

Press release

**MEDICA S.P.A.****APPROVAL OF THE CONSOLIDATED HALF YEAR FINANCIAL REPORT AT  
30 JUNE 2023**

<b>SUMMARY DATA</b>	
<b>Consolidated net revenues</b>	Euro 33.4 million (+64%)
<b>EBITDA</b>	Euro 3.7 million (-1%)
<b>EBIT</b>	Euro 0.2 million (-88%)
<b>Net Result</b>	Euro -0.2 milioni (-112%)
<b>NFP negative</b>	Euro 15.5 million (negative of Euro 4.3 million as of 31 december 2022)

Medolla (MO), 28 September 2023 – The Board of Directors of Medica S.p.A., an integrated Italian biomedical and MedTech group with a strong international footprint, approved the consolidated half-year financial report as of 30 June 2023.

Commenting on the Group's performance, President Luciano Fecondini stated: "Although satisfied with the significant growth in the Group's organic turnover (with a significant contribution from the Medical division and the newly incorporated Medica USA and Medica GmbH), the results of the half-year do not reflect expectations (in particular for the Automation results). The unfavourable macroeconomic scenario due to the continuation of the Russian-Ukrainian conflict in addition to the investments made for the growth of the Group has made this half-year more complex in terms of maintaining historical margins which is added to the initial impact of the newly established and newly acquired companies, for the which I am confident in a recovery starting from the second semester.

We are also completing the season of large production investments with the soon inauguration of the new plant in Tunisia which adds to the new plant in Sarmed substantially completed at the end of 2022. With these two operations we guarantee ourselves the possibility of significant growth in turnover in the historical perimeter of the group."

**Operating performance**

The half-year result is characterized by very diversified situations in the group's broad product portfolio.

The growth in sales of apheresis lines and filters continues, supported by the continuous growth in the installed base of electromedical machines which have enabled significant growth in high-margin niche products such as plasma filters, hemoconcentrators and bioregenerative medicine.

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Significant growth was recorded in the OEM and Menfis divisions while the Water division continues to perform below expectations. Considering the amounts invoiced in July and August 2023, the Company is confident in a recovery in the second half of the year.

As regards the Automation division, important progress has been made in the realization of ongoing orders, the revenues of which, being linked to order processing times, are not yet fully reflected in the income statement. Also in this case, the Company expects a recovery in the second half of the year, also confirmed by the deliveries already made in the months following 30 June 2023. In addition, the taking of orders for important works continues, further confirming the increasingly solid positioning of the division in the market.

In general, the global slowdown in the dialysis market continues, as the pandemic has particularly affected hemodialysis patients. Medica has also been affected by this decline in volumes of dialysis filters and dialysis lines.

From a financial point of view, the non-recurring cash outflow in the newly acquired companies and the increase in warehouse stocks in the Group are the main reasons for the cash absorption that occurred in the half-year, to which we then add the now imminent conclusion of the investment in the new plant in Medica Mediterranée and the investments in the start-up phase of the newly incorporated companies for which we are already starting to see positive signs, which make us confident in the future recovery of the invested liquidity.

## Economic performance

**The item "Revenues from sales and services" equal to Euro 33.4 million in the first half of 2023**, shows an increase of Euro 13.0 million (64%) compared to the first half of 2022. This increase is mainly attributable to the contribution of the newly acquired and newly established companies, which overall achieved Euro 10.6 million in consolidated revenues, and by a significant growth in group revenues on a like-for-like basis (+12%, equal to Euro 2.4 million), mainly concentrated in the medical area. The total revenues indicated above includes Euro 0.2 million of adjustment due to the best estimate of the impact of the payback on the first half of 2023.

In particular, the strong growth trend of the Acute & Apheresis business line continues, rising from Euro 6.0 million in the first half of 2022 to Euro 9.5 million in the first half of 2023 (+59%), which includes Euro 1.6 million in revenues deriving from the change of the perimeter, accompanied by a significant growth in the OEM business line, which went from Euro 4.4 million to Euro 5.7 million (+30%), and in that of the Chronic, which went from Euro 2, 3 million to Euro 10.4 million (+352%), which includes Euro 8.5 million of revenues deriving from the change of the perimeter.

As regards the other business lines, Tecnoideal Automation achieved a revenues substantially in line with the first half of 2022 (-4%) still suffering the effects of delays in supplies, while the Water division, with the contribution of Euro 0.5 million resulting from the change of the perimeter, achieved a slight increase in revenues compared to the first half of 2022 (+8%), but on both counts we are confident in a significant recovery in the second half of 2023.

