

2022 | Half-year Results

Presentation for journalists, analysts and investors
Basel, 16 August 2022



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Agenda



[Half-year highlights](#)

Christoph Brönnimann, CEO



[Financial & business review](#)

Dirk Kirsten, CFO



[Update on our 2022 priorities](#)

Christoph Brönnimann, CEO



[Outlook 2022](#)

Christoph Brönnimann, CEO



[Q & A](#)

Half-year highlights

Christoph Brönnimann, CEO



Key facts & figures

TOTAL SALES

CHF **88.4** million¹

- Strengthening our competitive position in most markets
- Hospital surgical capacity impacted by staff shortages and postponement of elective operations

REVENUE GROWTH

+20.1% CER¹ vs. PY

- +18.0% excl. 3rd party sales from NSI
- EMEA (+21% vs. PY) contributed half of the total growth
- Dynamic LATAM (+47% vs. PY) was the fastest growing territory

UNDERLYING² EBITDA MARGIN

16.3%

- Gross margin improves 0.6 PP
- NSI leads to dilution of reported operating margin, as communicated in March

HEADCOUNT

832 (+28.2% vs. PY)

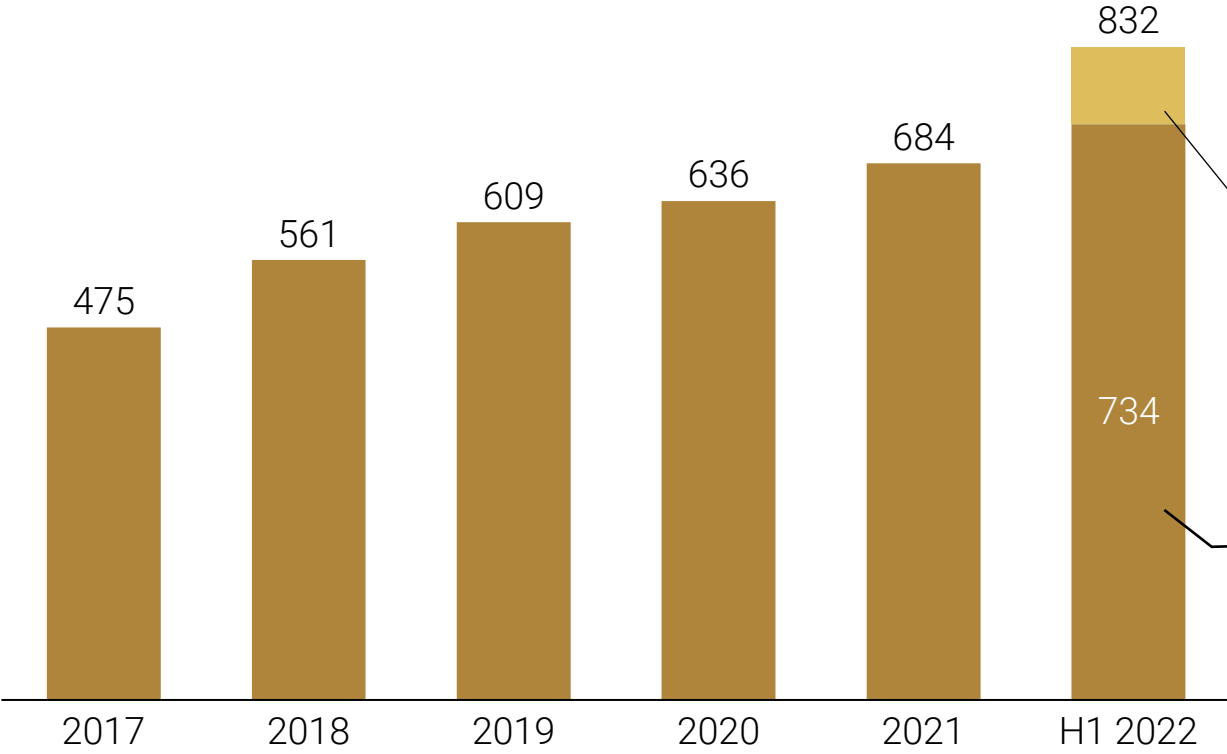
- 85 jobs created mainly in growth markets
- 98 colleagues from NSI joined on 1 May

2022 | Half-year highlights



- We are particularly pleased with our performance in EMEA and LATAM
- All direct markets in the EMEA region recorded strong double-digit growth, meeting or even exceeding expectations
- APAC region most affected by COVID in H1
- OR staff shortages experience worldwide
- Following our strategic review and assessment of the Chinese market, we have decided to discontinue our local operations in Q3
- The US has lost some growth momentum during initial integration phase; H1 sales did not meet our internal expectations; we are very confident that sales momentum will accelerate under the new leadership in H2 and beyond
- Based on the US sales gap in H1 and despite the anticipated acceleration, we have revised our FY 2022 outlook

The Medartis family is getting bigger and more global



With the acquisition of Nextremity Solutions, 98 additional employees joined Medartis



