Solid underlying business momentum in H1 2023 restrained by transitory factors
Strong performance expected in H2 2023 with mid-term outlook confirmed
New FY 2023 profit margin guidance reflects timing factors within H2 2023

Revenues (CHF million)	**H1 2023**	% of group	±% nominal	±% organic[1]	**H1 2022**
Group	248.1	100.0%	-1.0%	1.3%	250.6
Healthcare	89.2	35.9%	-12.5%	-10.7%	101.9
Consumer & Industrial	158.9	64.1%	6.9%	9.4%	148.7
Profit (CHF million)	**H1 2023**	% margin	±% nominal	± basis pts.	**H1 2022**
Business area gross profit	108.6	43.8%	-9.5%	-410 bps.	120.0
Adjusted EBITDA[1]	49.7	20.0%	-17.3%	-400 bps.	60.1

HALF-YEAR 2023 HIGHLIGHTS

- Strong organic growth from Beauty (29.6%), Surgery (27.7%) and Drug Delivery (18.0%)
- Distorted Dental order patterns after exceptional H1 2022 continuing into H1 2023 (-23.9%)
- Relocation of production from Poland still limiting Industry market segment revenues (-8.3%)
- Business area gross profit and adj. EBITDA down vs. H1 2022, due to one-time relocation costs and an adverse product mix resp., but up +10.8% and +9.5% resp. compared to H2 2022
- Growth and efficiency investments all on schedule:
  - Industry | New plant in Valencia Spain, first customer deliveries, full capacity before year end
  - Healthcare | Construction of new state-of-the-art manufacturing facility in Atlanta USA on track
  - Beauty | Acquisition of majority stake in Guangdong Qiaoyi Plastic, China, closed[2]
- FY 2023 guidance: 5-7% organic revenue growth (n.c.), adj. EBITDA margin around 22% (vs. 23%)
- Mid-term outlook[3]: organic revenue CAGR of 8% (n.c.), adj. EBITDA margin of 30% (n.c.)

CEO Girts Cimermans said: "*I am incredibly proud of our teams' achievements in the first six months of 2023. The unusually strong performance in Beauty was driven by several customer product launches as well as incremental Micro Bristle Applicator revenues. Surgery and Drug Delivery both achieved record half-year revenues. While Industry revenues declined as expected, we succeeded in retaining all significant customers and even in expanding further our customer base. Our new larger factory in Spain was commissioned in record time and will be at full capacity before year end. In Dental, the ongoing impact of destocking on customer ordering patterns is currently making a usually predictable business more volatile. Although we expect order patterns to normalize by year end, the precise timing is difficult to predict. As a result, the Group has decided to adopt a more cautious approach and lower its guidance for adjusted 2023 EBITDA margin. Regardless of these short-term timing factors, we expect a strong second-half performance and remain confident in our mid-term outlook which is unchanged*".

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[1] For alternative non-GAAP performance measures, please see glossary at the end of this media release and for more details refer to the medmix annual report 2022, chapter on alternative performance measures.
[2] See press release published on 06 July 2023.
[3] Mid-term outlook relates to medmix' expectations by full-year 2027.

GROUP REVIEW | Comparison with H2 2022 indicates recovery well underway

In the first half of 2023, medmix generated revenues of CHF 248.1 million, essentially matching the record first-half 2022 revenues, with **organic revenue growth** slightly up year-on-year (+1.3%). The market segments presented a mixed organic growth picture: Strong double-digit growth in the Beauty (29.6%), Surgery (27.7%) and Drug Delivery (18.0%) market segments offset the temporary impacts of reduced production capacity in the Industry market segment as we ramp up our new factory in Spain (-8.3%) and persistent high customer inventory levels in the Dental market segment (-23.9%).

The acquired plastics business of Universal de Suministros, S.L. in Valencia, Spain, contributed 100 basis points to group revenue growth, while currency exchange rates accounted for a negative impact of -320 basis points.

A comparison of first-half 2023 with second-half 2022 provides a clearer picture of current trends, with group organic revenues growing 12.2%. On the same basis, the Industry market segment confirmed its continued recovery as it ramped up production outside Poland, with organic revenue growth of 5.9%, while the Dental market segment grew slightly by 1.1%. The Beauty, Drug Delivery and Surgery market segments all grew in double digits organically vs. the second half of 2022, at 20.6%, 21.4% and 42.0% respectively, confirming the strong year-on-year growth trends.

Business area gross profit declined by -9.5% year-on-year to CHF 108.6 million, generating a margin of 43.8%, a decrease of -410 basis points. This decline was due to an adverse product mix given that Healthcare business area gross margins are significantly higher than the group average, compounded by one-off expenses in the Industry market segment relating to the higher cost of temporary production outside Poland and the ramp-up of our new factory in Spain. A comparison of the first half of 2023 with the second half of 2022 demonstrates a profit turnaround similar to the one seen in revenues, with business area gross profit up +10.8% in absolute terms and a margin increase of +50 basis points.

