Medacta International

Financial Report

Medacta's 360° Cervical Platform

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Medacta International

SUSTAINABLE INNOVATION

Our ideation and passion drive us **continuously to improve** our Products, Processes and Technologies in a sustainable way.

#beMedacta CULTURE A KEY FOR SUSTAINABLE SUCCESS

- TRUST AND INTEGRITY
- EFFICIENT EXECUTION
- PATIENT AND CUSTOMER FOCUSED
- SUSTAINABLE INNOVATION
- TEAMWORK

1. Consolidated Statement of Profit or Loss for the years ended December 31, 2024 and 2023

(Thousand Euro)	Notes	31.12.2024	31.12.2023
Revenues	6.24.1	590'580	510'778
Cost of Sales		(191'141)	(162'931)
GROSS PROFIT		**399'439**	**347'847**
Research and Development expenses	6.24.2	(21'392)	(20'318)
Sales and Marketing expenses		(210'549)	(186'671)
General and Administrative expenses	6.24.2	(77'246)	(67'332)
Other income	6.24.3	2'635	2'150
Other expenses	6.24.3	(2'055)	(1'233)
OPERATING PROFIT (EBIT)		**90'832**	**74'443**
Financial income	6.24.4	17'322	7'916
Financial costs	6.24.4	(20'385)	(23'633)
PROFIT BEFORE TAXES		**87'769**	**58'726**
Income taxes	6.11	(14'883)	(11'364)
PROFIT FOR THE YEAR		**72'886**	**47'362**

ATTRIBUTABLE TO			
Shareholders of the parent company	6.27	72'886	47'362
BASIC EARNINGS PER SHARE	6.27	**3.66**	**2.37**
DILUTED EARNINGS PER SHARE	6.27	**3.65**	**2.37**

The Notes are an integral part of the Consolidated Financial Statements

2. Consolidated Statement of Comprehensive Income for the years ended December 31, 2024 and 2023

(Thousand Euro)	Notes	31.12.2024	31.12.2023
PROFIT FOR THE YEAR		**72'886**	**47'362**
OTHER COMPREHENSIVE INCOME			
Remeasurements of defined benefit obligations	6.19	(4'725)	(2'148)
Tax effect on remeasurements of defined benefit obligations		656	372
TOTAL ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(4'069)**	**(1'776)**
Currency translation differences		(7'124)	22'382
TOTAL ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(7'124)**	**22'382**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		**(11'193)**	**20'606**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**61'693**	**67'968**
ATTRIBUTABLE TO			
Shareholders of the parent company		61'693	67'968

The Notes are an integral part of the Consolidated Financial Statements

3. Consolidated Statement of Financial Position for the years ended December 31, 2024 and 2023

ASSETS

(Thousand Euro)	Notes	31.12.2024	31.12.2023
Property, plant and equipment	6.7	262'617	222'942
Right-of-use assets	6.8	54'887	44'397
Intangible assets	6.9	53'625	51'417
Non-current financial assets	6.10	995	712
Deferred tax assets	6.11	24'676	27'936
TOTAL NON-CURRENT ASSETS		**396'800**	**347'404**
Inventories	6.12	234'411	213'924
Trade receivables	6.13	108'167	94'651
Current financial assets	6.10	4'692	7'051
Other current assets and prepaid expenses	6.14	16'519	12'049
Cash and cash equivalents	6.15	31'588	20'792
TOTAL CURRENT ASSETS		**395'377**	**348'467**
TOTAL ASSETS		**792'177**	**695'871**

LIABILITIES AND EQUITY

(Thousand Euro)	Notes	31.12.2024	31.12.2023
Share capital	6.16	1'775	1'775
Capital contribution reserve	6.16	4'894	10'491
Retained earnings and other reserves	6.16	346'073	282'316
Treasury shares	6.16	(9'480)	(8'070)
Foreign currency translation reserve	6.16	36'402	43'526
TOTAL EQUITY		**379'664**	**330'038**
Non-current financial liabilities	6.17	143'359	116'087
Non-current lease liabilities	6.17	39'362	32'139
Non-current provisions	6.18	4'057	3'942
Employee benefit obligation	6.19	17'574	12'580
Deferred tax liabilities	6.11	49'017	48'699
Other non-current liabilities	6.21	1'597	2'965
TOTAL NON-CURRENT LIABILITIES		**254'966**	**216'412**
Trade payables	6.22	35'387	38'851
Current financial liabilities	6.17	50'825	46'924
Current lease liabilities	6.17	10'327	8'613
Current provisions	6.18	120	120
Accrued expenses and deferred income	6.23	43'948	40'161
Other current liabilities	6.21	16'940	14'752
TOTAL CURRENT LIABILITIES		**157'547**	**149'421**
TOTAL LIABILITIES		**412'513**	**365'833**
TOTAL LIABILITIES AND EQUITY		**792'177**	**695'871**

The Notes are an integral part of the Consolidated Financial Statements

4. Consolidated Statement of Changes in Equity for the years ended December 31, 2024 and 2023

Attributable to shareholders of Medacta Group SA

(Thousand Euro)	Share capital	Capital Contribution Reserve	Retained earnings and other reserves	Treasury shares	Foreign currency translation reserve	Total equity
BALANCE JANUARY 1, 2024	**1'775**	**10'491**	**282'316**	**(8'070)**	**43'526**	**330'038**
Profit for the year	-	-	72'886	-	-	72'886
Remeasurements of defined benefit obligations	-	-	(4'725)	-	-	(4'725)
Tax effect on remeasurements of defined benefit obligations	-	-	656	-	-	656
Currency translation differences	-	-	-	-	(7'124)	(7'124)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**68'817**	**-**	**(7'124)**	**61'693**
Dividends paid	-	(5'597)	(5'597)	-	-	(11'194)
Purchase of treasury shares	-	-	-	(4'788)	-	(4'788)
Usage of treasury shares	-	-	(3'378)	3'378	-	-
Share-based payment transactions	-	-	3'915	-	-	3'915
BALANCE DECEMBER 31, 2024	**1'775**	**4'894**	**346'073**	**(9'480)**	**36'402**	**379'664**

Attributable to shareholders of Medacta Group SA

(Thousand Euro)	Share capital	Capital Contribution Reserve	Retained earnings and other reserves	Treasury shares	Foreign currency translation reserve	Total equity
BALANCE JANUARY 1, 2023	**1'775**	**16'018**	**239'877**	**(4'159)**	**21'144**	**274'655**
Profit for the year	-	-	47'362	-	-	47'362
Remeasurements of defined benefit obligations	-	-	(2'148)	-	-	(2'148)
Tax effect on remeasurements of defined benefit obligations	-	-	372	-	-	372
Currency translation differences	-	-	-	-	22'382	22'382
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**45'586**	**-**	**22'382**	**67'968**
Dividends paid	-	(5'527)	(5'527)	-	-	(11'054)
Purchase of treasury shares	-	-	-	(3'911)	-	(3'911)
Usage of treasury shares	-	-	-	-	-	-
Share-based payment transactions	-	-	2'380	-	-	2'380
BALANCE DECEMBER 31, 2023	**1'775**	**10'491**	**282'316**	**(8'070)**	**43'526**	**330'038**

The Notes are an integral part of the Consolidated Financial Statements

5. Consolidated Statement of Cash Flows for the years ended December 31, 2024 and 2023

(Thousand Euro)	Notes	31.12.2024	31.12.2023
PROFIT FOR THE YEAR		**72'886**	**47'362**
Adjustments for:			
Income taxes	6.11	14'883	11'364
Depreciation, amortisation and impairment of tangible, intangible and right-of-use assets	6.24.2	65'803	58'442
(Gain) / loss on disposal of tangible and intangible assets		(78)	(140)
Foreign exchange result		(3'591)	5'228
Interest expenses		6'317	5'658
Change in Provisions and employee benefit obligation	6.12; 6.13 ; 6.18 ; 6.19	9'403	5'556
Share-based payments expense	6.20	3'817	2'312
Income taxes paid		(10'236)	(8'778)
Interest paid		(5'751)	(5'782)
(Increase) / decrease in trade receivables		(15'565)	(19'176)
(Increase) / decrease in other assets and prepaid expenses		(2'374)	(1'068)
(Increase) / decrease in inventories		(28'381)	(44'090)
Increase / (decrease) in trade payables		(3'038)	8'472
Increase / (decrease) in other liabilities and accruals		3'046	9'767
CASH FLOW FROM OPERATING ACTIVITIES		**107'141**	**75'127**
Purchase of tangible assets *	6.7	(89'262)	(71'239)
Purchase of intangible assets **		(15'427)	(10'981)
Proceeds from disposal of tangible assets		7'693	7'079
Investments in financial assets	6.10	(1'873)	(5'465)
CASH FLOW FROM INVESTING ACTIVITIES		**(98'869)**	**(80'606)**
Proceeds from borrowings	6.17	71'209	30'476
Repayment of borrowings	6.17	(40'606)	(16'816)
Repayment of lease liabilities	6.17	(10'296)	(8'825)
Dividends paid	6.16	(11'194)	(11'054)
Purchase of treasury shares	6.16	(4'788)	(3'911)
CASH FLOW FROM FINANCING ACTIVITIES		**4'325**	**(10'130)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**12'597**	**(15'609)**
Cash and cash equivalents at the beginning of the year	6.15	20'792	32'261
Net effect of currency translation on cash and cash equivalents		(1'801)	4'140
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6.15	**31'588**	**20'792**

* "Purchase of tangible assets" excludes Euro 2'250 thousand related to 2024 additions in "Land", that were paid and recognised as "Investments in financial assets" in the 2023 Consolidated Statement of Cash Flows.

** "Purchase of intangible assets" excludes unpaid acquisitions of intangible assets.

6. Notes to the Consolidated Financial Statements for the years ended December 31, 2024 and 2023

General information

Medacta Group SA (referred to hereafter as the "Company" or together with its subsidiaries the "Group") has been registered in the Commercial Register of the Canton Ticino since November 30, 2018 and is a limited company incorporated and domiciled in Canton Ticino. The registered office is Strada Regina 34, 6874 Castel San Pietro, Ticino, Switzerland.

The Company shares are publicly traded and listed on the SIX Swiss Exchange in Zurich.

The Group operates globally to develop, manufacture and distribute orthopedic and neurosurgical medical devices. The Group was founded in 1999 with a vision of redefining better through innovation for people needing joint replacement and spine surgery. The Group has a Financial Year ending December 31.

Statement of compliance

The Consolidated Financial Statements as of December 31, 2024 have been prepared in accordance with the International Financial Reporting Standards (hereinafter also "IFRS") as issued by the International Accounting Standards Board (IASB).

The principles and standards utilised in preparing these Consolidated Financial Statements have been consistently applied through all periods presented, with the exception of the new standards and interpretations that are effective for reporting periods beginning on and after January 1, 2025, as disclosed in Note 6.3 "New accounting and International Financial Reporting Standards".

These Consolidated Financial Statements are composed of a Consolidated Statement of Profit or Loss, a Consolidated Statement of Comprehensive Income, a Consolidated Statement of Financial Position, a Consolidated Statement of Changes in Equity, a Consolidated Statement of Cash Flows and the related Notes to the Consolidated Financial Statements.

In the Consolidated Profit or Loss, the Group presents operational expenses by function. The Group presents current and non-current assets and current and non-current liabilities as separate classifications in its Consolidated Statement of Financial Position. This presentation of the Consolidated Statement of Profit or Loss and of the Consolidated Statement of Financial Position is believed to provide the most relevant information.

The Consolidated Statement of Cash Flows from operating activities was prepared and presented utilising the indirect method and cash flows from investing and financing activities were prepared and presented utilising the direct method. The Consolidated Statement of Cash Flows includes actual inflows and outflows of cash and cash equivalents only; accordingly, it excludes all transactions that do not directly affect cash receipts and payments. The reason for excluding non-cash transactions in the Statement of Cash Flows and placing them within disclosures keeps the statement's primary focus on cash flows from operating, investing, and financing activities in the original state so that users of financial statements can fully understand the importance of what this financial statement does. An example of non-cash transactions, as mentioned in IAS 7, is the acquisition of assets by assuming directly related liabilities or by means of a lease.

Basis of measurement

The Consolidated Financial Statements have been prepared using the historical cost convention, with the exception of certain financial assets and liabilities for which measurement at fair value is required (see Note 6.5 "Fair value measurement and classification").

The Consolidated Financial Statements have been prepared on a going concern basis. The Directors believe that there are no financial or other indicators presenting material uncertainties that may cast significant doubt upon the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months (see also considerations reported in Note 6.1 "Significant events and transactions", paragraph "Macroeconomic environment").

Presentation currency

Items included in the financial statement of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Group's presentation currency is Euro, while the functional currency of the Parent Company is Swiss Franc. All values are rounded to the nearest thousand except where otherwise indicated.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions which influence the value of assets and liabilities in the Consolidated Statement of Financial Position and recognition of revenue and expenses in the Consolidated Statement of Profit or Loss, and the disclosures included in the Notes of the Consolidated Financial Statements.

The most significant accounting principles which require a higher degree of judgement from management are described below:

- Leases – Due to the application of IFRS 16, judgement is required to determine the lease term. Management considers all circumstances and facts that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances impact the initial evaluation.
- Development costs – Applying IAS 38, the Group recognises an internally-generated intangible asset arising from development only if all the conditions specified in the standard have been demonstrated (refer to Note 6.2 "Consolidation principles, composition of the Group and significant accounting policies", paragraph "Significant accounting policies"). Management uses its judgement, based on facts and circumstances of each development project, to assess whether the conditions of IAS 38 par. 57 have been met.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed, and the effects of each change are reflected in the Consolidated Financial Statements in the year in which the change occurs. The key sources of estimation uncertainty are the following:

- Impairment test for intangible assets – The Group owns intangible assets mainly represented by internal capitalised development costs, trademarks and customer lists acquired through business combination. Capitalised development costs are reviewed on a regular basis and the Group determines annually, in accordance with the accounting policy, whether any of the assets should be tested for impairment. In-process development capitalised costs are tested for impairment at least annually. For the impairment tests, estimates are made on the expected future cash flows from the use of the asset or cash-generating unit. The actual cash flows could vary significantly from these estimates. A sensitivity analysis was performed to review the impact of reasonably possible changes in key assumptions (see Note 6.9 "Intangible assets", paragraph "Impairment test for intangible assets").
- Deferred tax assets – The consolidated balance sheet includes deferred tax assets related to deductible differences and, in certain cases, tax losses carried forward, provided that their utilisation has been determined to be probable. The ultimate realisation 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 markets and government related uncertainties, as well as Medacta's own future decisions.
- Valuation of inventories – The orthopedic market, in which the Group operates, typically requires a high level of inventories, some of which are located at customer premises and are available for immediate use, including large and small sizes that are used less frequently than standard sizes and may generate excess inventory towards the end of the product life cycle. Inventories are periodically assessed and written down if their net realisable value is less than their carrying amount, including adjustments to reflect the situation described above. Write-downs for obsolescence or slow moving are calculated based on management's assumptions and judgements derived from experience and historical results. As of December 31, 2024, management has not changed the key assumptions underlying the calculation methodology. The provision for slow moving, discontinued and obsolete inventory is not considered to have a range of potential outcomes that is significantly different to the write-downs to net realisable value recognised in "Cost of Sales" as of December 31, 2024 (see Note 6.12 "Inventories"). The provision has a high degree of estimation uncertainty, depending on the range of products and sizes, on new customers acquisitions and on the achievement of target sales and procurement needs.
- Pension plans – The Group participates in pension plans in various countries. The present value of pension liabilities is determined using actuarial techniques and certain assumptions. These assumptions include the discount rate, the expected return on plan assets, the rates of future compensation increase, and rates related to mortality and resignations. Any change in the above-mentioned assumptions could result in significant effects on the employee benefit liabilities. The sensitivity analysis related to the changes in the assumptions is reported in Note 6.19 "Employee benefit obligation".

- Legal and other contingencies – The Group is involved in various ongoing proceedings, legal actions and claims subject to a significant degree of estimation. Provision is recognised for lost contingencies when it is considered probable that an adverse outcome will occur, and the amount of the loss can be reasonably estimated. Management, in making its estimates, takes into account the advice of internal and external legal counsel. The recognised provisions are reviewed regularly, and balances are updated where necessary to reflect developments in the disputes. See Note 6.25 "Litigations" for further details.

6.1 Significant events and transactions

Macroeconomic environment

The year 2024 continues to reflect the macroeconomic challenges and geopolitical tensions that characterised 2023. These persistent issues place significant strain on global healthcare systems and require substantial policy adjustments, potentially leading to ongoing pricing pressures. These evolving conditions have already influenced - and are expected to continue influencing - both inflation rates and currency exchange rates, thereby affecting global economies and, consequently, the Group's operations.

From a geopolitical perspective, the military conflict between Russia and Ukraine has led to sanctions, causing notable fluctuations and disturbances in global markets. However, our exposure to these disruptions remains minimal. In 2024, our operations did not generate any sales in Russia, and our activities in Ukraine resulted in revenues of Euro 1.8 million (Euro 1.4 million in full year 2023). Our assets in these countries are negligible, apart from Euro 0.7 million in trade receivables from Ukrainian clients, which were fully written off in 2024. We are also diligently monitoring the military conflict between Israel and Palestine. In 2024, sales through our distributor in Israel amounted to Euro 2.6 million. Our consolidated assets in the region are insignificant, apart from Euro 0.2 million in trade receivables from our Israeli client.

Ongoing conflicts continue to create volatile commodity markets, disrupt supply chains, and increase the risk of cyber incidents and other information system disruptions. We are also experiencing reduced availability and increased costs for transportation, energy, packaging, raw materials, and other inputs. Consequently, our Enterprise Risk Management process is prioritising supply chain issues, inflationary risks, and cyberattacks to proactively mitigate potential impacts on our performance. Inflationary factors have partially influenced our profitability. Additionally, if the conflict extends beyond Ukraine or intensifies further, it could adversely affect our operations in Europe. To significantly enhance the protection of our data, systems, and products against cyberattacks, we have implemented a dedicated cybersecurity project with third-party expertise. Regular updates on the program have been presented to the Audit and Risk Committee. Additionally, we conducted routine cybersecurity training and awareness sessions for our Group employees.

Volatile interest rates and capital costs, rising labor expenses, and fluctuating foreign currency exchange rates are adding to the economic challenges. Management has evaluated the internal and external indicators listed by IAS 36. Despite the current macroeconomic environment, as of December 31, 2024, there are no observable indicators suggesting that Medacta's asset values may be impaired. External information sources, such as changes in market interest rates, market capitalisation, and market trends, have shown only temporary impacts. Internal assessments indicate that the mid- and long-term fundamentals related to our expected economic performance remain unchanged.

6.2 Consolidation principles, composition of the Group and significant accounting policies

Consolidation principles

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. Hence, neither goodwill nor any gain or loss will result.

