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2023 | Full-year Results

Christoph Brönnimann CEO | Dirk Kirsten CFO

Basel, 12 March 2024

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Agenda

[Full-year highlights](#)

Christoph Brönnimann, CEO

[Operational and financial review](#)

Dirk Kirsten, CFO

[Business update](#)

Christoph Brönnimann, CEO

[Outlook 2024](#)

Christoph Brönnimann, CEO

[Upcoming corporate events](#)



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Full-year highlights

Christoph Brönnimann, CEO


Full-year 2023 | Key figures

TOTAL NET SALES IN CHF

 CHF **212.0** million


- EMEA key growth contributor
- US fastest growing region

REVENUE GROWTH

 **+20.5%** CER

- Internal¹ sales growth (excl. NSI 3rd party custom manufacturing) reached 17.4%

EBITDA MARGIN IN %

 **15.9%** underlying

- Strong 3.6 PP increase of the underlying² EBITDA margin increases
- Gross margin improved in H2 (FY 79.3%)

GROWTH STORY CONTINUES

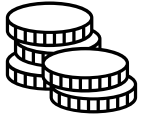
 **2023**

- Results reached the upper end of the company's forecasts
- Strong results make us optimistic for 2024

¹ "Internal growth" denotes the increase in sales at constant exchange rates (CER), excluding the impact of mergers, acquisitions, and divestments. NSI's contract manufacturing business for third parties is of no strategic significance and is therefore excluded from this calculation.

² The one-off costs in 2023 are related to the costs of remediating the IT attack. In 2022, the one-off costs for the NSI acquisition and the discontinued China business are excluded to facilitate the underlying operational performance.

FY 2023 | Business highlights



- With strong internal growth of 17.4% we gained further market share in all regions and business segments and substantially improved profitability and cash flow
- Keri Medical business doubled again in 2023 and now accounts for 20% of the share of business (SOB) in those markets, where we are active (Austria, Germany, the UK)



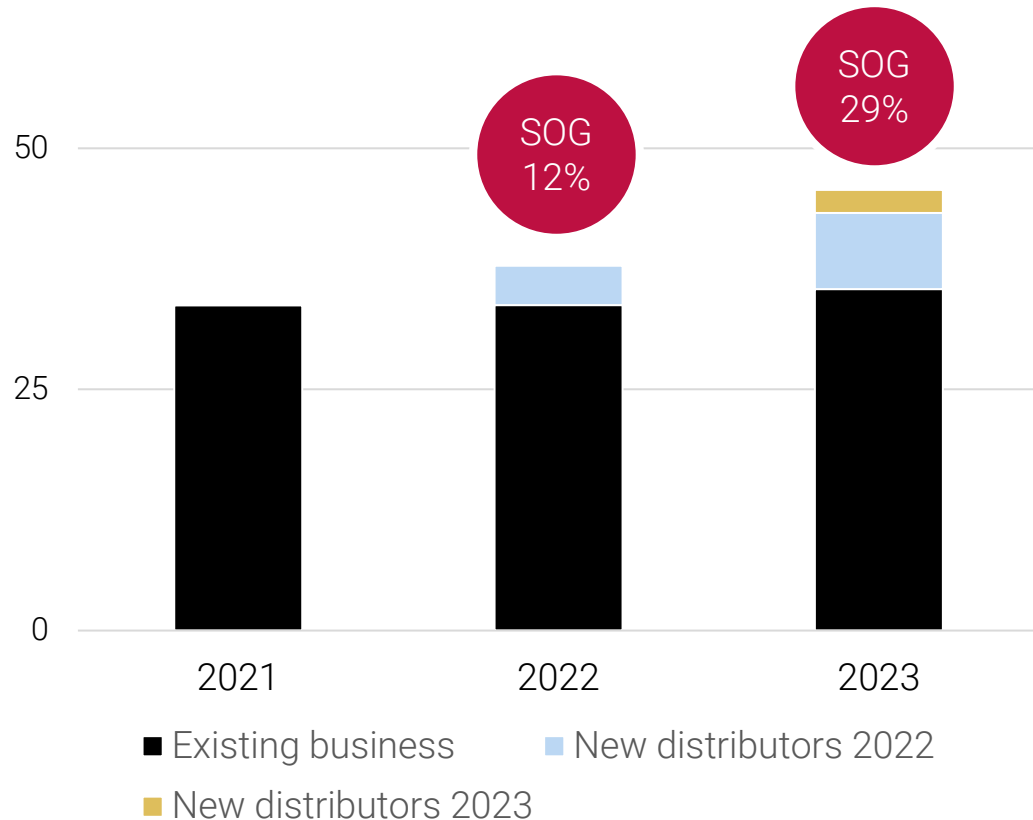
- The EMEA region exceeded our expectations and surpassed the CHF 100 million mark for the first time
- The US organization was strengthened in the areas of sales support and T&E, and we expanded our distribution network for upper and lower extremities
- APAC and LATAM are gaining market share: Australia absorbed authority-imposed price cuts; Brazil was soft, but strong growth in Mexico and distributor markets compensated for this



- Milestone in T&E for IBRA: Opening of the IBRA wet lab in Basel in H2
- Further progress in our cultural journey; Brazil & Mexico certified as “Great Place to Work”

US | Further building momentum

3-year US sales trend (in USD)



- Brought on 11 new distributors across 6 states in 2023 (Total sales force now approx. 250) — new sales agents contributed 29% of SOG
- First nationwide T&E roadshow and bootcamp for the lower extremities organized in H2 2023 and Q1 2024 respectively
- Dynamic growth in CCS line coupled with high twenties growth in main segment Hand & Wrist
- The new national HPG contract signed in the middle of the year (potential access to 3,000 centers) supported growth in 2023 and it will add to future growth
- Lower extremities developed well, but we underestimated the training effort to successfully sell the bunion jig system
- The first Medartis screws have been produced in Warsaw in February 2024

¹ SOG = Share of growth (% share of new distributor sales in total growth), SOB = Share of business



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Operational and financial review

Dirk Kirsten, CFO

Overview of the financial results

NET SALES

- Sales increased 20.5% to CHF 212 million
- Internal sales rose by 17.4% (CER)

GROSS PROFIT MARGIN

- Underlying gross profit margin decreased to 79.3% (2022: 81.9%)
- Gross margin reached 82.9% excluding the non-strategic NSI 3rd party business

OPEX RATIO

- OpEx ratio improved to 75% (2022: 83%)
- Despite strong topline growth OPEX increased by just CHF 6.5 million

EBITDA

- EBITDA impacted by CHF 1.8 million one-off costs from IT hack
 - The underlying EBITDA improved from CHF 23.4 million to CHF 33.6 million

BALANCE SHEET

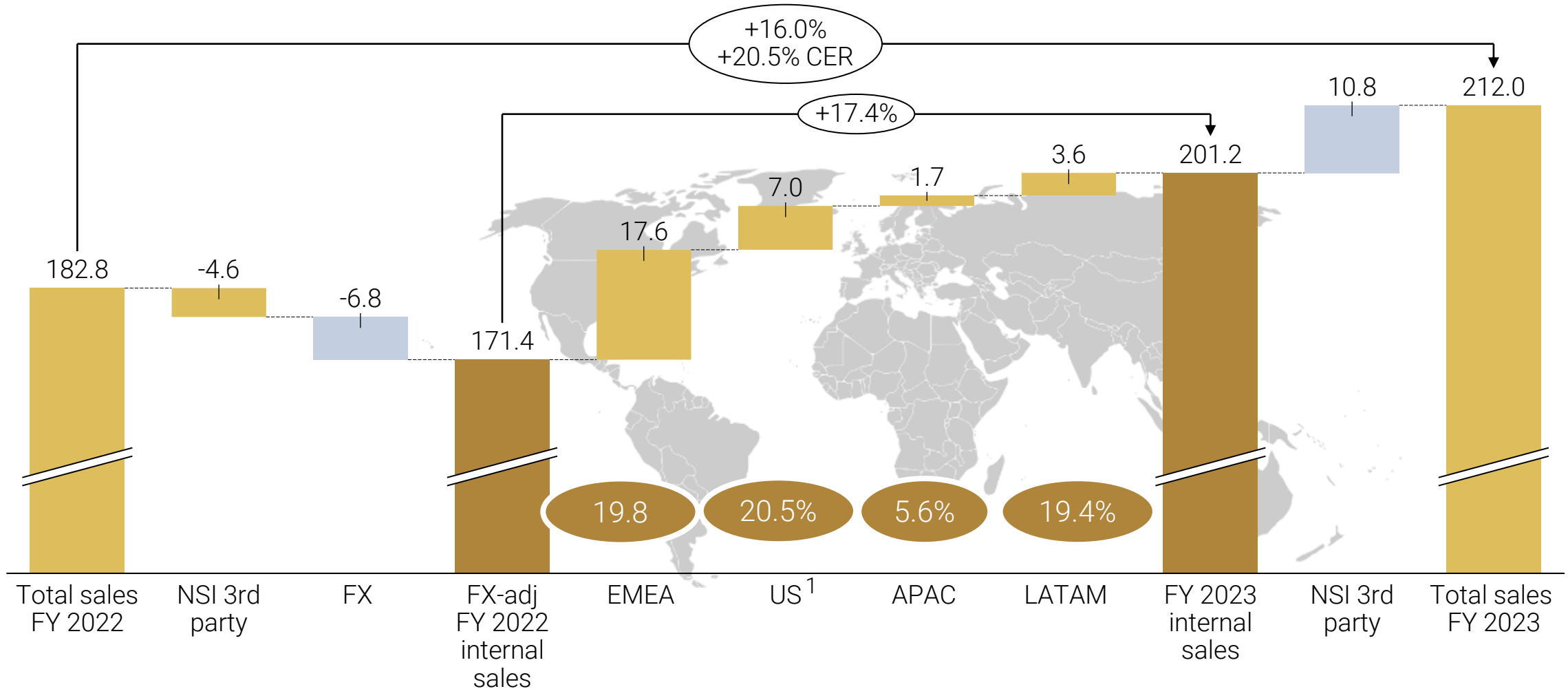
- Net accounts receivables: flat at CHF 39 million
- Inventories reduced by CHF 2 million

