



2021 | First-half year Results

Presentation for investors, analysts and the media
Basel, 17 August 2021

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Half-year highlights

Christoph Brönnimann, CEO

Financial & business review

Dirk Kirsten, CFO

Strategic update

Christoph Brönnimann, CEO

Outlook 2021

Christoph Brönnimann, CEO

Q & A

CEO & CFO

Half-year highlights

REVENUE

CHF **73.6** million

- Accelerated growth trend in H1
- Benefiting from lower baseline (lock-down)

EBITDA MARGIN

19.2%

- EBITDA of CHF 14 million marks new record
- Driven by strong topline growth and efficiency gains

REVENUE GROWTH

+29.2% CER¹ vs. PY

- +20.6% CER² vs. 2019
- Dynamic growth in all regions
US fastest growing territory (+46% vs. PY)

HEADCOUNT

649 (+5% vs. PY)

- New sales jobs in growth markets, quality to meet MDR readiness, and R&D to drive development pipeline

¹ CER (constant exchange rates) excludes currency effects between two reporting periods. PP = Percentage Points PY = Previous Year

² In addition to the 2020 growth figures, this report also includes the change 2021 vs. 2019 as this provides a more normalised comparison base during the current pandemic situation.

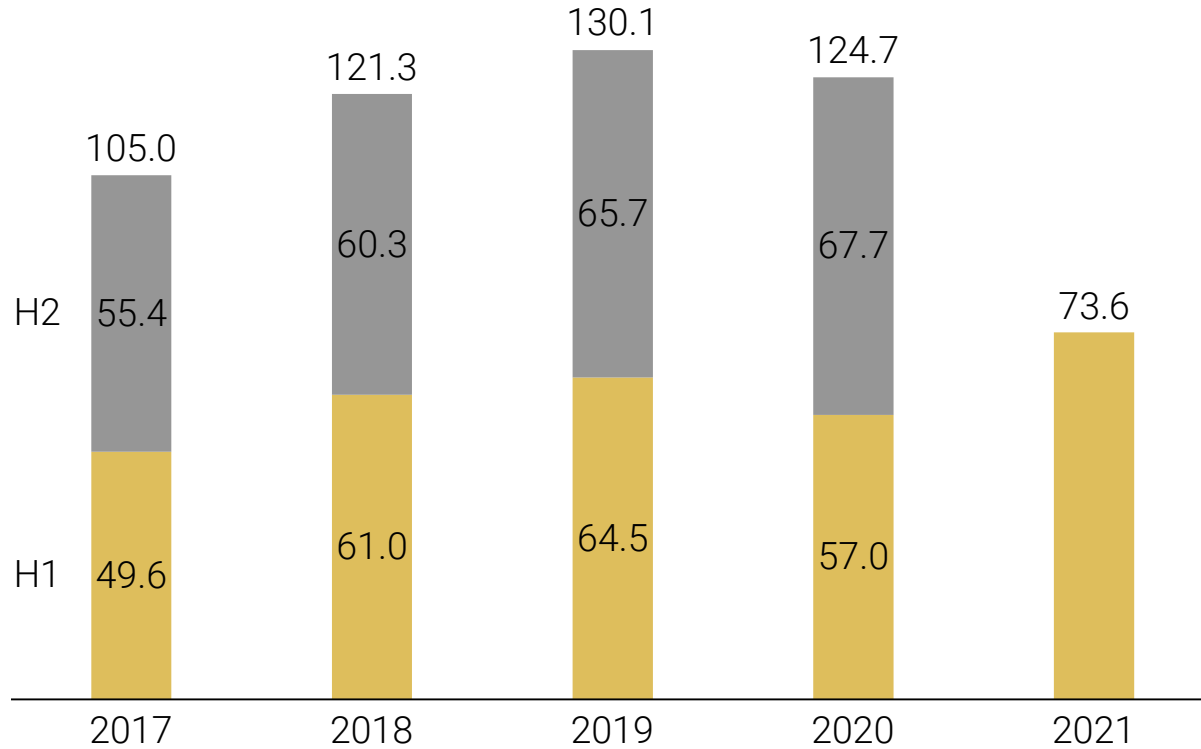
Strong H1 performance provides confidence for rest of the year

- Strong sales growth in all regions led by the US, where investments into distribution starting to pay off
- Headwind from COVID-19 pandemic easing but still noticeable in H1 - uncertainty persists
- Profitability increased strongly on all levels
- Positive customer reaction from new products – KeriMedical distribution fully on track
- Completion of the product portfolio continues – innovation pipeline further strengthened
- EU supply chain hub in Germany successfully implemented (major milestone to comply with MDR¹)
- Strong H1 performance allows us to look more positively into H2 and raise our full-year sales growth guidance to “at least 20%” in CER

