



1H 2022 Financial Results

9 September 2022

Disclaimer

This presentation (the "Presentation") has been prepared by Medacta Group SA ("Medacta" and together with its subsidiaries, "we", "us" or the "Group"). The information contained in the Presentation does not purport to be comprehensive. Please refer to the financial reports available on our website at <https://www.medacta.com/EN/investors>.

Unaudited Financial Results

The financial information contained in this Presentation is unaudited.

Forward-looking information

This Presentation 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 Presentation. 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.

Alternative Performance Measures

This Presentation 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 Half-Year 2022 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 2022 Half-Year Report.

The 2022 Half-Year Report is available at <https://www.medacta.com/EN/financial-reports>.

THIS PRESENTATION IS NOT AN INVITATION TO PURCHASE SECURITIES OF MEDACTA OR THE GROUP.



FRANCESCO SICCARDI

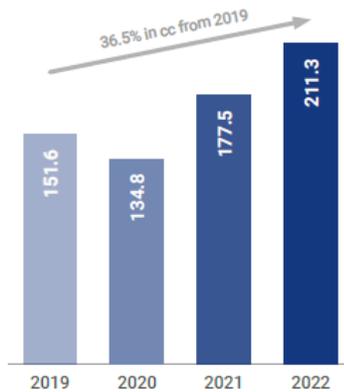
Chief Executive Officer

1H 2022 Key Financial Figures*

REVENUES

EUR 211.3M

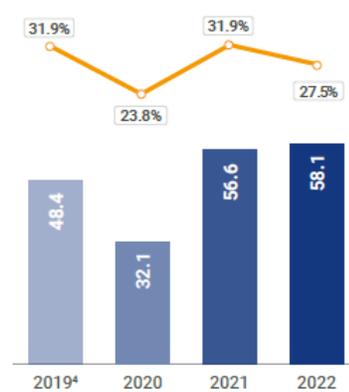
+14.6% before FX effects from H1 2021¹
+36.5% growth in constant currency from H1 2019



ADJUSTED EBITDA²

EUR 58.1M

27.5% Adjusted EBITDA margin³

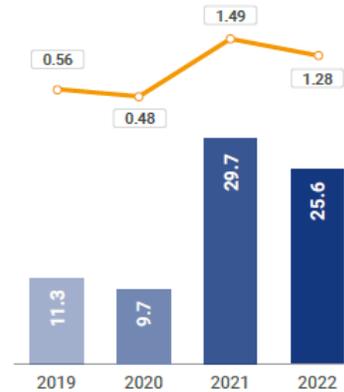


■ Adjusted EBITDA
■ Adjusted EBITDA margin

PROFIT FOR THE PERIOD

EUR 25.6M

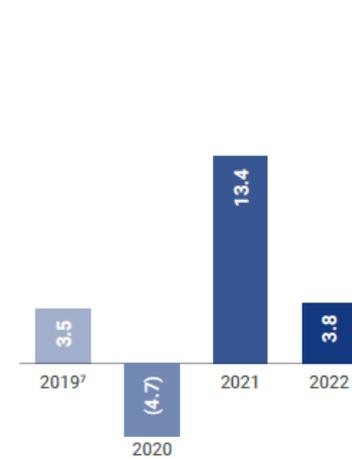
EUR 1.28 EPS⁵



■ Profit for the period
■ EPS

ADJUSTED FREE CASH FLOW⁶

EUR 3.8M



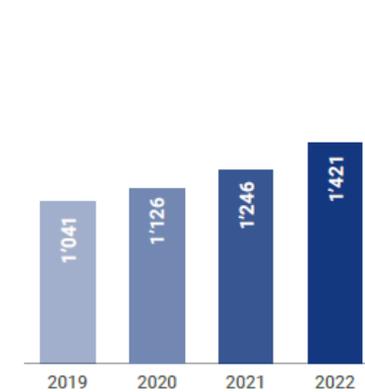
⁶ Adjusted Free Cash Flow is calculated as IFRS cash flow from operating activities plus IFRS cash flow from investing activities and adjusted for certain non-recurring items.

⁷ In 2019 in addition to the Adjusted Free Cash Flow we presented the Normalized Alternative Performance Measures to ensure comparability with prior period given the introduction of new IFRS accounting standards and/or half-year phasing.

PERIOD-END EMPLOYEES TOTAL

1'421

80 new jobs added in the first six month of 2022



¹ Is calculated as the difference between the current and historical period results translated using the current period exchange rates.

² Is calculated as EBITDA, adjusted for non-recurring items.

³ Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of Revenue for the period.

