

# 2021 | Full-year Results

Presentation for journalists, analysts and investors  
Basel, 7 March 2022



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# Agenda

[Full-year highlights](#)

Christoph Brönnimann, CEO

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[Financial & business review](#)

Dirk Kirsten, CFO

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[Strategic Update & key priorities 2022](#)

Christoph Brönnimann, CEO

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[Transaction details](#)

Dirk Kirsten, CFO

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[Outlook 2022](#)

Christoph Brönnimann, CEO

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Q & A

# Full-year highlights

Christoph Brönnimann, CEO



# Full-year highlights

## TOTAL SALES

CHF **159.9** million<sup>1</sup>

- H1 growth momentum was maintained
- Hospital surgical capacity at ~90%-level

## REVENUE GROWTH

**+24.8%** CER<sup>2</sup> vs. PY

- >20% growth in all regions
- EMEA contributes almost half of the total growth; LATAM fastest growing territory (+47% vs. PY)

## EBITDA MARGIN

**17.2%**

- Driven by gross margin expansion and OPEX leverage
- Both sales and profitability exceeded internal expectations and guidance

## HEADCOUNT

**684** (+7.5% vs. PY)

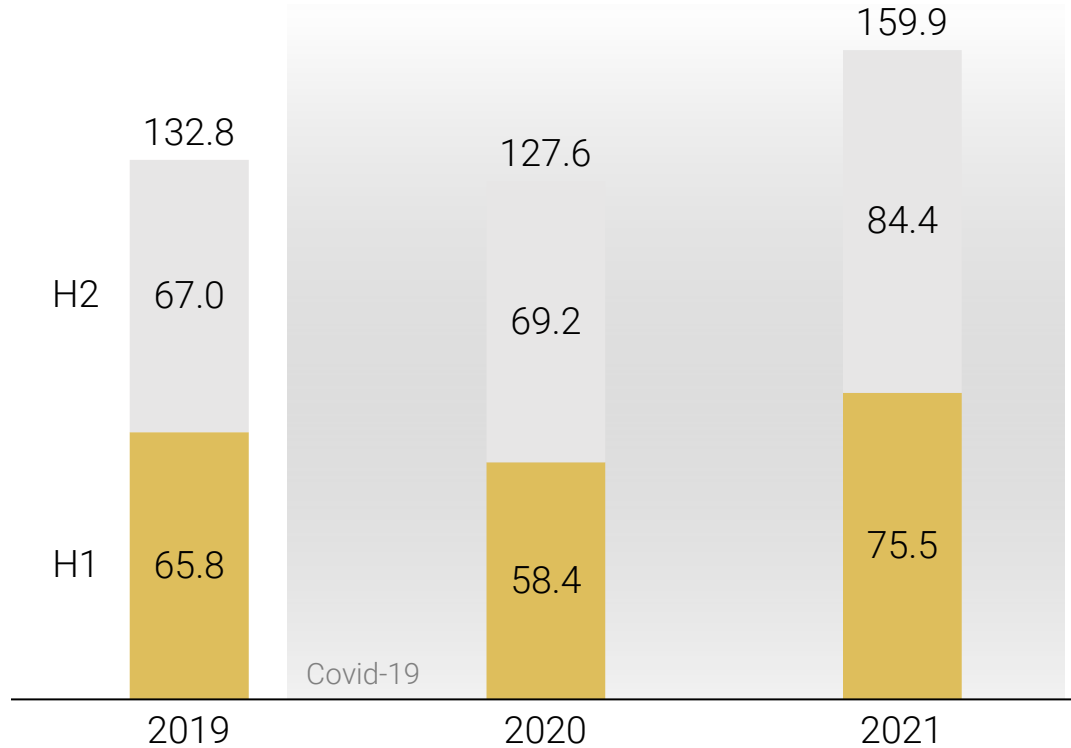
- New sales jobs created in growth markets
- Additional R&D positions to drive innovation

<sup>1</sup> Restated figures in PY. Distributor sales commission of CHF 3.6mn (2020: CHF 4.7mn) reclassified into operating expenses (historically deducted from net sales). For detailed information, please see Note 2.3 of the 2021 Annual report.

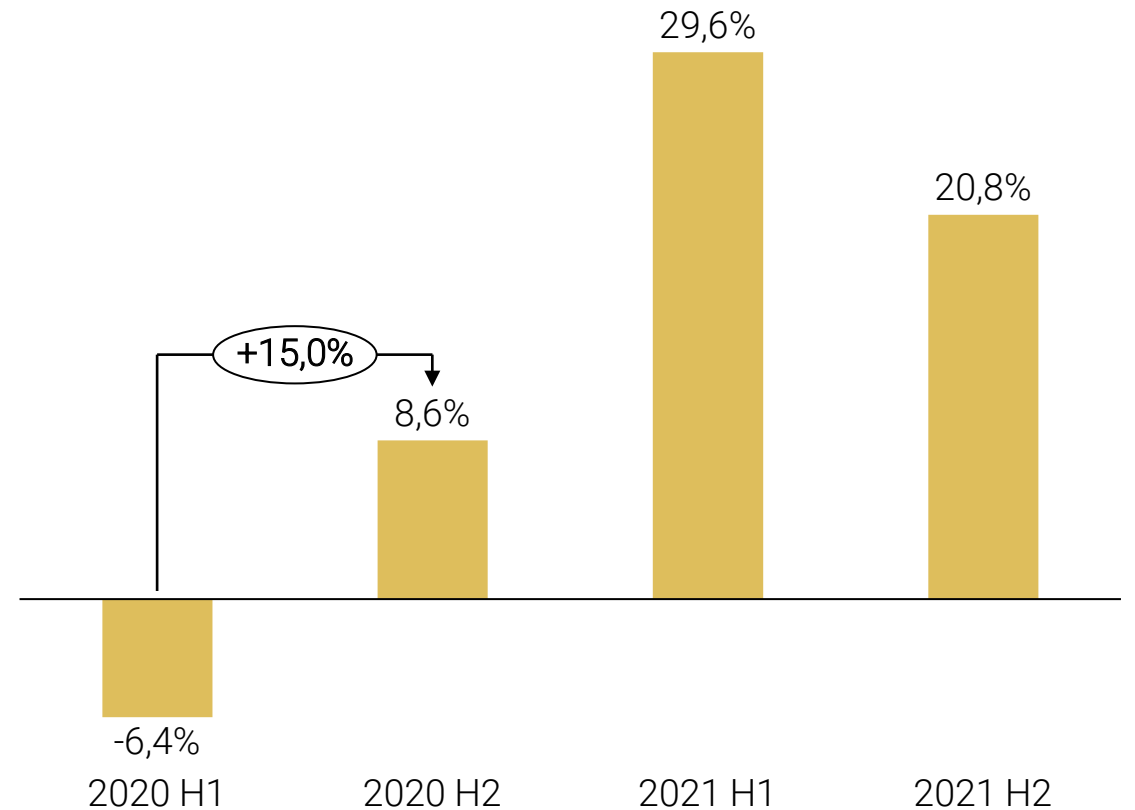
<sup>2</sup> CER (constant exchange rates) excludes currency effects between two reporting periods. PP = Percentage Points PY = Previous Year

# Growth momentum maintained in H2 despite 15% higher comparison base

Net sales in CHF million  
2019 and 2020 restated



Year-on-year growth at CER



# Full-year performance driven by a strong all-round performance

- Strong operational results across all regions and business segments
- In the US we strengthened our sales force and invested into T&E
- KeriMedical portfolio bolstered our important hand & wrist business in Europe
- We have also started our cultural journey, which is the foundation of a high-performance culture and our medium to long-term success
- Average surgical case load<sup>1</sup> was >90% at the end of the year; Assumption is that economies will return to more normal business conditions in the coming months



# Nextremity acquisition is a catalyst for our US business

It provides access to ...

