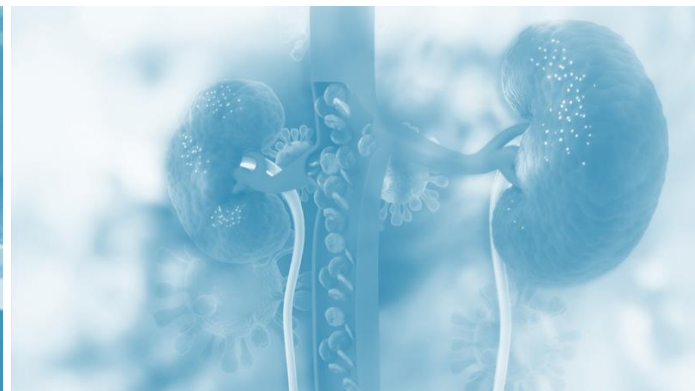
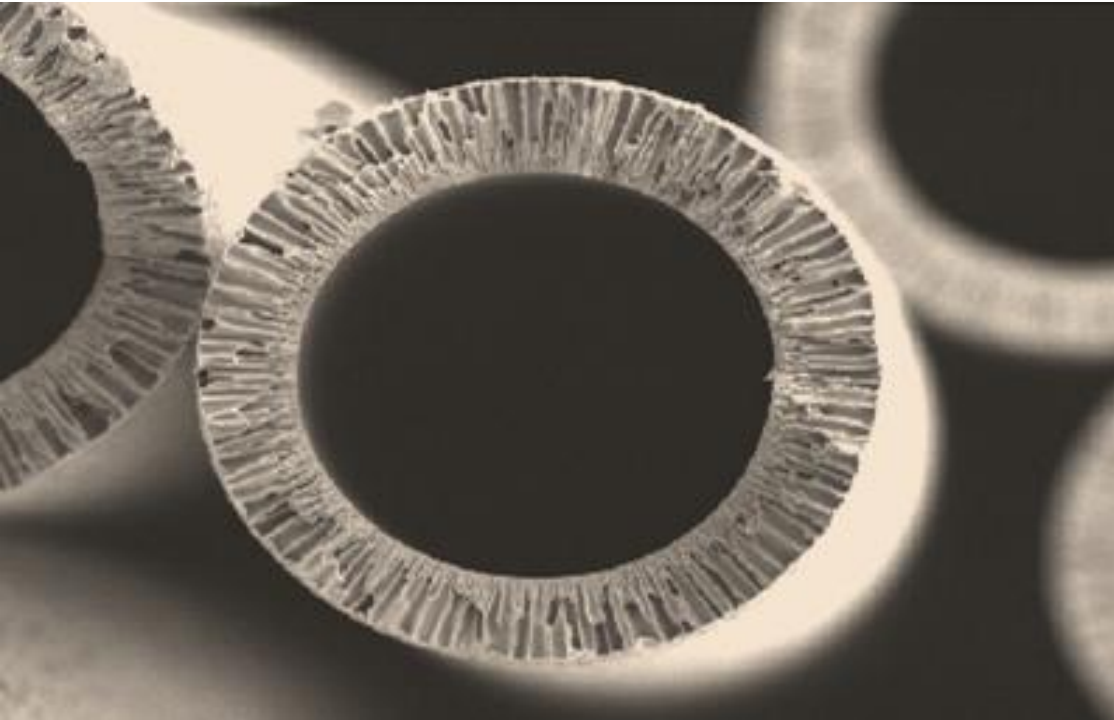


# MEDICA

## Medica Presentation Half Year 2022 Results

SEPTEMBER, 29 2022



# Today's Speakers

## LUCIANO FECONDINI



### FOUNDER & CEO

- FOUNDED MEDICA IN 1985 AS AN R&D LAB
- PREVIOUSLY, HE WORKED AS CONSULTANT FOR BIOMED MNOS IN USA, THEN AS HEAD OF GLOBAL R&D AT AMICON (MASSACHUSETTS)
- GRADUATED IN CHEMICAL ENGINEERING IN 1972

## MARCO FECONDINI



### HEAD OF BUSINESS DEVELOPMENT

- JOINED MEDICA IN 2011
- IN MEDICA HE COVERED ROLES OF INCREASING RESPONSIBILITIES ACROSS SEVERAL FUNCTIONS
- PHD IN AGRICULTURAL SCIENCES
- GRADUATED IN AGRICULTURAL SCIENCES

## LETIZIA BOCCHI



### CHIEF IP OFFICER

- JOINED MEDICA IN 2010
- 5YRS AS RESEARCH FELLOW AT UNIVERSITY OF MODENA & REGGIO EMILIA
- PHD IN BIOCHEMISTRY, MOLECULAR BIOLOGY AND BIOTECHNOLOGY
- GRADUATED IN BIOTECHNOLOGY

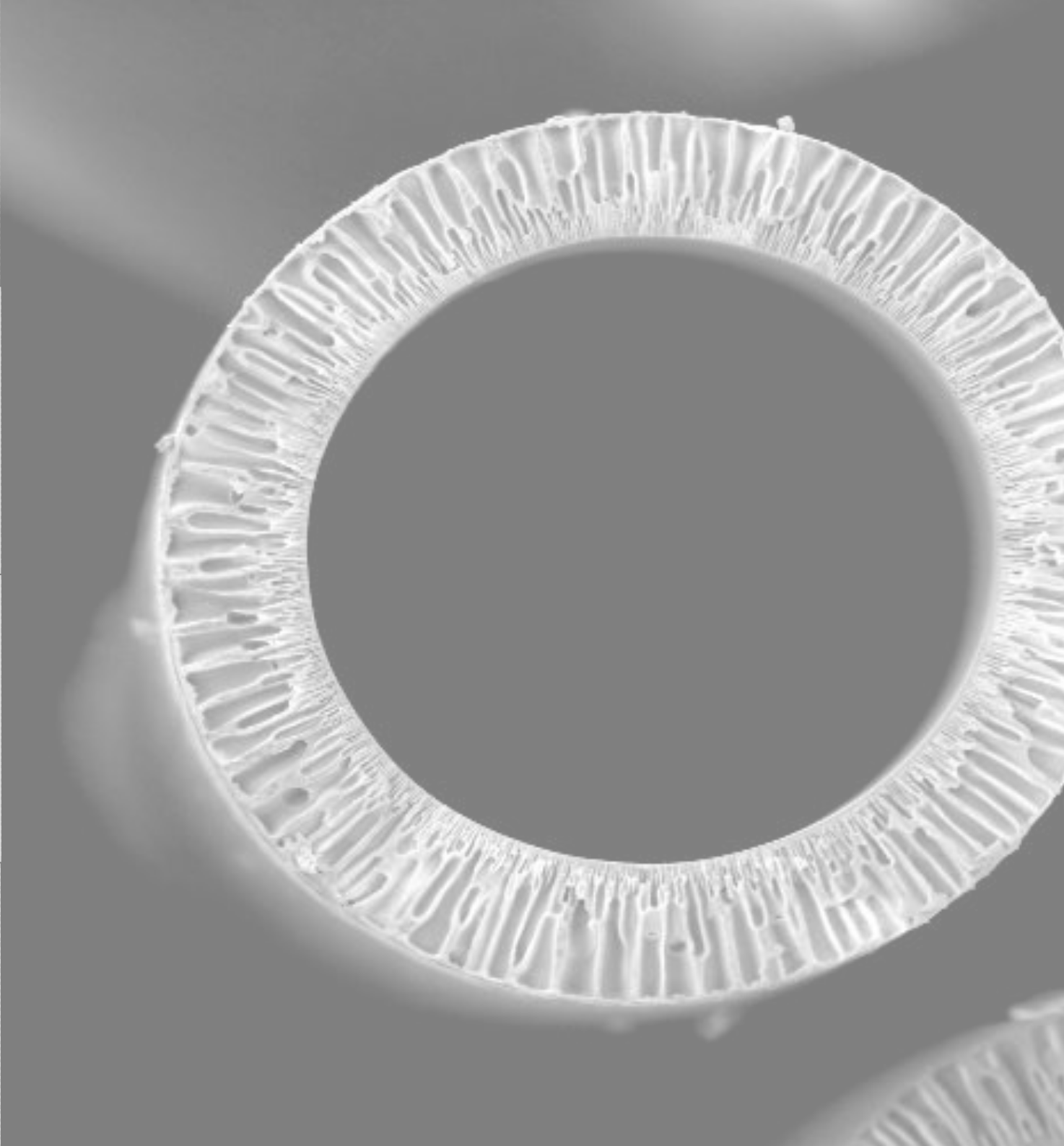
## GIOVANNI PLASMATI



### IR & CHIEF FINANCIAL OFFICER

- JOINED MEDICA IN 2021
- 15YRS AS AUDITOR FOR PWC UP TO SENIOR MANAGER ROLE
- MSC IN FINANCE AND CONTROL
- GRADUATED IN ECONOMICS AND BUSINESS ADMINISTRATION

