

Médica Sur reports 9% growth in Revenues from the second quarter of 2023 and 11% growth in EBITDA from continuing operations in the same period, compared to the same period of the previous year.

Mexico City; July 28, 2023 - MEDICA, S.A.B. de C.V. ("Medica Sur", "MEDICA", "MS", the "Company") (BMV ticker symbol: MEDICAB and CEBURES MEDICA 20) reports its unaudited results for the second quarter of 2023 (2Q23). This information is presented in accordance with International Financial Reporting Standards (IFRS).

2Q23 Highlights

- **Revenues** for 2Q23 rose 8.6% compared to 2Q22, to Ps.1,067.9 million. During the first half of 2023, revenues grew 9.7% to Ps. 2,140.7 million.

The volume of high-specialty services increased significantly during 2Q23, particularly in critical units, which expanded 19%.

- **Operating income** for 2Q23 expanded 8.2% to Ps.181.8 million in comparison to the same quarter or the previous year, while operating margin reached 17.0%. For the first six months of the year, operating income grew 8.7% to Ps.362.1 million, while operating margin was 16.9%.

- **EBITDA from continuing operations** for 2Q23 grew 10.6% compared to 2Q22, to Ps.226.5 million. This is mainly the result of the effects previously explained in the revenues section. The EBITDA margin was 21.2%.

EBITDA from continuing operations for the first half of 2023 was Ps.449.5 million, 25.0% higher than the figure for the same period of the previous year. The EBITDA margin stood at 21.0%.

- **Net income** for 2Q23 was Ps.132.3 million, while the net margin was 12.4%.

Net income for the first six months of the year was Ps.274.1 million, while net margin stood at 12.8%.

When compared to the figure recorded in the previous year, a 58.7% decrease is observed. This is mainly explained by the recording of income from discontinued operations that Médica Sur earned in 2022 and did not repeat in 2023.

Médica Sur, S.A.B. de C.V. and Subsidiaries Unaudited Results

	2Q23	2Q22	Var (\$)	Var (%)	1H23	1H22	Var (\$)	Var (%)
Revenues	1,068.0	983.3	84.7	8.6%	2,140.7	1,951.6	189.1	9.7%
Operating Income	181.8	168.0	13.8	8.2%	362.1	333.0	29.1	8.7%
Operating margin	17.0%	17.1%		-0.1 pp	16.9%	17.1%		-0.1 pp
EBITDA (cont. operations)	226.5	202.2	24.3	10.6%	449.5	355.8	93.7	25.0%
EBITDA margin (cont. operations)	21.2%	21.4%		0.2 pp	21.0%	21.5%		-0.5 pp
Discont. ops. results	2.0	493.0	491.0	99.6%	1.9	539.6	(537.7)	99.7%
Consolidated net income*	132.3	500.6	(368.3)	-73.6%	274.1	663.0	(388.9)	-58.7%
Net margin*	12.4%	50.9%		-38.5 pp	12.8%	34.0%		-21.2 pp

Figures in million pesos. Includes rounding effects

* Figures include discontinued operations effects

Metric Highlights - Infection Prevention and Control 2Q23

At Médica Sur, the safety of our patients is a very important concern. During the second quarter of 2023, the Infection Prevention and Control (IPC) indicators continued to reflect outstanding results. The most relevant results are mentioned below:

- ✓ The nosocomial infection rate was 0.97 cases per 100 surgeries, a metric far better the international standard, which recommends that the rate should be less than 5.0 cases per 100 surgeries.
- ✓ The rate of surgical site infections was 0.73 cases per 100 surgeries, which is far better the international standard which suggests that the indicator should be less than 2.7 cases per 100 surgeries.

Significant events 2Q23:

• We successfully concluded the implementation of the Núcleo project.

During the second quarter we completed the implementation of SAP Enterprise Resource Planning (ERP) software solution.

This is a comprehensive system with different modules that optimize the management of our clinical and administrative processes.

Through an investment of over Ps.100 million, the system will directly benefit our patients, physicians, and collaborators.



