



# **Smith+Nephew Q4 and Full Year 2025 Results**

Monday, 2<sup>nd</sup> March 2026

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## Introduction

Deepak Nath

*CEO, Smith+Nephew*

### Summary

Good morning. Welcome to the Smith & Nephew Q4 and Full Year 2025 Results Presentation. I am Deepak Nath. I am the Chief Executive Officer. Joining me is John Rogers, our CFO.

I am pleased to report a strong finish to 2025, delivering results at the high end of or above our guidance on revenue growth, margin and free cash flow. For the full year, underlying revenue growth was 5.3%, and importantly, all three of our business units grew by over 5%.

Sports Medicine & ENT and in particular, Joint Repair within that, had another strong year. In Orthopaedics, we saw meaningful progress in our US recon business, particularly Hips and in Trauma. Where there is more work to do in US Knees, our OUS business, Knees business has remained strong throughout the year.

We had a record year of CORI placements globally and saw continued growth in adoption and utilisation of our robot.

Advanced Wound Management also had a good performance in 2025, driven by growth in AWD and Bioactives. Innovation remains central to our strategy with over 60% of our growth in 2025 came from products we have launched in the last five years. Innovations in all three business units delivered double-digit growth for the year, including Q-FIX, REGENETEN, FASTSEAL, LEGION CONCELOC, CATALYSTEM, EVOS, AETOS, PICO and LEAF.

On profitability, we saw 160 basis points of margin expansion, driven by our enterprise-wide cost savings programme and the benefits of all the work we have done in our Orthopaedics business dropping through to our P&L. This includes:

- Optimising our manufacturing network;
- Improving productivity;
- Introducing our new sales and operation planning processes; and
- Portfolio rationalisation.

We expect to see further benefits from these initiatives, combined with our Ortho360 operating model and continued revenue growth that will drive us to more than 20% margin in Orthopaedics by 2030.

We have also shown greater discipline around working capital management, bringing down days of inventory, and we reduced restructuring charges. Alongside growth and higher profitability, this has lifted free cash flow to \$840 million, a 52.5% increase year-on-year. This enabled us to complete a \$500 million share buyback programme in the second half of 2025.

This is a great way to finish off three years of incredibly hard work and focus under the 12-point plan, during which we have consistently delivered on our targets each year and sets us up well for further acceleration of growth and returns as we go into the first year of our new RISE strategy.

Turning now to 2026. We expect growth of 6% underlying revenue growth and around 8% trading profit growth, both on an organic basis and consistent with what we laid out at our Capital Market Days in December, with trading profit growth ahead of revenue growth. Since then, we have announced the acquisition of Integrity Orthopaedics, so we are also now guiding to trading profit of around \$1.3 billion, including the impact of the deal. John will cover guidance in more detail in his section.

## **12 -PP successfully elevated our financial performance, despite significant macro headwinds**

Let us now round out our financial performance over the last three years on the 12-point plan with actual numbers. We have moved Smith & Nephew from a historically low single-digit revenue growth company to mid-single-digit growth, delivering 5.7% CAGR from 2022 to 2025. We expanded trading margin by 240 basis points from 17.3% in 2022 to 19.7% despite facing significant headwinds from VBP in China, FX volatility and higher inflation.

If we exclude the total impact of the Sports Med VBP over this period, our 2025 margin would have been 20.9%, 120 basis points higher than we have reported.

Our increased focus on cash and capital returns has yielded a 15-fold increase in free cash flow, and ROIC has increased by 170 basis points from 6.6% to 8.3% or by 330 bps, excluding the 160 basis points headwind from the impact of portfolio rationalisation. I am incredibly proud of what the whole team here has achieved over the life of the plan and excited about what we can deliver over the next three years under our new strategy, RISE. I will come back to talk about this next phase of our growth later.

For now, I'll pass you over to John to take you through the detail of our results. John?

## **Q4 2025 Revenue**

John Rogers

*CFO, Smith+Nephew*

### **Q4 2025 summary revenue performance**

Thank you, Deepak. Good morning, everyone. Revenue for Q4 was \$1.7 billion, representing 6.2% underlying growth and 8.3% reported, including a 210 basis point tailwind from foreign exchange. We had one extra trading day year-on-year. On an average daily sales basis, growth was 4.5%.

Growth was broad-based across business units and regions. The US grew 5.6%; other established markets, 7.2%; and emerging markets, 6.4%. Excluding China, underlying growth was 7.2%.

### **Orthopaedics**

*Strong performance across the business*

I will now move on to the details by business unit, starting with Orthopaedics, which grew 7.9% on an underlying basis and delivered the strongest quarterly growth for more than two years. One extra trading day helped, but even if you normalise for that by looking at average daily sales, growth was still strong and accelerated nicely ahead of Q3.

In the US, we saw a third consecutive quarter of above-market growth in Hips, acceleration in Knee growth and continued strong Trauma & Extremities growth. Hip performance continues to be driven by the uptake of CATALYSTEM, and we are seeing good competitive conversions, and we plan to increase our CATALYSTEM set deployments to support growth in 2026.

US Knee growth improved during the quarter following the launch of LEGION MS, which enables us to benefit from the market shift to media stabilised inserts. We are pleased with our competitive wins with the product and continue to receive positive feedback from existing and new users.

In OUS, Knees, Hips, Trauma & Extremities all delivered strong performance, except for some localised weakness in Hips in certain distributor-led markets. Following the launch of CATALYSTEM in Japan, we see growth improving in our OUS Hips over the coming quarters.

In Trauma & Extremities, we continue to see good growth from our:

- TRIGEN MAX Tibia;
- EVOS Plating System; and
- AETOS Shoulder.

Other Recon grew 40.8%. We are pleased with increasing CORI placements in teaching institutes and with the percentage of CORIs deployed in competitive accounts. We also deployed 45% of CORIs in ASCs in the quarter. CORI deployment is important because Knee growth is 850 basis points higher in accounts where CORI is established, underscoring the potential for further improvement in Knee growth as penetration and utilisation of CORI continues to grow.

### **Continued growth in US hips with sustainable improvement in US knees to come**

I will take a moment to look more closely at US Recon growth. In Hips, you can see consistent improvement in growth stand-alone and versus the market since the beginning of 2024, and we have grown above-market for the last three quarters of 2025. This is driven by the changes we have made to our commercial engine, product availability and our portfolio with the launch of CATALYSTEM, which addresses the fast-growing direct anterior segment of the market.

In Knees, we have also been narrowing the gap versus the market. We had a good quarter in US Knees in Q4, but we recognise quarterly performance has not been as consistent as we would like. In 2026, we expect to continue to close the gap versus US Recon market growth. We expect US Hips to track in line with or ahead of the market growth and expect US Knees to start off with a softer first quarter, reflecting our continuing and deliberate trade-offs on balancing growth, profit and asset efficiency.