**INTRODUCTION TO  
MEDICA GROUP**



# MEDICA

*Global solution provider for healthcare players*

BIOMED AND MED-TECH R&D POWERHOUSE  
IN MEMBRANES AND ELECTROMEDICAL DEVICES

LEVERAGING ON **UNIQUE ON-THE-SHELF KNOW-HOW** ACROSS THE  
**ENTIRE VALUE-CHAIN** AND A RICH PORTFOLIO OF **PROPRIETARY PATENTS**

OFFERING A **FULL RANGE OF TURNKEY 360° MISSION CRITICAL SOLUTIONS**  
MAINLY FOR THE **BLOOD AND WATER TREATMENT MARKETS**

SUPPLYING **OWN BRAND PRODUCTS** AND **TIER 1 GLOBAL PARTNERS** IN MORE  
THAN 60 COUNTRIES, BOTH CUSTOM AND THROUGH CATALOGUE

**SCALABLE TO COUNTLESS  
MARKETS AND APPLICATIONS**



# Group Structure – Consolidated Entities as of 30 June 2022

- Productive entities
- Commercial-only entities



- HOLDING COMPANY OF MEDICA GROUP
- R&D OF MEMBRANE, DISPOSABLE AND MEDICAL EQUIPMENT
- MEDICAL EQUIPMENT R&D
- QUALITY ASSURANCE AND REGULATORY AFFAIRS



- INJECTION MOLDING
- MOLDS DESIGN AND PRODUCTION
- MEDICAL TUBE EXTRUSION
- BLOOD LINES AND TUBING SET
- ETO STERILIZATION
- AUTOMATIC ASSEMBLY LINES



ASSEMBLY TECHNOLOGIES FOR  
MEDICAL DISPOSABLE PRODUCTION

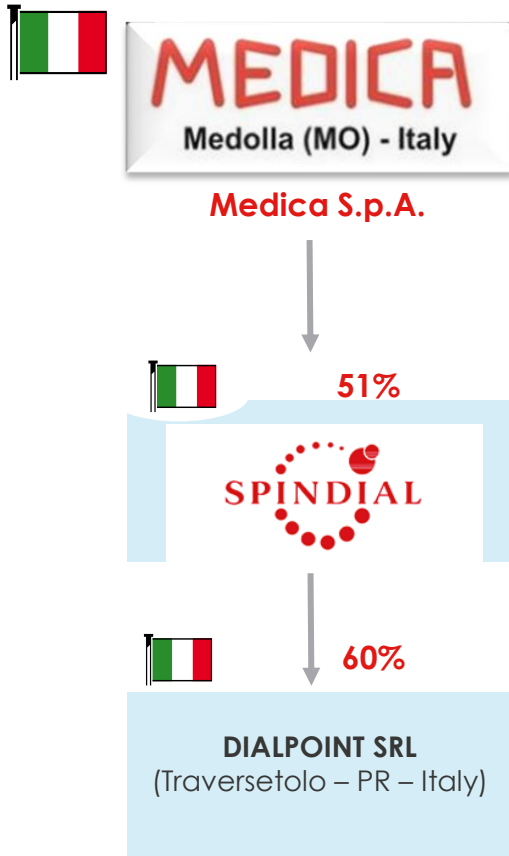


- PS AND PES FIBER SPINNING
- BLOOD AND WATER FILTERS PRODUCTION PLANT

Source: Management, group financial statements

Note: (1) 7.89% held through Tecnoideal, 92.11% through Medica

# Group Structure – events after 30 June 2022



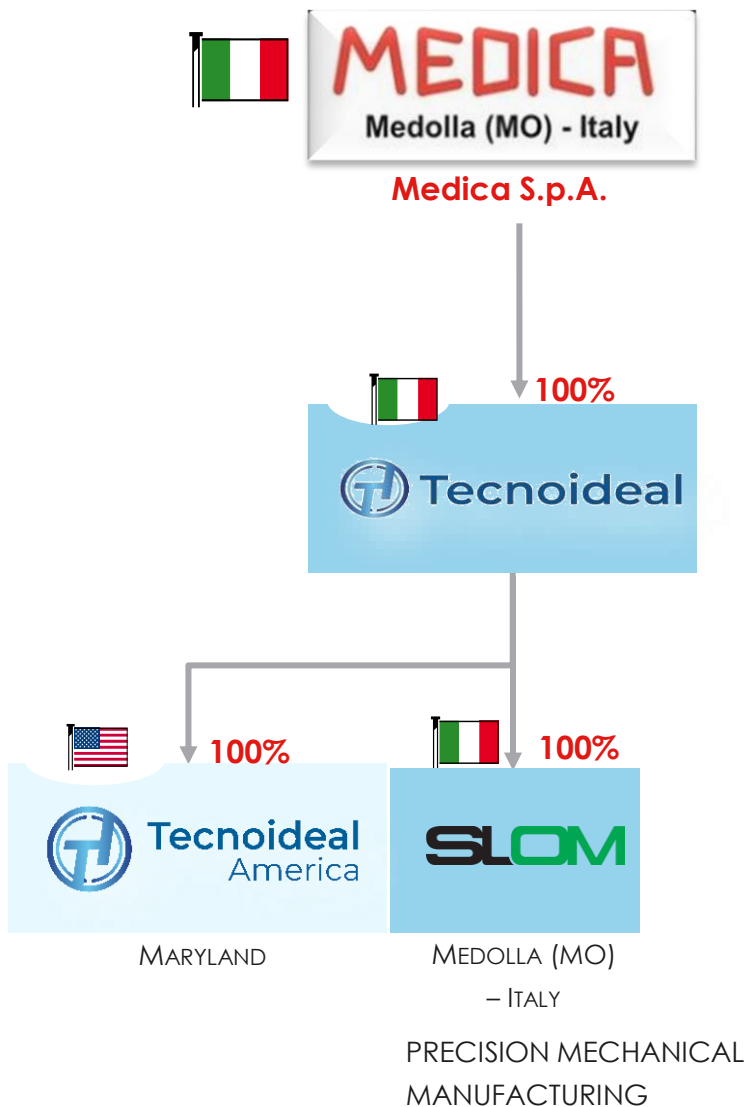
SPECIALIZED IN THE DISTRIBUTION AND TECHNICAL ASSISTANCE OF MEDICAL DEVICES FOR HOSPITAL AND HOME DIALYSIS AND IN THE MANAGEMENT OF DIALYSIS CENTERS

## SPINDIAL (ACQUISITION DATE 21 JULY 2022)

- 1) TOTAL CONSIDERATION OF EURO 7,5 MLN (9X EV/EBITDA), SUBJECT TO ADJUSTMENT BASED ON THE NET FINANCIAL POSITION AND NET DEBT EXPOSURE AT THE CLOSING DATE.
- 2) FIGURES AS OF 31 DEC 2021 OF SPINDIAL SPA:  
REVENUES 15,5 €MLN; EBITDA ADJ 2,0 €MLN;  
EQUITY 7,0 €MLN; NET FIN DEBT 5,3 €MLN  
WITH EXPECTED GROWTH IN THE SHORT TO MEDIUM TERM BOTH IN TERMS OF REVENUES AND IN TERMS OF EBITDA AND EBITDA MARGIN.
- 3) FIGURES AS OF 31 DEC 2021 OF DIALPOINT SRL: REVENUES 0,8 €MLN, EBITDA 0,1 €MLN, EQUITY 0,8 €MLN, NET FIN DEBIT 0 €MLN
- 4) RATIONALE: INTEGRATION OF SPINDIAL HIGH LEVEL OF COMMERCIAL SKILLS AND ITS STRONG PRESENCE IN ITALY WITH THE BROAD RANGE OF MEDICA PRODUCTS
- 5) MARCELLO GRONDELLI WILL CONTINUE TO HEAD SPINDIAL S.P.A. AS PRESIDENT AND CEO, IN ADDITION TO THE DIRECTORS MARCO FECONDINI (SALES AND MARKETING MANAGER OF MEDICA) AND GIOVANNI PLASMATI (GROUP CFO AND IR OF MEDICA).

Source: Management, group financial statements

# Group Structure – events after 30 June 2022



## SLOM SRL (ACQUISITION DATE 1 SEPTEMBER 2022)

- 1) TOTAL CONSIDERATION OF EURO 0,6 MLN (8X EV/EBITDA), SUBJECT TO ADJUSTMENT BASED ON THE NET FINANCIAL DEBT AT THE CLOSING DATE.
- 2) FIGURES AS OF 31 DEC 2021 OF SLOM SRL: REVENUES 1,3 €MLN; EBITDA 0,1 €MLN; EQUITY 0,5 €MLN; NET FIN DEBT 0,3 €MLN,
- 3) RATIONALE: THANKS TO ITS PRECISION MECHANICAL SKILLS, ESPECIALLY FOR THE AUTOMATION DIVISION, SLOM'S ENTRY WILL GENERATE SYNERGIES BOTH IN TERMS OF REDUCING MACHINING COSTS AND IN TERMS OF IMPROVING THE PRODUCTION EFFICIENCY OF THE AUTOMATION DIVISION.

