

Q3 2021/22 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 2021/22 (April 2022 – June 2022).

Please note that the items listed below are not exhaustive.

2021/22 GUIDANCE

On May 5, 2022 in connection with our pre-released financial results for Q2 2021/22, we revised the financial guidance for the financial year 2021/22. The outlook for organic growth was revised from “15%+” to “13%+” (13 percent or higher) and the outlook for EBIT margin was revised from “7%+” to “5%+” (5 percent or higher).

	Organic revenue growth	EBIT margin
Financial guidance, 2021/22	13%+ (13 percent or higher)	5%+ (5 percent or higher)

At the Q2 2021/22 earnings, we communicated the following regarding our guidance for the fiscal year 2021/22:

“Our full-year outlook is revised due to the macroeconomic headwinds, supply chain volatility, ongoing hospital labour shortages and write-down of raw materials. Up to now, we have been expecting a rapid return of elective procedure activity, but we now expect this to happen at a more steady pace.”

(Company announcement no. 10 2021/22)

In relation our expectations to organic revenue growth for the fiscal year 2021/22, we further said:

“We expect to grow +20% in 2H 2021/22 driven by:

- *Combined double digit growth for Anaesthesia and PMD*
- *Continued rapid adoption of ENT and cystoscope products aiming for a combined unit sale of ~800,000*
- *Benefits from recent product launches in Q4 2021/22*
- *As a result, Q4 revenues will be larger than Q3”*

(Q2 2021/22 investor presentation, May 10 2022)

We furthermore said the following regarding our outlook for the EBIT margin for the fiscal year 2021/22:

“The macroeconomic headwinds on the back of Russia-Ukraine conflict are also having a sharp impact in terms of inflation, cost and congestion of the global supply chain which are increasing our cost of production and distribution. Energy costs have over the last two months increased significantly, and we want to reflect that in our EBIT margin projection.”

(Q2 2021/22 earnings conference call, May 10 2022)

In our annual report 2020/21 (November 9, 2021) we communicated the following regarding our guidance for the fiscal year 2021/22.

EBIT margin

EBIT margin will be impacted by the high costs of running the supply chain as well as the raw material inflation. As we move into 2021/22, we have built a comprehensive commercial infrastructure that will ensure our ability to effectively launch and create the markets. The OPEX ratio to revenue will be highest in the early part of the year and improve together with the EBIT margin as we move through the year.

Free cash flow

Free cash flow is expected to be negative and will be impacted by the profit levels and continued CAPEX investments into innovation, manufacturing including Mexico and IT infrastructure. The majority of CAPEX will be related to innovation and to enable manufacturing to start up production lines of new devices in line with the planned product launches.

NIBD/EBITDA

The NIBD/EBITDA ratio is expected to increase in the first half of 2021/22 and then decrease towards the end of the financial year. Our loan documentation is designed to support the expected evolution of the NIBD/EBITDA ratio.

Gross margin

We expect the gross margin for 2021/22 to be slightly below 2020/21. The gross margin will be impacted by two opposite factors: 1) the high double-digit growth rates in Visualization that will increase the gross margin while 2) inflation from raw materials and additional overhead costs related to the ramp-up of the manufacturing facility in Mexico.

VISUALIZATION

“Following a peak in demand for single-use bronchoscopes caused by the outbreak of COVID-19, we have in Q2 seen the market contract to pre-COVID levels but with higher penetration of single-use. The Omicron variant of COVID-19 causes less severe patient cases and has not driven bronchoscope demand to the same extent as earlier variants.”

(Q2 2021/22 company announcement no. 10 2021/22)

“Within ENT and urology, we have in Q2 continued to see high growth trends and a rapid transition from reusable to single-use procedures. Our cystoscope sales, in particular, continue to show steep growth.”

(Q2 2021/22 company announcement no. 10 2021/22)

“For the full year 2021/22, we now expect ENT and urology endoscopes to generate combined sales of around 800,000 units.”

(Q2 2021/22 company announcement no. 10 2021/22)

“During Q2, we have focused on converting duodenoscopy trials to sales. The progress has been slowed down by Omicron and the need for hospitals to prioritise daily operations, but as we exit Q2, hospital access has normalized.”

(Q2 2021/22 company announcement no. 10 2021/22)

“We have the GI commercial infrastructure that we need to commercialize aScope™ Duodeno 1.5 and to start the commercialization of aScope™ Gastro. We don't see the need of more commercial infrastructure.”

(Q1 earnings conference call, February 8 2022)

ANAESTHESIA AND PMD

“During Q2 we have taken measures to reduce the backlog of orders for Anaesthesia and PMD products that were carried from last financial year, and which increased in Q1. The value of backorders has been reduced in Q2, and we go into the second half of the year with backorders below the level at the end of Q4 last year.”
(Q2 2021/22 company announcement no. 10 2021/22)

“For the full year, we still expect double-digit growth for Anaesthesia and PMD combined driven by the return of elective procedures.”
(Q2 2021/22 company announcement no. 10 2021/22)

FINANCIALS

“The war in Ukraine has no direct impact on Ambu as the businesses in Ukraine and Russia are very small.”
(Q2 2021/22 company announcement no. 10 2021/22)

“Net financials include management’s fair value assessment of the contingent milestone payment of EUR 20m due in Q2 conditional upon achieving FDA clearance of the gastroscope. At the acquisition of Invendo Medical GmbH in 2017 the milestone was agreed conditional upon obtaining FDA clearance of the gastroscope no later than 31 December 2021. Since the FDA clearance was obtained in February 2022, the milestone payment has lapsed and the provision of DKK 141m has been reversed to the income statement within financial items.”
(Q2 2021/22 company announcement no. 10 2021/22)

“The perimeter of the manufacturing site in Mexico is based on a financial lease with a value of approx. DKK 225m which Ambu will take ownership of in Q1 2021/22. CAPEX relating to the interiors of the manufacturing site is expected at approx. DKK 70m. We expect the site in Mexico to be operational in the second half of 2021/22.”
(Annual report 2020/21, November 9 2021)

EXCHANGE RATE ASSUMPTIONS FOR 2021/22

	5 May 2022	8 February 2022	9 November 2021
USD/DKK	680	650	642
MYR/DKK	160	155	155
CNY/DKK	105	102	100
GBP/DKK	881	880	877

(Q2 2021/22 company announcement no. 10 2021/22)

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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.