**EBITDA, equal to Euro 3.7 million as of 30 June 2023, substantially in line with the result achieved as of 30 June 2022 (-1%),** suffered a contraction in terms of incidence on revenues of 7 percentage points compared to 30 June 2022, attributable for approximately 2 percentage points to the contribution of the newly incorporated and newly acquired companies, for approximately 3 percentage points to the increase in costs for services with the same perimeter and for approximately 2 percentage points to the reduction in the first margin with the same perimeter, mainly attributable to Automation companies.

**Operating profit is equal to Euro 0.2 million;** the decrease of Euro 1.5 million compared to the value as of 30 June 2022 is mainly attributable to the operating losses contributed by the newly acquired and newly incorporated companies for Euro 1.1 million. On a like-for-like basis, the reduction in EBITDA illustrated in the previous paragraph was partly offset by a reduction in depreciations of Euro 0.4 million, mainly attributable to the completion of the depreciations of some development projects and the sale of an automation line up to then used for internal purposes, which occurred at the end of 2022.

**The loss for the period, equal to Euro 0.2 million,** a decrease compared to the profit realized on 30 June 2022 of Euro 1.4 million, is mainly due to the losses contributed by the newly acquired and newly incorporated companies for Euro 0.8 million. With the same perimeter, the decrease is mainly attributable, in addition to what is illustrated in the previous paragraphs, to the increase in financial charges due to the increase in Euribor.

## Financial performance

The worsening of the net financial position, which went from a negative balance of Euro 4.3 million at 31 December 2022 to a negative balance of Euro 15.5 million at 30 June 2023, is mainly due to the increase in net working capital attributable to the increase in inventory, both to cope with the increase in the order backlog received from customers and with the uncertainties regarding the delivery times of materials from suppliers due to the Russian-Ukrainian conflict, to a significant reduction in exposure to suppliers of the subsidiary Spindial SpA pre-existing at the acquisition date, to the payment of 1.1 million euros for the closure of the 2013-2016 tax dispute and the special amendments for the years 2017 and 2018, of the subsidiary Spindial SpA, and to the financial needs to support the start-up phase of newly established companies.

Furthermore, during the half-year the Group made net investments in tangible and intangible assets for Euro 4.8 million, of which approximately Euro 1.9 million were non-recurring and related to the continuation of work on the Medica Mediterranée building and new machinery in the former Slom plant.

## Main events occurred in the first semester

An investment contract was signed in April 2023 with SIMEST - the Cassa Depositi e Prestiti Group company for the internationalization of Italian companies - aimed at entry into the share capital of Medica USA Inc.. The investment of 1.9 million euros by SIMEST in the international expansion project of Medica, took the form of the acquisition of a 30% stake in Medica USA (for an amount of approximately 0.8 million euros) and the stipulation of an interest-bearing shareholder financing contract, currently not yet

disbursed (for the remaining approximately 1.1 million euros). The operation - 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 excellent Italian companies.

The entry of SIMEST into the share capital of Medica USA Inc. allows Medica to develop the planned investment plan in the American company in the broader geographical expansion project of the Group, supported by the contract for the purchase of assets to manufacture blood filters and water filters finalized with Evoqua Water Technologies, a leader in mission-critical water treatment solutions, on April 1, 2023 and for which Evoqua will retain distribution rights to the water filtration product line, including bioscience product filters and automated endoscope reprocessor (AER) filters.

At the end of February 2023, Medica GmbH was incorporated, a medical products distribution company in Germany, 100% controlled by Medica SpA.

### **Outlook for the current year**

The continuation of the Russian-Ukrainian conflict with the consequent impacts on the supply chain and general increases in material prices continues to put the planning of various productions and industrial relations to the test, making it complex to estimate the results for 2023.

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

The consolidated half-yearly financial report closed on 30 June 2023 will be available to the public at the registered office, on the website [www.medica-spa.com](http://www.medica-spa.com) and on the Borsa Italiana website.

This press release will be available on the Company's website [www.medica-spa.com](http://www.medica-spa.com) in the Investors section. On 29 September 2023 at 11.30 am, the management will illustrate the results achieved by the Medica Group in the half-year ended 30 June 2023 via audio-conference and its presentation will be available on the website [www.medica-spa.com](http://www.medica-spa.com) in the Investors section.

Below are the telephone numbers for connecting to the audio conference:

**Italy: +39 02 802 09 11**

**France: +33 170918704**

**Germany: +49 6917415712**

**Switzerland: +41 225954728**

**UK: +44 1 212818004**

**USA: +1 718 7058796**

Attached are the reclassified consolidated income statement, the reclassified consolidated balance sheet and the Group's net financial debt for the half year ended 30 June 2023 with relative comparative.

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## Medica Profile

Medica Group is operating since 1985 in the biomedical district of Mirandola (Italy). Development of innovative products for blood purification has always been company's core business. Thanks to the activity of two extremely dynamic R&D groups (medical equipment, membranes and disposable), the Group competes successfully in several markets, namely:

- **Medical** (dialysis, CRRT, ECCO2, Apheresis, DFPP, CHF, HIPEC, pre-transplant organ perfusion, bioregenerative medicine, gastroenterology, urodynamics, oxygen humidification).
- **Microbiological purification of water**
- **Industrial automation** for the biomedical sector.