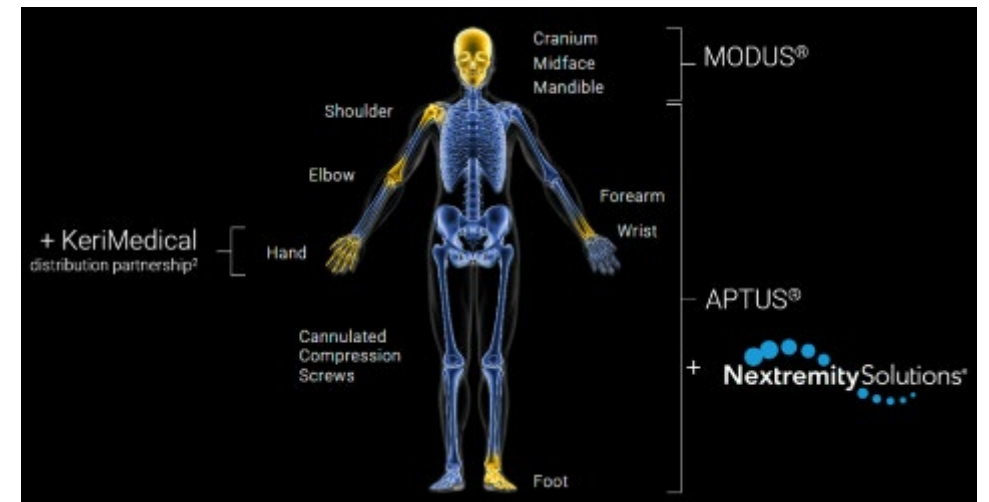
- a highly dedicated and experienced R&D team
- strong relationships to US design surgeons and industry thought leaders
- a complementary product pipeline
- IP portfolio (proven track record with over 120 patents)
- product knowledge and
- a modern, expandable production base

It will allow us...

- to accelerate our US business, especially in lower extremities
- the R&D centre will broaden our portfolio and allow us to strengthen our innovation power
- US manufacturing will provide us with additional capacity for future growth and provide a natural currency hedge



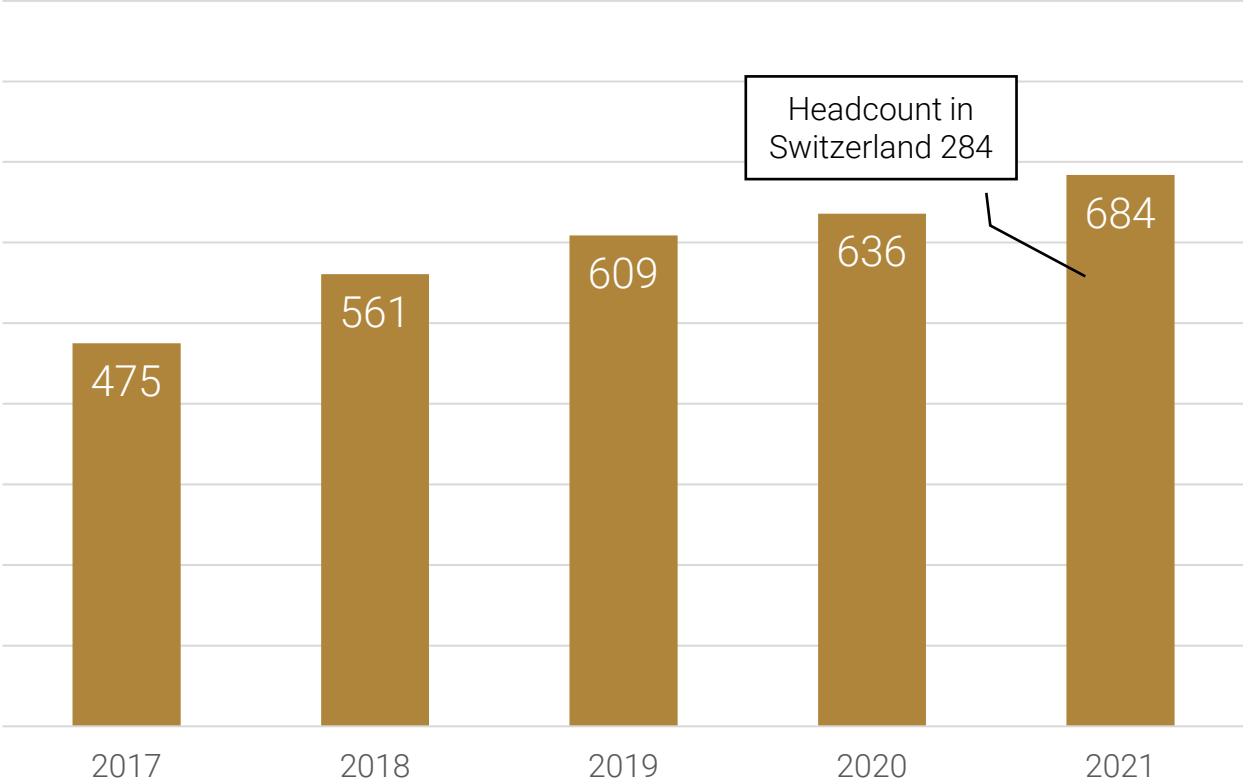
Nextremity HQ, Warsaw (Indiana) Technology Park





# Expansion of the global Medartis team

Global Medartis workforce at year-end



With the acquisition of Nextremity Solutions, 87 additional employees will join the Medartis team



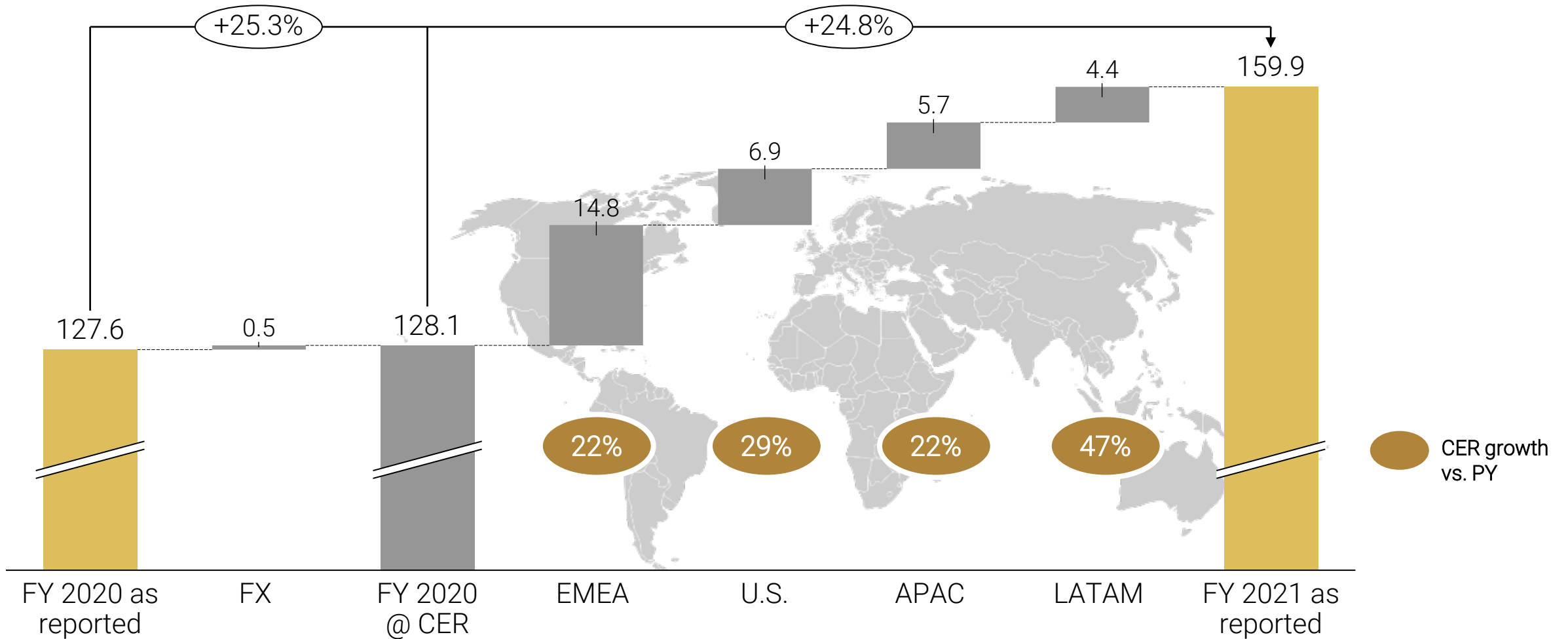
# Financial & Business Review

Dirk Kirsten, CFO



# All regions grew >20%

Net sales in million CHF



# Regional performance: EMEA & US

	CHF million CER growth	Highlights
<p>EMEA</p>	<p>83.4m</p> <p>21.5%</p>	<ul style="list-style-type: none"> <li>• Strong performance from Germany &amp; Austria additionally driven by KeriMedical rollout</li> <li>• France &amp; UK: strong growth after the summer when the pandemic eased again</li> <li>• Successful launch of newly founded Spanish subsidiary</li> <li>• Good growth across all distributor markets</li> <li>• Strong contribution margin</li> </ul>
<p>US</p>	<p>30.8m</p> <p>28.9%</p>	<ul style="list-style-type: none"> <li>• Strong growth reflects initial investments into US commercial organization</li> <li>• Increasing run rates in H2 although headline growth was lower due to a comparatively high baseline in the prior year</li> <li>• New customer acquisition through own sales force and independent distributors</li> <li>• US IBRA Chapter launched</li> </ul>