**Damos la bienvenida a nuestra
nueva cultura digital,
ya estamos trabajando con**



• Médica Sur obtained the ISO9001:2015 Certification.

This certification is granted by *Bureau Veritas*, a world leader in inspection, certification and testing. It guarantees that the services offered in the Nutrition department are based on a quality management system that enhances our ability to provide our services. Likewise, this system ensures the continuous improvement through the patient evaluation and monitoring during hospital stay and treatments performed by the Oncology Center.

The scope of the certification includes the areas of patient nutritional evaluation and monitoring, screening service and oncological nutrition.



• New 3.0 Tesla SIGNA Architect Resonator

We are constantly renewing ourselves to improve the health care of our patients, which is why we offer the most advanced diagnostic imaging in Magnetic Resonance. Based on the above, the new GE SIGNA Architect 3.0 Tesla Resonator began operations during 2Q23, the first of its kind in Mexico.

This equipment, which is supported by Artificial Intelligence, offers state-of-the-art imaging diagnostics without ionizing radiation and a wide variety of applications in the fields of neurology, orthopedics, pediatrics, gynecology, cardiovascular and oncology.

It also offers multiple advantages for our patients. Among these are the following:

- Decreases or eliminates the feeling of claustrophobia due to its larger size, while significantly reducing noise.
- It uses Artificial Intelligence algorithms, which automate the performance of studies.



- It has a friendly and comfortable design for all patients by allowing adaptation to anatomical needs.
- It adapts to natural movements through respiratory and kinesthetic sensors, which automatically detect the patient's breathing movement patterns for efficient study acquisition.
- It obtains images in high spatial resolution, resulting in sharp details in a shorter scanning time.
- More personalized studies, among other features.

Among with the installation of a high definition 1.5 Tesla Sola Siemens Magnetom Resonator, the commissioning of this unique technology is part of the complete renovation program of the Magnetic Resonance Unit, which began in 2021. This project is valued at over Ps.100 million.



• **Ordinary General Meeting at which a dividend of Ps.6.53 pesos per share was decreed.**

On April 17, the Company held the Ordinary General Shareholders' Meeting previously called on March 29 of this year.

The payment of an ordinary dividend equivalent to Ps.6.53 (Six pesos 53/100 M.N.) per share was decreed, for a total of Ps.688,258,454.00 (Six Hundred Eighty-Eight Million Two Hundred Fifty-Eight Thousand Four Hundred Fifty-Four Pesos 00/100 M.N.). This payment came from the retained earnings account of years after 2013.

The decreed dividend was paid in a single installment on June 1, 2023, at the Company's domicile, located at Puente de Piedra number 150, Col. Toriello Guerra, Alcaldía de Tlalpan, C.P. 14050, in Mexico City, upon delivery of coupon number 28 (Twenty-eight).

With respect to the deposited shares with S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., the dividend decreed was paid by the custody institution on that same date.



• **Médica Sur congratulates Fundación Clínica Médica Sur for obtaining accreditation in the areas of Institutionalism and Transparency.**

For the third consecutive time, Fundación Clínica Médica Sur, A.C. obtained the Accreditation in Institutionalism and Transparency (AIT), granted by the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía). This Accreditation is due to the Foundation's accountability processes, transparency practices and institutional strength.

This also reflects the Foundation's level of institutional development, while demonstrating to its associates, beneficiaries, board members, donors and the general public that the Foundation has the necessary institutional mechanisms for transparency and accountability.



