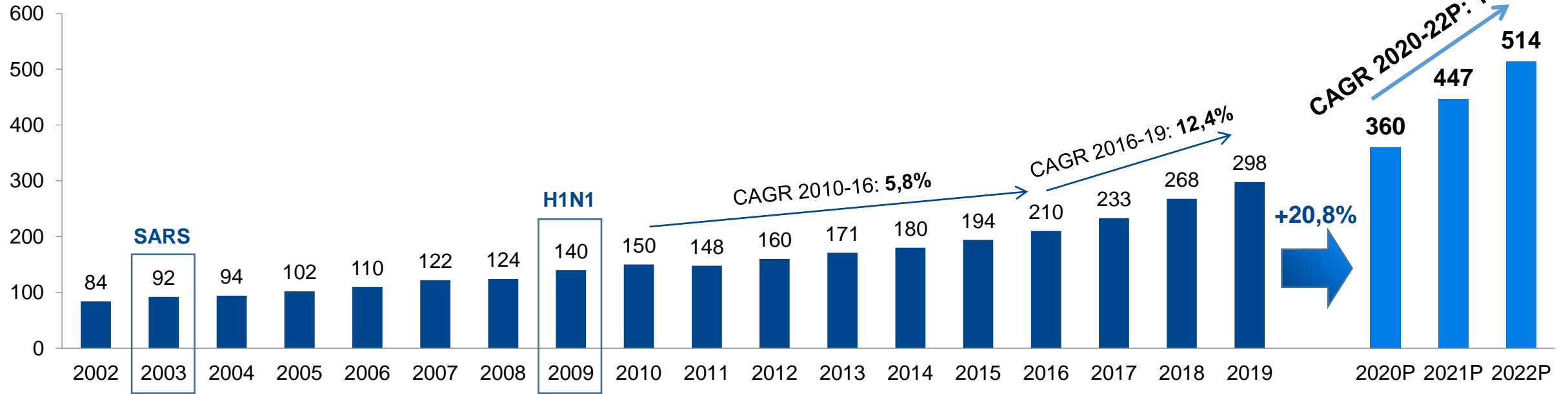


FINANCIAL RESULTS 2020

WIG 20

DYNAMIC MARKET GROWTH ACCELERATED DUE TO COVID-19 PANDEMIC

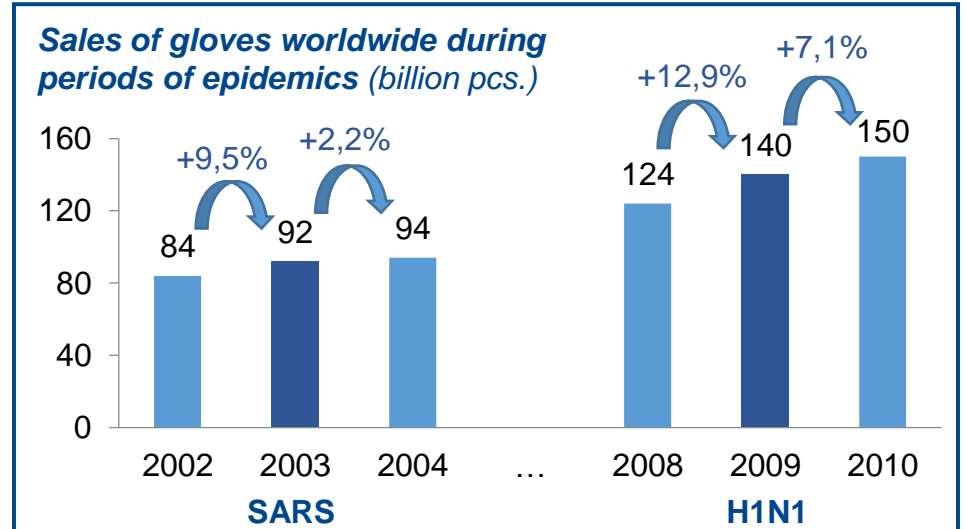
Global volume sales of disposable gloves (billion pieces)



Before the pandemic, growth in global glove sales accelerated from an average of 5.8% in 2010-2016 to an average of 12.4% in 2016-2019.

