Smith+Nephew

Second Quarter and Half Year 2025

Forward looking statements and non-IFRS measures

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading profit margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. For Smith+Nephew, these factors include: economic and financial conditions in the markets we serve, especially those affecting healthcare providers, payers and customers; price levels for established and innovative medical devices; developments in medical technology; regulatory approvals, reimbursement decisions or other government actions; product defects or recalls or other problems with quality management systems or failure to comply with related regulations; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; disruption to our supply chain or operations or those of our suppliers; competition for qualified personnel; strategic actions, including acquisitions and dispositions, our success in performing due diligence, valuing and integrating acquired businesses; disruption that may result from transactions or other changes we make in our business plans or organisation to adapt to market developments; relationships with healthcare professionals; reliance on information technology and cybersecurity; and numerous other matters that affect us or our markets, including those of a political, economic, business, competitive or reputational nature. Please refer to the documents that Smith+Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith+Nephew's most recent annual report on Form 20-F, for a discussion of certain of these factors. Any forward-looking statement is based on information available to Smith+Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith+Nephew are qualified by this caution. Smith+Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith+Nephew's expectations. The terms 'Group' and 'Smith+Nephew' are used for convenience to refer to Smith & Nephew plc and its consolidated subsidiaries, unless the context requires otherwise.

Certain items included in 'trading results', such as such as trading profit, trading profit margin, trading attributable profit, tax rate on trading results (trading tax expressed as a percentage of trading profit before tax), Adjusted Earnings Per Ordinary Share (EPSA), trading cash flow, free cash flow, trading profit to trading cash conversion ratio, leverage ratio, and underlying revenue growth are non-IFRS financial measures. The non-IFRS financial measures in this announcement are explained and, where applicable, reconciled to the most directly comparable financial measure prepared in accordance with IFRS in our Second Quarter and Half Year 2025 Results announcement dated 5 August 2025.

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Summary

Revenue acceleration in Q2, with 6.7% underlying growth

- Sequential improvement across all three business units
- Strong momentum in Joint Repair outside China, AWM growth driven by rebound in Bioactives
- Sequential improvement in both US and OUS reconstruction and robotics

H1 trading margin of 17.7%, on track for full year guidance

- +100 bps expansion vs H1 2024; leverage and productivity more than offset external pressures
- Further uplift expected in H2

Transformation-driven cash generation enables capital returns

- Over 70% increase in trading cash flow and $244m free cash flow in H1
- $500m share buyback in H2 2025, funded by 2025 cash flow and existing balances

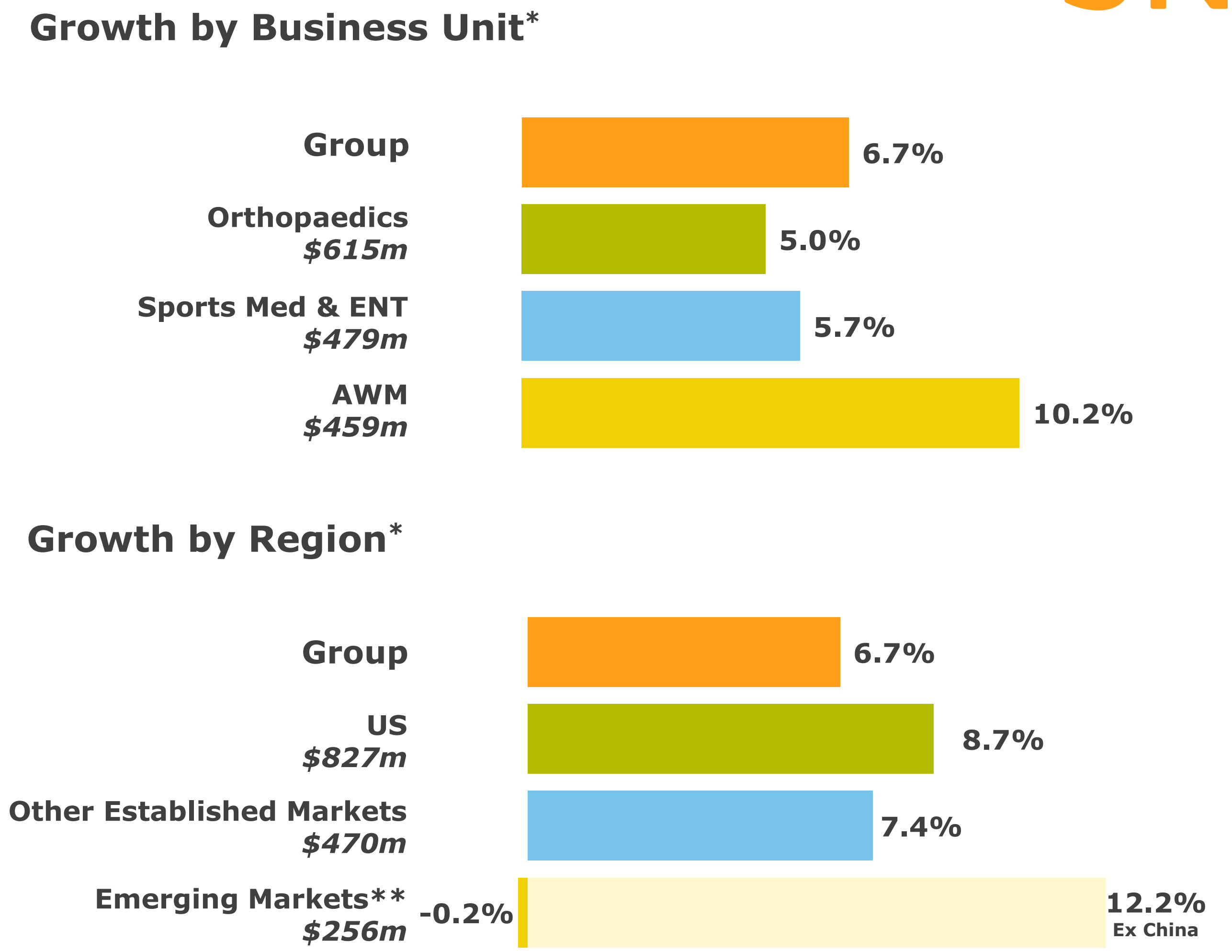
*All references are to underlying growth, unless stated otherwise

Q2 2025 Revenue

Q2 2025 summary revenue performance

Total revenue of $1,553m

- Underlying revenue growth **+6.7%**, **+7.8%** reported
- 110 bps tailwind from FX on reported growth
- One fewer trading day vs Q2 2024