Headcount in Switzerland 284

Medartis Switzerland team

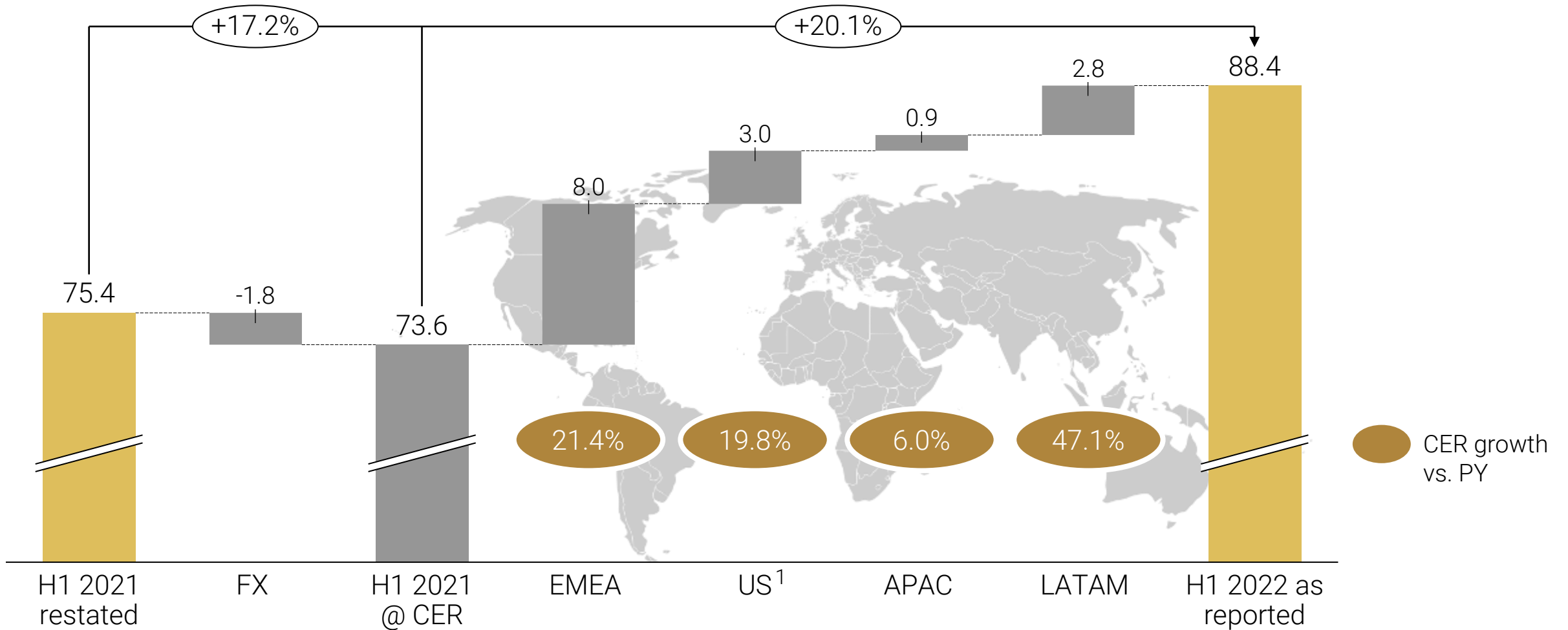
Financial & Business Review

Dirk Kirsten, CFO



Net sales rose 20% to almost CHF 90 million

Net sales in million CHF




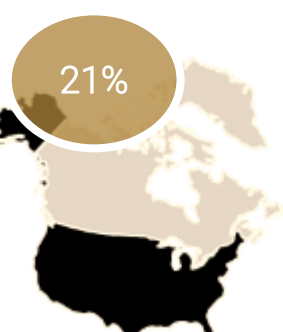
¹ Includes sales from NSI's third party manufacturing business amounting to CHF 1.5 million.


Regional performance: EMEA & APAC

	CHF million CER growth	Highlights
<p>EMEA</p>	<p>45.5m</p> <p>21.4%</p>	<ul style="list-style-type: none"> All direct markets in the region recorded strong double-digit growth Specifically strong growth from UK and France Germany with mild winter affected in Q1 – now growing consistently again Impressive run rate momentum in Spain – only 18 months after going direct No major impacts from Covid – however elective procedures till somewhat affected by limited hospital resources Distributor growth modest due to Covid-related restocking in the previous year
<p>APAC</p>	<p>15.8m</p> <p>6.0%</p>	<ul style="list-style-type: none"> Australia and New Zealand materially affected by COVID restrictions. Almost no elective procedures Japan grew in its direct and distribution business by over 30%, also benefitting from 'Modus 2' launch Decision to exit China after new government pricing regulations (VBP) Recent strengthening of regional distributor management implemented

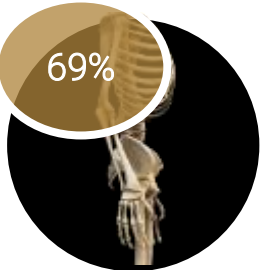
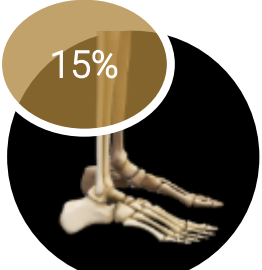

as % of total net sales


Regional performance: LATAM & US

	CHF million CER growth	Highlights
 <p>LATAM</p>	<p>8.8m</p> <p>47.1%</p>	<ul style="list-style-type: none"> ▪ Very strong performance in Brazil also benefitting from easy comparison basis lifting Medartis market share in the Brazilian upper extremities market (premium) to around 30-35% ▪ Strong Mexico where Medartis won an important public tender ▪ Strong demand for CMF products and Modus I ▪ Good distributor performance
 <p>US</p>	<p>18.3m</p> <p>19.8%</p>	<ul style="list-style-type: none"> ▪ US grew 20% overall but organic growth of 10% falls short of our expectations ▪ Temporarily slowdown during management handover phase and new definition of roles and responsibilities – since June business has accelerated again ▪ Staff shortages due to Omicron infections or quarantine led to reduction of elective procedures ▪ Upper extremities segment with double-digit growth (strong wrist, forearm and shoulder); lower limb with modest mid-single digit growth prior to NSI launches ▪ FDA approval for KERIFLEX® in July

 as % of total net sales

Strong segment growth reflects portfolio strategy focus

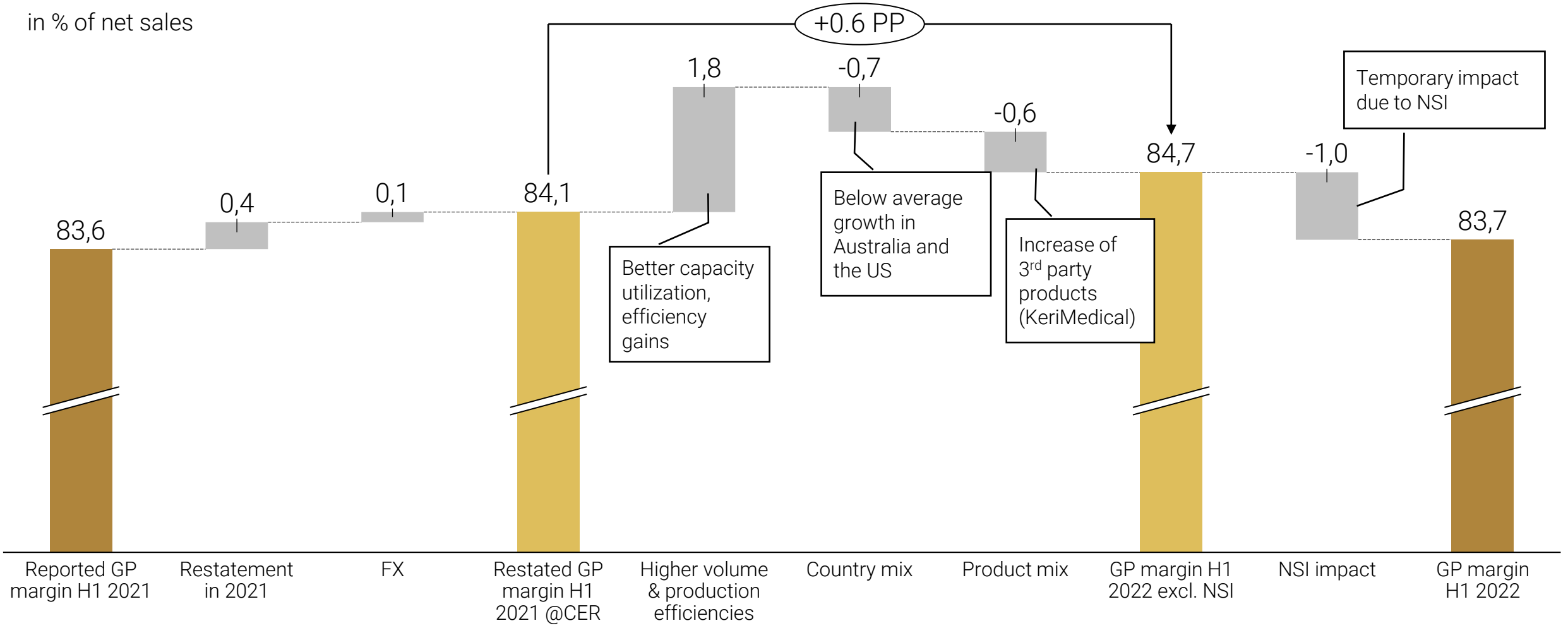
	CHF million CER growth	Highlights
 <p>Upper Extremities</p>	<p>61.1m</p> <p>14.7%</p>	<ul style="list-style-type: none"> Continued market share gains in the wrist segment; shoulder products well received Elbow potential not yet fully exploited Strong demand for KeriMedical products support segment growth and further market share gains in EMEA
 <p>Lower Extremities</p>	<p>13.3m</p> <p>16.7%</p>	<ul style="list-style-type: none"> Stronger growth in lower extremities thwarted by the pandemic in APAC and soft performance in the US Lockdown measures and contact restrictions led a decrease in elective midfoot and forefoot surgeries
 <p>CMF & others¹</p>	<p>13.9m</p> <p>44.4%</p>	<ul style="list-style-type: none"> Systematic roll-out of the latest CMF products; digital service CMX for patient-specific case planning and surgical aids is a differentiating factor Sales also benefited from the 'Modus 2' introduction in the UK and Japan Segment also incl. sales from NSI's 3rd party manufacturing business