Second Quarter Financial Summary

• Revenues

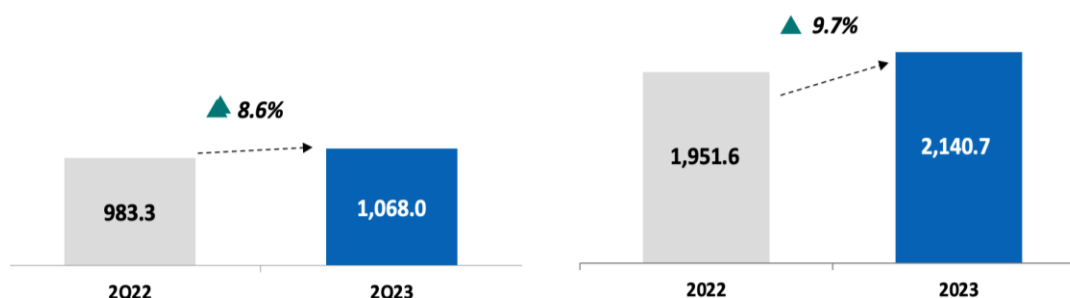
Revenues for 2Q23 increased 8.6% compared to 2Q22, to Ps. 1,067.9 million.

For the first six months of 2023, revenues were Ps. 2,140.7 million, representing a 9.7% increase against the same period of the previous year.

During 2Q23, services volume had the following composition:

- Hospital occupancy grew by 6.6 basis points, while the number of bed days and the volume of patients treated in critical units increased.
 - Patient care in Critical Care Units increased 19.1%.
 - In Angiography, 18.3% more studies were performed.
 - PET-CT studies increased 8.0%.
 - In Magnetic Resonance, the number of studies grew 8.1%.
- A reduction in the volume of surgical areas, emergency room, oncology center, Imaging and the Diagnostic Center was observed.
 - The volume of surgeries in the central operating room decreased 8.6%.
 - The number of patients treated in the emergency department decreased 1.3%.

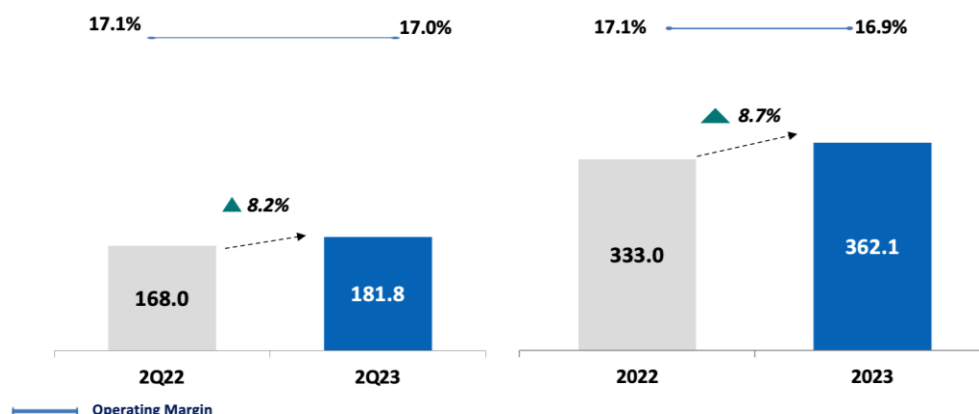
Nevertheless, revenues for the period were positive, due to the volume mix in high-specialty procedures.



Revenues
(Figures expressed in millions of Pesos)

• Operating Income

Operating income for 2Q23 expanded 8.2% to Ps.181.8 million in comparison to the same quarter of 2022, while operating margin was 17.0%. For the first six months of the year, operating income grew 8.7% to Ps.362.1 million, while operating margin reached 16.9%.

