



MERCATOR

AGENDA

COMPANY OVERVIEW

OUR PRODUCTS

FINANCIAL AND OPERATING RESULTS

SUMMARY

COMPANY OVERVIEW



is successful on the global market of medical gloves dominated by Asian companies.



	2010	2019
SALES	\$20M	\$140,6M
EMPLOYMENT	~300	1 254

Most important values:
Health of all the people, European style of business making, Asian sensibility, Polish conservatism, Cracowian tradition.

Producer and distributor of non-woven, distributor of medical dressings in the CEE



The Polish parent company is present on the Stock Exchange Market

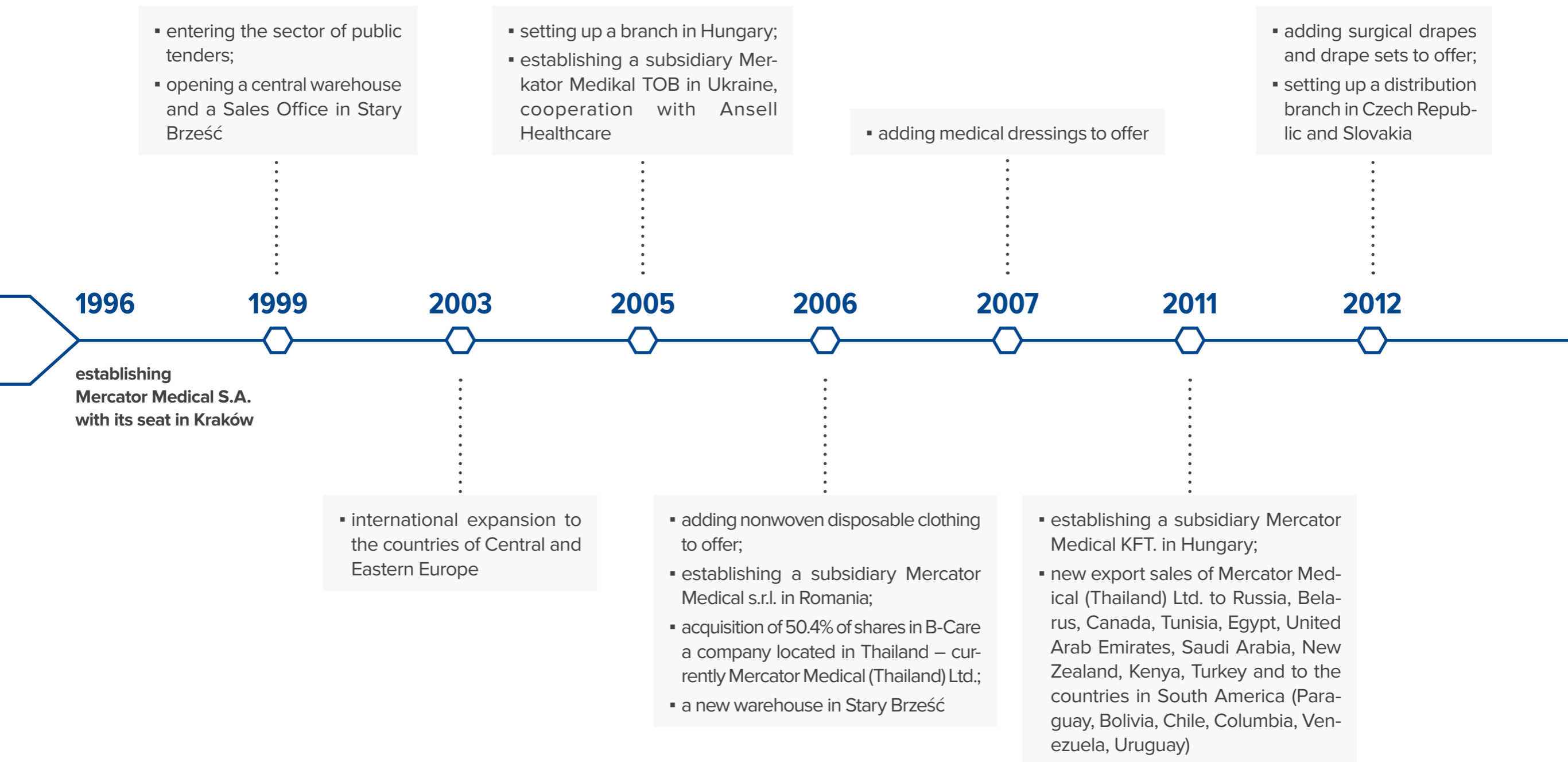
MISSION

Long-lasting, profitable, innovative work aiming to prevent infections and contamination.

VISION

Mercator Medical as a global concern, aiming to prevent infections and contamination.

OUR HISTORY



OUR HISTORY

- company has successfully debuted on the Warsaw Stock Exchange

2013

- signing a set of long-term and short-term loan agreements with CIMB Thai Bank based in Thailand (total value: over PLN 86 million);
- rebranding of household and protective gloves; new development strategy for the years 2016-2018; opening a new investment in Thailand – a second plant, enabling an increase in production capacity by about 150%, or up to 3 billion gloves per year;
- beginning of the construction of a plant for the production of nonwoven medical disposable products in Pikutków near Brześć Kujawski;
- distribution of products in over 50 countries all around the world
- conducting a secondary offering of shares (the company gained PLN 30.5 million and financed the increase in production capacity by 150%)

2015

2016

2017

2018

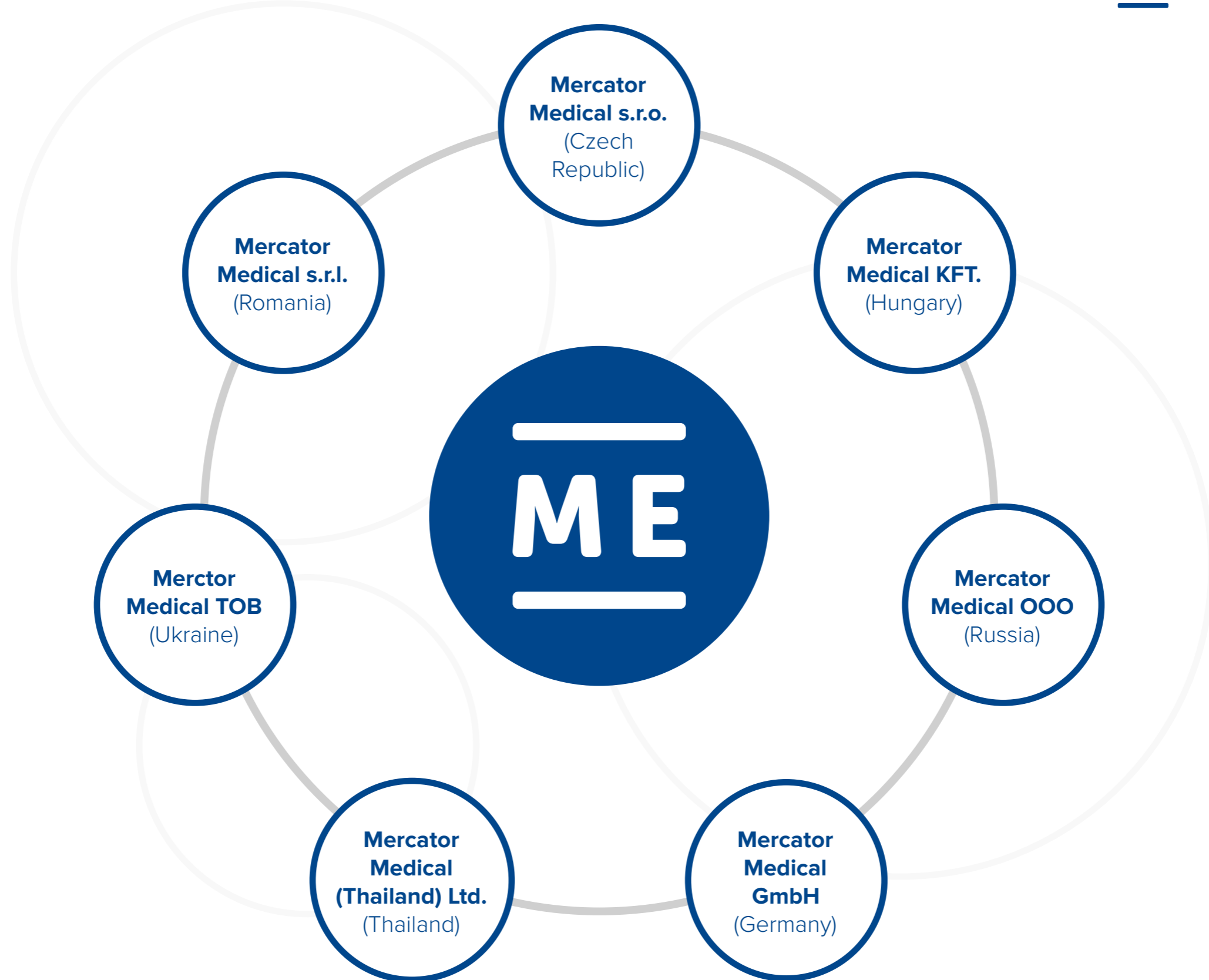
- establishing a subsidiary Mercator Medical Italia s.r.l. in Italy;
- launch of a nitrile gloves factory in Thailand;
- distribution of products in over 60 countries all around the world (including the Great Britain) – occupancy od 2% of the global share in the sale of gloves

2019

- opening at the Mercator Medical factory in Thailand the fourth and the last from the planned double production lines for latex gloves (allowing to produce 110 million gloves per month);
- opening the Logistics Centre in Stary Brześć;
- joining to the Mercator Medical Group an American Subsidiary, Mercator Medical LLC with its seat in the USA

- launch of building a nitrile gloves factory in Thailand;
- rebranding of examination gloves;
- launch of the production of nonwoven products in Poland

- establishing a subsidiary Mercator Medical GmbH in Germany;
- distribution of products in over 70 countries all around the world



THE MANAGEMENT BOARD



Wiesław Żyźnowski, PhD

President of the Board,
major shareholder,
founder of the company.