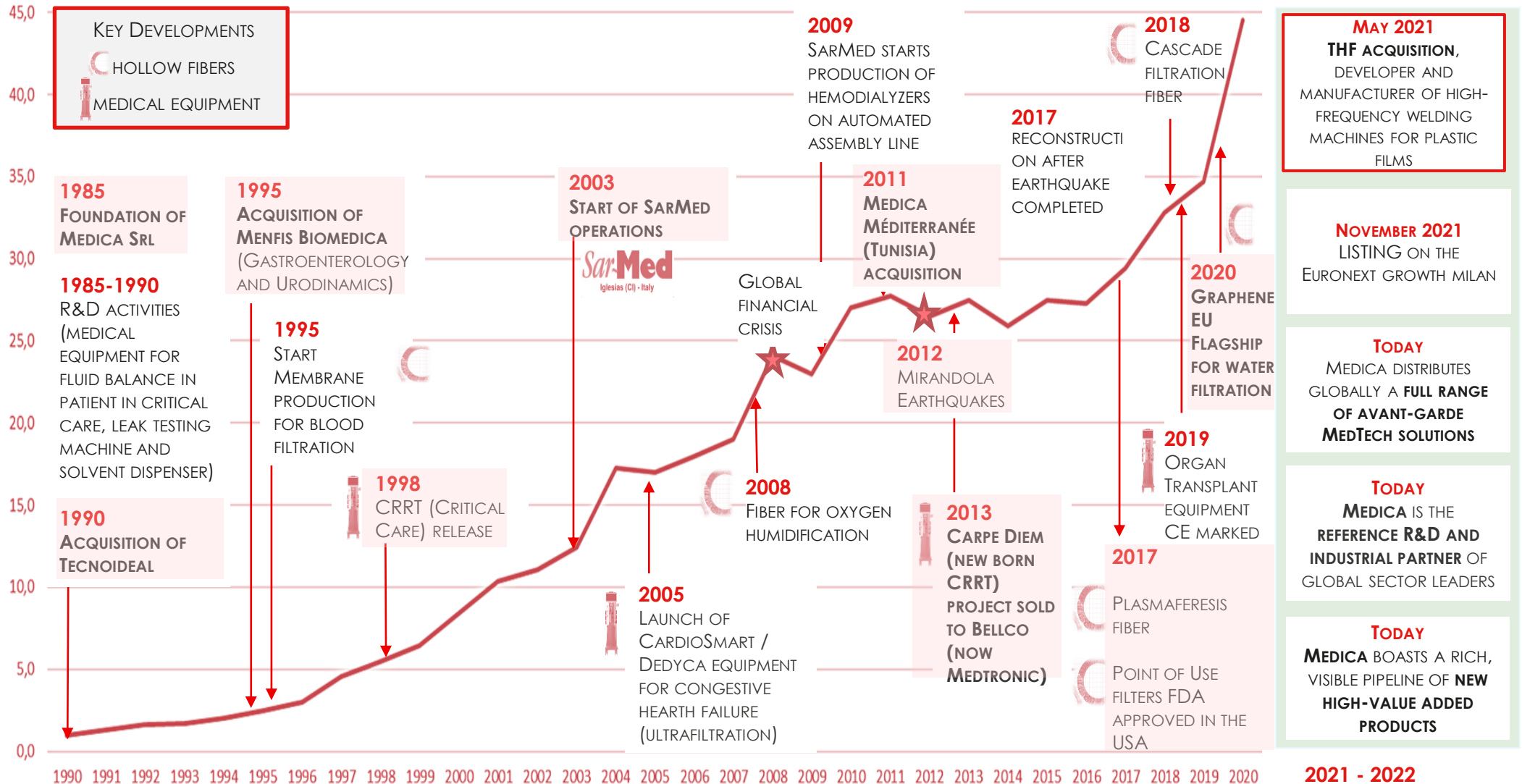
IT IS ALSO OUR INTENTION TO PROCEED SHORTLY WITH THE INCORPORATION OF SLOM SRL INTO TECNOIDEAL SRL.

## TECNOIDEAL AMERICA INC (ACQUISITION OF THE REMAINING 40% OF SHARE CAPITAL AS OF 13 SEPTEMBER 2022)

- 1) TOTAL CONSIDERATION OF EURO 0,3 MLN (EQUAL TO APPROXIMATELY 1X THE SHAREHOLDERS' EQUITY OF THIRD PARTIES), IS NOT SUBJECT TO ADJUSTMENTS
- 2) RATIONALE: TO CONTRIBUTE TO THE VERTICAL INTEGRATION OF THE MEDICA GROUP, WITH A VIEW TO COMPLETE MONITORING OF THE VALUE CHAIN. AS PROOF OF OUR CONFIDENCE IN HIS MANAGEMENT SKILLS, LUDOVICO GIAVOTTO HAS BEEN CONFIRMED IN THE ROLE OF CEO OF TECNOIDEAL AMERICA INC.

Source: Management, group financial statements

# 35+ Years Pioneering Membrane & Medical Equipment Innovation



**MEDICA SHOWED GREAT RESILIENCE AFTER GLOBAL FINANCIAL CRISIS AND THE 2012 EARTHQUAKES, AND IS NOW IN THE SWEET SPOT FOR A SUCCESSFUL LISTING TO ACCELERATING GROWTH FURTHER, EXPLOITING CLEAR ORGANIC AND M&A OPPORTUNITIES**

Source: Management



# Leading Pocket-Size Italian Multinational MedTech

## KEY FACTS



**~69%**

OF REVENUES OUTSIDE ITALY



**~20%**

OF FTEs IN R&D AND QUALITY



**19**

PATENT FAMILIES

OF WHICH

**12** GRANTED

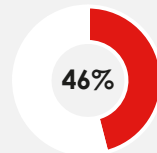
**7** PENDING



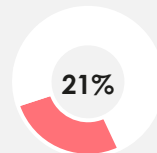
**7**

NEW PRODUCTS IN PIPELINE  
ALREADY CE MARKED

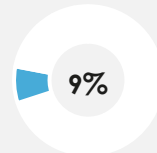
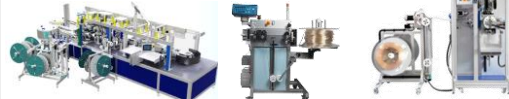
## REVENUES BREAKDOWN<sup>(2)</sup>



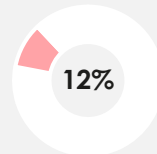
### MEDICAL DISPOSABLES<sup>(1)</sup>



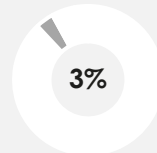
### CUSTOM AND STANDARD ASSEMBLY LINE



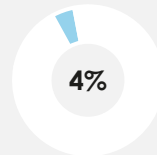
### WATER PURIFICATION



### ELECTROMEDICAL EQUIPMENT



### OXYGEN HUMIDIFIER



### URODYNAMIC, GASTROENTEROLOGY, ONCOLOGY



## EXAMPLE OF OEM CLIENTS / PARTNERS



HY2022A CONSOLIDATED	€M	% REV / LEV (X)
REVENUES	20,4	
EBITDA	3,8	18,4%
EBIT	1,7	8,3%
NET INCOME	1,4	6,7%
NET CASH	8,8	

Source: Management, group consolidated financial statements

Notes: (1) Includes tubing sets, blood filters and ultra-filters; (2) remaining 5% is related to other minor activities, in particular R&D consultancy, technical assistance and sale of spare parts



# Diversified Among Structurally Growing End-Markets

## MAIN END-MARKETS AND RELATED KEY POINTS

### 1 MEDICAL DIVISION

- a Acute & Apheresis:** new, high-margin products development (plasmafilters, VitaSmart, AcuSmart, AferSmart) completed in 2021; focus moves to **clinical and marketing activity**, targeting **direct control on distributors in key geographies**
- b Chronic (Dialysis):** DiaSmart dialysis machine (launch **2022 year-end – early 2023**) to provide Medica **dealers** with a **complete product portfolio** and replicate **razor-blade business model**
- c OEM:** **reduced incidence over time** of OEM business, **even if several deals are currently under discussion** and never sold less than 10 €M in the last 3 years. Strategy though is *branded*