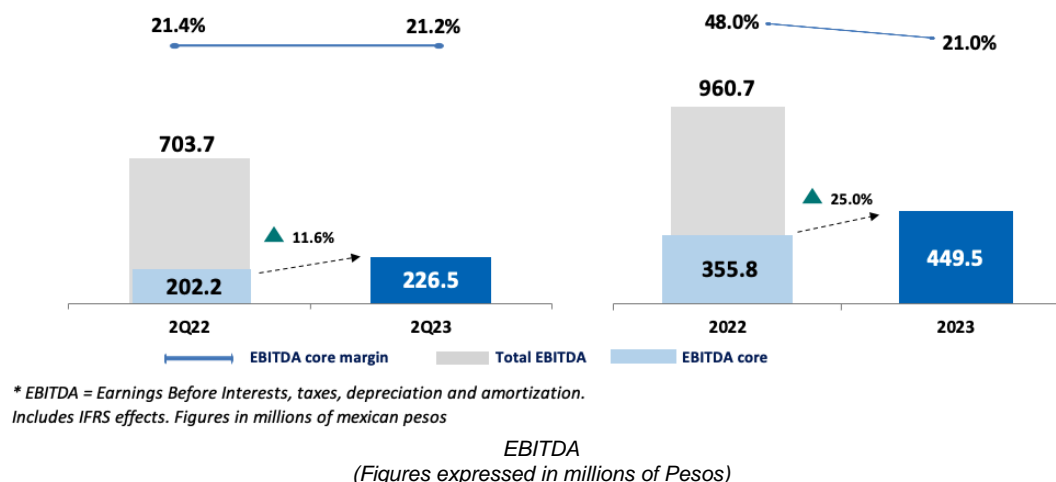


Operating income
(Figures expressed in millions of Pesos)

• EBITDA

EBITDA from continuing operations for 2Q23 was 10.6% higher than in 2Q22, reaching Ps. 226.5 million. This effect is explained by the higher contribution mentioned in the revenue section and the execution of cost and expense containment program that allowed us to maintain an EBITDA margin of 21.2%.

EBITDA from continuing operations for the first half of 2023 increased 25.0% compared to the same period of the previous year, reaching Ps.449.5 million. EBITDA margin stood at 21.0%.



• Comprehensive Cost of Financing (CCF)

In the second quarter of 2023, CCF was neutral at Ps.3.2 million. On a cumulative basis, CCF showed a positive effect, amounting to Ps.26.7 million.

This is the result of the Company's cash position in the first five months of the year, prior to last June's dividend payment, and higher interest rates in the period.

	Quarterly				First Semester			
	2Q23	2Q22	Var. \$	Var. %	2023	2022	Var. \$	Var. %
Foreign exchange profit (loss)	(4.4)	1.0	(5.4)	-540%	(8.9)	(1.7)	(7.3)	436%
Interest Expense	(19.4)	(18.9)	(0.5)	3%	(38.0)	(37.8)	(0.2)	1%
Interest Income	27.0	58.9	(32.0)	-54%	73.7	108.1	(34.4)	-32%
Comprehensive Cost of Financing	3.2	41.0	(37.8)	-92%	26.7	68.6	(41.9)	-61%

Figures expressed in millions of pesos

• Taxes

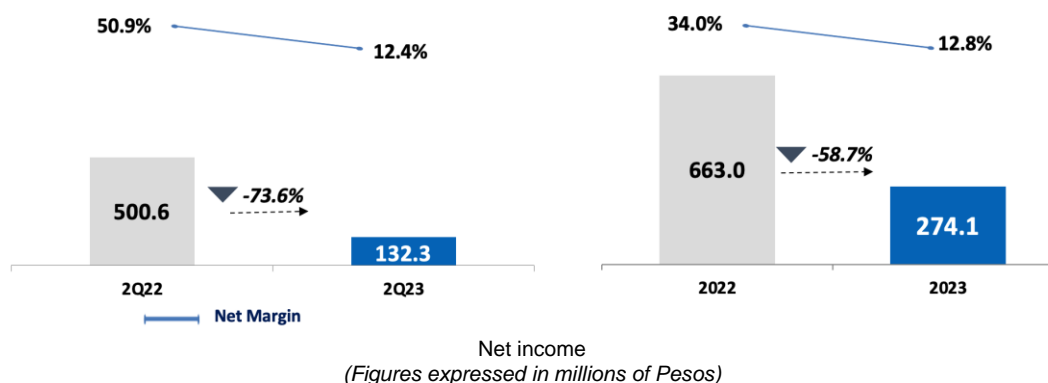
In 2Q23, taxes were 16.2% lower than the figure observed in the same quarter of the previous year. This effect derives from higher income in the quarter offset by lower interest earned in the same period of the previous year.

• Net income

Net Income for 2Q23 was Ps.132.3 million, while the net margin was 12.4%.