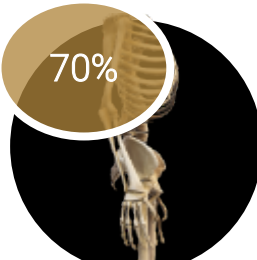
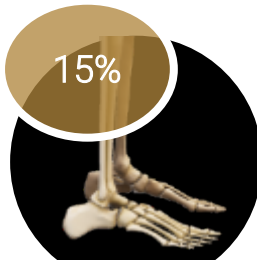

as % of total net sales


# Regional performance: APAC & LATAM

	CHF million CER growth	Highlights
<p>APAC</p>	<p>32.0m</p> <p>21.6%</p>	<ul style="list-style-type: none"> <li>• Australia/NZ: Despite strong impact from pandemic in H2, business reached full-year targets thanks to strong H1 performance</li> <li>• Japan: combined growth of direct and indirect business of &gt;35%. Successful implementation of Modus II (CMF)</li> <li>• Strong growth in China but remained at a still relatively low level</li> <li>• Good growth across all distributor markets</li> </ul>
<p>LATAM</p>	<p>13.7m</p> <p>47.0%</p>	<ul style="list-style-type: none"> <li>• Strong momentum recovery in H2 after difficult 12 months before within pandemic context</li> <li>• Strengthened management team will continue to accelerate growth</li> <li>• Some distributor markets still lagging momentum in direct markets</li> </ul>

as % of total net sales

# Strong segment growth reflects portfolio strategy focus

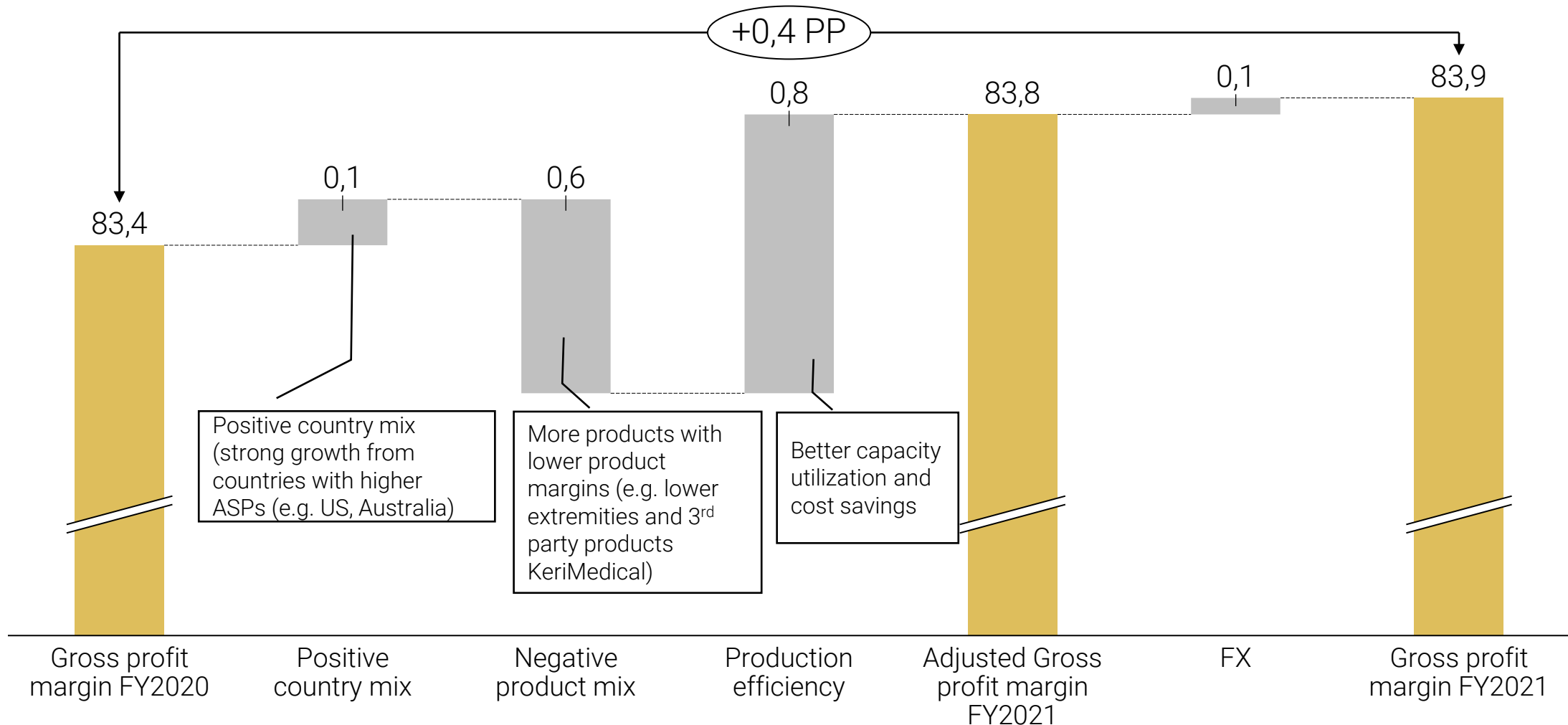
	CHF million CER growth	Highlights
 <p>Upper Extremities</p>	<p>112.0m</p> <p>22.0%</p>	<ul style="list-style-type: none"> <li>• Strong growth from elbow &amp; shoulders implants, followed by hand &amp; wrist implants</li> <li>• Successful launch of KeriMedical</li> <li>• Strong growth from cannulated compression screws (CCS)</li> </ul>
 <p>Lower Extremities</p>	<p>24.6m</p> <p>28.3%</p>	<ul style="list-style-type: none"> <li>• Substantial growth (&gt;50%) in the US, in JP, France &amp; Brazil</li> <li>• Growth in elective procedures partially includes pent-up demand after pandemic</li> <li>• Dedicated built-up of lower extremity franchise in the US following the acquisition of NSI</li> </ul>
 <p>CMF &amp; others<sup>1</sup></p>	<p>23.2m</p> <p>35.6%</p>	<ul style="list-style-type: none"> <li>• Successful roll-out of Modus II. Specifically strong interest from JP</li> <li>• Brazil has successfully sold Modus I – life cycle management</li> <li>• CMF also supported by CMX digital services, allowing reliable treatment planning and surgical outcome</li> </ul>

 as % of total net sales

<sup>1</sup> comprises solutions for the craniomaxillofacial region as well as instruments and containers

