ConvaTec's Technology & Innovation Event

Tuesday, 17th May 2022

Introduction

Karim Bitar

CEO, ConvaTec

Welcome

Good morning. Good afternoon, wherever you may be. It is a real pleasure to have you all with us here today. Today, we will be focusing on technology innovation, as it is the ConvaTec Technology Innovation event. Here we are in London, and we are actually hosting you live.

Agenda

Before I move on to sharing with you who is here with us, I would just note that we do have a disclaimer. So hopefully all of you have noted that. Joining me here in London are Divakar Ramakrishnan, our Chief Technology Officer and Head of R&D, and Jonny Mason, our Chief Financial Officer.

Let us take a look at what we are going to discuss today. And in essence, during the course of the next 90 minutes or so, what we will try to do is to really cover six different elements. I will start off with a brief introduction and try to give you some context. And then Divakar will go ahead and give you some context as to specifically in the R&D function what is it exactly that he has found? And based on that, how has he strengthened, along with his leadership team and the entire enterprise, the whole R&D and innovation and technology capability.

Thereafter, we will spend some quality time on how are we launching new products? We are in the midst of doing that and we will be continued to do that for the next 24 months and thereafter. And also, how do we manage this? And so Jonny will also be collaborating with Divakar in helping us understand how do we actually govern and invest appropriately. Clearly, you will get a sense that our confidence is growing. And we will talk more about that and why that is the case.

And then lastly, after about an hour or so of discussion, we will try to open up for Q&A. So that is the basic agenda we have for today.

Vision & brand promise

So let us go back to what is ConvaTec's vision, what is our true north? Our vision is very simple. It is pioneering trusted medical solutions to improve the lives we touch. 10 very simple words with three different concepts. Concept number one is all about pioneering,

- Being R&D driven;
- Being innovation driven.

It is at the core and heart of everything we do.

But what is it that we are pioneering? We are pioneering medical solutions, where we integrate a device with digital and service. But it is critical that these three elements be trusted, because we are talking about helping your mom, my dad, your brother, my sister, and so folks are relying on us. And these solutions, improve the lives we touch, because we touch people's lives, not only functionally, but also socially and emotionally.

What is super exciting is that in fact, you are going to be getting a sneak preview of the fact that we have refreshed the ConvaTec brand. And we have a new brand promise, and we will be launching our new brand on a global basis, in fact, tomorrow. The refreshed brand comes with this new promise, which is, Forever Caring.

And you might be thinking is Karim really focused on a new slogan, and some new icons and colours? The short answer is absolutely not. Because at the heart, at the essence of what we are trying to do with our vision and our brand promise is to focus on the patient, to focus on the consumer and ensure that we leverage technology and innovation to better serve consumers, to better serve patients and doing that in a collaborative manner with all the various healthcare providers and actors in the healthcare industry.

[Video]

Good. Well, I hope you enjoyed that really inspiring video and hopefully give you a sense of our new and refreshed brand and the new brand promise. But as I was saying prior to the video, the essence of what we are trying to do is to really connect the needs, whether they would be social, whether they would be emotional or functional, of patients and consumers to our technology and innovation agenda.

ConvaTec operates in large and growing chronic care markets

Now, let us shift gears a little bit and try to understand where is it that we, as ConvaTec, are competing? And how is it that we are actually performing?

I think what is important to highlight is that we actually compete in four chronic care categories. All four categories: Advanced Wound Care, Ostomy Care, Continence Care and Infusion Care are large categories, and are growing anywhere between 4% to 7%. What I would point out to you are three observations.

Observation number one is that here we are talking about four different chronic care categories. But technology and innovation are critical to be able to win in each one of these respective marketplaces.

The second observation I would have is because fundamentally we, at ConvaTec, are focused on chronic care, not acute care or in a hospital setting, but chronic care, the implication is that we have an opportunity, frankly, to be able to see more recurring revenues and more repeatability, so it creates a more robust business.

And then thirdly, and lastly, what I would highlight to you is that the technologies that are used across all four of these categories are frankly common and shared. Because what is common about all these four categories is that we are developing and producing and distributing and marketing consistently, high volume, high quality, single use consumables. And what they have in common is oftentimes that the biomaterials that we use, the adhesives and coatings that we use, the technologies that we use to produce them, such as automated injection moulding, or automated extrusion are actually very common. The bottom line is ConvaTec competes in four categories that are large and growing.

ConvaTec is stronger and pivoting to sustainable and profitable growth

So how effectively has ConvaTec been competing during the course of last two to three years? I think what is fair to say is that first and foremost, our business is a lot more focused. We have identified four categories and 12 geographies to focus on, with the USA

and China being uber important. As we focus to our business, we have gone ahead and carried out bolt-on acquisitions to strengthen our competitive position in key categories and geographies. For example, we acquired Cure Medical, that was in Continence Care, USA. It strengthened our position in that important marketplace and that important category.

Similarly, we recently acquired Triad Life Sciences, again, Advanced Wound Care USA. We have bolstered and strengthen our position in Advanced Wound Care. At the same time, there were businesses that we do not view or think that we can effectively compete, we may not be at scale. We may not see sufficient growth opportunities. We may not see sufficient margin opportunities. And so we have opted to go ahead and exit from these businesses. For example, the skincare business. Another example, most recently, we announced our exit from the hospital care business.

But in addition to going ahead and focusing our business much more so, we have been investing heavily in R&D and innovation. In fact, we have doubled the investment in R&D, but frankly, we have quadrupled the potential new products we are in the midst of launching, and we will be launching during the course of the next 24 months.