 as % of total net sales

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

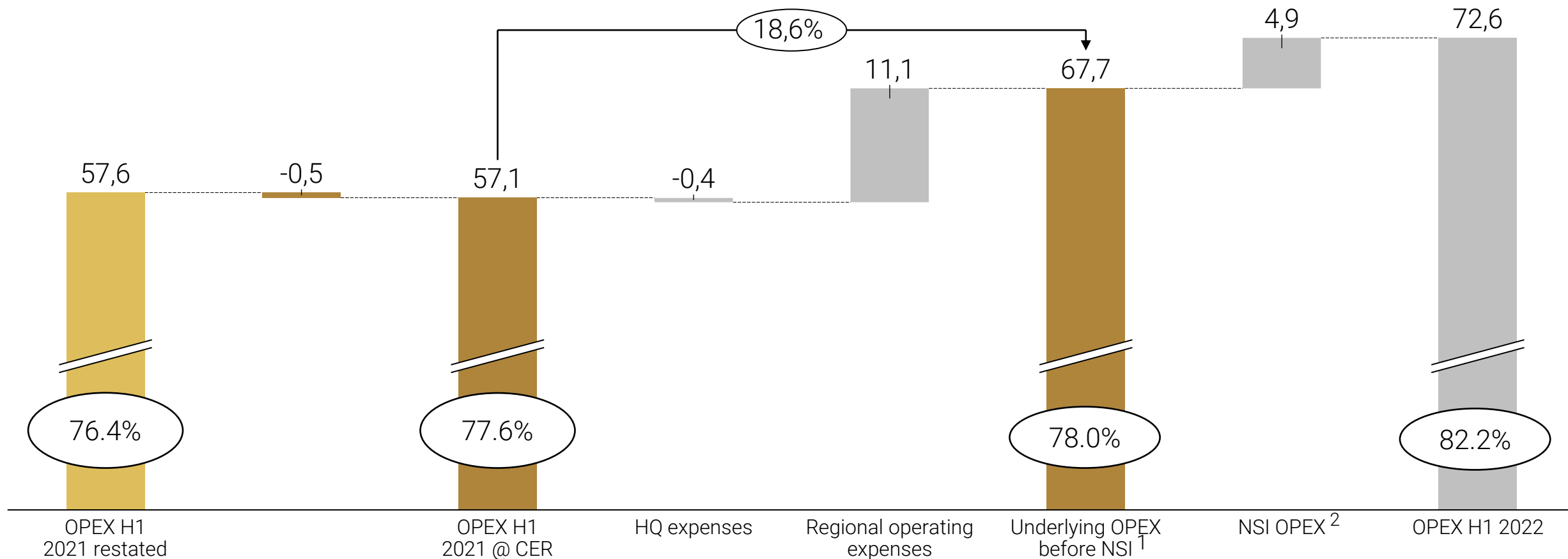
Underlying gross margin improved by 0.60 PP – no impact yet from rising inflation

in % of net sales



Balanced cost management: Underlying OPEX increased 19% in line with top line after normalisation of Covid-19 situation

in CHF million and
% of net sales

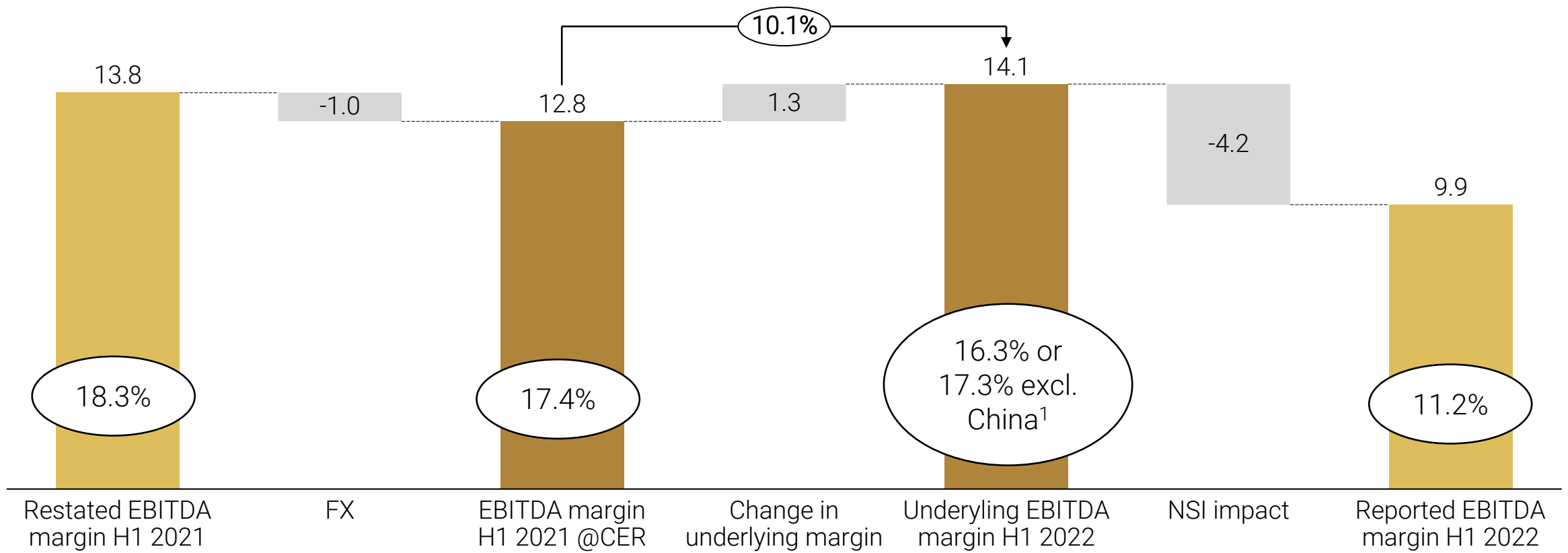


¹ Excluding one-off of discontinuation of local operations in China, otherwise 76.9%

