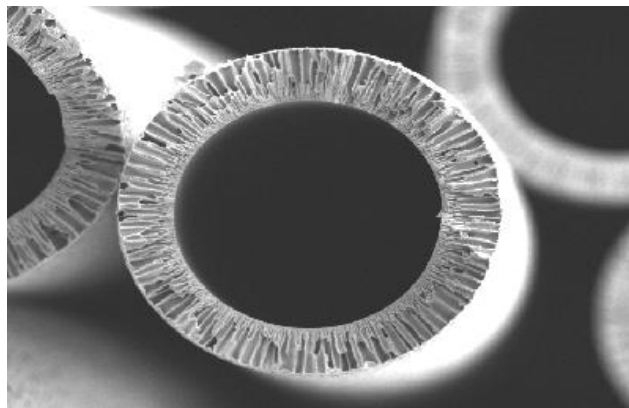

MEDICA



HALF-YEAR FINANCIAL REPORT **at 30 June 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

EY S.p.A.

REPORT ON OPERATIONS

Introduction

With regard to the half-year ended 30 June 2023, the figures shown and the comments made in this report are aimed at providing an overview of 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 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 Group is 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.

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.. 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.

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 Parent 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 (40% of which was acquired at the end of 2022) through the sole-quotaholder subsidiary Tecnoideal Srl that in turns holds an interest of 98.42% 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 is 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 following the execution of the contract with Evoqua, which was finalised on 1 April 2023 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.

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.

General economic performance and Management Analysis

Preamble

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 turbulence with a high level of uncertainty, mainly arising from the consequences of the Russian-Ukrainian conflict, which began when the effects of the Covid-19 pandemic were still in place.

Furthermore, significant growth in energy prices and a substantial decline in the supply of materials and components are putting a strain on both businesses and households, and are making it difficult to support new investments for businesses.

With regard to the business sector 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, reaching double-digit percentages in many of the world's major markets. 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 is active 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.

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 pulmonary compromise occurs.

The Group's economic and financial performance

The result for the first half of 2023 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 substantial growth in sales of electromedical equipment in previous years, as also confirmed during the first half of 2023, with considerable increases in niche products with high profit margins such as plasma filters, hemoconcentrators and bioregenerative medicine.

Significant growth was reported in the OEM and Menfis divisions, while the Water division continued to record performance below expectations but for which we are confident of a recovery in the second half-year in view of the turnover volumes reported in July and August 2023.

The Automation division has developed important advances in the performance of the ongoing contracts: however, since revenues in this division are strongly affected by the time required to complete job orders, all the work done was not reflected in the income statement at 30 June 2023; we are confident of a recovery in the second half of the year, as also confirmed by the deliveries already made in the months following 30 June 2023. In addition, work continued on gaining orders under major contracts as a further confirmation of the division's continued growth in market positioning.

In general, an overall slowdown continues in the dialysis market, since the pandemic has affected, in particular, hemodialysis patients. Medica, too, has been affected by the decline in sales volumes of dialysis filters and lines.

From a financial point of view, non-recurring costs at the newly-acquired companies and the increase in stock inventory in the Group are the main reasons for the cash outflows that took place during the half-year; to this must be added the now nearing completion of the investment on the new building at Medica Mediterranée, and the investments in the start-up phase of the newly-established companies

for which we are already beginning to see positive signs, which make us confident for the future recovery of the cash the Group has invested.

The Group's results of operations in the half-year ended 30 June 2023

The table below shows the reclassified consolidated income statement for the half-years ended 30 June 2023 and 2022.

<i>(in thousands of Euro)</i>	Half-year ended 30 June				Change	
	2023	(*)	2022	(*)	2023-2022	
Revenues from sales and services	33,394	100%	20,424	100%	12,970	64%
Raw materials, supplies, consumables and goods for resale ⁽¹⁾	-12,716	-38%	-5,542	-27%	-7,174	129%
Gross Profit	20,678	62%	14,882	73%	5,796	39%
Costs for services and leases and rentals	-8,449	-25%	-4,700	-23%	-3,749	80%
Personnel costs	-9,842	-29%	-7,593	-37%	-2,249	30%
Other net operating costs ⁽²⁾	1,358	4%	1,171	6%	187	16%
Write-downs ⁽³⁾	-30	0%	-3	0%	-27	900%
EBITDA	3,716	11%	3,756	18%	-40	-1%
Amortisation and depreciation ⁽⁴⁾	-3,379	-10%	-2,060	-10%	-1,319	64%
Accruals to provisions for risks and charges	-130	0%	0	0%	-130	-100%
Operating profit (EBIT)	206	1%	1,696	8%	-1,490	-88%
Net financial costs ⁽⁵⁾	-591	-2%	-68	0%	-523	769%
Profit before tax	-384	-1%	1,628	8%	-2,012	-124%
Income tax	217	1%	-262	-1%	479	-183%
Profit for the period	-167	-1%	1,367	7%	-1,534	-112%
Of which Profit attributable to minority interests	-350	-1%	97	0%	-447	-461%
Of which Profit attributable to the Group	183	1%	1,270	6%	-1,087	-86%

(*) 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 33,394 thousand in the first half of 2023, showed an increase of Euro 12,970 thousand (64%) compared to the first half of 2022. This figure was mainly attributable to the contribution given by the newly-acquired and newly-established companies, which achieved total consolidated sales of Euro 10,599 thousand, and to significant growth in group turnover on a like-for-like basis (+12%, equal to Euro 2,361 thousand), mainly concentrated in the medical business segment. The above total turnover includes adjustments amounting to Euro 236 thousand due to the best estimate of the payback impact on the first half of 2023.

Specifically, a strong growth trend continued to be reported in the Acute & Aferesis business line, from Euro 5,966 thousand in the first half of 2022 to Euro 9,461 thousand in the first half of 2023 (+59%), including sales of Euro 1,613 thousand resulting from the change in the perimeter, accompanied by significant growth in the OEM business line, from Euro 4,361 thousand to Euro 5,661 thousand (+30%), and in the Chronic business line, from Euro 2,298 thousand to Euro 10,382 thousand (+352%), which includes sales of Euro 8,469 thousand resulting from the change in the perimeter.

With regard to other lines of business, Tecnoideal Automation achieved a turnover substantially in line with the first half of 2022 (-4%), which was still marked by the effects of delays in procurement and consequently in the completion of some major job orders; on the other hand, the Water division achieved a turnover slightly higher than in the first half of 2022 (+8%), with the contribution of Euro 517 thousand deriving from the change in the perimeter; however, we are confident of a significant recovery in both business segments during the second half of 2023.

