



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

## **Medacta Group SA delivers 21.4% revenue growth<sup>1</sup> in 2021 and strong adjusted EBITDA margin at 29.5%**

- **2021 revenue increased by 21.4% from 2020 and by 18.9% from 2019 at constant currency, to EUR 363.1 million**
- **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 a distribution of CHF 0.54 per share**
- **Outlook for 2022:** We are targeting revenue in the range of EUR 400 million to EUR 414 million at constant currency, and adjusted EBITDA margin equal to 29% within a range of 100 basis points, subject to any unforeseen events

CASTEL SAN PIETRO, 11 March 2022 – Medacta Group SA (“Medacta”, SIX:MOVE) today reported financial results for the full year ended 31 December 2021 and provided a corporate update.

**Francesco Siccardi, CEO of Medacta, commented:** *“I am very proud of the results achieved in 2021 with strong top-line growth, margin expansion and solid cash flow. Our 21.4% revenue growth from 2020 and 18.9% from 2019, the pre-COVID year, proves our notable gain of market share in a very difficult environment. Looking ahead, we believe we are well-positioned for future growth thanks to our salesforce hiring plans, innovation pipeline and relaunched medical education programs.”*

### **Our Achievements**

In 2021, we continued executing our strategy based on three pillars of **innovation, medical education and international salesforce expansion**, preparing our future growth.

Innovation continued and **over 50 new products across all our business lines** were registered.

NextAR™ is our Augmented Reality Surgical Platform that empowers the surgeon’s vision with real-time surgical guidance superimposed onto the operative field to make data-driven decision-making. NextAR Platform 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. NextAR is 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”).

In the **Hip** business line, we further enhanced the AMIS® technique with comprehensive AMIS Bikini offering. We expanded our revision platform and, with regards to new technologies, we

introduced personalized solutions with 3D preoperative planning and intraoperative verification (MyHip® Planner and MyHip® Verifier), as part of our MySolutions Personalized Ecosystem.

In the **Knee** business segment, our focus on Kinematic Alignment (MyKA™) continued. We introduced SensiTiN™ hypoallergenic implants and new revision options, together with the MyKnee®-R patient-matched solution. In Europe we introduced GMK® Sphere Cementless Femur and GMK® Efficiency single-use instruments further penetrated the market. In the **Shoulder** business line, we introduced stemless and revision humeral implants, in addition to SensiTiN™ implant options, and in our **Sports Med** business segment, we completed the knee product offering and enlarged our shoulder and hip solutions. In the **Spine** business line, our focus on the MySpine® platform continued and we further expanded cervical and MIS platforms.

In 2021 **Medical Education returned to a normal situation with a significant increase compared to 2019**. Decentralized marketing and educational activities proved to be very effective at engaging surgeons and supporting customer acquisition. We further strengthened our M.O.R.E. in Touch program, a series of webcasts hosted by Medacta TV. We launched a new platform for remote proctoring activities empowered by augmented reality.

In 2021, **158 new jobs** were added across all geographies, **including significant salesforce expansion** and we continued to invest in additional **surgical instruments to serve new customers**.

#### REPORTED PERFORMANCE MEASURES

(Million Euro)	31.12.2021	31.12.2020
Revenues	363.1	302.5
Gross Profit	261.2	214.3
Profit for the year	51.5	37.1
Distribution proposal to the AGM 2022 (in CHF)	10.7	-

#### Alternative Performance Measures:

EBITDA	99.2	86.5
Adjusted EBITDA*	107.1	88.1
Adjusted EBITDA margin*	29.5%	29.1%
Free Cash Flow	2.0	25.4
Adjusted Free Cash Flow**	33.8	31.9

(Million Euro)		
Total Assets	489.3	441.9
Total Equity	226.4	164.7
Equity Ratio	46.3%	37.3%
Number of employees	1'341	1'183

\* Adjusted in 2021 for provisions on litigations (Euro 4.9 million), extraordinary legal expenses (Euro 3.0 million). The reconciliation is provided in the "Alternative Performance Measures" section of the 2021 Annual Report.