We will then build towards market growth in Q4, supported by the launch of the cementless version of our new LANDMARK knee in the second half. LANDMARK brings the proven clinical benefits of our Knee portfolio into a single platform that combines advanced kinematics with the next level of personalisation, robotic enablement and ease of implantation, while unlocking capital efficiency by leveraging existing instrumentation. LANDMARK will also feature best-in-class tray efficiency, making it particularly suitable for ASCs.

## **Sports Medicine & ENT**

*Strong growth in Joint Repair; AET and ENT impacted by China VBP*

Turning now to Sports Medicine & ENT, which grew 7.3%, driven by double-digit growth in Joint Repair as we annualise the impact of China VBP. We reached an important milestone this year with our Joint Repair business surpassing \$1 billion in revenue for the first time. Growth continues to be driven by REGENETEN and Q-FIX KNOTLESS, along with strong performance in Small Joint outside of China. We saw further acceleration of AGILI-C, albeit still off a small base.

AET delivered strong growth, led by FASTSEAL and patient positioning with strong growth in OUS markets ex China. Despite continued softness in the US tonsil and adenoids market, ENT saw good growth with double-digit growth in those as well as strong international growth again ex China. We have AET and ENT China VBPs ahead of us, but the headwinds in 2026 will be much smaller given the relative size of these businesses. We are already proactively managing our inventory ahead of implementation.

## **Advanced Wound Management**

*Solid growth across the business; AWB and AWD impacted by strong year comps*

Advanced Wound Management grew 2.8% in the quarter. Within that, Advanced Wound Care grew 4.4%. We are very early in our launch of ALLEVYN COMPLETE CARE, but we are pleased with the performance so far and we expect momentum to grow over the coming quarters, as we roll out the product across the US.

Moving on to Bioactives and Devices, it is important to remember that both had very strong prior year comparators of over 20% growth. Bioactives declined by 0.5%. We saw softness as we lap the GRAFIX PLUS launch in Q4 2024. We also saw a slowdown in skin subs in the physician office and outpatient setting prior to the CMS reimbursement changes that came into effect at the start of this year.

Advanced Wound Devices grew 5.4%. LEAF and PICO both performed well, reflecting strong demand. PICO growth continues to demonstrate strong market demand and reflects our efforts to improve penetration in the surgical setting.

US RENASYS continues to be impacted by softness in the acute care channel, while performance outside the US remained strong.

## **FY 2025 Financials**

Now I will move on to the full year financials.

*FY25 revenue growth by Business Unit*

For the full year, revenue was \$6.2 billion, up 5.3% on an underlying basis, ahead of our guidance of around 5% and up 6.1% on a reported basis. Excluding the headwinds from China, growth would have been 7% on an underlying basis. Note also that 2025 had one fewer trading day versus 2024.

Performance was broad-based with all three reporting segments delivering growth of above 5%. Orthopaedics grew 5.1%, Sports Medicine & ENT grew 5.2% and AWN grew 5.6%, all on an underlying basis.

Overall, a good set of growth figures and particularly good to see that more than 60% of our growth comes from products launched in the last five years, as Deepak covered, giving us confidence coming into 2026.

#### *Our growth excluding China*

Let us now take a moment to look at our underlying revenue growth, excluding China over the last few years. You can see that growth ex China has been greater than 6% since 2023, and that China headwind peaked in 2025 at 170 basis points. China was just over 2% of Group sales in 2025. Although we still face VBP headwinds in 2026, as I already mentioned, these headwinds will have a much smaller impact at the Group level.

#### *FY trading income statement*

Moving on to the summary P&L. Underlying gross profit was \$4.4 billion with a gross margin of 70.9%, an increase of 60 basis points. We were able to more than offset raw material inflation with price increases across our portfolio and productivity measures in manufacturing and procurement.

Trading profit was \$1.2 billion, an increase of \$162 million, resulting in 160 basis points of trading margin expansion to 19.7% for the full year, at the high end of our initial margin guidance. This was driven by positive operating leverage, our cost savings programme and, in particular, margin expansion in our Orthopaedics business unit.

#### *FY operating profit and EPSA*

Moving further down the P&L. Adjusted earnings per share grew by 21% to \$1.02. That is above trading profit growth, primarily reflecting the \$500 million buyback we completed in the second half, which more than offset a slightly higher tax rate year-over-year.

Our tax rate was 19.4%, in line with our guidance of 19% to 20%. Basic earnings per share grew significantly faster, primarily driven due to the lower restructuring charges and lower acquisition and integration costs. Our restructuring charges were \$47 million, down from the \$123 million in 2024 and we had \$32.7 million acquisition and integration costs, compared to \$94 million in 2024.

The full year dividend is proposed to be \$0.391 per share, an increase of 4.3% year-on-year.

#### *FY 2025 trading margin bridge*

This slide shows a more detailed trading margin bridge. We absorbed headwinds of 250 basis points from cost inflation, China VBP and tariffs with FX impact being broadly neutral. These were more than offset by 180 basis points of revenue leverage from price and volume and 240 basis points of productivity improvements, delivering 160 basis points of margin improvement for the year.

#### *On track to deliver \$325-375m 12PP/ZBB and other savings*

Drilling down into the details of the efficiency savings, we remain on track to deliver on the 12-Point Plan and Zero-Based Budgeting savings we laid out at our interims in 2024 of \$325 million to \$375 million of savings by 2027. We have achieved \$280 million in cumulative savings to the end of 2025 with further savings to come through in 2026 and 2027. We continue to anticipate total savings of about \$150 million in 2026, half from this 12-Point Plan Zero-Based Budgeting savings and half from other opportunities above and beyond this across procurement, manufacturing sales and marketing and business support.

*Trading profit growth in 2026 despite significant headwinds*

Our 2026 guidance is for 8% reported trading profit growth on an organic basis and for around \$1.3 billion of trading profit, including some dilution from the Integrity acquisition. We laid out some extraordinary headwinds to profit in 2026 at our London Capital Markets Day. These include:

- Inventory revaluation;
- Tariffs;
- The impact of changes to reimbursement in our US AWM business; and
- ENT VBP in China.

There are no changes to any of our assumptions regarding these headwinds. We still expect \$60 million impact from tariffs compared to \$17 million in 2025 and \$20 million to \$40 million incremental impact from changes to wound reimbursement.

We expect revenue leverage and operational savings to more than offset these headwinds to drive trading profit growth ahead of revenue growth before the impact of any M&A.

*Trading margin by business unit*

Coming now to trading margin by business unit. We saw a 340 basis points increase for Orthopaedics to 14.9%, and 20 basis point decrease for Sports Medicine & ENT to 23.8% and 120 basis points increase for Wound to 24.9%.

Broadly speaking, expansion came from OPEX savings and leverage across all three business units. Within Orthopaedics, the increase was driven by:

- Favourable price-mix;
- Manufacturing savings from network optimisation;
- Ongoing productivity initiatives; and
- Disciplined cost control.