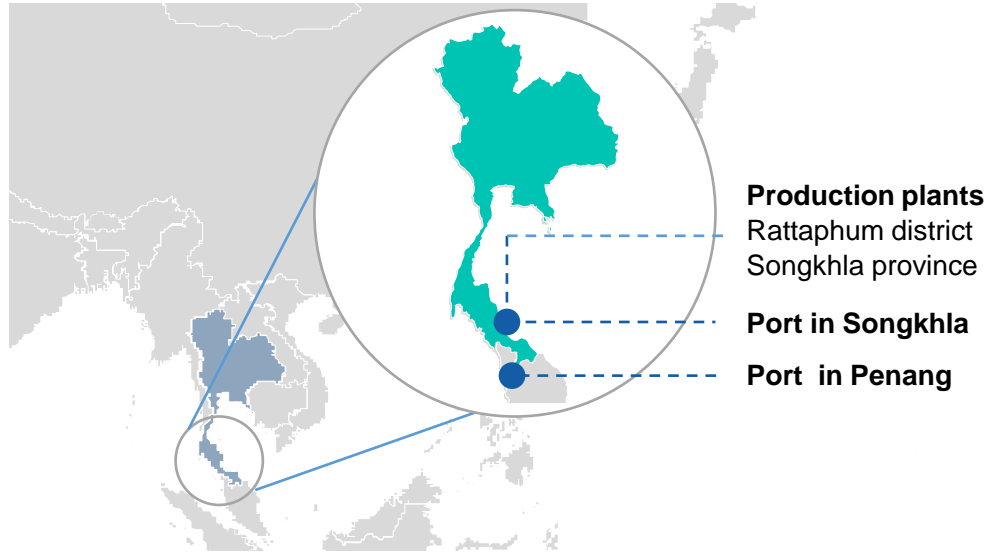
Forecasted acceleration in the growth of global glove sales to nearly 20% on average in 2020-2022. **The shortage of gloves in 2020 is as much as 215 billion pieces (60% of production),** a record low strategic stocks of countries

With the previous two key epidemic in the 21st century, glove sales in the years following the epidemics never fell below previously observed levels, and continued to grow in the years that followed.



OWN MANUFACTURING FACILITIES IN THAILAND ENSURE FLEXIBILITY AND ENSURE THE POTENTIAL TO RESPOND TO GLOBAL CHANGES IN DEMAND

Factories located near extensive port infrastructure



- Mercator Medical has 2 production plants in Thailand (17 production lines in total), manufacturing disposable medical gloves made of industrially obtained synthetic latex with a total production capacity of approx. 260 million gloves per month (3.1 billion gloves per year).
- **Commenced construction of the 3rd production plant** for high-margin industrial gloves with a production capacity of over 0.8 billion gloves per year; commissioning of the first lines planned for the end of 2021
- The plants are conveniently located, close to the well-developed port infrastructure in Songkhla (Thailand) and Penang (Malaysia).
- Products manufactured in Thai production plants are sold to approx. 70 countries around the world, most of which are exported to the United States, Australia and Great Britain.

Key advantages of own production plants

Production flexibility ensuring the possibility of adjusting the offer to global market trends

Secured supplies of gloves in the event of supply shortages from other manufacturers

Manufacture of disposable nitrile gloves - the fastest growing segment of the market; from mid-2020, all existing lines based on natural latex converted to synthetic latex

Geographical rent, thanks to the convenient location of the plants in the vicinity of the extensive port infrastructure



CONSTANT DEVELOPMENT

We try to respond to the needs of our clients. This is why we make sure that our product portfolio is constantly expanding

Last year alone, we introduced **9 types of gloves**, and more are being implemented.



