

2020

Half-Year Report

About Medartis

Founded in 1997 and headquartered in Basel, Switzerland, Medartis is one of the world's leading manufacturers and providers of medical devices for surgical fixation of bone fractures for upper and lower extremities as well as for the craniomaxillofacial region. Medartis employs around 620 individuals across its 13 locations, with products offered in over 50 countries globally. Medartis is committed to providing surgeons and operating theater personnel with the most innovative titanium implants and instruments as well as best in class services that represent advances in osteosynthesis.

For more information, please visit www.medartis.com.

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Key Financial Figures

Sales in CHFm

57.0

-12% growth in CHF
-7% growth FX adjusted

EBITDA in CHFm

5.2

9% margin
12% margin FX adjusted

7% sales decline in local currencies due to Covid-19

EBITDA FX adjusted largely stable at 12%

33 new jobs added over 12 months

CHFm	H1 2019	H1 2020	Change
Sales	64.5	57.0	-12%
Sales FX adjusted*		60.0	-7%
Gross profit	54.0	46.7	-13%
Opex	51.7	48.4	-6%
Operating profit (EBIT)	2.4	-1.7	-170%
EBIT margin	4%	-3%	-7pp
EBITDA	8.7	5.2	-40%
EBITDA FX adjusted*		6.9	-21%
EBITDA margin	13%	9%	-4pp
EBITDA margin FX adjusted*		12%	-1pp
Headcount	588	621	6%

*** Alternative Performance Measure**

Alternative Performance Measure: Due to the latest economic developments, several currencies in which we also operate (mainly EUR, USD, AUD and BRL) have lost value compared to our reporting currency (CHF). We therefore show "FX adjusted" performance measures, calculated with a consistent currency FX rate for 2019 and 2020 (2019 monthly FX rates applied to 2020 figures), whereby Cost of Goods Sold is primarily production costs incurred in CHF. These alternative performance measures are only shown for the half-year 2020 and not for the half-year 2019, as the sole reason for these alternative performance measures is to show the operating performance in 2020 with no major FX influence, which only existed for the period under review.

Business review

Medartis generated sales of CHF 57.0 million in the first half of 2020, corresponding to a decline of 7% in local currencies compared with the same period last year. After a good start to the year, March closed slightly below the prior-year level due to the global restrictions in connection with the coronavirus pandemic. A sharp decline in sales was recorded in April and May as elective procedures were not permitted in most countries and trauma cases also declined due to mobility restrictions. In June, most key markets were already showing growth in local currencies compared with the previous year. In addition to coronavirus, the first half of 2020 was also marked by a significant strengthening of the Swiss franc. On a CHF basis, the decline in sales in the first half of the year was equivalent to 12%; the difference compared with the decline of 7% in local currencies reflects in particular the currency developments against the US dollar, the euro, the Australian dollar and the Brazilian real.

On the cost side, Medartis initiated comprehensive cost-cutting measures at an early stage following the outbreak of the pandemic, including short-time work, not filling positions, and salary and bonus decreases for the Board of Directors and the Executive Management Board. With a view to future growth, however, the company continued to invest in innovation, strengthening the organization and strategic initiatives. Total operating expenses decreased by 6% to CHF 48.4 million in the first half of 2020; on a currency-adjusted basis, operating expenses decreased by -3%. Since the end of 2019, the workforce has been moderately increased by 12 positions to 621 employees.

Profitability at EBITDA level amounted to CHF 5.2 million, compared with CHF 8.7 million in the first half of 2019. The EBITDA margin was 9%, compared with 13% in the same period last year. The currency-adjusted EBITDA margin remained largely stable at 12%. EBIT was CHF -1.7 million, compared with CHF 2.4 million a year ago. Compared with the net profit of CHF 0.7 million in the first half of 2019, the net loss for the period under review was CHF -5.8 million after taking into account total currency losses of CHF 4.3 million (H1 2019: CHF 0.9 million). Cash flow from operating activities was CHF -0.2 million, compared with CHF 0.8 million in the first half of 2019.

Christoph Brönnimann, CEO of Medartis: "Our organization adapted very quickly to the corona situation and our production and supply chains functioned seamlessly. Thanks to the pace of growth at the beginning of the year and a well-prepared return after the lockdown, we were able to largely compensate for the corona-related sales decline and achieve an encouraging half-year result. In June, we already achieved year-on-year growth, and this trend continued in July. The newly launched products are providing momentum for the further course of business. We are confident that most of our key markets will achieve the planned growth rates during the second half of the year, provided the corona pandemic does not intensify again."

