

Médica Sur reports positive results, with increases of 40% in EBITDA* for the third quarter and 17% year to date, compared to the same periods of the previous year.

*EBITDA from continuing operations

Mexico City, October 20, 2023 - MEDICA SUR, S.A.B. de C.V. ("Medica Sur", "MEDICA", "Issuer" or the "Company") (BMV ticker symbol: MEDICAB and CEBURES MEDICA 20) reports its unaudited results for the third quarter of 2023 (3Q23). This information is presented in accordance with International Financial Reporting Standards (IFRS).

3Q23 Highlights

- **Total Revenues** for 3Q23, which amounted to Ps. 956.5 million, were slightly lower by 4.2% compared to 3Q22. On a cumulative basis, the figure amounted to Ps. 3,097.2 million, representing an increase of 5.0% compared to the same period of 2022. The increases in Angiography Services, the Oncology Center, the Comprehensive Diagnostic and Treatment Center (CIDyT) and the Radiotherapy Unit were not offset by the decrease in revenues from the Hospital, Clinical Services and Diagnostic Units.
- **Operating Income** for the third quarter expanded 44.9% to Ps. 235.9 million, registering an operating margin of 24.7%. This favorable effect is mainly due to cost and expense control, as well as the disposal of the Issuer's available-for-sale assets. On a cumulative basis, operating income was Ps. 598.0 million, an increase of 20.6%, due to the effects described above. The operating margin was 19.3%.
- **EBITDA from continuing operations** for 3Q23 was Ps. 280.5 million, representing an increase of 40.0% compared to the figure recorded in the same quarter of the previous year. This indicator includes the effects mentioned in the operating income section. The corresponding margin was 29.3%.

Cumulative EBITDA from continuing operations expanded 17.2% compared to the same period of the previous year, to Ps. 728.2 million. Cumulative EBITDA margin was 23.5%.

- In the third quarter, **net income** amounted Ps. 200.7 million, an increase of 34.0% compared to the same period of the previous year. This was the result of higher operating income. Net margin was 21.0%.

Accumulated net income was Ps. 474.8 million, a decrease of 41.6% compared to the figure recorded in the same period of the previous year. This reduction is explained by the recording of discontinued operations for Ps. 396.0 million, which did not occur in 2023. The net margin was 15.3%.

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

	3Q23	3Q22	Var (\$)	Var (%)	2023	2022	Var (\$)	Var (%)
Revenues	956.5	999.0	(42.5)	-4.3%	3,097.2	2,950.7	146.5	5.0%
Operating Income	235.9	162.9	73.1	44.9%	598.0	495.8	102.2	20.6%
Operating margin	24.7%	16.3%		8.4 pp	19.3%	16.8%		2.5 pp
EBITDA (cont. operations)	280.5	200.4	80.1	40.0%	728.2	621.5	106.8	17.2%
EBITDA margin (cont. operations)	29.3%	20.1%		9.3 pp	23.5%	21.1%		2.5 pp
Consolidated net income*	200.7	149.7	50.9	34.0%	474.8	812.7	(337.9)	-41.6%
Net margin*	21.0%	15.0%		6.0 pp	15.3%	27.5%		-12.2 pp

Figures in million pesos. Includes rounding effects

* Figures with discontinued operations effects

3Q23 Financial Summary

• Revenues

Total revenues for 3Q23 amounted to Ps. 956.5 million, which was slightly lower by 4.2% compared to the same period of the previous year. On a cumulative basis, the figure amounted to Ps. 3,097.2 million, representing an increase of 5.0% versus the same period of 2022. The increase in revenues from Angiography, Oncology Center, Comprehensive Diagnostic and Treatment Center (CIDyT) and Radiotherapy Unit services was not offset by the decrease in revenues from the Hospital, Clinical Services and Diagnostic Units.

