

PRELIMINARY RESULTS FOR Q3 2021/22, CURRENT TRADING (JULY) AND LAUNCH OF COST REDUCTION PROGRAM. FULL-YEAR 2021/22 GUIDANCE REVISED

- Preliminary Q3 organic revenue growth was 8%. Visualization organic growth was 0%, Anaesthesia organic growth was 14%, and Patient Monitoring & Diagnostics (PMD) organic growth was 20%.
- Current trading for July, the first month of the last quarter of the financial year 2021/22, showed an organic revenue growth of 6%, significantly below expectations.
- Decision to launch a cost reduction program expected to result in an annualised savings of DKK 250m from the financial year 2022/23. One-off expenses in connection with the cost reduction program of DKK 150m, the majority of which will be booked as special items in Q4 2021/22, including an inventory write-down of DKK 45m related to Ambu® aScope™ Duodeno 1.5.
- FY 21/22 guidance revised to organic revenue growth of no less than 4% (previously 13%+) with an EBIT margin before special items of no less than 2% (previously EBIT margin 5%+).

Ambu's Chief Executive Officer, Britt Meelby Jensen, says:

"Ambu is a great company with leading capabilities in single-use endoscopy and a comprehensive, high-quality product portfolio. We have had great successes, but also challenges. I have assessed the situation with the leadership team, and it is clear that the single-use market remains very attractive, but also that it is taking longer than expected to penetrate certain segments like duodenoscopy. To strengthen our financial position and flexibility, we have decided to launch a cost reduction program. We will take a more focused approach to innovation and sales execution, while remaining deeply committed to both. We will also adjust to work in a more structured way and mature our processes. As a consequence of the decision to implement these changes, and with a challenging current trading in July, we are unfortunately making a significant reduction to our 2021/22 full-year guidance. We remain confident in the potential to build a strong and sustainable high-growth company, delivering value to our customers, the patients we serve, and our shareholders."

PRELIMINARY HIGHLIGHTS FOR Q3 2021/22

Last year's comparative figures are stated in brackets.

- **Revenue** was DKK 1,128m (DKK 973m) based on **organic growth** of 8% (7%). Reported growth was 16% (3%). For the first nine months of the year, organic growth was 5% (16%), with a reported growth of 10% (11%).

- Revenue in **North America** grew organically by 16% (32%) and in **Europe** by 4% (-10%), while **Rest of World** declined by -4% (7%). For the first nine months of the year, organic growth rates were: North America 15% (16%), Europe -3% (16%) and Rest of World -2% (11%).
- Organic growth in **Visualization** was 0% (0%). For the first nine months of the year, organic growth in Visualization was 0% (29%). This is driven by continued strong growth in our Cystoscopy and ENT businesses, offset by a decline in bronchoscopy due to high covid comparables, increased competition in the U.S., and lower ICU admissions. In addition, we see continued slow uptake of aScope Duo 1.5.
- **Unit sales of single-use endoscopes** reached 400,000 and 1,263,000 units in total for the first nine months of the year, corresponding to sales volume growth of 4% and 11%, respectively, relative to last year.
- Organic growth in **Anaesthesia** was 14% (-1%) and 20% (44%) in **Patient Monitoring & Diagnostics** (PMD). For the first nine months of the year, organic growth in Anaesthesia and PMD was 7% (0%) and 14% (7%), respectively.
- **Gross margin** for the quarter was 55.8% (62.5%). For the first nine months of the year, the gross margin was 58.2% (63.4%). The declining gross margin is due to inflationary effects on input prices at our production facilities, ramping-up production facilities in Mexico, shifts in product mix and the inventory write-off of Ambu® VivaSight™ 2 DLT.
- **OPEX** totalled DKK 587m (DKK 520m), corresponding to an increase of 13% due to an increase in freight costs, depreciation, amortisation and currency translation effects, primarily driven by the appreciating USD/DKK over last year.
- **EBIT before special items** was at DKK 42m (DKK 88m), with an **EBIT margin before special items** of 3.7% (9.0%). For the first nine months of the year, EBIT before special items was DKK 129m (DKK 336m) with an EBIT margin before special items of 3.9% (11.2%).
- **Special items** include one-off cost of DKK 13m (DKK 0m) associated with the change of CEO in May. For the year-to-date special items was DKK 13m (DKK 0m).
- **EBIT after special items** for the quarter was at DKK 29m (DKK 88m) with an EBIT margin of 2.6% (9.0%), and for the year-to-date EBIT was 116m (DKK 336m) with an EBIT margin of 3.5% (11.2%).
- Total **net interest-bearing debt** (NIBD) was DKK 1,423m (DKK 638m), corresponding to a leverage ratio of 3.5x (1.1x) 12 months of EBITDA before special items.