CASH FLOW

- Cash flow before M&A and financing: CHF 0.5 million (2022: CHF -23 million)
- Cash position increased to CHF 25.2 million (2022: CHF 20.6 million)

3 out of 4 regions growing in the range of 20%

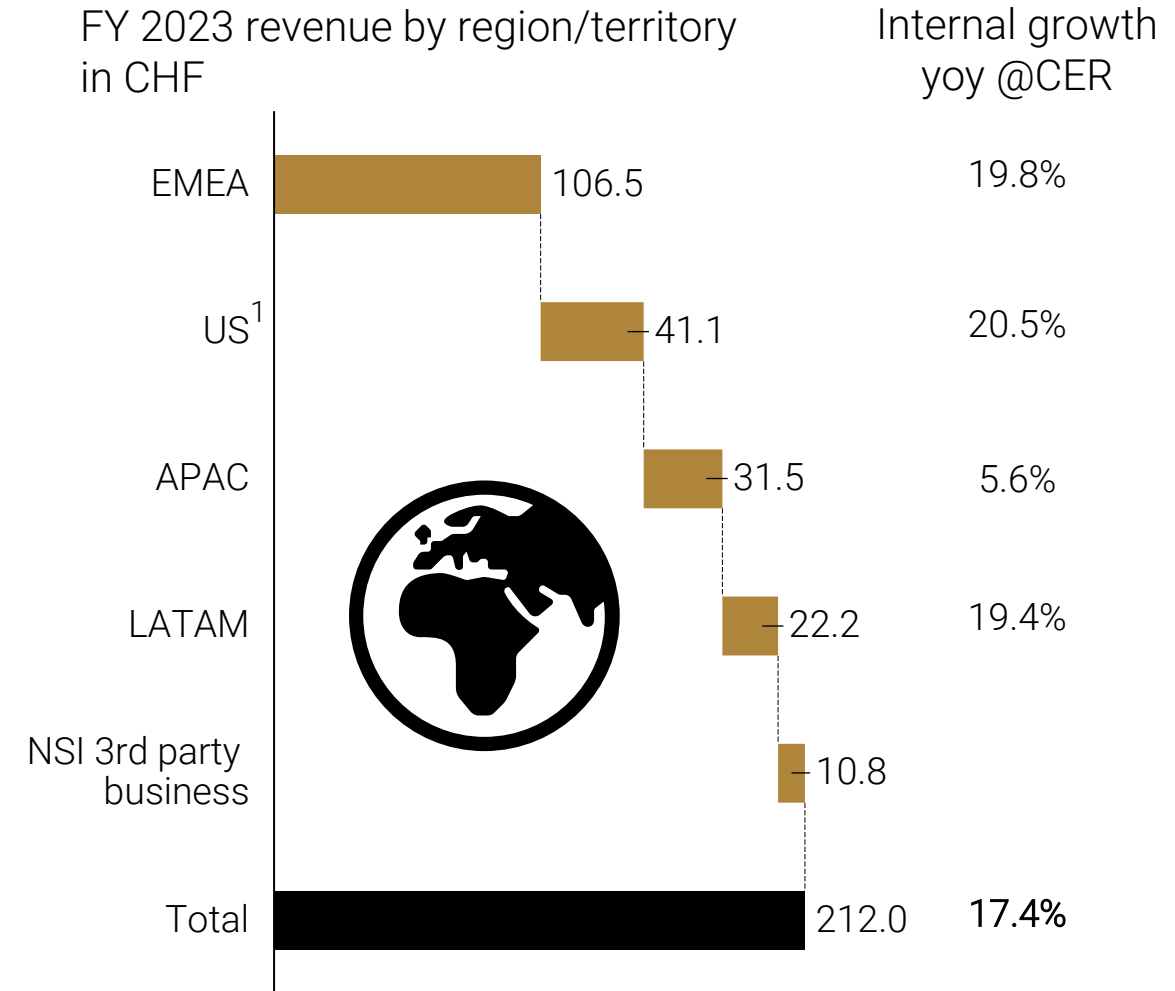
Net sales in million CHF and internal growth yoy (CER)



¹ Sales from NSI's third party custom manufacturing business, which is not considered strategic for the company.

Market share gains in all regions²

- US: Further acceleration in 2023 thanks to the distribution channel expansion and new product rollouts
- EMEA: strong DACH region, supported from very strong growth from UK, Spain and Poland. Market share gains in all countries
- APAC: Australia was affected by further mandatory price cuts; Japan with strong growth again, also including an increasing momentum from upper extremities
- LATAM: Strong growth from Mexico. Brazil behind expectations due to delays of new product registrations
- NSI 3rd party business: opportunistic strategy to fill vacant capacities and cover fix costs, until Medartis own production is ramped up

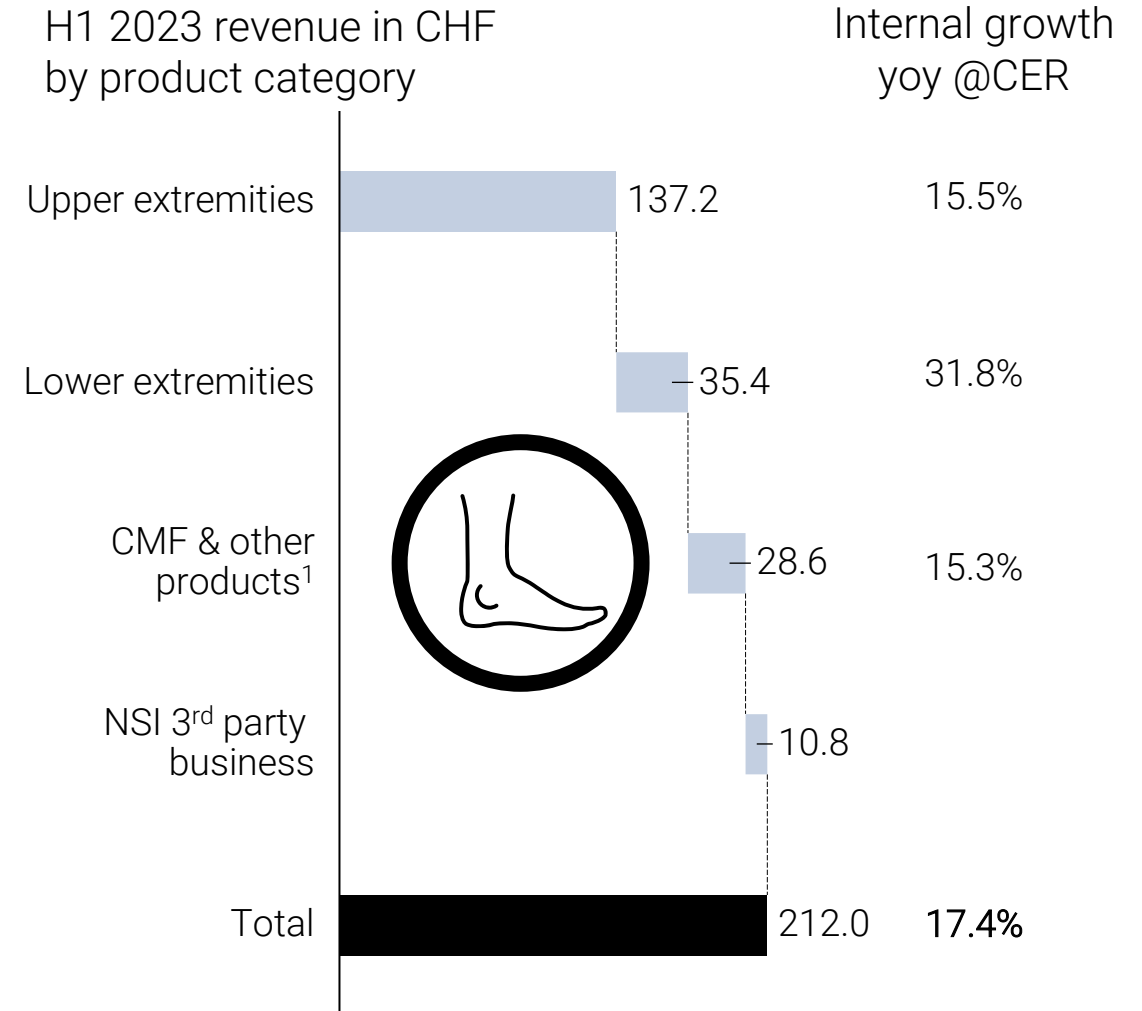


¹ NSI's contract manufacturing business for third parties is of no strategic significance and is therefore excluded from this calculation.