We expect further margin expansion to 2028 and beyond in this business unit. This will be driven by continued growth in revenues, the impact of actions already taken to right-size our manufacturing capacity and our Ortho360 operating model, our way of running the business to balance growth, profit and returns.

In Sports Medicine & ENT, the margin decrease was driven by the impact of China VBP, which more than offset revenue leverage, operational efficiencies and good cost management.

Margin expansion in AWM was driven primarily by favourable product mix and productivity gains in operations.

*Inventory health improved and reduction in DSI by BU*

As you know, inventory has been a key focus under the 12-Point Plan, and you can see here the development of DSI, day sales inventory, over the year, both for the Group and for each of the business units. Group DSI fell by 21 days, excluding the impact of portfolio rationalisation that we announced at the end of last year and by 51 days, including this.

The biggest reduction came from Orthopaedics, reflecting continued efforts to reduce the number of units in inventory. As covered at our Capital Markets Day, we expect inventory value to reduce further in 2026. We also saw a reduction in Sports Med DSI, including and excluding portfolio rationalisation, albeit to a lesser extent than in Orthopaedics, and both Sports and Wound are already much closer to industry benchmark DSIs.

#### *ROIC by Business Unit*

We made good progress in our ROIC, delivering a 90 basis point increase in ROIC to 8.3% at a Group level. The improvement is being driven by:

- Trading margin expansion;
- Lower restructuring charges;
- Inventory reduction; and
- Overall better asset utilisation.

Excluding the impact of portfolio rationalisation that we announced in December, ROIC was 9.9%, exceeding our cost of capital for the first time in several years. All business units contributed to ROIC improvement, including a more than doubling of Ortho ROIC in 2025, helped by trading margin expansion and lower inventory.

We expect a further step-up in group ROIC in 2026, driven by a continuation of these trends.

#### **FY cash flow and cash conversion**

##### *Improved trading and free cash flow on lower working capital costs and restructuring*

Moving on to cash flow. Trading cash flow was \$1.236 billion for the year, reflecting 102% conversion. The improvement came primarily from lower working capital costs, particularly from inventory and payables. Capital expenditure was \$433 million. Working capital remains a focus for 2026.

Free cash flow also improved to \$840 million, growing 52.5% year-on-year. This includes a \$26 million one-off property transaction and a \$58 million reduction in restructuring, acquisition, legal and other costs. The \$840 million was well ahead of our initial guidance for over \$600 million.

We expect free cash flow in 2026 of around \$800 million. We expect the usual increase driven by profit growth, offset by a small temporary increase in restructuring costs, driven by further optimization of our manufacturing network with the closure of our Warwick site in sourcing more into Memphis and winding down manufacturing activities in Hull as we build our new Wound facility in Melton.

Overall, our cash generation and returns profile is now in a much healthier position, and there is more improvement to come as we execute our RISE strategy.

#### **Strong balance sheet**

Net debt increased slightly during the year to \$2.76 billion, an increase of \$50 million. We finished 2025 with a leverage ratio of 1.7 times adjusted EBITDA, which is within our target of around 2 times.

In terms of capital allocation, we continue to prioritise organic reinvestment in our business and M&A execution in order to drive top line growth. We maintain our dividend ratio of 35% to

40%, and we will then consider returns to shareholders in the form of buybacks, subject to our target 2 times leverage ratio.

Including the 2026 acquisition of Integrity Orthopaedics, our leverage still remains below 2 times adjusted EBITDA.

### **2026 guidance**

Now I will finish with our outlook for 2026. We continue to expect around 6% organic revenue growth. That includes continued good growth in Orthopaedics, Sports Medicine, excluding AET and ENT in China and Advanced Wound management, particularly in AWC and AWD.

Whilst we expect headwinds in our skin substitutes business, we still expect AWD to grow, supported by the ongoing strength of SANTYL and growth in skin substitutes outside of the physician office and mobile channel. We expect around 8% trading profit growth before M&A. As I have already mentioned, we faced a number of extraordinary headwinds in 2026, but we still expect trading profit growth ahead of revenue growth, driven by revenue leverage and operational savings.

Since providing our provisional guidance, we have also completed the acquisition of Integrity Orthopaedics. This acquisition is expected to be marginally dilutive to trading profit in 2026, broadly neutral in 2027 and accretive in 2028. Including this dilution, we expect trading profit to be around \$1.3 billion. We thought it would be helpful to set out these two measures of trading profit so that you could see the performance of the business on an underlying basis as well as the total trading profit, including the impact of the acquisition.

Finally, we expect around \$800 million in free cash flow and greater than 10% ROIC, excluding Integrity. We expect a stronger second half compared to the first half for both sales and profit growth, in line with the typical phasing we see. We also expect ALLEVYN COMPLETE CARE to ramp up over the year and the launch of LANDMARK will benefit the second half.

We have one fewer trading day in Q1 versus 2025 and one more in Q4. As a reminder, trading days have a more pronounced impact on our Orthopaedics business.

With that, I will hand back to Deepak.

## **Strategy Update**

Deepak Nath

*CEO, Smith+Nephew*

### **RISE: Our strategy to elevate Smith+Nephew**

Thank you, John. The launch of RISE, our new strategy, which I laid out for you in the Capital Markets Day in December, our ambition is to accelerate growth and improve returns. It has been great to see how well this new strategy has resonated internally, with this focus on:

- Reaching more patients;
- Driving innovation;
- Scaling through investment; and
- Executing more efficiently.

We are building on the behaviours embedded through the 12-Point Plan with our way to win. Our programme to be better every day through a continuous improvement mindset and behaviours.

Let me now highlight the key drivers shaping our performance in the first year of RISE.

### **2026 Sports Medicine Drivers**

I will start here with Sports Medicine. First, the China Joint Repair VBP headwinds have now fully annualised, which means our underlying Joint Repair growth will improve this year. Importantly, we expect the upcoming AET and ENT VBP processes to be significantly less material given the relative size of those businesses.

Second, we are continuing to build on the strength of our Shoulder portfolio with our acquisition of Integrity Orthopaedics, and we look forward to driving adoption of Tendon Seam across our customer base. I will come on to this in a moment.

Third, we are awaiting FDA approval of TESSA, our first-in-industry spatial surgery arthroscopic platform. This represents a major step forward in how surgeons visualise and execute procedures.

Finally, we are also seeing ongoing growth in REGENETEN. The recent AAOS guidelines support for the use of bioinductive implants in rotator cuff repairs is reinforcing clinical confidence and expanding usage.

### **Advancing our RISE Strategy with acquisition of Integrity Orthopaedics**

I would like to spend a few minutes on our acquisition of Integrity Orthopaedics, an asset we believe has the potential to become a key growth driver for our sports medicine portfolio. We announced a deal earlier this year for a total consideration of up to \$450 million, including performance-based payments.

Integrity Orthopaedics was co-founded in 2020 by Tom Westling, who also founded Rotation Medical, the company behind REGENETEN, which we acquired in 2017. REGENETEN's growth is evidence of our proven track record of successful commercial execution, scaling an innovative shoulder product with our dedicated sales force and building the clinical evidence to drive adoption.

