

## Press Release

### MEDICA S.P.A.

#### APPROVAL OF THE CONSOLIDATED HALF YEAR FINANCIAL REPORT AT 30 JUNE 2022

#### DESPITE THE EXOGENOUS EVENTS OF THE PANDEMIC AND THE RUSSIAN-UKRAINIAN CONFLICT, THE GROUP CONFIRMED ITS SOLIDITY

SUMMARY DATA	
<b>Consolidated net revenues</b>	Euro 20.4 million (+1%)
<b>EBITDA</b>	Euro 3.8 million (-12%)
<b>EBIT<sup>1</sup></b>	Euro 1.7 million (-29%)
<b>Net Result<sup>2</sup></b>	Euro 1.4 million (-41%)
<b>NFP positive</b>	Euro 8.8 million (positive of Euro 10.8 million as of 31 december 2021)

Medolla (MO), 28 september 2022 – – 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 2022.

In commenting on the Group's performance, the Chairman Luciano Fecondini stated: "The unfavorable macroeconomic scenario dictated by the persistence of the pandemic and the Russian-Ukrainian conflict, is making it even more difficult for the Medical Group to continue the organic growth trend marked in previous years, with non-homogeneous sales trends among the various divisions of the Group and with the aggravating circumstance of delays in the deliveries of the machines of the Automation division. However, I can be satisfied with the solidity of the Group which confirms an elevated overall margin, a consistent and growing order book and a positive trend in Acute and Aferesis. I am also happy with the extraordinary transactions that we have completed in recent months, which are highly synergistic with our business model, and I am confident that they will make a significant contribution to the growth of the Group."

### Operating performance

<sup>1</sup> The amount includes the effect from the costs occurred for the capital increase

<sup>2</sup> The comparative amount includes the effect of the greater net deferred tax asset recognized in the HY 2021

The result for the period is characterized by very diversified situations in the broad product portfolio of the Group.

The sustained growth in sales of our products (lines and filters) for apheresis continues, also driven by the significant revenues of electromedical machines in previous years. In particular, the most important growths were recorded in niche products with high margins such as plasma filters and blood concentrators, and in the kidney and liver transplant products. The trend in tubing sets for laser eye surgery is positive.

Confirmed the slowdown in line with the expectations of the OEM division and the still fluctuating trend of the Water division. The latter, continuing to be affected by the strong impact of the pandemic in hospitals, recorded a lower overall growth in the first half of the year.

The Automation division has achieved significant growth compared to the first half of the previous year thanks to the contribution of THF Srl (acquired at the beginning of 2021 and consolidated from 1 July 2021) and to the machines delivered in the half-year. The generation of revenues of this division is strongly conditioned by the delivery times of components, in particular electronic components, essential to complete, among the various works in progress, the realization of important works ordered last year of overall value around 3.8 million euros.

In general, the global slowdown in the dialysis market continues, with the pandemic particularly affecting hemodialysis patients. Medica was also affected by this drop in the volumes of dialysis filters and dialysis lines.

From a financial point of view, the effects of the pandemic and the Russian-Ukrainian conflict are the main causes of the increase in inventory. The Group, despite the extraordinary investments on the new buildings planned in previous years, managed to limit the significant absorption of operating cash in the first half of the year thanks to good credit management, the higher advance payments received by customers on orders and the high profitability of the business.

## **Economic performance**

The item "**Revenues from sales and services**" equal to Euro 20.4 million in the first half of 2022, shows an increase of Euro 0.1 million (1%) compared to the first half of 2021. This increase is mainly attributable to a significant and robust growth of the Acute & Aferesis business line, which went from Euro 4.9 million in the first half of 2021 to Euro 6.0 million in the first half of 2022 (+22%), and by a lower growth, impacted by the effects of the pandemic and of the Russian-Ukrainian conflict, of the Tecnoideal Automation business lines which, also thanks to the contribution of the newly acquired THF Srl for Euro 1.5 million, went from Euro 2.6 million to Euro 4.4 million (+69%) and Water, passed from Euro 1.4 million to Euro 1.8 million (+29%). This growth was accompanied by a decline in the other business lines: the OEM segment recorded a reduction, in line with our

expectations, of 29% (equal to Euro -1.8 million) compared to Euro 6.2 million realized in the first half of 2021; the Chronic line, reduced by 24% (equal to Euro -0.7 million) compared to Euro 3.0 million achieved in the first half of 2021, continues to be significantly affected by the effects of the pandemic.

The different mix of revenues realized in the half year 2022 compared to 2021, in favor of the business lines with higher margins, resulted in an increase in the first margin despite the general economic difficulties linked to the effects of the pandemic and the Russian-Ukrainian conflict, but from the other hand, the increase in costs for services mainly of a commercial, administrative and general nature and the increase in payroll costs have resulted in an **overall reduction in EBITDA compared to the half year 2021 of Euro 0.5 million (approximately 3 percentage points on the revenue).**

Regarding the performance of EBIT, it should be noted that amortization for the first half includes Euro 0.1 million of costs incurred for the listing and capitalized in November 2021.