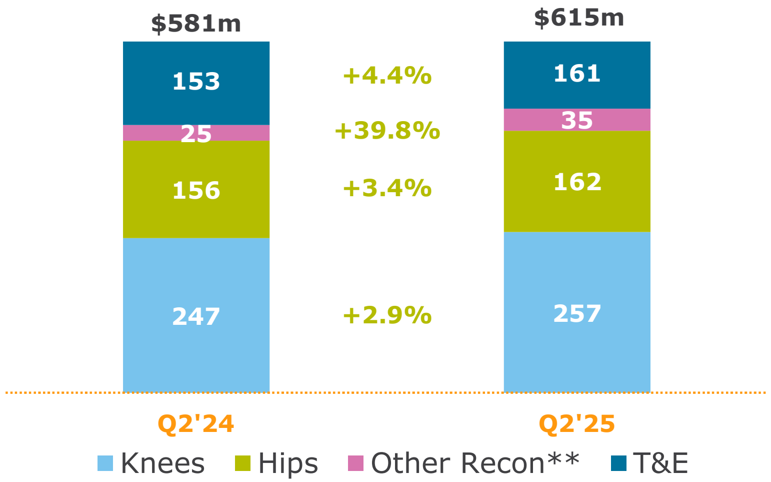


*Growth rates are versus Q2 2024. Business Unit and Regional growth figures are on an underlying basis and without adjustments for number of selling days
**Emerging markets growth of 12.2% excluding China

Orthopaedics

Sequential improvement in both US and OUS reconstruction

Revenue of $615m:
+5.0% underlying*
+5.8% reported



Q2 sales factors

- **Reconstruction and Robotics +5.2%:**
  - US + 4.0%, fourth quarter of sequential growth improvement in US on ADS basis
- **Global Knees and Hips +2.9% and +3.4%:**
  - OUS Knees +7.8% benefitting from knee tender order timing, and Hips -1.4%; strong performance in established markets, offset by China destocking
  - US Knees and Hips -1.5% and +7.4%. Portfolio and account rationalisation in Knees to increase profitability, continued positive momentum in Hips
- **Other Reconstruction +39.8%**, reflecting good growth in Robotics
- **Trauma & Extremities +4.4%:**
  - EVOS◊ plating system continues to drive core trauma
  - AETOS◊ Shoulder roll-out continues to support growth

Near-term growth drivers

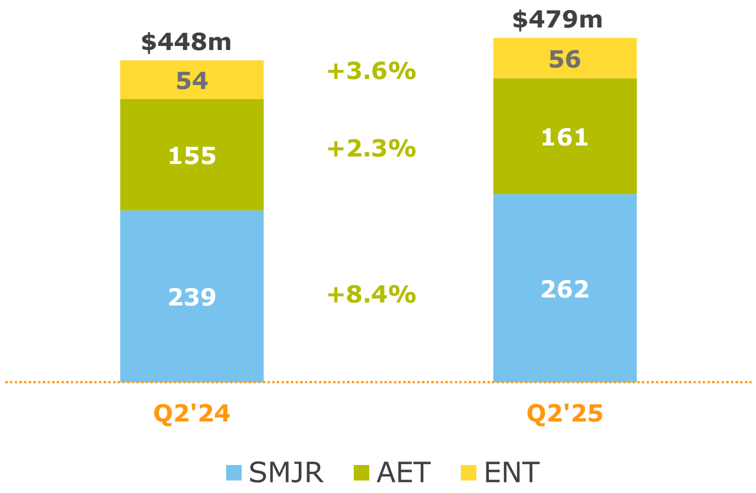
- Step up in set deployment of CATALYSTEM◊ Hip System
- Expansion of AETOS portfolio and further capital deployment

* Growth rates are versus Q2 2024 and have not been adjusted for the different number of trading days between periods.
Segment growth rates reflect inclusion of sales of robotics consumables in Knees and Hips
** Other Recon includes robotics capital sales, joint navigation and bone cement

Sports Medicine & ENT

Continued strong performance in SMJR and AET through China headwind

Revenue of $479m:
+5.7% underlying*
+6.8% reported



Q2 sales factors

- **Sports Medicine Joint Repair +8.4% (+13.7% ex China):**
  - Headwinds from China VBP implementation continue, begins to annualise in Q3
  - Strong performance from REGENETEN◊, Q-FIX◊ KNOTLESS and recent foot and ankle launches
- **AET +2.3% (+6.6% ex China):**
  - Strong growth from WEREWOLF◊ FASTSEAL, driving COBLATION◊ revenues, and patient positioning
- **ENT growth of +3.6%:**
  - Good growth in nose, driven by ARIS◊ COBLATION (turbinate reduction), with softer tonsil and adenoid market

Near-term growth drivers

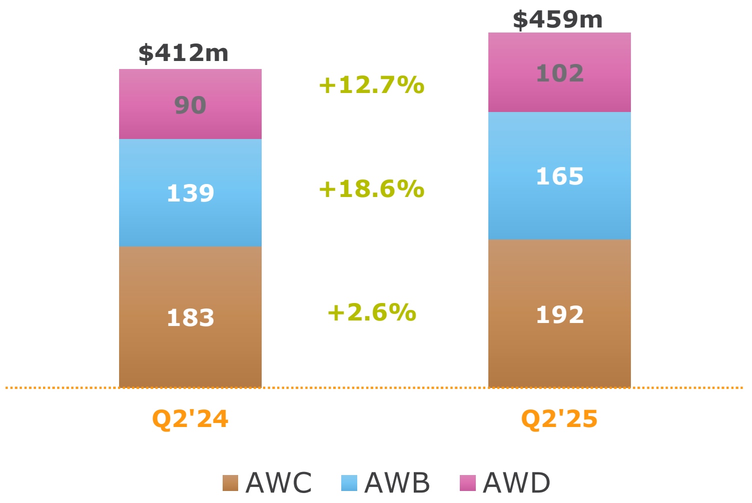
- Further market penetration of REGENETEN, application expansion to hip and Achilles
- Continued introduction of Q-FIX KNOTLESS
- CARTIHEAL◊ roll-out, with new disposable instrument launch in the US coming soon

* Growth rates are versus Q2 2024

Advanced Wound Management

Growth improvement driven by Bioactives rebound, and strong AWD performance

Revenue of $459m:
+10.2% underlying*
+11.4% reported



Q2 sales factors

- **Advanced Wound Care +2.6%:**
  - Growth in foams, films and skin-care offset by decline in infection management
- **Advanced Wound Bioactives +18.6%:**
  - Strong rebound in SANTYL◊ following weaker Q1
  - Double-digit growth in skin substitutes
- **Advanced Wound Devices +12.7%:**
  - Led by PICO◊ single-use Negative Pressure Wound Therapy (sNPWT) system, supported by LEAF◊ Patient Monitoring System