Adjusted EBITDA declined by -17.3% to CHF 49.7 million, with an adjusted EBITDA margin of 20.0% compared to 24.0% in the first half of 2022 (-400 bps). This negative trend was driven primarily by an adverse product mix due to lower Dental customer orders and the transition of production in the Industry segment from Poland to Spain. Comparing first-half 2023 with second-half 2022, adjusted EBITDA grew by +9.5% with an unchanged 20.0% margin.

Net income declined by CHF 1.9 million to CHF 7.3 million from CHF 9.2 million in the first half of 2022 and more than trebled compared to CHF 2.3 million in the second half of 2022.

As previously communicated, and primarily as a result of the investment in our new Industry production facilities in Spain, first-half 2023 **capital expenditure** increased to CHF 35.1 million (14.2% of revenues) compared to CHF 13.0 million (5.2% of revenues) in the first half of 2022. Capital expenditure is expected to remain at around 14% of revenues in the second half of 2023.

The lower year-on-year first-half 2023 EBITDA and the elevated capital expenditure described above, combined with our decision to hold high levels of inventories to ensure continuity of supply delivered a negative **free cash flow** of CHF 4.9 million vs. a positive CHF 14.2 million in the first half of 2022.

For more details, please refer to the medmix half-year report 2023 which contains all consolidated financial statements and notes and is available to download here.

BUSINESS AREA[4] REVIEW

In the first half of 2023, as in second-half 2022, Healthcare business area revenues were constrained by persistently high customer inventories within the Dental market segment. By contrast, the Consumer & Industrial business area grew high single-digit due to a strong performance by the Beauty market segment. Despite the ongoing disruption to production within the Industry market segment, the Consumer & Industrial business area achieved the highest half-year revenues in its history.

In second-half 2023, we expect both business areas' growth to normalize, with Dental recovering, Drug Delivery and Surgery maintaining their positive trajectory, Industry continuing to regain ground thanks to the production ramp-up in Spain, and Beauty growing at a more moderate pace.

Healthcare | Destocking in Dental segment temporarily constraining business area revenues

BA revenues | CHF million	**H1 2023**	% of group	±% nominal	±% organic	**H1 2022**
Healthcare	89.2	35.9%	-12.5%	-10.7%	101.9
– Dental	53.7	21.6%	-24.8%	-23.9%	71.3
– Drug Delivery	26.9	10.8%	12.8%	18.0%	23.8
– Surgery	8.6	3.5%	27.7%	27.7%	6.7
BA gross profit | CHF million	**H1 2023**	% margin	±% nominal	± basis pts.	**H1 2022**
Healthcare	54.1	60.6%	-15.2%	-200 bps.	63.8

On an organic basis, revenues in the Dental market segment declined by -23.9% year-on-year, offsetting the robust growth delivered by the two smaller market segments, Drug Delivery (18.0%) and Surgery (27.7%).

The **Dental** market segment faced tough comparisons in the first six months given organic growth of 15.7% in the first half of 2022 when underlying industry growth is typically around 2% to 3%. The high growth seen in 2021 and H1 2022 was driven initially by a post-Covid surge in patient treatments, and subsequently by customers' concern about supply chain bottlenecks as global markets reopened and geopolitical tensions increased, as well as by customers purchasing ahead of successive inflation-driven price increases. These combined factors created abnormally high customer inventories. We had previously assumed that these inventories would be depleted by the middle of this year, but recent market intelligence suggests that destocking could continue into the second half, possibly until year end. Regardless of these timing issues, we expect to see good second-half Dental growth.

The solid growth at **Drug Delivery** reflects our strong device and project pipeline while **Surgery** is benefitting from the conversion of tissue banks to our products . Both market segments registered

[4] The abbreviation of "BA" within this section refers to "business area".

all-time high half-year revenues. We expect revenue growth in both of these market segments to accelerate in the second half, especially in Drug Delivery thanks to first revenues from our D-Flex injector pen.

First-half **business area gross profit** declined by -15.2% year-on-year as a result of an adverse product mix, driven primarily by lower Dental volumes. Compared to the second half of 2022, first-half 2023 gross profit increased by 10.4% slightly faster than the comparable 9.7% organic revenue growth, delivering a gross margin increase of 160 basis points.

Consumer & Industrial | Industry depressing profitability until full production efficiency restored

BA revenues | CHF million	**H1 2023**	% of group	±% nominal	±% organic	**H1 2022**
Consumer & Industrial	158.9	64.1%	6.9%	9.4%	148.7
– Industry	72.7	29.3%	-8.3%	-8.3%	79.2
– Beauty	86.3	34.8%	24.2%	29.6%	69.5
BA gross profit | CHF million	**H1 2023**	% margin	±% nominal	± basis pts.	**H1 2022**
Consumer & Industrial	54.5	34.3%	-3.1%	-350 bps.	56.3

The **Beauty** market segment, with 29.6% organic growth, benefitted in the first half of the year from several new product launches, resulting in the highest half-year revenues since 2018. Several of our global customers launched new products that had long been in the pipeline but delayed due to Covid restrictions. Our own innovation, the Micro Bristle Applicator, successfully gained footholds in new cosmetic fields outside our core eyelash applications. We expect the market segment growth to moderate in the second half after these first-half customer launches.

