



## FY 2021 FINANCIAL RESULTS

11 March 2022

# DISCLAIMER

This presentation has been prepared by Medacta Group SA ("Medacta" and together with its subsidiaries, "we", "us" or the "Group"). The information contained in the presentation does not purport to be comprehensive. Please refer to the Medacta 2021 Annual Report available on our website at <https://www.medacta.com/EN/investors>.

## Forward-looking information

This presentation has been prepared by Medacta and includes forward-looking information and statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates", "targets", "plans", "outlook" or similar expressions.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation. The COVID-19 outbreak has caused, and may continue to cause, economic instability and a significant decrease of total economic output in the affected areas and globally. The impact of the COVID-19 outbreak on the general economic environment in the markets in which Medacta operates remain uncertain and could be significant. In addition, other important factors that could cause such differences include: changes in the global economic conditions and the economic conditions of the regions and markets in which the Group operates; changes in healthcare regulations (in particular with regard to medical devices); the development of our customer base; the competitive environment in which the Group operates; manufacturing or logistics disruptions; the impact of fluctuations in foreign exchange rates; and such other factors as may be discussed from time to time. Although we believe that our expectations reflected in any such forward-looking statement are based upon reasonable assumptions, we can give no assurance that those expectations will be achieved.

## Alternative Performance Measures

This presentation contains certain financial measures of historical performance that are not defined or specified by IFRS, such as "constant currency", "EBITDA", "Adjusted EBITDA" or "CORE EBITDA", "Free Cash Flow", "Adjusted Free Cash Flow", "Net Debt" and "Leverage". Reconciliation of these measures as well as "CORE" financial measures is provided in the "Alternative Performance Measures" (APM) section of our 2021 Annual Report. These Alternative Performance Measures (APM) should be regarded as complementary information to, and not as a substitute for, the IFRS beginning performance measures. For definitions of APM, together with reconciliations to the most directly reconcilable IFRS line items, please refer section headed "Alternative Performance Measures" of the 2021 Annual Report.

The 2021 Annual Report is available at <https://www.medacta.com/EN/financial-reports>.

**THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF MEDACTA OR THE GROUP.**



# FRANCESCO SICCARDI

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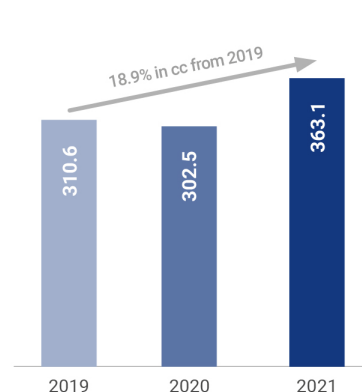
Chief Executive Officer

# 2021 KEY FINANCIAL FIGURES\*

## REVENUES

**EUR 363.1M**

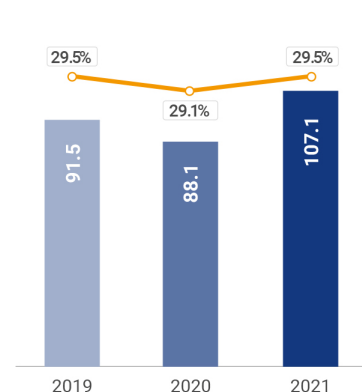
21.4% before FX effects from prior year<sup>1</sup>  
18.9% growth in constant currency from 2019