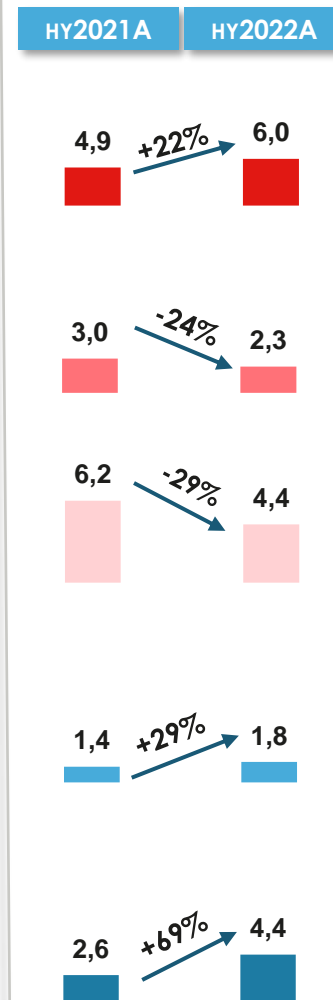
### 2 WATER DIVISION

- Currently basically mono-client, mono-geography and mono-segment
- Future focus on pushing sales in **EU and Asian markets**
- It will be integrated with **new product line based on breakthrough graphene technology** (investments ongoing)

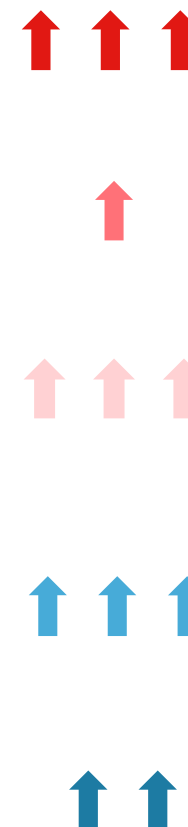
### 3 ASSEMBLY TECHNOLOGY

- **Direct** commercial presence in **Europe, North America (since 2017)** and **China (since 2020)** to boost **custom automation contracts >1 €M**
- **Standard product line renovation in 2021-2022**
- **THF contribution from 1 July 2021**

## Historical Sales (€M)



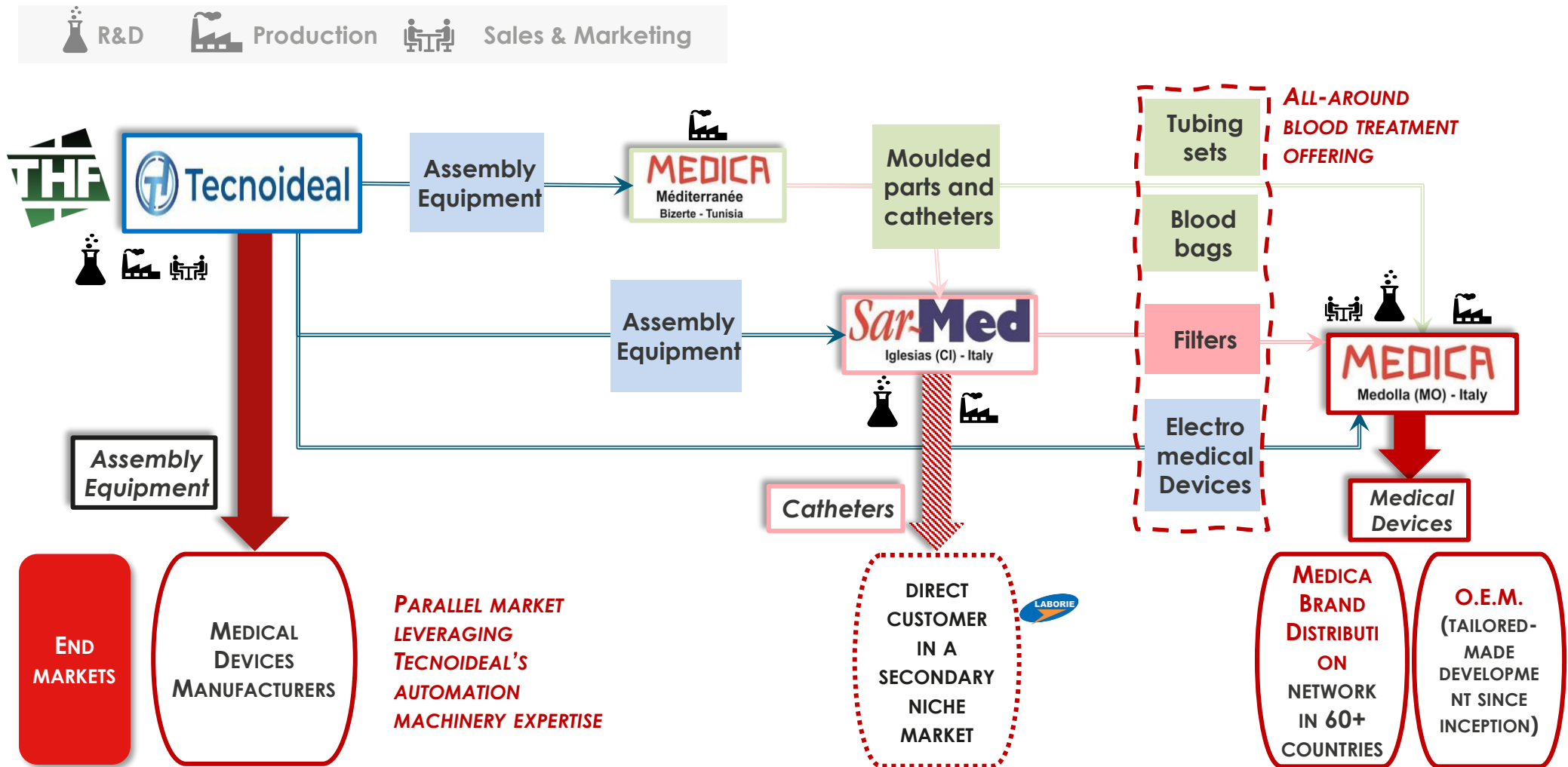
## Gross Margin Profile



CONTINUOUS EXPANSION IN MULTIPLE END-MARKETS LEVERAGING ON THE SAME, REPLICABLE KNOW-HOW AND TECHNOLOGIES



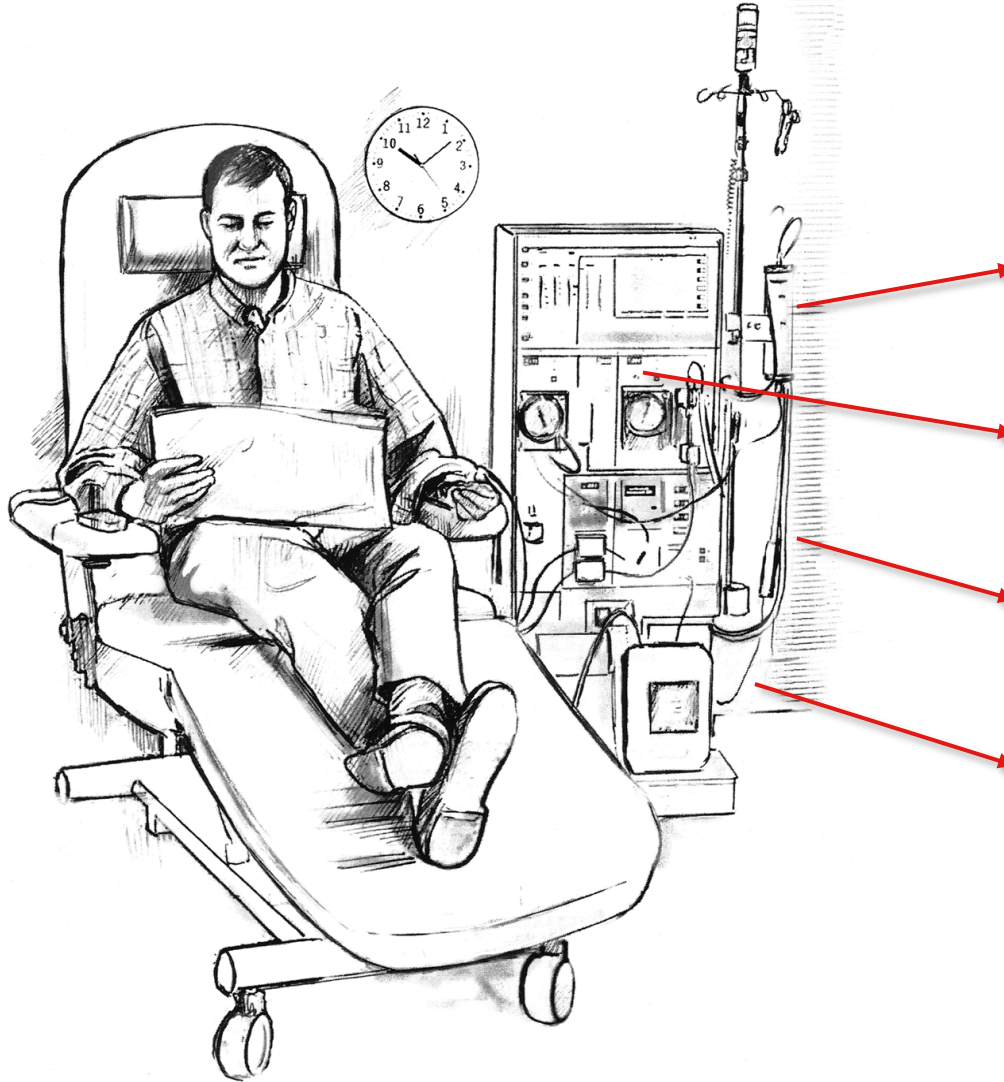
# Inter-Group Model






**TECNOIDEAL PRODUCTS EXPRESS A DEEP UNDERSTANDING OF THE PROCESSES OF PRODUCTION OF DISPOSABLE MEDICAL DEVICES; MACHINERY EXECUTES ALL MAJOR STEPS REQUIRED BY THE ASSEMBLY AND CONTROL OF DISPOSABLES**



