

ANNUAL REPORT 2022/23 (EARNINGS RELEASE)

For the full 2022/23 financial year, Ambu reported 7.6% organic revenue growth. This was driven by Endoscope Solutions posting 15% organic growth, the main drivers being urology and ENT growing high double-digits, as well as pulmonology contributing positively, with a strengthened offering. As a result of Ambu's focused execution, the company delivered an EBIT margin of 6.3%, mainly driven by revenue growth and reduced operational costs in distribution and staff, as well as a positive free cash flow of DKK 192m, corresponding to an increase of DKK 650m, compared to last year.

The organic growth in Endoscopy Solutions was offset by Ambu's Anaesthesia and Patient Monitoring businesses, which, combined, declined by 1% organically, affected by high comparables in the 2021/22 financial year, as well as stockpiling last year.



2022/23 was a year of strong progress for Ambu on many fronts. We strengthened our customer focus and organisation; we laid down the right path for accelerated growth and profitability; we turned around our cash position to positive cash flow; and we reduced our debt to a level well in line with policy. I am pleased with the progress on execution of our transformative ZOOM IN strategy, which we launched a year ago, centred on increased focus and improved execution. In addition, our strategy highlights customer-centricity, our culture and ways of working, as well as sustainability - all areas in which we have taken significant steps forward during the past year. I am proud of my colleagues for their engagement and change mindset, which is instrumental in our effort to pave the way for future strong, profitable growth, in pursuit of our purpose to rethink solutions that save lives and improve patient care.

BRITT MEELBY JENSEN
Chief Executive Officer, Ambu

Q4 2022/23 FINANCIAL HIGHLIGHTS

Last year's comparative figures are presented in brackets

- **Revenue** for Q4 was DKK 1,259m (DKK 1,163m), corresponding to a reported growth of 8% (13%). Adjusted for currency effects, the underlying organic growth was 14% (4%).
- **Endoscopy Solutions** grew organically by 25% (3%), with **Pulmonology** growing organically 16% (-15%) and **Endoscopy Solutions excluding pulmonology** growing 37% (44%)
- **Anaesthesia** and **Patient Monitoring** posted organic growth of 7% (0%) and -3% (10%), respectively.
- **Gross profit** was DKK 715m (DKK 644m) in Q4, corresponding to a gross margin of 56.8% (55.4%).
- **EBIT before special items** was DKK 97m (DKK -7m), representing an EBIT margin before special items of 7.7% (-0.6%).
- **Free cash flow before acquisitions of enterprises and technology** totalled DKK 188m (DKK -167m) in Q4, up DKK 355m from last year.

2022/23 FULL-YEAR HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Last year's comparative figures are presented in brackets

- **Revenue** for the financial year was DKK 4,775m (DKK 4,444m), representing a 7% (11%) reported growth. Organic growth was 7.6% (4%), driven by positive volume and mix effects.
- **Endoscopy Solutions** revenue increased organically by 15% (1%).
- **Endoscopy Solutions excluding pulmonology** increased by 38%, mainly driven by urology and ENT. Pulmonology posted 2% organic growth for the full year, driven by high comparables in the first half of the financial year, however, positively offset by accelerated growth in the second half of the year. The accelerated growth was due to the market normalising following Covid-19, as well as upgrades to Ambu's pulmonology offering.
- **Anaesthesia** organic revenue declined by 2% (5%), and **Patient Monitoring** grew organically by 1% (13%). Both businesses were affected by high comparables in the 2021/22 financial year, combined with stockpiling last year.
- Revenue in **North America** increased organically by 12% (11%), **Europe** increased by 3% (1%), and **Rest of World** increased by 5% (-8%).
- **Gross margin** was 56.8% (57.5%). The positive sales mix effect, driven by higher-margin products in Endoscopy Solutions, was significantly offset by inflationary effects on Ambu's input prices and overhead cost from scaling up the factory in Mexico.
- **EBIT before special items** was DKK 302m (DKK 122m), with an EBIT margin before special items of 6.3% (2.7%). The improvement was mainly driven by revenue growth and reduced operational costs in distribution and staff.
- **Free cash flow before acquisitions of enterprises and technology** totalled DKK 192m (DKK -458m), up DKK 650m from last year, corresponding to 4% of revenue (-10%).

