medartis

Annual Report | 2023

About Medartis

Founded in 1997 and headquartered in Basel, Switzerland, Medartis is one of the world's leading manufacturers and providers of medical devices and solutions for the treatment of bone fractures of the upper and lower extremities as well as the head. Medartis employs approximately 830 people at its 13 locations and offers products in over 50 countries worldwide. Medartis is committed to providing surgeons and surgical staff with procedure- and anatomy-specific solutions and world-class services that lead to excellent treatment outcomes.

For more information, please visit
medartis.com

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Key Financial Figures

Net sales
212.0 CHF m
Driven by strong performance in EMEA, LATAM and the US

Internal growth[1]
17.4%
Sales in 3 out of 4 regions soared in the 20% range

Underlying[2] EBITDA
33.6 CHF m
EBITDA margin increased from 12.8% to 15.9%

Net result
0.6 CHF m
Basic earnings per share reached 0.05

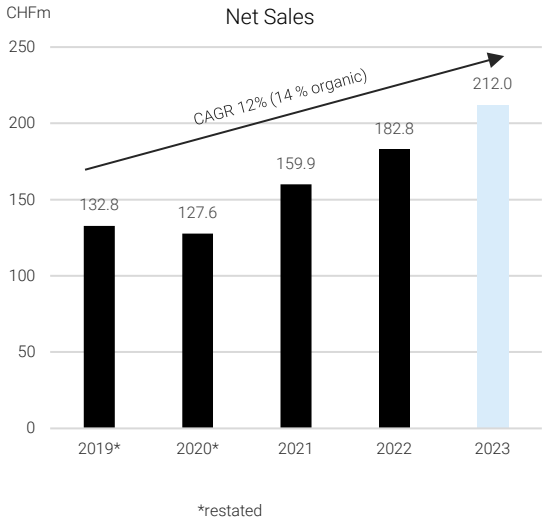
Investments
37.8 CHF m
Investment in machinery, consignment sets and M&A

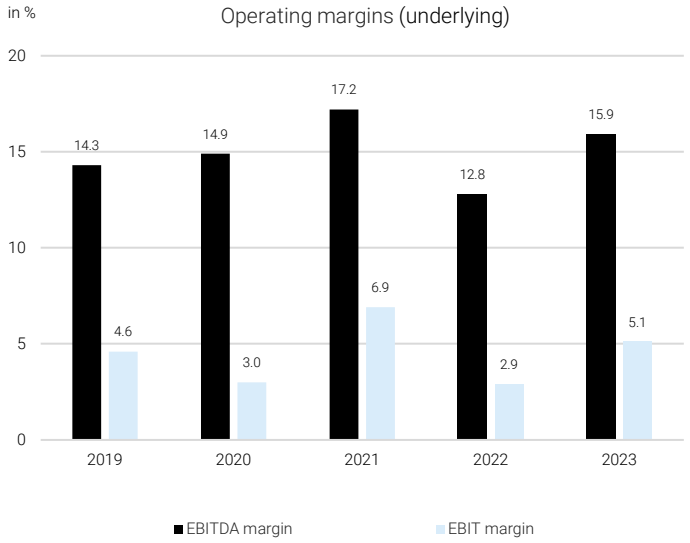
in CHF million, rounded	FY 2023			FY 2022			Underlying YoY change	
	Reported	One-off costs[2]	Underlying	Reported	One-off costs[2]	Underlying	in CHF	at CER
Total net sales	212.0			182.8			16.0%	20.5%
Internal net sales[1]	201.2			177.8				17.4%
Gross profit	167.6	(0.5)	168.1	149.5	(0.2)	149.6	12.3%	17.7%
EBITDA	31.9	(1.8)	33.6	16.2	(7.2)	23.4	43.4%	54.6%
EBIT	9.1	(1.8)	10.9	(1.9)	(7.2)	5.3	103.8%	237.8%
Net profit / loss	0.6			(5.8)				
Headcount (31 Dec)	829			866				(4.3%)
Margins in % of sales							Change in %-points (PP)	
Gross profit	79.0%		79.3%	81.8%		81.9%	(2.6 PP)	(1.9 PP)
EBITDA	15.0%		15.9%	8.9%		12.8%	3.0 PP	3.6 PP
EBIT	4.3%		5.1%	(1.1%)		2.9%	2.2 PP	3.3 PP
Net profit / loss	0.3%		1.1%	(3.2%)		0.8%	0.3 PP	

[1] "Internal growth" denotes the increase in sales at constant exchange rates (CER), excluding the impact of mergers, acquisitions, and divestments. The NSI's contract manufacturing business is classified as non-strategic and is therefore excluded from this calculation. Internal growth serves as a crucial performance indicator for management.

[2] The one-off costs in 2023 are related to the costs of remediating the IT attack in May. The figures for 2022 exclude the one-off costs for the NSI acquisition and the discontinued China business in order to facilitate an assessment of the underlying operational performance.

	Unit	2023	2022
Total liabilities and equity	in CHF million	349.5	327.9
Total shareholder's equity	in CHF million	255.0	237.8
Total liabilities	in CHF million	94.6	90.1
Equity ratio	in %	72.9%	73.0%
Operating Cash flow	in CHF million	20.0	(3.9)
Capital expenditures	in CHF million	(18.8)	(15.2)
Free Cash flow	in CHF million	(17.9)	(56.8)
Share price at year-end	in CHF	84.0	82.0
Outstanding shares	shares	12'359'185	11'856'569
Market Capitalisation 31 Dec.	in CHF million	1'038.2	972.2
Earnings per share	in CHF	0.05	(0.49)





“Restoring quality of life” – A portrait of Medartis

Founded in 1997 and headquartered in Basel, Switzerland, Medartis is the global innovation leader in osteosynthesis implants for cranio-maxillofacial, upper and lower extremity surgery. The company employs approximately 830 people at its 13 locations and offers products in over 50 countries worldwide. A painless return of the patient to everyday life without physical restrictions is the driving force behind Medartis’ activities. “Restoring quality of life” is therefore the overarching statement of purpose that the company has formulated for itself.

Medartis is active in a TAM of CHF 7 billion

Medartis owns attractive technologies in CMF and extremities incl. patient-specific solutions in one of the fastest growing orthopaedic segments. These segments represent approximately one quarter or CHF 12 billion of the total global orthopaedic market of CHF 50 billion. With its current portfolio, Medartis addresses a total addressable market (TAM) of approximately CHF 7 billion. A burgeoning elderly population, coupled with the rising prevalence of diabetes and the trend towards a more active lifestyle, is stimulating procedure growth. Older people tend to have more fragile bones and are more prone to injuries. An active lifestyle and the playing of sports further increase the risk of injury.

Inspired by technology

Leading innovations have characterised Medartis since its founding in 1997. A team of industry-experienced osteosynthesis innovators has developed a new generation of technologies for bone fixation comprising the TriLock technology, which is used to lock screw heads and provides the smallest multidirectional locking system on the market; the HexaDrive technology, which ensures that screws remain fixed to the screw driver; and the SpeedTip technology, which features self-drilling screws that make pre-drilling unnecessary. The "CMX" digital planning solutions have been part of the Medartis offering since 2020 and support the planning and execution of complex procedures with patient- specific 3D printed guides and bone models as well as patient- specific implants.

Helping surgeons to improve surgical outcomes

Medartis is committed to ensuring the well-being of patients by providing surgeons with innovative, high-quality and user-friendly solutions to improve surgical outcomes. To address new indications and stay at the forefront of innovation, the company works closely with leading surgeons around the world and is constantly expanding its network. With a highly qualified team of expert trainers, Medartis ensures that regional sales managers are always fully informed about the company's innovations and can therefore offer surgeons the best possible support when selecting implants and solutions.

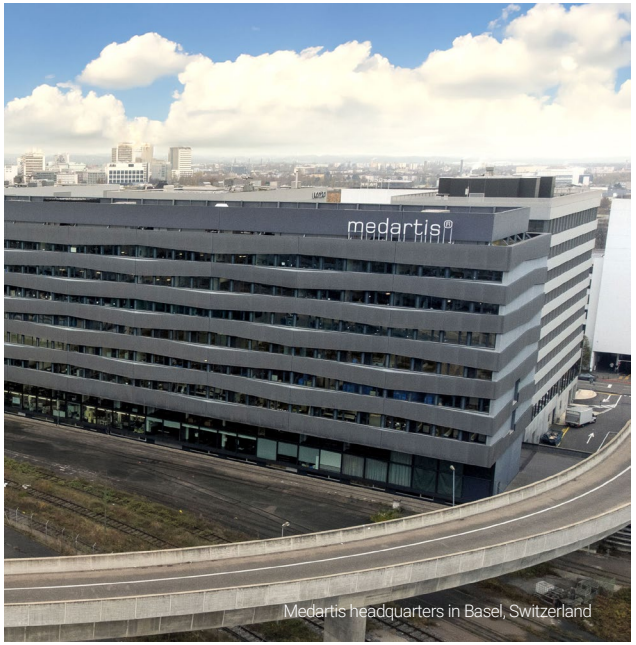
International presence

Medartis has continuously expanded its network to over 50 countries in Europe, North and South America, the Middle East, Africa, Asia and Australia. In addition to its headquarters in Basel and its operations in its home market of Switzerland, Medartis has 12 wholly owned subsidiaries in the following countries: Germany, Austria, France, UK, Spain, Poland, USA, Australia, New Zealand, Japan, Mexico and Brazil.

Medartis implants are distributed in two main ways: larger clinics with a sufficient number of surgeries receive consignment sets of implants and instruments, with the surgical container and instruments remaining the property of Medartis. Customers who perform a procedure only sporadically order loan sets on a case-by-case basis. The majority of products and solutions are used in trauma/emergency surgery and a smaller proportion in elective surgery. The business model is therefore largely independent of economic cycles.

Cost-effective Swiss quality

Medartis' DNA is Swiss and the company stands for cost-effective Swiss quality. Its headquarters, main R&D and manufacturing facilities are all under one roof in Basel, where lean manufacturing and the use of robotics enable highly automated 24/7 manufacturing processes. An additional development and manufacturing site in Warsaw, Indiana, USA was acquired in 2022 to accelerate growth in the focus market of the USA.



Medartis headquarters in Basel, Switzerland

Management Report

Chairman and CEO Letter

Dear stakeholders,

We look back on a successful 2023. Medartis has delivered a solid financial performance in line with its financial targets and achieved important improvements in many areas. Total Net Sales increased by 20.5% which is at the upper end of our guidance and approx. four times higher than the market average. In three out of four regions sales grew by just around 20%. Only in the Asia Pacific region did sales increase by less than 10%, as the authorities in Australia, our largest regional market, have imposed price cuts of 12 % (affecting H1) and a further 5% (affecting H2). In our largest region, EMEA, revenue surpassed the CHF 100 million mark with further market share gains. The strong performance of our sales teams, the launch of new products and the strong demand for Keri Medical products, which we sell in the DACH countries and the UK, were the main contributors to this success. We currently hold 47% of Keri Medical's share capital, and our plan is to launch the Keri Medical portfolio in Australia during Q4 2024. In addition to the strong topline development, profitability also improved significantly. The underlying profit (EBITDA) surged by 43.4% to CHF 33.6 million, corresponding to margin of 15.9% compared with 12.8% in 2022.

The US business is the management's top priority in 2024 and beyond

The US is the market in which Medartis has the greatest growth potential with market shares still significantly lower compared to what we have achieved in EMEA, Latin America, and APAC. To live up to our plans to gain significant share in the by far most important market in our industry is the number one priority of our leadership team and the board.

Dr. Christoph Brönnimann
Chief Executive Officer

Marco Gadola
Chairman of the Board of Directors

Total sales growth of 34.1% shows that we are accelerating and heading towards our medium-term target of USD 80 million, which we aim to achieve in 2025.

The acceleration is the result of the strengthening and expansion of our sales force and significant investments in surgeon training and education (T&E). We have made good progress in the hand and wrist segment, while the results in our lower extremities business have fallen short of expectations. We have realised that building the sales channel and training the salesforce requires more effort and time than originally anticipated.

With the integration of the former NSI business, we have laid the foundation to scale up our US business. We can now count on a dedicated US design team focussed on developing products in line with market preferences and on local manufacturing capabilities co-located at our US headquarters in Warsaw, Indiana.

In 2024, our focus will be on further building and strengthening our sales team, maximising the potential of our differentiating product portfolio, leveraging the benefits of our strategic partnerships with Keri Medical and Field Orthopaedics and intensifying surgeon training to successfully position the NSI technologies in the US lower extremities market.

Customer focus is the key to fostering innovation

Surgeon-centricity and patient-focus are deeply rooted in Medartis' DNA, enabling us to continuously challenge the status quo and conventional treatment approaches. Polyaxially angular stable hand plates, the innovative olecranon double plating fixation, the new ultra-skinny radial head plate, the world's first scaphoid plate and the tendon-sparing Y-shape of the FPL wrist plate are examples of innovative products that hold significant meaning for both surgeons and patients.

The IBRA Institute in Basel is an important step to live up to our commitment to excellence in T&E

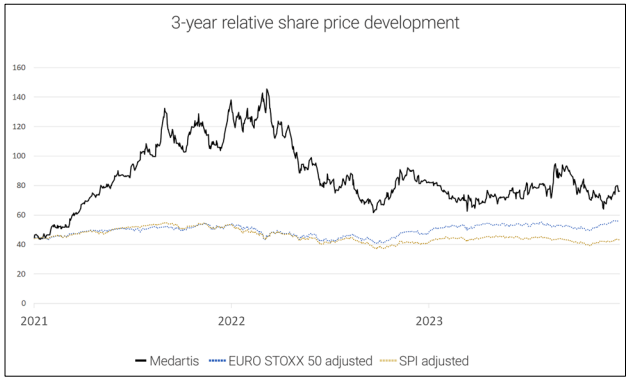
Even the most ground-breaking innovations are useless if we are not able to convey the underlying concepts to surgeons or if the users lack confidence in applying them. Recognising this, we place

significant emphasis on providing practical training and continuing education modules on a global scale. One great example of our commitment to this is the foundation of the **IBRA Institute** in Basel last year. The certified centre serves as an important resource for medical professionals, fellows and residents alike, offering opportunities to deepen their practical skills through hands-on experiences with human specimens. This addresses a need that is prevalent in many countries and it allows to bring together a team of surgeons, design engineers and manufacturing specialists under one roof.

We are confident that we will continue to gain market share in 2024 and make significant progress in the US and our other core markets. Challenges will persist in Australia as we will face another 5% price reduction in July due to government intervention. At a group level we are aiming for internal growth in the mid-teens. By balancing further operational efficiency improvements with strategic investments, we expect to further improve EBITDA margin at CER by one percentage point in 2024.

New Sustainability Report encompassing all 3 scopes of carbon emissions

As we present this Annual Report, we would like to draw attention to our new **Sustainability Report**, which is featured on page 23 onwards. This report marks a significant expansion compared to the previous year, now incorporating Scope 3 emissions inventories for the year 2023. Notably, the disclosure aligns with the internationally recognised GRI standard, elevating the report's comprehensiveness and adherence to global sustainability guidelines. Furthermore, it addresses local market requirements, including details on due diligence and transparency obligations concerning minerals and metals from conflict areas and child labour. We remain committed to fostering ongoing progress and accountability in this crucial respect.



Thanks to our customers and employees

We would like to take the opportunity to thank all our customers for their trust and confidence in our company. A special thank you goes to our design surgeons, research and training partners, and IBRA fellows – they have been instrumental in supporting Medartis in our effort to stay the most innovative and customer focused company in our industry.

In May 2023, we faced an unforeseen important challenge — a hostile IT attack brought our operations to a standstill for an entire week. The reaction of all our more than 800 colleagues worldwide has been exemplary. Thanks to their exceptional efforts in overcoming the challenges posed by this cyber attack we were able to restore operations to full speed already during June and returning quickly on growth path.

Last, but not least, we would like to thank our long-term shareholders. We appreciate the trust into our company and the always constructive feedback and input.

Our **Annual General Meeting** is scheduled for Wednesday, 17 April 2024 at our headquarters in Basel. Like last year, we will hold the assembly in person, underscoring the importance we place on direct exchange with you, our valued shareholders. The agenda for the meeting will be distributed in due course. For the first time, you will also have the opportunity to choose between paper or electronic copies of the documents. Another novelty at this year's AGM: you will have the opportunity to cast your vote not only for the financial report, but also for our non-financial disclosure, referred to as the sustainability report. The Medartis Board of Directors recommends endorsing these and all other items on the agenda. We hope to see many of you in person, providing an opportunity to connect.

Thank you once again for your enduring support.

Sincerely,

Marco Gadola
Chairman of the Board of Directors

Dr Christoph Brönnimann
Chief Executive Officer

Basel, March 2024

Business Review

Medartis reported sales of CHF 212.0 million for the full year 2023, representing growth of 20.5% (CER). Internal growth of 17.4% was driven by strong performance in EMEA, LATAM and the US. The EMEA business made the largest contribution to growth with an increase of 19.8%, further expanding its strong market position in both upper and lower limb.

The company's sales grew due to the strong performance of existing products and the successful launch of new products for the upper and lower extremities. The conversion from the first generation to the Modus 2 system in the head segment (cranio-maxillofacial) additionally contributed to growth. The remarkable acceleration of Keri Medical, and in particular the strong demand for the TOUCH saddle joint prosthesis, played a significant role in the company's success in EMEA. In the important US market, the expansion of the distribution channel and the launch of the Field Orthopaedics hand nails as well as KeriFlex were the most important growth factors.

Thanks to the strong sales growth, Medartis also achieved higher profitability in 2023. EBITDA totalled CHF 31.9 million, which corresponds to a margin of 15.0%. In May, Medartis faced an IT attack. This was swiftly resolved, but the resulting one-off costs lowered the EBITDA margin by 0.9 percentage points. Excluding non-recurring effects in both periods, the underlying EBITDA margin increased from 12.8% to 15.9%. The decline in the gross margin was attributable to a less favourable product mix, characterised by increased third-party custom manufacturing business and a higher proportion of distribution products (Keri Medical, Field Orthopaedics). However, this was more than offset by strong operating leverage and effective cost control measures. After taking financial expenses and taxes into account, net profit totalled CHF 0.6 million.

PERFORMANCE BY REGION AND PRODUCT CATEGORY

The largest region, **EMEA**, performed very strongly across almost all markets and business segments and achieved year-on-year growth of 19.8% at CER. This allowed the company to surpass the CHF 100 million regional sales threshold for the first time. The important DACH region (Germany, Austria, Switzerland) grew significantly and exceeded expectations despite already holding a significant market share. France and the United Kingdom in particular grew rapidly over the course of the year. The performance in the UK was driven by strong demand across all businesses and by new customers, many of whom were attracted by the Keri Medical portfolio. Medartis acquired the distribution rights for the Keri Medical products in the UK in H2 2021. In the third year since the Spanish subsidiary was founded, the company continued the dynamic growth trajectory of the previous years and delivered again an impressive increase. Poland and the distributor markets also saw significant expansion. From a financial perspective, the traditional EMEA subsidiaries generate a robust cash flow that enables the company to strategically develop new markets, expand further in existing markets and acquire new customers.

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. In addition, the overall growth in the upper extremities segment was further bolstered by the recent launches of clavicle, ulna shortening, and forearm implants, as well as significant market growth in Medartis' core business — the wrist.

In 2023, Medartis introduced several solutions aimed at broadening its product portfolio and strengthening its position as a leading pure-play extremity company. Enhancing its upper extremities portfolio, the 'APTUS Distal Ulna System 2.5' offers surgeons a versatile and anatomical solution for treating a range of distal ulna fractures, from simple extraarticular to complex intraarticular head fractures. It integrates seamlessly with the company's distal radius system, the company's best-selling product.

The lower extremities business enjoyed an impressive surge of 41% in EMEA with strong contributions from the 'Ankle Trauma' and the 'CCS compression screw' products. The implant portfolio is complemented by the digital and patient-specific service of the CMX foot and ankle applications, which has been available in selected markets since August 2023. Medartis attaches great strategic importance to the area of lower extremities and aims to increase its market share in the coming years. Three systems were launched in 2023 and more will follow in 2024, targeting the treatment of flatfoot deformities and arthritic feet. The momentum gained from these launches is expected to fuel further growth in 2024.

In CMF, Medartis continued to successfully migrate existing customers from "Modus 1" to the next-generation "Modus 2" system, resulting in an increased market share. Many countries also sent customers to the new "IBRA Institute" in Basel, where participants were able to benefit from real-life

training modules with pre-fractured human bone models. Positive feedback from attending surgeons confirmed both the necessity and the success of these training courses.

More than a quarter of growth contributed by new sales agents

Medartis' **US business** grew by 34.1% (CER) and generated full-year sales of CHF 51.9 million, including CHF 10.8 million from contract manufacturing orders for third-party customers. Excluding these external sales, internal growth saw a positive trend and surged by 20.5% (2022: 12.8%). According to independent market data, this is 3-4 times higher than the market average. More than a quarter of this growth was contributed by the new independent sales agents who have joined the Medartis network over the last two years.

Revenue by region and year-on-year changes:

in CHF million, rounded	FY 2023	FY 2022	Change in CHF	Change in CER	Internal growth (CER)
EMEA	106.5	91.4	16.5%	19.8%	19.8%
US	51.9	41.0	26.4%	34.1%	20.5%
APAC	31.5	32.1	-2.0%	5.6%	5.6%
LATAM	22.2	18.3	21.0%	19.4%	19.4%
Total Group	**212.0**	**182.8**	**16.0%**	**20.5%**	**17.4%**

The 20.5% growth was recorded across all product categories, but demand was particularly strong in foot and ankle, wrist, and hand. The contributions from KeriFlex and Field Orthopaedics supported this positive trajectory. In the US, the addition of Field Orthopaedics' intramedullary nail portfolio seamlessly complemented Medartis' hand portfolio. These products, distributed alongside Medartis' own product portfolio, give surgeons the option of using different fixation technologies. The company also launched LapiPrep in Q2 2023, a technology acquired with the former NSI. LapiPrep offers hands-free, triplanar correction-angle correction for bunion (hallux valgus) treatment cases, promising repeatable treatment results. While customer feedback is promising, initial experiences underscore the significance of medical training and education as well as clinical research and affairs. These elements will continue to be key focal points for the company in 2024 in order to strengthen its market position in the lower extremities segment and promote surgeon engagement. In view of current and upcoming product launches, Medartis plans to further expand its sales network, which currently boasts 247 sales agents and representatives. In 2024, the company aims to broaden its sales channels even more while enhancing its medical training capabilities. The recruitment of new talent in crucial commercial areas, including marketing, training and education, and sales, underscores the company's commitment to developing the organisation further.

Following the integration of NSI and Medartis US over the past year and a half, the company has strategically realigned key functions such as manufacturing, logistics, quality, R&D and finance under global oversight. Preparations for the transfer of Medartis products from Basel to Warsaw have concluded. Following validation tests, the inaugural production of screws began in February 2024, with plates and surgical guides set to follow later in the spring. This strategic move is aimed at leveraging the manufacturing and engineering expertise housed in the modern 6,500-square-meter (69,500-square-foot) production facility in Warsaw. The commercial and R&D departments are now seamlessly integrated into global functional metrics, bundling capabilities and enhancing mutual support for both current and upcoming product launches. As part of early succession planning, the current US President, Rod K. Mayer, has decided to retire following the completion of the NSI integration. The company is well advanced in its search for a new President of Sales & Marketing and sees this as an opportunity to further expand its commercial footprint in the US market.

In the **APAC region**, full-year sales increased by 5.6% (CER) and reached CHF 31.5 million. In Swiss francs, however, sales decreased by 2.0% due to unfavourable currency effects. The region, particularly the Australian market, underwent a transformative phase in 2023. The local authorities have imposed price cuts of 12 % (affecting H1) and a further 5% (affecting H2), which had a significant impact on the industry. Thanks to strong volume growth in the mid-teens percentage range, Medartis Australia was able to compensate for the effects of the price adjustments and further improve its market position. To reflect the new pricing landscape, Medartis Australia Medartis Australia has adjusted its organisation and implemented a more adaptable sales model, wherein certain sales representatives now operate as exclusive independent agents.

In Japan, Medartis strengthened its direct organisation, achieving high double-digit growth in the lower extremities segment. This development will require additional set investments and the recruitment of new sales representatives, but enables systematic expansion of its market presence under one single management, with robust backing from IBRA and a significantly strengthened franchise covering both lower and upper extremities. Responding to local market needs, the company has also expanded its in-house capacity for sterile packaging at its headquarters.

Sales in in the **LATAM region** reached CHF 22.2 million, corresponding to a strong increase of 19.4% at CER. Compared to the very strong growth in 2022, Brazil experienced a more moderate growth rate in 2023 on the back of alterations to the Brazilian Health Regulatory Agency (ANVISA) registration

processes and political uncertainty in H1 2023. The regulatory changes led to a delay in new product approvals which extended into H2 2023. Conversely, Medartis reported significant growth in Mexico, primarily as a result of the acquisition of new tenders, selective price increases, and the continuous optimisation of both direct and distributor sales channels.

Revenue by product category[1] and year-on-year changes:

in CHF million, rounded	FY 2023	FY 2022	Change in CHF	Change in CER	Internal growth (CER)
Upper extremities	137.2	123.8	10.8%	15.5%	15.5%
Lower extremities	35.4	28.2	25.5%	31.8%	31.8%
CMF & other products	39.4	30.8	27.8%	33.7%	15.3%
Total Group	**212.0**	**182.8**	**16.0%**	**20.5%**	**17.4%**

[1]CMF & other product sales in 2023 include a CHF 10.8 million contribution from NSI's third party manufacturing business.

Sales in the distributor markets Colombia and Costa Rica grew strongly, reflecting a more systematic management approach marked by clear key performance indicators (KPIs) and a strong emphasis on building customer relationships. In Q4, the newly inaugurated IBRA Institute in Basel welcomed a delegation of 65 surgeons from Brazil, who took part in intensive CMF training courses. The region further reinforced its relationships with regional business partners by inviting 45 sales representatives to the Medartis HQ in Basel, providing updates on Medartis' strategy, and conducting thorough training sessions for both existing and new products. In addition, Medartis Brazil and Mexico received the employer branding label "Great Place to Work", underscoring the positive workplace environment.

New CHRO appointed in March

Following the merger of Nextremity Solutions Inc. with Medartis US and the consolidation to a single location, the company has harnessed synergies and enhanced its regional profitability. Consequently, Medartis' workforce saw a 4% reduction in 2023, resulting in a total of 829 employees. In Switzerland, where Medartis has its headquarters and main production facility, the number of employees remained relatively stable and totalled 330 at year-end.

There was also a recent change at top management level, as the Chief Human Resources Officer (CHRO), Anthony Durieux-Menage, has decided to leave the company by the end of March 2024 to pursue a new professional challenge outside the orthopaedics industry. He will be seamlessly succeeded by Inge Maes, who brings over 20 years of experience in the life sciences industry from her work in clinical development as well as leading HR positions at Sandoz and Novartis.

Improving profitability and cash management

In 2023, Medartis began enhancing its financial key performance indicator (KPI) management, shifting towards a more cash-centric framework that balances sales growth, profitability, and the optimisation of capital employed. While sustainable growth remains a primary value driver in all regions, awareness of total cash flow generation has increased in all countries and functions of the organisation. This has resulted in the optimisation of inventory levels and improved accounts receivable management. At the same time, investments in new surgical kits were made primarily for the launch of new products and customer acquisition. The financial impact of these proactive measures can be seen in the income and cash flow statement as well as the balance sheet for 2023.

In 2023, the gross margin decreased by 2.6% PP to 79.0% due to a combination of various factors. In addition to unfavourable exchange rate effects, which accounted for 0.7 PP, the largest impact (2.4 PP) was due to the strong volume growth of NSI's third-party business, which generates low margins. Excluding third-party manufacturing, Medartis' gross margin would have remained stable compared to the previous year at around 82.5%. Demand for NSI's low-margin contract manufacturing business is expected to decline in 2024.

Medartis is using the acquired manufacturing capacities at its new plant in Warsaw opportunistically as long as the ramp-up for Medartis own products is not yet complete. Another factor diluting the margin is the very strong growth of Keri Medical and Field Orthopaedic's products, which are distributed by Medartis under a distribution agreement. Selective price increases, a positive country mix and efficiency gains in manufacturing protected the gross margin despite higher supplier costs. The IT attack reported in H1 and the brief business interruption had a minor impact of 0.3 PP on the gross margin.

The reported OpEx ratio of 74.7% has improved by around 8 PP compared to the previous year. In addition to currency effects, this is primarily due to initial cost efficiency improvements in the US just one and a half years after the NSI acquisition. Cost efficiency at the headquarters was also further improved in 2023. Medartis continued to invest in sales and marketing as well as medical education in all regions. In 2023, investments totalling 46% of sales (or 62% of total OpEx) were made for customer-facing activities.

A further 12% of sales (or 16% of total OpEx) was dedicated to product development, R&D and IBRA education. This reflects the company's commitment to delivering continuous innovation to its customers worldwide.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) almost doubled to CHF 31.9 million, resulting in a reported EBITDA margin of 15.0%. Excluding the one-off costs of CHF 1.8 million in connection with the IT attack, the adjusted EBITDA margin would have been 15.9%, 3.0 PP higher than in the prior year.

The underlying operating profit (EBIT) improved from CHF 5.3 million in 2022 to CHF 10.9 million, corresponding to a margin of 5.1% (2022: 2.9%). The share attributable to the associate Keri Medical was CHF -0.6 million, thus reflecting the additional growth expenses and the expansion of Keri Medical's production capacity in Archamps, France.

Medartis reported a positive net result of CHF 0.6 million compared to a net loss of CHF 5.8 million in the previous year. This includes a negative financial result of CHF 7.3m (2022: -CHF 5.2m), mainly driven by adverse currency movements as well as interest expenses from the NSI acquisition (contingent consideration of CHF 1.4 million). Earnings per share increased from -0.49 to 0.05.

The measures implemented with a view to optimising capital efficiency yielded positive results in 2023, particularly in the enhancement of set and trade receivables management. Despite strong double-digit growth, trade and other receivables saw only a marginal increase of CHF 0.3 million compared to a CHF 7.5 million increase in the previous year. In addition, inventories were reduced by CHF 1.6 million. Together with improved accounts payable management and a better operating result, this contributed to the improvement in cash flow.

Cash flow from operating activities increased by CHF 23.9 million in 2023 and totalled CHF 20.0 million. In 2023, investments in property, plant, and equipment (CapEx) of CHF -14.9 million included CHF 8.7 million in consignment set investments to drive future procedure volumes. Set investments mainly related to the upgrade from Modus 1 to Modus 2 in CMF and to the expansion of the Keri Medical and Field Orthopaedics products. The changes in cash outflow used for investing and financing activities was mainly due to an increase in Medartis' ownership in Keri Medical SA (current: 47.0%) for CHF 18.1 million, which was financed by net proceeds of CHF 29.8 million from a capital increase in March. At year-end, Medartis reported a cash position of CHF 25.2 million, which represents an increase of CHF 4.6 million compared to one year previously.

Changes to the Board proposed

After seven years serving for Medartis, Dr. med. Daniel B. Herren has decided not to seek re-election as Board member at the Annual General Meeting 2024. The Board of Directors will propose **Martha Shadan** and **Jennifer Dean** as new members. Both will be appointed as Independent Non-Executive Directors at the upcoming Annual General Meeting on 17 April 2024, subject to shareholder approval. Mrs. Shadan, who was previously CEO of the US medical technology companies Miach Orthopaedics and Rotation medical (now Smith & Nephew), has held senior positions at Zimmer Biomet and Covidien. With her extensive experience of the US orthopaedic market, she will be very valuable in supporting the management and the Board of Directors in the further expansion in the US. Mrs Dean, on the other hand, is currently CFO of medmix, a medical technology company listed on the Swiss stock exchange. Prior to joining medmix, she gained valuable international management experience at Sulzer, GE and Alstom. She holds a Bachelor's degree in Economics, is a Chartered Accountant, and brings with her years of experience as an auditor, having worked in both the USA and Australia. With her extensive international financial experience, she will be a natural addition to the company's Finance and Audit Committee.

FULL-YEAR 2024 OUTLOOK

(barring any unforeseen circumstances)

Medartis is confident that it will continue to gain market share and make significant progress in the US and its other core markets in 2024. Management expects market conditions to remain challenging in Australia, where it will face a further 5% price cut in July due to government intervention. Taking all this into account, the company is aiming for internal growth in the in the mid-teens (15-17%) worldwide. The underlying EBITDA margin at CER is to be improved by around 1 PP in 2024 by striking a balance between further operational efficiency improvements and strategic investments.

Annual Highlights

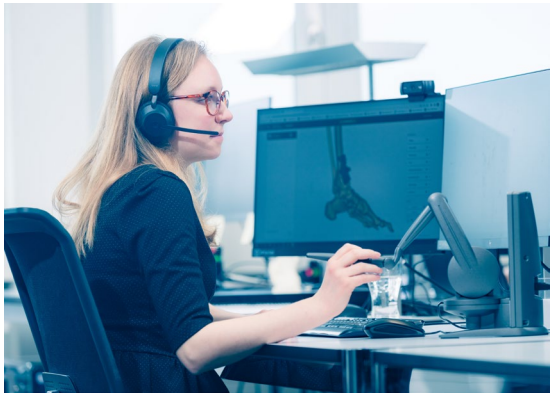
For Medartis, the year 2023 was again characterised by many events and accomplishments. We invite you to take a look at the highlights of the year.

March
Following the acquisition of Nextremity Solutions Inc. in 2022, Medartis has consolidated all its US activities under one roof in Warsaw, Indiana. In addition to the design, development and production of indication- and market-specific technologies for the treatment of fractures and deformities of the upper and lower extremities, the sales force and training organisation are being continuously expanded in order to meet the ambitious growth targets. With its supplementary manufacturing capacity, the site will also support Medartis' global business in the future.

March
To strengthen its ties with its strategic partner Keri Medical, Medartis increased the stake in the Geneva-based company from just under 30% to 47%. This increase in ownership is another step in Medartis' strategy to becoming a one-stop shop for hand and wrist solutions and to increasing its presence in joint replacement for extremities. It allows both companies not only to leverage their customer relationships, but also to benefit from each other's expertise in development and innovation. Medartis is an official distributor of Keri Medical products in Germany, Austria and the UK, with more countries to follow.

May
Precision you can trust a million times over: The Medartis Distal Radius System 2.5 has proven to be a highly valued solution for distal radius osteosynthesis. This year, Medartis sold its one millionth APTUS Distal Radius 2.5 plate. This remarkable milestone was celebrated on 24 May at the Kantonsspital Schaffhausen in Switzerland, together with Dr Markus Rau (pictured right, with Daniel Kainz, Senior Global Product Manager), who placed the order. The products, developed in close collaboration with renowned surgeons, have been well established in the markets since the system's launch in 2005.

July
Medartis introduced APTUS CMX Ankle, the latest addition to its CMX service. It includes customised guides and bone models for the treatment of complex ankle deformities. CMX Ankle offers a pre-operative planning service and helps to diagnose three-dimensional deformities more easily. The 3D-printed drilling and cutting guides make the procedure precise and convenient, as the pre-operative planning can be easily transferred to the operating room. CMX Ankle custom-made devices are used with implants from the proven APTUS Ankle Trauma 2.8 / 3.5 system and are currently available in Germany, Switzerland, Austria and the UK.



Annual Highlights

August

After careful evaluation and planning, the new IBRA Institute in Basel was officially inaugurated on 24 August. An ideal location for practical training, education and the development of new surgical techniques, the Cad-Lab features wet and dry laboratories, two X-ray rooms, a CT room, production and R&D facilities, a film studio for recordings and live broadcasts, as well as an exhibition and stand area. It provides a realistic environment in which medical professionals and students alike can deepen their understanding of human anatomy and physiology and improve their practical skills.

September

Two years ago, the company embarked on a journey to redefine its core values and build a high-performance, player-learner culture. To further support this, an extensive leadership development programme was introduced in 2023 to instil this mindset in leaders and new hires. The programme, which included workshops and remote peer learning sessions, saw the active participation of 236 leaders globally and included a unique 360-degree feedback for self-reflection and growth. Another highlight was the Authentic Leadership course for middle leadership from all sales areas, with a retreat near Basel. Building on its success, the programme is to be rolled out across the organisation in 2024 to first-level managers, involving 116 individuals.

October

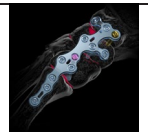
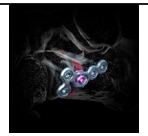
After the inaugural course in September, another major international course was held in the brand new training centre at the beginning of October. Thirty-five doctors from São Paulo specialising in orthognathic surgery and reconstruction of traumatic head injuries met at the new IBRA Institute in Basel to learn from leading experts in the field through lectures and hands-on training. The group of doctors gathered in Basel for the first time to take part in this Master Course under the guidance of key opinion leaders such as Dr Sergio Gonçalves, Dr Marcos Pitta and Dr Roberto Piteri, and all appreciated the peer-to-peer exchange and the state-of-the-art facilities.

December

Medartis has reached another milestone with the successful installation of a new screw production line at its manufacturing facility in Warsaw, IN. The transfer of expertise for the production of Medartis implants to the US is of strategic importance to the company and will take place in three stages. Starting in February 2024, cortical screws will be produced first, followed by plates for the foot portfolio and drill sleeves in March/April. After production and cleaning, the semi-finished products will be returned to Switzerland for further processing, including anodising, packaging and sterilisation.

Innovations

For more than 26 years, Medartis has stood for Swiss engineered, high-tech innovation that addresses unmet clinical needs. We are passionate about developing advanced implant solutions for medical professionals with the aim of improving patient treatment and restoring their quality of life. We aim to develop procedure- and anatomy-specific devices that lead in collaboration with our customers to predictable and superior treatment outcomes. We strive to extend product and service solutions that enhance convenience, leverage efficiency as well as add value, comfort and security for customers and patients. True to our motto 'precision in fixation', we attach great importance to precise planning and engineering as well as high-quality manufacturing. We are determined to become a leader in CMF and extremities through innovation, documented clinical research, differentiated comprehensive solutions and service excellence. The main launches in 2023 are highlighted in the table below.

Product Name		Indication	Benefit	Portfolio relevance
CMX Ankle		Joint-preserving treatment of osteoarthritis in the ankle	CMX Ankle offers custom-made devices such as surgical guides and 3D bone models for the treatment of osteoarthritis of the ankle joint. The specific design of the custom-made products and their usage in the OR help to achieve a more predictable outcome.	New option for the treatment of osteoarthritis of the ankle joint, in combination with the APTUS Ankle Trauma System 2.8/3.5.
Fusion System 3.5		Medial column arthrodesis for foot deformities including flatfoot, arthritis and diabetic foot	The comprehensive APTUS Fusion System 3.5 portfolio offers the option to treat and compress multiple and single joints of the medial column of the foot.	New treatment alternative for flatfoot, arthritis of the foot, and diabetic foot.
Mid- and Hindfoot System 2.8/3.5		Treatment of flat foot deformities through medial cuneiform wedge osteotomy, calcaneal column lengthening osteotomy or calcaneal medial/lateral sliding osteotomy	The APTUS Mid- and Hindfoot System 2.8/3.5 offers surgeons the tools to reshape misalignments, restore the anatomy, and rebuild a functional and stable foot with the goal of finding the best solution for their patients.	New treatment alternative for flatfoot deformities.
Distal Ulna Plates		Treatment of complex distal ulnar head fractures	The APTUS Distal Ulna System 2.5 provides surgeons with a versatile and anatomical solution to treat distal ulna fractures, from simple extraarticular fractures to the most complex intraarticular head fractures.	System is fully compatible with the screws and instruments of the APTUS Distal Radius System 2.5.
CMX Portal Software as a medical device		CMF, wrist, forearm and ankle	Intuitive navigation and overview of the planning process with user-friendly features and communicative tools. No additional software installations needed. Allows secure data transfer.	First software as a medical device according to MDR for Medartis.

Patient Story

"Gilles Müller came to our practice twice with a collarbone fracture. As with every patient, the treatment is very individual. A quick return to training was at the top of the young man's list of priorities. The successful implementation of a Medartis clavicle plate gave the talented youngster the chance to take part in the 2022 European Championships after all. Even after the second fall, we were able to get him back to training quickly thanks to his confidence in the implant. We were very impressed with how well he coped."

Dr. Sören Waldmann

Senior Physician, Rennbahn Clinic Muttenz, Switzerland

"Back in the Saddle in 10 Days"

Show jumping has been Gilles Müller's passion since he was 5 years old. His career took off early and he became part of the Swiss junior team until two years ago when he was thrown from his mare Giavanna while jumping over a water ditch and broke his right collarbone. The accident happened just three weeks before the tournament, but thanks to a Medartis implant, he was back in the saddle within ten days! With the help of an experienced surgeon, physiotherapy and unwavering determination, he was able to take part in the 2022 European Championships despite a short preparation period. The doctor had already had positive experiences with the implant and the treatment and was able to pass on this confidence to the patient. Today, Gilles is looking forward to many more competitions to come. We wish him all the best!

Click or scan to watch the video

Medartis and IBRA: Empowering Surgical Excellence

The International Bone Research Association (IBRA) is at the forefront of a unique global network dedicated to advancing research and continuing education for healthcare professionals specialising in extremity and head surgery.

The common goal of the partnership between Medartis and IBRA is to provide scientifically-based treatment solutions and high quality products for the benefit of patients. The close proximity of the two organisations in Basel facilitates the direct exchange of specialists and opinion leaders in the context of training courses, workshops and seminars.

Founded in 2004 in Zurich, Switzerland, IBRA operates as an internationally focused, non-profit organisation that fosters an environment of innovation and support for the advancement of musculoskeletal research, medical education and career development.

IBRA's key highlights in objectives and activities:

- Commitment to education: IBRA prioritises education through specialised hands-on courses, strategic collaborations with renowned medical societies such as EFAS (European Society for Foot & Ankle Surgery) or SFAS (Swiss Foot & Ankle Society), and active participation in key international congresses such as the ASSH (American Society for Surgery of the Hand) Annual Meeting.
- Establishment of global IBRA Training Centers: IBRA has established a global network of training centers, providing a mix of online and in-person medical education activities as well as international scholarship programmes to ensure accessibility and excellence in learning opportunities.
- Creating an international membership network: IBRA is committed to cultivating an international network of members, fostering individual career development, enhancing professional profiles, and promoting a culture of peer-to-peer learning and collaboration.

IBRA Institute in Basel: A pioneering center for surgical training, education, and research

In a major highlight of the year, the IBRA Institute was established as a state-of-the-art center for hands-on training, educational advancement and research into pioneering surgical techniques in the heart of Europe. The official inauguration of the IBRA Institute on 24 August 2023, located within the IBRA headquarters in Basel, marks a notable milestone and underscores IBRA's unwavering commitment to fostering excellence in medical education and research.

Lifelike operating conditions: The new IBRA Institute in Basel

The IBRA Institute offers a wide range of opportunities:

- Education and training: Providing a hub for the training of healthcare professionals to enhance their anatomical and surgical skills.
- Research and development: Acting as a catalyst for medical research and innovation and providing a facility to gain valuable insight into the development of new treatments.
- Technological advancements: Introducing ground-breaking features such as a simulator that enables the study and understanding of fracture mechanics, spearheading the testing and training of new technologies and treatment methods.
- Medical device testing: Ensuring the safety and efficacy of new medical implants throughout their development.

The establishment of a state-of-the-art bioskills laboratory aligns perfectly with IBRA's overarching goals of education, research and innovation, and symbolises an unwavering commitment to providing healthcare professionals with leading-edge facilities and equipment for years to come.

Red ribbon cutting: A long-awaited wish comes true

Commitment to educational excellence

Within IBRA, the commitment to educational excellence and continuous improvement is underpinned by the completion of surveys by each course participant. These surveys are a key component of IBRA's quality assurance process, mandated by recognised regulatory bodies such as ACCME (Accreditation Council for Continuing Medical Education) in the USA and EACCME (European Accreditation Council for Continuing Medical Education). Compliance with these standards enables IBRA to offer scientifically sound programme content and to grant continuing medical education credits to participants. The comprehensive surveys conducted throughout 2023 have provided important insights, demonstrating high levels of participant satisfaction and constructive feedback.

Expanding IBRA's global reach: Introduction of new Training Centers in 2023

IBRA's network of Training Centers is a cornerstone of providing extensive education and support on a global scale. These centers serve as hubs that not only welcome scholars from different parts of the world for educational programmes, but also act as important representatives of IBRA in their local regions or countries. They play an integral role in the success and outreach of IBRA.

It is a great pleasure to announce the addition of 7 new Training Centers in 5 countries, including prestigious institutions such as Duke University in Durham, USA, and King's College in London, UK, to IBRA's renowned network in 2023. These new additions further solidify IBRA's commitment to expanding its educational footprint, fostering collaboration and strengthening its global presence.

Enhanced accessibility: simplified IBRA membership registration process

Within IBRA, three levels of membership are available to professionals in the field:

- IBRA Basic Membership: Entry-level affiliation offering worldwide networking, event updates and access to the IBRA Virtual Campus with online learning materials - all free of charge.
- IBRA Full Membership: Advanced privileges including priority access to research grants, reduced course fees, voting rights and exclusive development opportunities.
- IBRA Premium Membership: Reserved for surgeons who make a significant contribution to the IBRA faculty or as board members, with all the benefits of Basic and Full Membership.

In a significant step towards inclusivity, the IBRA Board of Directors has revamped the Full Membership application process to ensure greater accessibility for prospective members worldwide by streamlining the application process. Becoming a Full Member is now straightforward and quick, with a simple registration on the IBRA website, to better reflect the association's commitment to inclusivity and accessibility, and to increase opportunities for talented surgeons worldwide.

Looking forward to a momentous 2024

IBRA is eagerly preparing to celebrate its 20th anniversary with a series of commemorative activities in 2024. This significant milestone will be marked with events that honour the journey, the achievements and the collective contributions of IBRA's members.

IBRA looks forward to embracing this pivotal year, celebrating its legacy, and engaging in impactful educational endeavours that further solidify its commitment to excellence in the field of surgery.

20 Years IBRA International Bone Research Association

Insight Talk

Prof. Tim Lögters

There is currently a lot of euphoria around GLP-1 for weight loss. Do you think it could have an impact on the incidence of orthopaedic disease? Will there be less work for you in the future?
Obesity is a big problem because it has a big impact on joints and bones. Since there are other problems besides bones and joints, it makes sense to tackle this problem. I can understand the euphoria around GLP-1, but in my opinion it is still a drug with potential side effects and we don't know what they are yet. Another unresolved issue is who will bear the cost, as GLP-1 has to be taken for life. In my view, a more proactive approach to tackling the root cause would be to levy taxes on sugary drinks, as is already the case in the US and the UK.

You have also done fellowships in Boston and Pittsburgh in the USA. What are the biggest differences between the American and German healthcare systems for orthopaedic surgeons?
The difference between the two insurance systems has a significant impact on the patient-doctor relationship. In the US, responsibility shifts to the patient, for example when it comes to rehabilitation or follow-up care after surgery. In addition, individual workloads tend to be higher in the US, but so is the earning potential. Overall, we have a high quality of medical care in Germany, both in the cities and in rural areas. In contrast, the US has large trauma and orthopaedic centres with enormous clinical expertise in larger cities, but the quality of patient care can be significantly less away from cities.

You use the "Touch" thumb saddle joint prosthesis in your clinic. What has been your experience with it?
I have been using the TOUCH prosthesis for almost exactly two years and to be honest, my experience with the TOUCH prosthesis has been very positive. I think the complication rate is low and the short and medium term clinical results and patient satisfaction are very high.

The patient's range of motion is greater, his recovery time is faster and the strength of the joint is better with the device than with traditional treatment options. What is most important to your patients?
The main reason patients come to the doctor is pain, not limited movement. Pain relief occurs shortly after surgery. Once the wound has healed, they have no more pain. The other reason is the resumption of daily life such as the ability to do normal activities like housework and exercise. These are two important points for the high level of patient satisfaction, as recovery usually should be complete six weeks after surgery, which is a major difference from conventional surgical procedures such as trapeziectomy or ligament reconstruction.

