

Press release

MEDICA S.P.A.

APPROVAL OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY DATA	
Consolidated Net Revenues	Euro 50.9 million (+16%)
EBITDA	Euro 11.2 million (+13%)
EBIT	Euro 5.3 million (-10%)
Net Result	Euro 4.0 million (-19%)
NFP negative	Euro 4.3 million (positive of Euro 10.8 million as of 31 December 2021)

Medolla (MO), 30 march 2023 – The Board of Directors of Medica S.p.A., an integrated Italian biomedical and MedTech group with a strong international footprint, approved the financial statements and the consolidated financial statements as of 31 December 2022.

Commenting on the performance of the Group, the Chairman Luciano Fecondini declared: I am satisfied with the results achieved in 2022, characterized by important extraordinary investments, consistent with the Group's vertical integration path and which will significantly contribute to future growth. Despite the unfavourable macroeconomic scenario, determined by the Russian-Ukrainian conflict, which made the path of organic growth marked in previous years even more difficult, the Group achieved important results which, net of the contribution of the newly acquired companies, are positioned close to the first place in the history of Medica.

The strong acceleration of the Acute & Aferesis business line, the significant growth of the consolidated order book, amounting to approximately 35 million Euros, the positive progress of research and development activities related to ongoing projects, results achieved thanks to the contribution of our employees and collaborators and stable relationships with our commercial partners, are strong signals in terms of strengthening our solid foundations for medium-long term growth and make me confident and optimistic for the future.

Operating performance

The result for the year is characterized by highly diversified situations in the group's broad product portfolio.

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Capitale sociale € 4.223.250,00 i.v. – Registro Ditte/REA n° 229672 – Registro Imprese di Modena n° 01604300366
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Partita IVA e Codice Fiscale 01604300366 – Identification Number IT 01604300366

The sustained growth in sales of our products (equipment, lines and filters) for apheresis continues, also driven by the significant turnover relating to electromedical machines recorded in previous years. In particular, the most important growths were recorded in high margin niche products such as plasmafilters and hemoconcentrators, as well as in the line of products for kidney and liver transplantation. The trend in support tubes for laser eye surgery is positive.

The slowdown continues, in line with expectations, in the OEM division, while limited growth is recorded in the Water division which discounts a slower-than-expected recovery in the US market.

The Tecnoideal Automation business line was affected by the negative impacts of the Russian-Ukrainian conflict on the procurement of components, mainly electronic, with consequent delays in the completion times of the orders. This situation has caused a shift in 2023 of deliveries and therefore of the invoicing of important orders ordered in 2021 for approximately 3.0 million euros.

Despite the global slowdown in the dialysis market, as the pandemic particularly affected hemodialysis patients, Medica, after a first half year of decline in volumes of dialysis filters and lines, achieved significant growth in the second half which brought the turnover back to the end of the year of the division at a value substantially in line with that of 2021 on a like-for-like basis.

From a financial point of view, the effects of the Russian-Ukrainian conflict illustrated in the previous paragraph are the main causes of the increase in inventory, but both good credit management and the higher advances collected from customers on new orders have avoided, together with the high profitability of our business, an absorption of operating cash in 2022, which mainly discounts the extraordinary investments in new warehouses planned in previous years and for corporate acquisitions.

Economic performance

The item "Revenues from sales and services", amounting to Euro 50.9 million in 2022, shows an increase of Euro 7.1 million (16%) compared to 2021. The turnover trend in 2022 was mainly characterized by a significant and robust growth of the Acute & Aferesis business line, which went from 9.2 million euros in 2021 to 13.5 million euros in 2022 (+46%), and of the Chronic line which, despite the persistence of deriving from the pandemic in the first half of 2022, confirmed the results for 2021 on a like-for-like basis and, thanks to the contribution of around 7.4 million euros from the newly acquired Spindial SpA and the subsidiary Dialpoint Srl from 31 July 2022, it went from 5.2 million euros in 2021 to 12.5 million euros in 2022 (+141%). These results were accompanied by a more contained growth of the Menfis division (+0.2 million euros, equal to 19%) and of the Water division (+0.1 million euros, equal to 4%) and by a decrease in the other business lines for a total of 4.9 million euros. In particular, the Tecnoideal Automation business line was affected by the negative impacts of the Russian-Ukrainian conflict on the procurement of components, mainly electronic, with consequent delays in the completion times of the orders. This situation, despite the contribution of the newly acquired Slom Srl for approximately 0.3 million euros (consolidated from 31 August 2022), led to a decrease in

