



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

Medacta Group SA reports robust revenue growth of 19.5% at constant currency and adjusted EBITDA¹ margin 26.3%, or 27.9% at constant currency in FY 2023

- **FY 2023 revenue** increased to **EUR 510.8 million**, or **19.5% at constant currency¹** (16.9% reported) from FY 2022;
- **Adjusted EBITDA** grew to **EUR 134.2 million** from EUR 120.4 million in 2022, corresponding to **27.9% margin in constant currency**, or 26.3% reported;
- The Board of Directors is proposing a **distribution of CHF 0.55 per share** (0.54 CHF in 2022);
- **Outlook FY 2024:** We are targeting revenue growth at constant currency in the range of 13% to 15%, and Adjusted EBITDA margin at constant currency improving around 50 bps from 2023 reported, subject to unforeseen events.

CASTEL SAN PIETRO, 13 March 2024 – Medacta Group SA (“Medacta”, SIX:MOVE) today reported financial results for the full year ending 31 December 2023 and provided a corporate update.

Francesco Siccardi, CEO of Medacta, commented: *“We drove excellent organic revenue growth in 2023, delivering at the same time a better EBITDA in constant currency than planned. This performance proves our positive momentum allowing us to achieve remarkable gains in market share while protecting our margins. Our programs for 2024 foresee a continuous market penetration across all our geographies and business lines. A particular focus is on Knee and Extremities, where we will have significant opportunities thanks to innovative products and technological solutions, benefitting patients and the healthcare systems. Those products, among others, will be featured in several M.O.R.E. Symposia we are organizing in the first semester to celebrate our 25th anniversary”.*

Our Achievements

In October 2023, Medacta announced the launch of **GMK SpheriKA**, marking a pioneering development as the world’s first knee implant optimized for Kinematic Alignment (KA). GMK SpheriKA further reinforces Medacta’s commitment to providing surgeons with personalized solutions for each patient. By working together with a remarkable team of globally renowned orthopedic surgeons, we have introduced a product that builds upon our clinically proven GMK Sphere and incorporates the fundamentals of Kinematic Alignment to ensure that each patient receives an implant that can accommodate their unique pre-arthritic anatomy.

Within our **MySolutions Personalized Ecosystem**, the NextAR Augmented Reality Surgical Platform continues to be validated by research, demonstrating the precision of our technology. A 2023 study titled “Glenoid Component Placement in Reverse Shoulder Arthroplasty Assisted with Augmented Reality Through a Head-mounted Display Leads to Low

Deviation Between Planned and Post-operative Parameters,” published in the Journal of Shoulder and Elbow Surgery, affirms the high accuracy of the NextAR Shoulder system. This system offers precise intraoperative guidance for the placement of the glenoid component. Furthermore, a study conducted by Prof. Dr. med. Bernhard Meyer, “Evaluating a Cutting-edge Augmented Reality Supported Navigation System for Spinal Instrumentation,” underscores the efficiency, accuracy, and adaptability of the NextAR Spine system. Those studies prove that Personalized Medicine can be accurately achieved with the NextAR Platform, a solution requiring a fraction of the investments and cost per case compared to other technologies in the market.

In November 2023, Medacta announced the commencement of a **new facility expansion in Rancate**, Switzerland, supplementing the ongoing construction in Castel San Pietro, Switzerland. This expansion is aimed at supporting future growth and increasing in-house production to satisfy the increasing demand for Medacta products. Over the next three years, the Rancate site will be expanded by approximately 9’500 square-meters, while the Castel San Pietro facility will see its production area increase by about 5’300 square-meters, becoming operational in the first quarter of 2024. This development is expected to **create numerous new jobs**, effectively **doubling Medacta’s production** capacity across these two technological hubs, supporting Medacta’s future needs.

Management made **strategic investments in strengthening our supply chain**, enhancing our logistics and distribution framework to guarantee a more efficient worldwide product delivery. In March 2023, we inaugurated a new distribution center in Memphis, Tennessee, USA, named Medacta Americas Operations, dedicated to serving the US market.

Throughout 2023, Medacta bolstered its operational and sales teams across various regions and business segments, **adding 193 new roles** to accommodate our expansion and ongoing market penetration.

