18	40	1,652	36	1,848
Disinvestments	-1	-5						-6
Amortisation	-268	-266	-57	-43	-333	-	-317	-1,284
Reclassifications			-5	19		-203	190	-
Other changes					-313			-313
<b>Balance at 31 December 2023</b>	<b>764</b>	<b>317</b>	<b>230</b>	<b>67</b>	<b>2,104</b>	<b>7,406</b>	<b>935</b>	<b>11,823</b>
<i>Of which:</i>								
- historical cost	1,387	11,134	974	333	3,415	7,406	5,138	29,788
- amortisation fund	-623	-10,818	-744	-266	-1,311	-	-4,204	-17,966

The investments mainly related to the capitalisations of costs incurred for ongoing development projects, which had been started in previous years, the most significant of which related to the Grafene project for Euro 241 thousand, the NewHemo project for Euro 311 thousand, the Life project for Euro 319 thousand, the Detecta project for Euro 149 thousand, and the HomHemo project for Euro 228 thousand.

Other changes mainly include the reduction in goodwill at THF due to an agreement signed with the sellers of the company as a result of which the residual debt was reduced from Euro 300 thousand to Euro 63 thousand.

The investments made in 2022, amounting to Euro 3,010 thousand, mainly related to the capitalisation of costs incurred for development projects, and the acquisition of Spindial SpA and Slom Srl.

The details on the net book value at 31 December 2023 for the major development projects are provided below:

- 1) NewHemo project (in progress): Euro 3,434 thousand
- 2) Grafene project (in progress): Euro 810 thousand
- 3) Med-Log project (in progress): Euro 239 thousand
- 4) Detecta project (in progress): Euro 488 thousand
- 5) New SAU project (in progress): Euro 366 thousand
- 6) Catetere project (in progress): Euro 263 thousand

- 7) Life project (in progress): Euro 486 thousand
- 8) HomHemo project (in progress): Euro 946 thousand
- 9) CCB project (under amortisation): Euro 97 thousand
- 10) Apheresis membrane and filter project (under amortisation): Euro 85 thousand
- 11) Flexiper project (under amortisation): Euro 30 thousand
- 12) Medair project (under amortisation): Euro 29 thousand.

There were no significant changes in development projects in progress at 31 December 2023 compared to 31 December 2022.

As at 31 December 2023, there were no indicators of permanent impairment losses in intangible assets. The conditions for sharing of future results of operations are in fact unchanged for these assets. Their estimated useful life is also unchanged.

## 8. Property, plant and equipment

The table below shows the breakdown of this item and related changes for the period.

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
<b>Balance at 31 December 2022</b>	<b>10,081</b>	<b>7,886</b>	<b>583</b>	<b>13,688</b>	<b>3,323</b>	<b>35,560</b>
<i>Of which:</i>						
- historical cost	14,758	24,616	3,631	23,408	3,323	69,736
- depreciation fund	-4,677	-16,730	-3,048	-9,720	-	-34,175
Change in perimeter						
Investments	267	3,236	205	2,319	2,795	<b>8,822</b>
Disinvestments				-2	-22	<b>-24</b>
Depreciation	-464	-1,767	-417	-3,098	-	<b>- 5,747</b>
Exchange difference						
Reclassifications	4,991	185	142	136	-	<b>5,318</b>
<b>Balance at 31 December 2023</b>	<b>14,875</b>	<b>9,539</b>	<b>512</b>	<b>13,044</b>	<b>778</b>	<b>38,747</b>
<i>Of which:</i>						
- historical cost	20,016	27,927	3,860	25,793	778	78,374
- depreciation fund	-5,141	-18,388	-3,348	-12,750	-	- 39,626

The investments mainly related to the following items:

- 8) completion of the works involving the new building at subsidiary Medica Méditerranée for Euro 2,151 thousand (accumulated balance with plot of land equal to Euro 5,162 thousand at 31 December 2023);
- 9) investments in Medica USA in the amount of Euro 1,330 thousand (mainly consisting of works on the leased building in the amount of Euro 767 thousand and advances on machinery in the amount of Euro 435 thousand);
- 10) the purchase of machinery and moulds at the workshop of Slom (a company acquired during 2022 and then merged by incorporation into Tecnoideal at the end of 2022) for approximately Euro 700 thousand;
- 11) medical equipment purchased from Spindial for Euro 1,366 thousand;

- 12) in-house manufacture of apheresis equipment in the German market, for the newly-established Medica GmbH for Euro 938 thousand;
- 13) machinery made by Tecnoideal for the plants of Sarmed, Medica and Medica Méditerranée and THF for a total of Euro 807 thousand.

Investments made in property, plant and equipment amounted to Euro 4,836 thousand in 2022, mainly relating to the continuation of works on new buildings at Sarmed and Medica Méditerranée, the machinery made in-house by Tecnoideal for the factory at Sarmed, and equipment purchased from Spindial.

Land and buildings include a revaluation carried out for Euro 1,400 thousand in 2020 on the industrial building of subsidiary Sar-Med in application of Decree Law no. 104 of 2020 and a revaluation carried out for Euro 402 thousand on the office building and building area of the controlling company Medica, while plant and machinery include a revaluation carried out for Euro 375 thousand in the newly-acquired Slom Srl in 2020 in application of Decree Law 126 of 2020.

Plant and machinery include assets stated for a total of Euro 2,049 thousand, while other assets include medical equipment for a total of Euro 313 thousand, which are held under a finance lease agreement.

## 9. Non-current financial assets

The table below shows the changes recorded in this item during the period:

<i>(in thousands of Euro)</i>	<b>2023</b>	<b>2022</b>
<b>Opening balance</b>	<b>17,824</b>	<b>2,187</b>
Change in perimeter		494
Increases	2,435	16,900
Decreases	(8,652)	(1,757)
<b>Closing balance</b>	<b>11,607</b>	<b>17,824</b>

The increases mainly related to a new investment in short-term financial products, aimed at cash management, made by subsidiary Medica USA for Euro 2,135 thousand; the decreases refer to the partial disinvestment of the multi-branch insurance policies of Medica SpA for Euro 4,130 thousand, the partial release for Euro 3,000 thousand of the escrow account entered into in 2022 as security for the liabilities with the seller of Spindial SpA, of which an amount of Euro 746 thousand was by agreement between the parties paid into Spindial SpA and the remaining amount to the seller, and to the release of sums from the Single Justice Fund (FUG, *Fondo Unico Giustizia*) into Spindial SpA in the amount of Euro 730 thousand following the settlement of the tax dispute.

The balance also consisted of equity investments in other companies for Euro 67 thousand, which mainly included:

- 1) the quota in MISTER SMART INNOVATION S.C.A.R.L. for approximately Euro 57 thousand;
- 2) the equity investment in MEDICA MIDDLE EAST, with share capital of USD 8,000,000, subscribed for USD 900,000, equal to a percentage of 11.25%, which was completely written down in previous years. As at 31 December 2023, it was deemed appropriate to maintain the full write-down of the equity investment since no new information was available. The Egyptian shareholder has brought an action for damages against Tecnoideal, before the Cairo Regional Centre for International Commercial Arbitration, resulting in an arbitration award that was favourable to MEDICA MIDDLE EAST against Tecnoideal. This award has been challenged and is still pending before the Cairo Supreme Court and for this reason it cannot be made enforceable in Italy until the case is settled in Egypt. The company has assessed the risk of losing the case as remote and has therefore not set aside any provision for risks.



## 10. Inventories

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Raw materials, supplies and consumables	8,994	8,691
Work in progress and semi-finished products	3,729	4,451
Contract work in progress	1,692	3,810
Finished products and goods for resale	9,615	7,386
<b>Inventories, including the provision for write-down</b>	<b>24,030</b>	<b>24,338</b>
Provision for inventory obsolescence	(826)	(1,022)
Advances	231	55
<b>Inventories</b>	<b>23,435</b>	<b>23,371</b>

The balance, substantially unchanged from last year, includes an increase in the level of stock to meet the significant increase in sales and orders that took place in 2023, offset by the fulfilment of orders in the Automation division, which had reported a slowdown in delivery times following the Russian-Ukrainian conflict.

The provision for inventory write-down, which decreased by Euro 196 thousand compared to 31 December 2022, includes an accrual of Euro 65 thousand and a utilisation of Euro 261 thousand.

## 11. Receivables stated under current assets

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Of which due beyond 12 months</i>	<b>At 31 December 2022</b>	<i>Of which due beyond 12 months</i>
Receivables from customers	18,375		13,587	
Tax receivables	5,468	528	7,342	753
Deferred tax assets	2,072		1,911	
Receivables from others	901	75	1,524	75
<b>Total receivables</b>	<b>26,815</b>	<b>603</b>	<b>24,363</b>	<b>828</b>

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Italy</i>	<b>EU countries (excluding Italy)</b>	<i>Non-EU countries</i>
Receivables from customers	18,375	7,437	3,078	7,860
Tax receivables	5,468	5,421	16	31
Deferred tax assets	2,072	1,811	91	170
Receivables from others	901	812	26	62
<b>Total receivables</b>	<b>26,815</b>	<b>15,481</b>	<b>3,211</b>	<b>8,123</b>

The increase in receivables from customers reflects the increase in sales achieved in the year and particularly in the second half of the year compared to 2022.

Tax receivables mainly include VAT credits for Euro 2,807 thousand (Euro 3,291 thousand at 31 December 2022), which showed a decrease as a result of higher uses made in the year, tax credits on investments for Euro 894 thousand (Euro 1,360 thousand at 31 December 2022), tax credits on R&D, energy efficiency bonus and energy for Euro 337 thousand (Euro 378 thousand at 31 December 2022), and IRES (Corporate Income) and IRAP (Regional Production Activity) tax credits and taxes of foreign companies for Euro 1,330 thousand (against a balance of Euro 2,297 thousand in 2022).

Deferred tax assets mainly related to temporary differences on provisions for inventory write-down for Euro 168 thousand, on capital grants of Medica SpA for Euro 387 thousand, on previous tax losses of subsidiaries for Euro 641 thousand and on the effects of consolidation entries (mainly the elimination of profit margins arising from transactions between group companies) for Euro 727 thousand.

Receivables from others mainly included amounts for grants to be collected for Euro 533 thousand (Euro 960 thousand at 31 December 2022), which decreased mainly as a result of the amount collected by subsidiary Sarmed of the first tranche of the total grant recognised on the investment in the new building and related facilities of Euro 583 thousand received from SFIRS SpA (Società Finanziaria Regione Sardegna), and advances to suppliers for Euro 91 thousand (Euro 330 thousand at 31 December 2022).

No receivables were recognised in relation to transactions subject to reconveyance obligations.

The table below shows the changes in the provision for bad debts:

<i>(in thousands of Euro)</i>	<b>Provision for bad debts</b>
<b>Balance at 31 December 2022</b>	<b>490</b>
Change in perimeter	
Accrual	538
Release	
Use	-22
<b>Balance at 31 December 2023</b>	<b>1,006</b>

The accrual mainly refers to an adjustment to the provision for bad debts of subsidiary Spindial SpA to take account for the increased risk of recoverability of some receivables that existed in part prior to the date of Medica's acquisition of the Company.

## 12. Cash and cash equivalents

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank and postal deposits	6,489	16,501
Cheques	-	-
Money and cash on hand	10	8
<b>Total</b>	<b>6,499</b>	<b>16,509</b>

For more details on changes in liquidity, reference should be made to the cash flow statement.

## 13. Accrued income and prepaid expenses

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accrued income	0	0
Prepaid expenses	640	518
<b>Total</b>	<b>640</b>	<b>518</b>

Prepaid expenses were recognised in relation to insurance, leases and rentals. The increase was mainly attributable to Medica GmbH established in 2023.

## 14. Shareholders' equity

### Share capital

As at 31 December 2023, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 4,223,250 and was divided into 4,223,250 ordinary shares with no par value.

<i>(in thousands of Euro)</i>	<i>Share Capital</i>	<i>Legal Reserve</i>	<i>Share Premium Reserve</i>	<i>Reserve required by Articles of Association</i>	<i>Other reserves</i>	<i>Profits (Losses) carried forward</i>	<i>Profit (Losses) for the year</i>	<i>Total for the Group</i>	<i>Total for Minority Interests</i>	<i>Consolidated Total</i>
<b>At 31 December 2021</b>	<b>4,223</b>	<b>369</b>	<b>18,576</b>	<b>5,533</b>	<b>2,026</b>	<b>9,270</b>	<b>4,973</b>	<b>44,970</b>	<b>203</b>	<b>45,173</b>
Allocation of the result for the previous year		101		1,923		2,949	(4,973)	-	-	-
Reclassifications										
Corporate transactions (Tecnoideal America, Slom, Spindial)					432	(551)		(118)	3,111	2,992
Profit (loss) for the year							4,350	4,350	(337)	4,013
<b>At 31 December 2022</b>	<b>4,223</b>	<b>470</b>	<b>18,576</b>	<b>7,456</b>	<b>2,458</b>	<b>11,668</b>	<b>4,350</b>	<b>49,202</b>	<b>2,977</b>	<b>52,178</b>
Allocation of the result for the previous year		176		3,343		831	(4,350)	-	-	-
Other changes					(93)			(93)	(175)	(268)
Profit (loss) for the year							2,967	2,967	(474)	2,492
<b>At 31 December 2023</b>	<b>4,223</b>	<b>646</b>	<b>18,576</b>	<b>10,799</b>	<b>2,365</b>	<b>12,499</b>	<b>2,967</b>	<b>52,076</b>	<b>2,327</b>	<b>54,403</b>

On 1 November 2021, we received from Borsa Italiana S.p.A. the admission to listing of Medica's ordinary shares on the Euronext Growth Milan market, a multilateral trading system organised and managed by Borsa Italiana S.p.A.. The admission took place after the completion of the placement of a total of 847,650 ordinary shares (including overallotment and greenshoe options) for a total value of Euro 22,887 thousand, against a total demand exceeding Euro 174 million, equal to approximately 7.6 times the offer. Trading began on 3 November 2021. The placement price was set at Euro 27.00 per share, at the top of the range. Following the placement, Medica's share capital increased from 3,538,100 shares to 4,223,250 ordinary shares with no par value, of which 20.07% consists of free float, with a capital increase of Euro 18,499 thousand.

