

Press Release - Ad-hoc announcement pursuant to Art. 53 LR

Medacta Group SA reports strong results: +20.4% revenue growth in 2022 and solid adjusted EBITDA margin at 27.6%

- **Medacta's 2022 revenue amounts to Euro 437.1 million**, equal to **20.4% growth** at reported currency, or **15.0% growth at constant currency** from 2021;
- **Adjusted EBITDA grew to Euro 120.4 million**, corresponding to **27.6% margin**, or **28.1% in constant currency**;
- The Board of Directors is proposing a **distribution of CHF 0.54 per share**;
- **Outlook for 2023**: we are targeting, at constant currency, **revenue** in the range of **EUR 480 million to EUR 495 million** and **adjusted EBITDA margin largely in line with 2022**, subject to any unforeseen events.

CASTEL SAN PIETRO, 17 March 2023 – Medacta Group SA (“Medacta”, SIX:MOVE) today reported financial results for the full year ended 31 December 2022 and provided a corporate update.

Francesco Siccardi, CEO of Medacta, commented: *“Despite the ongoing challenging environment, Medacta delivered a strong 2022 performance. Our 20.4% revenue growth from 2021 along with our Adjusted EBITDA margin of 27.6% (28.1% in constant currency), shows that Medacta was able to adapt, delivering a strong top-line growth and a resilient margin level.*

*Looking ahead, while some macroeconomic challenges may persist in 2023, we remain positive and will continue to **invest in our people, innovation and medical education** to maintain this momentum of **solid results.**”*

Our Achievements

In 2022, we celebrated an important milestone **by surpassing 1'500 employees** at Group level and close to 200 new jobs were added across all geographies, including **significant salesforce expansion**. We also made significant strategic investments on our infrastructure, in particular on May 18, 2022, we opened the doors of our **new offices in Rancate**. With an expansion of 2'100 square meters supporting the creation of new jobs, the new building complements and works in complete synergy with the Castel San Pietro headquarters: two hubs of cutting-edge technology which continue to innovate responsibly for the benefit of patients, medical professionals, healthcare systems and the local community.

Management made strategic investments in **strengthening our supply chain** by increasing surgical instrument sets and implant stock to serve new customers, to cope with possible shortages and capture market opportunities. Also, we projected **two major plant expansions at our Swiss headquarters** to support our future growth. In Castel San Pietro, the production

area will be expanded by about 5'300 square meters, bringing the total area to 15'300 square meters, with an increase of more than 50 percent in total area. The current 12'000 square meters in Rancate will be further expanded with a new area of about 9'500 square meters, with an increase of almost 80% in operational space. In total, Medacta plants in Ticino are foreseen to cover more than 36'800 square meters. These expansions will allow a **significant increase in manufacturing capacity** while always maintaining a strong alignment with our corporate sustainability pillars.

Innovation continued through all business lines. In a world where technology advances very fast, MySolutions Personalized Ecosystem embodies our vision to never stop improving the experience for patients, surgeons, and care facilities.

Within our **MySolutions Personalized Ecosystem**, NextAR™ platforms have been launched globally including Japan in June 2022. In October 2022, the NextAR™ Spine application was awarded by the 2022 Spine Technology Award from Orthopedics This Week.

The NextAR™ platform is offered as a hardware system with limited capital investment and single-use instrumentation at a low cost per case and offers the ability to host software for multiple applications in both joint and spine. The platform represents an optimal solution worldwide and particularly for U.S. Ambulatory Surgery Centers (ASCs).

We continued our commitment to **medical education of surgeons**. Besides in-person scientific events, the M.O.R.E. in Touch program offered surgeons valuable online resources to deepen their knowledge and discover more about our solutions. We further expanded our network of reference center surgeons active worldwide across all our business lines.

REPORTED PERFORMANCE MEASURES

(Million Euro)	31.12.2022	31.12.2021
Revenues	437.1	363.1
Gross Profit	305.3	261.2
Profit for the year	46.2	51.5
Distribution proposal to the AGM 2023 (in million CHF)	10.8	10.7

Alternative Performance Measures:

EBITDA	113.0	99.2
Adjusted EBITDA*	120.4	107.1
Adjusted EBITDA margin*	27.6%	29.5%
Free Cash Flow	8.4	2.0
Adjusted Free Cash Flow**	21.6	33.8

(Million Euro)		
Total Assets	584.5	489.3
Total Equity	274.7	226.4
Equity Ratio	47.0%	46.3%
Number of employees	1'537	1'341

* Adjusted in 2022 for provisions on litigations (Euro 2.5 million) and for the Italian payback (Euro 3.1 million), extraordinary legal expenses (Euro 1.2 million) and extraordinary MDR transition costs (Euro 0.6 million). The reconciliation is provided in the "Alternative Performance Measures" section of the Management Report.

** Adjusted in 2022 for extraordinary legal expenses (Euro 1.2 million), for the settlement of legal claims (Euro 5.1 million), MDR transition costs (Euro 0.6 million), non-recurring investments in Rancate offices (Euro 1.2 million) and in Castel San Pietro land (Euro 4.8 million) and Levante Medica asset deal (Euro 0.2 million). Please see the "Alternative Performance Measures" section of the Management Report for the reconciliation of the "Adjusted Free Cash Flow".

Strong Growth in All Regions and Business Lines

In 2022, revenue increased 15.0% at constant currency and 20.4% on a reported currency over the prior year, at Euro 437.1 million, with positive contributions from all business lines and geographies. The growth was driven by significant customer acquisition, salesforce expansion and successful new product introduction.