Gross Profit, equal to Euro 20,678 thousand in the first half of 2023, showing a significant increase compared to the value posted in the first half of 2022 (+39%), reported a decline as a percentage of sales by 11% compared to the percentage achieved in the first half of 2022, mainly attributable to the contribution given by newly-acquired companies in the second half of 2022, which achieved a gross profit equal to 50% of revenues, and by the newly-established companies which achieved a gross profit equal to 22% of revenues since they were in the start-up phase.

EBITDA, equal to Euro 3,716 thousand at 30 June 2023, substantially in line with the result achieved as at 30 June 2022 (-1%), reported a decline as a percentage of sales by 7% compared to 30 June 2022, attributable for about 2% to the contribution given by the newly-established and newly-acquired companies, as well as for about 3% to an increase in costs for services on a like-for-like basis, and for about 2% to a decrease in gross profit on a like-for-like basis, mainly attributable to the companies in the Automation division.

Operating Profit amounted to Euro 206 thousand, showing a decrease of Euro 1,490 thousand compared to the value posted at 30 June 2022, which was mainly attributable to the operating losses contributed by the newly-acquired and newly-established companies in the amount of Euro 1,078 thousand. On a like-for-like basis, the reduction in EBITDA described in the previous paragraph was partly offset by a reduction in amortisation and depreciation for Euro 379 thousand, mainly attributable to the completion of amortisation of certain development projects and the sale of an automation line that had been used for in-house purposes until that time, which took place at the end of 2022.

Loss for the Period, amounting to Euro 167 thousand, showing a deterioration compared to the profit achieved at 30 June 2022 for Euro 1,367 thousand, was mainly due to the losses contributed by the newly-acquired and newly-established companies in the amount of Euro 848 thousand, as well as to a reduction in operating profit on a like-for-like basis described in the previous paragraph, and an increase in financial costs due to higher EURIBOR rates.

Reclassified balance sheet

The table below shows the reclassified statement of financial position at 30 June 2023 and 31 December 2022:

<i>(in thousands of Euro)</i>	At 30 June	At 31 December
	2023	2022
Investments:		
Net Working Capital (B)⁽²⁾	18,487	9,344
Intangible assets	11,841	11,577
Property, plant and equipment	36,857	35,560
Non-current financial assets	3,801	3,775
Fixed assets (A)	52,499	50,912
Employee severance pay	(2,225)	(2,238)
Provisions for risks and charges	(1,893)	(2,838)
Net deferred tax liabilities ⁽¹⁾	1,428	1,336
Net invested capital (A+B+C)	68,297	56,517
Sources:		
Shareholders' Equity	52,795	52,179
Net Financial Debt	15,502	4,338
Sources of financing	68,297	56,517

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 made in the period, totalling Euro 4,965 thousand, mainly related to the following items:

- 1) continuation of the works involving the new building at subsidiary Medica Méditerranée for Euro 1,204 thousand, purchase of machinery and moulds at the former Slom workshop for about Euro 700 thousand, purchase of equipment for hospital and home dialysis in Italy for Euro 803 thousand, and in-house manufacturing of equipment in apheresis for the German market for Euro 453 thousand;
- 2) capitalisations of costs incurred for development projects, which had been started in previous years, the most significant items of which were: Euro 234 thousand related to the NewHemo project, Euro 181 thousand related to the Grafene project, Euro 105 thousand related to the Homemo project, and Euro 87 thousand related to the Life Remembrance project.

Below is the breakdown of the Group's Net Working Capital at 30 June 2023 and 31 December 2022:

<i>(in thousands of Euro)</i>	At 30 June	At 31 December
	2023	2022
Inventories	29,538	23,371
Receivables from customers	15,942	13,587
Advances from customers	(8,391)	(7,031)
Payables to suppliers	(14,182)	(17,272)
Net Trade Working Capital	22,907	12,654
Other current and non-current assets	8,992	9,384
Other current and non-current liabilities	(13,412)	(12,694)
Net Working Capital	18,487	9,344

The increase in net working capital was mainly due to a rise in inventory, mainly attributable to both an increase in the order backlog received from customers resulting in higher sales in 2023 compared to 2022 and an increase in stock due to uncertainties about the timing of delivery of materials from suppliers as a result of the Russian-Ukrainian conflict, and a significant reduction in the exposure to suppliers of subsidiary Spindial SpA that existed before the date of acquisition.

Net Financial Debt

Below is the breakdown of the Group's Net Financial Debt at 30 June 2023 and 31 December 2022, determined as required by the ESMA 32-382-1138 guidelines:

<i>in thousands of Euro</i>	At 30 June	At 31 December
	2023	2022
A. Cash on hand	(11,973)	(20,509)
B. Cash equivalents		
C. Other current financial assets	(7,956)	(10,049)
D. Liquidity (A + B + C)	(19,929)	(30,558)
E. Current financial debt	249	1,140
F. Current portion of non-current financial debt	8,551	8,397
G. Current financial debt (E) + (F)	8,800	9,537
H. Net current financial debt (G)– (D)	(11,129)	(21,021)
I. Non-current financial debt	22,241	20,969
J. Debt instruments	-	-

K. Trade payables and other non-current payables	4,390	4,390
L. Non-current financial debt (I) + (J) + (K)	26,631	25,359
M. Net financial debt or Net Debt (H) + (L)	15,502	4,338

The balance of trade and other non-current payables includes the portion of consideration for company acquisitions not yet paid to sellers. The balance of cash and cash equivalents also includes the escrow account of Euro 4,000 thousand related to the acquisition of Spindial SpA.

Net Financial Debt, equal to a negative balance of Euro 15,502 thousand, showed an increase of Euro 11,164 thousand compared to the value posted at 31 December 2022, mainly due to higher net working capital as already described above, for the payment of Euro 1.1 million for the settlement of the 2013-2016 tax dispute and special schemes for voluntary correction of tax returns for the years 2017 and 2018 at subsidiary Spindial SpA, and for the financial requirements to support the start-up phase of the newly-established companies.

During the half-year, the Group also made net investments in property, plant and equipment and intangible assets totalling Euro 4,818 thousand, of which an amount of about Euro 1,904 thousand for non-recurring items and items relating to the continuation of works on the building at Medica Méditerranée and new machinery at the former Slom workshop.

<i>in thousands of Euro</i>	30/06/2023	31/12/2022	30/06/2022	06/2023 vs 12/2022		06/2023 vs 06/2022	
				delta	%	delta	%
EBITDA (A)	3,716	11,171	3,756	-7,455	-67%	-40	-1%
Current tax (B)	130	-221	-260	352	-159%	390	-150%
Change in net working capital (C)	-9,142	-7,198	-3,176	-1,944	27%	-5,966	188%
CAPEX (D)	-4,940	-5,573	-2,359	756	-14%	-2,458	104%
Total FCFO (E) = (A) – (B) – (C) + (D)	-10,236	-1,821	-2,039	-8,292	455%	-8,074	396%

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 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 the first half of 2023, reference should be made to note 23 "Related-party Transactions" in the notes to the consolidated half-year financial statements at 30 June 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;
- technological;
- price;
- credit;
- liquidity.