⁴ The 2019 EBITDA is adjusted and normalized, as it was presented in the APM section of the Half-Year Report 2019.

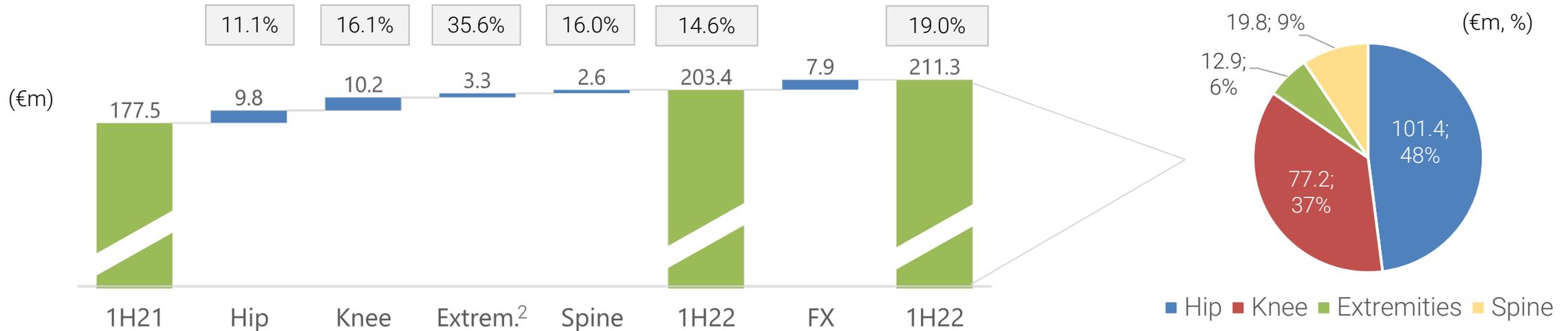
⁵ In the first six month of 2019 and 2020, there is no effect of dilution, and diluted earnings per share equals basic earnings per share.

* **Alternative Performance Measures:** This presentation 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 the 2022 Half-Year 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 2022 Half-Year Report. 2022 Half-Year Report. is available at <https://www.medacta.com/EN/financial-reports>.

1H 2022 Highlights

- **Significant customer acquisition, salesforce expansion and product introduction** drove the revenue growth that was limited by pandemic restrictions and hospital staffing shortages in Australia and U.S.
- **Compared to 1H 2019, revenue CAGR of 10.9%** at constant currency; **true growth beyond a mere recovery**
- **Adjusted EBITDA margin of 27.5%**, impacted by salesforce expansion, geographic mix, inflationary cost and foreign exchange effects (31.9% in 1H 2021, highly inflated by non-recurring cost savings due to pandemic restrictions)
- Continued execution of our **long-term value creation strategy based on innovation, medical education, and hiring of salesforce**
- **Strong supply chain** through investments in surgical instrument sets and implant stock **to serve new customers and avoid possible shortages**

1H 2022 Revenue¹ Bridge by Product Line

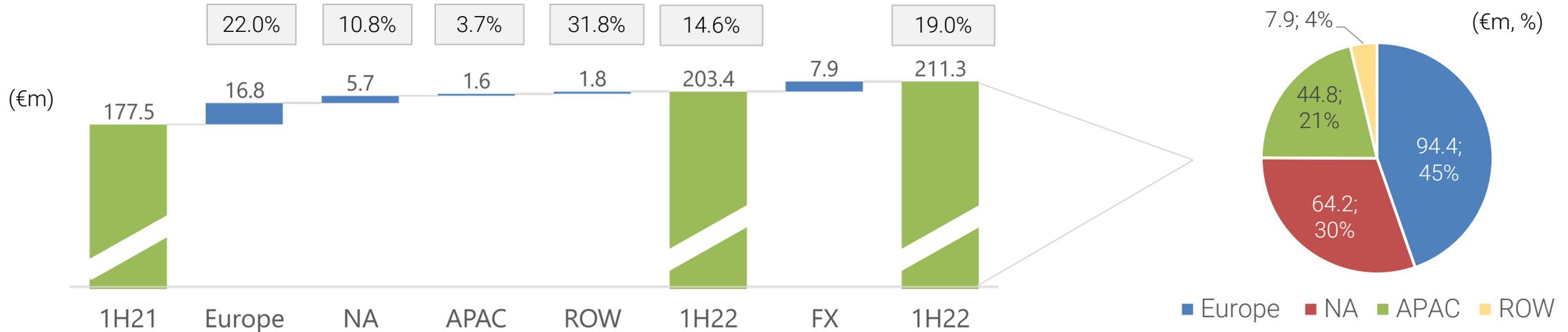


- **Hip:** growth driven by the AMIS[®] strategy, supported by further adoption of the Bikini technique, and the roll-out of new products
- **Knee:** good momentum generated by Kinematic Alignment, Efficiency single-use instruments and the GMK[®] Sphere implants
- **Extremities:** acquisition of new customers through the completeness of the Medacta Shoulder System, supported by MyShoulder[®] and NextAR[™] personalized solutions
- **Spine:** growth driven by MIS Platform expansion and MySpine[®] offering