Integrity has developed Tendon Seam, an innovative rotator cuff repair system, that received FDA approval in 2023 and addresses the \$875 million biomechanical repair market. Rotator cuff repair is a large and growing category with around 500,000 procedures performed annually in the United States. Despite the scale, surgical techniques have seen little meaningful innovation in over two decades, leaving patients with retear rates of between 20% and 40% and long recovery times.

As a result, this remains a segment with significant unmet need and where meaningful innovation can shift share. Tendon Seam Introduces a fundamentally novel biomechanical approach designed to distribute load across the entire tendon rather than concentrating stress at fixation points, resulting in stronger, more stable repair.

Early clinical data is promising, showing potential for lower retear rates and accelerated patient recovery, while offering a shortened and easier surgical procedure compared to the current standard of care.

The acquisition is fully aligned with our RISE strategy to accelerate growth through strategic investment by deploying capital into high-growth, high-value clinical segments where we already have a strong presence, and that is underpinned by our strong balance sheet.

The deal is expected to be dilutive to trading profit in 2026, and as John mentioned, broadly neutral in 2027 and accretive starting in 2028 as the product scales. While still early, integration is progressing as planned and we are focused on executing the same disciplined playbook that drove REGENETEN success.

### **A Simple & Powerful Shoulder Portfolio**

Tendon Seam is highly complementary to Smith & Nephew's extensive shoulder portfolio. With this novel and disruptive technology, it strengthens the initial repair construct in rotator cuff tears and REGENETEN then builds on that strength by promoting biological healing over time. Together, they create a differentiated end-to-end solution that addresses both the mechanical and biological drivers of successful rotator cuff repair.

The total combined TAM for the two products is just under \$1.2 billion. Today, we have about 25% share with opportunity to grow. Within fixation, we have the market-leading instability solutions, including our Q-FIX portfolio, which has 10 years of proven performance.

In shoulder arthroplasty, our AETOS Shoulder System launched in 2024 with anatomic, reverse and stemless options is positioned for the high-growth replacement segment with estimated 250,000 procedures annually in the US in 2025. We will soon have a powerful new offering with the launch of CORI Shoulder that will enable our handheld robotics to be used in the preparation and execution of shoulder replacement with AETOS, building on what we already have with CORIOGRAPH Pre-Op Planning.

We now have one of the broadest, most advanced portfolio for managing shoulder pathology spanning replacement and repair by both mechanical and biological healing technologies across our Orthopaedics and Sports Medicine businesses.

### **2026 Advanced Wound Management Drivers**

Turning to Advanced Wound Management. In Wound Bioactives, we have plans in place to navigate CMS reimbursement changes to skin subs in the physician office and mobile setting and to grow outside of those channels. As a reminder, CMS has introduced a pricing cap starting from 1<sup>st</sup> January 2026 with the aim of reducing historical distortions in the market that has incentivised a significant number of players often operating in the mobile setting to charge very high prices.

We expect a reduction in non-surgical volumes, particularly in mobile, now that incentives changed and certain skin sub offerings are economically less viable to many of these players and providers.

Although this will drive a value reset short term, it also creates a more sustainable, patient-focused and evidence-based market going forward with a long runway for growth. We see opportunities to benefit as the market normalises. At the very end of last year, CMS also withdrew the skin subs local coverage determinations or LCDs. We always saw this as being broadly neutral to the business, and so this has no impact to our 2026 guidance.

Even without the LCDs, we believe that clinical evidence will continue to be an important factor in this market.

Towards the end of 2025, we launched ALLEVYN COMPLETE CARE, our newest five-layer foam dressing, which addresses both chronic wound healing and the pressure injury prevention market. It has 51% superior exited management and with the new silicone adhesives stays in place more frequently than competitive products, making it a superior product for chronic wound healing.

It also has a 55% greater reduction in strain relative to competition, making it ideally suited for pressure injury prevention. I am confident that as we roll out ALLEVYN COMPLETE CARE to the market, we will capture market share in the largest and fastest-growing segment of wound dressings.

We will also continue to drive the portfolio in high-growth areas with unmet need like SANTYL in wound bed preparation and access new patient populations like those at the risk of surgical site complications or pressure injuries with PICO and LEAF.

### **2026 Orthopaedics Drivers**

Moving now to Orthopaedics. We will continue to drive procedure growth across all joints with our CORI platform, supported by the launch of our shoulder execution capability. CORI remains a core differentiator for us. Handheld robotics are increasingly popular and CORI's size, mobility, fast setup and low cost of ownership make it well suited to both hospitals and to ASCs.

In Knees, we will continue to build out our portfolio in 2026. We have already launched our LEGION Medial Stabilised knee to meet the needs of a fast-growing segment, and we are pleased with the early momentum we have seen so far. The next leap comes in the second half of the year when we launched LANDMARK, our most differentiating knee system yet that will be available first in cementless and in cemented versions and with the best-in-class tray efficiency that is particularly suitable for ASCs.

As the ASC channel starts to grow or continues to grow, we are well positioned to expand further, supported by a suite of tray-efficient implants like AETOS, CATALYSTEM and LANDMARK together with CORI. In fact, 40% of all CORIs placed in 2025 were in the ASCs, underscoring the platform's fit for this high-growth setting.

We also capture further efficiencies with our Ortho360 programme. This is our global operating model designed to eliminate past inefficiencies by replacing fragmented region-driven decisions with unified goals, integrated metrics and disciplined portfolio management.

By maturing our sales and operation planning processes into fully integrated business process or the IBP, simplifying the portfolio, reducing inventory and enhancing capital efficiency, this should drive profitability, improved ROIC and stronger cash generation in this business unit.

### **Robust pipeline with increased launch cadence 2026 -28**

I will now give an outlook for innovation over the life of RISE, given its importance to our growth, both historically and looking forward.

Looking ahead, we are stepping up our R&D investment in Sports and in Wound, while maintaining a robust front-loaded pipeline across all areas of the Group from 2026 and to 2028.

Over the last three years, we successfully launched 44 products, largely on time and within budget, and we plan to increase launch cadence going forward. We launched 14 new products in 2024, 15 in 2025, and we expect to launch 16 in 2026. We are also building on our two

major scalable technology platforms, M-Tech and Biologics. In M-Tech, we will be launching TESSA and LUMOS in Sports Med and our next-generation LEAF monitors for pressure injury prevention in Wound.

We also have a rapidly evolving robotic platform to drive procedure innovation across all joints in Orthopaedics. In Biologics, we will build on our existing products with launches like NextGENETEN, our next generation of REGENETEN.

### **Our 2028 ambition to accelerate growth and improve returns**

Before I finish, I would like to remind you of the mid-term financial targets that our strategy will deliver. Through continued innovation and execution, we will deliver organic revenue CAGR of 6% to 7% that is above our market. Our continued focus on productivity, further operational efficiencies and capital discipline will drive 9% to 10% trading profit CAGR, more than \$1 billion in free cash flow in 2028 and 12% to 13% ROIC.