The Group's Management has implemented 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 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 aforesaid 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 period, 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 this regard, the Group companies monitor the needs and changing regulations governing the environment and occupational safety on an ongoing basis in order to ensure compliance with current legislation 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. During the half-year under review, costs related to occupational safety concerned normal legal requirements such as training courses for newly-hired employees, mandatory medical examinations, and specific staff training where required by specific duties.

Research and development activity

No new development projects were started during the half-year, and, therefore, we confirm the existing in progress as at 31 December 2022.

Significant events in the first half of 2023

An investment agreement was signed in April 2023 with SIMEST - the Cassa Depositi e Prestiti Group company for the internationalisation of Italian enterprises -, which was aimed at entering the share capital of Medica USA Inc.. The investment of Euro 1.9 million on the part of SIMEST in Medica's international expansion project took the form of the acquisition of a 30% stake in Medica USA (for an amount of approximately Euro 0.8 million) and the execution of an agreement concerning an interest-bearing shareholder loan, which has not yet been disbursed at present (for the remaining amount of approximately Euro 1.1 million). 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. enables Medica to develop its planned investment plan in the US company as part of the Group's broader geographic expansion project, which is backed up 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, which was finalised on 1 April 2023, with Evoqua Water Technologies (NYSE: AQUA), a leading company in mission-critical solutions for water treatment to acquire assets to manufacture 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 washing of endoscopes (AERs).

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 sector 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 SpA and operates in the field of medical products in Germany.

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

Although the Company has no direct commercial relations in the two countries and has no significant exposure in terms of energy costs, the gradual deterioration of economy resulting from the sanctions and 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 subsequent financial periods, 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 have been reported at present, except for the effects of the supply chain crisis, which the conflict helped exacerbate and caused for the company: i) a slowdown in the delivery of some job orders; ii) an increase in stock levels to cope with market and price turbulence and uncertainty, resulting in an incremental effect on inventories of raw materials and work in progress; however, the directors note that they are monitoring the situation 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.

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
- Possible repercussions (including indirectly) on the global economic and financial system.

Events after the reporting date

For more information, reference should be made to the events described in Note 24 "Events after the reporting date" of the notes to the consolidated half-year financial statements for the period ended 30 June 2023.

Outlook

The continuation of the Russian-Ukrainian conflict with its consequent impacts on the supply chain and generalised increases in the prices of materials, as mentioned above in the paragraph on the significant events for the period, continues to put a strain on the scheduling of the various manufacturing operations and industrial relations, thus making it difficult to estimate the results for 2023.

On the other hand, the substantial order backlog acquired to date and the hyper-performing market trends of our main products (apheresis) and the first signs from newly-acquired and newly-established companies constitute positive signs in terms of recovery compared to the results for the first half-year.

Medolla, 28 September 2023

For the Board of Directors

Luciano Fecondini
(Chairman)



CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

Balance Sheet

<i>ASSETS</i>	30.6.2023	31.12.2022
B) FIXED ASSETS:		
I - INTANGIBLE ASSETS:		
1) start-up and expansion costs	899,277	1,032,265
2) development costs	451,800	583,618
3) industrial patent and intellectual property rights	192,294	194,522
4) concessions, licences, trademarks and similar rights	82,749	72,716
5) goodwill	2,570,157	2,710,069
6) fixed assets under development and advances	6,552,127	5,957,706
7) others	1,092,589	1,025,759
TOTAL I	11,840,994	11,576,654
II – PROPERTY, PLANT AND EQUIPMENT:		
1) land and buildings:	10,049,724	10,080,834
2) plant and machinery:	8,393,374	7,885,507
3) industrial and business equipment	574,259	582,928
4) other assets:	13,221,429	13,687,803
5) fixed assets under construction and advances	4,618,639	3,323,161
TOTAL II	36,857,426	35,560,233
III – NON-CURRENT FINANCIAL ASSETS:		
1) Equity investments in:	66,607	66,607
a) subsidiaries:	-	-
d-bis) other companies	66,607	66,607
2) receivables:	7,723,954	7,708,750
d-bis) from others	7,723,954	7,708,750
a.1) due within 12 months	3,632,877	3,628,173
a.2) due beyond 12 months	4,091,077	4,070,577
3) other securities:	7,955,842	10,049,000
TOTAL III:	15,756,403	17,824,357
TOTAL FIXED ASSETS (B)	64,454,823	64,961,245
C) CURRENT ASSETS		
I – INVENTORIES:		
1) raw materials, supplies and consumables	10,159,983	8,147,926
2) work in progress and semi-finished products	5,121,598	4,228,905
3) contract work in progress:	5,358,098	4,042,029
4) finished products and goods for resale:	8,790,014	6,897,421
5) advances:	108,441	54,683
TOTAL I:	29,538,135	23,370,964
II – RECEIVABLES		
1) from customers:	15,941,724	13,586,727
a.1) due within 12 months	15,941,724	13,586,727
5) bis tax receivables:	7,349,032	7,341,588
due within 12 months	6,746,619	6,588,695
due beyond 12 months	602,413	752,893
5) ter deferred tax assets:	1,936,136	1,910,894
5) quater from others:	949,118	1,524,189
a.1) due within 12 months.	874,395	1,449,466
a.2) due beyond 12 months	74,723	74,723
TOTAL II:	26,176,009	24,363,398
IV – CASH AND CASH EQUIVALENTS:		
1) bank and postal deposits:	7,963,012	16,501,065
3) money and cash on hand:	10,309	7,701
TOTAL IV:	7,973,321	16,508,766
TOTAL CURRENT ASSETS (C=I+II):	63,687,465	64,243,128
D) ACCRUED INCOME AND PREPAID EXPENSES:		
1) accrued income and prepaid expenses:	693,615	518,179
TOTAL ACCRUED INCOME AND PREPAID EXPENSES:	693,615	518,179
TOTAL ASSETS:	128,835,903	129,722,552