But in addition to going ahead and focusing, driving the innovation agenda, which we will spend a lot more time on today, we have been improving our execution, both our commercial execution, but also our execution in quality and operations. And what you will notice on this slide in the top right hand corner, is that, in fact, when you look at the complaints per million, which is a measure of quality, the complaints per million in terms of the products we produce, have come down pretty significantly by about 25%.

As we focus more, as we invest in innovation, as we improve our execution, guess what? We are starting to see our top line, frankly, increase and our revenues grow. And in fact, back in 2018, we, in essence, were flat in terms of revenue growth. This is organic sales revenue growth. In 2021, we actually grew slightly ahead of 5%.

FISBE strategy underpins our growth ambitions

Now let us go ahead and move beyond not only where we compete, and how we compete. And what we want to do now is just to remind you about our corporate strategy, FISBE:

- Focus;
- Innovate;
- Simplify;
- Build; and
- Execute.

Key innovation highlights

And what we are going to do today is really dig deep and have a deep dive on the whole aspect of innovation, how are we approaching innovation? Hopefully, what you will get a sense of during the course of the next 45 minutes or so, are three key takeaways.

The first one is that we have significantly strengthened, and are continuing to strengthen our technology and innovation capability. The second one is that we are in the midst right now of launching new products. But in addition to the eight exciting new products, we are in the

midst of launching and we will continue to do so during the course of next 24 months. We have a more robust pipeline. It is broader and deeper.

Lastly, I would say that our confidence in being able to deliver sustainable and profitable growth is growing. And hopefully, you will get a sense and share that similar sentiment.

At this point, I would like to go ahead and shift gears. I would like to go ahead and introduce you to my colleague, Divakar Ramakrishnan. As I said, Divakar is the Head of Technology and Innovation and the Head of R&D. Divakar spent many, many years working at Eli Lilly and Company. He will tell you more about that.

But what I want to highlight to you are three observations I would make about Divakar. The first one is that he is an outstanding people leader. People generally want to follow Divakar. Secondly, he is incredibly collaborative, works very, very well with all the various business units and customer supporting functions. And lastly, with over two decades of experience in the healthcare sector, he has deep technical expertise in three key areas:

- Process development;
- Product development; and
- Operations.

And those three competencies are particularly relevant to what we, as a company, want to do, and are doing.

On that note, I am delighted to pass the baton on to Divakar. Divakar, it is all yours.

Technology & Innovation Review

Divakar Ramakrishnan

Chief Technology Officer and Head of R&D, ConvaTec

Introduction

Thank you, Karim. It is great to be here today. And a good morning and a good afternoon to everyone during this live presentation. Before I start with the slides, a few words about myself.

I joined ConvaTec in February 2020, after almost 21 years in the healthcare industry, primarily at Eli Lilly, with other stints at Cook Pharmica, [inaudible 0:12:08] and Moderna Therapeutics. Through these years, my work has spanned process development and design for manufacturing, and also a product development, primarily single-use devices and digital connected solutions.

So why did I join ConvaTec? Now that is probably going on in your thoughts. First, the purpose has been very key to me. I have known family members and friends that have needed intermittent catheters, ostomy products and infusion sets. These are all chronic conditions impacting people. And I believe there is still a lot that can be done to make a meaningful difference for people around the globe through innovation.

A second has been ConvaTec's reputation. Actually, I knew them from my days at Lilly as a customer and a collaborator and was favourably impressed by their expertise in areas such as infusion care.

And finally, professionally, this is a really compelling opportunity to drive transformation turnaround that cuts across R&D, medical, regulatory, and to deliver a portfolio, but both the top line and the bottom line impact.

So moving on to the slides here, what did I encounter when I first joined and how have we changed since then, right?

The context

First, in terms of the historical context, ConvaTec has pockets of great innovation to this day. And it serves as a very good foundation for future products as well. There are four examples that I have highlighted here on the left of the slide, namely:

- Number one: Aquacel, silver portfolio. This is for Wound Care.
- Number two is Neria Guard, the inserter that also represents our next-generation technology platform for infusion sets.
- Number three is the FeelClean technology. It is a unique third generation technology for catheters. And
- Number four is our mouldable adhesive technology in ostomy, which provides convenience and skin protection.

On the other side, the key challenge I have seen is that we faced limited investment in innovation over the past decade. And this has resulted in a loss of key capabilities required to deliver innovation to the marketplace. For example, back in 2019, we, as a company, only filed 14 new patent applications. A more normal figure would be more like 40 or above.

R&D spend had also been less than 3% of revenues, and consequently the business had relatively limited new launches. Also, my observation was R&D was fragmented into four small teams dedicated to each of the product categories, but lacked critical mass. Medical and regulatory was set up, mostly to support products in the market versus being a core partner to innovation.

It was also setup in a pre-EU medical device regulation era, where evidence generation and the associated reporting requirements were a lot less important. However, by far, the biggest issue I saw was the absence of a capability that I call design for manufacturing. This is the capability that enables us to scale up and launch new innovations and meet high demand volumes, high volumes, as well as appropriate cost levels for these products.

This was most obvious to me with the original GC Air for women catheter, which was not designed to be made in large volumes, and also at a cost that delivered good bottom line results, too. More about that later.

What we have changed…

So what has changed and what have we changed since I took over? First, one of the most important changes has been the articulation of a very clear ambition, and a goal, more importantly. Our goal is to be leading in terms of new product vitality, which is that by end of

2025, we want to be at least contributing to 30% of total new revenues from new products launched in the last five years.

To put this in perspective, we were hovering in the 10% to 15% range just a few years ago. We are now in the early to mid 20s, principally, and thanks to the regular innovations, we have seen in our infusion care business, which has been our fastest growing category in recent years.