Monika Żyźnowska

Member of the Board
since 2017

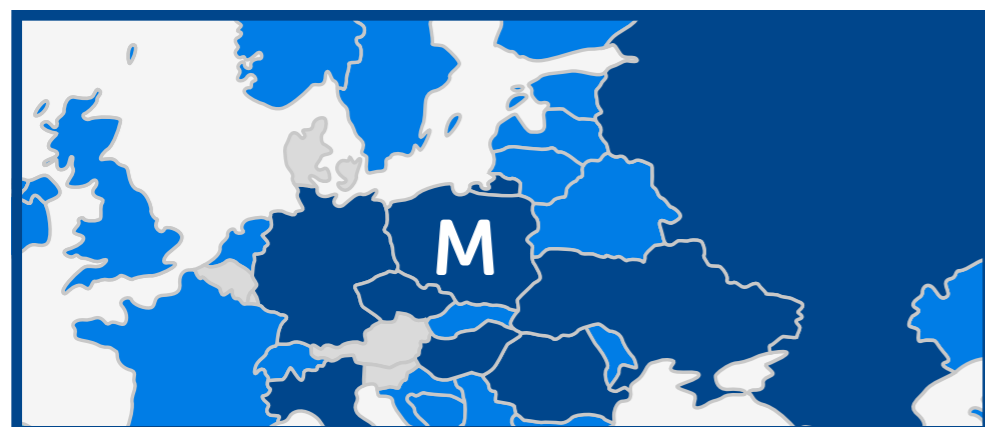
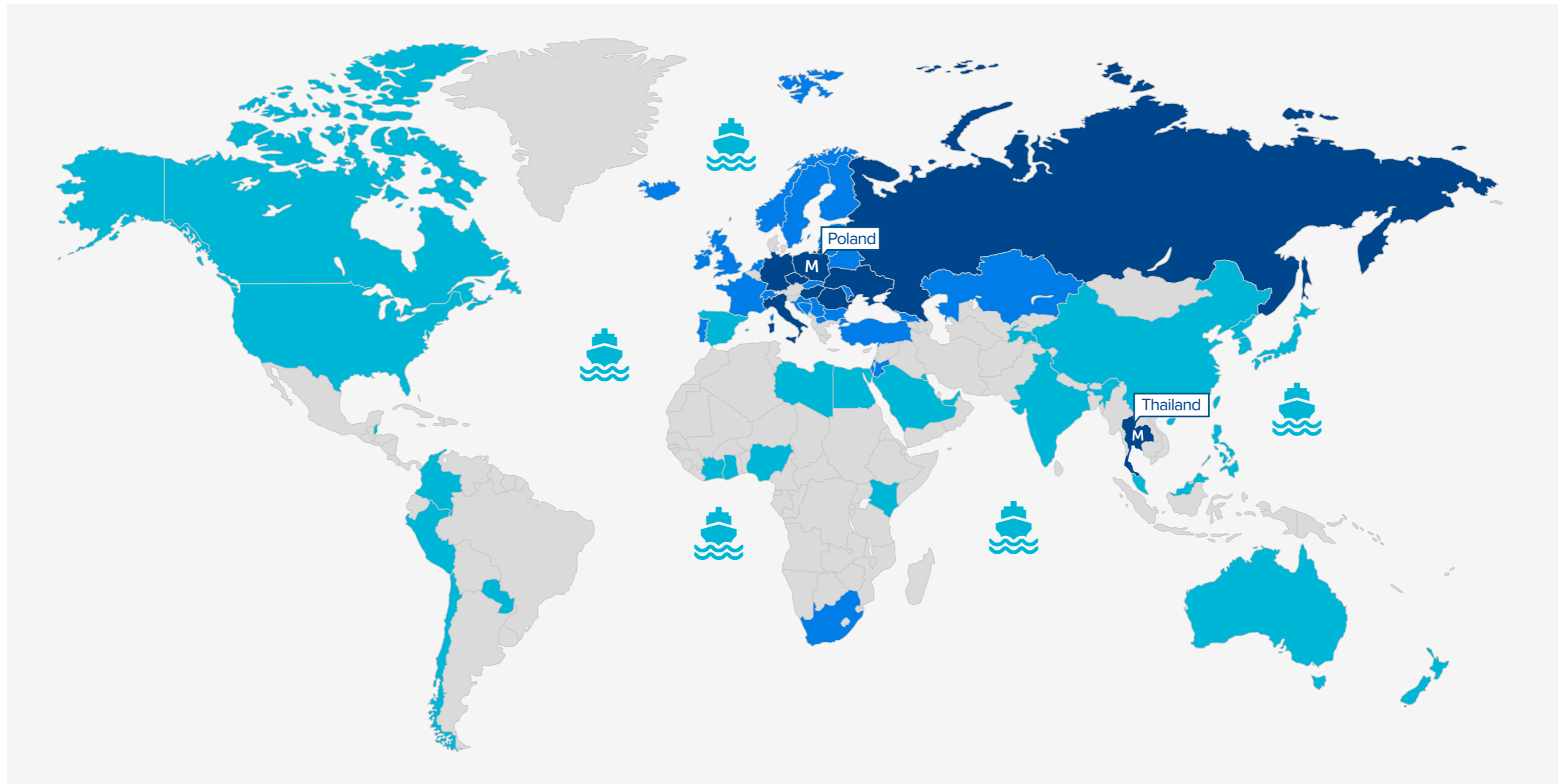
Witold Kruszewski

Chief Financial Officer
since 2013. Member of the Board
since November 2015.

Dariusz Krezymon

CEO of Mercator Medical
(Thailand) and Member of the
Board of Mercator Medical S.A.
since November 2019

FIELD OF ACTIVITY



The companies of Mercator Medical Group are present in the following countries

- | | | |
|--------|----------|---------|
| Poland | Thailand | Hungary |
| Czech | Romania | Italy |
| Russia | Ukraine | Germany |

Sales:

- covered by the distribution of the Group branches
- covered by the factory in Thailand

2 

3bln annual production capacity

1063 today's number of employees

2006 established year



main product

examination and industrial nitrile gloves



located in the **prime rubber production area** of the Rattapum district, Songkhla province in southern Thailand





95% OF PRODUCTION CAPACITY IS SOLD UNDER OEM

CUSTOMISATION OF CONTAINER FREIGHT SUPPLIES

in the scope of the mix of products, appearance, packaging size and quality and the manner of container loading.



ISO QUALITY MANAGEMENT SYSTEMS IN THE FACTORIES IN THAILAND

International Organization for Standardization
ISO9001 / ISO 13485
CE Certification for examination gloves
Good Manufacturing Practices (GMP)
FDA 510(K) registration
Thai FDA



THE COMPANY IS SA 8000 CERTIFIED

SA 8000 – SOCIAL ACCOUNTABILITY CERTIFICATION



SA 8000 is an international certification standard that encourages organizations to develop, maintain and apply socially acceptable practices in the workplace.

SA 8000 certification addresses issues including forced and child labor, occupational health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours, compensation, and management systems.

NITRILE GLOVE FACTORY IN THAILAND



6 ha
Plot of land



260
thousands m³

Total cubic capacity of buildings



8 lines
of nitrile glove



1.9 billions
of nitrile gloves a year



60 countries
we export to



NEW PRODUCTION LINES



NOW MERCATOR MEDICAL'S MONTHLY PRODUCTION EXCEEDS

260^M PIECES



Production of raw material gloves from new ensures security of supply during periods of increased demand (e.g. epidemics)



Extension of the product portfolio to include **nitrile gloves** – the fastest-growing glove segment on the market



The production capacity to **3 billion** pieces a year



Sales to countries which require company registration



Responding to client needs in a flexible manner

SOLAR PANELS

7000 m² of surface area

-25% of energy costs

dedicated computer software managing energy at the establishment



WASTE WATER TREATMENT PLANT

2000 m³ of water suitable for the production process a day

-74% of water costs

the total cost of treatment of 1 m³ water is 1,3 PLN/m³



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OUR PRODUCTS



1 Diagnostic gloves are the most important factor in the process of preventing infections. They provide the best protective barrier against microorganisms.

2 The gloves protect against the adverse influence of chemicals in the hospital environment: disinfectants, detergents, medicines, cytostatics and radiopharmaceuticals.

3 They decrease the exposure of medical staff and patients to hospital-related infections.

Fields of use

- typically in healthcare,
- medical examinations, diagnostics, therapeutic activities,
- work with septic materials,
- emergency medical services,
- central sterilisation,
- analytical and biochemical laboratories,
- endoscopic laboratories,
- stomatology,
- nursing care,
- contact with foodstuffs,
- beauty salons, hairdresser's and tattoo parlours.



The gloves are safe in use

They are a mean of personal protection equipment. They are not harmful to human health. The gloves protect against occupational exposure.



Characteristic features of diagnostic gloves:

- single-use equipment,
- evenly rolled cuff's edge allowing putting the glove on easily,
- universal shape for both hands,
- wide size selection: XS-XXL,
- the gloves meet the requirements of the 93/42/EEC Medical Products Directive, and the 89/686/EEC Personal Protective Equipment Directive.

MEDICAL GLOVES FEATURES



	LATEX	NITRYL	VINYL	CHLOROPREN
GENERAL – MATERIAL/APPLICATION	M M	M M M	M	M M
SKIN-FRIENDLY	M	M M M	M M M	M M M
COMFORT OF USE	M M M	M M M	M	M M
STRENGTH/DURABILITY	M M M	M M	M	M M M
ELASTICITY	M M M	M M	M	M M
SOFTNESS	M M M	M M	M	M M
PUNCTURE RESISTANCE	M M M	M M	M	M M
TEAR RESISTANCE	M M	M M	M	M M
PROTECTION AGAINST SOLVENTS	M	M M M	M	M M M
PROTECTION AGAINST ACIDS AND BASES	M M M	M M M	M	M M M
PROTECTION AGAINST ALCOHOLS	M M	M M M	M	M M M
PROTECTION AGAINST VIRUSES AND BACTERIA	M M M	M M M	M	M M M
BIODEGRADABILITY	M M M	M	M	M
PRICE	M M	M M	M M M	M M

TOTAL SCORE

34

34

18

33

SURGICAL GLOVES

Intended for invasive surgery requiring aseptic conditions.



Packed in pairs in hermetic packaging ensuring sterility until the packing is opened.