During the third quarter of the year, revenues and service volume showed a mixed composition. The main variations with respect to 3Q22 are as follows:

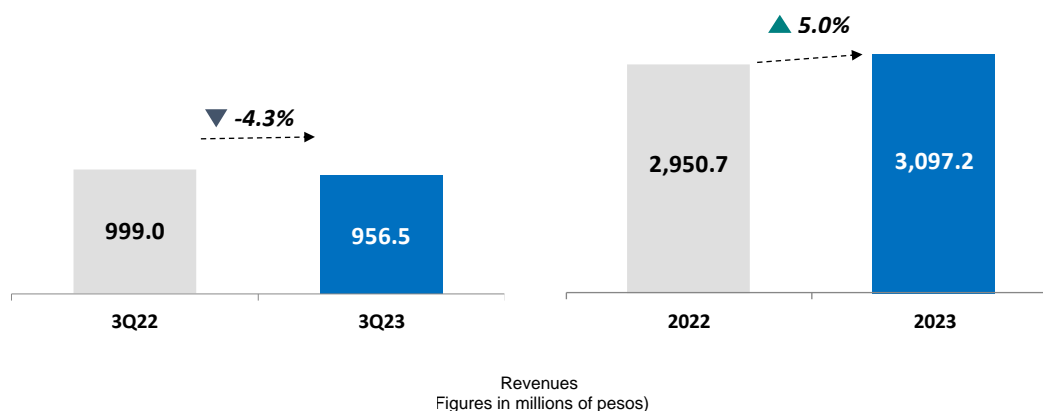
I. Hospital revenues decreased Ps. -51.3 million:

- We treated 3,581 patients discharged to home, a figure 3.4% lower.
- The number of surgeries decreased 17.5%.
- In the emergency department, the number of patients treated was 9.2% lower.
- Short-stay surgeries increased 7%.

II. Clinical Services and Diagnostic Units contributed an additional Ps. 8.9 million, which is related to higher demand for services:

- The number of check-ups performed at the CIDyT increased by 25%.
- In Radiation Oncology, 12% more procedures were performed.
- PET-CT increased the volume of studies by 9%.
- In Magnetic Resonance Imaging, 4% more studies were performed.
- Imaging studies decreased 8%.
- With respect to COVID services, a decrease of Ps. 8.5 million was recorded.

III. The Other Income segment reflected a decrease of Ps. -0.2 million.



• Other Income

On September 13, 2023, the Company disposed of four available-for-sale assets located in the Lomas de Chapultepec neighborhood in Mexico City.

The sales price for all the properties was equivalent to USD 12.5 million plus the Value Added Tax corresponding to the existing buildings.

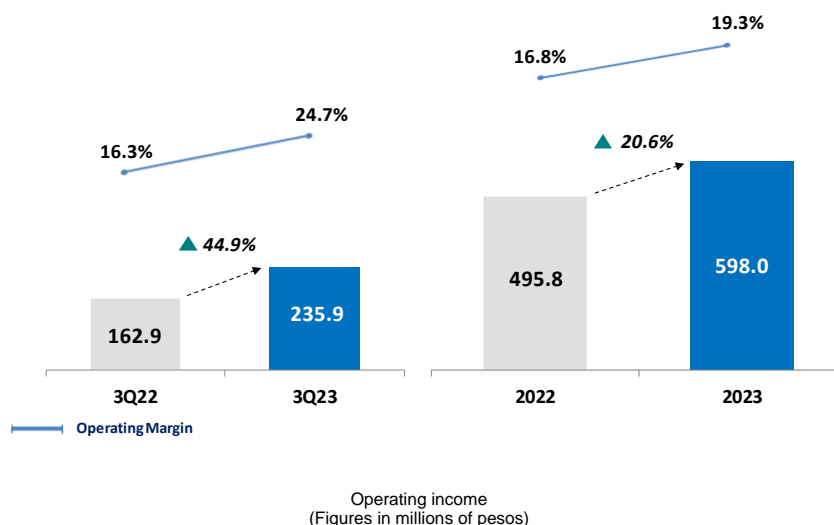
The net cash flow received from this transaction was Ps. 203.2 million, while the net effect on the Company's income was Ps. 103.4 million.

For further information, see the relevant event published by the Issuer in https://www.bmv.com.mx/docs-pub/eventemi/eventemi_1311023_1.pdf

Operating Income

Operating income for the third quarter increased 44.9% to Ps. 235.9 million, while the operating margin was 24.7%. This favorable effect is mainly explained by the discipline applied in cost and expense control, as well as the disposal of the Issuer's available-for-sale assets.

On a cumulative basis, operating income reached Ps. 598.0 million, 20.6% higher than the figure observed in the same period of the previous year, which is explained by the effects described above. The operating margin was 19.3%.