Coming back to the near term, we have delivered on 2025 in terms of revenue growth, margin, free cash flow and ROIC, and we are looking ahead to another good year. On revenue, we are accelerating growth, launching new products and driving leverage through our P&L. We will continue to be disciplined on our cost base to drive trading profit growth ahead of revenue growth on an organic basis.

Our free cash flow generation remains strong and will deliver another step-up in ROIC, significantly exceeding our WACC in 2026.

With that, we will now take your questions.

## **Q&A**

**Jack Reynolds-Clark (RBC Capital Markets):** The first is on revenue guidance for 2026. Could you break down what your expectations are for market growth? How much launches contribute to that growth guidance? What contingency is baked in to that guide?

Then, could you just run through the phasing through the quarters for revenue guide? Then could you remind us of your expectations for timing of the shoulder ability in on CORI?

**Deepak Nath:** With 2026 and actually right through RISE, one of the benefits of the programme we have is the multiple sources of growth. We are not dependent on any one business unit or any one product to carry us through. To remind you, we have exited 2025 meaningfully above our historical levels of low single digits. We have now navigated to above 5%. When you take the impact of China VBP out of it, we were actually at 7%.

What we are driving to is 6% to 7% growth for the next three years. Within that, 2026 will be at around 6%, which will be above our market. Each of our business units will contribute to that.

Innovation will continue to be a key part of it, as I said, in 2025, where about 60% of our growth comes from new products. To remind you, in 2024, we were above 50%, and in 2023, we were still above 50%, around about 60%. We have been consistently above the 50% mark in terms of new products driving growth.

In 2026, as I indicated, we will have 16 new products. I mean, you can measure that in different ways, but we expect that new products will continue to deliver above 50% growth into 2026.

2026 around 6% growth, ahead of market. We will see growth coming from each one of our business units, and we will have innovation that continues to fuel our growth. That is the overall revenue story.

Anything to add, John?

**John Rogers:** I can give a little bit of shape around the phasing.

**Deepak Nath:** Yes, phasing is great.

**John Rogers:** As we said in the presentation, weighted towards the second half. Q1 will be softer. Obviously, it is one fewer trading day in Q1. We think US Knees will be a little bit soft in Q1. We think that will build into Q2. We are expecting the first half to outturn somewhere between, say, 4.5% to 5% top line growth. Q3 and Q4 will be stronger as we obviously introduced LANDMARK and, obviously, ALLEVYN COMPLETE CARE grows through the year. So Q3 and Q4 will be stronger.

Q4 also has one more trading day. That is a little bit of a boost. So we would expect the second half to deliver growth of somewhere between 7.5% to 8%. You combine that 4.5% to 5% in the first half with the 7.5% to 8% in the second half, that gets you to or around 6% for the full year. That gives you a little bit of shape on the top line.

Then you did not ask for it, but I will give it to you any, because somebody will probably ask. In terms of shaping on the bottom line, again, we have got that 8% growth in our trading profit for the full year. Again, it is naturally going to be swayed to the second half given the revenue bias towards the second half. I would expect profit growth in the first half to be of the order of 5.5% to 6%, something of that nature. Profit growth in the second half to be around 9% to 10%. The two combined gets you to your around 8%.

I am not going to break it out by quarter, but hopefully, that gives you a little bit of a shape. Effectively building through the year, partly driven by the fact we have got one fewer trading day in Q1 and one more trading day in Q4.

**Deepak Nath:** Your question on CORI Shoulder. The CORIOGRAPH, which is our planning platform launched middle of last year, the key unlock is, of course, execution, and we are starting the year now that is launched. We have got a whole AETOS portfolio, stemless, short stem and CORI shoulder now planning and execution. The ability to do both reverse and anatomic and the ability to do both glenoid and humeral with CORI to do preoperative planning, intraoperative and postoperative insight. Not only a complete solution, a highly differentiated solution.

**Veronika Dubajova (Citigroup):** Two questions from me, please. The first one, I just want to go back to joint repair. Obviously, Deepak, you said that the China headwind has annualised out now, but we have had it basically for eight quarters. I just want to confirm what is happening in Joint Repair China specifically and what gives you the confidence this year that it is not going to be a drag to the overall Joint Repair number to the extent that we have seen. Obviously, the China improvement is a big part of the guide for the year. So if you can talk about that, please?

Then just a big picture question around the margin and organic and inorganic development. Obviously, very exciting to see organic margin improvement this year, but it is being eaten away by Integra. I do not know if you can maybe talk a little bit more broadly how you think

about capital allocation and M&A having an impact on the bottom line growth? And to what extent that is sort of a favourable trade-off that you are willing to take? And maybe if there is anything else in the pipeline beyond Integra that we should be looking out for this year?

**Deepak Nath:** Integrity.

**Veronika Dubajova:** Sorry, Integrity. I am so sorry. Clearly, my second cup of coffee has not kicked in yet.

**Deepak Nath:** Right. Let me talk about Joint Repair. As we mentioned, Joint Repair China VBP has annualised at this point. Going forward, we will have a clean comp. That is a key part of our growth story, as you highlighted. As we have called out a number of times, when you actually dissect our sports growth, it has been well balanced across geographies. You take China out of it, and we have actually grown high-single-digit growth, not only across markets, but actually across categories, which is one of the key features of our Sports Medicine, which is a balanced portfolio selling that we have undertaken.

I feel very, very good about commercialising our portfolio and now that the impact of China VBP and Joint Repair is going away. What is left, though, is AET. The AET China VBP part started last year. It will be Q3, right, John, something like that, Q3 or early into Q4 by the time we fully lap AET. The impact to the Group is relatively small at this point, right?

Then the other part is we report ENT and Sports together. It is ENT that is going through a VBP process. It started towards late last year. We will fully annualise that towards the end of this year. Again, both of those, while important to those business segments at a Group level, will now be a relatively small portion of the portfolio.

Overall, like I said, I feel very good about the continued momentum we have built and capitalising on that momentum as we go into 2026.

In terms of margin, as we noted, we have driven 240 basis points of margin improvement over the life of the 12-Point Plan programme. That is a combination of leverage and cost improvement and all of the work that we have done over the three years of the programme, not only deliver the 240 basis points, but what is most impressive about that is the sheer scale of headwinds that we have overcome.

If you just take China Joint Repair VBP, that is just 120 basis points on its own. If you just add that to 19.7%, we would be at 20.9%. I am absolutely proud of what we, as an organisation, have delivered with focus not only on the top margin. As we have said, going forward, the focus will be on revenue growth and driving sustainable above-market revenue growth and profit growth. That is what we are orienting and guiding toward, recognising that we will continue to drive productivity. We will continue to take costs out in order to, in effect, drive margin as well.

In terms of capital allocation, our focus remains on investments in organic, right, to drive top line growth above market and to further accelerate our growth. That remains a key feature or a key priority for us in terms of capital allocation.