And how many of your patients develop problems on both sides and on both hands? How satisfied are patients after the first operation?
That's an interesting point because it's often a bilateral disease. In the past, when we did ligament reconstruction, patients used to have to wait six months after the first operation. Nowadays, they have the first side done, and after six weeks they ask when we can do the other side. It's a big change.

Prof. Tim Lögters, specialist in orthopaedics and trauma surgery at St. Vinzenz-Hospital in Cologne, Germany

Click or scan to watch the videos

Insight Talk transparency statement:
In this chapter, industry experts share their views on medical excellence, diversity, education, innovation, digitalization, health care, science, and other fascinating topics. None of the interviewees were remunerated for these interviews. The personal opinions expressed in this report are those of the interviewees.

Insight Talk

Dr Daniel Herren

Your department has placed almost 400 CMC-1 TOUCH prostheses. What advice would you give to a young colleague preparing for his first surgery?
Train, train, train! I think it's very useful to do cadaver lab training first, then watch a surgery and then do a first surgery under supervision. This sequence is ideal. There are a few tricks and I think the learning curve is much steeper if you follow them.

Do you have a preferred approach - volar or dorsal? Does it depend on the radiograph or the patient situation?
The standard is the dorsal approach. That's what most of my colleagues do. It's the easiest way to access the joint and I think anatomically it makes the most sense. The trapezium is a very small joint and if you have a petite patient, the space can be a bit tight.

Can you see this on the x-ray? If not, what is the alternative intra-operatively if it is too tight?
It is important to measure this before the operation in order to plan the height of the trapezium. This is the most critical point. We need a certain height, which according to books and literature is about 8 millimetres. Sometimes it can be less if you have a very small trapezium. In such cases it can be useful to use a conical pan, because it can protrude a little and you don't have to insert it as deep as the spherical pan.

You also planned and set up a registry here at the Schulthess Clinic right from the start, in which you measure long-term success rates. What are your findings?
We set up the registry a few years ago and have been collecting data on all the hand implants we have used ever since. It is a real treasure because we have a follow-up registry with real patient data from our patients. It helps us track patient outcomes and compare the results of different techniques, implants and surgical approaches. Based on this, we can do a lot of scientific work that helps us to improve our standard surgical technique. I think it is very important that implants last as long as possible. We know this from hip and knee replacements, because the survival rate of implants today should be between 15 and 20 years or even more! We have some data from the earlier CMC prosthesis because the TOUCH prosthesis has not been on the market as long. We expect the results to be at least as good as the previous generation, because there have been improvements in the latest generation. The third-generation implants have a 10-year survival rate of 93 to 95%, which is very impressive and in line with what we have with the hip. Today, nobody would argue about how long a hip replacement lasts. There is another aspect. As a surgeon, you want to have good revision options.

What are the advantages of a TOUCH prosthesis over a trapeziectomy?
When we started placing the first implant five years ago, we couldn't believe how the patients' thumbs looked at the first post-operative visit when they came in without splints. They were not given any post-operative painkillers. They were able to use their hand normally and were very happy. This is not the case with resection, where rehabilitation takes much longer. Point number two: Function is virtually normal and there has never been a hand operation where the patient has said to me: "Doctor, my thumb feels as if nothing has happened. My thumb feels like it did 20 years ago." It seems that we are restoring completely normal function. Thirdly, we have clearly seen an increase in strength and power in the joint, which is very impressive because with resection arthroplasty it can take up to six months or even more before joint strength is sufficient for activities of daily living, whereas with implant arthroplasty we achieve the same results after 4-6 weeks.

Dr Daniel Herren is Head of Hand Surgery at the Schulthess Clinic in Zurich, Secretary General of the European FESSH Society, a member of the Medartis BOD and author of numerous peer-reviewed clinical papers.

Insight Talk

Prof. Christoph Katthagen and Dr Annika Hättich

What trends have changed orthopaedics the most in recent years?
CK: I think an important point is the individualisation of treatment, because with implants, planning tools and all the equipment we have in our daily routine, we can treat more and more individual cases instead of one size fits all. Another big change in surgery is that we are becoming more evidence-based. In the past, evidence was much less important, but now there's a move towards more evidence. We want level 1 evidence for what we do. I think those are the two biggest changes.

What is the role of digitalisation?
CK: Digitalisation is everywhere of course, also in our hospital and in orthopaedics. There are some things that could be done much faster for us doctors, but for cost reasons we don't make progress so rapidly. We have to accept that.

Is there any seasonality in your work?
AH: Yes, actually there is. Sometimes you can't really plan for it. People come back from the beach with injuries, then there is winter. When I moved to Hamburg, I always thought there would be no skiing injuries here because there are no mountains and no snow. But people go to the mountains and come back with a torn ACL or some other injury. When it gets cold and icy, we get a lot of distal radius or proximal humerus fractures.

In September, you travelled to South America to give lectures and teach fellows in Argentina, Brazil and Costa Rica. How good is the standard of treatment in these countries compared to Germany?
AH: I was listening to Christoph earlier when he was talking about new technologies. We're a bit spoiled in Germany because we can use the latest technologies that are on the market. The doctors in South America are very smart, well-educated and they do a lot of research, but when it comes to implants and new technologies, they are a bit behind. Yet it works for them. They offer good medicine and I think they always know what to do. An anecdote from the trip comes to mind: A very well-trained hand surgeon in Mexico was proud to be the first surgeon in the country to use the Medartis FPL distal radius plate, which we have been using in our hospital for a long time. We even have our choice of different plates.

Annika, the Young Forum (Junges Forum O und U) is celebrating its 20th anniversary this year. You are one of the three board members. They are all women. Was that just a coincidence?
AH: Possibly. When the organisation was founded, the founders were all men. Today there are some issues that are perhaps more important to us women than to men, for example, the compatibility of work and family life or the environment. I think because we wanted to make a difference for women, we were a bit more active than men five or six years ago, but that's changing now. We are quite evenly balanced at about 40:60 men and women. I think that's a very good thing. We don't all have to be women.

E-scooters, safer cars, urbanisation, an ageing population: people's leisure and commuting habits are changing fast. Will this change trauma surgery in the future?
CK: One of the most important changes is the way people get around, but they'll still be looking for thrills and risks. We're seeing changes in injury patterns. The classic after a weekend is about 10-20 cranio-maxillofacial injuries from people rolling their e-scooter into a parked car. We are also seeing older people being motorised or mobile with this new type of vehicle. I am convinced that with the ageing society we will see more and more geriatric trauma.

Prof. Christoph Katthagen (University Hospital Münster) and Dr Annika Hättich (University Hospital Hamburg-Eppendorf)

Sustainability Report

Sustainability at Medartis

Medartis is committed to embedding environmental, social and governance (ESG) principles into its core processes and culture in an increasingly interconnected and socially conscious world. These principles are important to identify and mitigate risks, enhance reputation, foster employee engagement, attract capital, and ensure long-term sustainability.

At a time of heightened global awareness of environmental impact and social responsibility, the field of non-financial/sustainability reporting has undergone transformative change, redefining the standards of corporate accountability. As Switzerland adapts to new reporting regulations, Medartis is paying close attention to assessing and implementing sustainable practices within the medical device industry. For Medartis, sustainability is not just a mandatory programme, but a key differentiator to seize economic opportunities and manage the risks of a changing society.

Over the past three years, Medartis has taken a major step forward in its sustainability journey. Starting with its first sustainability report for the 2021 reporting year, the company outlined key environmental priorities and initiated a comprehensive sustainability analysis. Building on this foundation, Medartis strengthened its commitment to ESG-related matters by establishing a more robust framework in 2022, introducing a Sustainability Supervisory Board and an ESG Committee, and recording detailed Scope 1 and 2 emissions and therefore laying the groundwork for a solid carbon footprint accounting and the subsequent derivation of appropriate measures. As a step towards comprehensive accountability, the company has completed the inventory of Scope 3 emissions and also outlined a comprehensive disclosure of its sustainability policy and performance based on the GRI standard for the 2023 reporting year. With the publication of this year's Sustainability Report, Medartis is proud to emphasise its commitment to a sustainable business conduct and its dedication to responsible corporate citizenship.

At Medartis, the goal has always been to work closely with surgeons to develop highly accurate and innovative products that make a positive contribution to patient outcomes and quality of life, which is also its overarching purpose. At the same time, Medartis strives to make a positive contribution to society by ensuring that the benefits of its actions exceed the resources it consumes. Since its inception 26 years ago, Medartis has always been on the lookout for ways to reduce its regional footprint and make improvements for its employees and other stakeholders.

Medartis favours a system that relies on accountability and self-initiative. The company will therefore continue to drive its own transparency and monitoring over the coming years and to engage in dialogue with its stakeholders and upstream suppliers in order to achieve systematic improvements along the entire value chain. To meet the increasing requirements, Medartis created a Sustainability Supervisory Board and an ESG Committee as of January 2023. This Board is led by Medartis' Board of Directors under the direction of Nadia Tarolli Schmidt and the Committee consists of three EMB members. Chief Operating Officer Mario Della Casa heads up the new processes while the senior and middle management team is involved in different areas. Axel Maltzen is the operational leader of the ESG programme. The following table shows the allocation of sustainability responsibilities at Board, management and functional levels. The Sustainability Supervisory Board and the ESG Committee ensure that the Board of Directors has the collective knowledge, skills and experience on sustainable development.

Supervisory Board (Board of Directors)	Nadia Tarolli Schmidt	
ESG Committee (EMB)	Mario Della Casa (Lead) Anthony Durieux-Menage Mareike Loch	
Project Core Team	Axel Maltzen (Operational leader)	
	Medartis subsidiaries	Commercial
	Production Basel, CH	Production Warsaw, US
	R&D	Human Resources
	Purchasing	Legal & Compliance
	Project Coordination	Communication / Reporting

About this Sustainability Report

The Sustainability Report is published each year as part of the Medartis Annual Report and covers all Medartis subsidiaries. The Board of Directors approves this report and recommends it to shareholders for approval at the Annual General Meeting. The following chapters provide detailed information on the Medartis Stakeholder Analysis, Materiality Analysis, Sustainability Strategy and Material Topics, followed by the GRI Index of Content, which links to all relevant information according to the reporting standard.

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Worldwide presence

GLOBALLY DIVERSIFIED BUSINESS

North America (US)

United States of America

24.5% Revenue share

51.9m CHF

34.1% Growth in CER

LATAM

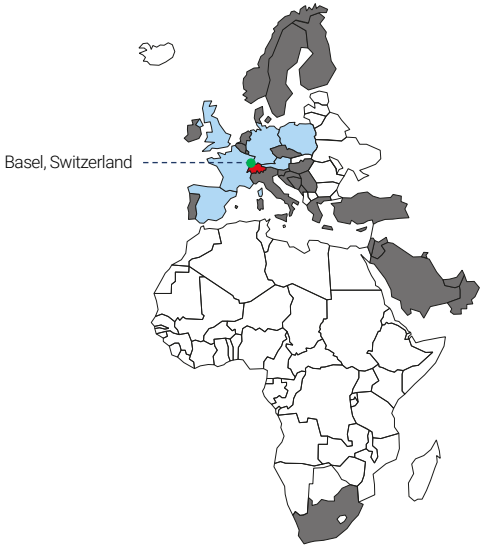
Argentina
Brasil
Chile
Colombia
Costa Rica
Mexico

10.5% Revenue share

22.2m CHF

19.4% Growth in CER

- Headquarters
- 12 subsidiaries
- 40+ countries with distribution partners
- Production



EMEA

Austria
Bahrain
Belgium
Bosnia & Herzegovina
Croatia
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Israel
Italy
Jordan
Kingdom of Saudi Arabia
Kuwait
Lebanon
Luxembourg
Netherlands
Norway
Oman
Poland
Portugal
Serbia
Slovenia
South Africa
Spain
Sweden
Switzerland
Turkey
UAE
UK

50.2% Revenue share

106.5m CHF

19.8% Growth in CER

APAC

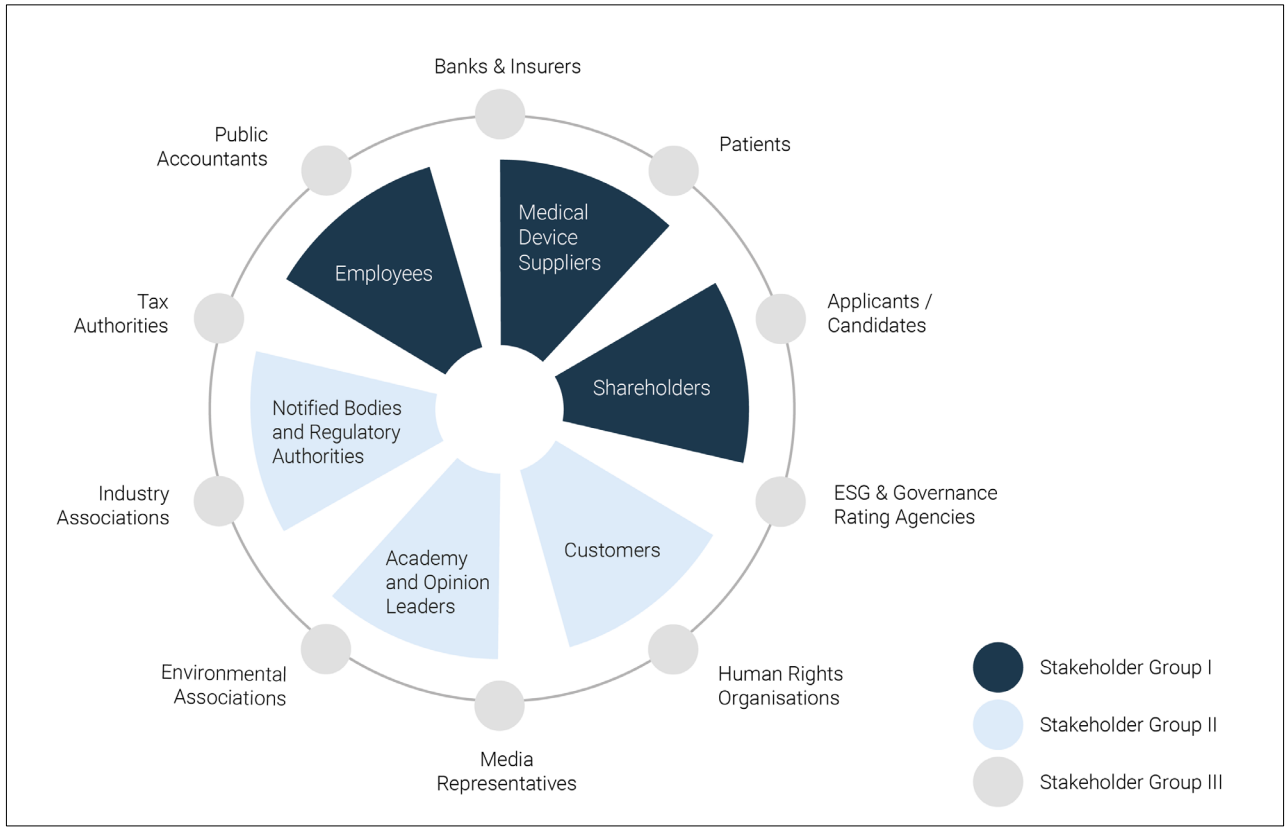
Australia
Hong Kong
Japan
Malaysia
New Zealand
Singapore
South Korea
Thailand

14.9% Revenue share

31.5m CHF

5.6% Growth in CER

Stakeholder analysis is essential for sustainable success



"Excellent organisations meet or exceed the expectations of their stakeholders" (EFQM model)

[GRI 2-29]

For Medartis, the involvement of all key stakeholders is crucial. With our customers, we create and deliver sustainable value propositions with our complete and innovative product portfolio. For our patients and surgeons, we provide products of the highest quality for a successful and fast recovery. In addition, the environmental and social conditions within the ecosystem in which we operate must be considered and taken seriously. It is a joint effort. We establish, maintain and develop relationships with our stakeholders based on transparency, accountability, ethical behaviour and trust. In cross-functional teams, we define our key stakeholders, identify their concerns and expectations.

Stakeholder Group I

In Group I, we represent the stakeholders who have a direct influence on our service delivery:

a) Employees

- Relevance: Our employees are at the heart of everything a company does. Engaged employees tend to be more productive and perform better. When employees feel valued, motivated, and connected to their work and the company's mission, they are more likely to go above and beyond to contribute to the company's success. Investing in their skills and development further enhances their ability to perform at a high level.
- Stakeholder expectations: They expect fair pay, a modern and safe workplace, flexible working conditions, targeted support by qualified leaders, further education and a positive working environment free from discrimination and exclusion.
- Communication: Intensive and comprehensive communication, in particular through our internal communication APP (m-HUB), townhall and leadership meetings, as well as regular employee surveys and workshops as part of the organisation's Culture Journey, ensure ongoing active interaction with our employees.

b) Medical Device Suppliers

- Relevance: Our suppliers are very important to us. Together with our in-house services, they are the most important partners in our medical device manufacturing value stream. Only with them can we guarantee our highest quality standards. We therefore place high demands on the quality and performance of our suppliers and enter into long-term partnerships with them. We attach great importance to regional sourcing, but environmental and climate protection, as well as ethical and legally sound business conduct, are also of vital importance throughout the entire supply chain.
- Stakeholder expectations: In return, our suppliers expect clear specifications for their work, fair conditions, predictable orders and communication on an equal footing.
- Communication: Through structured supplier evaluations and approvals, joint feasibility studies for new products and processes, regular audits, monthly performance reports and detailed annual meetings with mutual feedback (for key suppliers), we maintain an intensive exchange based on partnership.

c) Shareholders

- Relevance: Shareholders have a direct influence on Medartis' business activities. They are capital providers and owners at the same time. The interest of potential shareholders and the long-term loyalty of our existing shareholders ensure our financial stability.
- Stakeholder expectations: Our shareholders expect a fast-growing company that outperforms the market, gains market share, generates cash flow that exceeds its cost of capital and/or returns money to investors in the form of dividends or other means. At the same time, investors expect business activities to fulfil current ESG principles.
- Communication: Regular communication with our shareholders is very important. In addition to the publication of business results twice a year, the Annual General Meeting, investor roadshows and participation in conferences are the most important pillars of our active communication with our shareholders. These are supported by detailed information for investors on our website. Ad-hoc and financial news as well as product and company news can be obtained by subscribing to our news distribution service. Our existing as well as prospect shareholders can contact us through the Corporate Communications department. Compliance issues can be reported anonymously through our whistleblower channel.

Stakeholder Group II

In Group II, we represent stakeholders who have an indirect influence on our service delivery:

d) Customers

- Relevance: Customers are the starting point for all our business activities. They give Medartis its purpose. They enable Medartis' future existence and growth. Our customers provide us with input and inspiration for new products and services. Satisfied customers are the starting point for a sustainable future for Medartis.
- Stakeholder expectations: Our customers expect the highest product quality, the best service and expert support. They want a system that guarantees a smooth and efficient surgical procedure and the best possible patient care. At the same time, they expect a fair cost-benefit ratio.
- Communication: Close communication with our customers is an essential key to Medartis' success. Doctors are closely involved in the development of our products and services, from the initial idea to final validation. We have also set up an open ideas channel on our website since October 2023. Every new product idea is evaluated by our Innovation Committee. In the marketplace, our sales people are the most important channel of communication with our customers, as they are in daily contact with them and communicate their concerns internally through structured monthly reports. Customer complaints are an important input for the performance of our products. They are analysed in detail and the results are fed back to the customer as quickly as possible. Service complaints are recorded and processed in a structured manner in order to guarantee Medartis' usual high delivery performance in the long term. In addition to dealing with individual complaints, the overall performance of Medartis products is continuously evaluated through our Post Market Surveillance process. This allows customers to compare us with our competitors. Training our customers on our products is another important component of active communication. It gives us direct feedback and enables the customer to make the best use of our products.

e) Academy and Opinion Leaders (KOL)

- Relevance: The scientific context of our products and services is a very important source of input for the strategic direction and sustainable development of Medartis. Through cooperation with research clinics, scientific universities and, in particular, our partner IBRA, we are actively involved in the constant exchange of the latest developments and work through education and training.
- Stakeholder expectations: Scientifically active stakeholders and opinion leaders expect Medartis to provide them with a global opportunity to share their scientific results or practical best practice experiences, providing them with benchmarks and training opportunities. This often involves the formation of networks that make a lasting contribution to ensuring that as many patients as possible around the world receive optimal care.

– Communication: Our main communication channel is our partnership with the International Bone Research Association (IBRA), where we are in constant contact with scientific stakeholders and opinion leaders through publications, congresses, fellowships and targeted training. Our IBRA Institute Bioskills Laboratory (Basel), which opened in 2023, provides direct access to a state-of-the-art facility that demonstrates our commitment to hands-on learning and skills development. It is a place where knowledge is put into practice and where theory and technology merge seamlessly.

f) Notified Bodies and Regulatory Authorities

– Relevance: In the regulated area of medical devices, the certification of our management systems, the global market approval of our products and the continuous maintenance of product conformity are central elements of our business activities. Compliance with all legally binding requirements with regard to our products as well as with regard to the environment, social responsibility and compliance/governance is a basic prerequisite for the success of Medartis.
– Stakeholder expectations: 100% compliance with all global regulations
– Communication: There are two main channels of communication: regular audits by notified bodies or authorities as well as communication by Medartis with the relevant authorities in the event of significant changes or new product approvals. Through Medartis' global QM structure, we support local communication with all official bodies through the technical expertise of our global organisation.

Stakeholder Group III

In Group III, we represent stakeholders who have a social influence on our service delivery:

Main groups:

– Patients
– Applicants/candidates
– ESG & governance rating agencies
– Human rights organisations
– Media representatives
– Environmental associations
– Industry associations
– Public accountants
– Banks, insurance companies
– Tax authorities

Relevance:

– It is perhaps surprising that it is only in this group that we have chosen to include the patient. Of course, the patient's health is at the heart of everything we do, but the patient does not choose our product and often does not even know which product from which manufacturer it has been treated with. As a result, direct contact with patients is rare.
– External candidates are becoming increasingly important in times of skills shortages. With a sustainable corporate culture, we can continue to recruit successfully and thus secure our long-term growth.
– ESG & governance rating agencies, human rights organisations, media representatives, environmental groups and industry associations monitor and evaluate our business behaviour from the outside. They view us critically, but at best with goodwill and appreciation.
– Public accountants, banks and insurers form the basis of Medartis' financial reporting, but are increasingly including non-financial aspects in their assessments.

Stakeholder expectations:

– Patients want the best and safest products for fast and complete healing.
– External applicants want a modern, socially responsible and long-term successful employer where they can realise their professional development.
– ESG & governance rating agencies, human rights organisations, media representatives, environmental associations, industry associations want transparent, honest communication of Medartis' business activities and a clear commitment to sustainable, future-oriented corporate behaviour.
– Public accountants, banks and insurance companies are particularly interested in the company's financial situation and stable growth. However, non-financial objectives are increasingly coming to the fore. This will be particularly visible with the TCFD.

Communication:

We actively communicate with this stakeholder group through our website, media releases and social media channels. Feedback and questions can be sent directly to Medartis via the Medartis Info Mail, by contacting our Corporate Communications Department or anonymously via our Whistleblower Channel.

Materiality Analysis – Moving forward with the right focus

In 2023, Medartis fundamentally revised its materiality analysis and has applied the principle of double materiality as a basis. This approach takes into account both the requirements of the Swiss counter-proposal (KVI) and the upcoming requirements of the CSRD.

The European sustainability reporting standards of the CSRD are compatible with the standards of the IFRS Foundation and the GRI. They follow the principle of "double materiality". This involves reporting on sustainability information that is material from a financial perspective (the focus of the IFRS standards) as well as the material impacts of a company on the environment, human rights and other social issues (the focus of the GRI standards). The principle of double materiality represents a rethinking of reporting practice, as it encourages the materiality of sustainability issues to always be considered from two perspectives (double materiality).

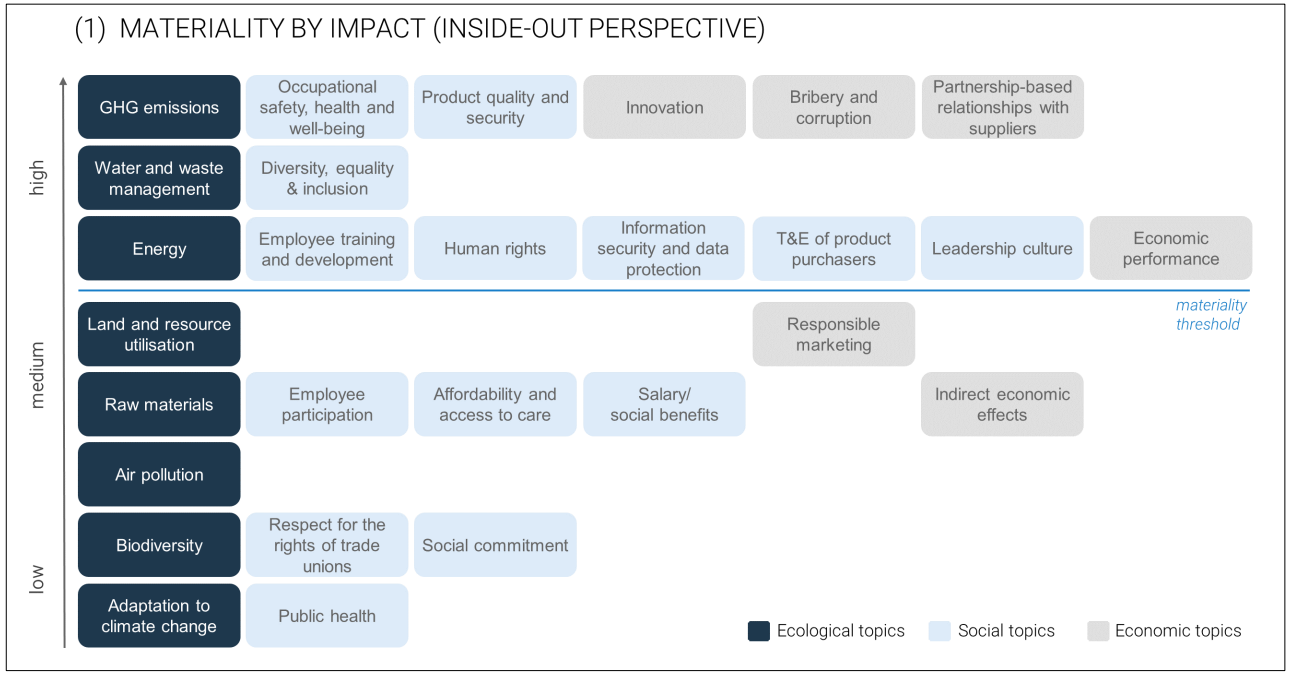
It distinguishes between an **inside-out perspective**, also known as **impact materiality**, in which companies identify the actual and potential positive and negative impacts of their operations on various sustainability issues, and an **outside-in perspective**, also known as **financial materiality**, which considers the opportunities and risks of sustainability issues to a company's financial position and the future viability of its business model.

Both perspectives have been taken into account in the selection of topics that are material to Medartis: An issue is considered material if it either creates risks and opportunities for business success (outside-in perspective) or if it is significant because of the impact of business activities on the environment and people (inside-out perspective).

[GRI 3-1]

The following principles have been considered:

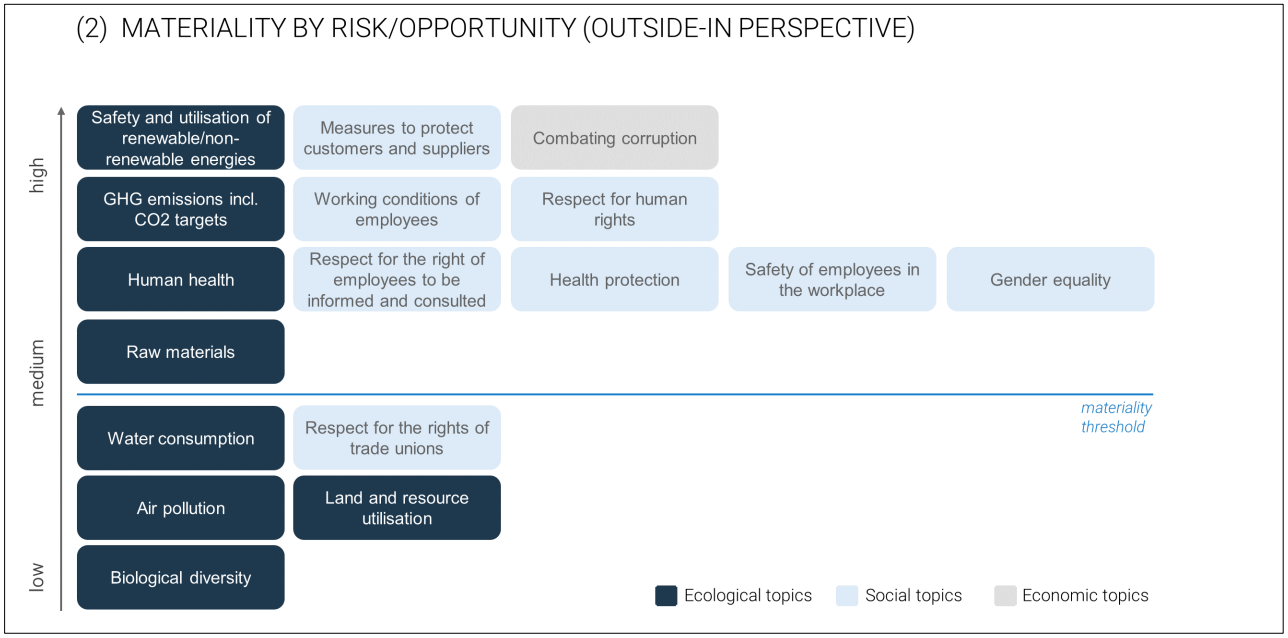
- Intensified analysis and definition of relevant stakeholders and their expectations and impacts (see previous chapter)
- Analysis of the entire Medartis value stream from idea management to waste at our customers
- Analysis of Medartis' business processes based on ISO 13485:2016 process-oriented quality system (business process matrix)
- The Medartis 5 year strategy
- Context analysis and benchmarking on relevant topics in the industry in collaboration with "Swiss Climate" as an external consultant in the field of sustainability
- Results of Medartis' first carbon footprint assessment



Both charts (here and next page) show the topics that are material to Medartis. The blue line marks the materiality threshold. All characteristics above this threshold are highlighted as material and discussed in detail in this Sustainability Report.

The two views of "impact" and "opportunities and risks" were considered separately in the collection of potentially relevant topics, in order to strengthen the focus on each perspective in the selection of possible topics. Sometimes we find different terms in the two materiality matrices. Following the respective materiality classifications, we have combined the aspects from both perspectives and grouped them into topics that are material to Medartis in the context of the KVI, GRI and CSRD.

[GRI 3-2] The combination of both perspectives results in the following key topics for Medartis, which have already been grouped based on CSRD Guidelines:



Climate change

- GHG emissions (impact materiality)
- GHG emissions including carbon footprint targets (finance materiality)

Resources use and circular economy

- Water and waste management (impact materiality)
- Energy (impact materiality)
- Security and use of renewable and non-renewable energies (financial materiality)
- Raw materials (financial materiality)
- Human health (financial materiality)

Workforce (own and within the value chain)

- Work safety, health protection and well-being (impact materiality)
- Health protection (financial materiality)
- Safety of employees at work (financial materiality)
- Respect the right of employees to be informed and consulted (financial materiality)
- Diversity, equality and inclusion (impact materiality)
- Gender equality (financial materiality)
- Training and further education of employees (impact materiality)
- Human rights (impact materiality)
- Respect for human rights (financial materiality)
- Management culture and leadership (impact materiality)

Consumers and end users

- Information security and data protection (impact materiality)
- Training and education of product recipients (impact materiality)
- Product quality and safety (impact materiality)

Business conduct

- Economic performance (impact materiality)
- Partnership relationship with suppliers (impact materiality)
- Innovation (impact materiality)
- Measures to protect customers and suppliers (financial materiality)
- Bribery and corruption (impact materiality)
- Combating corruption (financial materiality)

The different wording of the individually identified topics emerged directly from the workshops. We deliberately did not adapt them in the matrix in order not to distort the process of creating the essential characteristics.

[GRI 3-3] Each of the five materiality criteria has its own chapter in this Sustainability Report. The concepts and, where relevant, the related due diligence procedures are explained in more detail. This includes:

- A specific description of the impact (inside-out)
- A specific description of the material opportunities and risks (arising from our own operations and, where relevant, from business relationships, products and services (outside-in).
- A description of the measures required to implement the concepts and an assessment of their effectiveness.
- The performance indicators related to the company's activities

Business model and value chain

Medartis is the global innovation leader in osteosynthesis implants for cranio-maxillofacial, upper and lower extremity surgery. Our products make a significant contribution to the optimal restoration of bone fractures. This shortens the rehabilitation period for patients and significantly improves their quality of life.

We pay close attention to the constantly evolving needs of our users and their patients, and to this end we work in close cooperation with surgeons. Combined with our many years of development expertise, we create optimised implant solutions and expand the range of indications.

The following overarching value stream was an important basis for the development of our stakeholder and materiality analysis:

Testing department , Basel

Value Stream	Description	Stakeholders	Materiality
Product, service idea management	-Market needs -User needs -Strategy -Educated/motivated employees	-Customers -Patients -Academy/Opinion Leaders -Employees -Shareholders	-Resources use -Workforce -Consumers and end users -Business conduct
Production (including procurement, process and product suppliers)	-Lean production -Highest quality -Local supplier -Low material and energy consumption -Educated/motivated employees	-Employees -Suppliers -NB and authorities (ISO 13485) -Environmental and industry associations	-Climate change -Resources use -Workforce -Business conduct
Worldwide approval of medical devices	-Compliance -Market access -Marketing -Globalisation strategy	-Employees -Suppliers -NB and authorities -Shareholders -Rating agencies	-Consumers and end users -Workforce -Business conduct
Distribution of the products to the countries	-Supply chain -Customs and sanctions -Safe and sustainable transport of medical devices	-Employees -Suppliers -Public accountants -Bank, insurers	-Climate change -Resources use -Workforce -Business conduct
Customer generation and support, including training of customers	-Congresses -Marketing -Direct /online communication -Sales education -Scientific publications	-Employees -Customers -Academy/Opinion Leaders -ESG & governance rating agencies	-Workforce -Consumers and end users -Business conduct
Delivering the products to the customers	-Supply chain -Safe and sustainable transport of medical devices -On Time in Full (OTIF) delivery	-Employees -Suppliers -Customers	-Climate change -Resources use -Workforce -Consumers and end users -Business conduct
Using the sets during surgery and implanting the products into the patient	-Well-trained doctors and operating room staff -Problem-free surgery -Best patient outcome -Efficient set use	-Patients -Customers	-Resources use -Consumers and end users
Reprocessing of the sets (instruments, non-sterile implants)	-Smart sterile products -Cleaning and disinfection and reprocessing guideline	-Customers -NB and authorities (IFU)	-Climate change -Resources use -Consumers and end users
Selling the implants	-Customer service -Internal accounting -Customer feedback	-Employees -Customers	-Workforce -Consumers and end users -Business conduct
Disposal of waste (packaging of products)	-Packaging material handling -Waste of sterile products	-Customers -Environmental associations	-Climate change -Resources use -Consumers and end users

Value Stream	Description	Stakeholders	Materiality
Reordering used products	-Close customer communication -Customer service -Internal accounting	-Employees -Customers	-Workforce -Consumers and end users -Business conduct
Customer feedback on service and product quality	-Product complaints -Service complaints -Feedback and new ideas	-Customer -NB and authorities -Employees -Academy/Opinion Leaders -Media representatives	-Workforce -Consumers and end users -Business conduct
Annual Reporting	-Prepare and publish yearly report with all performance on financial and non -financial data	all	all

In accordance with the materiality analysis listed above, we have classified the CSRD standards for “Biodiversity and ecosystems”, “Air pollution” and “Water and marine resources” as non-material.

Biodiversity and ecosystems are an important building block in global sustainability management. Medartis' influence is very low due to its business model and the manageability of product manufacturing. We can easily address the points that can be influenced via the key topics of “Climate change” and “Resources use and circular economy”.

Air pollution is also an important issue. The emissions in the production of Medartis implants are manageable, with the majority in the area of transport and travel by employees. These issues can easily be addressed through the material topic of “Climate change”.

Water and marine resources are an indispensable resource for the Earth's biological balance. Medartis addresses the conservation of these resources by continuously minimising the amount of waste and discharge of wastewater. This topic is covered in the material topic “Resources and Circular economy”.

Quality control, Basel

Our sustainability strategy puts focus on what matters

OUR DECLARATION OF COMMITMENT

Acting sustainably offers Medartis great economic opportunities and enables us to manage the risks of a changing society. We firmly believe that there is no turning back. Our stakeholders support this journey with their specific requirements:

- Customers want sustainable products and services
- Society is strongly committed to protecting our environment
- Regulators are increasingly demanding sustainable business practices
- Financial flows are increasingly directed towards sustainable purposes
- Employees expect their employer to act sustainably

Therefore, we will not be able to achieve our desired growth without responsible business conduct worldwide. We believe that compliance with legal and regulatory requirements, ethical behaviour and free and fair competition must form the basis of our presence in the market and in society.

Medartis' sustainability strategy is based on its vision, mission and values. Our purpose inspires and unites us. "Restoring quality of life" is the overarching purpose we have formulated for ourselves.

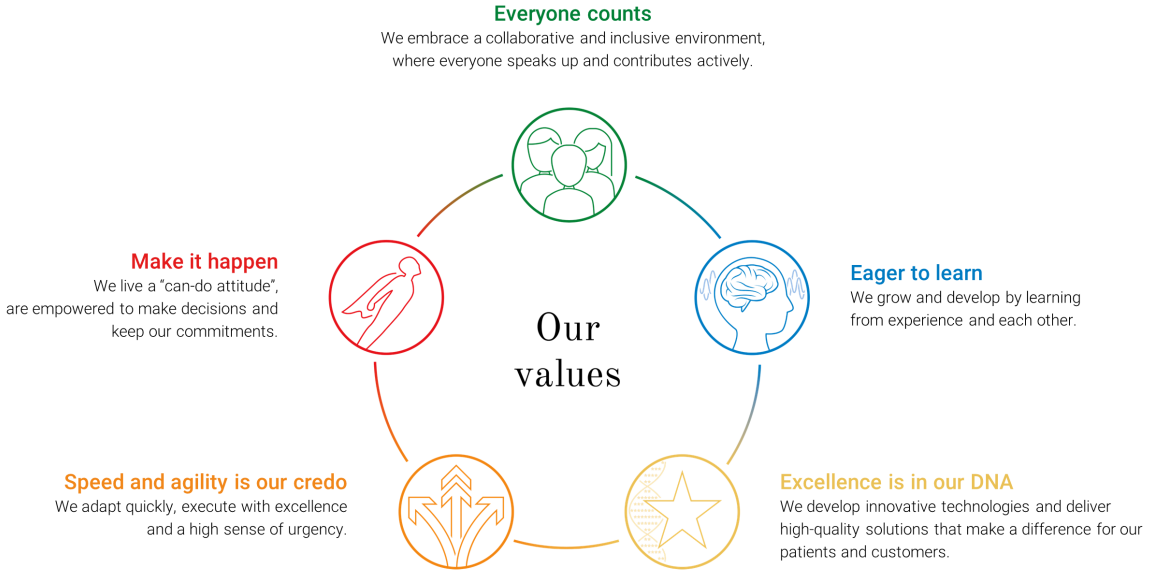
Our Vision:
With our proven expertise we collaborate with healthcare professionals to develop cutting edge technology for improved surgical outcomes. Together we are setting new standards in patient care.

Our Mission:
We are committed to the well-being of patients and provide medical specialists with innovative, high-quality and user-friendly solutions to improve surgical outcomes. Committed people are at the heart of our mission. We want to be an exciting company for our employees and partners, act sustainably and deliver value for our stakeholders.

Our Values:
Our shared core values drive our daily actions and reflect the corporate culture that defines and unites us as a company across all brands and regions. Our values define the way we think and act, both as individuals and as a company.

Taking into account the interests of our stakeholders and the material topics identified, we have defined the following focus areas for our sustainability strategy:

- We improve healthcare for patients worldwide in a targeted and innovative way
- We put people at the centre of our sustainable actions
- Exemplary ethical behaviour is the basis for our long-term success
- We protect our environment by acting responsibly throughout our value chain, from our suppliers to our customers



Our commitment to responsible corporate behaviour is guided throughout by the principles of due diligence, the precautionary principle and the responsibility to respect human rights.

In the following, we take a closer look at our sustainability strategy based on the focus areas we have identified:

We improve healthcare for patients worldwide in a targeted and innovative way

Innovative medical products and related services are the foundation of our business success. We systematically involve our customers in our development projects. They provide us with the input we need to take account of the requirements of the global market. But even before development projects begin, we actively seek out innovative ideas to help us provide the best possible care to patients around the world. Through congresses, workshops, cadlabs and targeted training for existing and potential customers, we are in close contact and actively receive any input to improve our systems.

To be even more open to external stakeholders, we have set up an idea submission channel on our website, which is open to anyone during this reporting period. Once we have received the idea, we will send the submitter an acknowledgement, the reference number and the Innovation Management contact details in case of any queries. All submitted ideas are evaluated on a monthly basis by an innovation committee for strategy fit, potential for success and feasibility. The committee then decides which ideas to pursue. The decision on the submitted idea is communicated to the submitter in the form of written feedback.

As part of this intensive exchange during the innovation process, our employees always keep the principle of care in mind, considering the potential environmental and social impact of new products from the very first ideas. We avoid the use of minerals and metals from conflict areas and child labour, and try to minimise waste in accordance with our customers' needs. We offer our customers both sterile products for direct use in the operating theatre and non-sterile products that reprocess unused consumables. We work with our customers to decide which is the best and most sustainable solution based on their processes.

We share our customers' experiences through various media (homepage, YouTube, LinkedIn and others), webinars and insight talks. The focus is not only on discussing the best medical care, but we also often look at people and society. Our goal is to act in a sustainable way and to look ahead. We want to prepare ourselves for the challenges of the future by balancing risks and opportunities.

We take a very responsible approach to our global expansion, setting up new subsidiaries in emerging markets and selecting international distributors with the highest quality and qualifications, always taking into account our proactive sanctions screening.

We put people at the centre of our sustainable actions

We firmly believe that people are the key to Medartis' sustainable success. This starts with our well-trained and motivated employees who make the difference every day, but the partnership we have with our suppliers is also crucial. Our customers do everything they can to ensure the well-being of their patients, and our aim is to support them reliably every day.

Our strategic focus on people is based on the following 3 pillars:

1. Culture Journey
Our goal is to create an organisation where learning and people are key to achieving sustainable high performance in support of our ambitious growth plans, which are in turn based on the strengths of our existing culture.

We want a culture where:

- people respect and trust each other,
- superior results are achieved thanks to clear focus, well thought-out risk taking and quick action, and
- we speak up, challenge the status quo and take responsibility.

2. Internal Communication
Effective internal communications foster collaboration, align goals and strengthen a cohesive culture. Transparent channels and active listening build trust between teams, increasing productivity and innovation. In the digital age, the use of multiple mediums - such as intranets, video broadcasting and collaboration platforms - promotes a seamless flow of information that empowers teams to thrive.

The Medartis internal communication platform m-HUB enables employees around the world to share 'best practice' ideas and engage with each other. The platform is used to share targeted information from management, from business areas and its subsidiaries, but also encourages social interaction.

3. Medartis Academy – The Medartis Learning Management System
The goal of the Medartis Academy is to provide a fully integrated learning experience, from on-boarding programmes to personalised development plans, to help employees advance their careers and complement them with the necessary soft and hard skills. We partner with various global education leaders to provide both local and international content through eLearning and classroom settings.

Our modern Learning Management System (LMS) offers the following benefits:

- Completion of introductory programmes
- Access to exciting learning opportunities 24/7, anywhere, anytime
- Use of different learning methods that suit individuals and their schedules, whether they are videos or interactive online courses
- Exploration of job-specific learning plans
- Improving social and professional abilities
- Simplified registration, course tracking and reporting

Exemplary ethical behaviour is the basis for our long-term success

Corporate Social Responsibility

Corporate Social Responsibility ("CSR") measures are applied to establish reliable, ethical and mutually beneficial relationships between Medartis and its stakeholders. These stakeholders include shareholders, investors, employees, distributors, suppliers, service providers and other market players with whom Medartis interacts in its business.

This policy defines the corporate social responsibility and labour standards that should be upheld in the business operations and supply chain of Medartis AG and its subsidiaries, which are of the upmost importance. All stakeholders shall commit to and advocate for ethical business practices along the entire supply chain.

The objectives of the Corporate Social Responsibility Policy are to:

- Conduct business with integrity and transparency respecting laws and regulations of the territories in which Medartis operates.
- Maintain work standards in line with the Ethical Trading Initiative Base Code ("ETI Base Code").
- Promote the understanding and awareness of ethical and good labour practice standards.
- Respect human rights in all decisions and practices.
- Encourage all parties in the supply chain to participate in and develop their labour standards.
- Maintain a sustainable development and continuously improve our labour standards.

Corporate Compliance

"Precision in fixation" – this is our credo and guiding principle. Medartis places the greatest value on high standards in every respect. Our most valuable asset is an excellent reputation based on best quality in products and services and good relationships to all stakeholders. These relationships are based on legal business practices and integrity, which in turn creates and maintains the trust we need for sustainable and successful activities.

We consider ourselves part of society. We respect human rights and act responsibly with regard to natural resources and the environment. On the one hand, our Corporate Compliance policy is aimed at the employees of Medartis worldwide. Without exception, all employees are obliged to comply with our Code of Conduct in order to act in good faith towards Medartis. On the other hand, this Code of Conduct provides transparent orientation for the community at large as well as an obligatory guideline for all our business partners.

The Code of Conduct incorporates general legal and ethical principles. It represents the minimum standard of expected behaviour and individual issues are specified in more detail in internal instructions. All employees have to comply with the law as a matter of course. If local laws exceed the requirements of the Code of Conduct, then these stricter regulations are to be observed.

Compliance with rules is a prerequisite for the sustainable success of Medartis. Illegal and unethical behaviour can lead to considerable financial damage, while proper behaviour shows concern for the company's value and assets and helps maintain its reputation.

Whistleblower Channel

Medartis has established a reporting platform for combating unethical behaviour and violations of internal guidelines and applicable legal regulations. This platform is directed at compliance violations and can be used by employees, distributors, or interested parties in general. All notifications submitted via this channel will be treated confidentially and the identity of the whistleblower will be duly protected. It is also possible to submit reports anonymously.

All complaints are forwarded to the Medartis Ethics Committee for proper consideration and, if necessary, appropriate action.

We protect our environment by acting responsibly throughout our value chain, from our suppliers to our customers

We are committed to the climate goals of the United Nations and support the path to climate neutrality by 2050. This year, our entire value chain will be included in the sustainability report for the first time (Scope 1-3), after reporting on Medartis Scope 1-2 for the reporting year 2022. This will allow us to set 2023 as the base year for our climate targets.

On this basis, we will be working out in detail in 2024 how we can become a climate-neutral company. We will base these targets on the Science Based Targets Initiative (SBTi) to ensure they are consistent with climate science to stabilise global warming at 1.5°C. We will optimise our internal operations (Scope 1-2) and analyse our value chain, from raw materials to the use of our products by our customers, in order to take the appropriate measures.

In addition to the goal of achieving climate neutrality, we are focusing on consistent waste minimisation and targeted energy saving measures to conserve our planet's resources. We comply with applicable legislation such as RoHS, REACH and others. This applies to our own products and services, to those of our suppliers and to supporting our customers in their efforts to conserve resources.