R&D focus has been integrated over the years with a highly automated production systems in several facilities, and with different commercial entities, both in Italy and abroad.

The key success factors of the Group are:

- **extrusion of hollow fiber membranes** for hemofiltration, plasmapheresis, cascade filtration, oxygen humidification, ultrafiltration and microfiltration of water
- **vertical integration**, proved by the ability to manage not only the design and development of medical disposables and equipment, and the development of the automation technologies required for their production as well.
- **International recognition with significant share of export**, with sales in over 60 countries.

The Medica group closed its consolidated financial statements for 2022 with revenues of 50.9 million euros (43.8 million euros in 2021), EBITDA of 11.2 million euros (9.9 million euros in 2021), EBIT of € 5.3 million (€ 5.8 million in 2021) and net profit of € 4.0 million (€ 5.0 million in 2021).

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## Reclassified consolidated income statement

<i>(in thousand 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, ancillary, and consumable materials and goods	-12,716	-38%	-5,542	-27%	-7,174	129%
<b>Gross Profit</b>	<b>20,678</b>	<b>62%</b>	<b>14,882</b>	<b>73%</b>	<b>5,796</b>	<b>39%</b>
Purchases of services, leases and rentals	-8,449	-25%	-4,700	-23%	-3,749	80%
Personnel costs	-9,842	-29%	-7,593	-37%	-2,249	30%
Other operating costs, net	1,358	4%	1,171	6%	187	16%
Impairments	-30	0%	-3	0%	-27	900%
<b>EBITDA</b>	<b>3,716</b>	<b>11%</b>	<b>3,756</b>	<b>18%</b>	<b>-40</b>	<b>-1%</b>
Depreciation and amortization	-3,379	-10%	-2,060	-10%	-1,319	64%
Accrual to provisions	-130	0%	0	0%	-130	-100%
<b>Operating result (EBIT)</b>	<b>206</b>	<b>1%</b>	<b>1,696</b>	<b>8%</b>	<b>-1,490</b>	<b>-88%</b>
Net finance expense	-591	-2%	-68	0%	-523	769%
<b>Profit before tax</b>	<b>-384</b>	<b>-1%</b>	<b>1,628</b>	<b>8%</b>	<b>-2,012</b>	<b>-124%</b>
Income tax expense	217	1%	-262	-1%	479	-183%
<b>Profit for the period</b>	<b>-167</b>	<b>-1%</b>	<b>1,367</b>	<b>7%</b>	<b>-1,534</b>	<b>-112%</b>
Of which Profit of Minorities	-350	-1%	97	0%	-447	-461%
Of which Profit of the Group	183	1%	1,270	6%	-1,087	-86%

## Reclassified consolidated balance sheet

<i>(in thousand of Euro)</i>	As of 30 June	As of 31 december
	2023	2022
<b>Investments:</b>		
<b>Net working capital (B)</b>	<b>18,487</b>	<b>9,344</b>
Intangible assets	11,841	11,577
Tangible assets	36,857	35,560
Financial investments	3,801	3,775
<b>Fixed assets (A)</b>	<b>52,499</b>	<b>50,912</b>
Employee benefit	(2,225)	(2,238)
Provisions	(1,893)	(2,838)
Deferred tax assets - net	1,428	1,336
<b>Net invested capital (A+B+C)</b>	<b>68,297</b>	<b>56,517</b>
<b>Sources:</b>		
Equity	52,795	52,179
Net debt (net cash)	15,502	4,338
<b>Sources of financing</b>	<b>68,297</b>	<b>56,517</b>

## Consolidated net financial debt

<i>in thousand of Euro</i>	As of 30 June 2023	As of 31 December 2022
A. Cash	(11,973)	(20,509)
B. Cash equivalent		

C. Other current financial assets	(7,956)	(10,049)
<b>D. Liquidity (A + B + C)</b>	<b>(19,929)</b>	<b>(30,558)</b>
E. Current financial liabilities	249	1,140
F. Current portion of non-current financial liabilities	8,551	8,397
<b>G. Current debt (E) + (F)</b>	<b>8,800</b>	<b>9,537</b>
<b>H. Net current debt (G)– (D)</b>	<b>(11,129)</b>	<b>(21,021)</b>
I. Non current financial liabilities	22,241	20,969
J. Issued bonds	-	-
K. Non-current financial and other payables	4,390	4,390
<b>L. Non-current debt (I) + (J) + (K)</b>	<b>26,331</b>	<b>25,359</b>
<b>M. Net Debt (H) + (L)</b>	<b>15,502</b>	<b>4,338</b>