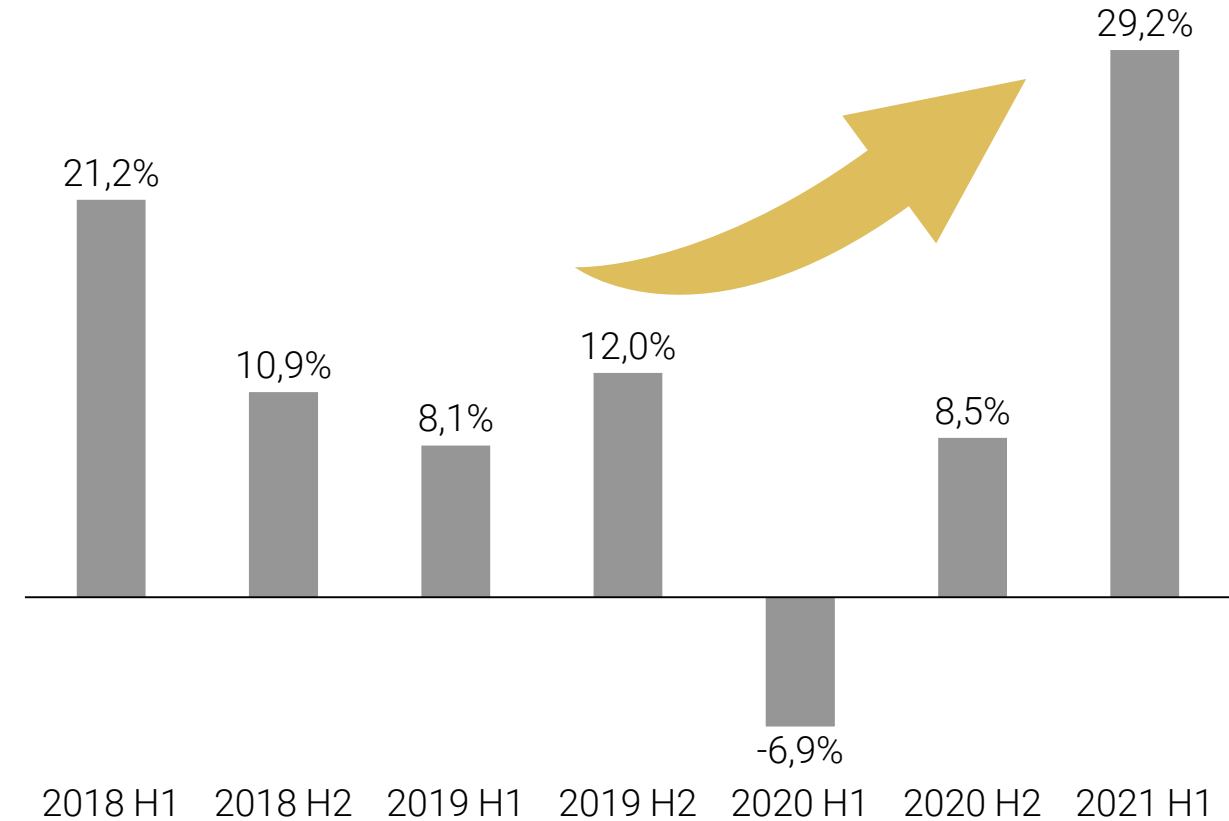
¹ European Medical Device Regulation

Momentum driven by customer gains, new products and an increase in surgical procedures

Net sales in CHF million



Currency adjusted sales growth (year-on-year)

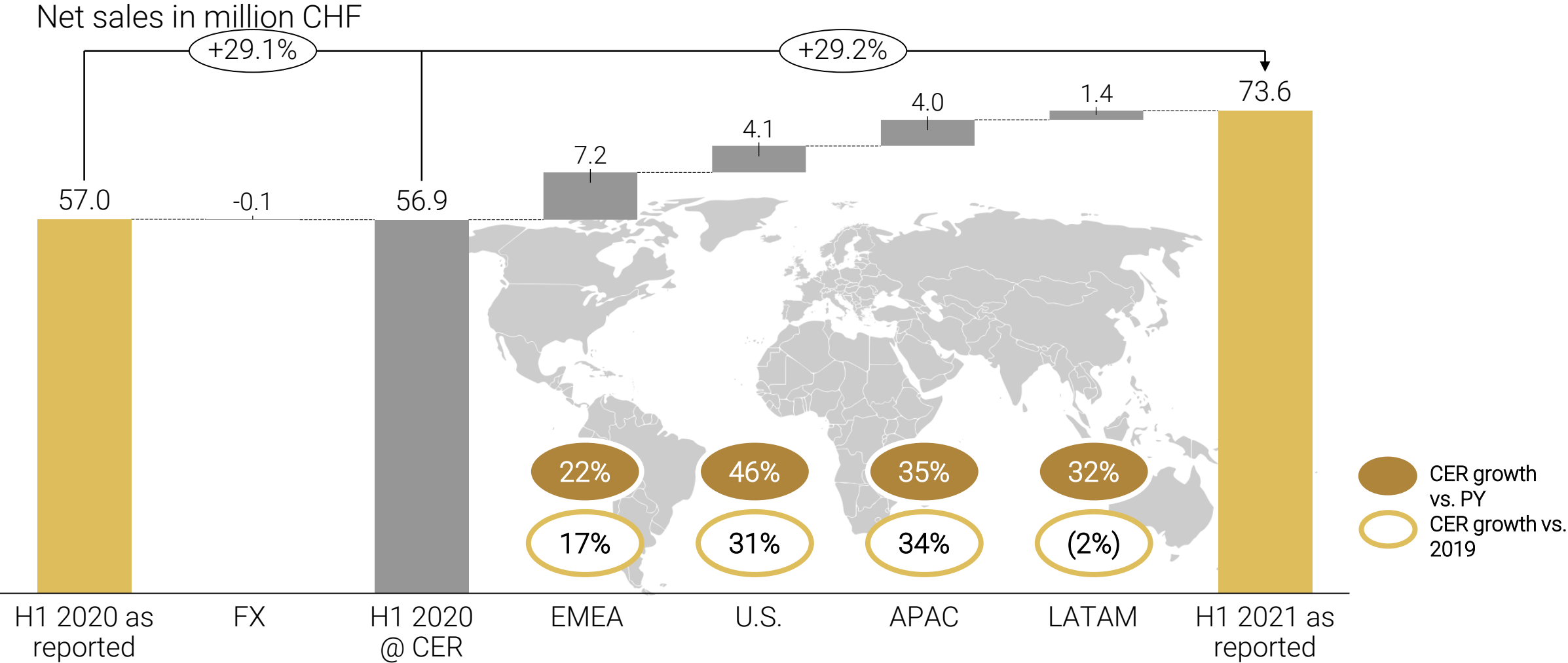


Financial & Business Review

Dirk Kirsten, CFO



All regions grew >20%



Regional performance: EMEA & US

	CHF million CER growth	Highlights
<p>EMEA</p>	<p>39.6m</p> <p>22.3%</p>	<ul style="list-style-type: none"> ▪ Growth in H1 still affected by Covid-19 uncertainties despite increase of surgical interventions ▪ Most countries showed very strong performance, specifically in France, Germany & Austria ▪ UK growth lower, mostly driven by low NHS opening for elective procedures ▪ Strong distributor performance ▪ KeriMedical successfully introduced in GER, AT and UK
<p>US</p>	<p>12.8m</p> <p>46.3%</p>	<ul style="list-style-type: none"> ▪ Significant growth in-line with expectations ▪ Very positive customer feedback, strongly motivated team ▪ Further increase of salesforce initiated in order to even accelerate growth beyond original plan ▪ Systematic increase of T&E activities (fellowships & IBRA) ▪ Further investments into infrastructure planned (e.g. supply chain)

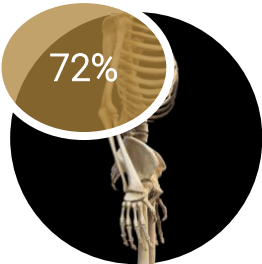
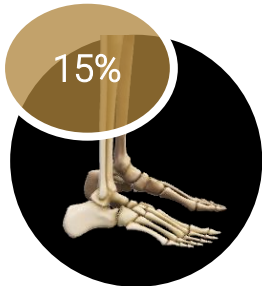
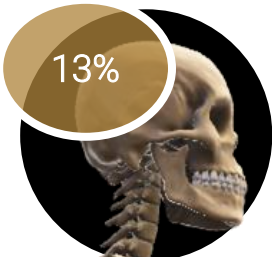
as % of total net sales