To reduce its environmental impact, Medartis has identified the following areas, which relate mainly to a responsible production and supply chain:

- Energy efficiency and substitution of carbon energy
- Reduction of scrap rates
- Traceability and eco-friendly products
- Recycling of used raw materials and reduction of auxiliary materials
- Smart design and packaging
- Further improvements in production efficiency and conversion to paperless processes.

Further information on the above topics can be found in the chapters "Climate change" and "Resources and Circular economy".

Material sustainability issues and actions are reviewed quarterly by the Board's Finance and Audit Committee. The Sustainability Supervisory Board and the ESG Committee ensure that the Board of Directors has the collective knowledge, skills and experience on sustainable development. [GRI 2-17]

Medartis consignment sets

Material Topic: Resources and Circular economy

A circular economy decouples economic growth from resource depletion by keeping materials, raw materials and products in circulation and avoiding, as far as possible, littering the environment, especially the oceans, and overloading landfills. The transition from a linear economy of "make, use and dispose" to a circular economy based on the principles of "reduce, reuse and recycle" will also help to curb global warming. By using valuable resources efficiently, by-products or waste can be recycled and reused to make new materials and products. This approach has the potential to significantly reduce emissions along the product value chain.

The circular economy and the conscious use of resources are key issues for Medartis. The circular economy supports sustainable development by securing the resources needed by current and future generations. Medartis aims to achieve this by minimising the use of resources as well as waste, emissions and energy losses.

CONCEPT

Earth's natural resources are limited, which means that we have to use them carefully. Medartis follows this principle throughout the entire value chain, from the purchase of raw materials to the use of Medartis' products by the customer. The company therefore differentiates between:

- Inflow: Resource efficiency across all materials that Medartis needs to manufacture its products
- Outflow: Resource efficiency in the use of Medartis' products, e.g. through circular use or recycling
- Waste and emissions: Resource efficiency through sustainable waste management

The company follows the cascade below wherever possible when using resources to manufacture inflow products and when dealing with waste and emissions:

1. Avoidance
2. Reuse (circular economy)
3. Recycling
4. Disposal

Energy is looked at from two angles. The first is to use renewable energy to continuously reduce the carbon footprint to a climate-neutral balance (see also the Climate Change section). Secondly, energy also has to be used wisely as a natural resource, both non-renewable and renewable.

The use of natural resources and recycling are particularly complex when it comes to medical products. Medartis always focuses on the quality, functionality and user-friendliness of its medical devices to ensure maximum patient safety.

The Medartis concept entails the following requirements for the use of its products by customers:

- Instruments are generally supplied to customers in a reusable form in line with the circular economy and are characterised by a very long service life. It should be noted that surgical instruments must be reprocessed (cleaned and sterilised) before each new use. This reprocessing requires the use of energy and water.
- Implants are designed for single patient use and are available in two versions:

  (1) As a sterile packaged product where the sterile packaging per product is waste. Products not used during surgery can be returned to stock.

  (2) As a product in non-sterile implant sets that are reprocessed in the clinic. After the operation, the unused implants in the sets are reprocessed. This means less packaging waste but consuming energy and water after each use of a set.

- Both non-sterile and sterile-packaged implants offer benefits to the customer. In addition, there are markets that require the use of sterile products for regulatory reasons. Medartis has therefore decided to offer both options and to continuously improve the sustainability of both product lines.
- Waste minimisation and recycling is a key issue for Medartis and its customers. The waste generated by customers comes from transport and product packaging, as well as from the implants after they have been removed from the patient. Medartis will continue its efforts to minimise and recycle packaging. However, patient safety is key to Medartis and is always taken into account in the design and functionality of packaging and the choice of materials.

IMPACT MATERIALITY (INSIDE-OUT)

The following risks and opportunities can be addressed by considering the careful use of resources throughout the value chain:

- Failure to meet necessary global climate targets due to excessive resource consumption
- Impairment of biodiversity and water conservation through careless waste management
- Under the polluter pays principle, companies are increasingly obliged to take responsibility for the pollution they cause
- High costs of waste disposal
- Mounting environmental regulations for businesses
- Non-recyclable packaging is losing market acceptance
- Efficient production methods allow the company to increase profitability and minimise the use of natural resources

FINANCIAL MATERIALITY (OUTSIDE-IN)

Progressive climate change has the potential to increase social inequality and political tensions. As a result, the issue of increasingly scarce natural resources and their responsible use will become more and more important. This could have a direct impact on Medartis' business activities:

- Natural resources are becoming increasingly scarce and therefore more expensive and difficult to obtain
- Raw materials and carbon emissions are taxed more heavily, leading to higher costs and minimising competitiveness
- Capital goods such as equipment and machinery are becoming more expensive and more difficult to obtain due to shortages
- Rising environmental degradation, reduced biodiversity and the pollution of the world's oceans will lead to a dramatic increase in environmental regulation.

MEASURES AND KPIS

Measures to implement and assessment of their effectiveness:

From raw materials to customer use

[GRI 301-1/301-2/301-3]

As a responsible company, Medartis wants to regularly monitor and optimise its environmental performance in order to understand the impact of its operations and to identify opportunities to reduce its footprint. Climate protection is a global issue that requires action by all companies and countries. Global warming, emissions from production resources and the economical use of non-renewable resources are global issues that need to be addressed collectively. Medartis is committed to doing its part in bringing about such improvements. This means addressing key issues such as:

- Reducing the carbon footprint
- Using renewable energy throughout the value chain
- Reducing waste
- Optimising packaging (reusable or recyclable)
- Procurement of important materials such as titanium only from reliable sources (e.g. USA and Japan)

Use of materials

Surgical plates, screws, surgical guides and jig instruments are Medartis' main products. All implants are manufactured from titanium derivative rods or metal blocks on CNC milling and turning machines. Instruments are made of stainless steel and containers of stainless steel and aluminium. The following raw materials were used in 2023:

Material	Weight (tons)	Comment
Titanium	13.26	Implants, instruments
Stainless steel	15.9	Instruments, containers
Aluminium	1.37	Instruments, containers
Hard metal (carbide)	0.33	Tools
Plastic	10.95	Containers, primary packaging, transport packaging
Paper/cardboard	29.1	Secondary packaging, transport packaging

The vast majority of Medartis implants are explanted after bone regeneration. Due to contamination, they are usually disposed of as hospital waste. Products that are not used during surgery are reprocessed by the customer and can be used in future surgeries. They therefore remain in circulation until they are used for the patient. Surgical instruments and containers used to store implants and instruments have an average lifetime of more than 10 years and are reused repeatedly during this time. At the end of their lifecycle, instruments and containers are reprocessed (cleaned) and can then be recycled.

Medartis is constantly striving to minimise the use of packaging materials, increase the proportion of recycled materials and minimise the use of plastic, while always focusing on safe transport in the interests of patient safety.

The majority of deliveries are made from Medartis' headquarters and subsidiaries to distributors and directly to customers. Used transport packaging is reused by our subsidiaries for local deliveries. Wherever possible, paper and cardboard used for transport packaging is made from recycled materials.

Systematic efficiency improvements to protect our natural resources

With more than 20 years of manufacturing experience, Medartis is constantly challenging itself to eliminate waste and non-value adding activities. The company is constantly looking for ways to use new technologies to improve product attributes, reduce machine times, reduce raw material use and manual labour, and improve the workplace (lean management). By producing more with the same resources, Medartis is able to minimise its environmental footprint.

With an organic growth profile several times higher than GDP, Medartis focuses on relative energy efficiency rather than absolute energy demand. With this in mind, the company continues to introduce automation and technology into its factory to ensure the precise, time-saving and low-waste production of its screw and plate implants. The introduction of automation enables real-time adjustments for optimal efficiency and helps the company shift responsibility from low-skilled manual labour to monitoring, supervision and validation of equipment. Some examples that Medartis is currently implementing are described below:

Cleanroom

In 2023, Medartis accelerated the expansion of internal cleanroom utilisation to 70% of all non-sterile products. This provides greater production flexibility and reduces transport and lead times. The new addition to the modern facility in Basel will enable Medartis to reduce the cost of packaging and labelling non-sterile and sterile implants by an average of 20-40%. Production lead times will be reduced by up to five days. The introduction of in-house final cleaning and packaging eliminates the need for daily transport to suppliers and ensures that these production steps are carried out in a carbon-neutral manner. Due to the fear of contaminated surgical instruments, the demand for single-use procedure sets and the decision of hospitals to reduce their sterile room costs, a trend towards sterile single-use sets has developed in recent years, which

Employees from the cleanroom facility, Basel

varies greatly from country to country. In 2023, Medartis has introduced and validated the processes for in-house packaging of sterile products, preparing the ground for the launch of in-house sterile packaging in 2024, reaching a share of 70% by the end of the year.

Automation

With the introduction of a fully automated measuring cell in screw production, the operations team has been able to reduce measuring times for quality control of its screws by 25%, increase the quality of measurements and introduce non-destructive testing, which has significantly reduced scrap rates. In 2023, Medartis significantly expanded the products that can be measured on this system so that more than 75 % of all screws can now be run through the automated testing machine.

Digitalisation

By digitalising its production processes, Medartis aims to significantly reduce administrative work, improve the quality of documentation and traceability and save valuable paper resources through paperless production. After implementing a paperless warehouse, Medartis focused on the paperless documentation of purchased products and digital packaging/labelling processes in 2023. The company was able to move to paperless incoming inspection of products manufactured by suppliers. All inspections are performed directly in SAP. In addition to the environmental savings resulting from paperless documentation, the process has also become more efficient, with time savings of more than 30% thanks to more automated processes. Now that all data are available electronically, monitoring is improved and actively used to communicate with suppliers. Paperless production in the cleanroom facility will be introduced with the start of sterile production in Q1/2024

Manufacturing facility Warsaw, US

Manufacturing

The manufacturing process uses water-based emulsions and cutting oil as coolants during the manufacturing process, followed by cleaning, packaging and sterilisation. Other indirect production activities relate to metal instruments and surgical containers used in hospitals or other inbound treatment centres. Medartis currently manufactures its standard portfolio of plates and screws centrally at a single site in Switzerland, which meets high Swiss production standards. With the acquisition of Nextremity Solutions Inc. in May 2022, a second production site was added in the US (Warsaw, Indiana). In order to optimise the distribution of its production volumes and its global production footprint, Medartis will also manufacture some of its traditional plates and screws in the US from 2024 onwards, and will insource the manufacture of instruments from suppliers to this new production facility. Compared to manufacturing companies in other industries, the footprint in terms of energy consumption, material use and emissions is relatively modest. Medartis' core metalworking operations are highly automated, efficient and moving towards 24/7 production.

Screw manufacturing at its headquarters in Basel

Improving machine efficiency

As part of its efforts to conserve natural resources, Medartis aims to increase the number of production hours per machine. At its implant manufacturing facility in Basel, the main source of value added is the turning and milling of implants. Over the past three years, the company's 24/7 programme has increased output per machine by an average of more than 15%. This not only has economic benefits, but also enables Medartis to achieve growth with fewer additional machines.

Efficient use of plant resources plays a crucial role in minimising material consumption. A 10%-increase in efficiency is currently equivalent to the capacity of five machines, each weighing an average of six tons. Through its ongoing 24/7 programme and commitment to efficiency, the company is actively contributing to the conservation of resources and the reduction of its carbon footprint. Future plans include a continued focus on the 24/7 programme with the aim of securing at least a further 10% increase in production hours from their machines over the next three years.

Raw materials and child labour

[GRI 2-23]

Medartis does not source any critical raw materials, alloys or auxiliary materials consisting of tin, tungsten, tantalum or gold as defined by the "Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour" (DDTrO). Medartis does not meet the thresholds set by this ordinance for alloys or derivatives. With regard to child labour, Medartis considers the risk to be very low. Medartis does not source its raw materials from countries classified by the UN, ILO or UNICEF as high-risk countries in the relevant area (non-agricultural sectors). The company also requires its suppliers to ensure traceability and the prevention of child labour along the value chain. This survey and the company's own assessment are repeated regularly.

Energy efficiency

[GRI 302-1/302-2/302-3]

In 2019, Medartis decided to enter into a target agreement with the Swiss Federal Government to increase energy efficiency with the help of the Energy Agency for Industry (EnAW). This way, Medartis is making a significant contribution to the government's efforts to use energy efficiently and to reduce greenhouse gas emissions.

Zertifikat Energie-Agentur der Wirtschaft

Freiwilliger Klimaschutz und Energieeffizienz

CO_2 &kWh reduziert

WIR SIND DABEI 2022 2023

ENERGIE-AGENTUR DER WIRTSCHAFT EnAW

Medartis AG

Das Unternehmen **Medartis AG** setzt sich aus Überzeugung für den nachhaltigen Klimaschutz ein. Mit der freiwilligen Teilnahme am Programm der Energie-Agentur der Wirtschaft bekennt sich das Unternehmen **Medartis AG** zur aktiven Reduktion der CO_2-Emissionen und zur Optimierung der Energieeffizienz. Die Zielvereinbarung ist vom Bund, den Kantonen und Partnern der Wirtschaft anerkannt.

Rochus Burtscher
Energie-Agentur der Wirtschaft

1. Januar 2022

Thomas Weisskopf
Energie-Agentur der Wirtschaft

ENERGIE-AGENTUR DER WIRTSCHAFT EnAW

Medartis Switzerland receives its district heating from the local energy supplier IWB. It is produced at the waste incineration plant in Basel from the waste incinerated there, mainly domestic waste. This district heating is 100% carbon neutral and is used in both the production and administration areas of the building. The waste heat from the industrial plants is not only used for heating, but also for cooling, thanks to the largest absorption chiller of its kind in Switzerland. The corresponding district heating power box has been certified by TÜV Süd. In addition, Medartis obtains 100% of its electricity from renewable sources, mainly hydroelectric power. This makes Medartis' headquarters in Basel carbon-neutral.

Intelligent building controls allow Medartis to make efficient use of a wide range of applications. Saving energy without compromising quality – this also applies to the use of electrical energy. LED technology is used consistently in all conversion and renovation work. Whenever possible, the company purchases equipment with the highest energy class. Where appropriate, motion detectors are used for lighting at head office. Recently, much of the lighting at the headquarters has been replaced with LED bulbs, and the entire building will be converted to LED in 2024. Thanks to more efficient warehouse management and increased output per machine hour, Medartis was able to reduce the number of machine hours in 2023 despite the company's growth. The entire energy management system at the headquarters in Basel was reviewed and optimised in the winter of 2022/2023. Energy consumption at the headquarters has been reduced by 11% in 2023. These measures enabled Medartis to significantly exceed the target path agreed with EnAW.

Water and waste water

[GRI 303-1/303-2/303-3/303-4/303-5]

Due to the nature of the products and services provided by Medartis, the company has deemed the issue of water consumption to be immaterial. In the interests of the sustainable use of resources, the basic data on water consumption is described below. In addition to domestic water consumption for sanitary facilities, Medartis requires water for production, in particular for the intermediate and final cleaning of manufactured products.

A process based on ultrapure water and ultrasound has been validated for final cleaning before products enter the cleanroom, eliminating the need for chemical detergents and thus improving the environmental footprint. The water used in the cleanroom to wash the implants must be changed frequently, but the waste water can be returned to the normal water cycle.

Medartis continues to systematically increase efficiency with the new intermediate production cleaning system, which was installed in the fourth quarter. The previous systems were operated in a batch system and had to be filled and emptied manually, whereas the new hybrid cleaning system has an automatic filling system that allows cleaning batches to be changed unmanned. As a result, the machine can be used 24 hours a day, seven days a week, and the optimum use of machine capacity contributes to saving resources (fewer machines per volume). In addition, a new cleaning technology with a hybrid circulation process is used. This reduces the amount of waste water by a factor of 10. Instead of 100,000 litres, less than 10,000 litres of waste water are produced.

The machines at the Basel plant are water-cooled. The water is drawn from a groundwater well and fed into a nearby river at a controlled temperature. The return temperature is monitored constantly. The cooling water flow rate has increased due to the higher flow temperature of the cooling network. The company is currently working on a technical concept to improve this situation.

Energy, water and compressed air consumption figures for 2023 are shown in the table below:

			HQ and Swiss manufacturing 2022	Total incl. all subsidiaries 2022	HQ and Swiss manufacturing 2023	Total incl. all subsidiaries 2023
	Energy					
	Electricity	MWh	4'738	6'064	4'229	5'395
	Heating	MWh	784	784	761	761
	Natural gas	MWh	-	484	-	465
	Cooling	MWh	1'289	1'289	1'332	
	Machine hours	Hours	269'443	310'263	247'610	283'218
	Water					
	Water consumption	m^3	6'051	8'789[3]	5'093[2]	7'273
	Consumption per day	m^3	16.5	24.1	14.0	
	Cooling water flow rate	m^3	169'611	169'611	203'874	203'874
	Cooling water per machine hour	m^3/hours	0.76	-	0.82	
	Compressed air					
	Compressed air[1]	m^3	7'992'273	-	7'497'236	-
	Energy efficiency[1]	Joules per litre	389.7	-	390.1	-

[1]Due to the lower number of machine hours, compressed air consumption was also reduced proportionally.

[2]The reduction of 1000 m^3 in water consumption at the Basel headquarters is currently being examined with the water supplier; it cannot be explained by operational activities.

[3]There was a conversion error in the 2022 report for water consumption at the Warsaw site, which has been corrected here.

The new intermediate production cleaning system significantly reduces the amount of waste water.

Water recirculation is carried out in coordination with and under the control of the relevant authorities. Contaminated wastewater is disposed of, not recycled. Treated wastewater is discharged in accordance with legal requirements.

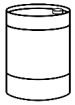
Waste management

[GRI 306-1/306-2/306-3/306-4/306-5]

Medartis has a sustainable disposal concept for industrial and municipal waste with clear guidelines for the separation and disposal of hazardous waste. Both should help to reduce the overall amount of non-recyclable waste and to fully leverage the opportunities for waste recycling. Material recycling makes sense because the systematic reuse of used materials reduces the burden on public disposal (landfills, incinerators) and conserves valuable resources.

The economic, social and environmental approach determines the optimal and therefore most sustainable disposal method. Waste must be prevented, reduced and recycled. These three principles must be applied consistently to achieve sustainable waste management.

The following table shows the figures for reusable materials, special waste and residential waste in 2023:

			HQ and Swiss manufacturing 2022	Total incl. all subsidiaries 2022	HQ and Swiss manufacturing 2023	Total incl. all subsidiaries 2023
	**Recycling / reusable materials**					
	Titanium recycled (net)	Tons	16.7	17.6	17.5	19.2
	Steel recycled (net)	Tons	-	6.9	-	9.8
	Brass recycled (net)	Tons	-	0.8	-	1.3
	Paper / cardboard[1]	Tons	24.4	-	15.5	-
	Paper / cardboard per capita	kg/employee	75.8	-	44.3	-
	Office paper consumption[2]	Million sheets	1.7	-	1.3	-
	Office paper per capita	Sheets/employee	5'550	-	3'714	-
	**Special waste**					
	Aqueous rinsing liquids	Tons	96.0	96.0	119.7	119.7
	Cooling emulsion (for milling machines)	Tons	42.5	42.7	28.1	28.3
	Cutting oil (for CNC machines)	Tons	3.4	3.64	2.8	3.0
	**Other controlled waste**					
	Electrical appliances (SWICO goods)	Tons	1.7	1.7	0.5	0.5
	Wood	Tons	10.2	10.2	2.1	2.1
	Others	Tons	0.1	0.1	-	-
	**Residential waste**					
	Sweepings	Tons	33.8	-	24.7	-
	Sweepings per capita	kg/employee	105	-	70.5	

[1]Paper/cardboard, wood and electrical appliances decreased significantly, mainly following the completion of the clearing of a floor for the construction of a bioskills laboratory in 2022.

[2]In particular, the use of printer paper has been reduced at the Basel headquarters. This has been made possible by digitalisation projects and the responsible use of printed materials. Nevertheless, the number of printed pages is still high and the company will continue to work on reducing it. All printers have been set to print on both sides of the page and in black and white as standard. Detailed evaluations will be carried out in 2024 in order to launch a targeted paper reduction campaign in coordination with the company's printer supplier.

Supplier management

[GRI 308-1/308-2]

Corporate responsibility issues are reviewed as part of the supplier evaluation, approval and ongoing monitoring process. New suppliers sign a memo confirming that they operate in accordance with the ETI Base Code. Corporate responsibility is treated as a separate item in the approval and monitoring audits of suppliers. No negative environmental impacts were identified in 2023.

Considering the customer side

Looking at the entire value chain, in addition to production, energy and water are also used to clean Medartis products at the customer's premises. As reprocessing follows a validated process, it is possible to make a good estimate of the amount needed to reprocess our products worldwide. Based on the global use of our implant kits, we estimate that approximately 2 MWh of electricity and 17,000 m^3 of water are used for reprocessing at our customers' sites. The reprocessing of sets is in line with the principle of circular economy and significantly minimises packaging waste. We have no direct influence on water consumption at this stage of the value chain.

In terms of waste, the customer generates packaging waste from product and transport packaging. Disposal of implants after surgery and, for reusable instruments and containers, disposal at the end of their service life must also be considered.

Medartis' single-use titanium implants are predominantly explanted, with more than 90% disposed of as hospital waste. Unused products are reprocessed by customers for future surgeries and remain in circulation. Surgical instruments and containers, which are often used for 5 years or more, are reprocessed and reused. At the end of their lifecycle, these instruments and containers are reprocessed (cleaned) and can be recycled.

This results in the following estimated customer-side waste volumes in 2023:

Material	Weight (tons)	Comment
Titanium	0.5	Sterile packaging
Stainless steel	1.6	Instruments, containers
Aluminium	0.1	Instruments, containers
Plastic	3.9	Containers, primary packaging, transport packaging
Paper/cardboard	17.7	Secondary packaging, transport packaging

Material Topic: Business (Innovation, Performance, Conduct)

Medartis improves healthcare for patients worldwide in a targeted and innovative way. To do this, the company needs solid financial performance, close and high-quality customer contact and suppliers who can keep up with the pace of innovation. All this must be based on impeccable ethical behaviour in compliance with all relevant laws and on the strict exclusion of corruption and bribery.

This chapter provides more detailed information on Medartis' approach, impact, opportunities and risks, as well as measures and goals.

CONCEPT

The corporate governance principles of the company, as published on the corporate website under the heading "Investors - Corporate Governance", form the basis of the concept: “Medartis relies on efficient cooperation between the Board of Directors and the EMB. We respect the interests of our shareholders and rely on clear rules in addition to open, transparent corporate communication.”

Medartis’ corporate governance is based on the following main elements:

- Board of Directors
- Independence of the Board of Directors
- Organisational Regulations of Medartis Holding AG
- Finance and Audit Committee Charter of Medartis Holding AG
- Human Resources and Compensation Committee Charter of Medartis Holding AG
- Strategy and Innovation Committee Charter of Medartis Holding AG
- Corporate Compliance Policy
- Corporate Social Responsibility Charter

In addition to this fundamental concept of business conduct, economic performance, partnerships with medical device product and process suppliers and a globally focused innovation pipeline are deemed to be the basis for Medartis' sustainable success.

IMPACT MATERIALITY (INSIDE-OUT)

Through its operations, Medartis influences all stakeholders it engages with and contributes to sustainable global development within the scope of its possibilities. The company's vision is clear: "With our proven expertise, we work with healthcare professionals to develop cutting-edge technologies for improved surgical outcomes. Together, we set new standards in patient care.”

This enables Medartis to be the partner of choice for renowned surgeons worldwide and to secure its financial growth. On this basis, the company continues to work effectively against bribery and corruption and is committed to equality, diversity and inclusion. Medartis sees this as a great opportunity and therefore considers this issue to be material.

On the other hand, customers also expect Medartis to have a sustainable business model. ESG plays an increasingly important role in contract negotiations. Low-waste, climate-friendly products, compliance throughout the supply chain and impeccable ethical behaviour are specifically requested. This has a direct impact on Medartis' ability to negotiate contracts successfully.

In addition, ESG issues are becoming increasingly important for analysts and potential shareholders. By reporting on its sustainability activities in a targeted and transparent manner, Medartis has a direct influence on its valuation by these stakeholders. In turn, a solid share price enables Medartis to consistently implement its sustainability goals.

FINANCIAL MATERIALITY (OUTSIDE-IN)

In recent years, sustainability has become a key issue in society, politics and business and among investors. As a listed company, Medartis' long-term success is particularly dependent on the trust of its shareholders, which represents both an opportunity and a risk. The financial market shows that the trend towards sustainable finance is unbroken and that more and more conventional investors are using ESG data in their investment decisions.

Investors are putting companies to the test and are fundamentally interested in the risks and, increasingly, the opportunities arising from the sustainable or non-sustainable activities of their investments. Creditors are also increasingly looking at sustainability opportunities and risks. The Task Force on Climate-Related Financial Disclosures, better known as the TCFD, has set itself the task of helping to identify the information that investors, creditors and insurers need to properly assess and evaluate climate-related risks and opportunities.

In line with the strategy for a sustainable financial market, Switzerland is an official supporter of the TCFD. Reporting in line with the TCFD recommendations will become mandatory for all listed companies in Switzerland. Another important development is the new European CSRD Directive, which will also become mandatory for Medartis as an international company. It is interesting to note that this regulation does not set specific ESG targets, but instead requires companies to disclose comprehensive information. The focus is on transparency rather than binding targets or measures. Requiring companies to disclose specific information not only creates market pressure, but also signals that transparency promotes sustainability. Informed markets favour more sustainable companies, and companies that prioritise sustainable practices will benefit, while those that fall behind risk competitive disadvantage.

The financial success of Medartis, as reflected in the financial report, and a strong development pipeline for new products and services are the basis for shareholders' confidence in Medartis. With a healthy share valuation, the company can continue to invest in its growth, laying the foundation for a sustainable business. On the other hand, failure to meet targets can lead to a loss of confidence and jeopardise the financial basis. Medartis therefore also considers its business performance as part of its sustainability strategy. Without a solid financial basis, the company is not in a position to implement environmental and social goals in a targeted manner. The TCFD recommendations will help to manage these risks in the future.

Political tensions, social disruption and, not least, the global impact of climate change will pose new challenges, particularly for listed companies. In a highly volatile global environment, sound ethical behaviour, in particular the prevention of corruption and bribery, but also proactive work on equality, diversity and inclusion, are important factors in minimising the risks of a changing global society and, in the best-case scenario, turning them into opportunities for sustainable growth.

MEASURES AND KPIS

Measures to implement and assessment of their effectiveness:

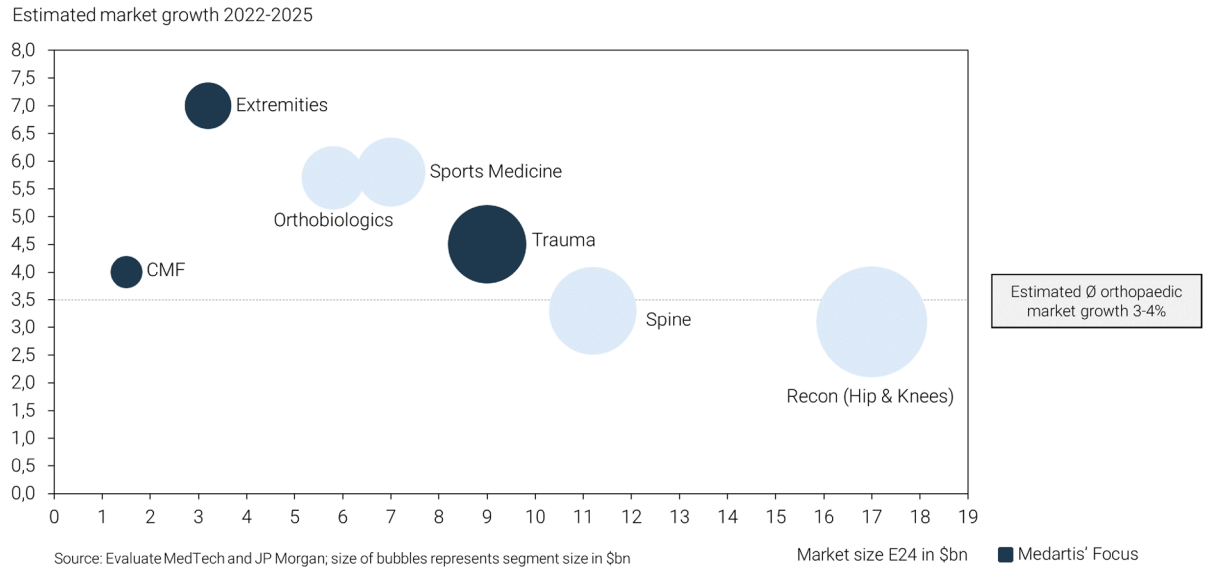
Business Performance

[GRI 2-6]

The orthopaedic medical device market is a significant segment within the broader healthcare industry, with an estimated global value of approximately CHF 50 billion, and includes devices and treatments for injuries and conditions of the upper and lower extremities, including shoulders, elbows, wrists, hands, hips, knees, ankles and feet.

This market is characterised by its diversity, covering a wide range of orthopaedic conditions and procedures. Within this expansive market, Medartis has strategically positioned itself in three attractive sub-segments, namely small joint trauma, degeneration and cranio-maxillofacial (head) surgery. Together, these sub-segments account for approximately a quarter of the overall market. These areas offer attractive opportunities due to their large market shares and growing demand for innovative solutions. Demand for solutions for small joint trauma and degeneration is growing, driven by factors such as an ageing population, increased sports-related injuries and a rise in musculoskeletal disorders and joint arthritis. The fragmented nature of this segment creates opportunities for innovation, allowing companies such as Medartis to introduce novel products and gain market share.

MEDARTIS FOCUS: SMALL BUT ATTRACTIVE SEGMENTS

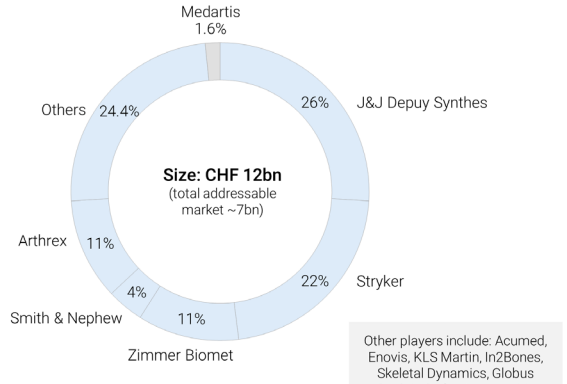


Medartis competes in a dynamic market alongside industry giants such as Johnson & Johnson, Zimmer Biomet, Stryker, Smith & Nephew, Arthrex, Acumed and numerous smaller companies. While these competitors pose significant challenges, Medartis is leveraging its product portfolio and focus on innovation to gain a competitive position in the market. Advances in medical technology include the development of minimally invasive surgical techniques, 3D printing for personalised implants and advanced materials for implants and prosthetics. There is a noticeable trend towards outpatient surgery for orthopaedic procedures on the extremities.

With its current portfolio, Medartis is targeting market segments with a total addressable market (TAM) estimated at CHF 7 billion. This reflects the company's strategic focus on specific segments where it can compete effectively and gain market share.

Medartis is pursuing a growth strategy and aims to achieve above-market growth in these attractive segments organically, through partnerships and through acquisitions. In this context, the company acquired a stake in the Geneva-based hand specialist Keri Medical SA in December 2020 and expanded its influence in several steps. This was followed in May 2022 by the acquisition of Nextremity Solutions Inc., a company with a production facility in the USA and a rich product pipeline in the lower extremities as well as expertise in other areas. In 2023, Medartis also secured the distribution rights to the NX Nail portfolio of the Australian company Field Orthopeadic.

LEADING PLAYERS IN TRAUMA, EXTREMITIES AND CMF SEGMENT



Market sizes and shares (in %) are based on 2022 public SEC and website information.

Key performance indicators and comments on the economic performance in the year under review can be found in the Key Financial Figures and the Business Review sections.

Taxes: Strategy, governance and relevance

[GRI 207]

Medartis is a Swiss-based multinational company with headquarters in the canton of Basel-Stadt. Medartis sells its products in more than 50 countries and has its own subsidiaries in 12 countries. All sales subsidiaries are wholly owned by Medartis AG, which was also the sole manufacturer of all Medartis products until 2023. A small volume of so-called "3rd party manufacturing products" is produced in the newly acquired production facility in Warsaw IN, USA.

Medartis' tax obligations include various direct and indirect taxes as well as corporate and employee taxes. The majority of these taxes, together with customs duties, are paid to the countries in which Medartis has its own subsidiaries. As a "good tax citizen", Medartis is committed to tax compliance in all countries in which it operates directly or indirectly. It manages its international sales and services in accordance with all applicable tax regulations and international standards. Responsibility for tax compliance lies with Corporate Tax (part of Global Finance) and Corporate Legal, both based in Switzerland. Global Compliance independently monitors tax compliance and also independently reports to the Board of Directors through its Finance and Audit Committee.

The tax function (reporting to the Global CFO), supported externally by tax experts from Big-4 auditors, coordinates, guides and supervises all accounting staff and controllers of the various Group companies. This ensures that Medartis complies with all local and international tax laws, rules and regulations. The Group Auditors and other local auditors review tax compliance as part of their ongoing audit mandates, not only for the Group but also in countries where statutory audits are required.

In addition to regular audits and an appropriate organisation to ensure tax compliance, Medartis explicitly complies with the spirit and the letter of local laws and regulations in line with and within the framework of internationally recognised standards, such as the OECD-G20 inclusive framework on Base Erosion and Profit Shifting (BEPS and BEPS 2.0) and the European Guidelines (ATAD). This includes the establishment and implementation of a global transfer pricing model that allocates profit to value chains at arm's length. Regular external reviews in line with benchmarking analysis monitor all intercompany transactions and ensure alignment with international standards.

Medartis does not make use of offshore structures (so-called tax havens) or other artificial structures that are disconnected from actual business needs. Medartis does not have any legal entities in tax regimes that are internationally known or categorised (e.g. by the OECD) as tax havens or similar. As a general principle, tax follows business for all Medartis business activities.

As of 31 December 2023, Medartis has not entered into any Advanced Pricing Agreements (APAs) on a worldwide level.

Customer Relationship

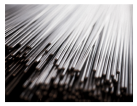
Our relationship with our customers is very important. Trust and partnership are key to addressing new indications and staying at the forefront of innovation. Medartis actively maintains a network of surgeons, healthcare professionals and research and education partners to develop and deliver superior solutions. To this end, Medartis uses a wide range of communication channels and exchange platforms, from congresses and symposia, courses and workshops to hands-on training under life-like conditions, as well as regular, structured and high-quality educational content, expert interviews and exchanges on industry-specific platforms. In particular, the partnership established in 2004 with the International Bone Research Association (IBRA) is proving to be very effective in the further development of scientifically based treatment solutions. The close proximity of the IBRA training center called the "IBRA Institute" and Medartis in Basel fosters direct exchange between experts and opinion leaders in the context of training courses, workshops and seminars.

Supplier Relationship

The coronavirus crisis has highlighted the importance of good relationships in business. Supply chains are becoming more vulnerable and nervousness in the supply chain is increasing. A good customer-supplier relationship can make a lasting positive contribution to a company's success. Weaknesses in the supply chain can be costly or even critical in an emergency. The selection of the right suppliers in terms of expertise, product quality, contractual conditions, costs and delivery times as well as service quality is always the starting point for Medartis' strategic supplier relationships. The following points form the basis for a sustainable customer-supplier relationship:

MEDARTIS VALUE CHAIN

	Raw material	Material inspection	Milling turning	Vibratory polishing	Anodisation	Quality guide	Semi-finished goods stock ("X articles")	Laser marking	Cleaning & packaging	Sterilisation	Warehouse/ Distribution
IN-HOUSE											
Plates		●	●	●		●	●	●	●		●
Screws		●	●	●		●	●	●	●		●
Instruments and sets/trays			● Warsaw			●	●	●	●		●
EXTERNAL	●		● Instruments		●			●	● Overcapacity	● Sterile goods	






- We rely on long-term suppliers who work for us locally wherever possible and with whom we maintain close contact.
- We work with our suppliers to improve our products and use their expertise to achieve the best possible product quality. In turn, we use our experience to help our suppliers improve their processes wherever possible.
- With rolling forecasts and timely payments, we give our suppliers a solid basis for delivering the agreed services on time and with high quality.
- We understand our suppliers' perspective. Knowledge of production processes helps to develop an understanding of deadlines, the impact of specification changes and delivery times.

With a delivery quality of over 99.5% and an on-time delivery rate (OTIF) of over 97% in 2023, we have clearly demonstrated the value of investing in targeted supplier partnerships.

We focus on the development of local suppliers [GRI 204-1]:

- By 2023, more than 90% of all medical device product and process suppliers, with more than 95% of spending, were located within 200 kilometres of the manufacturing sites in Basel and in Warsaw.
- This focus on local suppliers reduces upstream transport and associated emissions, and facilitates a direct exchange and partnership between customer and supplier. Compliance with social and environmental standards can be effectively verified through direct on-site contact in the form of supplier meetings and audits.

As part of our ISO 13485:2016 certified quality management system, we have established specific supplier management processes, from the evaluation of new suppliers to the specific approval of new products and services and the KPI-driven monitoring of approved suppliers. We monitor this system with periodic and, if necessary, ad hoc audits. Based on this management system, we can make the following statements:

- We have not identified any suppliers where the right to freedom of association and collective bargaining may be at risk [GRI 407-1]
- We do not see any suppliers with a significant risk of incidents of child labour [GRI 408-1]
- We have not identified any suppliers with a significant risk of incidents of forced or compulsory labour [GRI 409-1]
- No new suppliers in 2023 requiring special screening for social criteria (ETI base code implemented within supplier evaluation) [GRI 414-1]
- No suppliers with actual or potential negative social impacts identified in 2023 [GRI 414-2]
- No use of conflict materials or child labour throughout the supply chain.

Together with our external partner Swiss Climate, we have reviewed our due diligence and transparency obligations in relation to conflict minerals and child labour. This review has shown that:

- There is no reasonable cause to suspect child labour
- Medartis does not import any conflict minerals (minerals, ores or concentrates) or metals containing tin, tantalum, tungsten or gold from conflict or high-risk areas or process them in Switzerland

Supplier Communication / Assessment

Supplier evaluations and audits are conducted regularly to ensure product availability, quality levels, compliance and supplier development. Where development potential is identified, appropriate actions are derived from the results of these assessments and agreed with the supplier:

- Delivery reliability is monitored on a weekly basis, with feedback in case of non-conformity.
- Suppliers with a direct influence on the medical device are evaluated on a quarterly basis for delivery reliability and quality. The quarterly results are summarised in a report and sent to the supplier at the latest one month after the end of the quarter. If the required criteria are not met, the results are discussed in a face-to-face meeting with the supplier. The defined actions are entered in a cockpit table and taken into account in the next quarterly assessment.
- Every year, an annual assessment is carried out with the top 10 strategic and technological suppliers. In addition to the quarterly reports, the annual assessment also takes into account other facts such as partnership cooperation, costs, technological development, etc.
- Supplier development strategies are discussed and agreed at quarterly and annual meetings. In addition to quarterly and annual assessments, current and future projects and short-term and long-term requirements are used as a basis for further development.
- Supplier audits, which are carried out periodically according to risk class, systematically check a supplier's or service provider's compliance with regulatory requirements, standards and contractual agreements. Nine supplier audits were carried out during the reporting year. No critical deviations were found during these audits.

Innovation

Medartis' vision is to be an innovation leader in developing breakthrough solutions that revolutionise the treatment of orthopaedic conditions. To achieve this, the company relies on cutting-edge technologies, personalised approaches and a holistic mindset to push the boundaries of medical care. By developing innovative implants, instruments and digital solutions, Medartis aims to improve patient outcomes, facilitate clinical processes, accelerate the healing process, restore mobility and enhance patients' quality of life.

Through a structured innovation process, Medartis aims to identify solutions to clinical problems, improve the standard of care and thereby actively promote sustainable growth. The company is committed to establishing a culture of innovation in order to remain an innovation leader in orthopaedics. Medartis actively scouts and evaluates ideas based on its innovation strategy and works with partners and surgeons to develop opportunities for innovative solutions for its customers and patients.

Interacting with customers in a variety of ways, such as attending conventions and surgeries and using surveys, interviews and focus groups, is essential to gaining valuable insights that lead to the development of new products and services that meet customers' needs.

Identifying unmet needs and pain points and understanding user behaviour and the market are important in prioritising product development efforts and initiatives to build a sustainable innovation pipeline. In addition, Medartis' expertise in regulatory and clinical affairs helps to create the necessary basis for the successful, safe and effective launch of new products in the respective market.

A new ideas management system, accessible to internal and external stakeholders, was launched in October 2023:

At Medartis, the pursuit of innovation has always been at the heart of our corporate philosophy. We firmly believe that the best ideas can come from anywhere, whether in the office, on the road, or even at home. That's why we have created an new Innovation Form on our website: https://www.medartis.com/research-education/new-idea-submission/

This form of innovation is our way of opening the door to creative minds, regardless of position or location. We recognise that innovation is not confined to one department. That is why we encourage all employees and external partners to contribute their ideas and suggestions. We believe that the best innovation happens when everyone can contribute their thoughts.

Of the ideas recorded in 2023, 12.5% will be incorporated into product development and 3% are in the feasibility phase.

An additional set of KPIs has been created for 2024 to measure innovation performance and efficiency in the future.

Bribery and Corruption

[2-16/2-24/2-25/2-26/2-27/205-1/205-2/205-3/206-1]

Medartis places a strong emphasis on corporate compliance and ethical practices, ensuring transparency, accountability and prevention of misconduct throughout its global operations. The company is committed to fostering a culture of integrity and compliance through various measures and initiatives:

The company has appointed a Global Compliance Manager, as well as designated Compliance Officers in several subsidiaries, who are part of and lead the relevant global or local Ethics Committee.

The company has established a comprehensive compliance programme, including global and local policies on corporate compliance, conflicts of interest, corporate social responsibility, IT cybersecurity, social media and distributor compliance. The global Code of Conduct is currently being updated and an enhanced version of this policy and regular training for all employees, including interactive videos, will be published in early 2024. The Corporate Compliance Policy includes specific chapters on anti-corruption, antitrust compliance, and political contributions and donations. The Medartis Code of Conduct and the contact details of the Global Compliance Manager are publicly available in the Compliance section of the Medartis website: https://www.medartis.com/company/compliance/

Compliance training was provided in 2023 to international distributors and sub-distributors in Brazil and Mexico, with a particular focus on anti-corruption and best practices. The standard distributor agreement includes strict compliance rules and obligations, depending on the outcome of a due diligence process that includes an assessment of the distributor's compliance programme and a background check.

The company encourages open reporting through various channels, including email, whistle-blower forms on the website and intranet links. The whistle-blower form can also be used to report complaints anonymously.

When the Compliance Committee deliberates on a compliance case, it discusses and decides on corrective measures for the specific case, as well as preventive measures to avoid similar cases in the future. The Global Compliance Manager regularly updates the Finance and Audit Committee on compliance matters and reports relevant cases to the Board of Directors, in particular those involving high-level individuals or significant financial impact.

[GRI 406-1] A total of 24 complaints, including three from third parties, were reported to the relevant global or local Ethics Committee in 2023, and all allegations were promptly addressed. Of these complaints, ten were investigated and resulted in corrective actions, including training, policy review, compliance guidance and written warnings. One reported incident of discrimination resulted in a formal written warning to the employee concerned, a review and enhancement of company policy and additional training for the entire team of the subsidiary concerned on discrimination, harassment and the relevant legal framework. No concerns were raised regarding human rights violations, no cases of corruption were substantiated, and no legal actions were taken or pending regarding anti-competitive behaviour, antitrust or monopolistic practices. No concerns were raised about payments or contributions to politicians, political parties, associations or other organisations.

Diversity and Inclusion

In Brazil and Mexico, Medartis Latin America has embarked on its first Diversity & Inclusion initiatives, setting the stage for the formation of dedicated committees in each region. Committed to fostering an inclusive workplace, the organisation has taken significant steps to promote diversity and inclusion. In 2023, Medartis Brazil established a robust D&I Committee, comprising three core team members and a dynamic group of approximately 20 volunteer allies representing diverse backgrounds and expertise from various areas of the organisation. Throughout the first year, the focus was on four key areas: gender equality, LGBTQIAPN+, people with disabilities and ethnic/racial/cultural diversity. Internal efforts focused on improving communication, promoting training and encouraging open dialogue within the organisation.

The initiative got off to a dynamic start with the launch of the programme at the annual kick-off meeting and the implementation of the first census survey. Quarterly events were organised with engaging lectures, team-building activities and discussions featuring both internal testimonials and external guest speakers. Investment was also made in informative m-Hub intranet articles, immersive dynamics and thoughtful gifts. Leaders across the organisation received extensive training on D&I, which was also integrated into the onboarding process for new hires.

Team members of Medartis Brazil

Externally, Medartis actively showcased its commitment to D&I through social media posts, collaborated with the marketing team to host an external event dedicated to women in orthopaedics, participated in external benchmarks and attended industry meetings on diversity and inclusion.

Building on the positive experience in Brazil, Medartis extended its efforts to Mexico, starting with leadership training and a high-impact launch event. The company plans to further strengthen the importance of D&I by reinforcing Medartis' core value "Everyone counts" with additional measures.

medartis
D&I

Material Topic: Workforce

As described in the double materiality analysis and in the sustainability strategy, employees are the key to Medartis' sustainable success.

This chapter provides more details on Medartis' concepts, impact, opportunities and risks, as well as actions and goals in relation to employees, both within its own workforce and within the value chain.

CONCEPT

The Corporate Social Responsibility Policy, which was completely revised in 2023, forms the basis of Medartis' concept. It is publicly available on the company's website in the "Investors" section. The objectives of the Corporate Social Responsibility Policy are

- To conduct business with integrity and transparency, respecting the laws and regulations of the territories in which Medartis operates.
- To maintain labour standards in accordance with the Ethical Trading Initiative Base Code ("ETI Base Code").
- To promote understanding and awareness of ethical standards and good labour practices.
- To respect human rights in all decisions and practices.
- To encourage all parties in the supply chain to participate in and develop their labour standards.
- To maintain sustainable development and continuously improve own labour standards.

A cross-functional committee, including Human Resources with the Chief Human Resources Officer, Legal with the General Counsel and Compliance with the Global Compliance Manager, collectively referred to as the Ethics Committee, has been established by top management to assist in the management of labour standards and is responsible for deliberating on the actions to be taken in the event of violations and non-compliance with this policy or with ethical and labour standards, and for establishing, reviewing and approving LSAS documents and policies.

If employees have any questions regarding the content of this policy or information regarding a possible violation of its provisions, they may contact their local Human Resources representative or report the situation to the Ethics Committee:

- E-mail: ethics@medartis.com
- Compliance Whistleblower Channel: https://www.medartis.com/en-us/compliance/

These communication channels may also be used by external stakeholders. Medartis prohibits retaliation and protects employees who report a possible violation and cooperate in internal investigations. This applies even if the complaint made in good faith turns out to be unfounded.

IMPACT MATERIALITY (INSIDE-OUT)

Sustainable transformation will only succeed if everyone is involved. The best way to achieve this is to have a sound basic knowledge of big and small interrelationships – and even more importantly, to have fun and be motivated to get involved.

- Informed, well-trained and motivated employees are the greatest opportunity for Medartis to achieve long-term success, because it is the employees who make the difference: their ideas, their openness and their commitment are the engine of innovation and progress for Medartis. It is they who achieve the financial success of the company and thus secure the basis on which Medartis can position itself for the long term.
- Failure to comply with legal standards on social responsibility, paying poor wages and allowing unethical behaviour can fundamentally undermine the success of Medartis and have a negative impact on the share price. Probably the greatest risks are that Medartis is not an attractive employer, that it is unable to recruit and retain the employees it needs, and that the employees it has do not perform to their full potential.