² Assumption: WW extremities market growth of 4-6%. Australian figures include a 12% price cut; Medartis volume grew in the mid teens.

Lower extremities with disproportionate growth

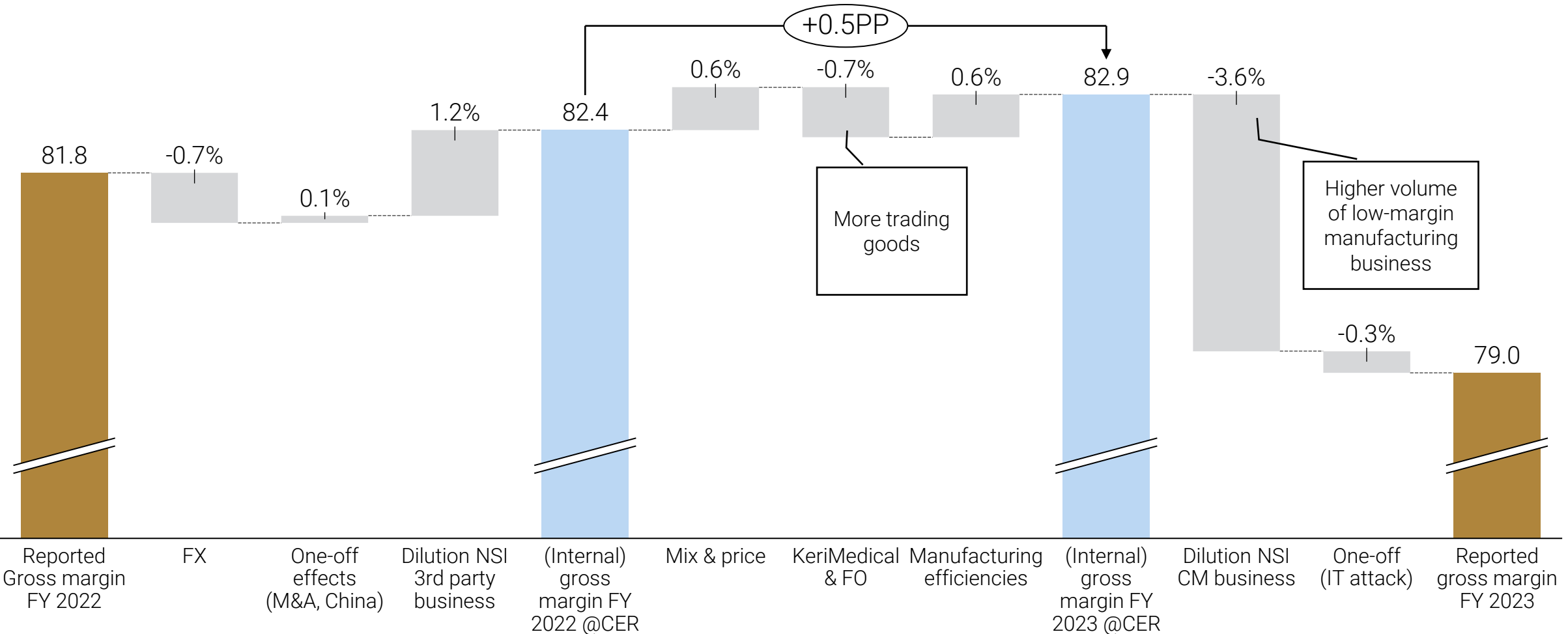
- Lower extremities business enjoyed an impressive surge of 41% in EMEA with strong contributions from the 'Ankle Trauma' and the 'CCS compression screw' products
- Keri Medical played a pivotal role in the growth of the German, Austrian, and British subsidiaries and contributed half of the growth in the upper extremities segment
- Sales of intramedullary nails (Field Orthopedics) supplemented the strong demand for our own products (elbow, ankle, CCS) in the US
- LapiPrep launched in Q2 2023, customer feedback is promising, initial experiences underscore the significance of medical T&E
- CMF: Transfer from Modus 1 to new Modus 2-system progressed well



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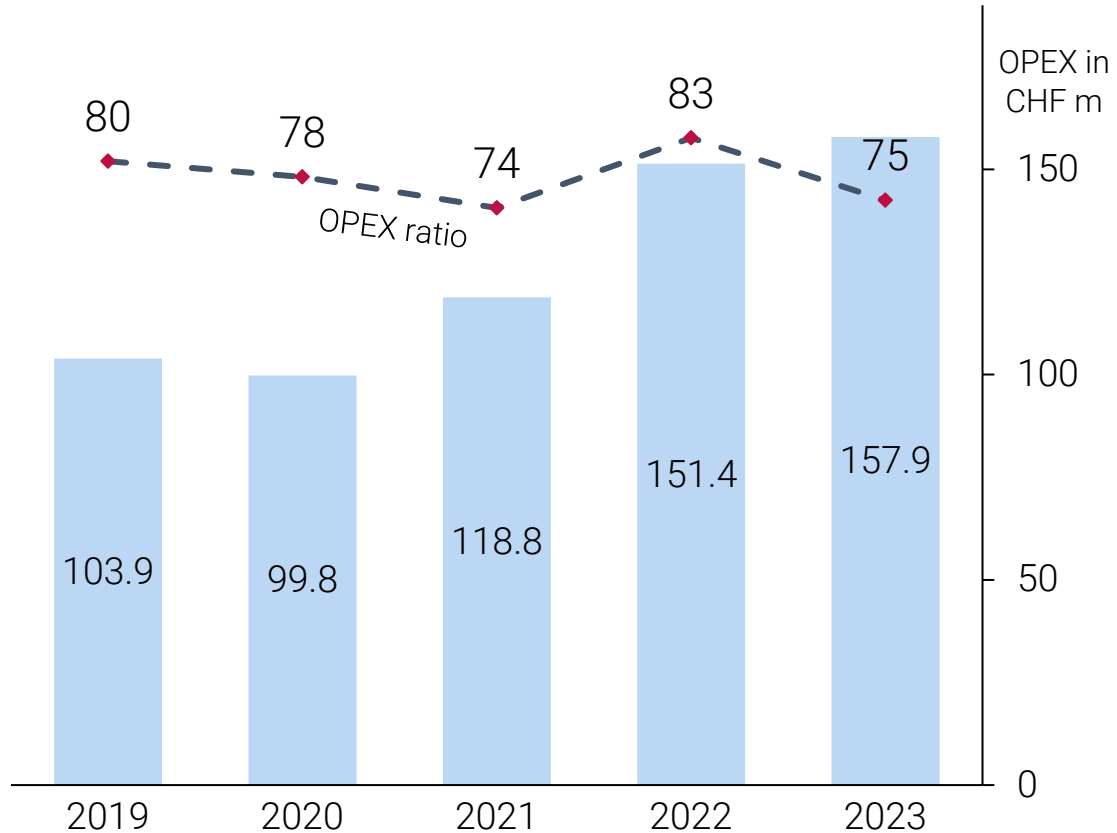
Gross margin | Internal gross margin improved to almost 83%