In business combinations achieved in stages, the Group remeasures its previously held equity investment in the acquiree at its acquisition date fair value and recognises the resulting gain or loss in the Consolidated Statement of Profit or Loss as "Other income" or "Other expenses".

Business combinations

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred for the acquisition of a subsidiary is measured as the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at either fair value or the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity investment in the acquiree over the fair value of the Group's share of the identifiable assets acquired and liabilities and contingent liabilities assumed is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the Group makes a new assessment of the identifiable assets and liabilities and contingent liabilities assumed and any residual difference is recognised directly in the Consolidated Statement of Profit or Loss.

Transactions eliminated on consolidation

The Consolidated Financial Statements include the consolidated financial information of the Medacta Group entities. All intercompany balances and transactions within the Consolidated Financials are eliminated. The Group accounts for the elimination of the unrealised profits resulting from intercompany transactions. These transactions relate to the sales from the Group entities which have not been realised externally.

Translation of the Financial Statements of foreign companies

The Group records transactions denominated in foreign currency in accordance with IAS 21—the effect of changes in foreign exchange rates.

The results arising from the Profit or Loss and from the Financial Position Statements of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation one are translated into the presentation currency as follows:

- all items related to each Statement of Financial Position are translated at the closing exchange rates;
- all items related to each Statement of Profit or Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- exchange differences arising are recognised in Other Comprehensive Income and accumulated in a foreign exchange translation reserve.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

The exchange rates used in translating the results of foreign operations are reported in Note 6.31 "Exchange rates used to translate financial statements prepared in currencies other than Euro".

Composition of the Group

Entities included in the scope of consolidation are listed below:

Company	% of shares held December 2024	% of shares held December 2023	Registered office	Registered Capital	Consolidation Method
Medacta Group SA	N/A	N/A	Castel San Pietro (CH)	2'000'000 CHF	Parent company
Knnex Health Inc.	100%	100%	Wilmington - Delaware (US)	100 USD	Full Consolidation
Medacta Holding SA	100%	100%	Castel San Pietro (CH)	1'026'010 CHF	Full Consolidation
Medacta International SA	100%	100%	Castel San Pietro (CH)	1'000'000 CHF	Full Consolidation
Medacta Americas Operations Inc.	100%	100%	Wilmington - Delaware (US)	1 USD	Full Consolidation
Medacta Applied Solutions S.r.l. *	100%	-	Milan (IT)	10'000 EUR	Full Consolidation
Medacta Australia PTY Ltd	100%	100%	Lane Cove (AU)	4 AUD	Full Consolidation
Medacta Austria GmbH	100%	100%	Seekirchen am Wallersee (AT)	35'000 EUR	Full Consolidation
Medacta Belgium S.r.l.	100%	100%	Nivelles (BE)	18'550 EUR	Full Consolidation
Medacta Canada Inc.	100%	100%	Kitchener (CA)	100 CAD	Full Consolidation
Medacta España S.L.	100%	100%	Paterna (ES)	3'000 EUR	Full Consolidation
Medacta Europe Operations S.r.l.	100%	100%	Milan (IT)	600'000 EUR	Full Consolidation
Medacta France SAS	100%	100%	Nanterre (FR)	37'000 EUR	Full Consolidation
Medacta Germany GmbH	100%	100%	Göppingen (DE)	25'000 EUR	Full Consolidation
Medacta Italia S.r.l.	100%	100%	Milan (IT)	2'600'000 EUR	Full Consolidation
Medacta Japan Co. Ltd	100%	100%	Tokyo (JP)	25'000'000 JPY	Full Consolidation
Medacta UK Ltd	100%	100%	Hinckley (UK)	29'994 GBP	Full Consolidation
Medacta USA Inc.	100%	100%	Wilmington - Delaware (US)	1 USD	Full Consolidation

* This is a new legal entity formed as of December 2024 in Milan - Italy.

The percentages of shares held, reported in the table above, represent both the shares of the capital and the votes held. The ultimate parent company is Medacta Group SA. The Group has neither associated companies nor joint arrangements. The registered offices for each entity represent the subsidiary's main place of administration.

Significant accounting policies

Inventories

Inventories of raw material are stated at the lower of the acquisition cost, determined via "first in, first out" (FIFO) methodology, and net realisable value.

Inventories of finished goods and work in progress are valued at the lower of production cost and net realisable value. Production cost comprises the acquisition price of raw materials and consumables, directly attributable costs and a proportion of indirectly attributable costs incurred in bringing the inventories to their present location and condition.

The net realisable value represents the estimated sales price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for write-downs for raw materials, work in progress and finished goods which are considered obsolete or slow moving are determined by taking into account their expected future utilisation and their net realisable value. The Group also considers other reasons that the cost of inventories may not be recoverable such as damage, obsolescence, declines in selling price. The cost of inventories may not be recoverable if the estimated costs incurred to make the sale would be greater than the net realisable value.

In addition, when the Group performs its assessment of the net realisable value at the end of each reporting period, it considers whether the circumstances that previously caused inventories to be written-down no longer exist or whether there is clear evidence of an increase in net realisable value because of changed economic circumstances and, if necessary, reverses the amount of the write-down so that the new carrying amount is the lower of the cost and the revised net realisable value.

Property, plant and equipment

Property, plant and equipment are measured at historical cost, which includes expenditures that are directly attributable to the acquisition of the items. The Group adopted the Cost Model under IFRS. Under this model, after initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. The depreciable amount of the items of property, plant and equipment, measured as the difference between their historical cost and their residual value, is allocated on a straight-line basis over their estimated useful lives as follows:

• Buildings	40 years
• Plants	10 years
• Machinery	15 years
• Instruments	6 years
• Other fixtures and fitting, tool and equipment	5-8 years

Land is not depreciated as it is deemed to have an indefinite life. Leasehold improvements are depreciated over the lease term including optional extension of the lease period but not exceeding its economic life. Assets under construction are not depreciated until they are available for use.

Depreciation is recorded in the Consolidated Statement of Profit or Loss by function in "Cost of Sales", "Research and Development expenses", "Sales and Marketing expenses" and "General and Administrative expenses". Instruments depreciation is recorded in "Cost of Sales".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are charged to the Consolidated Statement of Profit or Loss during the financial period in which they are incurred.

The residual value and the useful economic life of property, plant and equipment are reviewed annually and adjusted where necessary.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Further information can be found in "Impairment of assets" section.

Upon disposal or when no future economic benefits are expected from the use of an item of property, plant and equipment, its carrying amount is derecognised. The gain or loss arising from derecognition is included in the Consolidated Statement of Profit or Loss.

Leases

For any new contract, the Group assesses whether a contract is or contains a lease. A lease is defined as a "contract, or a part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration".

Leases are recognised by the Group as a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which the lessee is.

The only two recognition and measurement exemptions identified by the Group are short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired. Further information can be found in "Impairment of assets" of the current section.

Intangible assets

Intangible assets are non-monetary assets which are separately identifiable, have no physical nature, are under the company's control and are able to generate future economic benefits.

Such assets are recognised at acquisition cost and/or development cost, including all costs directly attributable to make the assets available for use, net of accumulated amortisation and any impairment. Amortisation of intangible assets (excluding goodwill) commences when the asset is available for use and is calculated on a straight-line basis over the asset's estimated useful life.

<u>Goodwill</u>

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is tested for impairment at least annually to identify any impairment losses. This test is carried out with reference to the cash-generating unit (CGU) or group of CGUs to which goodwill is allocated and monitored. Reductions in the value of goodwill are recognised if the recoverable amount of goodwill is less than its carrying amount. Recoverable amount is defined as the higher of the fair value of the CGU or group of CGUs, less costs to sell and the related value in use. An impairment loss recognised against goodwill cannot be reversed in a subsequent period. If an impairment loss identified by the impairment test is higher than the value of goodwill allocated to that CGU or group of CGUs, the residual difference is allocated to the other assets included in the CGU or group of CGUs in proportion to their carrying amount.

Research and Development

Research is defined as "original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding".

According to IAS 38 no intangible asset arising from research (or from the research phase of an internal project) shall be recognised. In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, expenditure on research shall be recognised as an expense when it is incurred.

Development is defined as "the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use".

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditures which fulfil these criteria are limited to the development of new prosthesis and/or surgical instruments as well as costs related to the development of existing products in the pipeline which require significant improvements. Expenditures which do not fulfil these criteria, and costs incurred after that the development phase is completed (typically when the product obtains certification) are expensed as incurred (i.e., post-market surveillance, maintenance and other minor improvements activities). In addition to the internal costs (direct personnel and other operating costs, depreciation on research and development equipment and allocated occupancy costs), total costs also include externally contracted development work. Such capitalised intangibles are recognised at cost less accumulated amortisation and impairment losses.

After initial recognition, if the development of the project is abandoned, fails, or the requirements for recognition under IAS 38 and Group's accounting policies cease to be met, the project is disposed, and the related loss is recognised in the Consolidated Statement of Profit or Loss, in the line "Research and Development expenses".

The estimated useful lifetime of development projects is 5 years applying the straight-line method.

Amortisation of Development is recorded in the Consolidated Statement of Profit or Loss in the line "Research and Development expenses".

Customer lists and other intangible assets (trademarks, patents and other)

Assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a definite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

Contractual customer lists acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a definite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised over the expected life of the customer lists, and it is recorded in the Consolidated Statement of Profit or Loss in line "Sales and Marketing expenses".

All intangible assets are subject to impairment tests, as required by IAS 36—Impairment of Assets, if there are indicators that the assets may be impaired, except for in-process development projects that are tested for impairment at least once a year.

Below is reported a scheme which summarises the useful lives of each category of intangible assets:

- customer lists — 15 years
- other intangible assets (trademarks, patents and other) — 5 years

Impairment of assets

IAS 36 Impairment of assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e., the higher of fair value less costs of disposal and value in use). As detailed below, with the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets.

Impairment of goodwill and intangible assets with indefinite life

Goodwill and intangible assets with indefinite life are tested annually for impairment or whenever there are impairment indicators. Impairment is determined by assessing the recoverable amount of the cash-generating units to which the goodwill and intangible assets with indefinite life are related. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of property, plant and equipment, right-of-use and intangible assets with a definite useful life

For the purposes of assessing impairment, property, plant and equipment, right-of-use assets and intangible assets with a definite useful life are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Unit or "CGU"). These assets are analysed at each reporting date for any evidence of impairment. If such evidence is identified, the recoverable amount of these assets is estimated, and any impairment loss related to carrying amount is recognised in Profit or Loss. The recoverable amount is the higher of the fair value of an asset, less selling costs and its value in use, where the latter is the present value of the estimated future cash flows of the asset. The recoverable amount of an asset which does not generate largely independent cash flows is determined in relation to the cash-generating unit to which the asset belongs. In calculating an asset's value in use, the expected future cash flows are discounted using a discount rate reflecting current market assessments of the time value of money, in relation to the period of the investment and the specific risks associated with the asset. An impairment loss is recognised in the Profit or Loss when the asset's carrying amount exceeds its recoverable amount. If the reasons for impairment cease to exist, the asset's carrying amount is restored with the resulting increase recognised through Profit or Loss; however, the carrying amount may not exceed the net carrying amount that this asset would have had if no impairment had been recognised and the asset had been depreciated/amortised instead.

Impairment of intangible assets for development costs

Intangible assets for development costs are tested whenever there is an indicator of impairment. Medacta Group on a quarterly basis performs an assessment on the existence of impairment indicators. If an impairment loss is identified, it is recognised in the Consolidated Statement of Profit or Loss. The Group performs its annual impairment test of in-process development projects as of September 30. Medacta usually applies the value in use method for its impairment assessment. The estimates used are highly sensitive and depend on assumptions specific to the nature of the Group's activities with regard to: amount and timing of expected cash flows, long-term sales forecasts, sales erosion from competitors, outcome of research and development activities, amount and timing of projected costs to develop in-process research and development in commercially viable products, tax rates, discount rates.

The reversal of an impairment loss is recorded in the Consolidated Statement of Profit or Loss. The impairment loss incurred on goodwill cannot be reversed.

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity; they are recognised and measured in accordance with IAS 32 and IFRS 9.

Financial assets (classification)

Financial assets are initially measured at fair value. IFRS 9 identified two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss (FVTPL) or other comprehensive income (FVTOCI), subject to certain criteria being met. The classification of financial assets under IFRS 9 based on the business model within which a financial asset is managed, and its contractual cash flow characteristics are reported as follows:

- amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Profit or Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method;
- fair value through Other Comprehensive Income (FVTOCI): financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- fair value through Profit or Loss (FVTPL): any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

The Group, according with the principle, is subject only to amortised cost and fair value through profit or loss (FVTPL) classifications.

Trade and other receivables

Trade and other receivables are stated at amortised cost, less expected credit losses.

The Group writes off the receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Trade receivables do not contain any significant financing element as of December 31, 2024 and 2023.

Impairments of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The expected credit loss model requires the Group to account for expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

With respect to IFRS 9, the Group recognises a loss allowance for expected credit losses on:

- other non-current and current financial assets;
- other assets and prepaid expenses;
- trade receivables.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit loss. The Group determines the expected credit losses in these items by using a provision matrix on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current condition and estimates of future economic condition. In addition, the Group considers a trade receivable "credit impaired", and consequently subject to a specific loss allowance, when there is evidence that the recoverability of the asset is deteriorating, i.e., when specific events has occurred, such as: the customer is experiencing significant financial difficulties; or it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

For all other assets, the Group recognises lifetime expected credit losses when there is a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the allowance for these financial instruments an amount equal to 12 months expected credit loss.

In assessing whether the financial credit risk of the instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical and forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Profit or Loss.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated.

The Group entered into several forward contracts during the years 2024 and 2023, selling USD and buying CHF. None of these contracts were designated in hedge relationships. These instruments have a duration between 1 and 12 months.

Financial derivatives with a positive fair value are recorded in other current financial assets and those with a negative fair value in current financial liabilities. Fair value changes of financial derivatives are booked as financial income/(costs) into the Consolidated Statement of Profit or Loss (refer to Note 6.24 "Information on the Consolidated Statement of Profit or Loss").

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents is considered to have low credit risk since it is deposited in bank institutions with over BB+ rating. The carrying amount of these assets is approximately equal to their fair value.

Trade payables and other current liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the reporting date. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value. Subsequent measurement is made using the amortised cost using the effective interest rate method.

Borrowings and other financial liabilities

Borrowings from banks or financial institutions and other financial liabilities are initially recorded at fair value. Subsequent measurement is made using the amortised cost using the effective interest rate method.

Borrowings and other financial liabilities are classified among current liabilities, unless the Group has an unconditional right to defer their payment for at least 12 months after the reporting date.

Borrowings and other liabilities are removed from the Statement of Financial Position when they are extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires.

Deferred tax assets and deferred tax liabilities / taxes (P&L)

Income taxes include all taxes based on the taxable profits of the Group. Current and deferred taxes are recognised as a benefit or expenses and are included in the Consolidated Statement of Profit or Loss for the year, except tax arising from:

- a transaction or event which is recognised, in Other Comprehensive Income (OCI) or directly in equity, in which case, taxes are also recognised in OCI or directly in equity, respectively;
- a business combination, in which case the tax effect is included in the accounting for the business combination.

Income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, such as withholding taxes, which are payable by a subsidiary to the reporting entity.

Income tax expenses comprise current and deferred income taxes.

Current income taxes

Current income taxes are based on the taxable profit of the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Profit or Loss, because it excludes items that are never taxable or deductible. The Group's tax assets and liabilities for the current period are measured at the amount expected to be received from or paid to the taxation 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.

Management periodically takes position in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate, based on the amounts expected to be paid to the tax authorities. Interest and penalties associated with these positions are included in "Income taxes" within the Consolidated Statement of Profit or Loss.

Deferred income taxes

Deferred income taxes are accounted for using the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred taxes are determined using tax rates (and laws) that have been enacted or substantially enacted as of the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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 respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow the benefit of part or all the deferred tax assets to be utilised. The recoverability of deferred tax assets is dependent on the Group's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse, and tax losses carried forward can be utilised. In making this assessment the Group considers future taxable income arising on the most recent budgets and plans, prepared by using the same criteria described for testing the impairment of assets and goodwill. Moreover, the Group estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these assets could be recovered.

Employee benefit obligation

Post-employment plans

Most employees of the Group are covered by post-employment plans. Most of the plans are defined contribution plans, where future benefits are determined by reference to the amount of contributions paid, and are generally administered by autonomous pension funds or independent insurance companies. These post-employment plans are financed through employer and employee contributions. The Group's contributions to defined contribution plans are charged to the Profit or Loss in the year to which they relate.

Some entities of the Group (as disclosed in Note 6.19 "Employee benefit obligation") sponsor defined benefit pension plans for qualifying employees. Accounting and reporting of these plans are based on actuarial valuations. Defined benefit obligations and service costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the Profit or Loss to spread the regular cost over the service lives of employees participating in these plans. The pension obligation is measured as the present value of the estimated future outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Service costs from defined benefit plans are charged to the appropriate Profit or Loss heading within the operating results.

A single net interest component is calculated by applying the discount rate to the net defined benefit asset or liability. The net interest component is recognised in the Profit or Loss in the financial result.

Remeasurements of defined benefit obligations, resulting from changes in actuarial assumptions and differences between assumptions and actual experiences, are recognised in the period in which they occur in "Other Comprehensive Income" (OCI).

Other non-current benefits

Other non-current benefits mainly comprise length of service compensation benefits in certain Group companies. Contributions made by employees or by third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- if the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are recorded in Other Comprehensive Income (OCI) as remeasurements of employee benefits;
- if contributions are linked to services, they reduce service costs.

Short-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based compensation

Since 2021, the Group has implemented a Performance Share Plan ("The Plan" or "LTIP" - Long-Term Incentive Plan), which has been approved on an annual basis since its introduction.

The LTIP is an incentive measured over a rolling three-year performance period with the purpose of fostering long-term value creation for the Group. Eligible plan participants will be granted a certain number of Performance Share Units (PSUs), which represent a contingent entitlement to receive Medacta shares in the future. The number of granted PSUs will depend on the individual LTIP grant level, individually determined by the Board of Directors each year based on the individual's performance, the position, complexity of the function, and level of responsibility. For members of the Group Executive Management, the number of PSUs will be subject to the amounts approved at the applicable AGM.

The number of PSUs that vest for a specific participant is calculated at the Vesting Date by multiplying the number of granted PSUs by the Final Vesting Multiple, rounded up to the next whole Share. Ultimately, the number of PSUs which vest shall be determined by the Board or a body designated by the Board in a final, conclusive and binding manner. The Final Vesting Multiple equals either Group Vesting Multiple (see description below) or Country Vesting Multiple (see description below), whereas the latter applies if all of the following three conditions are met:

- Group Vesting Multiple is below 0.30;
- the respective Participant is eligible for country performance consideration;
- the country performance threshold has been met for the entire duration of the plan.