SELECTED FINANCIAL DATA OF MERCATOR MEDICAL GROUP

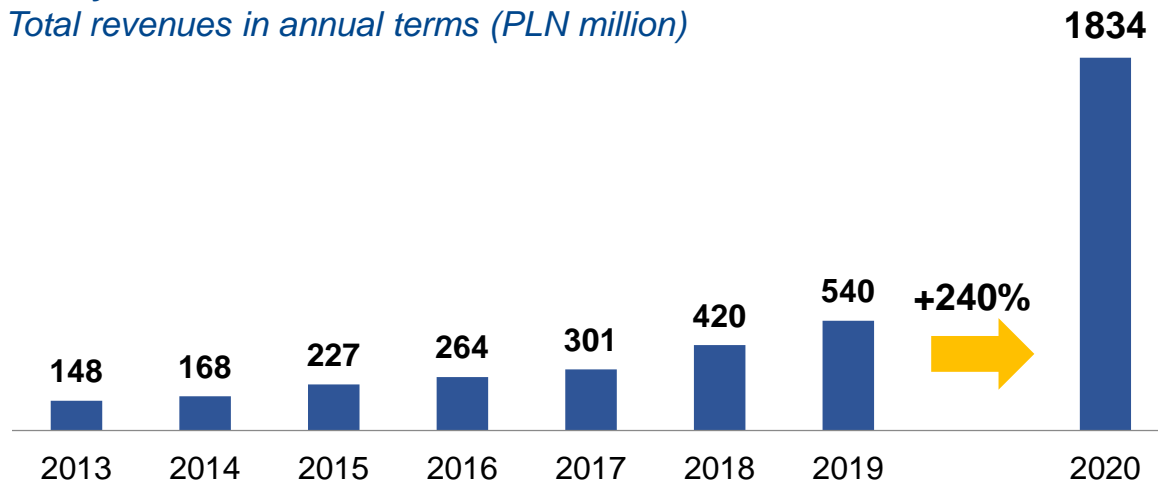


	Year 2019	Year 2020	Change yoy	
	PLN million	PLN million	value	%
Revenue	539,7	1 834,2	+1 294,5	+240%
EBITDA	24,6	1 066,1	+1 041,5	+4 228%
<i>EBITDA margin</i>	4,6%	58,1%	+53,6 pp	+1 174%
EBIT	7,2	1 047,6	+1 040,4	+14 465%
<i>EBIT margin</i>	1,3%	57,1%	+55,8 pp	+4 186%
Net profit	-2,0	935,6	+937,6	-
Operational cash flow	38,5	712,4	+673,9	+1 749%
Equity capital	134,5	1 043,1	+908,7	+676%

DYNAMIC INCREASE OF REVENUE IN BOTH BUSINESS SEGMENTS

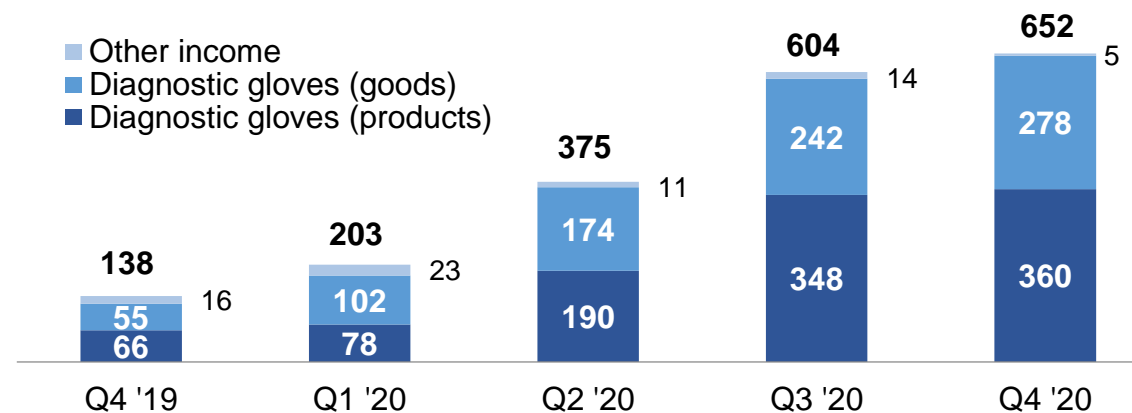
Nearly 3.5x increase in revenues 2020 vs. 2019

Total revenues in annual terms (PLN million)



372% yoy revenue growth in Q4 2020

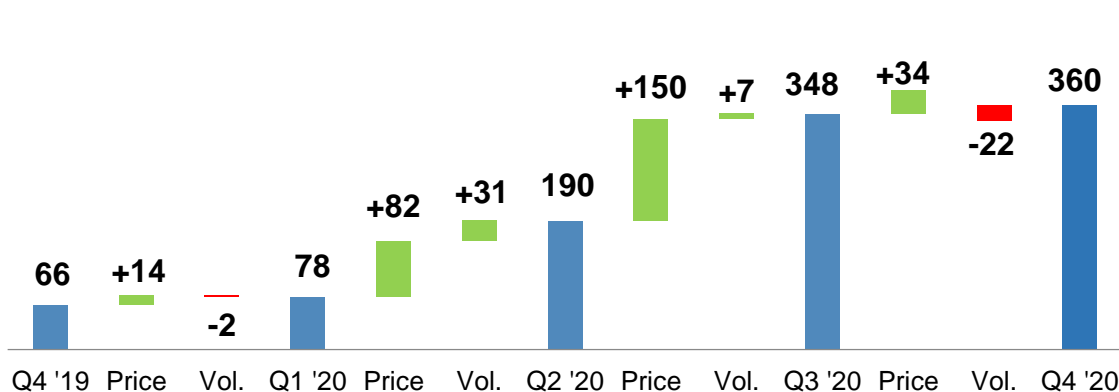
Revenue decomposition on a quarterly basis (PLN million)