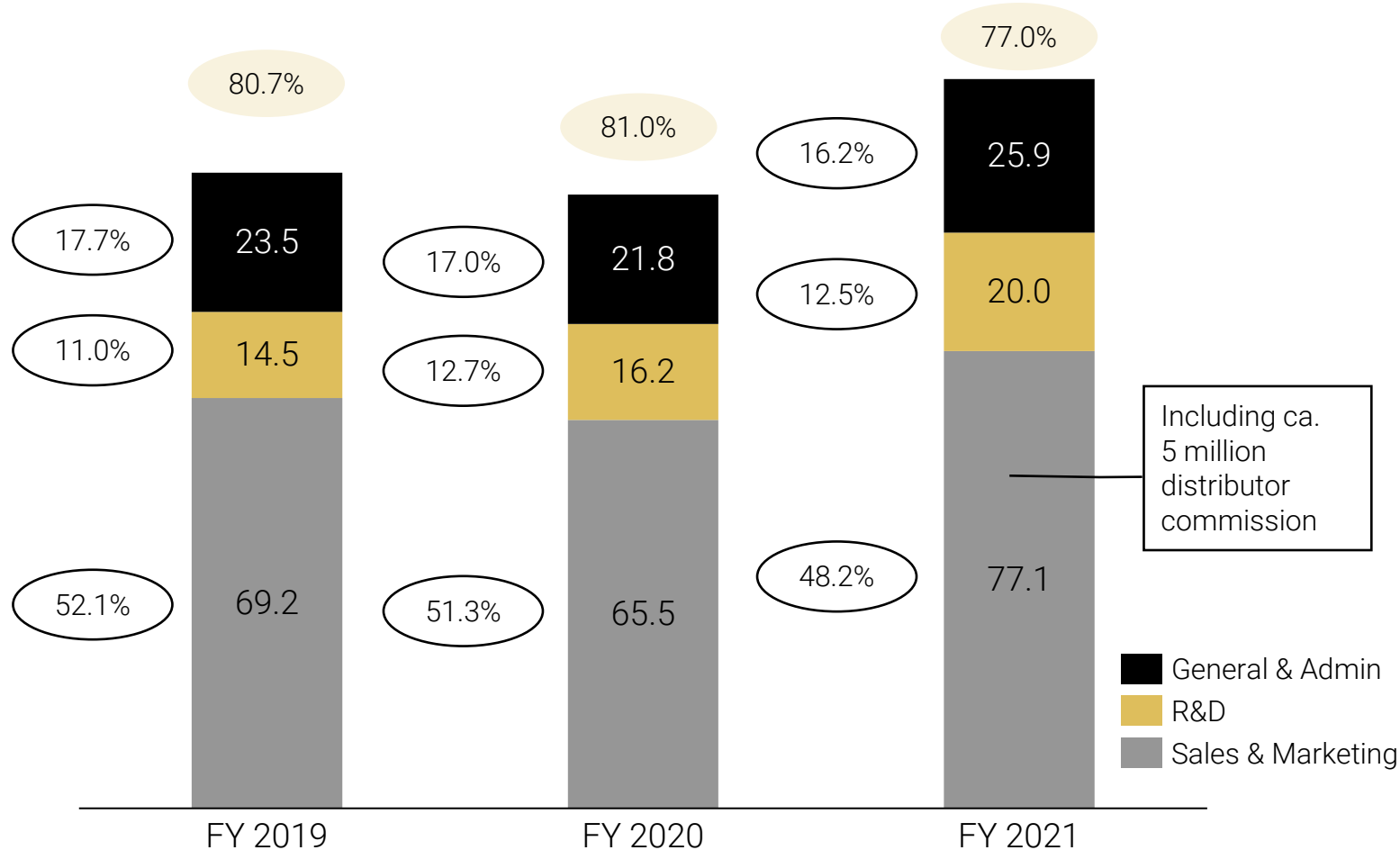
# Gross profit margin increased by 0.4%-points

in % of net sales



# Operational improvements and cost discipline on OPEX level

in absolute CHF and % of sales



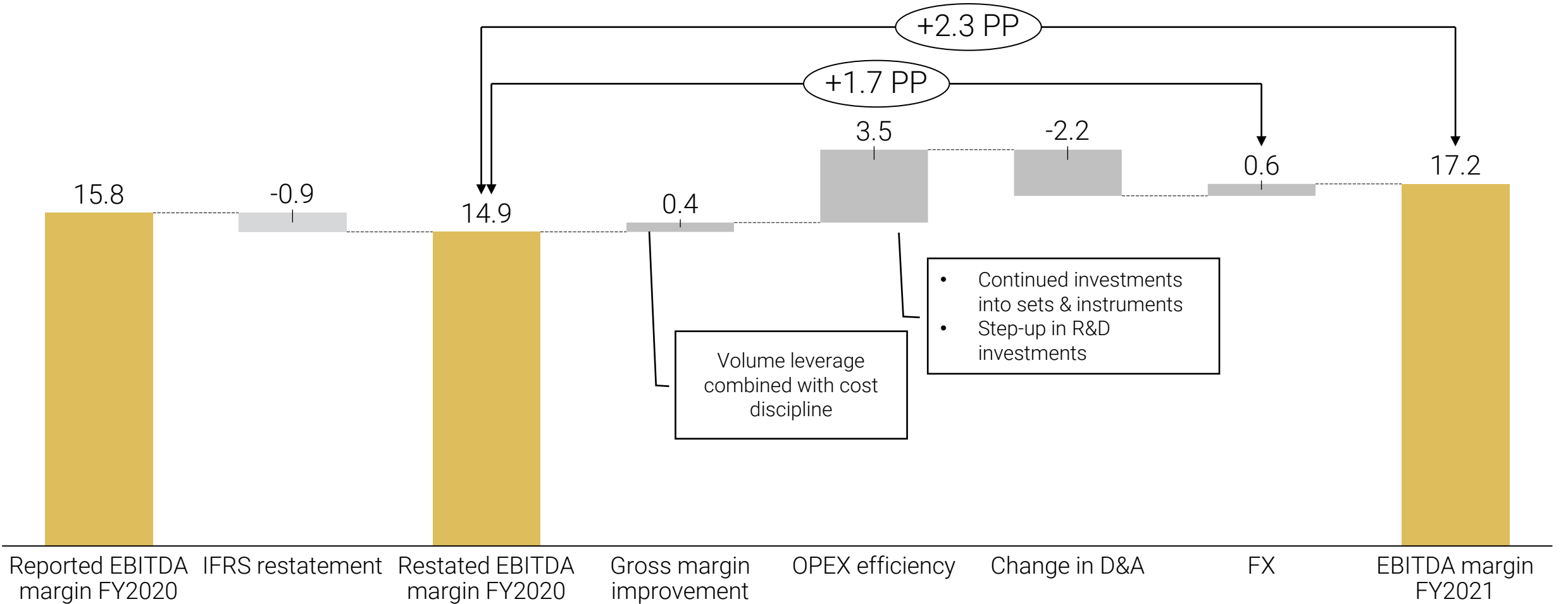
- Improved “OPEX-to sales” ratio due to higher top line and efficient cost management
- Increasing customer activity level after pandemic
- Investments into US organization and new direct countries (JP, Spain)
- Increased investments in R&D pipeline and increased IBRA T&E activities

Percentages in chart above show the relation of the respective expense item to Net Sales (=Opex efficiency). 2019 and 2020 figures are restated to allow better comparison.



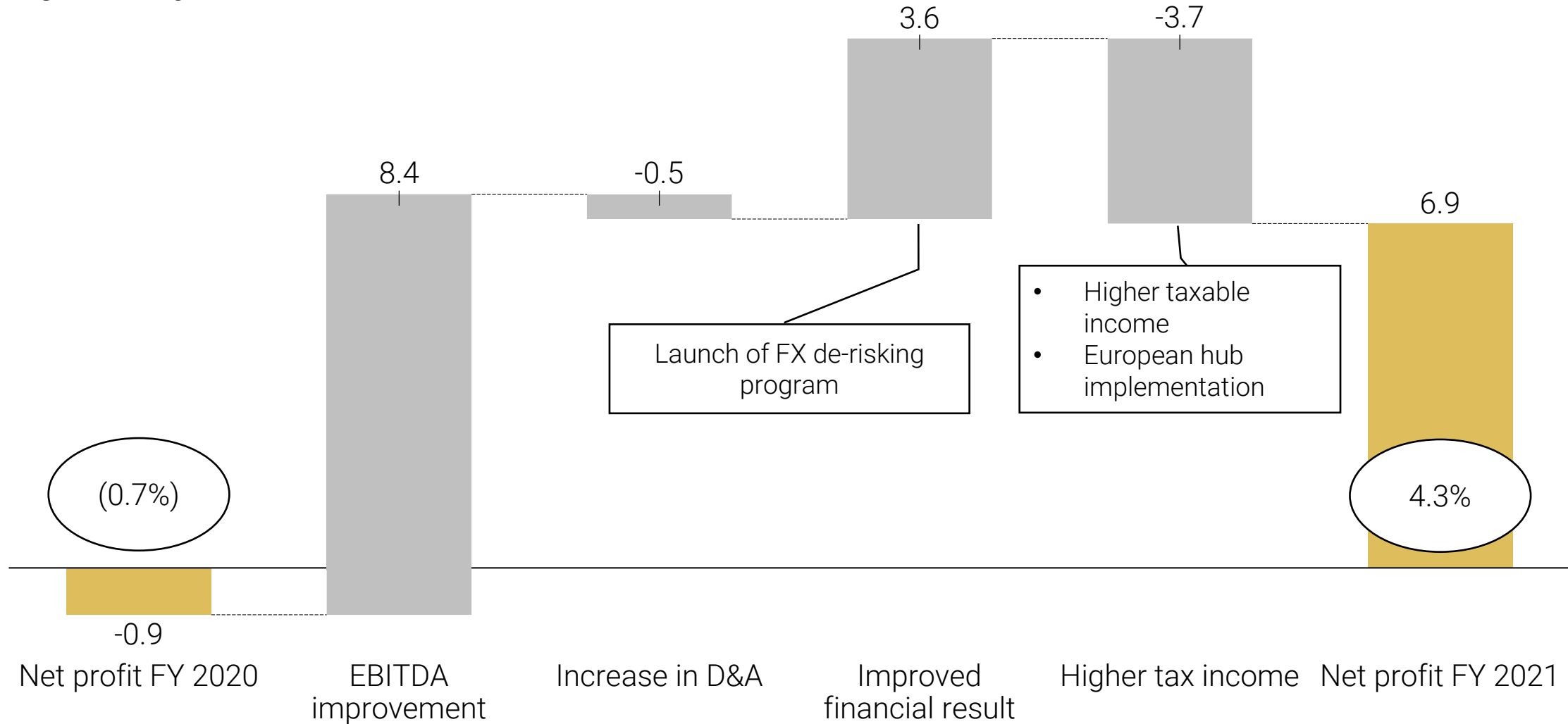
# EBITDA margin improved to 17.2% (+2.3PP)