in % of net sales



OPEX | Improved cost efficiency following the NSI integration

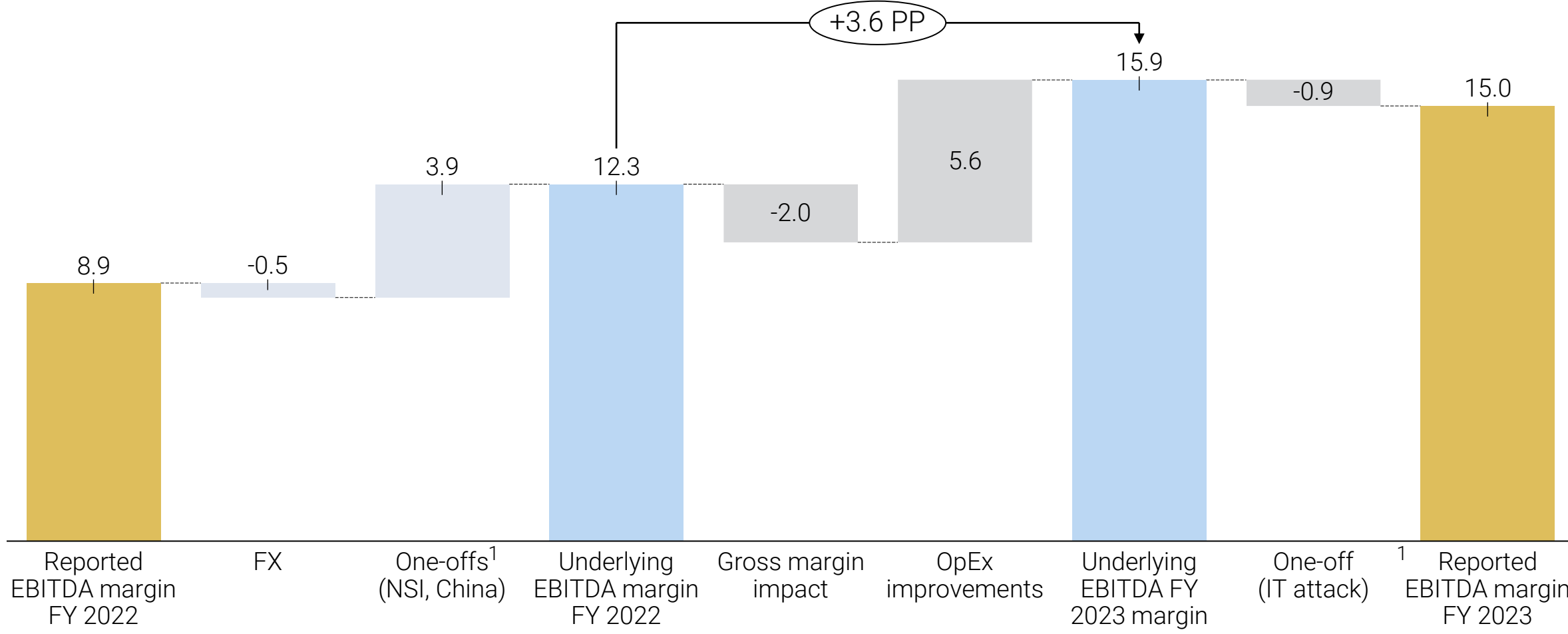
OPEX in CHF million (bar) and OPEX ratio in % of sales (line)



- Almost the entire improvement in the OPEX ratio compared to the previous year was achieved at the HQ; the markets have continued to invest in customer-oriented activities
- We continued to spend approx. 12% of net sales in R&D to fuel internal and external innovation
- OPEX ratio has returned faster than expected to pre-NSI level from 2021
- OPEX ratio slightly impacted by IT hack (CHF 1.3 million) and FX
- Contribution margin from US region still lower than in other regions, but improvements expected in 2024 and beyond

EBITDA | Underlying margin increased 3.6 PP reaching upper end of guidance

in % of net sales

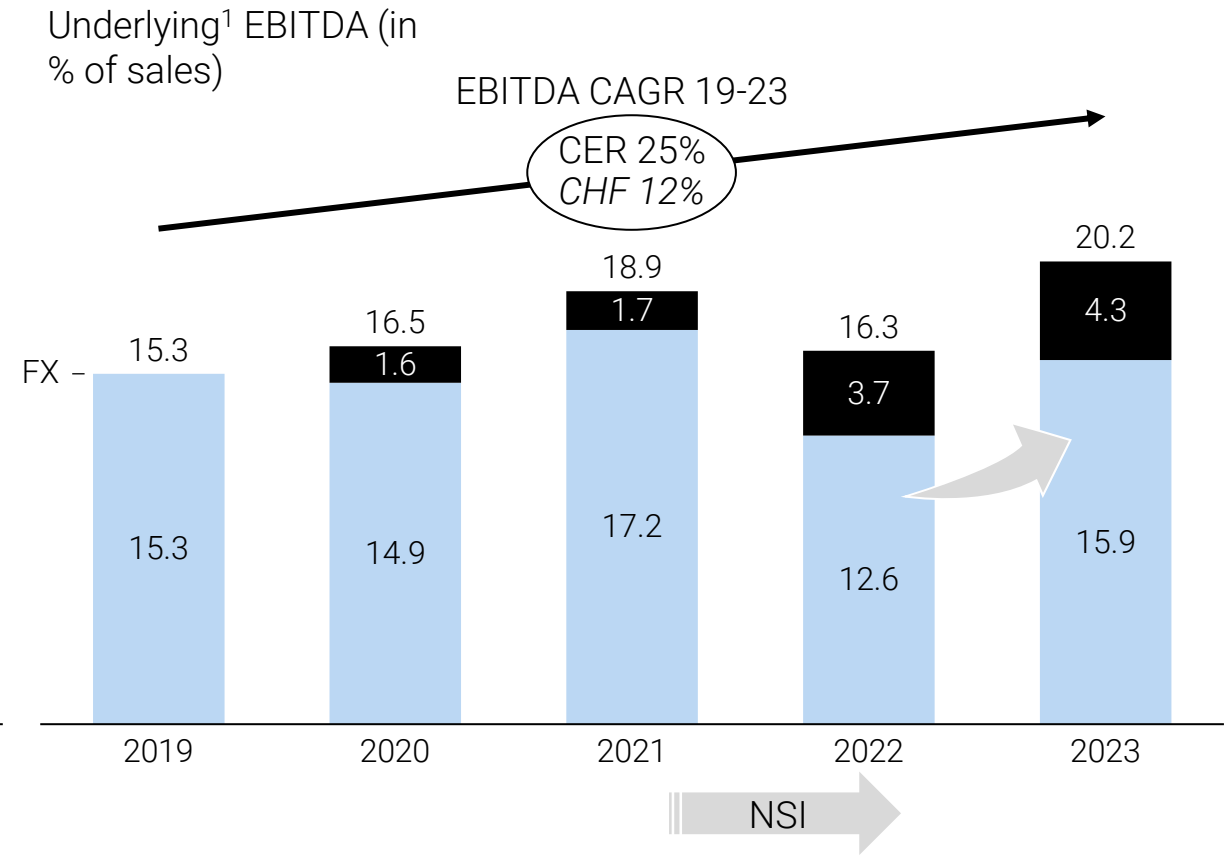
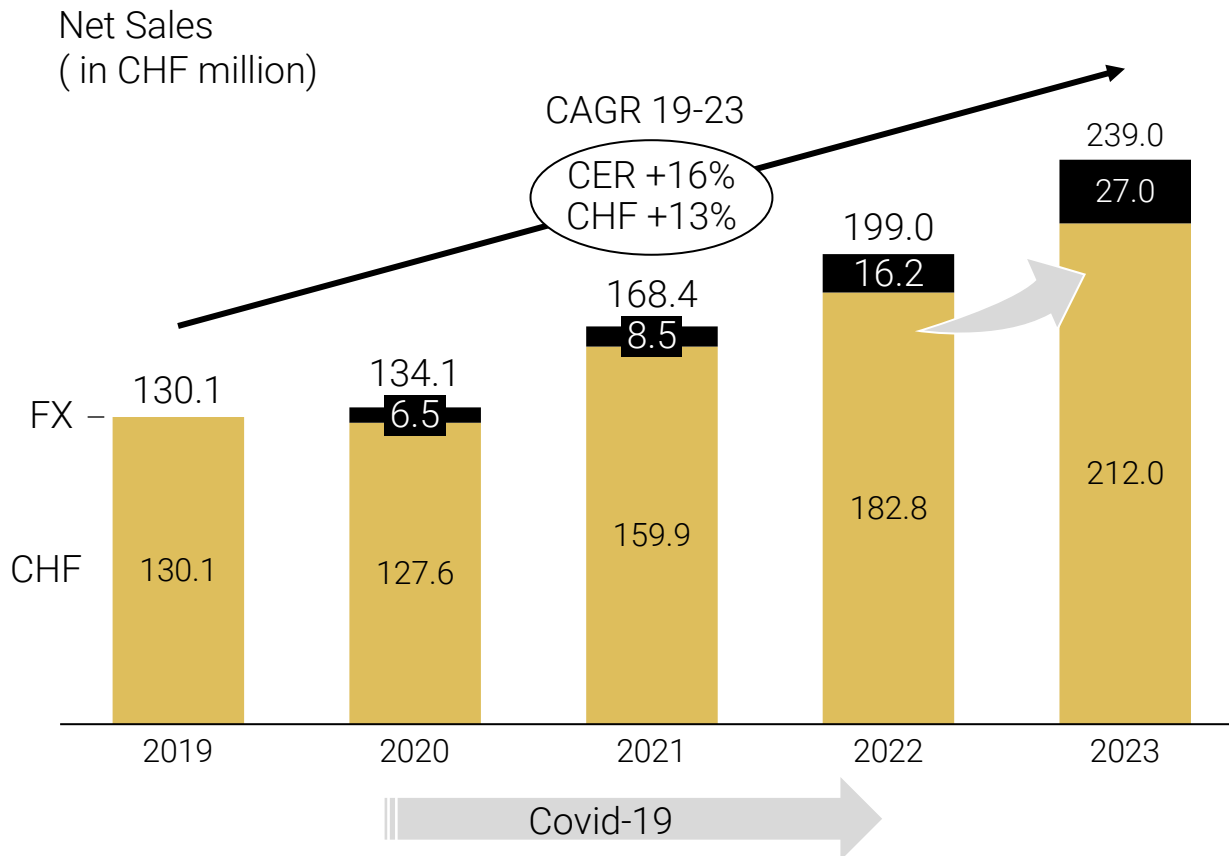


¹ The one-off costs in 2023 are related to the costs of remediating the IT attack. In 2022, the one-off costs for the NSI acquisition and the discontinued China business are excluded to facilitate the underlying operational performance.