The gloves provide protection against infections in a high-risk environment. They provide the best protection against microorganisms. High barrier capacity to chemical substances, disinfectants, chemical compounds and cytostatics.



Features

- sterile,
- anatomically shaped,
- textured glove surface,
- wide size selection:
6.0; 6.5, 7.0, 7.5, 8.0, 8.5, 9.0,
- the gloves meet the requirements of 93/42/EEC Medical Products Directive and the 89/686/EEC Personal Protective Equipment Directive.

Fields of use

- general surgery,
- microsurgery,
- neurosurgery,
- ophthalmology,
- otolaryngology,
- plastic surgery,
- reconstructive surgery,
- vascular surgery,
- cardiac surgery,
- gynecological surgery,
- orthopaedics and traumatology,
- neuro- and macrosurgery,
- transplantology.





Intended for gardening, household work and cleaning.

Protection minimising the risk.



The gloves feature a sweat-absorbing lining facilitating putting the glove on.



Different design for the left and the right hand. The gloves have an extended cuff.



Features

- packed in pairs

Available size range:

- S, M, L, XL

Available colours:

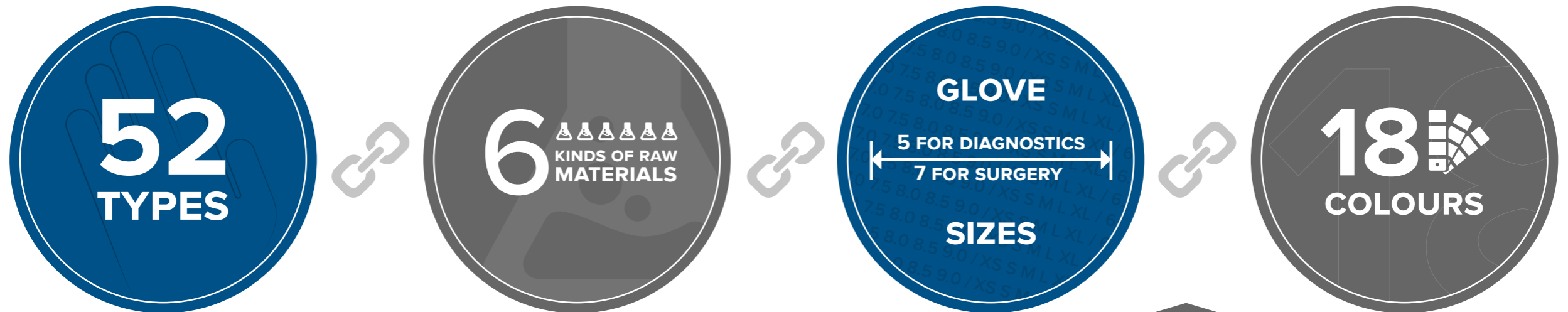
- yellow, orange, red

Fields of use

- household activities,
- gardening,
- agricultural and food processing industry,
- meat packing plants, slaughterhouses, cleaning,
- garages and paint shops,
- construction finishing works.

MEDICAL GLOVES

BENEFITS OF THE COOPERATION WITH MERCATOR MEDICAL IN THE SCOPE OF MEDICAL GLOVES
THE WIDEST OFFER OF GLOVES IN CONTINUOUS SALES IN THE **CENTRAL AND EASTERN EUROPE:**



25
YEARS of works experience
with medical gloves

Customization of the offer
for clients in the scope
of glove type,
packaging graphics
and print types.

**Biggest stock of gloves intended
for continuous sales
in the Central
and Eastern Europe:**

- Poland ▪ Russia ▪ Ukraine
- Hungary ▪ Romania

Deliveries supplied to other countries from
the Logistics Centre located in Brześć Kujawski.
Advanced logistics system.

CONFORMING BANDAGES



Single-use, elastic conforming bandage is used for supporting any type of dressings, in crur varicose ulcer treatment, may be used

in lymphatic ulcer therapy.

The bandages are not to be applied directly onto the wound.

Elasticity at 90-100%/optionally sterile.

PLASTER GAUZE DRESSINGS



Quick-setting, plaster bandage made of 17-thread gauze, saturated with a 95% mix of $2H_2OCaSO_4$ on both sides. Sets in 4-5 minutes.

This bandage has straight edges preventing the threads from tangling during application.

Material: leno-weave gauze impregnated with plaster.

Application: quick immobilization of fractures.

BENEFITS OF COOPERATION WITH MERCATOR MEDICAL IN THE SCOPE OF MEDICAL DRESSINGS

9 YEARS
OF PRODUCT EXPERIENCE

×

25 YEARS'
WORTH OF KNOWLEDGE ABOUT THE MEDICAL MARKET

×



PRODUCT CUSTOMIZATION
DELIVERY, PACKAGING PACKING, TRANSPORT

SURGICAL FIELD DRAPING, SHEETS AND DRAPES, MEDICAL SCRUBS.



Surgical field draping protects both the patient and the medical personnel against infections. They prevent microorganisms from getting into the surgical field.

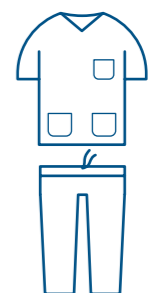
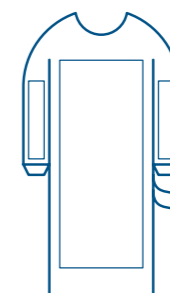
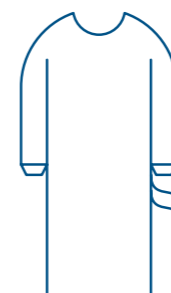
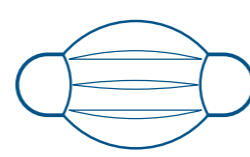
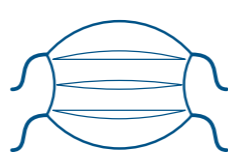
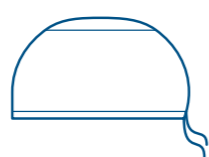
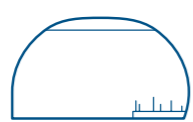
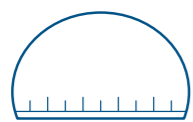
By protecting against post-surgery infections, the drapes reduce the risk of necessity to provide post-surgery treatment and the risk of incurring its cost, or the cost of any damages for the patient.



Medical clothing

Sterile SMMMS scrubs, caps and masks protect the patient and the medical personnel against infections. During medical procedures, they prevent the penetration of fluids onto the skin of medical staff and prevent inhaling any fumes that may form. The clothing protects patients against migration of contaminants such as epidermis, hair, saliva, threads and microorganism.

The applied material distributes heat and moisture to the outside to ensure comfort of work.



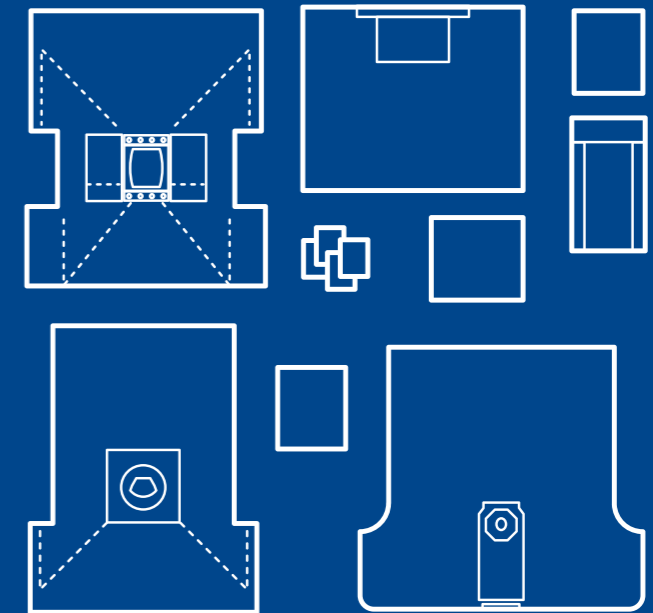
NON-WOVEN PRODUCTS

Single-use drapes are easy to use and significantly shorten the time necessary to prepare a patient for surgery. They feature numerous integrated compound elements such as fluid bags, surgical film, handles.



Draping systems

opero[®]SET, opero[®]SET TRI,
opero[®]DRAPE, opero[®]



BENEFITS OF COOPERATION WITH MERCATOR MEDICAL IN THE SCOPE OF NON-WOVEN PRODUCTS:

Excellent market knowledge due to **25 years of experience**.

Reputation of an international group accompanied with the flexibility of a small local company.

We are willing to listen to advice and to provide it, react to current needs, modify the product offer.

Unique features of non-woven products. **Safety, comfort, modernity.**

We create **tailor-made products**, personalized to meet the requirements of customers and users.

OPERO - brand representing all the non-woven products.