The table below shows the reconciliation of the Parent Company's Equity and the Group's Equity:

<i>(in thousands of Euro)</i>	<b>Equity at 31 December 2023</b>	<b>Profit (loss) for 2023</b>	<b>Other changes in 2023</b>	<b>Equity at 31 December 2022</b>
<b>Medica SpA equity</b>	<b>37,643</b>	<b>2,591</b>	<b>-</b>	<b>35,052</b>
Equity investments	16,679	922		15,849
Eliminations of intercompany transactions	(2,302)	(825)	(93)	(1,477)
Leases	56	279		(222)
<b>Group Equity</b>	<b>52,076</b>	<b>2,967</b>	<b>(93)</b>	<b>49,202</b>
<b>Minority Interests</b>	<b>2,327</b>	<b>(474)</b>	<b>(175)</b>	<b>2,977</b>
<b>Consolidated Equity</b>	<b>54,403</b>	<b>2,492</b>	<b>(268)</b>	<b>52,178</b>

## 15. Provisions for risks and charges

The table below shows the changes in this item.

<i>(in thousands of Euro)</i>	<b>Provision for agents' pension fund</b>	<b>Provision for tax, including deferred tax</b>	<b>Other provisions for risks</b>	<b>Total</b>
<b>At 31 December 2022</b>	<b>204</b>	<b>575</b>	<b>2,634</b>	<b>3,413</b>
Change in perimeter				
Accruals	21	31	513	<b>565</b>
Uses		(135)	(1,342)	<b>(1,477)</b>
Releases				
<b>At 31 December 2023</b>	<b>226</b>	<b>471</b>	<b>1,805</b>	<b>2,501</b>

Other provisions mainly include the best estimate of the payback provision on the years 2019-2023 (for more details on the nature of the liability, reference should be made to the following paragraph on Payables), amounting to Euro 1,480 thousand, and the estimated liability related to the medical device tax referred to in the recent decree of 29 December 2023 for establishing a fund for the governance of medical devices from the year 2023, amounting to Euro 75 thousand.

The decreases for the period are mainly attributable to the payment of the concession settlement with agreement of the tax disputes pending at Spindial SpA for the years 2013 to 2016 and the special voluntary correction of tax returns for years 2017 and 2018 for a total of Euro 1,076 thousand. Accruals, on the other hand, are mainly attributable to the best estimate of the impact of the payback regulations on sales for the period and the recent decree on establishing a fund for the governance of medical devices.

The provision for deferred tax liabilities related for Euro 373 thousand to the instalment payment of the capital gain realised from the sale of the automation line during the year.

With regard to all ongoing litigation both in civil (with former collaborators, former directors and customer) and criminal proceedings, mainly referring to subsidiary Spindial, we have made risk assessments and given the known elements and in some cases even the early stage of the litigation, we consider at this stage premature to be able to make reasonable estimates and at present we believe that there is no likelihood of losing the case.

## 16. Employee severance pay

<i>(in thousands of Euro)</i>	<b>Total</b>
<b>At 31 December 2022</b>	<b>2,238</b>
Accruals	301
Uses	(281)
<b>At 31 December 2023</b>	<b>2,258</b>

## 17. Payables

The table below shows the breakdown of this item at 31 December 2023 and at 31 December 2022.

<i>(in thousands of Euro)</i>	<b>At 31 December</b>	<b>Of which due beyond 12 months</b>	<b>Of which due beyond 5 years</b>	<b>At 31 December</b>	<b>Of which due beyond 12 months</b>	<b>Of which due beyond 5 years</b>
	<b>2023</b>			<b>2022</b>		
Payables to banks	24,098	15,892		27,201	18,713	
Payables to other lenders	3,931	3,097		3,305	2,255	
Advances	6,867			8,890		
Payables to suppliers	13,065	100		17,372	100	
Payables to subsidiaries						
Tax payables	1,151			1,080		
Payables to social security institutions	1,053			930		
Other payables	6,791	1,090		9,805	4,240	
<b>Total payables</b>	<b>56,956</b>	<b>20,179</b>		<b>68,583</b>	<b>25,308</b>	

No payables are backed by collateral on the Company's assets.  
No payables were recognised in relation to transactions subject to reconveyance obligations.

Payables to banks were made up of current accounts payable, an advance account and credit card balances for Euro 261 thousand while the remaining amount consisted of mortgages and loans. During the year, we took out new loans for Euro 6,200 thousand. Two loan agreements at Medica SpA provide for the following covenants on the figures in the consolidated financial statements (NFP/EBITDA<2.50 and NFP/Equity<1.00), which have been met.

Payables to other lenders mainly related to the finance machinery lease from MPS Leasing for Euro 1,603 thousand, as well as to finance leases on medical equipment for Euro 242 thousand, the loan from MISE (Ministry of Economic Development) for Euro 250 thousand, the loan from Simest in the amount of Euro 916 thousand granted to Medica USA and the option to purchase the capital subscribed by Simest in Medica USA in the amount of Euro 815 thousand. Simest's investment includes a financial covenant on the consolidated balance sheet figures (NFP/EBITDA < 2.50), which has been met.

For more details on changes in liquidity, reference should be made to the cash flow statement.

Advances related to capital grants for the Graphil and Life projects for Euro 958 thousand, an amount that was released to the income statement for Euro 900 thousand during the year to cover costs incurred, recognised and accounted for in the income statement, with the remaining amount mainly relating to advances received from customers, which showed a decrease compared to 2022, mainly as a result of the fulfilment of orders in the Automation division.

The decrease in payables to suppliers of Euro 4,307 thousand compared to 2022 was mainly attributable to a significant payment of third-party suppliers of Spindial SpA as a result of which payables decreased from Euro 8,493 thousand to Euro 3,680 thousand, partly offset by the increase in payables for higher purchases incurred in 2023 compared to 2022 to meet the significant increase in group turnover.

Other payables showed a decrease compared to 2022, mainly as a result of the agreement with the sellers of Spindial SpA against which the escrow account set up within the purchase and sale of the company was released in the amount of Euro 3,000 thousand, and an amount of Euro 2,254 thousand was paid to the sellers (while the remaining amount was paid to the Medica Group), and of the agreement with the sellers of THF Srl against which, compared to the initial debt of Euro 300 thousand, an amount of Euro 237 thousand was paid to the Medica Group and the remaining amount of Euro 63 thousand to the sellers, paid at the beginning of 2024.

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Italy</i>	<b>EU countries (excluding Italy)</b>	<i>Non-EU countries</i>
Payables to banks	24,098	24,058	4	36
Payables to other lenders	3,931	3,825	106	
Advances	6,867	558	2,362	3,947
Payables to suppliers	13,065	7,809	1,857	3,399
Tax payables	1,151	812	176	163
Payables to social security institutions	1,053	920	1	132
Other payables	6,791	5,485	1,018	287
<b>Total payables</b>	<b>56,956</b>	<b>43,368</b>	<b>5,524</b>	<b>7,964</b>

#### Tax payables

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<b>At 31 December 2022</b>
Income tax	224	113

VAT	287	
IRAP tax	-	109
IRPEF tax deductions for employees and others	640	858
<b>Total tax payables</b>	<b>1,151</b>	<b>1,080</b>

The balance of IRPEF (Personal Income) tax deductions for employees and others during the previous year included a remaining amount of tax payables of Euro 325 thousand with respect to the amounts entered on the taxpayer's record in 2021 and related to the 2013-2016 tax dispute with subsidiary Spindial Spa, which was settled in 2023.

#### Payables to social security institutions

	At 31 December	At 31 December
<i>(in thousands of Euro)</i>	2023	2022
Payables to INPS (National Social Security Institute)	721	679
Payables to other social security and welfare institutions	205	161
Others	127	90
<b>Total payables to social security and welfare institutions</b>	<b>1,053</b>	<b>930</b>

#### Other payables

	At 31 December	At 31 December
<i>(in thousands of Euro)</i>	2023	2022
Accrued vacation and leave time	1.303	1.027
Salaries	979	909
Residual debt for the acquisition of shares of Spindial, and quotas of THF and Slom	1.153	4.390
Others	3.356	3.479
<b>Total other payables</b>	<b>6.791</b>	<b>9.805</b>

The reduction in other payables was mainly attributable to the agreements with the seller of Spindial SpA as a result of which the debt was reduced from Euro 4,000 thousand to Euro 1,000 thousand (of which an amount of Euro 746 thousand was paid to the Medica Group to cover the tax charges incurred on the 2013-2016 tax litigation and the remaining amount paid to the seller), and the agreements with the sellers of THF as a result of which the debt was reduced from Euro 300 thousand to Euro 63 thousand for the payment of the indemnity of Euro 237 thousand to cover the liabilities incurred and the remaining amount of Euro 63 thousand was paid to the sellers in early 2024.

The "payback" liability arose from the various decrees issued since 2011 (namely Decree Law 98 of 2011, Decree Law 95 of 2012, Law 228 of 2012, Decree Law 78 of 2015 and the 2019 State-Regions Conference) whereby it was established that the overrun of the regional spending ceiling (equal to 4.4% of the annual National Health Fund (FSN)) for purchases of medical devices was charged to the companies supplying medical devices for a variable share of 40% to 50% of the annual overrun as from 2015 and in the amount equal to the percentage incidence of their turnover in relation to the total regional expenditure for the purchase of medical devices for each year. Subsequently during 2022, the Aid-bis Decree Law (as converted into Law 142 of 2022) provided for a structured process that has currently concluded with the adoption by the Regional Governments and the Autonomous Provinces of a set of measures whereby medical device supplier companies were required to pay a sum proportional to the share of the overrun in spending, which had been previously certified. As a result of the litigation brought by the industry operators, this process is awaiting the Constitutional Court's ruling on the constitutionality of the rule, following the order issued by the Regional Administrative Court (TAR, *Tribunale Regionale Amministrativo*) in November 2023, whereby it declared the issue of constitutional legitimacy relevant and not manifestly unfounded, pending which the assessments made last year are not changed. For the amounts requested by each regional government from the Group, a liability of Euro 3,423 thousand (of which an amount of Euro 3,299 thousand came from the newly-acquired companies) was accounted for in relation to the years 2015-2016-2017-2018 on the basis of the measures described above. The Group has also made provisions for a liability for the subsequent years

2019-2023, classified among provisions for risks, and mainly arising from the newly-acquired companies.

## 18. Accrued expenses and deferred income

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 31 December	At 31 December
	2023	2022
Accrued expenses	131	97
Deferred income	3,316	3,213
<b>Total accrued expenses and deferred income</b>	<b>3,447</b>	<b>3,310</b>

Deferred income mainly related to the tax credit and grants on investments for Euro 3,108 thousand while accrued expenses mainly related to interest expense for Euro 104 thousand.

## 19. Revenues from sales and services

“*Revenues from sales and services*”, equal to Euro 79,979 thousand in 2023, showed an increase of Euro 29,115 thousand (57%) compared to 2022. The growth in sales was mainly characterised by the contribution given by the newly-acquired and newly-established companies, amounting to Euro 18,873 thousand (from Euro 7,411 thousand in 2022 to Euro 26,284 thousand in 2023), and by a significant growth in group sales on a like-for-like basis (+24%, equal to Euro 10,243 thousand), mainly concentrated in the Automation division, in the Acute & Aferesis line of business, and OEMs.

In particular, the strong growth trend continued in the Acute & Aferesis line of business, which grew by 14% on a like-for-like basis compared to Euro 13,514 thousand achieved in 2022, reaching with the contribution given by the new companies a total turnover of Euro 23,640 thousand; this was accompanied by a recovery in the Automation division, which, mainly thanks to the fulfilment of orders that had slowed down last year due to the impact of the Russian-Ukrainian conflict in the supply chain, achieved an increase of Euro 5,548 thousand (+60%) compared to Euro 9,255 thousand realised in 2022, and a strong improvement in the second half of the year in the Water division, which made it possible to achieve year-end growth of 21% (+Euro 775 thousand) compared to 2022 on a like-for-like basis and to achieve with the contribution given by the new companies a total turnover of Euro 5,975 thousand in 2023 (+Euro 2,230 thousand, equal to 64%, compared to 2022).

With regard to the other business lines, we achieved significant growth in all divisions, with the exception of the Chronic line of business on a like-for-like basis, a division that was most affected by the effects of the global pandemic in terms of reduced volumes of filters and dialysis lines.