The Group Vesting Multiple is based upon a 50% weighting of the Relative TSR Vesting Multiple and a 50% weighting of the Absolute EBIT Vesting Multiple, rounded off to two decimal places, whereby:

- the Absolute TSR Vesting Multiple is calculated as the (positive or negative) difference between Medacta's TSR and the SPI Extra Total Return TSR10, measured in percentage points (p.p.). Medacta's TSR is measured considering the compound annual growth rate of the Reference Price Ending compared to the Reference Price Beginning over the three (3)-year TSR Performance Period and the accumulative, nominal dividends distributed in the same period. To be consistent with the index, it is assumed that dividends are reinvested. The Relative TSR Vesting Multiple cannot be lower than 0.00 or higher than 2.00;
- the Absolute EBIT Vesting Multiple is calculated based on the EBIT of the Group measured as the sum of the absolute EBIT over the three (3)-year Absolute EBIT Performance Period and calculated by the Board or a body designated by it, according to the Absolute EBIT Vesting Multiple table. The Absolute EBIT Multiple cannot be lower than 0.00 or higher than 2.00. The Country Vesting Multiple (if relevant) is calculated based upon a 100% weighting of the respective country's revenues and will be either 0.00 or 0.30. For each country, details with regards to performance measure, performance targets, performance period and performance calculation are set out in the Allotment Certificate.

Overall, the combined vesting multiple is expected to never exceed 200%.

Participants to the Plan receive part of their remuneration in the form of share-based payment transactions, whereby these individuals render services as consideration for equity instruments (equity-settled transactions). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves. The fair value of performance stock units (PSUs) granted under TSR performance component is estimated using the Monte Carlo simulation methodology. The Monte Carlo simulation input assumptions are determined based on available internal and external data sources. The expected volatility of the share price returns is based on the historic volatility of daily share price returns of the Company, measured over a historical period matching the performance period of the awards. Further details are provided in Note 6.20 "Share-based payment transactions". No expense is recognised for awards that do not ultimately vest. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date of grant, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding performance share units (PSUs) is reflected as additional share dilution in the computation of earnings per share (Note 6.27 "Earnings per share").

Treasury shares

Equity instruments which are re-acquired by Medacta Group SA (treasury shares) are deducted from equity and disclosed separately. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The expense relating to any provision is presented in the income statement, net of any reimbursement and where discounting is used, the increase in the provision is recognised as a finance expense.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is recognised primarily when control of the promised goods is transferred to the customer, which typically occurs at the point in time upon delivery, shipment or utilisation. There is no significant revenue associated with the provision of services.

The Group sells products mainly through the following channels:

- healthcare institutions (hospitals, clinics). Inventory is generally consigned to sales agents or customers before surgery is planned, so that the products are available when needed. Revenue is recognised at the point in time when notification is received that the product has been implanted or used, i.e., when surgery occurs;
- external distributors. Medacta sells products to distributors mainly in countries where it does not have its own presence. Revenue is generally recognised when control of products is transferred to the customer, which typically occurs upon shipment of the product.

Sales commissions to employees or agents are contract costs and are recorded in the Consolidated Statement of Profit or Loss at the point in time when related revenues are recognised. The Group does not incur other significant costs to obtain contracts. There are no significant contract assets, liabilities or future performance obligations.

The transaction price may comprise both fixed and variable components. Products are in most transactions sold at pre-defined fixed prices. However, transaction price may also include in some instances variable considerations contingent to future events in the form of discounts, rebates or paybacks. Revenue is recognised, as soon as the performance obligation is satisfied, at the transaction price identified. Medacta applies the "most likely amount" method or the "expected value method" in order to estimate the variable consideration, whichever is more predictive based on the terms of the contracts. The amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

6.3 New accounting and international financial reporting standards

New standards, amendments and interpretations that are effective for reporting periods beginning on January 1, 2024

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The Group has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments for the first time in the current year. The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The adoption did not have any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 classification of liabilities as current or non-current

The Group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment did not have any material impact on the Consolidated Financial Statements of the Group.

Amendments to IAS 1 presentation of financial statements— non-current liabilities with covenants

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date. The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

The amendment did not have any material impact on the Consolidated Financial Statements of the Group.

Amendments to IFRS 16 leases—lease liability in a sale and leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 revenue from contracts with customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right-of-use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right-of-use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. The amendment did not have any material impact on the Consolidated Financial Statements of the Group.

New standards, amendments and interpretations that are effective for reporting periods beginning on and after January 1, 2025 and not yet adopted by the Group

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- amendments to IAS 21 the effects of changes in foreign exchange rates: lack of exchangeability (effective for annual periods beginning on January 1, 2025);
- IFRS 19 subsidiaries without public accountability: (applicable for annual periods beginning on or after January 1, 2027);
- IFRS 18 presentation and disclosure in financial statements (applicable for annual periods beginning on or after January 1, 2027).

The Group has not early adopted any of the listed amendments that have been issued but not yet effective. Regarding the amendments to IAS 21 and IFRS 19, the future adoption of the above amendments is not expected to have any material impact on the disclosures or on the amounts reported in the financial statements.

Under IFRS 18, the classification of certain revenue and expense items within the five categories in the consolidated income statement may affect the entity's reported "statement of profit or loss". The Group is currently assessing the potential effects of adopting IFRS 18.

6.4 Financial risks management

The Board of Directors is responsible for the Group's internal control system, which provides the ultimate oversight for Medacta's strategy, operation and finances.

The internal control system of Medacta is structured to ensure the correct disclosure and adequate coverage of control over all Group activities, with particular attention on areas considered potentially at risk. Each Board Member is entitled to request information concerning all affairs of the Company and the Group reasonably necessary to fulfil his fiduciary duties.

The risk management strategy of the Group aims to stabilise the results of the Group by minimising the potential effects due to volatility in financial markets.

The Group uses derivative financial instruments to mitigate exchange rate risks.

According to the Organizational Regulations[1], the CFO, in cooperation with the CEO, ensures good financial governance, overseeing all financial planning, budgeting (short- and midterm), reporting and risk management activities. Furthermore, the CFO leads the implementation of systems and procedures to seek to ensure compliance with regulatory requirements for financial information, reporting, disclosure requirements, and internal control.

Liquidity risk is managed centrally for the whole Group including necessities of foreign subsidiaries.

The assets of the Group are exposed to different types of financial risk:

- market risk (which includes exchange rate risk and cash flow uncertainty);
- credit risk;
- liquidity risk.

Market risk

Exchange rate risk

The Group operates internationally and is, therefore, exposed to exchange rate risk related to the various currencies with which the Group operates.

The Group is exposed to foreign exchange risk mainly related to financial instruments (including trade and other receivables, trade and other liabilities, financial and lease liabilities) held by the Swiss companies of the Group in currencies different from their functional currency (Swiss Franc).

Furthermore, the Group uses Euro as presentation currency and holds net assets in different functional currencies, hence is exposed to foreign currency translation risk. This risk is not hedged.

The Group only enters into foreign exchange forward contracts, selling USD and buying CHF. The financial instruments have a duration between 1 and 12 months. These financial instruments are not designated in hedging relationships.

As of December 31, 2024, forward currency contracts with a nominal value of USD 40’100 thousand (2023: USD 36’000 thousand) and negative fair value of Euro1’675 thousand (2023: positive fair value of Euro 1’679 thousand) were open. Financial derivatives with a positive fair value are recorded in other current financial assets and those with a negative fair value in other current financial liabilities. Changes in the fair value of financial derivative instruments are recognised as financial income/(costs) into the Consolidated Statement of Profit or Loss (refer to Note 6.24.4 “Information on the Consolidated Statement of Profit or Loss - Financial income/(costs)”).

The sensitivity analysis considers major foreign currency risk exposures in relation to the foreign exchange exposure of the Swiss companies of the Group, and it is based on the deviation from the closing exchange rates of the Swiss Franc (increase/decrease of 10% of the closing exchange rate as of December 31, 2024 and as of December 31, 2023).

The following tables demonstrate the sensitivity to a reasonable possible currency rate change of the Group’s Profit before taxes and of the Group’s Equity, with all other variables held constant.

EXCHANGE RATES SENSITIVITY

As at December 31, 2024

(Thousand Euro)

Currency *	Closing exchange rate	Increase / (Decrease)	Profit Before Taxes	Equity
USD/CHF	0.9072	10%	2’971	-
EUR/CHF	0.9392	10%	356	-
JPY/CHF	0.0058	10%	147	-
AUD/CHF	0.5613	10%	55	-
USD/CHF	0.9072	(10%)	(2’971)	-
EUR/CHF	0.9392	(10%)	(356)	-
JPY/CHF	0.0058	(10%)	(147)	-
AUD/CHF	0.5613	(10%)	(55)	-

* The amounts in the table above are calculated in CHF, which is the functional currency of Medacta International SA. The figures summarised in the table are reported in thousand Euro, which is the presentation currency of the Group.

[1] Medacta’s Organisational Regulations (including the charters of the Board Committees) are available on Medacta’s website at: https://www.medacta.com/EN/corporate-governance?goto=organizational-regulations.

As at December 31, 2023

(Thousand Euro) **Currency ***	**Closing exchange rate**	**Increase / (Decrease)**	**Profit Before Taxes**	**Equity**
USD/CHF	0.8415	10%	9'819	-
EUR/CHF	0.9287	10%	960	-
JPY/CHF	0.0060	10%	(58)	-
AUD/CHF	0.5731	10%	(26)	-
USD/CHF	0.8415	(10%)	(9'819)	-
EUR/CHF	0.9287	(10%)	(960)	-
JPY/CHF	0.0060	(10%)	58	-
AUD/CHF	0.5731	(10%)	26	-

* The amounts in the table above are calculated in CHF, which is the functional currency of Medacta International SA. The figures summarised in the table are reported in thousand Euro, which is the presentation currency of the Group.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting the overall net financial result. No hedging activities (such as interest rate swaps) were conducted during the 2024 and 2023 closing periods.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recognised in each period. The analysis was carried out mainly about the Group's current interest-bearing assets and current and non-current debt with floating interest rates. With regard to the current interest-bearing assets a possible change in the interest rates of 50 bps would not have a material impact on profit or loss, while for the current and non-current debt with floating, the precise impact was calculated.

The following table shows the sensitivity to interest rate changes, with all other variables held constant, of the Group's Profit or Loss and Equity:

INTEREST RATE SENSITIVITY - IMPACT ON PROFIT OR LOSS

(Thousand Euro)	**50 basis points increase**
As of December 2023	(781)
As of December 2024	(943)

Credit risk

Credit risk exists in relation to trade and other receivables, cash and deposits in banks.

The Group constantly monitors the exposure to credit risk on its customers. Due to diversity of customers, there is no single credit limit for all customers, nevertheless the Group assesses its customers taking into account their financial situation, past experience, and other factors.

Trade receivables' balance at the end of the year is equal to Euro 108'167 thousand (Euro 94'651 thousand in 2023), out of which Euro 2'716 thousand are due from a single customer (Euro 4'653 thousand in 2023). The Group does not have other significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The concentration of credit risk related to largest trade customer did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Core banking relations are maintained with at least "BB+" rated (S&P) financial Institutions.

The Group does not expect any significant losses either from receivables or from other financial assets. Low credit risk of internal default is defined based on review of Financial Position of counterparties including review of the industry.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Impaired	There is evidence indicating the asset is credit-impaired	Lifetime ECL- credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Group's financial assets and other items, as well as the Group's maximum exposure to credit risk by credit risk rating grades:

December 31, 2024 (Thousand Euro)	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables (not credit impaired)	6.13	N/A	*	Lifetime ECL (simplified approach)	107'275	(2'188)	105'087
Trade receivables (credit impaired)	6.13	N/A	**	Lifetime ECL (credit impaired)	7'637	(4'557)	3'080
TOTAL TRADE RECEIVABLES					**114'912**	**(6'745)**	**108'167**

December 31, 2023 (Thousand Euro)	Note	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables (not credit impaired)	6.13	N/A	*	Lifetime ECL (simplified approach)	93'641	(1'649)	91'992
Trade receivables (credit impaired)	6.13	N/A	**	Lifetime ECL (credit impaired)	5'276	(2'617)	2'659
TOTAL TRADE RECEIVABLES					**98'917**	**(4'266)**	**94'651**

* For trade receivables (not credit impaired), the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

** The Group considers a trade receivable "credit impaired", and consequently subject to a specific loss allowance, when there is evidence that the recoverability of the asset is deteriorating, i.e. when specific events has occurred, such as: the customer is experiencing significant financial difficulties; or it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

Liquidity risk

The management of the liquidity risk originating from the day-by-day operations of the Group involves the maintenance of an adequate level of cash and cash equivalents as well as financial resources through an adequate amount of credit lines.

The Group aims to grow further and wants to remain flexible in making time-sensitive investment decisions. This overall objective is included in the asset allocation strategy. A rolling forecast based on the expected cash flows is conducted and updated regularly to monitor and control liquidity.

The following tables include a summary, by maturity date, as of December 31, 2024 and 2023. The reported balances are contractual and undiscounted figures including repayments and interests.

As at December 31, 2024 (Thousand Euro)	Up to 1 year	1 year to 5 years	More than 5 years	Total
Trade payables	35'387	-	-	**35'387**
Current financial liabilities	52'279	-	-	**52'279**
Current lease liabilities	11'827	-	-	**11'827**
Accrued expenses	14'230	-	-	**14'230**
Non-current financial liabilities	-	148'689	-	**148'689**
Non-current lease liabilities	-	32'603	10'871	**43'474**
Net derivative financial (assets)/liabilities	1'675	-	-	**1'675**
Gross outflows	*36'208*	-	-	***36'208***
Gross inflows	*(34'533)*	-	-	***(34'533)***

As at December 31, 2023 (Thousand Euro)	Up to 1 year	1 year to 5 years	More than 5 years	Total
Trade payables	38'851	-	-	**38'851**
Current financial liabilities	50'519	-	-	**50'519**
Current lease liabilities	9'744	-	-	**9'744**
Accrued expenses	12'640	-	-	**12'640**
Non-current financial liabilities	-	129'008	-	**129'008**
Non-current lease liabilities	-	25'882	10'051	**35'933**
Net derivative financial (assets)/liabilities	(1'679)	-	-	**(1'679)**
Gross outflows	*33'547*	-	-	***33'547***
Gross inflows	*(35'226)*	-	-	***(35'226)***

6.5 Fair value measurement and classification

IFRS 13 defines fair value as 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 (i.e., an exit price). The definition above reported emphasises that the fair value is a market-based measurement, not an entity-specific measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible, including assumptions about possible risk. As a consequence, an entity's intention to hold/settle an asset or otherwise fulfil a liability is not relevant to the fair value measurement process.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as explained above. The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument in the Consolidated Statement of Financial Position. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

For financial instruments held by the Group and measured at amortised costs, the fair value usually approximates the carrying amount, in which case the column "Fair Value" in the table below is left empty.

The following tables summarise the financial instruments carried at fair value, by valuation method as of December 31, 2024 and 2023.

The different levels have been defined as follows:

- level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date;
- level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques are based on observable market data, where applicable. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2;

- level 3: if a significant amount of inputs is not based on observable market data the instrument is included in level 3. For this level other techniques, such as discounted cash flow analysis, are used to determine fair value.

Carrying amount (based on measurement basis)

As at December 31, 2024 (Thousand Euro)	**Asset and Liabilities at amortised cost**	**Assets / Liabilities as FVTPL**			**Total carrying amount**	**Fair Value**
		Level 1	**Level 2**	**Level 3**		
Non-current financial assets	995	-	-	-	**995**	-
Trade receivables	108'167	-	-	-	**108'167**	-
Current financial assets	4'692	-	-	-	**4'692**	-
Cash and cash equivalents	31'588	-	-	-	**31'588**	-
Non-current financial liabilities	143'359	-	-	-	**143'359**	-
Non-current lease liabilities	39'362	-	-	-	**39'362**	-
Other non-current liabilities	1'597	-	-	-	**1'597**	-
Trade payables	35'387	-	-	-	**35'387**	-
Current financial liabilities	49'150	-	1'675	-	**50'825**	-
Current lease liabilities	10'327	-	-	-	**10'327**	-
Other current liabilities	16'940	-	-	-	**16'940**	-

Carrying amount (based on measurement basis)

As at December 31, 2023 (Thousand Euro)	**Asset and Liabilities at amortised cost**	**Assets / Liabilities as FVTPL**			**Total carrying amount**	**Fair Value**
		Level 1	**Level 2**	**Level 3**		
Non-current financial assets	712	-	-	-	**712**	-
Trade receivables	94'651	-	-	-	**94'651**	-
Current financial assets	5'372	-	1'679	-	**7'051**	-
Cash and cash equivalents	20'792	-	-	-	**20'792**	-
Non-current financial liabilities	116'087	-	-	-	**116'087**	-
Non-current lease liabilities	32'139	-	-	-	**32'139**	-
Other non-current liabilities	2'965	-	-	-	**2'965**	-
Trade payables	38'851	-	-	-	**38'851**	-
Current financial liabilities	46'924	-		-	**46'924**	-
Current lease liabilities	8'613	-	-	-	**8'613**	-
Other current liabilities	14'752	-	-	-	**14'752**	-

The level 2 balance relates to forward currency contracts (foreign exchange contracts, selling USD and buying CHF; the financial instruments have a duration between 1 and 12 months) described in Note 6.4 "Financial risks management", "Market risk - exchange rate risk" sections.

6.6 Segment information

The Group has only one operating segment.

The criteria applied to identify the operating segments are consistent with the way the Group is managed. In particular, the segment reporting reflects the internal organisational and management structure used within the Group as well as the internal management reporting reviewed regularly by the Chief Operating Decision Maker (CODM), who has been identified as the Chief Executive Officer Francesco Siccardi.

Therefore, Medacta constitutes with only one segment which is represented by the whole Group itself. In 2024 and 2023 no single customer represents 10% or more of the total Group revenues. Resource allocation and performance assessment are performed at Group level and not at single-component level.

The operating segments subject to disclosure are consistent with the organisation model adopted by the Group during the Financial Year as of December 31, 2024.

Information by geographic area

The Group operates in EMEA (which includes Europe, Middle East and Africa), North America (which includes the United States of America and Canada), Asia-Pacific (which includes Asia and Oceania) and LATAM (which includes all countries located in Latin America). Sales are attributed to geographic areas based on the customer's location, whereas property, plant and equipment based on the geographic area where legal entities are located. The Group did not report other non-current assets by geographic area since the cost to develop the information would be excessive and would not provide any material value to the reader.