## ADJUSTED EBITDA<sup>2</sup>

**EUR 107.1M**

29.5% Adjusted EBITDA margin<sup>3</sup>

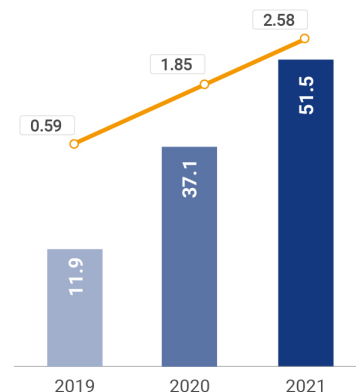


■ Adjusted EBITDA  
■ Adjusted EBITDA margin

## PROFIT FOR THE YEAR

**EUR 51.5M**

EUR 2.58 EPS<sup>4</sup>

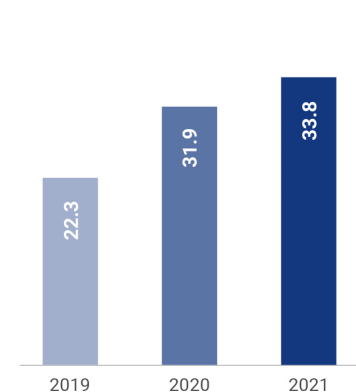


■ Profit for the year  
■ EPS

## ADJUSTED FREE CASH FLOW<sup>5</sup>

**EUR 33.8M**

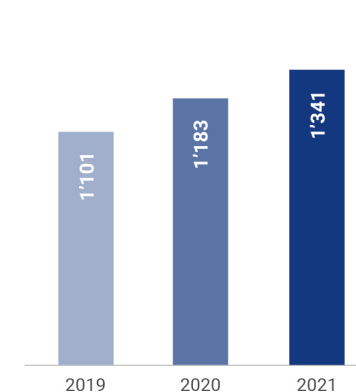
<sup>5</sup> Adjusted Free Cash Flow is calculated as IFRS cash flow from operating activities plus IFRS cash flow from investing activities and adjusted for certain non-recurring items.



## YEAR-END EMPLOYEES TOTAL

**1'341**

158 new jobs added in 2021



<sup>1</sup> Is calculated as the difference between the current and historical period results translated using the current period exchange rates.

<sup>2</sup> Is calculated as EBITDA, adjusted for non-recurring items: provisions on litigations and extraordinary legal expenses.

<sup>3</sup> Adjusted EBITDA margin, is calculated as adjusted EBITDA as a percentage of Revenue for the period.

<sup>4</sup> In the years ended December 31, 2019 and 2020, there is no effect of dilution, and diluted earnings per share equals basic earnings per share.

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# FY 2021 Medacta's Achievements

- In 2021 Medacta's revenue increased by **21.4%** from 2020 at constant currency, to EUR 363.1 million
- Revenue growth from 2019 was equal to **18.9%** at constant currency
- Adjusted EBITDA grew to EUR 107.1 million, corresponding to **29.5% margin**
- Profit for the year increased to EUR 51.5 million, 14.2% on revenues
- Adjusted Free Cash Flow was EUR 33.8 million, up 5.8% compared to prior period
- The Board of Directors is proposing to the Annual General Meeting a **distribution of CHF 0.54 per share**