FINANCIAL MATERIALITY (OUTSIDE-IN)

Today's environmental, economic and social challenges require a major societal shift towards sustainability. Despite some successes in sustainability and environmental policy, progress is far from sufficient to ensure sustainable development in the long term. In order to achieve a societal shift towards sustainability, it is necessary to recognise ecological limits. The framework conditions for more sustainable production and consumption patterns must be improved. Models of sustainable lifestyles and cultural sustainability, as well as concepts of lifelong learning and education for sustainability, need to be further developed and disseminated.

- Environmental and social damage reinforce each other. Environmental degradation contributes to the exacerbation of poverty and hunger, and even to the spread of armed conflict.

Poverty as a social impact can in turn lead to ecological damage, for example through the inefficient use of energy sources or the inappropriate handling of industrial waste and pollutants. This development poses a risk to the long-term prospects of Medartis and must be countered with appropriate measures. As a company, Medartis must make a targeted contribution to minimising the negative impacts of this chain of effects.

– In times of social change, global sourcing entails high financial risks. Products and services purchased cheaply on a global scale will have to be sourced sustainably in the future if they are not currently sustainable – this can lead to considerable additional costs and also to bottlenecks in sustainable sourcing.
– A shortage of skilled workers will inevitably have consequences. This applies not only to the companies concerned, but also to the economy as a whole. Growth and welfare potential, as well as public revenues, are at stake when labour shortages limit production and the range of services that can be provided.
– In contrast to the risks posed by global social change and the increasing shortage of skilled workers, Medartis has considerable opportunities to differentiate itself from the competition and achieve growth above the market average by offering the highest standards of qualified and motivated employees. However, this advantage can only be achieved if the development of an agile and modern employee culture is firmly integrated into the company's organisational development.

MEASURES AND KPIS

Measures to implement and assessment of their effectiveness:

Global Workforce

[GRI 2-7/405-1]

At the end of the reporting period on 31 December 2023, the basic information on our employees is as follows. The figures reported are in headcount.

Non-guaranteed hours are not counted in the permanent or temporary categories, only in the non-guaranteed hours section.

	Female	Male	Other	Not disclosed	Total
Total number of employees	342	534	0	0	876
Permanent employees	312	517	0	0	829
Temporary employees	17	13	0	0	30
Non-guaranteed hours	13	4	0	0	17
Full-time employees	265	482	0	0	747
Part-time employees	77	52	0	0	129

Part-time employment is offered in many countries to enable a flexible work-life balance. This is done to support the health and well-being of our employees, as well as to meet some of the specific personal needs of our employees throughout their lives (e.g. childcare, caring for family members, smooth transition to retirement, etc.). Employees with non-guaranteed hours are also counted as part-time as their hours do not correspond to full-time employment.

Temporary employment is offered in cases where we have a situation of low staffing due to, for example, illness or maternity leave. Other cases arise from a temporary increase in workload due to seasonal changes. In many countries we also offer work experience and internships, which are always temporary. This is particularly important for young talent to help them enter the working world.

Globally, Medartis saw an increase in staff turnover in 2023 compared to previous years (only including permanent employees). This is partly due to two small restructurings in Australia and the USA and partly due to the conversion of some direct sales to indirect sales (former employees who have become "agents"). The situation has since stabilised.

At the same time, a new culture is being created that encourages high performance and where new skills and structures need to be built to have a scalable organisation that can support sustained/long-term high growth rates. This evolution is, of course, accompanied by the necessary changes that are reflected in some of the statistics published in this report.

	HQ	EMEA	APAC	LATAM	USA	Total
Total number of employees	350	195	96	97	138	876
Permanent employees	330	180	86	96	137	829
Temporary employees	20	8	0	1	1	30
Non-guaranteed hours	0	7	10	0	0	17
Full-time employees	251	181	82	97	136	747
Part-time employees	99	14	14	0	2	129

Workers who are not employees

[GRI 2-8]

For Medartis, "workers" are only contractors or agency workers, while apprentices and interns are under contract with Medartis and therefore considered employees. Workers who are not employees are reported below. The workers reported are those who are under contract at the end of the reporting period on 31 December 2023. There are no significant fluctuations to report for 2023 for the workers.

	HQ	EMEA	APAC	LATAM	USA	Total
Total number of workers	5	3	8	19	0	35

54% of workers are in office roles, with the majority in front office and customer service roles. 31% work in clinical support. The remainder are in various departments, including quality and regulatory roles.

Remuneration

[GRI 2-20/405-2]

As mentioned above, all Medartis employees are paid above the minimum salary levels defined by the relevant local authorities. As of 2023, two major activities have been initiated to determine the fairness and competitiveness of our employees' remuneration:

- The collection of benchmark data in all countries where Medartis has employees
- The implementation of the Medartis "job grading" concept to classify the different roles in the organisation according to the principles of the selected benchmark company

In 2021, Medartis received the results of a mandatory external analysis of the gender pay gap for the Swiss population. On average, women earn 1.6% less than men, taking into account differences in qualifications and job characteristics. This very good result was classified as "no gender gap" according to the criteria defined by the Swiss authorities.

A budget is determined each year to adjust employees' salaries according to various criteria:

- Inflation
- The benchmark for salary increases in the business world and, if possible, in our industry where data is available

This budget is used by managers with the support of the Human Resources teams, taking into account:

- The employee's performance
- The employee's salary position in relation to their peers
- The employee's salary position in relation to the external benchmark
- Where there is room for improvement in terms of gender differences
- The evolution of salaries in case of promotions

Collective Bargaining Agreement

[GRI 2-30]

Globally, 12.5% of our employees (110 out of 876) are under collective bargaining agreements. For all other employees, there are annual salary processes in which the company takes into account external salary data (benchmarks), inflation data in the respective countries and internal benchmarks within teams and countries to ensure that employees are fairly compensated. This ensures that they are paid at a level that provides a living wage and is consistent with their position and role within the company. Medartis also conducts an annual analysis to ensure that there is no discrimination in pay (age, race, gender).

The following agreements are in place:

Country	Number of employees covered
Medartis (BR)	69 (100%) through 3 different unions, depending on location
Medartis GmbH (AT)	12 (100%)
Medartis S.A.R.L (FR)	29 (100%)

New employee hires and employee turnover

[GRI 401-1], broken down by gender, region and age group

	Female	Male	Other	Not disclosed	Total
Total number of new hires	71	95	0	0	166
Rate of new hires	8%	11%	0%	0%	19%
Total employee turnover	72	103	0	0	175
Rate of employee turnover	9%	12%	0%	0%	21%

	HQ	EMEA	APAC	LATAM	USA	Total
Total number of new hires	39	42	35	22	28	166
Rate of new hires	12%	24%	41%	22%	15%	19%
Total employee turnover	39	34	31	24	47	175
Rate of employee turnover	12%	19%	36%	36%	34%	21%

	Under 30	30-49	50+
Total number of new hires	48	102	16
Rate of new hires	6%	12%	2%
Total employee turnover	52	89	34
Rate of employee turnover	6%	11%	4%

Figures are reported in headcount and only employees with permanent labour contracts are considered. Formulas for "New hire rate" and "Turnover rate" applied in the tables are based on ISO 30414 and are as follows:

New hire rate = number of new hires during the year / headcount at the beginning of the year

Turnover rate = number of work exits during the year / headcount at year end

Benefits provided to full-time employees that are not provided to temporary or parttime employees
[GRI 401-2]

All benefits are granted to all colleagues worldwide, both full-time and part-time employees. In the US, this is also regulated in the Family and Medical Leave Act (FMLA).

Ratios of standard entry-level wage by gender compared to local minimum wage
[GRI 202-1]

At all Medartis locations, we ensure that we pay our employees the minimum wage or above.

Proportion of senior management hired from the local community
[GRI 202-2]

78% (in FTE) of our senior management are considered local hires.

- Senior management is considered to be the EMB, Heads of Department (for HQ), Country General Managers and Heads of Sales and Operations within the subsidiaries.
- Local is defined as any manager who has not relocated for this role and who commutes to the location of the subsidiary or head office to carry out their work. Having a second home near the location and going home at weekends is not considered local.
- Headquarters and all Medartis subsidiary locations are considered significant locations of operation.

Employee in US production (Warsaw, IN)

Health and Safety

Occupational health and safety management system
[GRI 403-1]

At Medartis, occupational health and safety is integrated into the quality management system according to ISO 13485:2016.

There is a particular focus on the production sites in Basel and Warsaw, where we have the largest number of employees and the highest occupational safety risks.

We have described our occupational safety requirements in specific procedural instructions:

- Basel: "Occupational Health and Safety Management" follows the Swiss Labor Act (ArG) with the related Ordinances 1-5 and UVG, VUV, OR
- Warsaw: "Employee Handbook" follows Indiana Code 22-8-1.1 and the Occupational Health & Safety Act of 1974

Mission statement
The health and safety of our employees and of the employees of other companies and of our customers is of the utmost priority to us. We are committed to observing and complying with the highest standards of health and safety.

Safety objectives
Occupational health and safety and the general safety of all our employees, employees of other companies and our customers are as important as our other corporate values. They should be addressed with the same energy, effectiveness and sense of responsibility as other areas such as quality, protection of the environment, maintenance and hygiene.

Hazard identification, risk assessment, and incident investigation
[GRI 403-2]

Hazards can only be controlled if they are known. Identifying hazards in the organisation and assessing the associated risks are central tasks of safety work. In the case of special hazards, as well as for the acceptance of newly constructed and commissioned facilities or new systems (interfaces), the company calls in specialists to assess the risks.

A continuous improvement process (CIP) is used to record and implement ideas for improving daily work processes.

In addition, the 5S method is used in Medartis' operations. The main objectives are tidiness and cleanliness, quality, workplace ergonomics, efficiency, cost effectiveness and work safety. The aim is to create workplaces where products can be manufactured in the best possible quality, in the shortest possible time and with the highest possible level of safety.

At the production sites in Basel and Warsaw, occupational safety is integrated into daily operations, with all absences being recorded and categorised. Near misses are also specifically recorded on the shop floor. All near-misses and accidents are investigated and appropriate action is taken. Occupational health and safety is an integral part of the Medartis Management Review. All relevant issues are reported to senior management and any necessary longer-term or strategic actions are initiated on this basis.

Occupational health services
[GRI 403-3]

At Medartis' headquarters in Basel, employees have access to a permanent company medical service and trained first-aiders are available on every floor of the headquarters. At the Medartis production site in Warsaw, there are ten trained first aiders. First aid equipment, including automated external defibrillators (AED), is available in Warsaw and Basel. Subsidiaries have country-specific policies, all of which at a minimum comply with local legal requirements. In addition, injured or sick employees can access occupational health services outside the company at any time. If necessary, transport to local clinics is arranged so that employees can be examined and treated. The company complies with applicable country-specific regulations to protect the medical data of its employees.

Worker participation, consultation and communication on occupational health and safety
[GRI 403-4]

The site-specific safety officers support the measures described with their technical expertise and are the link in the chain of employee participation, consultation and communication on occupational health and safety. In the case of subsidiaries without a specific safety organisation (sales subsidiaries), the managing director of the subsidiary is responsible for implementing the necessary health and safety measures in the workplace.

Worker training on occupational health and safety
[GRI 403-5]

The safety organisation is also responsible for providing regular safety training. New employees and apprentices also receive special training when they join the company, in some cases directly from the safety officer.

Eye protection
Under the motto 'Protect your eyes like a pro', a workshop was held at the Basel site with an external SUVA expert, focusing entirely on the important topic of eye protection. This preventive module dealt with the dangers of splinters, dust and liquids as well as the challenges of visual impairment and explained when it is necessary to wear safety glasses.

The experiential course exposed employees to a variety of situations that pose real eye hazards. This hands-on experience sensitised employees and increased the learning effect. They effectively learned how to "wear the right goggles at the right time". As a symbolic commitment, at the end of the workshop, all employees signed a poster with guiding principles describing the use of safety eyewear in the company. These measures are an important contribution to promoting the health and safety of our employees.

Promotion of worker health
[GRI 403-6]

Medartis undertakes a wide range of activities and develops programmes to promote the health and well-being of its employees and to provide opportunities for preventive healthcare through various offers and campaigns. These include, for example, sports opportunities, health check-ups, lectures on health-related topics and leadership programmes that teach modern and sustainable leadership.

Here are some specific examples from 2023:

- Step Challenge (all of Medartis)
- "Dealing with Stress" Workshop (Basel)
- Life Kinetics and Mental Health Workshop (Basel)
- Free flu vaccination (Basel)
- Better Workplace (Brazil, Mexico)

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
[GRI 403-7]

Medartis attaches great importance to the occupational health and safety of its business partners. For example, contractors working at the headquarters receive a safety briefing and are required to comply with these rules. Suppliers also commit to a code of conduct to ensure safe and healthy working conditions in their company and in the supply chain. This is systematically checked during supplier audits.

On the customer side, Medartis ensures that all products are ergonomic and safe to use as part of the design validation process.

At the same time, Medartis assumes its duty of care towards employees involved in operations in clinics. These employees receive specific training on how to behave in the operating room. Hepatitis vaccinations are also mandatory for these employees.

Workers covered by an occupational health and safety management system
[GRI 403-8]

All direct employees are covered by our health and safety management system. All external staff working on our manufacturing sites must comply with the site's health and safety regulations.

Work-related injuries, ill health
[GRI 403-9/403-10]

There were 2 accidents at work in the 2023 reporting period; 4 near misses/unsafe situations were recorded and appropriate preventive action was taken. There were no fatalities or recordable cases of work-related illness in 2023.

Social Responsibility
[GRI 2-23]

The new Medartis Corporate Social Responsibility Policy 2023 was issued to all subsidiaries, translated into all company languages and posted in the Compliance section of the Medartis website and on the internal communication platform m-Hub.

Training is provided on this topic at the Medartis Academy for all employees, and 78% had completed the training by the end of 2023. Specific training on the rules of the ETI Base Code was provided to the subsidiaries in Switzerland, Austria, Germany, the UK and Australia.

The company encourages open reporting through various channels, including email, a whistleblower form on the website and intranet links. The whistleblower form can also be used to report complaints anonymously.

A cross-functional committee was established in 2023 to support the management of labour standards. This committee is responsible for discussing actions to be taken in case of violations of and non-compliance with labour standards rules and the Medartis Corporate Social Responsibility Policy, as well as for establishing, reviewing and approving labour standards documents and policies.

The Steering Committee meets regularly on a quarterly basis and extraordinarily as required, and met seven times during the year. On these occasions, the Committee worked to approve the new version of the company's Corporate Social Responsibility Policy, approved the new version of the ETI Base Code training and discussed cases of non-compliance, including potential situations of harassment and discrimination.

Culture Journey and engagement

In 2021, Medartis embarked on an internal transformation journey called the Culture Journey, which aims to foster positive change within the organisation. Progress is rigorously evaluated on a semi-annual basis, including a major staff survey using the GLINT methodology. In 2023, an impressive 80% of Medartis' global workforce actively participated in this survey, providing invaluable insights from 1,619 comments. Analysis of the results revealed a strong identification with the company's purpose of "restoring quality of life", demonstrating a strong sense of belonging to the Medartis family. While the overall engagement score remained commendable at 71 out of 100, showing a slight decrease from 76 in 2022, several parameters showed improvement, in particular the strengthening of the "speak-up culture at Medartis".

However, some metrics showed a decline compared to the previous period, such as "personal development", "talent management" and "cross-functional communication". Engagement is assessed through measurements such as eSat (employee satisfaction with working at Medartis) and recommendation (likelihood to recommend Medartis as a place to work). Using these insights, Medartis derived actionable strategies from the survey results, culminating in the development of several dozen initiatives that will be implemented over the next year to further improve organisational engagement and foster a vibrant and motivating workplace that promotes agility and a high-performance culture.

Participation in leadership development programmes and 360° leadership feedback was another important activity during the Culture Journey in 2023. For the first time, a tailor-made leadership programme for senior leaders (consisting of all regional and country leaders as well as global functional heads) was conducted by the Medartis Academy with monthly webinars and peer learning sessions.

Leadership meeting, Basel

The programme also included a two-day in-person training event on "Authentic Leadership" and a 360° leadership feedback for each of the 32 participants as a source of learning.

For the third year, a company-wide "Step Challenge" was organised by the Medartis Culture Champions team and other committed volunteers. In the past, the aim of the challenge was to motivate employees to be physically active and to collect points for a series of sports activities organised in teams, with the side effect of team building. In 2023, for the first time, employees could also earn points for sustainable behaviour such as shopping locally, using public transport or eating vegan food. This was enthusiastically embraced by everyone and was rewarded by the company with an award for the "most sustainable country", which went to Australia. The exercise helped to raise awareness of sustainable behaviour in everyone's daily lives and generated a lot of positive momentum and creativity.

Better workplace

Medartis Brazil and Medartis Mexico have been certified as great workplaces by "Great Place To Work", an international institution that evaluates and recognises companies that have succeeded in creating a healthy and positive work environment. The certification is based on employee perceptions and an assessment of people management practices. This achievement is a significant milestone in the company's history, as it is the first time that Medartis has participated in the GPTW survey and achieved a positive result in both LATAM countries. This reflects not only the quality of our working environment, but also the commitment and dedication of our team in creating a positive and productive place for everyone on a daily basis.

Education and training

[GRI 404-1/404-2/404-3]

The Medartis Academy is the global Learning Management System (LMS) for Medartis and has the mission of strengthening training and education with the motto "Engage, Learn, Grow".

The goal of the Medartis Academy is to provide a fully integrated learning experience, from on-boarding programmes to personalised development plans. This ensures that all minimum requirements for the performance of a specific job have been trained and helps employees to enhance their professional growth.

The Medartis Academy outlines all on-boarding programmes and minimum requirements for Medartis on a global basis. The Academy also covers all business process training and product training. The product training required for specific job roles is documented up to the level of distributor personnel. On average, more than 20 learning hours per employee were carried out via the Learning Management System in 2023.

Good leadership practices

The annual performance management cycle is a mandatory process for all employees, consisting of two main parts – goal-setting and the performance review – with regular touchbase conversations in between. However, successful performance management is not just two or three meetings a year, it is an ongoing and continuous conversation throughout the year. Setting clear goals supports employees in their personal development and contributes to the company's overall 'must wins'.

Leaders play a key role in keeping teams and employees engaged. That's why in 2023 there was a strong focus on upskilling our leaders and training them in good leadership practices, such as performance management and touchbase conversations.

Peer-learning session, Basel

Material Topic: Climate change

According to the Health Care without Harm NGO, the healthcare sector, including medical technology companies, is responsible for 4.4% of global greenhouse gas (GHG) emissions.

The most relevant environmental aspects of operational activities are direct and indirect carbon emissions. Direct emissions, also known as Scope 1 emissions, result from the combustion of energy sources such as natural gas for heating and fuels for vehicles. The use of electrical energy (Scope 2) also leads to indirect carbon emissions when electricity is generated. Indirect emissions outside our own sites are included in Scope 3: these include emissions from transport, employee travel and the processing of our implant sets at the customer's site.

For simplicity, this report refers to CO_2 emissions only. However, all figures include all Kyoto greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) and are reported accordingly in CO_2e.

CONCEPT

Our climate protection strategy is derived from the United Nations' climate target of limiting global warming to well below two degrees Celsius. According to scientific findings, this requires a global reduction of net greenhouse gas emissions to zero by 2050. Medartis supports this path and will work towards achieving climate neutrality by 2050.

Energy efficiency and climate protection are key aspects of our sustainability strategy. We are constantly developing measures to reduce energy consumption and greenhouse gas emissions. The safety and quality of our products and services remain our top priority.

After preparing a Scope 1 and 2 carbon footprint for Medartis for the first time for the 2022 reporting year, this year we are reporting a full Scope 1, 2 and 3 carbon footprint covering the entire value chain. This makes the 2023 reporting year our baseline year for assessing our emissions and the basis for setting and tracking our short and long-term science-based targets (SBTi) and our climate pathway. The Science Based Targets initiative (SBTi) provides companies with a clearly defined pathway to reduce emissions in line with the Paris Agreement goals.

IMPACT MATERIALITY (INSIDE-OUT)

Global temperatures will only stabilise if we stop adding carbon dioxide to the atmosphere. So to prevent temperatures from rising any further, we must either stop all man-made carbon dioxide emissions or reach a point where all remaining carbon dioxide emissions are offset by activities that permanently remove carbon dioxide and store it for a very long time. This is referred to as net zero carbon emissions.

We have identified the following risks and opportunities for our company-specific approach to climate change:

- Regulatory requirements to address climate change are becoming increasingly stringent, with significant regional differences. If we do not pursue a Medartis-specific global strategy to minimise greenhouse gas emissions, we run the risk of failing to comply with legal requirements. In extreme cases, this could also have legal consequences.
- High carbon emissions threaten our competitiveness by harming our reputation in the marketplace and jeopardising our long-term growth.
- We position ourselves positively and strengthen our competitiveness with sustainable product and service solutions.
- Technologies that damage the climate are not competitive in the long term. Product development without an ecological design approach and therefore products with a poor carbon footprint are not marketable in the long term.
- Reducing carbon emissions lowers our operating costs. More efficient production and packaging processes save energy and resources.
- Fluctuations in fossil fuel prices threaten our profitability.
- A climate-friendly strategy enhances our attractiveness as a supplier, service provider and business partner.
- Banks and investors are increasingly focusing on climate protection. With a climate-friendly strategy and sustainable practices, we have a better chance of obtaining loans and investments.
- Environmental commitment enhances the positive image of Medartis. In times of a shortage of skilled workers, this is a clear competitive advantage when it comes to recruiting and retaining employees.

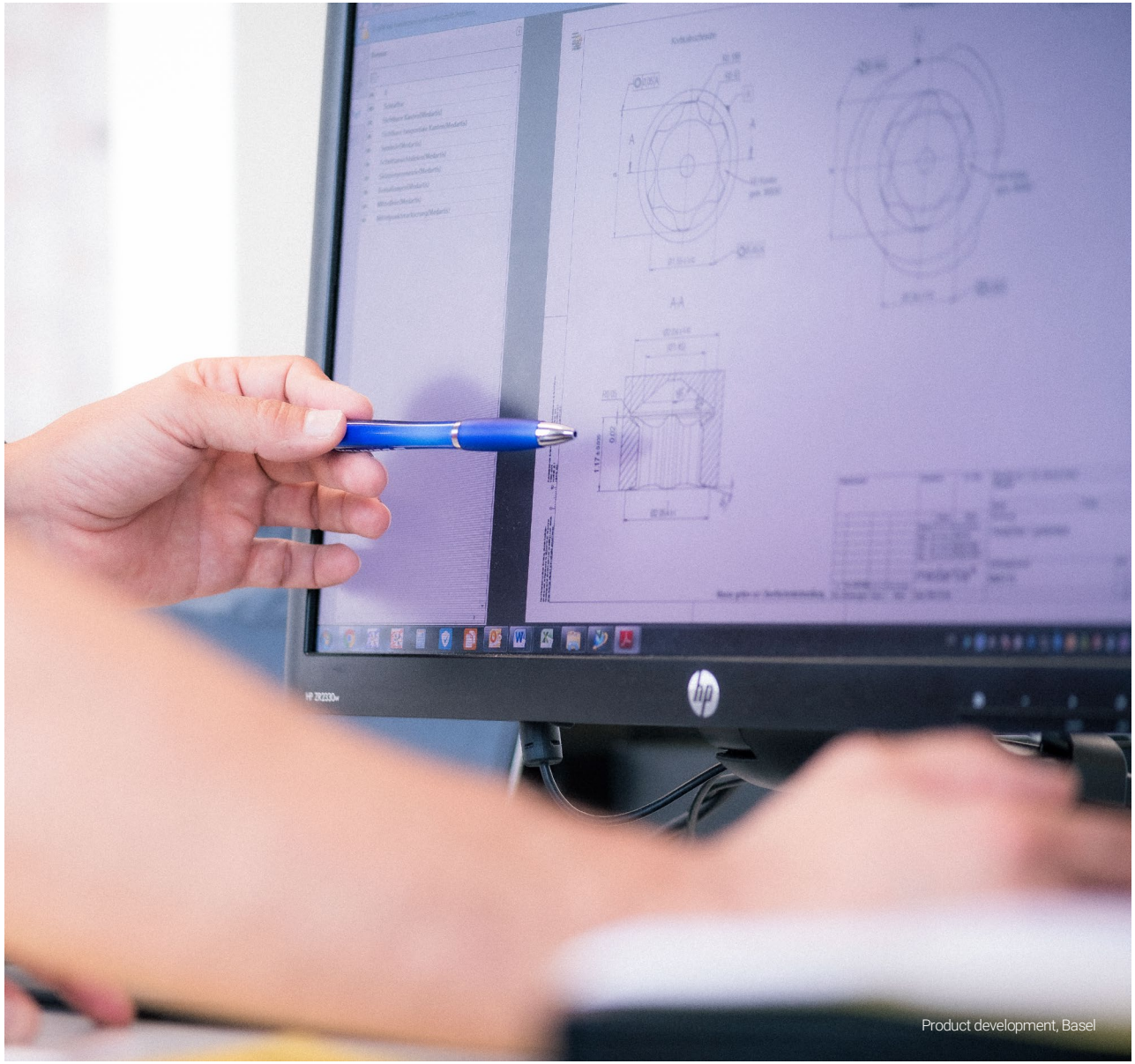
FINANCIAL MATERIALITY (OUTSIDE-IN)

Physical risks of climate change, i.e. risks arising from the consequences of climate change such as extreme weather events, droughts or rising sea levels, occur not only directly, i.e. in direct connection with the changes, but also increasingly indirectly, e.g. in the form of supply chain disruptions and higher commodity prices.

There are also transitional risks, i.e. risks that arise as a result of the transition to a permanently decarbonised economy. These include risks arising from climate change policies, such as higher allowance prices for greenhouse gas emissions (e.g. due to changes in the European Emissions Trading Scheme), efficiency regulations (e.g. fleet fuel economy requirements), and the potential impact of changing customer and investor behaviour.

The following opportunities and risks appear to be particularly relevant for Medartis:

- The impact of climate change on companies is manifold: On the one hand, it poses traditional business risks such as supply shortages, supply chain disruptions or damage to production facilities due to extreme weather events. On the other hand, it can create new types of business risks as new technologies, markets and regulatory regimes emerge as part of society's response to climate change, creating costs or having a direct impact on existing products, services and assets.
- Global supply chains for raw materials and intermediate products, as well as the inland waterway transport of goods, may be more impacted by the effects of climate change in the future.
- Climate change has a direct impact on how customers, employees and investors perceive and interact with companies – the consequences can be so far-reaching that business models need to be reassessed. To ensure sustainable



Product development, Basel

- economic success, companies should not only identify and manage their climate-related risks, but also integrate climate change into their strategic planning.
- Air pollution causes millions of premature deaths and health problems worldwide every year. Climate change and air quality are closely linked because many of the human activities that produce greenhouse gases also emit air pollutants. So when we take action to reduce greenhouse gas emissions, we often also reduce emissions of other substances (such as aerosols) that cause air pollution. Therefore, strong action to mitigate climate change would also improve air quality.
- Investments and subsidies are often linked to sustainability goals.
- Circular actions such as recycling and reprocessing offer the potential to save money by reducing material consumption.
- Reducing energy.
- Cost savings.
- Young talents are more likely to choose sustainable companies as employers.

With the preparation of the Scope 1-3 carbon footprint balance sheet with the base year 2023, we will be able to assess the financial risks specifically for Medartis in 2024, based on the available data, the stakeholder analysis and the double materiality analysis. This specific analysis is based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

MEASURES AND KPIS

Measures to implement and assessment of their effectiveness:

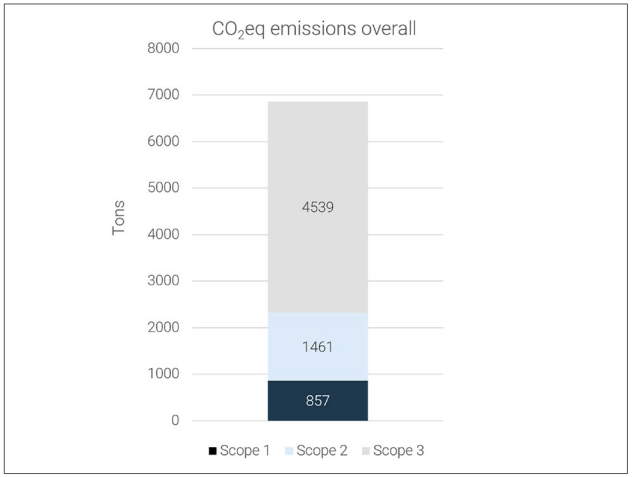
Since 2022, Medartis has been working with Swiss Climate, an agency in the fields of CO_2 management, sustainability, climate projects and energy, to prepare its carbon footprint. This year, we are reporting our first Scope 1, 2 and 3 climate balance, making 2023 our base year for climate reporting.

Our climate reporting follows the Greenhouse Gas Protocol (GHG Protocol), which is also the basis for the EU Directive ESRS E1. This carbon footprint has been prepared in accordance with the International Organization for Standardization (ISO) standard 14064-1: "Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (2018)". CO_2e emissions are calculated and reported in accordance with the principles of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition) based on ISO 14064-1.

The GHG Protocol divides greenhouse gas emissions into different scopes:

- Scope 1 emissions are a company's direct greenhouse gas emissions. These are emissions from sources that the company owns or can control.
- Scope 2 - refers to emissions from purchased electricity and heat that is purchased and used by a company.
- Scope 3 - includes all indirect GHG emissions from a company's activities that originate from sources not owned or controlled by the company (both upstream and downstream sources).

The term CO_2 is used synonymously with CO_2e and refers to the sum of carbon dioxide and other emissions such as methane (CH_4) or nitrous oxide (N_2O).



The chart shows Medartis' total emissions of 6857 t CO_2eq, broken down by the three different scope levels.

Direct (Scope 1) GHG emissions
[GRI 305-1]

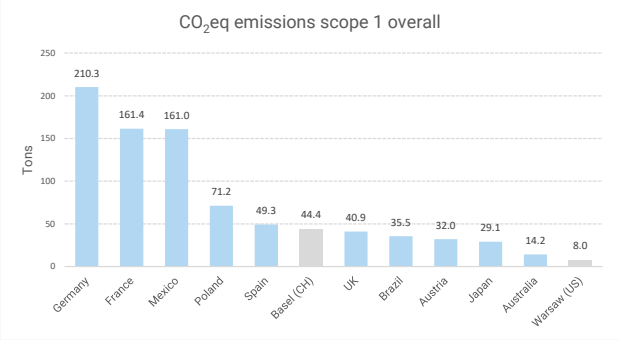
The Scope 1 emissions reported here cover the headquarters in Basel, the production site in the USA, as well as all locations of our subsidiaries and encompass directly produced heating, electricity and business travel with our own vehicles (the main source of Scope 1 emissions at Medartis):

Scope 1 (direct emissions)	
Source	Tons of CO_2
Heating	
Natural gas	13
Heating oil	32
Subtotal	**45**
Electricity, own production	
Subtotal	**0**
Business travel (company-owned vehicles)	
Petrol-powered vehicles	358
Diesel vehicles	424
Gas-powered vehicles	6
Ethanol-powered vehicles	24
Subtotal	**812**
Total direct emissions	**857**

Some systems use small amounts of coolant in closed circuits. No coolants had to be refilled in the reporting year.

The sales office in Austria is powered by electricity from a solar system installed on the building.

Business trips are the main source of Scope 1 emissions at Medartis and are mainly caused by the use of company cars by sales employees.



As business travel is the main source of Scope 1 emissions, the difference in Scope 1 emissions between countries is mainly due to differences in the use of company cars.

Energy indirect (Scope 2) GHG emissions
[GRI 305-2]

The Basel headquarters purchases heat, cooling and electricity from 100% renewable energy sources and therefore over 95% of Medartis production is produced with carbon-neutral energy.

The production site in Warsaw (USA), which was added in 2022, was built in 2021 and therefore has a modern infrastructure. The energy purchased is a mix of renewable and conventional energy sources.

Scope 2 (indirect emissions)	
Source	Tons of CO_2
Electricity consumption	
Electricity	602
Subtotal	**602**
Heating	
District heating/cooling	0
Subtotal	**0**
Business travel	
Electric vehicles	2
Subtotal	**2**
Total indirect emissions	**604**
Total emissions (Scope 1 und 2)	**1461**

The business trips with our own electric vehicles are reported here under Scope 2.

Other indirect (Scope 3) GHG emissions

[GRI 305-3]

Scope 3 emissions describe greenhouse gas emissions along a company's value chain.

The Scope 3 reporting in this report is based on the following 15 defined Scope 3 categories of the GHG Protocol:

Upstream:

1. **Purchased goods and services**
   Comprises purchased raw materials for production, materials from purchased products, packaging materials for product and transport packaging and emissions from purchased services, in particular IT services.
2. **Capital goods**
   Comprises emissions from purchased equipment, installations and machines.
3. **Fuel- and energy-related activities**
   Comprises emission from the extraction, production, and transportation of the fuels consumed.
4. **Upstream transportation and distribution**
   Comprises emissions caused by the transportation and distribution of raw materials from suppliers.
5. **Waste generated in operations**
   Comprises the emissions caused by the waste generated by Medartis' activities. Waste from the two Medartis production sites is specifically recorded here.
6. **Business travel**
   Comprises emissions from business travel by non-company transportation, broken down into road, rail and air.
7. **Employee commuting**
   Comprises emissions caused by employees' daily commutes. A survey on commuting behaviour was conducted for this purpose.
8. **Upstream leased assets**
   Is allocated to Scope 1 and 2 based on to the operational control approach.

Downstream:

9. **Downstream transportation and distribution**
   Comprises emissions from transportation and distribution to subsidiaries, distributors and end customers. The transportation of products sold to distributors to their customers is not included.
10. **Processing of sold products**
    Medartis does not distribute any products that are further processed at the customer's site.
11. **Use of sold products**
    Medartis does not sell any active products that have to be assessed in accordance with the GHG Protocol.
12. **End-of-life treatment of sold products**
    Comprises emissions generated during the disposal and treatment of products after they have reached the end of their life. Here, the customer's waste is assessed; this refers to both packaging waste and waste for the disposal of the products.
13. **Downstream leased assets**
    Does not apply to Medartis products and services.
14. **Franchises**
    Does not apply to Medartis products and services.
15. **Investments**
    No investments with operational influence. This category is not reported.

The following emissions were calculated:

Emissions		**[t CO_2eq]**
Scope 1		857
Scope 2		604
Scope 3 -1	Purchased goods and services	2498
Scope 3 -2	Capital goods	246
Scope 3 -3	Fuel- and energy-related activities	315
Scope 3 -4	Upstream transportation and distribution	12
Scope 3 -5	Waste generated in operations	445
Scope 3 -6	Business travel	571
Scope 3 -7	Employee commuting	851
Scope 3 -8	Upstream leased assets	N/A
Scope 3 -9	Downstream transportation and distribution	416
Scope 3 -10	Processing of sold products	N/A
Scope 3 -11	Use of sold products	N/A
Scope 3 -12	End-of-life treatment of sold products	41
Scope 3 -13	Downstream leased assets	N/A
Scope 3 -14	Franchises	N/A
Scope 3 -15	Investments	N/A
Total emissions	**Total emissions (Scope 1,2,3)**	**6857**

The focus of Medartis' emissions is clearly on mobility. Upstream and downstream transport, company vehicles, business travel and commuting account for 41% of our emissions.

Energy consumption for production is included in building emissions. Due to carbon-neutral energy procurement at our headquarters, building emissions are already quite low in relation to the performance of the buildings. Due to the nature of our products, we have a small carbon footprint in terms of the materials we use. However, we still see potential for optimisation, particularly in the areas of waste and recycling management.

GHG emissions intensity

[GRI 305-4]

For better comparability, we calculate the following intensity ratios in addition to the absolute greenhouse gas emissions:

For Scope 1 and 2, we calculate intensity ratios for all operating units, i.e. for our headquarters in Basel and all subsidiaries. We use the number of employees in the operating units as an organisational parameter. It should be noted that energy for production is included at the Basel and Warsaw (USA) sites. We also use turnover as an organisational parameter for our sales & distribution subsidiaries. This does not make sense for Basel and Warsaw (USA) due to production for the global market.

Scope 1-2:

Operational unit	[t CO_2eq] / FTE	[t CO_2eq] / MCHF
Basel (CH)	0.14	N/A
Warsaw (USA)	4.09	N/A
Australia	0.32	0.90
Austria	2.94	1.19
Brazil	0.58	3.47
France	5.99	10.58
Germany	3.03	5.75
Japan	1.79	19.8
Mexico	5.83	26.35
Poland	5.62	17.00
Spain	2.25	8.36
UK	1.91	5.43

Scope 3:

For Scope 3 emissions, we use the turnover as the organisational parameter.

Operational Unit	[t CO_2eq] / MCHF
Medartis overall	32.76

Reduction of GHG emissions

[GRI 305-5]

This Scope 1, 2 and 3 carbon footprint, prepared for the first time this year, lays the foundation for the development of a short to long-term action plan to actively support the United Nations' goal of net-zero carbon emissions by 2050 by pursuing a carbon-neutral business pathway. This path is based on the Science Based Target Initiative (SBTI) and will be communicated in the 2024 reporting year.

Short-term measures, in particular to reduce energy consumption, are already being implemented. Details can be found in the Resources and Circular economy section.

Emissions of ozone-depleting substances (ODS)

[GRI 305-6]

Medartis only uses ozone-depleting substances in closed systems, primarily in production. In the 2023 reporting period, we did not have to refill the systems and therefore reported no consumption.

Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions

[GRI 305-7]

Due to the nature of our business activities, this indicator is not relevant for us at this time.

Material Topic: Consumers and End Users

Medartis is committed to providing its customers with the most innovative solutions for superior treatment outcomes. Medartis' uniqueness comes from working closely with surgeons and healthcare professionals to maximise understanding of their needs and those of their patients. This understanding, combined with its engineering capabilities, forms a core pillar of Medartis' product development process for advanced and efficient implant solutions. Medartis' innovative, Swiss quality and competitively priced fixation system solutions, along with continuous education and service support, have been the cornerstones of its success since the beginning.

Concept

Customers are key to all of Medartis' business activities. They give the company its purpose and enable the future existence and growth of Medartis. Medartis' customers provide the company with input and inspiration for new products and services. Satisfied customers are the starting point for the sustainable future of Medartis.

The well-being and safety of the patients treated is at the centre of all activities. Medartis maintains an unwavering commitment to ensuring the highest product quality for each individual product.

In turn, offering the customer the best-quality product means minimising all possible risks when using the products and systematically taking into account all input regarding the customer's requirements for Medartis products.

To ensure that these requirements are met, a closed risk cycle is used, starting with the "voice of the customer" for each product, which forms the basis of Medartis' product risk management. By identifying critical functions, attributes, components and processes, Medartis validates all products before they are launched. Its manufacturing records ensure 100% traceability for each product manufactured. A proactive and systematic complaints process and targeted post-marketing surveillance activities ensure that Medartis can continuously evaluate the performance of its products. A structured deviation management system ensures that product non-conformities are identified immediately and that the causes of internal and external defects are systematically resolved. The integrated change management process closes the risk loop and ensures that changes to products already on the market are reintegrated into its development risk management.

In addition to product risks, Medartis also focuses on risks arising from the use of its partners', customers' and patients' data and reduces these risks in accordance with all legal requirements.

IMPACT MATERIALITY (INSIDE-OUT)

Medartis' products and services and its active presence on the market are the basis for the following inside-out analysis.

The company has identified the following risks and opportunities for its specific approach to consumers and end users:

- Defective products put patients' well-being at risk.
- Incorrect use of products also puts patients' well-being at risk.
- Delivery delays and product shortages affect patient care.
- Limited product performance affects the treatment that surgeons and OR staff can provide, and ultimately the patient.
- High complaint rates and necessary product recalls put patients' health at risk and reduce confidence in Medartis products.
- Violation of the right to protection of personal data can lead to legal consequences and loss of trust.
- Products with reliable availability, highest quality and ease of use for the user are the basis for economic success.
- With the best-trained employees in the market, Medartis is the most competent partner for its customers, enabling them to provide the best possible care for their patients.
- With the input of the best and most renowned surgeons and OR teams as a systematic voice of the customer and supporter of our development projects, Medartis is able to transform global market needs into products for the future.

FINANCIAL MATERIALITY (OUTSIDE-IN)

[GRI 201-2]

Customer requirements for Medartis' products and services and changes in regulatory requirements in the area of medical devices, but also in other socially relevant areas such as data protection, can have a direct impact on the company's business. However, changes in the global healthcare environment and new scientific findings also have a direct impact on Medartis and lead to the following outside-in view.

The following opportunities and risks appear to be particularly relevant to Medartis:

- Stricter regulatory requirements in the global environment jeopardise approval and thus product availability.
- Findings from scientific publications have an impact on Medartis' products and services.
- Findings from post-marketing surveillance have an impact on Medartis' products and services.
- Changes in society have an impact on the provision of healthcare.

MEASURES AND KPIS

Measures to implement and assessment of their effectiveness:

New QM/ESG/PMO organisation
In February 2023, Medartis introduced a new global department (Global QM/ESG/PMO) to steer its quality management, sustainability management and coordination of strategic projects. The global alignment of Medartis' QM system will strengthen its subsidiaries in particular. By introducing 30 global business processes in 2023, Medartis has laid the foundation for systematically strengthening and continuously expanding its high Swiss quality standards in all countries in which it operates. The integration of sustainability management into the new organisation underlines the change from a traditional QM organisation to an integrated management system. Medartis' globally established QM organisations play an important role in the rapid global development of its sustainability system. Last but not least, the Project Management Office (PMO) has been integrated into these activities in order to ensure business excellence. In this setup, customers, society and employees form the basis of sustainable business results for Medartis.

Scew production, Basel

With the new global QM/ESG/PMO organisation, the company has established a global competence network that ensures faster and more direct interaction with customers in the areas of quality management and sustainability management.

Maximum delivery capability as the basis for a good customer relationship

The coronavirus crisis, as well as political influences such as the war in Ukraine, have shown how vulnerable global supply chains are. When it comes to supplying medical products, Medartis assumes its particular obligation towards customers and patients. For Medartis, maximum supply capability is therefore essential and can certainly set the company apart from its competitors.

Although capital is handled very carefully from a financial perspective and everything possible is done to optimise inventories, product availability is an absolute priority. Medartis therefore continuously measures the percentage of products that are available at least within the safety stock level. With an average of 95% of products having sufficient safety stock, Medartis justified the trust of its customers in 2023 despite major global supply challenges.

Customer complaints

The company's customer complaint process is a central part of communicating with its customers regarding the performance of medical devices.

This process describes how complaints are recorded, classified, investigated and monitored in compliance with legal requirements, always in interaction and communication with Notified Bodies, authorities and users.

By proactively soliciting customer feedback, Medartis identifies risks in the marketplace, takes immediate action, identifies trends early and provides customers with qualified feedback on each complaint in the shortest possible time.

In 2023, 619 customer complaints were received (compared to 689 in 2022) and 95.3% were closed in less than 45 days. Only 4 complaints remained open for more than 90 days. The lead time is calculated from the point where Medartis first becomes aware of a complaint to the final feedback to the customer.

Regarding the volume of complaints, Medartis counts the number of customer complaints per million products sold (cpm). A reduction of 14% was recorded in 2023. No significant trends have been identified.

Post-market surveillance

[GRI 416-1/416-2]

Complaint Handling is one of the sources for Post-Market Surveillance (PMS) at Medartis.

PMS covers all areas of Medartis that receive, obtain and generate information/data about medical devices that have already been placed on the market, put into service or made available on the market.

PMS aims to

- Systematically identify possible risks in the practical (as well as intended) use of the product;
- Identify options to improve the usability, performance and safety of the device in the field;
- Identify product defects and undetected safety issues;
- Contribute to post-market surveillance of other devices where relevant;
- Identify and report trends;
- Enable rapid initiation of necessary actions such as recalls; and
- Update the benefit-risk determination.

The table below is an outline of the overall PMS data processing approach across the enterprise.

PMS Source (part of PMS)	**Proactive (P) Reactive (R)**	**Focus**	**Frequency**
Vigilance	R	Receiving, recording, evaluating, investigating and analysing complaints, SI, SAE, FSCA and trends.	yearly / quarterly
Corrective and preventive measures	R	Recording, tracking and documenting of corrective and/or preventive measures.	yearly / quarterly
Clinical evaluation	P / (R)	Assessment and analysis of clinical data, clinical trials and, if applicable or reasonable, other sources such as publications, scientific literature, etc. to verify clinical safety and performance of the device(s) e.g. with regard to scope/field of application or intended use.	yearly / --
PMCF	P / (R)	Proactively collecting and evaluating clinical data from the use in or on humans of a device which bears the CE marking and is placed on the market or put into service within its intended purpose.	yearly / --
Feedback	P / R	Collecting user feedback from the field.	yearly / quarterly
Publication on similar medical devices	P	Database searches on publicly available information such as field safety corrective actions including recalls.	yearly / quarterly

As part of the PMS, these sources systematically and actively collect post-market information by processing information/data and recording, evaluating, analysing and identifying trends based on defined indicators and thresholds in order to draw appropriate conclusions to characterise device performance.

PMS plans and reports are part of Medartis' technical documentation and are updated at least annually.

The data and results obtained on the performance of its products in the marketplace are an important source of communication with existing and potential customers and, in particular, one of the most important sources of input for Notified Bodies and regulatory authorities.

Global standards for the training of employees within a medical device advisory function

Training and advising existing and potential customers is essential to Medartis' success in the osteosynthesis field. With a newly established global commercial organisation in 2023, the company is placing even greater emphasis on providing outstanding support to its customers. Product-specific training for users is systematically prepared and provided by intensively trained medical device consultants. Medartis' global Medical Device and Sales Education process ensures that employees (direct and indirect) within medical device advisory functions have the necessary product knowledge and skills to independently consult on specific medical devices marketed and/or distributed by Medartis.

In order to be able to perform user consultations independently, employees in a consulting role must complete training in the following areas within three months of their start date:

- Product training depending on function
- Complaint handling training
- Compliance training
- Competencies in the field

Training elements or tasks are defined either globally or locally for application in the specific market in which the employee operates. Examples include the Sunshine Act, country-specific requirements for sponsored business meetings, or specific training required to gain access to a clinical facility.

Product training is created by the Education department in collaboration with the Product Development and Marketing teams when a new product is launched.

The general content structure for Medartis' product training is outlined below:

- Anatomy overview
- Clinical application
- Technology-specific information (e.g. features, benefits)
- Market overview
- Final exam

The final exam for each module must be passed with a score above 80% in order to complete the module.

All training courses are managed and documented through Medartis' global Learning Management System (LMS). Indirect employees of distributors also have access to this LMS and receive intensive support from the Education department.

Data Protection and ICT Security

[GRI 418-1]

The protection of individuals' personal data is not only required by law, but is also of utmost importance to Medartis and its companies. Medartis treats personal data with the utmost care and respect to protect it from manipulation, loss, destruction and unauthorised processing. Data will be processed lawfully, transparently and in good faith. Personal data will only be collected and used for a purpose that has a defined legal basis. Medartis processes and protects personal data, which is by nature highly sensitive with regard to fundamental rights and freedoms, in an appropriate manner.

Medartis' data protection principles and rules are anchored in processes and guidelines. For this purpose, a data protection management system has been implemented and is continuously improved. Medartis takes appropriate measures to meet legal requirements for confidentiality, integrity, availability and resilience. These measures include procedures for regular review, assessment, evaluation, data protection-friendly default settings and order controls.