	31.12.2024		31.12.2023	
SALES AND PROPERTY, PLANT AND EQUIPMENT (Thousand Euro)	Net sales	Property, plant and equipment	Net sales	Property, plant and equipment
EMEA	283'737	212'547	242'422	185'196
North America	179'277	47'253	154'008	35'129
Asia Pacific	115'120	2'817	104'183	2'617
LATAM	12'446	-	10'165	-
TOTAL CONSOLIDATED	**590'580**	**262'617**	**510'778**	**222'942**

6.7 Property, plant and equipment

2024 (Thousand Euro)	Land	Buildings	Plants & Machinery	Instruments	Other fixtures and fitting, tool and equipment	Assets under construc-tion	Total
HISTORICAL COST							
BALANCE JANUARY 1, 2024	**15'432**	**52'078**	**44'895**	**320'423**	**36'797**	**5'373**	**474'998**
Additions	2'250	1'840	5'051	65'240	4'067	13'063	91'511
Disposals	-	(47)	(1'067)	(10'390)	(869)	-	(12'373)
Transfers *	-	6'788	3'471	184	(260)	(8'790)	1'393
Exchange differences	(174)	(478)	(375)	3'627	58	(34)	2'624
BALANCE DECEMBER 31, 2024	**17'508**	**60'181**	**51'975**	**379'084**	**39'793**	**9'612**	**558'153**
ACCUMULATED DEPRECIATION							
BALANCE JANUARY 1, 2024	**-**	**(8'647)**	**(27'062)**	**(190'719)**	**(25'628)**	**-**	**(252'056)**
Depreciation of the year and impairment loss	-	(1'342)	(2'949)	(38'523)	(3'176)	-	(45'990)
Disposals	-	24	1'019	2'947	836	-	4'826
Transfers *	-	-	(608)	(46)	60	-	(594)
Exchange differences	-	(41)	247	(1'965)	37	-	(1'722)
BALANCE DECEMBER 31, 2024	**-**	**(10'006)**	**(29'353)**	**(228'306)**	**(27'871)**	**-**	**(295'536)**
NET BOOK VALUE							
BALANCE JANUARY 1, 2024	**15'432**	**43'431**	**17'833**	**129'704**	**11'169**	**5'373**	**222'942**
BALANCE DECEMBER 31, 2024	**17'508**	**50'175**	**22'622**	**150'778**	**11'922**	**9'612**	**262'617**

* The total balance of "Transfers" refers to the reclassification from right-of-use assets to property plant and equipment due to the purchase of the leased assets.

2023 (Thousand Euro)	Land	Buildings	Plants & Machinery	Instruments	Other fixtures and fitting, tool and equipment	Assets under construc-tion	Total
HISTORICAL COST							
BALANCE JANUARY 1, 2023	**12'932**	**48'229**	**39'065**	**265'046**	**29'254**	**687**	**395'213**
Additions	1'583	605	1'968	56'052	5'943	5'088	71'239
Disposals	-	-	(660)	(9'803)	(286)	-	(10'749)
Transfers *	-	-	1'863	-	610	(610)	1'863
Exchange differences	917	3'244	2'659	9'128	1'276	208	17'432
BALANCE DECEMBER 31, 2023	**15'432**	**52'078**	**44'895**	**320'423**	**36'797**	**5'373**	**474'998**
ACCUMULATED DEPRECIATION							
BALANCE JANUARY 1, 2023	**-**	**(6'842)**	**(22'776)**	**(155'586)**	**(21'774)**	**-**	**(206'978)**
Depreciation of the year and impairment loss	-	(1'283)	(2'518)	(33'054)	(3'067)	-	(39'922)
Disposals	-	-	660	2'904	257	-	3'821
Transfers *	-	-	(840)	-	-	-	(840)
Exchange differences	-	(522)	(1'588)	(4'983)	(1'044)	-	(8'137)
BALANCE DECEMBER 31, 2023	**-**	**(8'647)**	**(27'062)**	**(190'719)**	**(25'628)**	**-**	**(252'056)**
NET BOOK VALUE							
BALANCE JANUARY 1, 2023	**12'932**	**41'387**	**16'289**	**109'460**	**7'480**	**687**	**188'235**
BALANCE DECEMBER 31, 2023	**15'432**	**43'431**	**17'833**	**129'704**	**11'169**	**5'373**	**222'942**

* The total balance of "Transfers" refers to the reclassification from right-of-use assets to property plant and equipment due to the purchase of the leased assets.

Additions for the year ended 2024, amounting to Euro 91'511 thousand (Euro 71'239 thousand in 2023), are primarily related to investments made on instruments, equal to Euro 65'240 thousand (Euro 56'052 thousand in 2023).

During the years 2024 and 2023 no impairment losses have been recognised on property, plant and equipment.

6.8 Leases

Right-of-use assets

The tables below show the movement of right-of-use assets for the years ended December 31, 2024 and 2023:

2024 (Thousand Euro)	Land and Building	Motor vehicles	ITC Equipment	Plant and Machinery	Other tool and equipment	Total
HISTORICAL COST						
BALANCE JANUARY 1, 2024	**23'203**	**7'622**	**174**	**31'832**	**697**	**63'528**
Additions	4'923	2'851	-	11'683	-	**19'457**
Disposals	(1'995)	(2'251)	(24)	-	-	**(4'270)**
Transfers *	-	-	-	(1'393)	-	**(1'393)**
Exchange differences	515	(52)	(1)	(215)	(8)	**239**
BALANCE DECEMBER 31, 2024	**26'646**	**8'170**	**149**	**41'907**	**689**	**77'561**
ACCUMULATED DEPRECIATION						
BALANCE JANUARY 1, 2024	**(8'730)**	**(3'707)**	**(101)**	**(6'420)**	**(173)**	**(19'131)**
Depreciation	(2'930)	(2'241)	(28)	(2'507)	(81)	**(7'787)**
Disposals	1'507	2'171	22	-	-	**3'700**
Transfers *	-	-	-	594	-	**594**
Exchange differences	(120)	23	-	46	1	**(50)**
BALANCE DECEMBER 31, 2024	**(10'273)**	**(3'754)**	**(107)**	**(8'287)**	**(253)**	**(22'674)**
NET BOOK VALUE						
BALANCE JANUARY 1, 2024	**14'473**	**3'915**	**73**	**25'412**	**524**	**44'397**
BALANCE DECEMBER 31, 2024	**16'373**	**4'416**	**42**	**33'620**	**436**	**54'887**

* The total balance included in "Transfers" refers to the re-classification from "Right-of-use assets" to "Property, plant and equipment" after the leased assets were acquired.

2023 (Thousand Euro)	Land and Building	Motor vehicles	ITC Equipment	Plant and Machinery	Other tool and equipment	Total
HISTORICAL COST						
BALANCE JANUARY 1, 2023	16'772	6'436	148	21'818	654	45'828
Additions	7'926	2'618	39	10'077	-	**20'660**
Disposals	(1'136)	(1'440)	(9)	-	-	**(2'585)**
Transfers *	-	-	-	(1'863)	-	**(1'863)**
Exchange differences	(359)	8	(4)	1'800	43	**1'488**
BALANCE DECEMBER 31, 2023	23'203	7'622	174	31'832	697	63'528
ACCUMULATED DEPRECIATION						
BALANCE JANUARY 1, 2023	(7'203)	(3'164)	(84)	(5'029)	(84)	(15'564)
Depreciation	(2'777)	(1'970)	(28)	(1'856)	(80)	**(6'711)**
Disposals	1'116	1'435	8	-	-	**2'559**
Transfers *	-	-	-	840	-	**840**
Exchange differences	134	(8)	3	(375)	(9)	**(255)**
BALANCE DECEMBER 31, 2023	(8'730)	(3'707)	(101)	(6'420)	(173)	(19'131)
NET BOOK VALUE						
BALANCE JANUARY 1, 2023	9'569	3'272	64	16'789	570	30'264
BALANCE DECEMBER 31, 2023	14'473	3'915	73	25'412	524	44'397

* The total balance included in "Transfers" refers to the re-classification from "Right-of-use assets" to "Property, plant and equipment" after the leased assets were acquired.

The Group leases several assets. The average lease term is 8 years for buildings, 3 years for motor vehicles, 6 years ITC equipment, 7 years for plants and machineries and 6 years for other fixtures and fittings, tool and equipment.

The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

For the disclosure of the related lease liabilities see Note 6.17 "Financial and lease liabilities", paragraph "Lease liabilities".

Amounts recognised in Profit or Loss

Medacta Group recognised the following amounts in the Consolidated Statement of Profit or Loss as of December 31, 2024 and 2023:

(Thousand Euro)	31.12.2024	31.12.2023
Depreciation charge of right-of-use assets	(7'787)	(6'711)
Interest expense (included in financial costs)	(1'597)	(1'204)
Expense relating to short-term leases	(163)	(275)
Expense relating to leases of low-value assets that are not short-term leases	(37)	(42)

The total cash outflow for leases including short-term leases and low-value-assets in 2024 amount to Euro 12'093 thousand (Euro 10'346 thousand in 2023).

6.9 Intangible assets

2024 (Thousand Euro)	Development Costs	Customer Lists	Goodwill	Other intangible assets	Total
HISTORICAL COST					
BALANCE JANUARY 1, 2024	**78'350**	**16'074**	**59**	**29'942**	**124'425**
Additions	11'999	-	-	2'666	14'665
Disposals	(68)	-	-	(7)	(75)
Exchange differences	(715)	112	-	(315)	(918)
BALANCE DECEMBER 31, 2024	**89'566**	**16'186**	**59**	**32'286**	**138'097**
ACCUMULATED AMORTISATION					
BALANCE JANUARY 1, 2024	**(40'491)**	**(7'318)**	**-**	**(25'199)**	**(73'008)**
Amortisation of the year	(8'192)	(1'074)	-	(2'188)	(11'454)
Impairment loss	(572)	-	-	-	(572)
Disposals	-	-	-	7	7
Exchange differences	341	(49)	-	263	555
BALANCE DECEMBER 31, 2024	**(48'914)**	**(8'441)**	**-**	**(27'117)**	**(84'472)**
NET BOOK VALUE					
BALANCE JANUARY 1, 2024	**37'859**	**8'756**	**59**	**4'743**	**51'417**
BALANCE DECEMBER 31, 2024	**40'652**	**7'745**	**59**	**5'169**	**53'625**

2023 (Thousand Euro)	Development Costs	Customer Lists	Goodwill	Other intangible assets	Total
HISTORICAL COST					
BALANCE JANUARY 1, 2023	**65'378**	**16'127**	**59**	**26'318**	**107'882**
Additions	8'335	-	-	2'143	10'478
Disposals	(11)	-	-	-	(11)
Exchange differences	4'648	(53)	-	1'481	6'076
BALANCE DECEMBER 31, 2023	**78'350**	**16'074**	**59**	**29'942**	**124'425**
ACCUMULATED AMORTISATION					
BALANCE JANUARY 1, 2023	**(29'602)**	**(6'264)**	**-**	**(21'828)**	**(57'694)**
Amortisation of the year	(7'807)	(1'074)	-	(2'137)	(11'018)
Impairment loss	(791)	-	-	-	(791)
Disposals	-	-	-	-	-
Exchange differences	(2'291)	20	-	(1'234)	(3'505)
BALANCE DECEMBER 31, 2023	**(40'491)**	**(7'318)**	**-**	**(25'199)**	**(73'008)**
NET BOOK VALUE					
BALANCE JANUARY 1, 2023	**35'776**	**9'863**	**59**	**4'490**	**50'188**
BALANCE DECEMBER 31, 2023	**37'859**	**8'756**	**59**	**4'743**	**51'417**

Development mainly consists of cost incurred for the development of new products or modification of existing products in the pipeline. The Group capitalises internal payroll cost, if these costs are attributable to a specific development project that is expected to generate probable future economic benefits. Research costs are directly recognised as costs in the Profit or Loss.

Other intangible assets mainly consist of costs recognised to deposit and renew trademarks, software, patents and licenses to distribute products.

"Customer lists" includes: the asset purchase acquisition of Levante Medica 2008 S.L. occurred in 2021; the acquisition of ASD "Advanced Surgical Devices" occurred in 2018; the acquisition of Medacare GmbH and Vivamed GmbH, both occurred in 2017.

Impairment test for intangible assets

As described in Note 6.2 "Consolidation principles, composition of the Group and significant accounting policies", paragraph "Significant accounting policies", on a quarterly basis management performs an assessment of the existence of impairment indicators for intangible assets (development projects). Any impairment loss or any loss relating the disposal of in progress development projects are recognised in Profit or Loss. During the year, Medacta recognised a total loss for impairment amounting to Euro 572 thousand in 2024 (Euro 791 thousand in 2023), out of which Euro 35 thousand (Euro 674 thousand in 2023) arising from the annual impairment test disclosed below, and Euro 537 thousand based on the quarterly analyses performed throughout 2024 (Euro 117 thousand in 2023).

Losses for the derecognition of projects amount to Euro 68 thousand as of December 31, 2024 (Euro 11 thousand in 2023).

For the purpose of the annual impairment test, performed as of September 30, 2024, In-Process Research and Development projects (IPR&D) for a total amount of Euro 12'457 thousand were allocated to cash-generating-units (CGU) corresponding to Product Families. 42 Product Families were tested for impairment through the estimation of the value in use of the IPR&D projects allocated to each CGU, none of which is significant in comparison to the total carrying amount of IPR&D. The annual impairment test carried out during the year lead to an impairment loss of the carrying amount of the development projects, amounting to Euro 35 thousand (Euro 674 thousand in 2023).

The discount rate applied in the valuation model, amounting to 8.8%, considers the Group's weighted average cost of capital, adjusted to approximate the weighted average cost of capital of a comparable market participant.

The value in use was reviewed for the eventual impact of reasonably possible changes in key assumptions:

- an increase of 2 percentage points in the discount rate would lead to an additional impairment loss amounting to Euro 575 thousand;
- a decrease of 25.0% in forecasted revenues would lead to an additional impairment loss amounting to Euro 1'788 thousand.

6.10 Financial assets

Financial assets include the following items:

(Thousand Euro)	31.12.2024	31.12.2023
Advances for property, plant and equipment	4'692	3'122
Confirmation deposit for property, plant and equipment	-	2'250
Forward currency contracts	-	1'679
Rent deposit	995	712
TOTAL FINANCIAL ASSETS	**5'687**	**7'763**
Current	4'692	7'051
Non-current	995	712

"Advances for property, plant and equipment" are mainly related to certain agreements with suppliers of machineries, paid out before the recognition of the underlying asset. In 2023, "Confirmation deposit for property, plant and equipment" was related to the payment of a preliminary deposit to support the ongoing logistics expansion to establish a new distribution center in Italy. The confirmation deposit has been recognised as an addition in fixed asset in "Land" in 2024 (see Note 6.7 "Property plant and equipment"). In 2023, "Forward currency contracts" was related to the positive fair value of derivative financial instruments; as of December 31, 2024 the fair value of derivative financial instruments is negative for Euro 1'675 thousand and it is classified within "Current financial liabilities" (see Note 6.17 "Financial and lease liabilities").

6.11 Deferred tax assets and deferred tax liabilities / income taxes

INCOME TAXES

(Thousand Euro)	31.12.2024	31.12.2023
Current income taxes	8'692	7'383
Deferred income taxes	6'191	3'981
TOTAL INCOME TAXES	**14'883**	**11'364**

Current income taxes consist of taxes paid or due on the results of the individual companies for the Financial Year in accordance with local regulation as well as charges and credits from previous year. The following elements explain the difference between the Group's average tax rate and the effective income tax rate:

RECONCILIATION OF TAX EXPENSE

(Thousand Euro)	31.12.2024	31.12.2023
Profit before taxes	87'769	58'726
AVERAGE TAX RATE	**20.9%**	**21.0%**
TAX AT AVERAGE TAX RATE	**18'302**	**12'334**
Patent Box deduction	(316)	(367)
AVERAGE TAX RATE NET OF DEDUCTIONS	**20.5%**	**20.4%**
+ / - EFFECTS OF		
Expenses not subject to tax, net	384	722
Revenues not subjected to tax, net	(204)	(32)
Effects from previous years	(184)	(258)
Change in tax rates on deferred tax balances	(3'088)	(1'121)
Other	(11)	86
TOTAL INCOME TAXES	**14'883**	**11'364**
EFFECTIVE INCOME TAX RATE (%)	**17.0%**	**19.4%**

The Group's average tax rate is calculated as the weighted average tax rate applicable to the profits in the countries where Medacta Group operates. Management believes that the "average tax rate" reported in the disclosure above provides the most meaningful information to the users of the financial statements. Deferred taxes relate to temporary differences generated by the companies of the Group.

The Group effective tax rate decreased to 17.0% from 19.4% in 2023. Medacta International SA benefits, since 2020, from a special tax deduction from taxable profits for qualifying profits arising from patent rights ("Patent Box deduction"), which has a positive impact in 2024 amounting to Euro 316 thousand (Euro 367 thousand in 2023), corresponding to a positive impact on the effective tax rate for 0.4% (0.6% in 2023). In addition, starting from January 1, 2025, Medacta International SA will benefit from a reduction of the cantonal tax rate. The temporary differences expected to reverse starting from that date result in a lower net deferred tax liabilities and a positive impact on the Group's 2024 effective tax rate of approximately 3.5% (1.9% in 2023).

The Group has not recognised deferred tax liabilities in respect of taxable unremitted earnings that are considered indefinitely invested in foreign subsidiaries. As of December 31, 2024, those unremitted earnings retained by consolidated entities amount to Euro 21'966 thousand (2023: Euro 11'637 thousand).

Deferred income taxes

The Group recognises in the Consolidated Financial Statements as of December 31, 2024 the gross amounts of Deferred tax assets and Deferred tax liabilities, respectively amounting to Euro 38'497 thousand and to Euro 62'838 thousand.

Deferred tax assets are mainly related to our US subsidiary. The Group considers the amount of deferred taxes recoverable. The recoverability is based on the estimated future profits that are expected to be generated by the subsidiary, also considering that the current federal tax legislation does not provide any temporal limit to the future utilisation.

As of December 31, 2024, the amount of deferred tax liabilities net of the deferred tax assets, where the offsetting is allowed according to IAS 12 (par 74), is as follows:

NET DEFERRED TAXES

(Thousand Euro)	31.12.2024	31.12.2023
Net deferred tax assets	24'676	27'936
Net deferred tax liabilities	(49'017)	(48'699)
TOTAL NET DEFERRED TAXES	**(24'341)**	**(20'763)**

The amount netted between deferred tax assets and deferred tax liabilities is equal to Euro 13'821 thousand. For a better comprehension of deferred tax assets and liabilities, the schemes below show the respectively gross amounts.