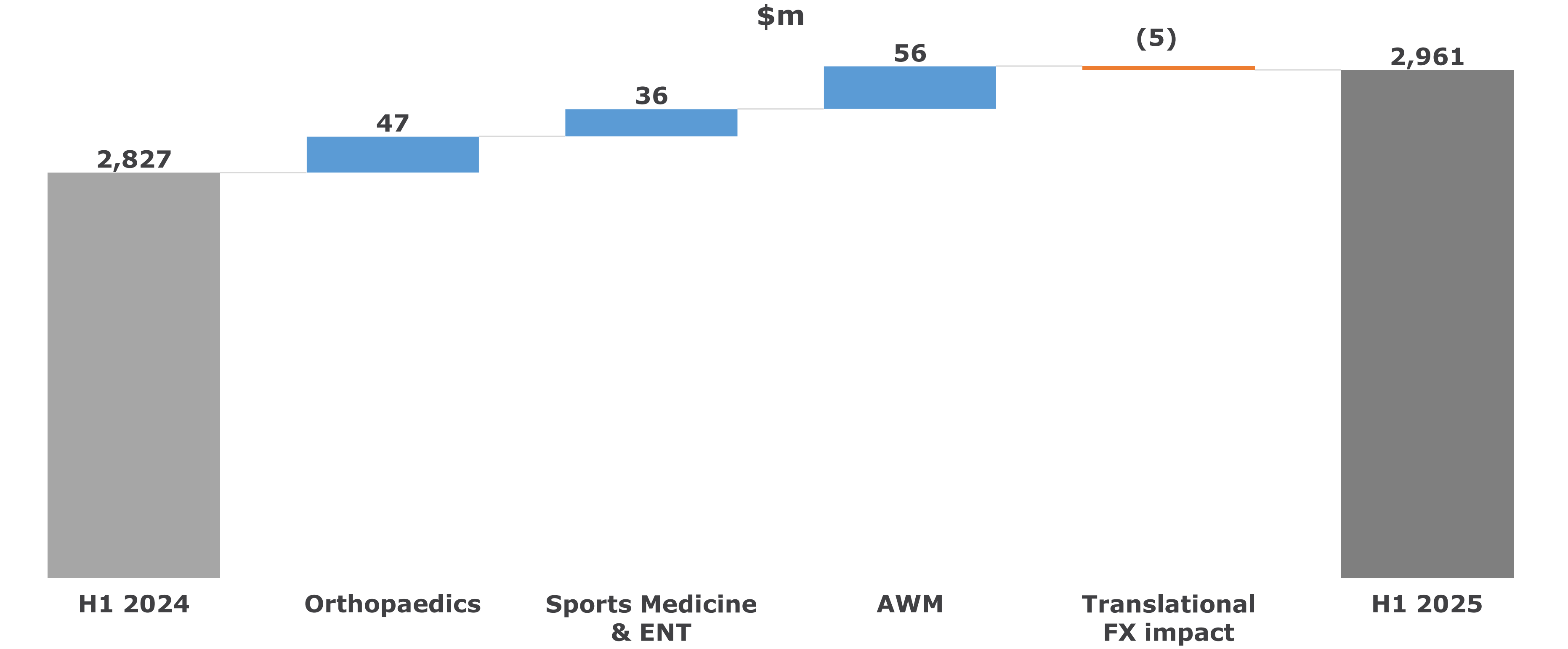
Near-term growth drivers

- US Department of Defense contract for RENASYS◊ TOUCH, up to ten years
- Ongoing refresh of the AWM portfolio

* Growth rates are versus Q2 2024

H1 2025 Financials

H1 2025 revenue by business unit



Reported growth	3.9%	3.9%	6.9%	(0.3%)	4.7%
Underlying growth	4.1%	4.1%	7.1%		5.0%

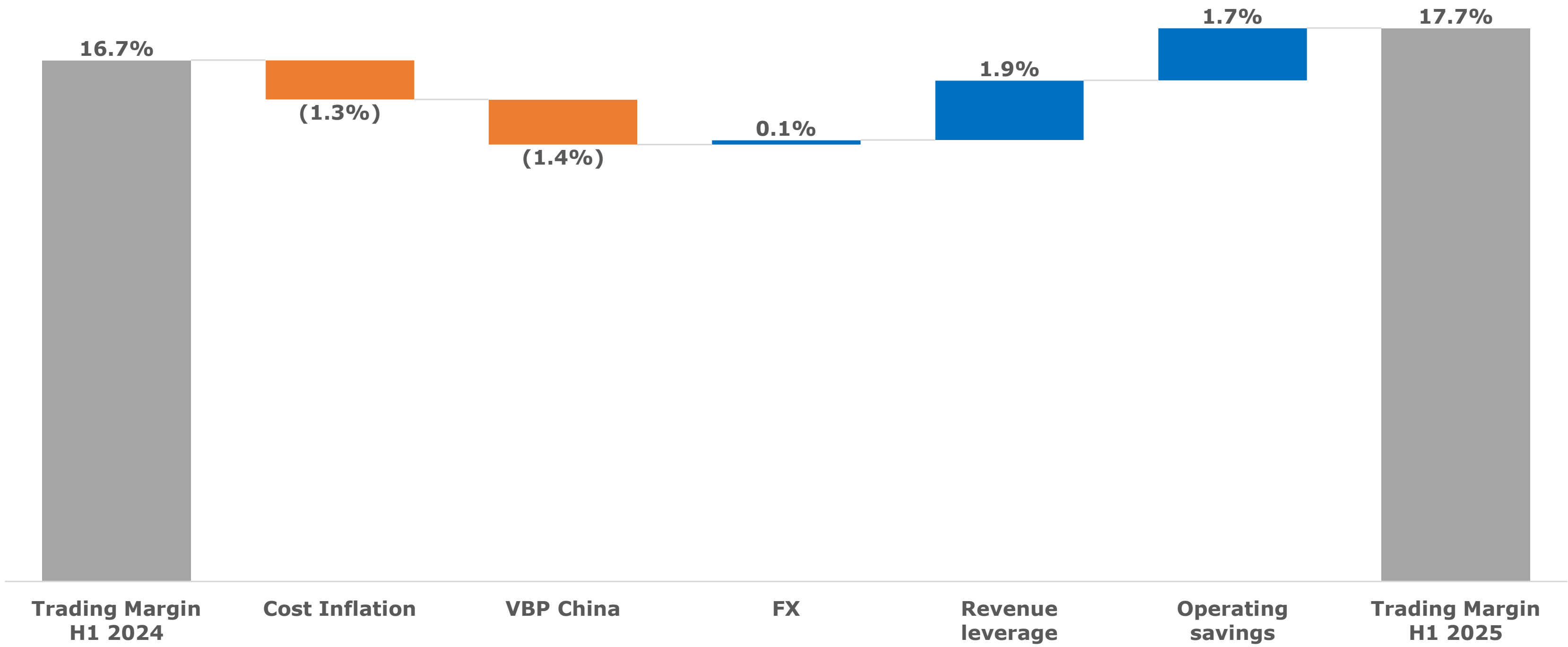
H1 trading income statement

100 basis points of trading margin expansion

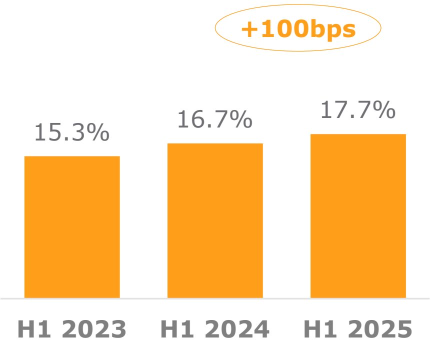
	H1 2025 $m	H1 2024 $m	Reported growth
Revenue	**2,961**	**2,827**	**4.7%**
Cost of goods sold	(874)	(845)	3.3%
Gross profit	**2,087**	**1,982**	**5.3%**
Gross profit margin	*70.5%*	*70.1%*	
Selling, general and admin	(1,421)	(1,371)	3.7%
Research and development	(143)	(140)	2.2%
Trading profit	**523**	**471**	**11.2%**
Trading profit margin	*17.7%*	*16.7%*	