	30.06.2023	31.12.2022
A) SHAREHOLDERS' EQUITY:		
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:	697,613	736,582
VIII - PROFITS (LOSSES) CARRIED FORWARD	12,498,777	11,667,804
IX - PROFITS (LOSSES) FOR THE PERIOD:	182,809	4,350,280
TOTAL GROUP EQUITY (A)	49,345,489	49,201,649
I - MINORITY INTERESTS' CAPITAL AND RESERVES	3,799,259	3,313,388
I - PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS	-349,969	-336,607
I - EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	3,449,290	2,976,782
TOTAL CONSOLIDATED EQUITY	52,794,780	52,178,431
B) PROVISIONS FOR RISKS AND CHARGES:		
1) for pension fund and similar obligations	196,388	203,879
2) for tax, including deferred tax:	507,988	575,312
4) others:	1,696,188	2,633,891
TOTAL (B=1+2+3+4)	2,400,564	3,413,083
C) EMPLOYEE SEVERANCE PAY	2,224,669	2,237,714
D) PAYABLES		
4) payables to banks:	28,271,341	27,200,713
a.1) due within 12 months	7,901,862	8,487,260
a.2) due beyond 12 months	20,369,479	18,713,453
5) payables to other lenders:	2,769,524	3,305,425
a.1) due within 12 months	897,783	1,050,432
a.2) due beyond 12 months	1,871,741	2,254,993
6) advances	10,250,324	8,889,831
a.1) due within 12 months	10,250,324	8,889,831
7) payables to suppliers:	14,281,694	17,372,426
a.1) due within 12 months	14,181,694	17,272,426
a.2) due beyond 12 months	100,000	100,000
12) tax payables:	709,854	1,079,953
a.1) due within 12 months	709,854	1,079,953
13) payables to social security institutions	812,751	929,814
a.1) due within 12 months	812,751	929,814
14) other payables:	10,868,696	9,804,761
a.1) due within 12 months	6,628,696	5,564,761
a.2) due beyond 12 months	4,240,000	4,240,000
TOTAL (D= 1+2+3+4+5+6+7+8+9+10+11+11 bis+12+13)	67,964,185	68,582,923
E) ACCRUED EXPENSES AND DEFERRED INCOME:		
1) accrued expenses and deferred income:	3,451,705	3,310,401
TOTAL (E=1+2)	3,451,705	3,310,401
TOTAL LIABILITIES	128,835,902	129,722,552

Income Statement

A) VALUE OF PRODUCTION:	30.06.2023	30.06.2022
1) revenues from sales and services	33,394,050	20,424,475
2) changes in inventories of work in progress, semi-finished and finished products	2,670,826	1,281,024
3) changes in contract work in progress	1,438,170	1,601,609
4) capitalisation of internal construction costs	1,405,600	760,493
5) other revenues and income	695,324	625,832
a) operating grants	406,001	499,967
b) others	289,323	125,865
TOTAL A)	39,603,970	24,693,434
B) PRODUCTION COSTS:		
6) for raw materials, supplies, consumables and goods for resale	18,844,052	9,706,994
7) for services:	7,812,425	4,338,544
8) for leases and rentals:	636,383	361,602
9) personnel costs:	9,841,605	7,593,234
a) wages and salaries:	7,163,297	5,570,890
b) social security contributions:	1,897,831	1,440,281
c) employee severance pay:	402,050	422,074
d) pension fund and similar obligations	26,839	16,893
e) other costs:	351,589	143,096
10)) amortisation, depreciation and write-downs	3,409,442	2,063,879
a) amortisation of intangible assets	635,946	731,497
b) depreciation of property, plant and equipment	2,743,496	1,328,939
d) write-downs of receivables stated under current assets and of cash and cash equivalents	30,000	3,443
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	2,019,004-	1,281,990-
12) Provisions for risks	129,911	
14) Other operating charges:	742,660	215,274
TOTAL B)	39,397,474	22,997,537
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS (A-B)	206,496	1,695,897
C) FINANCIAL INCOME AND COSTS		
15) income from equity investments		
c) others		
16) other financial income	24,222	5,110
a) from receivables stated under fixed assets		
a.5) others:		
d) income other than the foregoing	24,222	5,110
d.5) others:	24,222	5,110
17) interest and other financial costs	586,238	120,713
4) from others	586,238	120,713
17) bis Foreign exchange gains and losses:	28,866-	48,036
TOTAL (15+16-17)	590,881-	67,567-
PROFIT (LOSS) BEFORE TAX (A-B+-C+-D+-E)	384,386-	1,628,330
20) Current, deferred and prepaid tax for the period	217,226-	261,670
21) PROFIT (LOSS) FOR THE PERIOD:	167,160-	1,366,660
<i>Profit (loss) attributable to minority interests</i>	349,969-	96,743
<i>Profit (loss) attributable to the Group</i>	182,809	1,269,917

Cash Flow Statement

(indirect method)

	<u>30/06/2023</u>	<u>30/06/2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (Loss) for the period	(167,160)	1,366,660
Income tax	(217,225)	261,670
Interest expense	586,238	120,713
Interest income	(24,222)	(5,110)
Capital losses from disposal of assets	6,400	7,000
Capital gains from disposal of assets	(129,114)	(7,000)
Profit (loss) for the period before income tax, interest, dividends and capital gains/losses from disposal	54,917	1,743,933
<i>Adjustments for non-monetary items without a contra-entry in net working capital</i>		
Accruals to provisions	433,806	122,379
Amortisation and depreciation of fixed assets	3,379,442	2,060,436
CASH FLOW BEFORE CHANGES IN NET WORKING CAPITAL	3,868,166	3,926,748
<i>Changes in net working capital</i>		
Decrease/(increase) in inventories	(6,198,154)	(4,273,323)
Decrease/(increase) in receivables (from customers and others)	(1,212,730)	874,312
Increase/(decrease) in payables (to suppliers and others)	(1,298,003)	462,553
Decrease/(increase) in accrued income and prepaid expenses	(175,436)	(248,917)
Increase/(decrease) in accrued expenses and deferred income	141,304	(250,337)
CASH FLOW AFTER CHANGES IN NET WORKING CAPITAL	(4,874,852)	491,036
<i>Other adjustments</i>		
Interest collected	1,637	3,180
Interest paid	(572,400)	(120,704)
Income tax paid	(231,610)	(15,550)
Dividends collected	0	0
Use of provisions	(1,392,045)	(60,000)
TOTAL OTHER ADJUSTMENTS	(2,194,418)	(193,074)
CASH FLOW FROM OPERATING ACTIVITIES	(7,069,270)	297,962
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in intangible assets	(900,286)	(687,981)
Selling price of disinvestments from intangible assets	0	0
Investments in property, plant and equipment	(4,065,000)	(1,722,246)
Selling price of disinvestments from property, plant and equipment	147,025	51,000
Investments in non-current financial assets	(2,047,740)	(8,251,233)
Selling price of disinvestments from non-current financial assets	4,130,000	0
Acquisition or sale of subsidiaries or business units, net of cash and cash equivalents	0	82,124
CASH FLOW FROM INVESTING ACTIVITIES	(2,736,001)	(10,528,336)
CASH FLOWS FROM FINANCING ACTIVITIES:		
<i>Borrowed capital</i>		
Increase (decrease) in short-term payables to banks	(902,200)	27,379
New loans	6,200,000	0
Repayments of loans	(4,842,465)	(2,703,635)
<i>Net worth</i>		
Capital increase against payment	814,490	
CASH FLOW FROM FINANCING ACTIVITIES	1,269,825	(2,676,256)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,535,446)	(12,906,630)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	16,508,766	30,909,647
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,973,321	18,003,017

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.