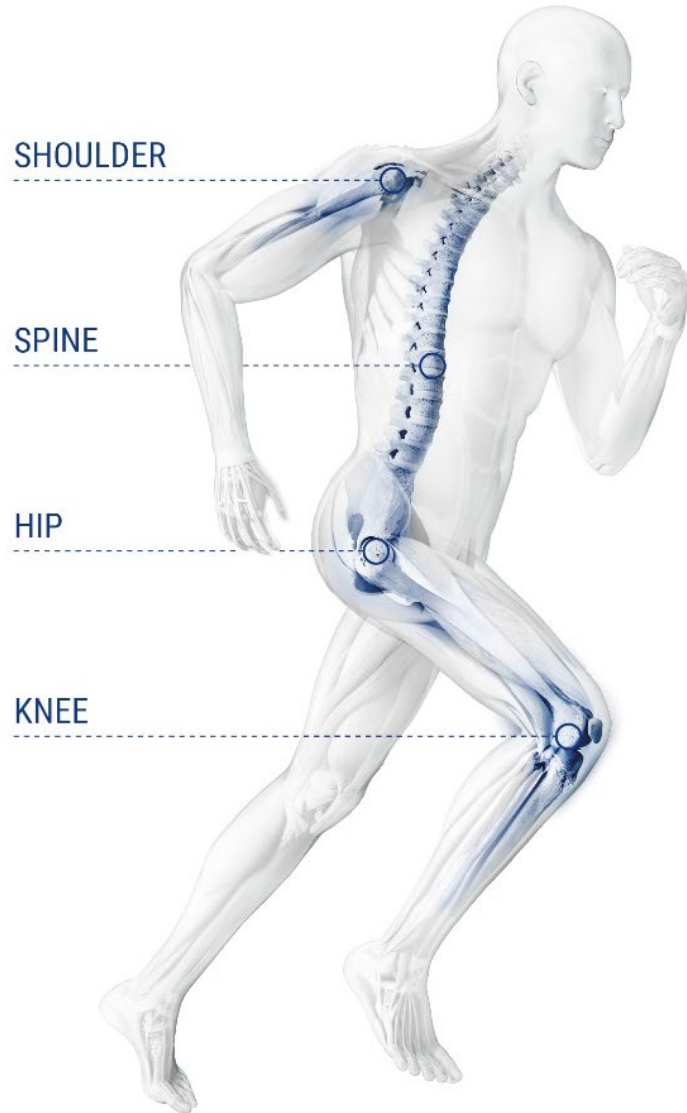
# DEPLOYMENT OF THE NEXTAR™ AR SURGICAL PLATFORM

- NextAR, our Augmented Reality Surgical Platform, empowers the surgeon's vision with **real-time surgical guidance superimposed onto the operative field** to make data-driven decision-making
- NextAR is the first platform to offer Augmented Reality solution for both **joint replacement and spine procedures**. Currently all the applications are in **Limited Market Release** to build Reference Center Network
- An innovative solution designed to improve accuracy and efficiency in surgical procedures, with **low upfront capital investment and cost per case** compared to other technologies
- NextAR can be the optimal solution worldwide, and particularly for U.S. Ambulatory Surgery Centers ("**ASCs**")

**A SINGLE PLATFORM**  
FOR ALL YOUR PROCEDURES



# INNOVATION AND PRODUCT DEVELOPMENT



- **Hip**
  - Further enhancement of the AMIS® technique with the Bikini offering
  - Expansion of our revision platform
  - As innovative technologies, personalized solutions with 3D preoperative planning and intraoperative verification (MyHip® Planner and MyHip® Verifier), as part of our MySolutions Personalized Ecosystem
- **Knee**
  - Continuous focus on Kinematic Alignment (MyKA™ platform)
  - Introduction of SensiTiN™ hypoallergenic implants and new revision options, in addition to the MyKnee® R patient-specific solution
  - European introduction of GMK® Sphere Cementless Femur
  - Further penetration of GMK® Efficiency single-use instruments
- **Extremities**
  - **Shoulder**: introduction of stemless and revision humeral implants, in addition to SensiTiN™ implant options
  - **Sports Med**: completion of knee product offering and enlargement of shoulder and hip solutions
- **Spine**
  - Continuous focus on the MySpine® platform
  - Further expansion of our cervical and MIS platforms

# MARKETING AND MEDICAL EDUCATION PROGRAMS

- Medical Education back to normal level with significant increase compared to 2019
- **Decentralized marketing and educational activities** proved to be very effective at engaging surgeons and supporting customer acquisition
- Further **strengthening of the M.O.R.E. in Touch program**, a series of webcasts including eLearning Classes, eLearning Centers, live surgery specimen demonstrations, and web-based “Meet the Expert” events, **hosted by Medacta TV**
- Launch of a new platform for **remote proctoring activities empowered by augmented reality**