Regional performance: APAC & LATAM

	CHF million CER growth	Highlights
<p>APAC</p>	<p>15.4m</p> <p>34.9%</p>	<ul style="list-style-type: none"> ▪ Australia: Very strong performance due to customer conversions; team further strengthened ▪ Japan: performance expansion plan lagging by one quarter mainly due to Covid-19 pandemic ▪ China: footprint established; successful tender won, and new distributor selected; Sales uptake expected for H2 ▪ Distributors still cautious to build up additional inventory
<p>LATAM</p>	<p>5.8m</p> <p>31.7%</p>	<ul style="list-style-type: none"> ▪ LATAM still strong affected by Corona pandemic. Public hospitals with almost no elective procedures both in Brazil and Mexico ▪ However, solid growth vs 2020 ▪ Successful distributor business in selected countries

as % of total net sales

Strong segment growth reflects portfolio strategy focus

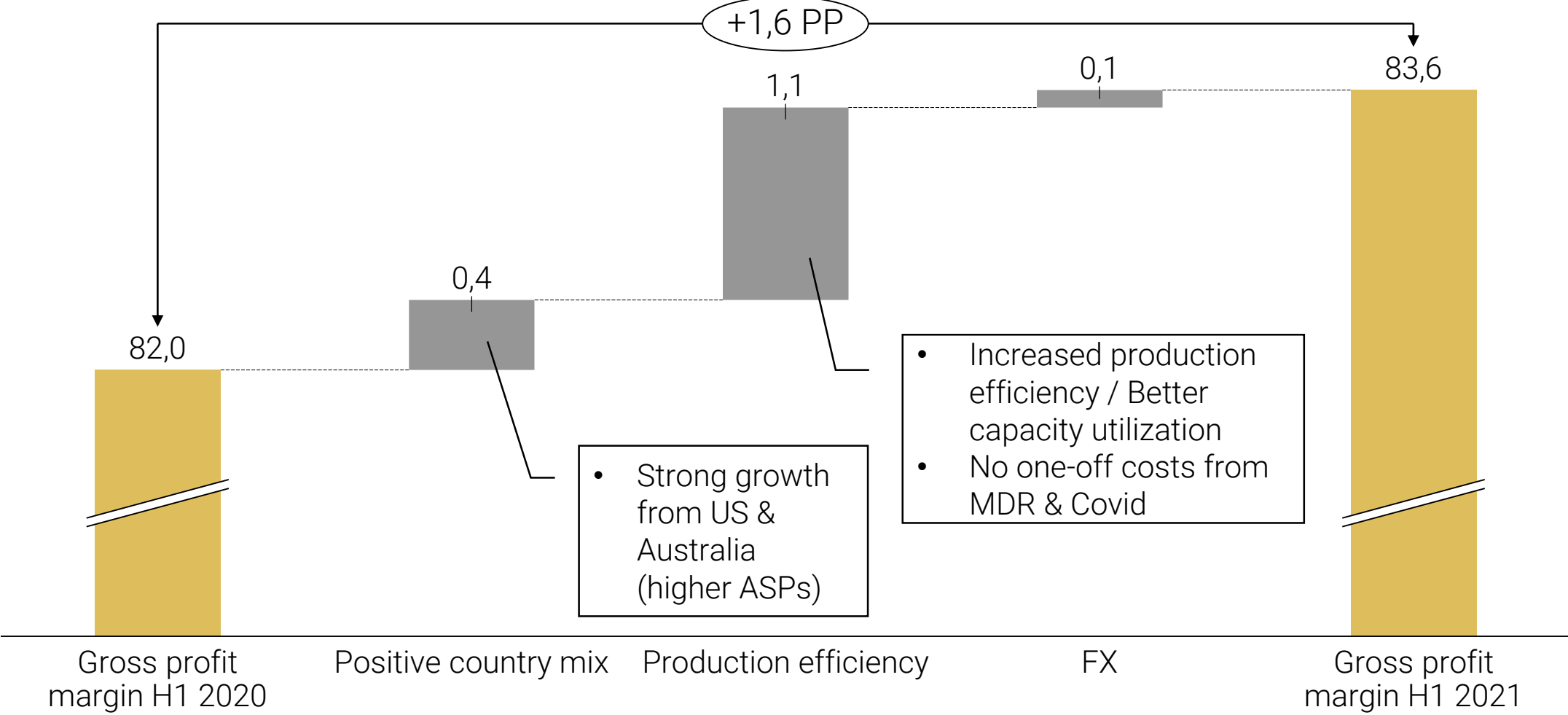
	CHF million CER growth	Highlights
 <p>Upper Extremities</p>	<p>52.8m</p> <p>28.4%</p>	<ul style="list-style-type: none"> Dynamic growth in all regions, mostly driven by wrist segment, elbow, shoulder and newly launched clavicle Above average growth from extended CCS (cannulated compression screw) portfolio KeriMedical successfully introduced in GER, AT and UK – high customer interest for new products. Focus on training & education to drive momentum
 <p>Lower Extremities</p>	<p>11.4m</p> <p>39.9%</p>	<ul style="list-style-type: none"> Strong growth particularly in US and AUS after pick-up of elective business Full launch of new system for midfoot and hindfoot fractures as well as for lower tibia and fibula fractures in Q3 Further innovation projects initiated – specifically to meet specific needs from US market
 <p>CMF & others¹</p>	<p>9.4m</p> <p>29.4%</p>	<ul style="list-style-type: none"> Continuous implementation of new Modus 2 system. Growth mainly comes from Europa (Germany speaking countries) However, impact from Covid still strong, as majority of CMF business is elective Support from CMX (customer specific solutions & digital planning for surgeons) to further push CMF business

 as % of total net sales

¹ comprises solutions for the craniomaxillofacial region as well as instruments and containers