In the context of the processing activities that will be recorded by law, risk assessments are carried out with regard to the data subjects. External data processors are continuously monitored and legally required contracts are concluded after careful examination. Particular attention is paid to the transfer of data to third countries where, according to the EU Commission, the level of data protection is insufficient. Where a transfer to such a country is unavoidable, the company ensures compliance with legal guarantees, including EU standard contractual clauses. The new EU-U.S. Data Privacy Framework, the Swiss-U.S. Data Privacy Framework and the UK Extension to the EU-U.S. Data Privacy Framework are also taken into account in the process of data transfer.

The Swiss Data Protection Act, which came into force in September 2008 and was revised in 2023, has been taken into account and implemented by Medartis in its processes.

In the year under review, there were no substantiated complaints from authorities or from internal or external data subjects indicating a breach of personal data. In the event of a data breach, Medartis responds within the legally required timeframe and applies an existing procedure to comply with the requirements.

The privacy policy and contact details are available on the Medartis intranet and website. The data protection mailbox dataprotection@medartis.com is checked daily for any concerns. The company continuously develops awareness in the area of data protection. In addition to the annual mandatory general training on

data protection, functionally appropriate, guided data protection procedures are assigned to the relevant departments by means of online training via the Medartis Academy.

Particular attention was paid to averting the consequences of a hacker attack on Medartis at the end of May. In addition to an intensive review of the affected data using an extensive e-discovery process and risk assessments, the focus was on communication with the relevant data protection authorities in the respective countries. All necessary actions were taken and reported. From a data protection perspective, the hacking incident is considered closed.

It is important for Medartis to stay aware of the latest developments in the cybersecurity landscape and to continuously update its security measures to meet new challenges. To this end, the company carefully reviews the services it uses, keeps them up to date through automation and structured testing, and continuously reviews them in accordance with an internal CIP process. For critical situations, Medartis applies state-of-the-art backup approaches with solutions from leading manufacturers. In order to ensure the availability of ICT services at all times, an additional backup data centre has been set up outside the headquarters for redundancy purposes, which can be used to operate all critical systems if necessary. In addition to technical measures, Medartis relies on organisational measures such as regulations, employee training and awareness-raising, and enables further training in the area of security.

GRI index of content

For the reporting year 2023 from 1 January 2023 to 31 December 2023, Medartis has reported in alignment with the GRI Standards.

Indicator	Page	Remarks
GRI 2: General Disclosures 2021		
Disclosure 2-1 Organizational details	6	
Disclosure 2-2 Entities included in the organization's sustainability reporting	24	Minority shareholdings without operational control are not included.
Disclosure 2-3 Reporting period, frequency and contact point	24	
Disclosure 2-4 Restatements of information		No restatements required.
Disclosure 2-5 External assurance		No external assurance provided.
Disclosure 2-6 Activities, value chain and other business relationships	123	
Disclosure 2-7 Employees	54	
Disclosure 2-8 Workers who are not employees	54	
Disclosure 2-9 Governance structure and composition	78	
Disclosure 2-10 Nomination and selection of the highest governance body	87	
Disclosure 2-11 Chair of the highest governance body	82, 87	
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	92	
Disclosure 2-13 Delegation of responsibility for managing impacts	87, 92	
Disclosure 2-14 Role of the highest governance body in sustainability reporting	46	
Disclosure 2-15 Conflicts of interest	90	
Disclosure 2-16 Communication of critical concerns	51	
Disclosure 2-17 Collective knowledge of the highest governance body	37	
Disclosure 2-18 Evaluation of the performance of the highest governance body		Not reported 2023.
Disclosure 2-19 Remuneration policies	100	
Disclosure 2-20 Process to determine remuneration	55	
Disclosure 2-21 Annual total compensation ratio		Not reported 2023.
Disclosure 2-22 Statement on sustainable development strategy	34	
Disclosure 2-23 Policy commitments	42, 58	
Disclosure 2-24 Embedding policy commitments	51	
Disclosure 2-25 Processes to remediate negative impacts	51	
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	51	
Disclosure 2-27 Compliance with laws and regulations	51	
Disclosure 2-28 Membership associations		Medartis is Partner of the International Bone Research Association (IBRA).

Indicator	Page	Remarks
Disclosure 2-29 Approach to stakeholder engagement	26	
Disclosure 2-30 Collective bargaining agreements	55	
GRI 3: Material Topics 2021		
Disclosure 3-1 Process to determine material topics	29	
Disclosure 3-2 List of material topics	30	
Disclosure 3-3 Management of material topics	31	
GRI 201: Economic Performance 2016		
Disclosure 201-1 Direct economic value generated and distributed	4	
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	67	
Disclosure 201-3 Defined benefit plan obligations and other retirement plans		Not reported 2023.
Disclosure 201-4 Financial assistance received from government		No financial assistance received from government.
GRI 202: Market Presence 2016		
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	56	
Disclosure 202-2 Proportion of senior management hired from the local community	56	
GRI 203: Indirect Economic Impacts 2016		
Disclosure 203-1 Infrastructure investments and services supported		No significant infrastructure investments.
Disclosure 203-2 Significant indirect economic impacts		No significant indirect economic impacts.
GRI 204: Procurement Practices 2016		
Disclosure 204-1 Proportion of spending on local suppliers	49	
GRI 205: Anti-corruption 2016		
Disclosure 205-1 Operations assessed for risks related to corruption	51	
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	51	
Disclosure 205-3 Confirmed incidents of corruption and actions taken	51	
GRI 206: Anti-competitive Behavior 2016		
Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	51	
GRI 207: Tax 2019		
Disclosure 207-1 Approach to tax	48	
Disclosure 207-2 Tax governance, control, and risk management	48	
Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	48	
Disclosure 207-4 Country-by-country reporting	48	
GRI 301: Materials 2016		
Disclosure 301-1 Materials used by weight or volume	39	
Disclosure 301-2 Recycled input materials used	39	
Disclosure 301-3 Reclaimed products and their packaging materials	39	
GRI 302: Energy 2016		

Indicator	Page	Remarks
Disclosure 302-1 Energy consumption within the organization	42	
Disclosure 302-2 Energy consumption outside of the organization	42	
Disclosure 302-3 Energy intensity	42	
GRI 303: Water and Effluents 2018		
Disclosure 303-1 Interactions with water as a shared resource	43	
Disclosure 303-2 Management of water dischargerelated impacts	43	
Disclosure 303-3 Water withdrawal	43	
Disclosure 303-4 Water discharge	43	
Disclosure 303-5 Water consumption	43	
GRI 304: Biodiversity 2016		
Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not material.
Disclosure 304-2 Significant impacts of activities, products and services on biodiversity		Not material.
Disclosure 304-3 Habitats protected or restored		Not material.
Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not material.
GRI 305: Emissions 2016		
Disclosure 305-1 Direct (Scope 1) GHG emissions	64	
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	64	
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	65	
Disclosure 305-4 GHG emissions intensity	66	
Disclosure 305-5 Reduction of GHG emissions	66	
Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	66	
Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	66	
GRI 306: Waste 2020		
Disclosure 306-1 Waste generation and significant waste-related impacts	44	
Disclosure 306-2 Management of significant wasterelated impacts	44	
Disclosure 306-3 Waste generated	44	
Disclosure 306-4 Waste diverted from disposal	44	
Disclosure 306-5 Waste directed to disposal	44	
GRI 306: Effluents and Waste 2016		
Disclosure 306-3 Significant spills	44	
GRI 308: Supplier Environmental Assessment 2016		
Disclosure 308-1 New suppliers that were screened using environmental criteria	45	
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	45	
GRI 401: Employment 2016		

Indicator	Page	Remarks
Disclosure 401-1 New employee hires and employee turnover	55	
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	56	
Disclosure 401-3 Parental leave		Not reported 2023.
GRI 402: Labor/Management Relations 2016		
Disclosure 402-1 Minimum notice periods regarding operational changes		Not reported 2023.
GRI 403: Occupational Health and Safety 2018		
Disclosure 403-1 Occupational health and safety management system	57	
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	57	
Disclosure 403-3 Occupational health services	57	
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	57	
Disclosure 403-5 Worker training on occupational health and safety	57	
Disclosure 403-6 Promotion of worker health	58	
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58	
Disclosure 403-8 Workers covered by an occupational health and safety management system	58	
Disclosure 403-9 Work-related injuries	58	
Disclosure 403-10 Work-related ill health	58	
GRI 404: Training and Education 2016		
Disclosure 404-1 Average hours of training per year per employee	60	
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	60	
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	60	
GRI 405: Diversity and Equal Opportunity 2016		
Disclosure 405-1 Diversity of governance bodies and employees	54	
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	55	
GRI 406: Non-discrimination 2016		
Disclosure 406-1 Incidents of discrimination and corrective actions taken	51	
GRI 407: Freedom of Association and Collective Bargaining 2016		
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	50	
GRI 408: Child Labor 2016		
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	50	
GRI 409: Forced or Compulsory Labor 2016		
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	50	
GRI 410: Security Practices 2016		
Disclosure 410-1 Security personnel trained in human rights policies or procedures		Not material.
GRI 411: Rights of Indigenous Peoples 2016		

Indicator	Page	Remarks
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples		Not material.
GRI 413: Local Communities 2016		
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs		Not material.
Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities		Not material.
GRI 414: Supplier Social Assessment 2016		
Disclosure 414-1 New suppliers that were screened using social criteria	50	
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	50	
GRI 415: Public Policy 2016		
Disclosure 415-1 Political contributions		Not material.
GRI 416: Customer Health and Safety 2016		
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	69	
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	69	
GRI 417: Marketing and Labeling 2016		
Disclosure 417-1 Requirements for product and service information and labeling		Not reported 2023.
Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling		Not reported 2023.
GRI 418: Customer Privacy 2016		
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	70	

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Corporate Governance Report

The Medartis corporate governance principles and rules are laid down in the Articles of Association, the Organisational Regulations, the Corporate Compliance System including the Code of Conduct, the Instruction on the Prevention of Corruption as well as the Instruction on Compliance with Antitrust Laws, and the Charters of the Board Committees. Further, Medartis takes into account the recommendations of the Swiss Code of Best Practice for Corporate Governance, as in force at 31 December 2023.

As a basis of corporate governance disclosure, this report is in compliance with the Directive on Information relating to Corporate Governance published by the SIX Swiss Exchange (Directive), where Medartis' shares have been traded since the company's initial public offering in 2018. Additional information can be found in the Financial and Remuneration Report Sections of this Annual Report.

Note: The links to relevant documents such as the Articles of Association, the Organisational Regulations and the Corporate Compliance System can be found on the second last page of the Annual Report.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Group structure

1.1.1
Medartis Holding AG is incorporated as a stock corporation under the laws of Switzerland and headquartered in Basel, Switzerland. Medartis' principal executive offices are at Hochbergerstrasse 60E, 4057 Basel, Switzerland.

Medartis Holding AG and its subsidiaries (together referred to as "Medartis" or "Medartis Group" or "Group") are focused on developing, manufacturing and selling advanced and efficient implant solutions for internal surgical fixation. The core business of the Medartis Group encompasses the sale of innovative implants in cranio-maxillofacial surgery and extremities (i.e. hand, wrist, elbow, shoulder and foot & ankle).

Medartis products are sold throughout the globe, with direct sales in 13 countries in 2023, and via third-party distributors in an additional 40 countries.

The Medartis Group has two tiers of management: the Board of Directors (BOD) and the Executive Management Board (EMB). The BOD is responsible for the Group's high-level management and oversight, its organizational structure, accounting, financial planning, financial control and risk management. The EMB consists of the Chief Executive Officer (CEO), as well as the Chief Financial Officer (CFO), the Chief Technology Officer (CTO), the VP EMEA, the Chief Human Resources Officer (CHRO) and the Chief Operations Officer (COO). The BOD delegates the management of the Company to the Chief Executive Officer (CEO), who is responsible for the operational management of the Group, the implementation of Medartis' strategy and the implementation of an efficient and structured procedural organization in accordance with the guidelines provided by the BOD (see also note no. 4 to the Medartis Group Consolidated Financial Statements).

1.1.2
Medartis Holding AG, Basel, is listed on the SIX Swiss Exchange, Zurich, Switzerland (valor number: 38620023, ISIN: CH0386200239, SIX: MED). The market capitalization as per 31 December 2023 was CHF 1'038 million. The year-end closing price on 29 December 2023 amounted to 84.0. No other company controlled by Medartis Holding AG is listed on a stock exchange. For financial market participants, Medartis Holding AG has obtained the following Legal Entity Identifier number (LEI) 506700VUSP6HG3F28846.

1.1.3
Medartis Holding AG has invested in a number of companies to support its strategic ambition of becoming a global extremities and head company leading in technology and innovation. A list of the subsidiaries and associates of the Medartis Group as of 31 December 2023 can be found in Note 1 of the Financial Report.

1.2 Significant shareholders

According to disclosure notifications filed with Medartis, the following shareholders or shareholder groups held more than 3% of the outstanding shares as of 31 December 2023. The information refers to the latest possible information either on the reporting platform (if a reporting threshold was touched), the official share register or data submitted to Medartis by the shareholder. The current significant shareholders as well as further disclosure notifications registered in 2023 can be found at the SIX Swiss Exchange reporting and publication platform.

Direct holder	Shares	% of voting rights
Dr. h.c. Thomas Straumann, Riehen, Switzerland	5'624'430	45.5%
Nordflint Capital Partners Fondsmaeglerselskab A/S, Copenhagen[1]	1'584'756	12.8%
NexMed Holding AG, Freienbach, Switzerland[2]	921'035	7.5%
Endeavour Medtech Growth LP, Guernsey, Channel Islands[3]	778'337	6.3%
Willi Miesch, Küssnacht, Switzerland	617'917	5.0%

[1] Not or only partially registered in the share register. Information is based on feedback from the shareholder.

[2] NexMed Holding AG is beneficially owned by Dominik Ellenrieder, Chandolin, Switzerland.

[3] Endeavour Medtech GP Limited, Guernsey, Channel Islands, as general partner of Endeavour Medtech Growth LP, is exercising all the voting rights related to the shares. Further, no limited partner of Endeavour Medtech Growth LP indirectly beneficially owns the shares held by Endeavour Medtech Growth LP which represent 5% or more of the voting rights.

1.3 Cross-shareholdings

The company does not have any cross-shareholdings exceeding 5% of the holdings of capital or voting rights in any other company.

2. CAPITAL STRUCTURE

2.1 Capital

Ordinary share capital as of 31 December 2023 has a nominal value of CHF 2'471'837.00, consisting of 12'359'185 fully paid-in registered shares with a nominal value of CHF 0.20 each.

As of 31 December 2023 Medartis Holding AG has a **Capital Band** between the nominal value of CHF 2'466'551.80 and CHF 3'551'924.20, within which the BOD can increase or reduce the share capital by issuance of up to 5'426'862 shares with a nominal value of CHF 0.20 each.

Conditional share capital for bonds and similar debt instruments as of 31 December 2023 has a nominal value of CHF 1'056'957.20, consisting of 5'284'786 shares with a nominal value of CHF 0.20 each.

Conditional share capital for employee benefit plans as of 31 December 2023 has a nominal value of CHF 111'580.60, consisting of 557'903 shares with a nominal value of CHF 0.20 each.

2.2 Capital band and conditional capital

Authorised capital

At the Annual General Meeting (AGM) on 21 April 2023, the company's shareholders resolved to delete the authorized capital and to introduce a capital band, which authorises the BOD for a period of five years to increase and decrease the ordinary share capital within the range between a nominal value of CHF 2'466'551.80 and CHF 3'551'924.20, which corresponds to 50% of the capital issued and outstanding as of 21 April 2023. Share capital outstanding as of 31 December 2023 can therefore be increased or decreased within the capital band by up to CHF 1'085'372.40 by issuing up to 5'426'862 shares (43.9% of the existing capital issued). For further information, see Articles 3a and 5 of the Articles of Association.

Conditional capital for convertible bonds and similar debt instruments

At the Annual General Meeting (AGM) on 17 April 2020, the company's shareholders resolved to create conditional share capital to be used for convertible bonds or similar debt instruments. Share capital may

be increased by up to CHF 1'056'957.20 by issuing of up to 5'284'786 shares with a nominal value of CHF 0.20 each, or up to 42.8% of the capital issued and outstanding as of 31 December 2023.

Pre-emptive rights for the subscription of new shares upon conversion of instruments are excluded. Shareholders' advance subscription rights with regard to the new convertible bonds or similar instruments may be restricted or excluded by decision of the BOD, subject to the provisions of the Articles of Association. If advance subscription rights are excluded, (i) the instruments are to be placed at market conditions, (ii) the exercise period is not to exceed ten years from the date of issue of option rights and twenty years for conversion rights and (iii) the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing at the date on which the instruments are issued. For further information, see Articles 3b and 5 of the Articles of Association.

Conditional capital for employee benefit plans

At the AGM on 6 April 2022, the company's shareholders resolved to increase conditional share capital to be used for employee benefit plans in the amount of CHF 124'479.60, corresponding to 622'398 shares with a nominal value of CHF 0.20 each, which corresponds to 5.03% of the capital issued and outstanding as of 31 December 2023. In 2023, 26'426 registered shares were created from conditional capital. Share capital outstanding as of 31 December 2023 can therefore be increased by up to CHF 111'580.60 by issuing up to 557'903 shares (4.5% of the existing capital issued). Further information can be found in articles 3c and 5 of the Articles of Association and in Article 2.3 of this Corporate Governance Report.

The creation of conditional capital for employee benefit plans was proposed by the BOD in connection with the company's IPO in 2018. This conditional capital allowed Medartis to establish its current, share-based long-term equity compensation plans to foster the important alignment of management's interests with the interests of the company's shareholders, as well as its Employee Share Purchase Plans (ESPP-S and ESPP-STI), under which employees can purchase Medartis shares with a certain discount. Further information can be found in Articles 3.1, 3.2 c), and 3.2 e) of the Remuneration Report of this Annual Report. The creation of conditional capital for employee benefit plans was proposed by the BOD in connection with the company's IPO in 2018.

The BOD considered the use of conditional capital for employee benefits appropriate while safeguarding the company's liquidity and investing in the strategic growth of Medartis. The maximum dilution potential of this capital is limited and is expected to be more than compensated for by the incentives it creates for plan participants to create long-term value for Medartis and its shareholders.

2.3 Changes in capital

The following table shows the changes in the nominal share capital and the number of shares issued over the past three financial years:

Date of share issuance registration	New nominal share capital (in CHF)	Total number of shares issued
During 2021	2'362'873.60	11'814'368 shares at CHF 0.20 each[(1)]
During 2022	2'371'313.80	11'856'569 shares at CHF 0.20 each[(2)]
During 2023	2'471'837.00	12'359'185 shares at CHF 0.20 each [(3)]

[(1)] Between 21-27 April 2021 a total of 21'879 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the "Long Term Incentive Plan for EMB" for the 2019 financial year for non-Swiss residents and for 2020 for Swiss residents, as well as from the "Restricted Share Plan for the Board" of BOD members for the period from the AGM 2021 to the AGM 2022. 7'912 shares were created as part of the Employee Share Participation Plans (ESPP-S and ESPP-STI) on 1 November 2021. In the course of the year, an additional 6'429 shares divided into four transactions were created due to the CEO buy-out award as explained in more detail in the Remuneration Report 2019.

[(2)] Between 8-27 April 2022 a total of 12'769 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the "Long Term Incentive Plan for EMB" for the 2020 financial year for non-Swiss residents and for 2021 for Swiss residents, as well as from the "Restricted Share Plan for the Board" of BOD members for the period from the AGM 2022 to the AGM 2023. 22'294 shares were created as part of the Employee Share Participation Plans (ESPP-S and ESPP-STI) on 1 July 2022 and 1 November 2022. In the course of the year, an additional 3'006 shares divided into three transactions were created due to the CEO buy-out award as explained in more detail in the Remuneration Report 2019 and due to the CFO buy-out award as explained in more detail in the Remuneration Report 2020.

[(3)] On 25 April 2023 a total of 22'133 registered shares were created from conditional share capital on the basis of Article 3c of the Articles of Association by exercising options from the "Long Term Incentive Plan for EMB" for the 2021 financial year for non-Swiss residents and for 2022 for Swiss residents, as well as from the "Restricted Share Plan for the Board" of BOD members for the period from the AGM 2023 to the AGM 2024. In addition, part of these shares were created to incentivise talents and for the NSI buyout programme. 4'293 shares were created as part of the Employee Share Participation Plans (ESPP-S and ESPP-STI) on 31 October 2023. The aforementioned shares have not been registered in the commercial register as of 31 December 2023 and therefore the commercial register at year-end 2023 has a nominal value of CHF 2'466'551.80, consisting of 12'332'759 fully paid in registered shares with a nominal value of CHF 0.20 each.

2.4 Shares and participation certificates

Medartis Holding AG has no other categories of shares than one category of registered shares, which are fully paid in, with one share bearing one vote. There are no restrictions on the transferability of the shares.

Each share duly entered in the share register entitles the shareholder to one vote. On 31 December 2023, 9'544'607 shares representing 77.2% of the issued capital were registered in the share register.

The total number of shareholders registered amounted to 2'120. All shareholders may be represented at the AGM by a proxy. Proxies and directives issued to the independent voting representative may be given either in writing or online. Other voting representatives must have a proxy signed by hand by the shareholder. The BOD decides whether proxies shall be recognized. The independent voting representative is elected by the Assembly for a term of office until the end of the next AGM and can be re-elected. In the case of a vacancy, the BOD shall designate an independent voting representative for the next AGM.

Shareholder structure[1] on 31 Dec 2023:

Number of shares	Number of shareholders	Cumulative share of all outstanding shares
1–10 shares	108	0.0%
11-100	759	0.4%
101-1'000	1'052	2.9%
1'001-10'000	176	3.9%
10'001-100'000	20	4.3%
>100'000	5	65.8%
Total	**2'120**	**77.2%**

[1] Non-registered or undisclosed shares are not considered in this table. They represent 22.8% of all issued shares.

2.5 Dividend-right certificates

Medartis Holding AG has not issued any dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

The company keeps a share register of the registered shares in which the owners and beneficiaries are entered with their names and addresses. In relation to the company, the shareholder or beneficiary is deemed to be the person entered in the share register. Upon request, purchasers of shares shall be entered in the share register without limitation as shareholders with voting rights if they expressly declare that they have acquired the shares in their own name and for their own account.

The transfer of registered shares requires the approval of the BOD, which may delegate this authority. Approval shall be granted if the purchaser discloses its name, nationality and address on a form provided by the company and declares that it has acquired the shares in its own name and for its own account, that there is no agreement on the redemption or return of corresponding shares and that it bears the economic risk associated with the shares.

The BOD may register individual persons who do not expressly make these declarations ("nominees") with voting rights in the share register if the nominee has concluded an agreement with Medartis regarding its position and is subject to recognized banking and financial supervision.

The names and addresses of owners and beneficiaries of registered shares are recorded in the share register, which is administered on behalf of Medartis Holding AG by areg.ch ag, Fabrikstrasse 10, 4614 Hägendorf, Switzerland. Further information can be found in articles 4, 5 and 6 of the Articles of Association.

2.7 Convertible bonds and options

Medartis followed in 2023 its corporate long term incentive plan with restricted shares (LTI) for members of the EMB. In the event of a change of control, the BOD, at its own discretion, is entitled, within the scope of the statutory provisions to make adjustments to the plan.

Further information can be found in articles 3.1, 3.2 c) and 3.2 e) of the Remuneration Report section of this Annual Report.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors (BOD)

The table below sets forth the name, year of birth, function, committee membership and term of office of each BOD member as of the date of this Corporate Governance Report. All members of the BOD are non-executive members. No member currently holds an executive position in the company.

No BOD member has outside of his board membership any significant business relationship with Medartis Holding AG or any company it controls. The Medartis BOD believes that its independence is important. The majority of the Directors must meet the independence criteria defined by the company's Independence Statement.

Name	Born	Nationality	Position	Independence Status	Elected since	Strategy and Innovation Committee (SIC)	Finance and Audit Committee (FAC)	Human Resources and Compensation Committee (HRCC)
Marco Gadola	1963	Swiss	Chairman	Independent	2020			
Dr. h.c. Thomas Straumann	1963	Swiss	Vice-Chairman	Founder	1998	Member		
Willi Miesch	1964	Swiss	Member of the Board	Independent	2010	Chair		
Dr. med. Daniel B. Herren	1962	Swiss	Member of the Board	Independent	2017	Member		Member
Damien Tappy	1969	Swiss	Member of the Board	Independent	2018		Member	Chair
Nadia Tarolli Schmidt	1973	Swiss	Member of the Board	Independent	2022		Chair ESG representative	
Ciro Römer	1962	Dutch	Member of the Board	Independent	2022	Member	Member	

Marco Gadola
Non-executive Member

Chairman of the Board since 2021 | Board member since 2020

Other main activities in 2023: Chairman of DKSH Holding AG, WS Audiology and Vice-Chairman of the MCH Group. He is also a Board member of the Straumann Holding AG and Bühler Group as well as well as Operating Partner of Endeavour Vision Ltd. He also runs his own company, which focuses on supporting cultural change and executive coaching.

Career highlights: CEO of the Straumann Group from 2013 to 2019. From 2008 to 2013 CEO Asia Pacific and Chief Financial and Information Technology Officer at Panalpina Group. Prior to that, he was Chief Financial Officer at Straumann Group and Hero and held a number of leadership positions at Hilti. He began his career at UBS in corporate finance and at Novartis as a senior auditor.

Qualifications: He holds a master's in business administration and economics from the University of Basel and completed programs at the London School of Economics and IMD Management School in Lausanne.

Key attributes for the board: Medartis benefits from his strong executive track record in a broad range of global businesses, extensive knowledge of the MedTech industry, his expertise in finance and coaching and his insights from board mandates in other industries.

Dr. h.c. Thomas Straumann
Non-executive Member

Vice Chairman of the Board | Board member since 1998

Other main activities in 2023: Chairman of centerVision AG and CHI Classics Basel Ltd., Board member of the Straumann Holding AG, Board member and owner of the Grand Hotel Les Trois Rois, Basel.

Career highlights: He founded Medartis in 1997 and has been on the BOD ever since. For a long time also as Chairman and Vice Chairman. In 1990, he was responsible for the successful restructuring of the Institut Straumann AG, where he acted as CEO and Chairman of its BOD until 1994. He was Chairman of the Board of Straumann Holding AG until 2002, Vice Chairman until April 2020 and since then a regular member of the Board.

Qualifications: He holds a degree in Precision Engineering and pursued further studies at Basel Management School and the Management & Commercial School of Baselland. He has an honorary doctorate from the University of Basel.

Key attributes for the board: Founder and major shareholder of Medartis AG. He complements the Board with his in-depth knowledge of the dental and medical device industries through his personal management experience and various shareholdings. As a major shareholder, he also represents continuity, stability and credibility.

Nadia Tarolli Schmidt
Non-executive Member

Member of the Board | Board member since 2022

Other main activities in 2023: Member of the BOD of Straumann Holding AG and member of the Bank Council of Basellandschaftliche Kantonalbank. Additional mandates in non-public companies include EGK Group Companies, Parkresort Rheinfelden Holding AG, IKEA Pension Fund, Genossenschaft Stadion St. Jakob-Park, BiomedVC AG, and Nordic Cultural and Educational Foundation.

Career highlights: Since 2010, Nadia Tarolli Schmidt has been a partner at the business law firm VISCHER AG, where she is co-head of the tax team and head of the social security group. From 2005-2010, she was an associate at VISCHER AG, specialising in tax, corporate law and M&A. Until 2021, she was a judge at the Tax Court of Basel-Stadt. Prior to that, she worked as a legal secretary at the Tax Court of the Canton of Zurich and as a corporate lawyer at Clima-Suisse and Holcim AG.

Qualifications: She studied law at the University of Basel, is an attorney-at-law and a federally certified tax expert. Most recently, she completed further training at the Swiss Board School of the University of St. Gallen.

Key attributes for the board: She is an experienced independent lawyer with in-depth knowledge in tax and social security matters as well as in structuring mergers and acquisitions. In January 2022, the BOD established a Sustainability Committee at Medartis. Due to Nadia Tarolli Schmidt's experience in ESG matters in other companies, she leads this committee. The initiatives are led by the Chief Operating Officer and are supported by the senior management team.

Willi Miesch
Non-executive Member

Member of the Board | Board member since 2010

Other main activities in 2023: Board member of the International Bone Research Association (IBRA). He is a Board member of SCEWO AG and member of the investment advisory committee of the venture capital company MTIP.

Career highlights: He was CEO of Medartis from 1998 until August 2019. Prior to that he held several long-term managerial positions in various production departments at Institut Straumann AG and was Head of Manufacturing at Stratec Medical in Mezzovico, Switzerland. Moreover, he was a member of the EMB at Villiger, a bicycle manufacturer, being responsible for all technical matters.

Qualifications: He holds a degree in Precision Engineering and a degree as Operations Technician TS from ABB Engineering School Baden with postgraduate studies in market-oriented Business Management at the University of Central Switzerland.

Key attributes for the board: Medartis benefits from his extensive knowledge of the medical industry, his global network of experts in the industry, his comprehensive experience related to his background in precision engineering and his long-term experience as an executive manager.

Ciro Römer
Non-executive Member

Member of the Board | Board member since 2022

Other main activities in 2023: Ciro Roemer is a strategic advisor to Warburg Pincus LLC, a leading private equity firm.

Career highlights: He retired in 2021 as the Company Group Chairman of the Johnson & Johnson Medical Devices Companies in North America. Previously, he held leading positions at Synthes and in J&J's medical device business. He also served as a Board member of the AO Foundation, the leading global network for orthopaedic surgeons and healthcare professionals. Ciro Römer also acted as Vice Chairman of Eucomed, the European medical device industry association. Ciro resides in the US and is a Dutch citizen.

Qualifications: He graduated from BIGRA Amsterdam with a Bachelor's degree in Health Science, and completed the Advanced Management Program at Harvard Business School in the United States.

Key attributes for the board: Ciro Römer is an expert in the medical device industry, with in-depth knowledge of global healthcare systems and medical technology markets. He has over 35 years of industry experience across Asia Pacific, Europe and in the US, which has been defined by Medartis as one of its main growth markets. His international experience includes general management positions in the US, Netherlands, Spain and Switzerland.

Dr. med. Daniel B. Herren
Non-executive Member

Member of the Board | Board member since 2017

Other main activities in 2023: No relevant mandates in this context.

Career highlights: Since 2009 Head of the hand surgery department at Schulthess Clinic in Zurich and since 2017 Chief Medical Officer. From 2010 to 2014 Board member of National Federation of Medical Doctors in Switzerland (FMH). In addition, he acted as President of the Swiss Society for Surgery of the Hand between 2010 and 2013. Currently, he is Secretary General of the Federation of European Societies for Surgery of the Hand (FESSH) and in conjunction with this role, member of the FESSH Executive Committee.

Qualifications: He holds a Medical degree from the University of Berne with postdoctoral studies at the ETH Zurich as well as a Master of Health Administration from the University of Berne. He furthered his education by attending lectures at Harvard Business School in Boston, USA, focusing on the strategic aspects of healthcare delivery. Additionally, he completed the European Health Leadership Programme at INSEAD Fontainebleau.

Key attributes for the board: As an orthopaedic and hand surgeon he contributes in-depth expert and practical knowledge with many years of medical implants user experience.

Damien Tappy
Non-executive Member

Member of the Board | Board member since 2018

Other main activities in 2023: Co-founder, Chairman and Managing Partner of Endeavour Vision and Member of the Young President Organisation (YPO). In addition to his mandate at Medartis, he represents the interest of Endeavour Vision as Board member in the following companies: Endeavour Vision SA, CeQur, Polares. He also serves on the Board of L'Enfance, and Hôpital de la Tour, and is a member of the Foundation Council of Fondation du Domaine de Villette.

Career highlights: Founder and Director of the Start-up and Spin-off program from the Swiss Federal Institute of Technology (EPFL) and co-Founder, Chairman and Managing Partner of Endeavour Vision.

Qualifications: He holds a degree in management, technology and economics (MTE) from IMD, Lausanne, Switzerland. He graduated with honours as an engineer in micro-technology at EPFL. He also worked as international fellow in the field of medical imaging at the Stanford Research Institute in California (SRI International).

Key attributes for the board: His area of expertise is in healthcare with a specific focus on Medical Technologies and Digital Health on both side of the Atlantic. As managing partner of Endeavour Vision, which specializes in private equity and venture capital investments, he contributes his valuable experience as a Board member of numerous life science companies.

3.2 Other activities and vested interests

Information on the other activities and interests of the members of the BOD is shown in section 3.1.

3.3 Permitted other activities

The number of external offices is stipulated as follows with binding effect in the Articles of Association: BOD members must not simultaneously hold more than 15 additional mandates in commercial enterprises, of which no more than 5 may be held in listed legal entities.

Not subject to the above restrictions are:

a) Mandates in entities controlled by Medartis or controlling Medartis;

b) Mandates in entities upon request of Medartis; and

c) Mandates in associations, organisations and legal entities with a public or charitable purpose, foundations, trusts, as well as staff pension funds.

Mandates are defined as mandates in comparable functions at other companies with a commercial purpose. Mandates in different legal entities that are under unified control or have the same beneficial ownership are considered as one mandate.

All members of the BOD are within the limits of external mandates stipulated by Article 35 of the Articles of Association.

3.4 (Re-)elections and terms of office

Each member of the BOD is elected by the AGM for a one-year term, which runs until the end of the next Annual General Meeting. Directors may be re-elected with no restrictions such as age or tenure limit.

The Chairman of the BOD and the members of the HRCC are elected by the AGM. If the Chairman's Office is vacant, the BOD appoints a Chairman from among its members for the remaining term of office.

At the AGM 2023, the long-standing BOD member and Chairman of the Human Resources & Compensation Committee (HRCC), Dominik Ellenrieder, has retired from the Board. Damien Tappy took over as Chair of the HRCC. The vacant position on the Board of Directors has not yet been filled.

3.5 Internal organisational structure

The organisation of the BOD and its committees is set forth in the Organisational Regulations, available on the Medartis website. The following paragraphs summarise the main elements of the Organisational Regulations.

3.5.1 Composition of the BOD, allocation of tasks within the BOD and Corporate Social Responsibility

Subject to article 19 of the Articles of Association, except for the election of the Chairman, the BOD constitutes itself. It may designate one or several Vice-Chairmen among its members. It appoints a secretary, who shall not necessarily be a BOD member. The individual positions (Chairman, Vice-Chairman, Member) are listed in the table in section 3.1.

The Chairman regularly reviews the composition of the BOD to ensure that an adequate mix of skills and experiences is available to successfully manage the company's current and future challenges. Based on general market views as well as certain international corporate governance standards, two out of seven Board members may be considered non-independent. Based on its composition by skills, background and experiences as outlined in the table in section 3.1. above, the BOD is in a position to ensure the successful execution of the company's strategy through independent decision-making processes and a functioning system of checks and balances. The BOD will continue to develop and amend its composition under the leadership of its Chairman along with the further development of Medartis over time.

In accordance with Swiss Code of Obligations, the BOD is responsible for the overall and high-level management of the company, which cannot be delegated, and the supervision of the Chief Executive Officer and the other members of the EMB. The BOD is in charge of all matters not reserved to another corporate body by statute, by the Articles of Association or by the Organisational Regulations.

The BOD ensures that it is regularly informed about the business of the company and about any developments that may be relevant thereto. It treats the reports and proposals submitted by the committees of the BOD and by the Chief Executive Officer. All missions and competences of the BOD are stipulated by article 15 of the Organisational Regulations. Without limitation, these tasks may not be delegated. The BOD may entrust committees with the preparation and implementation of all or some of its decisions, as well as with the supervision of certain matters as further explained in section 3.5.2.

The Chairman of the BOD is responsible for the preparation, calling, organisation and chairing of the BOD Meeting. Together with the CEO, the Chairman oversees the outside representation of the company.

Information regarding conflicts of interest can be found in articles 7 and 35 of the Organisational Regulations.

The BOD acknowledges that part of its responsibility of the company's high-level management includes its understanding about how the company is doing business and how its strategic targets shall be achieved, this is, what values and culture it desires and how the company interacts with its stakeholders. It is the BOD' firm believe that Medartis is a part of society, respecting human rights and treating natural resources and the environment with care when rendering its products and services. The BOD regularly reviews progress towards this corporate social responsibility framework, which includes, amongst other:

- A comprehensive code of conduct;
- A corporate social responsibility policy
- Policies about how to interact with medical professionals, institutions and regulatory authorities;
- Policies about how to interact with external suppliers and advisors;
- Policies on ethical and other standards in the company's research and development;
- An integrated compliance system and internal controls whose functionalities are regularly reviewed by the Finance and Audit Committee.

In 2023, key topics of the BOD included, amongst others, strategic business development projects, the ownership increase in Keri Medical SA, the continued NSI integration, board committee work and reports, and the corporate organisational structure. The BOD met 16 times. These include five regular meetings in March, April, August, October and December, all of which were held as physical meetings, as well as additional virtual or hybrid meetings to deal with ad hoc matters (e.g. mergers and acquisitions, IT attacks) and/or to follow up on strategic business development projects. The regular meetings lasted around 8 hours on average. Two members were unable to attend one of the regular meetings due to conflicts with their business activities.

3.5.2 Members list, tasks and area of responsibility for each committee of the BOD

The committees appointed by the BOD support the preparation and implementation of all or some of the BOD decisions, as well as the supervision of certain matters. The committees are entitled to conduct investigations (or have investigations conducted on their behalf) in all matters of their competence. They may request the services of independent advisors and experts.

HRCC members are elected by shareholders at the AGM (see article 8.2.c and 27 of the Articles of Association). All other committee members are determined democratically by all BOD members. According to Swiss law, the members are elected for a term of one year until the next AGM. The individual positions and roles (Chairman, Vice Chairman, Member) are also outlined in section 3.1.

The committees of the BOD meet upon calling by their respective chairpersons or upon request of one of the respective committee members as often as required for the fulfilment of their duties, but at least three times a year. Members of the BOD may also attend meetings of specific committees at the request of the committee chairperson.

Finance & Audit Committee (FAC)
The competences of the FAC are set out in articles 24 and 25 of the Organisational Regulations.

The FAC is composed of at least two non-executive and independent members of the BOD, as per article 20 para. 1 and article 24 para. 1 of the Organisational Regulations. The BOD issues a Finance & Audit Committee Charter which governs the organisation of the FAC.

The FAC supports the BOD in its supervisory function, with respect to the completeness of the annual closing of accounts and financial statements, the compliance with statutory provisions, the analysis of the qualification of the external auditors, as well as the performance of the external auditors.

The FAC assesses the usefulness and suitability of the financial reporting, the internal control system and the general supervision of business and compliance risks. It makes sure that a continued, efficient and productive communication exists between the company and the external auditors regarding financial matters. This committee also evaluates, monitors and assesses the legal aspects of the company's M&A activities.

Due to the yet limited size and complexity of the company's corporate structure, Medartis has not established a dedicated internal audit function. If need arises, an ad-hoc team of employees with the required skills is created to inspect and review special situations. These teams report their findings directly to the FAC and possibly the Chief Financial Officer.

Since 2022, a dedicated internal compliance officer is taking care of the increasing national and international obligations in this field.

The Chief Financial Officer (CFO) attends the meetings of the FAC, except for portions when his or her presence would be inappropriate, as determined by the chairperson. At least once a year, the FAC shall meet in separate sessions with the external auditors.

In 2023, key topics of the FAC included, amongst others, internal and external financial reporting, NSI acquisition and integration, external audit, M&A, ESG, controlling, compliance and risk management matters. The FAC met 7 times (5 regular and two ad hoc meetings) for an average meeting length of approximately 3 hours with all members attending all meetings. The chairperson of the FAC reports at every Board meeting on the FAC activities and findings.

Medartis has an integrated compliance system, which provides guidance in recognizing, understanding and complying with the laws and ethical standards that govern our business practices and activities. This is supervised by the FAC. Apart from the global Compliance Committee, there are local Compliance Committees established in the certain high-risk countries (USA, Brazil, Mexico, Japan and Australia) to take care of local compliance topics, or local “Compliance Champions” designated to support the global Compliance Committee. In addition, we have established a whistle-blower contact point (known as the Ethics Hotline), operated by the Compliance Committee, which monitors the channel and defines the process. The system allows employees and external persons to confidentially alert our organisation about suspicions of misconduct. It is an important tool for reducing risks and building trust as it enables the company to detect and act on possible misconduct at an early stage. The Ethics Hotline also has a preventive role. If the employee wants to report an incidence, the Medartis Ethics Hotline ensures that concerns can be raised anonymously if preferred. All concerns and reports are investigated by our Compliance Committee and, depending on the outcome, appropriate measures are taken.

Human Resources & Compensation Committee (HRCC)

The duties and responsibilities of the HRCC are set out in article 27 of the Articles of Association and in article 26 and 27 of the Organisational Regulations.

The HRCC is composed of two non-executive and independent members of the BOD, as per article 27 of the Articles of Association and article 26 para. 1 of the Organisational Regulations. The BOD issues a HRCC Charter which governs the organisation of the HRCC.

The key tasks of the HRCC are:

- Presenting motions to the BOD in view of the next AGM with respect to the aggregate amount of remuneration of the BOD and of the EMB of the company;
- Assisting the BOD in the preparation of the remuneration report, to be adopted by the BOD and then disclosed to the shareholders of the company in view of the next AGM;
- Implementing the resolutions passed by the AGM with respect to the aggregate amount of remuneration of the members of the BOD and the members of the EMB;
- Assisting the BOD in setting the conditions for the actual remuneration of the members of the BOD and of the EMB in accordance with article 20 and 31 of the Articles of Association, as well as advising the BOD n the review and approval of general compensation and benefit policies, including any long-term incentive plans or employee share purchase plans;
- Preparing and assessing the principles of remuneration of the company and presenting corresponding motions to the BOD in this respect for approval;
- Advising the BOD in the setting-up, monitoring and regularly reviewing of the remuneration policy and guidelines at the highest level of the company;
- Submitting recommendations or presenting motions to the BOD on other remuneration-related matters.
- The HRCC also oversees the culture change process launched in mid-2021 and gives advice to the EMB where appropriate.

In 2023, key topics of the HRCC included, amongst others, the BOD and EMB compensation, the structure of the short- and long term-incentive plans, succession planning for EMB and key positions, supervision of key recruitments, additional content of the Remuneration Report and the culture journey. The HRCC met 4 times for an average meeting length of approximately two hours with all members attending all meetings. The chairperson of the HRCC reports at every BOD meeting on the HRCC activities and findings.

Strategy & Innovation Committee (SIC)

The duties and responsibilities of the SIC are set out in article 28 and 29 of the Organisational Regulations. The SIC is composed of at least two non-executive members of the Board, as per article 20 para. 1 and article 28 para. 1 of the Organisational Regulations. The BOD issues a Strategy & Innovation Committee Charter which governs the organisation of the SIC.

The key tasks of the SIC are:

- Assess the company's annual plan and long-term strategy and provide guidance to the management to ensure the development, implementation, adherence and, if necessary, modification of the strategic plan and strategic goals;
- Review strategic risks and opportunities, including those resulting from the business environment in terms of competition, regulation, patients, surgeons, payors and providers;
- Review the company's technology capabilities, including the ability to develop, acquire and maintain innovative technology through internal development, acquisitions, licensing, collaborations, alliances and other appropriate means;
- Identify and assess the market environment, specifically for technology innovations and trends, that could significantly affect the company and the industry in which it operates;
- Review and advise on the company's internal and external innovation expenditure plans, including the technical relevance of proposed activities;
- Assist the BOD in overseeing the company's investments in internal and external innovation, technology and developments, including acquisitions, licenses, collaborations and other business development activities;
- Identify, review and assess M&A and licensing opportunities in terms of their strategic fit, including sales structure and / or product portfolio.

In 2023, key topics of the SIC included mainly the identification, review and assessment of core and new technologies as well as M&A opportunities and innovation initiatives that are in-line with the defined mid- and long-term growth strategy of the company. The SIC met twice lasting an average of around 2 hours. One SIC meeting had to be cancelled due to the cyber attack. One member was excused for one SIC meeting. The chairperson of the SIC reports at every BOD meeting on the SIC activities and findings.

3.5.3 Working methods of the BOD and its committees

Upon invitation by the Chairman of the BOD, its members meet as often as required by the business of the company, but at least six times a year. Every member of the BOD is entitled to request that a meeting of the BODs be called by the Chairman of the BOD. If the Chairman of the BOD does not proceed with the calling of the meeting within fourteen calendar days from the request, the requesting member of the BOD is entitled to call the meeting.

The BOD meetings shall be called at least 10 calendar days in advance by letter or email, indicating the date, time and place of the meeting, as well as the order of business. Agendas for BOD or Board Committee meetings are defined by the respective chairperson. At least five calendar days prior to the meetings of the BOD, the members shall timely receive all appropriate documents and reports needed for the decision-making process.

The BOD may validly pass resolutions when at least the majority of its members are attending the meeting in person or by means of communication that allow direct discussion (e.g. telephone or audio-visual conference). The BOD passes its resolutions with the majority of votes cast, each director having one vote. Abstentions are not counted as votes cast. In case of equal votes, the Chairman of the meeting has the casting vote. Discussions and resolutions are recorded in the minutes of the meetings.

The chairpersons of the FAC, the HRCC and the SIC report at each Board meeting about matters, which were discussed and resolved in their respective committee meetings.

The CEO is usually invited to attend the meetings of the BOD in an advisory capacity. However, the BOD regularly holds meetings or parts of their meetings without the participation of the CEO. The dates for the ordinary meetings are set at an early stage so that all members are able to attend in person. The participants of the meeting receive detailed written documentation in advance for all motions.

Attendance at BOD and committee meetings in 2023

The following table shows the number of BOD meetings in the reporting period per committee. The list does not include preparation time for meetings, document study or coordination time with members of the EMB. Some of these meetings were held virtually or as hybrid meetings.

Name	BOD	FAC	HRCC	SIC	Total
Marco Gadola (Chairman)	10	4	3	0	17
Dr. h.c. Thomas Straumann (Vice chairman)	10	-	-	2	12
Willi Miesch (SIC Chair)	9	-	-	2	11
Dr. med. Daniel B. Herren	8	-	4	2	14
Damien Tappy (HRCC Chair)	10	7	4	0	21
Nadia Tarolli Schmidt (FAC Chair)	8	7	-	0	15
Ciro Römer	9	7	-	1	17
Dominik Ellenrieder (retired after AGM 2023)	*0*	-	*1*	*1*	*2*

Note: The long-standing BOD member and Chairman of the Human Resources & Compensation Committee (HRCC), Dominik Ellenrieder, had decided to retire from the Medartis BOD as of the AGM 2023. Dominik' Ellenrieder's seat on the BOD was not replaced after his resignation.

In addition to participating in BOD meetings all BOD members attend industry congresses, co-travel with sales representatives to visit key customers, go on field trips or attend surgeries. Board members may also act as active mentors to EMB mebers have regular one-to-one exchanges with their assigned mentees. The Chairman of the BOD maintains a regular exchange with the CEO and bilateral meetings are held on a frequent basis.

3.6 Independence

All BOD members - including the Chairman - are non-executive and the majority are independent, pursuant to «Swiss Code of Best Practice for Corporate Governance» rules and Medartis independence criteria, which are outlined on our website. Since its foundation in 1997, Medartis has been strongly influenced by the founding family and founding members, who have invested a considerable part of

their wealth in the company and hold a majority of the share capital. Their interests must be preserved just as the rights of minority shareholders need to be respected and considered. Having BOD members with industry experience, who are familiar with stakeholder engagement, is an important ingredient for the success of Medartis. In the case of substitute elections, the BOD attaches great importance to ensuring that diverse and complementary skills are represented on the BOD and that independence is maintained. The HRCC reviews the independence of the BOD members annually. The HRCC evaluates conflicts of interest, related party transactions and other commitments potentially jeopardizing a member's independence. Each BOD member annually completes a Governance and Compliance Questionnaire , which is reviewed by the General Counsel of the company.