And I said our aim is to get to this goal of 30% plus by end of 2025, and also to do this in a more balanced way, where we have contributions from all the four categories. Over the next few slides, I am going to demonstrate to you how we have pushed effectively five levers, if you will, and they are shown at the bottom of the slide.

- First, we have introduced innovation mindset to guide our plans and execution.
- Second, we have stepped up investment as Karim mentioned earlier.
- Third, we have significantly enhanced and are still enhancing our leadership and our technical competencies.
- Four, we have changed how we have moved from ideation to development and launch activities using a single and simplified business process across the entire company.
- And finally, we have put in place a portfolio management process to focus and prioritise the launch pipeline.

All five levers and the resulting pipeline, effectively contribute to our confidence of getting to our new product vitality goal and enhancing the growth prospects of our company.

Resulting in a richer pipeline to deliver sustainable and profitable growth

So talking about the pipeline, the pictorial here on the left shows you how our pipeline looked about two years ago. Each of the individual boxes represent a project with the different colours representing the four categories we operate in. The boxes in the launch section of the graph refers to both major launches and minor iterations, such as different sizes in different geographies.

The pictorial on the right shows you that over the past two years, we have developed a much richer pipeline of opportunities. And also our patent applications have increased considerably. Please note the number for the patent applications in 2022 only represents patent applications we have made year-to-date. And more specifically, we are now at a stage in terms of the pipeline, where we are focused on delivering eight major launches over the next two years. And also, we are confident with this pipeline that we will be able to pick and start developing three to four new major launch products every year. This will set us up for a sustainable and profitable growth.

Our innovation mindset

So how have we been strengthening our innovation capability? As you can see, in this pictorial, we have three key aspects informing our innovation mindset. And we got to this mindset really by:

- Mapping the patient journeys;
- The market landscapes; and

- The technologies within each of the four product categories.

And then the question comes down to how is this mindset impacting our decisions? First of all, it is about people like you and me, moms, dads and kids, not just patients with chronic conditions. And there are clearly and definitely medical and functional needs for all these conditions. But that needs to be addressed.

But added to it is the insight that there are clear social needs such as discretion, the need to reduce the emotional burden for the users and the caregivers. This mindset has driven our investments in areas such as user-centred design and human factors, as well as healthy volunteer studies, programme and capabilities in our medical and clinical function.

The second critical insight is in the middle icon, which is that our business comprises single-use devices across all four categories. And these products are produced at high volumes. For example, in the last year, we shipped about one billion units, significantly higher than one would expect for a med-tech company our size. So the secret sauce here has to be about doing manufacturing, with quality, speed and at the right cost.

This focus has guided our investment in advanced biomaterials and process development or scale up in terms of capability centres.

And then the final and third insight relates to the people whose lives we touch. These are patients, caregivers and healthcare providers. They all want actionable insights, in addition to our products. So we need to be thinking about the overall solutions comprising products, the digital tools and the services.

Consequently, we are investing in digital medical education capability. Last year, we engaged over 300,000 healthcare professionals through online learning. We have started deploying peer-to-peer teaching tools and apps such as ConvaTeach. In this regard, we are also focused on regulated digital and connected solutions capability. And we are broadly evaluating them across multiple categories: Ostomy, Advanced Wound Care and Continence Care.

At this stage, I see connected solutions less as a technology challenge, and more about ensuring that it solves a real pain point in the user, caregiver and provider journeys. It is very important that we introduce such solutions that reduce the burden of care and not add to it. Clearly, this is an area that we believe represents transformative R&D.

The second and critical lever we have pushed here is to increase investment in R&D. And if I can move to the next slide here.

Increased investment has enabled new operating model

We have effectively doubled our investment in R&D. And with this investment, we have created a single integrated technology and innovation function, where we are reaching critical mass in terms of science and technology capabilities and the associated simplified governance systems and processes. We have recognised that and we have reorganised the integrated function, and are already seeing payoffs with respect to our upcoming eight key product launches.

We have reorganised our resources to achieve scale and integrate capabilities

Going to the next slide here. Let me speak a little bit more about how we did this reorganisation to achieve scale and capabilities. Back in 2019, we were subscale and highly fragmented. We essentially had four small and somewhat variable R&D units, all reporting to each of the category leads with a shared services type lab for testing and microbiology work.

The regulatory and clinical functions sat separately within quality and operations and really were set up more to support product in the market, less more as a partner for innovation functions. And today, what you see on the right is we have a Technology and Innovation function, or T&I, in short, with a seat at the table at the ConvaTec Executive Leadership team. And this is by way of my role. Furthermore, at the Board level, we are much more focused on innovation and the patient experience.

Non-executive directors with impressive R&D expertise and patient experience have joined the Board. And consequently, the discussion at the Board is rich and engaging.

As you can see from this pictorial, we have now moved to a technology and innovation function, which preserves the product category level focus, while investing in critical capabilities such as:

- Medical & clinical;
- Regulatory;
- Intellectual Property.

We have also created several shared capability centres, where there is synergy between the different product categories. As I mentioned earlier, these are areas like advanced materials and design for manufacturing, which involves process development, of course, and user centred design and human factors and connector solutions.

So let me speak about the leadership also and the expertise that we have added as a result of this reorganisation. We have been successful in attracting top talent across R&D, medical, regulatory, intellectual property and portfolio management. And it is a talent base that is fairly global. We have increased the calibre of leadership, I would say, both in terms of the experience they bring and the educational training.

