

Q3 2023/24 AIDE-MÉMOIRE

INTRODUCTION

This aide-mémoire sets forth public information previously provided by Ambu. The information provided below may prove helpful in estimating the financial performance for Q3 2023/24 (April 2023 - June 2023).

Please note that the items listed below are not exhaustive.

FINANCIAL GUIDANCE (2023/24)

On July 10, 2024, in connection with release of pre-liminary Q3 numbers, Ambu upgraded full-year 2023/24 earnings expectations.

	Organic revenue growth	EBIT margin (before special items)	Free cash flow (before acquisitions)
2023/24 - new outlook	12-14%	11-13%	DKK +450m
2023/24 – previous outlook	10-12%	10-12%	DKK +370m
2022/23 - actuals	7.6%	6.3%	DKK 192m

GUIDANCE COMMUNICATION (2023/24)

ORGANIC REVENUE GROWTH

“Organic revenue growth is expected to be driven by our key focus area, Endoscopy Solutions, which we expect to grow by 15% [now +18%], driven by pre-existing products”

(Q4 Earnings Call, Nov 8, 2023)

“Strategic initiatives related to our Anesthesia and Patient Monitoring business (...) actually is baked into the outlook, but would have had -- or does impact the revenue by 1% to 1.5%”

(Q4 Earnings Call, Nov 8, 2023)

“Last year, Ambu announced that the company would launch strategic initiatives to increase profitability by implementing price increases in selected low-margin areas within Anaesthesia & Patient Monitoring. As contracts typically run for 1-3 years and thus are renewed and re-negotiated over time, the price increases are expected to be implemented on a rolling basis throughout the coming years. In general, the price increases are being implemented gradually, and based on better-than-expected outcomes of contract negotiations, Ambu now expects positive growth in Anaesthesia & Patient Monitoring. Still, the volume growth prospects are not fully visible, leaving Anaesthesia & Patient Monitoring with some degree of uncertainty”

(Q2 earnings release, 14 May, 2024)

“Key areas of growth, urology and ENT, last year, we expect those to continue to grow and then the GI area will be more a gradual ramp-up based on the niches that we are targeting.”

(Q4 Earnings Call, 8 Nov, 2023)

“Let's look at the ureteroscope and how we see this new product. (...) And just to recap one of our launch processes, because what happens when our product has been approved is that we, for the first time are able to test our product in real-life cases and in real-life patients. So, this is a process that we refer to as our controlled

market release (...) you should not expect any significant revenue from the ureteroscope in this fiscal-year '23-'24."

(Q1 Earnings Call, 30 Jan, 2024)

"Should also add that the aScope 5 Broncho, as I alluded to, we do see strong momentum on this. And as we see the demand both in the suite and outside the suite that will also be a contributor to the growth in the fiscal year that we are entering."

(Q4 Earnings Call, 8 Nov, 2023)

"We have been granted this TPT, so the transitional-pass-through payment. (...) This is not something that we expect to have immediate financial impact. It's something we expect to see gradually. And it's a little difficult right now to fully estimate the financial impact, but it's something that we, of course, following closely. And we are making sure that this is as broadly known among our customers as possible."

(Q1 Earnings Call, 30 Jan, 2024)

"If we look at one of the factors that partly influenced the pulmonology sales, that's flu levels. (...) this is something that we follow, and that typically impacts the revenue positively in the Q1 and Q2 of our financial years."

(Q1 Earnings Call, 30 Jan, 2024)

"The harder comparables are mainly within pulmonology, whereas in everything else, but pulmonology, in particular within urology and ENT, we are still seeing very strong momentum, and we're expecting that to continue also for the second half."

(Q2 Earnings Call, 14 May, 2024)

MARGINS (GROSS AND EBIT)

"The EBIT margin improvements (...) will be a mix of gross margin improvements and also improvements in the OpEx ratio. (...) what is driving the gross margin is, of course, it's an area that we continue to focus on our transformation journey. And then it's also product mix related, which is also where, of course, given the other uncertainties I talked about on the Anesthesia and Patient Monitoring side, those are, of course, also impacting this area. But what we are, of course, looking at is higher endoscopy sales, which has a favorable impact on the gross margin"

(Q4 Earnings Call, 8 Nov, 2023)

"We have had ramp-up costs in the '22, '23 for Mexico. We are not at full capacity where we want to be, but we're doing it gradually. So you can still expect to see some of that, but -- yes, and then we are not giving specific guidance on the amount, but there will still be some ramp up during the year"

(Q4 Earnings Call, 8 Nov, 2023)

"I think we've now seen a gradual improvement in gross margin. We still, as we also communicated in our long term guidance or targets at the Capital Markets Day about a year ago, see potential for further improvement. But the level we are at now in terms of the mix of the business is, I think, a level that we want to see continue for now in the short run until we implement further initiatives."