OPERATING LEVERAGE | partially negated by CHF strength

3-year aggregated growth (post-COVID) approx. 60%

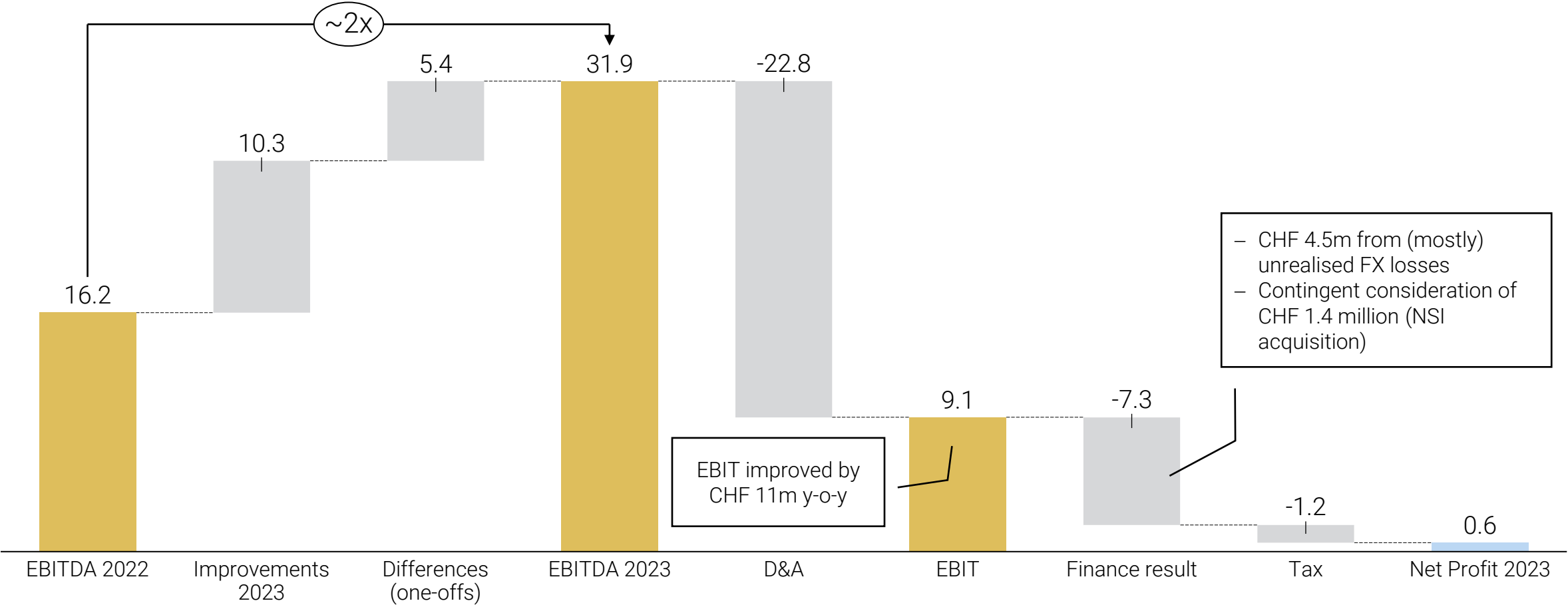
FX adj. EBITDA Margin 2023 +5 PP vs. 2019



¹ Margins adjusted for one-off effects (e.g. M&A transaction costs, business discontinuation, IT attack)

NET RESULT | affected by unfavorable exchange rate development

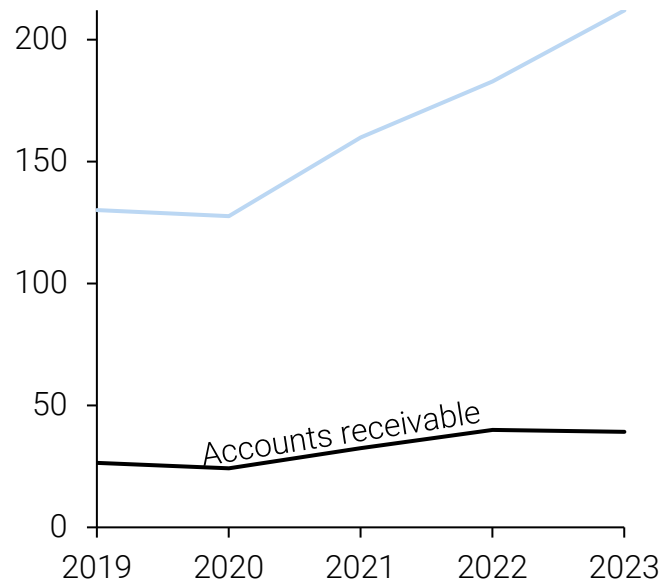
in CHF million



EMPLOYED CAPITAL | Improved capital efficiency despite double-digit growth

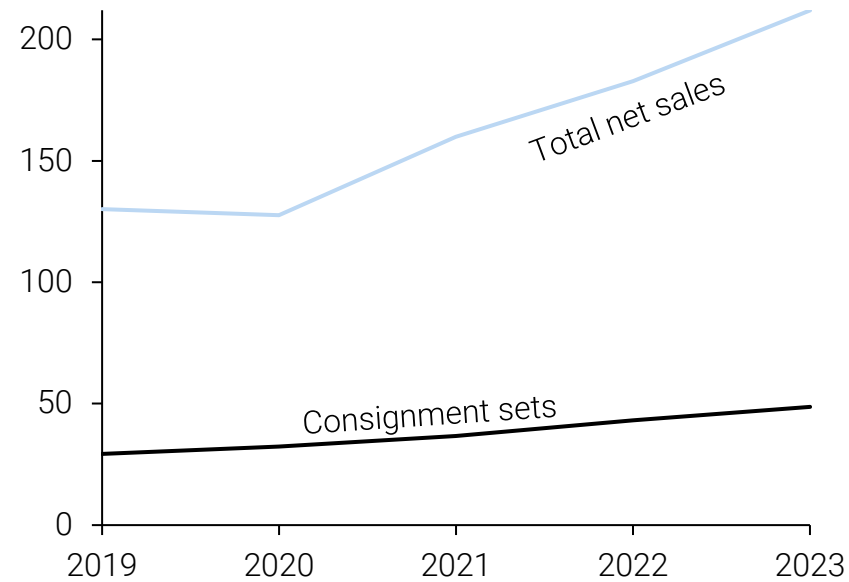
in CHF million

Trade accounts receivables



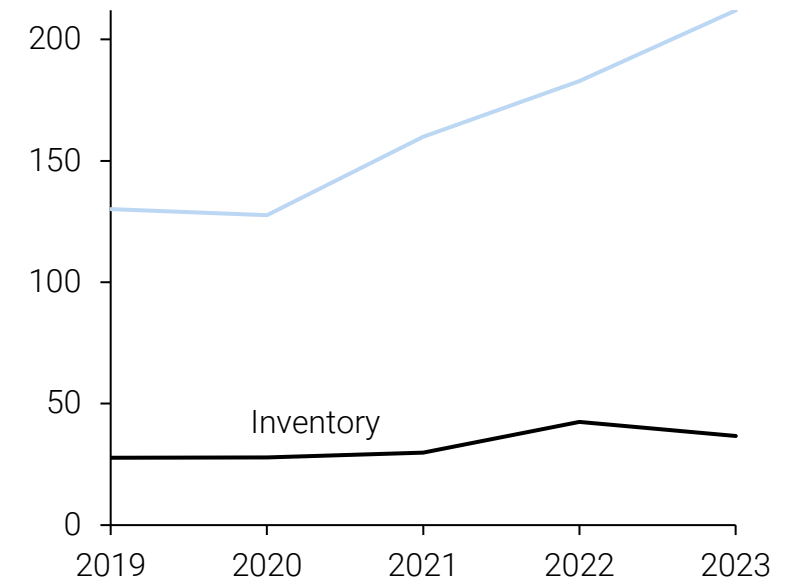
- Stricter payment terms anchored in a new policy
- Generous terms will only be accepted if they generate sales growth

Consignment sets



- Better set efficiency for high-volume indications and loaner sets
- Selective set investments in new products