What we have also said, of course, is that is a mix of R&D and M&A. Within our RISE strategy, what we have said is we will undertake M&A that allows us to scale in areas where we have strength. That is within Sports and within Wound and areas where we see clear ability to build on what is a solid foundation. And Integrity fits very squarely within that.

As I have highlighted, the advantage of Integrity is within Sports Medicine, it allows us to be a clear leader in biomechanical repair, right? We were very positively impressed with Tendon Seam and all that it has to offer in terms of an alternative to existing approaches, and together with what we have, it will be a great complement in terms of mechanical repair.

What is most exciting is when you couple that with REGENETEN, where we clearly have market leadership in biologics, that is a fantastic portfolio. We should expect us to act as the leaders that we are in Sports Medicine where we see an asset, unique technology that augments our position. Actually, what is even more impressive is when you couple that with what we have got in arthroplasty with CORI and a full portfolio of AETOS, we are now very strongly positioned within Shoulder.

Just to remind you, there is significant channel overlap in Shoulders. So surgeons who do arthroplasty also do soft tissue repair. That is what is most exciting about this. Integrity fits very squarely, as I said in our RISE strategy, where we will make investments in order to shore up our position and to drive great growth. As it turns out, within this particular asset, it is the Group that gave us REGENETEN, and you have seen what we have done not only commercially, but actually investing clinically to develop the clinical evidence to drive adoption. That is what is most exciting about it and hopefully gives you a little bit of colour on capital allocation.

**John Rogers:** Maybe I will just give you a little bit more on China as well. There is obviously a topic that comes up a lot in conversation. Just to set the scene, in 2024, in Greater China, I think we said this number before, we were doing around \$210 million, \$220 million or so of sales. In 2025, we saw broadly a reduction of a third as a consequence of all the impacts that we talked about. So roughly getting to about \$160 million.

Actually, when we look at 2026, it is actually a very similar number to 2025. We are really not expecting to see much relative movement in our Greater China sales, 2026 on 2025.

Now actually, you need to unpack that a little bit because it is a combination of a couple of factors taking place, one of which is we are actually expecting to see Sports recover a little bit. Now the reason why that is the case is because we have done a really successful job of managing channel inventory in 2025. We have taken inventory where we have had to, we have taken inventory out of the channel.

We are confident, and we can start to come through in Q4 of last year, which is the reason that gives us confidence. So we expect to see a little bit of a bounce in our Sports business in China. Of course, for the overall number to be flat, that means at least negative somewhere. And of course, the negative exists in the AET and in the ENT that we have not really seen the impact of that in 2025. It is going to really come through in 2026. That is the negative.

Overall, those two play a draw to be neutral on the top line.

When you look at the bottom line profit, again for 2025 was let us call it around \$50 million to \$60 million. We will expect to see a \$15 million to \$20 million reduction in that profit year-on-year into 2026, and that is being driven again by the VBP on AET and ENT. Again, we have done a really good job of managing the channel inventory on ENT. Again, we can be reasonably comfortable with that number.

As we have very clearly stated, China will not be, in 2026, a drag on the top line in the way that it has been historically. It will be a drag on the bottom line, but to a much more limited

extent, call it, \$15 million to \$20 million, which is what we set out at the Capital Markets Day in December and what we are reiterating today in terms of the impact of VBP, AET and ENT for 2026. That is absolute clarity.

That is the thing that gives us confidence. When you look at our growth ex China for 2025, we were 7% growth. Because we are no longer seeing that drag come through in 2026, that is what gives us confidence with regards to our around 6% growth at the top line of our business, notwithstanding some of the headwinds we have clearly talked about.

**David Adlington (JP Morgan):** You have seen two or three of your competitors in skin substitutes, downgrade their guidance expectations in the last few weeks that you have maintained yours that you had before Christmas. Just wondered if you could talk about what you are seeing in the market and your assumptions around price and volumes for this year?

Then secondly, one more for John. The inventory write-down, \$159 million. Is that all coming from the portfolio rationalisation, or is there anything more underlying in there? Is that now complete, or should we expect more changes coming through?

**Deepak Nath:** Yes. In terms of skin subs, we are seeing the channel adapt to the changes that are coming. Just to remind everyone, it is really in the physician office and the mobile channels where we are seeing most of the impact, and within that mobile is more impacted than physician office or the hospital outpatient segment, right?

But in the Surgical segment, we are continuing to see growth. In terms of parsing what different players have said, it really has to do with the mix of our business is how much of our business is in each of those channels. The other factor within that is the type of products you have within each segment, right? You have got products that you can segment both from a customer standpoint and from a price standpoint.

Put all these pieces together, what we are seeing is definitely impact in terms of price that has hit. To remind everyone, typically within the physician office segment and mobile segment, the payment terms or reimbursement levels or cycles are between 30 and 45 days. We are now heading into a period with the first tranche of reimbursements have gone in and physician offices are starting to see just what comes through from CMS around that.

There is still a fair amount of uncertainty in the channel in terms of not only utilisation, but how these products get reimbursed and the mechanism under which the CMS is actually reimbursing those products.

What we have said is the guidance we have provided for our business in terms of how we are impacted has not fundamentally changed from last year. Longer term, David, I am very bullish on the segment. Once we get through this period of adaptation, we believe that the clinical unmet need is there. There will be a drive towards using products that have clinical evidence. As you know, we have invested considerably over the years to develop not only products, but clinical evidence to drive the appropriate use of those products. That combined with the growing unmet need based on demographics, makes us an attractive channel.

Inventory, do you want to take that?

**John Rogers:** Well, I was going to say just maybe give a little bit of colour around how do you get to our \$20m to \$40m impact on the bottom line. I mean we have said before that our skin

subs business is around a couple of hundred million. We think that from a pricing perspective, we think for our portfolio, we will see a price reduction of around 20%, 25% or so.

Now that is a lot lower than the overall industry will see, because we have not necessarily participated in quite the same high price points as the inventory average. We will expect prices to come down a little bit. At the same time, we would expect our volumes to be broadly neutral, maybe even a little bit positive as we grab a little bit more share from the channel. Overall, a 15% to 20% reduction in our revenues.

If you work out that on the 200 and drop that through as a margin, that gives you your \$20m to \$40m impact on our bottom line that we put in our margin bridge. There is lots of assumptions that build into that, lots of uncertainty around that, but that is just the basis on which we give the guidance. We have not seen anything in the market to date that would want to take that guidance and that is a reasonably broad range of about \$20 million to \$40 million.

In terms of the inventory and the portfolio rationalisation, that we see this as being really positive thing. We have taken this opportunity to accelerate the rationalisation of our product portfolio. It means circa two-thirds reduction in our Ortho SKU count, a circa 10% reduction in our Sports SKU count. These only represent, in 2026, probably about 7% of our sales. So it is a huge number of SKUs representing a very small percentage of our sales, which we will expect, over the next two, three years to roll on. This is an opportunity for us to simplify the portfolio, offer our customers our latest products.