Revenue in **Europe** registered an increase of 17.6% from 2021 and 34.4% from 2019 on a constant currency basis, to Euro 187.4 million. **North America** grew to Euro 136.8 million, or 11.5% from 2021 and 34.6% from 2019 on a constant currency basis. Revenue in **Asia Pacific** increased by 11.2% from 2021 and 43.2% from 2019 on a constant currency basis, to Euro 94.4 million. Revenue in **RoW** was Euro 18.6 million, a growth of 38.7% from 2021 and 48.9% from 2019 on a constant currency basis.

In terms of trend by business line, revenue from our **Hip** products increased to Euro 203.6 million, or 9.2% from 2021 and 21.1% from 2019 on a constant currency basis. Revenue from our **Knee** offerings was Euro 164.5 million, a growth of 18.4% from 2021 and 41.8% from 2019 on a constant currency basis. Our **Extremities** business line reported an increase in revenue of 38.8% from 2021 and 175.3% from 2019 on a constant currency basis, to Euro 27.5 million. Revenue from our **Spine** offering grew by 19.2% from 2021 and 64.4% from 2019 at constant currency, to Euro 41.5 million.

Gross Profit Performance

The Gross Profit was EUR 305.3 million compared to EUR 261.2 million in the previous year. The Gross Profit margin was equal to 69.8% compared to 71.9% in 2021. This change was primarily due to temporary geographic mix effects caused by hospital staffing shortages and significant longer than expected COVID impacts that lowered the contribution of USA and Australia on total volumes. Also, we experienced negative impact from currency development and price erosion.

Adjusted EBITDA Margin

The Adjusted EBITDA amounted to EUR 120.4 million (EUR 107.1 million in 2021), corresponding to a margin of 27.6% (28.1% in constant currency) compared to 29.5% in 2021. The change of margin reflects primarily the reduction in gross profit, the negative currency development and inflationary pressure on transports and travels partially compensated by the leverage on fixed costs from higher sales volumes.

Adjusted EBIT Margin

The Adjusted EBIT amounted to EUR 68.9 million, 15.8% on revenues, compared to EUR 66.7 million, 18.4% on revenues, in 2021. The change of margin was due to the reduction of EBITDA and higher depreciation and amortization, primarily from investment in instruments, to sustain the growth and to cope with supply chain disruption, and from material R&D projects completed in 2021.

Profit for the period

The profit for the period was EUR 46.2 million, compared to EUR 51.5 million in 2021 which benefited from non-recurring positive effects on income taxes (approximately EUR 4.5 million) and lower financial costs (EUR 3.3 million).

Solid Balance Sheet

Medacta's balance sheet remains robust, with total assets increasing to EUR 584.5 million and an equity ratio of 47.0% at the end of the reporting period (46.3% in 2021). The Adjusted Free Cash Flow generated in 2022 amounted to EUR 21.6 million (EUR 33.8 million in 2021), after significant investments in new instruments and in the development of new implants and surgical instruments to sustain the future growth of Medacta.

Proposal for distribution

The Board of Directors, after assessing the strong economic and financial results of the year, decided to reward our shareholders through a distribution. Our Board members are proposing to the Annual General Meeting the distribution of CHF 0.54 per share, half of it to be distributed as dividend out of available earnings and half of it to be distributed out of accumulated reserves from capital contribution.

2023 Outlook

We are targeting at constant currency revenue in the range of EUR 480 million to EUR 495 million and adjusted EBITDA margin largely in line with 2022, subject to any unforeseen events.

Detailed Reporting

Medacta's Annual Report 2022 can be downloaded via this link:

<https://www.medacta.com/EN/financial-reports>

Forward Financial Calendar

- 27 April 2023 Annual General Meeting
- 28 July 2023 Publication of 2023 Half-year unaudited top-line figures
- 22 September 2023 Half-year results 2023

Webcast Today at 3:00 pm (CET)

Medacta Group SA will present its Full Year 2022 Financial Results during a webcast today at 3:00 pm (CET). The results call will be headed by Francesco Siccardi (CEO) and Corrado Farsetta (CFO). The conference will be held in English.

Live-Link:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=MwA1Q1ok>

Dial-in numbers for conference call function only:

CH: +41 225954727

DE: +49 6917415713

UK: +44 1 212818003

USA: +1 7187058794

ITA: +39 02 36213011

Contact

Medacta International SA

Giorgio Botta, Head of Investor Relations

Phone: +41 91 696 14 95

investor.relations@medacta.ch

About Medacta

Medacta is an international company specializing in the design, production, and distribution of innovative orthopedic products, as well as in the development of accompanying surgical techniques. Established in 1999 in Switzerland, Medacta is active in joint replacement, spine surgery, and sports medicine. Medacta is committed to improving the care and well-being of patients and maintains a strong focus on healthcare sustainability. Medacta's innovation, forged by close collaboration with surgeon leaders globally, began with minimally invasive surgical techniques and has evolved into personalized solutions for every patient. Through the M.O.R.E. Institute, Medacta supports surgeons with a comprehensive and tailored program dedicated to the advancement of medical education. Medacta is headquartered in Castel San Pietro, Switzerland, and operates in over 50 countries.

Disclaimer

This press release has been prepared by Medacta Group SA ("Medacta" and together with its subsidiaries, "we", "us" or the "Group"). The information contained in the press release does not purport to be comprehensive and is not to be taken as containing any securities advice, recommendation, offer or invitation to subscribe for, purchase or redeem any securities regarding Medacta. The information contained in the press release does not purport to be comprehensive. Please refer to the Medacta 2022 Annual Report available on our website at <https://www.medacta.com/EN/investors>.

Forward-looking information

This press release 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 press release. 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.

¹ Alternative Performance Measures

This press release 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 2022 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 2022 Annual Report.

The 2022 Annual Report is available at <https://www.medacta.com/EN/financial-reports>.