As expected, half-year 2023 revenues in the **Industry** market segment were lower year-on-year, -8.3% organically, given that group-wide production is still not operating at full capacity. However, compared to the second half of 2022, the market segment grew organically by 5.9% demonstrating that a recovery is well advanced. The acquisition of Universal de Suministros, S.L. in Spain contributed 310 basis points to market segment growth and 170 basis points to business area growth. Despite capacity constraints, the market segment was able to retain all significant customers as well as gain new business. In the meantime, production trials have been ongoing since April at our new production facility in Spain and a total of 20 machines installed as of the end of June with first deliveries already being made to customers. Equipment utilized previously in our Polish factory was shipped to Spain, where we plan to be at full production capacity before the end of the year. As a result, we anticipate strong revenue growth in the second half.

First-half **business area gross profit** declined by -3.1% year-on-year faced with ongoing production cost headwinds, that include lower volumes and high-cost manual assembly for Industry market segment products, as well as an adverse product mix within the business area. However, compared to the second half of 2022, gross profit increased by 11.3%, while gross margin increased by 20 basis points. We expect business area gross margin to improve significantly in the second half of 2023, driven by the Industry market segment.

OUTLOOK

FY 2023 guidance | Improving growth and profitability trends in H2 2023

In the second half of 2023, management expects strongly improving trends in revenue growth and margins across both business areas. Nonetheless, the temporary shortfall in orders within Dental due to persistently high customer inventories and the related destocking effect, has led management to take a more cautious approach to its full-year margin guidance:

- Organic revenue growth rate of 5% to 7% (no change)
- Adjusted EBITDA margin of around 22% (vs. 23% previously)

Our new 2023 adjusted EBITDA margin guidance acknowledges the lack of clarity on the precise timing of the Dental market segment recovery within the second half.

For the full year, medmix expects to deliver group revenue growth within the previously guided **organic growth** range of 5% to 7%. In the second half, the Dental, Industry, Drug Delivery and Surgery market segments are all expected to experience robust year-on-year growth, with the Beauty market segment expected to continue its positive trajectory though at a more moderate pace.

Throughout the second half, **profitability** is expected to improve. As the Industry market segment transitions to full production capacity, it will deliver an overall improved product mix within the Consumer & Industry business area. Likewise, the expected Dental market segment recovery will result in a positive product mix impact on Healthcare business area margins.

Given the major investments in our new production facilities in Spain and the US as well as planned investments in research & development, medmix continues to forecast higher-than-usual **capital expenditure** in 2023, at 14% of revenues, or 9% excluding the extraordinary investments in Spain.

Mid-term outlook[5] | unchanged

The group's fundamental prospects remain solid, and management confirms its mid-term outlook:

- Compound annual organic revenue growth rate of 8% (no change)
- Adjusted EBITDA margin of 30% (no change)

Over the longer term, medmix benefits from unchanged fundamentals within its specialist niches, with the higher-margin Healthcare business area expected to grow faster than the Consumer & Industrial business area, and with overall robust business growth driving operating leverage. Value-accretive acquisitions are planned to further enhance medmix' product mix and competitive edge.

As capital expenditure normalizes, growth in operating cash flow is expected to deliver sustainable year-on-year increases in return on invested capital.

[5] Mid-term outlook relates to medmix' expectations by full-year 2027.

Half-year results presentation

Webcast participation

medmix management will present the half-year results 2023 as a webcast on July 20 at 11:00am CET. Please note that the moderator can only take questions from dialed-in participants.
Please click here to pre-register for the event to receive dedicated dial-in details to access the call easily and quickly.
Please click here to join the webcast at least 5 minutes before the start of the conference call.

Webcast playback

The playback of the webcast will be available shortly after the event under the same link.

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Key dates in 2024

February 22	*Full-year results 2023*
April 24	*Annual General Meeting 2024*

Glossary of non-GAAP measures

- ***Organic revenue growth*** *is revenue growth adjusted to exclude acquisitions, disposals and currency effects.*
- ***Adjusted EBITDA*** *is adjusted for non-operational items that are non-recurring or do not regularly occur in similar magnitude. The adjusted EBITDA margin is calculated by dividing the adjusted EBITDA by group revenue.*

Please also refer to the medmix annual report 2022, chapter on alternative performance measures.

About medmix

medmix is a global leader in high-precision delivery devices. We occupy leading positions in the healthcare, consumer and industrial end-markets. Our customers benefit from a dedication to innovation and technological advancement that has resulted in over 900 active patents. Our 14 production sites worldwide together with our highly motivated and experienced team of nearly 2,200 employees provide our customers with uncompromising quality, proximity and agility. medmix is headquartered in Baar, Switzerland. Our shares are traded on the SIX Swiss Exchange (SIX: MEDX). www.medmix.swiss

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