These team members are experts in their fields, many with strong academic and career credentials. And some clearly are new to ConvaTec, such as our VP of Ostomy R&D, our VP of Advanced Wound Care R&D, as well as our VP of Regulatory. While others have been here for years delivering for ConvaTec, notwithstanding the historic subscale R&D investment, such as our VP of R&D for Infusion Care, who has been here for more than 10 years, or our VP of Continuous Care R&D, who was previously at another major competitor of ours.

In terms of numbers, we effectively started in 2020 with about 150 people across T&I. And our overall team has now grown by about 140% today. About 30% of that growth came from internal transfers relating to the restructuring, and 70% were actually new roles. We have almost doubled the category specific R&D teams as well as medical regulatory, and also while establishing our new capability centres.

We have built a global T&I network with stronger marketplace connectivity

As you can see from my next slide, we have been able to source this talent globally, thanks to our R&D network. It is really about R&D without walls. In terms of our footprint today, we have four major technology centres with the most recent addition being our site in Boston. It is crucial we have an R&D presence in the US. It is the largest med-tech market, and Boston is the leading hub for healthcare and med-tech innovation.

Apart from some of my leadership team being based in Boston with me, it is also where we have some of our new shared capability centres. And we have already seen pay offs in terms of critical support for our upcoming new product launches.

With our sites in Slovakia and Denmark, we are leveraging process engineering and manufacturing-facing R&D expertise for multiple business unit areas, in addition to hosting infusion care R&D out of Denmark. Our Deeside in the UK in addition to hosting our Wound Care R&D team and some teams for Ostomy and Continence Care, this centre is also playing a role in terms of our shared microbiology and testing labs, as well as our Infection Prevention expertise that supports all four categories.

Asides from these R&D locations, we are also now leveraging internal partnerships more effectively across ConvaTec. For example, our emerging market clinics that provide tertiary care have begun serving as key enablers for clinical evidence generation for our T&I function. And we are also leveraging our Home Services Group both in the US and UK to gather user important feedback that is driving rapid user-centred type design iterations.

We are improving processes for effectiveness, efficiency and velocity

It is all good to have great individuals and to be making investments. But it is even more important that we can all work in tandem in a synchronised manner, so that we can deliver solutions efficiently and effectively.

To get this done, we have introduced a single business and project management process across all four categories from ideation all the way through launch, that we call IDEAL. In plain English, it is somewhat like synchronised swimming, which, for us, involves very tight coordinations across a dozen or so functions.

On the slide, what you can see is a high level view of the single unified process. It spans detailed requirements across all the functions, commercial, technical and operations. So this is not just something the folks in R&D do. For example, at the ideation stage, we work very closely with the commercial teams examining:

- Patient journeys;
- Patient pain points;
- Market research; and
- Customer insight.

And we use this to identify unmet needs.

In the development section, we engage closely with the operations groups to ensure that we can scale effectively and efficiently.

And finally, in the approval and launch section of this process, it is the commercial teams who are actually responsible for planning and directing the launch activities. A key benefit of IDEAL is that it helps us deliver in a reliable and consistent manner. And we also do this at scale now.

We previously used to work on two major launches at any given time. And we are now easily working on eight key new product launches at the same time, not to mention, the minor and incremental launches that we are also working on. To me, IDEAL is a living set of documents that we constantly upgrade, and use to share learnings from one project to another. So this expertise is not just within individuals delivering a key project, but shared and scaled across the enterprise.

In addition, we have also used IDEAL to embed our ESG agenda from an innovation perspective. We have introduced green design guidelines, where we are interested in examining the environmental footprint of our innovation solutions. And we are systematically considering ways to reduce waste. With these new tools, we are now exploring whether we can use smarter materials in the design process. And we are also thinking about products themselves. For example, an area we are already working on is to increase the wear time of our devices and reduce the plastic waste as a result.

Finally, each stage of the IDEAL process is gated, as you can see with the padlocks on this pictorial, with four of these key milestones, Karim is personally involved, as in the review process to ensure that we are creating focus and accountability across the entire company. As I said, it is not just the thing R&D does, as it also focuses on very important and crucial matters such as go to market strategies, commercial readiness, and execution.

Portfolio managed through a structured governance process

Now moving to the final and fifth lever, we are going to talk about the use of portfolio management reviews to ensure that we appropriately prioritise the projects in our pipeline. These project portfolio reviews are also include Karim and Jonny.

So now I am going to request Jonny to describe how we strategically and proactively manage the portfolio process. Jonny?

Financial Consideration For Innovation Agenda

Jonny Mason

CFO, ConvaTec

Financial Metrics

Thanks, Divakar. Hello, everybody. It is good to be here with you today to talk about technology and innovation at ConvaTec.

I am just going to say a few words about how we control the investment in technology and innovation to ensure that the great work Divakar has been describing results in increased shareholder value. So it starts with thorough, regular and detailed reviews.

Twice a year, we take a few days of focused deep dive to review the portfolio of projects. This includes the:

- Heads of R&D;

- Business unit leaders; and
- Entire executive team, including Karim and me.

We look through all of the projects to prioritise where the resources are best deployed, the OpEx and the CapEx funding and the human resources. And in between these biannual deep dives, we have the annual budget process and we have the strategic plan process. And the review of technology and innovation is integral to both of those as well. And in addition, we have regular reviews with the Board.

So these reviews are hard headed. We assess a range of financial and other metrics. You can see on the left of this slide, a summary of the key financial metrics that that we look at. We are considering the:

- Rate;
- Speed; and
- Risk of returns.

And we are assessing those returns against the use of valuable resources:

- Human;
- Physical; and
- IT.

And then on the right, we have listed a few of the other key parameters that we consider. Each project is evaluated for its strategic contribution to the portfolio.