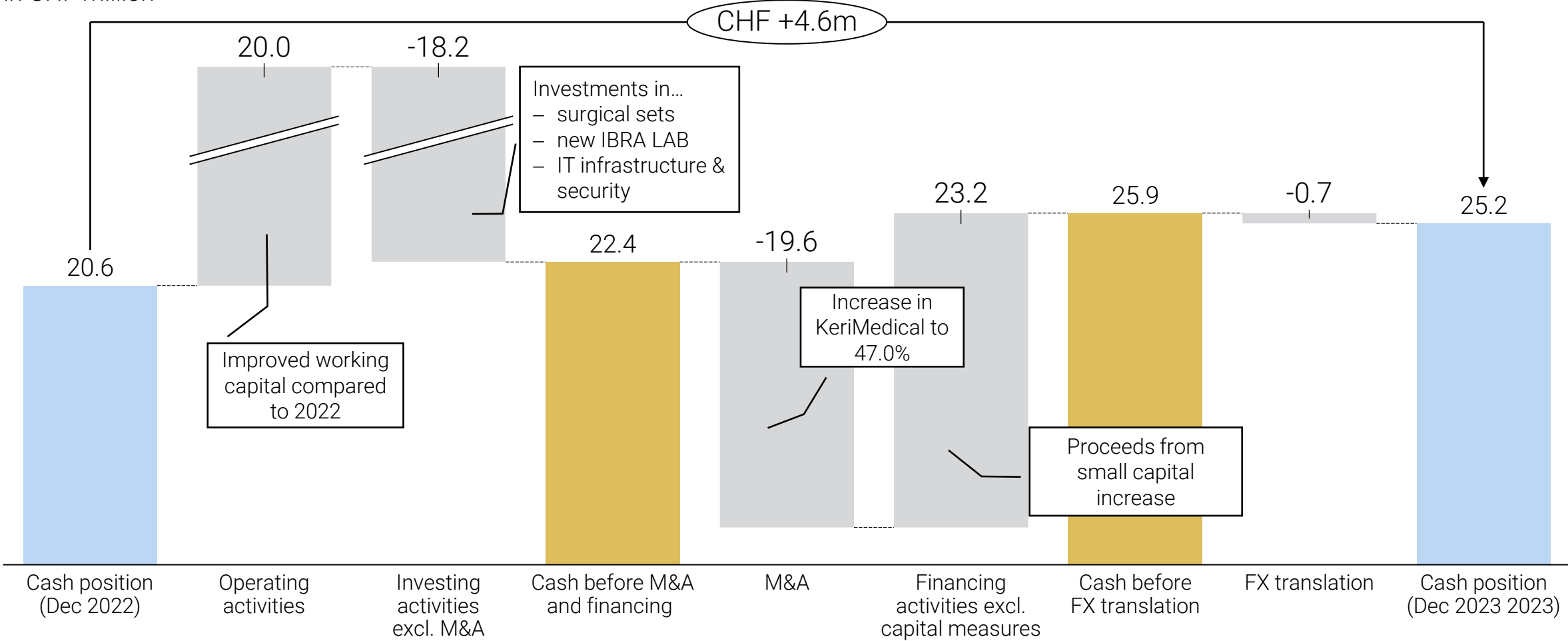
Inventory



- Better inventory management in production facilities and logistic hubs
- Better integration of distribution centers into global supply chain management

CASH | Improved operating cash flow despite investments in growth

in CHF million





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Business update

Christoph Brönnimann, CEO

Success factors



- 1** Innovation

- 2** Partnerships (surgeons and technology companies)

- 3** Expansion (become the first address for surgeons across all indications)

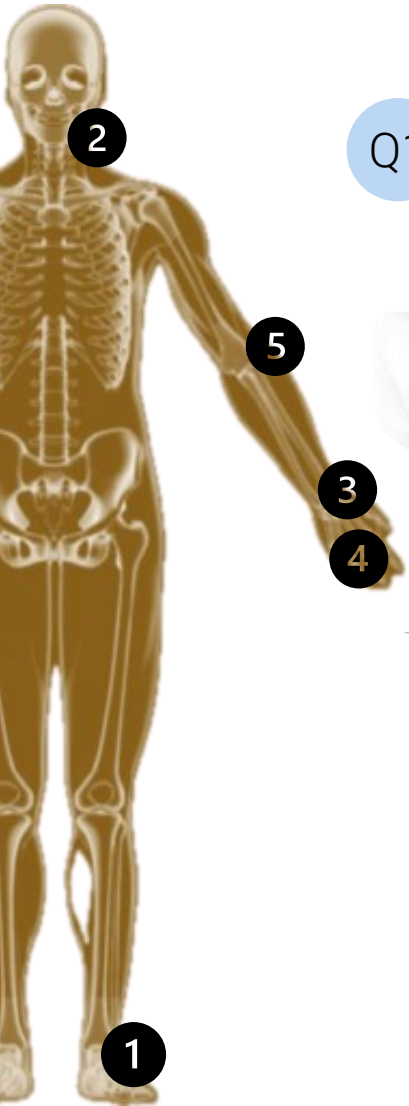
- 4** Medical training & education

- 5** Clinical research & feedback

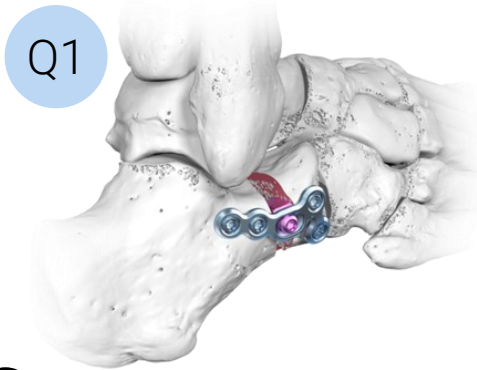
- 6** Reliability (service & fulfillment)



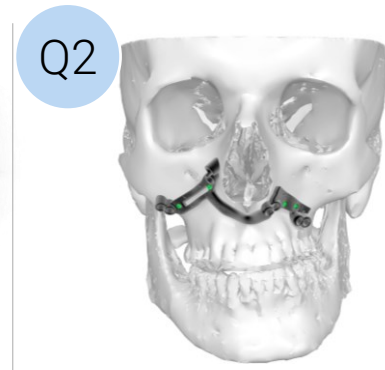
Upcoming launches in 2024



Product launches in 2024



(1) New Foot Ortho system



(2) CMX Orthognathic (patient specific)



(3) Scaphoid plates



(4) CCS Extension

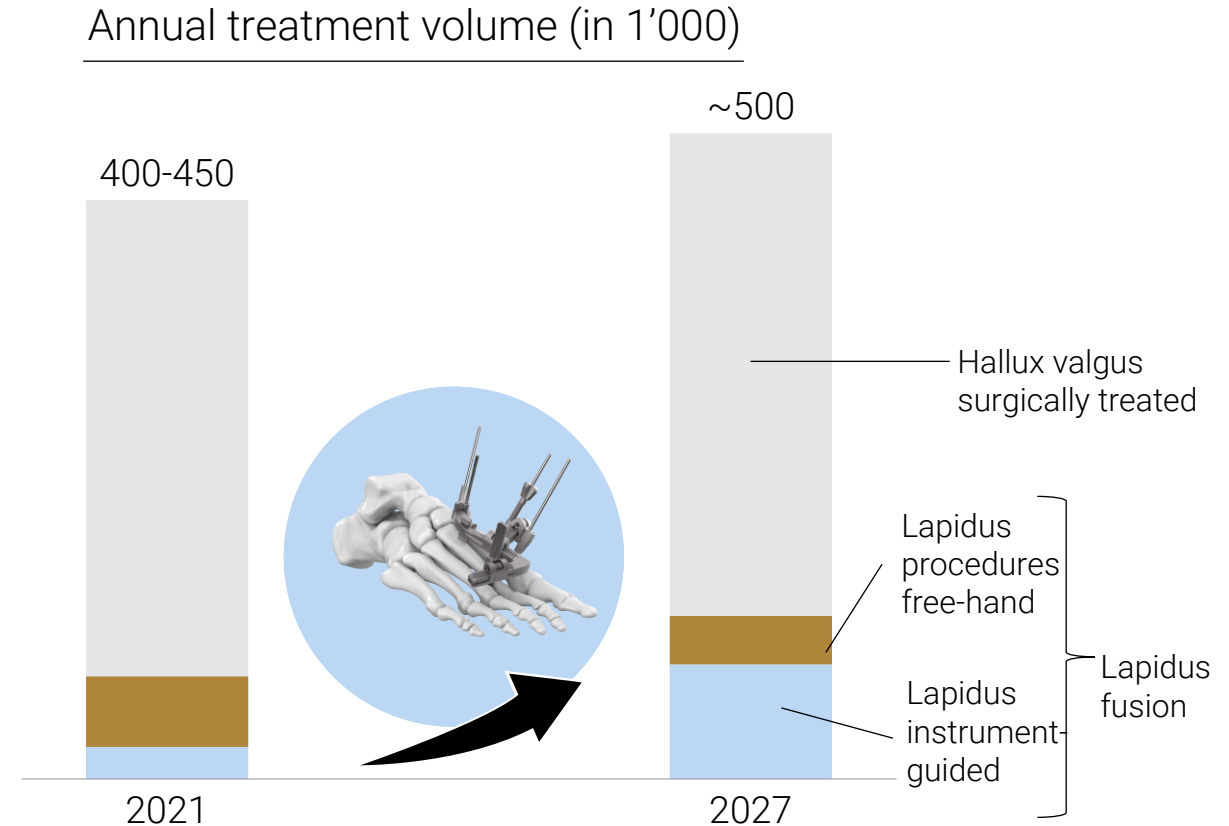


(5) Elbow Extension

- Replicate the success in the hand & wrist segment to the entire upper extremity and become a **provider of choice** in upper extremities
- Increase market share in **trauma** accounts
- Expanding our portfolio to support our strong CCS sales growth
- Gain market share in the **elbow**
- The introduction of the new **Foot System** alongside LapiPrep will strengthen our presence in lower extremities