3.7 Definition of areas of responsibility

The BOD is responsible for the overall and high-level management of the company, which, in accordance with Swiss Code of Obligations, cannot be delegated, and the supervision of the CEO and the other members of the EMB. The BOD is in charge of all matters not reserved to another corporate body by statute, by the Articles of Association or by the Organisational Regulations.

Unless set out otherwise in mandatory statutory provisions, the Articles of Association and the Organisational Regulations, the BOD delegates the management of the company to the Chief Executive Officer. The responsibilities and tasks and nature of cooperation between the BOD and the EMB are stipulated in the Organisational Regulations, which are available on the Medartis website.

Key responsibilities and tasks of the BOD are:

- Overall management of the company and issuance of all necessary directives in this respect;
- Determining the organisation, in particular adopting and amending the Organisational Regulations
- Organising the financial planning system and financial control;
- Organising, supervising and assessing the risk control and the risk assessment systems;
- Appointing, supervising and dismissing the persons entrusted with the management and the representation of the company and regulating the signature powers;
- Adopting and amending guidelines namely on disclosure of shareholdings, management transactions, trading in own shares, insider information and market manipulation, ad hoc publicity, general stock exchange disclosure and reporting duties, as well as code of ethics and business conduct;
- Taking note of the Chief Executive Officer's and the external auditors' reports;
- Issuing the Annual Reports, as well as preparing the General Meetings of the shareholders and implementing the AGM resolutions for approval;
- Notifying the court in the event of over-indebtedness;
- Based on the proposal of the HRCC, approving the remuneration report and deciding on the proposals on the aggregate amount of remuneration of the members of the BOD and the members of the EMB to be submitted to the general meeting of the shareholders;
- Setting the conditions of the remuneration of the members of the BOD and of the EMB in the form of equity securities, conversion rights and option rights in accordance with article 30 and article 31 of the Articles of As- sociation, as well as reviewing and approving the general compensation and benefit policies including any long-term incentive compensation or equity plans and the allocation of benefits under such plans;
- Passing resolutions on subsequent payment of capital in relation with nonfully paid-in shares and on the increase of the share capital, to the extent it lies within the competence of the Board of Directors (article 651 para. 4 CO), as well as ascertaining the capital increases and the corresponding amendments of the Articles of Association;
- Examining the independence of the external auditors based on the preliminary work made in this respect by the FAC;
- Passing resolutions on contracts regarding mergers, spin-offs, conversions or transfers of assets according to the Swiss Mergers Act, as well as on contracts providing for annual costs or remuneration due by or to the Company of more than CHF 500'000;
- Granting and taking out loans and credits to fund the Company's activities, taking on exchange liabilities as well as providing collaterals, as long as CHF 1'000'000 in a particular case or CHF 10'000'000 in the financial year are exceeded;
- Deciding on the setting up, acquisition or disposal of subsidiaries, branches or offices as well as the purchase or sale of shares and/ or assets in other companies;
- Deciding on the acquisition, mortgage and disposal of land or real estate property, provided that the value of the concerned transaction exceeds the amount of CHF 1'000'000;
- Passing resolutions on the initiation and renunciation of legal actions and administrative proceedings and on the conclusion of settlements, except in respect of proceedings arising from the normal course of business and involving amounts not exceeding CHF 500'000;
- Appointing and removing as well as regulating the conditions of employment of the compliance officer (if any);

– Passing resolutions on unbudgeted capital expenditures ("CAPEX") and other unbudgeted expenditures which cannot be offset by savings on other (budgeted) expenditures; and
– Assessing the performance of the BOD, its committees and members.

3.8 Information and control instruments vis-à-vis the EMB

Medartis' BOD has put different information instruments in place to provide oversight and monitor the execution of responsibilities it has delegated to the EMB.

Medartis has a fully integrated Management Information System on the basis of an SAP powered Enterprise Resource Planning, which covers most of the business transactions of the Group's consolidated entities.

The BOD receives a detailed monthly sales report regarding the sales evolution by product line and by subsidiary, each as compared to the planned targets and prior years as well as comments on sales highlights.

Financial statements are submitted quarterly to and reviewed by the FAC. The Chief Financial Officer as well as the chairperson of the FAC present and comment the results in detail at the next meeting of the BOD.

On the occasion of every meeting, the BOD may request information, updates and reports from the Chief Executive Officer regarding the business of the company. It is also a part of the BOD' tasks to exchange regularly with the management as well as with the customers and the industry, e.g. visits to subsidiaries, customers or medical congresses.

In case of a specific occurrence (in the course of business or of an extraordinary nature) with significant business or financial relevance, the Chief Executive Officer is obliged to immediately inform the members of the BOD.

3.9 Risk management in the Group

The BOD is responsible for overseeing the Group's internal control system, which monitors all key controls in relation to a number of defined processes. The internal control system also provides reasonable assurance against inaccuracies and material financial loss.

Medartis has developed, implemented and maintains a quality management system to document best business practices throughout the Group, to ensure overall risk control, to better meet the needs and expectations of its customers and to improve the overall management of the Group. Medartis' continuous, iterative risk management process throughout the entire life cycle of Medartis' medical devices aims at high quality products, processes and related customer support.

The certified quality management system complies with all relevant medical industry standards. The scope of the quality management system, which is also specified in the company's EN ISO 13485:2016 certificate, relates to the design and development, manufacturing and distribution of implants and instruments for cranio-maxillofacial and extremities, the design and development of medical imaging, and simulation and design software.

Quality audits are an integral part of the Medartis quality management system and cover the control of established processes to meet all required regulatory medical industry standards. Internal audits are performed by trained internal auditors and contribute to the regulatory and technical aspects of EN ISO 13485:2016 on an annual basis. External audits are carried out independently by third parties. These include the notified body TÜV Rheinland, BSI (UK), and national or international authorities with a vested interest, such as the Food and Drug Administration FDA (USA), Swissmedic, Anvisa (Brazil), JPMDA (Japan). All potential findings from these audits are managed within Medartis' corrective and preventive action system.

The EMB regularly assesses strategic, operational and financial risks, resulting in an Enterprise Risk Management (ERM) matrix that is reviewed by the BOD. Actions to mitigate the identified risks, based on probability and severity, are taken and regularly monitored.

As part of the periodic review of all countries, all business, compliance and financial risks are also reviewed at country management level. The countries report these risks and mitigation strategies to the EMB. In addition, all major countries are regularly invited to the BOD' meetings where their individual risk and opportunity metrics are also discussed.

4. EXECUTIVE MANAGEMENT BOARD

4.1 Members of the Executive Management Board (EMB)

There were no changes to the Medartis Executive Management Board in 2023. The table below sets forth the name, year of birth, function and term of office of each EMB member as of the date of this Corporate Governance Report.

Name	Born	Nationality	Position	In position since
Dr. Christoph Brönnimann	1966	Swiss	Chief Executive Officer	2019
Anthony Durieux-Menage	1974	French	Chief Human Resources Officer	2019
Mareike Loch	1970	Swiss	Vice President EMEA	2020
Manuel Schaer	1970	Swiss	Chief Technology Officer	2020
Dr. Dirk Kirsten	1968	German & Swiss	Chief Financial Officer	2021
Mario Della Casa	1975	Italien & Swiss	Chief Operating Officer	2022

Dr. Christoph Brönnimann
Chief Executive Officer

Career highlights: Christoph Brönnimann has been CEO of Medartis AG since September 2019. Previously, he held various leadership roles in larger organisational units since 2005 at Synthes, e.g. responsible for the global integration of Stratec and Mathys, for global quality management, for international logistics and General Manager of Synthes Switzerland. At Johnson & Johnson, following its acquisition of Synthes, he headed the J&J ONE Medical Device unit for Germany, Switzerland and Austria. Prior to this, he was working at PwC in M&A consulting and corporate finance and began his career at Roche, where he worked in marketing and product management in the US from 1996 to 2000.
Qualifications: He holds a PhD in chemistry from ETH Zurich and completed a General Management Program at the Harvard Business School.

Dr. Dirk Kirsten
Chief Financial Officer

Career highlights: He joined Medartis in March 2021. Over the course of his long-dated career, Dirk Kirsten has held various senior management positions in the medtech, pharmaceutical and healthcare industries. These included the roles as CFO of Nobel Biocare (2008-2013), Group Treasurer of Syngenta (2004-2008) and Head Group Funding & Capital Markets of Roche Holding (2002-2004). Prior to that, he worked in global investment banking (UBS/ Deutsche Bank), where he also led various healthcare transactions (financing, M&A, capital markets). In 2013, Dirk Kirsten founded his own advisory boutique focusing on M&A, private equity as well as start-up financing and business development. As a proven financial expert with broad industry experience, Dirk Kirsten has a strong track record in international management, corporate finance and M&A.
Qualifications: Dirk Kirsten holds a PhD in Management & Economics from the University of Cologne and attended the international MBA program of the London Business School.

Anthony Durieux-Menage
Chief Human Resources Officer

Career highlights: CHRO (Chief Human Resources Officer) at Medartis AG since June 2019. Previously, he was Group HR Director at Swiss pharmaceutical company Acino and held management roles in HR and Operational Excellence at Novartis. In addition, he was production engineer at Ajinomoto in France and started his career at Lesaffre as a biochemistry engineer.
Qualifications: He holds a Master's degree in Biochemistry from the National Institute of Applied Sciences in Toulouse (France).

Mareike Loch
Vice President EMEA

Career highlights: At Medartis AG since August 2020. Mareike Loch has over 20 years of experience in the medical device industry. Prior to joining Medartis, she was Vice President EMEA for Trauma, Extremities, Foot & Ankle, Sports Medicine and Biologics at Zimmer Biomet. She spent 5 years in Singapore as Vice President APAC Marketing & Business Intelligence and prior to those 3 years as Senior Director Global Brand Management and responsible for the Hip and Knee segment in EMEA. Previous roles also include two years in Japan and various marketing and sales positions at Sulzer Medica.
Qualifications: She holds a Master's degree in product design from the Glasgow School of Art and a Master's degree in mechanical engineering from the University of Glasgow.

Manuel Schaer
Chief Technology Officer

Career highlights: At Medartis AG since November 2020. He joined Medartis coming from DePuy Synthes Johnson & Johnson, where he held various positions with increasing responsibilities over the past 23 years. Most recently he was a Senior Director in the EU MDR Program Management Office. Prior to that, he served as Senior Director Strategy & Process Improvement Supply Chain. In previous roles, he had various regional and global responsibilities in Research and Development and Technology Integration in the Spine business area, working with internal and external Teams as well as the Technical Commission of the AO. He started his career as Product Development Engineer and Product Manager at Stratec Medical (later Synthes-Stratec).
Qualifications: He holds a Master of Science in Mechanical Engineering and Biomechanics from the Swiss Federal Institute of Technology (ETH) in Zurich.

Mario Della Casa
Chief Operating Officer

Career highlights: Mario Della Casa has considerable international experience, has worked in FDA-regulated environments for many years, and has gained a great deal of experience in lean and change management. Before taking on his current role at Medartis in October 2022, Mario Della Casa served as Vice President Supply Chain and Operations EMEA at the US healthcare company Invacare Corp. In this role, he managed a group of employees the size of Medartis and oversaw four production sites in four different European countries. From 2010 to 2019, he worked as plant manager for Stryker in Selzach and Depuy Synthes in Mezzovico, Switzerland. He spent the first years of his career at the Fiat Group and progressed through positions of increasing responsibility in logistics and materials management.
Qualifications: Mario Della Casa is a mechanical engineer and has an Executive Master in Business Administration from the University of St. Gallen.

4.2 Other activities and vested interests

No member of the EMB has any other activities or vested interests in accordance with the directive outside of Medartis.

4.3 Permitted other activities

The number of external offices is stipulated as follows with binding effect in the Articles of Association:

Members of the EMB must not simultaneously hold more than three additional mandates in commercial enterprises, of which no more than one may be held in a listed legal entity.

Not subject to the above restrictions are:

a. Mandates in entities controlled by Medartis or controlling Medartis;

b. Mandates in entities upon request of Medartis; and

c. Mandates in associations, organisations and legal entities with a public or charitable purpose, foundations, trusts, as well as staff pension funds.

Mandates are defined as mandates in comparable functions at other companies with a commercial purpose . Mandates in different legal entities that are under unified control or have the same beneficial ownership are considered as one mandate. All members of the EMB are within the limits of external mandates stipulated by article 35 of the Articles of Association.

4.4 Management contracts

There are no management or service contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

The relevant information to compensation, shareholdings and loans can be found in the Remuneration Report Section of this Annual Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 Voting rights restrictions and representation

Each share entitles the holder to one vote. Persons who have participated in any way in the management of the company do not have the right to vote on resolutions concerning the discharge of the BOD.

Each shareholder may be represented by a third party who is authorised to act on the basis of a written power of attorney. This proxy does not necessarily have to be a shareholder. The requirements for powers of attorney and instructions are determined by the BOD.

6.2 Quorums required by the Articles of Association

The Articles of Association do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting. The Articles of Association do not contain quorums deviating from Swiss statutory law.

6.3 Convocation of the Annual General Meeting of shareholders

Under Swiss law, the AGM must be held within six months of the end of a company's preceding financial year. Shareholders' meetings may be convened by the BOD or, if necessary, by a company's statutory auditors or liquidators. The BOD is further required to convene an extraordinary shareholders' meeting if resolved at a shareholders' meeting holding in aggregate at least 5% of the company's share capital.

6.4 Inclusion of items on the agenda

Shareholders holding a total of at least 0.5% of the share capital may request that an item be included on the agenda of the Annual General Meeting or motions relating to items on the agenda be included in the notice convening the Annual General Meeting. If no deadline is specified in the company's notice, or if the company waives the publication of such notice, such request must be received by the company in writing at least forty-five (45) days prior to the meeting, stating the item to be discussed and the motions of the shareholder or shareholders.

No resolutions may be passed on motions relating to items not duly announced, except for motions to convene an extraordinary shareholders' meeting, to conduct a special audit and to elect an auditor at the request of a shareholder. No prior notice is required for motions relating to the items on the agenda and for negotiations without a resolution.

6.5 Entries in the share register

The company issues its shares as uncertificated securities (Wertrechte) within the meaning of article 973c CO and registers them as intermediated securities (Bucheffekte) within the meaning of the Swiss Federal Intermediated Securities Act. In accordance with article 973c CO, the company maintains a register of uncertified securities (Wertrechtebuch).

Voting rights may be exercised only after a shareholder has been recorded in the share register as a shareholder with voting rights up to a specific qualifying day designated each time by the BOD. New shareholders who register their shares in the register have the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account and fulfil certain other requirements.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 Duty to make an offer

The company's Articles of Association contain an opting-out provision in accordance with art. 125 paragraph 3 and 4 of the Swiss Financial Market Infrastructure Act (the "FMIA") and accordingly the obligation for an offeror to submit a mandatory public takeover offer pursuant to art. 135 and 163 FMIA is waived. Apart from this existing opting-out provision, there are no limitations regarding shareholder rights, i.e. with respect to admissibility and voting of shareholders.

The opting-out provision was adopted in the Articles of Association before the initial public offering as a safeguard to avoid an unwanted triggering of the duty to make an offer by the majority shareholder as a consequence of potential future changes in the company's issued equity capital, as stipulated by the Swiss legislation regarding mandatory takeover offers and based on the current practices of the Swiss takeover board.

7.2 Clauses on changes of control

With respect to the compensation of the EMB in connection with the occurrence of a change of control, the Articles of Association allow for the continuation, shortening or withdrawal of exercise conditions and periods and vesting periods, for the payment of compensation based on the assumption that the target values are achieved, or the forfeiture of compensation.

Other than provided in the LTI program as described in section 2.7 above, there are no agreements with the members of the BOD or the EMB in the event of change of control.

8. EXTERNAL AUDITORS

8.1 General information, duration of the auditing mandate and fees

The Shareholders' Annual General Meeting elects and appoints the Group's external auditors on an annual basis. Ernst & Young AG, Basel has been in this function since 2004 and was re-elected as statutory auditor for another term of office at the Annual General Meeting in 2023. In accordance with the rotation principle, the auditor in charge changed last year and Kaspar Streiff replaced Elisa Alfieri as of the Annual General Meeting 2023.

Ernst & Young AG submits a detailed report to the Finance and Audit Committee on the performance of the audit, the findings on significant accounting and financial reporting issues and on the internal control system. In 2023, EY attended four meetings of the Finance and Audit Committee, including meetings with the Finance and Audit Committee, without the EMB being present.

The total auditing fees charged by Ernst & Young AG in the year 2023 amounted to TCHF 278.4 (2022: TCHF 320.0). There were no additional fees charged by the auditing company for additional services in 2023.

The fees and their components are listed in the following table:

In TCHF	2023	2022
Audit fees	278.4	320.0
Transaction fees	0.0	10.0
Other services	0.0	0.0
Total fees	278.4	330.0

8.2 Information instruments pertaining to the external audit

The Finance and Audit Committee oversees the activities of the auditors and assesses the performance, remuneration and independence of the external auditor annually. The BOD proposes the election of the external auditor to the AGM based on the recommendation of the Finance and Audit Committee. The Finance and Audit Committee assesses the scope of the audit by the external auditor and the relevant procedures annually and discusses the audit findings with the external auditor. During the reporting year, 4 meetings were held with the representatives of the external auditor. For additional information see section 3.5.2 of this Annual report.

9. INFORMATION POLICY

Medartis is committed to an open, transparent and continuous information policy. In accordance with the rules of the SIX Swiss Exchange, the company publishes detailed financial results on a semi-annual basis, in an Annual Report in the first months of each year and a semi-annual financial statement pursuant to Art. 49 and Art. 50 of the Listing Rules (LR). The reports are discussed in detail at special investor and journalist events, which take place either physically or virtually. The event calendar incl. the reporting dates as well as an archive of all reports, media releases and other ad-hoc relevant publications are available on the investor relations section of the Medartis website. Reports on the course of business and the business environment are presented at the Annual General Meeting, and the voting results are published on the company's website. The most important dates known at the time of publication of this report are also listed on the penultimate page of this Annual Report.

In the case of significant events, such as for example M&A transactions, partnership or financial transaction, the company also publishes additional ad-hoc information pursuant to Art. 53 LR.

The CEO, CFO and Corporate Communications are responsible for communicating with investors, representatives of the financial community, journalists, and other stakeholders. In addition to the publication of results and the Annual General Meeting, the company also regularly participates in country or sector (non-deal) conferences. Whenever possible and appropriate, meetings with investors are organised via video conferencing technology to reduce carbon emissions and travel costs. In between, however, physical meetings are also held at the investors' premises (roadshow) or at Medartis' headquarters. An overview of upcoming events can be found on the company's website, where you can also find the most resent list of stock brokers that cover the Medartis company. Important note: All banks listed are completely independent of Medartis and receive no compensation from the company for publishing their research reports. Therefore, the trading recommendations are to be considered completely free and there is no conflict of interest.

At the time of publication of this Annual Report, the following banks / sell-side analysts actively covered Medartis:

Bryan Garnier & Co.
Maria Vara
+33 785 986 503
mvara@bryangarnier.com

Octavian
Sandra Dietschy
+41 44 518 08 27
sandra.dietschy@octavian.ch

Research Partners AG
Alexander Burgansky
+41 44 533 40 30
alexander.burgansky@researchpartners.ch

Stifel Nicolaus Europe Ltd.
Dylan Van Haaften
+44 2 0771 07462
dylan.vanhaaften@stifel.com

Zürcher Kantonalbank (ZKB)
Edouard Riva
+41 44 292 20 05
edouard.riva@zkb.ch

To stay up to date, the company offers retail and institutional investors a media release subscription service on its homepage and ensures that investor-relevant releases are circulated broadly and in a timely manner according to the rules of the SIX Swiss Exchange and with due regard for the principles of fair disclosure. The company does not update its releases, reports and presentations, which means that the information they contain is only valid at the time of publication.

This Annual Report including a remuneration and corporate governance report is a key instrument for communicating with various stakeholder groups. It is published electronically in English on the company's website, where it can also be downloaded. An abridged version of the annual report is distributed to all registered shareholders prior to the AGM.

The press and investor relations office can be reached at the following address:

Investor Relations Office:
investor.relations@medartis.com
Phone: +41 61 633 37 36

Media Office:
corporate.communication@medartis.com
Phone: +41 61 633 37 34

Medartis AG
Hochbergerstrasse 60E
CH-4057 Basel
medartis.com

10. TRADING BLACKOUT PERIODS

According to our "Insider Trading Guideline", certain employees who have access to material non-public information on a regular basis are designated as "Covered Persons" and are banned from trading in Medartis securities during the regular blackout periods. In any case, this group includes the BOD, the EMB as well as their direct reports and support staff, all employees of the Business Development, Legal, Corporate Communications as well as employees in the Finance and Treasury department with access to consolidated accounts, all local General Managers as well as the regional Finance Directors and key sales functions with access to aggregate sales information. On a case-by-case basis, persons who have knowledge of certain special projects may also be classified as Covered Persons and will be prohibited from trading with Medartis securities during the blackout periods.

Limited exemptions for the exercise of options apply if such exercise is based on a binding contract, delayed buy and sell orders or a written incentive plan that was entered into at a time when the Covered Person did not possess relevant insider information. Our regular reporting blackout periods start at the end of each semester and last until the public announcement of the financial figures for that period.

Since 2023 and until the publication of this report, the following blackout periods applied:

- December 31, 2022 until the presentation of the 2022 full-year results on March 14, 2023
- June 30, 2023 until the presentation of the 2023 half-year results on August 15, 2023
- December 31, 2023 until the presentation of the 2023 full-year results on March 12, 2024

Remuneration Report

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Remuneration Report

The present remuneration report of Medartis Holding AG sets out the guiding basic remuneration principles, the governance rules around compensation decisions, the current compensation architecture and elements, as well as the actual remuneration paid and/ or allocated to the Board of Directors (BOD) and the Executive Management Board (EMB) for the reported year.

It is in compliance with the Swiss Stock Corporation Act, Medartis' Articles of Association and, with respect to compensation disclosure, Article 5 of the appendix to the SIX Exchange Regulation Directive on Corporate Governance (DCG) and section 38 of appendix 1 of the Swiss Code of Best Practice for Corporate Governance.

1. BASIC REMUNERATION PRINCIPLES

Medartis' remuneration system underpins the group's commitment to attract, engage and retain the best talents within the industry. The Articles of Association of Medartis Holding AG stipulate the following basic principles:

- BOD (Article 30): The remuneration of the members of the BOD consists of a fixed compensation, which is paid in cash and/or in the form of shares. It may comprise other compensation elements and benefits.
- EMB (Article 31): The remuneration of the EMB consists of fixed remuneration elements (comprising base salary and possibly other remuneration elements and benefits) and variable compensation elements (consisting of short-term and/or long-term compensation components). The variable components may be paid in cash and/or shares, options or other equity-based instruments.
- Approval by the AGM (Article 16): The AGM approves annually, on a binding basis and at the request of the BOD, the aggregate amounts of the fixed remuneration of the BOD for the period up to the next AGM, and of the EMB for the next full financial year following the year of the AGM. The General Meeting further approves annually the total amount of variable remuneration elements (short-term and long-term) for the EMB for the current financial year in a binding and separate manner.
- Additional amount for newly appointed members of the EMB (Article 32): Should new members of the EMB be appointed after the resolution of the AGM, an additional amount of up to 140% of the latest CEO total compensation in case of a new CEO appointment, and/or up to 140% of the latest average group executive's total compensation in case of appointment of other new members of the EMB, may be granted according to Article 32 of the Articles of Association. In addition, and based on the same Article, buy-out awards in the amount of up to CHF 1'000'000 to a newly appointed CEO and/or up to CHF 500'000 for other newly appointed members of the EMB may be granted in order to compensate the newly appointed executives for the loss of deferred compensation elements with their previous employer. The AGM does not vote on the additional amount used according to Article 32 of the Articles of Association.
- No loans, credits, additional pension benefits (Article 33): Members of the BOD and EMB may not be granted any loans, credits or pension benefits outside the scope of occupational benefits, except for loans up to CHF 250'000 per individual to bridge-finance legal costs.
- Maximum contractual terms (Article 36): Employment contracts with members of the EMB may be concluded for a fixed term of up to 1 year, or for an indefinite term with a notice period of up to 1 year.

2. REMUNERATION GOVERNANCE AND PROCESSES

The overall responsibility for the implementation of the statutory remuneration principles lies with the BOD.

Duties and Responsibilities

According to the HRCC Charter (Article 3) and the Articles of Association of Medartis Holding AG (Article 27), the HRCC assists the full BOD in the following tasks:

Annual General Meeting (AGM)
(a) Presenting motions to the BOD in view of the next ordinary Annual General Meeting (AGM) with respect to the aggregate amount of remuneration of the directors and of the members of the executive management of the Company;

(b) Assisting the BOD in the preparation of the remuneration report, to be adopted by the Board and then disclosed to the shareholders of the Company at the next ordinary AGM;

(c) Implementing the resolutions passed by the AGM with respect to the aggregate amount of remuneration of the members of the Board and the members of the executive management of the Company;

Remuneration
(d) Reviewing the principles, programs and targets for compensation of the Board, the CEO and the executive management and submitting them to the Board for approval; thereby ensuring that the compensation paid by the Company is based on market and performance-related criteria;

(e) Preparing proposals concerning the compensation of the BOD, the CEO and the executive management, and submitting them to the Board for approval and submission to the next ordinary AGM;

Equity Plans
(f) Assisting the BOD in the setting up of the conditions for the granting, the assignment, the blocking, the exercise and the expiry of the remuneration of the members of the Board and of the executive management in the form of equity securities, conversion rights and option rights in accordance with Article 28 and Article 29 of the Articles of Association, as well as assisting and advising the Board in the review and approval of general compensation and benefit policies including any long-term incentive compensation or equity plans;

Human Capital
(g) Conducting an annual review of the organization's Human Resource strategic plan to ensure congruence with the Company's broader strategic plan, which includes a review of:

- recruitment and selection
- talent management
- performance management and
- corporate culture

(h) Annually reviewing the performance of the CEO and the EMB in fulfilling the set strategic objectives;

(i) Conducting forward-looking discussions of how human capital requirements are affected by evolving corporate strategy and external landscape changes (technology, competitors, labour market);

Nomination
(j) Regularly reviewing the structure, size and composition (including the skills, knowledge and experience required) of the BOD compared to its current position and submitting recommendations to the BOD with regard to any changes;

(k) Assessing candidates for the CEO role and submitting a proposal to the BOD for approval;

(l) Discussing the CEO's proposals for appointments to the executive management with the CEO and submitting such proposals to the Board for approval;

Other
(m) Annually reviewing and pre-approving the schedule of services and fees the Company plans to ask the compensation consultants to render in the upcoming year, as presented to the Committee by management, and ensuring that the independence of the compensation consultants is maintained.

The HRCC is entitled to conduct investigations in all matters of its competence. In well-founded cases, it shall in particular have full access, to the extent required for the accomplishment of its duties, to the Company's EMB, employees, books and records.

To the extent required for the accomplishment of its duties, the HRCC may request the services of independent advisors and experts. Details on the constitution of the BOD and of the HRCC, as well as regarding further details such as, for example, maximum number of external mandates, can be found in Medartis' corporate governance report.

The BOD or the HRCC determine annually the performance values and the variable short- and long-term compensation elements, their amount and attainment, as well as the allocation conditions, vesting conditions and periods, as well as any blocking periods and expiration conditions in accordance with the compensation plan regulations.

The HRCC and the BOD determines, on an annual basis, the amount of the remuneration of the individual members of the BOD, including its Chairman, subject to and within the limits of the maximum total amount approved by the AGM. All decisions are subject to Medartis' conflict of interest policy as put forward in the Organizational Regulations (Article 35).

Remuneration to the CEO is recommended by the HRCC and determined by the BOD on an annual basis, subject to and within the limits of the maximum total amount approved by the AGM. Remuneration to the other members of the Executive Board is recommended by the CEO, reviewed by the HRCC and determined by the BOD, on an annual basis, subject to and within the limits of the maximum total amount approved by the AGM.

The HRCC meets upon calling of its chairman as often as required for the fulfilment of its duties, but at least three times a year as defined in Article 6 para. 1 and 2 as well as Article 9 of the Organizational Regulations. The chairman of the HRCC can invite persons other than committee members to attend all or a portion of a meeting. Invited persons shall not participate in the discussions or deliberations of the HRCC unless invited to do so, and shall not be entitled to vote.

The HRCC reviews the compensation package of the members of the EMB annually and proposes to the BOD any adjustments. As a base for this work the HRCC assesses compensation packages in similar companies. To build the compensation benchmark the following surveys and reference databases were used: Klingler Survey for Executive members for similar companies in the worldwide MedTech industry as well as worldwide players in Health Care with a similar size (in terms of employees and/or revenue).

As per Article 23 para. 1 of the Organizational Regulations, the discussions of the HRCC must be summarized and its decisions recorded in minutes signed by the chairman (or chairing member) thereof and by the person taking such minutes. Article 13 of the Organizational Regulations shall apply by analogy. Every member of the Board shall receive a copy of the minutes of every meeting of the HRCC.

Decisions of the HRCCs and proposals to the BOD can also be made by way of approval of a written resolution circulated to the members of the HRCC. Article 12 of the Organizational Regulations shall apply by analogy.

On the occasion of every meeting of the BOD, the HRCC shall inform the BOD of its activities. As per Article 23 para. 3 of the Organizational Regulations, circular resolutions must be reflected in the minutes of the next HRCC meeting. In case of emergency, the BOD members shall be informed immediately via the chairman.

As set out above, the AGM approves the total remuneration amounts to the BOD and to the EMB on an annual basis and in a binding manner. The BOD values the dialogue with shareholders and is considerate of their views about executive compensation when reviewing compensation principles. Against this background, the BOD voluntarily submits the compensation report to a consultative vote at the AGM. This vote allows shareholders to express their opinion on the compensation system, compensation disclosure as well as remuneration paid and granted in the past financial year. The remuneration practices are further guided by the basic principles determined in Medartis' Articles of Association, as mentioned above.

3. COMPENSATION ARCHITECTURE AND ELEMENTS

3.1 Board of Directors (BOD)

For their non-executive services in the Board, its members receive a fixed basic compensation, which may be paid in cash and/or in the form of shares, based on the responsibilities and time requirement of their functions within the Board or its committees, without any entitlement to performance-related compensation. There are no additional meeting fees for BOD memberships. This ensures that the BOD remains independent while exercising its supervisory duties towards the EMB.

The amount of fees for each function of the BOD is determined annually, considering the market compensation trends and comparisons with other listed life science companies of similar size which operate internationally. Members of the BOD who also serve in an executive capacity receive a separate remuneration for function, which is disclosed accordingly below in the section on the EMB. In 2023, no BOD member held an executive function. The roles and responsibilities of the individual Board members are described below:

Board of Directors
(7 members)

Chairman: Marco Gadola
Vice Chairman: Dr. h. c.Thomas Straumann
Members: Dr. med. Daniel B. Herren, Willi Miesch, Ciro Römer, Damien Tappy, Nadia Tarolli Schmidt

Finance & Audit Committee	HR & Compensation Committee	Strategy & Innovation Committee
Chairman: Nadia Tarolli Schmidt Members: Ciro Römer, Damien Tappy	Chairman: Damien Tappy Members: Dr. med. Daniel B. Herren	Chairman: Willi Miesch Members: Dr. med. Daniel B. Herren, Ciro Römer, Dr. h. c. Thomas Straumann
Main activities – Financial Health – Risk Management – Legal & Compliance – M&A and Alliances (Legal and Agreements)	**Main activities** – Nomination – Compensation – Human Capital – Culture	**Main activities** – Growth initiatives and growth management – Innovation – Technology – M&A

Board Structure Medartis Holding AG as of AGM 2023

Main principles of the plan which manages the calculation and allocation of the Medartis Restricted Shares for the members of the BOD

Unless otherwise determined by the Board, the allocation date shall be within 30 days from the AGM at which the compensation to the BOD for the respective period was approved.

Immediately before the allocation date, the equivalent of the Board fees that a member of the BOD elected to receive in the form of shares instead of cash shall be converted into a number of Medartis restricted shares ("RS") as set out below. The remaining part of the Board fees continues being paid out in cash according to the usual processes and timelines.

The equivalent of the Board fee that a member of the BOD elected to receive in the form of shares shall not be paid out in cash, but shall instead be converted into a number of RS, by dividing such amount by a share value that equals 85% of the volume-weighted average price of a Medartis share over a period of 20 trading days ending with the last trading day before the AGM that triggers the allocation date:

$$\frac{\text{selected Board Fee portion}}{\text{85\% * (20-day volume-weighted average Share price)}} = \text{number of RS allocated}$$

The allocated RS under the current Plan are subject to a Restriction Period, the duration of which will be determined by the Board and set out in the Election Form. The Restriction Period starts on the Allocation Date. The RS are allocated during the 30 days after the AGM with a discount of 15% and are subject to a Restriction Period of 2 years. There are no contractual share ownership requirements for BOD members.

Depending on the contractual setup and individual circumstances, the remuneration paid to members of the BOD may be subject to VAT or statutory social security contributions.

3.2 Executive Management Board (EMB)

a. Overview

The remuneration of the EMB (CEO and other members of group management) consists of a fixed base salary, an annual, performance-based short-term incentive (STI), a long-term incentive plan (LTI) in the form of restricted share grants, and other benefits (e.g. company car, car allowance, long-service bonus or family allowance).

There were no relevant changes to the remuneration structure for the EMB in 2023. Details on each compensation component are set out below.

b. Fixed base salary

The fixed base salary depends on the function, the qualification and the professional experience of the respective individual.

c. Annual short-term incentive (STI)

The STI scheme focuses on rewarding individuals based on company and regional performance and incentivizes growth and cost discipline. When performance targets are met, the annual STI bonus is paid in cash in the first half of the following year. At target, the annual STI for the CEO is 75% of his (gross) base salary. This is unchanged versus previous year. If the other EMB members meet 100% of their performance criteria, their STI share ranges from 31% to 44% of their individual's annual gross base salary. In 2022, this range was between 27% and 45%. The base salarys as well as the STI target value is determined individually for each member of the EMB and is reviewed in a benchmarking process once per year, considering peer companies and benchmarks.

The performance metrics used for the STI are total company net sales, OPEX, EBITDA, Capital Employed as well as regional net sales. The latter applies to senior executives who have regional sales responsibility. OPEX, EBITDA and Capital Employed are measured relative to actual net sales. These metrics are considered to be the most critical and sustainable value drivers of the company. This means, for example, that higher OPEX expenses than planned in the budget can be offset by higher than planned net sales. The same logic applies in the opposite direction, of course. The weighting of each of those four performance measures varies per person and is determined at the beginning of each year in the annual performance agreements. There are no individual performance targets at this stage.

For each metric, the CEO determines and the BOD approves the annual target and maximum performance levels in advance and in line with the budget process for the subsequent financial year and

with the long-term strategy. Each performance indicator's target achievement, multiplied by its weighting and by the individual's target amount for the short-term incentive, determines the actual payout. The maximum STI payout is capped at 200% of the target.

For the OPEX, EBITDA and Capital Employed performance metrics:

- If 100% of the performance objectives are achieved, 100% of the target amount is paid out.
- For each percentage point that the performance achievement level is above or below the performance targets, the payout is reduced or increased by 20%. This means, for example, that only a target achievement of over 95% will result in a payout. The 95% threshold therefore represents the minimum performance floor. The progression is linear, which explains that each percentage point above this threshold increases the STI by 20%.

For the Net Sales performance metrics:

- A 10% growth threshold compared to the prior year must be achieved for any STI partial amount to be paid out.
- If an 18% growth compared to the prior is achieved, 100% of the corresponding STI partial amount is paid out. This level of growth has been selected in alignment with the upper range of the external guidance that has been communicated.
- Above an 18% growth level, the payout curve is linear and capped at 200%.

d. Long-term incentive (LTI)

The amount of this long-term compensation is determined individually for each participant, generally at the discretion of the BOD. It is reviewed once a year and may be subject to fluctuations.

According to the plan, the BOD at its sole discretion may determine the grant amount for members of the EMB, which will be converted into a number of granted Restricted Shares (RS), subject to a 2-year restriction period for Swiss-Residents or a number of Restricted Stock Units (RSUs), subject to a 1-year vesting and an additional 1-year blocking period for non-Swiss residents.

Allocation of RS (for Swiss Tax-Residents) or RSUs (for non-Swiss Tax-Residents) granted for any calendar year will take place within two business days after the AGM of the following calendar year. At the end of the restriction period (2 years for both plans), participants have the right to freely dispose of the shares.

The LTI grant amounts for 2023 will be allocated to EMB members following the AGM of 2024. The LTI compensation amount disclosed in the audited tables in section 4 show the allocated LTI grant amount for 2023.

The number of RS/RSUs is calculated as follows:

$$\frac{\text{Grant Amount}}{\text{75\% * (20-day volume-weighted average Share price)}} = \text{number of RS/RSUs allocated}$$

As of 2021, Medartis implemented two Employee Share Purchase Plans (ESPP-S and ESPP-STI) as an additional compensation element:

- Employee Share Purchase Plan for STI (ESPP-STI): EMB members can invest all or part of their STI payout in Medartis shares with a discount of 25% and subject to a 2 year blocking period. The shares are dividend-bearing from the day of acquisition. The BOD is not eligible for this program. The number of shares is calculated by applying the 20-day Volume-Weighted Average Price (VWAP) before the allocation date. One out of the six EMB members have profited from the ESPP-STI in 2023 and acquired a total of 1'189 shares at a price of 67.25 Swiss francs. These shares are blocked until H2 2025.
- Employees from 7 countries (Switzerland, Germany, Austria, Spain, France, UK and USA) who have worked for the company for at least one year can also purchase a limited amount of shares on the same terms. This is another element to promote company affiliation and entrepreneurship.

Shares required under the share based compensation elements may be made available, at the discretion of the BOD, by capital increase, treasury shares or purchase of shares in the market. Further details on conditional capital are set forth in section 2.2 of the Corporate Governance report.

Starting from 2024, a new LTI plan dedicated to EMB members will be introduced. This plan was developed with and approved by the Board of Directors. The aim of this new long-term incentive plan is to support further fostering long-term value creation for the Company and being more aligned with shareholders' interests and market practice. The 2024 LTI plan will consist of an allocation of RSUs representing 75% of the total grant value and PSUs representing the remaining 25%. The PSUs vesting multiple will range between 0% and 200% and will be solely determined by the achievement of the simplified cashflow KPI over a 3 year period. The simplified cashflow is calculated as the difference between the EBITDA and the sum of Accounts receivable increase, set investments, other inventory

increase and total CAPEX. The RSUs will vest on a graded schedule (1/3 each year). Starting from the 2025 allocation, the allocation of RSUs and PSUs will each represent 50% of the total grant value.

e. Other elements and comments

Members of the EMB participate in the benefits plan available in the country of their employment contract. Benefits consist mainly of retirement, insurance and health care plans that are designed to provide a reasonable level of protection for the employees and their dependents with respect to retirement, risk of disability, death and illness / accident. Medartis' pension benefits under Swiss contracts exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and are in line with what other international industrial companies offer.

Out-of-pocket expenses incurred to executives in connection with their employment services for Medartis and duly reimbursed by Medartis in accordance with the applicable regulations are not considered to be compensation subject to approval and are not further considered for the below compensation tables.

Each EMB member is entitled to the following fringe benefits: a company car (or car allowance), a family allowance (if eligible), seniority gifts and wedding bonus. There are no contractual share ownership requirements for the EMB members, but with the current remuneration system, share ownership is encouraged over time. The actual direct and indirect EMB compensation in the current and previous year is shown in the tables underneath.

4. ACTUAL REMUNERATION FOR THE REPORTED YEAR

This section contains:

(a) the actual compensation paid to the BOD for the period between AGM 2023 and 2024;

(b) the actual compensation paid to the EMB for 2023;

(c) other compensation-related information under the OaEC;

(d) a general pay-for-performance review;

(e) comments on the alignment between paid and pre-approved amounts;

(f) information on shareholdings of members of the BOD and of the EMB;

(g) Information on memberships on other Boards of member of the BOD and EMB.

Subsections (a), (b), (c) and (g) are subject to external audit according to the Swiss Stock Corporation Act requirements.

a) Remuneration of the BOD

The table shows the compensation paid to members of the BOD for the period between the AGM 2023 and the AGM 2024. The total compensation for the BOD outlined in the table is within the range approved by the AGM 2023.

Comments:

- "Fixed board fee (cash)": Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- "Social security contributions": Company contributions to social security and occupational pension schemes, as far as applicable.
- The valuation of Restricted Shares is determined by the closing share price average of 22 March 2023 – 20 April 2023 in-line with the Restricted Share Plan for the Board.

BOD compensation in CHF (audited table):

	Fixed board fee (cash)	Social security contributions	Restricted Shares	Restricted share discount[1]	Total
Marco Gadola Chairman of the BOD	375'000 *375'000*	36'114 *36'541*	125'000 *125'000*	31'944 *8'402*	568'058 *544'943*
Thomas Straumann Vice-Chairman of the BOD	229'021 *228'773*	62'953 *63'529*	0 *0*	0 *0*	291'974 *292'303*
Willi Miesch Chairman of the SIC	150'000 *150'000*	11'680 *11'736*	0 *0*	0 *0*	161'680 *161'736*
Nadia Tarolli Chairman of the FAC	112'500 *112'500*	11'974 *11'601*	37'500 *37'500*	9'554 *2'544*	171'527 *164'145*
Ciro Römer Member of the FAC Member of the SIC	50'000 *50'000*	0 *0*	50'000 *50'000*	12'763 *3'315*	112'763 *103'315*
Daniel Herren Member of the SIC Member of the HRCC	100'000 *50'000*	7'800 *7'642*	0 *50'000*	0 *3'315*	107'800 *110'956*
Damien Tappy Chairman of the HRCC Member of the FAC	0 *0*	0 *0*	150'000 *100'000*	38'288 *6'745*	188'288 *106'745*
Total all members	**1'016'522** ***966'273***	**130'520** ***131'049***	**362'500** ***362'500***	**92'548** ***24'321***	**1'602'090** ***1'484'143***

[1]The BOD remuneration may be drawn in the form of Medartis shares at a discount of 15% in addition to the share appreciation at allocation date.

Values in italics represent data for the period between the AGM 2022 and the AGM 2023.

The increase of Damien Tappy's compensation is a result of his appointment as the new Chairman of the HRCC at the AGM 2023.

Former members: Dominik Ellenrieder stepped down at the AGM 2023. His total compensation for the period between the AGM 2022 and the AGM 2023 was CHF 150'000.

b) Remuneration of the EMB

The table shows the compensation paid to the CEO and other members of the EMB for 2023 and 2022. End of 2023, the EMB consists of the CEO and five additional EMB members. The total compensation listed underneath is within the range approved by the AGM 2023.

EMB compensation in CHF (audited table):

	Fixed compensation Base salary	**Variable compensation (cash)** Annual short-term incentive (STI)	**Variable compensation (equity)** Long-term incentive (LTI – Buy-out awards, ESPP)	**Other compensation** Social security contributions and fringe benefits	**Total**
Christoph Brönnimann CEO	500'000	558'294	500'000	308'643	1'866'937
	500'000	*250'026*	*790'540*	*308'831*	*1'849'307*
Other members of the EMB	1'427'171	705'434	523'455	703'545	3'359'606
	1'794'698	*395'581*	*648'218*	*808'715*	*3'647'212*
Total EMB	**1'927'171**	**1'263'728**	**1'023'455**	**1'012'188**	**5'226'543**
	2'294'698	***645'607***	***1'438'668***	***1'117'546***	***5'496'519***

Values in italic represent data for 2022

Comments:

- "Fixed base salary": Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- "Annual short-term incentive (STI)": Amounts based on the performance in 2023, payable in 2024. Gross amounts before deduction of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable.
- "Long-term incentive (LTI)": As further explained in section 3.2 d), the disclosed amounts are LTI grant amounts for 2023 (though not converted into restricted shares yet), plus step-up in value deriving from the use of a 25% reduced conversion price. Gross amounts before deductions of employee contributions to social security, occupational pension schemes and other mandatory charges, as far as applicable. In 2023, the LTI part of the CFO does include the amount related to the 2023 part of his buy-out awards. The mechanism of this buy-out award has been described in the 2021 remuneration report for the CFO. The LTI section does include as well the advantage from the shares acquired at 25% discount by EMB members with the ESPP-STI plan.
- "Social security contributions and fringe benefits": Company contributions to social security and occupational pension schemes, as far as applicable. This column further includes the value of fringe benefits, consisting of company car (or car allowance), family allowance (if applicable), health insurance (if applicable), seniority gifts (if applicable) or any benefits defined in a severance package.

c) Other compensation-related information under the OaEC

For the reporting period, no compensation other than listed above in a) and b), respectively, was paid or granted to members of the BOD and EMB. No further compensation was paid or granted to former members of the BOD or EMB apart from the amounts listed above.

No loans or credits were granted to current or former members of the BOD and EMB. No such loans or credits were outstanding at the balance sheet date.

No compensation, loans or credits were paid or granted at non-market conditions to persons closely associated with current or former members of the BOD or EMB. No such loans or credits were outstanding at the balance sheet date.

In accordance with local market practice, a financial severance payment of more than six months was agreed with the former US President who was part of the EMB.

d) Performance-related compensation: General pay-for-performance review

In 2023, the weightings for the different metrics for the annual short-term incentive of members of the EMB have been:

Weighting of STI performance criteria	Company Net Sales	Company OPEX	Company EBITDA	Company Capital Employed	Regional Net Sales	Regional OPEX	Regional Capital Employed
CEO	50%	30%	20%	n.a.	n.a.	n.a.	n.a.
CFO, CTO, CHRO	50%	30%	20%	n.a.	n.a.	n.a.	n.a.
COO	25%	50%	n.a.	25%	n.a.	n.a.	n.a.
VP EMEA	20%	n.a.	n.a.	n.a.	50%	15%	15%

Consequently and in total, the 2023 STI payout to members of the EMB (excl. CEO) equals CHF 705'434 (previous year CHF 395'581) as stated in the table above. As a percentage of the fixed (base) salary, this represents 49% (previous year: 22%). For the CEO, the STI payout of CHF 558'294 (previous year: CHF 250'026) represents 112% of the base salary (previous year: 50%).

In 2023, the grant value of restricted shares under the LTI was CHF 523'455 (previous year CHF 648'218) for the entire EMB (excl. CEO) and CHF 500'000 for the CEO (previous year: CHF 790'450). Combining the STI and the LTI and excluding the buy-out award and advantages of the ESPP plan of the CEO, his total variable compensation for 2023 amounted to 212% of his base salary (previous year: 150% excluding the buy-out award and 208% including the buy-out award). This is the total pay mix for the regular compensation elements. The aggregate variable compensation (STI and LTI) for 2023 represents 86% (previous year: 51%) of the fixed base salary for the entire EMB (excl. CEO).

The main difference in the EMB remuneration between 2023 and 2022 is the higher STI target achievement. For EMB members and the CEO, this translated into an STI payments ranging from 95% to 149% of the target amount.

e) Alignment with pre-approved maximum amounts (audited)

At the AGM 2022 and 2023 the Medartis shareholders have determined and approved the following maximum compensation amounts:

Compensation for the BOD for the period from the AGM 2023-2024:	CHF 2'034'016
Fixed base salary to the EMB (incl. CEO) for the business year 2023:	CHF 4'587'145
Variable compensation to the EMB (incl. CEO) for the business year 2023:	CHF 6'095'962

Board of Directors:
As shown in the remuneration table above, the total compensation (subtotal fixed board fee and social security contributions) of the BODs for their services in the 2023 financial year amounted to CHF 1'602'090 (CHF 1'634'143 in 2022). This is within the amount pre-approved by shareholders at the 2023 AGM CHF 2'034'016).

Fixed remuneration for the EMB:
The fixed remuneration paid to all EMB members in 2023 amounted to CHF 2'470'598. The shareholders approved in the AGM 2023 a total fix compensation (base salary) of CHF 4'587'145 for the January-December 2023 period. The actual amount is therefore within the approved range.