in % of net sales



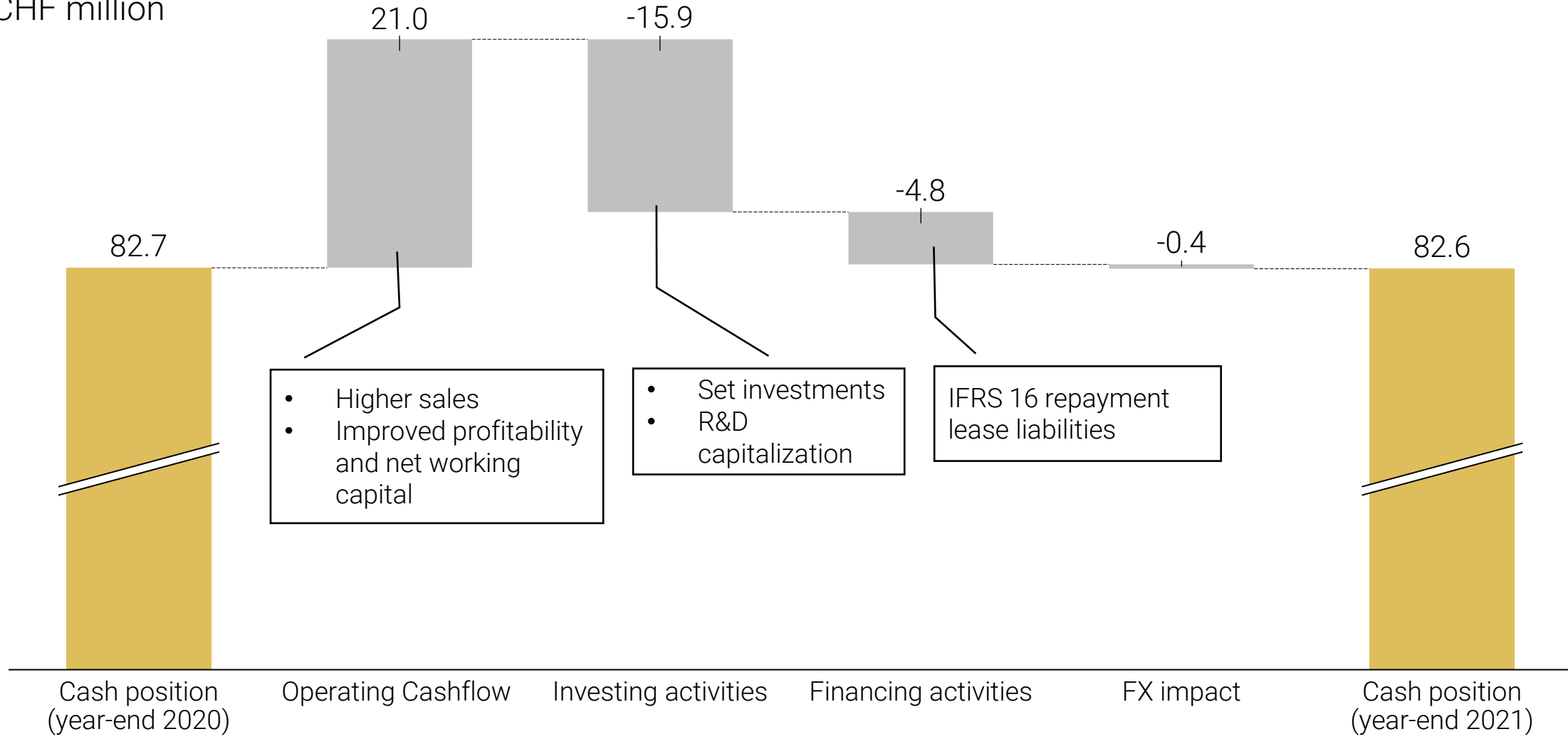
# Net margin rose to 7 million CHF (basic EPS 0.58)

in CHF million



# Solid cash position (28% of balance sheet total)

in CHF million



# Strategic Update & key priorities 2022

Christoph Brönnimann, CEO



# Our strategy remains unchanged – Key priorities 2022



- |          |                                    |
|----------|------------------------------------|
| <b>1</b> | Take US business to the next level |
| <b>2</b> | Accelerate and broaden innovation  |
| <b>3</b> | Evolving the corporate culture     |

# Strengthening of commercial organization with own sales force and independent distributors



## Sales network

- H2: initiated significant sales force expansion
- Support strong growth momentum & launch of combined product pipeline with the acquisition of NSI

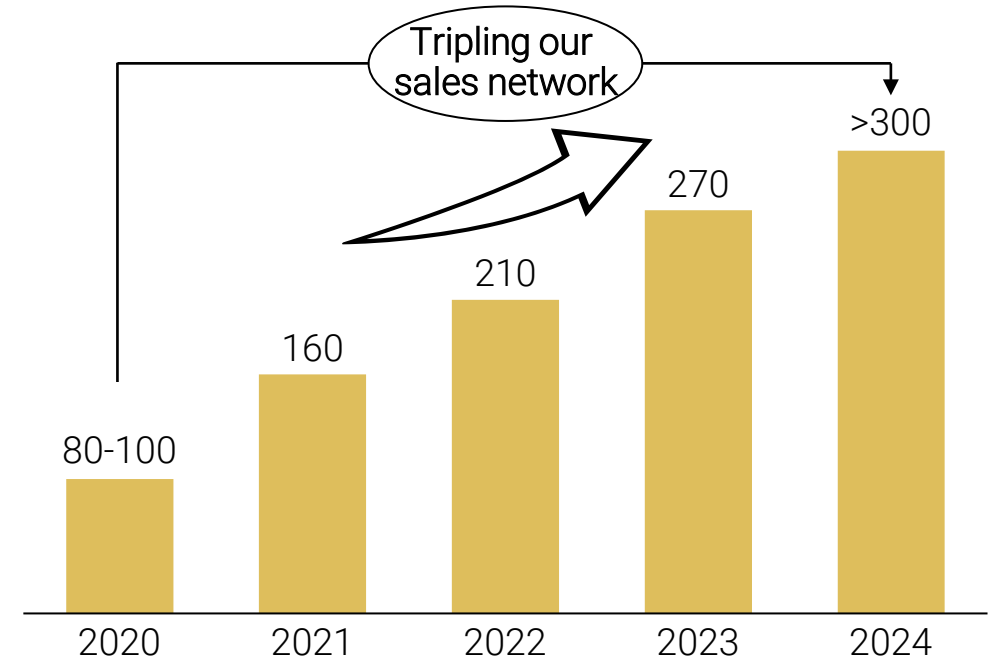
## Training and education

- Regional IBRA chapter founded, and faculty onboarded
- Close cooperation with global and local KOL's in clinical research and technology validation
- Investments into Training & Education and IBRA courses

## Product Development

- Establish R&D centre with an experienced development team in upper & lower extremities through acquisition of NSI
- Access to a complementary and differentiated product pipeline with key technologies creating significant growth opportunities
- Leveraging the strength of 2 dedicated innovation driven companies

Direct and indirect sales representatives



# NSI: Further acceleration of US growth



## **Strengthens our US business**

Experienced team with strong relationships to US KOL's & design surgeons; strong culture fit

## **Complimentary key technologies**

Existing product pipeline is highly complementary to Medartis portfolio and includes key technologies to expand lower extremity portfolio

## **Catalyst for our US extremity business**

Additional sales potential of around CHF 150 million by 2028

## **Cross-selling potential**

Cross-selling potential for Medartis existing screw & plate portfolio. Potential for other markets in a later stage.