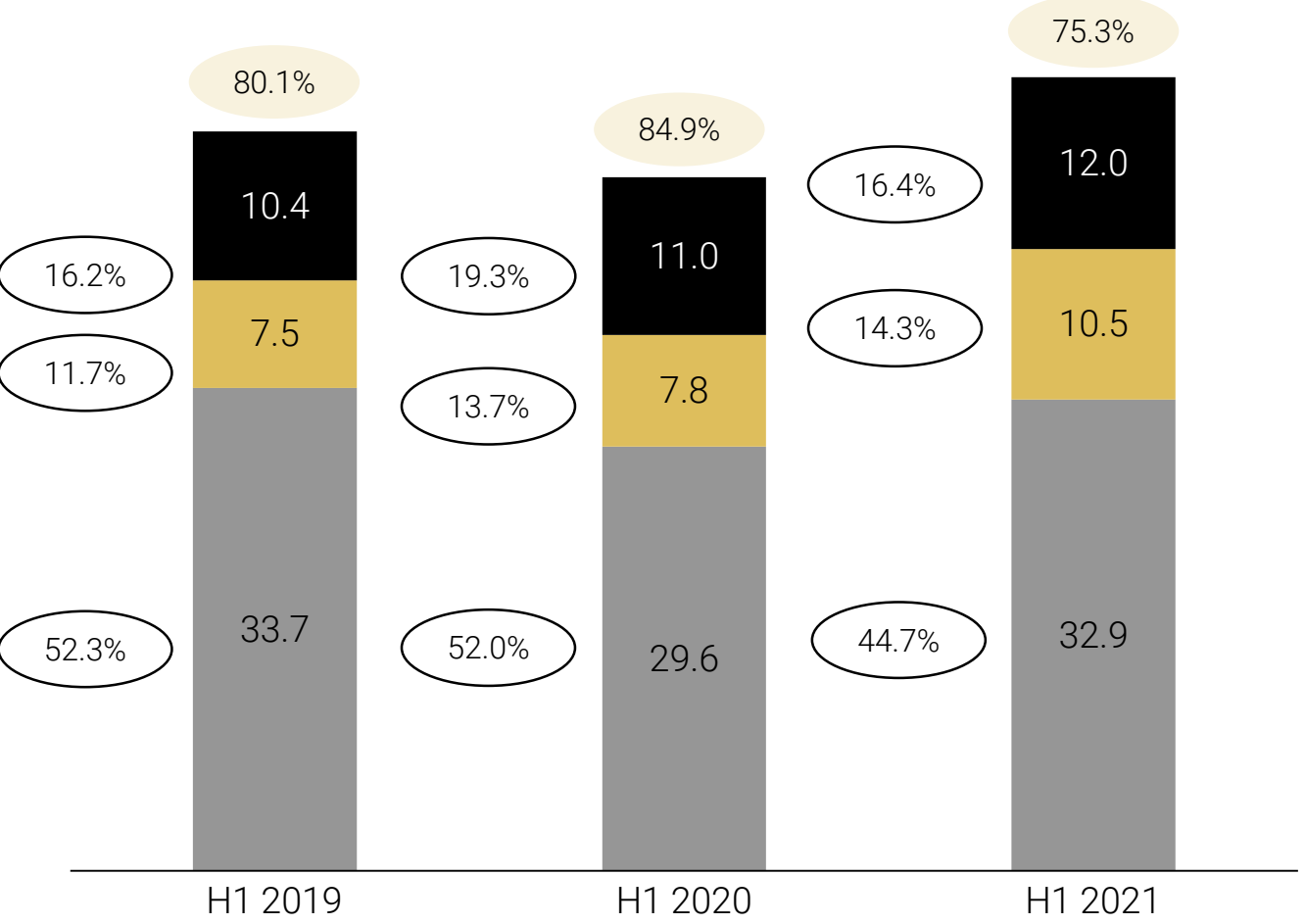
Gross profit margin increased by 1.6%-points

in % of net sales



Operational improvements and cost discipline on OPEX level

Net sales in CHF million and % of sales



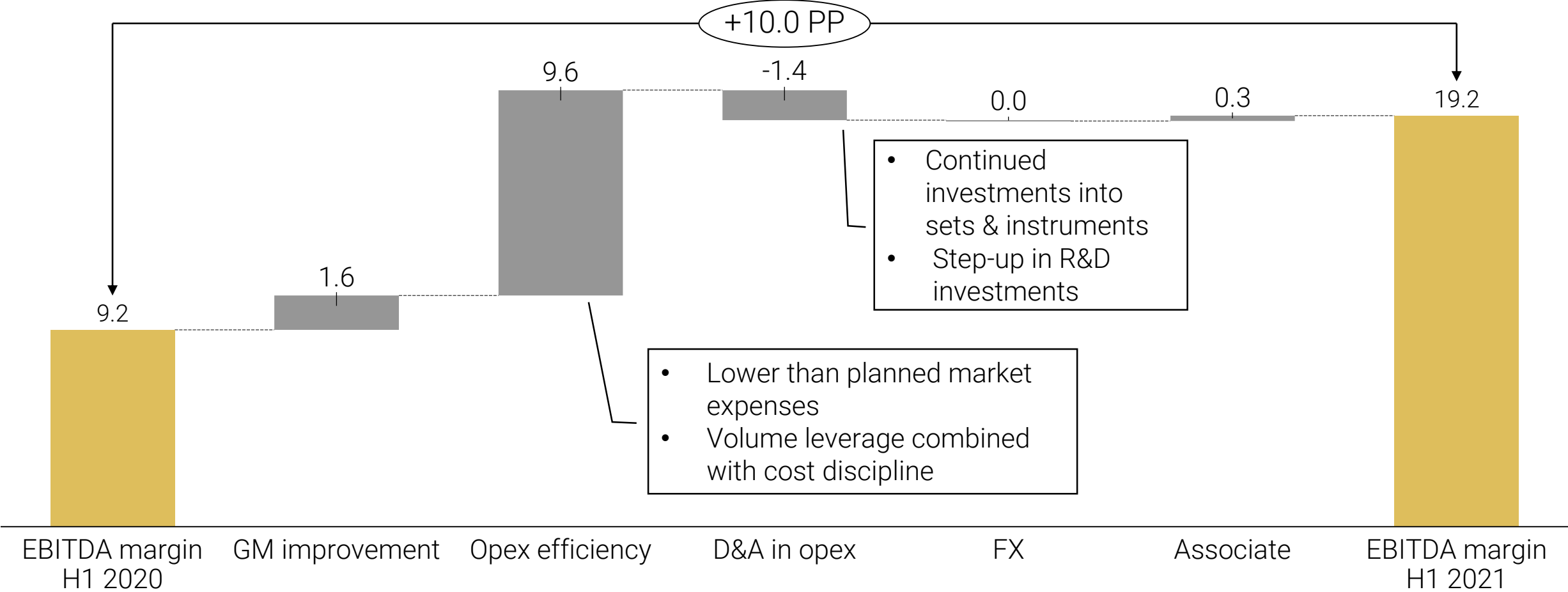
- Selling & distribution expenses increased, but still lower than planned due to the corona pandemic
- Continued investment into R&D; IBRA expansion
- Administration expenses include some project related IT & supply chain costs for European hub and build-up of new subsidiaries.