It is very much building on the work. There was a portfolio rationalisation work that was kicked off at the very beginning of the 12-Point Plan. This is the second wave of that a little bit more focused on Trauma. The initial plan was more focused on Knees and Hips. We see this as being a really positive thing. And by the way, we do not anticipate any further changes.

For the avoidance of doubt, the \$159 million charge is just the portfolio rationalisation. We have not hidden anything else in there. It is simply what it is, but we think it is a very positive thing for the business.

**Deepak Nath:** Just to reinforce something here, which is we have called out Ortho360 a couple of times today. We have mentioned that actually in our Capital Markets Day. It is really important to emphasise how we are running this business better than we have historically. Balancing capital deployment, growth and margin, so we achieve a better balance across those things that we have historically done, is an important part of how we operate this business. It is not chasing growth at all costs, but rather drive the right balance.

They have historically been not as disciplined around deploying capital in this business, which has led to some of the challenges around ROIC and inventory that we have seen. It is really important to emphasise where we are operating this business better in a more disciplined rate than we historically ever have done.

The last question here in the room and then we go to the phone.

**Richard Felton (Goldman Sachs):** Two questions, please, both on Shoulders. It is 13 or 14 consecutive quarters where REGENETEN has been called out as a strong contributor to growth. Could you help us with roughly how much that product contributes to your Sports Medicine business today? Then on the AAOS guidance, what does that change in practice? Is it because of that guidance, that shifts reimbursement conversations? Does that guidance have a material

impact on surgeon behaviour? Anything you can help us with to frame how material that shift in guidance is, would be really helpful.

The second one also on Shoulders. Deepak, I think you referenced REGENETEN Integrity addresses a TAM of \$1.2 billion. How do you get to that \$1.2 billion? Is that all rotated cuffs? Is it a subset of rotated cuffs done with bioinductive implants today? Any parameters to provide colour around that and how fast it is growing?

**Deepak Nath:** Sure. We have not called out REGENETEN, have we previously? Sorry, I need to confirm what we have actually –

**John Rogers:** I think we have given some rough guidance. You can give at least a range.

**Deepak Nath:** So think multiple hundred million, okay. I have got to be careful on what I say. It is a key driver of growth. As you rightly note, it has been a fantastic story for us. When it was launched when we acquired it, kind of like Integrity, right, early stages. What we have done is put it into our channel, our commercial sales organisation. We have done more, right? We have invested in developing clinical evidence. We have, in previous earnings calls, called out the wonderful data that have come out at different time points, one year initially and then two-year time points in terms of statistically significant reduction in retail rates that we have seen with REGENETEN.

That has been a great story. It is not only the commercial channel strength, but also the evidence investment that leads to the utilization that we have seen. What the guidance does is actually help surgeons determine the appropriate use. There is different levels of clinical evidence, right? Over time, we will have this be reimbursed, right, but today, it is part of the DRG. There is not a specific reimbursement for REGENETEN.

What it helps surgeons do is take all the clinical data they have seen in papers. Now that the society has now come up with guidance and appropriate use of it, it is a way to further increase adoption, is the way to think about it.

The \$1.2 billion market, about \$875 million of it is biomechanical repair. It is the sutures and anchors and everything else that goes into repairing rotator cuff. That is all rotator cuff, Richard. The remaining bit of it is biologics. Within that, we are a large part of that. I mean, there is some other collagen-based implants, but we are essentially the largest player within that space.

You add the two together, \$875 million, the balance, you get \$1.2 billion. That is the market in which we participate. As I mentioned, when you combine the two together, we are about a quarter of the market. The potential we see now with Tendon Seam is the ability to actually have a full solution, actually now with Tendon Seam, a very unique solution biomechanical repair. That allows us to treat even more cases.

What is important, as I highlighted, is now to include biological healing on top of when the repair is initially done. That is the real helpful part. What we see with Tendon Seam is at time zero after the procedure, the anchors actually leave the tendon with twice the amount of strength that the traditional repair has. There is some intriguing possibility of faster recovery time for patients coming out of a sling quicker. There is some great early experience around that, that makes us think that this would be a very nice complement to what is out there.

That is the Sports Medicine part of it. The other exciting thing, just as I reinforce within Shoulder is with AETOS. We are a relatively small player in arthroplasty today within Shoulder. But with AETOS, we now have a full solution that is stemless, short stem, reverse anatomic. So we have got a full range of implants.

In the Shoulder anatomy, a handheld form factor is particularly well suited for that anatomy, so robotics is. CORI with its handheld form factor is super well suited for that. Just to remind everyone, the adoption of robotics in Shoulder is very early stages today. We see an opportunity now CORI plus AETOS, where we start to take share within the arthroplasty market. Together with the robust portfolio we have got in soft tissue repair within shoulder, we now have what we think is a very compelling offering in a fast-growing part of Orthopaedics. That is all of these different pieces to come together, Richard.

Questions over the phone I am told.

**Graham Doyle (UBS):** Just one on skin subs and then on LANDMARK. On skin subs, the flat volumes assumption, it is quite a benign assumption versus what we are seeing in the market over the past month and a half. How would you expect that to flow in H1? Would you expect maybe down 50, plus 50 in H2?

Then just on LANDMARK Knee, could you just talk us through how you imagine the ramp would be? Are there things you need to do on inventory or getting people ready for that launch? Do the old factors slow down to launch? Do you then ramp up quite quickly? Just to get a sense when we are modelling that, that would be really helpful.

**Deepak Nath:** Sure thing. Let me start off with skin substitutes, and John, maybe you can take the phasing of it, right?

In terms of flat volume, and John alluded to it in his remarks earlier. Fundamentally, when you double-click, it has to do with parts of our portfolio we are actually seeing growth. OASIS, for example, in our portfolio, we are seeing very significant uptick in volumes and usage and utilisation of that product and price impacts that impact one or the other part of the portfolio.

In terms of volumes, it is both channels, as I said earlier, where the volumes are quite stable in the surgical channel. Then when you look at hospital outpatient, physician office and in mobile, the greatest impact actually is in mobile and physician office. In terms of our mix of business, what we are seeing is gains in one area offsetting declines in another, as the channel depth. The net impact of which will be a draw.

As I said, it is still early going yet in terms of how the channel is responding to it. We are now in the first early stages of physician offices billing from the utilisation they have had in the early part of the year and now in a position to see how CMS is responding in terms of reimbursement. That will help inform how the balance of the half goes and how H2 is set up. Anything you want to colour to that, John?

**John Rogers:** Not really. Graham, I actually thought we were being quite detailed in the guidance that we were giving for the year as a whole in terms of the volume impact and the pricing impact. I do not think I want to get drawn into specifically quarter-by-quarter, other than to say, to Deepak's point, it is still working its way through as we speak. I would expect half one to be a little bit softer, half two to be a little bit stronger as the market starts to

normalize. But I do not think we are going to get drawn on very specific guidance quarter-by-quarter on skin subs.