## **US manufacturing**

Access to a second 6,500-square-meter production facility offering production of finished, sterile packaging and single-use kits to scale US growth

# Two complementary businesses

medartis®

NextremitySolutions®

<b>Scope &amp; Reach</b>	Global presence in more than 50 countries with direct presence in 14 countries	Dedicated development and commercialization organization with a focus on the extremity musculoskeletal space; no direct distribution
<b>DNA</b>	<ul style="list-style-type: none"> <li>Swiss manufacturing reputation for 'excellence in precision'</li> <li>Longstanding relationships with surgeon O-US in product development and commercialization activities</li> </ul>	<ul style="list-style-type: none"> <li>Proven track record of developing revenue-generating solutions</li> <li>Strong relationship with US design surgeons and industry thought leaders</li> <li>Focus on lower extremity, but teams has &gt;300 industry experience in trauma to build upon</li> </ul>
<b>Founded</b>	1997	2007
<b>Employees</b>	684	87
<b>Product development</b>	Global R&D center	<ul style="list-style-type: none"> <li>Proven track record of developing innovative products with over 120 patents</li> <li>Development center to support US specific market needs</li> </ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>3 500 m<sup>2</sup> highly automated plate and screw production in Switzerland</li> <li>Patient specific drill templates (additive manufacturing)</li> </ul>	<ul style="list-style-type: none"> <li>New ISO 13485 certified 6 500 m<sup>2</sup> (69,500 ft<sup>2</sup>) implant and instrument production incl. prototyping in Warsaw (US)</li> </ul>



# Accelerate and broaden innovation pipeline

2021



5 major launches in 2021, increased market share with new products



Kicked off 9 new product development projects

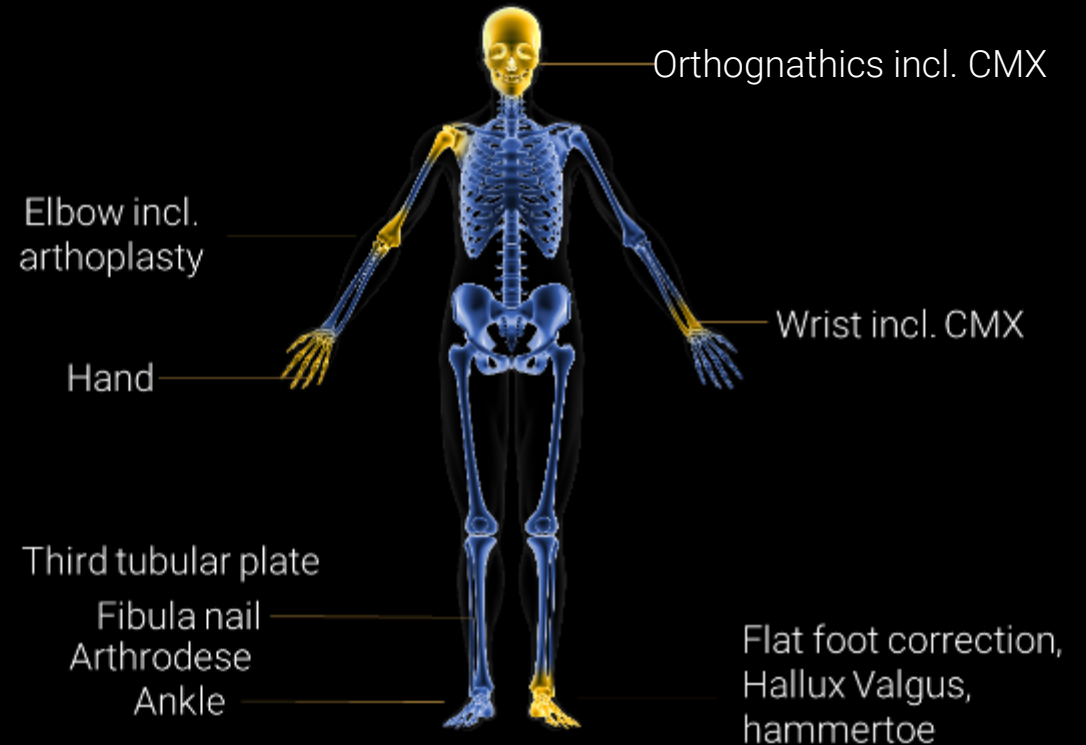


Successful completion of first MDR certification audit














Increased direct surgeon interactions after lockdown periods

Together with NSI, we are aiming for a leading position in the most important extremity indications



# NSI perfectly complements Medartis pipeline



	2022	2023	2024	
<b>Hand &amp; Wrist</b>				Fill minor portfolio gaps and continuously improve & refresh current products. Differentiated solutions to expand indications to osteoarthritis & deformities
<b>Elbow/ Shoulder</b>				Fill some gaps and extend the depth of our portfolio.
<b>Foot &amp; Ankle</b>		 	 	Completing current plates & screw system Complete Portfolio for Ankle Fusion  Differentiating solutions to treat flat foot deformities, Hammertoe, bunions, and 5th Metatarsal Fracture Solution
<b>Total solutions/ Cross Region</b>				Roll out and extend CMX offering, support and complete CMF



Medartis

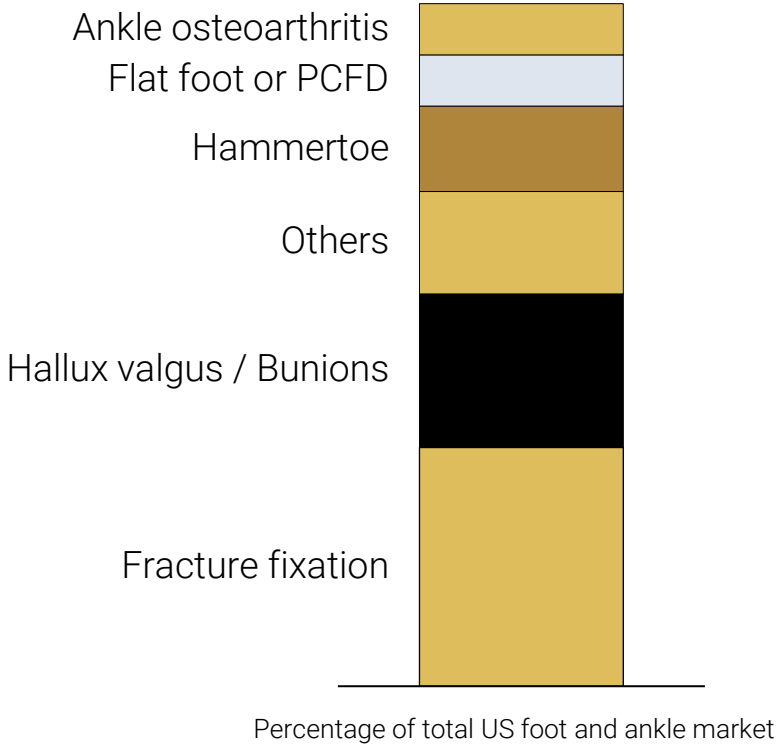
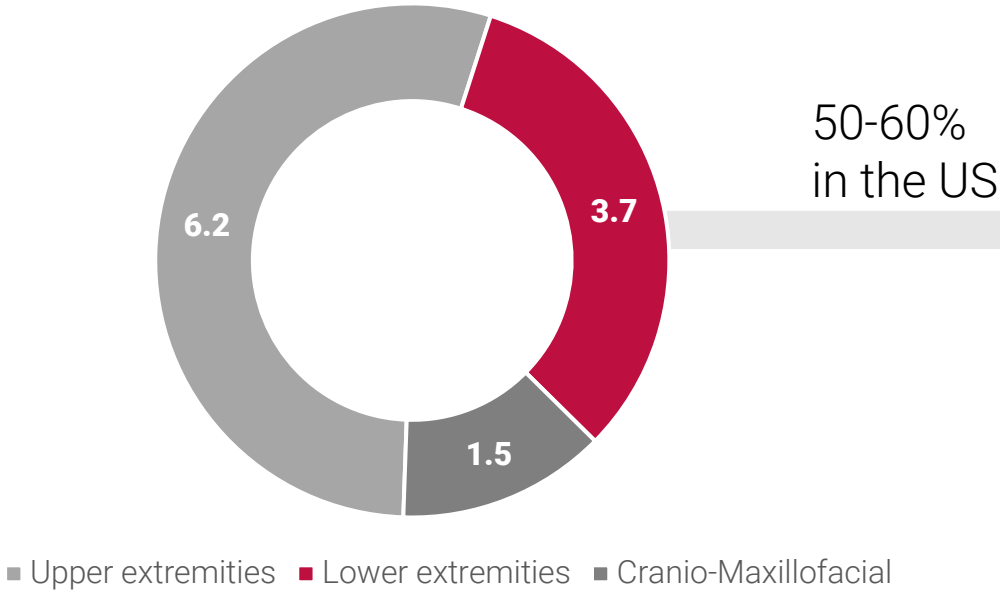