- We look at the markets;
- We think about the evolution of customer demand, competitive positioning;
- We think about the costs in sales and marketing required to establish a new product.
- Is there an unmet need?
- What is the size of the opportunity?
- Can we differentiate?
- Can we build an IP position?

So through these reviews, we are looking to deliver a strong pipeline of innovation and vitality across all of our categories and in all of our core markets. We are looking for mid-teens returns comfortably above our cost of capital.

Now taken together, this is the system of control that we apply to ensure that the investment in technology and innovation leads to sustainable and profitable growth, and therefore adds to shareholder value.

Thanks very much. I will now hand back to Divakar.

Launching New Products

Divakar Ramakrishnan

Chief Technology Officer and Head of R&D, ConvaTec

We are pursuing three types of R&D

Thank you, Jonny. So just as a recap, so far we have spent quite some time talking about how we have gone about:

- Setting our new product vitality goal;
- Our innovation mindset; and
- How it has informed the development of our capabilities, the structure and investment decisions.

Now let me dive a bit deeper into our upcoming product launches, as you can appreciate why we are so excited about this for the future. Before I do this, however, I thought it would be valuable to share how we are looking at different types of innovation solutions.

First, there is rapid iterations. This involves incremental capital investments and improvements based on the user-centred needs or patient feedback with our existing market portfolio. These are projects that we see us delivering within the six to 24-month period on average, though there is a big variability in these numbers, depending on the complexity of the change, with some of the simpler ones happening a lot sooner.

Then there are the new platforms, which is the middle bucket. These comprise innovations which require the installation of new high-speed high volume lines. These often needs significant capital investment and associated lead times. And as a result, it takes us roughly two to four years. Then there is the transformative bucket. These represent technology and manufacturing platforms that will help us leapfrog as a company.

Today, these are:

- Biologically derived extra-cellular matrix;
- The digital mechatronic solutions, including neuromodulation; and
- Advanced biomaterials that span all the way from nanomaterials, skin protecting adhesives, and anti-infection technologies.

Needless to say, this R&D that we are pursuing is R&D without walls. For all three types of R&D projects or categories, if you will, we are looking at driving both organic projects and also inorganic activity. And this activity can span:

- Outright acquisitions;
- Partnerships;
- Collaborations;
- Licensing; and
- Equity stakes.

The most recent example is we acquired Triad, that I will talk about shortly. We also took a minority stake in BlueWind, highlighting our interest in neuromodulation as a technology platform. We feel while this platform can transform health outcomes for users, for people, we

are also responding to the shift that we see in terms of procedures moving from the surgical room to the outpatient setting or the physician's office, so to speak.

Our new key product launches over next ~2 years

Here, you can see our new key product launches in over the next two years. And we are really excited about all eight of them that you see here. This matrix shows where our upcoming launches fit in terms of the type of R&D:

- Rapid iteration;
- New platform; and
- Transformative.

I will now take an example for each and deep dive into the products we are launching currently in 2022. Please note I am using the word launching and not launched.

GentleCath Air for Men

Let me first start with GC Air for Men. Here is a video that captures some of the key attributes of this technology and product launch as well.

[Video]

Example of rapid iteration

GC Air Male

So this is an example of rapid iteration. But before we go there, let me talk a little bit about the market segment here. The compact catheter market today is valued at approximately $525 million. It is the fastest growing segment, growing high-single digits rather than the 4% we see in the overall Continence Care market. While compact catheters, this segment only accounts for 25% of the overall the intermittent catheter market. In the four largest European markets, it accounts for more than 50%, and in the US about 10%. So strategically, we are very excited to be launching a product that will enable us to access these key markets with a premium male compact offering.

In terms of the features and benefits we have here, this is a unique product. The base technology is a third generation catheter technology. Generally speaking, the other products we see in the marketplace represent what I would call a second generation technology in that they all have a coating that is known to get sticky during use with potential for both trauma and deposition of coating in the urethra.

On the other hand, with our technology, it builds on a very good polymer technology, which is actually coating-free. The lubricity function is actually built into the plastic or the polymer of the catheter. And therefore, it is intrinsically hydrophilic. So it does not have any of the disadvantages associated with the coatings, especially for an application that we all can agree is somewhat invasive. This project was a rapid iteration project for us, rather than a new platform. It only took us about 18 months from start to finish versus two to four year timeframe that you would see for a new platform.

And it is also very important to highlight that we leverage our internal partnerships. In this case, we leveraged our Home Services Group that helped us with some of the user-centred design input. By way of an update, we recently launched this in France, with initial positive

feedback from both consumers and payers and rapidly scaling up for the US and UK launch that is expected to happen over the next couple of months.

Example of new platform

Mio Advance Extended Wear

Our next example is the Mio Advance Extended Wear infusion set. This is an example of a new platform, which we will be launching in the US in due course. We have been developing high speed automation lines and currently in the final phases of scaling up. This project is also unique in that it is a partnership with our customer, Medtronic.

By way of background of the segment, it is part of the automated insulin delivery segment that is currently gaining traction within the Type 1 diabetes segment on also some in the Type 2 diabetes segment, who previously used multiple daily injections. As a consequence, overall, it is growing at high-single digit.

The infusion set here is truly unique. It uses our leading Neria Guard type inserter technology, which not only delivers an improved user experience, but significantly reduces the number of complaints, given the insert is automated at the touch of a button.

However, the key benefit of this entire system is that it reduces the body burden by 50%. Patients can now wear their infusion sets for twice as long. This is preferable for patients in terms of convenience, but more importantly in terms of the performance of the product and the usage of precious body real estate for injections.