Notes:

1. Unaudited figures.
2. Extremities include Shoulder and Sports Med revenue.

1H 2022 Revenue¹ Bridge by Geographic Area



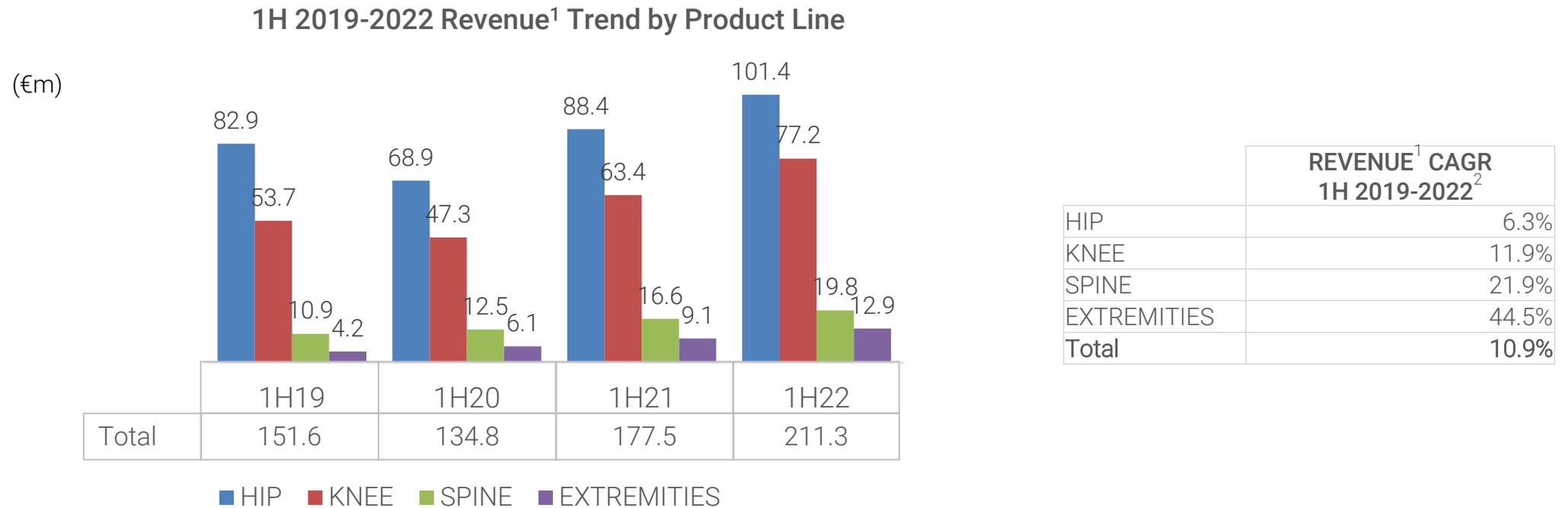
In 1H 2022 the geographic mix from prior period shows a shift from APAC to Europe mainly due to Covid-19 restrictions in Australia

- **Europe:** solid growth driven by customer acquisition, together with normalization of surgical activities
- **North America:** customer acquisition, which was limited by the impact of Covid-19 and hospital staffing shortages especially in the first months of the year
- **Asia Pacific:** growth driven by attainment of new customers in Japan, which was limited by significant pandemic restrictions in Australia in the first quarter of the semester. Japan faced government price reduction late in 1H.
- **RoW:** increased purchases from stocking distributors in Latin America

Notes:

1. Unaudited figures.

1H 2019-2022 True Growth beyond a Mere Recovery



- **1H 2022 revenue was up 36.5% at constant currency from 1H 2019**, representing a CAGR of 10.9% at constant currency
- **Continuous growth of all product lines, excluding the slowdown of hips and knees in 2020**, despite challenging conditions from Covid-19 pandemic

Notes:

1. Unaudited figures.
2. At constant currency.



CORRADO FARSETTA

Chief Financial Officer

1H 2022 P&L¹

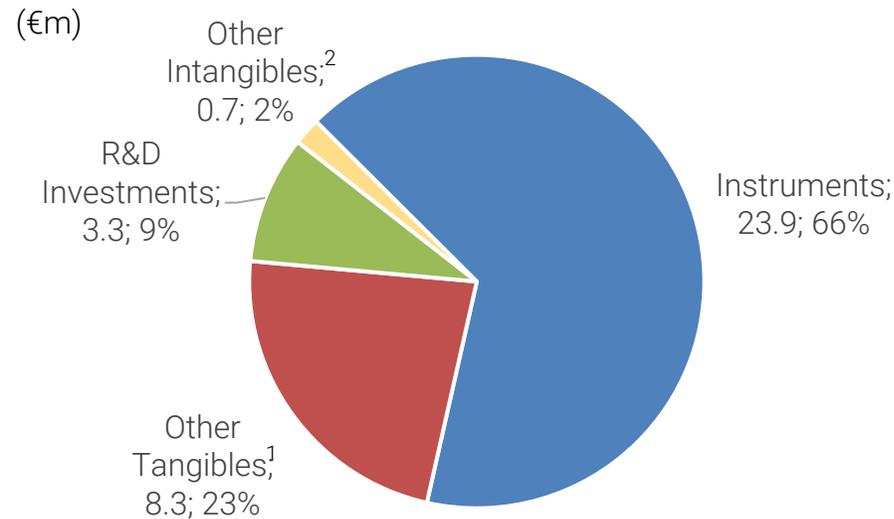
PROFIT & LOSS STATEMENT (€m)	1H 2021 A	1H 2022 A
Revenues	177.5	211.3
Cost of Sales	(48.9)	(62.9)
GROSS PROFIT	128.6	148.4
<i>GROSS PROFIT MARGIN</i>	72.5%	70.2%
CORE Research and Development	(4.5)	(7.5)
CORE Sales and Marketing expenses	(61.0)	(77.1)
CORE General and Administrative	(24.9)	(29.8)
CORE Other income	0.6	0.5
CORE Other expenses	(0.8)	(0.8)
TOTAL CORE OPEX	(90.6)	(114.7)
CORE OPERATING PROFIT (Adj. EBIT)	38.1	33.7
<i>Adj. EBIT MARGIN</i>	21.4%	16.0%
Depreciation and Amortization	18.5	24.3
Reported EBITDA	50.1	56.8
<i>REPORTED EBITDA MARGIN</i>	28.2%	26.9%
Adjusted EBITDA²	56.6	58.1
<i>ADJUSTED EBITDA MARGIN³</i>	31.9%	27.5%
Financial Results	0.0	(1.9)
PROFIT BEFORE TAXES	31.6	30.5
Income Taxes	(1.9)	(4.9)
PROFIT FOR THE PERIOD	29.7	25.6
<i>PROFIT MARGIN</i>	16.8%	12.1%

Notes:

1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the 2022 Half-Year Report. The Half-Year Report is available at <https://www.medacta.com/EN/financial-reports>.
2. Adjusted EBITDA is calculated as EBITDA adjusted for non-recurring items: provision on litigations, extraordinary MDR costs and legal expenses.
3. Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of Revenue for the period.

1H 2022 Investments for Future Growth

1H 2022 Investments	EUR 36.2m
% of Revenues	17.1%



~90% of Capex driven by volume growth

- Investments in surgical instruments to serve new customers started in 2022
- Other tangible investments include Euro 4.6 million for the acquisition of a **land for the future expansion of Castel San Pietro site** and 1.0 million to complete **new offices in Rancate site**

Notes:

1. Other Tangibles include land, plant & machinery, fixture and fittings, tools & equipment (except instruments).
2. Other Intangibles include trademarks, license and other intangible assets.