Reported Performance Measures

(Million Euro)

	31.12.2023	31.12.2022
Revenues	510.8	437.1
Gross Profit	347.8	305.3
Profit for the year	47.4	46.2
Distribution proposal for the AGM	11.0	10.8

Alternative Performance Measures

EBITDA	132.9	113.0
Adjusted EBITDA*	134.2	120.4
Adjusted EBITDA margin*	26.3%	27.6%
Free Cash Flow	(5.5)	8.4
Adjusted Free Cash Flow**	6.7	21.6

(Million Euro)

Total Assets	695.9	584.5
Total Equity	330.0	274.7
Equity Ratio	47.4%	47.0%
Number of Employees	1’730	1’537

* Adjusted in 2023 for extraordinary legal expenses (Euro 0.5 million) and MDR transition costs (Euro 0.8 million). The reconciliation is provided in the "Alternative Performance Measures" section of 2023 Annual Report.

** Adjusted in 2023 for extraordinary legal expenses (Euro 0.5 million), for the settlement of legal claims (Euro 1.8 million), MDR transition costs (Euro 0.8 million), non-recurring investments for Corporate land acquisition and plant expansion (Euro 6.3 million) and international advances and deposits for future logistic expansion (Euro 2.7 million). Please see the "Alternative Performance Measures" section of 2023 Annual Report for the reconciliation of the "Adjusted Free Cash Flow".

Outstanding growth in all regions and business lines

In 2023 Medacta's revenue saw a remarkable increase of 19.5% in constant currency, and 16.9% in reported currency, from the previous year, reaching EUR 510.8 million. This significant growth was uniformly driven by positive performance across all business sectors and regions, attributed largely to the acquisition of new customers worldwide. In addition to our commercial development efforts, in 2023 we experienced some tailwind thanks to the recovery of the accumulated backlog primarily in USA and Australia, contributing to our momentum.

In the **EMEA** region, revenue saw a remarkable increase of 22.6% on a constant currency basis, reaching EUR 242.4 million. In **North America**, revenue climbed to EUR 154.0 million, marking a 15.7% increase on a constant currency basis. The **Asia Pacific** region (APAC) experienced a growth of 19.4% on a constant currency basis, amounting to EUR 104.2 million, primarily due to new customer acquisitions in Japan and Australia. Revenue in **Latin America**² reached EUR 10.2 million, with an 11.9% growth on a constant currency basis, largely driven by increased purchases from stocking distributors.

In terms of trend by business line, revenue from our **Hip** products rose to EUR 229.8 million, marking a 15.5% increase on a constant currency basis versus prior year. Since 2019, revenue from Hip achieved a compound annual growth rate (CAGR) of 8.8%. Revenue from our **Knee** offerings reached EUR 198.3 million, an increase of 23.2% on a constant currency basis versus prior year, achieving a compound annual growth rate (CAGR) of 15.4% from 2019. Our **Extremities** business line reported an increase in revenue of 33.8% versus prior year on a constant currency basis, to EUR 36.3 million. From 2019 the compound annual growth rate (CAGR) was 38.9%. Revenue from our **Spine** offering grew by 15.2%, on a constant currency basis versus prior year, to EUR 46.4 million, marking from 2019, a compound annual growth rate (CAGR) of 16.4%. All the business lines benefitted from significant marketing activities and salesforce expansion.

Gross Profit margin

The Gross Profit grew to EUR 347.8 million, compared to EUR 305.3 million in the previous year. The Gross Profit margin was equal to 68.1% compared to 69.8% in 2022. The change versus prior year is primarily due to a negative impact from currency development (1.5%), and temporary geographic mix effects driven by the faster growth of EMEA versus other geographies. On the other side, the significant increase in volumes generated a positive leverage effect on depreciation and amortization.

Adjusted EBITDA margin

The Adjusted EBITDA grew to EUR 134.2 million (EUR 120.4 million in 2022), corresponding to a margin of 27.9% in constant currency (or 26.3% reported, including 1.6% negative FX effects) compared to 27.6% in 2022. This margin expansion was achieved through effective cost management and leveraging on fixed costs. The decrease of reported EBITDA margin reflects primarily the reduction in Gross Profit, the negative FX effect on fixed costs, and inflationary pressure.