DEFERRED TAX ASSETS

2024 (Thousand Euro)	PP&E, RoU assets and lease liabilities	Inventories, receivables, provisions and other liabilities	Tax losses carried forward	Total
GROSS BALANCE AS OF JANUARY 1, 2024	**7'542**	**32'824**	**572**	**40'938**
Deferred taxes recognised in the income statement	337	(5'792)	340	(5'115)
Deferred taxes recognised in OCI	-	656	-	656
Exchange differences	238	1'734	46	2'018
GROSS BALANCE AS OF DECEMBER 31, 2024	**8'117**	**29'422**	**958**	**38'497**
Offsetting of deferred tax assets and liabilities				(13'821)
NET BALANCE AS OF DECEMBER 31, 2024				**24'676**

DEFERRED TAX ASSETS

2023 (Thousand Euro)	PP&E, RoU assets and lease liabilities	Inventories, receivables, provisions and other liabilities	Tax losses carried forward	Total
GROSS BALANCE AS OF JANUARY 1, 2023	**2'189**	**36'318**	**1'481**	**39'988**
Amendment to IAS 12 - change in presentation *	3'468	-	-	3'468
GROSS BALANCE AS OF JANUARY 1, 2023	**5'657**	**36'318**	**1'481**	**43'456**
Deferred taxes recognised in the income statement	1'858	(2'505)	(889)	(1'536)
Deferred taxes recognised in OCI	-	372	-	372
Exchange differences	27	(1'361)	(20)	(1'354)
GROSS BALANCE AS OF DECEMBER 31, 2023	**7'542**	**32'824**	**572**	**40'938**
Offsetting of deferred tax assets and liabilities				(13'002)
NET BALANCE AS OF DECEMBER 31, 2023				**27'936**

* The Group has adopted the amendment to IAS 12 ("deferred tax related to assets and liabilities arising from a single transaction") as of January 1, 2023. The presentation of the deferred tax assets and liabilities arising from the recognition of right-of-use assets and lease liabilities has been amended accordingly.

As per December 31, 2024 and 2023, there were no unrecognised tax losses carried forward.

DEFERRED TAX LIABILITIES 2024 (Thousand Euro)	PP&E, RoU assets and lease liabilities	Intangible assets	Inventories, receivables, provisions and other liabilities	Total
GROSS BALANCE AS OF JANUARY 1, 2024	**36'697**	**4'438**	**20'566**	**61'701**
Deferred taxes recognised in the income statement	7'573	228	(6'725)	1'076
Deferred taxes recognised in OCI	-	-	-	-
Exchange differences	501	(57)	(383)	61
GROSS BALANCE AS OF DECEMBER 31, 2024	**44'771**	**4'609**	**13'458**	**62'838**
Offsetting of deferred tax assets and liabilities				(13'821)
NET BALANCE AS OF DECEMBER 31, 2024				**49'017**

DEFERRED TAX LIABILITIES 2023 (Thousand Euro)	PP&E, RoU assets and lease liabilities	Intangible assets	Inventories, receivables, provisions and other liabilities	Total
GROSS BALANCE JANUARY 1, 2023	**26'601**	**4'611**	**21'736**	**52'948**
Amendment to IAS 12 - change in presentation *	3'468	-	-	3'468
GROSS BALANCE AS OF JANUARY 1, 2023	**30'069**	**4'611**	**21'736**	**56'416**
Deferred taxes recognised in the income statement	5'711	(399)	(2'867)	2'445
Deferred taxes recognised in OCI	-	-	-	-
Exchange differences	917	226	1'697	2'840
GROSS BALANCE AS OF DECEMBER 31, 2023	**36'697**	**4'438**	**20'566**	**61'701**
Offsetting of deferred tax assets and liabilities				(13'002)
NET BALANCE AS OF DECEMBER 31, 2023				**48'699**

* The Group has adopted the amendment to IAS 12 ("deferred tax related to assets and liabilities arising from a single transaction") as of January 1, 2023. The presentation of the deferred tax assets and liabilities arising from the recognition of right-of-use assets and lease liabilities has been amended accordingly.

6.12 Inventories

Inventories are composed of the following items:

INVENTORIES (Thousand Euro)	31.12.2024	31.12.2023
Raw materials and consumables	48'109	36'669
Work in progress and semifinished goods	22'156	24'040
Finished goods	164'146	153'215
TOTAL INVENTORIES	**234'411**	**213'924**

The change in inventories is mainly due to increased purchasing and production to support demand and future growth of the Group.

The cost of inventories recognised in "Cost of Sales" as of December 31, 2024 includes Euro 5'629 thousand (Euro 2'981 thousand in 2023) in respect of write-downs of inventory to net realisable value for slow moving, discontinued and obsolete stock. In 2024 the inventory reserve has been utilised by Euro 1'495 thousand (Euro 1'247 thousand in 2023).

6.13 Trade receivables

(Thousand Euro)	31.12.2024	31.12.2023
Trade receivable, gross	114'912	98'917
Loss allowance on trade receivables	(6'745)	(4'266)
TOTAL TRADE RECEIVABLES	**108'167**	**94'651**

Trade receivables are recognised at amortised cost. The Group expected credit losses are based on historical credit loss experience, adjusted as appropriate to reflect current condition and estimates of future economic condition. On that base the amount of the expected loss is recognised in the income statement.

The following tables show the expected credit loss allowance calculated on trade receivables "credit impaired" and the aging against the expected credit loss allowance calculated on trade receivables "not credit impaired", according to the application of the Group's accounting policies:

December 31, 2024 (Thousand Euro)	**Not credit impaired**	**Credit impaired**	**Total**
Trade receivables, gross	107'275	7'637	**114'912**
Expected credit loss allowance	(2'188)	(4'557)	**(6'745)**

TRADE RECEIVABLES AGING (NOT CREDIT IMPAIRED)

December 31, 2024 (Thousand Euro)	**Total**	**Not past due**	**0-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 360 days**
Trade receivables (not credit impaired), gross	**107'275**	78'069	12'835	5'968	1'879	4'399	1'758	2'367
Expected credit loss rate (%) *		0.9%	1.6%	2.1%	3.7%	6.9%	11.8%	24.9%
Expected credit loss allowance	**(2'188)**	(698)	(200)	(123)	(69)	(302)	(208)	(588)

* Expected credit loss rates are estimated based on historical credit loss experience, adjusted to reflect current conditions, estimates of future economic conditions and macroeconomic factors in each of the countries where the Group operates.

December 31, 2023 (Thousand Euro)	**Not credit impaired**	**Credit impaired**	**Total**
Trade receivables, gross	93'641	5'276	**98'917**
Expected credit loss allowance	(1'649)	(2'617)	**(4'266)**

TRADE RECEIVABLES AGING (NOT CREDIT IMPAIRED)

December 31, 2023 (Thousand Euro)	**Total**	**Not past due**	**0-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**181-360 days**	**Over 360 days**
Trade receivables (not credit impaired), gross	**93'641**	62'134	12'570	6'806	4'232	5'256	1'903	740
Expected credit loss rate (%) *		0.2%	0.8%	1.9%	2.5%	8.9%	24.6%	31.6%
Expected credit loss allowance	**(1'649)**	(147)	(97)	(128)	(106)	(469)	(468)	(234)

* Expected credit loss rates are estimated based on historical credit loss experience, adjusted to reflect current conditions, estimates of future economic conditions and macroeconomic factors in each of the countries where the Group operates.

The following table summarises the movements in the loss allowance for expected credit losses:

(Thousand Euro)	2024	2023
BALANCE AS AT JANUARY 1	**(4'266)**	**(2'449)**
Change in loss allowance and write-offs	(2'914)	(1'998)
Utilisation of loss allowance	561	205
Exchange differences	(126)	(24)
TOTAL LOSS ALLOWANCE ON TRADE RECEIVABLES AS AT DECEMBER 31	**(6'745)**	**(4'266)**

"Change in loss allowance and write-offs" in 2024 amount to Euro 2'914 thousand (compared to Euro 1'998 thousand in 2023). The change is related to loss allowances recognised both on "credit impaired" trade receivables, due to some specific evaluations made on customers, and on the increase of expected credit losses resulting from the application of the "lifetime ECL simplified approach", as a result of a general increase of trade receivables and of over 90 days overdue receivables.

6.14 Other current assets and prepaid expenses

(Thousand Euro)	31.12.2024	31.12.2023
Other tax receivables	10'302	6'501
Advance to suppliers	1'052	1'413
Prepaid expenses	4'790	3'790
Other receivables	375	345
TOTAL OTHER CURRENT ASSETS AND PREPAID EXPENSES	**16'519**	**12'049**

Other tax receivables are mainly represented by VAT credits. Prepaid expenses mainly consist of operating expenses (e.g. maintenance, insurance, licences) incurred during the year but attributable to the subsequent year.

6.15 Cash and cash equivalents

Cash and cash equivalents are comprised of the following items:

(Thousand Euro)	31.12.2024	31.12.2023
Cash on hand	25	31
Cheques	-	449
Current bank accounts	31'563	20'312
TOTAL CASH AND CASH EQUIVALENTS	**31'588**	**20'792**

Bank accounts and term deposits are mainly denominated in CHF, EUR and USD. For details of the movements in cash and cash equivalents refer to the Consolidated Statement of Cash Flows.

6.16 Medacta Group stockholders' Equity

SHARE CAPITAL

The subscribed capital of Medacta Group SA amounts to CHF 2'000 thousand equivalent to Euro 1'775 thousand and is divided into 20'000 thousand nominal shares fully paid-up with a nominal value of CHF 0.10 each.

All issued ordinary shares give the same voting and dividend rights. Also, all the issued shares by Medacta Group SA are authorised and fully paid by the ultimate shareholders.

Retained earnings

Retained earnings include subsidiaries' earnings that have not been distributed as dividends and the amount of consolidated companies' equities in excess of the corresponding carrying amounts of equity investments.

Dividend

On May 14, 2024, Medacta Group SA paid a dividend of CHF 0.55 (on May 4, 2023: CHF 0.54) per share to its shareholders excluding ordinary shares owned by the Group and held as treasury shares at the AGM date. The total amount of the gross dividend paid was CHF 11.0 million, corresponding to Euro 11.2 million (2023: CHF 10.8 million, corresponding to Euro 11.1 million), half of it distributed as dividend out of available earnings and half of it distributed out of accumulated reserves from capital contribution.

The Board of Directors proposes to the Annual General Meeting of Medacta Group SA on May 7, 2025, a distribution of CHF 13.7 million (CHF 0.69 per share), half of it as dividend out of retained earnings and half of it out of the total of reserves from capital contribution. All the remaining retained earnings as well as accumulated reserves from capital contributions will be carried forward.

Treasury shares

Medacta Group SA repurchases its own outstanding shares to fund the share-based compensation award cycles. Treasury shares are valued at weighted average cost and are deducted from equity. As of December 31, 2024 the number of treasury shares amounted to 80'718, out of which 38'000 (corresponding to Euro 4'788 thousand) purchased during 2024 and 29'782 (corresponding to Euro 3'378 thousand) awarded to the participants of the 2021 award cycle as of the vesting date on May 7, 2024. The following table shows the development of the number of outstanding shares in 2024 and 2023:

	2024	2023
NUMBER OF TREASURY SHARES AT JANUARY 1	**72'500**	**39'857**
Treasury Shares purchased	38'000	32'643
Treasury Shares used	(29'782)	-
NUMBER OF TREASURY SHARES AT DECEMBER 31	**80'718**	**72'500**
NUMBER OF OUTSTANDING SHARES AT DECEMBER 31	**19'919'282**	**19'927'500**

Foreign currency translation reserve

Currency translation differences are generated by the translation into Euro of financial statements of subsidiaries prepared in currencies other than Euro.

6.17 Financial and lease liabilities

Financial liabilities

The following table summarises the composition of financial liabilities:

FINANCIAL LIABILITIES

(Thousand Euro)	31.12.2024	31.12.2023
Bank loans and credit facilities, current	48'652	46'421
Forward currency contracts	1'675	-
Other current financial liabilities	498	503
TOTAL FINANCIAL LIABILITIES, CURRENT	**50'825**	**46'924**
Bank loans, non-current	142'867	114'806
Other non-current financial liabilities	492	1'281
TOTAL FINANCIAL LIABILITIES, NON-CURRENT	**143'359**	**116'087**
TOTAL FINANCIAL LIABILITIES	**194'184**	**163'011**
Total secured bank loans	44'273	21'027
Total non-secured bank loans	147'246	140'200

As of December 31, 2024, financial liabilities include bank loans and credit facilities for a total amount of Euro 191'519 thousand (Euro 161'227 thousand as of December 31, 2023). The net change is primarily related to proceeds from borrowings amounting to Euro 71'209 thousand (2023: Euro 30'476 thousand) to finance investments, operating activities and the payment of dividends. The repayments in 2024 amount to Euro 40'606 thousand (2023: Euro 16'816 thousand). As of December 31, 2024, current bank loans and credit facilities amounted to Euro 48'652 thousand (Euro 46'421 thousand as of December 31, 2023) and comprise renewable credit lines and the portion of long-term financial agreements set to mature within the next 12 months. Non-current bank loans amounted to Euro 142'867 thousand (Euro 114'806 thousand as of December 31, 2023).

Bank loans reflect credit and loan facilities with third party financial institutions and are recognised at amortised cost using the effective interest method. The interest rates on these facilities are floating and based on internal bank refinancing rate + Spread of between 0.75% and 1.00%.

Certain of the credit agreements include financial covenants requiring Medacta International SA to maintain a debt to EBITDA ratio of no more than 3.0x (as defined in the relevant agreements), a pari passu clause, and various negative covenants restrictions, among other things (and typically subject to certain exceptions): the incurrence of further indebtedness, the granting of security for indebtedness, and the consummation of certain acquisitions, disposals or re-organisations.

The Group as of December 31, 2024 has unused credit lines of Euro 157'387 thousand (2023: Euro 115'668 thousand), out of which Euro 9'982 thousand pledged by tangible fixed assets.

As of December 31, 2024 "Forward currency contracts" are related to the negative fair value of derivative financial instruments, amounting to Euro 1'675 thousand (in 2023, positive for Euro 1'679 thousand and classified in "Current financial assets").

As of December 31, 2024, "Other financial liabilities" refers to the contractual liabilities for the acquisition of exclusive rights to use and develop technologies for a total amount of Euro 990 thousand (Euro 1'784 thousand in 2023), of which Euro 492 thousand within "Other non-current financial liabilities" (Euro 1'281 thousand in 2023) and Euro 498 thousand within "Other current financial liabilities" (Euro 503 thousand in 2023).

The following table provides the breakdown of financial liabilities by currency:

(Thousand Euro)	31.12.2024	31.12.2023
Swiss Franc (CHF)	163'949	141'808
US Dollar (USD)	25'776	11'055
Japanese Yen (JPY)	4'459	10'148
TOTAL FINANCIAL LIABILITIES	**194'184**	**163'011**

Reconciliation of liabilities arising from financing activities

(Thousand Euro)	Non-current financial liabilities	Current financial liabilities	Total
BALANCE JANUARY 1, 2024	**116'087**	**46'924**	**163'011**
Increase in financial liabilities *	61'577	10'088	71'665
Repayment of financial liabilities **	(19'949)	(21'445)	(41'394)
Change in fair values and other changes	-	1'652	1'652
Reclass from non-current to current	(14'052)	14'052	-
Currency translation differences	(304)	(446)	(750)
BALANCE DECEMBER 31, 2024	**143'359**	**50'825**	**194'184**

* "Increase in financial liabilities" includes to proceeds from borrowings amounting to Euro 71'209 thousand.
** "Repayment of financial liabilities" includes repayment of borrowings for Euro 40'606 thousand, Euro 788 thousand related to the repayment of contractual liabilities for the acquisition of development intangible assets classified in the Consolidated Statement of Cash Flow within "Purchase of intangible assets" within cash flow from investing activities.

(Thousand Euro)	Non-current financial liabilities	Current financial liabilities	Total
BALANCE JANUARY 1, 2023	**137'592**	**7'091**	**144'683**
Increase in financial liabilities *	3'089	27'387	30'476
Repayment of financial liabilities **	(13'188)	(4'384)	(17'572)
Reclass from non-current to current	(14'644)	14'644	-
Currency translation differences	3'238	2'186	5'424
BALANCE DECEMBER 31, 2023	**116'087**	**46'924**	**163'011**

* "Increase in financial liabilities" includes proceeds from borrowings amounting to Euro 30'476 thousand.
** "Repayment of financial liabilities" includes repayment of borrowings for Euro 16'816 thousand, Euro 503 thousand related to the repayment of contractual liabilities for the acquisition of development intangible assets classified in the Consolidated Statement of Cash Flow within "Purchase of intangible assets" within cash flow from investing activities.

Lease liabilities

Total lease liabilities amount to Euro 49’689 thousand as of December 31, 2024 (Euro 40’752 thousand in 2023), thereof Euro 10’327 thousand current (Euro 8’613 thousand in 2023) and Euro 39’362 thousand non-current (Euro 32’139 thousand in 2023). Maturity analysis of undiscounted lease liabilities less unearned interests is reported in the table below:

as at December 31, 2024 (Thousand Euro)	Up to 1 year	1 year to 5 years	More than 5 years	Less: unearned interests	Total
Lease liabilities	11'827	32'603	10'871	(5'612)	**49'689**

as at December 31, 2023 (Thousand Euro)	Up to 1 year	1 year to 5 years	More than 5 years	Less: unearned interests	Total
Lease liabilities	9'744	25'882	10'051	(4'925)	**40'752**

The table below shows the movement of lease liabilities for the years ended December 31, 2024 and December 31, 2023:

(Thousand Euro)	2024	2023
LEASE LIABILITIES AT JANUARY 1	**40'752**	**27'733**
Additions	19'457	20'660
Modifications, terminations, expirations	(184)	(73)
Repayment of lease liabilities	(10'296)	(8'825)
Exchange differences	(40)	1'257
LEASE LIABILITIES AT DECEMBER 31	**49'689**	**40'752**

The incremental borrowing rates used for IFRS 16 purposes have been defined based on the risk-free rates of the underlying countries, a company specific adjustment and an asset class weighted average incremental borrowing rate.

6.18 Provisions

Provisions are mainly related to pending legal claims and accruals for indemnity to agents. The movements are as follows:

(Thousand Euro)	2024	2023
BALANCE AT JANUARY 1	**4'062**	**3'798**
Increases	2'136	333
Decreases	(2'015)	(70)
Exchange differences	(6)	1
BALANCE AT DECEMBER 31	**4'177**	**4'062**
Thereof current	120	120
Thereof non-current	4'057	3'942

In 2024 Medacta signed a settlement and license agreement with Mighty Oak Medical to resolve a patent dispute between the companies. Medacta agreed to pay Mighty Oak a total amount of USD 2’250 thousand, corresponding to Euro 2’003 thousand, that were paid in 2024. The lines “Increases” and “Decreases” in 2024 mainly reflect the impacts of this transaction (see also Note 6.25 “Litigations”). In 2023, there were no significant changes in provisions.

6.19 Employee benefit obligation

DEFINED CONTRIBUTION PLANS

Medacta's employee plans include defined contribution pension plans in most of the countries where the Group operates. The employer's contributions, amounting to Euro 6'166 thousand in the year ended December 31, 2024 (2023: Euro 5'358 thousand), are recognised directly in the income statement.