Variable compensation for the EMB:
The total variable remuneration in 2023, consisting of STI and LTI, amounted to a total of CHF 2'755'946 (CHF 2'501'255 in 2022). Also this value is well below the maximum amount of CHF 6'095'962 approved by the Medartis shareholders.

f) Shareholdings of members of the Board of Directors and of the EMB

(audited table)

The following table discloses the number of shares held by the Board of Directors, the Executive Management Board and individuals related to them.

	Shares held by the member	Shares held by related party	Total shares	Total shares
Board of Directors	**31 Dec 2023**	**31 Dec 2023**	**31 Dec 2023**	**31 Dec 2022**
Dr. h.c. Thomas Straumann	5'624'430	4'010	5'628'440	5'628'440
Willi Miesch	617'917	-	617'917	617'917
Damien Tappy1)	25'365	778'337	803'702	25'365
Marco Gadola	8'841	-	8'841	12'132
Dr. Med. Daniel B. Herren	1'493	-	1'493	1'493
Nadia Tarolli Schmidt	982	-	982	347
Ciro Roemer	1'309	-	1'309	462
Total	**6'280'337**	**782'347**	**7'062'684**	**6'286'156**

[1)] 778'337 shares held by Endeavour Medtech Growth

	Shares held by the member	Shares held by related party	Total shares	Total shares
Executive Management Board	**31 Dec 2023**	**31 Dec 2023**	**31 Dec 2023**	**31 Dec 2022**
Christoph Brönnimann	36'500	199	36'699	31'847
Mareike Loch	7'265	-	7'265	4'443
Anthony Durieux-Menage	775	-	775	1'127
Manuel Schär	2'307	-	2'307	962
Dirk Kirsten	3'971	-	3'971	1'477
Mario Della Casa	364	-	364	-
Total	**51'182**	**199**	**51'381**	**39'856**

g) Medartis Board of Directors and EMB – memberships on other Boards

(audited table)

No EMB has an external mandate.

The following table includes external mandates of the members of the BOD at other companies with an economic purpose in line with the disclosure requirement under Article 734e OR and in line with requirements under Section 3.2 and Section 4.2 of the Annex to Directive on Information relating to Corporate Governance of SIX.

Board member	Listed companies	Private companies	Not-for-profit organisation	Role or function
Marco Gadola	DKSH Holding AG			Chairman
	MCH Group			Vice Chairman
	Straumann Holding AG			Board member
		Bühler Group		Board member
		AVAG Anlage und Verwaltungs AG		Board member
		WS Audiology Ltd DK		Chairman
			Schweizerische Management Gesellschaft	Advisory Board member
			Swiss American Chamber of Commerce	Advisory Board member
			Basel Chamber of Commerce	Board member
Thomas Straumann	Straumann Holding AG			Board member
		Centervision AG		Chairman
		CHI Classics Basel Ltd		Chairman
Willi Miesch		SCEWO AG		Board member
		MTIP		Advisory Board member
			International Bone Research Association (IBRA)	Board member
Nadia Tarolli Schmidt	Straumann Holding AG			Board member
	Basellandschaftliche Kantonalbank (BKB)			Supervisory Board member
		EGK Eidgenössische Gesundheitskasse		Board member
		Parkresort Rheinfelden Holding AG		Board member
		IKEA Pension Fund		Supervisory Board member
		Genossenschaft Stadion St. Jakob-Park		Board member
		BiomedVC AG		Board member
			Nordic Cultural and Educational Foundation	Supervisory Board member

Board member	Listed companies	Private companies	Not-for-profit organisation	Role or function
Ciro Roemer		Warburg Pincus LLC		Strategic advisor
Dr. med. Daniel B. Herren[1]	-	-	-	-
Damien Tappy		Endeavour Vision		Chairman
		CeQur		Board member
		Polares		Board member
		L'Enfance		Board member
		Hôpital de la Tour		Board member
			Fondation du Domaine de Villette	Member of the Foundation Council

[1]No memberships on other Boards

Report of the statutory auditor

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To the General Meeting of
Medartis Holding AG, Basel

Basel, 8 March 2024

Report of the statutory auditor on the audit of the remuneration report

Opinion
We have audited the remuneration report of Medartis Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 107 to 112 of the remuneration report.

In our opinion, the information pursuant to Art. 734a-734f CO in the remuneration report (pages 107 to 112) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the remuneration report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked "audited" in the remuneration report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report
The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the

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preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

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Medartis Group Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET (1/2)

(AT 31 DECEMBER 2023)

(in CHF thousands)	Notes	31 December 2023	31 December 2022
Assets			
Current assets:			
Cash and cash equivalents		25'201	20'605
Accounts receivable trade	7.1	40'476	39'931
Accounts receivable other	7.1	5'664	5'432
Income tax receivables		439	160
Inventories	7.2	68'301	69'903
Prepaid expenses	7.3	1'338	1'850
Total current assets		**141'419**	**137'881**
Non-current assets:			
Property, plant and equipment	7.4	54'080	52'623
Right-of-use assets	7.5	25'987	26'661
Intangible assets	7.6	64'653	69'991
Investment in associate	5.2	33'259	13'873
Financial assets		998	1'557
Deferred tax assets	6.7	29'138	25'308
Total non-current assets		**208'115**	**190'013**
Total assets		**349'534**	**327'894**

CONSOLIDATED BALANCE SHEET (2/2)

(AT 31 DECEMBER 2023)

(in CHF thousands)	Notes	31 December 2023	31 December 2022
Liabilities and equity			
Current liabilities:			
Accounts payable trade	7.7	8'240	9'595
Accounts payable other	7.7	17'187	15'199
Income tax payables	7.7	488	375
Accrued expenses	7.7	3'316	2'666
Current financial debt and other financial liabilities	7.8	6'759	5'619
Contingent consideration liabilities	7.11	8'392	-
Provisions	7.9	1'573	6'070
Total current liabilities		**45'956**	**39'526**
Non-current liabilities:			
Non-current financial debt and other financial liabilities	7.11	20'627	22'336
Contingent consideration liabilities	7.11	14'781	24'083
Provisions	7.9	2'609	2'260
Employee benefit obligation	7.12	10'403	1'804
Deferred tax liabilities	6.7	200	107
Total non-current liabilities		**48'620**	**50'589**
Total liabilities		**94'575**	**90'114**
Shareholders' equity			
Share capital	7.10	2'472	2'371
Capital reserves		288'410	257'645
Currency translation adjustments		(5'082)	814
Retained earnings		(30'841)	(23'051)
Total shareholders' equity		**254'959**	**237'779**
Total liabilities and equity		**349'534**	**327'894**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(for the year ended 31 December 2023)

(in CHF thousands, except otherwise indicated)	Notes	2023	2022
Net revenue	6.1	212'006	182'824
Cost of goods sold		(44'434)	(33'335)
Gross profit		**167'572**	**149'489**
Selling and distribution		(97'509)	(94'335)
Research and development	6.3	(25'906)	(25'332)
General and administration	6.4	(34'480)	(31'692)
Share of results of associate	5.2	(572)	(51)
Operating profit/(loss)		**9'104**	**(1'922)**
Finance income	6.6	337	300
Finance expense	6.6	(7'647)	(5'524)
Income/(loss) before taxes		**1'794**	**(7'145)**
Income tax expense/income	6.7	(1'174)	1'362
Net income/(loss)		**619**	**(5'783)**
Attributable to:			
Medartis Holding AG shareholders		619	(5'783)
Earnings per share (in CHF):			
Basic and diluted earnings per share (in CHF)	6.8	0.05	(0.49)

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the year ended 31 December 2023)

(in CHF thousands)	Notes	2023	2022
Net income/ (loss)		619	(5'783)
Components of other comprehensive income that will not be reclassified to profit or loss:			
Remeasurements of defined benefit post-employment plans	7.12	(9'852)	16'189
Income tax relating to items that will not be reclassified to profit or loss	6.7	1'285	(2'111)
Total components that will not be reclassified to profit or loss		**(8'568)**	**14'078**
Components of other comprehensive income that may be reclassified subsequently to profit or loss:			
Currency translation effects		(8'041)	(1'410)
Share of other comprehensive income of associate	5.2	(244)	(39)
Income tax relating to items that may be reclassified subsequently to profit or loss		2'146	699
Total components that may be reclassified subsequently to profit or loss		**(6'140)**	**(750)**
Total other comprehensive (loss)/income		**(14'707)**	**13'329**
Total comprehensive (loss)/income		**(14'088)**	**7'546**
Attributable to:			
Medartis Holding AG shareholders		(14'088)	7'546

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (1/2)

(for the year ended 31 December 2023)

(in CHF thousands)	Notes	31 December 2023	31 December 2022
Net income/ (loss)		619	(5'783)
Adjustments for:			
Income tax income/expense	6.7	1'174	(1'362)
Interest income	6.6	(337)	(300)
Interest expenses	6.6	828	734
Loss on disposal of property, plant and equipment		412	235
Depreciation and amortization of:			
Property, plant and equipment and right of use assets	6.5	18'667	16'639
Intangible assets	6.5	4'094	1'473
Change in provisions and pension obligations		(5'402)	(436)
Share based compensation		1'236	2'197
Other non-cash items		(447)	1'597
Fair value loss on contingent consideration	3.2	1'366	898
Changes in net working capital:			
Inventories	7.2	1'602	(9'036)
Accounts receivable trade, accounts receivable other, prepaid expenses	7.1 / 7.3	(265)	(7'462)
Accounts payable trade, accounts payable other, accrued expenses	7.7	1'283	(2'781)
Interest received	6.6	337	300
Income tax paid/received		(5'188)	(838)
Cash flow from/(used for) operating activities		**19'980**	**(3'925)**

CONSOLIDATED CASH FLOW STATEMENT (2/2)

(for the year ended 31 December 2023)

(in CHF thousands)	Notes	31 December 2023	31 December 2022
Cash payments to acquire property, plant and equipment	7.4	(14'934)	(15'435)
Proceeds from disposals of property, plant and equipment	7.4	32	211
Cash payments to acquire intangible assets	7.6	(3'874)	(3'359)
Additions/Disposals to financial assets		559	5'480
Acquisition of subsidiaries, net of cash acquired	5.1	-	(36'068)
Cash payment to participate in capital increase of an associate		(1'483)	-
Cash payment to acquire investment in associate	5.2	(18'132)	(3'743)
Cash flow from/(used for) investing activities		**(37'832)**	**(52'913)**
Proceeds from capital increases		29'788	1'882
Repayment current financial debt	7.11	(463)	-
Repayment of lease liability	7.11	(5'300)	(5'046)
Interest paid on lease liability	6.6	(810)	(732)
Interest paid	6.6	(18)	(2)
Cash flow from/(used for) financing activities		**23'197**	**(3'899)**
Net change in cash and cash equivalents		**5'345**	**(60'737)**
Cash and cash equivalents at the beginning of the year (1 January)		20'605	82'642
Net effect of currency translation on cash and cash equivalents		(749)	(1'300)
Cash and cash equivalents at the end of the year (31 December)		**25'201**	**20'605**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(for the years ended 31 December 2023 and 2022)

	Attributable to Medartis Holding AG shareholders				
(in CHF thousands)	Share Capital	Capital reserves	Currency translation adjustments	Retained earnings	Total shareholders' equity
1 January 2022	**2'363**	**254'198**	**1'564**	**(34'129)**	**223'995**
Net loss				(5'783)	(5'783)
Other comprehensive income/(loss)			(750)	14'078	13'329
Total comprehensive income/(loss)			**(750)**	**8'295**	**7'546**
Capital increase	8	3'447		(1'574)	1'882
Acquisition Nextremity contingent consideration				2'159	2'159
Share based compensation				2'197	2'197
31 December 2022	**2'371**	**257'645**	**814**	**(23'051)**	**237'779**
Net profit				619	619
Other comprehensive income/(loss)			(5'896)	(8'568)	(14'463)
Total comprehensive income/(loss)			**(5'896)**	**(7'948)**	**(13'844)**
Capital increase	101	30'765		(1'077)	29'788
Share based compensation				1'236	1'236
31 December 2023	**2'472**	**288'410**	**(5'082)**	**(30'841)**	**254'959**

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the Medartis Group Consolidated Financial Statements

(in CHF thousands, except otherwise indicated)

1. CORPORATE AND GROUP INFORMATION

1.1 Corporate Information

The consolidated financial statements incorporate the financial statements of Medartis Holding AG (SIX: MED), a public company domiciled and incorporated in Switzerland, and its subsidiaries (together referred to as "Medartis" or "Medartis Group" or "Group"). Medartis Holding AG is listed at SIX Swiss Exchange in Zurich (ticker symbol 'MED').

Medartis' principal executive offices are at Hochbergerstrasse 60E, 4057 Basel, Switzerland.

Medartis is a global medical device company focused on developing, manufacturing and selling advanced and efficient implant solutions for internal surgical fixation.

The core business of Medartis Group encompasses the sale of innovative implants in cranio-maxillofacial surgery and extremities (i.e. hand, wrist, elbow, shoulder and foot). Medartis relies heavily on close collaboration with surgeons, scientists, universities and hospitals to ensure quality and innovation. Medartis' customer base consists of surgeons, hospitals, and medical centres, as well as group purchasing organisations.

The implants are delivered to the clients in pre-configured sets including the required instruments for proper fixations. The implants and instruments are packed in containers completing the set. The sets are usually customized for each customer, depending on what types of surgeries the customer usually requires

1.2 Group information

Information about the subsidiaries and associate

Subsidiaries	Share capital		**Investment 2023**	**Investment 2022**
Medartis AG, Switzerland (Basel)	CHF	1'000'000	100%	100%
Mimedis AG, Switzerland (Basel)	CHF	100'000	100%	100%
Medartis GmbH, Germany (Umkirch)	EUR	51'129	100%	100%
Medartis Iberia SL, Spain (Barcelona)	EUR	3'000	100%	100%
Medartis S.a.r.l., France (Lyon)	EUR	15'000	100%	100%
Medartis International Trade (Shanghai) Co., Ltd., China	CNY	0	0%	100%
Medartis GmbH, Austria (Vienna)	EUR	35'000	100%	100%
Medartis Co. Ltd., Japan (Tokyo)	JPY	10'000'000	100%	100%
Medartis Ltd, UK (Derby)	GBP	3'700'000	100%	100%
Medartis do Brasil (São Paulo)	BRL	25'157'562	100%	100%
Extera Imp.&Exp. Ltda., Brasil (São Paulo)	BRL	18'000'000	100%	100%
Medartis Inc, USA (Delaware)	USD	10	100%	100%
Lakeland Technology Holdings LLC (Warsaw)	USD	0.01	100%	100%
Medartis S.A. de C.V, Mexico (Mexico)	MXN	100'000	100%	100%
Medartis Sp.z.o.o, Poland (Wroclaw)	PLN	200'000	100%	100%
Medartis Australia and New Zealand Pty Ltd, Australia (Albion)	AUD	1'203'000	100%	100%
Medartis New Zealand Ltd, New Zealand (Auckland)	NZD	1'000	100%	100%

Associate	**Share capital**		**Investment 2023**	**Investment 2022**
Keri Medical SA, Switzerland (Geneva)	CHF	35'267'277	47%	30%

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on an historical cost basis, except for items measured at fair value. The accounting policies applied are consistent with those for the prior year except as stated further below in note 2.4.

The consolidated financial statements are presented in Swiss franc ("CHF") as this is also the major currency in which operational activities and financing of Medartis Holding AG and Medartis AG is denominated. Rounding differences may occur.

The consolidated financial statements were approved for issue by the Board of Directors on 8 March 2024 and are subject to approval by the Annual General Meeting on 17 April 2024.

§ Accounting policies
Some general accounting policies are described below. The accounting policies related to specific transactions are embedded in the notes to which they relate.

Principles of consolidation
The consolidated financial statements of Medartis Holding AG include all entities that are controlled by the Group.

All intercompany transactions and balances between Group companies are eliminated in full. The financial statements of the Group Companies as of 31 December are prepared using uniform accounting policies.

Foreign currency transactions and translation
For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the spot rates of exchange at the reporting date with the resulting foreign exchanges and losses, net, recognized in finance income or expense.

The Group uses the direct method of consolidation recognizing all exchange differences resulting from the translation of assets and liabilities, income and expenses of subsidiaries into the presentation currency in other comprehensive income Differences arising on translation of intragroup loans that, in substance, form part of the net investment in a foreign operation are recognised and accumulated in other comprehensive income (OCI) . On disposal of a foreign operation, the cumulative translation differences related to that subsidiary is reclassified to profit or loss.

For foreign exchange rates, which were applied for the consolidated financial statements at 31 December 2023 and the comparative period please refer to Note 11.

2.2 Significant estimates and assumptions

For the preparation of the consolidated financial statements, it is necessary to make judgments, estimates and assumptions to form the basis of presentation, recognition and measurement of Medartis assets, liabilities, items of income statements, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Medartis Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Medartis Group. Such changes are reflected in the assumptions when they occur.

Significant estimates and judgments of Medartis Group include:

- **Expected credit losses** – value adjustments of receivables reflected by expected credit losses, refer to note 7.1.
- **Post-employment benefits** – key assumptions for measuring defined benefit for measuring post-employment benefit expense for a period and the defined benefit obligation at the period end, refer to note 7.12.
- **Deferred tax assets** – the ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods. Estimates of future taxable income are subject to change due to both market related and government related uncertainties, as well as Medartis' own future decisions on restructuring and other matters, refer to Note 6.7;
- **Impairment testing of goodwill** – assumptions regarding expected future cash flows and discount rates, refer to note 7.6.
- **Provisions** – The recognition and measurement of provisions such as litigation provisions requires an estimate of the expenditure and timing of the settlement. The litigations and claims to which the Group is exposed are assessed by management with the assistance of the legal department and in certain cases with the support of external specialized lawyers. Disclosures related to such provisions, as well as contingent liabilities, also require significant judgment, refer to note 7.9.

2.3 Changes in accounting policies and disclosures

Amendments effective in 2023

The following amendments have been applied for the first time in 2023.

- IAS 1 Disclosure of Accounting Policies
- IAS 8 (Amendments) Definition of Accounting Estimates
- IAS 12 (Amendments) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These amendments have not had a material impact on the consolidated financial statements of the Group. The amendement to IAS 1 has resulted in the Group reorganizing the disclosure of its accounting policy information.

Amendments effective in future periods

The Group has assessed the potential impact of various revised standards that will become mandatory on or after 1 January 2024.

		Effective for annual periods on, or after	Planned adoption by Medartis
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024	Financial Year 2024
IAS 1	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024	Financial Year 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024	Financial Year 2024
IAS 21	Lack of exchangeability - Amendments to IAS 21	1 January 2025	Financial Year 2025

None of these changes in IFRS Accounting Standards are expected to have a significant impact on the Group's financial statements.

3. OTHER DISCLOSURES

3.1 Financial Instruments risk management objectives and policies

The nature of Medartis' business and its global presence exposes the Group to market risks, credit risks and liquidity risks. The Board of Directors is responsible for overseeing the Group's internal control system, which addresses risks to which the Group is exposed. Management is responsible for identifying and assessing risks that are of significance for the respective country.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risks consist primarily of foreign currency risks and, to a lesser degree, interest rate risks. Main currency exposures are the US Dollar, Australian Dollar and the Euro, which are not hedged.

The following table demonstrates the impact of reasonably possible currency rate changes on the Group's profit before tax and the Group's equity, with all other variables held constant. The sensitivity analysis considers major foreign currency risk exposures.

(CHF) million	2023		
Currency	Increase/Decrease (in%)	Effect on profit before tax	Effect on equity
AUD/CHF	10	-2.2	2.5
EUR/CHF	10	-0.4	0.4
USD/CHF	10	-2.4	2.1
AUD/CHF	-10	2.2	-2.5
EUR/CHF	-10	0.4	-0.4
USD/CHF	-10	2.4	-2.1

(CHF) million	2022		
Currency	Increase/Decrease (in%)	Effect on profit before tax	Effect on equity
AUD/CHF	10	-2.4	2.7
EUR/CHF	10	-0.4	0.4
USD/CHF	10	-2.6	2.3
AUD/CHF	-10	2.4	-2.7
EUR/CHF	-10	0.4	-0.4
USD/CHF	-10	2.6	-2.3

Credit risk

Credit risk management is subject to the established policies, procedures and controls relating to customers. Credit quality of customers is assessed based on an extensive credit rating scorecard and individual credit limits. Outstanding customer receivables are regularly monitored and, if necessary, impaired on an individual basis. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed in Note 3.2. The Group does not hold collateral as security. Medartis evaluates the concentration of credit risk with respect to trade receivables as low, as its customers operate in largely independent markets.

Interest rate risks

Interest rate risks arise from changes in interest rates, which have negative repercussions on the Group's asset and earnings situation. Interest rate fluctuations lead to changes in interest income and interest expense on interest-bearing assets and liabilities. Due to the low level of external financing the interest rate risk is immaterial at 31 December 2023 and 2022.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Medartis defines Liquidity risk, a risk of being unable to raise funds to meet payment obligations when they fall due. The main policy is to maintain sufficient liquidity reserves in order to meet payment obligations and maintain an adequate liquidity margin.

The Group has committed credit lines with various financial institutions totaling CHF 40 million. As of 31 December 2023 and 2022 no debt has been drawn under these credit lines.

The following table illustrates the group's future cash outflows:

2023	Carrying amount		Cash outflows		
	31.12.2023	Total	Up to 1 year	1 to 5 years	More than 5 years
Accounts payable trade	8'240	8'240	8'240	-	-
Accounts payable other	1'589	1'589	1'589	-	-
Accrued expenses	3'316	3'316	3'316	-	-
Lease liabilites	26'924	26'924	6'297	18'172	2'454
Interest on lease liabilities	-	1'899	636	1'174	90
Other financial liabilities	462	462	462	-	-
Contingent consideration liabilities	23'173	25'199	8'400	16'799	-
Total	**63'705**	**67'630**	**28'940**	**36'145**	**2'545**

2022	Carrying amount		Cash outflows		
	31.12.2022	Total	Up to 1 year	1 to 5 years	More than 5 years
Accounts payable trade	9'595	9'595	9'595	-	-
Accounts payable other	1'195	1'195	1'195	-	-
Accrued expenses	2'666	2'666	2'666	-	-
Lease liabilites	27'030	27'030	5'158	18'600	3'272
Interest on lease liabilities	-	2'199	625	1'419	155
Other financial liabilities	925	925	462	463	-
Contingent consideration liabilities	24'083	27'702	-	27'702	-
Total	**65'495**	**71'313**	**19'701**	**48'185**	**3'427**

Capital Management

The primary objective of Medartis capital management is to maintain healthy capital ratios to support its business and maximize the shareholder value. As capital management is defined issued capital, share premium and other equity reserves.

According to changes in economic conditions, Medartis manages its capital structure and implements adjustments. Medartis supervises capital using equity ratio.

	2023	2022
Total assets	**349'534**	327'894
Equity	**254'959**	237'779
Equity ratio	**73%**	73%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the most advantageous market, if a principal market does not exist. The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, the responsible management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the responsible management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The responsible management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument in the balance sheet at 31 December 2023 and 2022. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet. For all other financial assests and liabilities the carrying amount is a reasonable approximation of fair value.

	Carrying amount (based on measurement basis)				
31 December 2023	Amortized cost	Fair value level 1	Fair value level 2	Fair value level 3	Total
Financial Assets					
Cash and cash equivalents	25'201	-	-	-	25'201
Accounts receivable trade	40'476	-	-	-	40'476
Other non-current financial assets	998	-	-	-	998
Total	**66'675**	**-**	**-**	**-**	**66'675**
Financial liabilities					
Accounts payable trade	8'240	-	-	-	8'240
Accounts payable other	1'589	-	-	-	1'589
Accrued expenses	3'316	-	-	-	3'316
Current financial debt and other financial liabilities	6'759	-	-	-	6'759
Non-current financial debt and other financial liabilities	20'627	-	-	-	20'627
Contingent consideration liabilities	-	-	-	23'173	23'173
Total	**40'531**	**-**	**-**	**23'173**	**63'705**

	Carrying amount (based on measurement basis)				
31 December 2022	Amortized cost	Fair value level 1	Fair value level 2	Fair value level 3	Total
Financial Assets					
Cash and cash equivalents	20'605	-	-	-	20'605
Accounts receivable trade	39'931	-	-	-	39'931
Other non-current financial assets	1'557	-	-	-	1'557
Total	**62'093**	**-**	**-**	**-**	**62'093**
Financial liabilities					
Accounts payable trade	9'595	-	-	-	9'595
Accounts payable other	1'195	-	-	-	1'195
Accrued expenses	2'666	-	-	-	2'666
Current financial debt and other financial liabilities	5'619	-	-	-	5'619
Non-current financial debt and other financial liabilities	22'336	-	-	-	22'336
Contingent consideration liabilities	-	-	-	24'083	24'083
Total	**41'412**	**-**	**-**	**24'083**	**65'495**

[1]Carrying amount approximates the estimated fair value due to the short- term nature of the financial instruments.

The level 3 non-current financial debt relates to the acquisition of Nextremity Solutions Inc. in 2022 and consists of contingent consideration liabilities to be settled in cash amounting to CHF 23.2 million / USD 27.6 million (2022 CHF 24.1 million / USD 26.1 million). The total fair value losses recognised in finance expense amount to CHF 1.4 million / USD 1.5 million (2022 CHF 0.9 million / USD 0.9 million). The currency translation effects on the contingent consideration liabilities recognized in OCI amount to CHF 2.3 million (2022 CHF1.1 million).

A 100 base point increase in the effective discount rates would result in a fair value of the total contingent consideration liabitlies of CHF 23.0 million (USD 27.3 million). A 100 base point decrease in the effective discount rates would result in a fair value of CHF 23.4 million (USD 27.8 million).

Medartis Inc. is required to pay to the former owners of Nextremity up to CHF 16.8 million (USD 20.0 million) (undiscounted) in three payments upon the launch of various milestone products in 2023-2025 ("the milestone payments") and additionally CHF 8.4 million (USD 10.0 million) (undiscounted) upon reaching a certain level of aggregate sales of all milestone products in 2025 ("Earn-out payment").

The potential undiscounted amount of the future payments that could be required to be paid in cash under the contingent consideration arrangements is CHF 25.2 million (USD 30.0 million). For the Earn-out payment, in case the target revenue is not reached, the fair value would reduce by CHF 6.7 million (USD 8.0 million).

The fair value of the contingent consideration components was determined by discounting the nominal amount of the payments expected to occur according to the expiry date (2023-2025) using Medartis Inc.'s cost of borrowing. As management expect that the three milestone payments will be paid in full, the fair value has been determined by discounting the maximum amount by using the cost of debt resulting in discount rates between 3.4% and 3.8%. For the earn-out payment, management has considered a discount rate of 11.6% to be appropriate, taking into account the specific risk of the industry and the small size of the target. These significant inputs are not observable in the market and are considered Level 3 inputs.

4. SEGMENTAL BREAKDOWN OF KEY FIGURES FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

Segment reporting reflects the internal organizational and management structure used within the Group as well as the internal financial reporting to the Chief Operating Decision Maker (CODM), which has been identified as the Executive Management Board (EMB). The EMB is responsible for the operational management of the Group, in line with the instructions issued by the Board of Directors.

Based on the Groups structure Medartis' only entity which performs production and procurement is located in Switzerland. All other entities are retail entities only and are not able to operate on a stand-alone basis. Therefore, Medartis constitutes with only one segment which is represented by the whole Group itself. Nevertheless, the EMB monitors all revenues on a country and product basis. Revenues are allocated to the regions by location of the customer.

2023	Switzerland	Germany	United States	Australia	Other	Total
Net revenue	27'020	47'599	51'860	20'271	65'257	212'006
Non-current assets[1)]	90'599	5'184	67'794	2'516	11'887	177'979

2022	Switzerland	Germany	United States	Australia	Other	Total
Net revenue	23'012	42'631	41'019	21'781	54'381	182'824
Non-current assets[1)]	71'458	4'500	72'359	3'057	11'774	163'148

[1)]Property, plant and equipment, right of use assets, intangible assets and investment in associate

5. SIGNIFICANT TRANSACTIONS AND EVENTS

5.1 Business combinations, acquisition of investment in associate and divestments

During the reporting period 2023 no acquisitions, divestments or other significant transactions took place. For investments in associate please refer to Note 5.2.

5.1.1 Nextremity Solutions Inc.

On 2 May 2022, Medartis acquired 100% of the share capital of Nextremity group ('Nextremity'), located in Warsaw, USA.

Nextremity is a dedicated development and commercialization organization with a focus on the extremity musculoskeletal space.

The fair values of the identifiable assets and liabilities of the Nextremity Group recognised as of the acquisition date are as follows:

Assets	
Cash and cash equivalents	3'076
Accounts receivable trade	1'389
Inventories	6'564
Prepaid expenses	19
Property, plant and equipment	8'029
Software	154
Intangible assets (product technology)	20'936
Financial assets	43
Indemnification asset	604
Deferred tax assets	3'167
Total assets	**43'980**
Liabilities	
Accounts payable trade	706
Accounts payable other	3'160
Provisions	2'474
Legal provision	990
Deferred tax liabilities	8'516
Total liabilities	**15'847**
Net identifiable assets acquired	**28'133**
Goodwill	37'556
Consideration	**65'688**
Consideration paid in cash	39'144
Contingent consideration arrangements	24'286
Equity instruments	2'259
Consideration	**65'688**
Net cash acquired	3'076
Cash paid	(39'144)
Net cash flow	**(36'068)**

a) Contingent consideration arrangements – liabilities

The business combination includes contingent consideration arrangements that require Medartis Inc. to pay the former owners of Nextremity up to CHF 18.5 million (USD 20.0 million) (undiscounted) in three payments upon the launch of various milestone products in 2023-2025 ("the milestone payments") and additionally CHF 9.2 million (USD 10.0 million) (undiscounted) upon reaching a certain level of aggregate sales of all milestone products in 2025 ("Earn-out payment"). The potential undiscounted amount of the future payments that could be required to be paid in cash under the contingent consideration arrangements is CHF 27.7 million (USD 30.0 million).

The fair value of the contingent consideration components was determined discounting the nominal amount of the payments expected to occur according to the expiry date (2023-2025) using Medartis Inc.'s cost of borrowing. As management expect that the three milestone payments will be paid in full, the fair value has been determined by discounting the maximum amount by using the cost of debt resulting in discount rates between 3.4% and 3.8%. For the earn-out payment management has considered a discount rate of 11.6% as appropriate to take into account the specific risk of the industry and the small size of the target. These measures were based on significant inputs that are not observable in the market, which are considered Level 3 inputs. The contingent consideration liabilities are classified as non-current financial debt.

The fair value of the contingent considerations to be settled in cash totals CHF 24.3 million (USD 25.1 million).For the earn out payment, in case the target revenue is not reached, then the fair value would reduce by CHF 6.4 million (USD 6.7 million). A 100 base point increase in the effective discount rates would result in a fair value of CHF 23.7 million (USD 24.5 million). A 100 base point decrease in the effective discount rates would result in a fair value of CHF 24.9 million (USD 25.8 million).

b) Contingent consideration - Equity instruments

In addition to above, as part of the overall consideration 3 key individuals/selling shareholders of Nextremity are entitled to receive a so-called performance bonus with a fair value of CHF 2.3 million (USD 2.3 million) to be settled in 25'140 Medartis shares if the sales of the Medartis US business reach a certain level in 2025. The probability of achievement was embedded in the fair value. Subsequent changes in the share price do not affect the number of shares to de delivered. No service condition is attached to the performance bonus. The fair value of the performance bonus has been classified and recognized in equity at the acquisitiond date.

c) Intangible assets (Product technology)

The fair value of intangible assets related to product technology is determined using a relief-from-royalty method. The method is based on the management business plan, observable market data for risk-adjusted discount rates and tax rates.

d) Goodwill

Goodwill, which is not deductible for tax purposes, comprises expected synergy effects from combining the assets and activities of Nextremity with those of the Group as well as employee know-how. Management has assessed that the Nextremity Group does not represent a separate cash generating unit, and accordingly goodwill from the acquisition has been allocated to the Group.

e) Accounts receivable trade

The fair value of the accounts receivable trade amounts to CHF 1.4 million (USD 1.4 million). The gross amount of accounts receivable trade is CHF 1.8 million (USD 1.9 million). The difference between the fair value and the carrying amount is the result of the estimated cash collection and an adjustment for counterparty credit risk.

f) Legal provision

A provision for a legal proceeding at fair value of CHF 1.0 million (USD 1.0 million) and a corresponding indemnification asset of CHF 0.6 million (USD 0.6 million) were recognised at the acquisition date resulting from a claim for patent infringement. The net amount provided corresponds to the expected cash out flow that Medartis will have to bear. All cash flows above this threshold will be reimbursed by the former Nextremity shareholders.

If Nextremity had been included as of 1 January 2022, management estimates the impact on consolidated revenues for the 12 months ended 31 December 2022 would have been CHF 8.7 million, with a CHF -8.6 million impact on net profit. From the date of acquisition, Nextremity has contributed CHF 5 million of revenue and an estimated CHF -6.2 million to the net loss.

Transaction costs of CHF 1.7 million have been expensed and are included in administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

The net assets recognised in the 31 December 2022 financial statements were based on a provisional assessment of their fair value. The valuation has been completed and no adjustments to the preliminary figures were necessary.

§ Accounting policies

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with the changes in fair value recognised in the statement of profit or loss. Contingent consideration classified as equity is not remeasured.

5.2 Investments in associate

The Group has one investment in an associate.

Keri Medical SA is an unlisted company specialized in implants for hand and wrist surgery based in Geneva, Switzerland.

In May 2022, Medartis acquired an additional 4.66% investment in Keri Medical SA at the cost of CHF 3.7 million resulting in a total stake of 29.66%. The share of identifiable net assets amounts to CHF 0.7 million and the notional goodwill applicable to the 4.66% investment amounts to CHF 3.0 million.

In January 2023, Medartis participated in a capital increase in the amount of CHF 1.5 million.

In March 2023, Medartis acquired an additional 18.25% investment in Keri Medical SA at the cost of CHF 18.1 million resulting in a total stake of 46.97%. The share of identifiable net assets amounts to CHF 3.9 million and the notional goodwill applicable to the 18.25% investment amounts to CHF 13.7 million.

The tables below provide summarized financial information for Keri Medical SA. The information disclosed reflects the amounts presented in the financial statements of the company, and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policies. The summarized financial information presented below are the non-audited preliminary amounts of Keri Medical prepared in accordance with IFRS Accounting Standards.

	2023	2022
Current assets	15'106	13'949
Non-current assets	20'108	18'087
Current liabilities	(3'489)	(9'311)
Non-current liabilities	(7'919)	(6'562)
Net assets	**23'807**	**16'164**

Reconciliation to carrying amount		
Opening net assets	16'164	16'403
Result for the period	30	(107)
Capital increase	8'132	-
Other comprehensive income	(519)	(132)
Closing net assets at 31 December	**23'807**	**16'164**
Group's share in %	46.97	29.66
Group's share in CHF	11'183	4'795
Goodwill	22'076	9'078
Carrying amount	**33'259**	**13'873**

Summarized comprehensive income statements of Keri Medical SA for the period, where the Group has significant influence:

	2023	2022
Revenue	22'356	18'187
Result from continuing operations	30	(107)
Profit for the period	**30**	**(107)**
Other comprehensive income	(519)	(132)
Total comprehensive income	**(489)**	**(240)**
Group's share of profit for the period before elimination	14	(32)
Elimination of not realized profit on sale by Keri Medical	(586)	(19)
Group's share of profit for the period after elimination	**(572)**	**(51)**
Group's share of OCI for the period	**(244)**	**(39)**

§ Accounting Policy

Associates are those entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of changes in equity of the investee after the date of acquisition. The Group's share of results is recognized in profit or loss, while any change in other comprehensive income of the associates is presented as part of the Group's other comprehensive income.

5.3 Events after the reporting period

In September 2022, Medartis signed an exclusive global distribution partnership with Australia-based Field Orthopaedics. The mentioned partnership includes milestone payments dependant on the first successful commercial sale of the SRTU Nail System (a complete, fully-disposable, sterile instrument kit for each system size with a separate, individually packaged and sterilized implant nail for all sizes).

This milestone was achieved in January 2024 and therefore Medartis is obligated to pay 3 installments of USD 0.5 million over the next three years (total USD 1.5 million USD).

6. DETAILED INFORMATION ON CONSOLIDATED INCOME STATEMENT ITEMS

This section provides additional information about individual line items in the income statement, including relevant accounting policies, other income and expenses by type.

6.1 Revenue

Revenue from contracts with customers grouped by implants and services for the years ended 31 December 2023, and 2022 are as follows:

	2023	2022
Net proceeds of deliveries of implants	**210'339**	181'875
Net proceeds of services	**1'666**	950
Total net revenue	**212'006**	182'824

Disaggregation of revenue:

	2023	2022
Upper Extremities	**137'202**	**123'776**
Lower Extremities	35'432	28'231
Cranio-Maxillofacial (CMF) and Others[1)]	39'372	30'817
Total net revenue	**212'006**	**182'824**

[1)] CMF and Others includes revenue with Nextremity products.

§ Accounting Policy

Medartis enters into the following two different types of arrangements arrangements related to net proceeds of deliveries of implants.

Sale of complete sets to distributors:

Medartis sells sets to distributors in countries where Medartis has no own presence. Sets containing implants, tools and container) are configured according to customer specification and packed in containers. Pricing and billing refers to complete sets. Revenue is recognized at a point in time when control transfers to the customer. Medartis generally provides an assurance type warranty for up to one year.

Sale of implants based on reported use:

Sets are located at the customer site (i.e., in hospitals) but remain legal property of Medartis Group. During a surgery, implants are consumed from the sets, the set is subsequently returned, cleaned and shipped back to the customer. Medartis' performance is sale of implants, which are invoiced following the use of the implant and revenue is recognized at a point in time. Pricing and billing refers to the implants

Proceeds of services:

Medartis charges a so-called "handling-charge" for "Springer sets" in addition to the use of the plates. A client ordering a "Springer set" benefits from the availability of the set regardless of whether he actually uses an implant; at least he can offer patients the potential treatment. As the handling charge is directly connected to the "Springer sets" itself, it is not classified as an additional obligation.

Sets are in most transactions sold at pre-defined, fixed prices, often based on regulated prices. Variable components of the transaction price are generally negligible.

Tools and containers are not charged separately as control does not transfer to the customer.

Revenue is recognised as soon as the performance obligation is satisfied by transferring the promised goods or services to the customer. Goods or services are transferred when the customer obtains control over the promised goods or services.

Sale of sets to distributors is billed upon transfer of control with average payment terms of 60 days. Billed amounts are included in accounts receivable trade. The use of implants is reported shortly after the surgery and billed immediately. Average payment terms are 60 days.

6.2 Personnel expense

Personnel expense for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Wages and salaries	**(69'646)**	(66'753)
Pensions	**(3'092)**	(3'759)
Share-based payments	**(1'534)**	(2'231)
Bonus payments	**(6'483)**	(5'420)
Social security costs	**(11'690)**	(11'009)
Other personnel costs	**(4'295)**	(4'482)
Total personnel costs	**(96'739)**	(93'654)

	2023	2022
Cost of goods sold	**(11'204)**	(8'782)
Selling and distribution	**(49'980)**	(50'176)
Research and development	**(15'578)**	(15'083)
General and administration	**(19'977)**	(19'614)
Total personnel costs	**(96'739)**	(93'654)

Average number of employees during the year	**831**	778

§ Accounting policies

Wages and salaries, social security contributions, leave and sick leave, bonuses and non-monetary benefits are recognized in the financial year in which the services are rendered by employees of Medartis. Whenever Medartis provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees.

6.3 Research and development costs

Medartis' development activities include costs relating to the design and testing of new product lines. Research and developmentcosts that are not eligible for capitalization have been expensed in the period incurred and are recognized in research and development expenses.

	2023	2022
Research and development		
General	**(9'989)**	(9'654)
Testing	**(2'814)**	(2'494)
Prototype	**(2'643)**	(2'872)
Quality	**(7'116)**	(6'779)
IBRA (International Bone Research Association)	**(3'344)**	(3'533)
Total Research and development costs	**(25'906)**	(25'332)

6.4 General and administration expenses

General and administration expenses for the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
General administration	**(1'713)**	(1'174)
Financial administration	**(6'640)**	(7'956)
IT administration	**(6'895)**	(3'106)
Human Resources administration	**(4'748)**	(5'216)
Building administration	**(2'757)**	(3'589)
Management administration	**(11'594)**	(10'324)
Subsidiary administration	**(133)**	(327)
Total general and administrative expenses	**(34'480)**	(31'692)

General and administration expenses include share-based payments expenses amounting to CHF 1.1 million in 2023 (2022: CHF 1.1 million). Refer to Note 8.

6.5 Depreciation and amortization and impairment

Depreciation and amortization at 31 December 2023 and 2022 are as follows:

	2023	2022
Depreciation and impairment of property, plant and equipment and right-of-use assets		
Cost of goods sold	**(4'977)**	(3'997)
Research and development	**(880)**	(876)
Selling and distribution	**(8'519)**	(7'605)
General and administration	**(4'292)**	(4'161)
Total depreciation and impairment losses	**(18'667)**	(16'639)

	2023	2022
Amortisation and impairment of intangible assets		
Cost of goods sold	**(10)**	(15)
Research and development	**(896)**	(939)
Selling and distribution	**(1'015)**	(67)
General and administration	**(2'173)**	(452)
Total amortisation and impairment losses	**(4'094)**	(1'473)

6.6 Net finance income and expense

	2023	2022
Finance income from loans and receivables measured at amortized cost:		
Interest income, bank	**297**	212
Interest income, loans and receivables	**40**	38
Other finance income	**-**	51
Total finance income	**337**	300

	2023	2022
Finance costs from financial liabilities measured at amortized cost:		
Foreign exchange losses	**(4'554)**	(3'187)
Interest on loans and borrowings	**(18)**	(2)
Interest on lease liabilities	**(810)**	(732)
Other finance costs	**(899)**	(704)
Financial liabilities at fair value through profit or loss:		
Fair value loss on contingent consideration 1)	**(1'366)**	(898)
Total finance expense	**(7'647)**	(5'524)

1) Refer to note 7.11

§ Accounting policies

Finance income and expense comprise interest income and expenses, realized and unrealized foreign exchange gains and losses on payables/receivables and transactions in foreign currencies.

For all financial instruments measured at amortized cost, interest income or expense is recognized using the effective interest rate method, which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

6.7 Income taxes

	2023	2022
Income taxes from current period	**(3'641)**	(1'520)
Income taxes from other periods	**155**	(1)
Deferred taxes	**2'311**	2'882
Total income tax income/expense	**(1'174)**	1'362
Effective income tax rate (in %)	**65%**	19%

The following elements explain the difference between the income tax expense at the domestic tax rate of Medartis Holding AG and the effective Group income tax expense:

	2023	2022
Profit/ (loss) before tax	**1'794**	(7'145)
Applicable Group tax rate	**13.04%**	13.04%
Income tax at the applicable Group tax rate	**(234)**	932
Higher or lower tax rate of subsidiaries in other jurisdiction	**1'875**	4'951
Non-deductible expenses	**(1'268)**	(1'342)
Additional tax deductions[1)]	**736**	5'227
Previously unrecognized tax losses or tax credits	**1'445**	288
Effect of changes in tax rates or imposition of new taxes	**-**	558
Prior year adjustments	**155**	(1)
Prior year adjustments deferred tax	**1'482**	2
Not recognized tax losses / deferred taxes in current year[2)]	**(5'241)**	(6'354)
Write-off of deferred tax assets[3)]	**-**	(2'753)
Other	**(125)**	(145)
Effective income tax income/expense	**(1'174)**	1'362

[1)] The position relates to tax-deductible impairments in the statutory financial statements of Group entities based in Switzerland.
[2)] Not recognized tax losses and deferred tax assets which arise from intercompany profits and tax loss carry forwards
[3)] Write-off of deferred tax assets on intercompany profits and losses carry forward

The following table explains movements in tax loss carry forwards and tax credits:

	2023	2022
At 1 January	**39'188**	22'775
Currency translation adjustments	**(1'925)**	(53)
Tax losses and credits arising from current year	**9'587**	19'000
Tax losses and credits utilized against current year profits	**(911)**	(2'533)
Total available tax loss carry forwards and tax credits	**45'938**	39'188

Deferred tax assets have not been recognized in respect of tax losses of CHF 27.1 million (2022: CHF 25.6 million) as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. There is no expiry date on the concerned tax losses.

Deferred income taxes

The movement in deferred income tax assets and liabilities is as follows:

2023

(CHF)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forward, tax credits	Other	Total
Deferred tax assets at 1 January	2'063	381	27'292	2'810	4'419	36'966
Deferred tax liabilities at 1 January	(6'150)	(4'880)	(76)	-	(659)	(11'765)
Net deferred tax balance at 1 January	**(4'087)**	**(4'499)**	**27'216**	**2'810**	**3'760**	**25'201**
(Charged) / credited to income statement	(1'668)	1'075	(711)	1'434	2'182	2'311
Charged to statement of comprehensive income	-	-	-	-	1'285	1'285
Currency translation adjustments	142	406	(14)	(231)	(162)	141
Net deferred tax balance at 31 December	**(5'614)**	**(3'017)**	**26'491**	**4'013**	**7'065**	**28'938**
Deferred tax assets at 31 December	284	1'395	26'491	4'053	7'483	39'705
Deferred tax assets after netting at 31 December	-	-	-	-	-	29'138
Deferred tax liabilities at 31 December	(5'897)	(4'413)	-	(40)	(418)	(10'768)
Deferred tax liabilities after netting at 31 December	-	-	-	-	-	(200)

2022

(CHF)	Property, plant and equipment	Intangible assets	Inventory valuation	Tax loss carry-forward, tax credits	Other	Total
Deferred tax assets at 1 January	193	-	27'217	821	5'782	34'013
Deferred tax liabilities at 1 January	(3'631)	(14)	(724)	-	(26)	(4'395)
Net deferred tax balance at 1 January	**(3'438)**	**(14)**	**26'493**	**821**	**5'756**	**29'619**
(Charged) / credited to income statement	960	(706)	731	2'017	(120)	2'882
Charged to statement of comprehensive income	-	-	-	-	(2'111)	(2'111)
Deferred taxes acquired in business combination	(1'671)	(3'953)	58	-	217	(5'349)
Currency translation adjustments	62	175	(66)	(28)	19	161
Net deferred tax balance at 31 December	**(4'087)**	**(4'499)**	**27'216**	**2'810**	**3'760**	**25'201**
Deferred tax assets at 31 December	2'063	381	27'292	2'810	4'419	36'966
Deferred tax assets after netting at 31 December	-	-	-	-	-	25'308
Deferred tax liabilities at 31 December	(6'150)	(4'880)	(76)	-	(659)	(11'765)
Deferred tax liabilities after netting at 31 December	-	-	-	-	-	(107)

At 31 December 2023, there was no recognized deferred tax liability (2022: CHF 0) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group does not expect any distribution of retained earnings to the parent Company within the next twelve months.

§ Accounting policies

Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or payable to the respective tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the balance-sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences and carry-forwards of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available. Deductible temporary differences, carry-forwards of unused tax credits and unused tax losses can be offset against taxable profit except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Significant judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Deferred tax positions associated with investments in subsidiaries are only recognized to the extent that it is probable that thetemporary differences will reverse in the foreseeable future and taxable profit will be available against which they can be utilized. are expected to apply in the year the asset is realized or the liability settled, based on tax rates (and tax laws) enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if the Medartis Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same tax authority.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year the asset is realized or the liability settled, based on tax rates (and tax laws) enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if the Medartis Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax relates to the same taxable entity and the same tax authority.