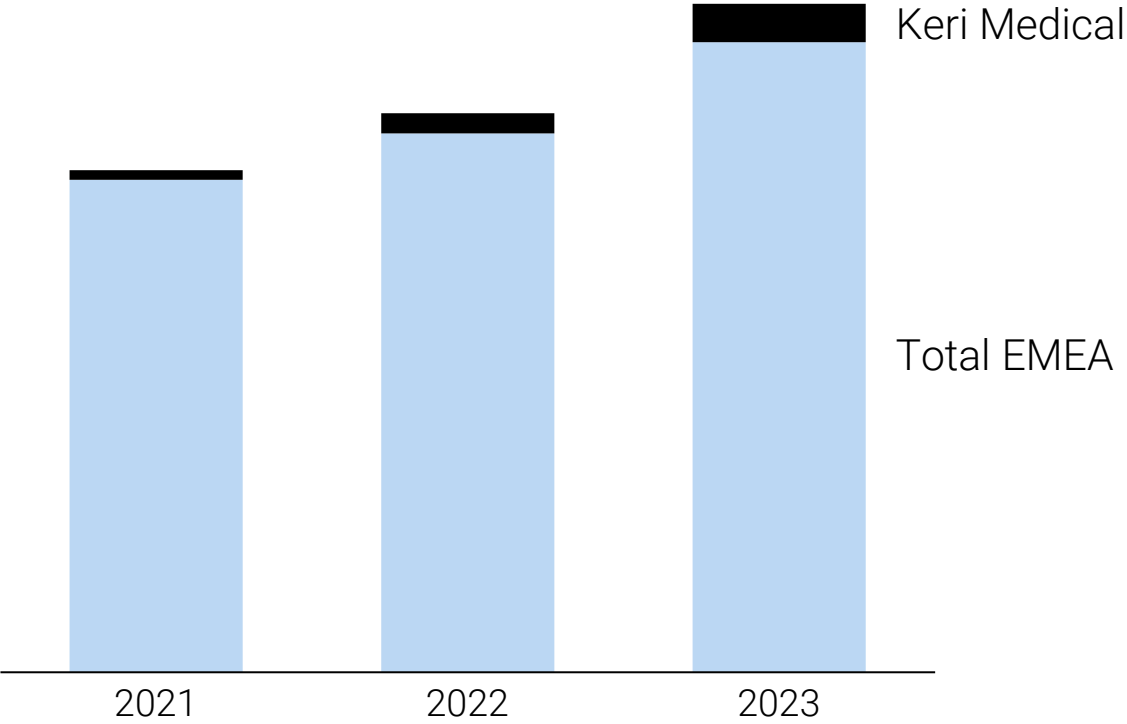
NSI: Participating in the dynamic bunion jig market

- Lapidus bunionectomy procedure¹ market is worth approx. USD 400 million (~80K surgeries)
- 4 out of 5 patients are treated with alternative surgical treatment
- Trend towards smart instrumentation (jig) make treatments reproducible and lower the psychological barriers to entry for physicians (DPMs)
- LapiPrep is a versatile instrument set that enables a variety of fixation methods
- Medical training of surgeons and sales agents is paramount for increasing adoption rates and customer conversions, making it a key focus for us in the US market

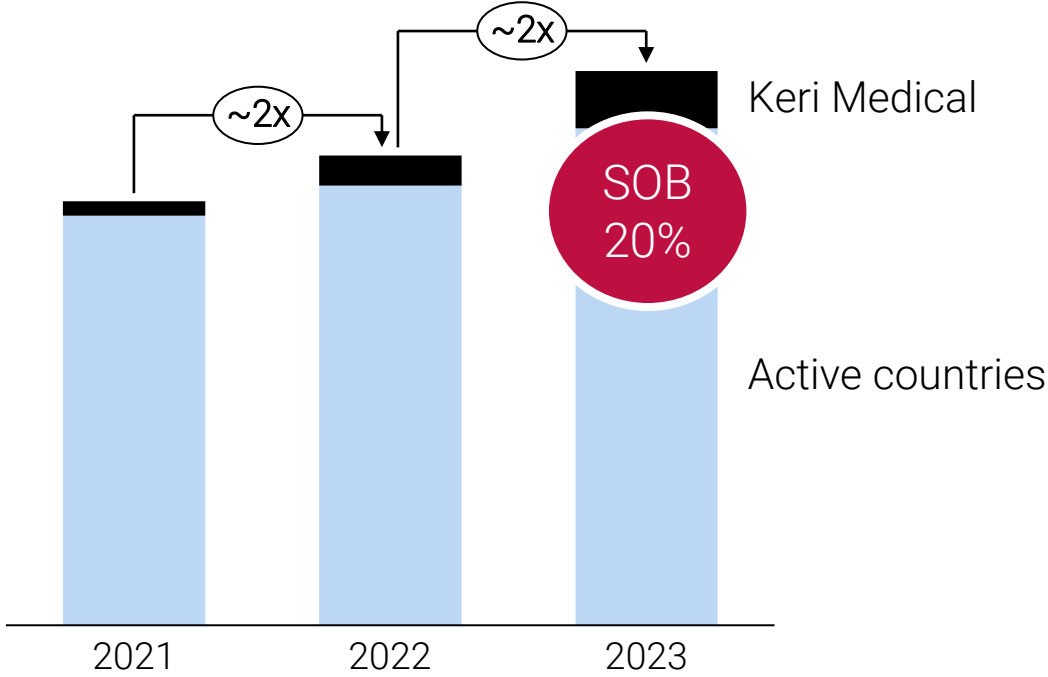


Keri Medical is a pivotal growth driver in the EMEA region

Share of business (SOB) in EMEA



SOB in active countries (Austria, Germany & UK)



¹ SOG = Share of growth, SOB = Share of business (share of the business in relation to total sales)

Keri Medical: Implant arthroplasty in the thumb is a clear trend

- Implant arthroplasty for thumb CMC joint has proven over time its reliability as an alternative procedure to the treatment standard of trapeziectomy¹
- Strength, mobility, and thumb function are more rapidly restored than with resection; first ray length is conserved
- Implant arthroplasty requires careful case selection and experience in positioning the implant
- With data from over 50,000 TOUCH prostheses since the launch in 2014 provide peace of mind for surgeons
- Offers cross-selling opportunities within the upper extremity customer base

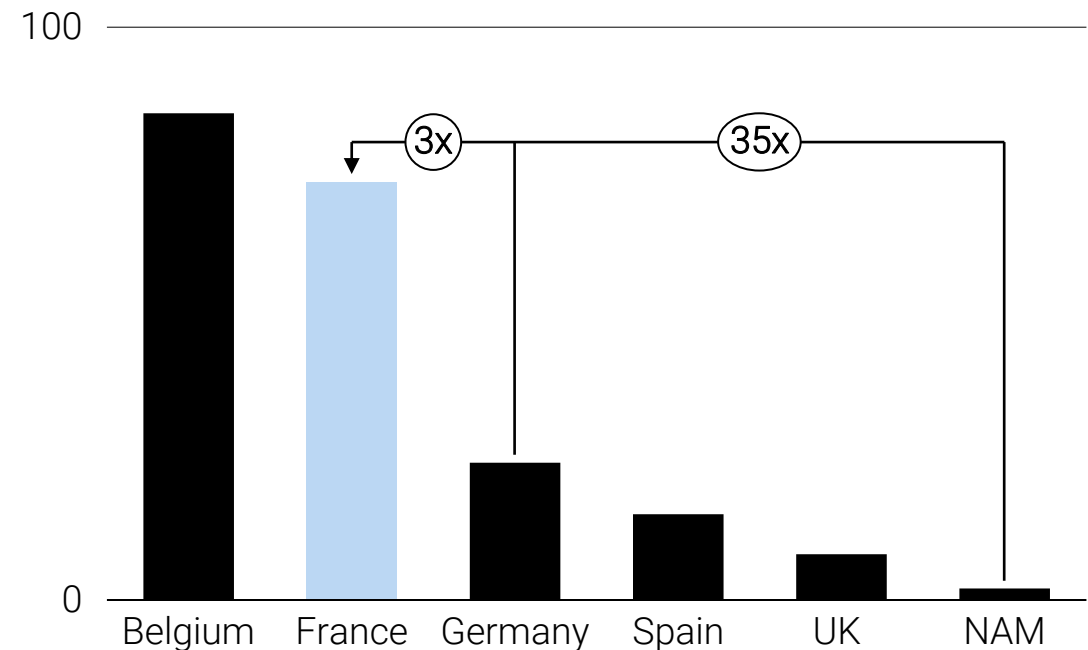


¹ Thumb Carpometacarpal Implant Arthroplasty Philippe Bellemère, MDa, *, Bruno Lussiez, MDb