the division's revenues, which went from 12.0 million euros in 2021 to 9.3 million euros in 2022 (-23%).

Furthermore, we point out the growth in the turnover of medical equipment on a like-for-like basis, which from Euro 4.6 million in 2021 reached Euro 5.7 million in 2022 (+Euro 1.1 million, +24%).

Ebitda 2022 is equal to Euro 11.2 million (Euro 1.3 million, +13% compared to 2021). We note the positive contribution of the newly acquired companies (EBITDA of Euro 0.8 million) and the capital gain deriving from the sale of an automation line destined years ago for internal use for Euro 2.6 million; conversely, the growth in costs related to personnel and services was not absorbed by the lower revenues achieved compared to last year on a like-for-like basis.

The decrease in 2022 Ebit compared to 2021 (Euro -0.6 million, -10%) is partly due to the so-called business model capital intensive of the newly acquired companies (Euro -0.8 million Ebit), in particular Spindial, which require significant investments in medical equipment.

The 2022 tax burden (equal to 17% of pre-tax profit) increased compared to 2021 (11% of pre-tax profit) mainly due to non-recurring income realized last year.

Financial performance

The decrease in the net financial position, which went from a positive balance of Euro 10.8 million in 2021 to a negative balance of Euro 4.3 million in 2022, is mainly due to the corporate acquisitions carried out during the year which impacted a total of Euro 13.5 million and the extraordinary investments on the two new buildings in the subsidiaries Sar-med and Medica Mediterranée, for Euro 2.5 million. Despite the negative impacts deriving from the Russian-Ukrainian conflict and the persistence of the pandemic, the cash flows for the year, net of the extraordinary events mentioned in the previous paragraph, were positive for Euro 0.9 million.

Significant events in 2022

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 6.8 million (of which Euro 2.7 million as a capital increase), of which Euro 4.0 million retained 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 the multinationals in the sector. With the acquisition of

Spindial SpA, Dialpoint Srl, 60% owned by Spindial SpA, also entered the scope of consolidation of Medica.

In September Tecnoideal Srl acquired 100% of Slom Srl, specialized in precision mechanical machining, for a total consideration of Euro 0.5 million, of which Euro 0.1 million was retained by Tecnoideal as a guarantee of the obligations burden of sellers. The acquisition of Slom Srl contributes to the vertical integration process of the Medica Group, which will thus be able to make use of qualified services in the area in favour of both a reduction in the production costs of the machines and a better efficiency of the production department. The company was then merged by incorporation into Tecnoideal Srl.

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.

In October 2022, the company established Medica USA Inc (100% of the share capital) and Medica AT Ltd (85% of the share capital), which will be dedicated to the development of the medical business in their respective territories.

At the beginning of the fiscal year, relations between the nations of Russia and Ukraine deteriorated to such an extent that they resulted in an armed conflict. At the time of writing this note, the conflict is limited to the two nations, but since most Western countries, including Italy, have taken decisions of an economic nature aimed at inflicting sanctions on the Russian Federation, these sanctions have also had repercussions on the economy of our country. Although the Company does not have direct commercial relationships in the two countries and does not have a significant exposure to energy costs, the progressive economic deterioration resulting from the economic sanctions and the consequences of the conflict has had an indirect impact on the Company as illustrated in the paragraph relating to the operating performance and at present it is not possible to quantify or predict how these repercussions may affect the financial statements for the next few years, depending substantially on the duration of the conflict, its geographical and temporal extension and the consequent duration of the economic sanctions.