The Consolidated Half-year Financial Statements approved by the Board of Directors on 28 September 2023 were subject to a limited audit on the part of EY S.p.A..

2. Basis of preparation

These consolidated half-year financial statements at 30 June 2023 (“**Consolidated Half-year Financial Statements**”) are 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*); specifically, there has been the use of the Accounting Principle OIC 30 applicable to interim financial reports.

The Consolidated Half-year 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 balance sheet data of the Consolidated Half-year Financial Statements are compared with the data for the financial period ended 31 December 2022, while the results of operations and the cash flow statement are compared with the respective data reported at 30 June 2022.

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

The accounting standards and policies adopted in the preparation of these Consolidated Half-year Financial Statements are the same as those used for the Group's Consolidated Financial Statements, to which reference should be made for their description, as well as consistently applied to any and all periods presented.

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.

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.

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 Capital	Group's ownership %
Tecnoideal Srl unipersonale	Mirandola – Italy	EUR 101,490	100%
Tecnoideal America Inc	Maryland – USA	USD 50,000	100%
Nefrodom	Santo Domingo – Dominican Republican	DOP 1,900,000	98.42%
Sar-med Srl	Iglesias – Italy	EUR 10,318,000	100%
Medica Mediterranée	Bizerte -Tunisia	TND 12,400,000	100%
THF Srl	Calestano - Italy	EUR 100,000	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 845,234	100%
Medica GmbH	Lüdenscheid - Germany	EUR 500,000	100%

5. 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
Balance at 31 December 2022	1,032	584	195	73	2,710	5,958	1,026	11,577
<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
Investments			10	10	30	814	36	900
Disinvestments								
Amortisation	-133	-132	-23	-19	-170		-159	-636
Reclassifications			11	19		-220	190	-
Balance at 30 June 2023	899	452	192	83	2,570	6,552	1,093	11,841
<i>Of which:</i>								
- historical cost	1,387	11,135	903	325	3,718	6,552	5,138	29,159
- amortisation fund	-488	-10,684	-710	-242	-1,148	-	-4,046	-17,318

The investments made during the first half of 2023 mainly related to capitalisations of costs incurred for development projects, which had been started in previous years, the most significant items of which were: Euro 234 thousand related to the NewHemo project, Euro 181 thousand related to the Grafene project, Euro 105 thousand related to the Homemo project, and Euro 87 thousand related to the Life Remembrance project.

The investments made during the first half of 2022, amounting to Euro 688 thousand, mainly related to capitalisations of costs incurred for the development projects mentioned above and the registrations of products in the US market.

There were no major changes in development projects in progress at 30 June 2023 compared to 31 December 2022, except for the capitalisations for the period on the projects in progress before 31 December 2022.

As at 30 June 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.

6. 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
Balance at 31 December 2022	10,081	7,886	583	13,688	3,323	35,560
<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
Investments	133	1,180	107	1,026	1,619	4,065

Disinvestments		-2		-1	-22	-25
Depreciation	-211	-856	-186	-1,491	-	-2,743
Exchange difference						
Reclassifications	46	185	70	-	-301	-
Balance at 30 June 2023	10,050	8,393	574	13,222	4,619	36,857
<i>Of which:</i>						
- historical cost	14,937	25,889	3,709	24,390	4,619	73,544
- depreciation fund	-4,887	-17,497	-3,135	-11,168	-	-36,686

The investments mainly related to the continuation of the work in progress on the new building at subsidiary Medica Méditerranée for Euro 1,204 thousand, the purchase of machinery and moulds at the workshop of Slom (the company was acquired during 2022 and then merged by incorporation into Tecnoideal at the end of 2022) for about Euro 700 thousand, the purchase of equipment for hospital and home dialysis in Italy for Euro 803 thousand, and in-house manufacturing of equipment in apheresis for the German market for Euro 453 thousand.

The investments made in property, plant and equipment during the first half of 2022 amounted to Euro 1,722 thousand, mainly relating to the new buildings at the two subsidiaries Sar-med (Euro 94 thousand) and Medica Méditerranée (Euro 1,024 thousand) and the purchase of machinery and moulds at the two subsidiaries Sar-med and Medica Méditerranée for Euro 316 thousand.

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 104 of 2020 and a revaluation carried out for Euro 402 thousand on the office building and building area of the controlling company Medica in application of Decree Law 185 of 2008 while plant and machinery include a revaluation carried out for Euro 375 thousand in 2020 at the newly-acquired Slom Srl in application of Decree Law 126 of 2020.

Plant and machinery include assets stated for a total of Euro 2,241 thousand while other assets include medical equipment for a total of Euro 465 thousand held under a finance lease agreement.

7. Non-current financial assets

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

	At 30 June
<i>(in thousands of Euro)</i>	2023
Balance at 31 December 2022	17,824
Increases	2,062
Decreases	(4,130)
Balance at 30 June 2023	15,756

The decrease related to the partial redemption of the investment in branch I made for a total of Euro 10 million in 2022 while the increase related for Euro 2,037 thousand to a new investment in short-term financial products, aimed at liquidity management, made by the US subsidiary at the beginning of 2023.

The equity investment in other companies mainly concerned the quota held in MISTER SMART INNOVATION S.C.A.R.L. for approximately Euro 57 thousand, as well as 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 had been completely written down in previous years. As at 30 June 2023, it was deemed appropriate to maintain the write-down of the equity investment already stated at Euro 0 since no new information was available. The Egyptian shareholder has brought an action for damages against Tecnoideal, before the Cairo Regional Center 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.

8. Inventories

<i>(in thousands of Euro)</i>	30 June 2023	31 December 2022
Raw materials, supplies and consumables	10,720	8,691
Work in progress and semi-finished products	5,122	4,451
Contract work in progress	5,358	3,810
Finished products and goods for resale	9,051	7,386
Inventories, including the provision for write-down	30,251	24,338
Provision for inventory obsolescence	(817)	(1,022)
Advances	104	55
Inventories	29,538	23,371

The increase in inventories compared to 31 December 2022 was mainly attributable to both an increase in the order backlog received from customers resulting in higher sales in 2023 compared to 2022 and an increase in stock due to uncertainties about the timing of delivery of materials from suppliers as a result of the Russian-Ukrainian conflict.

