Dear Shareholder,

Personal highlights for us so far this year have been both our new Valencia Industry plant and our Atlanta Healthcare facility. In Valencia we made our first shipments and invoices. We created and commissioned the factory in record time and are now able to increase the output to deliver to our Industry customers. All required manufacturing equipment and assets have been relocated from Poland to Valencia. In parallel, the construction of our new Atlanta Healthcare facility is proceeding well, on given timelines.

From a commercial perspective, Dental destocking shows signs of reversal, Industry is on its path to recovery, while Drug Delivery, Surgery and Beauty segments show strong growth. We have reached important co-development milestones with customers in our Surgery segment. We have achieved further success with our autoinjector platform PiccoJect through successful feasibility studies with customers and cooperation partners such as Nipro. Our success with the Micro Bristle Applicator for Beauty has continued, enabling us to successfully gain foothold in new cosmetic fields outside our core eyelash applications. Executing on our local-for-local strategy in China, we have acquired a majority stake in Qiaoyi, a beauty manufacturer. This latest acquisition allows us to strategically position medmix in the fast-growing Chinese beauty sector, the second largest cosmetic products market in the world. In the Industry segment, we have launched additional products for our PCR based Greenline product range, and innovative cartridges for hot melt applications for electronics industries.

Continuing our focus on sustainable innovation, we have strengthened our footprint in sustainable products and eco-design across all our segments and delivered results in the first half of the year. We have been accepted into the Science Based Target Initiative (SBTi), by committing to the 1.5°C emission goal and setting a robust emissions reduction target at the pace and scale required by climate science. Additionally, we have successfully been assessed by CDP, and we have aligned with the UNGC principles. Separately, we have been awarded EcoVadis best-in-class ratings.

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 segments presented a mixed organic growth picture, with Beauty strongly outperforming (+29.6%) and Dental strongly underperforming (–23.9%), while Drug Delivery and Surgery grew in double digits (18.0% and 27.7% respectively) and Industry was down as expected (–8.3%) as we continued to build alternative production capacity outside Poland. Adjusted EBITDA declined by 17.3% to CHF 49.7 million, with an adjusted EBITDA margin of 20.0% compared with 24.0% in the first half of 2022 (–400 basis points). This negative trend was driven primarily by an adverse product mix due to a temporary decrease in Dental customer orders resulting from their high inventory levels and the ramp-up of production at our new Valencia site for the Industry segment.

"Fueled by our determination, unwavering purpose, and forward-thinking approach, we carve out our path as industry leaders."

Rob ten Hoedt
Chairman of the Board of Directors

Recovery underway after short term challenges

In the first half of 2023, as in the second half of 2022, Healthcare business area revenues were limited by ongoing high inventory levels at Dental customers. On an organic basis, revenues in the Dental segment declined by 23.9% year-on-year, offsetting the robust growth delivered by the two smaller segments, Drug Delivery (18.0%) and Surgery (27.7%).

The revenue of the Consumer & Industrial business area increased organically by 9.4% to CHF 158.9 million year-on-year. The Beauty segment benefited from customer launches delayed due to Covid and revenue from new products such as the micro bristle applicator resulting in the highest half-year revenues since 2018. Revenues of the Industry segment decreased by 8.3% organically year-on-year, limited by production that is not yet back at full capacity. Despite these capacity constraints, the Industry segment continued to gain new business, demonstrating its strengths vs. competitors.

Group gross profit declined by nominal 17.3% year-on-year due to an adverse product mix, as Healthcare business area gross margins are significantly above the group average, compounded by one-off expenses in the Industry segment relating to the higher cost of temporary production outside Poland and the ramp-up of our new factory in Spain.

Further growth and increased efficiencies on the horizon

Capital expenditure levels increased to 14.2% of revenue, compared with 5.2% of revenues in the first half of 2022. As previously announced, this increase is due to significant investments in our new production facility for Industry in Valencia, Spain, and our state-of-the-art Healthcare manufacturing facility near Atlanta, USA. The new production facility in Spain is rapidly ramping up, 20 machines are already installed and full production is expected by the end of the year. All required assets from the former Polish manufacturing site – nearly 70 machines, molds and inventory – have been released and relocated. Additionally, the activities of Universal de Suministros, S.L. will be transferred to the new plant by the end of September. The new Atlanta site, once fully operational, will enable our Drug Delivery segment to offer customers high precision manufacturing capabilities on three continents. On the inorganic growth front, our acquisition of a majority stake in Qiaoyi in Shantou, China, expands our presence in the Asian beauty sector. These strategic investments, coupled with planned research and development initiatives, position us for strong growth and increased efficiency, approaching higher levels of profitability in the second half of the year.

> “I am incredibly proud of our teams’ achievements in the first six months of 2023. Together, we embrace the opportunities that lie ahead, propelling us towards a thriving future."
>
> **Girts Cimermans** Chief Executive Officer

Outlook

FY 2023 guidance

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

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.

Thank you

On behalf of the Board of Directors and Executive Management, we would like to thank you for your trust in medmix. We are also grateful to our employees for continuing to inspire us with their incredible dedication and engagement, remaining focused on our mission to provide innovative solutions to help millions of people live healthier and more confident lives.

Rob ten Hoedt
Chairman of the Board of Directors

Girts Cimermans
Chief Executive Officer