Defined benefit plans

In addition to the legally required social security schemes, the Group has several defined benefit plans and other post-employment benefit plans. The defined benefit obligations (DBOs) of the major pension plans and some of the most relevant other post-employment benefit plans are remeasured annually by independent actuaries.

The following table summarises the total employee benefit obligation by type as of December 31, 2024 and 2023:

AMOUNT RECOGNISED IN THE BALANCE SHEET

(Thousand Euro)	**31.12.2024**	**31.12.2023**
Defined benefit plan Switzerland	12'690	7'328
Retention plan Japan	1'791	1'714
Retention plan Switzerland	1'027	1'472
Retention plans Australia	595	817
Other plans	1'471	1'248
EMPLOYEE BENEFIT OBLIGATION	**17'574**	**12'580**

Pension plans in Switzerland

The current pension arrangement for employees in Switzerland is made through a plan governed by the Swiss Federal Occupational Old Age, Survivors and Disability Pension Act (BVG). The board of trustees is responsible for the risk management. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. The pension plans are financed by contributions of both employees and employer. Contributions are defined by the plan regulations and cannot be decreased without amending the plan regulations. In mandatory pension funds the employer has to pay at least as much as the employees. The Swiss pension plan contains a cash balance benefit which is, in essence, contribution-based with certain minimum guarantees. Due to these minimum guarantees, the Swiss plan is treated as a defined benefit plan for the purposes of these IFRS financial statements. The plan is invested in a diversified range of assets in accordance with the investment strategy and the common criteria of an asset and liability management. A potential under-funding may be remedied by various measures such as increasing employer and employee contributions or reducing prospective benefits. Medacta pension plan is a cash balance plan where contributions are expressed as a percentage of the pensionable salary. The pension plan guarantees the amount accrued on the members' savings accounts, as well as a minimum interest on those savings accounts.

As of December 31, 2024, 1'019 employees (2023: 949 employees) and 8 beneficiaries (2023: 7 beneficiaries) are insured under the Swiss plan. The defined benefit obligation has a duration of 17.4 years (2023: 15.9 years).

The plan contains a cash balance benefit formula. Under Swiss law, the collective foundation guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the collective foundation. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the collective foundation.

The result of the Swiss benefit plan is summarised below:

AMOUNT RECOGNISED IN THE BALANCE SHEET

(Thousand Euro)	31.12.2024	31.12.2023
Present value of defined benefit obligations	(54'563)	(43'785)
Fair value of plan assets	41'873	36'457
EMPLOYEE BENEFIT OBLIGATION	**(12'690)**	**(7'328)**

REMEASUREMENT RECOGNISED IN EQUITY

(Thousand Euro)	2024	2023
BALANCE AT JANUARY 1	**(2'527)**	**(4'481)**
Remeasurement of defined benefit obligations	6'525	2'576
Return on plan assets excl. interest income	(1'588)	(428)
Exchange differences	96	(194)
BALANCE AT DECEMBER 31	**2'506**	**(2'527)**

COMPONENTS OF REMEASUREMENT OF DEFINED BENEFIT PLANS RECOGNISED IN OCI

(Thousand Euro)	31.12.2024	31.12.2023
Changes in financial assumptions	6'678	2'846
Changes in demographical assumptions	-	(37)
Experience adjustments	(153)	(233)
Return on plan assets excluding interest income	(1'588)	(428)
REMEASUREMENT OF DEFINED BENEFIT PLANS	**4'937**	**2'148**

In 2024, “Changes in financial assumptions” is mainly related to the change in the discount rate, which decreased from 1.5% in 2023 to 1.0% in 2024. In addition, the Group sets mortality assumptions after considering the most recent statistics practicable and uses generational mortality tables to estimate probable future mortality improvements, (BVG 2020 generation tables). According to these tables, the Group infers that the trend of increasing longevity will continue.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

(Thousand Euro)	31.12.2024	31.12.2023
Current service cost	2'671	2'116
Past service cost	-	(866)
Participants' contributions	(2'369)	(2'101)
Administration cost	22	18
Net interest cost	109	128
TOTAL EMPLOYEE BENEFIT EXPENSES / (INCOME)	**433**	**(705)**

In 2023, the Group recognised an income amounting to Euro 866 thousand related to the past service costs, due to the introduction of the new conversion rate at the normal retirement age of 65 years (men/women) for retirements in 2025 or later, uniformly and entirely applied then to the total retirement savings capital for insured persons with year of birth of 1965 or younger. Because the average mandatory part of the retirement savings capital in the membership is substantial, this plan amendment resulted in a past service credit as of December 31, 2023. No past service costs recognised in 2024.

The amounts recognised in the Consolidated Profit or Loss have been charged to:

- Cost of Sales - income amounting to Euro 141 thousand (expenses amounting to Euro 346 thousand in 2023);
- Research and Development - income amounting to Euro 39 thousand (expenses amounting to Euro 100 thousand in 2023);
- Sales and Marketing expenses - income amounting to Euro 62 thousand (expenses amounting to Euro 165 thousand in 2023);
- General and Administrative expenses - loss amounting to Euro 82 thousand (income amounting to Euro 222 thousand in 2023);
- Financial costs amounting to Euro 109 thousand (Euro 128 thousand in 2023).

MOVEMENT IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS

(Thousand Euro)	2024	2023
BALANCE AT JANUARY 1	**43'785**	**35'463**
Interest cost	669	867
Current service cost	2'671	2'116
Contribution by plan participants	2'183	1'916
Benefits deposited/(paid), net	(954)	(884)
Past service cost	-	(866)
Administration cost	22	18
Actuarial (gain) / loss on defined benefit obligation	6'525	2'576
Exchange differences	(338)	2'579
PRESENT VALUE OF OBLIGATIONS AT DECEMBER 31	**54'563**	**43'785**

Plan assets

Plan assets are composed of the retirement assets, the mathematical reserve for annuities and the account balances of the AXA-Winterthur. The plan assets are composed exclusively of quoted instruments:

PLAN ASSETS

(Thousand Euro)	31.12.2024	31.12.2023
Cash and cash equivalents	645	1'123
Equity instruments	14'756	17'588
Debt instruments (e.g. bonds)	14'082	15'644
Real estate	9'949	-
Others	2'441	2'102
TOTAL	**41'873**	**36'457**

MOVEMENT IN THE FAIR VALUE OF THE PLAN ASSETS

(Thousand Euro)	2024	2023
BALANCE AT JANUARY 1	**36'457**	**30'001**
Interest income on plan asset	560	739
Employer's contributions paid	2'369	2'101
Participants' contributions	2'183	1'916
Benefits deposited/(paid), net	(954)	(884)
Return on plan assets excluding interest income	1'588	428
Exchange differences	(330)	2'156
FAIR VALUE OF PLAN ASSETS AT DECEMBER 31	**41'873**	**36'457**

The principal actuarial assumptions are as follows:

	31.12.2024	31.12.2023
Discount rate	1.0%	1.5%
Future salary increase	1.0%	1.0%
Interest rate on retirement saving capital *	2.3%	1.5%
Mortality	BVG2020GT	BVG2020GT

* Medacta is applying risk sharing.

The following sensitivity analysis shows how the present value of the benefit obligation for the Swiss retirement benefit plan would change if one of the principal actuarial assumptions were changed. Changes in the aforementioned actuarial assumptions can result in significant volatility in the accounting for the Group's pension plans in the consolidated financial statements. For the analysis, changes in the assumptions were considered separately and no interdependencies were taken into account. There was no change in the approach compared with last year.

SENSITIVITY ANALYSIS – DEFINED BENEFIT OBLIGATION

(Thousand Euro)	31.12.2024	31.12.2023
DISCOUNT RATE		
Discount rate + 0.25%	52'307	42'131
Discount rate - 0.25%	57'008	45'562
SALARY GROWTH		
Salary growth + 0.25%	55'072	44'161
Salary growth - 0.25%	54'050	43'421
INTEREST RATE GROWTH		
Interest rate growth + 0.25%	55'551	44'516
Interest rate growth - 0.25%	53'609	43'077
LIFE EXPECTANCY		
Life expectancy + 1 year	55'355	44'337
Life expectancy - 1 year	53'770	43'229

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2024 by Libera AG. To determine the present value of the defined benefit obligation and the related current service cost and, where applicable, past service cost, the Projected Unit Credit Method has been used.

This method is based on the amount of working years at the date of the actuarial valuation and considers the future by including:

- a discount rate;
- the salary development and leaving probability up to the beginning of the benefit payment;
- inflation adjustments for the years after the first payment for recurring benefits.

The plan in Switzerland typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

The Group expects to make a contribution of Euro 2.5 million to the defined benefit plans during the next Financial Year 2024.

Interest rate risk

The rate used to discount post-employment benefit obligations has been determined by reference to market yields at the balance sheet date on high quality corporate bonds.

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants, both during and after their employment.

An increased life expectancy of the plan participants will increase the plan's liability.

Salary risk

Salary increase is Company specific. The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants.

As such, an increase in the salary of the plan participants will increase the plan's liability.

Other non-current employee benefits

The Group has programs in Switzerland, Australia, Japan, Austria, France and in the United States. These programs amounted to Euro 4'884 thousand as of December 31, 2024 (2023: Euro 5'251 thousand). Major retention plans are in Switzerland, Australia and Japan.

In Switzerland, the retention plan consists of an additional bonus for some eligible employees; in Australia, the other non-current employee benefit plans consist in a retention plan for some eligible employees, and in a long-service leave program for workers who have completed ten years of continuous service with the employer; in Japan, the retention plan provides that upon retirement each member will receive a lump sum determined by the years that the worker was employed.

6.20 Share-based payment transactions

On March 12, 2024 the Board of Directors approved the implementation of the 2024-2027 LTIP proposed by the Human Resources & Remuneration Committee, under the Performance Share Plan ("the Plan"), that was open to eligible participants starting in April 2024. The Board is responsible for administering and executing the Plan and has full power to construe and interpret the Plan, establish and amend rules and regulations for its administration, and perform all other actions relating to the Plan.

The expense recognised for share-based payments in 2024 is equal to Euro 3'817 thousand (Euro 2'312 thousand in 2023).

RECONCILIATION OF OUTSTANDING PERFORMANCE SHARE UNITS	2024	2023
TOTAL AT JANUARY 1	**68'488**	**41'554**
Granted	30'727	27'948
Vested	(19'340)	-
Forfeited	(1'092)	(1'014)
TOTAL AT DECEMBER 31	**78'783**	**68'488**

In 2024, 30'727 PSUs were granted under the LTIP (2023: 27'948). The total fair value has been determined using a Monte Carlo simulation algorithm and amounts to CHF 128.54 (2023: CHF 107.83). On May 7, 2024 following the Annual General Meeting, 19'340 PSUs related to the 2021-2024 Award Cycle, corresponding to 29'782 shares, were distributed to the participants of the LTIP. The value of shares vested to eligible employees amounts to Euro 3'378 thousand, determined based on the purchase price of the treasury shares repurchased by the Group to fund the 2021-2024 Award Cycle.

The underlying assumptions used to determine the fair value of the PSUs granted under the Group's LTIP for the Award Cycles currently in progress are presented below. For the purposes of this disclosure, Award Cycles "in progress" refer to those granted but not yet vested.

INPUTS TO THE MODEL	Award Cycle 2024	Award Cycle 2023	Award Cycle 2022
Dividend yield (in %)	-	-	-
Expected volatility (in %)	37.61%	39.70%	41.14%
Risk-free interest rate (in %)	1.46%	-	-
Expected life of PSUs (in years)	3	3	3
Share price (in CHF) at grant date in April	123.07	100.52	114.72
Fair value (in CHF)	128.54	107.83	116.27

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the instruments is indicative of future trends, which may not necessarily be the actual outcome.

6.21 Other liabilities

The following table shows a breakdown of other liabilities as of 31 December 2024 and 2023:

(Thousand Euro)	31.12.2024	31.12.2023
Liabilities to tax authorities	-	97
Legal matters	1'404	2'652
Other	193	216
TOTAL OTHER NON-CURRENT LIABILITIES	**1'597**	**2'965**
Liabilities to tax authorities	9'830	7'438
Liabilities to social security	4'166	4'023
Other debts towards employees	1'077	1'071
Legal matters	1'449	1'812
Other	418	408
TOTAL OTHER CURRENT LIABILITIES	**16'940**	**14'752**

Other non-current liabilities amount to Euro 1'597 thousand as of December 31, 2024 (Euro 2'965 thousand in 2023). The decrease is mainly related to the repayment, amounting to Euro 1'849 thousand, of the instalments due in the year arising from the settlement agreement signed with MicroPort in 2021.

Other current liabilities increased compared to last year primarily due to higher liabilities owed to tax authorities, partially offset by a decrease in the "legal matters" liability, which reflects the payment terms of the aforementioned settlement agreement.

6.22 Trade payables

Trade payables, amounting to Euro 35'387 thousand (2023: Euro 38'851 thousand), mainly consist of commercial payables due within 12 months. The amount is substantially in line with prior year.

6.23 Accrued expenses and deferred income

(Thousand Euro)	31.12.2024	31.12.2023
Consulting fees	4'048	3'964
Royalties and commissions due	10'182	8'676
Accrued vacation expenses	4'179	3'975
Accrued bonuses	17'925	18'103
Insurances	287	309
Other accrued expenses/deferred income	7'327	5'134
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	**43'948**	**40'161**

6.24 Information on the consolidated statement of Profit or Loss

6.24.1 Analysis of revenue

The following table presents revenue of the Group's product lines for the years ended December 31, 2024 and 2023 respectively:

(Thousand Euro)	31.12.2024	31.12.2023
Hip	247'321	229'784
Knee	241'200	198'322
Spine	51'770	46'375
Extremities*	50'289	36'297
TOTAL	**590'580**	**510'778**

* Extremities include Shoulder and Sportsmed revenues

6.24.2 Analysis of expenses

Personnel expenses

Personnel expenses as of December 31, 2024 and 2023 are as follows:

(Thousand Euro)	31.12.2024	31.12.2023
Wages and salaries	148'428	132'511
LTIP Employee benefit expense	3'817	2'312
Social security costs	17'705	16'293
Pension costs and other personnel expense	11'895	10'915
TOTAL PERSONNEL EXPENSES	**181'845**	**162'031**

The recognition of the personnel expenses by function is as follows:

PERSONNEL EXPENSES BY FUNCTION

(Thousand Euro)	31.12.2024	31.12.2023
Cost of Sales	28'923	23'997
Research and Development expenses	5'802	5'478
Sales and Marketing expenses	100'784	91'275
General and Administrative expenses	46'336	41'281
TOTAL PERSONNEL EXPENSES BY FUNCTION	**181'845**	**162'031**
AVERAGE NR OF EMPLOYEES DURING THE YEAR	**1'819**	**1'634**

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment, a December 31, 2024 and 2023 are as follows:

(Thousand Euro)	31.12.2024	31.12.2023
Cost of Sales	46'184	39'566
Research and Development expenses	8'796	8'598
Sales and Marketing expenses	4'510	4'298
General and Administrative expenses	6'313	5'980
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT BY FUNCTION	**65'803**	**58'442**

Impairment included in line Research and Development is equal to Euro 572 thousand in 2024 (Euro 791 thousand in 2023). See Note 6.9 “Goodwill and intangible assets”, paragraph “Impairment test for intangible assets”.

General and Administrative expenses

General and Administrative expenses as of December 31, 2024 and 2023 are composed of the following expense categories:

(Thousand Euro)	31.12.2024	31.12.2023
Personnel expenses	46'336	41'281
Depreciation and amortisation	6'313	5'980
Consulting expenses	7'383	6'467
Business and administrative expenses (i.e. insurance, maintenance, BoD and audit fees)	12'149	10'653
Provisions	2'003	-
Travel and accommodation	663	870
Various taxes	1'252	1'007
Miscellaneous expenses	1'147	1'074
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE	**77'246**	**67'332**

In 2024, total General and Administrative expenses increase consistently with the growth of the Group, driven by “Personnel expenses” and by the impact of “Provisions”, relating to the settlement of the litigation with Mighty Oak Medical, further disclosed in Note 6.18 “Provisions” and Note 6.25 “Litigations”.

Consulting expenses include approximately Euro 1’232 thousand of legal expenses (Euro 1’206 thousand in 2023) and Euro 6’151 thousand related to clinical studies, IT, tax and other consulting expenses (Euro 5’261 thousand in 2023).

Research and Development expenses

Research and Development costs that are not eligible for capitalisation have been expensed in the period incurred and they are recognised in Research and Development expenses along with amortisation and impairment, for a total amount in 2024 of Euro 21’392 thousand (Euro 20’318 thousand in 2023).

Development costs eligible for capitalisation amounts to Euro 11’999 thousand in 2024 and Euro 8’335 thousand in 2023.

6.24.3 Other income / (expenses)

Other income amount to Euro 2’635 thousand as of December 31, 2024 (Euro 2’150 thousand in 2023) and are mainly related to miscellaneous expenses rebilled to third parties.

Other expenses amount to Euro 2’055 thousand as of December 31, 2024 (Euro 1’233 thousand in 2023) and include Euro 525 thousand (Euro 515 thousand in 2023) related to contributions made to non-profit organisations.

6.24.4 Financial income/(costs)

FINANCIAL INCOME

(Thousand Euro)	31.12.2024	31.12.2023
Gain on revaluation of financial instruments at fair value through profit or loss	-	1'472
Interest income loans and receivables	221	103
Foreign exchange gains	17'101	6'341
TOTAL FINANCIAL INCOME	**17'322**	**7'916**

Financial income as of December 31, 2024 includes realised and unrealised foreign exchange gains for Euro 17'101 thousand (Euro 6'341 thousand in 2023). In 2023, Medacta recognised an income amounting to Euro 1'472 thousand on the revaluation of financial instruments at fair value through profit or loss.

FINANCIAL (COSTS)

(Thousand Euro)	31.12.2024	31.12.2023
Interest on loans and borrowings	(5'915)	(5'626)
Losses on revaluation of financial instruments at fair value through profit or loss	(3'306)	-
Foreign exchange losses	(9'567)	(16'803)
Interest expense on lease contracts	(1'597)	(1'204)
TOTAL FINANCIAL (COSTS)	**(20'385)**	**(23'633)**
TOTAL FINANCIAL INCOME/(COSTS), NET	**(3'063)**	**(15'717)**

Interest on loans and borrowings, amounting to Euro 5'915 thousand in 2024, are substantially in line with prior year (Euro 5'626 thousand in 2023).

In 2024, Medacta recognised losses amounting to Euro 3'306 thousand on the revaluation of financial instruments at fair value through profit or loss (in 2023, the result was a gain, as above reported).

Foreign exchange losses amounted to Euro 9'567 thousand in 2024 (compared to Euro 16'803 thousand in 2023). Overall, foreign exchange losses and gains had a positive impact on the net financial income/(costs), due to the Swiss Franc strengthening against major currencies, in particular US Dollar and Euro.