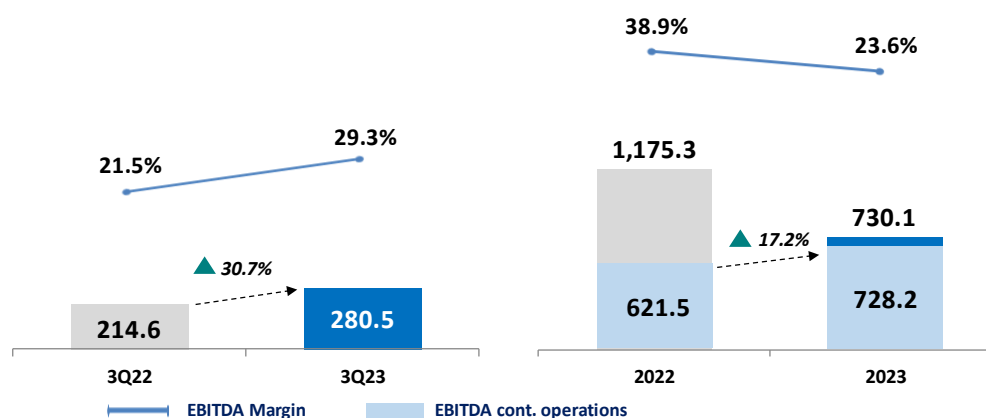


EBITDA

EBITDA from continuing operations for 3Q23 grew 40.0% to Ps. 280.5 million, while the respective margin was 29.3%. This indicator includes the effects previously mentioned in the Operating Income section.

The accumulated EBITDA from continuing operations increased by 17.2% compared to the same period of the previous year, reaching \$728.2 million pesos with a margin of 23.5%.

Accumulated consolidated EBITDA was Ps. 730.1 million, a downward variation of 37.9% related to discontinued operations recorded the previous year, which were not repeated in 2023.



* EBITDA = Earnings Before Interests, Taxes, Depreciation and Amortization.
Includes IFRS16 effects. Figures in millions of pesos.

Comprehensive Cost of Financing (CCF)

In the third quarter of 2023, CCF was Ps. 0.4 million, driven by a higher foreign exchange gain. This positive effect was offset by lower interest income derived from a lower cash position in the quarter compared to the same period of the previous year. On a cumulative basis, higher interest rates favorably boosted CCF, which reached Ps. 27.1 million.

	Quarterly			Accumulated		
	3Q23	3Q22	Var (\$)	2023	2022	Var (\$)
Foreign exchange profit (loss)	6.9	(0.2)	7.1	(2.0)	(1.9)	(0.2)
Interest Expense	(18.2)	(19.0)	0.9	(56.2)	(56.9)	0.7
Interest Income	11.6	54.2	(42.6)	85.3	162.3	(77.0)
Comprehensive Cost of Financing	0.4	35.0	(34.6)	27.1	103.6	(76.5)

Figures in millions of pesos

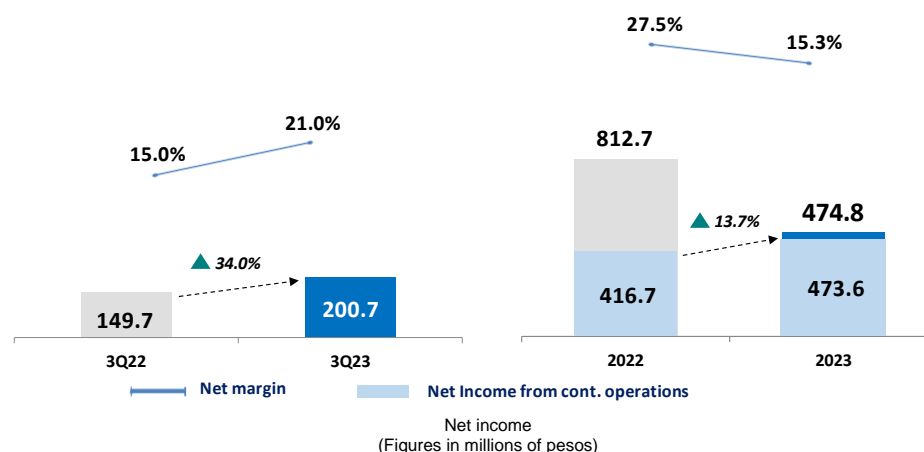
Taxes

In the third quarter of the year, taxes amounted to Ps. 35.6 million, mainly driven by higher operating income, which was partially offset by lower interest income.