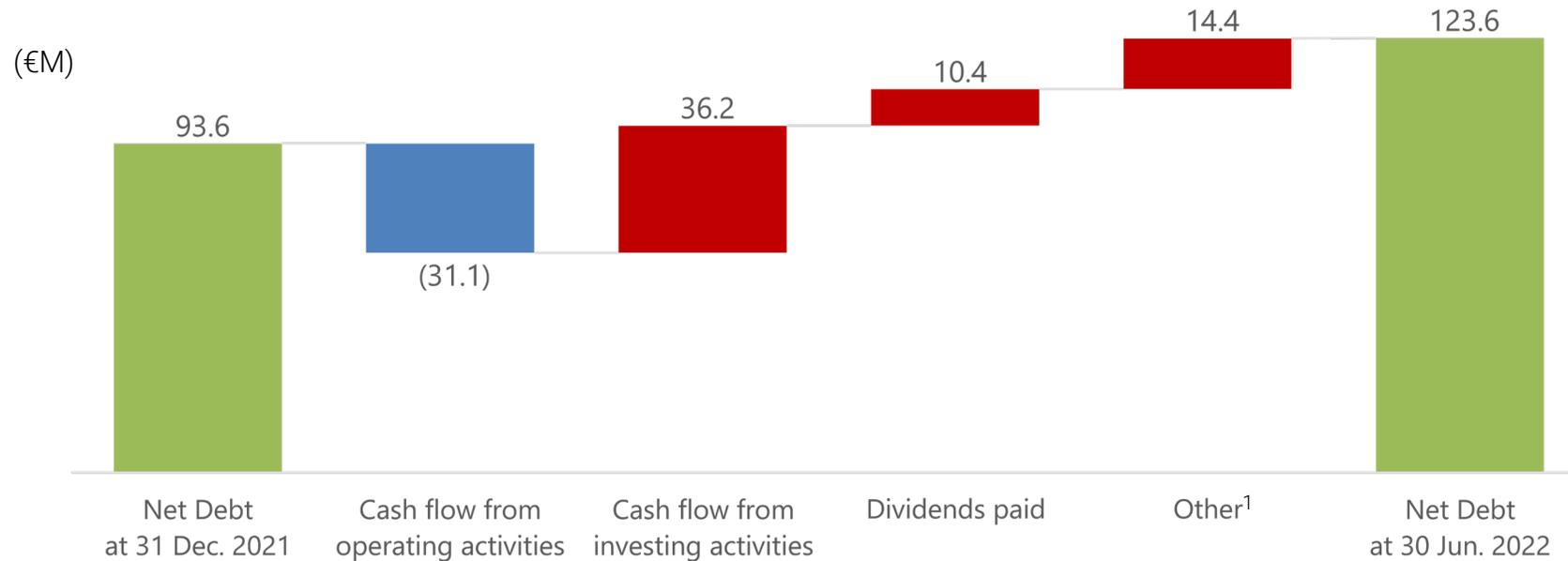
1H 2022 Free Cash Flow¹

ADJUSTED FREE CASH FLOW (€m)	1H 2021 A	1H 2022 A
PROFIT FOR THE PERIOD	29.7	25.6
P&L Adjustments:		
Income tax expenses	1.9	4.9
Depreciation and amortisation	18.5	24.3
Other P&L non-cash transactions	5.6	6.1
Movements in working capital and other	(40.2)	(29.8)
CASH FLOW FROM OPERATING ACTIVITIES	15.6	31.1
Adjustments to the operating activities:		
Legal costs	2.0	0.8
Settlement of legal claims	-	2.2
Incremental taxes paid in 2021	18.0	-
Extraordinary MDR ² costs	-	0.2
ADJUSTED CASH FLOW FROM OPERATING ACTIVITIES	35.6	34.2
CAPEX	(24.1)	(36.0)
Other investments	0.0	(0.2)
CASH FLOW FROM INVESTING ACTIVITIES	(24.0)	(36.2)
Adjustments to the investing activities:		
Rancate Investments	1.9	1.0
Levante Medica acquisition	-	0.2
Land acquisition for plant expansion	-	4.6
ADJUSTED CASH FLOW FROM INVESTING ACTIVITIES	(22.1)	(30.4)
REPORTED FREE CASH FLOW	(8.5)	(5.1)
ADJUSTED FREE CASH FLOW	13.4	3.8

Notes:

1. For a reconciliation of Alternative Performance Measures please refer to section headed "Alternative Performance Measures" of the 2022 Half-Year Report. The Half-Year Report is available at <https://www.medacta.com/EN/financial-reports>.
2. EU Medical Devices Regulation (MDR).

Net Financial Debt: Strong Liquidity and Well Funded for Future Growth



Notes:

1. Other includes Euro 9.9 million of currency translation effect, Euro 3.4 million of lease liabilities repayment and Euro 1.1 million of purchase of treasury shares.



FRANCESCO SICCARDI

Chief Executive Officer

2022 Outlook

- We revise upward our 2022 **revenue growth guidance in the range of 14% to 16%**, at constant currency. Following the persistently less favorable revenue geographic mix, together with inflationary costs due to macroeconomic and geopolitical issues, adjusted **EBITDA margin is now expected around 27.5%**, at constant currency, subject to any unforeseen events. This compares to our previous outlook of revenue growth towards 14% and adjusted EBITDA margin towards 28%, both measured at constant currency

Q&A