# All-Around, Highly Synergic Product Offering w/ Multiple Upsides



	 R&D	 MANUFACTURING	 ASSEMBLY TECHNOLOGY
BLOOD FILTERS	✓	✓	✓
MEDICAL EQUIPMENT	✓	✓	
TUBING SET	✓	✓	✓
WATER FILTER	✓	✓	✓

**THF ACQUISITION** WIDENS FURTHER TECNOIDEAL PORTFOLIO'S CROSS-FERTILIZATION

**SUCCESSFUL PRODUCT EXTENSION TRACK-RECORD IN DIFFERENT NICHES, THANKS TO BOTH HARDWARE AND SOFTWARE TECHNOLOGY PLATFORMS**

Source: Management

# Fully Integrated Business Model, Unique in the MedTech Space

## MEDICA

### FIBER EXTRUSION

On site

### MEMBRANES PRODUCTION

On site

### FILTERS ASSEMBLY

On site

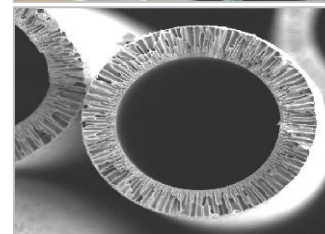
### ELECTROMED. EQUIPMENT

On site

- **SECRET PRODUCTION KNOW-HOW** OF FIBER EXTRUSION, WASH AND DRY UNTIL FILTER MEMBRANES ASSEMBLY
- **FEW LARGE GLOBAL PLAYERS** ABLE TO EXTRUDE MEMBRANE HOLLOW FIBERS (**MAINLY FOR CHRONIC**)



- ABILITY TO PRODUCE **HIGHLY TAILORED MEMBRANES** DESIGNED TO FILTER DIFFERENT SELECTED COMPONENTS KEEPS WINNING MEDICA RECOGNITION IN **SEVERAL NICHE MARKETS**



- A DIALYSIS FILTER OF A 2SQM AREA HAS **13-14 THOUSAND FIBERS** IN PARALLEL
- **ABILITY TO ASSEMBLE FILTERS OF ANY SIZE**, FROM SMALL NEONATAL USE, TO LARGE INDUSTRIAL FILTERS



- **CONTINUOUS FEATURES INNOVATION** THANKS TO **SENSORS** AND **SOFTWARE** INTERNAL EXPERTISE
- "RAZORS" ALLOWING TO CONTINUOUSLY SELL DISPOSABLE "BLADES", **DISSEMINATING STANDARD**



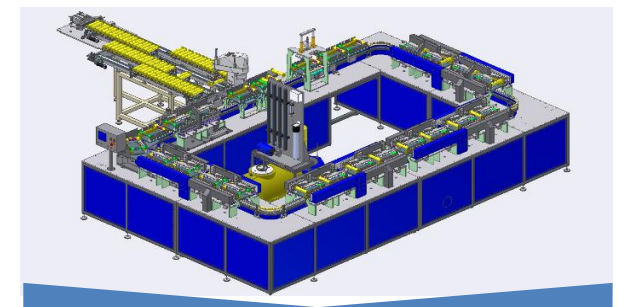
**"We assumed the risk of developing unexplored technologies"**

- Andrea Bocchi, co-founder and shareholder of Medica

## Tecnoideal THA



- **CUSTOM AND STANDARD EQUIPMENT, TO AUTOMATE AND MAKE RELIABLE A GIVEN PRODUCTIVE PROCESS, MINIMIZING THE OPERATOR'S INTERVENTION**



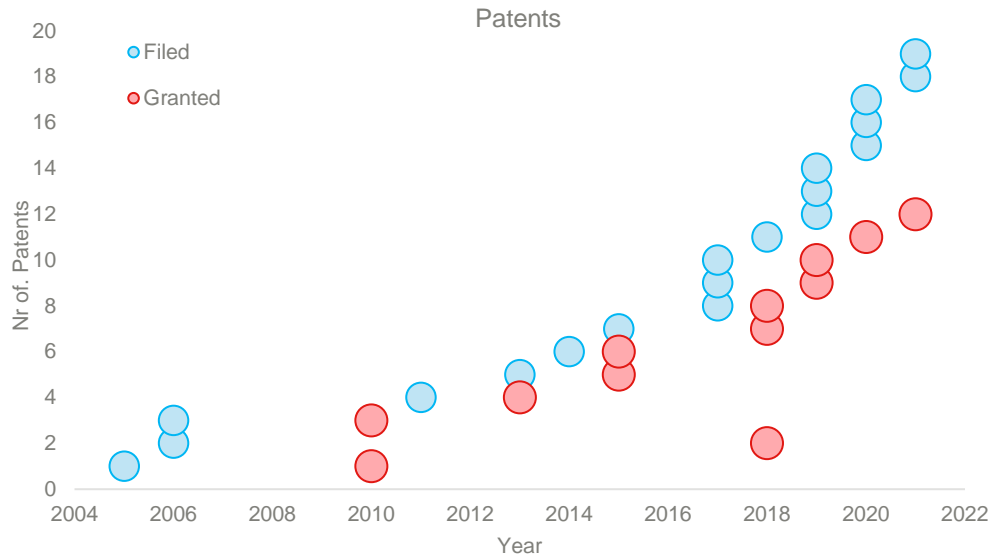
- **ENTIRE FULLY AUTOMATED ASSEMBLY LINES, ENSURING HIGH PRODUCTIVITY AND OPTIMAL CONTROL OF PROCESS AND QUALITY**

**100% INTERNALIZED AND FLEXIBLE VALUE-CHAIN IS A STRONG COMPETITIVE ADVANTAGE TO WIN CUSTOMERS ACROSS MULTIPLE APPLICATIONS**

# Unparalleled R&D Capabilities Fueling a Rich Product Pipeline

## PATENTING ACTIVITIES IN THE LAST 15 YEARS (# PATENTS)

### ROBUST R&D EFFORT, ACCELERATING IP FILING IN THE LAST YEARS



- CURRENTLY **19 FAMILY OF INVENTIONS PROTECTED BY IP** (o/w 5 IN CO-OWNERSHIP), **12 OF WHICH ALREADY GRANTED AND DECLINED IN 45 PATENTS GLOBALLY.**
- PROTECTION AREAS ARE (I) **ACTIVE MEDICAL DEVICES** (II) **MATERIALS**
- **MOST CRITICAL IP** IS RELATED TO MATERIALS COVERING A MEMBRANE OR A PRODUCT WITH SPECIAL TREATMENTS FROM WHICH **NUMEROUS DEVICES WITH MANY DIFFERENT APPLICATIONS CAN BE DERIVED**

## AVAILABILITY OF:

- **HOLLOW FIBRE PILOT SPINNING LINES**
- **ASSEMBLY EQUIPMENT** with high degree of versatility
- **MEDICA LABORATORY**, fundamental asset allowing internal testing of disposables, counting avant-garde equipment, highly skilled personnel and necessary authorizations to manage biological matrices (e.g. blood)
- **RELATIONSHIP AND PROXIMITY WITH TECNOIDEAL** allowing to quickly test both disposables production and compatibility with electromedical devices
- **CLEAN ROOM**
- **HIGHLY SKILLED PERSONNEL**
- **ENTIRE PROCESS KNOW-HOW**