Uncertain tax positions
Medartis Group's operations are international. Intellectual property rights are used within each subsidiary. This set up exposes Medartis' transfer prices for the delivery of goods, arrangements to share research and development costs and charges for shared services to challenges by national tax authorities in any of the countries in which Medartis has operations. Different interpretations of taxation rules regarding financing arrangements can also lead to uncertain tax positions. This applies also to the withholding tax applied for distributions out of retained earnings.

Medartis therefore estimates and accrues taxes that will be ultimately payable upon tax reviews. These estimates are the result of management judgment about potential outcome of such reviews. Actual outcomes might differ from management's expectations which in turn affects the income tax expense in future reporting periods.

6.8 Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to registered shareholders of Medartis Holding AG by the weighted average number of ordinary shares outstanding during the year.

	2023	2022
Net (loss) / income attributable to shareholders	**619**	(5'783)
Weighted average number of shares	**12'231'883**	11'834'473
Basic and diluted earnings per share (in CHF)	**0.05**	(0.49)

Potential ordinary shares have not resulted in a dilution effect in 2023.

7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS

7.1 ACCOUNTS RECEIVABLE TRADE AND OTHER

Trade accounts receivables and other accounts receivable at 31 December 2023 and 2022 are as follows:

	2023	2022
Accounts receivable trade	**40'476**	39'931
Accounts receivable other, thereof:		
Advanced payments machinery	**224**	555
Other	**5'440**	4'877
Total accounts receivable other	**5'664**	5'432

Movements in the provision for doubtful trade receivables are as follows:

	2023	2022
1 January	**(1'209)**	(930)
Additional provision created	**(2'305)**	(279)
31 December	**(3'514)**	(1'209)

In 2023 Medartis reassessed the provision for doubtful trade receivables to adress the current risk profile of the group's receivables. An additional provision of CHF 1.9 million was booked.

The ageing of trade receivables at 31 December 2023 and 2022 past due, are as follows:

2023	**Not past due**	**Total past due**	**Overdue up to 1 month**	**Overdue 1-3 months**	**Overdue 3-6 months**	**Overdue 6-12 months**	**Overdue more than 1 year**
Trade receivables, gross	27'757	16'234	5'494	4'097	1'020	3'282	2'340
Expected credit loss	(2)	(3'512)	(23)	(13)	(133)	(1'003)	(2'340)

2022	**Not past due**	**Total past due**	**Overdue up to 1 month**	**Overdue 1-3 months**	**Overdue 3-6 months**	**Overdue 6-12 months**	**Overdue more than 1 year**
Trade receivables, gross	25'604	15'536	4'118	4'129	878	4'239	2'172
Expected credit loss	(171)	(1'038)	(23)	(33)	(8)	(96)	(879)

§ Accounting policies

Medartis' customer base consists of hospitals and specialists. The timing and amount of cash inflows is impacted by the number of surgeries as well as economic and political risks. The cash flows of distributors that supply Medartis' products to hospitals in countries where Medartis is not present are also impacted by these factors. For instance, state hospitals depend on solvent governments and pay a limited price based on law. Distributors supplying emerging markets are more exposed to those risks than Medartis subsidiaries operating in developed markets. Medartis monitors these risks annually and recognizes any adjustments if needed taking these factors into consideration.

According to IFRS 9, trade receivables are recognized at the transaction price in accordance with IFRS 15 and are subsequently measured at amortised cost, less expected credit losses (ECL). The Group uses an allowance matrix to estimate the allowance for doubtful accounts for all trade receivables. The ECL rate is based on the Group's historical experience and the Group's expectation of economic conditions over the period until receivables are expected to be paid. Impairment losses are recognized in the Consolidated Income Statement under "Other operating expenses".

7.2 Inventories

	2023	2022
Goods for sale	19'939	23'970
Sets	31'671	27'421
Raw materials	911	1'019
Semi-finished products	10'017	11'511
Packaging	294	69
Work in progress	5'183	5'671
Goods in transit	286	243
Total 1)	**68'301**	**69'903**

1) Including write-downs

	2023	2022
Write-down Goods for sale	(2'547)	(1'200)
Write-down Sets	(6'594)	(6'242)
Write down Raw materials	(400)	(433)
Total write-downs	**(9'542)**	**(7'875)**

§ Accounting policies

Inventories are calculated at the lower of initial cost and net realisable value. The cost of inventories shall comprise all costs of purchase (based on first-in, first- out method), costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Following methodologies for write downs have peen applied:

Raw Material:
The provision is calculated on basis of the turnover of the raw material and can be up to 100%.

Finished and semi-finished goods:
The provision is calculated on basis of the aging of the products. The provision increases with the age of the materials and can be up to 100%.

Sets:
Sets are provisioned on basis of their number of surgeries.

For products at the end of their lifecycle individual write downs are recognized during the phase-out period.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

7.3 Prepaid expenses

§ Accounting policies

Prepayment made is an asset for which an entity expects to receive goods or services in exchange in the future.

Prepayments are measured at nominal amount.

7.4 Property, plant and equipment

Reconciliation of beginning and ending balance by classes of assets:

	Machinery	Furniture	Hardware	Vehicles	Sets	Leasehold improvements	Other	Total
Cost or valuation								
At 1 January 2022	25'753	4'517	5'658	1'573	42'878	31'014	610	112'004
Additions	3'100	454	1'746	92	8'701	1'313	29	15'435
Business combination	5'868	551	204	-	-	1'407	-	8'029
Disposals	(274)	(98)	(109)	(433)	(435)	(12)	-	(1'361)
Currency translation effects and other	(358)	(32)	(45)	(35)	(1'522)	(40)	(19)	(2'050)
At 31 December 2022	34'089	5'392	7'453	1'198	49'623	33'682	620	132'057
Additions	2'069	117	925	22	7'741	3'997	63	14'934
Disposals	(1)	(168)	(355)	(315)	(525)	(506)	(44)	(1'915)
Currency translation effects and other	(782)	(66)	(68)	1	(2'689)	(141)	(25)	(3'770)
At 31 December 2023	**35'375**	**5'276**	**7'955**	**906**	**54'150**	**37'031**	**614**	**141'306**
Depreciation and impairment losses								
At 1 January 2022	(17'497)	(3'085)	(4'715)	(1'164)	(30'676)	(14'277)	(430)	(71'844)
Depreciation charge	(2'079)	(369)	(848)	(243)	(5'509)	(1'633)	(47)	(10'730)
Depreciation on disposals	270	35	91	294	391	8	-	1'089
Currency translation effects and other	41	33	53	28	1'829	55	12	2'050
At 31 December 2022	(19'265)	(3'386)	(5'419)	(1'086)	(33'965)	(15'848)	(465)	(79'434)
Depreciation charge	(2'467)	(394)	(990)	(55)	(6'433)	(1'826)	(49)	(12'216)
Depreciation on disposals	1	168	355	315	472	38	40	1'390
Currency translation effects and other	181	38	68	(1)	2'672	58	17	3'034
At 31 December 2023	**(21'549)**	**(3'574)**	**(5'987)**	**(826)**	**(37'254)**	**(17'579)**	**(457)**	**(87'226)**
Net book value - 1 January 2022	8'256	1'432	943	410	12'202	16'737	180	40'160
Net book value - 31 December 2022	14'824	2'006	2'034	112	15'657	17'834	155	52'623
Net book value - 31 December 2023	**13'826**	**1'702**	**1'968**	**80**	**16'896**	**19'453**	**156**	**54'080**

§ Accounting policies

Property plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Cost for repair and maintenance are recognized in profit or loss as incurred.

Each item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated over its useful life. At least annually, the Group reviews depreciation method, useful life on an asset and residual value, and if appropriate adjusts prospectively.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of major classes of depreciation assets:

Asset class	**Depreciation method**	Useful life
Machinery	Straight-line	8 years
Furniture	Straight-line	8 years
Hardware	Straight-line	4 years
Vehicles	Straight-line	3 years
Sets	Straight-line	5 years
Leasehold improvements	Straight-line	20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

7.5 Leases

Right-of-use assets (ROA)	Office property	Machinery	Vehicles	Total
01 January 2022	**18'764**	**5'179**	**453**	**24'396**
Additions	6'294	664	1'044	8'002
Depreciation expense	(3'914)	(1'539)	(456)	(5'909)
Currency translation effects	88	-	84	173
31 December 2022	21'233	4'303	1'125	26'661
Additions	1'915	2'906	373	5'194
Depreciation expense	(4'548)	(1'296)	(607)	(6'451)
Currency translation effects	484	-	99	583
31 December 2023	**19'085**	**5'913**	**989**	**25'987**

The amounts recognised in the Consolidated Income Statement are as follows:

Profit or loss	2023	2022
Depreciation right of use assets	**(6'451)**	(5'909)
Interest expense lease liabilities	**(810)**	(732)
Expense: short-term leases	**(383)**	(428)
Variable lease payments	**(804)**	(897)

The Group recognized a total cash outflow of CHF 7.3 million (2022: CHF 7.1 million) for leases.

The maturity analysis of lease liabilities is disclosed in Note 3.

§ Accounting policies for lessees

Right-of-use assets
The Group recognises right-of-use assets (ROA) at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (3-8 years). Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below CHF 5'000). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

7.6 Intangible assets

Reconciliation of beginning and ending balance by classes of assets:

	Goodwill	Development	Product Technology	Software	Other	Total
Cost						
At 1 January 2022	2'549	7'195	-	10'135	607	20'486
Additions	-	1'469	-	504	1'385 1)	3'359
Business combination	37'556	-	20'936	154	-	58'645
Currency translation effects	(1'556)	-	(925)	3	33	(2'445)
At 31 December 2022	38'549	8'664	20'010	10'796	2'025	80'044
Additions	-	2'232	-	1'581	60	3'874
Retirement and disposals	-	-	-	(1'762)	-	(1'762)
Currency translation effects	(3'270)	-	(1'845)	(31)	-	(5'147)
At 31 December 2023	**35'279**	**10'897**	**18'165**	**10'585**	**2'085**	**77'009**
Amortisation and impairment						
At 1 January 2022	-	(1'715)	-	(6'777)	(76)	(8'568)
Amortization charge	-	(668)	-	(675)	(130)	(1'473)
Currency translation effects	-	-	-	(12)	-	(12)
At 31 December 2022	-	(2'383)	-	(7'465)	(205)	(10'053)
Amortization charge	-	(741)	(654)	(553)	(383)	(2'332)
Impairment losses	-	-	-	(1'762) 2)	-	(1'762)
Retirements and disposals	-	-	-	1'762	-	1'762
Currency translation effects	-	-	-	29	-	29
At 31 December 2023	**-**	**(3'125)**	**(654)**	**(7'988)**	**(589)**	**(12'356)**
Net book value - 1 January 2022	2'549	5'480	-	3'358	531	11'918
Net book value - 31 December 2022	38'549	6'281	20'010	3'331	1'819	69'991
Net book value - 31 December 2023	**35'279**	**7'772**	**17'511**	**2'596**	**1'496**	**64'653**

1) Includes a distribution licence for Field Orthopaedics products acquired in 2022

2) Discontinued software project. The impairment loss has been recognized within general and administration in the consolidated income statement.

The goodwill amounts to CHF 35.3 million (2022: CHF 38.5 million) thereof CHF 32.7 originated from the acquisition of NSI in 2022 and CHF 2.6 million from the acquisitions of Extera and Mimedis in 2017 and was allocated to the group of CGUs which corresponds to Medartis Group as a whole, which is consistent with the way management monitors goodwill and performance as one integrated unit. The Group performed the annual impairment test in December 2023.

The recoverable amount of Medartis Group has been determined based on a value in use calculation using cash flow projections from financial budgets covering a six-year period. The pre-tax discount rate applied to cash flow projections is 14.6% (2022: 14.1%) and cash flows beyond the five-year period are extrapolated using a 2.15% growth rate based on weighted long-term inflation rates (2022: 2.0%). The growth rate does not exceed the long-term average growth rate for the medical technology sector. The gross profit margin applied ranges from 79% in the year 2023 and 78% for the normalised terminal year. (2022: 81% to 78%).

Based on the impairment test conducted, no impairment on goodwill was recognized during the periods under review.

The acquired product technology of CHF 20 million originated from the acquisition of NSI in May 2022. Amortization started in 2023 as a result of products being introduced to the US market.

As of 31 December 2023 Development projects amounting to CHF 7.8 million were capitalized (2022: CHF 6.3 million).

At 31 December 2023, the maximum amount of unrecognised potential future commitments for the acquisition of another distribution right is CHF 1.3 million (2022: CHF 1.4 million). These amounts are undiscounted and are not risk-adjusted, and the amounts include all such potential payments that can arise assuming that all products currently under development are successful and all possible objectives and performance targets are met.

§ Accounting policies

Intangible assets are initially recognized at cost, subsequently amortized over their useful lives less required impairments. Intangible assets with finite useful lives are tested for impairment when there is a triggering event that indicates the need for an impairment. Intangible assets with indefinite useful life (including goodwill) are tested on an annual basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of major classes of depreciation assets:

Asset class	Depreciation method	Useful life
Development	**Straight-line**	8-10 years
Product Technology	**Straight-line**	12 years
Software	**Straight-line**	5 years

Research and development costs

Research and development costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditures as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of 4-5 years. Amortisation is recorded in cost of goods sold. During the development period, the asset is tested for impairment annually.

Licences with finite useful lives

The Group has entered into in-licensing agreements or similar arrangements which require Medartis to make certain (milestones) payments dependent on the achievement of agreed objectives or performance targets as defined in the arrangements ('variable or contingent considerations'). Executory payments are excluded from initial measurement ('cost accumulation approach'), and contingent payments are capitalised as part of the costs of intangible assets when they become probable, if they meet the definition of an asset, or expensed as incurred.

7.7 Accounts payable trade and other

The accounts payable trade and accounts payable other at 31 December 2023 and 2022 are as follows:

	2023	2022
Accounts payable trade	**8'240**	**9'595**
Salary and social security	1'244	1'193
Deferred compensation	680	684
Unused vacation	3'692	3'415
Bonus payments	6'284	4'938
Sales commission (financial instruments)	1'589	1'195
VAT and other non-income taxes	2'414	1'215
Other	1'285	2'558
Accounts payable other	**17'187**	**15'199**
Income tax payables	**488**	**375**
Accrued expenses	**3'316**	**2'666**

§ Accounting policies

Accounts payable trade result from sourcing of goods or services from suppliers and other vendors. They do not include other payables relating to social securities, VAT, etc.

Trade payables are recognized at the trade date when goods or services and the invoice is received and are usually recorded at nominal value which approximates fair value. After initial recognition trade accounts payables are carried at amortized cost.

7.8 Current financial debt and other financial liabilities

Current financial debt at 31 December 2023 and 2022 is as follows:

	2023	2022
Lease liabilities, current	**(6'297)**	(5'158)
Other financial liabilities	**(462)**	(462)
Current financial liabilities	**(6'759)**	(5'619)

§ Accounting policies

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or , at amortised cost, , as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not measured at fair value through profit or loss, net of directly attributable transaction costs.

The subsequent measurement depends on classification of financial liabilities

7.9 Provisions

Provisions at 31 December 2023 and 2022 are as follows:

	Dismantling provision	Jubilee provision	Legal provisions	Restructuring provision	Other provisions	Total
At 1 January 2023	**1'100**	**1'160**	**3'200**	**1'914**	**957**	**8'330**
Additions charged during the year	-	474	-	306	12	792
Business combination	-	-	-	-	-	-
Unused amounts released	-	-	(715)	(39)	(6)	(761)
Amounts used	-	(125)	(2'297)	(1'528)	(92)	(4'042)
Currency translation adjustments	-	-	6	(142)	(0)	(137)
At 31 December 2023	**1'100**	**1'509**	**193**	**510**	**871**	**4'182**
Current	-	-	193	510	871	1'573
Non-current	1'100	1'509	-	-	-	2'609

	Dismantling provision	Jubilee provision	Legal provisions	Restructuring provision	Other provisions	Total
At 1 January 2022	**1'000**	**1'239**	**2'330**	**-**	**986**	**5'555**
Additions charged during the year	100	-	-	2'913	347	3'360
Business combination	-	-	990	-	2'474	3'464
Unused amounts released	-	(34)	-	-	(116)	(150)
Amounts used	-	(45)	(88)	(915)	(2'763)	(3'810)
Currency translation adjustments	-	-	(33)	(85)	29	(88)
At 31 December 2022	**1'100**	**1'160**	**3'200**	**1'914**	**957**	**8'330**
Current	-	-	3'200	1'914	957	6'070
Non-current	1'100	1'160	-	-	-	2'260

The timing of payment in respect of non-current provisions is, with few exceptions, not contractually determined and requires judgment.

Dismantling provision relates to the obligation for removal of the leasehold improvement in the rented premises in Basel, Switzerland, at the end of the lease term.

Jubilee provision: Medartis has programs for long-service awards and other payments dependent on length of service which are classified as other long-term payments due to employees.

Legal provisions includes an addition in 2022 related to the investigations in Brazil and the lawsuit Extremity Medical, LLC filed against Nextremity Solutions, Inc. In 2023 this issue was resolved and the legal provision as well as the related indemnification asset were derecognised resulting in CHF 0.3 million profit.

Restructuring provision includes a provision regarding the closure of the US office in Exton.

Other provisions mainly includes provisions that have been set up to cover other contractual liabilities and business risk of the Group, including provisions related to sales and other taxes as well as commercial disputes and product liabilities and are set up to cover legal and administrative proceedings.

§ Accounting policies

Provisions are recognized when Medartis has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognized in the income statement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

7.10 Share capital

The share capital is represented by 12’359’185 registered shares (2022: 11’856’569) of CHF 0.20 (2022: CHF 0.20) par value, fully paid in. The share capital amounts to CHF 2’471’837.00 at 31 December 2023 (2022: CHF 2’371’313.80)

In 2023 Medartis Holding AG increased its share capital to 12’359’185 shares by issuing 476’190 new registered shares from its authorized share capital (art. 3a of the Articles of Association) and 26’426 from its conditional share capital (art. 3c of the Articles of Association). The incremental transaction costs amounted to CHF 0.6 million.

In 2022 Medartis Holding AG increased its share capital by issuing 42’201 new shares to 11’856’569 registered shares from its conditional share capital. The incremental transaction costs amounted to CHF 0.

As of 31 December 2023 the conditional share capital for employee benefits amounts to CHF 111’580.60 (2022: CHF 116’865.80), the conditional share capital for bonds and other instruments amounts to CHF 1’056’957.20 (2022: CHF 1’056’957.20). At the Annual General Meeting on 21 April 2023, Medartis Holding AG introduced a capital band between CHF 2’466’551.80 (lower limit) and CHF 3’551’924.20 (upper limit). The Board of Directors is authorized until April 20, 2028 to increase and/or decrease the share capital at any time and as often as desired within the capital range. (On December 31, 2022 the authorised capital amounted to CHF 1’180’609.60).

To align the presentation of the equity components to that in the individual financial statements of Medartis Holding AG, an amount of CHF 1.1 million (2022: CHF 1.1 million) has been reclassified from retained earnings to capital reserves.

In 2023 Medartis paid out no dividends to shareholders. There are no dividend payments planned for 2024.

§ Accounting policies
Incremental transaction costs related to the issue, sale and purchase of shares are recognised in equity.

7.11 Financial debt

	Maturity			
	2023	till 1 year	1-5 years	over 5 years
Lease liabilities, current	6'297	6'297	-	-
Other current financial liabilities	462	462	-	-
Current financial debt and other financial liabilities	**6'759**	**6'759**	**-**	**-**
Lease liabilities, non-current	20'627	-	18'172	2'454
Non-current financial debt and other financial liabilities	**20'627**	**-**	**18'172**	**2'454**
Contingent consideration liabilities	23'173	8'392	14'781	-
Total net interest-bearing debt	**50'559**	**15'151**	**32'954**	**2'454**

	Maturity			
	2022	till 1 year	1-5 years	over 5 years
Lease liabilities, current	5'158	5'158	-	-
Other current financial liabilities	462	462	-	-
Current financial debt and other financial liabilities	**5'619**	**5'619**	**-**	**-**
Lease liabilities, non-current	21'872	-	18'600	3'272
Other non-current financial liabilities	463	-	463	-
Non-current financial debt and other financial liabilities	**22'336**	**-**	**19'064**	**3'272**
Contingent consideration liabilities	24'083	-	24'083	-
Total net interest-bearing debt	52'038	5'619	43'146	3'272

Reconciliation of liabilities arising from financing activities

	2023	2022
1 January	**52'038**	**24'075**
Increase in lease debts (non-cash)	5'194	8'002
Repayment of lease debts	(5'300)	(5'046)
Change in current financial debts	-	462
Change in non-current financial debts	(463)	463
Recognition of contingent consideration liabilities	-	23'185
Fair value loss on contingent consideration liabilities	1'366	898
Currency translation effects	(2'275)	-
31 December	**50'559**	**52'038**

§ Accounting policies

After initial recognition at fair value, net of directly attributable transaction costs, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are d erecognised as well as through the effective and interest amortization process.

7.12 Post-employment benefits

Medartis AG operates a defined benefit plan in Switzerland. The defined benefit obligation is determined applying the projected unit credit method and plan assets are measured at fair value.

The Group's subsidiary in France also operates an defined benefit plan, which is not material to the Group. The pension liability amounting to CHF -0.2 million (2022: 0) is included in the following tables.

In 2023, the net pension liability amounts to CHF -10.4 million (2022: CHF -1.8 million)

	2023	2022
Fair value of plan assets	**57'691**	56'932
Present value of defined benefit obligation	**(68'094)**	(58'736)
Total employee benefit obligation	**(10'403)**	(1'804)

Pension plan in Switzerland

This pension plan is governed by the Swiss Federal Law on Occupational Retirement, Survivor's and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, various measures can be taken, such as a reduction in benefits by altering the conversion rates or increasing current contributions. Under the BVG employer has to fund at least 50% of the potential restructuring.

The Medartis Pension Fund has entered into an agreement with Helvetia Group Foundation. Helvetia is responsible for the governance of the plan; the Board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies. Helvetia has set up investment guidelines, defining in particular the strategic allocation with margins. Helvetia has reinsured its actuarial risks consisting of demographic risks (primarily life expectancy) and the financial risk (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) with Helvetia Schweizerische Lebensversicherunggesellschaft AG which manages the savings capital/investments on behalf of Helvetia Group Foundation. In addition, an actuarial report is drawn up annually in accordance with BVG requirements.

The main reason for actuarial losses on defined benefit obligation of CHF 9.2 million in 2023 (actuarial gains of CHF 15.9 m in 2022) on the defined benefit obligation are due to changes in financial assumptions, mainly a decrease in the discount rate from 2.20% to 1.50% (an increase in the discount rate from 0.30% to 2.20% for 2022), as well as an increase of the interest rate on retirement savings capital from 0.56% to 1.25% (no change in 2022).

Cost of defined benefit plan

	2023	2022
Service costs		
Current service cost (employer)	**2'569**	3'319
Past service cost 1)	**(408)**	-
Total service cost	**2'161**	3'319
Administration cost (excl. cost for managing plan assets)	**29**	33
Net interest on employee benefits	**28**	53
Total pension expenses recorded in income statement	**2'218**	3'406

1) Past service cost 2023 relate to a decrease in conversion rates.

Remeasurements of employee benefits

	2023	2022
Actuarial gains/losses		
Changes in financial assumptions	**8'772**	(18'579)
Changes in demographic assumptions	**67**	-
Experience adjustments	**329**	2'681
Return on plan assets excl. interest income	**684**	(291)
Total remeasurements recorded in other comprehensive income	**9'852**	(16'189)

Change in fair value of plan assets

	2023	2022
Fair value of plan assets at 1 January	**56'932**	48'668
Interest income on plan assets	**1'255**	158
Contributions by the employer	**3'472**	3'152
Contributions by plan participants	**1'736**	1'576
Benefits deposited / (paid)	**(5'019)**	3'087
Return on plan assets excl. interest income	**(684)**	291
Fair value of plan assets at 31 December	**57'691**	56'932

Plan corresponds to the insurance contract with Helvetia Group Foundation.

Change in present value of defined benefit

	2023	2022
Defined benefit obligation at 1 January	**58'736**	66'408
Interest expense on defined benefit obligation	**1'282**	211
Current service cost (employer)	**2'569**	3'319
Contributions by plan participants	**1'736**	1'576
Benefits deposited / (paid)	**(5'019)**	3'087
Past service cost	**(408)**	-
Administration cost (excl. cost for managing plan assets)	**29**	33
Actuarial (gain) / loss on defined benefit obligation	**9'168**	(15'898)
Defined benefit obligation at 31 December	**68'094**	58'736

The outflow of funds due to pension payments and other obligations can be reliably estimated. Contributions are paid regularly to the pension funds. Furthermore, the investment strategy respects the need to guarantee the liquidity of the plan at all times. The Group does not make use of any assets held by the pension plan.

The actual return on plan assets for 2023 in Switzerland was CHF 0.6 million (2022: CHF 0.4 million)

Plan Participants

	2023	2022
Number	**344**	349
Weighted average duration in years	**14.4**	14.0

There are no retired plan participants for the years 2023 and 2022.

For the reporting year 2024 employer contributions of CHF 3.6 million are expected.

Significant actuarial assumptions:
The present value of the defined benefit obligation is determined annually by independent actuaries using the projected unit credit method.

In %	**2023**	2022
Discount rate	**1.50%**	2.20%
Increase in salaries/wages	**2.00%**	1.25%

Sensitivities of significant actuarial assumptions

The discount rate and the future increase in salaries/wages were identified as significant assumptions. The following impacts on the defined benefit obligation would result from changes in actuarial assumptions:

Impact on DBO at 31.12.2023	Increase	Decrease
Discount rate (0.25%)	(2'611)	2'189
Salary increase (0.25%)	325	(719)

Impact on DBO at 31.12.2022	Increase	Decrease
Discount rate (0.25%)	(2'020)	2'007
Salary increase (0.25%)	450	(554)

The sensitivity analysis is based on reasonable possible changes as at the end of the reporting year. Each change in a significant actuarial assumption was analysed separately as part of the test. Interdependencies were not considered.

§ Accounting policies

Short term employee benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

Post-employment benefits

The Group has both defined contribution plans and defined benefit plans.

Contributions to defined contribution plans are paid to publicly or privately administered pension plans on a statutory, contractual, or voluntary basis. The group has no further obligation once the contributions have been paid.

Defined benefit plans require the Group to make contributions to individual plans, for which the ultimate benefit to the employee is based on a defined benefit, e.g., based on a final salary level, defined performance of the plan, etc.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recognized in the balance sheet on a net basis and presented as employee benefit obligation. The defined benefit obligation is determined at the end of each reporting period by independent actuaries using the projected unit credit method. Plan assets are not available to the creditors of the Group.

Pension costs consist of

- Service costs comprising current service costs, past service costs (gains/losses from plan amendments or curtailments), and gains/losses from plan settlements. The Group recognizes service costs under the following expenses (by function) cost of sales, selling and distribution, administration, research and development.
- Net interest is recorded in the financial result and is determined by applying the discount rate to the net defined benefit liability or net defined benefit asset that exists at the beginning of the year.
- Gains and losses resulting from the actuarial valuation are recorded in other comprehensive income (OCI) as remeasurements of employee benefits. The return on plan assets (excluding interest based on the discount rate) and any change in the effect of an asset ceiling are also recorded in OCI.

Other non-current employee benefits

Other non-current employee benefits, mainly jubilee benefits, are also measured using the projected unit credit method, however remeasurements are recorded in the consolidated income statement.

Termination benefits are recognized on the date on which the Group can no longer withdraw the offer of this type of benefit or on which restructuring provisions are recorded.

8. Share-based payments

Medartis Executive Management Plan
Medartis operated a corporate long-term incentive plan with restricted shares (LTI) for Members of the Executive Management Board. The amount of this long-term compensation is determined individually for each participant.

According to the plan rules, the amount, if any, for each individual participant shall be converted into a number of Medartis Holding AG shares at a conversion price of the average closing price of the share during the last 20 days before the annual general meeting, less a discount of 25%. The shares are subject to a restriction period for the next two years.

During the reporting period 12'662 RS (restricted shares) and 3'745 RSU (restricted share units) were granted. (2022: 8'164 RS and 2'331 RSU)

The related expenses amount to CHF 1.1 million (2022: CHF 1.1 million).

Medartis Board of Directors Restricted Share Plan
Medartis operated a share plan with restricted shares for the Board of Directors.

According to the plan rules, each board member may elect to receive a part of their fees in the form of restricted shares instead of cash.

The selected board fee portion shall be converted into a number of Medartis Holding AG shares at a conversion price of the volume weighted average share price during the last 20 trading days before the annual general meeting, less a discount of 15%. The shares are subject to a restriction period for the next two years.

During the reporting period 6'141 RS (restricted shares) were granted. (2022: 3'352 RS)

The related expenses amount to CHF 0.4 million (2022: CHF 0.4 million).

Medartis Employee Share Purchase Plan 1
With a grant date of 22 October 2023, eligible employees in Switzerland, Australia, Austria, France, Germany, UK and USA have been able to purchase Medartis Holding AG shares up to a maximum of 15% of their prior year base salary as well as 100% of their last STI (short-term variable compensation) pay-out at a discount of 25%. The grant value is based on the average share price over the 20 day period ending before the allocation date.

During the reporting period, 4'546 RS (restricted shares) and 113 RSU (restricted share units) were granted. (2022: 22'221 RS and 202 RSU)

The related expenses amount to CHF 0.0 million (2022: CHF 0.5 million)

Sign on bonus for NSI employees
In context with the NSI Acquisition a larger group of former employees of Nextremity have received a sign on retention bonus. This bonus will be vested in 3 instalments from 2024 – 2026 with an additional selling restriction of 1 year each. The settlement will be in restricted share units (RSU's) of Medartis Holding AG. For the reporting period the related expenses amount to CHF 0.0 million (2022: CHF 0.5 million).

§ Accounting policies
The cost of equity-settled transactions is determined based on the fair value at the date the grant is made. The expense is recognised in profit or loss together with a corresponding increase in equity (in retained earnings) over the service period.

9. Transactions and agreements with related parties

Related parties primarily comprise members of Group Management, members of the Board of Directors and significant shareholders. Transactions with related parties are carried out at arm's length.

Significant transactions and balances between the Group and related parties are as follows:

	2023	2022
Sales of goods to:		
Institut Straumann AG	**23**	26
Purchase of goods from:		
Associate	**(4'540)**	(3'188)
Services rendered to:		
centerVision AG	**627**	770
IBRA, International Bone Research Association	**410**	-
Services received from:		
IBRA, International Bone Research Association	**(4'046)**	(3'936)
Vischer AG	**(223)**	(21)
CJG Consulting	**(2)**	(23)
Total related party transactions	**(7'752)**	(6'371)

Open balances due to/from related parties recognized in the consolidated balance sheet :

	2023	2022
centerVision AG	**632**	779
IBRA, International Bone Research Association	**297**	(65)
Associate	**(217)**	(60)
Vischer AG	**(34)**	-
CJG Consulting	**-**	(5)
Total open balances	**677**	650

The following table shows the compensation of Key Management Personnel (Board of Directors and the Executive ManagementBoard):

	2023	2022
Fees, salaries and other short-term benefits	**4'187**	4'057
Post-employment benefits	**1'141**	1'249
Share-based payment transactions	**1'479**	1'825
Total	**6'807**	7'131

10. Commitments and contingencies

This section provides additional information about items not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance.

10.1 Other commitments

At 31 December 2023, the Group had other commitments for milestone payments of CHF 1.3 million (2022: CHF 1.4 million) and contractual commitments for the acquisition of property plant and equipment of CHF 0.3 million (2022: CHF 1.2 million).

10.2 Legal claim contingency

In the ordinary course of its business, the Group is involved in lawsuits, claims of various natures, investigations and proceedings. The Group operates in countries where political, economic, social and legal developments could have an impact on the Group's operations. The Group is exposed to varying degrees of uncertainty related to tax matters, regulatory reviews and audits.

The following is a description of the material legal matters currently ongoing.

There have been investigations of the authorities in Brazil – in the context of intensified anti-corruption efforts in the healthcare sector – into companies including Extera, the former Medartis distributor acquired in 2017 due to possible compliance violations.

Medartis is withholding CHF 1.0 million (value as of the 2nd anniversary of the Closing Date) of outstanding payments for the acquisition of Extera to be potentially offset against the costs incurred in connection with this matter.

Medartis has cooperated and entered into leniency agreements with the relevant authorities. Civil claims against the former owners of Extera are still ongoing and Medartis is evaluating to seek further indemnification. Medartis is therefore upholding the provision for anticipated legal costs and other related expenses (please refer to Note 7.9).

11. PRINCIPAL CURRENCY TRANSLATION RATES

Year-end rates used for the consolidated balance sheets at 31 December, to translate the following currencies into CHF, are:

	2023 per CHF	2022 per CHF
Euro (EUR)	**1.0726**	1.0143
US Dollar (USD)	**1.1905**	1.0829
Australian Dollar (AUD)	**1.7400**	1.5947

Average rates during the years ended 31 December, used for the consolidated income and cash flow statements, to translate the following currencies into CHF, are:

	2023 per CHF	2022 per CHF
Euro (EUR)	**1.0271**	0.9962
US Dollar (USD)	**1.1106**	1.0523
Australian Dollar (AUD)	**1.6702**	1.5133

Report of the statutory Auditor

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To the General Meeting of
Medartis Holding AG, Basel

Basel, 8 March 2024

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Medartis Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 116 to 158) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these

matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements (pages 116 to 158).

Goodwill

Risk	The Group recognizes significant goodwill in the amount of MCHF 35.3 (10% of total assets). As disclosed in note 7.6 of the consolidated financial statements, an annual impairment test for goodwill is carried out by the management to identify potential impairment. Goodwill is tested by determining the recoverable amount of the cash generating unit ('CGU') to which the goodwill is allocated. In performing the impairment analysis, management applies judgment in estimating, amongst other factors, future revenues and margins, long-term growth and discount rates. Changes in these assumptions might lead to a change in the carrying value of goodwill.
Our audit response	We assessed and tested the assumptions, including weighted average cost of capital (WACC), methodologies and technical input parameters for the valuation model applied by the Group. We involved our internal valuation specialists to assist us with these audit procedures. In addition, we evaluated the cash flow projection for the CGU by performing a retrospective assessment of the accuracy of management's past projections and analyzing management's business forecast. Furthermore, we assessed whether significant changes in key assumptions could result in an impairment loss by means of sensitivity analyses. Our audit procedures did not lead to any reservations regarding the carrying value of goodwill.

Recoverability of deferred tax asset

Risk	Medartis Group operates in multiple jurisdictions and is therefore exposed to numerous tax laws around the world. The recognition of deferred tax assets from temporary differences and loss carry forwards requires management's assessment of whether it is probable that sufficient taxable profits will be available against which deferred tax assets can be utilized. The significance of the deferred income tax assets and the judgment involved in assessing their recoverability made us conclude that the recoverability of deferred tax assets is a key audit matter of our audit (Note 6.7).
Our audit response	We evaluated the Group process for the identification and evaluation of deferred tax assets.

We also considered the Group process for the recording and continuous re-assessment of deferred taxes.

We tested the calculation of deferred tax assets and liabilities and considered the management estimates relating to the recoverability of deferred tax assets. We analyzed with the involvement of our internal tax experts the probability that future taxable profit will be available against which deductible temporary differences will be utilized.

We analyzed the off-setting and presentation of deferred tax positions.

Our audit procedures did not lead to any reservations concerning deferred tax assets.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss

law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

Financial Statements of Medartis Holding AG, Basel

Financial Statements of Medartis Holding AG, Basel

BALANCE SHEET

(CHF thousands)	Notes	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents		308	83
Trade receivables	2	5'872	2'061
Other receivables	3	175	163
Total current assets		**6'355**	**2'307**
Financial assets	4	261'104	231'299
Shareholdings	5	1'000	1'000
Total non-current assets		**262'104**	**232'299**
Total assets		**268'459**	**234'606**

	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Trade payables	6	196	72
Other current liabilities	7	3'896	1'991
Deferred income and accrued expenses		12	83
Current provisions	8	504	243
Total current liabilities		**4'608**	**2'390**
Share capital		2'472	2'371
Legal capital contribution reserves	14	289'506	258'418
Retained earnings		-	-
Loss carryforward		(28'573)	(27'768)
Net result for the year		446	(805)
Total equity		**263'851**	**232'217**
Total liabilities and equity		**268'459**	**234'606**

INCOME STATEMENT

(CHF thousands)	Notes	2023	2022
Financial income	10	3'813	2'036
Total income		**3'813**	**2'036**
Financial expenses	10	(87)	(10)
Other operating expenses	9	(3'280)	(2'830)
Total expense		**(3'367)**	**(2'840)**
Operating result before taxes		**446**	**(804)**
Income taxes		-	(1)
Net result for the year		**446**	**(805)**

Notes to the financial statements

(in CHF thousands, except otherwise indicated)

1. PRINCIPLES APPLIED IN THESE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance the principles of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations, 'CO').

The preparation of financial statements requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, contingent liabilities, revenue and expenses. The Board of Directors uses judgment in applying the Company's accounting policies. Depreciations, write-downs and provisions exceeding the economically necessary amounts can be accounted for based on prudence considerations.

2. TRADE RECEIVABLES

	31 December 2023	31 December 2022
Subsidiaries	**5'872**	2'061
Total accounts receivable trade	**5'872**	2'061

3. OTHER RECEIVABLES

	31 December 2023	31 December 2022
Tax	**174**	152
Other	**0**	12
Total accounts receivable other	**175**	163

4. FINANCIAL ASSETS

	31 December 2023	31 December 2022
Loans to subsidiaries	**261'104**	231'299
Total financial assets	**261'104**	231'299

5. SHAREHOLDINGS

						Voting & capital rights	
Company	**Country**	**Investment**	**2023**	**2022**	**Currency**	**2023**	**2022**
Medartis AG, Switzerland (Basel)	Switzerland	direct	100%	100%	**CHF**	1'000'000	1'000'000
Mimedis AG, Switzerland (Basel)	Switzerland	indirect	100%	100%	**CHF**	100'000	100'000
Medartis GmbH, Germany (Umkirch)	Germany	indirect	100%	100%	**EUR**	51'129	51'129
Medartis Iberia SL, Spain (Barcelona)	Spain	indirect	100%	100%	**EUR**	3'000	3'000
Medartis S.a.r.l., France (Lyon)	France	indirect	100%	100%	**EUR**	15'000	15'000
Medartis International Trade (Shanghai) Co., Ltd., China	China	indirect	0%	100%	**CNY**	-	30'000'000
Medartis GmbH, Austria (Vienna)	Austria	indirect	100%	100%	**EUR**	35'000	35'000
Medartis Co. Ltd., Japan (Tokyo)	Japan	indirect	100%	100%	**JPY**	10'000'000	10'000'000
Medartis Ltd, UK (Derby)	United Kingdom	indirect	100%	100%	**GBP**	3'700'000	3'700'000
Medartis do Brasil (São Paulo)	Brazil	indirect	100%	100%	**BRL**	25'157'562	25'157'562
Extera Imp.&Exp. Ltda., Brasil (São Paulo)	Brazil	indirect	100%	100%	**BRL**	18'000'000	18'000'000
Medartis Inc, USA (Delaware)	United States	indirect	100%	100%	**USD**	10	10
Lakeland Technology Holdings LLC (Warsaw)	United States	indirect	100%	100%	**USD**	0	0
Medartis S.A. de C.V, Mexico (Mexico)	Mexico	indirect	100%	100%	**MXN**	100'000	100'000
Medartis Sp.z.o.o, Poland (Wroclaw)	Poland	indirect	100%	100%	**PLN**	200'000	200'000
Medartis Australia and New Zealand Pty Ltd, Australia (Albion)	Australia	indirect	100%	100%	**AUD**	1'203'000	1'203'000
Medartis New Zealand Ltd, New Zealand (Auckland)	New Zealand	indirect	100%	100%	**NZD**	1'000	1'000
Keri Medical SA, Switzerland (Geneva)	Switzerland	indirect	47%	25%	**CHF**	35'267'277	27'134'942

6. TRADE PAYABLES

	31 December 2023	31 December 2022
Third parties	**196**	72
Total trade payables	**196**	72

7. OTHER CURRENT LIABILITIES

	31 December 2023	31 December 2022
Subsidiaries	**3'896**	1'991
Total other current liabilities	**3'896**	1'991

8. PROVISIONS

Current provisions	31 December 2023	31 December 2022
Other provisions	**504**	243
Total current provisions	**504**	243

9. OTHER OPERATING EXPENSES

	2023	2022
Administrative expense	**(2'942)**	(2'403)
Expense for patents, trademarks and licences	**(338)**	(427)
Total other operating expenses	**(3'280)**	(2'830)

10. FINANCIAL COST AND FINANCIAL INCOME

	2023	2022
Interest cost	**(86)**	(9)
Exchange losses	**(1)**	(1)
Total financial cost	**(87)**	(10)

	2023	2022
Interest income	**3'811**	2'033
Exchange gains	**2**	3
Total financial income	**3'813**	2'036

11. NUMBER OF EMPLOYEES

Medartis Holding AG has no employees.

12. FEES OF THE AUDITORS

	2023	2022
Fees for audit services (Medartis Group)	**278**	320
Fees for other services	**-**	10
Total fees of the auditors	**278**	330

13. CONTINGENT LIABILITIES

	31 December 2023	31 December 2022
Guarantee for the bank current account of Medartis AG	**10'000**	10'000
Guarantee for the lease liabilities and loans of Medartis AG	**43'000**	43'000

14. LEGAL CAPITAL CONTRIBUTION RESERVES

Emission levy in the amount of CHF 4 million (2022: CHF 3.6 million) are not deducted from the disclosed amount of CHF 289.5 million. In the case of a repayment of the reserves from capital contributions only the amount of CHF 285.5 million (2022: CHF 254.7 million) is not subject to income and withholding tax. The qualification of legal capital contribution reserves in the amount of CHF 34.5 million is subject to the final approval of the Swiss Federal Tax Administration (SFTA).

15. EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date and until the approval of the financial statements on 8 March 2024 by the Board of Directors no material events, which would affect the financial statemtents 2023 have occurred.

16. EQUITY INSTRUMENTS DISCLOSURES FOR THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD

The following table provides a summary of equity grants (restricted shares (RS)) to the Board of Directors and the Executive Management Board for the years ended 31 December 2023 and 2022.

	2023	
	Number granted	Weighted average fair value at grant date in CHF
Board of Directors		
Shares granted during the year	6'141	74.10
Executive Management Board		
Shares granted during the year	14'962	72.88

	2022	
	Number granted	Weighted average fair value at grant date in CHF
Board of Directors		
Shares granted during the year	3'352	115.40
Executive Management Board		
Shares granted during the year	19'649	96.19

Report of the statutory auditor

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To the General Meeting of
Medartis Holding AG, Basel

Basel, 8 March 2024

Report of the statutory auditor

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Medartis Holding AG (the Company), which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended, and notes to the financial statements.

In our opinion, the financial statements (pages 162 to 167) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements (pages 162 to 167).

VALUATION OF INVESTMENTS IN AND LOANS TO SUBSIDIARIES

Risk	Investments in and loans to subsidiaries as of balance sheet date amount to CHF 262.1 million or 98% of total assets. There is a risk that the carrying amount of the investments and loans may no longer be supported through their value in use calculated on the basis of budgeted future cash flows. The significant estimates and judgments required by management in valuing the investment in and loans to subsidiaries made us conclude that this is a key audit matter of our audit.
Our audit response	We assessed, with involvement of EY valuation specialists, the valuation methodology, the underlying assumptions and the mathematical accuracy of the valuation models. Furthermore, we compared management earlier estimates to forecast. Our audit procedures did not lead to any reservations concerning the investments in and loans to subsidiaries.

Other information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Kaspar Streiff
Licensed audit expert
(Auditor in charge)

Daniel Zaugg
Licensed audit expert

Financial calendar

12 March 2024	2023 full-year results publication
17 April 2024	Annual General Meeting 2024
20 August 2024	2024 first-half results publication
18 March 2025	2024 full-year results publication
25 April 2025	Annual General Meeting 2025

Contacts

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Ticker symbols

The Medartis shares are listed at the SIX Swiss Exchange since the company's initial public offering in 2018 and are a constituent of the SPI, SPI Extra as well as further SXI healthcare indices.

Valor:	38620023
ISIN:	CH0386200239
Symbol:	MED
Bloomberg:	MED:SW
Reuters:	MEDA.S
LEI:	506700VUSP6HG3F28846

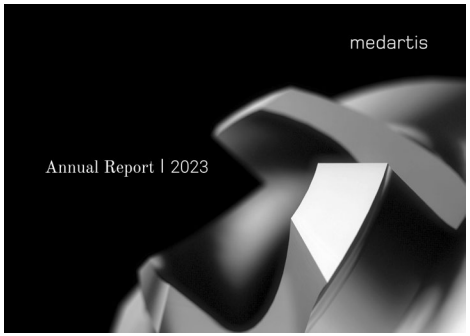
Important links

www.medartis.com/investors
- Articles of Association / Statuten der Medartis Holding AG
- Organisational Regulations of Medartis Holding AG
- Statement Independence of the Board of Directors / Unabhängigkeit des Verwaltungsrats

Disclaimer

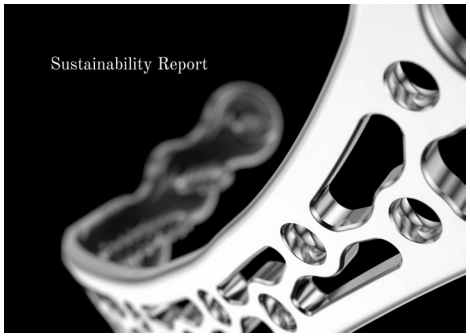
Forward-looking statements
This Annual Report contains specific forward-looking statements, beliefs or opinions, including statements with respect to the product pipelines, potential benefits of product candidates and objectives, estimated market sizes and opportunities as well as the milestone potential under existing collaboration agreements, which are based on current beliefs, expectations and projections about future events. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may result in a substantial divergence between the actual results, financial situation, development or performance of Medartis Holding AG and its subsidiaries (the "Group") and those explicitly or implicitly presumed in these statements. The forward-looking statements are based on the information available to the Group on the date of this Annual Report and the Groups' current beliefs, forecasts and assumptions regarding a large number of factors affecting its business. Such beliefs and assumptions are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Group. There can be no assurance that: (i) the Group has correctly measured or identified all the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Group's analysis is based is complete or accurate, (iii) the Group's analysis is correct or (iv) the Group's strategy, which is based in part on this analysis, will be successful. Factors that affect the Group's business include, but are not limited to, (i) general market, governmental and regulatory trends, (ii) competitive pressures, (iii) technological developments, (iv) effectiveness and safety of the Group's products, (v) management changes, (vi) changes in the market in which the Group operates and (vii) changes in the financial position or credit-worthiness of the Group's customers and partners. The Group assumes no liability to update forward-looking statements or to conform them to future events or developments.

Design notes



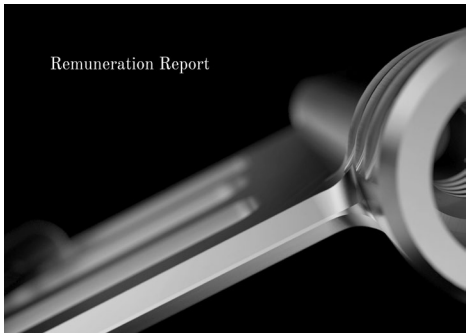
APTUS SpeedTip CCS

APTUS Hand Scaphoid Plate



MODUS 2 Mandible Bridging Plate

APTUS Shoulder Clavicle Plate



StealthFix Implant

APTUS Wrist Distal Radius Plate Adaptive

This year's Annual Report has been produced in landscape format (optimised for screen viewing) to meet changing reading habits. Reflecting our commitment to sustainability, we limit the number of printed copies to a select few, while distributing an abridged version with the invitation to the Annual General Meeting. The cover and chapter illustrations feature high-resolution enlargements of our latest implants.

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