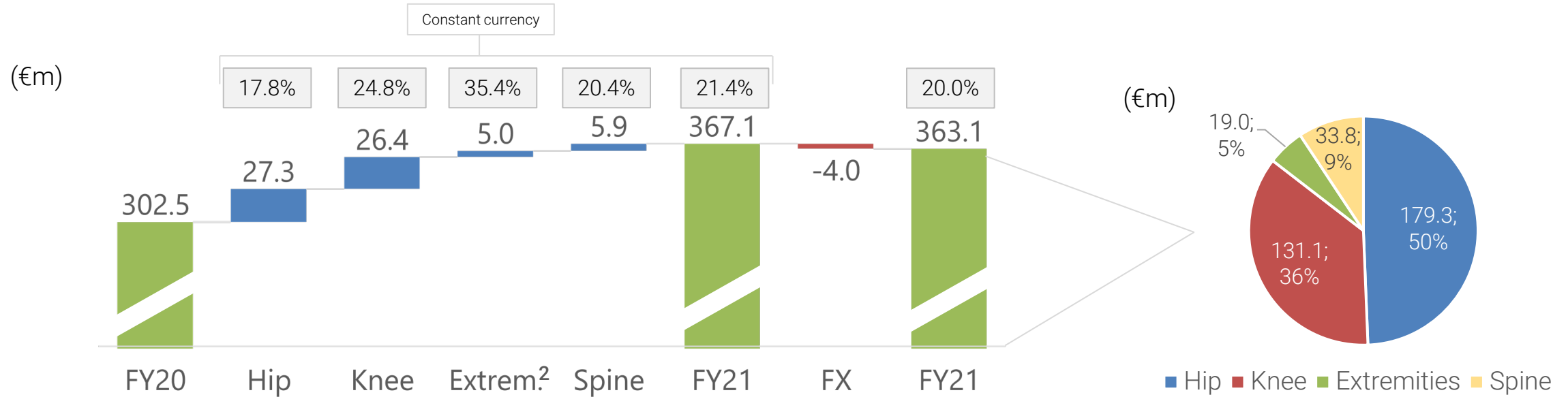


# CORRADO FARSETTA

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Chief Financial Officer

# FY 2021 REVENUE BRIDGE VS 2020 BY PRODUCT LINE<sup>1</sup>

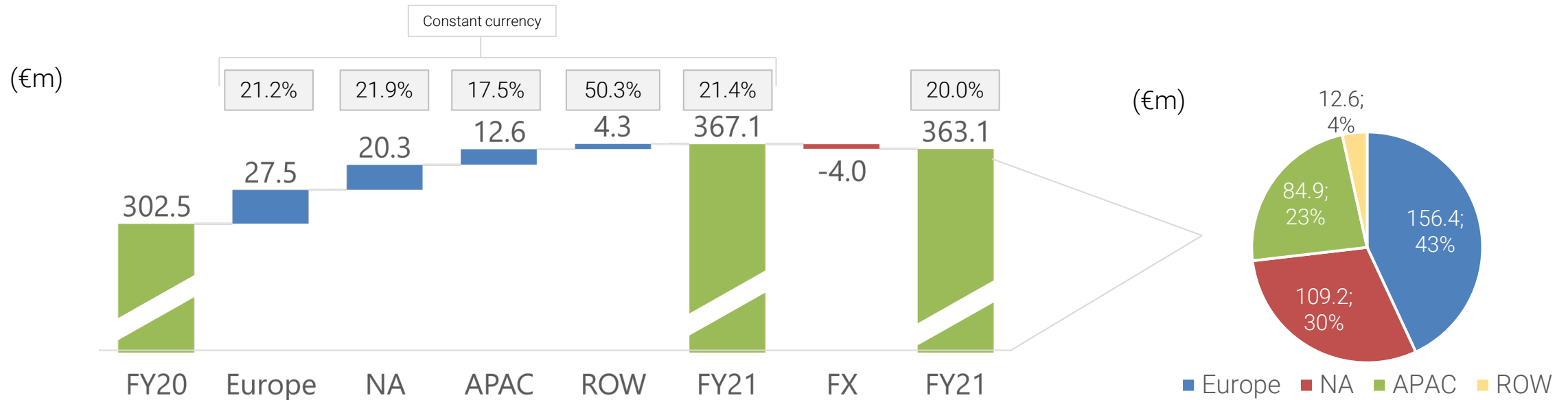


- **Hip:** growth driven by the AMIS® strategy supported by the roll-out of new products
- **Knee:** good momentum generated by Kinematic Alignment, Efficiency single-use instruments and the GMK® Sphere platform
- **Extremities:** acquisition of new customers through the completeness of the Medacta Shoulder System, supported by MyShoulder® and NextAR personalized solutions. Expansion of the Sports Med product offering
- **Spine:** MIS Platform expansion, MySpine® offering enlarged to include new indications such as deformities
- All the business lines benefitted from significant salesforce and marketing expansion