Main subsequent events

On March 1, 2023, the subsidiary Medica USA Inc signed a definitive agreement with Evoqua Water Technologies (NYSE: AQUA), a leader in mission-critical water treatment solutions, to acquire assets to manufacture blood and water filters products. Evoqua will retain distribution rights to the water filter product line, including bioscience product filters and automated endoscope reprocessor (AER) filters. The transaction is expected to close within the next 30 days.

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

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

Outlook for the current year

The Group will continue to work to provide rapid responses to the needs of the market and its customers even if the current conditions for the 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 greatly complicates industrial relations with both suppliers and customers. The group has yet untapped growth potential, but in this situation, it is difficult to estimate the results for 2023. On the one hand, the substantial order backlog (equal to around 35 million euros, excluding Spindial, of which around 10 million euros in the division Automation and 13 million euros in the Acute & Apheresis division) and the hyper-performing market trends of our main products (apheresis) are positive signs in terms of growth trends to which will be added the contributions deriving from new acquisitions and establishments, from on the other hand, the continuation of the pandemic, geopolitical and military tensions and difficulties in the supply chain can lead to turnover shifts in the following year.

Results of the parent company Medica SpA

The parent company Medica SpA recorded a turnover of Euro 38.0 million with a profit for the year of approximately Euro 3.5 million.

The Board of Directors will propose to the Shareholders' Meeting to allocate the profit for the year, equal to Euro 3,519,307, as follows:

- Euro 175,965 as legal reserve.
- Euro 3,343,342 to the statutory reserve.

Calling of the Medica SpA shareholders' meeting

The Board of Directors resolved to convene for 28 April 2023:

- the Ordinary Shareholders' Meeting for the approval of the financial statements closed on 31 December 2022, the presentation of the consolidated financial statements, the allocation of the profit for the year, the appointment of the statutory auditing company for the three-year period 2023-2025 and the determination of the remuneration of the board of directors.

The documentation relating to the items on the agenda will be made available to the public at the registered office, on the website www.medica.it and on the Borsa Italiana website, within the terms established by current legislation.

This Press Release is available on the Company's website www.medica.it in the Investors section. On 31 March 2022 at 11.00 am, the management will illustrate the results achieved

by the Medica Group in 2022 via audio conference. 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 below are the consolidated reclassified income statement, the consolidated reclassified Balance Sheet and the net financial debt of the Group and of the Company for the year ended 31 December 2022 and 31 December 2021.

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.

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Consolidated reclassified income statement

<i>(In thousands of Euro)</i>	For the Year ended December 31				Change	
	2022	(*)	2021	(*)	2022-2021	
Revenues from sales and services	50.864	100%	43.800	100%	7.064	16%
Raw, ancillary, and consumable materials and goods	-17.220	-34%	-15.215	-35%	-2.005	13%
Gross Profit	33.644	66%	28.585	65%	5.059	18%
Purchases of services, leases and rentals	-12.452	-24%	-8.902	-20%	-3.550	40%
Personnel costs	-15.971	-31%	-13.205	-30%	-2.766	21%
Other operating costs, net	5.950	12%	3.419	8%	2.531	74%
Impairments	0	0%	0	0%	0	0%
EBITDA	11.171	22%	9.897	23%	1.274	13%
Depreciation and amortization	-5.896	-12%	-4.046	-9%	-1.850	46%
Accrual to provisions	-11	0%	-27	0%	16	-60%
Operating result (EBIT)	5.264	10%	5.824	13%	-560	-10%
Net finance expense	-453	-1%	-207	0%	-246	119%
Profit before tax	4.811	9%	5.617	13%	-806	-14%
Income tax expense	-798	-2%	-637	-1%	-161	25%
Profit for the period	4.014	8%	4.980	11%	-966	-19%
Of which Profit of Minorities	-337	-1%	7	0%	-344	-4909%
Of which Profit of the Group	4.350	9%	4.973	11%	-623	-13%