The table below shows the breakdown of revenues by geographical area:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Italy	28,799	18,395
Europe (excluding Italy)	22,927	15,813
Non-EU countries	28,253	16,656
<b>Total</b>	<b>79,979</b>	<b>50,864</b>

## 20. Capitalisation of internal construction costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Property, plant and equipment	1,862	905
Development projects	1,125	1,146
<b>Total</b>	<b>2,987</b>	<b>2,051</b>

The increase in property, plant and equipment for in-house work was mainly attributable to apheresis machines made in-house for the German market.

## 21. Other revenues

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Grants	1,792	1,255
Others	839	3,395
<b>Total</b>	<b>2,631</b>	<b>4,650</b>

Others in the previous year mainly included the capital gain of Euro 2,593 thousand arising from the sale of the automation line. The increase in the grants was mainly attributable to the portion of the grant collected in previous years on the Graphil project, released to the income statement, for Euro 900 thousand, to cover costs incurred and accounted for in the income statement. The balance includes contingent assets for Euro 157 thousand.

## 22. Costs for services, leases and rentals and other operating charges

The table below shows the breakdown of these items.

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Third-party manufacturing	2,835	2,507
Transport and customs charges	2,345	1,556
Consultancy and collaborations	3,666	2,575
Utilities	1,070	826
Maintenance, repair and service	779	463
Advertising, promotions and commissions	563	764
Fees due to directors (including social security contributions)	785	628
Fees due to the members of the board of statutory auditors/sole statutory auditor	60	47
Fees due to the audit firm/independent auditors	123	104
Insurance	335	157
Travel, business trips and board, expense reimbursement	1,277	964
Waste disposal	304	189
Research project costs (mainly homhemo, graphene and medair)	392	145
Other services	997	554
<b>Total cost for services</b>	<b>16,264</b>	<b>11,573</b>

The increase in costs compared to 2022 was mainly attributable to the change in the scope of consolidation (during the previous year Spindial and Dialpoint had been consolidated for 5 months, Slom Srl for 4 months, and this year there was the contribution given by the newly-established companies Medica USA, Medica AT Ltd, and Medica GmbH), which totalled Euro 4,712 thousand.

Within this change we must note the significant reduction of Euro 1,093 thousand in costs for services in Spindial SpA compared to 2022, which was offset by an increase in services mainly on a like-for-like basis and mainly in third-party processing costs due to the increased work carried out in the



automation division (Euro 351 thousand), maintenance (Euro 291 thousand), Utilities mainly due to the new plants built in 2023 (Euro 195 thousand), and consultancy and collaborations (Euro 156 thousand).

<i>(in thousands of Euro)</i>	Financial year at 31 December	
	2023	2022
Rents payable for buildings	812	546
Others	551	332
<b>Total leases and rentals</b>	<b>1,363</b>	<b>878</b>

The increase was mainly attributable to the change in the scope of consolidation for Euro 193 thousand and the new shed rented from Tecnoideal for Euro 120 thousand.

Other operating charges, amounting to Euro 1,164 thousand at 31 December 2023, showed an increase of Euro 431 thousand compared to the balance for 2022, equal to Euro 733 thousand, mainly for the contribution given by Spindial SpA for twelve months compared to five months in 2022. The balance included contingent liabilities of Euro 496 thousand, mainly attributable to Spindial SpA.

### 23. Personnel costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Wages and salaries	14,624	11,443
Social security contributions	3,896	3,125
Contributions to pension funds	840	931
Other personnel costs	635	472
<b>Total</b>	<b>19,995</b>	<b>15,971</b>

The increase in personnel costs compared to the previous year was mainly due to the change in the scope of consolidation for Euro 3,020 thousand while the remaining amount was due to the higher number of staff members in the companies on like-for-like basis.

The table below shows the average and exact headcount by category:

<i>(in figures)</i>	Financial year ended 31 December			
	2023 average	2022 average	2023 exact	2022 exact
Executives	16	13	17	13
Middle managers	37	35	37	34
Office workers	215	188	208	190
Manual workers	455	392	434	433
Trainees	35	22	35	34
<b>Total</b>	<b>757</b>	<b>650</b>	<b>731</b>	<b>704</b>

### 24. Financial income and costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Interest expense	1,208	460
Net foreign exchange loss (profit)	(32)	(66)

Other financial costs	95	73
<b>Total financial costs</b>	<b>1,271</b>	<b>467</b>
Financial income	121	14
<b>Total net financial costs</b>	<b>1,150</b>	<b>453</b>

The increase was mainly attributable to higher EURIBOR rate on outstanding loans.

## 25. Income tax

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Current tax	1,543	590
Taxes from previous years	(345)	(368)
Net deferred tax liabilities (assets)	(282)	576
<b>Total</b>	<b>917</b>	<b>797</b>

Tax income from previous years mainly refers to credits from supplementary returns filed by subsidiary Spindial in 2023. The higher tax charge was mainly due to lower deferred tax assets on tax losses recognised by subsidiaries.

Reconciliation of theoretical tax charge	31 December 2023	31 December 2022
Profit before tax	3,410	4,811
Theoretical IRES and IRAP tax (24%+3.9%)	951	1,342
IRES and IRAP tax from financial statements	918	798
Effective rate	27%	17%
<b>Difference</b>	<b>33</b>	<b>545</b>
Extraordinary income	345	124
Hyper/Super amortisation	278	341
Income from tax credits	19	171
Non-deductible costs	(208)	
Foreign tax	(15)	88
Others	(386)	(179)
<b>Total</b>	<b>33</b>	<b>544</b>

## 26. Related-party transactions

Transactions with related parties are mainly commercial in nature, and are linked to operations that are carried out at arm's length; however, there is no guarantee that if these transactions had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or performed the transactions themselves, at the same conditions and in the same manner.

The Group maintains relations with the following related parties:

- in particular, the Group companies (Medica and Tecnoideal) incur a rent payable on buildings to Villaflora Immobiliare Srl, a reference entity for the controlling company of Medica, amounting to Euro 346 thousand in 2023 (Euro 232 thousand in 2022).

## 27. Events after the reporting date

The 510k Clearance for the sale of hemoconcentrators, manufactured by Medica, in the U.S. market has been received, through subsidiary Tecnoideal America Inc, from the U.S. FDA, with the indication of use on adult patients, for the removal of excess fluid from blood, for the purpose of restoring physiological blood conditions during or at the end of cardiopulmonary bypass surgery. This authorisation opens important commercial opportunities for the Medica Group, given the importance of the U.S. market in both strategic and geographic terms. Hemoconcentrators represent only the first class of approved devices; the FDA clearance process is already underway for a number of other devices in Medica's product portfolio.

## 28. Other information

### Commitments, guarantees and potential liabilities not resulting from the balance sheet

The Group provides the following guarantees:

*Amounts in €/000*

<b>Description – Medica SpA</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees given to third parties	181	144
Guarantees given to group companies	4,435	4,024
Guarantees received	2,833	4,073
<b>Description – Tecnoideal Srl</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees received and given to third parties	1,825	3,331
<b>Description – Sar-med Srl</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees received	3,451	4,687
<b>Description – THF Srl</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees received	61	164
<b>Description – Medica Méditerranée</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees given to third parties	138	138
<b>Description – Spindial SpA</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Guarantees given to third parties	6,426	4,947
Guarantees received	726	879
<b>Total</b>	<b>22,387</b>	<b>22,387</b>

Guarantees given to third parties:

- Sureties of Euro 71 thousand to public bodies for tendering on the part of the parent company;
- Sureties of Euro 110 thousand for ceiling of the parent company's credit cards;
- Sureties of Euro 6,102 thousand to public bodies for tendering on the part of Spindial (of which Euro 604 thousand with joint obligation of Medica);
- Surety bond of Euro 927 thousand in favour of the Revenue Agency on VAT refunds of Spindial from previous years.

Guarantees given by the parent company to group companies:

- SAR-MED SRL: surety bond of Euro 75 thousand in favour of Banco Popolare di Milano on current account opening;
- SAR-MED SRL: surety bond of Euro 500 thousand in favour of Monte Paschi di Siena on financing.

Furthermore, the parent company Medica SpA provided a comfort letter in favour of MPS Leasing on lease agreements entered into by SAR-MED SRL.

- TECNOIDEAL SRL: comfort letter granted for Euro 575 thousand in favour of BPER on financing;
- TECNOIDEAL SRL: surety bond granted for Euro 1,050 thousand in favour of Monte Paschi di Siena on financing;
- TECNOIDEAL SRL: surety bond granted for Euro 1,217 thousand in favour of BPER on financing.

Guarantees received by the Parent Company

- SACE surety of Euro 51 thousand on Banca Popolare Emilia-Romagna loan;
- Medio Credito Centrale guarantees for Euro 2,781 thousand.

Guarantee received and given to third parties by Tecnoideal:

- Guarantees received from Medio Credito Centrale for Euro 1,825 thousand on loans received,
- Surety bond in favour of a customer on Intesa for Euro 271 thousand (with joint obligation of Medica).

Guarantees received by Sar-med Srl:

- Guarantees received from Medio Credito Centrale for Euro 3,451 thousand on loans received.

Guarantees received by THF Srl:

- Medio Credito Centrale guarantee for Euro 61 thousand on loans received.

Guarantee given to third parties by Medica Méditerranée:

- Bank guarantee for Euro 138 thousand on a building.

Guarantees received by Spindial SpA

- Guarantees received from Medio Credito Centrale for Euro 726 thousand on loans received.

### **Information on extraordinary costs or revenues**

It should be noted that the Group did not achieve any cost or revenue of extraordinary value or impact, except for contingent assets and liabilities described in the previous paragraphs.

### **Information required by Article 1, paragraph 125, of Law no. 124 of 4 August 2017**

In relation to the provision of Article 1, paragraph 125-*bis*, of Law 124 of 2017, the Group hereby certifies that during 2023 it benefited from the state aids for which reference should be made to the National Register of State Aids, which can be consulted on the ministerial website [www.rna.gov.it](http://www.rna.gov.it) and which can be briefly summarised below:

- a) Countering negative Brexit impacts from Territorial Cohesion Agency;
- b) Grants on contribution on account of interest from Simest;
- c) Investment project on ROP SARDEGNA-ERDF 2014-2020 - Sipes Code T4-36;
- d) Contribution relief for employment in disadvantaged areas – Reduced contribution for Southern Italy (Article 27 of Decree Law 104 of 2020); Contribution exemption under 35 Law 178/2020;
- e) Employment bonuses - Hiring incentives ROP ESF 2014/2020 Sardinia DGR 36/57 of 12 September 2019;
- f) Tax exemptions and tax credits and non-repayable grants for Covid-19 (Decree Law 34/2020);
- g) Concessions for energy-intensive enterprises;
- h) Tax credits on investments and operating expenses shown in tax credits.

**Information on agreements not resulting from the balance sheet**

No agreements are in place, in addition to those already shown in the consolidated financial statements.

**Fees due to Directors, Statutory Auditors and independent auditors**

For more information on the fees due to Directors and independent auditors, reference should be made to the table reported in note 25.

**Classes of shares issued by the Parent Company**

As of today's date, the Company's authorised Share Capital amounts to Euro 4,223,250, is fully paid up and is only divided into 4,223,250 ordinary Shares with no par value. For further details, reference should be made to the paragraph that shows changes in Equity.

**Securities and other financial instruments issued by the Parent Company**

Medica SpA has not issued securities or other financial instruments.

**Information on assets and loans intended for specific business**

In accordance with Article 2447-*bis* of the Italian Civil Code, it should be noted that the Group has not allocated any assets or loans to a specific business.

Medolla, 25 March 2024

For the Board of Directors

Luciano Fecondini  
(Chairman)



**Independent auditors' report on the consolidated financial statements**



**Medica S.p.A.**

Consolidated financial statements as at December 31, 2023

Independent auditor's report in pursuant to article 14 of  
Legislative Decree n. 39, dated January 27, 2010



EY S.p.A.  
Via Massimo D'Azeglio, 34  
40123 Bologna

Tel: +39 051 278311  
Fax: +39 051 236666  
ey.com

## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of  
Medica S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Medica Group (the Group), which comprise the balance sheet as at December 31, 2023, the income statement and consolidated statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Medica S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Medica S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

EY S.p.A.  
Sede Legale: Via Meneghelli, 12 – 20123 Milano  
Sede Secondaria: Via Lombardia, 31 – 00187 Roma  
Capitale Sociale Euro 2.600.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 028158 - P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

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## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





## Report on compliance with other legal and regulatory requirements

### Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Medica S.p.A. are responsible for the preparation of the Report on Operations of Medica Group as at December 31, 2023 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Medica Group as at December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Medica Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 8, 2024

EY S.p.A.