For the first half of the year, net income was Ps.274.1 million, while net margin was 12.8%.

Compared to the same period of the previous year, a 58.7% reduction was observed in net income, which is explained by the recognition of income from discontinued operations in 2022 that the Company did not record in this period.



Indebtedness

The Company's total debt amounted to Ps.1,000 million, related to MEDICA 20 notes issued in 2020. These debt instruments, which mature in September 2025, pay an annual interest rate of 6.99%. Médica Sur is current on its debt service.

MEDICA has demonstrated a solid financial leverage and a good operating cash flow generation, while maintaining a consistent financial structure. As a result, it has excellent credit ratings: HR AAA by HR Ratings and AA (mex) by Fitch Ratings, both with a stable outlook.

At the end of the second quarter of 2023, the Company's net debt stood at Ps.493 million. Cash position was Ps.507.0 million.

Figures in million pesos	2Q23	2Q22	Δ a/a \$	Δ a/a %
Cash	507.0	3,699	(3,192)	-86%
Debt with cost	1,000	1,000	-	-
Net Debt	493	(2,699)		
EBITDA LTM*	888	1,841		
Leverage	0.6x	-1.5x		

(Net Debt / EBITDA LTM*, Includes discontinued operations effects)

Stock Repurchase Fund

During the second quarter of 2023, Médica Sur carried out repurchase fund transactions for a total of 5.9 million shares, equivalent to Ps.227.6 million.

As a result, MS maintained a 7.84% equity position at the end of the second quarter of the year.

Financial Statements (unaudited)
Médica Sur, S.A.B. de C.V.
Balance Sheet as of June 30, 2023, and December 31, 2022.
(Figures expressed in Mexican pesos)

	2023	2022	Var. %	Var. \$
Assets	4,068,254,399	4,576,386,258	-11.1%	(508,131,859)
<i>Current assets</i>	<u>1,228,088,994</u>	<u>1,685,045,088</u>	<u>-27.1%</u>	<u>(456,956,094)</u>
Cash and Cash Equivalents	507,001,198	1,221,395,930	-58.5%	(714,394,731)
Accounts Receivable	441,730,911	305,025,652	44.8%	136,705,258
Others Net Account Receivable	34,026,196	23,183,264	46.8%	10,842,932
Inventories	139,887,407	135,440,242	3.3%	4,447,165
Assets held for sale	105,443,282	-	N/A	105,443,282
<i>Property, Plant and Equipment (Net)</i>	<u>2,387,786,695</u>	<u>2,488,652,276</u>	<u>-4.1%</u>	<u>(100,865,581)</u>
Property	2,630,482,430	2,770,608,108	-5.1%	(140,125,678)
Industrial Machinery and Equipment	31,356,895	29,452,940	6.5%	1,903,955
Other Equipment	778,517,403	678,947,388	14.7%	99,570,015
Right-of-use asset	70,203,324	66,634,494	5.4%	3,568,830
Accumulated Depreciation	(1,216,078,323)	(1,227,207,814)	-0.9%	11,129,491
Accumulated Depreciation Right-of-use asset	(31,990,337)	(26,847,201)	19.2%	(5,143,136)
Constructions in Progress	125,295,303	197,064,360	-36.4%	(71,769,057)
<i>Investment properties</i>	<u>195,747,248</u>	<u>201,380,404</u>	<u>-2.8%</u>	<u>(5,633,156)</u>
Land	52,165,613	52,165,613	N/A	-
Buildings	143,581,635	149,214,791	-3.8%	-5,633,156
<i>Intangible Assets</i>	<u>256,631,462</u>	<u>201,308,490</u>	<u>27.5%</u>	<u>55,322,971</u>
Total Liabilities	2,232,847,463	2,054,115,061	8.7%	178,732,402
<i>Current Liabilities</i>	<u>1,179,343,628</u>	<u>997,323,527</u>	<u>18.3%</u>	<u>182,020,101</u>
Suppliers	265,811,268	280,770,713	-5.3%	(14,959,445)
Short-term Bank Loans	-	-	N/A	-
Short-term securities Loans	19,610,833	19,805,000	-1.0%	(194,167)
Accrued interest and commission	-	-	N/A	-
Income tax payable	128,880,311	123,355,630	4.5%	5,524,681
Other Current Liabilities	751,677,447	561,578,568	33.9%	190,098,879
Short-term lease liability	13,363,769	11,813,616	13.1%	1,550,153
<i>Long-term Liabilities</i>	<u>1,053,503,835</u>	<u>1,056,791,534</u>	<u>-0.3%</u>	<u>-3,287,699</u>
Accrued Interest	995,192,699	994,110,551	0.1%	1,082,147
Other Credits	33,800,646	33,635,247	0.5%	165,399
Long-term lease liability	24,510,490	29,045,735	-15.6%	(4,535,246)
Stockholders Equity	1,835,406,935	2,522,271,197	-27.2%	(686,864,262)
Non-Controlling Interest	955,639	956,046	N/A	(407)
<i>Equity attributable to Equity Holders of the Company</i>	<u>1,834,451,296</u>	<u>2,521,315,151</u>	<u>-27.2%</u>	<u>(686,863,855)</u>
Paid-in Capital Stock	453,422,677	453,422,677	N/A	-
Premium in Share Placement	121,280,931	121,280,931	N/A	-
Contributions for Future Capital Increases	124,628	124,628	N/A	-
Retained earnings	722,872,345	629,629,888	14.8%	93,242,457
Reserve for Share Buyback Program	272,356,430	376,798,274	-27.7%	(104,441,844)
Income of the year	274,138,062	949,802,530	-71.1%	(675,664,468)
<i>Other Comprehensive Income</i>	<u>(9,743,779)</u>	<u>(9,743,779)</u>	<u>N/A</u>	<u>-</u>
Total Liabilities and Shareholders Equity	4,068,254,398	4,576,386,258	-11.1%	(508,131,859)