H1 2024 to H1 2025 trading margin bridge

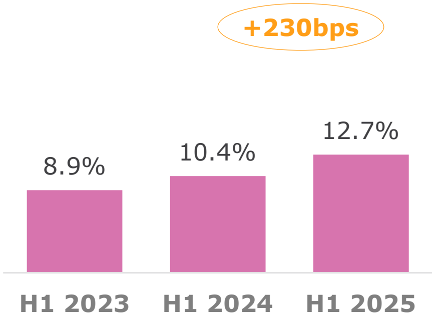
Revenue leverage and cost savings more than offsetting cost inflation and VBP



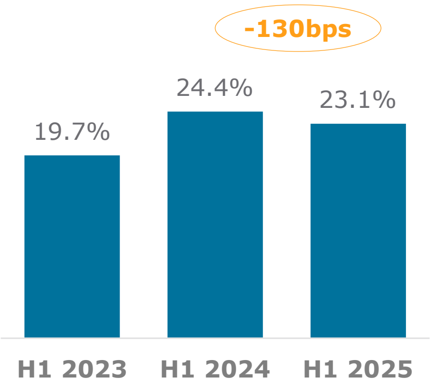
H1 trading margin by business unit



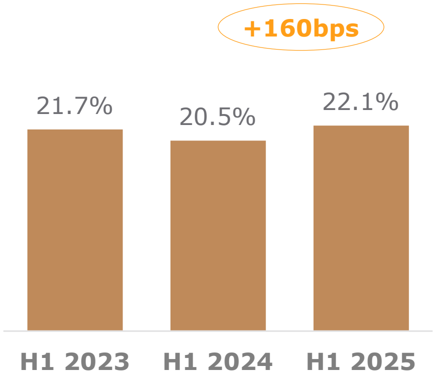
Group



Orthopaedics



Sports Medicine & ENT



Advanced Wound Management

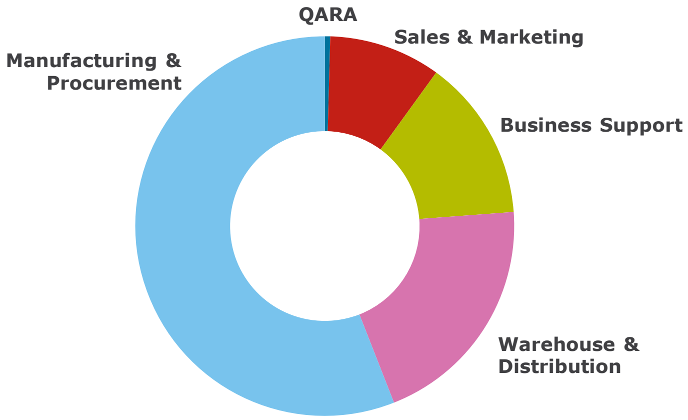
- **Opex savings and leverage continues across all business units in 2025**
- **2025 trading margin expansion to be led by Orthopaedics**
- **Business unit margins reflect full allocation of attributable costs**
- **Remaining unallocated corporate costs of $28m** (H1 2024: $27m)

* H1 2023 and H1 2024 trading margins reflect year-end 2024 methodology of corporate cost allocations.

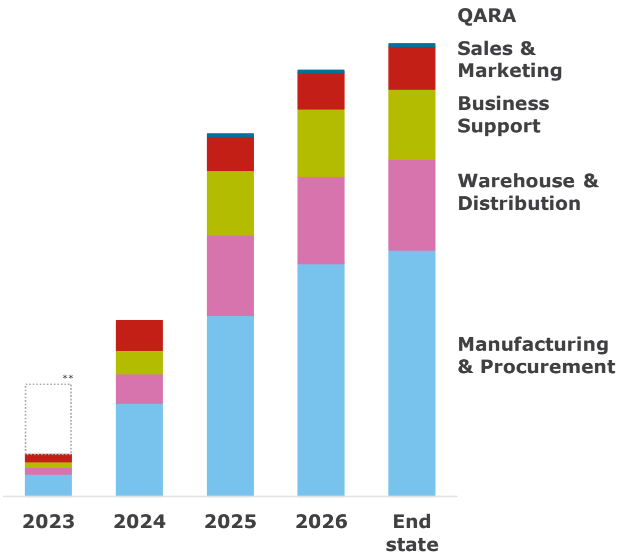
Efficiency opportunities 2023-2027

Additional savings identified as 12-Point Plan productivity initiatives progress

Total Gross run-rate savings* now of c.$325-375m in 2027



Indicative phasing of savings



Key components of savings

Manufacturing & Procurement

- Drive manufacturing & quality excellence
- Optimise manufacturing network
- Deliver direct procurement category strategies
- Optimise Make vs. Buy and VA/VE efficiencies

Warehouse & Distribution

- Improve warehouse productivity & network optimisation
- Freight standardisation & consolidation
- Improved 3rd party supplier terms

Business Support

- Rationalise 3rd party spend across Travel, IT, HR
- Right-size office footprint

Sales & Marketing

- Increase US sales productivity
- Improve asset efficiency
- Marketing efficiency/optimization

QARA

- Continue to optimise Quality Assurance

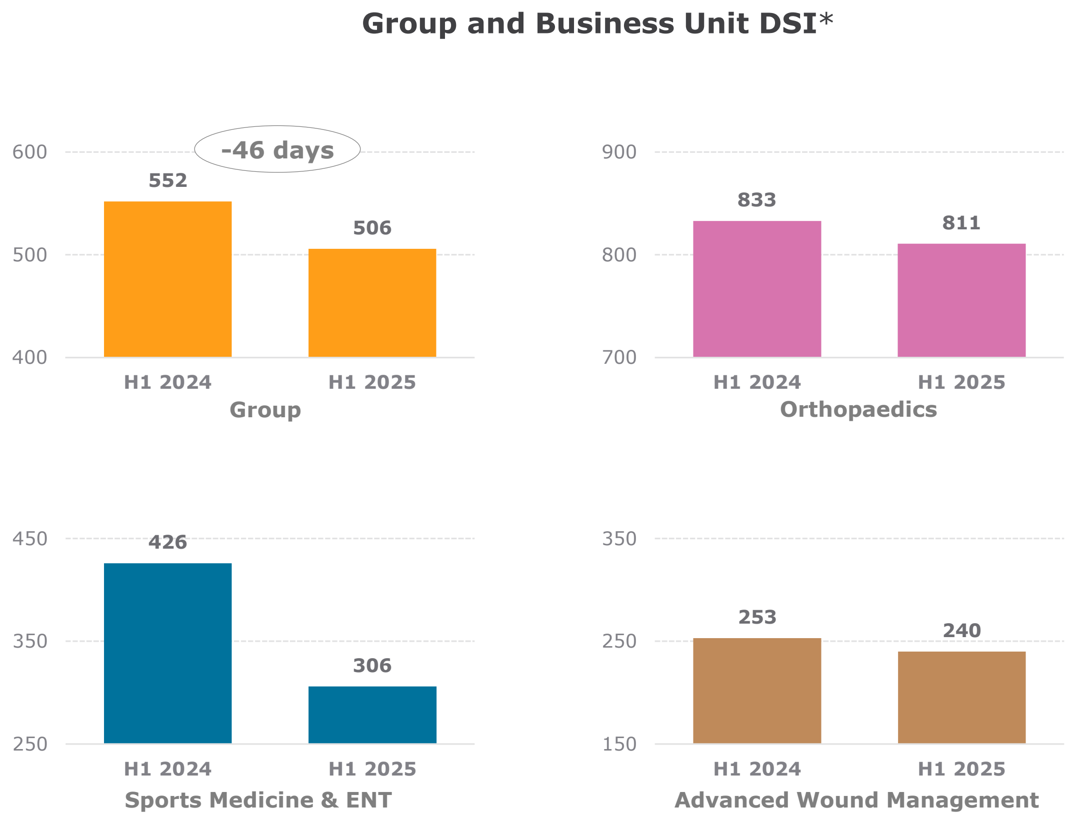
* Includes $200m of savings previously disclosed from the 12-Point Plan. Gross savings before inflation and other potential margin headwinds.
** 2023 total savings included c.$55m relating to previous cost plans