² Includes CHF 2.8m non-recurring transaction and integration costs

Underlying EBIT and EBITDA margin improved; reported EBITDA reduced mainly due to NSI and adverse currency effect

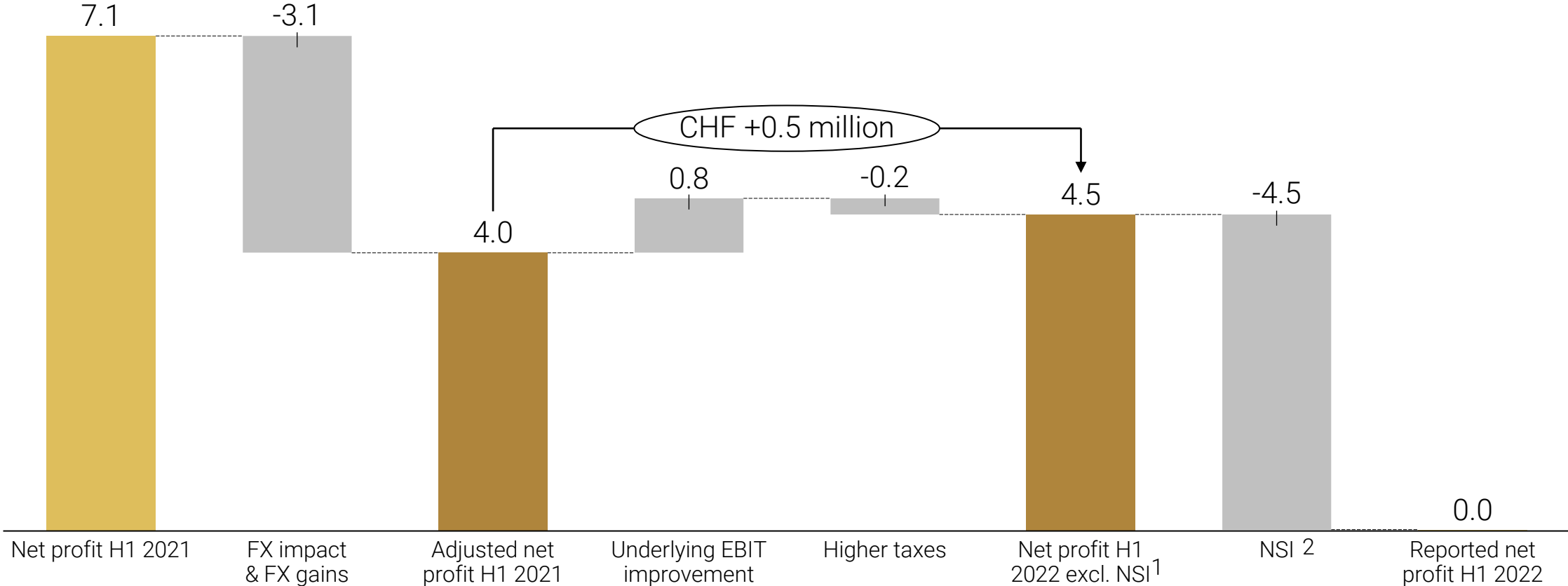
in CHF million and % of net sales



¹ Excluding one-off items from China discontinuation, EBITDA improved CHF 2.3m (+18%) and respective EBITDA margin would have reached (17.3%) prior year level at CER

Net margin impacted by NSI & FX result

in CHF million

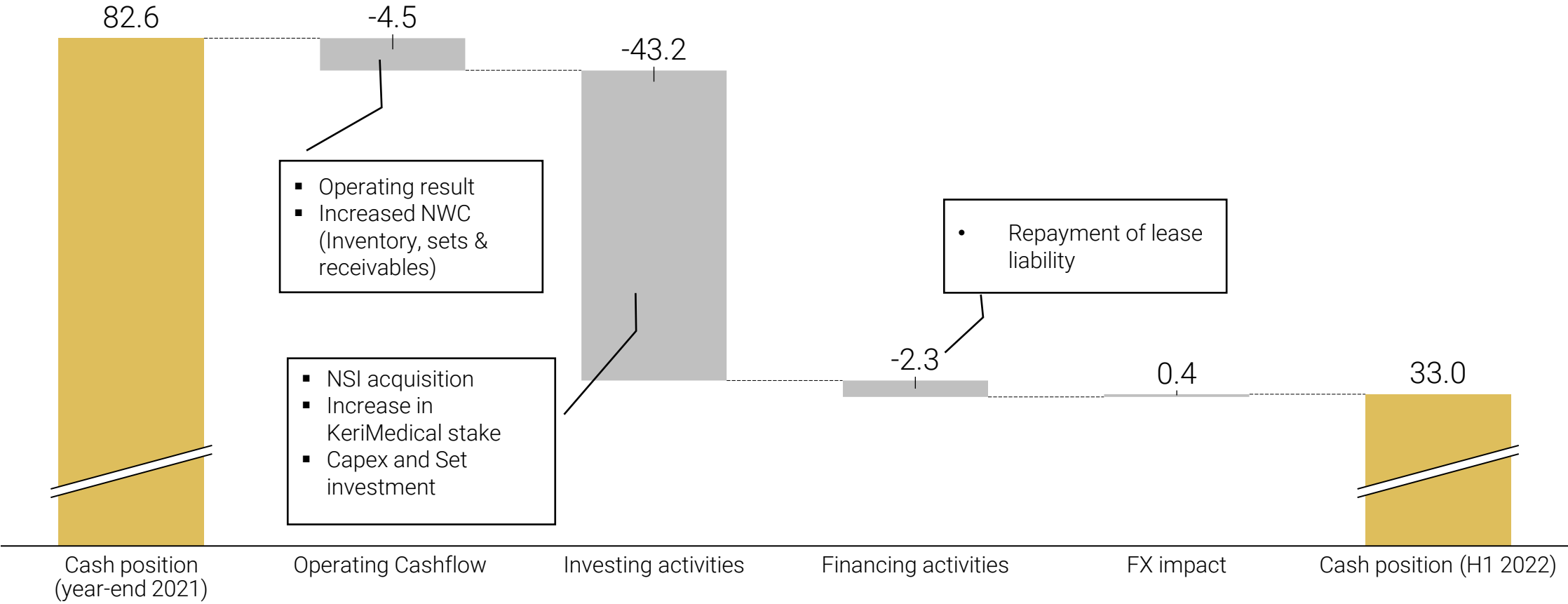


¹ Underlying EBITDA improvement of CHF 1.3m (CHF 2.3m excl. China) minus CHF 0.5m higher depreciation