GLOVES

MEDICAL
DRESSINGS

NON-WOVEN

ambulance®

santex®

safeLINE®

opero®

comfort®

vinylex®

dermagel®

ideall®

nitrylex®

AGENDA

COMPANY OVERVIEW

OUR PRODUCTS

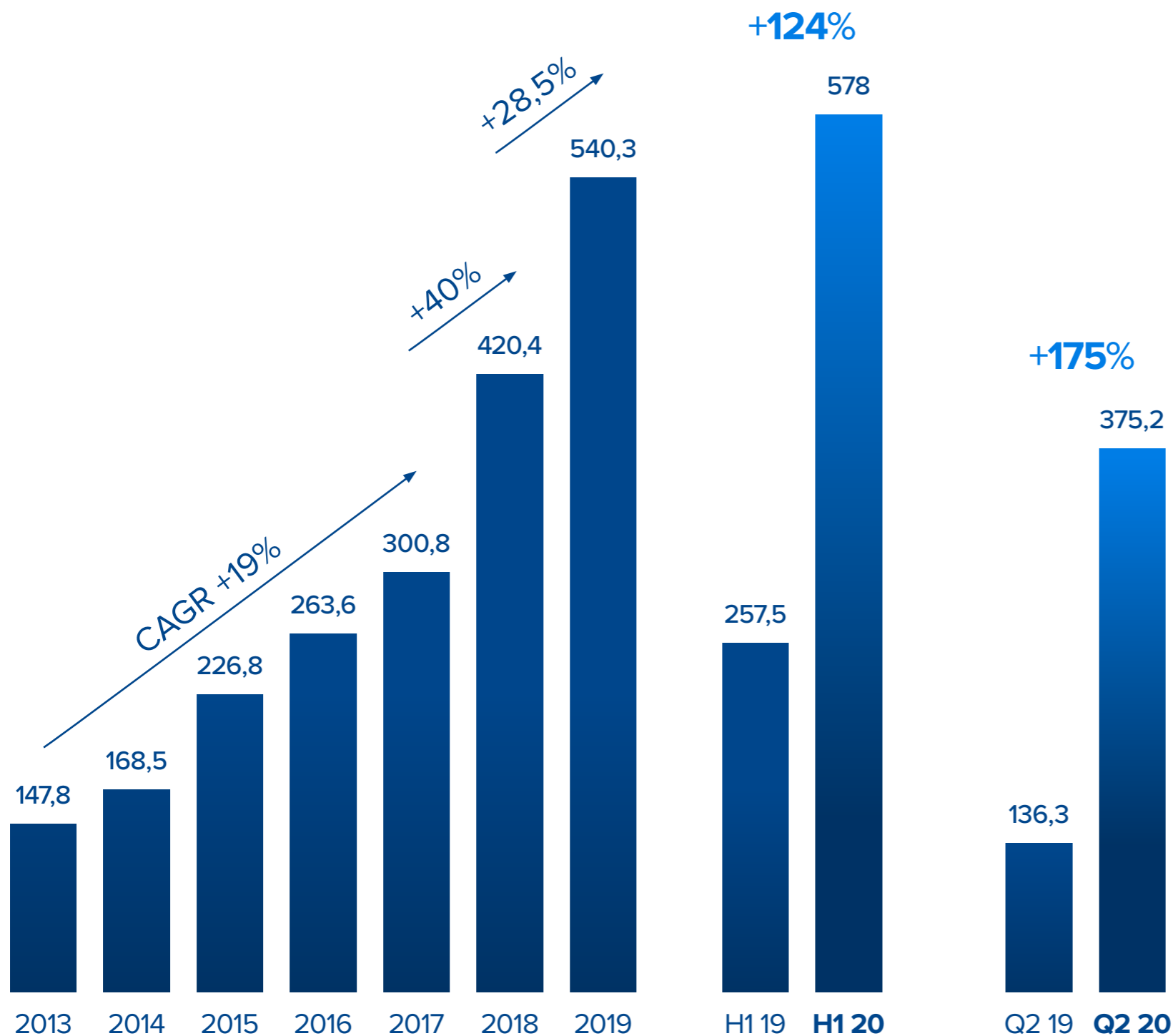
FINANCIAL AND OPERATING RESULTS

SUMMARY

FINANCIAL AND OPERATING RESULTS

DYNAMIC GROWTH OF SALES

SALES REVENUES (MILLION PLN)



Long term growing scale of operations regardless of the business environment, taking advantage of the opportunities in 2020 (pandemic)

Revenues in Q1 2020 +67% yoy, +175% yoy in Q2 2020 mainly due to rising prices of gloves, distribution business growth and optimization of production activities. (final change from NR to NBR and changes in product portfolio)

Revenues in H1 2020 higher than in entire year 2019 H1 2020: distribution segment +110% yoy (PLN 312,9m), production segment +163% yoy (PLN 302,5m).

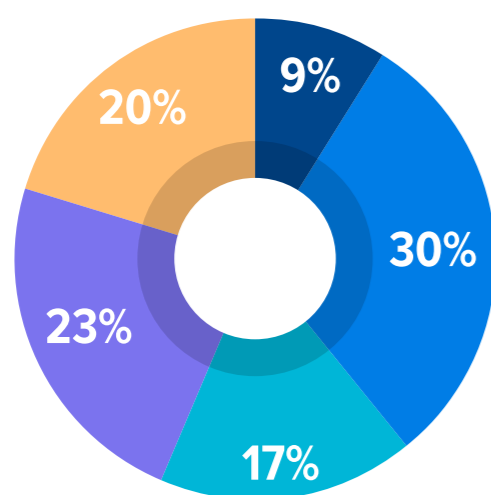
Gloves accounted for 96.4% of the revenues, non-woven products segment – 3.2%, medical dressings segment – 0.4%.

GEOGRAPHICAL STRUCTURE OF REVENUES

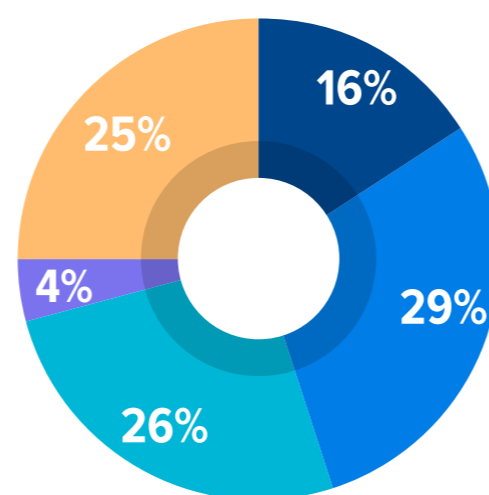
- Poland as #1, domestic market in very good condition;
- The pandemic dramatically increases sales opportunities in the UK, Germany, Spain and Italy – faster implementation of the expansion strategy in Western Europe (revenues in H1 x13, + PLN 125m);
- The largest increases in sales by value in Poland and the UK (in total + PLN 191m), in the USA + PLN 51m;
- The increase in demand in Ukraine due to the better political and economic situation, Ukraine clearly overtook Russia;
- In Q2 2020 Western Europe accounted for 33% of sales (+27 pp), Poland for 25% (-3 pp), North America for 16% (-9 pp);
- Decline in CEE's share excluding Poland (from 25-27% in Q1-Q2 2019 to 20% in Q1 2020 and 16% in Q2 2020) due to i.a. temporary closure of borders for personal protective equipment (countries without seaports).

Country	H1 2020 (m PLN)	H1 2019 (m PLN)	Change yoy
Poland	174,4	75,6	+131%
USA	114,7	63,6	+80%
UK	94,3	1,8	x 53
Ukraine	30,8	15,8	+94%
Spain	24,4	3,6	x 7
Russia	21,3	17,4	+23%
Germany	17,7	1,7	x 11
Romania	14,9	11,4	+31%
Italy	10,1	5,3	+91%
Czechia	7,7	5,2	+48%
Hungary	7,0	5,4	+29%
Lithuania	5,2	3,0	+75%
Others	55,3	47,6	+16%

H1 2020



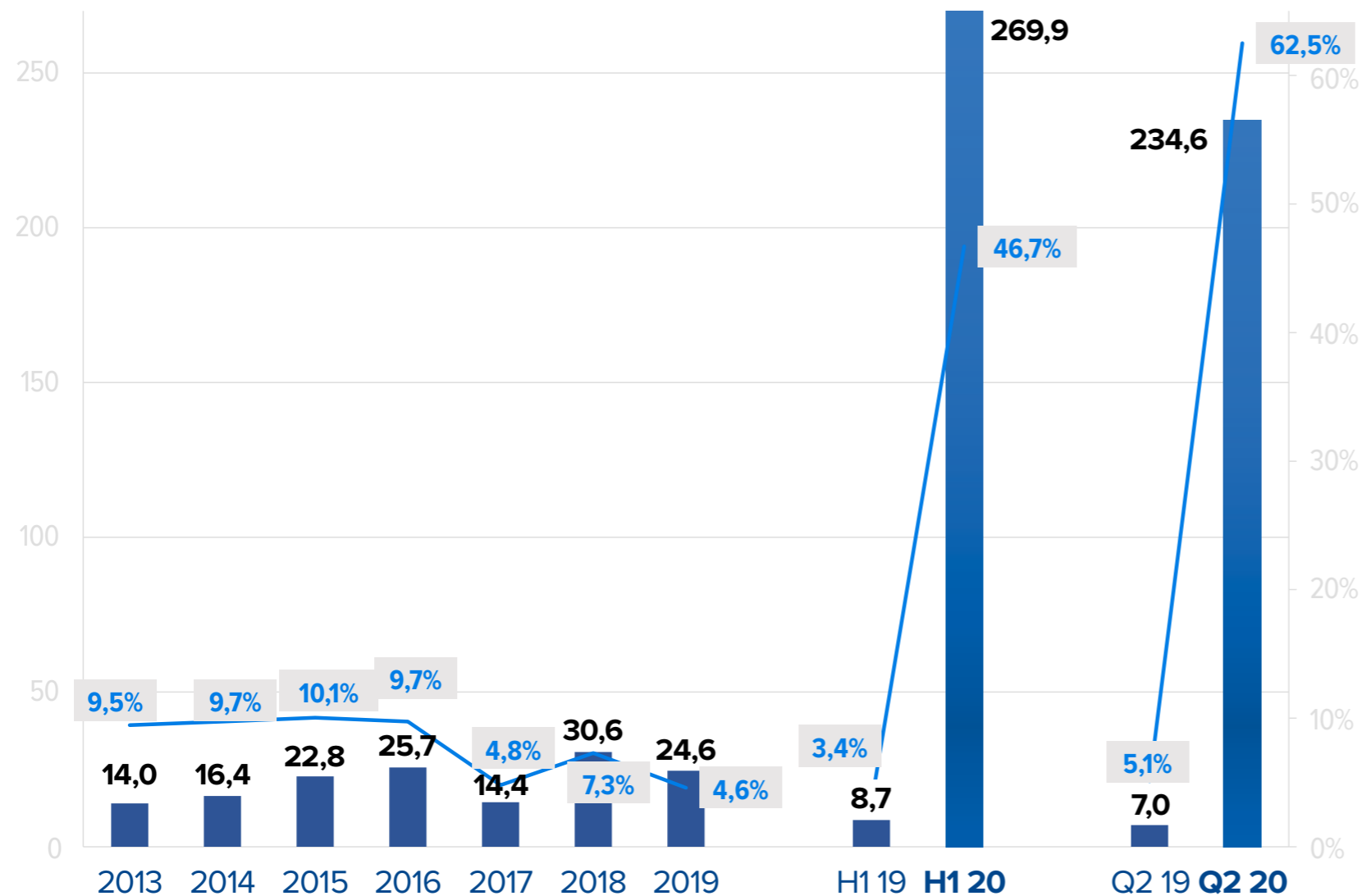
H1 2019



■ Poland
 ■ CEE w/o PL
 ■ W. Europe
 ■ N. America
 ■ Others

Direct participation in tenders in Poland, Romania and Hungary, additionally organized distribution in Russia, Czechia and Slovakia, Ukraine, Germany and Italy, in other countries sales through distributors