H1 operating profit and EPSA

	H1 2025 $m	H1 2024 $m	Reported growth
IFRS operating profit	**429**	**328**	**30.6%**
IFRS operating profit margin	*14.5%*	*11.6%*	
Adjusted earnings per share ("EPSA")	**42.9¢**	**37.6¢**	**14.1%**
Earnings per share ("EPS")	**33.5¢**	**24.5¢**	**36.6%**
Dividend per share	**15.0¢**	**14.4¢**	**4.2%**

Inventory by business unit

DSI below prior year in all BUs; continued improvement remains a focus for 2025



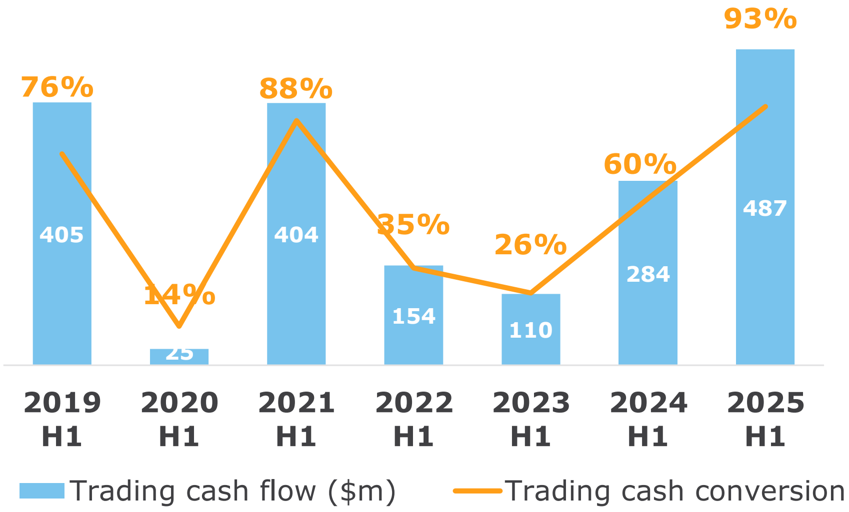
- **Group DSI down 46 days vs end of H1 2024**, with dollar value reduction of $69m at constant currency
- **Reductions achieved across all business units**
- **Improving mix**, with 14% unit reduction for slowest turning quartile of SKUs
- **Long-term improvement from SIOP process** adopted under 12-Point Plan, with better alignment of production plans and commercial delivery

*DSI: Days sales of inventory. DSI numbers are shown on a constant currency basis. On a reported currency basis, Group DSI were 35 days lower at the end of H1 2025 than at the end of H1 2024

H1 cash flow and cash conversion

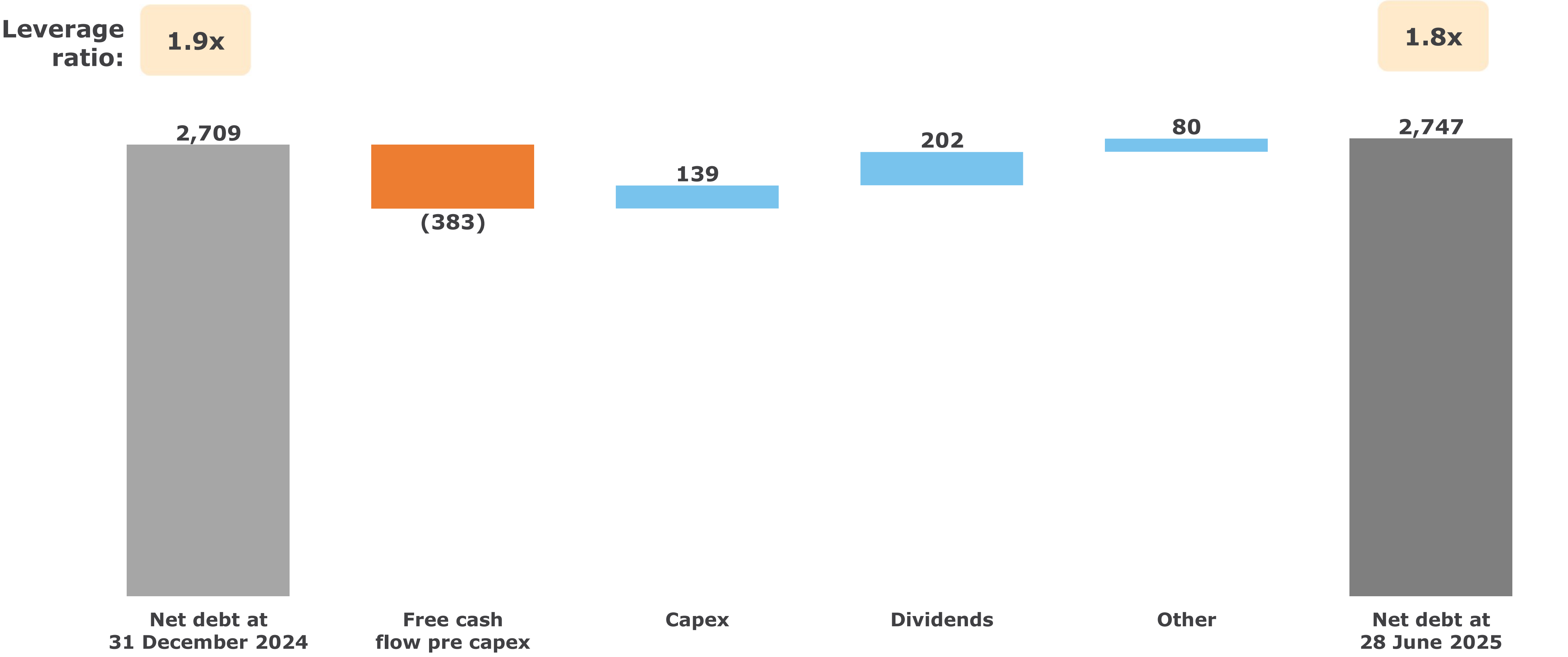
Improved trading and free cash flow on lower working capital costs