² NSI Impact includes CHF 4.2m impact on EBITDA, CHF 0.2m depreciation and CHF 0.3m transaction related contingency interest charge (contingency consideration)

Cash holdings mainly reduced due to M&A payments

in CHF million

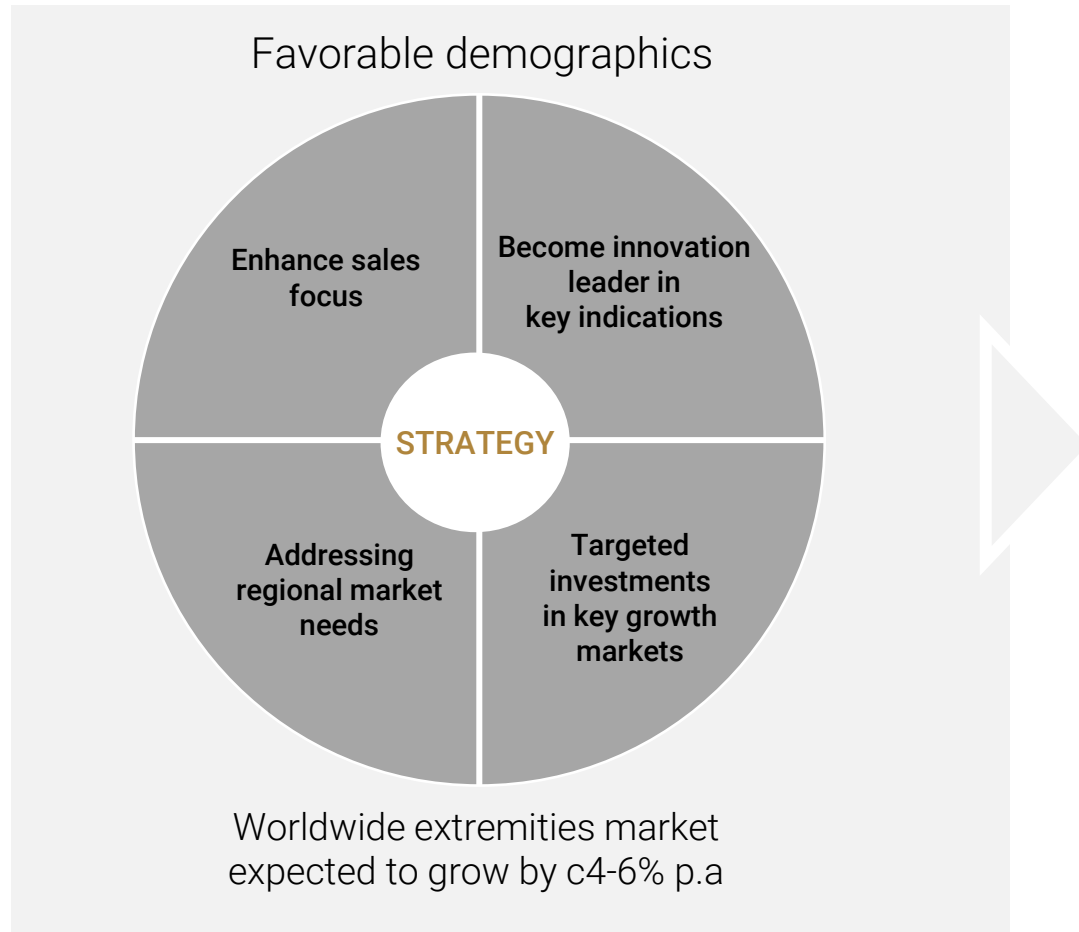


Update on our 2022 priorities

Christoph Brönnimann, CEO



Our strategy and key priorities 2022 remain unchanged



1	INNOVATION Accelerate and broaden R&D platform
2	GROWTH Exploit the US market potential by taking our US business to the next level
3	CULTURE Evolving the Medartis corporate culture

1 Selected H1 highlights and H2 priorities



Successful first clinical cases of ONE-Medartis US product: Disposable Lapidus Cut Guide receives excellent feedback from first clinical cases regarding accuracy & efficiency



Focus on growing market share of recently launched products (e.g.: clavicle, ankle trauma, CCS screws)



Regulatory Affairs: EUMDR and UKCA certification obtained



H2: First clinical cases planned for CMX Orthognathic, CMX Distal Tibia Osteotomy, LapiPrep & StealthFix



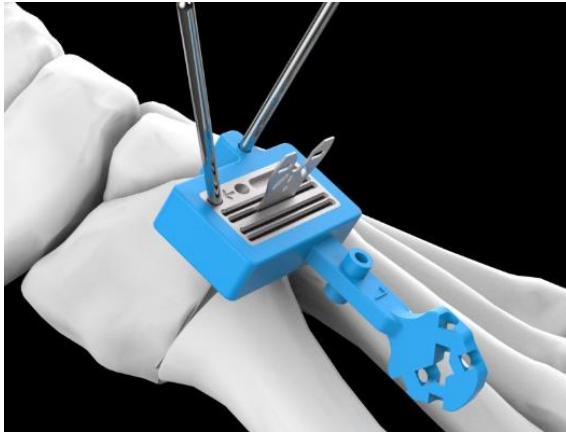
Product Development collaboration between Basel and Warsaw:

- Joined product roadmap and development project assignment.
- Balance between harmonizing where necessary (e.g., Surgeon collaboration, BD) and maintaining autonomy where needed
- Synergies between Basel and Warsaw competencies and capabilities
- Design surgeon & KOL base expanded



1 New exciting lower extremity pipeline for the US market with the first products in Q4

Lapidus Cut Guide



Launched in Q3 after first clinical use in June

StealthFix System



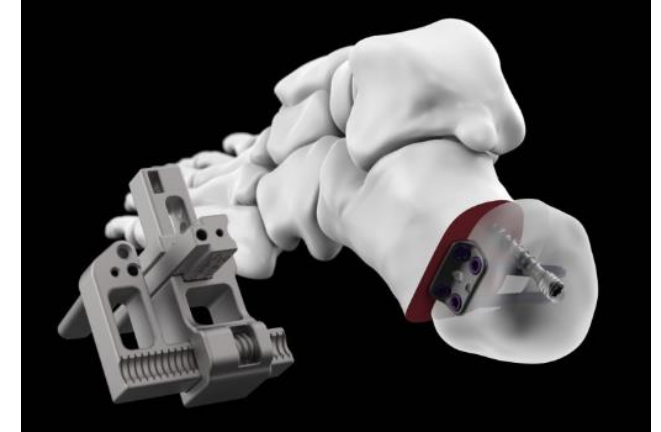
Beta Launch in Q4

LapiPrep System



Beta Launch in Q4

CalcShift™
(Calcaneal Osteotomy)



FDA 510(k) Clearance in June
Beta launch in Q1 2023

These instruments/implants are one of several new lower extremity products scheduled for launch in the US this year