There is an added benefit further, increasingly important in this day and age of needing to reduce the level of plastic waste generated. It is a neat example of how we have partnered with our customers also. It is our IP from the Neria Guard technology, plus our know-how for design for manufacturing, coupled with our partner's IP. As I said, we are now in the process of scaling up for the US launch, and we have already seen popularity of the product in Europe. And so we are definitely excited and we share the excitement of our partners about the upcoming years launch.

Example of transformative

InnovaMatrix AC

Finally, a recent add to our portfolio is that InnovaMatrix AC product is an example of transformative R&D. It is also a good illustration of R&D without walls attitude. For a number of years, we have been contemplating a move into the biologics, the wound biologics market segment, and have been scanning the market.

Just as a background, the wound biologics market segment is large. It is $1.8 billion and rapidly growing in high-single digits. It consists of:

- Skin substitutes;
- Active collagen dressings; and
- Topical drug delivery.

In particular, for hard-to-heal wounds, there are roughly about 3.7 million patients in the US alone every year. For us, in Wound Care, we already participate in areas like:

- Foam dressings;

- Exudate management and infection prevention; as well as
- Negative pressure.

So expanding into this fourth and crucial segment was a strategic business imperative to meet the needs of people with hard-to-heal acute and chronic wounds.

What also makes us excited about this opportunity is the transformative potential of this technology. It is mammalian derived, but not human-derived. So we call this or refer to it as xenograft. Because of the technology and how it is sourced, we can generate wound dressings roughly six to 10 times larger than dressings derived from human-derived tissue, plus it has other amazing properties like better mechanical strength.

This platform has the potential to disrupt the human placenta base competitor projects by offering a lower cost, equivalent and more consistent material from a highly controlled animal source. In addition, the proprietary manufacturing process used here is relatively better than other xenograft platforms, in that it does a great job retaining good levels of active ingredients in the extra-cellular matrix needed for wound care, while also demonstrating lower levels of cell debris and DNA. These are both important factors that need to be minimised for effective wound healing.

Furthermore, we believe this technology sets up really well in terms of additional product presentations for wound care, thanks to our infection prevention expertise we already have in ConvaTec. And also we see potential to drive into adjacent surgical applications.

Attractive new products to enhance ConvaTec's market positions

Beyond these three I have just addressed, I also want to share insights about the other five new products arriving within the next two years. This graphic here shows another way, another lens through which you can view our launches, and hopefully helps you appreciate why we have growing confidence in our ability to drive sustainable and profitable growth.

On the top row, you can see Avelle 2.0. It represents a rapid iteration improvement to our current Avelle pump for the single-use negative-pressure wound therapy. In terms of the entire segment, it is roughly valued at approximately 350 million. However, it is growing at double digit growth rate. With this specific product solution, we are making improvements to both the pump and the dressing and also looking to improve the cost, as we scale this product. As a platform, it also has the potential for us to leverage our expertise in infection prevention for future iterations.

Next, the Tandem Mobi Infusion Set, another rapid iteration. This is for Tandem's Mobi pump. The pump is a hybrid patch pump, which is both durable and also small, like a patch pump. The timeline for the launch of this infusion set is directly linked to Tandem's launch of Mobi. It is an exciting strategic development in the world of automated insulin delivery.

Now going to the second row are some of our new platform launches. On the left, you will see Esteem 2.0. Esteem is a major upgrade to our ostomy portfolio and will provide an improved user-centred design to our one piece convex offering. This is important as the one piece market segment is worth approximately 500 million and is the fastest growing segment in the ostomy market, double digits.

So our current offering in the marketplace is not sufficiently competitive. And in addition, the product is manufactured externally. So with this new product, we expect a much more competitive offering and also one that will have a better margin once scaled.

Now going to the centre of the slide, you can see ConvaFoam. This is another new platform launch for us. It is an important one, given that the foam segment of Wound Care is valued at roughly $1.6 billion and growing faster than the overall market. Our current product is not sufficiently competitive, and consequently, our market share today is roughly in the mid-single digit.

So just to give you a perspective, our market share in the antimicrobial segment of Wound Care is 30%. So with this new product that we are launching later this year, we expect to come out with a very competitive offering, with some of the key features being the fluid, the wound exudate handling capacity, as well as extended wear. Longer term, there is obviously the potential for us to use this platform to leverage all the internal know-how and technologies in anti-biofilm and anti-infection technologies.

Finally, there is GC Air Female. As some of you know, this has been a long journey for us as a company. We have been talking about it since our IPO. If we were to kick this project off today, I am very confident that it will only take three to four years. The strategic rationale for this product is the same as the male compact, enabling us to enter the attractive compact segment and expand our presence in Europe with a more comprehensive portfolio.

We currently have a pilot launch going on in the French market. And as I mentioned earlier in the presentation, this product suffered from a poor design for manufacturing. However, I will share with you that patient feedback from this pilot has been very good so far. And this new version will provide improved user experience, as well as, importantly, we will be able to produce it more effectively. And the reason is, we have done this by reducing the number of components in the product roughly by half. And consequently, we expect to scale this better both to deliver the volumes needed, and also improve margins.

We have significantly strengthened our innovation capability and grown our pipeline

And finally, a few slides to summarise why our confidence is growing. Hopefully, I have conveyed to you how, over the last couple of years, we have increased our capabilities and our pipeline has grown, thanks to the leadership, expertise and governance we have put in place.

At this stage, I want to hand over to Karim shortly. But before I do so, let me share three key takeaways.

- First, with the key eight new project launches, we are clearly pivoting and delivering, while building the important innovation muscle tissue across the company for the future.
- Second, as we look forward, we now have a more substrate to choose from, from the pipeline, and therefore the potential to drive even more strategic value. Our pipeline is developing well. And,
- Finally, we are also pleased to have begun to step up our inorganic efforts, partnerships, licensing, acquisitions. In the future, both organic and inorganic

innovation will be critical, and enabling for us to achieve our ambition and help us transform as a company.