	H1 2025 $m	H1 2024 $m
Trading profit	**523**	**471**
Share based payment	21	20
Depreciation and amortisation	212	190
Lease liability repayments	(25)	(27)
Capital expenditure	(139)	(172)
Movements in working capital and other	(105)	(198)
Trading cash flow	**487**	**284**
Trading cash conversion	*93%*	*60%*
Restructuring, acquisition, legal and other	(71)	(115)
Net interest paid	(61)	(59)
Taxation paid	(111)	(71)
Free cash flow	**244**	**39**



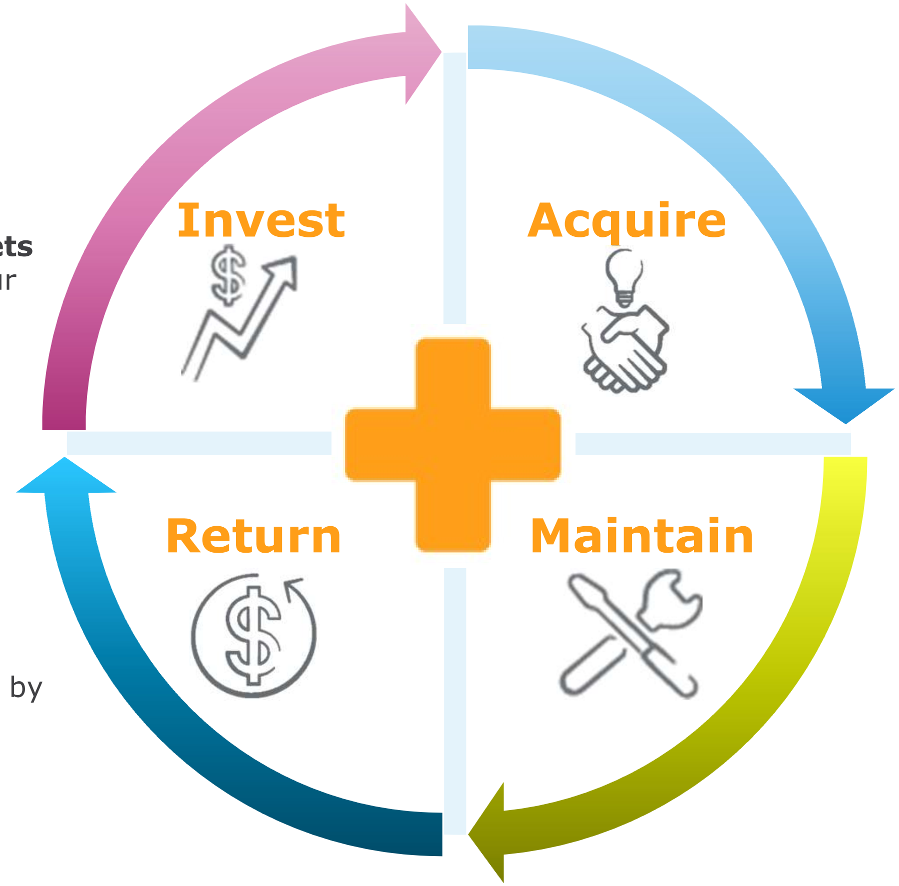
Net debt bridge FY 2024 to H1 2025

Leverage reflects typical timing of cash generation and dividends



Leverage ratio at 28 June 2025 is based on 12 month rolling adjusted EBITDA

Capital allocation framework



1. Invest

- **Innovation** to drive organic growth
- **Sustainability targets** and further embed our ESG agenda

2. Acquire

- **New technologies and expand in high growth segments** with strong strategic fit that meet our financial criteria

3. Maintain

- **Optimal balance sheet position:**
  - Investment grade credit ratings
  - Leverage ratio of around 2x
- **Dividend:**
  - 2025 onwards: Progressive with a payout ratio of around 35% - 40%
  - Interim payment of 40% of prior full year dividend
  - Interim dividend of 15.0¢ declared for H1 2025

4. Return

- Surplus capital to shareholders
- **Share buyback**
  - $500m planned by year end

Outlook unchanged

Underlying revenue growth of around 5%

- Ongoing improvement in US Recon through 12-Point Plan; continued strong performance of Sports & ENT (ex-China) and AWM
- Guidance includes c.150bps growth headwind from China; one fewer trading day than 2024

2025 trading margin of 19.0-20.0%

- Expansion driven by cost reductions – annualisation of 2024 savings, and benefits of network optimization; more than offsetting China headwind and cost inflation; includes tariff headwind of $15-20m
- Trading margin expansion stronger in H2, reflecting timings of cost savings and China headwinds

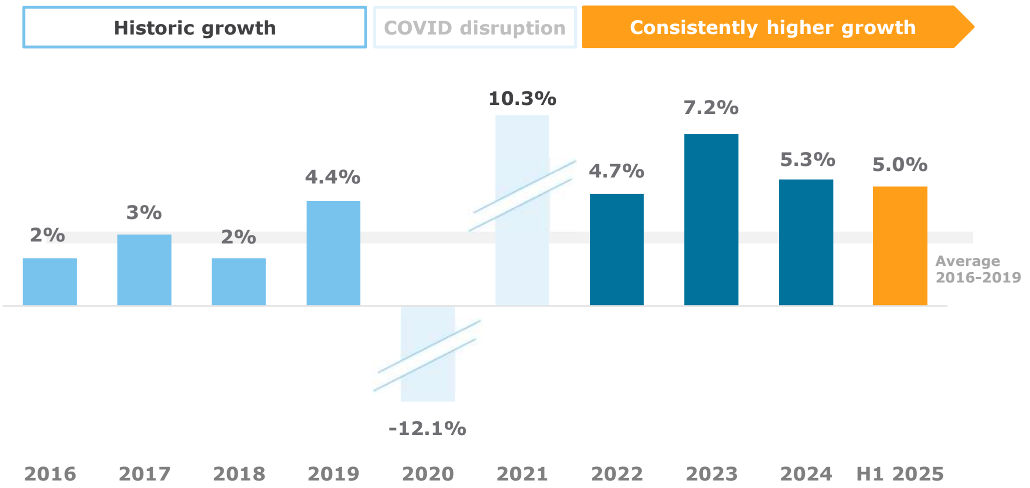
Improved cash flow, initiating share buyback

- On track for improved free cash flow, following strong H1 and ongoing working capital improvement
- $500m share buyback in H2 2025, funded by 2025 cash flow and existing balances