Signed by: Gianluca Focaccia, Auditor

*This report has been translated into the English language solely for the convenience of international readers.*

## SEPARATE FINANCIAL STATEMENTS OF MEDICA SPA

### Balance Sheet

<i>ASSETS</i>	31.12.2023	31.12.2022
<b><i>B) FIXED ASSETS:</i></b>		
<b>I – INTANGIBLE ASSETS:</b>		
1) start-up and expansion costs	715,604	967,443
2) development costs	114,311	213,902
3) industrial patent and intellectual property rights	208,547	142,657
4) concessions, licences, trademarks and similar rights	31,767	34,947
5) goodwill	263,106	285,753
6) fixed assets under development and advances	5,973,147	4,952,910
7) others	269,015	118,124
<b>TOTAL I</b>	<b>7,575,497</b>	<b>6,715,736</b>
<b>II – PROPERTY, PLANT AND EQUIPMENT:</b>		
1) land and buildings	2,186,299	2,218,539
2) plant and machinery	966,401	908,942
3) industrial and business equipment	205,879	217,200
4) other assets	88,466	72,775
5) fixed assets under construction and advances	2,900	40,341
<b>TOTAL II</b>	<b>3,449,945</b>	<b>3,457,798</b>
<b>III – NON-CURRENT FINANCIAL ASSETS:</b>		
1) Equity investments in:	<b>23,162,486</b>	<b>20,838,371</b>
a) subsidiaries	23,105,460	20,781,345
d) other companies	57,026	57,026
2) receivables:	<b>11,242,426</b>	<b>3,008,058</b>
a) from subsidiaries:	<b>10,230,136</b>	3,000,000
a.1) due within 12 months	1,400,000	-
a.2) due beyond 12 months	8,830,126	3,000,000
d bis) from others:	<b>1,012,090</b>	<b>4,008,058</b>
a.2) due beyond 12 months	1,012,090	4,008,058
3) other securities	5,869,000	9,999,000
<b>TOTAL III:</b>	<b>40,273,912</b>	<b>37,845,429</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>51,299,354</b>	<b>48,018,963</b>
<b><i>C) CURRENT ASSETS</i></b>		
<b>I – INVENTORIES:</b>	437,770	324,266
1) raw materials, supplies and consumables	451,705	345,892
2) work in progress and semi-finished products	486,948	380,488
3) contract work in progress	5,139,792	4,005,610
4) finished products and goods for resale	1,148,581	24,028
5) advances	<b>7,664,797</b>	<b>5,080,283</b>
<b>TOTAL I:</b>		
<b>II – RECEIVABLES</b>	<b>8,506,946</b>	<b>7,654,948</b>
1) from customers:	8,506,946	7,654,948
a.1) due within 12 months	<b>5,013,618</b>	<b>2,538,682</b>
2) from subsidiaries:	5,013,618	2,538,682
a.1) due within 12 months	<b>1,933,374</b>	<b>2,441,071</b>
5) bis tax receivables:	1,837,866	2,322,503
due within 12 months.	95,508	118,568
due beyond 12 months.	<b>434,276</b>	<b>613,463</b>
5) ter deferred tax assets:	<b>145,193</b>	<b>336,470</b>
5) quater from others:	70,470	261,747
a.1) due within 12 months	74,723	74,723
a.2) due beyond 12 months	<b>16,033,406</b>	<b>13,584,633</b>
<b>TOTAL II:</b>		
<b>IV – CASH AND CASH EQUIVALENTS:</b>		
1) bank and postal deposits	2,319,978	11,634,622
3) money and cash on hand	2,161	4,535
<b>TOTAL IV:</b>	<b>2,322,139</b>	<b>11,639,157</b>
<b>TOTAL CURRENT ASSETS (C=I+II):</b>	<b>26,020,343</b>	<b>30,304,074</b>
<b><i>D) ACCRUED INCOME AND PREPAID EXPENSES:</i></b>		
1) accrued income and prepaid expenses	138,231	155,531
<b>TOTAL ACCRUED INCOME AND PREPAID EXPENSES:</b>	<b>138,231</b>	<b>155,531</b>
<b>TOTAL ASSETS:</b>	<b>77,457,928</b>	<b>78,478,568</b>

<b>A) SHAREHOLDERS' EQUITY:</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
I - SHARE CAPITAL	4,223,250	4,223,250
II - SHARE PREMIUM RESERVE	18,575,820	18,575,820
III - REVALUATION RESERVES		
IV - LEGAL RESERVE	646,206	470,241
V - RESERVES REQUIRED BY ARTICLES OF ASSOCIATION	10,799,700	7,456,358
VI - OTHER RESERVES	806,821	806,821
VIII - PROFITS (LOSSES) CARRIED FORWARD		
IX - PROFITS (LOSSES) FOR THE YEAR	2,590,977	3,519,307
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>37,642,774</b>	<b>35,051,797</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES:</b>		
1) for pension fund and similar obligations	12,362	9,879
2) for tax, including deferred tax	432,466	559,178
4) others	225,561	153,000
<b>TOTAL (B=1+2+3+4)</b>	<b>670,389</b>	<b>722,058</b>
<b>C) EMPLOYEE SEVERANCE PAY</b>	<b>175,747</b>	<b>168,980</b>
<b>D) PAYABLES</b>		
4) payables to banks:	<b>15,650,721</b>	<b>14,826,881</b>
a.1) due within 12 months	4,902,095	4,015,429
a.2) due beyond 12 months	10,748,626	10,811,452
5) payables to other lenders	<b>814,627</b>	-
a.2) due beyond 12 months	814,627	-
6) advances	<b>3,120,956</b>	<b>4,839,620</b>
a.1) due within 12 months	3,120,956	4,839,620
7) payables to suppliers:	<b>2,468,797</b>	<b>2,753,817</b>
a.1) due within 12 months	2,368,797	2,653,817
a.2) due beyond 12 months	100,000	100,000
9) payables to subsidiaries:	<b>13,918,920</b>	<b>14,172,437</b>
a.1) due within 12 months	13,918,920	14,172,437
12) tax payables:	<b>221,600</b>	<b>236,639</b>
a.1) due within 12 months	221,600	236,639
13) payables to social security institutions	<b>257,712</b>	<b>230,593</b>
a.1) due within 12 months	257,712	230,593
14) other payables:	<b>1,392,014</b>	<b>4,356,846</b>
a.1) due within 12 months	392,014	356,846
a.2) due beyond 12 months	1,000,000	4,000,000
<b>TOTAL (D= 1+2+3+4+5+6+7+8+9+10+11+11 bis+12+13)</b>	<b>37,845,347</b>	<b>41,416,834</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME:</b>		
1) accrued expenses and deferred income:	1,123,669	1,118,900
<b>TOTAL (E=1+2)</b>	<b>1,123,669</b>	<b>1,118,900</b>
<b>TOTAL LIABILITIES</b>	<b>77,457,928</b>	<b>78,478,568</b>

## *Income Statement*

<b>A) VALUE OF PRODUCTION:</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
1) revenues from sales and services	46,607,960	37,969,665
2) changes in inventories of work in progress, semi-finished and finished products	1,275,709	-667,846
3) changes in contract work in progress	106,460	171,782
4) capitalisation of internal construction costs	512,763	476,776
5) other revenues and income	1,417,677	2,805,457
a) operating grants	1,101,747	7,583
c) others	315,930	2,797,874
<b>TOTAL A)</b>	<b>49,920,569</b>	<b>40,755,834</b>
<b>B) PRODUCTION COSTS:</b>		
6) for raw materials, supplies, consumables and goods for resale	35,913,031	27,669,504
7) for services:	4,223,268	3,277,121
8) for leases and rentals:	306,860	252,779
9) personnel costs:	3,338,497	2,888,957
a) wages and salaries:	2,361,097	2,033,436
b) social security contributions:	750,055	606,998
c) employee severance pay:	98,987	168,765
d) pension fund and similar obligations	42,025	20,527
e) other costs:	86,333	59,232
10) amortisation, depreciation and write-downs	1,212,972	1,734,948
a) amortisation of intangible assets	533,923	479,120
b) depreciation of property, plant and equipment	679,049	1,255,828
d) write-downs of receivables stated under current assets and of cash and cash equivalents		
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	-77,791	-193,533
13) other accruals	52,561	
14) other operating charges:	872,795	129,587
<b>TOTAL B)</b>	<b>45,842,192</b>	<b>35,759,362</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A-B)</b>	<b>4,078,377</b>	<b>4,996,472</b>
<b>C) FINANCIAL INCOME AND COSTS</b>		
16) other financial income	518,953	29,938
a) from receivables stated in fixed assets	478,995	
a.1) subsidiaries:	478,995	
d) income other than the foregoing	39,958	29,938
d.5) others:	39,958	29,938
17) interest and other financial costs	759,936	221,801
4) from others	759,936	221,801
17) bis Foreign exchange gains and losses:	-8,565	4,627
<b>TOTAL FINANCIAL INCOME AND COSTS (15+16-17 and 17 bis)</b>	<b>249,548-</b>	<b>187,236-</b>
<b>PROFIT (LOSS) BEFORE TAX (A-B+-C+-D+-E)</b>	<b>3,828,829</b>	<b>4,809,235</b>
20) current, deferred and prepaid tax for the year		
Current tax	1,185,377	947,594
Deferred and prepaid tax	52,474	342,334
<b>Total current, deferred and prepaid tax for the year</b>	<b>1,237,851</b>	<b>1,289,928</b>
<b>21) PROFIT (LOSS) FOR THE YEAR:</b>	<b>2,590,977</b>	<b>3,519,307</b>

## Cash Flow Statement

(indirect method)

	<u>31/12/2023</u>	<u>31/12/2022</u>
-		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (Loss) for the year	2,590,978	3,519,307
Income tax	1,237,852	1,289,927
Interest expense	759,936	221,801
Interest income	(518,953)	(29,938)
Capital losses from disposal of assets	0	10,158
Capital gains from disposal of assets	(8,264)	(2,594,230)
<b>Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from disposal</b>	<b>4,061,549</b>	<b>2,417,025</b>
<i>Adjustments for non-monetary items without a contra-entry in net working capital</i>		
Accruals to provisions	81,811	143,998
Amortisation and depreciation of fixed assets	1,212,972	1,734,948
<b>CASH FLOW BEFORE CHANGES IN NET WORKING CAPITAL</b>	<b>5,356,331</b>	<b>4,295,971</b>
<i>Changes in net working capital</i>		
Decrease/(increase) in inventories	(2,584,514)	310,441
Decrease/(increase) in receivables (from customers and others)	(2,022,914)	(3,977,683)
Increase/(decrease) in payables (to suppliers and others)	(3,557,162)	(46,958)
Decrease/(increase) in accrued income and prepaid expenses	17,300	(13,524)
Increase/(decrease) in accrued expenses and deferred income	4,769	(7,579)
<b>CASH FLOW AFTER CHANGES IN NET WORKING CAPITAL</b>	<b>(2,786,190)</b>	<b>560,667</b>
<i>Other adjustments</i>		
Interest collected	383,068	6,077
Interest paid	(746,940)	(198,098)
Income tax paid	(216,438)	(508,710)
Use of provisions	0	0
<b>TOTAL OTHER ADJUSTMENTS</b>	<b>(580,310)</b>	<b>(700,731)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(3,366,500)</b>	<b>(140,064)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments in intangible assets	(1,398,423)	(1,308,950)
Selling price of disinvestments from intangible assets	4,740	3,800
Investments in property, plant and equipment	(698,117)	(298,000)
Selling price of disinvestments from property, plant and equipment	35,184	53,371
Investments in non-current financial assets	(9,587,713)	(13,000,817)
Investments in non-current financial assets	4,130,000	(4,000,000)
Acquisition or sale of subsidiaries or business units, net of cash and cash equivalents	746,315	(2,961,298)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(6,768,014)</b>	<b>(21,511,894)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<i>Borrowed capital</i>		
Increase (decrease) in short-term payables to banks	(7,511)	(9,046)
New loans	6,000,000	10,000,000
Repayments of loans	(5,174,995)	(3,018,716)
<i>Net worth</i>		
Capital increase against payment		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>817,495</b>	<b>6,972,238</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(9,317,019)</b>	<b>(14,679,720)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>11,639,157</b>	<b>26,318,877</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>2,322,139</b>	<b>11,639,157</b>

## *Notes to the financial statements*

### **1. Basis of preparation**

The financial statements for the financial year ended 31 December 2023, of which these Explanatory Notes, together with the Cash Flow Statement, form an integral part in accordance with Article 2423, paragraph 1, of the Italian Civil Code, correspond to the results of the accounting records that are duly kept and have been prepared in accordance with the provisions of the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the Italian Accounting Board (*Organismo Italiano di Contabilità*).

It should be noted that the Balance Sheet, Income Statement and Cash Flow Statement show values that are expressed in Euro units, whilst the explanatory notes are expressed in thousands of Euro, except as otherwise stated.

The principles of financial statements referred to in the accounting standard OIC 11, paragraph 15, issued by the Italian Accounting Board, have been complied with. Furthermore, it should be noted that:

- items have been measured according to the principle of prudence, as well as by considering the economic function of the relevant asset or liability item;
- only those profits that had been realised as at the reporting date of the financial period have been stated;
- account has been taken of income and costs accrued in the financial period, regardless of the date of their receipt or payment;
- account has been taken of risks and losses pertaining to the financial period, even if they became known after the reporting date;
- heterogeneous elements included in each item have been valued separately;
- in application of the principle of materiality, the obligations regarding the recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect in order to provide a true and fair view.

#### **Going-concern principle**

The items of financial statements have been valued on a going-concern basis and thus taking account of the fact that the business constitutes a functioning economic complex, which is intended for the production of income, at least for a foreseeable future time horizon (12 months from the relevant reporting date of the financial statements).