The provision for inventory write-down, which showed a decrease of Euro 205 thousand compared to 31 December 2022, included an accrual of Euro 57 thousand and uses of Euro 261 thousand for inventory scrapping at subsidiary Spindial.

9. Receivables stated under current assets

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 30 June 2023	<i>Of which due beyond 12 months</i>	At 31 December 2022	<i>Of which due beyond 12 months</i>
Receivables from customers	15,942		13,587	
Receivables from unconsolidated subsidiaries				
Tax receivables	7,349	602	7,342	753
Deferred tax assets	1,936		1,911	
Receivables from others	949	75	1,524	75
Total receivables	26,176	677	24,363	828

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 30 June 2023	<i>Italy</i>	EU countries (excluding Italy)	<i>Non-EU countries</i>
Receivables from customers	15,942	7,528	2,267	6,147
Tax receivables	7,349	7,259	6	84
Deferred tax assets	1,936	1,821	56	60
Receivables from others	949	820	96	33
Total receivables	26,176	17,429	2,423	6,323

The increase in receivables from customers was mainly attributable to higher revenues.

Tax receivables mainly included VAT credits for Euro 3,666 thousand (Euro 3,291 thousand at 31 December 2022), tax credits on investments for Euro 949 thousand (Euro 1,360 thousand at 31 December 2022), IRES

(Corporate Income) tax and IRAP (Regional Production Activity) tax credits and taxes from foreign companies for Euro 2,391 thousand (Euro 2,297 thousand at 31 December 2022) and tax credits on R&D work, energy efficiency and energy bonuses for Euro 261 thousand (Euro 378 thousand at 31 December 2022).

Deferred tax assets mainly related to temporary differences on provisions for inventory write-down for Euro 167 thousand, as well as on capital grants of Medica SpA for Euro 607 thousand, previous tax losses reported by some subsidiaries for Euro 553 thousand and the effects of consolidation entries (mainly the elimination of profit margins arising from transactions between group companies) for Euro 572 thousand.

Receivables from others mainly included amounts for grants to be collected for Euro 449 thousand (Euro 960 thousand at 31 December 2022), which showed a decrease mainly as a result of the collection by subsidiary Sarmed of the first tranche of the total grant of Euro 583 thousand paid on the investment in the new building and related systems and received from SFIRS SpA (Società Finanziaria Regione Sardegna), and advances to suppliers for Euro 200 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>	Provision for bad debts
Balance at 31 December 2022	490
Accrual	9
Release	-
Use	-1
Balance at 30 June 2023	498

10. Cash and cash equivalents

<i>(in thousands of Euro)</i>	30 June 2023	31 December 2022
Bank and postal deposits	7,964	16,501
Cheques	-	-
Money and cash on hand	10	8
Total	7,974	16,509

The reduction in cash and cash equivalents was mainly attributable to a rise in inventory stock following the significant growth in the order backlog received from customers, some uncertainties about the timing of delivery of materials from suppliers as a result of the Russian-Ukrainian conflict, a significant reduction in the exposure to suppliers of subsidiary Spindial SpA that existed before the date of acquisition, and the payment of Euro 1.1 million for the settlement of the 2013-2016 tax dispute and special schemes for voluntary correction of tax returns for the years 2017 and 2018 at subsidiary Spindial SpA.

Furthermore, the Group made net investments in property, plant and equipment and intangible assets for Euro 4,818 thousand during the half-year.

11. Accrued income and prepaid expenses

<i>(in thousands of Euro)</i>	30 June 2023	31 December 2022
Accrued income	0	0
Prepaid expenses	694	518
Total	694	518

Prepaid expenses were recognised in relation to insurance, leases and rentals. There are no accruals and deferrals with a maturity of more than 5 years.

12. Shareholders' equity

Share capital

As at 30 June 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 period</i>	<i>Total for the Group</i>	<i>Total for Minority Interests</i>	<i>Consolidated Total</i>
At 31 December 2021	4,223	369	18,576	5,533	2,026	9,270	4,973	44,970	203	45,173
Allocation of the result for the previous period		101		1,923		2,949	(4,973)	-		
Profit (loss) for the period							1,270	1,270	97	1,367
Other changes					43	(10)		33	28	61
At 30 June 2022	4,223	470	18,576	7,456	2,069	12,209	1,270	46,275	328	46,601
At 31 December 2022	4,223	470	18,576	7,456	2,458	11,668	4,350	49,202	2,977	52,178
Allocation of the result for the previous period		176		3,343		831	-4,350	-		
Corporate transactions (Simest)									814	814
Profit (loss) for the period							183	183	-350	-167
Other changes					-39			-39	8	-31
At 30 June 2023	4,223	646	18,576	10,800	2,419	12,499	183	49,345	3,449	52,795

The increase in minority interests that was reported in the half-year was mainly attributable to SIMEST's subscription of a capital increase for USD 900 thousand at Medica USA, thus becoming a 30% shareholder.

13. Provisions for risks and charges

The table below shows the changes in this item.

<i>(in thousands of Euro)</i>	<i>Provision for agents' pension fund</i>	<i>Provision for tax, including deferred tax</i>	<i>Other provisions for risks</i>	<i>Total</i>
At 31 December 2022	204	575	2,634	3,413
Accruals	1		295	296
Uses			-1,233	-1,233
Releases	-9	-67		-76
At 30 June 2023	196	508	1,696	2,401

The decreases for the period were mainly attributable to the payment of amounts under the scheme of concession settlement with agreement for tax disputes pending at Spindial SpA for the financial years 2013 to 2016 and special schemes for voluntary correction of tax returns for the years 2017 and 2018 for a total of Euro 1,076 thousand. On the other hand, provisions were mainly attributable to the best estimate of the impact of payback regulations on sales for the period, amounting to Euro 235 thousand.

14. Employee severance pay

<i>(in thousands of Euro)</i>	Total
At 31 December 2022	2,238
Accruals	146
Uses	-159
Releases	-
At 30 June 2023	2,225

15. Payables

The table below shows the breakdown of this item at 30 June 2023 and at 31 December 2022.