Net income

Net income was Ps. 200.7 million, 34.0% higher than in the 2022 period, while the net margin rose to 21.0%. This was the result of higher operating income.

Accumulated net income totaled \$474.8 million with a net margin of 15.3%, a decrease of 41.6% compared to the same period of the previous year. The difference is due to the record of discontinued operations for \$396.0 million that did not repeat in 2023.



Debt profile

The Company has total debt of Ps. 1 billion, which is associated with the MEDICA 20 notes issued in 2020. These debt instruments pay a fixed annual rate of 6.99% and mature in September 2025. To date, Médica Sur is current in servicing this debt and its related obligations.

During the quarter, Fitch Ratings affirmed its 'AA (mex)' rating with Stable Outlook, highlighting the Company's good operating cash flow generation, robust financial structure and strong liquidity position.

As of September 30, 2023, the Company's net debt was Ps. 329 million, considering a cash position of Ps. 670.8 million as of that date.

Figures in millions of pesos	3Q23	3Q22	Var \$	Var %
Cash	671	1,187	(516)	-43%
Debt with cost	1,000	1,000	-	-
Net Debt	329	(187)		
EBITDA LTM*	954	3,007		
Leverage	0.3x	-0.1x		

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

• Share Repurchase Fund

Through its share repurchase fund, the Company acquired 875.4 thousand of its own shares by investing Ps. 36.8 million in the third quarter.

Year to date, the Issuer has repurchased 7.9 million shares, investing a total of \$309.5 million pesos.

As a result, the holding of shares in the Issuer's treasury as of September 30, 2023 is 8.65%.

Infection Prevention and Control Indicators 3Q23

The safety of our patients is of the utmost importance, which is why we apply the strictest protocols for their care. In this sense, we obtained outstanding results in patient safety indicators during the quarter, among which the following stand out:

- ✓ The nosocomial infection rate was 0.84 cases / 100 surgeries, which is well below the international standard that recommends that the rate should be less than 5.0 cases / 100 surgeries.
- ✓ The surgical site infection rate was 0.63 cases / 100 surgeries, which is well below the international standard that establishes that this indicator should be less than 2.7 cases / 100 surgeries.
- ✓ Compliance with the recommendation on hand hygiene adherence was greater than 90%.
- ✓ Average bed days decreased 2.8% to 124 days.

Significant events in 3Q23:

• Médica Sur maintains its solid credit condition; last July, Fitch Ratings Mexico affirmed the Company's credit rating.

In July, the rating agency Fitch México, S.A. de C.V. (Fitch) affirmed the long-term national scale rating of Médica Sur, S.A.B. de C.V. (Médica Sur) at 'AA(mex)'. The rating outlook is Stable.

This rating is based on good operating cash flow generation, robust financial structure, strong liquidity position, as well as Médica Sur's solid position within the private hospital sector in Mexico.

In this regard, Fitch Ratings commented: *"The positioning of Médica Sur's specialized and quality services continues to solidify. The Company continues to implement strategies to optimize and make the use of medicines and materials more efficient, while maintaining the quality of its services for the benefit of its patients."*

The Company's strong operating performance translates into higher EBITDA generation. This, together with a stable debt balance of close to Ps. 1 billion, results in a total gross debt to EBITDA ratio, considering pre-IFRS16 calculations, of close to 1.0 times (x)".

For the complete note, please visit the following link on the Fitch Ratings website:

Fitch Ratings affirms

Médica Sur' rating at

'AA(mex)'

Outlook Stable



Scan here for
complete note

We renewed the Tower I Pharmacy

Médica Sur constantly strives to offer the best possible alternatives for the care of its patients. In this sense, it reopened the Pharmacy located in Tower I of its hospital campus, incorporating specialized products for oncological, dermatological and orthopedic patients, as well as high specialty materials, medical equipment, and gifts, among other products.

This Pharmacy provides 24/7 service, as well as room service for the convenience of our patients and their families.



• Academic activities

As part of our commitment to continuous education, we promote academic activities. This represents one of the most important differentiators in our contribution to the medical community, as well as to patients and visitors.