#### **Exceptions under Article 2423, paragraph 5, of the Italian Civil Code**

No extraordinary events occurred, which made it necessary to apply exceptions pursuant to Article 2423, paragraph 5, of the Italian Civil Code.

#### **Changes in accounting standards**

There were no changes in accounting standards during the year

#### **Correction of material errors**

No material errors committed in previous years were reported during the year.

#### **Comparability and adaptation issues**

There are no assets and liabilities which fall under more than one heading in the financial statements.

### **2. Accounting policies**

The accounting policies used to prepare the financial statements for the reporting period are the same as those used to prepare the financial statements for the previous financial year.

#### Intangible assets

They are recognised, within the limits of their recoverable value, at purchase or production cost, as increased by additional charges and reduced by the value of amortisation calculated on a straight-line basis in relation to the residual useful life of the asset. Deferred charges may be stated among balance sheet assets only if their future useful life can be demonstrated, there is an objective correlation with the related future benefits that will

flow to the company and their recoverability can be estimated with reasonable certainty. Intangible assets are recognised when the definition of intangible asset is met pursuant to paragraph 9 of the accounting principle OIC 24 issued by the Italian Accounting Board; the company acquires the power to obtain the future economic benefits flowing from the asset itself and can restrict third-party access to those benefits, and the cost can be estimated with sufficient reliability. Goodwill is stated among intangible assets if it is acquired for a consideration, its value can be determined since it is included in the consideration paid, it is initially made up of charges and costs deferred over time, which therefore guarantee future economic benefits and the principle of recoverability of the related cost is satisfied.

The company assesses whether there is any evidence of permanent impairment losses on each reporting date of the financial statements. If this evidence exists, the company would estimate the recoverable value of the fixed asset and carry out a write-down, in accordance with Article 2426, paragraph 1.3, when the fixed asset shows a value that is permanently lower than its net book value.

Start-up and expansion costs and development costs may only be recognised with the consent of the Board of Statutory Auditors.

The rates applied are as follows:

Start-up and expansion costs: 5 years

Development costs: 5 years

Industrial patent and intellectual property rights: 10 years

Concessions, licences, trademarks and similar rights: from 5 to 18 years

Goodwill: from 10 to 18 years

Others: from 5 to 12 years

#### Property, plant and equipment

They are recognised, within the limit of their recoverable value, at purchase or production cost, including directly-attributable additional charges. The value of certain assets has been adjusted over the years in accordance with laws that allow for the currency appreciation of fixed assets.

Maintenance costs, which increase the productivity or useful life of assets, have been added to the corresponding item of the asset to which they refer and are amortised together with the asset itself. Maintenance costs that do not increase the value of the asset were expensed during the financial period.

Depreciation is calculated with reference to the cost, as revalued (if necessary), at constant rates, which are unchanged with respect to the previous financial period and are based on the residual useful life of the assets. Depreciation begins when the assets are available and ready for use and the rates are reduced by 50% in the financial period of purchase or when they enter into service.

The company assesses whether there is any evidence of permanent impairment losses on each reporting date of the financial statements. If this evidence exists, the company would estimate the recoverable value of the fixed asset and carry out a write-down, in accordance with Article 2426, paragraph 1.3, when the fixed asset shows a value that is permanently lower than its net book value.

The depreciation rates applied are as follows:

- buildings: 3%,
- lightweight construction: 10%
- general systems: 10%
- special systems: 15%
- machinery: 15%
- equipment: 40%
- electromechanical office machines: 20%
- office furniture: 12%
- motor vehicles and means of internal transport : 20%

- mobile phones: 20%

#### Equity investments

They are classified as fixed assets or current assets according to their intended use. They are initially recognised at purchase cost, including additional charges.

The company assesses whether there is any evidence of permanent impairment losses in non-current investments on each reporting date of the financial statements. If this evidence exists, the company would estimate the recoverable value of the equity investment and carry out a write-down when it shows a value that is permanently lower than its net book value.

#### Inventories

They are valued at the lower of their cost and their net presumed realisable value that can be inferred from market trends. Cost is determined according to the FIFO method, as adjusted (if necessary) by the related provision for obsolescence.

Contract work in progress with a term exceeding one year, which meets the conditions laid down in the accounting principle OIC 23 issued by the Italian Accounting Board is measured according to the percentage of completion method, whilst other work in progress is measured according to the completed contract method.

#### Receivables from customers and other receivables

They are classified on the basis of their allocation or origin with respect to recurring operations and are stated net of the provision for bad debts in order to be recognised at their presumed realisable value. Receivables whose due date does not fall within normal commercial terms and which do not accrue explicit interest are stated at their amortised cost, if significant, by using the effective interest method, net of any related impairment loss.

#### Tax receivables and payables, receivables for deferred tax assets and provisions for deferred tax liabilities

Tax receivables include certain and determined amounts deriving from receivables for which a right of recovery has arisen through reimbursement or offsetting.

Tax payables include certain and determined tax liabilities, as well as deductions carried out as a withholding agent and not yet paid as at the reporting date and, where offsetting is permitted, are stated net of advances, withholdings and tax credits.

Deferred tax assets are only accounted for when there is reasonable certainty of their recovery and are classified as "deferred tax assets". The amount of deferred tax assets is reviewed on each reporting date of the financial statements in order to establish whether there continues to be a reasonable certainty that future taxable income will arise and therefore the possibility of recovering the recognised amount.

Deferred tax liabilities are classified under "provisions for tax, including deferred tax" and are calculated on the basis of taxable temporary differences, applying the estimated rate prevailing on the date when these differences are expected to reverse.

#### Cash and cash equivalents

They are stated at their nominal value. Stocks in currencies other than euro are recognised at the exchange rate prevailing on the end date of the reporting period.

#### Accruals and deferrals

The principle of accrual concerning costs incurred or revenues earned in subsequent financial periods is applied by means of accounting for accrued income and prepaid expenses and accrued expenses and deferred income.

#### Provisions for risks and charges

They are set aside to meet present, legal or constructive and probable obligations deriving from past events for which a reliable estimate of the amount arising from the fulfilment of the related obligations can be made at the end of the financial period. If a liability is regarded as possible, no provision for risks is set aside and appropriate disclosure is provided in the notes to the financial statements.



#### Provision for employee severance pay

It corresponds to the full amount of benefits accrued in favor of employees in relation to current contractual and legal obligations.

#### Payables

They are classified on the basis of their allocation or origin with respect to recurring operations and are stated at their nominal value. Payables whose due date does not fall within normal commercial terms and which do not accrue explicit interest are stated at their amortised cost by using the effective interest method; if the effect of amortised cost is immaterial, these payables are also stated at their nominal value.

#### Revenue and cost recognition

Revenues from sales of products and costs for their purchase are recognised when there is the transfer of all the risks and rewards connected with ownership, which normally takes place upon shipment or delivery of the goods.

Financial income is recognised on an accruals basis.

#### Income tax for the year

They are recognised on the basis of an estimate of taxable income, in accordance with the provisions in force, while taking account of applicable exemptions and tax credits. It should be noted that, within the time limits set out in tax regulations, the Company, as consolidating company, opted for the group taxation regime - National Tax Consolidation - provided for in Articles 117 et seq. of Presidential Decree no. 917 of 1986. As at 31 December 2023 the consolidated companies were Tecnoideal S.r.l., Sar-Med S.r.l. and THF S.r.l..

#### Foreign currency amounts

Receivables and payables denominated in foreign currency have been accounted for on the basis of exchange rates applicable on the date when the related transactions were carried out.

Receivables and payables denominated in currencies other than euro were converted at the end of the financial period by using the exchange rate reported by the Bank of Italy on the last working day, allocating the result to each debt or credit item.

In accordance with the provisions of Article 2427, paragraph 1.6-*bis*, of the Italian Civil Code, it should be noted that no significant changes occurred in exchange rates after the end of the reporting period.

#### Cash flow statement

It has been prepared according to the accounting principle OIC 10 issued by the Italian Accounting Board; cash flows are shown according to the area from which they originate (operating, investing and financing activities).

The algebraic sum of the abovementioned cash flows consists of the increase or decrease in cash and cash equivalents that was recorded during the financial period.

Cash flow from operating activities is determined by using the indirect method, which entails reconstructing the data backwards, based on the profit (loss) for the financial period and making any necessary adjustment (amortisation and depreciation, provisions, changes in inventories, etc.) that has had no impact in terms of the creation or consumption of cash and cash equivalents.

Cash flows from investing activities include those from the purchase and sale of property, plant and equipment and intangible assets, as well as of current and non-current financial assets.

Cash flows from financing activities include those that result from obtaining or returning cash and cash equivalents in the form of venture capital or debt capital.

#### Climate Change

It should be pointed out that Medica does not fall under the scope of Directive 2003/87/EC (as finally amended by Directive (EU) 2018/410), which introduced and regulated the European Union Emissions Trading System (EU ETS).

The ETS is the main tool adopted by the European Union to achieve CO2 reduction targets in major manufacturing sectors and in the aviation industry.

Although the accounting standards OIC issued by the Italian Accounting Board do not make any explicit reference to climate-related issues, these impacts are taken into account by the Company in the application of accounting standards when they are significant, assessing their effects, both in the application of each accounting standard and on the Company's ability to continue as a going concern. In this context, it should be noted that no significant risks have been reported for the Company from the application of each standard, and no doubts or uncertainties have arisen in relation to events or conditions that might call into question the Company's ability to continue as a going concern. It should also be considered that the transition to reducing emissions from economies in response to climate change will create challenges and opportunities for global growth.

### 3. Intangible assets

The table below shows the breakdown of this item and the related changes during the period.

<i>(in thousands of Euro)</i>	Start-up and expansion costs	Development costs	Industrial patent and intellectual property rights	Concessions, licences and trademarks	Goodwill	Fixed assets under development and advances	Others	Total
<b>Balance at 31 December 2022</b>	<b>967</b>	<b>214</b>	<b>143</b>	<b>35</b>	<b>286</b>	<b>4,593</b>	<b>118</b>	<b>6,716</b>
<i>Of which:</i>								
- historical cost	1,259	2,846	449	58	865	4,953	177	<b>10,608</b>
- amortisation fund	-292	-2,633	-307	-23	-579		-59	<b>-3,892</b>
Investments			99		40	1,224	36	1,398
Disinvestments			-5					-5
Amortisation	-252	-100	-42	-3	-63		-75	-534
Reclassifications			14			-203	190	-
<b>Balance at 31 December 2023</b>	<b>716</b>	<b>114,3</b>	<b>209</b>	<b>32</b>	<b>263</b>	<b>5,973</b>	<b>269</b>	<b>7,576</b>
<i>Of which:</i>								
- historical cost	1,259	2,846	557	58	905	5,973	403	<b>12,002</b>
- amortisation fund	-544	-2,732	-348	-26	-642	-	-134	<b>-4,426</b>

The investments were mainly attributable to the capitalisations of costs incurred for ongoing development projects, which had been started in previous years, the most significant of which related to the Graphene project for Euro 197 thousand, the Life project for Euro 319 thousand, the NewHemo project for Euro 353 thousand, the New SAU project for Euro 58 thousand and the Catetere project for Euro 40 thousand.

Net investments made in 2022, amounting to Euro 1,309 thousand, mainly related to the capitalisation of costs incurred for development projects.

The details on the net book value at 31 December 2023 for the major development projects are provided below:

- 1) NewHemo project (in progress): Euro 3,434 thousand
- 2) Graphene project (in progress): Euro 745 thousand
- 3) Med-Log project (in progress): Euro 239 thousand
- 4) New SAU project (in progress): Euro 366 thousand
- 5) Catetere project (in progress): Euro 263 thousand
- 6) Life project (in progress): Euro 486 thousand
- 7) Apheresis membrane and filter project (under amortisation): Euro 85 thousand.

As at 31 December 2023, there were no indicators of permanent impairment losses in intangible assets. The conditions for sharing of future results of operations are in fact unchanged for these assets. Their estimated useful life is also unchanged.

#### 4. Property, plant and equipment

The table below shows the breakdown of this item and related changes for the period.

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
<b>Balance at 31 December 2022</b>	<b>2,219</b>	<b>909</b>	<b>217</b>	<b>73</b>	<b>40</b>	<b>3,458</b>
<i>Of which:</i>						
- historical cost	2,939	2,742	1,268	359	40	7,348
- depreciation fund	- 721	- 1,833	- 1,050	- 286	-	- 3,890
Investments	43	398	86	45	126	698
Disinvestments	-	- 3		-1	-22	-26
Depreciation	-75	-337	-238	-29	-	-679
Reclassifications	-	-	142	-	-142	-
<b>Balance at 31 December 2023</b>	<b>2,186</b>	<b>966</b>	<b>206</b>	<b>88</b>	<b>3</b>	<b>3,450</b>
<i>Of which:</i>						
- historical cost	2,982	3,130	1,430	400	3	7,945
- depreciation fund	- 796	- 2,164	- 1,224	- 312	-	- 4,495

The investments mainly related to the machinery and equipment that were acquired during the year.

The investments in property, plant and equipment amounted to Euro 298 thousand during 2022, mainly relating to machinery and equipment while disinvestments, amounting to Euro 1,313 thousand in 2022, mainly concerned the sale of the automation line intended for use within the Company several years ago, whereby the company realised a capital gain of Euro 2,593 thousand, net of the advance of Euro 3,855 thousand.