DIAGNOSTIC GLOVES

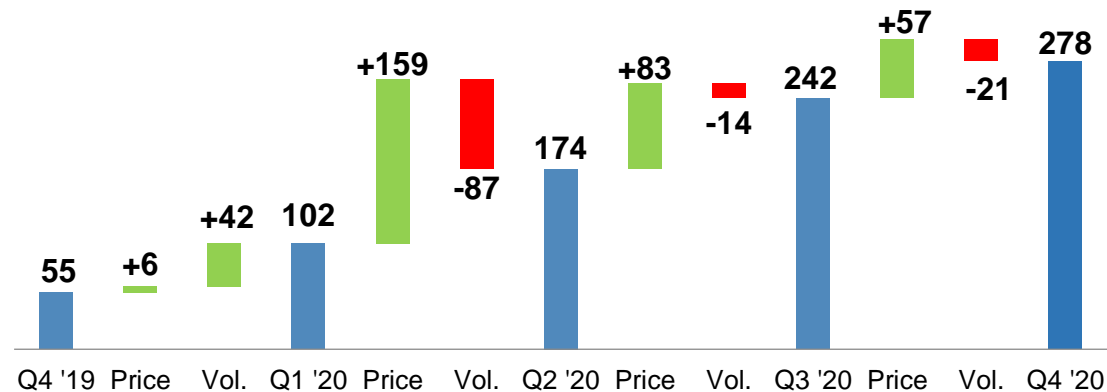
Products: Utilization of full production capacity*

Sales of products on a quarterly basis (PLN million)



Goods: Limited supply from suppliers, attractive market prices*

Sales of goods on a quarterly basis (PLN million)



* The analysis takes into account only diagnostic gloves, which accounted for 97.8% of total sales revenue in Q4 2020.

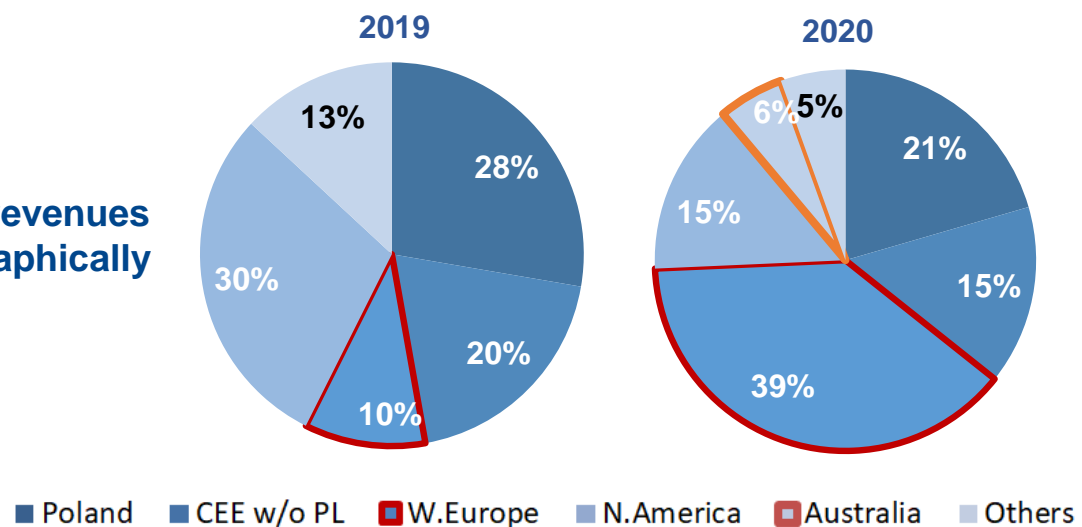
As a result of gloves' market proces dynamic growth and the persistence of a surplus of global demand over supply, in 2020 the Mercator Medical Group increased the scale of revenues rapidly, diversifying them geographically and leading territorial expansion, especially in developed markets

In 2020 sales to English-speaking countries (UK, USA, Australia) accounted for 44.6% of total sales, and the UK Britain became the #1 market

Maintaining a very strong position in Poland with sales 2.5 times higher than the year before, three-digit growth rate on the main eastern markets (Ukraine, Russia)

Successful expansion in Western Europe, which in 2020 accounted for 39% of sales vs. 10% in 2019; focusing on the largest and most profitable markets (decrease in the importance of the "others" category from 13% to 5% of sales)

Mercator Medical's revenues broken down geographically



Sales structure by country (> PLN 20 million, 2020)

