

Quarterly Statement as of March 31, 2022

Medios AG: Revenue and earnings at record levels in the first quarter

- Double-digit revenue growth and disproportionately high EBITDA pre¹ increase
- Acquisition of NewCo Pharma Group: Significant strengthening of market position in compounding
- Outlook 2022 confirmed: Significant and sustainable increase in revenue and earnings expected

Medios AG (“Medios”), the leading provider of Specialty Pharma Solutions in Germany, confirms its forecast for the 2022 financial year following a successful first quarter. In the period from January to March 2022, revenues increased by 24.4% to €393.0 million (previous year €315.9 million) compared to the prior-year period. EBITDA pre¹ climbed by 60.7% to €14.1 million (previous year €8.8 million). Thus, revenue and earnings reached new record highs. Both operating segments contributed to both revenue and earnings growth with improved absolute operating margins.

Significant events in the reporting period

- **Successful completion of the acquisition of the NewCo Pharma Group**
NewCo Pharma Group became part of the Medios Group on January 10, 2022. The merger with NewCo Pharma enables Medios to significantly strengthen the Patient-Specific Therapies segment, in particular, and therefore substantially and sustainably increase profit margins across the entire Medios Group.

In addition, Medios is expanding its nationwide presence in Germany with the five regional manufacturers of NewCo Pharma. It is now possible to supply pharmacies all over Germany with patient-specific therapies within a very short time frame via the newly expanded network of compounding facilities. By virtue of the merger with NewCo Pharma, the network of specialist partner pharmacies has also grown to roughly 600. Through the integration of capacity at NewCo Pharma, the production of specially tailored intravenous solutions and other parenterals will almost triple and is expected to expand to well over 300,000 units in the 2022 financial year. Moreover, the acquisition facilitates additional synergies in purchasing and in the field of clinical studies and trial drugs.

The purchase price of approx. €120.5 million was partly settled in the form of 924,233 new Medios shares that were created as part of a capital increase from authorized capital against contributions in kind. The new shares are subject to staggered lock-out periods of up to 24 months. The purchase price was also settled with a cash contribution in the amount of €85.2 million in January 2022, which was largely financed by the capital increase carried out December 3, 2021. The final payment of €2.5 million will be made in the second quarter of 2022.

Start of Coverage by Bryan, Garnier & Co

On February 11, 2022, Bryan, Garnier & Co began covering Medios AG. In addition to Bryan, Garnier & Co, Medios continues to be covered by Berenberg, Deutsche Bank, Jefferies, Kepler Cheuvreux, Metzler Capital Markets, and Warburg.

- **Progress in the rollout of the innovative trading platform mediosconnect**

In the first quarter of 2022, Medios made further progress in the rollout of mediosconnect, its digital trading platform for personalized drugs, which is now available in five German federal states.

- **Implementation of the sustainability strategy underway**

In December 2021, Medios published its first sustainability strategy, with the implementation period scheduled to run until 2025. In the first quarter of the year, the implementation of a software-based platform was started. This software is in particular designed to simplify sustainability management and to facilitate the collection and analysis of ESG data. Progress in terms of the strategy's implementation will be outlined annually in the Nonfinancial Consolidated Statement of Medios AG.

Earnings, financial, and asset situation of the Medios Group

In the first quarter of 2022, the earnings position of the Medios Group improved considerably compared to the prior-year period. In particular, this is due to the inclusion of NewCo Pharma Group in the consolidated financial statements as of January 2022. The NewCo Pharma Group has been fully consolidated since January 1, 2022, which is reflected accordingly in the financial results. The Medios Group generated revenue in the amount of €393.0 million, which equates to a rise of 24.4% (previous year €315.9 million). Of this figure, 8.5 percentage points relate to organic growth, while revenue growth of €50.2 million is attributed to the acquisition of the NewCo Pharma Group.

