

Quarterly statement as of March 31, 2023

Medios AG: Successful start to the 2023 financial year

- Medios begins 2023 financial year with new sales record in Q1
- Significant expansion of manufacturing capacities and expansion of sales network
- Strengthening management with international expertise
- Outlook for 2023 confirmed: sustained increase in sales and earnings expected

Medios AG ("Medios"), the leading provider of Specialty Pharma Solutions in Germany, confirms its forecast for the 2023 financial year after a successful first quarter of 2023 with new record revenue; EBITDA pre¹ is only slightly below the record level from the third quarter of 2022. Revenue in the period from January to March 2023 increased by 9.7% to €431.2m (previous year: €393.0m) compared to the same period of the previous year – with revenue growth in both operating segments. EBITDA pre¹ increased by 5.8% to €15.0m (previous year: €14.1m). This almost compensated for the negative effects of the regulatory change to the so-called auxiliary tax that came into force in September 2022. Consequently, the EBITDA pre¹ margin in the first quarter of 2023 was at the level of the prior-year period at 3.5%. Compared with the previous quarter, EBITDA pre¹ increased significantly by 35.1% (Q4 2022: €11.1m).

Significant events in the reporting period

- **Successful completion of the acquisition of bbw**

On January 10, Medios successfully completed the acquisition of the pharmaceutical manufacturing company Blisterzentrum Baden-Württemberg GmbH ("bbw"). As a result, bbw was incorporated into the scope of consolidation of Medios AG as a wholly owned subsidiary. The collaboration with Apotheken für Spezialversorgungen OHG in the area of sterile manufacturing, which was agreed at the same time as the acquisition, also began in January 2023. As part of this, more than 70,000 manufacturing units for various indications are to be transferred to Medios' manufacturing operations each year in 2023 and 2024.

- **Further implementation of the adjusted growth strategy / Head of International Business Development on board**

In the first quarter of 2023, Medios made further progress in implementing the growth strategy presented in November 2022. Medios was able to recruit an internationally experienced manager as Head of International Business Development. In addition to strengthening its core business in Germany, the company intends to expand its drug manufacturing operations into other European countries and plans to further diversify its business model by entering the production of personalized medicine.

- **Launch of production of parenteral nutrition for premature infants**

In the first quarter of 2023, Medios began offering highly specialized parenteral nutrition for premature babies nationwide. As a result, Medios is preventing an impending supply shortage and strengthening its position as a reliable partner in the Specialty Pharma sector. As this involves inpatient care, Medios is operating as a manufacturing partner for hospital pharmacies, thereby diversifying its customer groups. Medios received the necessary special approval from the relevant pharmaceutical authorities at two manufacturing sites, allowing it to guarantee the highest level of supply reliability.

- **ESG database expanded**

With the help of the ESG software implemented in 2022, it was possible to expand breadth and depth of the database used across the Group, making 2022 the base/comparative year. Building on this foundation, the company intends to refine the objectives in its ESG strategy and set specific target values, particularly in the areas of climate and the environment.

The rating updates from Gaia Research and S&P Global led to improved scoring.

Earnings, financial and asset situation of the Medios Group

Earnings

In the first quarter of 2023, the Medios Group generated total revenue of €431.2m, an increase of €38.3m or approximately 9.7% compared to the same period last year (previous year: €393.0m). This increase was due to continued growth in the Pharmaceutical Supply and Patient-Specific Therapies segments as well as the first-time inclusion of the business of Blisterzentrum Baden-Württemberg GmbH (bbw) in the consolidated financial statements of the Medios Group.

In the Pharmaceutical Supply segment, external revenue increased by €28.9m, or 8.5%, to €368.1m, €11.6m of which was attributable to bbw. External revenue generated by the Patient-Specific Therapies segment increased by €9.3m, or 17.4%, to €62.9m. As in the same period last year, revenue was generated almost exclusively in Germany.

The Group's gross profit amounted to €27.9m and increased – with a slightly lower gross profit margin of 6.5% (previous year: 6.7%) – compared with the same period in the previous year by €1.7m or 6.4%.