Development by region

	EMEA	APAC	LATAM	North America	Total
Sales, CHFm					
H1 2020	31.9	10.8	4.9	9.3	57.0
H1 2019	34.7	11.5	7.6	10.7	64.5
Growth, %					
in CHF	-8%	-7%	-35%	-13%	-12%
FX adjusted	-4%	0%	-26%	-10%	-7%

Medartis' largest region, EMEA, reported a moderate decline in sales of 4% in local currencies to CHF 31.9 million, with higher single-digit growth rates being achieved again in June. In July, the growth trend continued at all subsidiaries except the UK. Overall, distributors were slightly below the previous year, recording a good performance in June and July. Spain again failed to meet expectations, resulting in Medartis' decision to establish its own subsidiary in the country starting in 2021.

North America achieved sales of CHF 9.3 million in the first half of 2020, a decline of 10% in local currency, with a strong start to the year being sharply slowed by Covid-19. However, double-digit growth rates were achieved again in June and July. In April, Lisa Thompson assumed her position as President North America and new Member of the Executive Management Board. She will continue to build and expand the US market as a top priority for Medartis, with a focus on strengthening sales (directly and through distributors) and establishing US-oriented product development capabilities.

In the APAC region, sales in local currencies amounted to CHF 10.8 million, remaining at the same level as in the first half of 2019. The impact on the sales trend was therefore the smallest in this region. The subsidiary in Australia, Medartis' strongest market in the region in terms of sales, slowed down slightly but was on budget in July. The new subsidiary in Japan performed well, recording very dynamic growth. In China, initial clinical cases were conducted in preparation for the start of sales activities planned for the fourth quarter of 2020.

In the first half of 2020, LATAM was the region that was affected most severely and for the longest period by Covid-19, reporting negative growth from March to June. Sales decreased by 26% in local currencies to CHF 4.9 million. The Brazilian subsidiary closed significantly below the previous year. The subsidiary in Mexico achieved a solid result with a lower sales loss, and sales in July were above the prior year.

Development of business segments

	Upper Extremities	Lower Extremities	CMF and Others	Total
Sales, CHFm				
H1 2020	41.4	8.2	7.4	57.0
H1 2019	45.9	9.0	9.6	64.5
Growth, %				
in CHF	-10%	-10%	-22%	-12%
FX adjusted	-6%	-5%	-18%	-7%

Although unplanned operations in trauma remained possible without restrictions during the lockdowns, these too declined in the reporting period due to mobility restrictions for large segments of the population – for example, fewer sports-related accidents were recorded.

The largest segment, Upper Extremities, which has the highest proportion of trauma cases, made the biggest contribution to the overall result with CHF 41.4 million (-6% in local currencies). Medartis benefited from its established position in its core markets and the good, long-standing cooperation with hospitals and surgeons. In the elbow segment, dynamic growth was achieved despite Covid-19 thanks to a training and sales offensive. As planned, Medartis introduced the wrist spanning plates for internal fixation of complex comminuted fractures, initially developed for the US market, in Europe and Asia in June and also launched a new forearm fracture system. The limited market launch of the clavicle system also began in June. With these additions, Medartis has now completed its plate and screw portfolio in the upper extremities.

Lower Extremities, Medartis' newest business segment with a higher proportion of elective procedures, recorded a 5% decline in growth in local currencies after a dynamic start to the year, and generated sales of CHF 8.2 million. Sales in June were again slightly above the prior year and a double-digit growth rate was recorded in July. The addition to the cannulated compression screw portfolio, developed in a period of five months, was launched in June as planned. However, due to the lack of elective cases, a decision was reached to extend the limited market release of the two systems for midfoot and hindfoot corrections and for fractures of the lower tibia and fibula; the full market launch of the two systems is now planned for the first quarter of 2021.

The CMF and Others segment, which comprises solutions for the craniomaxillofacial region as well as instruments and containers, recorded an 18% decline in sales in local currencies to CHF 7.4 million in the first half of 2020. The shift in elective procedures had the most significant impact on sales in the CMF segment, which has a high proportion of elective procedures. In April, the new MODUS 2 product generation was launched as planned. It includes patient-specific drill and cutting guides and patient-specific implants for mandibular reconstruction, and for the first time, also a digital planning tool for surgeons.

Outlook

Medartis will continue to pursue its announced medium-term priorities – stronger sales focus on regional needs, acceleration in building the US business and acceleration of the innovation pipeline and time to market. As a result of the current uncertainty caused by the Covid-19 pandemic, Medartis is not providing any guidance for the full year 2020. From today's perspective and without a worsening of the corona pandemic or other unforeseen circumstances, Medartis confirms its medium-term goals (annual sales growth of over 15% in local currencies, gradual increase of the adjusted EBITDA margin).