Land and buildings include a revaluation carried out for Euro 402 thousand on the office building and building area of the Company in application of Decree Law 185 of 2008, in relation to which a provision was set aside for deferred tax liabilities, since the revaluation was relevant for statutory purposes only.

	land and building	revaluation of land and building	building depreciation fund	revaluation of building depreciation fund	revalued land and building	revalued depreciation fund	Revaluation credit balance
Revaluations Law 185 /2008	551	402	301	77	953	378	212

#### 5. Non-current financial assets

The table below shows the changes recorded in this item during the period:

	Equity investments in subsidiaries	Equity investments in other companies	Receivables from subsidiaries	Receivables from others	Securities	Total
<i>(in thousands of Euro)</i>						
<b>Balance at 31 December 2022</b>	<b>20,781</b>	<b>57</b>	<b>3,000</b>	<b>4,008</b>	<b>9,999</b>	<b>33,845</b>
Increases	3,070		7,230	4		10,304
Decreases	(746)			(3,000)	(4,130)	(7,876)
<b>Balance at 31 December 2023</b>	<b>23,105</b>	<b>57</b>	<b>10,230</b>	<b>1,012</b>	<b>5,869</b>	<b>40,274</b>

Non-current financial assets consist of the equity investments listed below (values in thousands):

Company	HQ	Investment	ownership %	Share capital	Equity 2023	Profit (loss) 2023	Share of equity
Sar-med Srl	Italy	10,747	100%	10,318	14,429	672	14,429
Tecnoideal unipersonale Srl	Italy	1,437	100%	101	8,812	642	8,812
Medica Méditerranée	Tunisia	1,540	92.1%	5,605	8,487	623	7,817
Spindial SpA	Italy	6,017	51%	13,102	3,753	(1,274)	1,914
Medica USA Inc	USA	2,769	70% + option on 30%	3,000 USD	3,455 USD	464 USD	3,455 USD
Medica Advanced Technologies Ltd	UK	96	85%	100 GBP	(86) GBP	(186) GBP	(158) GBP
Medica GmbH	Germany	500	100%	500	288	(212)	288
<b>Total</b>		<b>23,162</b>					

Receivables from subsidiaries concern an interest-bearing loan receivable from subsidiary Spindial SpA for Euro 3,000 thousand for 36-month bullet loan and for Euro 7,000 to be repaid in 5 years, as well as a 36-month bullet loan to subsidiary Medica AT Ltd for GBP 200 thousand.

Receivables from others mainly include the escrow account of Euro 1,000 thousand set up as security for liabilities (if any) with the seller of Spindial SpA, which was reduced by Euro 3,000 thousand in 2023 following agreements with the seller after the settlement of the tax dispute for which part of the escrow had been created, as a result of which an amount of Euro 746 thousand was paid to Medica as a reduction in the equity investment (and then Medica paid it to Spindial SpA), and the remaining amount was paid to the seller. The increase in equity investments refers to the capital increase in Medica USA, for a total of Euro 2,570 thousand, which also includes the value of the option on the share paid by Simest amounting to Euro 815 thousand (for 30% of the capital), and the subscription of capital in the newly-established Medica GmbH for Euro 500 thousand.

With regard to securities, it should be noted that in 2023 Medica SpA paid part of the multi-branch insurance policies (branch I and branch III), which had been taken out in 2022, for the purpose of cash management, without any constraints/conditions on their duration, with major credit institutions.

Equity investments in other companies mainly concerned the quota held in MISTER SMART INNOVATION S.C.A.R.L. for about Euro 57 thousand.

With regard to equity investments, we have not identified any risk of permanent losses; Medica GmbH and Medica AT Ltd are newly-established companies and therefore in the start-up phase, and we believe that the losses realised during the year may be recovered based on the estimates provided in the 2024-2027 business plan; with regard to the investment in Spindial SpA, the company was acquired in July 2022; the reduction in

shareholders' equity was mainly affected by events in the past, and based on the estimates of expected results in the 2024-2027 business plan, we believe there is no risk of a permanent loss.

## 6. Inventories

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Raw materials, supplies and consumables	438	325
Work in progress and semi-finished products	452	346
Contract work in progress	487	380
Finished products and goods for resale	5,294	4,160
<b>Inventories, including the provision for write-down</b>	<b>6,671</b>	<b>5,211</b>
Provision for inventory obsolescence	(155)	(155)
Advances	1,149	24
<b>Inventories</b>	<b>7,665</b>	<b>5,080</b>

The growth in inventories was mainly attributable to the significant growth in turnover. Advances were mainly to Group companies.

## 7. Receivables stated under current assets

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Of which due beyond 12 months</i>	<b>At 31 December 2022</b>	<i>Of which due beyond 12 months</i>
Receivables from customers	8,507		7,655	
Receivables from subsidiaries	5,014		2,539	
Tax receivables	1,933	95	2,441	119
Deferred tax assets	434		613	
Receivables from others	145	75	336	75
<b>Total receivables</b>	<b>16,033</b>	<b>170</b>	<b>13,585</b>	<b>194</b>

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Italy</i>	<b>EU countries (excluding Italy)</b>	<i>Non-EU countries</i>
Receivables from customers	8,507	3,868	1,581	3,059
Receivables from subsidiaries	5,014	370	2,462	2,182
Tax receivables	1,933	1,933		
Deferred tax assets	434	434		
Receivables from others	145	115	20	10
<b>Total receivables</b>	<b>16,033</b>	<b>6,720</b>	<b>4,063</b>	<b>5,250</b>

The increase in receivables from customers and subsidiaries compared to the previous year was mainly due to a rise in sales recorded in 2023 compared to 2022, in particular in the last part of the year.

Tax receivables mainly include VAT credits for Euro 1,686 thousand (Euro 1,283 thousand at 31 December 2022), which showed an increase mainly due to higher purchases made in 2023 compared to 2022, and the IRAP (Regional Production Activity) tax credit for Euro 44 thousand.

The balance also included tax credits on investments for Euro 16 thousand, as well as that on studies and research for Euro 129 thousand, and the tax credit on energy efficiency bonuses and energy for Euro 8 thousand.

Deferred tax assets mainly related to the following temporary differences:

- provisions for inventory write-down for Euro 43 thousand;
- capital grants of Medica SpA for Euro 387 thousand.

Receivables from others mainly included advances paid to suppliers and for conferences for Euro 60 thousand.

No receivables were recognised in relation to transactions subject to reconveyance obligations.

The table below shows the changes in the provision for bad debts:

<i>(in thousands of Euro)</i>	<b>Provision for bad debts</b>
<b>Balance at 31 December 2022</b>	<b>190</b>
Accrual	-
Release	-
Use	-
<b>Balance at 31 December 2023</b>	<b>190</b>

## 8. Cash and cash equivalents

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Bank and postal deposits	2,320	11,635
Cheques		
Money and cash on hand	2	4
<b>Total</b>	<b>2,322</b>	<b>11,639</b>

For more details on changes in liquidity, reference should be made to the cash flow statement.

## 9. Accrued income and prepaid expenses

<i>(in thousands of Euro)</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accrued income	9	16
Prepaid expenses	129	140
<b>Total</b>	<b>138</b>	<b>156</b>

Prepaid expenses were recognised in relation to insurance, leases and rentals.

### Capitalised financial costs

In accordance with Article 2427, paragraph 1.8 of the Italian Civil Code, it should be noted that no financial costs have been charged to the values entered under assets in the Balance Sheet.

## 10. Shareholders' equity

### Share capital

As at 31 December 2023, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 4,223,250 and was divided into 4,223,250 ordinary shares with no par value.

<i>(in thousands of Euro)</i>	<i>Share Capital</i>	<i>Legal Reserve</i>	<i>Share Premium Reserve</i>	<i>Reserve required by Articles of Association</i>	<i>Other reserves</i>	<i>Profits (Losses) carried forward</i>	<i>Profit (Losses) for the year</i>	<i>Total for the Group</i>
<b>At 31 December 2021</b>	<b>4,223</b>	<b>369</b>	<b>18,576</b>	<b>5,533</b>	<b>807</b>	<b>-</b>	<b>2,024</b>	<b>31,532</b>

Allocation of the result for the previous year	101		1,923				(2,024)	-
Profit (loss) for the year							3,519	<b>3,519</b>
<b>At 31 December 2022</b>	<b>4,223</b>	<b>470</b>	<b>18,576</b>	<b>7,456</b>	<b>807</b>	<b>-</b>	<b>3,519</b>	<b>35,052</b>
Allocation of the result for the previous year	176		3,343				(3,519)	-
Profit (loss) for the year							2,591	<b>2,591</b>
<b>At 31 December 2023</b>	<b>4,223</b>	<b>646</b>	<b>18,576</b>	<b>10,800</b>	<b>807</b>	<b>-</b>	<b>2,591</b>	<b>37,643</b>

On 1 November 2021, we received from Borsa Italiana S.p.A. the admission to listing of Medica's ordinary shares on the Euronext Growth Milan market, a multilateral trading system organised and managed by Borsa Italiana S.p.A.. The admission took place after the completion of the placement of a total of 847,650 ordinary shares (including overallotment and greenshoe options) for a total value of Euro 22,887 thousand, against a total demand exceeding Euro 174 million, equal to approximately 7.6 times the offer. Trading began on 3 November 2021. The placement price was set at Euro 27.00 per share, at the top of the range. Following the placement, Medica's share capital increased from 3,538,100 shares to 4,223,250 ordinary shares with no par value, of which 20.07% consists of free float, with a total capital increase of Euro 18,499 thousand.

#### Availability and use of equity items:

The information required by Article 2427, paragraph 1.7-*bis*, of the Italian Civil Code concerning the specification of equity items with reference to their origin, possible uses and distributability, as well as to their utilization in previous years, can be inferred from the tables below:

	Amount	Origin/nature	Possible use	Available share
Share capital	4,223			
Legal reserve	646	Profits	B	646
Share premium reserve	18,576	Capital	A B C	18,576
Reserve required by articles of association	10,800	Profits	A B C	10,800
Merger surplus reserve	207	Capital	A B C	207
Extraordinary reserve	600	Profits	A B C	600
<b>Total</b>	<b>35,052</b>			<b>30,829</b>
Non-distributable share				26,011
Distributable share				4,818

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other obligations required by articles of association E: for other reasons

It should be noted that there are no reserves subject to tax relief among reserves.

## 11. Provisions for risks and charges

The table below shows the changes in this item.

<i>(in thousands of Euro)</i>	Provision for agents' pension fund	Provision for tax, including deferred tax	Other provisions for risks	Total
<b>At 31 December 2022</b>	<b>10</b>	<b>559</b>	<b>153</b>	<b>722</b>
Accruals	2		73	<b>75</b>
Uses		(127)		<b>(127)</b>
Releases				
<b>At 31 December 2023</b>	<b>12</b>	<b>432</b>	<b>226</b>	<b>670</b>

The Provision for tax, including deferred tax, includes only deferred tax liabilities, the main value of which, amounting to Euro 373 thousand, was due to the instalment payment over 5 years concerning the capital gain realised for Euro 2,593 thousand in 2022.

## 12. Employee severance pay

<i>(in thousands of Euro)</i>	<b>Total</b>
<b>At 31 December 2022</b>	<b>169</b>
Accruals	7
Uses	-
Releases	-
<b>At 31 December 2023</b>	<b>176</b>

### 13. Payables

The table below shows the breakdown of this item at 31 December 2023 and at 31 December 2022.

<i>(in thousands of Euro)</i>	<b>At 31 December</b>	<i>Of which due beyond 12 months</i>	<i>Of which due beyond 5 years</i>	<b>At 31 December</b>	<i>Of which due beyond 12 months</i>	<i>Of which due beyond 5 years</i>
	<b>2023</b>			<b>2022</b>		
Payables to banks	15,651	10,749	-	14,827	10,811	
Payables to other lenders	815	815		-		
Advances	3,121			4,840		
Payables to suppliers	2,469	100		2,753	100	
Payables to subsidiaries	13,919			14,172		
Tax payables	222			236		
Payables to social security institutions	258			230		
Other payables	1,392	1,000		4,357	4,000	
<b>Total payables</b>	<b>37,845</b>	<b>12,664</b>	<b>-</b>	<b>41,417</b>	<b>14,911</b>	<b>-</b>

No payables are backed by collateral on the Company's assets.

No payables were recognised in relation to transactions subject to reconveyance obligations.

Pursuant to Article 2427, paragraph 1.19-*bis*, of the Italian Civil Code, it should be noted that the Company did not hold any loan from shareholders as at 31 December 2023.

Payables to banks were made up of current accounts payable, advance accounts and credit card balances for a total of Euro 6 thousand, while the remaining amount consisted of mortgages and loans. During the year, we took out new loans for Euro 6,000 thousand. Two loan agreements at Medica SpA provide for the following covenants on the figures in the consolidated financial statements (NFP/EBITDA<2.50 and NFP/Equity<1.00), which have been complied with. Simest's investment in Medica USA, against which Medica has a call option, includes a covenant on consolidated balance sheet figures ((NFP/EBITDA<2.50), which was also met.

For more details on changes in liquidity, reference should be made to the cash flow statement.