EBITDA pre¹ rose by a total of €0.8m, or 5.8%, to €15.0m. The Medios Group's EBITDA pre¹ margin stood at 3.5% in the first quarter (previous year: 3.6%).

EBITDA pre¹ for the Pharmaceutical Supply segment increased to €10.1m (previous year: €8.4m), which corresponds to an increase of €1.8m, or 21.2%. Of this, bbw accounted for EBITDA pre¹ growth of €0.4m. At 2.8%, the EBITDA pre¹ margin in

relation to the segment's external revenue thus improved significantly year over year (previous year: 2.5%).

EBITDA pre¹ for the Patient-Specific Therapies segment was €6.6m (previous year: €6.9m). The EBITDA pre¹ margin in relation to the segment's external revenue amounted to 10.4% in the reporting period (previous year: 12.9%). The decline in the margin is mainly due to the regulatory price deductions (auxiliary tax deductions) that have been in effect since September 2022 for some cytostatic drugs.

The Services segment generated EBITDA pre¹ of €–1.7m (previous year: €–1.1m), mainly as a result of higher IT costs and increased operating costs for rental space.

EBITDA pre¹ is adjusted for special effects of €1.7m (previous year: €0.9m) for personnel costs for stock options of €0.4m (previous year: €0.7m), for other expenses resulting from M&A activities of €0.2m (previous year: €0.2m) and, from 2023 onwards, for additional one-off performance-related payments for the takeover of manufacturing volumes of €1.1m (previous year: €0.0m).

Financial situation

Cash flow from operating activities totaled €–25.3m (previous year: €–2.5m). The decrease is due to a strategic build-up of inventories in preparation for expected price adjustments in the Pharmaceutical Supply business, the revenue-driven increase in trade receivables and performance-related payments for the takeover of manufacturing volumes amounting to € 5.7m as part of the acquisition of bbw. In addition, trade payables decreased compared with the previous year as a result of the reporting date. The build-up of inventories is scheduled to balance out again over the course of the financial year.

Cash flow from investing activities of €–17.2m primarily resulted from the payment of the cash component for the acquisition of bbw amounting to €19.4m less the cash and cash equivalents of €2.4m acquired as part of this acquisition.

Cash flow from financing activities totaling €24.1m resulted primarily from the utilization of a €25m tranche of the syndicated loan concluded in November 2022 with a financing volume of €75m. The loan drawdown financed the cash component for the acquisition of bbw as well as performance-related payments for the assumption of manufacturing volumes.

Asset situation

Total assets amounted to €619.1m as of March 31, 2023 (December 31, 2022: €576.0m). The increase of €43.1m or 7.5% compared to the previous quarter is mainly due to an increase in intangible assets and an increase in current assets.

The first-time consolidation of bbw resulted in a capitalized customer base of €6.3m and capitalized goodwill of €11.9m as of the reporting date. As a result, taking scheduled depreciation into account, intangible assets increased by €14.7m compared with the end of the year (December 31, 2022: €284.6m).

Current assets increased by €29.5m compared with the end of 2022 to €279.5m (previous year: €250.0m). This was mainly due to the strategic increase in inventories by €13.2m to €63.3m and the revenue-driven increase in trade receivables by €32.0m to €138.8m. Cash and cash equivalents decreased by €18.5m to €60.7m at the end of the reporting period.

Equity amounted to €453.2m on March 31, 2023, an increase of €5.2m or 1.2% compared with the end of (December 31, 2022: €448.0m). The equity ratio stood at 73.2% as of March 31, 2023 (December 31, 2022: 77.8%) and decreased slightly due to the increase in non-current and current liabilities. Non-current liabilities increased by €25.0m to €39.5m (previous year: €15.5m), mainly as a result of the utilization of the syndicated loan to finance the bbw transaction. Trade payables increased by €12.6m to €60.4m as of the balance sheet date.

Positive outlook for the 2023 financial year

Due to the high demand for specialty pharmaceuticals, Medios expects continued dynamic growth in the 2023 financial year. A positive contribution will also be made by the further acceleration of market consolidation. According to Medios' assessment, this development is supported by regulatory requirements.