With this, I would like to hand over to Karim to make the closing remarks.

Conclusion

Karim Bitar

CEO, ConvaTec

Driving growth through Technology & Innovation

Thanks, Divakar, and thanks, Jonny. Really appreciate that deep dive. And really, one overarching thought I want to share with you here in conclusion. I think what is very, very clear and very evident is that the innovation capabilities at ConvaTec have clearly been strengthened, and we will continue to strengthen them.

I think what is equally clear is that we have a robust pipeline and we are in the midst of launching some new products. The practical implication for all of us, frankly, is that we are pivoting to sustainable and profitable growth. And when I talk about sustainable and profitable growth, what you need to be thinking is, first, you can count on reliably and consistently that ConvaTec will develop and deliver, more importantly, top line organic sales growth of 4% to 6% or mid-single digit.

In addition, as we leverage these innovation capabilities and drive and launch our new products, you ought to expect the contribution to our margin expanding medium long term. At this point, I am going to say a big thank you to all of you for your active involvement and participation.

But what we would like to do is to go ahead and start opening it up for questions. The way we are going to go ahead and do that is two ways. One is if you would like to dial in, we will be able to hear you live here in London. You can see that we have posted some toll free numbers for you to dial into. On the other hand, if you would rather just type in your question, please note that there is a tab on the right of your platform. And if you type it in, we will go ahead and take your question.

Kate Postans, our Vice President of Investor Relations is also with us here today. She will be reading out the questions for us. And then myself and Johnny and Divakar will try to answer them. I would just kindly ask you please identify yourself when posing your question. Thanks again.

Q&A

Paul Cuddon (Numis Securities): I just had one just to start off with on the efforts that you have been making to improve R&D process. And we have focused a lot today on the new products. But the existing portfolio, are you finding anything that you have done on real world trials, comparative studies that can enhance the growth of the existing portfolio before, I suppose, the new ones come?

Karim Bitar: Sure. So I think the question is, is there anything that we have been doing to go ahead and maybe improve the performance of some of our current portfolio? So maybe I will pass that question on to Divakar.

Divakar Ramakrishnan: Yes. Thank you, Karim. So I think in terms of question, yeah, we are definitely working on our existing portfolio. One of the big things from a process perspective is we had a sustaining engineering team, again, which was most focused on, I would say, right to operate projects that we call internally, which is when there are new regulations, new suppliers. So it is a sustaining engineering group.

So one of the big changes we have actually made this year is after stabilising the ship in terms of the new innovation pipeline, the new product launches, organisationally, we have actually moved the sustaining engineering teams to be part of the overall R&D teams. And that is really to ensure that we are continuing to work with them seamlessly. So that is R&D is a continuous process, all the way till we retire product, so to speak. So that is what we have done from a process perspective.

In terms of the clinical evidence generation, the first thing in hand is we have been handling the EU MDR regulation space. So our entire portfolio had to be reassessed. We had to generate clinical evidence for the entire portfolio. We started with the ostomy products, and then we moved to wound care. And that I have to report that across all categories, we are doing exceedingly well, generating the evidence, running the studies, collecting evidence from the marketplace. We have done that well.

And then currently, we are also running some additional studies for some of our exciting products in the wound care, such as infection prevention. Hopefully, that helped to answer.

Karim Bitar: Paul, did we answer your question?

Paul Cuddon: Yes, absolutely. But specifically on comparative studies, is there more you can do just to get data on the 50 patients and promote that, give it to the sales reps and go out and sell the harder with the products you have?

Divakar Ramakrishnan: Absolutely. Look, very eager to do that. As you can imagine, during COVID trying to get studies done in a clinical setting was extremely challenging. Recruiter rates have been at a historic low. Now we are recovering. But that said, we did not stay in a idle, so to speak.

We have done a lot of comparative work at the lab scale, where we have actually generated most recently, as I was talking about the FeelClean technology. In some of these studies, we actually try to get it done independently, so that it is also objective. So there was a study done at the University of Belfast actually comparing our FeelClean technology with competitors' products. And that kind of study actually showed that, look, when you use these catheters, and actually when you use our product, the removal force is 40% lower than all other products in the marketplace.

So, Paul, what we have done is, given the constraints of COVID and all the clinical, we focus more on studies we could do and also try to do it in an objective way, but absolutely very keen on comparative studies now that COVID is becoming more of endemic versus the pandemic.

Karim Bitar: Thanks, Divakar.

Graham Doyle (UBS): Just on the targets you have talked about of the 30% refresh rates, and in terms of products over the five-year period. If we can bear that on a run rate scale, that sort of implies new products may be worth 2% to 3% of sales individually. So is that

what we should be thinking about when we look at the next eight products that are coming through the pipeline over the next two years, and maybe we can run that through our models? And then just a follow up. When we look at the Esteem products, what would you say are the key technical highlights that you would be getting your sales force to recommend and point out when talking to nurses in particular?

Karim Bitar: Yeah, let me take those two questions, and Divakar, please feel free to jump on in. I think, look, on the vitality index, the way I would think about that really, Graham, is fundamentally what we want to do is to ensure that year in and year out, we can deliver organic sales growth of 4% to 6%, right?

So I do not know that it would make sense to go ahead and say this one specific product or this level of this other product is going to give you X, Y or Z. I think looked at as a portfolio, I think what we are saying is that we have identified that a 30% vitality index is the basis to give us confidence that we will be able to deliver that mid-single-digit organic sales growth. So that is the way I would tend to look at that.