During 3Q23 we held 35 events, congresses and symposiums, with the collaboration of specialists who interacted with participants, answered their questions and contributed ideas. These events included the following:

- First Workshop on Advanced Radiotherapy Techniques
- Eighth Regional Pediatrics Meeting
- Fourth Alzheimer Symposium

Throughout 2023, we have had the participation of more than 8,000 attendees.



Financial Statements (unaudited) (Amounts in Mexican pesos)

Médica Sur, S.A.B. de C.V.

Consolidated statements of financial position as of September 30, 2023 and December 31, 2022

	3Q23	2022	Change % YoY	Change \$ YoY
Assets	4,165,044,483	4,576,386,258	-9.0%	-411,341,775
<i>Current assests</i>	<i>1,323,540,846</i>	<i>1,685,045,088</i>	<i>-21.5%</i>	<i>-361,504,242</i>
Cash and Cash Equivalents	670,766,647	1,221,395,930	-45.1%	-550,629,282
Accounts Receivable	416,823,491	305,025,652	36.7%	111,797,839
Others Net Account Receivable	99,352,739	23,183,264	328.6%	76,169,476
Inventories	136,597,969	135,440,242	0.9%	1,157,727
Assets held for sale	0	0	-	0
<i>Property, Plant and Equipment (Net)</i>	<i>2,394,584,802</i>	<i>2,488,652,276</i>	<i>-3.8%</i>	<i>-94,067,473</i>
Property	2,630,781,734	2,770,608,108	-5.0%	-139,826,374
Industrial Machinery and Equipment	34,025,895	29,452,940	15.5%	4,572,955
Other Equipment	875,131,802	678,947,388	28.9%	196,184,414
Right-of-use asset	72,602,376	66,634,494	9.0%	5,967,883
Accumulated Depreciation	-1,253,456,462	-1,227,207,814	2.1%	-26,248,649
Accumulated Depreciation Right-of-use asset	-37,594,547	-26,847,201	40.0%	-10,747,346
Constructions in Progress	73,094,005	197,064,360	-62.9%	-123,970,356
<i>Investment properties</i>	<i>192,961,837</i>	<i>201,380,404</i>	<i>-4.2%</i>	<i>-8,418,567</i>
Land	52,165,613	52,165,613	0.0%	0
Buildings	140,796,223	149,214,791	-5.6%	-8,418,567
<i>Intangible Assets</i>	<i>253,956,997</i>	<i>201,308,490</i>	<i>26.2%</i>	<i>52,648,507</i>
Total Liabilities	2,165,720,106	2,054,115,061	5.4%	111,605,045
<i>Current Liabilities</i>	<i>1,117,692,961</i>	<i>997,323,527</i>	<i>12.1%</i>	<i>120,369,434</i>
Suppliers	281,075,624	280,770,713	0.1%	304,910
Short-term Bank Loans	0	0	0.0%	0
Short-term securities Loans	1,553,333	19,805,000	-92.2%	-18,251,667
Accrued interest and commission	0	0	N/A	0
Income tax payable	100,701,262	123,355,630	-18.4%	-22,654,368
Other Current Liabilities	717,863,818	561,578,568	27.8%	156,285,250
Short-term lease liability	16,498,924	11,813,616	39.7%	4,685,309
<i>Long-term Liabilities</i>	<i>1,048,027,145</i>	<i>1,056,791,534</i>	<i>-0.8%</i>	<i>-8,764,388</i>
Accrued Interest	995,742,741	994,110,551	0.2%	1,632,189
Other Credits	33,785,852	33,635,247	0.4%	150,605
Long-term lease liability	18,498,553	29,045,735	-36.3%	-10,547,183
Stockholders Equity	1,999,324,377	2,522,271,197	-20.7%	-522,946,820
Non-Controlling Interest	956,046	956,046	0.0%	0
<i>Equity attributable to Equity Holders of the Company</i>	<i>1,998,368,331</i>	<i>2,521,315,151</i>	<i>-20.7%</i>	<i>-522,946,820</i>
Paid-in Capital Stock	453,422,677	453,422,677	0.0%	0
Premium in Share Placement	121,280,931	121,280,931	0.0%	0
Contributions for Future Capital Increases	124,628	124,628	0.0%	0
Retained earnings	722,871,974	629,629,888	14.8%	93,242,086
Reserve for Share Buyback Program	235,595,978	376,798,274	-37.5%	-141,202,297
Income of the year	474,815,043	949,802,530	-50.0%	-474,987,486
<i>Other Comprehensive Income</i>	<i>-9,742,902</i>	<i>-9,743,779</i>	<i>0.0%</i>	<i>877</i>
Total Liabilities and Shareholders Equity	4,165,044,483	4,576,386,258	-9.0%	-411,341,775