Interest expenses on lease contracts slightly increase compared to prior year to Euro 1'597 thousand (from Euro 1'204 thousand in 2023). For further details, please refer to Note 6.8 "Leases".

6.25 Litigations

Patent matters

Mighty Oak Medical vs Medacta USA and Medacta International

A patent infringement case was filed on December 22, 2022 against Medacta USA and Medacta International in the District of Delaware. The plaintiff is Mighty Oak Medical, and it is alleging infringement of five patents by several of the MySpine products. They were also alleging that the infringement had been willful. Medacta responded to the complaint by moving to dismiss one patent from the case and asserting non-infringement and invalidity for the other asserted patents. On August 19, 2024, Mighty Oak Medical Inc., Medacta USA Inc., and Medacta International SA entered into a settlement and license agreement that resolves the patent dispute between the companies. Under the terms of the settlement, Medacta receives a non-exclusive license to Mighty Oak's patents related to patient-specific pedicle screw guides for use in adult spinal surgeries. Globally, Medacta has agreed to sell its MySpine Guides for use exclusively with Medacta pedicle screws through 2031. In consideration of the settlement agreement, Medacta agreed to pay Mighty Oak a total amount of USD 2'250 thousand, corresponding to Euro 2'003 thousand, fully paid in August 2024.

As of December 31, 2024 the Group has reflected the impacts of the transaction, recognising a provision in General and Administrative Expenses for Euro 2'003 thousand.

Italian payback scheme litigation

In 2011, during a period of severe crisis in the Italian economy the payback scheme was introduced, a mechanism to obtain from suppliers a contribution to offset variances occurring when Italian government expenditures exceed their ceiling for the purchase of medical devices. Such a measure was similar to the payback scheme introduced in 2008 in relation to overruns of the pharmaceutical expenditure ceiling, which for many years has been the subject of legal disputes that have often led to its significant containment.

There were strong doubts as to the legitimacy of the payback system for medical devices overall, especially in terms of the retroactivity of the measures, numerous critical issues in the application of the rules and in relation to possible calculation errors. Medacta legal representation, along with all the Italian Medical devices associations, decided to appeal the Decree of the Ministry of Health dated October 6, 2022 and the consequent deeds of the Regions. In September 2023, the Regional Administrative Court of Lazio (TAR Lazio) upheld all Medacta requests of suspension of the effects of Regional measures.

Following the first hearing on the merits on October 24, 2023, the Lazio Regional Administrative Court published an initial order in which it ordered the referral of the issue of constitutional legitimacy of the payback legislation to the Constitutional Court.

The Constitutional Court, in its ruling published on July 22, 2024, no. 140, has confirmed the constitutional legitimacy of the rules governing the payback scheme. Moreover, the Constitutional Court, in judgment no.139 published on 22 July 2024, declared the constitutional illegitimacy of the Government's provision (set forth in Article 8 of Decree-Law No. 34/2023) by which the reduction to 48% had been reserved solely for operators who had waived the litigation brought before the Regional Administrative Court, having instead to be recognised to all operators for reasons of equity.

As a result of the Constitutional Court's pronouncements, it is ruled out that there is no scope for a full cancellation or further reductions of payback claims.

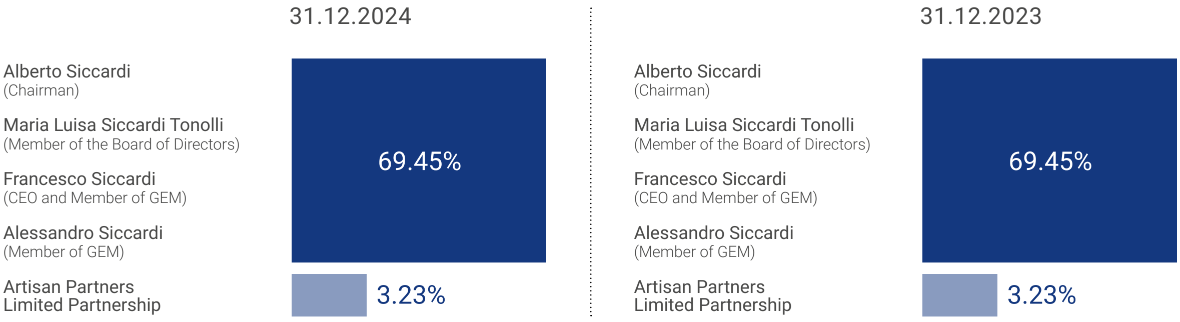
TAR postponed the decision in the first hearings on the merit related to the "pilot appeals" held on February 25th, 2025, and a ruling is expected before summer 2025.

In connection with the above litigation, the Group recognised a provision of approximately Euro 3.1 million accrued in 2022.

6.26 Related party transactions

Related parties primarily comprise members of Group Executive Management (GEM), Members of the Board of Directors and significant shareholders.

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Medacta Group SA:



Transactions with related parties are carried out at arm's length. Details of transactions between the Group and its related parties are disclosed below.

Operating transactions

In 2024 Medacta International made contributions to Medacta for Life Foundation for Euro 525 thousand (Euro 515 thousand in 2023), a non-profit organisation owned by the Siccardi Family.

Mr. Philippe Weber is a member of the Board of Directors of Medacta Group SA. Niederer Kraft Frey Ltd, a law firm at which Mr. Philippe Weber is a partner, provided legal services to the Group. The fees for his professional services provided during the year 2024 are recognised in the General and Administrative expense line item for an amount equal to Euro 18 thousand (in 2023 Euro 28 thousand).

During 2024, Mr Francesco Siccardi, CEO of Medacta Group SA, sold 19'400 share units.

During 2024, Mr Massimiliano Bernardoni, CIO of Medacta Group SA, purchased 512 share units.

Surgical Practice Resource Group SA is the holding company of an Hip&Knee center in Florida performing both clinic and ASC activities, owned by the Siccardi Family. Ambulatory Surgery Centers (ASC's) are outpatient facilities that offer an alternative to hospitals for patients undergoing routine surgical procedures. Some of the implants for the ASC procedures are provided by Medacta for a total amount of Euro 460 thousand in 2024.

Compensation of Key Management Personnel

The following table shows the compensation of Key Management Personnel recognised in Profit or Loss in line with the Group's accounting policies.

(Thousand Euro)	**31.12.2024**	**31.12.2023**
Fees, salaries and other short-term benefits	4'212	3'122
Post-employment pension and medical benefits	513	344
Share-based payments	976	334
TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	**5'701**	**3'800**

Key Management Personnel comprises of the Board of Directors and the Group Executive Management (GEM). In the financial year 2024, the Group Executive Management comprised six members, three of whom were appointed by the Board of Directors on March 12, 2024. The compensation of the GEM consists of a fixed portion and variable portion, which depends on the course of business and individual performance.

6.27 Earnings per share

Basic earnings per share is calculated as the profit for the year attributable to equity holders of the parent divided by the weighted average number of outstanding shares of the Company during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

	31.12.2024	31.12.2023
Net profit attributable to shareholders (in Euro thousand)	72'886	47'362
Weighted average number of ordinary shares outstanding	19'915'416	19'951'944
BASIC EARNINGS PER SHARE (in Euro)	**3.66**	**2.37**

Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of Medacta Group SA by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential of outstanding equity instruments into ordinary shares. The number of shares, as above calculated, is compared with the number of shares that would have been issued assuming the exercise of the Performance Share Units.

	31.12.2024	31.12.2023
Net profit used to determine diluted earnings per share (in Euro thousand)	72'886	47'362
Weighted average number of ordinary shares outstanding	19'915'416	19'951'944
Adjustments for performance stock units issued	39'980	39'787
Weighted average number of ordinary shares for diluted earnings per share	19'955'395	19'991'731
DILUTED EARNINGS PER SHARE (in Euro)	**3.65**	**2.37**

6.28 Atypical and/or unusual operations

The Group did not carry out any atypical and/or unusual operations.

6.29 Contingencies and commitments

The Group, as of December 31, 2024, contracted purchase commitments, mainly relating the acquisition of instruments, for a total amount of Euro 23.4 million (Euro 25.3 million in 2023).

As of December 31, 2024, the Group had used credit lines as borrowing facilities pledged by tangible fixed assets for a total amount of Euro 44'273 thousand (2023: Euro 21'027 thousand).

The Group as of December 31, 2024 has unused credit lines of Euro 157'387 thousand (2023: Euro 115'668 thousand), out of which Euro 9'982 thousand pledged by tangible fixed assets.

6.30 Subsequent events

After the reporting period, the Group completed the acquisition of Parcus Medical, a specialist provider of sports medicine and arthroscopy solutions from Anika. This acquisition is expected to accelerate the Group's expansion in sports medicine, broaden its US sales network, and extend its distributor relationships. Since the transaction was completed after the reporting period, no impacts have been recognised in the consolidated financial statements as of December 31, 2024. The evaluation of the accounting impacts of the transaction, including the evaluation of the net assets acquired, will be disclosed in the next reporting period.

6.31 Exchange rates used to translate Financial Statements prepared in currencies other than Euro

Exchange rates

Items included in the financial statement of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's presentation currency is Euro, while the functional currency of the Parent Company is Swiss Franc. All values are rounded to the nearest thousand except where otherwise indicated.

	Average		Closing	
	2024	2023	31.12.2024	31.12.2023
CHF	1.0501	1.0297	1.0647	1.0768
GBP	1.1812	1.1499	1.2085	1.1533
AUD	0.6097	0.6145	0.5976	0.6171
USD	0.9246	0.9250	0.9659	0.9061
JPY	0.0061	0.0066	0.0061	0.0064
CAD	0.6749	0.6853	0.6715	0.6839

7. Audit Report – Consolidated Financial Statements

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Report of the Statutory Auditor

To the General Meeting of
MEDACTA GROUP SA, CASTEL SAN PIETRO

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Medacta Group SA (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 126 to 178) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 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.

Medacta Group SA
Report of the statutory auditor
for the year ended
31 December 2024

Our Audit Approach

Summary	
Key audit matters	We have identified the following key audit matters: - Capitalisation and measurement of development projects - Existence of inventory - Existence of instruments (Property, Plant and Equipment)
Materiality	Based on our professional judgement, we determined materiality for the Group as a whole to be at EUR 4.1 million.
Scoping	We have defined six components operating in five countries to be in scope for group reporting purposes. The ratios of coverage for group total assets, group revenue, and group profit before tax are disclosed below.

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.

Capitalisation and measurement of development projects

Key audit matter	How the scope of our audit responded to the key audit matter
As described in Note 6.9 to the consolidated financial statements, the intangible assets balance amounts to EUR 54 million (2023: EUR 51 million), including development projects capitalised at 31 December 2024 amounting to EUR 41 million (2023: EUR 38 million). As described in Note 6.2 to the consolidated financial statements, the Group distinguishes between research costs, which are recognized in the statement of profit or loss as incurred, and development costs, which are capitalised provided that the technical and commercial feasibility of the asset has been established, the related costs can be measured reliably, and it can reasonably be expected that the costs will be recovered in the future. The costs relating to projects for which the development phase has been completed as of	We gained an understanding of the key controls relevant to the development projects process and the impairment process. We performed tests of details, using a statistical sampling method, on the projects capitalised during the year. We obtained technical information relating to the selected projects to verify whether the costs qualified as development costs. We analyzed the evidence obtained to evaluate the usefulness of the assets for the Group and we inquired about the Group's intention, and its ability to complete these projects. We inquired about the Group's assessment of the future economic benefits, and its intention to use or sell the assets.

Capitalisation and measurement of development projects

Key audit matter	How the scope of our audit responded to the key audit matter
31 December 2024, are amortised over the useful life of the related products. Projects which are still in early phases of development as of the financial statement date are not amortised as they are considered as being intangible assets with indefinite useful life ("In Progress Development Projects"). Development projects are allocated to "Product Families" based on their purpose. Capitalisation of development projects requires the Group to apply judgement to evaluate whether the development expenditure incurred qualifies for recognition as an asset in accordance with IAS 38. Whenever there are indications of impairment, and at least once a year for "In Progress Development Projects", the Group tests these assets for impairment. For the impairment test of "In Progress Development Projects", the Group applies judgements and defines assumptions in areas such as revenue growth, estimates in connection with the "costs to complete" and WACC. For these projects, the impairment test is done at the level of "Product Families". Due to the significant amount of costs capitalised and the judgements applied by the Group, we consider the capitalisation and measurement of development projects to be a key audit matter.	We tested on a sample basis whether the costs for development projects were eligible for capitalization and whether the amounts were capitalised accurately. Furthermore, we verified the supporting evidence such as third-party invoices and salary costs of the development teams. We have involved internal valuation specialists to assist us in challenging the valuation model (i.e. validity of the methodology and its application, completeness, and mathematical accuracy) and the WACC applied. We have challenged the Group's judgements and assumptions used in its impairment model and we have tested their historical accuracy. We assessed the adequacy and completeness of the disclosures included in the accompanying consolidated financial statements (Note 6.9). Based on the procedures performed, we obtained sufficient appropriate audit evidence to address the risks around capitalisation and measurement of development projects.

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Existence of inventory

Key audit matter	How the scope of our audit responded to the key audit matter
As described in Note 6.12 to the consolidated financial statements the balance of inventory amounts to EUR 234 million as of 31 December 2024 (2023: EUR 214 million). Inventory is mainly composed of prosthesis and implants. The inventory is held in warehouses and in consignment at the premises of Medacta's customers to ensure continuity of supply. Given the significant balance of inventory in relation to the Group's total assets, and the number of locations in which inventory is located, we consider the existence of inventory to be a key audit matter in our audit.	We assessed the appropriateness of the Group's process for inventory, including inventory counts procedures which are performed for inventory located at Medacta's premises and in consignment. As part of this work, we gained an understanding of the key controls relating to the existence of inventory. We also tested the operating effectiveness of the key controls. We have performed physical inventory counts for items selected through statistical sampling methods. Our work was performed in Switzerland, Japan, Spain, and in the USA. The counts also covered inventory in consignment. For locations where our participation in the inventory counts procedures performed by the Group was possible, we attended these and compared the results of our own work with the results of the counts performed by the Group. We assessed the adequacy and completeness of the disclosures included in the accompanying notes to the consolidated financial statements (Note 6.12). Based on the procedures performed, we obtained sufficient appropriate audit evidence to address the risk of the existence of inventory.

Existence of instruments (Property, Plant and Equipment)

Key audit matter	How the scope of our audit responded to the key audit matter
As described in Note 6.7 to the consolidated financial statements, the balance of property, plant and equipment amounts to EUR 263 million as at 31 December 2024 (2023: EUR 223 million), including instruments for a net balance of EUR 151 million (2023: EUR 130 million). The instruments are held in warehouses and at Medacta's customers premises to ensure continuity of supply. Given the significant balance of instruments in relation to the Group's total assets, and the number of locations in which instruments are consigned, we consider the existence of instruments to be a key audit matter in our audit.	We assessed the appropriateness of the Group's process for instruments, including instruments counts procedures, which are done for instruments located at Medacta's premises and in consignment. As part of this work, we gained an understanding of the key controls relating to the existence of instruments. We also tested the operating effectiveness of the key controls. We have performed physical instruments counts for items selected through statistical sampling methods. Our work was performed in Switzerland, Japan, Spain, and in the USA. This work covered also instruments in consignment. For locations where our participation in the instruments counts procedures performed by the Group was possible, we attended these and compared the results of our own work with the results of the counts performed by the Group. When the performance of instruments counts was not possible because the instruments were held in a sterilised environment, we obtained confirmations from the hospitals and the clinics on the existence of the instruments in consignment. We assessed the adequacy and completeness of the disclosures included in the accompanying consolidated financial statements (Note 6.7). Based on the procedures performed, we obtained sufficient appropriate audit evidence to address the risk of the existence of instruments.

Medacta Group SA
Statutory Auditor's Report
for the year ended
31 December 2024

Our application of materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be at EUR 4.1 million (2023: EUR 4.0 million) which is 5% of profit before taxes (6.8% of profit before taxes in the prior year) and 1.1% of equity (1.2% of equity in the prior year).

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of EUR 0.2 million (2023: EUR 0.2 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the consolidated financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Based on that assessment, we focused our group audit scope primarily on the audit work at six components. Three of these were subject to audit of the entire financial information, whilst the remaining three were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risk of material misstatements and of the materiality of the group's operations at those locations. These six components represent the principal business units and account for 91% (2023: 93%) of the group's total assets, 77% (2023: 72%) of the group's revenue and 79% (2023: 67%) of the group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risk of material misstatements identified above. The audit work at the six components was executed at levels of materiality applicable to each individual component and were lower than group materiality, ranging from EUR 0.4 million to EUR 2.770 million (2023: EUR 0.4 million to EUR 2.760 million).

At the parent entity level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there was no significant risk of material misstatements of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

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.

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Medacta Group SA
Statutory Auditor's Report
for the year ended
31 December 2024

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.

Deloitte SA

Fabien Lussu	Michele Castiglioni
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Lugano, 24 March 2025

Medacta Group SA Statutory Financial Statements

8. Statutory Financial Statements Medacta Group Sa

Balance Sheet

ASSETS

(Swiss Francs)	Notes	31.12.2024	31.12.2023
Cash and cash equivalents		358'472	324'050
Short-Term receivables towards group companies	8.3.1	1'351'918	1'548'925
Accrued income and prepaid expenses	8.3.2	7'025'569	6'539'208
TOTAL CURRENT ASSETS		**8'735'959**	**8'412'183**
Investment in subsidiaries	8.3.3	135'510'583	135'510'583
Long-Term loans towards group companies	8.3.4	47'235'208	52'083'778
TOTAL NON-CURRENT ASSETS		**182'745'791**	**187'594'361**
TOTAL ASSETS		**191'481'750**	**196'006'544**

LIABILITIES AND EQUITY

(Swiss Francs)	Notes	31.12.2024	31.12.2023
Account payables		6'358	32'589
Deferred income and accrued expenses	8.3.5	3'194'561	2'787'339
Other current liabilities		262'163	274'540
TOTAL CURRENT LIABILITIES		**3'463'082**	**3'094'468**
TOTAL NON-CURRENT LIABILITIES		**-**	**-**
Share capital	8.3.6	2'000'000	2'000'000
General capital reserve		131'000'000	131'000'000
Capital contribution reserve	8.3.7	7'293'345	12'781'598
General legal reserve from earnings		1'000'000	1'000'000
Treasury Shares reserve	8.3.8	(9'331'491)	(8'070'713)
Other capital reserves	8.3.9	113'808	-
Retained earnings brought forward	8.3.10	48'712'939	47'654'804
Profit for the year		7'230'067	6'546'387
TOTAL SHAREHOLDER'S EQUITY		**188'018'668**	**192'912'076**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**191'481'750**	**196'006'544**

Income Statement

(Swiss Francs)	Notes	31.12.2024	31.12.2023
Dividend income	8.3.11	7'000'000	6'500'000
Interest Income	8.3.12	1'067'716	1'216'226
Other Revenues	8.3.13	5'040'073	4'372'117
TOTAL REVENUE		**13'107'789**	**12'088'343**
Personnel costs		(4'963'823)	(4'276'476)
Legal and administrative expenses	8.3.14	(690'672)	(825'001)
Other expenses		(210'917)	(224'541)
TOTAL OPERATING COSTS		**(5'865'412)**	**(5'326'018)**
OPERATING PROFIT		**7'242'377**	**6'762'325**
Other financial income / (costs)		92'345	(124'103)
TOTAL FINANCIAL INCOME / (COSTS)		**92'345**	**(124'103)**
PROFIT BEFORE TAXES		**7'334'722**	**6'638'222**
Taxes	8.3.15	(104'655)	(91'835)
PROFIT FOR THE YEAR		**7'230'067**	**6'546'387**

Notes

8.1 General information

Medacta Group SA (the "Company"), with its legal office in Castel San Pietro, is a public company listed at the SIX Swiss Stock Exchange.