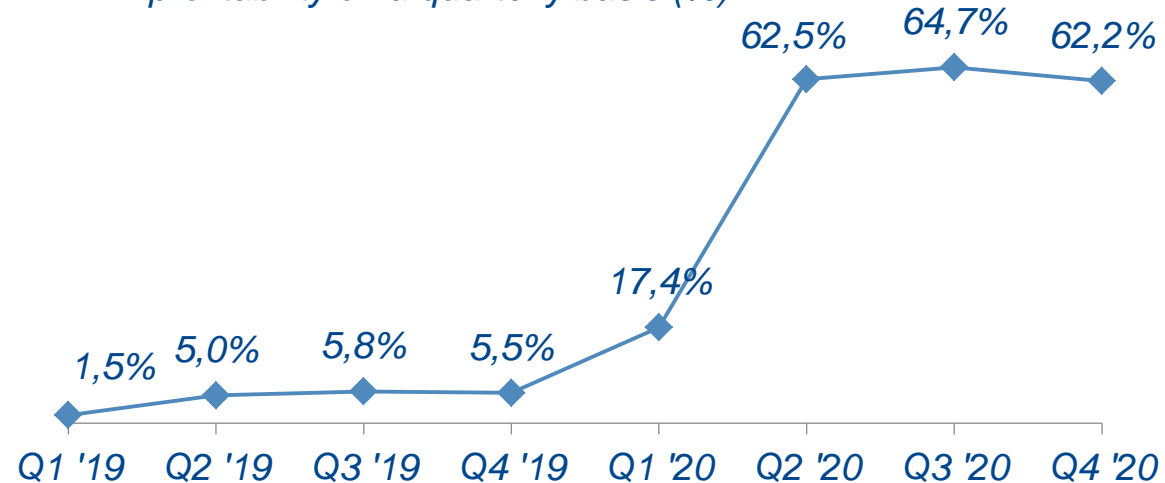
	2020	2019	Change (PLN mio)	Change (%)
Great Britain	449,0	4,2	444,7	x105
Poland	376,1	149,5	226,5	151,5%
USA	267,3	159,1	108,2	68,0%
Australia	102,7	0	102,7	-
Ukraine	82,2	35,5	46,7	131,7%
Germany	81,7	2,8	78,9	2812,8%
Russia	66,4	31,7	34,7	109,5%
Spain	54,0	8,7	45,3	520,5%
Sweden	45,0	0,1	44,9	x724
Netherlands	43,0	0,0	43,0	x8600
Romania	32,8	23,3	9,5	40,7%
Italy	27,8	10,4	17,4	166,7%
Hungary	24,4	14,3	10,1	70,2%
Czechia	20,7	10,8	9,8	91,1%
The rest of the countries	161,3	89,2	72,1	80,8%
Total	1 834,2	539,7	1 294,5	239,8%

IMPRESSIVE INCREASE OF PROFITABILITY



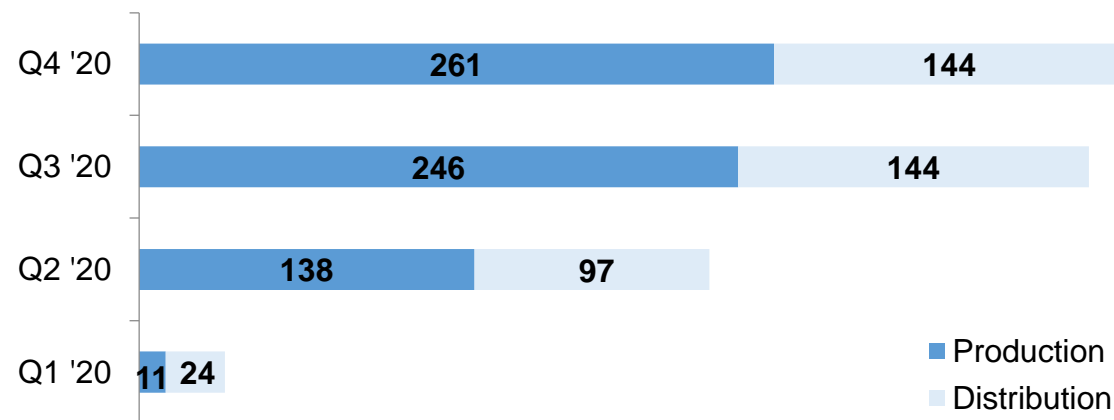
Over 11 times higher EBITDA profitability yoy

EBITDA profitability on a quarterly basis (%)