(Q2 Earnings Call, 14 May, 2024)

"I think to be more concrete as we have communicated both in our Q1 and now also in the statement for Q2, we are investing more in our organization to drive further continued growth on the mid to long term. That does mean that for Q3 and Q4, we are expecting a gradual increase in the absolute OpEx level and also, therefore, at the short to mid term, a flattening out or perhaps even a slight increase in the OpEx ratio"

(Q2 Earnings Call, 14 May, 2024)

FREE CASH FLOW

“Free cash flow will be driven by both a higher EBIT margin and also continued savings from our cost reduction program”

(Q4 Earnings Call, 8 Nov, 2023)

“On net financial costs, maybe a couple of comments ... After capital increase [in March 2023], we have basically used also to lower our debt. Secondly, with the very significant improvement in our cash flow and a positive cash flow, we basically don't have any outstanding debt towards the banks anymore. So that also means that the net financial cost we really have been driving down, and we don't really expect anything major within the net financial cost looking forward”

(Q4 Earnings Call, 8 Nov, 2023)

“CapEx ended low, even though it was up from the last order from 4% now to 5% in Q2. It's still below the historical level, and we are expecting this to go up in quarter three and quarter four. So overall to go up in the second half of the year. Overall, with the continuation of the implementation of the ZOOM IN strategy, we are expecting the EBITDA to continue to go up, supporting also a further improvement in our EBIT margin”

(Q2 Earnings Call, 14 May, 2024)

“Our net working capital ratio for Q2 ended at 20%. Something I'll comment more on in a second. And overall, we see a good and solid cash conversion in the business. However, we also still see a slightly lower CapEx level than we would expect going forward. And therefore, even though we are now guiding on a higher cash flow, we will expect a slightly lower free cash flow for the second half of the year.”

(Q2 Earnings Call, 14 May, 2024)

LONG TERM FINANCIAL TARGETS

	5-year CAGR (22/23-27/28)	Comments
Organic revenue growth	>10%	
Endoscopy Solutions	15-20%	Current portfolio in growing market, combined with strong pipeline
Anaesthesia and Patient Monitoring	2-4%	In line with market growth. Margin expansion initiatives may drive lower growth short-term
EBIT margin (before special items)	~20%	Improvements in gross margin and scale in OPEX. Potential trade-offs with growth investments

(Capital Market Day Presentation, March 21, 2023)

“The company expects an EBIT margin (before special items) >10% within the next two years, with a 5-year target of ~20% (2027/28). Given the market potential, Ambu strives for a balance between revenue growth and profitability that corresponds with Ambu’s long-term financial targets, with potential short-term trade-offs on EBIT margin, if growth investments are available to secure long-term sustainable profitable growth”

(Capital Markets Day Press Release, March 21, 2023)

EXCHANGE RATE ASSUMPTIONS FOR 2023/24

Currency	Average in 2022/23	Expected for 2023/24
USD/DKK	6.98	6.88
MYR/DKK	1.54	1.46
CNY/DKK	0.99	0.96
GBP/DKK	8.55	8.69

(Annual Report, Nov 8, 2023 and Q1 Earnings Call, 30 Jan, 2024)

“Approximately 50% of Ambu’s total revenue is invoiced in USD. Furthermore, approximately 31% of revenue is invoiced in EUR or DKK, and approximately 8% in GBP, while the remaining 11% is invoiced in other currencies. Production and capacity costs are predominantly settled in USD, DKK, EUR, MYR and CNY.”

(Annual Report, Nov 8, 2023)

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FORWARD-LOOKING STATEMENTS

Forward-looking statements, especially such as relate to future revenue and operating profit, are subject to risks and uncertainties. Various factors, many of which are outside Ambu's control, may cause the actual development to differ materially from the expectations contained in this memo. Factors that might affect such expectations include, among others, changes in health care, in the world economy, in interest rate levels and in exchange rates.