Consolidated reclassified balance sheet

<i>(In thousands of Euro)</i>	As of 31 December,	As of 31 December,
	2022	2021
Investments:		
Net working capital (B)	9.344	7.181
Intangible assets	11.577	9.029
Tangible assets	35.560	17.877
Financial investments	3.775	430
Fixed assets (A)	50.912	27.336
Employee benefit	(2.238)	(1.471)
Provisions	(2.838)	(60)
Deferred tax assets - net	1.336	1.392
Net invested capital (A+B+C)	56.517	34.378
Sources:		
Equity	52.179	45.173
Net debt (net cash)	4.338	(10.795)
Sources of financing	56.517	34.378

Consolidated net financial debt

<i>(In thousands of Euro)</i>	As of 31 December 2022	As of 31 December 2021
A. Cash	(20.509)	(30.910)
B. Cash equivalent		
C. Other current financial assets	(10.049)	(1.757)
D. Liquidity (A + B + C)	(30.558)	(32.667)
E. Current financial liabilities	1.140	14
F. Current portion of non-current financial liabilities	8.397	5.201
G. Current debt (E) + (F)	9.537	5.215
H. Net current debt (G)- (D)	(21.021)	(27.452)
I. Non-current financial liabilities	20.969	16.357
J. Issued bonds		
K. Non-current financial and other payables	4.390	300
L. Non-current debt (I) + (J) + (K)	25.359	16.657
M. Net Debt (H) + (L)	4.338	(10.795)

Reclassified income statements of the Company

<i>(In thousands of Euro)</i>	For the Year ended December 31				Change	
	2022	(*)	2021	(*)	2022-2021	
Revenues from sales and services	37.970	100%	34.366	100%	3.604	10%
Raw, ancillary, and consumable materials and goods	-27.972	-74%	-24.727	-72%	-3.245	13%
Gross Profit	9.998	26%	9.639	28%	359	4%
Purchases of services, leases and rentals	-3.530	-9%	-3.424	-10%	-106	3%
Personnel costs	-2.889	-8%	-2.796	-8%	-93	3%
Other operating costs, net	3.153	8%	375	1%	2.778	741%
EBITDA	6.731	18%	3.794	11%	2.937	77%
Depreciation and amortization	-1.735	-5%	-1.644	-5%	-91	6%
Operating result (EBIT)	4.996	13%	2.150	6%	2.846	132%
Net finance expense	-187	0%	-100	0%	-87	87%
Profit before tax	4.809	13%	2.050	6%	2.759	135%
Income tax expense	-1.290	-3%	-26	0%	-1.264	4861%
Profit for the period	3.519	9%	2.024	6%	1.495	74%

Reclassified balance sheet of the Company

<i>(In thousands of Euro)</i>	As of 31 December, As of 31 December,	
	2022	2021
Investments:		
Net working capital (B)	(5.502)	(12.581)
Intangible assets	6.716	5.899
Tangible assets	3.458	5.730
Financial investments	20.846	13.788
Fixed assets (A)	31.020	25.417
Employee benefit	(169)	(155)
Provisions	(163)	(33)
Deferred tax assets - net	54	397
Net invested capital (A+B+C)	25.241	13.045
Sources:		
Equity	35.052	31.532
Net debt (net cash)	(9.811)	(18.488)
Sources of financing	25.241	13.045

Net financial debt of the Company

<i>(In thousands of Euro)</i>	As of 31 December 2022	As of 31 December 2021
A. Cash	(15.639)	(26.319)
B. Cash equivalent		
C. Other current financial assets	(12.999)	-
D. Liquidity (A + B + C)	(28.638)	(26.319)
E. Current financial liabilities	14	3
F. Current portion of non-current financial liabilities	4.001	2.428
G. Current debt (E) + (F)	4.015	2.431
H. Net current debt (G)– (D)	(24.623)	(23.888)
I. Non-current financial liabilities	10.811	5.400
J. Issued bonds		
K. Non-current financial and other payables	4.000	-
L. Non-current debt (I) + (J) + (K)	14.811	5.400
M. Net Debt (H) + (L)	(9.812)	(18.488)