Advances related to advances from customers, and the advance payment on the capital grant for the Graphil and Life projects for Euro 959 thousand (of which an amount of Euro 1,859 thousand collected in 2021 and 2022, and then reversed to the income statement for Euro 900 thousand in 2023 to cover the costs incurred and accounted for through profit or loss).

Other payables included a portion of the price agreed for the acquisition of 51% of the capital of Spindial SpA, which had been set aside in an escrow account as security for liabilities (if any) charged to the seller, for Euro 1,000 thousand, which showed a reduction of Euro 3,000 thousand as described in the paragraph on non-current financial assets).

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>At 31 December 2023</b>	<i>Italy</i>	<b>EU countries (excluding Italy)</b>	<i>Non-EU countries</i>
Payables to banks	15,651	15,651		
Payables to other lenders	815	815		
Advances	3,121	20	1,510	1,591
Payables to suppliers	2,469	2,141	144	184
Payables to subsidiaries	13,919	13,615		304
Tax payables	222	222		
Payables to social security institutions	258	258		



Other payables	1,392	392	1,000	
<b>Total payables</b>	<b>37,845</b>	<b>33,112</b>	<b>2,654</b>	<b>2,079</b>

#### Tax payables

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Income tax	63	-
IRAP tax	-	109
IRPEF (Personal Income) tax deductions for employees and others	159	128
<b>Total tax payables</b>	<b>222</b>	<b>237</b>

#### Payables to social security institutions

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Payables to INPS (National Social Security Institute)	149	135
Payables to other social security and welfare institutions	38	34
Others	71	62
<b>Total payables to social security and welfare institutions</b>	<b>258</b>	<b>231</b>

#### Other payables

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Accrued vacation and leave time	232	207
Salaries	156	138
Others	1,004	4,012
<b>Total other payables</b>	<b>1,392</b>	<b>4,357</b>

### 14. Accrued expenses and deferred income

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 31 December	
	2023	2022
Accrued expenses	28	27
Deferred income	1,096	1,092
<b>Total accrued expenses and deferred income</b>	<b>1,124</b>	<b>1,119</b>

Deferred income mainly related to the capital grants, which had been collected in previous years in relation to development projects for Euro 631 thousand and a building for Euro 258 thousand, as well as to tax credits on investments for Euro 136 thousand.

### 15. Revenues from sales and services

“*Revenues from sales and services*”, equal to Euro 46,608 thousand in 2023, showed an increase of Euro 8,638 thousand (23%) compared to 2022, which was mainly attributable to the sales performance of the Group’s lines of business, except for Tecnoideal Automation (developing on subsidiaries), described in the paragraph on the Group’s “*Revenues from sales and services*”.

The table below shows the breakdown of revenues by geographical area:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Italy	11,612	9,533
Europe (excluding Italy)	19,010	13,304
Non-EU countries	15,986	15,133
<b>Total</b>	<b>46,608</b>	<b>37,970</b>

<i>(in thousands of Euro)</i>	<b>Financial year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Electro-medical equipment	7,051	5,670
Tubing	10,677	9,725
Blood filters	11,682	10,771
Water filters	4,419	3,644
Others	12,779	8,160
<b>Total</b>	<b>46,608</b>	<b>37,970</b>

## 16. Capitalisation of internal construction costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>Financial year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	2	16
Development projects	511	460
<b>Total</b>	<b>513</b>	<b>476</b>

## 17. Other revenues

This item is broken down as follows:

<i>(in thousands of Euro)</i>	<b>Financial year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Grants	1,102	55
Others	316	2,750
<b>Total</b>	<b>1,418</b>	<b>2,805</b>

Grants mainly include the proportional share of the grant on the Graphil project accrued in the year (Euro 900 thousand).

## 18. Costs for services and leases and rentals

The table below shows the breakdown of these items.

<i>(in thousands of Euro)</i>	<b>Financial year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Third-party manufacturing	601	500
Transport and customs charges	627	623
Consultancy and collaborations	1,068	847
Utilities	128	112
Maintenance, repair and service	142	92
Advertising, promotions and commissions	462	288
Fees due to directors (including social security contributions)	228	173
Fees due to the members of the board of statutory auditors	28	28
Fees due to the audit firm/independent auditors	66	57
Insurance	62	52
Travel, business trips and board, expense reimbursement	231	168
Research costs	308	113
Other services	272	225
<b>Total cost for services</b>	<b>4,223</b>	<b>3,277</b>

The increase in costs was mainly attributable to higher costs incurred for Graphil and Life development projects, higher processing costs as a result of growth in sales, higher commercial costs as a result of increased

work and participation in trade fairs, and higher costs for consultancy services, mainly attributable to technical and legal advice.

The company also states that it has introduced as part of its in-house procedures a procurement policy that integrates environment-related issues, including purchasing, transport and energy supplies.

In addition, the company is committed to reducing its impact resulting from the production cycle through a rational consumption of energy resources and the careful management of waste and refuse generated by production activities.

What the company aims to implement is realised through the reduction of its direct impact, investment in R&D for sustainable innovation, and the promotion of responsible behaviour along the value chain.

In addition, the company has taken into account any impact arising from environmental issues and climate change in applying accounting standards, not reporting any significant effect.

<i>(in thousands of Euro)</i>	Financial year at 31 December	
	2023	2022
Rents payable for buildings	113	106
Others	194	147
<b>Total leases and rentals</b>	<b>307</b>	<b>253</b>

The increase was mainly attributable to long-term rentals of cars given for dual purpose to some employees.

## 19. Personnel costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Wages and salaries	2,361	2,033
Social security contributions	750	607
Contributions to pension funds	141	189
Other personnel costs	86	59
<b>Total</b>	<b>3,338</b>	<b>2,889</b>

The increase in personnel costs compared to the previous financial period was mainly due to a higher number of staff members.

In addition, the Company declares that it has allocated 0.20% of annual sales to a ceiling dedicated to employee welfare, amounting to Euro 94,743.

The table below shows the average and exact headcount by category:

<i>(in figures)</i>	Financial year ended 31 December			
	2023 average	2022 average	2023 exact	2022 Exact
Executives	6	6	6	6
Middle managers	7	6	7	6
Office workers	32	27	34	30
Manual workers	11	10	11	11
Trainees	4	3	5	3
<b>Total</b>	<b>60</b>	<b>53</b>	<b>63</b>	<b>56</b>

## 20. Financial income and costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Interest expense	682	156
Net foreign exchange loss (profit)	9	(5)
Other financial costs	78	66
<b>Total financial costs</b>	<b>769</b>	<b>217</b>
Financial income	519	30
<b>Total net financial costs</b>	<b>250</b>	<b>187</b>

The increase in interest expense compared to the previous year was mainly due to higher EURIBOR rate while the increase in financial income mainly included interest earned from subsidiaries on interest-bearing shareholder loans granted in 2022 and 2023, totalling Euro 10,230 thousand.

## 21. Income tax

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Financial year ended 31 December	
	2023	2022
Current tax	1,185	948
Tax relating to previous years	-	-
Net deferred tax liabilities (assets)	52	342
<b>Total</b>	<b>1,238</b>	<b>1,290</b>

## Breakdown of deductible temporary differences and taxable temporary differences

The tables below, which have been prepared in accordance with the recommendations of the accounting principle OIC 25 issued by the Italian Accounting Board, provide the information required by Article 2427, paragraph 1.14.a) and b) of the Italian Civil Code. In particular, they provide information on the summary values of the changes in "Deferred tax assets and liabilities" for the year, the composition of deductible temporary differences that have gave rise to "Deferred tax assets", the composition of taxable temporary differences that gave rise to "Deferred tax liabilities" and disclosures on the use of tax losses.

Description	IRES tax	IRAP tax
<b>A) Temporary differences</b>		
Total deductible temporary differences	<b>1,520</b>	<b>1,782</b>
Total taxable temporary differences	<b>(1,768)</b>	<b>(212)</b>
<b>Net temporary differences</b>	<b>(248)</b>	<b>1,571</b>
<b>B) Tax effects</b>		
Provision for deferred tax liabilities (assets) at the beginning of the year	<b>41</b>	<b>(96)</b>
Deferred tax liabilities (assets) for the year	<b>18</b>	<b>35</b>
<b>Provision for deferred tax liabilities (assets) at the end of the year</b>	<b>59</b>	<b>(61)</b>

Description	Amount at the end of the previous year	Change occurred during the year	Amount at the end of the year	IRES tax rate	IRES tax effect	IRAP tax rate	IRAP tax effect
Property revaluation	219	(7)	212	24%	51	3.9%	8
Capital gains on assets	2,075	(519)	1,556	24%	373	-	-

Others	1	(1)	-	24%	0	3.9%	0
<b>Total deferred tax liabilities</b>	<b>2,295</b>	<b>(527)</b>	<b>1,768</b>		<b>424</b>		<b>8</b>
Grants	1,942	(595)	1,347	24%	323	3.9%	63
Inventory write-down	155	-	155	24%	37	3.9%	6
Others	29	(9)	18	24%	5	-	-
<b>Total deferred tax assets</b>	<b>2,126</b>	<b>(606)</b>	<b>1,520</b>		<b>365</b>		<b>69</b>

Reconciliation of theoretical tax charge	31 December 2023	31 December 2022
Profit before tax	3,829	4,809
Theoretical IRES and IRAP tax (24%+3.9%)	1,068	1,342
IRES and IRAP tax from financial statements	1,238	1,290
Effective rate	32%	27%
<b>Difference</b>	<b>(170)</b>	<b>52</b>
Hyper/Super amortisation	38	39
Income from tax credits	12	37
Non-deductible costs	(208)	
Others	(12)	(24)
<b>Total</b>	<b>(170)</b>	<b>52</b>

## 22. Information required by Article 1, paragraph 125, of Law no. 124 of 4 August 2017

During the tax period, the Company received the following economic benefits, in accordance with the provisions of Article 1, paragraph 125-*bis*, of Law no. 124 of 4 August 2017; for more information, reference should be made to the National Register of State Aids, which can be consulted on the ministerial website [www.rna.gov.it](http://www.rna.gov.it):

- i) Countering negative Brexit impacts from Territorial Cohesion Agency;
- j) Grants on contribution on account of interest from Simest.

For more information on tax credits and grants, reference should be made to the paragraph on Tax receivables and Other revenues.

## 23. Related-party transactions

Transactions with related parties are mainly commercial and financial in nature, and are linked to operations that are generally carried out at arm's length; however, there is no guarantee that if these transactions had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or performed the transactions themselves, at the same conditions and in the same manner.

The Company maintains relations with the following related parties:

- in particular, the Company incurs a rent payable on buildings to Villaflora Immobiliare Srl, a reference entity for the controlling company, amounting to Euro 67 thousand (Euro 64 thousand at 31 December 2022).
- The transactions with Group companies are described below.

<b>FY2023</b>	<b>Receivables /advances</b>	<b>Loans</b>	<b>Payables</b>	<b>Revenues</b>	<b>Other revenues / Sale of assets</b>	<b>Costs of raw materials</b>	<b>Costs for services</b>	<b>Purchases of assets</b>	<b>Other costs</b>	<b>Financial income and costs</b>
Sar-med Srl			11,308	331	17	15,384	41	1		
Tecnoideal Srl	1,221		2,211	209	8	7,378	58	585		
Medica Méditerranée	1,968		197	4,114		8,130				14
THF Srl	11		94	9		1				
Tecnoideal America Inc	15		108	27		83		102		
Nefrodom Srl	67									
Spindial SpA	286	10,000	1	404		3				463
Medica USA	121			121						
Medica AT Ltd	11	230		8						2
Medica GmbH	2,462			2,762			11			
<b>Total</b>	<b>6,163</b>	<b>10,230</b>	<b>13,918</b>	<b>7,985</b>	<b>25</b>	<b>30,979</b>	<b>110</b>	<b>688</b>	<b>0</b>	<b>479</b>
<b>FY2022</b>	<b>Receivables</b>	<b>Loans</b>	<b>Payables</b>	<b>Revenues</b>	<b>Other revenues / Sale of assets</b>	<b>Costs of raw materials</b>	<b>Costs for services</b>	<b>Purchases of assets</b>	<b>Other costs</b>	<b>Financial income and costs</b>
Sar-med Srl			9,451	365	49	12,149	50			
Tecnoideal Srl			2,701	293	4	4,205	65	334		
Medica Méditerranée	2,002		1,799	3,545	4	6,420	23			-1
THF Srl	12		3	9				2		
Tecnoideal America Inc	26		121	27		201		70		
Nefrodom Srl	67			41						
Medica AT Ltd			97							
Spindial SpA	431	3,000		415						16
<b>Total</b>	<b>2,539</b>	<b>3,000</b>	<b>14,172</b>	<b>4,697</b>	<b>57</b>	<b>22,975</b>	<b>138</b>	<b>406</b>	<b>-</b>	<b>15</b>

## 24. Events after the reporting date

The 510k Clearance for the sale of hemoconcentrators, manufactured by Medica, in the U.S. market has been received, through subsidiary Tecnoideal America Inc, from the U.S. FDA, with the indication of use on adult patients, for the removal of excess fluid from blood, for the purpose of restoring physiological blood conditions during or at the end of cardiopulmonary bypass surgery. This authorisation opens important commercial opportunities for the Medica Group, given the importance of the U.S. market in both strategic and geographic terms. Hemoconcentrators represent only the first class of approved devices; the FDA clearance process is already underway for a number of other devices in Medica's product portfolio.