General & Admin
 R&D
 Sales & Marketing

Percentages in chart above show the relation of the respective expense item to Net Sales (=Opex efficiency)

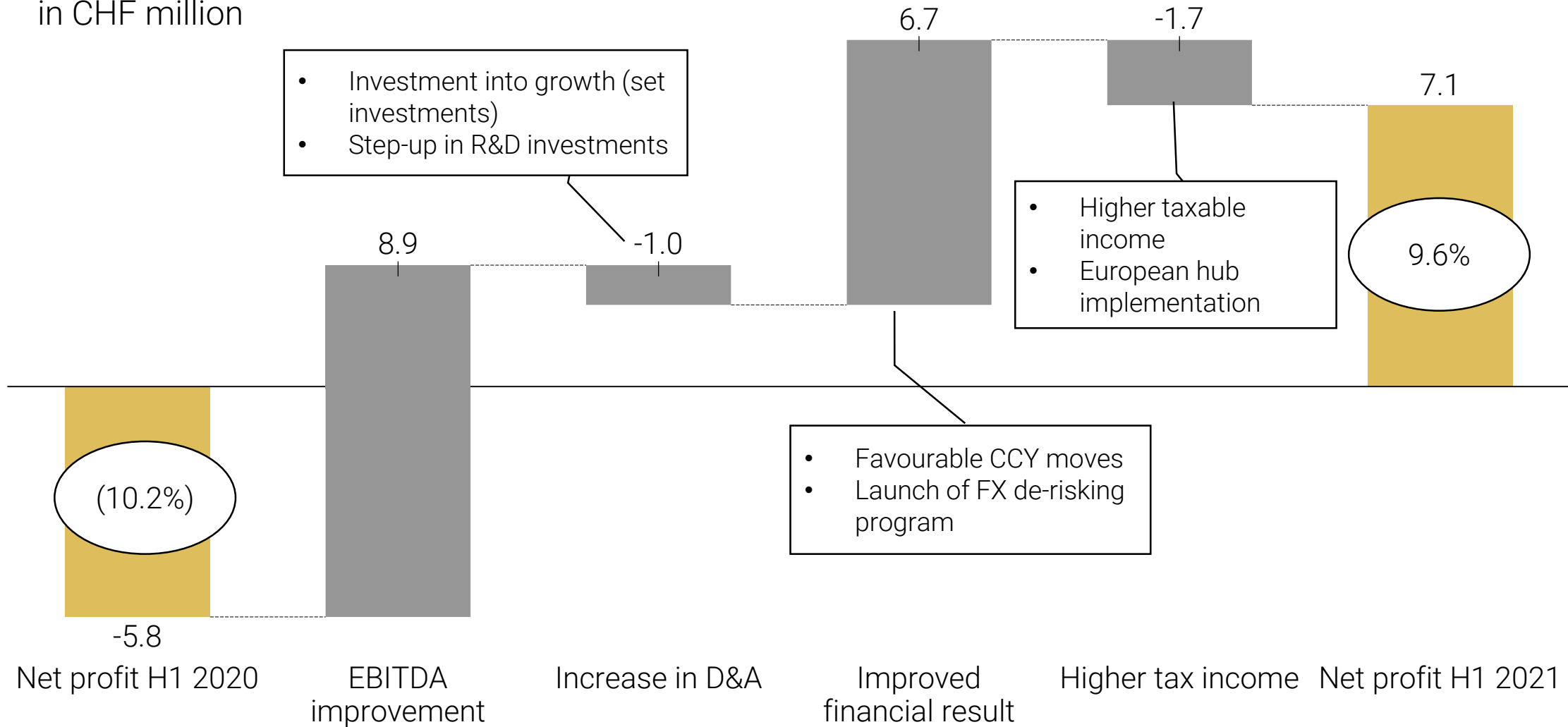
EBITDA margin reaches 19%

in % of net sales



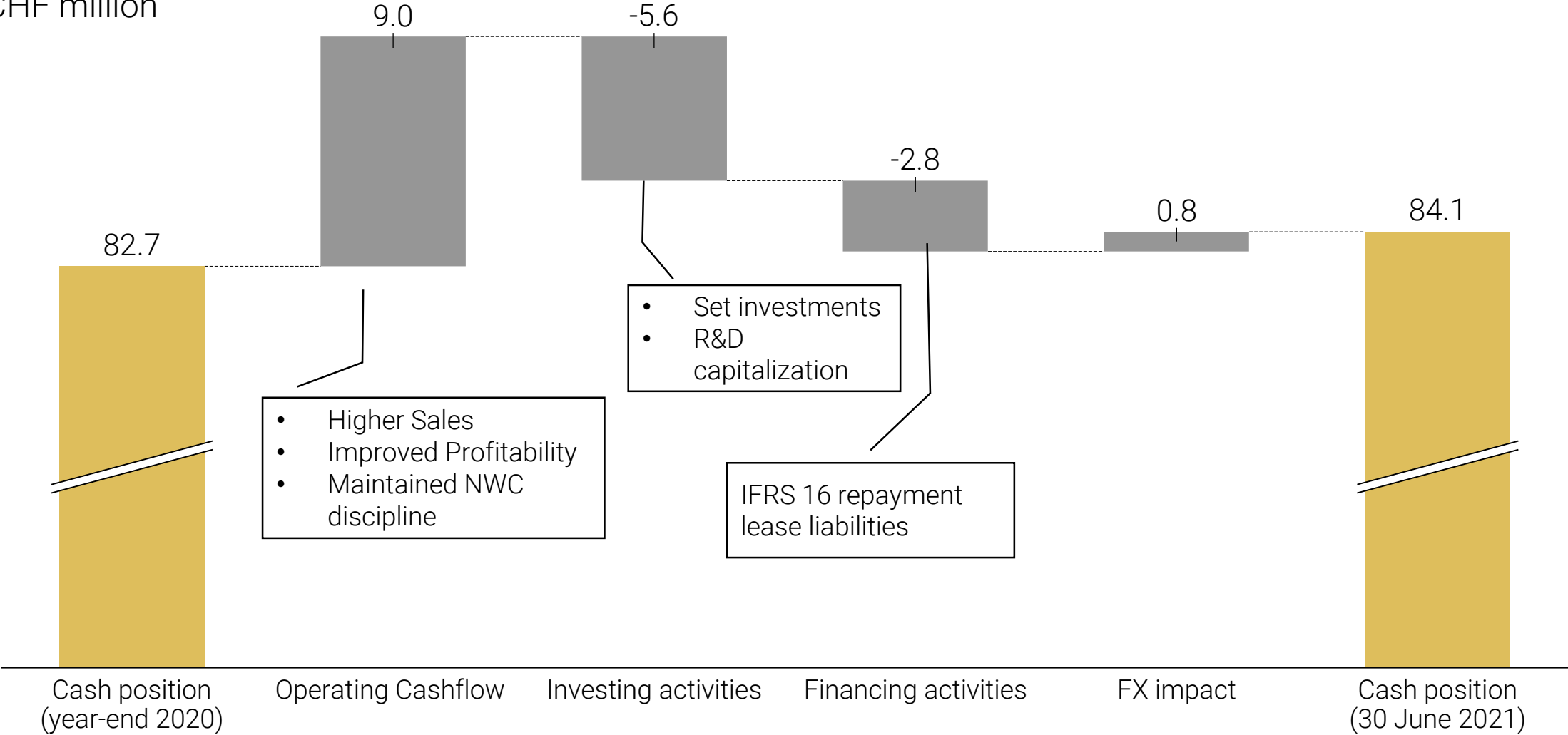
Net margin close to 10% mark

in CHF million



High cash reserves further strengthened

in CHF million



Key financials H1 2018 – H1 2021

Figures as reported
in CHF million

	H1 2018	H1 2019	H1 2020	H1 2021
Net Sales	61.0	64.5	57.0	73.6
<i>Growth vs. PY in %</i>	23.0%	5.6%	-11.6%	29.1%
<i>Growth vs. PY in CER %</i>	18%	7.1%	-6.7%	29.2%
Gross Profit	50.1	54.0	46.7	61.5
<i>Margin %</i>	82.1%	83.8%	82.0%	83.6%
Operating Expenses	48.3	51.7	48.4	55.4
<i>Margin %</i>	79.1%	80.1%	84.9%	75.3%
Operating Result (EBIT)	1.8	2.4	-1.7	6.3
<i>Margin %</i>	3.0%	3.7%	-2.9%	8.5%
Depreciation & amortization	4.0	6.3	6.9	7.9
EBITDA	5.8	8.7	5.2	14.1
<i>Margin %</i>	9.6%	13.5%	9.2%	19.2%
Financial result	-0.9	-1.9	-5.0	1.7
Income taxes	0.3	0.2	0.8	-0.9
Net Profit	1.2	0.7	-5.8	7.1
<i>Margin %</i>	1.9%	1.0%	-10.2%	9.6%
Free Cash flow¹	-3.0	-8.3	-6.9	3.3
Headcount	510	588	621	649

¹ Free Cash flow = Operating Cashflow – Cashflow from investing activities

Strategy & Business Update

Christoph Brönnimann, CEO

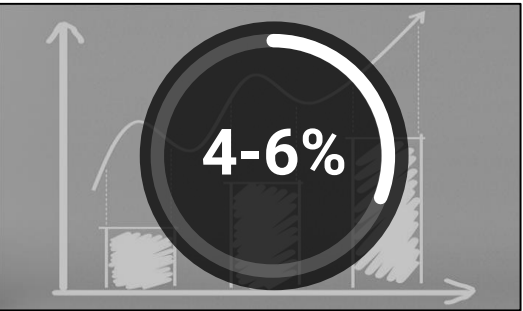


Our strategy for long-term growth