Simultaneous increase in profits from production and distribution

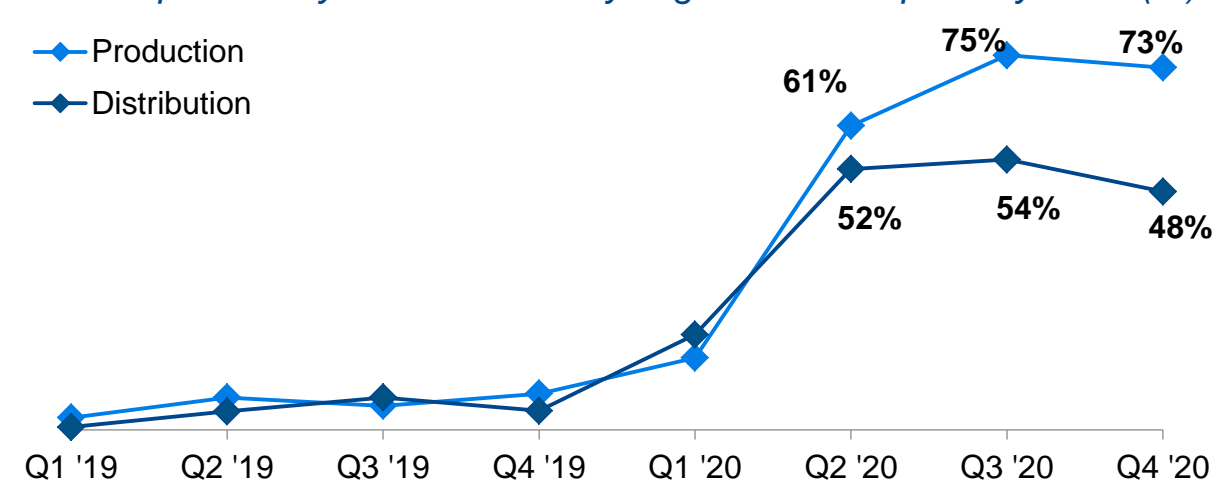
Decomposition of EBITDA* for production and distribution (PLN million)



*Excluding the category "Other" and exclusions.

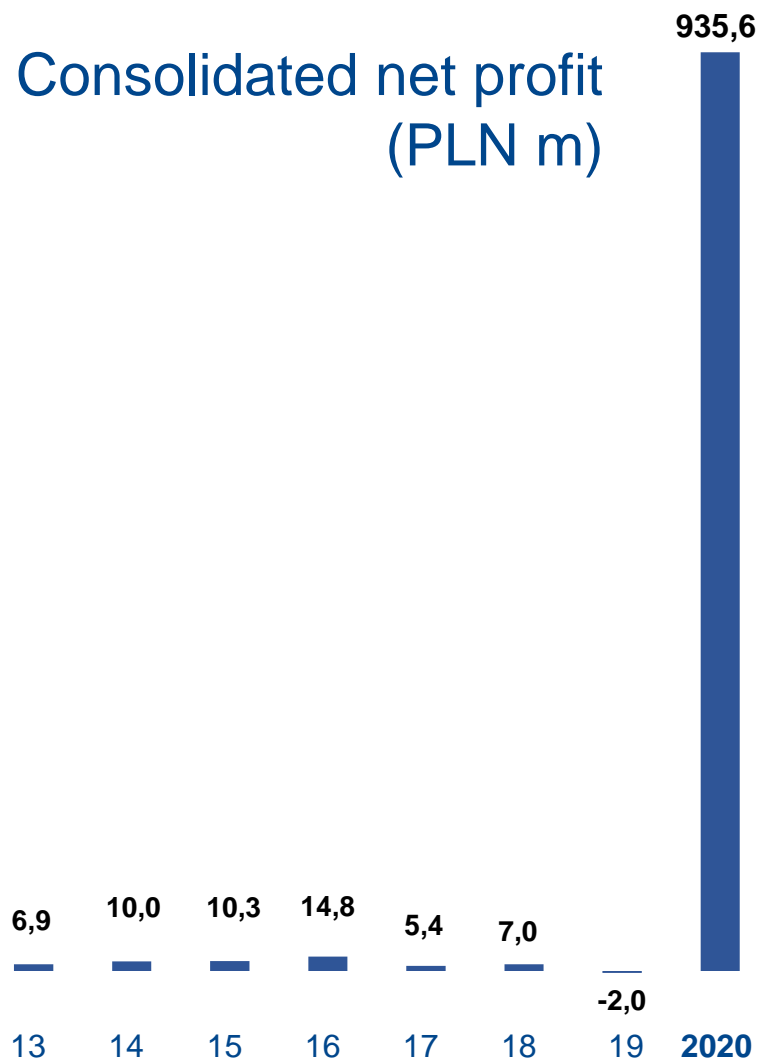
Record profitability levels in both segments

EBITDA profitability* broken down by segments on a quarterly basis (%)