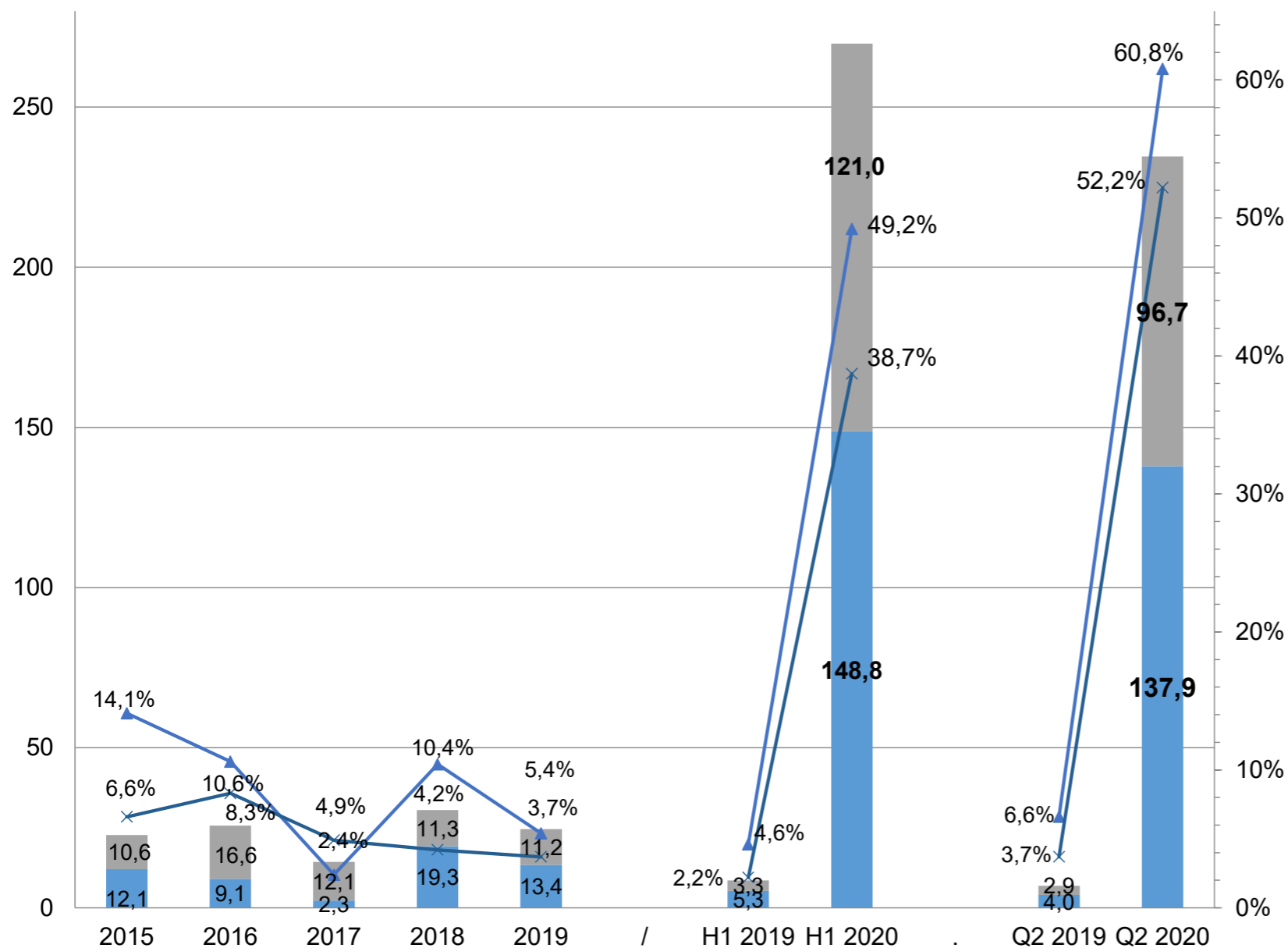
EBITDA (M PLN) & EBITDA MARGIN (%)



- CAGR for EBITDA for 2013-2016 is 22% and show the ability to dynamic long term growth in any business environment – confirmed in 2018-2019 after cleaning the reported results with temporary and one-offs events
- **In H1 2020 record EBITDA margin mainly due to favorable market (pandemic) and cost situation (raw materials); EBITDA in Q2 2020 alone is higher than the total result generated in the previous history of the company**

DECOMPOSITION OF EBITDA

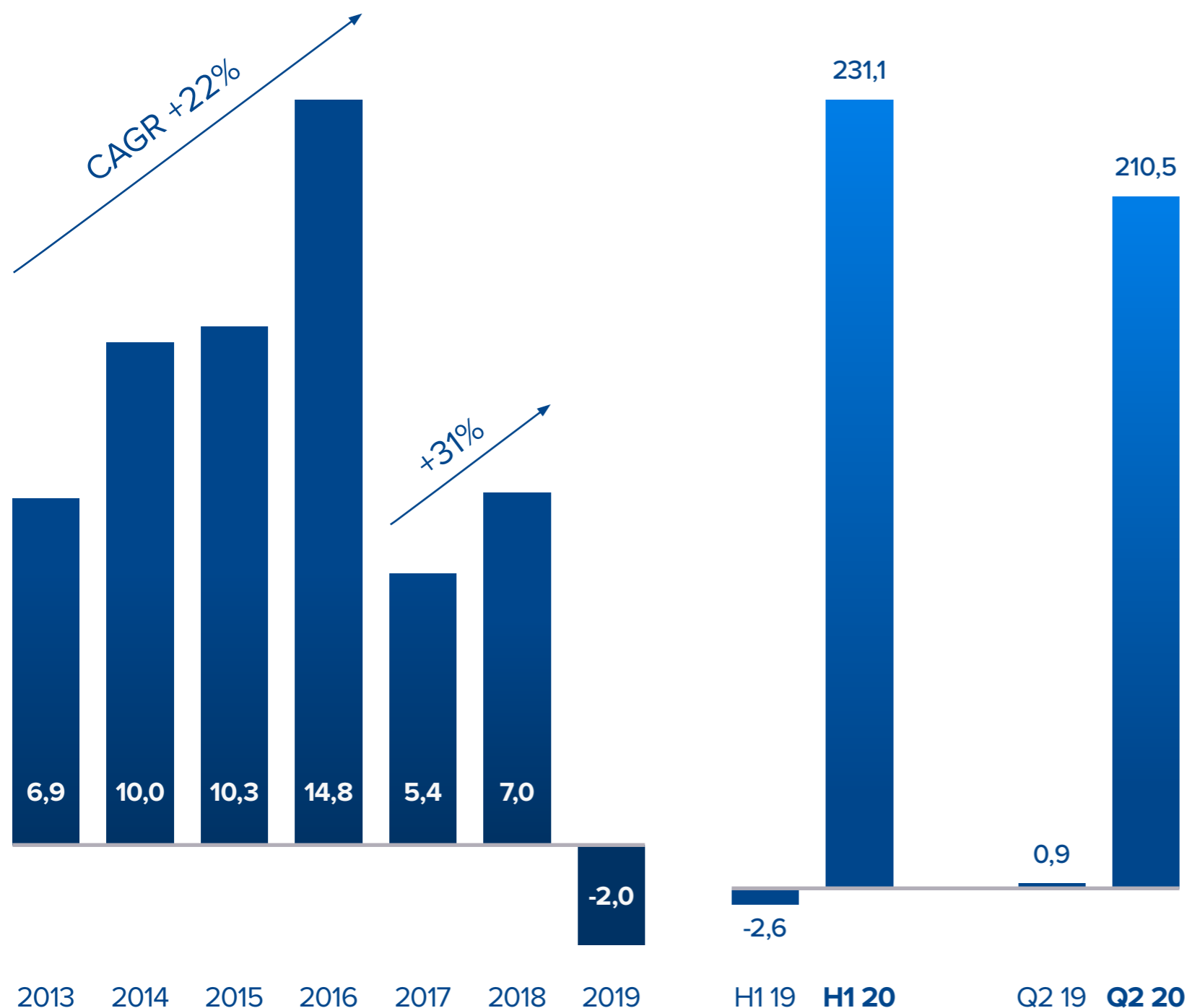
[mIn PLN]



- Distribution
- Production
- ▲ Prod. margin
- ✕ Distr. margin

- The variability of margins in individual years is relatively high, which is typical for the industry; favorable strategic decision based on both distribution and production;
- The company conducted adjustments in 2019, including the implementation of an optimization plan at the factory in Thailand, which brings tangible results in 2020
- H1 2020 strongly influenced by the market situation (pandemic), record margins in both operating segments. Increase in margins qoq - in Q2 2020 EBITDA margins of the production segment 61% and the distribution segment 52% compared to 14% and 19% in Q1 2020