Medartis Group Interim Consolidated Financial Statements

Interim Consolidated Balance Sheet

(CHF)	Unaudited 30 June 2020	Audited 31 December 2019
Assets		
Current assets:		
Cash & Cash equivalents	88'093'188	99'571'993
Accounts receivable trade	21'286'679	26'385'413
Accounts receivable other	5'266'453	5'921'483
Income tax receivables	686'707	412'437
Inventories	50'641'107	47'159'848
Prepaid expenses	1'865'069	1'433'277
Total current assets	167'839'204	180'884'451
Non-current assets:		
Property, plant and equipment	40'530'560	39'029'309
Right-of-use assets	26'919'310	28'650'878
Intangible assets	12'869'873	12'449'208
Financial assets	842'852	1'041'804
Deferred tax assets	27'918'819	26'454'701
Total non-current assets	109'081'415	107'625'900
Total assets	276'920'619	288'510'351
Liabilities and equity		
Current liabilities:		
Accounts payable trade	8'582'050	10'735'393
Accounts payable other	9'099'798	9'685'700
Income tax payables	625'074	643'968
Accrued expenses	1'136'690	1'983'534
Current financial debt and other financial liabilities	3'738'301	3'924'159
Provisions	3'089'967	3'132'168
Total current liabilities	26'271'880	30'104'922
Non-current liabilities:		
Financial debt and other non-current liabilities	21'378'733	22'504'040
Provisions	2'356'840	2'321'122
Employee benefit obligation	18'180'082	17'912'443
Deferred tax liabilities	54'725	96'213
Total non-current liabilities	41'970'380	42'833'818
Total liabilities	68'242'259	72'938'740
Shareholders' equity		
Issued share capital	2'355'629	2'350'105
Retained earnings	-47'677'919	-42'433'846
Capital Reserves	252'451'944	252'451'944
Currency translation adjustment	1'548'705	3'203'408
Total shareholder's equity	208'678'359	215'571'611
Total liabilities and equity	276'920'619	288'510'351

Interim Consolidated Income Statement

(CHF)	Unaudited H1 2020	Unaudited H1 2019
Net sales	56'993'999	64'478'879
Cost of goods sold	-10'272'285	-10'444'987
Gross profit	46'721'714	54'033'892
Selling and distribution	-29'628'788	-33'698'806
Administration	-10'971'981	-10'436'110
Research and development	-7'792'984	-7'519'040
Operating profit/loss	-1'672'039	2'379'935
Finance income	198'589	62'313
Finance expense	-5'173'735	-1'998'855
Income/loss before taxes	-6'647'185	443'394
Income tax income	818'856	221'921
Net income/loss	-5'828'329	665'315
Attributable to:		
Medartis shareholders	-5'828'329	665'315
Earnings per share (CHF):		
Basic earnings per share	a) -0.50	0.06

a) There is no dilution effect.

Interim Consolidated Statement of Comprehensive Income

(CHF)	Unaudited H1 2020	Unaudited H1 2019
Net income/loss	-5'828'329	665'315
Components of other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit post-employment plans	44'549	-2'633'008
Income tax relating to items that will not be reclassified to profit or loss	-5'809	-93'055
	38'740	-2'726'063
Items that may be reclassified subsequently to profit or loss:		
Currency translation effects	-1'654'703	61'560
Income tax relating to items that may be reclassified subsequently to profit or loss	-	-
	-1'654'703	61'560
Total other comprehensive loss	-1'615'963	-2'664'502
Total comprehensive loss	-7'444'292	-1'999'188
Attributable to:		
Medartis shareholders	-7'444'292	-1'999'188