Amounts in accordance with IFRS

Financial Statements (unaudited)
Médica Sur, S.A.B. de C.V.
Consolidated Income Statement for the second quarter of 2023 and 2022
(Figures expressed in Mexican pesos)

	<u>2023</u>	<u>2022</u>	<u>Var. %</u>	<u>Var \$</u>
Revenues	1,067,950,352	983,256,969	8.6%	84,693,383
Cost of Sales	(666,769,236)	(623,730,215)	6.9%	(43,039,021)
Gross Profit	401,181,116	359,526,755	11.6%	41,654,361
Selling and Administrative Expenses	(236,370,405)	(185,561,875)	27.4%	(50,808,529)
Other Operating Expenses	16,994,644	(5,930,548)	-386.6%	22,925,192
Operating Income	181,805,355	168,034,331	8.2%	13,771,024
Foreign Exchange Gain (loss)	(4,391,463)	998,553	-539.8%	(5,390,016)
Interest Expense	(19,421,113)	(18,937,813)	2.6%	(483,299)
Interest Income	26,968,804	58,927,275	-54.2%	(31,958,471)
Income before Taxes	184,961,583	209,022,346	-11.5%	(24,060,762)
Income Tax Expense	(53,971,414)	(64,440,806)	-16.2%	10,469,392
Continuous Operations Profit (loss)	130,990,169	144,581,539	-9.4%	(13,591,370)
Discontinued Operations Loss	1,331,343	356,062,861	-99.6%	(354,731,518)
Net Income	132,321,512	500,644,400	-73.6%	(368,322,888)
Non-Controlling Income	-	-	NA	NA
Controlling Income	132,321,512	500,644,400	-73.6%	(368,322,888)

Amounts in accordance with IFRS

Financial Schedules (unaudited)
Médica Sur, S.A.B. de C.V.
Consolidated Income Statement for the first six months of 2023 and 2022
(Figures expressed in Mexican pesos)