12-Point Plan update and strategy

Delivering consistently higher revenue growth

Underlying revenue growth 2016-H1 2025



Sustained acceleration

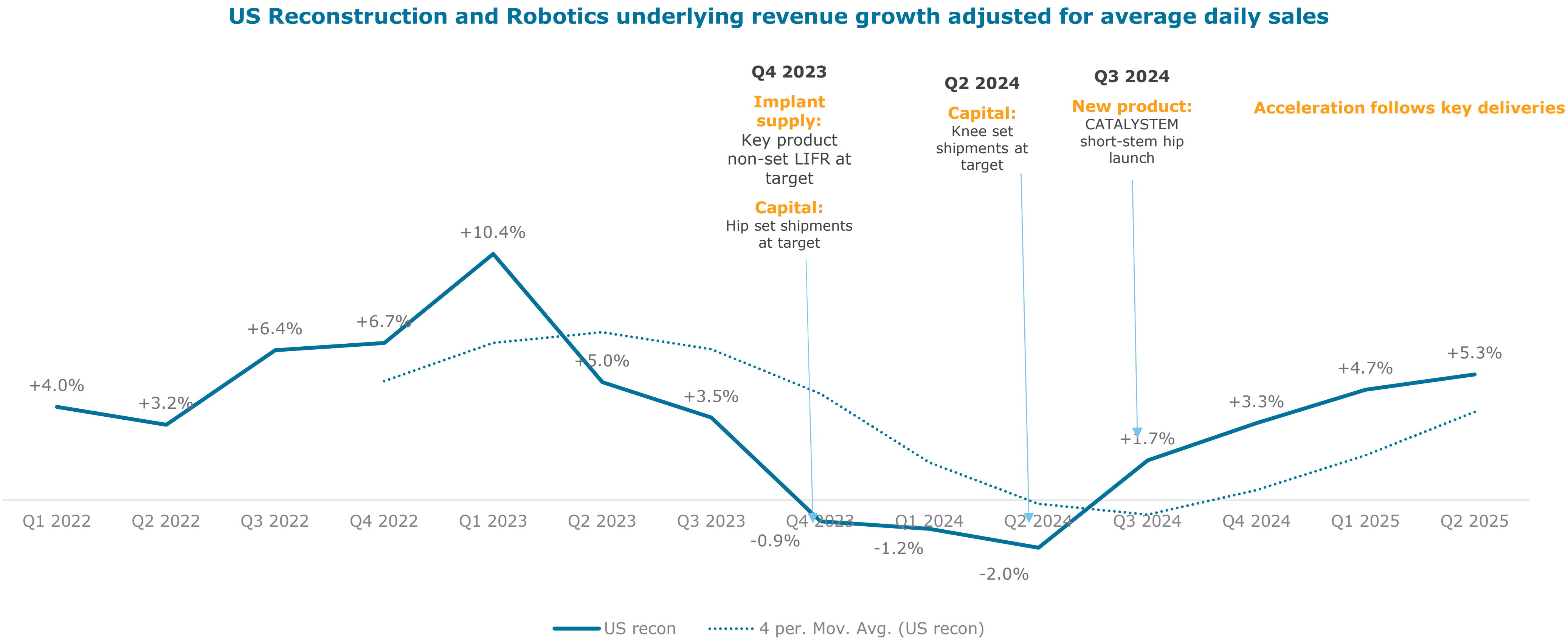
- Shift to consistently higher growth maintained in H1 2025
- 5% growth delivered despite two fewer trading days

Better commercial execution

- Progressive improvement in US Recon performance continues
- Hips acceleration a further example of innovation-driven growth

US Recon and Robotics is following the Trauma path to success

Implant supply, capital deployment, product launches and leadership



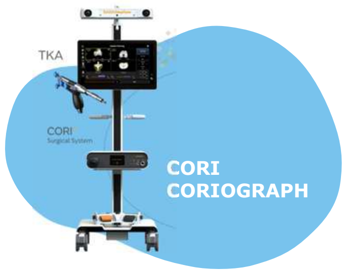
Continued high cadence of innovation

TRIGEN◊ MAX

- Launch of new nailing system for stable and unstable tibia fractures
- Includes specific right and left nails, helps optimize fragment fixation and minimise soft tissue irritation
- Aims to streamline procedures with surgeon-centred component and instrumentation design

CORIOGRAPH◊

- FDA approval for Shoulder Arthroplasty in Q2 2025
- Enables patient-specific activity simulation and range of motion insights for optimal implant placement
- Completes expansion of pre-op planning across all major joints – Knee, Hip and Shoulder

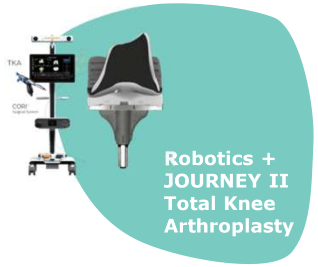


REGENETEN◊

- Now indicated for extra-articular ligament injuries in the US.
- Initial focus on hip capsule repair but with significant opportunities for expansion into other areas of extra-articular ligament repair.

Clinical evidence

- Publication of RCT comparing robotic-assisted total knee replacement with JOURNEY II BCS to conventional surgery
- Significantly better outcomes with robotics at 1 year, including reduced pain, improved function, and higher patient satisfaction*



*Bollars 2025

Conclusion

✚ We are in the final year of our three-year transformation

- Rewiring of Orthopaedics well underway, four quarters of sequential growth acceleration in US Recon & Robotics
- Sports Medicine and Advanced Wound Management have shown consistent momentum
- Productivity improvements are visible in the P&L

✚ Q2 and H1 performance demonstrate we are on track

- Revenue growth ahead of historical levels, underpinned by innovation
- +100 bps expansion vs H1 2024; leverage and productivity more than offset external pressures
- Further margin uplift expected in H2
- Transformation-driven cash generation enables cash return through $500m share buyback

✚ Sustainable changes embedded in ways of working

- Increased accountability and greater discipline in execution
- Detail of next phase of strategy to be given at Capital Markets Day in early December 2025

Appendices

Technical guidance

	July 2025	
Foreign exchange and acquisitions		
Translational FX impact on revenue growth[1]	**c.0.5%**	
Acquisition impact on revenue growth	**-**	
Non-trading items		
Restructuring costs	**c. $45m**	
Acquisition and integration	**$10-15m**	
European Medical Device Regulation (MDR) compliance costs	**-**	
Other	**Adjusted**	**Reported**
Amortisation of acquisition intangibles	**$165-170m**	**$165-170m**
Income/(loss) from associates[2]	**$5-10m**	**$0-5m**
Net interest[3]	**c. $115m**	**c. $115m**
Other finance costs[4]	**$1-5m**	**$20-25m**
Tax rate on trading result	**19-20%**	

(1) Based on the foreign exchange rates prevailing on 31 July 2025
(2) Based on analyst consensus forecasts for associate, and considering management guidance issued on 6 May 2025
(3) Includes interest associated with IFRS 16 Leases
(4) Reported other finance costs include c.$14m of discount unwind relating to Cartiheal acquisition contingent consideration

Revenue analysis by Business Unit

	2024					2025		
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q2 Growth %	Q2 Revenue $m
Orthopaedics	**4.4**	**5.8**	**2.3**	**6.0**	**4.6**	**3.2**	**5.0**	**615**
Knee Implants	2.7	2.9	0.1	3.2	2.3	0.7	2.9	257
Hip Implants	3.5	4.0	4.0	4.8	4.1	(1.2)	3.4	162
Other Reconstruction	8.1	11.8	6.4	20.8	12.1	46.6	39.8	35
Trauma & Extremities	7.8	11.8	3.3	9.5	8.1	6.3	4.4	161
Sports Medicine & ENT	**5.5**	**7.6**	**3.9**	**7.8**	**6.2**	**2.4**	**5.7**	**479**
Sports Medicine Joint Repair	7.7	6.0	0.1	5.3	4.8	2.9	8.4	262
Arthroscopic Enabling Technologies	1.0	8.7	15.0	8.5	8.2	(0.1)	2.3	161
ENT	9.0	11.6	(6.8)	19.4	7.3	7.8	3.6	56
Advanced Wound Management	**(2.0)**	**3.3**	**6.5**	**12.2**	**5.1**	**3.8**	**10.2**	**459**
Advanced Wound Care	(0.5)	3.0	3.4	1.9	2.0	2.5	2.6	192
Advanced Wound Bioactives	(9.8)	0.7	8.0	20.3	5.1	(2.0)	18.6	165
Advanced Wound Devices	8.7	8.0	11.0	20.6	12.2	15.7	12.7	102
Total	**2.9**	**5.6**	**4.0**	**8.3**	**5.3**	**3.1**	**6.7**	**1,553**

All revenue growth rates are on an underlying basis and without adjustment for the number of selling days.

