



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

Medacta Group SA reports strong revenue growth of 19.0% and adjusted EBITDA margin¹ of 27.5% in the first semester 2022

- **1H 2022 revenue increased to Euro 211.3 million, or 19.0% reported (14.6% at constant currency) from 1H 2021**
- **Adjusted EBITDA margin of 27.5%**, impacted by salesforce expansion, geographic mix, inflationary cost and foreign exchange effects
- **Outlook for 2022:** revenue growth revised upward in the range of 14% to 16% and adjusted EBITDA margin expected now around 27.5%, both measured at constant currency, subject to any unforeseen events

CASTEL SAN PIETRO, Switzerland, 9 September 2022 – Medacta Group SA (“Medacta”, SIX:MOVE) today reported financial results for the Half-Year ending 30 June 2022.

Francesco Siccardi, CEO of Medacta, commented *“In the first semester, we delivered excellent results mainly driven by high revenue growth, despite a less favorable geographic mix because of Covid-19 effects in Australia and US at the beginning of the period. This high growth did bring incremental costs associated with faster salesforce expansion and new customer acquisition, to be added on top of extraordinary margin pressure from inflation and foreign currency headwind. Looking ahead, we feel confident on our future growth despite the economic challenges ahead of us.”*

Our Achievements

In the first semester 2022 we continued executing our long-term value creation strategy based on innovation, medical education, and hiring of salesforce.

Innovation continued through all product lines. Following 1,000 NextAR™ surgeries performed worldwide in the limited market release phase, we reached 100 NextAR™ platforms in the market. This milestone was driven by the full market release of the NextAR™ Shoulder application in May 2022. In June 2022, NextAR™ further enlarged its worldwide outreach with the approval in Japan. 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 for both joint and spine. The platform represents an optimal solution worldwide and particularly for U.S. Ambulatory Surgery Centers (ASCs).

Our Marketing and Medical Education Programs continued, and we further expanded our network of expert surgeons with more than 500 reference centers active worldwide. In the first

semester the reduction of Covid-related restrictions allowed for a re-establishment of national and international congressional activities.

During the semester, 80 new jobs were added to support the operation and the salesforce expansion across all the geographies and business lines. We continued to assure strategically a strong supply chain through investments in surgical instrument sets and implant stock to serve new customers and avoid possible shortages.

KEY FINANCIAL FIGURES (UNAUDITED)

(Million Euro)	30.06.2022	30.06.2021
Revenues	211.3	177.5
Gross Profit	148.4	128.6
Profit for the period	25.6	29.7

Alternative Performance Measures:		
EBITDA	56.8	50.1
Adjusted EBITDA*	58.1	56.6
Adjusted EBITDA margin*	27.5%	31.9%
Free Cash Flow	(5.1)	(8.5)
Adjusted Free Cash Flow**	3.8	13.4

(Million Euro)	30.06.2022	31.12.2021
Total Assets	550.8	489.3
Total Equity	252.2	226.4
Equity Ratio	45.8%	46.3%
Number of employees	1,421	1,341

* Adjusted for extraordinary legal expenses (Euro 0.8M), the accrual on RSB settlement (Euro 0.3M) and extraordinary MDR costs (Euro 0.2M). The reconciliation is provided in the "Alternative Performance Measures" section of the 2022 Half-Year Report.

** Adjusted for extraordinary legal expenses (Euro 0.8M), the settlement of RSB litigation (Euro 0.3M) and of MicroPort litigation (Euro 1.8M), extraordinary MDR costs (Euro 0.2M), the strategic purchase of land for Castel San Pietro expansion (Euro 4.6M) and Levante Medica asset deal (Euro 0.2M). Please see the "Alternative Performance Measures" section of the 2022 Half-Year Report for the reconciliation of the "Adjusted Free Cash Flow".

Revenue growth

In the first semester 2022, revenue increased 19.0% on reported currency and 14.6% at constant currency from the first semester 2021, at Euro 211.3 million. Significant customer acquisition, salesforce expansion and product introduction drove the growth that was limited by pandemic restrictions and hospital staffing shortages in Australia and US.

Compared to the first semester 2019, revenue was up 36.5% at constant currency, representing a CAGR of 10.9% c.c.; true growth beyond a mere recovery.

Gross Profit margin

The Gross Profit was Euro 148.4 million compared to Euro 128.6 million in the first semester 2021. The Gross Profit margin was equal to 70.2% compared to 72.5% in the first semester of the previous year, following a less favourable geographic mix contribution, price reductions in certain countries and negative currency development.

Adjusted EBITDA margin

The Adjusted EBITDA amounted to Euro 58.1 million (Euro 56.6 million in the first semester 2021), corresponding to a margin of 27.5% compared to 31.9% in 2021. The change of margin reflects primarily the reduction in gross profit, the negative currency development, higher costs mainly from incremental new customer acquisition and salesforce expansion to sustain momentum and future growth and from inflationary pressure on transports and travels. It is to be noted that the EBITDA margin in the first semester of 2021 was highly inflated by non-recurring cost savings due to pandemic restrictions.

Adjusted EBIT margin

The Adjusted EBIT amounted to Euro 33.7 million, 16.0% on revenues, compared to Euro 38.1 million, 21.4% on revenues, in the first semester 2021. The change of margin was due to the reduction of EBITDA and higher depreciation and amortization, primarily from R&D projects following the new European Medical Devices Regulation that fully entered into force in the first semester 2021.

Profit for the period

The Profit for the period was Euro 25.6 million, after income taxes of Euro 4.9 million, compared to Euro 29.7 million in the first semester 2021, which benefited from non-recurring positive effects on income taxes.

Solid Balance Sheet

Medacta's balance sheet further strengthened, with total assets increasing to Euro 550.8 million and an equity ratio of 45.8% at the end of the reporting period. The Adjusted Free Cash Flow generated in the first semester 2022 amounted to Euro 3.8 million (Euro 13.4 million in the first semester 2021), after significant investments for future manufacturing plant expansion and new instruments, and development to enable the future growth of Medacta.

Outlook 2022

We revise upward our 2022 revenue growth guidance in the range of 14% to 16%, at constant currency. Following the persistently less favorable revenue geographic mix, together with inflationary costs due to macroeconomic and geopolitical issues, adjusted EBITDA margin is now expected around 27.5%, at constant currency, subject to any unforeseen events. This compares to our previous outlook of revenue growth towards 14% and adjusted EBITDA margin towards 28%, both measured at constant currency.

Detailed reporting

Medacta's 2022 Half-Year Report can be downloaded via this link:

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

Webcast Today at 3:00 pm (CEST)

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

The listen-only live audio webcast can be accessed at:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=mgB4eSJ5>

Dial-in numbers for conference call function only:

CH: +41 225954727

DE: +49 6917415713

UK: +44 1 212818003

USA: +1 718 7058794

Investor Calendar

13, 14, 15 September 2022	International Investor Roadshow
16 September 2022	J.P. Morgan CEO Call Series
10 November 2022	UBS European Virtual Conference
16 November 2022	Credit Suisse Equity Forum Switzerland

Contact

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About Medacta

Medacta is an international company specializing in the design, production, and distribution of innovative orthopaedic 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 40 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. Please refer to the Medacta 2022 Half-Year Report available on our website at <https://www.medacta.com/EN/financial-reports>.

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. 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.

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”, “Adjusted and normalized 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 Half-Year 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 Half-Year Report.

The 2022 Half-Year report is available at <https://www.medacta.com/EN/financial-reports>.