## ARE KEY ELEMENTS FACILITATING R&D ACROSS MEDICA GROUP FACILITIES



RESEARCH & DEVELOPMENT PAVING THE WAY FOR POTENTIAL BLOCKBUSTER PRODUCT RELEASES IN THE MEDIUM TERM

# Unparalleled R&D Capabilities Fueling a Rich Product Pipeline

## NEW MATERIALS, MEMBRANES, DISPOSABLES

### HEMOCONCENTRATION FILTERS



### PLASMA FILTERS



### PLASMA FRACTIONATORS



- Membranes' know-how leads to **COUNTLESS APPLICATIONS ACROSS SEVERAL MARKETS**
- Medica developed **9 DIFFERENT TYPES OF MEMBRANES**:
  - ULTRAFILTRATION (1995)   ▪ **MICROFILTRATION (2017)**
  - HEMOFILTRATION (1995)   ▪ **PLASMAPHERESIS (2017)**
  - **DIALYSIS (2018)**       ▪ **PLASMA FRACTIONATION LARGE, MEDIUM, SMALL (2019)**
  - OXYGEN HUMIDIFICATION (2008)
  - **LARGE-SIZE SPECIAL MEMBRANES FOR ENCAPSULATED CELLULAR THERAPY & AIR FILTRATION (2020)**
  - **GRAPHENE ENRICHED ULTRAFILTRATION AND MICROFILTRATION (IN PROCESS)**
- **EXTREMELY COMPLEX** R&D process in terms of:
  - **DIMENSION** – hollow fiber dimension of ca. **200-300 microns**, it is critical to **keep it intact** during the extrusion process
  - **PERFORMANCE** – maniacal calibration of fiber porosity to have a perfect components' separation

## ACTIVE (ELECTRO) MEDICAL DEVICES - SENSORS

### AFERSMART



### HOMHEMO



### DIASMART

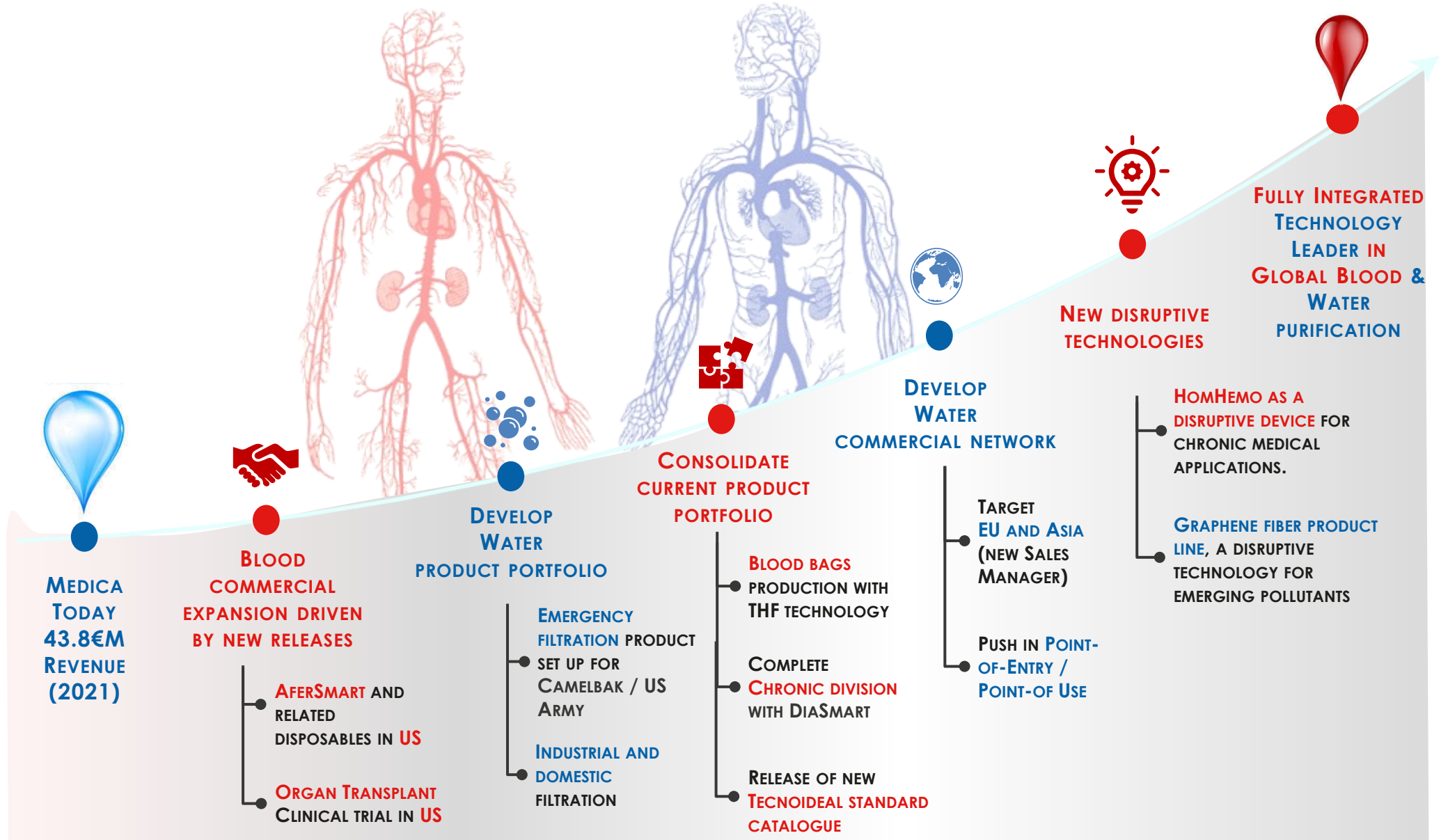


- APPLICATION AREAS: (I) **BOARDS** DESIGN (II) PROGRAMMING AND DESIGN OF **SOFTWARE AND FIRMWARE**, (III) **TESTING** AND VALIDATION, (IV) **MECHANICS DESIGN** OF INDUSTRIAL SYSTEMS & MACHINES
- CONSOLIDATED PARTNERSHIP WITH **MISTER SMART INNOVATION** AND **CNR (ITALY'S NATIONAL RESEARCH COUNCIL)** ALLOWING **TECH-TRANSFER AND ACCESS TO HIGHLY SOPHISTICATED LAB INSTRUMENTS**
- FLAGSHIP PROJECTS ARE RELATED TO THE DEVELOPMENT OF SENSORS:
  - **FLOWMETERS AND CONDUCTIVITY METERS**
  - NEURAL NETWORK **SPECTROMETERS** BASED ON **MACHINE LEARNING**

**MEDICA BOASTS A FULL IN-HOUSE R&D PROCESS, SYNERGIC BETWEEN MEMBRANES / FILTERS AND ELECTROMEDICAL HARDWARE / SOFTWARE, WITH INTERNAL LABORATORY AND CLEAN ROOM ISO8 FOR PROTOTYPING AND TESTING**

Source: Management

# Medica Medium Term Organic Growth Strategy





Sources: Management, group financial statements




# Well and Responsibly Managed – A Strong ESG Profile



SOLAR ENERGY  
INSTALLED  
CAPACITY 441 kW TO  
BE UPGRADED TO 800  
kW WITHIN 2 YEARS



MORE THAN 300 €K  
INVESTED IN 2020 IN  
SOLVENT AND WATER  
RECOVERY IN MEMBRANE  
PRODUCTION



WATER DIVISION INVESTING ON NEW  
TECHNOLOGIES FOR POLLUTANTS REMOVAL  
AND FOR REDUCING USE OF PLASTIC  
BOTTLES




MEDICA GROUP	45%	55%
MEDICA BOARD	60%	40%

**MEDICA**  
Méditerranée  
Bizerte - Tunisia



LOCAL FEMALE  
PROXY  
LEGAL  
REPRESENTATIVE

PIONEER INTRODUCTION IN 2020 OF MEAL  
VOUCHERS FOR TUNISIA PLANT WORKERS, IN  
ORDER TO SUSTAIN FAMILY'S ECONOMY DUE  
TO FOOD COMMODITIES PRICE INCREASE  
AND DEVALUING CURRENCY; FREE BUS  
SERVICE FOR NIGHT SHIFTS



APPLICATION OF EU REGULATION  
2016/679 (GDPR) TO THE ITALIAN  
COMPANIES OF THE MEDICA GROUP  
THAT ARE COMPLIANT WITH A  
STRUCTURED PRIVACY MODEL FOR EACH  
COMPANY

ADOPTION OF THE ORGANIZATION AND  
MANAGEMENT CONTROL MODELS  
PURSUANT TO LEG. DECREE 231/01  
AND ESTABLISHMENT OF THE SUPERVISORY  
BODY, AS WELL AS ETHICAL CODE