Quarterly revenue analysis by region

	2024					2025		
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	FY Growth %	Q1 Growth %	Q2 Growth %	Q2 Revenue $m
US	(0.6)	3.6	4.0	11.9	4.8	3.6	8.7	827
Other Established Markets[1]	4.8	6.9	6.8	8.2	6.7	5.0	7.4	470
Established Markets	**1.3**	**4.8**	**5.0**	**10.6**	**5.5**	**4.1**	**8.2**	**1,297**
Emerging Markets	11.6	9.5	(0.1)	(2.3)	4.3	(1.7)	(0.2)	256
Total	**2.9**	**5.6**	**4.0**	**8.3**	**5.3**	**3.1**	**6.7**	**1,553**

(1) Other Established Markets are Australia, Canada, Europe, Japan and New Zealand.
All revenue growth rates are on an underlying basis and without adjustment for the number of selling days

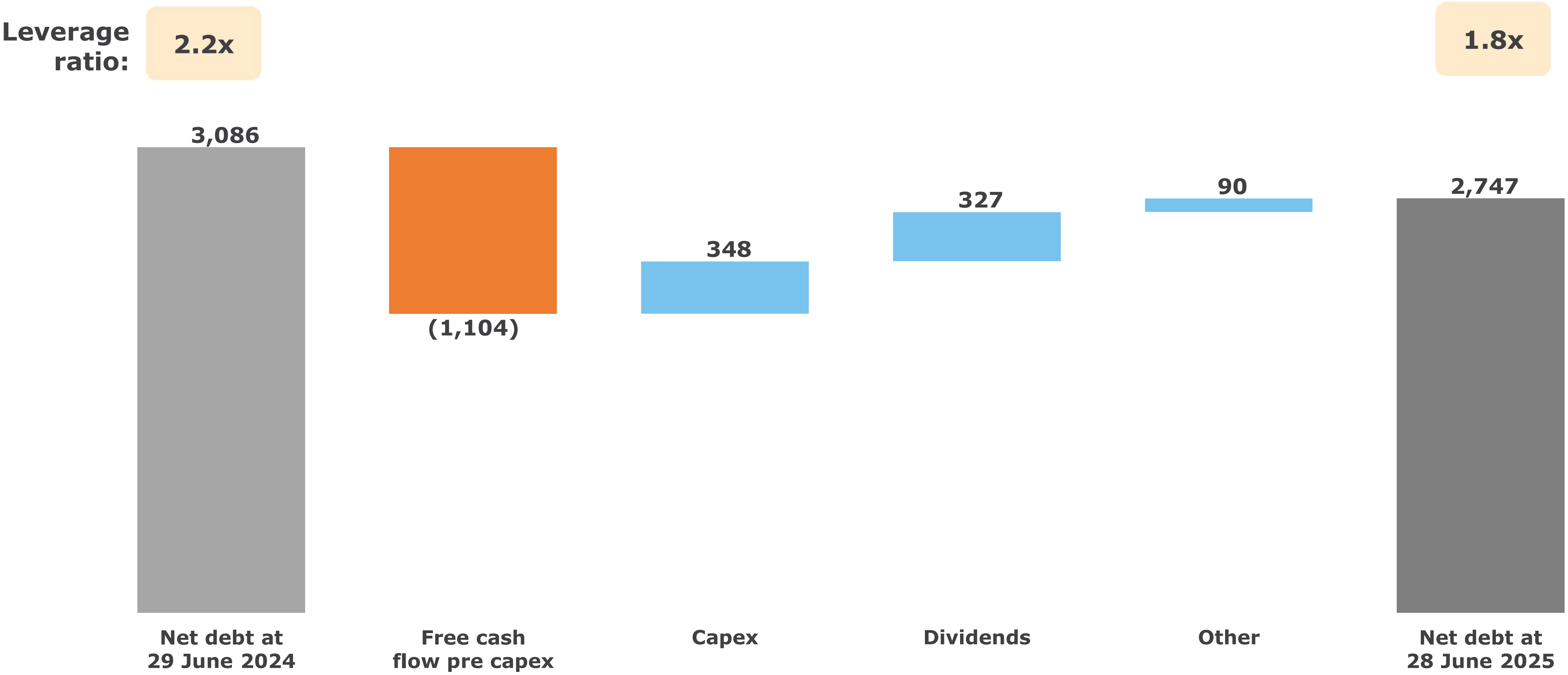
Q2 consolidated revenue analysis by Business Unit

	Q2 2025 $m	Q2 2024 $m	Reported growth %	Underlying growth %	Acquisitions/ disposals %	Currency impact %
Orthopaedics	**615**	**581**	**5.8**	**5.0**	**-**	**0.8**
Knee Implants	257	247	3.7	2.9	-	0.8
Hip Implants	162	156	4.2	3.4	-	0.8
Other Reconstruction	35	25	42.4	39.8	-	2.6
Trauma & Extremities	161	153	5.0	4.4	-	0.6
Sports Medicine & ENT	**479**	**448**	**6.8**	**5.7**	**-**	**1.1**
Sports Medicine Joint Repair	262	239	9.6	8.4	-	1.2
Arthroscopic Enabling Technologies	161	155	3.5	2.3	-	1.2
ENT	56	54	4.1	3.6	-	0.5
Advanced Wound Management	**459**	**412**	**11.4**	**10.2**	**-**	**1.2**
Advanced Wound Care	192	183	4.6	2.6	-	2.0
Advanced Wound Bioactives	165	139	18.5	18.6	-	(0.1)
Advanced Wound Devices	102	90	14.4	12.7	-	1.7
Total	**1,553**	**1,441**	**7.8**	**6.7**	**-**	**1.1**

H1 EPSA

	H1 2025 $m	H1 2024 $m	Reported growth
Trading profit	**523**	**471**	**11%**
Net interest payable	(54)	(61)	
Other finance costs	(1)	(10)	
Share of results from associates	1	(1)	
Adjusted profit before tax	**469**	**399**	**18%**
Taxation on trading result	(93)	(71)	
Adjusted attributable profit	**376**	**328**	**15%**
Weighted average number of shares (m)	874	872	
Adjusted earnings per share ("EPSA")	**42.9¢**	**37.6¢**	**14%**

Net debt bridge H1 2024 to H1 2025



Leverage ratio at 28 June 2025 is based on 12 month rolling adjusted EBITDA

Trading days per quarter

	Q1	Q2	Q3	Q4	Full year
2023	64	63	63	60	250
2024	63	64	63	62	252
2025	**62**	**63**	**63**	**63**	**251**
2026	61	63	63	64	251