- Strong profitability increase in both business segments. In the case of production, the margin exceeds 70%, while in the distribution segment, the profitability is approximately 50%.
- In Q4 20 in distribution business an increase in producer selling prices accompanied by selling off previously purchased "cheap" stocks and delayed transmission of the process of increasing selling prices in distribution; in production business an increase in the prices of raw materials and logistics with the implementation of large volumes of contracts with a fixed selling price
- Throughout 2020, the distribution area generated PLN 409.8 million in EBITDA (PLN 11.2 million in 2019), and the production area PLN 656.3 million (PLN 13.4 million in 2019)

Consolidated net profit (PLN m)



- High conversion to cash despite the general market increase in the restrictive payment policy of suppliers (cash prepayments): operating cash flow + PLN 712 million (76% of net profit, 67% EBITDA)
- Net profitability in 2020 was 51%, which shows the high efficiency of the Group's operations and the potential to generate margins at every level in subsequent periods
- The low profitability in previous years was largely due to the rapid development of the business and building foundations for development and optimization - organic growth from 2020 would be visible even with an unchanging market environment

As of December 31, 2020:

Equity + PLN 908.7 m, to PLN 1,043.1 m

Cash: + PLN 385.1 m, up to PLN 399.8 m

Temporary investments in investment funds units: PLN +149.1 m, up to PLN 149.1 m

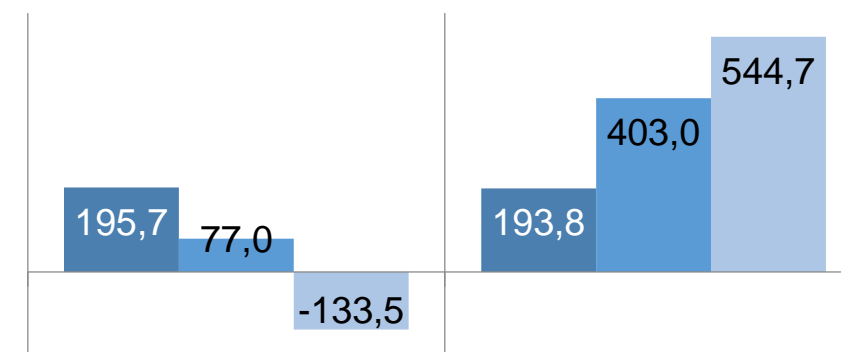
All investment debt repaid (PLN 75.5 m)

Net debt / EBITDA LTM ratio at -0.51 vs. 5.4 at the end of 2019

Balance sheet (PLN million)

31.12.2019

31.12.2020



■ Fixed assets ■ Current assets ■ Net debt

PLN 930 m

Consolidated net profit attributable to shareholders of the parent company



PLN 312 m

- The entire unit profit of Mercator Medical S.A., 1/3 of the net profit of the Mercator Medical Group
- Purchase of own shares in the form of an invitation to all shareholders, proposed price range 400-770 PLN

PLN 618 m

- 2/3 of the net profit of the Mercator Medical Group
- Funds left in the Group to implement development projects and increase the scale of operations

The distribution of the net profit for 2020 will be finally determined in an appropriate resolution of the General Meeting approving the annual financial statements



Maintaining sales volumes after the pandemic is over



- The growing role of the healthcare sector around the world
- Potential demand from underfunded and ill-equipped health sectors in emerging countries (including China and India)
- Increased hygiene awareness and increased sanitary requirements



Risk of a decline in market prices for gloves



- Prolonged period of record high prices for disposable gloves, with possible price fluctuations; we can now see the caution of customers in the distribution market, but at the same time the third wave of the pandemic is developing - we are observing the development of the situation
- The forecast price of gloves after the end of the pandemic clearly exceeds the market prices before the pandemic (approx. + 50%)
- The vaccination process of the entire population, spread over time, will guarantee increased demand also in the coming years; new coronavirus mutations are likely to further increase the need for recurring vaccination. Additional demand for medical gloves related to COVID-19 vaccines is estimated at 10-14 billion gloves in 2021-22.



Risk of temporary factory closures as a result of a COVID-19 outbreak among workers



- Thailand and Songkhla province remain a relatively safe epidemic area for the time being, a favorable location for the Group's plants
- Closure of factories by competitors (which has already happened) may result in the greater advantage of demand over supply and an extension of the trend of positive changes in market conditions from the point of view of producers



The risk of new competitors entering the market



- Numerous entry barriers for new players on the market, including know-how, long preparation time required to start production, limited supply possibilities of raw materials
- Expected demand exceeds the potential supply from major producers