## Notes:

1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the Annual Report. The 2021 Annual Report is available at <https://www.medacta.com/EN/financial-reports>
2. Extremities include Shoulder and Sports Med revenue

# FY 2021 REVENUE BRIDGE VS 2020 BY GEOGRAPHIC AREA<sup>1</sup>



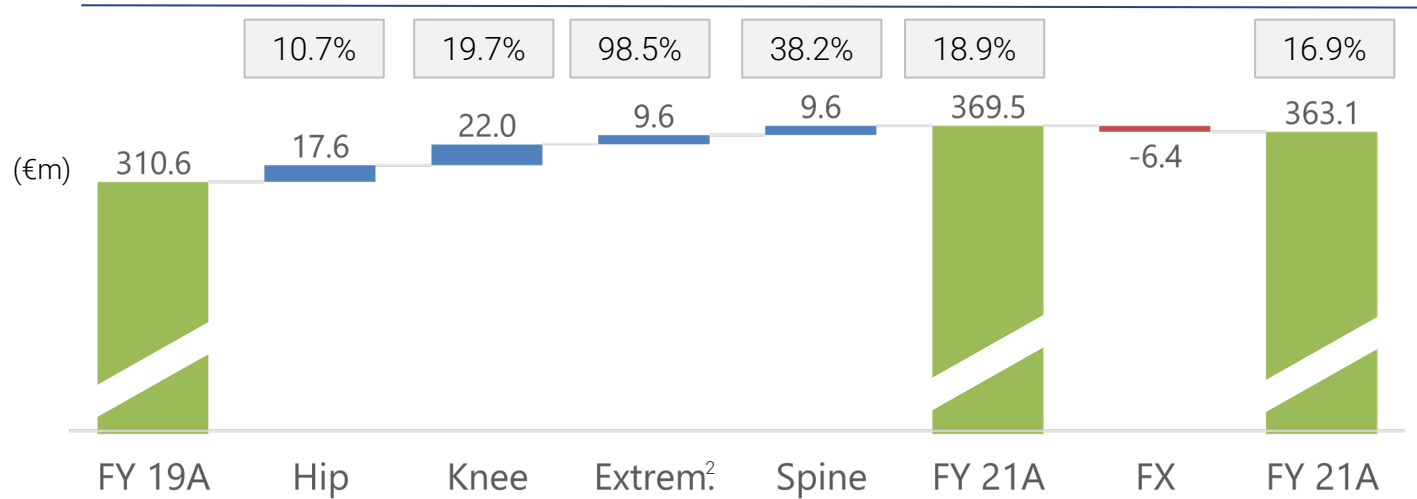
- **Europe:** solid growth across all countries despite COVID-19 restrictions in Q1 and Q4
- **North America:** customer acquisition, salesforce expansion and increased activity level in ASCs, limited by hospital staffing shortages and COVID-19 restrictions
- **Asia Pacific:** growth driven by attainment of new customers, despite pandemic restrictions in Australia in 2H
- **RoW:** increased purchases from stocking distributors and the creation of new distributors in the Middle East and LATAM

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# FY 2021 REVENUE BRIDGE VS 2019<sup>1</sup>