## 25. Other information

### Commitments, guarantees and potential liabilities not resulting from the balance sheet

The Parent Company Medica Spa provides the following guarantees:

Description – Medica SpA	31 December 2023	31 December 2022
Guarantees given to third parties	181	144
Guarantees given to group companies	4,435	4,024
Guarantees received	2,833	4,073

Guarantees given to third parties:

- Sureties of Euro 71 thousand to public bodies for tendering on the part of the parent company;
- Sureties of Euro 110 thousand for ceiling of the parent company's credit cards.

Guarantees given by the parent company to group companies:

- SAR-MED SRL: surety bond of Euro 75 thousand in favour of Banco Popolare di Milano on current account opening;

- SAR-MED SRL: surety bond of Euro 500 thousand in favour of Monte Paschi di Siena on financing.

Furthermore, the parent company Medica SpA provided a comfort letter in favour of MPS Leasing on lease agreements entered into by SAR-MED SRL.

- TECNOIDEAL SRL: comfort letter granted for Euro 575 thousand in favour of BPER on financing;

- TECNOIDEAL SRL: surety bond granted for Euro 1,050 thousand in favour of Monte Paschi di Siena on financing;

- TECNOIDEAL SRL: surety bond granted for Euro 1,217 thousand in favour of BPER on financing;

- THF: surety bond granted for Euro 143 thousand in favour of CREDEM on financing;

- SPINIDIAL: joint-obligation on insurance policy for tendering for Euro 604 thousand.

Guarantees received by the Parent Company

- SACE surety of Euro 51 thousand on Banca Popolare Emilia-Romagna loan;

- Medio Credito Centrale guarantees for Euro 2,781 thousand.

### Information on extraordinary costs or revenues

It should be noted that the Company did not achieve any cost or revenue of extraordinary value or impact.

### Information on agreements not resulting from the balance sheet

No agreements are in place, in addition to those already shown in the consolidated financial statements.

### Fees due to Directors, Statutory Auditors and independent auditors

Fees due to Directors: Euro 192

Fees due to Statutory Auditors: Euro 28 thousand

The Company has not disbursed advances or loans to directors and statutory auditors and has not undertaken any commitment on their behalf.

Statutory audit of annual and half-year accounts: Euro 55 thousand (of which Euro 18 thousand for the audit of the half-year report)

Other independent auditors' activities: Euro 11 thousand.

### Classes of shares issued by the Parent Company

As of today's date, the Company's authorised Share Capital amounts to Euro 4,223,250, is fully paid up and is only divided into 4,223,250 ordinary Shares with no par value. For further details, reference should be made to the paragraph that shows changes in Equity.

## **Securities and other financial instruments issued by the Parent Company**

Medica SpA has not issued securities or other financial instruments.

## **Information on assets and loans intended for specific business**

In accordance with Article 2447-*bis* of the Italian Civil Code, it should be noted that the Group has not allocated any assets or loans to a specific business.

## **COMPLIANCE WITH THE REGULATIONS ON THE PROTECTION OF PERSONAL DATA**

### **Data controller**

After considering the nature, scope of application, context and purpose of the processing of personal data, as well as of the risks having different probability and severity for the rights and freedoms of natural persons, the Company has put in place appropriate technical and organisational measures in order to ensure and be able to demonstrate that processing complies with current legislation (in accordance with Article 24 of Regulation (EU) 2016/679 - GDPR).

The aforementioned measures are implemented to avoid claims for material and/or immaterial damage under Article 82 of the GDPR and to avoid unlawful processing referred to in Articles 167 – 167-*bis* – 167-*ter* and Article 168 of Legislative Decree no. 196 of 2003 brought in by Legislative Decree no. 101 of 2018, as well as with evidential value under Articles 2050 and 2055 of the Italian Civil Code and prevention of computer crimes and unlawful data processing pursuant to Article 24-*bis* of Legislative Decree no. 231 of 2001.

### **Proposals to the Shareholders' Meeting**

1) Approval of the separate financial statements at 31 December 2023. Allocation of the profit for the year; related and consequent resolutions.

You are invited to approve:

- the draft separate financial statements at 31 December 2023 submitted by the Board, and the Board of Directors' report on the operations of Medica SpA;
- the proposal to distribute the profit for the year of Medica SpA, equal to Euro 2,590,977, as follows:
  - a) Euro 129,549 to legal reserve
  - b) Euro 2,461,428 to the reserve required by the articles of association.

### **Statement of compliance of the financial statements**

#### **Final considerations**

These financial statements give a true and fair view of the Company's financial position, results of operations and cash flows for the year.

The values have been reported in accordance with the principle of clarity.

It is hereby declared that this electronic document is consistent with the document transcribed and signed in the Company's books.

Medolla, 25 March 2024

For the Board of Directors  
Luciano Fecondini  
(Chairman)





## Board of Statutory Auditors' Report

**MEDICA S.P.A.**  
Con sede in Medolla (Mo)

**RELAZIONE DEL COLLEGIO SINDACALE  
ALL'ASSEMBLEA DEI SOCI IN OCCASIONE DELLA APPROVAZIONE DEL BILANCIO  
CHIUSO AL 31/12/2023, REDATTA AI SENSI DELL'ART. 2429 DEL CODICE CIVILE**

All'Assemblea degli Azionisti  
della società Medica S.p.A.

### **Premessa**

Il Collegio Sindacale, nell'esercizio chiuso al 31 dicembre 2023, ha svolto le funzioni previste dagli artt. 2403 e ss. c.c.. Nel corso dell'esercizio chiuso al 31 dicembre 2023 la nostra attività è stata ispirata alle disposizioni di legge e alle Norme di comportamento del collegio sindacale emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, nel rispetto delle quali abbiamo effettuato l'autovalutazione, con esito positivo, per ogni componente il Collegio Sindacale.

Di tale attività e dei risultati conseguiti Vi portiamo a conoscenza con la presente relazione.

È stato sottoposto al Vostro esame il bilancio d'esercizio della Società Medica Spa al 31.12.2023, redatto in conformità alle norme italiane che ne disciplinano la redazione, che evidenzia un risultato d'esercizio positivo di euro 2.590.977=; il bilancio è stato messo a nostra disposizione nel termine di legge.

Il soggetto incaricato della revisione legale dei conti, EY S.p.A., ci ha consegnato la propria relazione, nella quale è riportato il giudizio senza modifica di cui si riferirà in seguito.

Il Collegio Sindacale, non essendo incaricato della revisione legale, ha svolto sul bilancio le attività di vigilanza consistenti in un controllo sintetico complessivo volto a verificare che il bilancio sia stato correttamente redatto.

La verifica della rispondenza ai dati contabili spetta, infatti, all'incaricato della revisione legale.

### **Attività di vigilanza ai sensi dell'art. 2403 e ss. c.c.**

Abbiamo vigilato sull'osservanza della legge e dello statuto e sul rispetto dei principi di corretta amministrazione e in particolare, sull'adeguatezza degli assetti organizzativi, del sistema amministrativo e contabile e del loro concreto funzionamento.

Abbiamo partecipato alle assemblee degli Azionisti ed alle riunioni del Consiglio di Amministrazione, in relazione alle quali, sulla base delle informazioni disponibili, non abbiamo rilevato violazioni della legge e dello statuto, né operazioni manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o tali da compromettere l'integrità del patrimonio sociale.

Abbiamo acquisito dagli Amministratori, anche durante le riunioni svolte, informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla Società e dalle sue controllate e, in base alle informazioni acquisite, non abbiamo osservazioni particolari da riferire.

Abbiamo scambiato informazioni con i sindaci e i soggetti incaricati della revisione legale dei conti delle società controllate, rilevanti per lo svolgimento della nostra attività di vigilanza e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziati nella presente relazione.

Abbiamo acquisito informazioni dall'organismo di vigilanza e preso visione delle relazioni dello stesso e non sono emerse criticità rispetto alla corretta attuazione del modello organizzativo che debbano essere evidenziate nella presente relazione.

Con il soggetto incaricato della revisione legale della società, abbiamo scambiato tempestivamente dati e informazioni rilevanti per lo svolgimento della nostra attività di vigilanza.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento dell'assetto organizzativo della Società, e a tale riguardo non abbiamo osservazioni particolari da riferire.

Abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza e sul funzionamento del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni e l'esame dei documenti aziendali, e a tale riguardo, non abbiamo osservazioni particolari da riferire.

Non sono pervenute denunce dagli Azionisti ex art. 2408 c.c..

Non sono state presentate denunce al Tribunale ex art. 2409 c.c..

Nel corso dell'esercizio non sono stati rilasciati dal Collegio Sindacale pareri previsti dalla Legge.

Nel corso dell'esercizio non abbiamo effettuato segnalazioni all'organo Amministrativo ai sensi e per gli effetti di cui all'art. 25-octies d.lgs. 12 gennaio 2019, n.14 e non sono pervenute segnalazioni da parte dei creditori pubblici qualificati ex art. 25-novies d.lgs. 12 gennaio 2019, n.14.

Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi altri fatti significativi tali da richiedere la menzione nella presente relazione.

#### **Osservazioni in ordine al bilancio d'esercizio**

Da quanto riportato nella relazione del soggetto incaricato della revisione legale EY S.p.A., rilasciata in data 8 aprile 2024, "il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della società al 31.12.2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione".

Per quanto a nostra conoscenza, gli Amministratori, nella redazione del bilancio, non hanno derogato alle norme di legge ai sensi dell'art. 2423, comma 5, c.c.

Ai sensi dell'art. 2426, n. 5 c.c. abbiamo espresso il nostro consenso all'iscrizione nell'attivo dello stato patrimoniale di costi di sviluppo per € 998.869,51.

#### **Osservazioni e proposte in ordine alla approvazione del bilancio**

Considerando le risultanze dell'attività da noi svolta, e del giudizio espresso nella relazione di revisione rilasciata dal soggetto incaricato della revisione legale dei conti, il Collegio propone alla assemblea di approvare il bilancio d'esercizio chiuso al 31 dicembre 2023, così come redatto dagli Amministratori.

Il Collegio concorda con la proposta di destinazione del risultato d'esercizio, formulata dagli Amministratori in nota integrativa.

#### **Bilancio consolidato**

Abbiamo altresì esaminato il progetto di bilancio consolidato chiuso al 31 dicembre 2023 e messo a nostra disposizione nei termini di cui all'art. 2429 c.c., congiuntamente al progetto di bilancio della società capogruppo e alle relative relazioni sulla gestione; la data di chiusura dei bilanci delle società incluse nel consolidato, coincide con quella del bilancio della società che procede al consolidato.

Il bilancio consolidato è stato redatto conformemente a quanto dispone il D.Lgs n. 127/1991, e si chiude con un risultato positivo di euro 2.492.424, di pertinenza del gruppo di euro 2.966.898; il patrimonio netto consolidato ammonta a euro 54.402.782, di pertinenza del gruppo per euro 52.075.948.

In nota integrativa sono analiticamente indicati i criteri e le aree di consolidamento e non si rilevano difformità rispetto all'esercizio precedente in ordine ai criteri utilizzati per la redazione del bilancio consolidato.

In particolare, l'area di consolidamento include le società controllate in conformità agli art. 26 e 28 del D.Lgs. n. 127/1991 e le variazioni rispetto all'esercizio precedente; il metodo di consolidamento principale adottato è quello dell'integrazione globale. In ordine alla relazione sulla gestione, si rileva la completezza informativa e la congruenza dei dati con quelli risultanti dal bilancio consolidato.

Da quanto riportato nella relazione del soggetto incaricato della revisione legale EY S.p.A., rilasciata in data 8 aprile 2024, "il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del gruppo al 31.12.2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione".

#### **Cariche sociali**

Signori Azionisti, si ricorda che con l'approvazione del bilancio chiuso al 31.12.2023, scade per decorso dei termini, il mandato conferito al Consiglio di Amministrazione, conseguentemente l'Assemblea dovrà deliberare anche in merito alla nomina del Consiglio di Amministrazione il cui mandato scadrà con l'approvazione del bilancio che verrà chiuso al 31.12.2026.

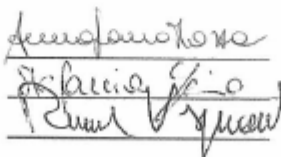
Medolla (Mo), 8 aprile 2024

Il collegio sindacale

Anna Laura Mazza (Presidente)

Stefania Grazia (Sindaco effettivo)

Riccardo Vergnanini (Sindaco effettivo)



## Independent auditors' report on the separate financial statements



### Medica S.p.A.

Financial statements as at December 31, 2023

Independent auditor's report in pursuant to article 14 of  
Legislative Decree n. 39, dated January 27, 2010



## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 (Translation from the original Italian text)

To the Shareholders of  
Medica S.p.A.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Medica S.p.A. (the Company), which comprise the balance sheet as at December 31, 2023, the income statement and statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Medica S.p.A. are responsible for the preparation of the Report on Operations of Medica S.p.A. as at December 31, 2023 including its consistency with the related financial statements and its compliance with the applicable laws and regulations.



We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Medica S.p.A. as at December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Medica S.p.A. as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bologna, April 8, 2024

EY S.p.A.  
Signed by: Gianluca Focaccia, Auditor

*This report has been translated into the English language solely for the convenience of international readers.*