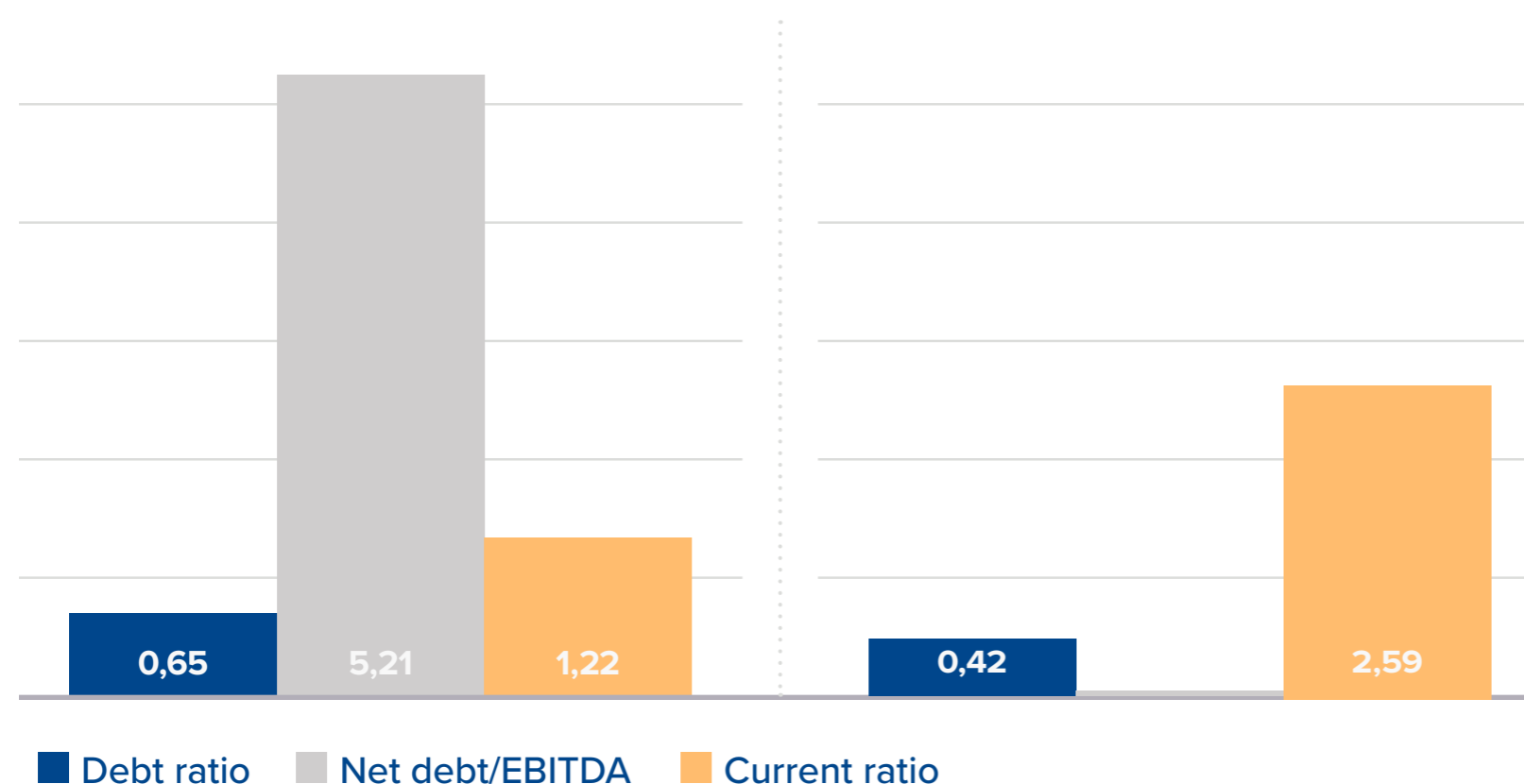
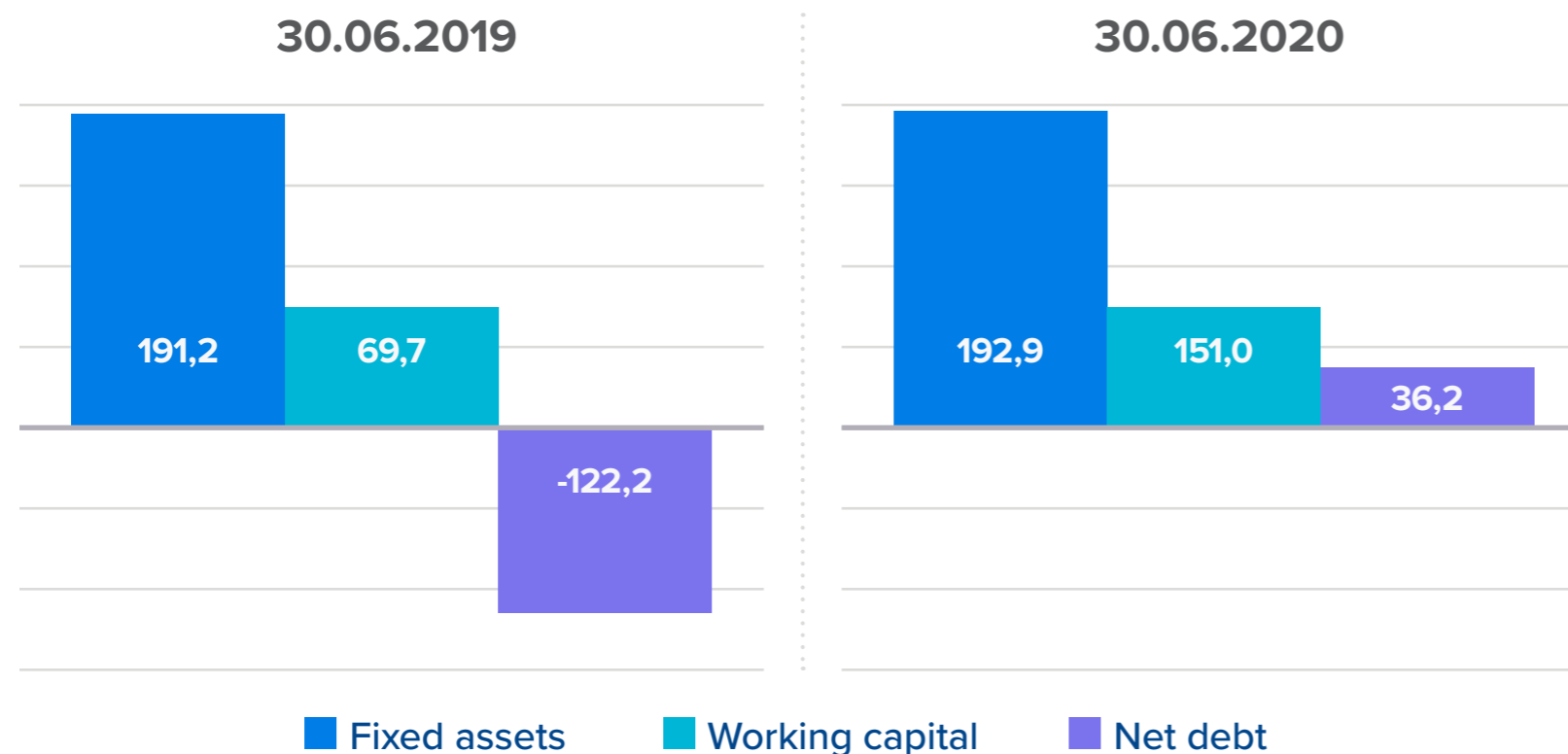
NET PROFIT (M PLN)



- The decline in 2017 was mainly due to the environmental turmoil and the adjusted results would show a continuation of the upward trend; continuation of the positive trends in 2018, adjusting the results for temporary or one-off effects
- 2019 result burdened by internal and external factors which contributed to the reduction of EBITDA and an increase in financial costs related to the investment in the nitrile gloves production plant
- **In Q2 2020 a quarterly result 3.5 times higher than for the previous 10 calendar years. As a result, also the net result for entire H1 at a record level, following favorable trends in the market environment (mainly pandemic).**

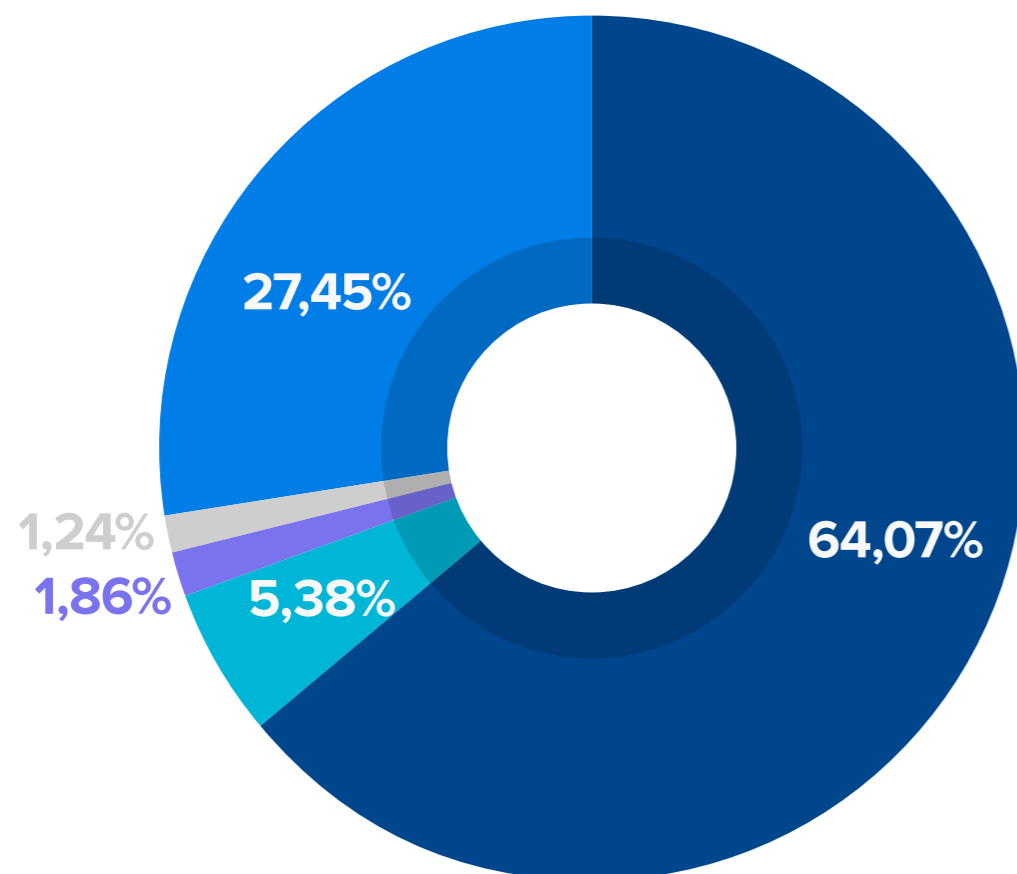
HEALTHY BALANCE SHEET WITH NET CASH

[m PLN]