Attractive market



Favorable demographics and trend towards more mobility

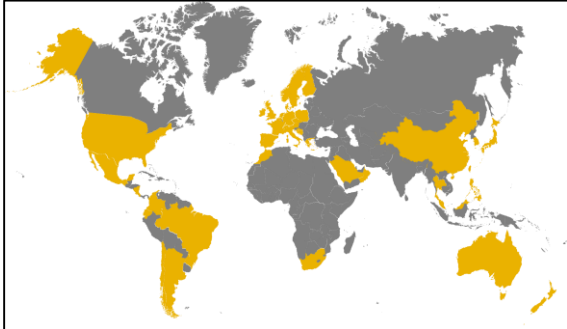


Worldwide extremities market¹ expected to grow by c4-6% p.a.

Clear priorities



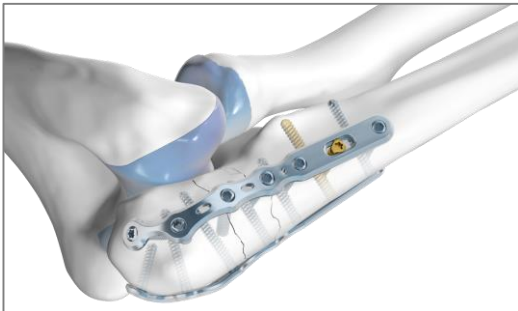
Enhance sales focus addressing regional needs



Targeted investments in key growth markets



Accelerate time to market post-MDR certification



Develop procedure- and anatomy-specific devices with superior treatment outcomes

Our asset & vision



Creating a learning organisation with experienced & engaged people



Become innovation leader in global extremities

¹ Source: Technavio and iData Research

Get in touch with people & foster learning culture

- New leadership team established, and regional teams strengthened
- Pave the way back to 'normality' for customers and our employees while capitalizing on the lockdown achievements:
 - Online T&E offerings extended our reach
 - Hybrid workplace increases flexibility
 - Targeted face-to-face interactions encourage creativity and innovation
- Re-establish physical contact with customers and employees through Q3 events
- We aim to position Medartis as a responsive, customer-centric, flexible, and agile organisation, where people are valued
- Local workshops for top leaders have started and will be rolled-out to the entire organisation until E2021