2 Two organisations merged to form one strong US extremity business



Field sales force



Exton, Pennsylvania



2 Combining and further enhancing our U.S. organization

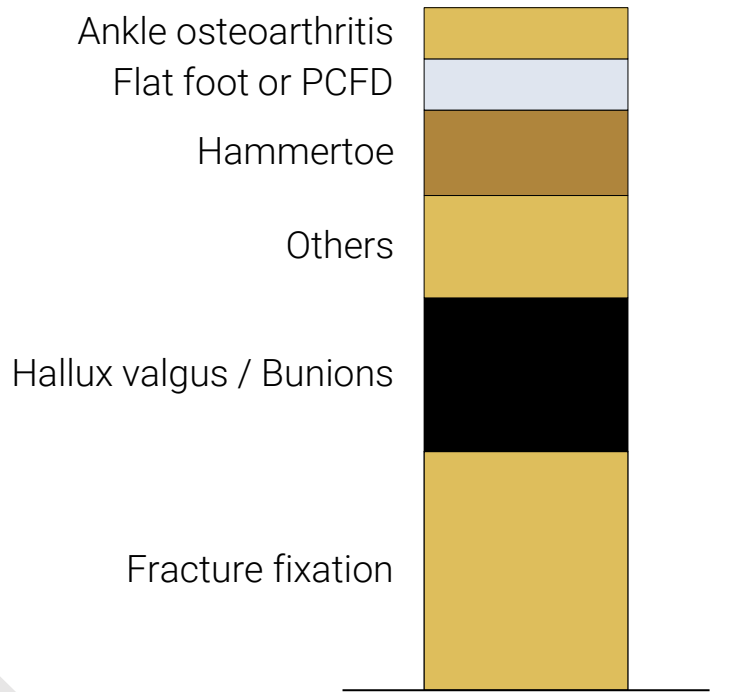
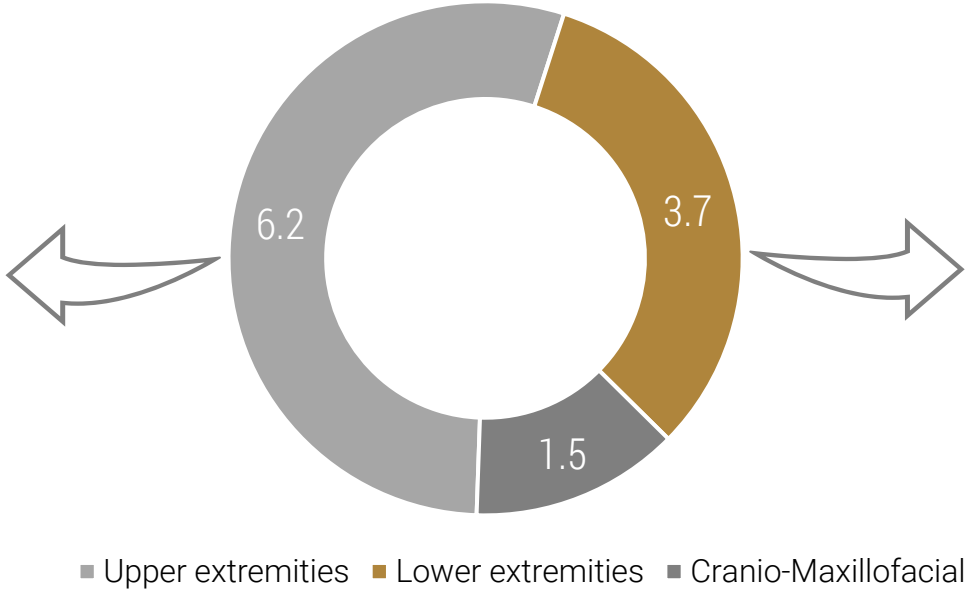
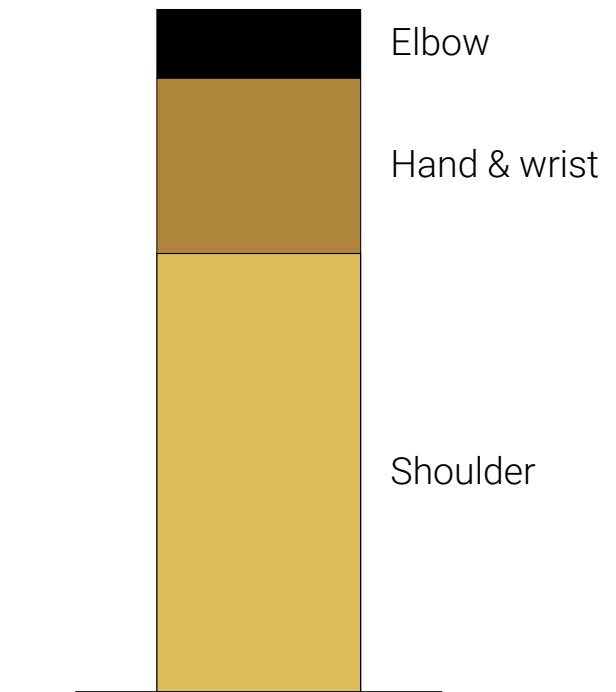
	2022	2023
Organizational development	<ul style="list-style-type: none"> ▪ Building “ONE-Medartis” culture mainly driven by pace and entrepreneurial spirit of former NSI ▪ Onboarding of new management and NSI team and subsequent review of roles and responsibilities ▪ Continue to expand sales network 	<ul style="list-style-type: none"> ▪ Significantly improve cost efficiency ▪ Further improve sales execution and sales force productivity ▪ Accelerate innovation process – from idea-to-market
Commercial activities	<ul style="list-style-type: none"> ▪ Lapidus Cut Guide launched in Q3 ▪ First Keri Medical product to be launched in Q4 (KeriFlex) ▪ Expanding our contracts with healthcare institutions 	<ul style="list-style-type: none"> ▪ Numerous new foot and ankle product launches ▪ Leverage training & education (fellowships) and align with IBRA activities
Operations & processes	<ul style="list-style-type: none"> ▪ Integration of NSI into the Medartis ERP system ▪ Regulatory affairs & quality process incorporated ▪ NSI is docked to the Medartis supply chain network ▪ Production ramp-up for existing products 	<ul style="list-style-type: none"> ▪ ERP integration of manufacturing unit (“Lakeland” former 3rd party manufacturing business) ▪ Design and know-how transfer to start domestic plate and screw production in 2024

2 Addressing the USD 5bn US market opportunity

Breakdown of the ~USD 3.7 billion US upper limb market²

Worldwide market segment worth USD 11 bn USD¹

Breakdown of the ~USD 2.2 billion US foot and ankle market



Percentage of total US upper limb market

Percentage of total US foot and ankle market

US accounts for 50-60% of the WW extremities market

■ Upper extremities ■ Lower extremities ■ Cranio-Maxillofacial

¹ Based on DRG Report Orthopedic Extremity Devices and Medartis estimates

² USD 1bn of the shoulder segment consists of total joint replacement which Medartis does not address

2 Confidence in acceleration in H2



New US leadership team has assessed and defined roles & responsibilities addressing underperformance and strengthening commercial capabilities



Clear focus on sales execution

- Independent sales agent network has been reviewed based on its performance and partially realigned
- Strengthening existing independent agents and onboarding new ones
- Focus on improving sales productivity and surgeon conversion
- Continuous expansion of Key opinion leader (KOL) network
- Large investments in surgical sets in H1 for priority extremity indications
- T&E capacity has been increased
- Dedicated marketing team has been built



Leading KPIs point in the right direction

Everyone counts

We embrace a collaborative and inclusive environment, where everyone speaks up and contributes actively.