- 1 A favorable starting position - a leading entity on the disposable glove market in Europe with a strong position on the global market, a strategy unique in the industry for both the production and distribution of medical devices
- 2 A wide product portfolio of approx. 120 own products and products of valued global brands, extended product portfolio even in 2020, plans for further product expansion
- 3 Own production facilities in Thailand, ensuring flexibility and the ability to respond to global trends and changes in demand
- 4 An extensive distribution network based on many years of activity in the industry, ensuring global sales of products in over 70 countries
- 5 A significant increase in cash on the balance sheet and potential significant financial flows in the following quarters ensure further acceleration of growth and implementation of a development strategy based on wise, rational investments, including further geographical and product expansion, increase in production capacity and activity in the M&A area and development of complementary business present
- 6 Participation in the WIG20 and MSCI Poland Small Cap index, attractive and transparent dividend policy (declaration of payment of approximately 35% of net profit for 2020 and 2021 in the form of dividends and / or share buyback)
- 7 Activity on a promising market, supported, among others, by the global trend of increasing expenditure on health care, growing hygiene awareness of societies and ever higher hygiene standards; long-term improvement of the market outlook in a pandemic and post-pandemic environment

#Wspólnie przeciw wirusowi

We have been involved in the fight against COVID-19 since the beginning of the pandemic. We carry out the „#wspólnie przeciw wirusowi” (jointly against virus) campaign, consisting in supporting medical and care facilities by providing personal protective equipment from our own portfolio. Our products have also found their way to the Police Headquarters, the Material Reserves Agency, the Ministry of Health, and a canteen for the homeless and the needy.

Donations

1,8

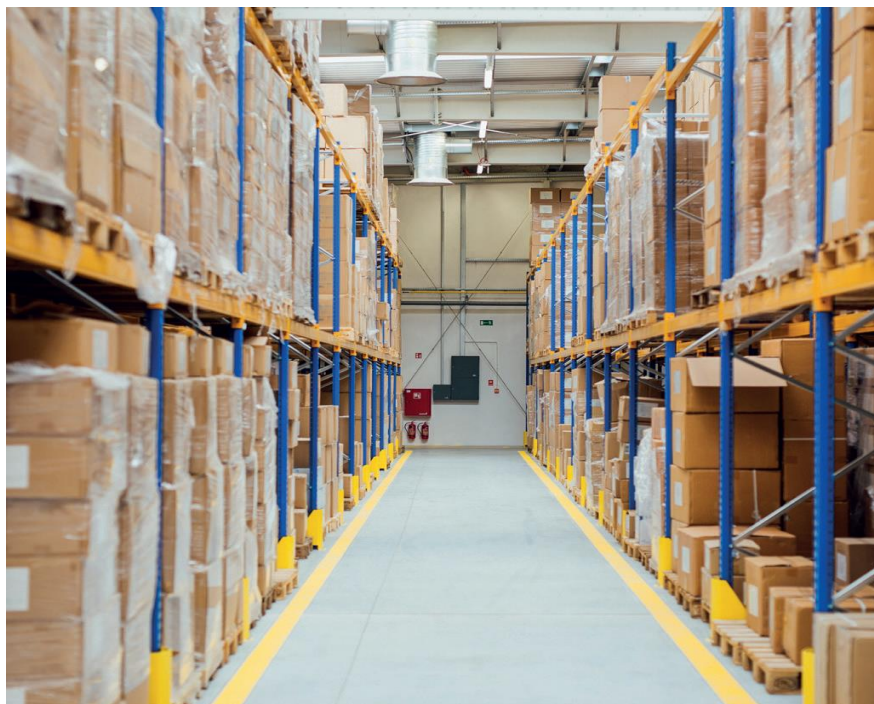
Million of disposable gloves

50

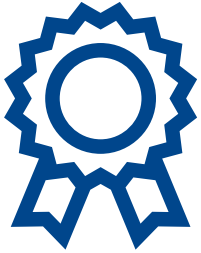
Thousand of masks

3

Thousand of dressings



#Wspólnie przeciw wirusowi



The Mercator Medical Group is noticed and appreciated in many competitions and plebiscites, where its dynamic business growth, geographical expansion and strong increase in capitalization on the Wasaw Stock Exchange are emphasized.

**„Orzeł Rzeczypospolitej” (Eagle of Rzeczpospolita daily)
in the Debut category**

Investor without Borders

(award of the European Economic Congress in Katowice, Poland)

Polish Company - International Champion

(distinction in the Foreign Investments Pioneer category, awarded by PwC Polska and "Puls Biznesu,, daily)

Family Ambassador of the Year 2020 - "Forbes,,

**Stock Exchange Company of the Year 2020 - Success
2020 category and WSE Master title ("Puls Biznesu")**



In 2020 we finalized the rebranding process

consisting in changing the logotype while maintaining the current corporate name



More information on the non-financial activities of Mercator Medical Group can be found in the condensed non-financial report for 2020.



The report is available on the Mercator Medical website in the Investors tab.

www.mercatormedical.eu



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