CURRENT TRADING (JULY PERFORMANCE)

Current trading for July showed an organic revenue growth of 6%, significantly below our expectations for a rapid acceleration in Q4 as communicated with the Q2 results.

COST REDUCTION PROGRAM AND ADJUSTMENT TO PRICING PRACTICES

In order to strengthen the free cash flow and improve the profitability to support future growth, it has been decided that a cost reduction program will be implemented with immediate effect. We will reduce our sales force in certain markets and reduce investment levels into innovation, where we will take a more

focused approach. The sales force reductions will reflect the slower-than-expected uptake of Ambu® aScope™ Duodeno 1.5 but maintain our ability to commercialise our full GI pipeline. In innovation, we will continue to develop and launch our previously announced Visualization pipeline in line with our ambition to be the world leader in single-use endoscopy, but will scale down select investments into future technologies and new product developments within Anaesthesia and PMD.

The cost reduction program is expected to result in an annualised impact of DKK 250m pre-tax savings (thereof approximately DKK 165m CapEx) from the financial year 2022/23.

The actions announced today will correspond to a reduction of approximately 200 employees from our global workforce, subject to consultation procedures in countries where required.

In connection with the cost reduction program, Ambu expects to record pre-tax one-off charges of DKK 150m, which will be treated as special items. The majority of the charges are expected to be recorded in Q4 2021/22. The charges include DKK 50m related to severance, DKK 55m in asset write-offs related to in-progress development projects and a write-down of DKK 45m of Ambu® aScope™ Duodeno 1.5 inventory. The inventory write-down is linked to a decision to not launch in additional markets for now.

Ambu also announces that it is adjusting its pricing practices, to reduce the level of discounts and rebates. This is expected to result in a one-time negative impact on sales equal to approximately 1 percentage point on full-year growth in 2021/22, expected in Q4 2021/22.

REVISED FY 2021/22 GUIDANCE

As a result of the above, the guidance for the 2021/22 financial year is revised to:

- Organic revenue growth of no less than 4% (previously 13%+)
- EBIT margin before special items of no less than 2% (previously EBIT margin 5%+)

This guidance is expected to include high-single-digit organic growth in the combined Anaesthesia and PMD businesses and above 700,000 combined ENT & cystoscope units.

A **conference call** is held Thursday 4 August 2022, at 08:15 (CEST). The conference is broadcast live via <https://live.axion.dk/ambu/220804/zGgsu82h.html>. To ask questions in the Q&A session, please call one of the numbers below five minutes before the start of the conference and enter the following access code: 75723.

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The presentation can be downloaded after the conference at Ambu.com/presentations.



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ABOUT AMBU

Ambu has brought solutions of the future to life since 1937. 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. We continuously look ahead with a commitment to deliver innovative quality products that have a positive impact on patient care and the work of healthcare professionals. Headquartered near Copenhagen in Denmark, Ambu employs approximately 5,000 people in Europe, North America and Asia-Pacific. For more information, please visit Ambu.com or AmbuUSA.com or follow us on our [Corporate LinkedIn](#) and [USA LinkedIn](#) pages.