\*\* Adjusted for extraordinary legal expenses (Euro 3.0 million), for the settlement of the legal claim with MicroPort (Euro 5.9 million), extraordinary tax payment (Euro 18.3 million) and non-recurring investments (Euro 4.6 million). Please see the "Alternative Performance Measures" section of the 2021 Annual Report for the reconciliation of the "Adjusted Free Cash Flow".

### **Strong Growth in All Regions and Business Lines**

In 2021, revenue increased 21.4% at constant currency and 20.0% on a reported currency over the prior year, at Euro 363.1 million, with positive contributions from all business lines and geographies. The growth was driven by significant carry-over and customer acquisition, in addition to normalization of surgical activities, which were limited by further pandemic restrictions throughout the year.

In terms of trend by business line, revenue from our **Hip** products increased to Euro 179.3 million, or 17.8% from 2020 and 10.7% from 2019 on a constant currency basis. Revenue from our **Knee** offerings were Euro 131.1 million, a growth of 24.8% from 2020 and 19.7% from 2019 on a constant currency basis. Our **Extremities** business line reported an increase in revenue of 35.4% from 2020 and 98.5% from 2019 on a constant currency basis, to Euro 19.0 million. Revenue from our **Spine** offering grew by 20.4% from 2020 and 38.2% from 2019 at constant currency, to Euro 33.8 million.

In terms of geographic trend, revenue in **Europe** registered an increase of 21.2% from 2020 and 14.2% from 2019 on a constant currency basis, to Euro 156.4 million. Revenue in **North America** grew to Euro 109.2 million, or 21.9% from 2020 and 20.7% from 2019 on a constant currency basis. Revenue in **Asia Pacific** increased by 17.5% from 2020 and 28.4% from 2019 on a constant currency basis, to Euro 84.9 million. Revenue in **RoW** were Euro 12.6 million, a growth of 50.3% from 2020 and 6.7% from 2019 on a constant currency basis.

### **Gross Profit Performance**

The Gross Profit increased to Euro 261.2 million from Euro 214.3 million in 2020. The Gross Profit margin was equal to 71.9% compared to 70.8% in the previous year. The growth was primarily due to a positive leverage impact, partially compensated by expected price reductions in certain countries, negative geographic mix and currency development.

### **Strong EBITDA Margin**

The adjusted EBITDA increased to Euro 107.1 million (Euro 88.1 million in 2020), corresponding to a margin of 29.5%, compared to 29.1% in 2020. This growth reflects primarily the leverage on fixed costs from higher sales volumes.

### **Solid Balance Sheet**

Medacta's balance sheet further strengthened with total assets increasing to Euro 489.3 million and an equity ratio of 46.3% at the end of the reporting period (37.3% in 2020). The Adjusted Free Cash Flow generated in 2021 amounted to Euro 33.8 million (Euro 31.9 million in 2020), after significant investments in new instruments and development to sustain the future growth of Medacta.

### **Proposal of distribution**

The Board of Directors is proposing to the Annual General Meeting the distribution of **CHF 10.7 million or 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.

## **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 to be 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.

## **Detailed Reporting**

Medacta's Annual Report 2021 can be downloaded via this link:

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

## **Forward Financial Calendar**

- 19 May 2022 Annual General Meeting
- 15 July 2022 Publication of 2022 Half-year unaudited top-line figures
- 9 September 2022 Half-year results 2022

## **Webcast Today at 3:00 pm (CET)**

Medacta Group SA will present its Full Year 2021 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://www.webcast-egs.com/medacta20220311>

For participants to the conference call (slides only):

<https://www.webcast-egs.com/medacta20220311/no-audio>

Dial-in numbers for conference call function only:

CH: +41 445806522

DE: +49 69201744220

UK: +44 2030092470

USA: +1 8774230830

PIN: 55511977#

## **Contact**

*Medacta International SA*

*Gianna La Rana, 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 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 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 2021 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. 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.*

### **<sup>1</sup> 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 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>.*