Source: Management

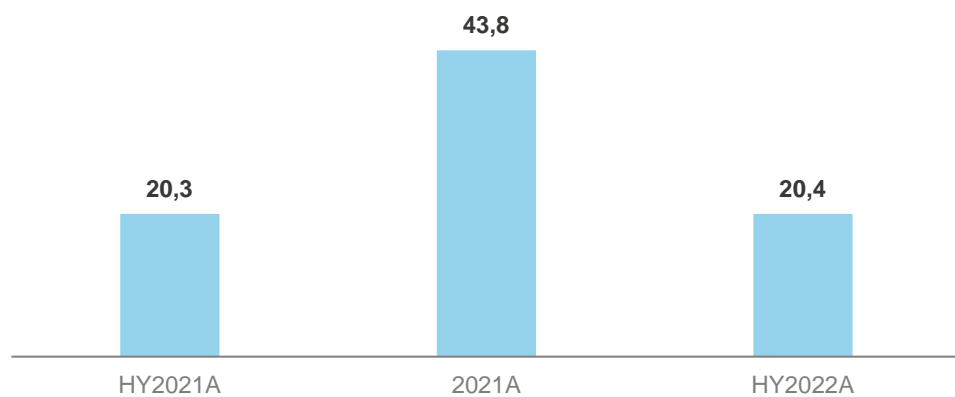
# FINANCIAL OVERVIEW



# Steep Revenues Growth with Substantial Profitability

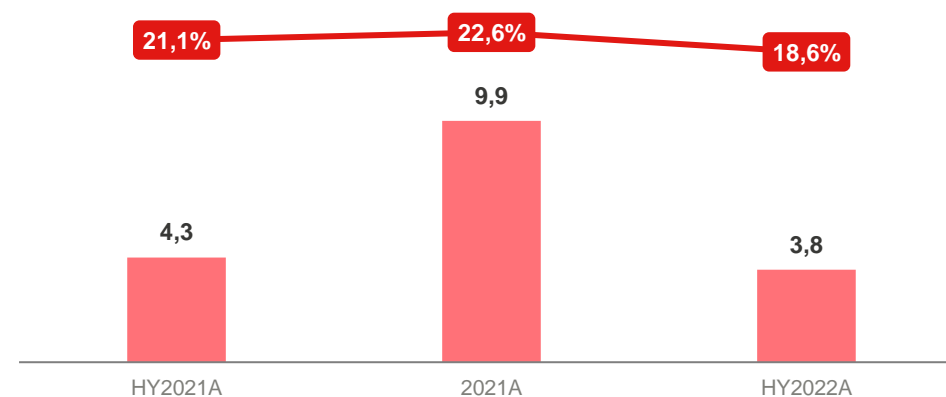
## REVENUES

Total Revenues (€M)



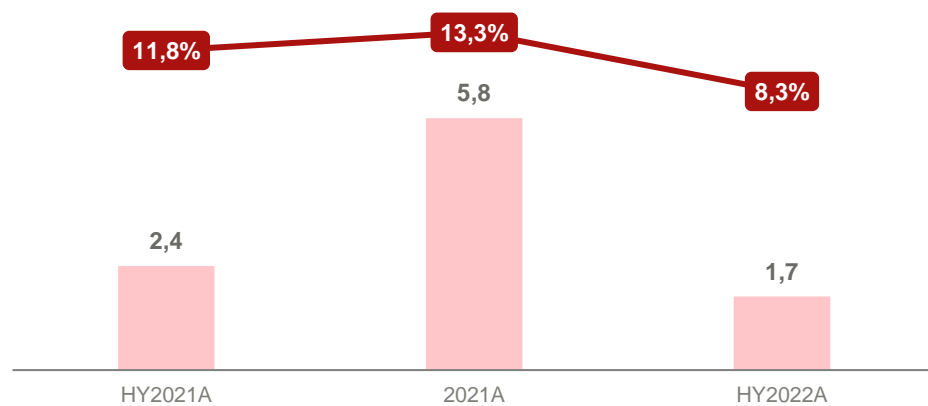
## SOLID MARGINALITY PROFILE

EBITDA (€M, % Total Revenues)



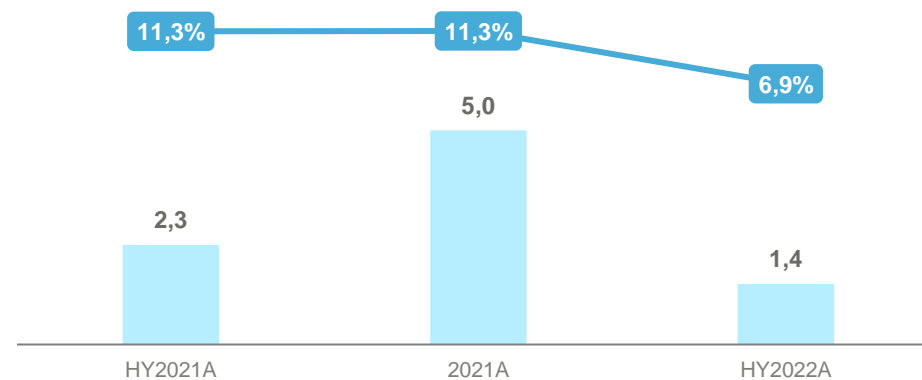
## RELIABLE PROFITABILITY FULLY REFLECTED AT EBIT LEVEL

EBIT (€M, % Total Revenues)



## CONSISTENT BOTTOM LINE PROFITABILITY

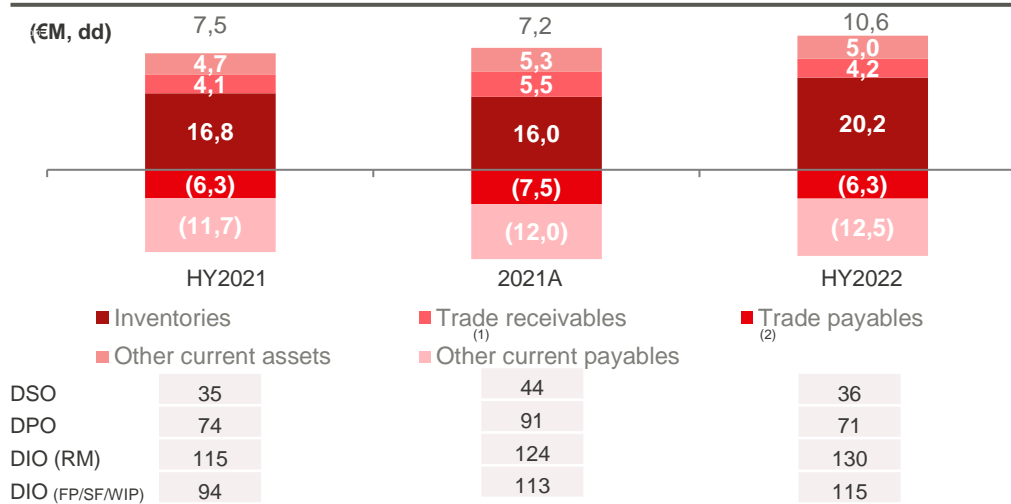
Net Income (€M, % Total Revenues)



Source: Management elaboration on Group consolidated financial statements and Management Accounts

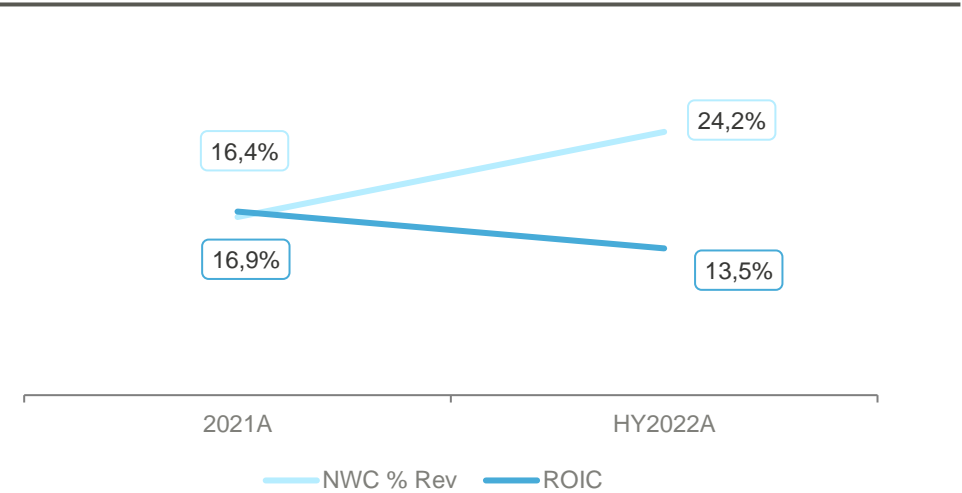
# Efficient Business Model & Attractive Cash Generation Profile excluding the impact of the Pandemic and the Conflict