## Growth by Product Line



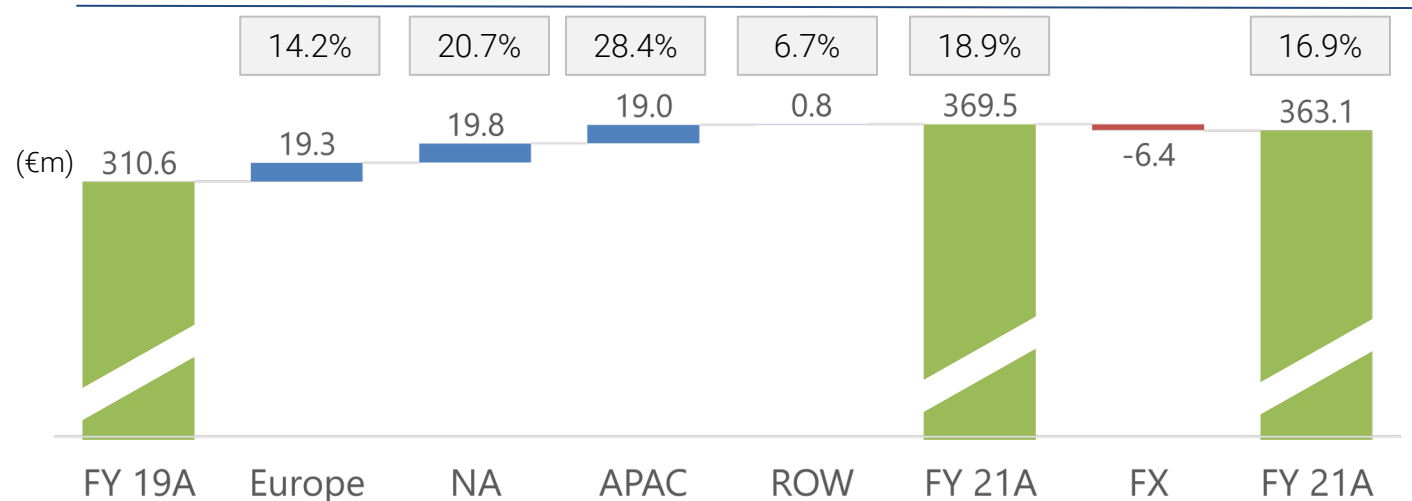
## 2 YEARS GROWTH FROM 2019

In 2021 the growth rate was equal to 21.4% from a 2020 heavily affected by COVID-19.

To better assess our performance, we analyzed our growth from a pre-COVID period, which was equal to 18.9% (2021 vs 2019).

This solid performance shows how we recovered the negative impact of COVID-19 on our top-line and we continued on our path of growth.

## Growth by Geographic Area



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- Extremities include Shoulder and Sports Med revenue

# FY 2021 P&L: REMARKABLE PROFITABILITY<sup>1</sup>

| PROFIT & LOSS STATEMENT (€m)             | FY 2020 A      | FY 2021 A      |
|--|----------------|----------------|
| Revenues                                 | 302.5          | 363.1          |
| Cost of Sales                            | (88.2)         | (101.9)        |
| <b>GROSS PROFIT</b>                      | <b>214.3</b>   | <b>261.2</b>   |
| GROSS PROFIT MARGIN                      | 70.8%          | 71.9%          |
| CORE Research and Development expenses   | (6.8)          | (11.3)         |
| CORE Sales and Marketing expenses        | (110.1)        | (132.6)        |
| CORE General and Administrative expenses | (45.2)         | (50.9)         |
| CORE Other income                        | 1.2            | 1.5            |
| CORE Other expenses                      | (2.3)          | (1.3)          |
| <b>TOTAL CORE OPEX</b>                   | <b>(163.2)</b> | <b>(194.6)</b> |
| <b>CORE OPERATING PROFIT (Adj. EBIT)</b> | <b>51.1</b>    | <b>66.7</b>    |
| Adj. EBIT MARGIN                         | 16.9%          | 18.4%          |
| Depreciation and Amortization            | 37.0           | 40.4           |
| <b>Reported EBITDA</b>                   | <b>86.5</b>    | <b>99.2</b>    |
| REPORTED EBITDA MARGIN                   | 28.6%          | 27.3%          |
| <b>Adjusted EBITDA<sup>2</sup></b>       | <b>88.1</b>    | <b>107.1</b>   |
| ADJUSTED EBITDA MARGIN <sup>3</sup>      | 29.1%          | 29.5%          |
| Financial Results                        | (9.5)          | (3.3)          |
| <b>PROFIT BEFORE TAXES</b>               | <b>39.9</b>    | <b>55.5</b>    |
| Income Taxes                             | (2.8)          | (3.9)          |
| <b>PROFIT FOR THE PERIOD</b>             | <b>37.1</b>    | <b>51.5</b>    |