Our values

Make it happen

We live a “can-do attitude”, are empowered to make decisions and keep our commitments.

Eager to learn

We grow and develop by learning from experience and each other.

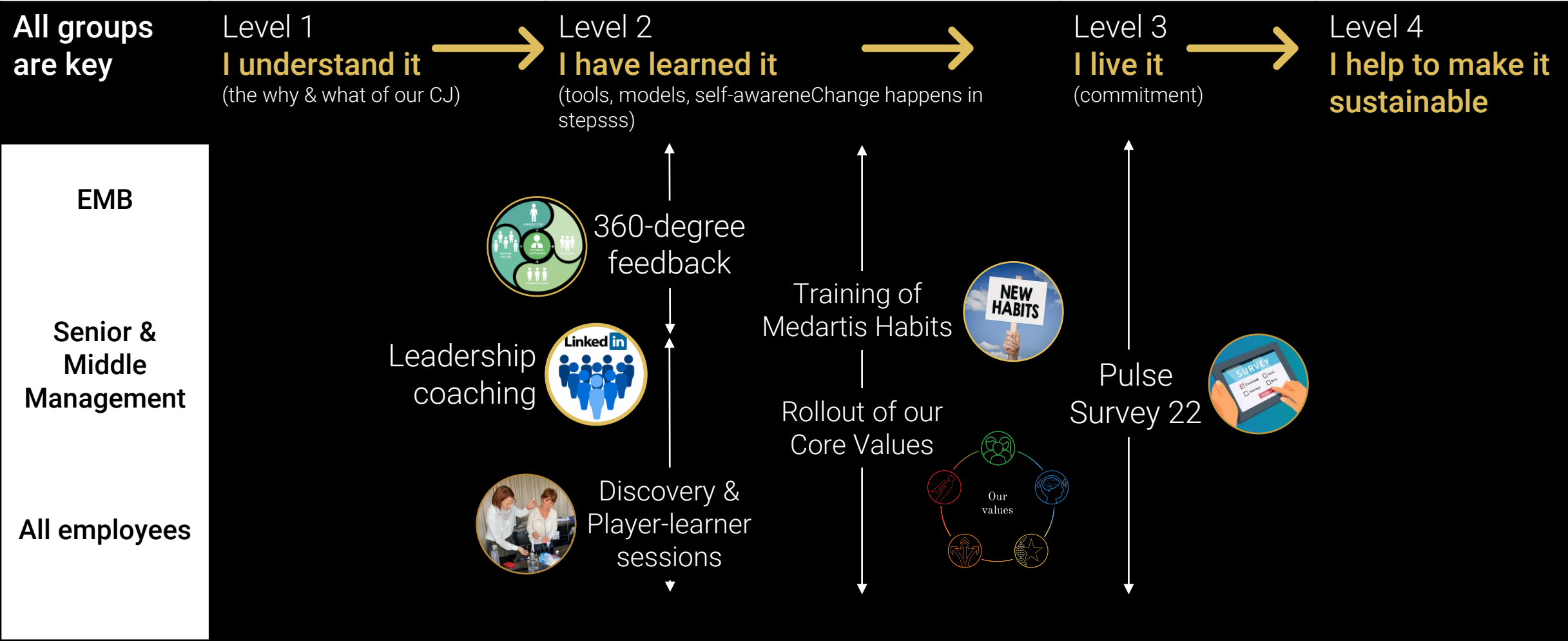
Speed and agility is our credo

We adapt quickly, execute with excellence and a high sense of urgency.

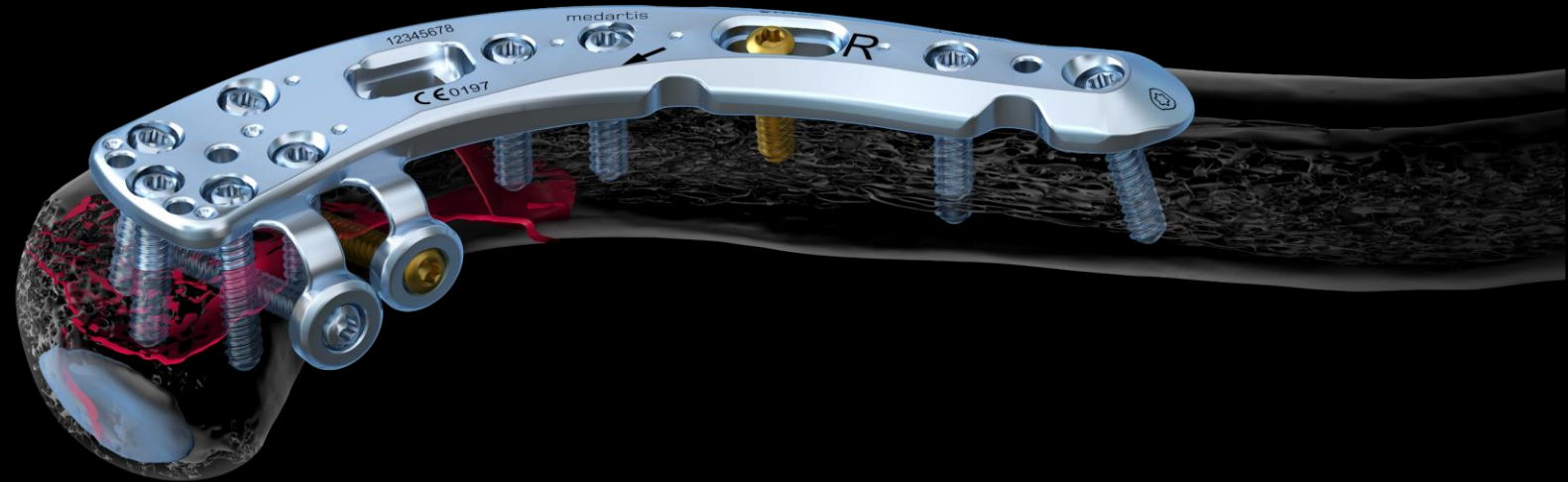
Excellence is in our DNA

We develop innovative technologies and deliver high-quality solutions which make a difference for our patients and customers.