**The tax burden for the half-year, equal to 16% of the pre-tax result**, increased compared to half year 2021 due to higher deferred tax assets recorded in 2021 compared to 2020, mainly on capital grants and bad debt provisions, which had determined in 2021 a non-recurring positive effect.

## Financial performance

The worsening of the net financial position, which went from a positive balance of Euro 10.8 million at 31 December 2021 to a positive balance of Euro 8.8 million at 30 June 2022, is mainly due to extraordinary investments for new buildings under construction in the two subsidiaries Sar-med and Medica Mediterranée, for Euro 1.1 million, and the significant growth of the inventory for Euro 4.3 million compared to 31 December 2021, mainly due to delays in deliveries of materials by suppliers who therefore caused lengthening of production and delivery times of products to customers.

## Main subsequent events

In July 2022 Medica SpA acquired 51% of Spindial SpA, specialized in the distribution and technical assistance of medical devices for hospital and home dialysis and in the management of dialysis centers, for a total consideration of Euro 7.5 million (of which Euro 2.7 million in capital increase). The total consideration was paid for Euro 3.5 million while the remaining Euro 4.0 million was withheld by Medica to guarantee the obligations of the sellers. The acquisition of Spindial S.p.A. contributes to the growth path of the Medica Group, envisaged since its listing on Euronext Growth Milan, which will thus be able to integrate the high commercial skills of Spindial S.p.A. with the wide range of Medica products and strengthen its presence on the Italian market and be able to better compete with multinational companies in the sector. The integration of Spindial S.p.A. within the scope of the Medica Group it will therefore have a significant strategic value. As

proof of our confidence in his management skills, we have confirmed Marcello Grondelli as CEO, confident that with the support of the new directors Marco Fecondini and Giovanni Plasmati he will be able to achieve the ambitious growth targets we have set for ourselves.

The revenues of Spindial SpA at 31 December 2021 amounted to approximately Euro 15.5 million and adjusted EBITDA (which does not include non-recurring costs) to approximately Euro 2.0 million, with growth prospects in the short-medium term both in terms of revenues volumes and in terms of EBITDA and EBITDA margin.

With the acquisition of Spindial SpA, Dialpoint Srl, 60% owned by Spindial SpA, will also enter the scope of consolidation of Medica, whose revenues as at 31 December 2021 amounted to approximately Euro 0.8 million with an EBITDA of approximately 0,1 million euros.

In September Tecnoideal Srl acquired 100% of Slom Srl, specialized in precision mechanical machining, for a total consideration of Euro 0.6 million. The total consideration was paid for Euro 0.5 million while the remaining Euro 0.1 million was withheld by Tecnoideal to guarantee the obligations of the sellers. The acquisition of Slom Srl contributes to the path of vertical integration of the Medical Group, which will thus be able to make use of qualified services in the area in favor of both a reduction in the production costs of the machines and a better efficiency of the production department. It is also our intention to proceed shortly with the incorporation of Slom Srl into Tecnoideal Srl.

The revenues of Slom Srl at 31 December 2021 amounted to approximately 1.3 million euros and EBITDA to approximately 0.1 million euros while the shareholders' equity at 31 December 2021 was approximately 0.5 million euros.

In September Tecnoideal Srl acquired the remaining 40% of the share capital of Tecnoideal America Inc for a consideration of Euro 0.3 million, thus becoming the sole shareholder of Tecnoideal America. Ludovico Giavotto is confirmed in the role of CEO of the company.

## **Outlook for the current year**

The Group will continue to work to provide rapid responses to the needs of the market and of its customers even if the current conditions of procurement of raw materials (plastics, metals, electronic components) put a strain on the planning of the various productions. Added to this is the generalized increase in prices which could partially complicate the industrial relations with both suppliers and customers. The group has an unexpressed growth potential, but it is difficult at this juncture to estimate the results for 2022. On the one hand, the substantial order backlog acquired to date and the hyper-performing market trends of our main products (apheresis) are positive signs in terms of growth trends, on the other hand, the protracted pandemic, geopolitical and military tensions and difficulties in the supply chain can lead to significant slips in turnover in the following year. The contribution of the new acquisitions made on 21 July 2022 (Spindial SpA) and 1 September

2022 (Slom Srl) will be added to this analysis conducted on the business on a like-for-like basis with respect to the previous year.

The consolidated half-yearly financial report closed on 30 June 2022 will be available to the public at the registered office, on the website [www.medica.it](http://www.medica.it) and on the Borsa Italiana website.