NSI (current projects)

# The US market opportunity

Worldwide market segment worth USD 11 bn USD<sup>1</sup>

Breakdown of the USD 2 billion US foot and ankle market<sup>2</sup>



<sup>1</sup> Based on DRG Report Orthopedic Extremity Devices and Medartis estimates

# Transaction details

Dirk Kirsten, CFO



# Transaction structuring and financing

## Purchase consideration

- Total purchase price consideration of up to USD 70 million
- Thereof an up-front payment of USD 40 million and earn-out payments of up to USD 30m in tranches until 2025
- Earn-out payments are dependent on the fulfilment of certain performance conditions such as product delivery and commercial performance
- Structured equity incentives are in place to retain top management and other key employees

## Financial impact

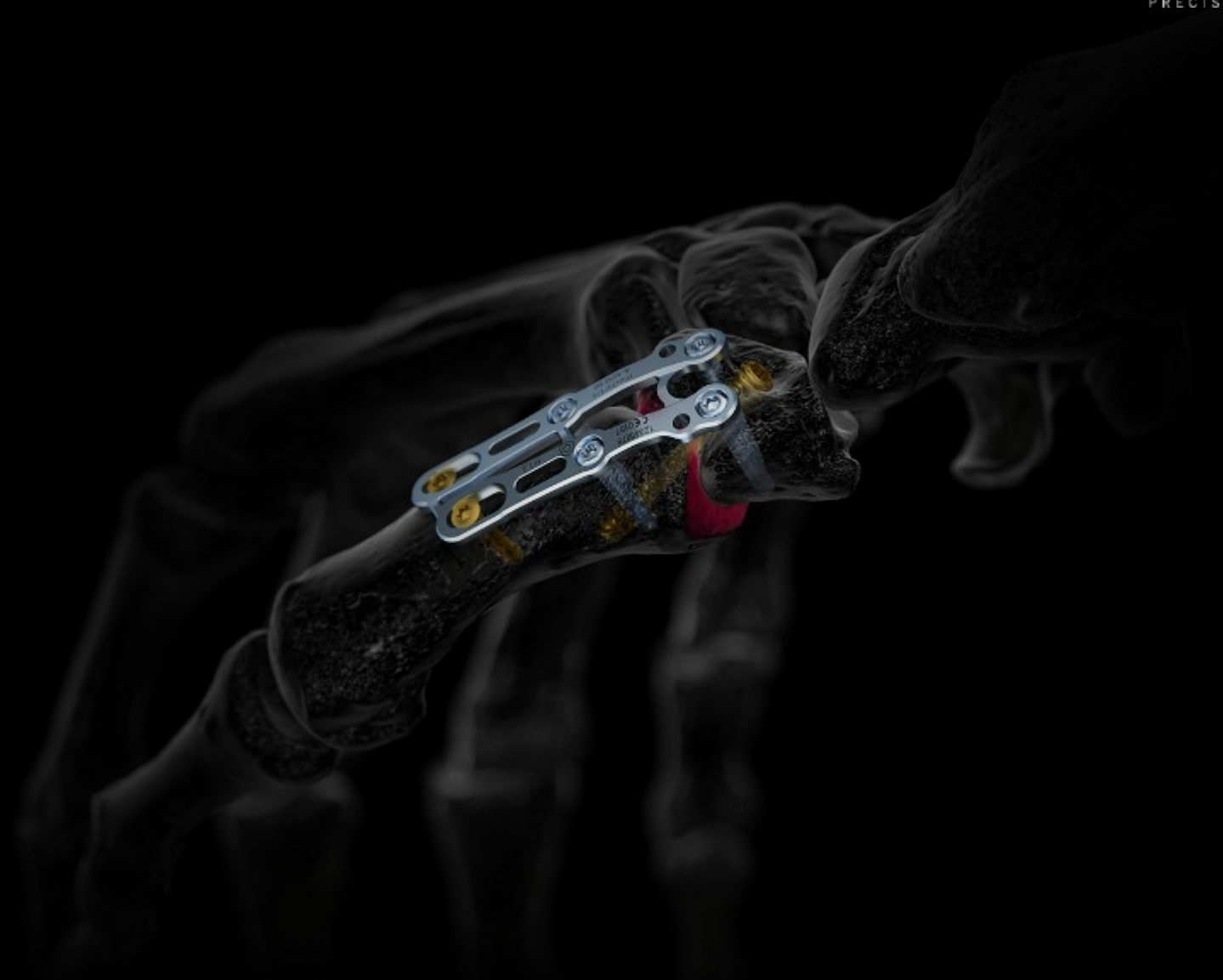
- Expected sales of around USD 150m in year 5 after the initial launch (2028)
- First product launches to be expected in Q1 2023
- Acquisition will be supported with significant investment into US commercial platform
- From 2025 onwards, the acquisition will have a positive effect on the company's profitability

## Approvals and timing

- Transaction is expected to be completed in H1 2022; no anti-trust or other approvals required
- Integration of NSI into existing Medartis processes and infrastructure until end of 2022
- Complementary management skills; strengthens combined team

## Financing

- Initial payment can be fully funded out of existing cash
- Future milestone payments only due if milestone and performance become realized – can be financed intrinsically
- Additional financing options considered



# Outlook 2022

Christoph Brönnimann, CEO

# Full-year guidance 2022

(barring any unforeseen circumstances)

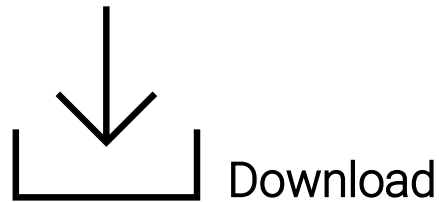
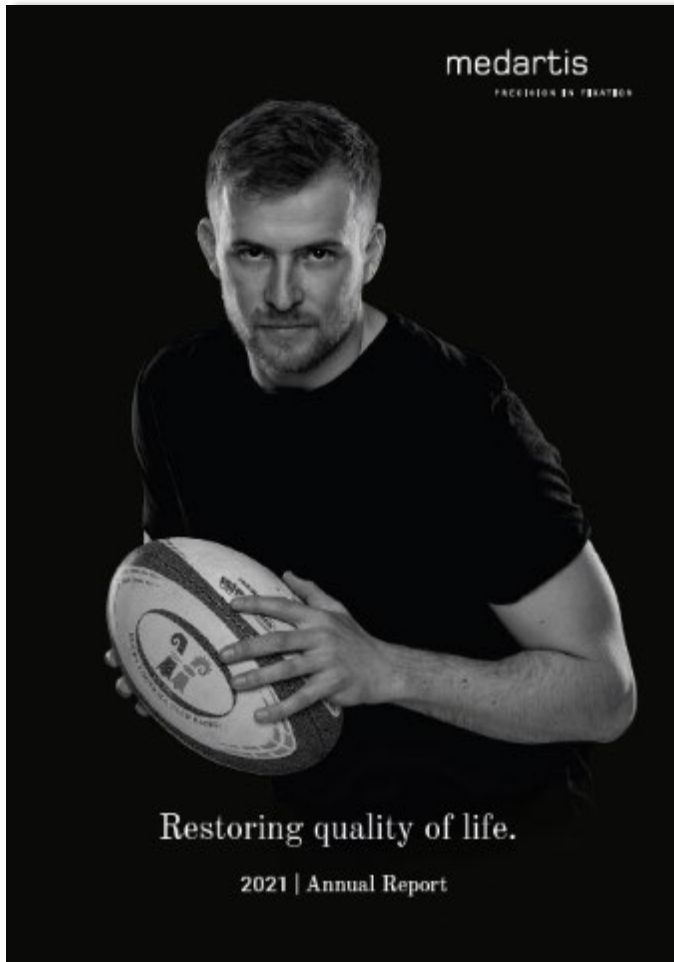
- Although the timing of a full recovery from the pandemic is still uncertain in some geographies, Medartis expects the business environment to continue to improve and most economies to return to more normal business conditions in the coming months.
- Based on these assumptions and excluding the NSI acquisition and currency effects, Medartis anticipates organic sales growth (CER) of around 20% in 2022 and an improvement of the underlying<sup>1</sup> EBITDA margin of approximately 1 PP.
- The new NSI pipeline products are projected to generate annual sales of around USD 150 million in year 5 after the initial launch. For 2022, the planned investments in connection with the NSI acquisition will temporarily reduce the EBITDA margin by 5-6 PP. After 2022, profitability will improve and from 2025 onwards, the acquisition will have a positive effect on the company's profitability.