## NET WORKING CAPITAL



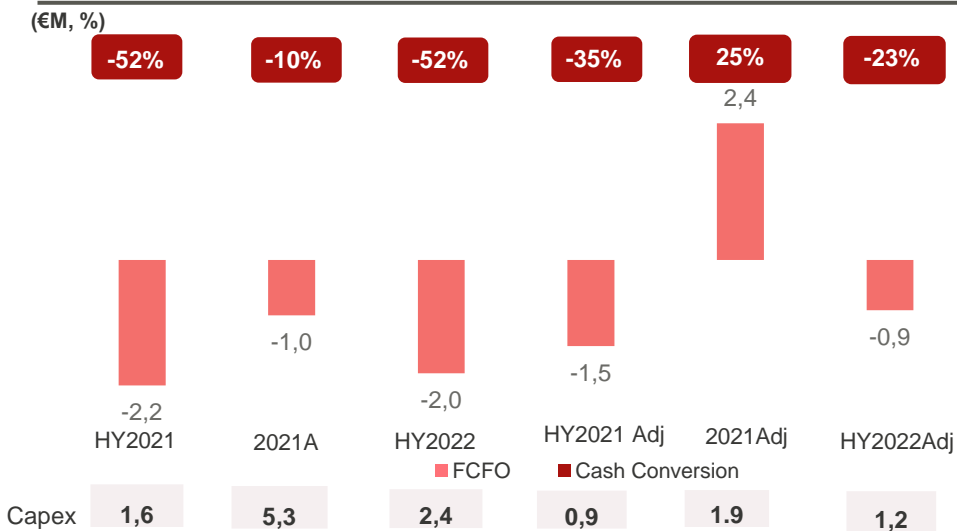
Note: DIO (FP/SF/WIP) =  $\frac{FP+SF+WIP}{(Raw\ materials + Changes\ in\ FP,SF,WIP + Cost\ of\ services + Leases\ and\ rentals)}$

## ROIC



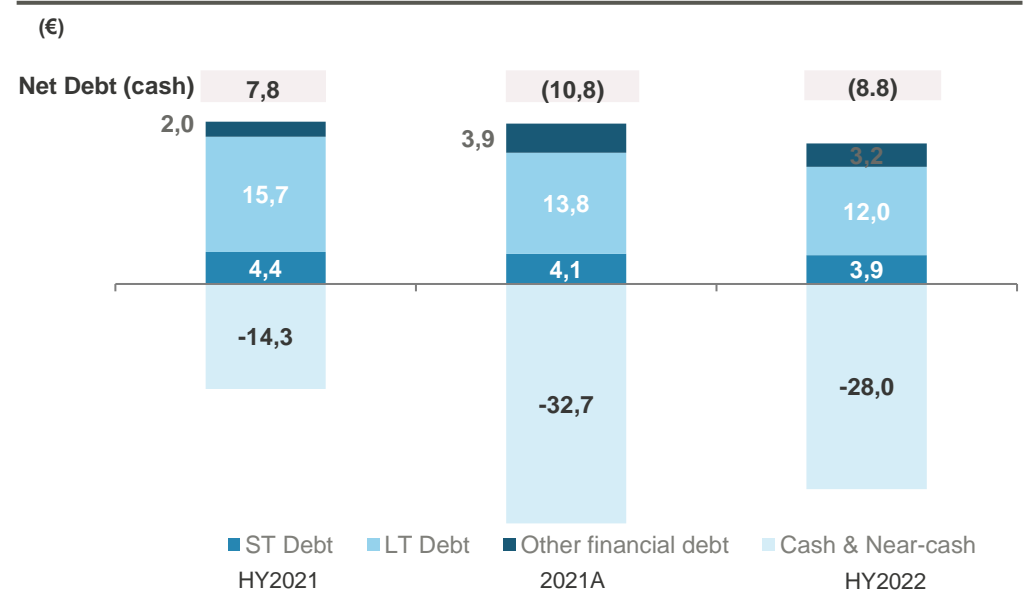
Note: ROIC = EBIT / Invested Capital; Note: EBIT and Revenues of HY2022 are of 12 months

## CASH CONVERSION



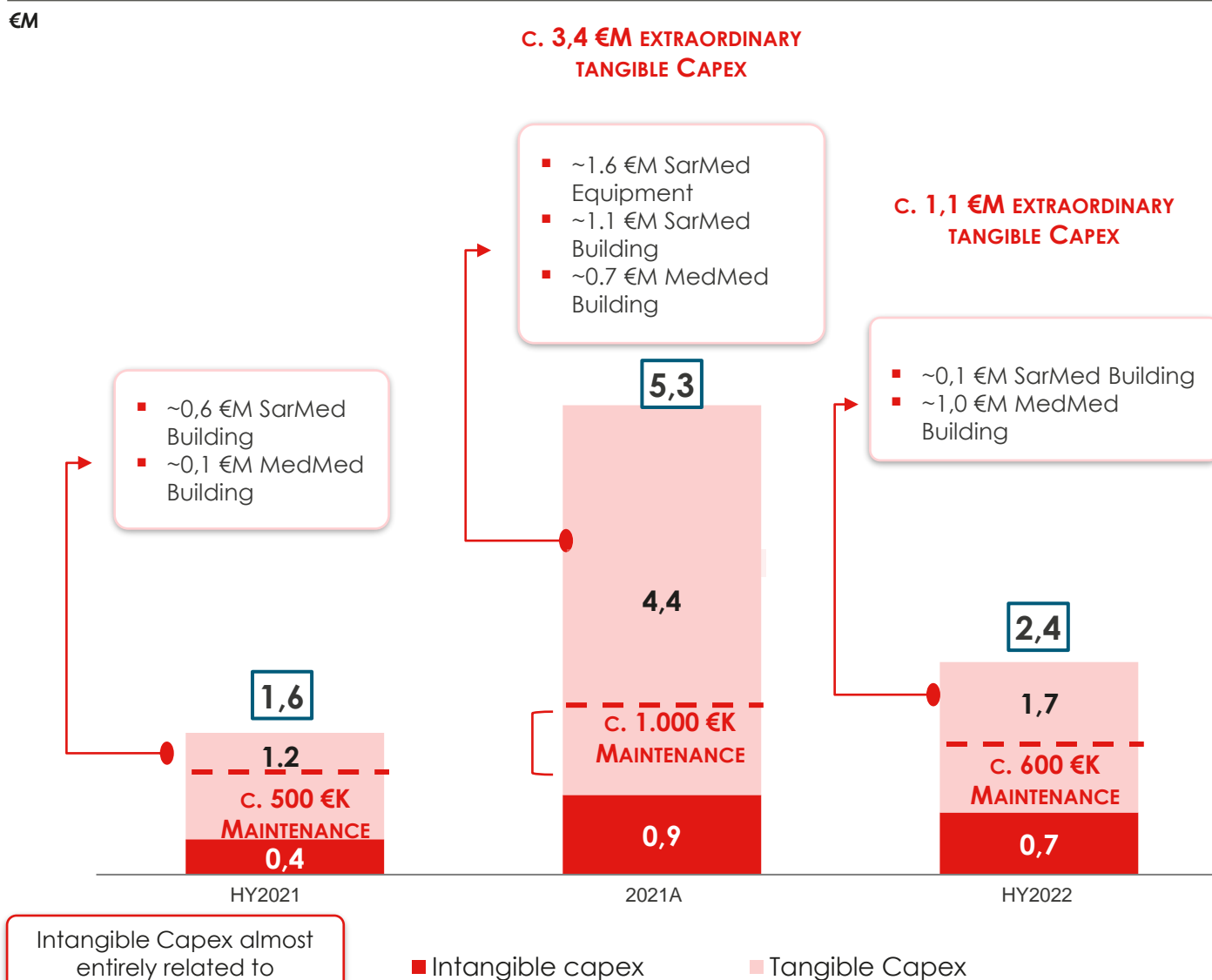
Note: FCFO = EBITDA – Current Taxes – ΔNWC – Ordinary Tangible and Intangible Capex  
 Note: the Adjustments refer mainly the extraordinary capex (see slide 21 for details)

## NET DEBT



# Efficient Business Model: Constant CapEx Sufficient for Growth

## 2021-2022 CAPEX BREAKDOWN



Intangible Capex almost entirely related to Development projects

- **Medica's CapEx are mainly expansionary to support growth**
- Capitalized share of R&D refers to Development projects only, and only for clearly related live expenses (e.g. Dossier Development, prototyping, fully-dedicated personnel etc.)
  - Basic Research and Early Development costs are expensed in the Income Statement (0,8 €M in HY2022, vs 0.4 €M capitalized)
- **SarMed and Medica Mediterranée fast volumes increase** requires investments in **new production lines** (e.g. fiber spinning, dialyzers...) to support growth, yet the **repayment period** for the investment is totally acceptable within a **couple of years**

Source: Management elaboration on Group consolidated financial statements



# FY 2021 - HY 2022 Net Financial Position Bridge

NET DEBT HY2022 HAS A TEMPORARY NATURE, AS INVENTORY AND CAPEX ARE MOSTLY EXTRAORDINARY

(€M)



Source: Management elaboration on Group consolidated financial statements and Management Accounts

# Q&A



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