In the Pharmaceutical Supply segment, external revenue increased by €39.6 million or 13.2% to €339.2 million (previous year €299.6 million). External revenue at the Patient-Specific Therapies segment increased by €37.5 million or 232.3% to €53.6 million (previous year €16.1 million). The revenues were generated almost exclusively in Germany.

Material expenses rose at a lower rate than in the prior-year quarter.

EBITDA pre¹ climbed by €5.3m, or 60.7%, to €14.1 million (previous year €8.8 million). The EBITDA pre¹ margin came in at 3.6% (previous year 2.8%). EBITDA pre¹ for the Pharmaceutical Supply segment grew by 19.5% to €8.4 million (previous year €7.0 million), with the EBITDA pre¹ margin standing at 2.5% (previous year 2.3%).

EBITDA pre¹ for the Patient-Specific Therapies segment tripled to €6.9 million (previous year €2.2 million) mainly due to the takeover of NewCo Pharma Group. In the reporting period, the segment's share in Group EBITDA pre¹ amounted to over 48% while the corresponding revenue share stood at approx. 14%. The EBITDA pre¹ margin came in at 12.9%.

The increase in depreciation and amortization from €3.8 million to €5.4 million was mainly due to the acquisition of the NewCo Pharma Group, with the largest increases resulting from depreciation and amortization of the customer base.

Cash flow from operating activities came in at €-2.5 million (previous year €21.4 million). In particular, the decline is due to outflows from payroll tax and social security deductions as a result of stock option programs in the previous year and due to an inventory buildup in the Pharmaceutical Supply segment. The inventory buildup is expected to balance out again over the course of the financial year. In the reporting period, the cash flow from operating activities adjusted for both effects stands at approx. €12 million.

The cash flow from investment activities mainly results from the payment of the cash component of €85.2 million in connection with the acquisition of NewCo Pharma Group. Furthermore, liquid funds of €6.0 million acquired from the NewCo Pharma Group as part of the initial consolidation were recorded here, with an offsetting effect.

Cash flow from financing activities in the amount of €-11.2 million is especially attributed to the scheduled loans repayment taken over from the former shareholders of Cranach Pharma GmbH and NewCo Pharma Group (€-9.8 million).

The balance sheet total stood at €614.4 million as of March 31, 2022 (December 31, 2021: €524.1 million). The 17.2% increase is especially the result of the acquisition of NewCo Pharma Group. Equity stood at €432.6 million as of March 31, 2022, which represents an increase of €38.4 million or 9.7% (December 31, 2021: €394.2 million). The equity ratio stood at 70.4% as of March 31, 2022 (December 31, 2021: 75.2%).

Positive outlook for the 2022 financial year confirmed

Currently, the Executive Board assumes that the Ukraine conflict will not have a significant impact on the business of the Medios Group. An initial risk assessment shows that neither procurement nor sales markets of the Medios Group are directly affected by the conflict. This assessment is based on the premise that the conflict will not have a lasting global economic impact, but rather a moderate impact on the Medios Group's procurement and sales markets. In the event of a prolonged conflict with global impact, risks to the Medios Group's business cannot be ruled out.

As a result of these assumptions and the acquisition of the NewCo Pharma Group, completed in January 2022, as well as the substantial expansion of manufacturing capacity, the management anticipates revenue in the amount of approx. €1.45 billion to €1.6 billion and EBITDA pre¹ of €52.0 million to €58.0 million for the Medios Group in the 2022 financial year. Compared to the previous year, this represents a rise in revenue of approx. 6.8% to 17.9% and an increase in EBITDA pre¹ of approx. 35.3% to 50.9%. Should there be any significant changes in the assumptions made, an adjustment of the forecast given here cannot be ruled out.

¹ EBITDA is defined as net earnings for the period before interest, income taxes, depreciation and amortization. EBITDA pre is adjusted for extraordinary expenses for stock options and M&A activities.