Amounts in accordance with IFRS

Financial Statements (unaudited) (Amounts in Mexican pesos)
Médica Sur, S.A.B. de C.V.
Consolidated income statements for the third quarter of 2023 and 2022

	<u>3Q23</u>	<u>3Q22</u>	<u>Var %</u>	<u>Var \$</u>
Revenues	956,499,138	999,048,144	-4.3%	(42,549,007)
Cost of Sales	(642,771,432)	(635,505,255)	1.1%	(7,266,177)
Gross Profit	313,727,706	363,542,889	-13.7%	(49,815,184)
Selling and Administrative Expenses	(186,141,638)	(200,865,853)	-7.3%	14,724,214
Other Operating Expenses	108,352,866	181,910	N/A	108,170,956
Operating Income	235,938,933	162,858,947	44.9%	73,079,987
Foreign Exchange Gain (loss)	6,900,624	(187,687)	N/A	7,088,312
Interest Expense	(18,174,427)	(19,046,729)	-4.6%	872,302
Interest Income	11,632,241	54,235,385	-78.6%	(42,603,145)
Income before Taxes	236,297,371	197,859,916	19.4%	38,437,455
Income Tax Expense	(35,620,390)	(58,370,020)	-39.0%	22,749,631
Continuous Operations Profit (loss)	200,676,981	139,489,896	43.9%	61,187,086
Discontinued Operations Loss	-	10,251,371	N/A	(10,251,371)
Net Income	200,676,981	149,741,266	34.0%	50,935,715
Non-Controlling Income	-	-	N/A	N/A
Controlling Income	200,676,981	149,741,266	34.0%	50,935,715

Amounts in accordance with IFRS

Financial Statements (unaudited) (Amounts in Mexican pesos)
Médica Sur, S.A.B. de C.V.
Consolidated income statements for the first nine months of 2023 and 2022

	<u>9M2023</u>	<u>9M2022</u>	<u>Var %</u>	<u>Var \$</u>
Revenues	3,097,191,978	2,950,653,603	5.0%	146,538,375
Cost of Sales	(1,969,949,215)	(1,870,608,276)	5.3%	(99,340,939)
Gross Profit	1,127,242,763	1,080,045,327	4.4%	47,197,436
Selling and Administrative Expenses	(660,751,898)	(587,053,513)	12.6%	(73,698,386)
Other Operating Expenses	131,531,741	2,857,552	N/A	128,674,189
Operating Income	598,022,606	495,849,367	20.6%	102,173,239
Foreign Exchange Gain (loss)	(2,040,869)	(1,854,392)	10.1%	(186,477)
Interest Expense	(56,200,741)	(56,860,891)	-1.2%	660,150
Interest Income	85,306,536	162,303,083	-47.4%	(76,996,547)
Income before Taxes	625,087,531	599,437,166	4.3%	25,650,365
Income Tax Expense	(151,524,305)	(182,768,345)	-17.1%	31,244,040
Continuous Operations Profit (loss)	473,563,225	416,668,821	13.7%	56,894,405
Discontinued Operations Loss	1,251,818	396,078,134	-99.7%	(394,826,316)
Net Income	474,815,043	812,746,954	-41.6%	(337,931,911)
Non-Controlling Income	-	-	N/A	N/A
Controlling Income	474,815,043	812,746,954	-41.6%	(337,931,911)

Amounts in accordance with IFRS

All the financial information presented here has been prepared in accordance with the International Financial Reporting Standards

Analyst Coverage

In accordance with article 4.033.01 section VIII of the BMV's internal regulations regarding maintenance requirements, we inform you 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, with the aim of offering 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 refers to *Earnings Before Interest, Taxes, Depreciation and Amortization*.

For 2021 and 2022 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. However, we believe that EBITDA may 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 "Risk Factors" section filed with the National Banking and Securities Commission (CNBV).



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