# Q&A





# Annual Report 2021 incl. sustainability and remuneration section now available for download



Product Name	Indication	Benefit	Portfolio relevance
 TODU II dual mobility triaxial prosthesis	Upper Extremities (Hand)	Dual mobility trapezometacarpal prosthesis for the treatment of rheumatoid arthritis in the hand is significantly higher than in other joints. 144 possible combinations to fit the patient's anatomy. Fast recovery time compared to the gold standard (trapeziectomy) and attractive outcomes in terms of mobility and strength.	Unique solution to improve mobility in the treatment of arthritis
 Arise Trauma System	Lower extremities	Comprehensive system offering 360 degree treatment around the ankle suitable for simple up to complex fractures. Plate design incorporate flaps to treat 'wingshell' and 'chaper' fractures	Key system to strengthen position in lower extremities
 Kief Fuser (IntraMedullary arthrodesis device)	Upper Extremities (Hand)	Optimal modularity with a fit tailored to the patient's anatomy. The implant consists of super-elastic nitinol and is sterile packed	New treatment alternative addressing the growing market of degenerative finger joint diseases
 APTUS Minimal Invasive Distal Radius Plate	Upper Extremities (Wrist)	Thin plate design allows for minimally invasive insertion and fixation. Specifically designed aiming device helps to learn and position the plate providing guidance when inserting the proximal screws	Novelty, supporting our strong market position in the distal radius indication; meets our offering for minimally invasive treatment
 DMX Wrist	Upper Extremities (Wrist and Forearm)	DMX Wrist & Forearm offers custom-made devices such as surgical guides and 3D bone model as part of the DMX service. The specific design of the custom-made products and their usage in the OR help to achieve a more predictable outcome. The web-based platform is easily accessible in real time	Product innovation, key to support complex patient-specific indications in the treatment of the distal radius
 DMC Fusion Plate	Upper Extremities	Stable construct. Several options for compression of the fixation site. K-wire holes for preflexion of the plate. Proximal recess for central placement of the transferring DCS screw	Additional treatment options for DMC-1 case-scenarios

# Upcoming investor events

<b>Date</b>	<b>Event</b>	<b>Broker</b>	<b>Destination</b>
07 March	2021 full-year results publication		
08 March	Roadshow	Credit-Suisse	Zurich
09 March	Virtual roadshow	Credit-Suisse	US
09 March	Virtual roadshow	Bryan Garnier	UK, France, Germany
20 May	Reverse roadshow	Mirabaud	Basel
15 March	AGM invitation		
28 March	AGM registration deadline		
06 April	Annual General Meeting 2022		Written
16 August	2022 H1 results publication		
14March 2023	2022 full-year results publication		



Investors: [investor.relations@medartis.com](mailto:investor.relations@medartis.com)  
Journalist: [corporate.communication@medartis.com](mailto:corporate.communication@medartis.com)

# Key financials FY 2019 – FY 2021

Restated figures  
in CHF million

	FY 2019	FY 2020	FY 2021
<b>Net Sales</b>	<b>132.8</b>	<b>127.6</b>	<b>159.9</b>
<i>Growth vs. PY in %</i>	<i>n/a</i>	<i>-3.9%</i>	<i>25.3%</i>
<i>Growth vs. PY in CER %</i>	<i>n/a</i>	<i>1.2%</i>	<i>24.8%</i>
<b>Gross Profit</b>	<b>113.3</b>	<b>106.5</b>	<b>134.1</b>
<i>Margin %</i>	<i>85.3%</i>	<i>83.4%</i>	<i>83.9%</i>
<b>Operating Expenses</b>	<b>107.2</b>	<b>103.4</b>	<b>123.1</b>
<i>Margin %</i>	<i>80.7%</i>	<i>81.0%</i>	<i>77.0%</i>
<b>Operating Result (EBIT)</b>	<b>6.1</b>	<b>3.1</b>	<b>11.1</b>
<i>Margin %</i>	<i>4.6%</i>	<i>2.5%</i>	<i>6.9%</i>
Depreciation & amortization	13.0	15.9	16.4
<b>EBITDA</b>	<b>19.0</b>	<b>19.0</b>	<b>27.4</b>
<i>Margin %</i>	<i>14.3%</i>	<i>14.9%</i>	<i>17.2%</i>
Financial result	-3.4	-5.8	-2.8
Income taxes	-1.2	2.3	-1.4
<b>Net Profit</b>	<b>1.5</b>	<b>-0.3</b>	<b>6.9</b>
<i>Margin %</i>	<i>1.1%</i>	<i>-0.2%</i>	<i>4.3%</i>
<b>Free Cash flow<sup>1</sup></b>	<b>-10.4</b>	<b>-10.2</b>	<b>5.1</b>
<b>Headcount</b>	<b>609</b>	<b>636</b>	<b>684</b>

<sup>1</sup> Free Cash flow = Operating Cashflow – Cashflow from investing activities

# The combined Nextremity team combines over 3 centuries of Medtech experience and will now partner with us in growing our US business



Rod Mayer  
President & CEO



Dan Stichter  
CFO



Ryan Schlotterback  
CTO



Chris Cook  
COO



Dave Temple  
VP Marketing &  
Communications



Travis Christman  
VP Quality & Regulatory

- Fully aligned corporate values
- Both companies are:
  - innovation- and precision-focused
  - work intensively with design surgeons
  - focused on surgical solutions for extremities,
- By pooling our resources, we will be a more exciting company for our employees, attract more talents and be a more resourceful partner for our surgeons

# Current Medartis portfolio for lower extremities

Hallux Valgus/ Rigidus ①	Charcot Foot ②	Fracture Fixation ③	Flatfoot ④	Toe deformities ⑤
<b>Hallux Valgus</b> <ul style="list-style-type: none"> <li>• CCS/headed CCS 2.2/3.0</li> <li>• 2.8 TriLock TMT-1 Fusion Plate</li> <li>• 2.8 TriLock TMT-1 Fusion Plate Plantar</li> <li>• Akin All-In-One Staple</li> </ul>	<ul style="list-style-type: none"> <li>• 3.5 Medial column Fusion Plates (in LR)</li> <li>• 5.0/7.0 CCS/headed CCS</li> <li>• 2.8 &amp; 3.5 TriLock Wing Plates</li> </ul>	<b>Ankle Fracture</b> <ul style="list-style-type: none"> <li>• 2.8/3.5 Distal Tibia plates, Medial &amp; Anterolateral</li> <li>• 3.5 Distal Tibia , T&amp;L plates</li> <li>• 2.8/3.5 Distal Fibula Plates, Lateral</li> <li>• 2.8 TriLock Distal Fibula Plates, Straight + Standard</li> </ul>	<ul style="list-style-type: none"> <li>• 3.5 Calcaneus Step plates (in LR)</li> <li>• 3.5 LCL Plates (in LR)</li> <li>• 3.5 Wedges (in LR)</li> <li>• 2.8 C- Plate (in LR)</li> <li>• 2.8 Wedges (in LR)</li> <li>• 4.0/5.0/7.0 CCS/headedCCS</li> </ul>	<ul style="list-style-type: none"> <li>• 2.0 SpeedTip C Snap Screw</li> <li>• 2.0, 2.8 SpeedTip C</li> <li>• CCS/headed CCS 2.2/3.0</li> </ul>
<b>Hallux Rigidus</b> <ul style="list-style-type: none"> <li>• 2.8 TriLock MTP Fusion Plate</li> <li>• 2.8 TriLock MTP Revision Plate</li> </ul>		<b>Forefoot Fracture</b> <ul style="list-style-type: none"> <li>• Aptus Foot 2.0/2.3</li> <li>• APTUS Foot 2.8</li> </ul>		
		<b>Midfoot Fracture</b> <ul style="list-style-type: none"> <li>• APTUS Foot 2.8</li> <li>• 2.8 &amp; 3.5 TriLock Wing Plates</li> </ul>		
		<b>Calc Fracture</b> <ul style="list-style-type: none"> <li>• 3.5 Calcaneus Plates</li> <li>• 5.0/7.0 CCS/headedCCS</li> </ul>		