For the 2023 financial year, Medios AG expects consolidated revenue of €1.6 – 1.8 billion, which corresponds to an increase of up to 11.8% compared to the previous year. EBITDA pre¹ is expected to be in the range of €56 – 63 million – a growth of up to 14.8% compared to the previous year.

As in the previous year, the special charges adjusted for the EBITDA pre¹ forecast for 2023 include expenses for stock options and M&A activities as well as one-off performance-related payments for the acquisition of manufacturing volumes.

In the medium term, Medios is targeting consolidated revenues of over €2 billion and an EBITDA pre¹ margin in the mid-single-digit range.

¹ EBITDA is defined as consolidated earnings for the period before the deduction of interest, taxes, depreciation, and amortization. EBITDA pre is adjusted for extraordinary expenses for share options and expenses for M&A activities and, from 2023 on, also for one-off performance-related payments for the acquisition of manufacturing volumes.

Key Figures (IFRS)

in thousand €	Q1 2023	Q1 2022	Δ in %
Revenue	431,238	392,955	9.7
Pharmaceutical Supply	368,144	339,205	8.5
Patient-Specific Therapies	62,937	53,609	17.4
Services	158	141	12.1
EBITDA	13,293	13,287	0.0
Margin (as a % of revenue)	3.1	3.4	
EBITDA adjusted for special items*	14,952	14,137	5.8
Margin (as a % of revenue)	3.5	3.6	
Pharmaceutical Supply	10,125	8,357	21.2
Patient-Specific Therapies	6,555	6,893	-4.9
Services	-1,729	-1,113	55.3
EBIT	8,017	7,848	2.2
Margin (as a % of revenue)	1.9	2.0	
Consolidated net income after income taxes	4,829	5,038	-4.1
Earnings per share (in €)			
Undiluted	0.20	0.21	-4.8
Diluted	0.20	0.21	-4.8
Capital expenditures (CAPEX)	275	2,143	-87.2
Cash flow from operating activities	-25,338	-2,529	903.1
Cash flow from investing activities	-17,249	-81,291	-78.8
Free cash flow	-42,587	-83,817	-49.2
*Special items	1,659	850	95.2
Expenses from share options ¹	367	688	-46.7
Other M&A expenses ¹	161	162	-0.6
Performance-related expenses for the acquisition of manufacturing volumes	1,130	0	n/a
Employees as of March 31	546	512	6.6
Employees² (average)	530	512	3.5
	March 31, 2023	Dec 31, 2022	
Total assets	619,064	575,958	7.5
Equity	453,241	448,045	1.2
Equity ratio (%)	73.2	77.8	

Key performance indicators (KPI): Key figures for managing business success

¹ in relation to EBITDA

² employees without board members, general managers, and vocational trainees

Consolidated Statement of Comprehensive Income

in thousand €

	Q1 2023	Q1 2022	Δ in %
Revenue	431,238	392,955	9.7
Change in inventories of work in progress/finished goods	54	19	184.2
Internally produced and capitalized assets	0	146	-100.0
Other income	274	390	-29.7
Cost of materials	403,688	367,300	9.9
Labor costs	9,008	8,229	9.5
Other expenses	5,577	4,694	18.8
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	13,293	13,287	0.0
Depreciation and amortization	5,277	5,439	-3.0
Earnings before interest and taxes (EBIT)	8,017	7,848	2.2
Financial expenses	452	277	63.2
Financial income	12	17	-29.4
Consolidated earnings before taxes (EBT)	7,576	7,588	-0.2
Income taxes	2,747	2,549	7.5
Consolidated net income after income taxes	4,829	5,038	-4.1
Consolidated comprehensive income	4,829	5,038	-4.1
Undiluted earnings per share (in €)	0.20	0.21	-4.8
Diluted earnings per share (in €)	0.20	0.21	-4.8