<i>(in thousands of Euro)</i>	At 30 June	<i>Of which due beyond 12 months</i>	<i>Of which due beyond 5 years</i>	At 31 December	<i>Of which due beyond 12 months</i>	<i>Of which due beyond 5 years</i>
	2023			2022		
Payables to banks	28,271	20,369		27,201	18,713	
Payables to other lenders	2,770	1,871		3,305	2,255	
Advances	10,250			8,890		
Payables to suppliers	14,282	100		17,372	100	
Tax payables	710			1,080		
Payables to social security institutions	813			930		
Other payables	10,869	4,240		9,805	4,240	
Total payables	67,964	26,580	-	68,583	25,308	

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 249 thousand (mainly arising from the newly-acquired companies) while the remaining amount consisted of mortgages and loans. During the half-year, we took out new loans for Euro 6,200 thousand and by difference repaid the principal amounts. No covenants are provided for on the figures in the consolidated half-year financial statements.

Payables to other lenders mainly related to the finance machinery lease from MPS Leasing for Euro 1,918 thousand and on medical equipment for Euro 366 thousand, as well as to the loan from MISE (Ministry of Economic Development) for Euro 281 thousand. The change in the debt compared to the previous year included decreases due to instalment payments for the remaining value.

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

Advances related to capital grants for the Graphil, Life and Macramè projects for Euro 1,896 thousand, with the remainder relating to advances received from customers. The increase compared to 2022 was mainly due to the work in progress under the contracts in the Automation division and to higher volumes in the order backlog compared to the previous year.

The reduction in payables to suppliers compared to 31 December 2022, equal to Euro 3,091 thousand, was mainly attributable to a lower exposure to third-party suppliers of Spindial SpA, which decreased from Euro 8,493 thousand to Euro 4,311 thousand, partly offset by an increase in payables reported by the Group due to higher costs for the purchase of goods and services.

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 30 June	<i>Italy</i>	EU countries (excluding Italy)	<i>Non-EU countries</i>
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	2023			
Payables to banks	28,271	28,253	-	19
Payables to other lenders	2,770	2,664	106	-
Advances	10,250	872	2,919	6,464
Payables to suppliers	14,282	8,322	3,090	2,865
Tax payables	710	522	21	167
Payables to social security institutions	813	713	1	98
Other payables	10,869	6,590	4,015	264
Total payables	67,964	47,936	10,151	9,877

Tax Payables

	At 30 June	At 31 December
<i>(in thousands of Euro)</i>	2023	2022
Income tax	171	113
IRAP tax	64	109
IRPEF tax deductions for employees and others	475	858
Total tax payables	710	1,080

The balance of IRPEF (Personal Income) tax deductions for employees and others at 31 December 2022 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 ongoing tax dispute with subsidiary Spindial SpA on the years 2013-2016, which were zeroed out in 2023 as a result of the payments made and described in the paragraph on provisions for risks and charges.

Payables to social security institutions

	At 30 June	At 31 December
<i>(in thousands of Euro)</i>	2023	2022
Payables to INPS (National Social Security Institute)	498	679
Payables to other social security and welfare institutions	138	161
Others	177	90
Total payables to social security and welfare institutions	813	930

Other payables

	At 30 June	At 31 December
<i>(in thousands of Euro)</i>	2023	2022
Accrued vacation and leave time	1,637	1,027
Salaries	1,449	909
Residual debt for the acquisition of quotas of Spindial, THF and Slom	4,390	4,390
Others	3,393	3,479
Total other payables	10,869	9,805

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. However, this process is waiting for the Regional Administrative Court (TAR, *Tribunale Regionale Amministrativo*) to hand down a ruling following the litigation brought by the industry operators, even as a result of the postponement of the payment stipulated under various subsequent decrees. 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 estimated a liability for the subsequent years (from 2019 to 30 June 2023), totalling Euro 1,378 thousand (classified among provisions for risks, and mainly coming from the newly-acquired companies). Pending the outcome of the appeal, the Group is in any case firm in reiterating in the appropriate venues that the claimed reimbursement is unlawful and will continue to act in defence of its rights. At the same time, the Company is confident that the Government will find a solution to this which is a serious problem for the entire industry.

16. Accrued expenses and deferred income

This item is broken down as follows:

<i>(in thousands of Euro)</i>	At 30 June	At 31 December
	2023	2022
Accrued expenses	125	97
Deferred income	3,327	3,213
Total accrued expenses and deferred income	3,452	3,310

Deferred income mainly related to capital grants.

17. Revenues from sales and services

Revenues from sales and services, equal to Euro 33,394 thousand in the first half of 2023, showed an increase of Euro 12,970 thousand (64%) compared to the first half of 2022. This figure was mainly attributable to the contribution given by the newly-acquired and newly-established companies, which achieved total consolidated sales of Euro 10,599 thousand, and to significant growth in group turnover on a like-for-like basis (+12%, equal to Euro 2,361 thousand), mainly concentrated in the medical business segment. The above total turnover includes adjustments amounting to Euro 236 thousand due to the best estimate of the payback impact on the first half of 2023.

Specifically, a strong growth trend continued to be reported in the Acute & Aferesis business line, from Euro 5,966 thousand in the first half of 2022 to Euro 9,461 thousand in the first half of 2023 (+59%), including sales of Euro 1,613 thousand resulting from the change in the perimeter, accompanied by significant growth in the OEM business line, from Euro 4,361 thousand to Euro 5,661 thousand (+30%), and in the Chronic business line, from Euro 2,298 thousand to Euro 10,382 thousand (+352%), which includes sales of Euro 8,469 thousand resulting from the change in the perimeter.

With regard to other lines of business, Tecnoideal Automation achieved a turnover substantially in line with the first half of 2022 (-4%), which was still marked by the effects of delays in procurement; on the other hand, the Water division achieved a turnover slightly higher than in the first half of 2022 (+8%), with the contribution of Euro 517 thousand deriving from the change in the perimeter; however, we are confident of a significant recovery in both business segments during the second half of 2023.

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

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Italy	13,362	6,330
Europe (excluding Italy)	8,697	4,634
Non-EU countries	11,335	9,461
Total	33,394	20,424

18. Other revenues

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Grants	406	500
Others	289	126
Total	695	626

“Others” mainly include contingent assets for Euro 143 thousand and capital gains on disposal of assets for Euro 129 thousand.

19. 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>	Half-year ended 30 June	
	2023	2022
Third-party manufacturing	1,580	1,085
Transport	1,160	519
Consultancy and collaborations	1,605	678
Utilities	350	345
Maintenance, repair and service	334	247
Advertising and promotions	233	136
Travel and business trips	583	204
Fees due to directors	329	206
Fees due to the members of the board of statutory auditors	30	19
Fees due to the audit firm/independent auditors	93	65
Insurance	135	76
Other services	1,380	759
Total cost for services	7,812	4,339

The contribution given by the newly-acquired and newly-established companies amounted to Euro 2,366 thousand. The increase in costs for services, on a like-for-like basis, was mainly due to higher costs of third-party manufacturing (Euro 495 thousand), attributable to the work progress under major contracts being performed in the Automation division, as well as to higher costs of third-party consultancy and collaborations (Euro 327 thousand), attributable partly to the work related to the shift to MDR (Medical Device Regulation) and partly to higher overheads, and higher costs of transport (Euro 125 thousand).