The Company is presenting consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), in compliance with articles 963 and following of the Swiss Code of Obligations (CO), subject to ordinary audit as per Swiss Law. Therefore, Medacta Group SA has applied the exemption included in article 961d, paragraph 1 SCO, and has not prepared additional disclosures.

As the parent company of the Medacta Group, the purpose of Medacta Group SA is to acquire, dispose of and manage investments in the field of orthopedics. The Company is mainly concerned with the strategic, financial and real estate management of the Group.

During 2024 and 2023 the number of full-time positions on annual average is less than 10.

8.2 Accounting principles

These Financial Statements have been prepared in compliance with the Swiss Code of Obligations (CO).

Translation of foreign currencies

The receivables and payables in foreign currencies are translated into Swiss Francs at the closing exchange rates.

All the transactions in foreign currencies occurred during the year are translated into Swiss Francs at the exchange rate prevailing in the day of the transaction.

Related parties

Related parties primarily comprise subsidiaries, Members of the Board of Directors and significant shareholders. All transactions with those related parties are carried out in accordance with the arm's length principle.

Investment in subsidiaries

The investment in subsidiaries is evaluated at acquisition costs, adjusted for impairment losses if any.

Long-term loans

Loans towards group companies are evaluated at granted costs and adjusted for recovery risk if any.

Taxes

Taxes are accrued based on the annual profit and the taxable capital at the balance sheet date.

Income and costs

The income and costs are recognised in accordance with the economic competence principle.

The dividends of the fiscal period have been recognised according to the principle of simultaneous registration of dividends.

Furthermore, the principles of realisation, of prudence, of imparity and of continuity are applied.

Use of estimates and judgements by the management

The preparation of the annual financial statements in accordance with the Swiss Code of Obligations (CO) requires the use of accounting estimates and assumptions by the management, based on historical experience and other factors (such as anticipation of results and future events, where appropriate and based on all circumstances and in compliance with the accounting principles of reference). The key sources of estimation uncertainty are the following:

- Investment in subsidiaries;
- Long-Term loans towards group companies
- Deferred income and accrued expenses;
- Taxes.

8.3 Information, split and explanations with regard to items of the balance sheet and the income statement

8.3.1 Short-term receivables towards Group companies

Short-term receivables towards Group companies amounted to CHF 1’351’918. The receivables are mainly addressed to Medacta International SA.

8.3.2 Accrued income and prepaid expenses

Accrued income and prepaid expenses includes dividend from Medacta Holding SA for CHF 7’000’000 related to the result of the year 2024 (simultaneous registration of dividend) and insurance prepaid expenses.

8.3.3 Investment in subsidiaries

The investment in subsidiaries is mainly referred to:

- Direct investment in subsidiaries:

Company	% of shares held December 2024	% of shares held December 2023	Registered office	Share Capital	31/12/2024
Medacta Holding S.A.	100%	100%	Castel San Pietro (CH)	1'026'010 CHF	135'510'490 CHF
Knnex Health Inc.	100%	100%	Wilmington - Delaware (US)	100 USD	93 CHF

- Indirect investment in subsidiaries:

Company	% of shares held December 2024	% of shares held December 2023	Registered office	Registered Capital	Consolidation Method
Medacta International SA	100%	100%	Castel San Pietro (CH)	1'000'000 CHF	Full Consolidation
Medacta Americas Operations Inc.	100%	100%	Wilmington - Delaware (US)	1 USD	Full Consolidation
Medacta Applied Solutions S.r.l. *	100%	-	Milan (IT)	10'000 EUR	Full Consolidation
Medacta Australia PTY Ltd	100%	100%	Lane Cove (AU)	4 AUD	Full Consolidation
Medacta Austria GmbH	100%	100%	Seekirchen am Wallersee (AT)	35'000 EUR	Full Consolidation
Medacta Belgium S.r.l.	100%	100%	Nivelles (BE)	18'550 EUR	Full Consolidation
Medacta Canada Inc.	100%	100%	Kitchener (CA)	100 CAD	Full Consolidation
Medacta España S.L.	100%	100%	Paterna (ES)	3'000 EUR	Full Consolidation
Medacta Europe Operations S.r.l.	100%	100%	Milan (IT)	600'000 EUR	Full Consolidation
Medacta France SAS	100%	100%	Nanterre (FR)	37'000 EUR	Full Consolidation
Medacta Germany GmbH	100%	100%	Göppingen (DE)	25'000 EUR	Full Consolidation
Medacta Italia S.r.l.	100%	100%	Milan (IT)	2'600'000 EUR	Full Consolidation
Medacta Japan Co. Ltd	100%	100%	Tokyo (JP)	25'000'000 JPY	Full Consolidation
Medacta UK Ltd	100%	100%	Hinckley (UK)	29'994 GBP	Full Consolidation
Medacta USA Inc.	100%	100%	Wilmington - Delaware (US)	1 USD	Full Consolidation

* This is a new legal entity formed as of December 2024 in Milan - Italy.

The participation held in the capital of the direct and indirect investment in subsidiaries corresponds to the relevant voting rights.

8.3.4 Long-term loans towards Group companies

Long-term towards Group companies is referred to the interest-bearing loan towards Medacta International SA amounting to CHF 44’500’000 (2023 amounted to CHF 50’750’000) and Knnex Health Inc. amounting to USD 3’015’000 equal to CHF 2’735’208 (2023: USD 1’585’000 equal to CHF 1’333’778).

8.3.5 Deferred income and accrued expenses

Deferred income and accrued expenses include amounts mainly referred to the incentive premium.

8.3.6 Share capital

The share capital amounts to CHF 2'000'000 and is divided into 20'000'000 registered shares with a nominal value of CHF 0.10 each.

8.3.7 Capital contribution reserve

During the year the Company distributed an amount of CHF 5'488'253. Following the 2024 repayment, the capital contribution reserve amounts to CHF 7'293'345. Capital contribution reserve was made up through cash contributions of CHF 6'450'000 and CHF 17'070'000 paid in 2019 by the majority shareholders to the Company for a total amount of CHF 23'520'000. Tax rulings have been received by Swiss federal tax authorities in order to recognise these cash contributions as qualifying capital contribution reserves (Kapitaleinlagereserve KER) in the sense of Swiss federal anticipatory (withholding) tax law. The final formal approval has been obtained by federal tax authorities in the year 2020.

8.3.8 Treasury shares reserve

Own shares as of December 31, 2024 amounted to 80'718 corresponding to CHF 9'331'491. In 2024 the Company purchased 38'000 own shares for the average price of around CHF 120.00 for CHF 4'559'987 (32'643 own shares as of 2023 for the average price of around CHF 116.36 equal to CHF 3'798'373). The Shares are dedicated to satisfying the PSUs granted by the employees participating to the Long-Term Incentive Plan (LTIP) approved in March 2021. LTIP has a vesting period for a duration of 3 years. During the 2024, the first LTIP cycle was completed and 29'782 ownership shares vested. More detail at Note 6.16 "Medacta Group stockholders' equity" paragraph "Treasury shares".

8.3.9 Other capital reserves

Other capital reserves reflect any gain or loss from the previously repurchased treasury shares related to the vested LTIP cycles.

8.3.10 Retained earnings – dividend paid out

On May 7, 2024 shareholders approved the distribution of CHF 10'976'505 equal to CHF 0.55 per share, half of it (corresponding to CHF 5'488'253) distributed as dividend out of available earnings and half of it distributed out of accumulated reserves from capital contribution reserve. Dividend was settled on May 14, 2024.

8.3.11 Dividend income

Dividend income accrued as of December 31, 2024 for CHF 7'000'000 refers to the 2024 dividend from the subsidiary Medacta Holding SA (simultaneous registration of dividend). Dividend accrued as of December 31, 2024 has not been cashed in as of the balance sheet date. The 2023 dividend income for CHF 6'500'000 was settled by Medacta Holding SA in May 2024.

8.3.12 Interest income

Interest income amounted to CHF 1'067'716 in 2024 (CHF 1'216'226 in 2023). The decrease is mainly due to the change in interest rate related to the financial loan towards Medacta International SA.

8.3.13 Other revenues

Other revenues amounting to CHF 5'040'073 as of December 31, 2024 (CHF 4'372'117 in 2023), is mainly related to the recharge to Group's subsidiaries for an amount of CHF 5'028'367 (CHF 4'366'900 in 2023).

8.3.14 Legal and administrative expenses

Legal and administrative expenses is referred to the 2024 audit fees of the statutory and consolidated financial statements amounting to CHF 363'800 (CHF 397'532 in 2023) and to fiscal, legal and administrative fees amounting to CHF 329'427 (CHF 427'469 in 2023).

8.3.15 Taxes

The Company is subject to direct taxes on profit and capital. Taxes as of December 31, 2024, amount to CHF 104'655 (CHF 91'835 in 2023) out of which CHF 19'919 (CHF 13'845 in 2023) relates to capital tax and CHF 84'736 (CHF 77'990 in 2023) to profit.

8.4 Other information not resulting from the balance sheet or the income statement

8.4.1 Net release of replacement reserves and other hidden reserves

During the fiscal period no release or use of replacement reserves or other hidden reserves has taken place.

8.4.2 Own shares

In 2024 Medacta Group SA purchased own shares as mentioned in the Note 8.3.7 "Treasury share reserve". Neither other Group Company nor the subsidiaries owned, held or purchased own shares of the Company during the fiscal period.

8.4.3 Equity instruments of the board of directors and executive management

The number of shares held by Board of Directors and Group Executive Management as of December 31, 2024 are mentioned in section 6 "Ownership of shares and options" of Remuneration Report.

8.4.4 Residual amount of liabilities resulting from lease commitments

The Company has no lease agreement in force.

8.4.5 Liabilities towards pension institutions

Liabilities towards pension institutions, shown in other current liabilities, as of December 31, 2024 amounts to 158'538 (2023 CHF 14'279).

8.4.6 Collaterals, guarantee liabilities and constitution of pledges in favour of third parties

To guarantee the commitments undertaken by the affiliated companies, as of December 31, 2024, the Company issued letters of patronage in favour of banking institutions, for Medacta International SA an amount of CHF 162'375'675 (2023: CHF 122'375'675) and for Medacta Italy S.r.l. an amount of EURO 5'080'000 equal to CHF 4'771'136 (2023: EURO 5'080'000 equal to CHF 4'717'796).

8.4.7 Assets used to secure own liabilities

The Company has not constituted pledges or collaterals on own assets to secure own liabilities.

8.4.8 Contingent liabilities

There are no contingent liabilities as at the balance sheet date.

8.4.9 Subscription or option rights

As of December 31, 2024, the Company neither owns nor has released subscription or option rights on its proper shares or on the shares of other group companies.

8.4.10 Important subsequent balance sheet date events

There have been no events occurring after the reported period which would have a material effect on the Medacta Group Financials as of December 31, 2024.

8.5 Proposal of the Board of Directors to the Annual General Meeting

The Board of Directors proposes to the Annual General Meeting of Medacta Group SA on May 7, 2025 a distribution of CHF 13'744'305 (CHF 0.69 per share), half of it as dividend out of retained earnings and half of it out of the total of reserves from capital contribution. All the remaining retained earnings as well as accumulated reserves from capital contribution will be carried forward.

In deciding on the appropriation of dividends and the distribution of reserves from capital contribution, the Shareholders' General Meeting shall consider that the Company will not pay such distribution on treasury shares held by the Company.

8.6 Proposed appropriation of the available retained earnings

The Board of Directors proposes the following appropriation of the retained earnings:

(Swiss Francs)	31.12.2024	31.12.2023
Retained earnings brought forward	48'712'939	47'654'804
Profit for the year	7'230'067	6'546'387
RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION	**55'943'006**	**54'201'191**
DISTRIBUTION OF PROFIT		
Dividend paid out of the available earnings *	(6'872'152)	(5'488'252)
CARRY FORWARD RETAINED EARNINGS	**49'070'854**	**48'712'939**

* Depends on the number of dividend-entitled shares, max. 19'919'282 shares, as of December 31, 2024. The own shares held by Medacta Group SA are not entitled to the distribution of dividends.

8.7 Proposed appropriation of reserves from capital contribution

The Board of Directors proposes the following appropriation of reserves from capital contribution:

(Swiss Francs)	2025	2024
RESERVE FROM CAPITAL CONTRIBUTION		
BALANCE JANUARY 1	**7'293'345**	**12'781'598**
Distribution of reserves from capital contribution *	(6'872'152)	(5'488'253)
CARRY FORWARD RESERVES FROM CAPITAL CONTRIBUTION	**421'193**	**7'293'345**

* The own shares held by Medacta Group SA are not entitled to the distribution out of reserves from capital contribution.

9. Audit Report – Medacta Group SA Financial Statements

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Report of the Statutory Auditor

To the General Meeting of
MEDACTA GROUP SA, CASTEL SAN PIETRO

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Medacta Group SA (the Company), which comprise the balance sheet as at 31 December 2024, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 188 to 193) 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.

Deloitte.

Valuation of investments in subsidiaries and long-term loans towards group companies

Key audit matter	How the scope of our audit responded to the key audit matter
As described in Notes 8.3.3 and 8.3.4 to the stand-alone financial statements, investments and long-term loans amount to CHF 183 million (2023: CHF 188 million), or represent 95% (2023: 96%) of total assets as at 31 December 2024. The Company assesses the valuation of its investments and long-term loans and determines potential impairment indicators on an individual basis, in accordance with the provisions of Swiss Law. Due to the significance of the carrying amount of the investments and long-term loans, and due to the judgement involved in the determination of potential impairments, this matter was considered as a key audit matter in our audit.	We have assessed the appropriateness of the Company's accounting policy for the valuation of investments and long-term loans. We gained an understanding of the key controls in connection with the valuation of investments and long-term loans. We challenged the assessment of impairment indicators made by the Company's management. We compared the carrying amount of the investments with the equity balances of the relevant entities. We challenged the recoverability of the long-term loans towards group companies. We have assessed the adequacy and completeness of the related disclosures. Based on the procedures performed, we obtained sufficient appropriate audit evidence to address the risk around valuation of investments and long-term loans.

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.

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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.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposals of the Board of Directors comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Fabien Lussu Licensed Audit Expert Auditor in Charge	Michele Castiglioni Licensed Audit Expert

Lugano, 24 March 2025

Financial calendar

MAY 7 2025	JULY 31 2025	SEPTEMBER 5 2025
ANNUAL GENERAL MEETING	PUBLICATION OF 2025 HALF-YEAR UNAUDITED TOP-LINE FIGURES	PUBLICATION OF 2025 HALF-YEAR RESULTS

Forward-looking information disclaimer

This Annual Report has been prepared by Medacta and includes forward-looking information and statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects”, “believes”, “estimates”, “targets”, “plans”, “outlook” or similar expressions. There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this Annual Report. Important factors that could cause such differences include: changes in the global economic conditions and the economic conditions of the regions and markets in which the Group operates; changes in healthcare regulations (in particular with regard to medical devices); the development of our customer base; the competitive environment in which the Group operates; manufacturing or logistics disruptions; the impact of fluctuations in foreign exchange rates; and such other factors as may be discussed from time to time. Although we believe that our expectations reflected in any such forward-looking statement are based upon reasonable assumptions, we can give no assurance that those expectations will be achieved.

Related Trademarks

Medacta Group Related Trademarks are registered at least in Switzerland.
The products and services listed below may not be all inclusive, and other Medacta products and services not listed below may be covered by one or more trademarks. The below products and services may be covered by additional trademarks not listed below. Note that Swiss trademarks may have foreign counterparts.
3D Metal®, 3D Metal® B-Cage, AMIS®, AMIS® Bikini®, AMIS®-K Long, Augments 3D Metal®, GMK® Efficiency, GMK® Hinge, GMK® Primary, GMK® Revision, GMK® System, GMK® Sphere, GMK® SpheriKA, GMK® UNI, E-Cross®, M-ARS ACL®, M.U.S.T.®, M.U.S.T.® LT, M.U.S.T.® MC, M.U.S.T.® Mini, M.U.S.T.® S2AI, M.U.S.T.® Uniplanar, MasterLoc®, Mecta-C® System, Mecta-C®, Stand Alone, Mecta®Fix, Mecta®Grip, MectaLIF® Anterior, MectaLIF® System, Mecta®Lock, Mecta®Lock PEEK, Mecta®Lock C, Mecta®Lock TI, Mecta®QTH, Mecta®Screw, Mecta®Tap TI, MiniMAX®, Mpact®, Mpact® 3D Metal®, Mpact® 3D Metal® Multi-Hole, Mpact® Multi-Hole, Mpact® System, MOTO® Lateral, MOTO® Medial, MOTO® PFJ, MOTO® System, MyHip®, MyHip® Planner, MyHip® Verifier, MyKA™, MyKnee®, MyKnee® KA, MyKnee® R, MyPAO®, MyShoulder®, MySolutions™ Personalized Ecosystem, MySpine®, MySpine® Anchor, MySpine® Cervical, MySpine® MC, MySpine® MIS MC, MySpine® S2AI, M-Vizion®, NextAR™, NextAR™ Knee, NextAR™ Shoulder, NextAR™ Rod Optimizer, NextAR™ Spine, NextAR™ Spine MIS LT, PowerKnot®, Quadra®-C, Quadra®-P , Quadra®-R, SensiTiN™, SMS®, Versafitcup®, X-Acta®.

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Medacta International

TEAMWORK

We work as a TEAM, **always respectfully** and ensure we work together for the greater good of Medacta **#beONE**.

#beMedacta CULTURE A KEY FOR SUSTAINABLE SUCCESS

- TRUST AND INTEGRITY
- EFFICIENT EXECUTION
- PATIENT AND CUSTOMER FOCUSED
- SUSTAINABLE INNOVATION
- TEAMWORK