	<u>2023</u>	<u>2022</u>	<u>Change % YoY</u>	<u>Change \$ YoY</u>
Revenues	2,140,692,840	1,951,605,459	9.7%	189,087,381
Cost of Sales	-1,327,177,783	-1,235,103,021	7.5%	-92,074,762
Gross Profit	813,515,057	716,502,438	13.5%	97,012,619
Selling and Administrative Expenses	-474,610,260	-386,187,660	22.9%	-88,422,600
Other Operating Expenses	23,178,875	2,675,642	766.3%	20,503,233
Operating Income	362,083,673	332,990,420	8.7%	29,093,252
Foreign Exchange Gain (loss)	-8,941,494	-1,666,705	436.5%	-7,274,789
Interest Expense	-38,026,314	-37,814,163	0.6%	-212,152
Interest Income	73,674,295	108,067,697	-31.8%	-34,393,402
Income before Taxes	388,790,160	401,577,250	-3.2%	-12,787,090
Income Tax Expense	-115,903,916	-124,398,325	-6.8%	8,494,409
Continuous Operations Profit (loss)	272,886,244	277,178,925	-1.5%	-4,292,681
Discontinued Operations Loss	1,251,818	385,826,763	-99.7%	-384,574,945
Net Income	274,138,062	663,005,688	-58.7%	-388,867,626
Non-Controlling Income	0	0	NA	NA
Controlling Income	274,138,062	663,005,688	-58.7%	-388,867,626

Amounts in accordance with IFRS

Analyst Coverage

In accordance with article 4.033.01 section VIII of the BMV's internal regulations regarding maintenance requirements, we inform that the brokerage firm that provides analysis coverage for our securities is Grupo Bursátil Mexicano S.A. de C.V., Casa de Bolsa and *Miranda Global Research* as an independent analyst.

About MEDICA

MEDICA, S.A.B. de C.V. (NYSE: MEDICAB) is a hospital operator and an integrated provider of health care and related services. It provides these services through hospitals and laboratories. MEDICA brings together a group of physicians, medical professionals, nurses, hospital administration and operations, and aims to offer a service of medical excellence with human warmth guided by a strict code of ethics and supported by state-of-the-art medical equipment and infrastructure.

EBITDA

EBITDA is an indicator used in the Company's financial analysis that is not recognized in *IFRS* but is calculated from figures derived from the Company's financial statements. EBITDA is the acronym of *Earnings Before Interest, Taxes, Depreciation and Amortization*.

For 2021, 2022 and 2023 figures; EBITDA includes the effects of the *IFRS16* lease accounting standard.

EBITDA is not a financial indicator under *IFRS*, nor is it an indicator of liquidity or performance. We believe, however, that EBITDA can be useful to facilitate comparisons of operating performance between periods on a combined basis, but other issuers may calculate these metrics differently.

EBITDA should not be construed as an alternative to (i) net income as an indicator of the Company's operating performance or (ii) cash flow from operating activities as a measure of the Company's liquidity.

Forward-Looking Statements

This report contains forward-looking statements. Such statements include but are not limited to: (i) statements regarding our financial condition and results of operations; (ii) statements regarding our plans, objectives or goals, including statements regarding our activities; and (iii) statements regarding the underlying assumptions upon which such statements are based. Forward-looking statements contain words such as "intends," "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "predicts," "seeks," "could," "should," "possible," "guidance" and other similar words, whether in the first or fourth person, but these are not the only terms used to identify such statements.

By their very nature, forward-looking statements involve risks and uncertainties of both a general and specific nature and there is a risk that predictions, forecasts, projections and other forward-looking statements may not be realized. Investors are cautioned that many important factors could cause actual results to differ materially from those expressed in the express and implied plans, objectives, expectations, estimates and assertions contained in the forward-looking statements.

The information related to future performance contained in this press release should be read in conjunction with the risks included in the section "Risk Factors" filed with the National Banking and Securities Commission (CNBV).



CONTACTO

Relación con Inversionistas: **Arely Gutiérrez**

Tel: 52(55) 5424 7200 Ext. 3425 agutierrezg@medicasur.org.mx