BUSINESS HIGHLIGHTS

Q4 highlights are presented in italic

- **Portfolio advancements:**
 - **Compliance with the EU Medical Device Regulation (MDR)** of Ambu's full product portfolio
 - Endoscopy Systems: Global launch of the **next-generation Ambu® aView™ 2 Advance**
 - Pulmonology: Global launch of the complete **Ambu® aScope™ 5 Broncho portfolio**, re-launch of Ambu® VivaSight™ 2 DLT and launch of Ambu® VivaSight™ 2 SLT in Europe
 - Gastroenterology: *Regulatory clearances of Ambu® aScope™ Gastro Large in Europe and Ambu® aScope™ Colon in North America*
 - Urology: *Regulatory clearance of Ambu® aScope™ 5 Cysto HD in Europe*
- **Organisational advancements:**
 - Launch of Ambu's **transformation program**, focused on driving efficiencies, scalability and profitability
 - **Executive Leadership Team strengthened** with new Chief People & Culture Officer, Chief Operations Officer and Chief Technology Officer - *and announcement of new Chief Financial Officer, Henrik Skak Bender, as of 1 January 2024.*
 - Global roll-out of Ambu's new **ZOOM IN strategy and purpose, as well as launch of new Ambu values**
- **Sustainability advancements:**
 - *Launch of the world's first endoscope made with bioplastics - Ambu® aScope™ Gastro Large*
 - **2030 target set for emission reductions and submitted** to the Science-Based Targets initiative (SBTi)

In addition to the Annual Report, which includes Ambu's Sustainability Report, Ambu also publishes its Remuneration Report and a Corporate Governance Report for 2022/23 today. All reports can be accessed on [Ambu.com](https://www.ambu.com).

OUTLOOK FOR FY 2023/24

In 2022/23, Ambu took significant steps in executing on its transformation program to deliver profitable growth - the key objective of Ambu's ZOOM IN strategy. The company focused on stabilising its financial situation, thus ending the 2022/23 financial year with delivering financial targets slightly above expectations. Similarly, Ambu's free cash flow was significantly improved, ending the year with a positive cash flow.

MARKET CONDITIONS

During 2022/23, Ambu witnessed increased geopolitical uncertainty and a volatile macro-environment, affecting the global economy and resulting in inflationary effects on raw materials, energy prices and logistics costs. This is a tendency that the company expects to continue throughout 2023/24. Despite this, Ambu expects the single-use endoscopy market to continue to grow in 2023/24, driven by hospital systems' and clinics' growing needs for workflow efficiencies and improved economics, as well as the increased awareness of infection control and the strong clinical performance that single-use solutions bring to healthcare professionals and patients.

Organic revenue growth

Ambu's Endoscopy Solutions business remains the key growth engine for the company, and it makes up 56% of the company's total revenue in 2022/23. In 2023/24, this business area is expected to grow 15% organically, with the ENT and urology segments expected to continue their double-digit organic growth trajectory. Similarly, due to Ambu's strengthened pulmonology portfolio, as well as the company's expanded gastroenterology (GI) portfolio, both the pulmonology and GI businesses are expected to contribute positively towards a solid organic revenue growth in 2023/24. Also, with the objective of increasing long-term profitability in the Anaesthesia & Patient Monitoring business areas, Ambu will continue to drive the strategic initiatives launched in 2022/23, related to addressing selected low-margin areas with sizable price increases and exiting 40 countries to reduce geographical complexity.

Overall, Ambu's total organic growth is expected to be 7-10% for the 2023/24 financial year, compared to 7.6% in 2022/23.

EBIT margin before special items

For 2023/24, the EBIT margin before special items is expected to be 8-10%, compared to 6.3% in 2022/23. This will be driven by an improved gross margin from a strengthened product mix, as well as from a continued overarching cost focus. Ambu's free cash flow before acquisitions is expected to improve to around DKK +270m, compared to DKK 192m in 2022/23. The continued increased cash flow will be driven by a higher EBIT margin before special items and continued annual savings from the cost reduction program, reflecting a disciplined capital allocation.

ANNUAL GENERAL MEETING

Ambu's Annual General Meeting 2023 will be held on Wednesday 13 December 2023 at 13.00 (CET) at the headquarters of Ambu A/S, Baltorpbakken 13, DK-2750 Ballerup.

CONFERENCE CALL

A conference call is held today, Wednesday 8 November 2023, at 11:00 (CET).

The conference is broadcast live via [Ambu.com/webcastQ42023](https://www.ambu.com/webcastQ42023).

To ask questions during the Q&A session, please register prior to the call via [Ambu.com//conferencecallQ42023register](https://www.ambu.com/conferencecallQ42023register).

Upon registration, you will receive dedicated dial-in details via e-mail to access the call, including a passcode, a unique PIN, dial-in numbers and a calendar invitation.

The presentation can be downloaded at [Ambu.com/presentations](https://www.ambu.com/presentations).



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ABOUT AMBU

Since 1937, Ambu has been rethinking solutions, together with healthcare professionals, to save lives and improve patient care. Today, millions of patients and healthcare professionals worldwide depend on the efficiency, safety and performance of our single-use endoscopy, anaesthesia and patient monitoring solutions. Headquartered near Copenhagen in Denmark, Ambu employs around 4,400 people in Europe, North America, Latin America and Asia Pacific. For more information, please visit [Ambu.com](https://www.ambu.com).