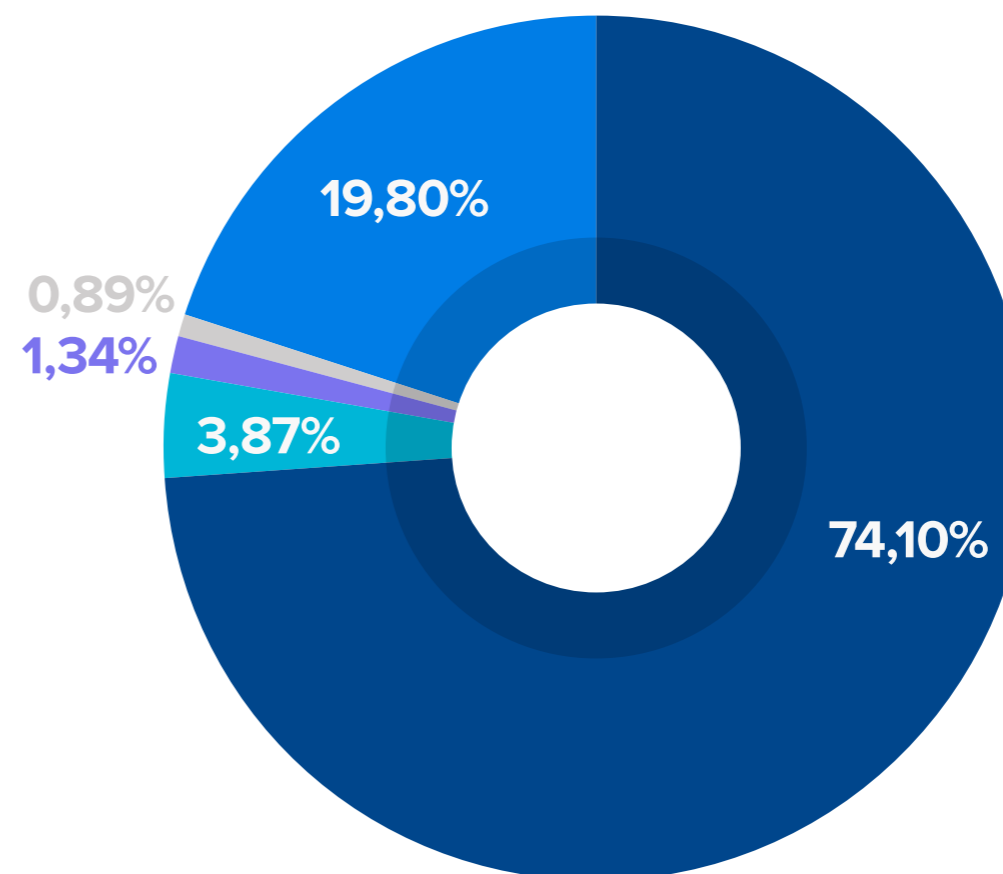


- Following the record H1 2020 profits, **the record-breaking operating cash flow of PLN 194.6m**, which generated PLN 139m of total cash inflows. Cash at the end of Q2 is PLN 153.8m. As a result, negative net debt (cash exceeds financial debt)
- Increase in current assets related to the increase in the scale of operations and cash resources, stable level of fixed assets after the completion of investment in the nitrile gloves factory
- Favorable, very strong **decrease in the net debt / EBITDA LTM ratio from 5.21 at the end of June 2019 to -0.13** at the end of June 2020, following the surge in EBITDA in H1 2020; safe overall debt ratios and high liquidity ratios

SHARE IN THE INITIAL CAPITAL



SHARE IN THE TOTAL NUMBER OF VOTES



■ Anabaza LTD.*
 ■ OFE Nationale-Nederlanden
 ■ TFI Allianz Polska SA
 ■ TFI NN Investment Partners SA
 ■ Other shareholders

*) Anabaza Ltd. is controlled by Wiesław Żyznowski, who owns 100 % of shares in Anabaza Ltd. and 100 % votes at the Shareholders Meeting of this company.) Including also the shares owned by the controlled entity (Anabaza Ltd.) and the persons that may be suspected to act in agreement, as referred to in Article 87 Para. 1(5) in connection with Article 87 Para. 4 of the Act on public offering and the conditions of introducing financial instruments to an organized system of trading and on public companies, Wiesław Żyznowski directly and indirectly owns the shares which represent 60,21% in the share capital of the Issuer, which provide the total of 71,33% in the general number of votes at the General Assembly.

AGENDA

COMPANY OVERVIEW

OUR PRODUCTS

FINANCIAL AND OPERATING RESULTS

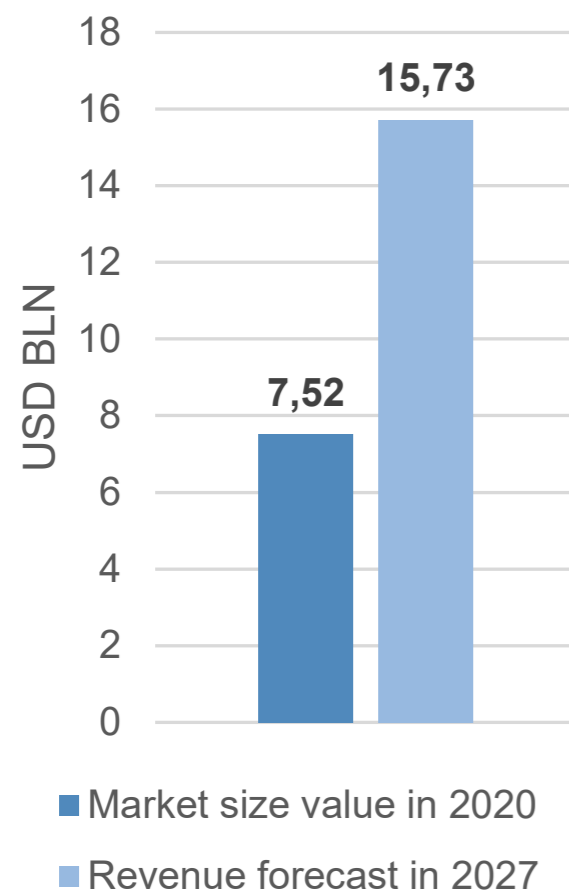
SUMMARY

SUMMARY

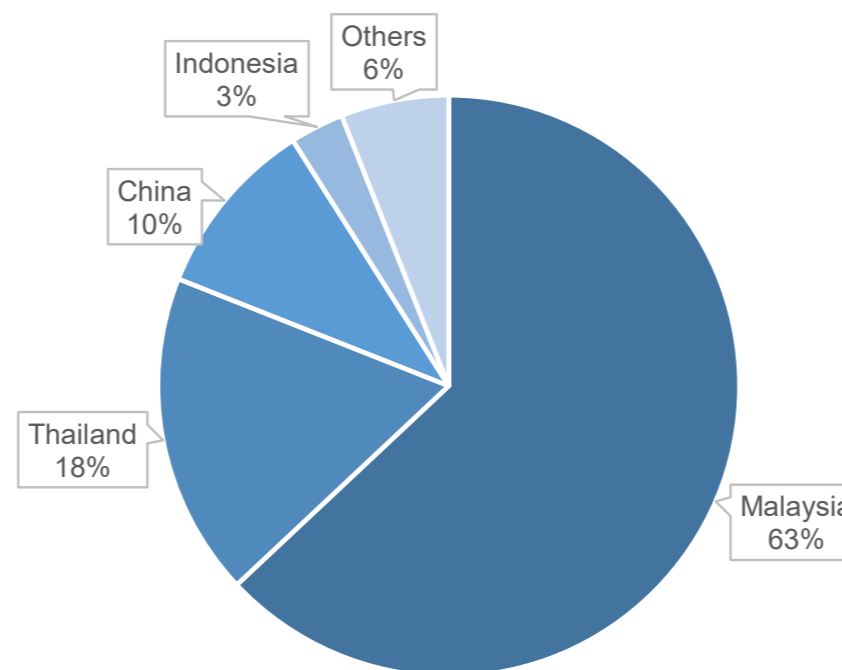
The global disposable gloves market size was estimated at USD 6.71 billion in 2019 and was expected to expand at CAGR of 11.2% from 2020 to 2027 without COVID-19 impact. **Nowadays market prices are strong above 2019.**

Growing product demand in medical & healthcare, pharmaceutical, automotive finishing, chemical, and oil & gas industries has been a major factor driving market growth.¹