**Deepak Nath:** Okay. Good. In terms of LANDMARK, this will come in stages. In the second half, I think end of Q3, Q4, we will launch LANDMARK first on cementless and then we will bring forward cemented in the first half of 2027. The focus there is one platform that combines the best of essentially our existing platforms in terms of degree of personalisation, ease of implantation, and preserving some of the benefits of kinematics and the other benefits that we have within our existing portfolio.

The other important design considerations around LANDMARK is tray efficiency. We have brought this thinking in CATALYSTEM and with AETOS, because what we are looking ahead to is ASC, where space matters and trade efficiency is super important. We have built that thinking now into LANDMARK, not only is it about the designs of the implant itself but also making the procedure more efficient, not only in terms of ease of implantation, but also the mechanics of getting to a case, less capital intensive, right? So those are the features of LANDMARK.

It also comes in cementless and cemented and with the medial stabilised paradigm, which is where the market is going. Keep in mind today, we have got cementless on the LEGION platform, and we do not have this on the JOURNEY platform. LANDMARK allows us to fill the gap that we have got for JOURNEY today. The way we expect to launch, as you know, this will be a build over time. In the back half of the year with the cementless launch we will have the initial foray into this. Then, as we go into the first half of 2027, we will have both cemented and cementless.

It will be the same instruments for cemented and cementless. So again, keeping that tray efficiency paradigm front and centre in what we do. Hopefully, that addresses your question, Graham.

**John Rogers:** Actually, just to build on a comment that we also made in the presentation that we are very mindful as to how we are deploying capital on our existing platforms in the buildup to the launch of LANDMARK in the second half, because we want to make sure that we maintain our capital efficiency we have continued to build over the last couple of years.

For that reason, we do expect the first half to be a little bit softer, therefore, on U.S. Knees as we grow. So Q1 will be a little bit softer, because of the fewer trading day. We will expect to see that grow a little bit in Q2, but then it is really Q3 and Q4 upon the launch of LANDMARK where we expect to see US Knees grow in line with the market by the end of the year. That is the trajectory we are expecting US Knees.

**Deepak Nath:** This type of capital discipline, again, as part of Ortho360, we have displayed in how we have launched CATALYSTEM. It is very different to how we have done it. You have seen all the growth numbers. We are above market now. Again, in Q4, we exceeded the market in US Hips, right? As important as that growth is how we have achieved that is, in many ways, even more important because we brought a high level of capital discipline in terms of how we approached that launch to market.

You should expect the same with LANDMARK. It is a bit more complicated because we have got multiple elements of our portfolio and needs that we have to navigate through, but we will

strike a better balance in terms of growth, capital deployment and margin. It is not just growth for the sake of growth. Super important to keep in mind.

We will take one more question online, and then we will come back to the room if there are not any.

**Kane Slutzkin (Deutsche Bank):** Just on CORI. Could you just talk a little bit on the competition you are seeing in the smaller handheld space. We obviously recently had MAKO announced a limited market release of the handheld. Just wondering what you are seeing there? Are presumably they are going to be targeting the same ASC space. Then just on J&J spinning out of its Ortho business. I assume, are we expecting a bit of disruption in the market over the next year or so due to that split out? And if so, what are the challenges and opportunity you are seeing there?

Just finally, I did notice there was a shortage of bone cement in the UK. I mean, I appreciate UK is probably small in your life nowadays. Do you have any comments around that?

**Deepak Nath:** Yes. First, CORI, it is important to keep in mind that when we talk about CORI ASCs and we said something like 45% of our placements in 2025 have been into ASC, it is important to remember that CORI is not just for the ASC. While it is a handheld robot, fundamentally, it is a robot across a whole range of settings, hospitals, ASCs. We have got quite a bit of focus on teaching institutions and we have got great traction over the last couple of years in terms of the adoption of CORI and teaching institutions.

So it is important to keep in mind that CORI is not just a handheld. It is a robotic system that happens to be handheld, right? It has resonance across a range of settings. Therefore, in terms of competition, we feel very good about what CORI is, the features and benefits that it has got. It is one platform that can do Knees, Hips and Shoulders. The type of features and benefits we have brought on board over the last three years is absolutely impressive in terms of how quickly we have done it. That is the short answer to this. It is a robotic platform that happens to be handheld rather than us competing in one segment.

In terms of J&J, look, we have got a very good set of priorities we are executing towards. We feel very good about how competitive we have been in Hips and how we have gone from basically lagging the market to when we have got a product, we have launched. We have launched it in a very disciplined way. Now you see the benefits of that flowing through, not only in terms of growth, but the leverage that we are coming through with that.

Trauma, so that whole process started earlier on supply improving and us executing commercially with a great product portfolio with EVOS and now with TRIGEN MAX. We have had multiple quarters now where we have surpassed the market in our Trauma and Extremities.

We expect to do the same with Knees on the launch of LANDMARK in the back half of the year. LEGION MS now that we recently brought to market and, of course, continued adoption of CORI, where, as we have said, we are pleased with the uptake we have had in competitive accounts with CORI, and not to mention the traction in ASC.

You put all this together, we have got a set of priorities. We are executing to those priorities. In terms of J&J, we do not underestimate any competitor, and no matter what they are going through, I believe with continued focus on what we are doing, we will be competitive and increasingly competitive within the market.

In terms of shortage of bone cement in the US, as you highlighted, in the UK rather. UK is a relatively small proportion of our market. It does not fundamentally impact any of our guidance or financially. I do believe now there is a solution in the market in the UK. And so the market should see some relief from that shortage of bone cement. It does not fundamentally impact any of our financials or guidance as a result of it. Thank you.

I think that is all the time we have today. I just wanted to close by saying thank you for being here. Thank you for your time and attention.

Just to recap now, 2025 was a very strong year for us of delivery. It marked the successful completion of the three-year 12-Point Plan. We have built momentum across the Group. As we enter 2026, we do so from a position of strength and we are well aligned with our ambition to deliver the 2028 RISE targets.

Looking ahead, what I am really pleased about is the multiple growth drivers that we have over the next three years, including 2026 and the fact that innovation, just like it has been over the last three years, will continue to be a key to us delivering our targets.

The investments we have made in R&D so far is starting to bear fruit, will continue to bear fruit, and we are now pivoting to stepping up our investments in Sports and in Wound. That, combined with sharper commercial execution, positions us to accelerate revenue growth as we progress to market leadership in both Sports and in Wound.

In parallel, the positive actions that we have taken in Orthopaedics, together with our focus on Group-wide productivity and operational efficiency, will make sure that our top line growth actually translates into sustained trading profit growth as well.

The strong cash generation underpins this progress and gives us the flexibility to pursue value-accretive strategic M&A, and that will be further reinforcement of our success. We are confident in the year ahead, and we look forward to updating you on progress through Q1 and beyond.

Thank you very much for your time and attention today.

[END OF TRANSCRIPT]