This press release will be available on the Company's website [www.medica.it](http://www.medica.it) in the Investors section. On 29 September 2022 at 2.30 pm, the management will illustrate the results achieved by the Medica Group in the half-year ended 30 June 2022 via audio-conference and its presentation will be available on the website [www.medica.it](http://www.medica.it) 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 2022 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 five different facilities, four in Italy and one in Tunisia, and two commercial entities (in US and in China).

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.

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**UNI CEI EN ISO 13485:2016**

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Iscrizione Registro Nazionale Produttori A.E.E. n. IT08020000003645  
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The Medica group closed its consolidated financial statements for 2021 with revenues of 43.8 million euros (44.1 million euros in 2020), EBITDA of 9.9 million euros (9.5 million euros in 2020), EBIT of € 5.8 million (€ 5.6 million in 2020) and net profit of € 5.0 million (€ 3.8 million in 2020).

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## Reclassified consolidated income statement

<i>(in thousand of Euro)</i>	Half Year ended 30 June				Change	
	2022	(*)	2021	(*)	2022-2021	
Revenues from sales and services	20,424	100%	20,303	100%	121	1%
Raw, ancillary, and consumable materials and goods	-5,542	-27%	-5,763	-28%	221	-4%
<b>Gross Profit</b>	<b>14,882</b>	<b>73%</b>	<b>14,539</b>	<b>72%</b>	<b>343</b>	<b>2%</b>
Purchases of services, leases and rentals	-4,700	-23%	-4,099	-20%	-601	15%
Personnel costs	-7,593	-37%	-6,635	-33%	-958	14%
Other operating costs, net	1,171	6%	482	2%	689	143%
Impairments	-3	0%	-37	0%	34	-91%
<b>EBITDA</b>	<b>3,756</b>	<b>18%</b>	<b>4,250</b>	<b>21%</b>	<b>-494</b>	<b>-12%</b>
Depreciation and amortization	-2,060	-10%	-1,863	-9%	-197	11%
Accrual to provisions	0	0%	0	0%	0	0%
<b>Operating result (EBIT)</b>	<b>1,696</b>	<b>8%</b>	<b>2,387</b>	<b>12%</b>	<b>-691</b>	<b>-29%</b>
Net finance expense	-68	0%	-151	-1%	83	-55%
<b>Profit before tax</b>	<b>1,628</b>	<b>8%</b>	<b>2,236</b>	<b>11%</b>	<b>-608</b>	<b>-27%</b>
Income tax expense	-262	-1%	65	0%	-327	-503%
<b>Profit for the period</b>	<b>1,367</b>	<b>7%</b>	<b>2,300</b>	<b>11%</b>	<b>-933</b>	<b>-41%</b>
Of which Profit of Minorities	97	0%	5	0%	92	1835%
Of which Profit of the Group	1,270	6%	2,295	11%	-1,025	-45%

## Reclassified consolidated balance sheet

<i>(in thousand of Euro)</i>	As of 30 June	As of 31 december
	2022	2021
<b>Investments:</b>		
<b>Net working capital (B)</b>	<b>10,597</b>	<b>7,181</b>
Intangible assets	8,985	9,029
Tangible assets	18,229	17,877
Financial investments	140	430
<b>Fixed assets (A)</b>	<b>27,354</b>	<b>27,336</b>
Employee benefit	(1,532)	(1,471)
Provisions	(61)	(60)
Deferred tax assets - net	1,407	1,392
<b>Net invested capital (A+B+C)</b>	<b>37,764</b>	<b>34,378</b>
<b>Sources:</b>		
Equity	46,601	45,173
Net debt (net cash)	(8,837)	(10,795)
<b>Sources of financing</b>	<b>37,764</b>	<b>34,378</b>

## Consolidated net financial debt

<i>in thousand of Euro</i>	As of 30 June 2022	As of 31 December 2021
A. Cash	(18,003)	(30,910)
B. Cash equivalent		
C. Other current financial assets	(9,999)	(1,757)
<b>D. Liquidity (A + B + C)</b>	<b>(28,002)</b>	<b>(32,667)</b>
E. Current financial liabilities	42	14
F. Current portion of non-current financial liabilities	4,596	5,201
<b>G. Current debt (E) + (F)</b>	<b>4,638</b>	<b>5,215</b>
<b>H. Net current debt (G)– (D)</b>	<b>(23,364)</b>	<b>(27,452)</b>
I. Non current financial liabilities	14,227	16,357
J. Issued bonds		
K. Non-current financial and other payables	300	300
<b>L. Non-current debt (I) + (J) + (K)</b>	<b>14,527</b>	<b>16,657</b>
<b>M. Net Debt (H) + (L)</b>	<b>(8,837)</b>	<b>(10,795)</b>