Keri Medical: CMC-1 arthroplasty is a severely underserved market

- Most implants were developed in France/ Belgium, elucidating the significant variance in adaptation rates²
- In France and Belgium, implant arthroplasty has already become the “gold standard”
- Fewer than 1% of the German suffering rhizarthrosis are treated annually with a CMC-1 prosthesis
- We have so far captured a ~75% share in Germany with a CMC-1 arthroplasty penetration¹ of 25%
- If Germany and the USA were to reach the level of France in a few year, market volumes could triple and increase 35-fold respectively
- Limited competition: MAÏA[®] (Lépine, France), Horus[®] TMC (Evolutis, France)

Penetration of CMC-1 arthroplasty (in % of total surgical treatments)



¹ The CMC-1 arthroplasty penetration rate shows the number of thumb prosthesis operations performed annually on all surgically treated patients with rhizarthrosis

² Current Trends in Nonoperative and Operative Treatment of Trapeziometacarpal Osteoarthritis: A Survey of US Hand Surgeons Author links open overlay panel Jennifer Moriatis Wolf MD, Steven Delaronde MPH, MSW

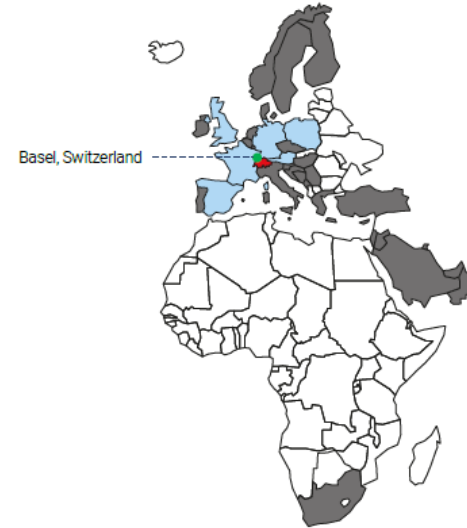
The IBRA Institute in Basel successfully put into operation



A total of 32 IBRA education events providing training to over 500 surgeons since its inception in August

Focus areas in 2024

- Continue to expand sales channel
- Hand & wrist segment
- Lower extremities



- Keri Medical products
- Hand, elbow & shoulder
- Lower extremities

- New product registration and launch
- CMF: Modus 1 and 2
- Hand & wrist segment



- Australia
 - Go-to-market model adapted
 - Upper and lower extremities
 - Keri Medical launch in H2
- Japan: Upper extremities

CULTURE JOURNEY

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Outlook 2024

Christoph Brönnimann, CEO



We warmly welcome our new CHRO Inge Maes

- Inge Maes named Chief Human Resources Officer at Medartis
- She worked previously as Global Head of People & Organization at Sandoz and was part of the EC of Sandoz
- Worked over the past 20 years in the pharmaceutical industry (Sandoz, Novartis)
- Trained as a veterinarian
- Broad experience in HR operations, business partnering and international leadership roles
- Belgium citizen, fluent in 4 languages



Two new board members proposed



Nadia Tarolli Schmidt
ESG lead



Dr. h.c. Thomas Straumann
Vice Chairman



Marco Gadola
Chairman



Dr. med. Daniel Herren
Not standing for re-election



Martha Shadan (new)



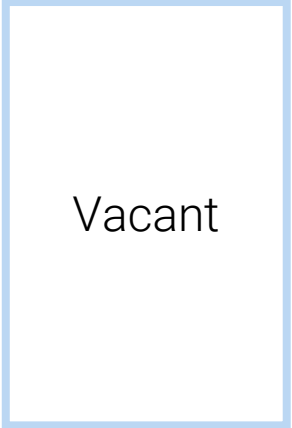
Ciro Roemer



Damien Tappy



Willi Miesch



Vacant



Jennifer Dean (new)

Outlook 2024

(barring any unforeseen circumstances)



INTERNAL¹ SALES
GROWTH

15%-17%

Favorable market environment
(estimated at 4-6%)



UNDERLYING EBITDA
MARGIN (at CER)

+1 PP

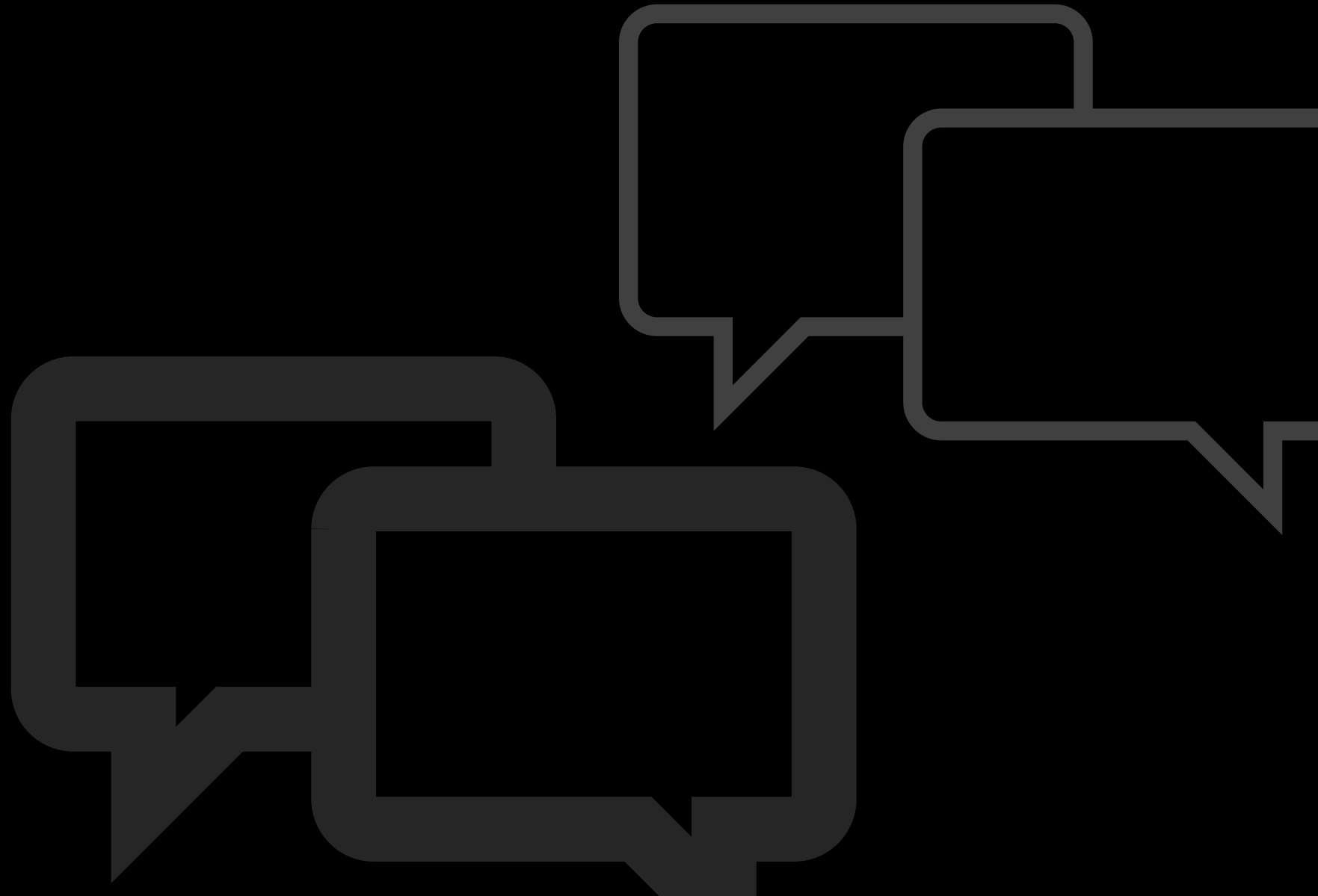
Operating leverage and
cost discipline



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Q&A



Upcoming corporate events

Date	Event	Broker	Destination
2024			
12 March	2023 full-year results publication		Webcast
13 March	Investor meetings (virtual)	Stifel	US / UK
14 March	Investor meetings	Octavian	Zurich, CH
17 April	Annual General Meeting 2024		HQ Basel, CH
14 May	Investor meetings	ZKB	London, UK
15 May	Pan European Small and Mid-Cap Conference	UBS	London, UK
06 November	Swiss Equity Conference	ZKB	Zurich, CH
20 November	Healthcare Conference	Jefferies	London



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“Restoring quality of life”

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