Key figures

in € thousand

	Q1 2022	Q1 2021	Δ in %
Revenue	392,955	315,908	24.4
Pharmaceutical Supply	339,205	299,628	13.2
Patient-Specific Therapies	53,609	16,134	232.3
Services	141	145	-2.8
EBITDA	13,287	8,476	56.8
<i>Margin (in % of Revenue)</i>	3.4	2.7	
EBITDA without extraordinary expenses*	14,137	8,798	60.7
<i>Margin (in % of Revenue)</i>	3.6	2.8	
Pharmaceutical Supply	8,357	6,996	19.5
Patient-Specific Therapies	6,893	2,220	210.5
Services	-1,113	-418	166.3
EBIT	7,848	4,641	69.1
<i>Margin (in % of Revenue)</i>	2.0	1.5	
Comprehensive income after tax	5,038	2,841	107.5
Earnings per share (in €)			
Undiluted	0.21	0.15	40
Diluted	0.21	0.14	50
Investments (CAPEX)	2,143	2,629	-18.5
Cash flow from operating activities	-2,529	21,401	-111.8
Cash flow from investment activities	-81,288	27,412	-396.5
Free Cash flow	-83,817	48,813	-271.7
*Extraordinary expenses	850	322	164.0
Expenses from stock options ¹	688	322	113.7
Other M&A expenses ¹	162	0	n/a
Employees (number)	512	301	70.1
Balance sheet total	614,390	524,142	17.2
Equity as of March 31 / December 31	432,574	394,164	9.7
<i>Equity ratio (in %)</i>	70.4	75.2	

Key Performance Indicator (KPI): Figures used to manage the company's success
¹ related to EBITDA

Consolidated statement of comprehensive income

in thousand €

	Q1 2022	Q1 2021	Δ in %
Revenue	392,955	315,908	24.4
Change in stocks of finished goods and work-in-progress	19	84	-77.4
Work performed and capitalised	146	63	131.7
Other income	390	139	180.6
Cost of materials	367,300	300,373	22.3
Personnel expenses	8,229	4,608	78.6
Other expenses	4,694	2,738	71.4
Earnings before interest, tax, depreciation and amortization (EBITDA)	13,287	8,476	56.8
Depreciation and amortisation	5,439	3,835	41.8
Operating profit/loss (EBIT)	7,848	4,641	69.1
Financial expenses	277	261	3
Financial income	17	2	750
Consolidated earnings before tax (EBT)	7,588	4,381	73.5
Tax	2,549	1,540	66.3
Consolidated earnings after tax	5,038	2,841	77.3
Total consolidated earnings	5,038	2,841	77.3
Basic earnings per share (in €)	0.21	0.15	40.0
Diluted earnings per share (in €)	0.21	0.14	50.0

Consolidated balance sheet

Assets

in thousand €

	31.03.2022	31.12.2020	Δ in %
Non-current assets	345,225	223,473	53.9
Intangible assets	296,313	192,861	53
Property, plant and equipment	21,380	13,713	55.9
Right of use	19,204	16,209	18.5
Financial assets	870	690	26.1
Deferred tax assets	7,458	0	n/a
Current assets	269,164	300,669	-10.5
Inventories	52,391	36,471	43.7
Trade receivables	132,954	87,770	51.5
Other assets	5,708	5,852	-2.5
Income tax receivables	4,659	2,144	117.3
Cash and cash equivalents	73,452	168,431	-56.4
Balance sheet total	614,390	524,142	17.0

Liabilities

Equity

Subscribed capital	23,806	22,881	4
Capital reserves	375,014	342,567	9.1
Accumulated Group's net income	33,754	28,716	17.5
Attributable to shareholders in the parent company	432,574	394,164	9.4