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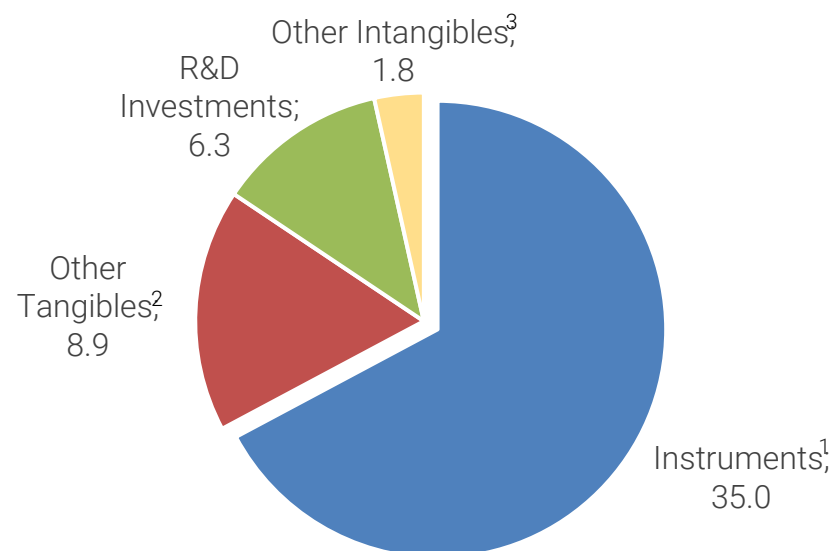
2. Adjusted EBITDA is calculated as EBITDA adjusted for non-recurring items: provisions on litigation, extraordinary legal expenses etc.

3. Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of Revenue for the period.

# FY 2021 INVESTMENTS FOR FUTURE GROWTH

|                     |        |
|---------------------|--------|
| FY 2021 Investments | €52.0m |
| % of Revenues       | 14.3%  |

(€m)



**Notes:**

1. Instruments are netted by proceeds from sale of tangible assets
2. Other Tangibles include plant & machinery, fixture and fittings, tools & equipment (except instruments)
3. Other Intangibles include trademarks, license and other intangible assets

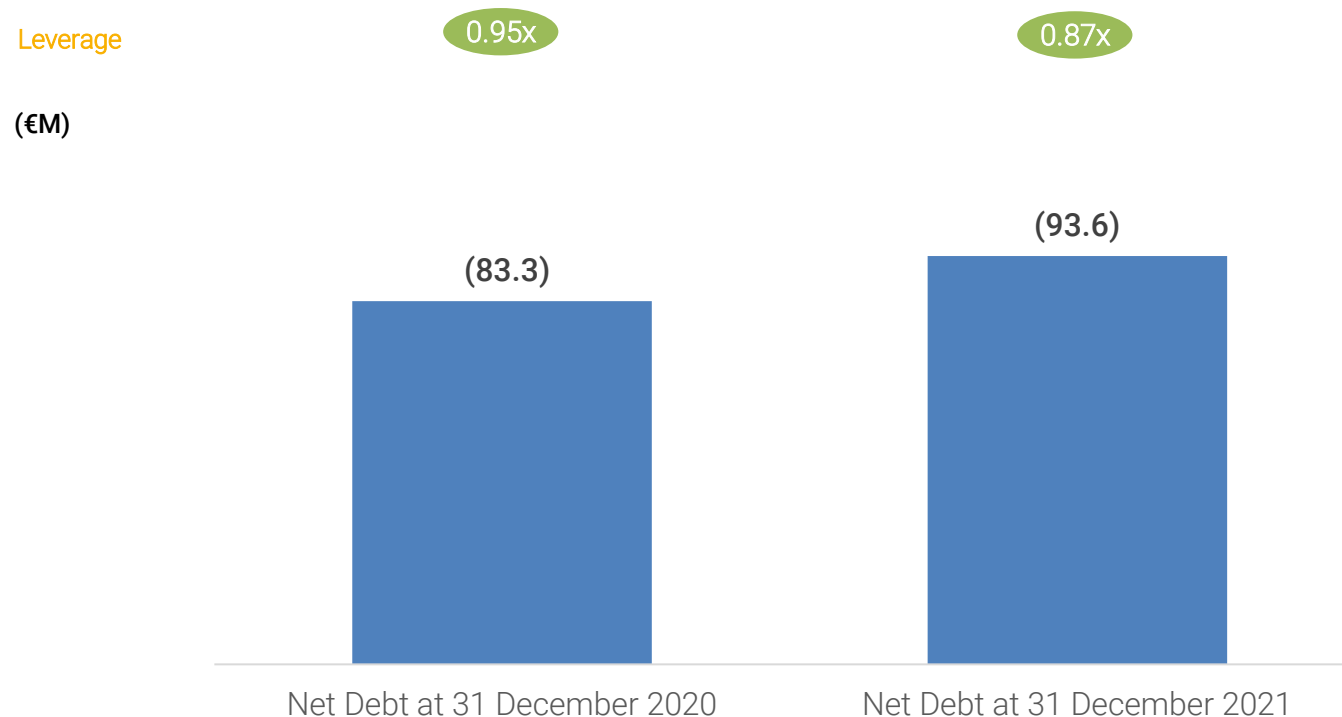
# FY 2021 POSITIVE FREE CASH FLOW<sup>1</sup> AFTER SIGNIFICANT INVESTMENTS TO FUND THE FUTURE GROWTH