Digital T&E offering expanded during the pandemic

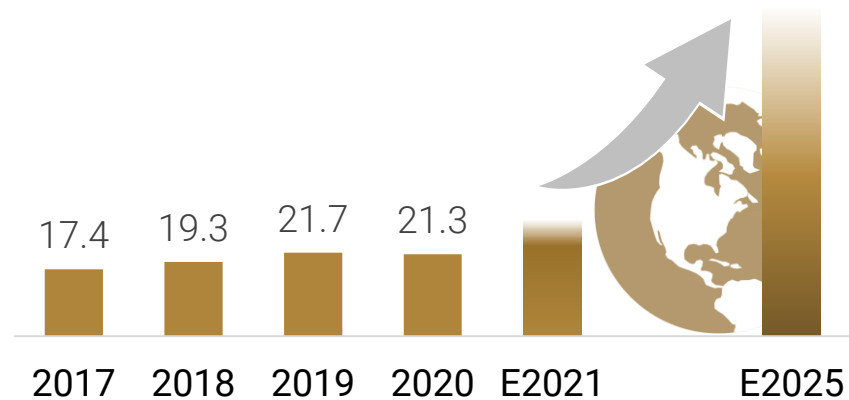
- Virtual T&E offerings from Medartis and IBRA Institute more than tripled y-o-y in 2021
- Webinar trainings and live surgery outreach increased 48% y-o-y; positive surgeon reactions in all countries with the strongest engagement levels in LATAM and APAC
- Online formats used to present new offerings to existing customers and generate new leads
- 50% increase in IBRA membership – biggest increase since its founding 17 years ago
- Except for a few smaller on-site events, no physical T&D events took place in H1; first international on-site meetings planned for October



US market remains a key priority and we have a clearly defined game plan



Actual and estimated sales in the US



Sales network

- ➔ Reallocation of sales territories
- ➔ Increase distributor network
- ➔ Hiring additional sales representatives
- ➔ Investments into surgical sets
- ✓ New compensation plan introduced

Infrastructure & Product development

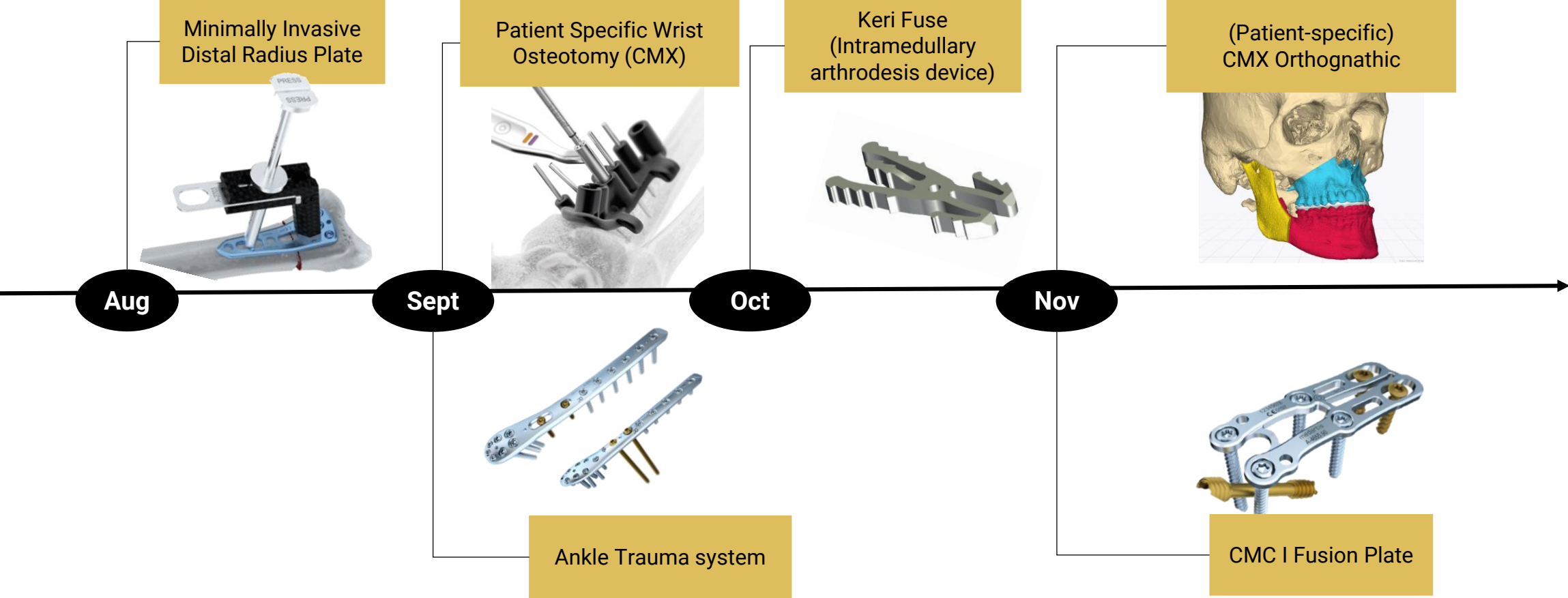
- ➔ Dedicated product development team to regional market needs
- ➔ Establish specific QMS system
- ➔ Expand sales support and logistics

Training and education

- ✓ Regional IBRA chapter founded
- ➔ Invest into T&E offering



The next product launches are already underway



Not all products will be available in all markets. Timelines shows launch dates for the first markets

Successfully launch of the KeriMedical distribution



Product

Product feature / advantage

Touch

Fast recovery time compared to the gold standard (trapezectomy) and attractive outcomes in terms of mobility and strength



KeriFlex

Next generation version of silicone implants re-designed with team of international leading hand surgeons