Liabilities

Non-current liabilities	56,015	36,212	54.7
Financial liabilities	18,348	15,290	20
Other accrued liabilities	1,042	1,040	0.2
Deferred tax liabilities	36,624	19,882	84.2
Current liabilities	125,801	93,766	34.2
Other provisions	855	687	24.5
Trade payables	66,045	32,321	104.3
Financial liabilities	33,948	34,420	-1.4
Income tax liabilities	15,802	10,900	45
Other liabilities	9,139	15,438	-40.8
Advances received	12	0	n/a
Total liabilities	181,816	129,978	39.9
Balance sheet total	614,390	524,142	17.0

Consolidated cash flow statement

in thousand €	Q1 2022	Q1 2021	Δ in %
Cash flow from operating activities			
Net income for the year	5,038	2,841	107.5
Depreciation and amortisation on non-current assets	5,439	3,835	41.8
Decrease/increase in provisions	-212	-55	285.5
Other non-cash expenses	688	322	113.7
Increase in inventories, trade receivables and other assets not attributable to investment or financing activities	-32,656	12,829	-354.5
Decrease/increase in trade payables and other liabilities not attributable to investment or financing activities	20,777	1,175	>1.000
Financial result	260	267	-2.6
Income/expenses from the disposal of assets	-3	-6	-50
Income tax expense	2,549	1,533	66.3
Income tax payments	-4,410	-1,340	229.1
Net cash outflow from operating activities	-2,529	21,401	-111.8
Cash flow from investment activities			
Payments made for investments in intangible assets	-218	-348	-37.4
Payments from disposals of intangible assets	0	250	-100
Payments made for investments in property, plant and equipment	-1,925	-2,189	-12.1
Payments from disposals of tangible fixed assets	5	16	-68.8
Payments from the disposal of long-term financial items	22	26	-15.4
Payments for additions to the scope of consolidation	-79,189	29,972	-364.2
Payments from disposals from the scope of consolidation	0	-224	-100
Interest received	17	2	750
Net cash inflow/outflow from investment activities	-81,288	27,504	-395.5

in thousand €	Q1 2022	Q1 2021	Δ in %
Cash flow from financing activities			
Proceeds from equity injections	-49	-19	157.9
Proceeds from financial liabilities	0	30,000	-100.0
Cash outflows from the repayment of financial liabilities	-9,816	-23,841	-58.8
Interest paid	-556	-166	234.9
Repayments of lease liabilities	-741	-389	90.5
Net cash outflow from financing activities	-11,162	5,586	-299.8
Net change in cash and cash equivalents	-94,979	54,491	-274.3
Cash and cash equivalents at the beginning of the financial year	168,431	19,788	751.2
Cash and cash equivalents at the end of the reporting period	73,452	74,186	-1.0

Consolidated statement of changes in equity

	Subscribed capital	Capital reserves	Accumulated total consolidated earnings	Attributable to shareholders in the parent company	Equity
in thousand €					
As at 01/01/2021	16,085	105,026 ¹⁾	21,317 ¹⁾	142,425	142,425
Net profit for Q1 2020	0	0	2,841	2,841	2,841
Share-based payments	0	322	0	322	322
Capital increase	4,180	163,020	0	167,200	167,200
Transaction costs and tax from the capital increase	0	-19	0	-19	-19
As at 03/31/2021	20,265	268,349 ¹⁾	24,158 ¹⁾	312,769	312,769
As at 01/01/2022	22,881	342,567	28,716	394,164	394,164
Net profit for Q1 2022	0	0	5,038	5,038	5,038
Share-based payments	0	688	0	688	688
Capital increase	924	31,794	0	32,718	32,718
Transaction costs and tax from the capital increase		-34	0	-34	-34
As at 03/31/2022	23,806	375,014	33,754	432,574	432,574

1) Adjusted, see Note 17 of the Annual Report 2021.

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Contact

Claudia Nickolaus
Head of Investor & Public Relations, ESG Communications
Medios AG
Heidestraße 9 | 10557 Berlin | Germany
P +49 30 232 566 800
c.nickolaus@medios.ag
www.medios.ag

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