Interim Consolidated Cash Flow Statement

(CHF)	Unaudited H1, 2020	Unaudited H1, 2019
Net income/loss	-5'828'329	665'315
Adjustments for:		
Income tax income	-818'856	-221'921
Interest income	-198'589	-62'313
Interest expenses	380'835	586'714
Gain/Loss on disposal of property, plant and equipment	134'644	193'649
Depreciation and amortization of:		
Property, plant and equipment	6'331'052	5'817'039
Intangible assets	578'913	499'300
Change in provisions and pension obligations	305'706	201'515
Share based compensation and other non-cash items	1'829'962	520'277
Changes in net working capital:		
Inventories	-3'481'260	-2'876'252
Trade and other receivables, Prepaid expenses and accrued income	5'321'972	-4'008'723
Trade and other payables	-3'586'089	-544'295
Interest received	198'589	62'313
Interest paid	-380'835	-586'714
Income tax received/paid	-949'672	591'739
Cash flow from operating activity	-161'956	837'644
Cash payments to acquire property, plant and equipment	-5'715'031	-7'422'288
Proceeds from disposals of property, plant and equipment	2'836	8'644
Cash payments to acquire intangible assets	-1'651'307	-1'950'284
Additions/Disposals to financial assets	198'952	243'980
Cash flow used for investing activities	-7'164'550	-9'119'949
Proceeds from capital increases	5'524	-
Repayment current financial debt	-	-3'087
Repayment of lease liability	-2'171'991	-2'278'867
Cash flow used for financing activities	-2'166'467	-2'281'954
Net change in cash and cash equivalents	-9'492'974	-10'564'258
Cash and cash equivalents at the beginning of the year (1 January)	99'571'993	116'262'594
Net effect of currency translation on cash and cash equivalents	-1'985'832	-254'967
Cash and cash equivalents at the end of the half-year (30 June)	88'093'188	105'443'369

Interim Consolidated Statement of Changes in Equity

(CHF)	Attributable to Medartis AG shareholders				
	Share capital	Capital reserves	Currency translation difference	Retained earnings	Total shareholders' equity
Unaudited					
1 January 2019	2'348'201	252'451'944	3'197'967	-39'765'125	218'232'987
Net profit				665'315	665'315
Other comprehensive loss			61'560	-2'726'063	-2'664'502
Total comprehensive loss			61'560	-2'060'748	-1'999'188
Share based compensation				374'535	374'535
30 June 2019	2'348'201	252'451'944	3'259'527	-41'451'338	216'608'334

(CHF)	Attributable to Medartis AG shareholders				
	Share capital	Capital reserves	Currency translation difference	Retained earnings	Total shareholders' equity
Unaudited					
1 January 2020	2'350'105	252'451'944	3'203'408	-42'433'846	215'571'611
Net loss				-5'828'329	-5'828'329
Other comprehensive loss			-1'654'703	38'740	-1'615'963
Total comprehensive loss			-1'654'703	-5'789'589	-7'444'292
Capital increase	5'524				5'524
Share based compensation				545'516	545'516
30 June 2020	2'355'629	252'451'944	1'548'705	-47'677'919	208'678'359

Notes to the Interim Condensed Consolidated Financial Statements

1. Corporate information

Medartis Holding AG is a public company domiciled and incorporated in Switzerland, whose shares are publicly traded on the SIX Swiss Exchange. The interim condensed consolidated financial statements of the Medartis Group for the six months ending 30 June 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 14 August 2020.

2. Basis of preparation and accounting policies

The interim condensed consolidated financial statements for the six months ending 30 June 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The preparation of consolidated statements under IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

3. Impact of Covid-19

During the period from March to May Medartis experienced a decrease in revenue due to a stop of elective surgeries and a lower number of trauma surgeries due to restricted mobility in most countries.

Medartis Group assessed if there was an indication that assets might be impaired. The analysis of external sources, such as the market capitalization, the market development and the legal environment showed temporary adverse effects and are expected to be rather balanced in the long run. The analysis of internal sources indicates the economic performance expected, net future cash flows and the business model to be stable. Based on these assumptions the values in use of the cash-generating units exceed the carrying values, therefore no impairments were recognised during the periods under review.

4. Seasonality of operations

The Group operates in an industry where significant seasonal or cyclical variations in the total sales are not experienced during the financial year.

5. Changes in the scope of consolidation

The Group did not complete any business combinations in the half-year ended 30 June 2020.

6. Shareholder's equity

The share capital is represented by 11'778'148 registered shares (2019: 11'750'529) of CHF 0.20 (2019: CHF 0.20) par value, fully paid in. Medartis Holding AG has been listed at SIX Swiss Exchange in Zurich (ticker symbol 'MED') since 23 March 2018.

In the six-month period ending 30 June 2020, Medartis Holding AG increased its share capital by issuing a total of 27'619 new shares to 11'778'148 registered shares from its conditional share capital. The corresponding share capital amounts to CHF 2.4 million.

There were no changes on share capital during the first six months of 2019.