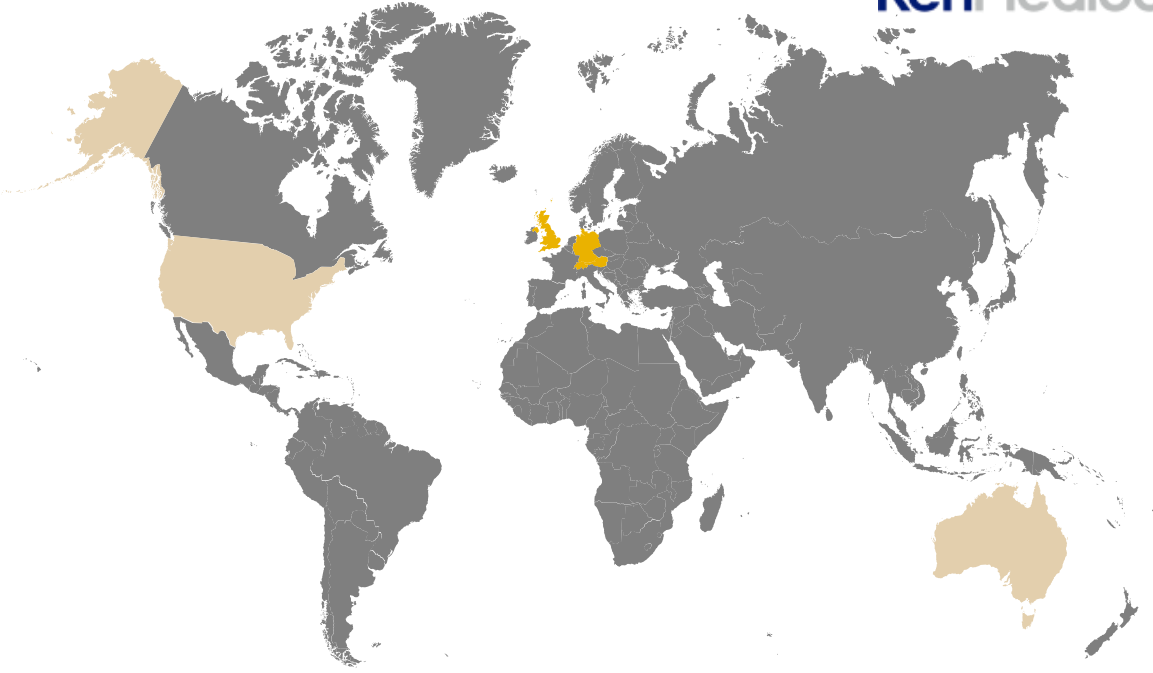
Reaxon

Flexible, transparent, and resorbable device with improved clinical outcomes of nerve regeneration based on clinical studies



KeriFix & KeriLock

Specifically designed for the needs of small bone surgery



Distributed by Medartis Approval process underway

Critical MDR milestones achieved - final steps to be completed in H2 & 2022

Regulatory changes	Framework / Concept	Actions	Implementation	Certification
<ul style="list-style-type: none"> ▪ EU MDR “entered into force” (May) ▪ EU introduces more thorough approval system for medical devices and improved post market surveillance 	<ul style="list-style-type: none"> ▪ Allocation of personnel ▪ Assign people to lead the project ▪ Hiring of dedicated Quality and Regulatory Affairs people 	<ul style="list-style-type: none"> ▪ Clinical and non-clinical data collection ▪ Technical documentation prepared ▪ QMS updated ▪ IT - System changes conducted 	<ul style="list-style-type: none"> ▪ MDR becomes effective (May) ▪ Sample technical files submitted ▪ QMS notified body audits (2 steps process) ▪ EU supply chain hub in Germany successfully implemented 	<ul style="list-style-type: none"> ▪ Grant of MDR certification (scheduled in H1) ▪ Products manufactured under MDR regime (internal transition to MDR) ▪ Gradual phase out of legacy MDD products until 2024
<p style="text-align: center;">2017</p>	<p style="text-align: center;">2018</p>	<p style="text-align: center;">2019-20</p>	<p style="text-align: center;">2021</p>	<p style="text-align: center;">2022</p>

Nadia Tarolli Schmidt & Ciro Roemer deepen the industry, tax & compliance expertise in our BOD



Ciro Roemer

- >35y of industry experience
- Held leading positions at Synthes and in J&J's medical device business
- Former Board member of the AO Foundation and Eucomed



Nadia Tarolli
Schmidt

- Registered Swiss attorney at law
- Tax expert
- Extensive experience in business law with specific skills in the areas of taxation and social security

- Ciro Roemer and Nadia Tarolli Schmidt proposed for election at AGM 2022
- Roland Hess (since 2017) and Dr. Jürg Greuter (since 1997) will retire from the Board by this date

Outlook 2021

Christoph Brönnimann, CEO



Full-year guidance 2021 adjusted

(barring any unforeseen circumstances, especially due to the Covid-19 pandemic)

- Based on the strong performance in H1 and despite a more challenging baseline in H2, we expect full-year **sales growth (CER) of at least 20%**.
- Outlook assumes further improvement of Corona pandemic environment. This should especially lead to a higher number of elective surgical procedures in most markets.
- Furthermore, we confirm our assumption of a **stable EBITDA margin** development in 2021 as we continue to invest in our sales force and product pipeline and assumes a gradual pick up of training & marketing activities during the remainder of the year.



Upcoming investor events

2021

19 August	Virtual International Investor Roadshow
16 September	UBS Best of Switzerland Conference
4 November	ZKB Switzerland Conference
18 November	Credit Suisse Mid Cap Conference

2022

08 March	2021 Full-year results presentation
06 April	Annual General Meeting 2022



Investors: investor.relations@medartis.com
Journalist: corporate.communication@medartis.com

Fabian Hildbrand appointed Head of Corporate Communications

- Experienced communications professional with marketing, PR, investor- and media relations background in Life Science (Straumann, Clariant, Synthes) and B2C industry
- He holds a master degree in economics and has completed the CIIA Program from the AZEK
- Hildbrand will act as spokesperson and main claimant for journalists, investors and other stakeholders
- Patrick Christ (Head of Corporate Services) will take on a new task and will lead the newly created Project Management office (PMO)



4-year development of Medartis's growth rates

	Reported net sales (in CHF million)				Growth vs. PY (in %)			Growth 2021 vs. PY (@ CER)		
	H1 2018	H1 2019	H1 2020	H1 2021	2019/2018	2020/2019	2021/2020	2021/18	2021/2019	2021/2020
EMEA	34.0	34.7	31.9	39.6	2.1%	-8.0%	24.1%	22.4%	16.9%	22.3%
US	9.3	10.7	9.3	12.8	14.2%	-12.6%	37.2%	45.3%	31.1%	46.3%
APAC	11.2	11.5	10.8	15.4	3.4%	-6.5%	42.6%	44.2%	34.3%	34.9%
LATAM	6.5	7.6	4.9	5.8	15.5%	-34.7%	16.7%	13.0%	-2.0%	31.7%
Group	61.0	64.5	57.0	73.6	5.6%	-11.6%	29.1%	29.2%	20.6%	29.2%
Upper Extremities	43.5	45.9	41.4	52.8	5.5%	-9.8%	27.6%	31.1%	21.9%	28.4%
Lower Extremities	8.3	9.0	8.2	11.4	8.6%	-9.5%	38.8%	49.1%	33.9%	39.9%
CMF & Others	9.2	9.6	7.4	9.4	3.5%	-22.4%	26.8%	11.3%	6.3%	29.4%
Group	61.0	64.5	57.0	73.6	5.6%	-11.6%	29.1%	29.2%	20.6%	29.2%