PROJECTED MARKET SIZE VALUE WITHOUT COVID-19 IMPACT¹



MANUFACTURERS²

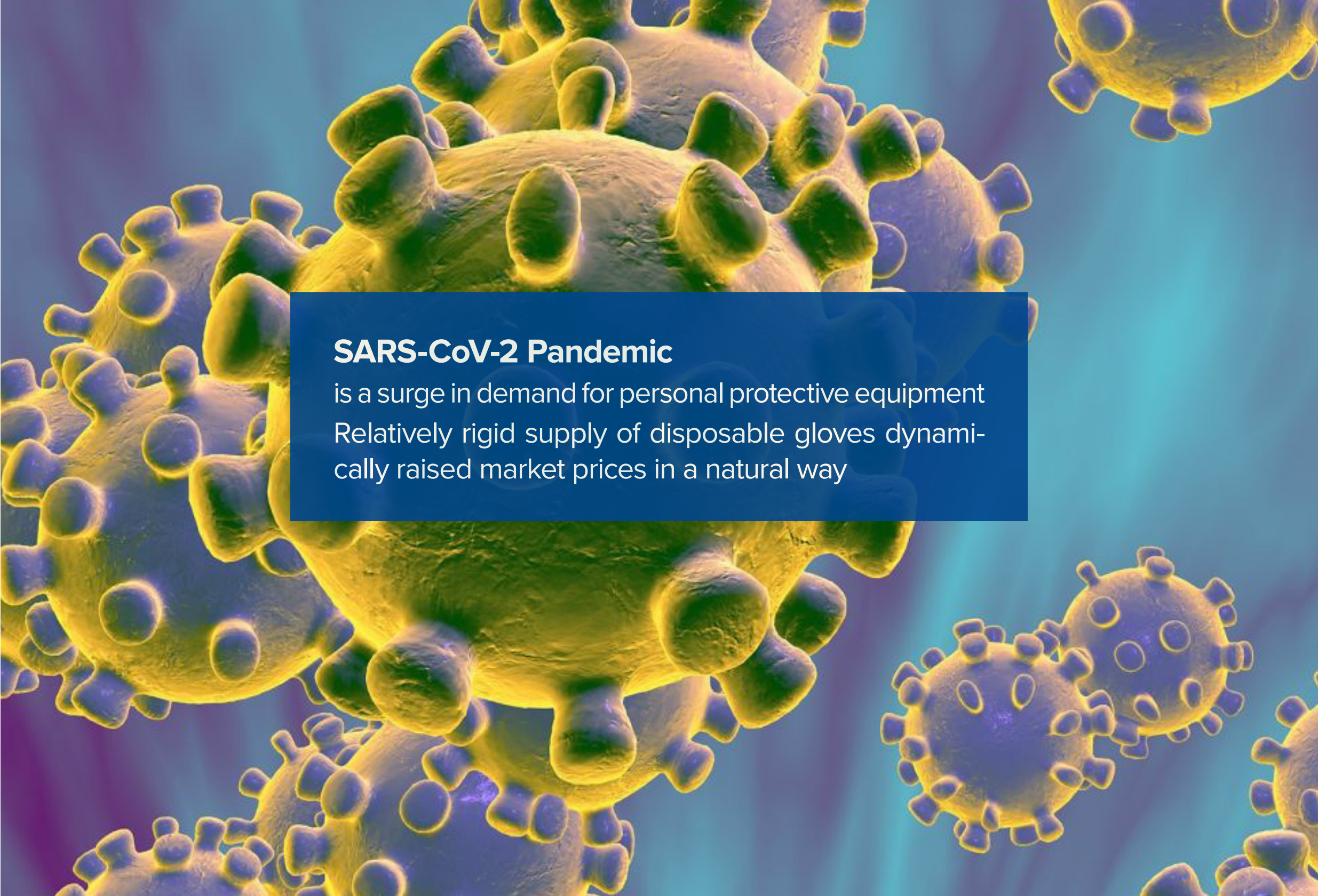


GROWTH FACTORS:

- **consistent market growth supported by the lack of direct substitutes for disposable medical gloves**
- **expected further growth driven by an increase in the number of medical treatments, increased social awareness, tighter regulations and the global COVID-19 pandemic**
- **consequences of the growing problem of infectious diseases:**
 - increase in the number of cases of hepatitis B and C, HIV and other infectious diseases
 - increase in the number of infectious diseases and infections in hospitals
 - the trend of 'double gloving'
- **growth of the medical industry:**
 - health system reforms, the aging society and the development of advanced technologies
 - increasing health care standards and tightening regulations
 - expected increase in health care expenditure due to the convergence of emerging markets to developed countries and the growing demand for health care

¹ 'Grand View Research Disposable Gloves Market Size, Share & Trends Analysis Report By Material (Natural Rubber, Nitrile, Neoprene, Polyethylene), By Product (Powdered, Powder Free), By End Use (Medical, Non-medical), And Segment Forecasts, 2020 – 2027', www.grandviewresearch.com/industry-analysis/disposable-gloves-market

² 'MARGMA Industry Brief 2019 on the Rubber Glove Industry' Prospectus

A 3D rendering of several SARS-CoV-2 virus particles. The particles are spherical with a textured surface and numerous small, rounded protrusions (spikes) extending from them. They are set against a background of soft, glowing light in shades of blue and purple.

SARS-CoV-2 Pandemic

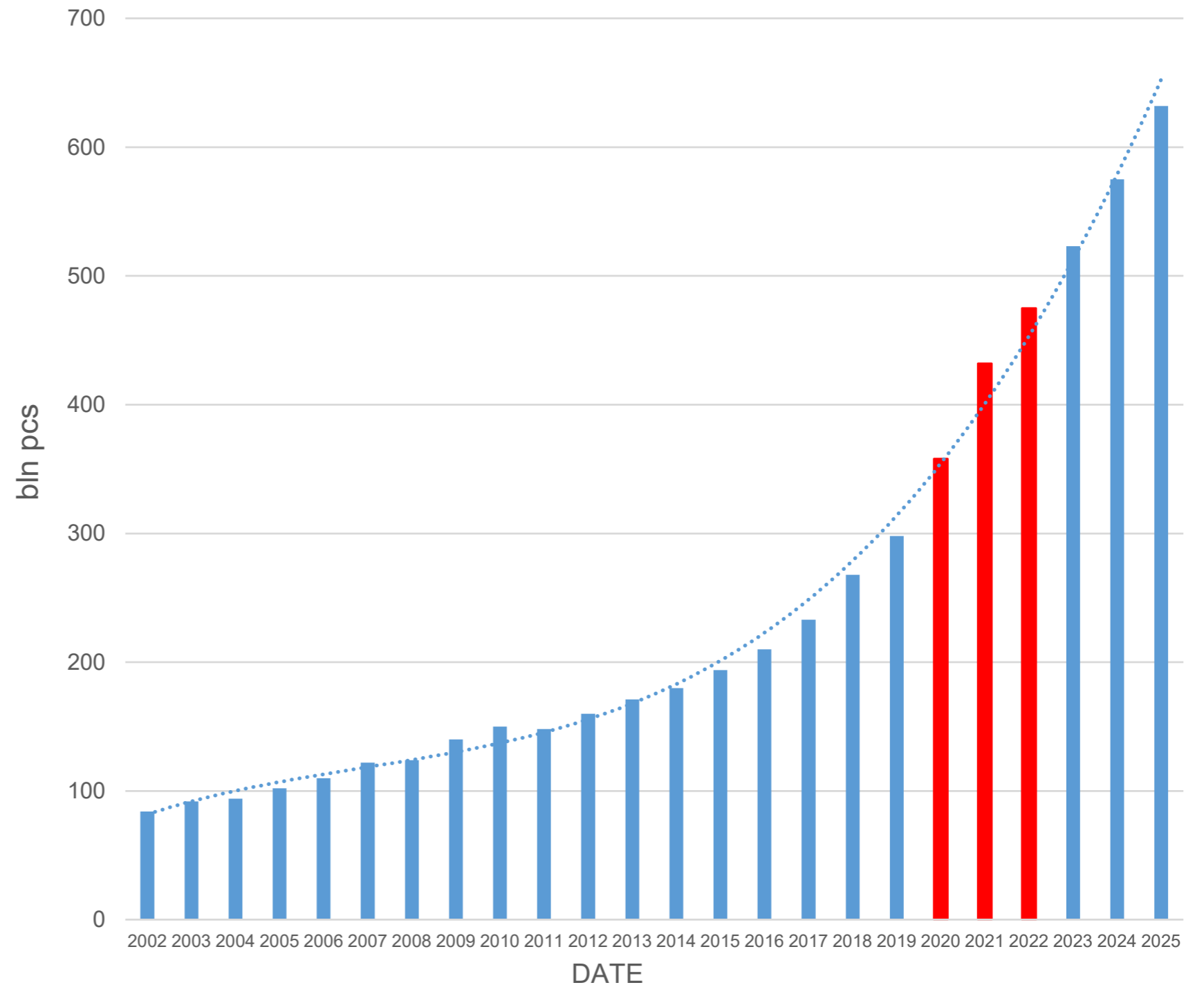
is a surge in demand for personal protective equipment
Relatively rigid supply of disposable gloves dynamically raised market prices in a natural way

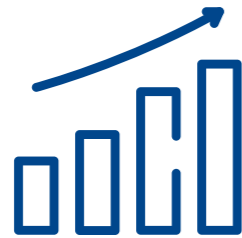
2020

ESTIMATED
GLOBAL DEMAND:
360,000,000,000
(360 bln gloves)

EXPECTED
ANNUAL
GROWTH:
20% yoy

WITH IMPACT OF COVID-19 EPIDEMIC





The demand for gloves **increased significantly** during a pandemic

Following the rules of the new sanitary regime, end-users are obliged to change gloves more often during their work, they also have to use them for more activities.



Disposable gloves became **basic necessities**

Not only medical personnel are looking for disposable gloves, but also non-medical professionals and consumers who care about their own safety.



Increasing **knowledge** about gloves

While looking for appropriate products, customers learn more about disposable gloves, which helps to build awareness in the sphere of this product category.

Our goal is to **maximize the benefits** of global market changes (which was already seen in Q2 2020).



Our Group is working on a new development strategy for the coming years. It will take into account not only the current market situation, which is forecast to continue in the coming quarters, but above all – the situation of the industry in the post-pandemic period.

CHANGING THE BRAND LOGOTYPE

while keeping the current name of company

MERCATOR MEDICAL

MERCATOR

- **The main goals of rebranding:** building brand awareness among non-medical users, further expand of the distribution in the open market, gaining the position of a category leader on the markets of Central and Eastern Europe, increasing the existing one 2 percent share in the global market.
- Building and developing a portfolio of products **under the one umbrella brand – Mercator.**

- The most potential industries for the further development of Mercator's distribution: hairdressing salons, beauty salons, dental clinics, restaurants, manicure / pedicure salons, gynecological clinics.

Expected benefits from the planned and executed investments with the use of public funds supported with the funds from the European Union:

**EU
Pharmaceutical
Strategy**

– developed by the European Commission with the aim of increasing competitiveness of the European pharmaceutical system. It is to include financial incentives for enterprises for investment and production in the EU.

**Reimbursement
Mode for Develop-
ment RTR Plus**

– programme of the Ministry of Economic Development, Labour and Technology, supporting the activities of companies that influence the development of the pharmaceutical industry in Poland.
Budget: approx. PLN 2 billion.

Program EU4Health

enhancing the health security of Europeans. **Budget: EUR 9.4 bln.**

Horizon Europe

the development of research and innovation. **Budget: almost EUR 100 bln.**

Donated

50
thousand masks

1,6 mln
disposable gloves

Mercator Medical Group supports Polish medical units and governmental institutions in their actions against COVID-19.



„INVESTOR WITHOUT BORDERS” AWARD

Mercator Medical Group has been awarded the title of „Investor without borders” during the 12th edition of the European Economic Congress in Katowice (2nd September 2020).

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Only 10% of our employees are employed in Poland. Similarly is with investments. In case of sale, Poland is responsible for 20-25% of revenues, the rest are export markets, especially the US market. The award fits our business profile and it gave me great satisfaction.

Wiesław Żyznowski, President of the Board of Mercator Medical S.A



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