7. Financial instruments / 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 following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument in the balance sheet at 30 June 2020 and 31 December 2019. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

30 June 2020	Carrying amount (based on measurement basis)				Total
	Amortized cost	Fair value level 1	Fair value level 2	Fair value level 3	
Financial Assets					
Cash & Cash equivalents	88'093'188				88'093'188 ¹⁾
Accounts receivable trade	21'286'679				21'286'679 ¹⁾
Other non-current financial assets	842'852				842'852 ¹⁾
Total	110'222'719				110'222'719
Financial liabilities					
Accounts payable trade	8'582'050				8'582'050 ¹⁾
Accounts payable other	242'197				242'197 ¹⁾
Accrued expenses	1'136'690				1'136'690 ¹⁾
Current financial debt	3'738'301				3'738'301 ¹⁾
Non-current financial debt	21'378'733				21'378'733 ¹⁾
Total	35'077'970				35'077'970

31 December 2019	Carrying amount (based on measurement basis)				Total
	Amortized cost	Fair value level 1	Fair value level 2	Fair value level 3	
Financial Assets					
Cash & Cash equivalents	99'571'993				99'571'993 ¹⁾
Accounts receivable trade	26'385'413				26'385'413 ¹⁾
Other non-current financial assets	1'041'804				1'041'804 ¹⁾
Total	126'999'210				126'999'210
Financial liabilities					
Accounts payable trade	10'735'393				10'735'393 ¹⁾
Accounts payable other	556'856				556'856 ¹⁾
Accrued expenses	1'983'534				1'983'534 ¹⁾
Current financial debt	3'924'159				3'924'159 ¹⁾
Non-current financial debt	22'504'040				22'504'040 ¹⁾
Total	39'703'983				39'703'983

1) Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments.

8. Segment information

Operating segments requiring to be reported are determined on the basis of the management approach. Accordingly, external 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.

Due to the structure of the Group, 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. Medartis therefore constitutes only one operating segment which is represented by the whole Group itself.

The following table illustrates revenue from contracts with customers by regions and business segments.

30 June 2020 (CHF)	EMEA	APAC	LATAM	North America	Total
Net sales	31'918'221	10'799'913	4'941'319	9'334'547	56'993'999
Non-current assets 1)	68'697'208	3'756'078	5'808'784	2'057'672	80'319'743

30 June 2019 (CHF)	EMEA	APAC	LATAM	North America	Total
Net sales	34'683'056	11'547'763	7'567'800	10'680'260	64'478'879

31 December 2019 (CHF)	EMEA	APAC	LATAM	North America	Total
Non-current assets 1)	67'946'632	3'632'224	6'079'847	2'470'693	80'129'395

1) Property, plant and equipment and intangible assets

(CHF)	30 June 2020	30 June 2019
Upper Extremities	41'397'834	45'878'722
Lower Extremities	8'179'092	9'037'913
CMF and Others	7'417'074	9'562'244
Total	56'993'999	64'478'879

9. Legal claim contingency

As disclosed in the last Annual Report, the authorities in Brazil launched investigations – in the context of intensified anti-corruption efforts in the healthcare sector – into companies including Extera, the former Medartis distributor acquired in 2017 and its former owners due to possible tender price agreements in 2012. Medartis is withholding CHF 0.9 million of outstanding payments for the acquisition of Extera to be potentially offset against the costs arising from this matter and is evaluating to seek further indemnification from the former owners of Extera. The settlement negotiations with the various involved authorities are ongoing and currently on hold due to Covid-19. In July 2020 the first partial settlement payment in the amount of CHF 160'000 was paid.

In the US Medartis is facing a threatened litigation by its former president. After a first investigation and analysis of the allegations Medartis management and lawyers are of the opinion that there are solid arguments for the defence. Considering all facts available to date Medartis expects payment of a settlement amount including legal fees incurred in connection with such settlement negotiation in the amount of USD 100'000 to be likely and has therefore established a provision.

10. Events after the reporting period

There have been no events occurring after the reporting period which would have a material effect on the Medartis Group financials as at 30 June 2020.



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To the Board of Directors of
Medartis Holding AG, Basel

Basle, 14 August 2020

Report on the review of interim condensed consolidated financial statements



Introduction

We have reviewed the interim condensed consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes, pages 6 to 13) of Medartis Holding AG for the period from 1 January 2020 to 30 June 2020. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.



Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young Ltd

Elisa Alfieri
Licensed audit expert
(Auditor in charge)

André Schaub
Licensed audit expert

Enclosure

- ▶ Interim condensed consolidated financial statements

Financial Calendar

10 March 2021	2020 full-year results
23 April 2021	Annual General Meeting
17 August 2021	2021 half-year results

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Forward-looking statements

This Half-Year 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 Half-Year 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.