| ADJUSTED FREE CASH FLOW (€m)   | FY 2020 A | FY 2021 A |
|--|-----------|-----------|
| PROFIT FOR THE PERIOD  | 37.1      | 51.5      |
| <i>PL Adjustments:</i>   |           |           |
| Income tax expenses  | 2.8       | 3.9       |
| Depreciation and amortisation  | 37.0      | 40.4      |
| Other PL non-cash transactions   | 9.6       | 11.8      |
| Movements in working capital and other                                     | (26.9)    | (53.6)    |
| CASH FLOW FROM OPERATING ACTIVITIES  | 59.6      | 54.1      |
| <i>Adjustments to the operating activities:</i>                            |           |           |
| Legal costs  | 3.1       | 3.0       |
| Microport settlement   | -         | 5.9       |
| Extraordinary tax payment made to settle income taxes on FYs 2017 and 2018 |           | 18.3      |
| ADJUSTED CASH FLOW FROM OPERATING ACTIVITIES                               | 62.7      | 81.2      |
| CAPEX  | (34.2)    | (52.1)    |
| Other investments  | (0.0)     | 0.0       |
| CASH FLOW FROM INVESTING ACTIVITIES  | (34.2)    | (52.0)    |
| <i>Adjustments to the investing activities:</i>                            |           |           |
| Rancate investments  | 3.4       | 4.6       |
| ADJUSTED CASH FLOW FROM INVESTING ACTIVITIES                               | (30.8)    | (47.4)    |
| FREE CASH FLOW   | 25.4      | 2.0       |
| ADJUSTED FREE CASH FLOW  | 31.9      | 33.8      |

**Notes:**

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# NET FINANCIAL DEBT: WE CONTINUE DECREASING OUR LEVERAGE<sup>1,2</sup>



## Notes:

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2. Non-IFRS measure



# FRANCESCO SICCARDI

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Chief Executive Officer

# 2022 Outlook

- In 2022 we will continue to prioritize our **future growth through a further expansion of our international salesforce, with a focus on the US market**. In addition, we remain committed on **product innovation** with several full market releases expected during the year, starting from the **shoulder application of our NextAR technological platform**.
- We are targeting 2022 **revenue in the range of Euro 400 million to Euro 414 million at constant currency**, and **adjusted EBITDA margin equal to 29% within a range of 100 basis points**. The **persistent impact of the COVID-19 pandemic and hospital staffing shortage**, which was still strong in some geographies in the first months of this year, **together with inflation, supply chain and geo-political issues, may negatively affect our performance**.

# Q&A

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