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Rents payable for buildings	389	256
Others	247	107
Total leases and rentals	636	362

The increase compared to the first half of 2022 was mainly attributable to the contribution given by the newly-acquired and newly-established companies totalling Euro 181 thousand and a new shed rented from Tecnoideal for Euro 60 thousand.

Other operating charges, amounting to Euro 743 thousand (Euro 215 thousand at 30 June 2022), showed an increase that was mainly due to the contribution given by the newly-acquired and newly-established companies, for a total of Euro 505 thousand, including contingent liabilities of about Euro 391 thousand.

20. Personnel costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Wages and salaries	7,163	5,576
Social security contributions	1,898	1,442
Contributions to pension funds	429	434
Other personnel costs	352	140
Total	9,842	7,593

The increase in personnel costs was attributable partly to the contribution given by the newly-acquired and newly-established companies (Euro 1,447 thousand for a total of 47 employees) and partly to increasing the number of employees to meet the growth of the Group.

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

<i>(in figures)</i>	Half-year ended 30 June			
	2023 average	2022 average	2023 exact	2022 exact
Executives	14	12	14	12
Middle managers	40	33	40	34
Office workers	207	162	212	163
Manual workers	433	346	410	378
Trainees	37	17	30	21
Total	732	570	706	608

21. Financial income and costs

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Interest expense	531	105
Net foreign exchange loss (profit)	29	(48)
Other financial costs	55	16
Total financial costs	615	73
Financial income	24	5
Total net financial costs	591	68

The increase in interest expense was mainly due to higher EURIBOR rates during the half-year.

22. Income tax

This item is broken down as follows:

<i>(in thousands of Euro)</i>	Half-year ended 30 June	
	2023	2022
Current tax	224	260
Taxes from previous years	(354)	-
Net deferred tax liabilities (assets)	(87)	2
Total	(217)	262

The balance includes a contingent asset from a supplementary tax return for the 2017-2018 financial year, which was submitted by subsidiary Spindial SpA at the beginning of 2023.

23. Related-party transactions

Transactions with related parties are mainly commercial 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 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, an entity related to the controlling company of Medica, amounting to Euro 170 thousand at 30 June 2023 (Euro 105 thousand at 30 June 2022).

24. Events after the reporting date

No significant events occurred after the reporting date.

25. Other information

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

The Group provides the following guarantees:

Amounts in €/000

Description – Medica SpA	30/06/2023	30/6/2022
Guarantees given to third parties	194	975
Guarantees given to group companies	4,517	2,838
Guarantees received	3,418	4,863
Description – Tecnoideal Srl	30/06/2023	30/6/2022
Guarantees received and given to third parties	2,495	3,027
Description – Sar-med Srl	30/06/2023	30/6/2022
Guarantees received	4,070	4,977
Description – THF Srl	30/06/2023	30/6/2022
Guarantees received	112	215
Description – Medica Méditerranée	30/06/2023	30/6/2022
Guarantees given to third parties	138	138
Description – Spindial SpA	30/06/2023	30/06/2022
Guarantees given to third parties	6,405	-
Guarantees received	829	-
Total	22,178	17,033

Guarantees given to third parties:

- Sureties of Euro 34 thousand to public bodies for tendering by the controlling company;
- Sureties of Euro 160 thousand for ceiling of the controlling company's credit cards;
- Sureties of Euro 5,478 thousand to public bodies for tendering by Spindial, of which an amount of Euro 604 thousand with co-obligors Medica and Spindial;
- Surety bond of Euro 927 thousand in favour of the Revenue Agency on VAT refunds of Spindial.

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 737 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 1,360 thousand in favour of BPER on financing;
- THF: surety bond granted for Euro 192 thousand in favour of CREDEM on financing;
- SPINIDIAL: co-obligation for insurance policy for tendering equal to Euro 604 thousand.

Guarantees received by the Parent Company

- SACE surety of Euro 102 thousand on Banca Popolare Emilia-Romagna loan;
- FEI surety of Euro 21 thousand on loans granted by Banco Popolare di Milano and Banca Popolare Emilia-Romagna;
- Medio Credito Centrale guarantees for Euro 3,295 thousand.

Guarantee received and given to third parties by Tecnoideal:

- Guarantees received from Medio Credito Centrale for Euro 2,202 thousand on loans received, a surety in favour of a customer on Intesa for Euro 271 thousand and a guarantee on the deferred payment of the BPM loan instalment due to the Covid-19 pandemic for former Slom for Euro 22 thousand.

Guarantees received by Sar-med Srl:

- Guarantees received from Medio Credito Centrale for Euro 4,070 thousand on loans received.

Guarantees received by THF Srl:

- Medio Credito Centrale guarantee for Euro 112 thousand on loans received.

Guarantee given to third parties by Medica Méditerranée:

- Bank guarantee for Euro 138 thousand on the building.

Guarantees received by Spindial SpA:

- Guarantees received from Medio Credito Centrale for Euro 829 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 during the first half of 2023.

Information on agreements not resulting from the balance sheet

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

Fees due to Directors, Statutory Auditors and independent auditors

For more information on fees due to Directors and independent auditors, reference should be made to the table reported in note 19.

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, 28 September 2023

For the Board of Directors

Luciano Fecondini
(Chairman)



Independent Auditors' Report



Medica S.p.A.

Review report on the interim consolidated half year
financial statements

(Translation from the original Italian text)



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Review report on the interim consolidated half year financial statements (Translation from the original Italian text)

To the Shareholders of
Medica S.p.A.

Introduction

We have reviewed the interim consolidated half year financial statements, comprising the statement of financial position, the income statement and cash flow statement and the notes to the financial statement of Medica S.p.A. and its subsidiaries (the "Medica Group") as of June 30, 2023. The Directors of Medica S.p.A. are responsible for the preparation of the interim consolidated half year financial statements in conformity with the accounting principle OIC30. Our responsibility is to express a conclusion on these interim consolidated half year financial statements based on our review.

Scope of Review

We conducted our review in accordance with the *International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim consolidated half year financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated half year financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated half year financial statements of Medica Group as of June 30, 2023 are not prepared, in all material respects, in conformity with the accounting principle OIC30.

Bologna, September 28, 2023.

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

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

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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 808158 - P.IVA 00891231003
Iscritta al Registro Rivalori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 15 - IV Serie Speciale del 17/02/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 del bene n.10831 del 15/07/1997

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