3 Next stops on our (culture) journey



Outlook 2022



Outlook

(barring any unforeseen circumstances)

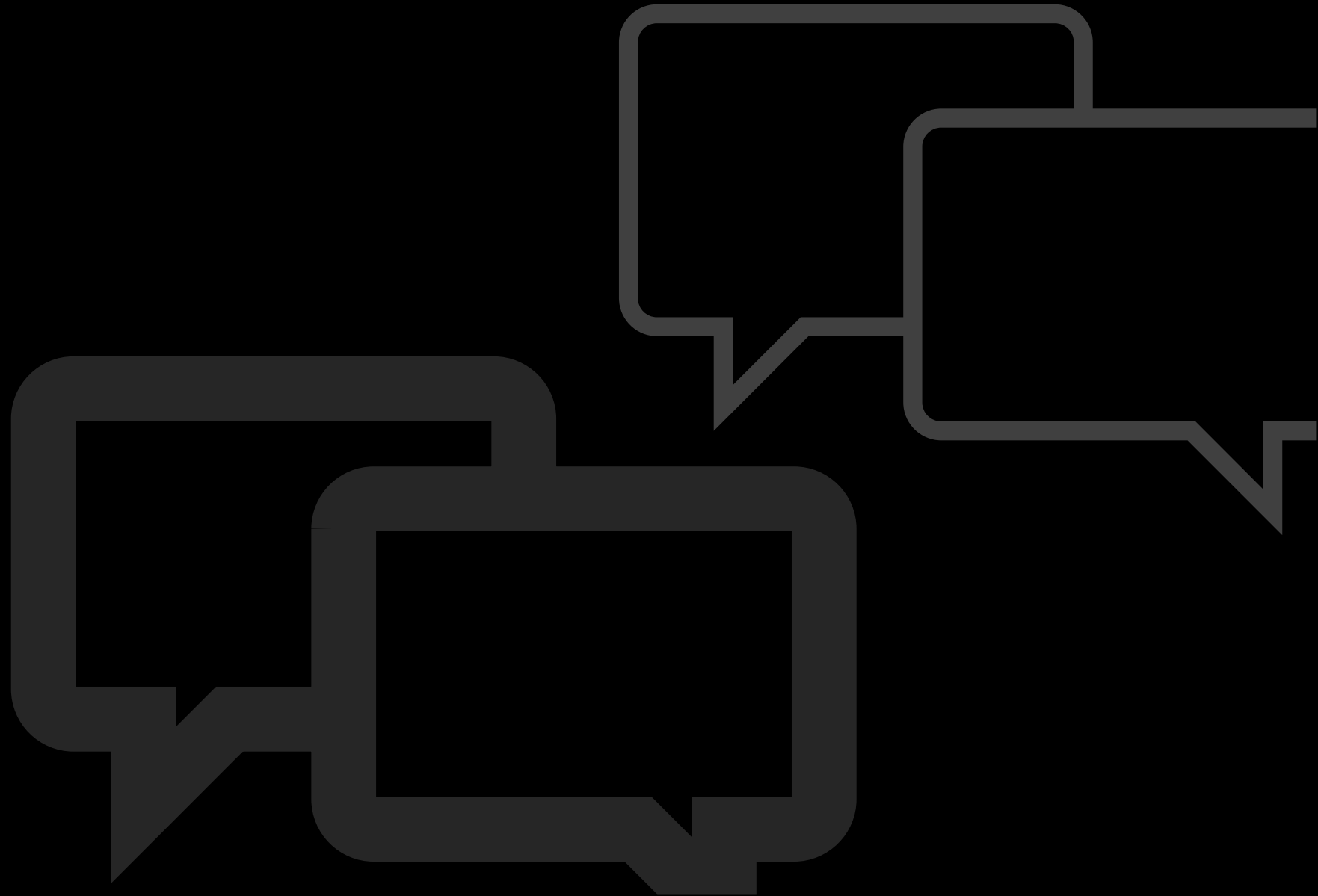
2022

- FY sales growth (at CER and incl. NSI) in the high-teens range
- Plan to optimise the cost structure is in the implementation phase
- The lower sales level will impact reported and underlying EBITDA margins by about 1–2 PP

Medium to long term

- Long-term growth and profitability objectives remain unchanged

Q&A



Upcoming investor events

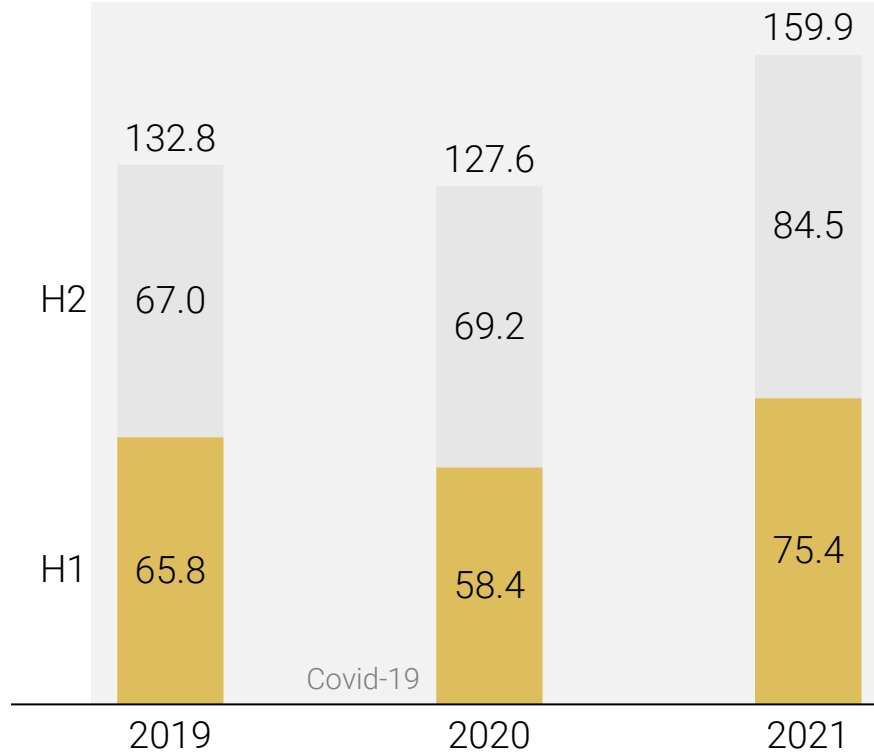
2022	Event	Broker	Destination
16 August	2022 half-year results publication		
17 August	Roadshow meetings	Credit Suisse	Geneva
18 August	Roadshow meetings	Octavian	Frankfurt
27 September	Roadshow meetings	Credit Suisse	New York
28 September	Roadshow meetings	Credit Suisse	Boston
2 November	ZKB Swiss Equities Conference	ZKB	Zurich
15 November	Jefferies Healthcare Conference	Jefferies	London
16 November	Credit Suisse Mid Cap Forum	Credit Suisse	Zurich
2023			
14 March	2022 full-year results publication		Headquarters
21 April	Annual General Meeting 2023		Headquarters



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

Healthy growth despite steep comparison in the prior year

Net sales in CHF million
2019 and 2020 restated



Year-on-year growth at CER