Adjusted EBIT margin

The Adjusted EBIT for the period raised to EUR 75.7 million, 14.8% on revenues, compared to EUR 68.9 million, 15.8% on revenues, in 2022. The change in EBIT margin is attributable to the decrease in EBITDA, partially offset by the leverage on depreciation and amortization, driven by the revenue increase.

Profit for the year

The Profit for the year was EUR 47.4 million, compared to EUR 46.2 million in 2022, after a significant increase of negative financial results, almost entirely attributable to unrealized losses. The Group's effective tax rate rose to 19.4% from 15.6% in 2022, largely due to a one-off transaction associated with establishing a logistics company in the United States, which altered the usual Group's profit mix and average Group's tax rate.

Solid Balance Sheet

Medacta's balance sheet remains robust, with total assets increasing to EUR 695.9 million and an equity ratio of 47.4% at the end of the reporting period (47.0% in 2022). The Adjusted Free Cash Flow generated in 2023 amounted to EUR 6.7 million (EUR 21.6 million in 2022), after significant investments in instruments, implants, and manufacturing expansions to sustain the future growth of Medacta.

Proposal for distribution

The Board of Directors, after assessing the strong economic and financial results of the year, decided to reward our shareholders through a distribution. Our Board Members are proposing to the Annual General Meeting the distribution of CHF 0.55 per share (0.54 CHF in 2022), 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.

2024 Outlook

We are targeting revenue growth at constant currency in the range of 13% to 15%, and Adjusted EBITDA margin at constant currency improving around 50 bps from 2023 reported, subject to unforeseen events.

Detailed Reporting

Medacta's Annual Report 2023 can be downloaded via this link:

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

2023 Sustainability Report

The 2023 Sustainability Report has been published. The document, prepared in accordance with Swiss regulation and with reference to GRI standards, contains a description of group governance and an overview of all initiatives taken in our four materiality areas: Caring for Patients, Caring for People, Caring for the Environment, and Caring for the Community. The document will be approved by the Annual General Meeting, scheduled for 7 May 2024.

The 2023 Sustainability Report is available at:

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

Group Executive Management team (GEM) expansion

On top of the existing GEM (composed by Francesco Siccardi - CEO, Corrado Farsetta - CFO, and Alessandro Siccardi - CSCO) and in alignment with our vision for future growth, we have decided to expand our Group Executive Management team to include Massimiliano Bernardoni (Chief Innovation Officer), Giovanni Niccolò Galli (Chief Commercial Officer), and Asif Hussain (Chief People Officer).

Forward Financial Calendar

- 07 May 2024: Annual General Meeting
- 26 July 2024: Publication of 2024 half-year unaudited top-line figures
- 25 September 2024: Half-year results 2024 and Capital Markets Day.

Webcast Today at 1:00 pm (CET)

Medacta Group SA will present its 2023 Full Year Results during a webcast today at 1:00 pm (CET). The call will be headed by Francesco Siccardi (CEO) and Corrado Farsetta (CFO) and will be held in English.

Live-Link:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=XYQ8ABu8>

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About Medacta

Medacta is an international company specializing in the design, production, and distribution of innovative orthopedic 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 55 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.

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. 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.

Related Trademarks

Medacta Group Related Trademarks are registered at least in Switzerland. The products and services listed below may not be all-inclusive, and other Medacta products and services not listed below may be covered by one or more trademarks. The below products and services may be covered by additional trademarks not listed below. Note that Swiss trademarks may have foreign counterparts. MyShoulder®, NextAR™, GMK® Sphere, MyKA™, AMIS®, GMK® SpheriKA, AMIS®, MySpine®

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” 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” of our 2023 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 2023 Annual Report. The 2023 Annual Report is available at <https://www.medacta.com/EN/financial-reports>.

² In 2023, the Group reorganized the key geographic areas, introducing the EMEA and Latin America (LATAM) regions reclassifying countries from the former Rest of the World (RoW) region. EMEA includes revenue from the former Europe region and select countries originally included in RoW region. LATAM includes revenue from countries located in Latin America previously included in RoW region. 2022 figures have been restated accordingly.