Consolidated Statement of Financial Position

Assets

in thousand €

	03/31/2023	12/31/2022	Δ in %
Noncurrent assets	339,577	325,945	4.2
Intangible assets	299,284	284,562	5.2
Property, plant and equipment	24,192	24,594	-1.6
Right-of-use assets as lessee	15,374	16,024	-4.1
Financial assets	727	765	-5.0
Current assets	279,488	250,013	11.8
Inventories	63,269	50,029	26.5
Trade receivables	138,793	106,799	30.0
Other assets	12,951	10,407	24.4
Income tax receivables	3,750	3,564	5.2
Cash and cash equivalents	60,725	79,213	-23.3
Total assets	619,064	575,958	7.5

Liabilities

Equity

Subscribed capital	23,806	23,806	0.0
Capital reserve	377,561	377,194	0.1
Accumulated net income	51,874	47,045	10.3
Attributable to shareholders of the parent company	453,241	448,045	1.2

Debt

Noncurrent liabilities	70,907	45,856	54.6
Financial liabilities	39,559	15,464	155.8
Other provisions	4,248	4,217	0.7
Deferred tax liabilities	27,100	26,175	3.5
Current liabilities	94,916	82,057	15.7
Other provisions	1,236	1,276	-3.1
Trade payables	60,418	47,769	26.5
Financial liabilities	6,171	5,769	7.0
Income tax liabilities	16,857	16,502	2.2
Other liabilities	10,234	10,741	-4.7
Total liabilities	165,823	127,913	29.6
Total assets	619,064	575,958	7.5

Consolidated Statement of Cash Flows

in thousand €	Q1 2023	Q1 2022	Δ in %
Cash flow from operating activities			
Consolidated net income after income taxes	4,829	5,038	-4.2
Depreciation and amortization	5,277	5,439	-3.0
Decrease/increase in provisions	-86	-212	-59.4
Other noncash expenses	367	688	-46.6
Increase in inventories, trade receivables*, and other assets not attributable to investment or financing activities	-45,031	-32,656	37.9
Decrease/increase in trade payables* and other liabilities not attributable to investment or financing activities	9,618	20,777	-53.7
Financial result	441	260	69.3
Income tax expense	2,747	2,549	7.8
Income tax payments	-3,500	-4,410	-20.6
Net cash outflow from operating activities	-25,338	-2,529	903.0
Cash flow from investing activities			
Cash outflows for investments in intangible assets	-45	-218	-79.4
Cash outflows for investments in property, plant and equipment	-230	-1,925	-88.1
Cash inflows from disposals of property, plant and equipment	3	5	-40.0
Cash inflows from disposals of noncurrent financial assets	25	22	15.7
Cash outflows for additions at consolidation price	-17,014	-79,189	-78.5
Interest received	12	17	-31.5
Net cash outflow from investing activities	-17,249	-81,288	-78.8

in thousand €	Q1 2023	Q1 2022	Δ in %
Cash flow from financing activities			
Cash outflows for issuing costs of the equity offering	0	–49	–100.0
Cash inflows from the assumption of financial liabilities	25,000	0	100.0
Cash outflows from the repayment of financial liabilities	0	–9,816	–100.0
Interest paid	–307	–556	–44.9
Repayments of lease liabilities	–594	–741	–19.8
Net cash inflow from financing activities	24,100	–11,162	–315.9
Net change in cash and cash equivalents	–18,488	–94,979	–80.5
Cash and cash equivalents at beginning of the period	79,213	168,431	–53.0
Cash and cash equivalents at end of period	60,725	73,452	–17.3

Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve	Accumu- lated consolidated net income	Attributed to shareholder s of the parent company	Equity
in thousand €					
As of 1/1/2022	22,881	342,567	28,716	394,164	394,164
Consolidated comprehensive income Q1 2022	0	0	5,038	5,038	5,038
Share-based payments	0	688	0	688	688
Equity offering	924	31,794	0	32,718	32,718
Transaction costs from equity offering	0	–34	0	–34	–34
As of 3/31/2022	23,806	375,014	33,754	432,574	432,574
As of 1/1/2023	23,806	377,194	47,045	448,045	448,045
Consolidated comprehensive income Q1 2023	0	0	4,829	4,829	4,829
Share-based payments	0	367	0	367	367
Equity offering	0	0	0	0	0
Transaction costs from equity offering	0	0	0	0	0
As of 3/31/2023	23,806	377,561	51,874	453,241	453,241

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