In terms of Esteem 2.0, what I would say is, clearly, we are leveraging a lot of the human factor design capabilities, and really trying to understand from a functional perspective, from a social perspective, from an emotional perspective, how can we ensure that we have a very competitive offering? I think it would be premature today, frankly, to be commenting on specific features and benefits, as you can imagine from a competitive perspective, that probably would not be prudent to do.

But what I will tell you is that that initiative is progressing very, very well at pace, and we are very committed to it. I do not know, Divakar, if you would like to add.

Divakar Ramakrishnan: I think, Karim, as you mentioned, look, in terms of the 30% new product vitality, clearly, we have done a lot of benchmarking, right? So we did not just come up with this. This is considered like really industry-leading benchmark. I think in terms of the new products, some of them will be absolutely products that do not replace our current products, and some is considered part of the healthy refresh of it. So I think you have got to factor that both in before you just do the math, so to speak.

The second one I would say is in terms of Esteem. Look, we have been talking to healthcare providers. We have been talking to patients. Look, they really love our adhesive, right. What else to say? I think this is the gold standard. ConvaTec's adhesive, we are really proud of them, right?

I think the product, as Karim said, really we are focused a lot on the social emotional needs, the need for discretion. And I will leave it at that. I will keep you guys guessing, but we are really excited about it. I am eager to share more details about it. Very good product.

Graham Doyle: Can I just ask as a slight tweak to that first question then. Your vitality index has gone up over the last three years by quite a bit and so has your organic sales growth. Can we think of those two things as pretty interlinked?

Karim Bitar: Yeah, no, for sure. Look, I think the essence of being a successful med-tech company is we need to execute well on the commercial front. We need to execute well in terms of quality and operations. That is just a right to operate, right? But then if you want to sustain and ensure that you have profitable growth, right, because we need to be growing the

top line consistently year in and year out mid-single digits and expanding the margin. And so we need this vitality index to impact the top line, but also help expand our gross margins as the mix changes, I think that the vitality index is very much linked to those two financial levers. That is the way I would think about it, Graham.

Charles Weston (RBC): I just wondered if you could talk about the launch journey for the catheters and the handover process from R&D to commercial and then iteration back to the technology and innovation function. Obviously, you said you are starting in France, so how does it roll out and how quickly can you iterate depending on that feedback?

Karim Bitar: Sure. So Charles, great to hear from you. And I think I'm going to pass the baton on to Divakar. So I think the whole idea is, how do we have this sort of feedback loop and cycle through and continually improve. I think you spoke a little bit about the marketplace orientation, but maybe you could give us some colour, Divakar.

Divakar Ramakrishnan: Yeah. So look, as I talk about it, there are two products, right? One is GC Air Male. Other is GC Air Female. So GC Air Female, we did a pilot. And on a monthly basis, the commercial partners, the R&D partners, we do one joint R&D review. So we get the feedback directly about how these products are going. And so in fact, I cannot share more details, but I will share with you that we learned so much from that pilot launch in France. And so while I emphasised what we are doing in terms of design for manufacturing, scales, I believe the product we are going to be launching will be even better than the pilot we launched in France, because of that rapid feedback.

On the GC Air for Male, I will share with you. I mean, this is really R&D without borders, right? The idea, when we started that we were thinking about a four-year journey, right. New platform, the usual stuff. We got feedback from the market first in terms of the user groups from home services. They were providing rapid feedback, and we would like checking on this on a regular basis.

So what I am trying to share with you is, it is a very agile process. It is not some linear process. We use the monthly check-ins to actually get that feedback integrated. And this idea to take this approach of rapid iteration actually came from our finance person. Okay? He is the one who came in and said, hey, can we do this? And then immediately, the R&D teams in Slovakia, the Boston Technology Centre, we immediately iterated different ideas, put it together. And that is what you did it.

So when you ask me about the process, I guess I have only one word. It is agile, right? And it is Home Services Group, our Slovakia operations and our R&D centres, all three having one check-in on a regular basis and driving feedback. And I am really excited about it. I hope I have answered your question.

Karim Bitar: Charles, did we answer your question?

Charles Weston: Yes, it did. And it just leads on to my second. Moving to those financial metrics that were described, given how slow moving market share dynamics are in this space, what does success look like from a measurable perspective in a relatively near-term basis one to three years? So how quickly you are expecting to hit return on capital hurdles, and things like that for a launch of a product like this?

Karim Bitar: Yeah. Maybe I will give you some colour. And maybe Jonny wants to add a little bit more to it. But the way I will tend to think about it is twofold. One is, I think the ultimate measure of success of a new product is adoption, right? So innovation, frankly, is based on what do customers think. And more importantly than what they think, what do they do?

So adoption rates is really what we are obsessed about. The higher the adoption, the quicker the adoption, the deeper the adoption means you have done a better job, right? So it is really innovation is in the eyes of the customer, right?

The second thing, Jonny alluded to some of the metrics, but I think both he and I will tend to look at metrics like IRRs. And obviously, he mentioned, we would like for them to be in the teens, but frankly, if they have a two or three in front of them, so much the better. And I do not think it surprised you if we said, look, if we have got a payback period of less than two years. Like Divakar, like let us get on with it, what are we waiting for, right?

On the other hand, if it is two to four, maybe we think about a little longer. And if it is beyond that, it is got to be really compelling. But maybe I will let Jonny comment a little bit more because he is part of all these discussions and I know is very focused on the whole idea of return on invested capital.

Jonny Mason: Yes. And there is no hard and fast rule, Charles. Obviously, the projects vary in terms of size, newness. I think I mentioned in my remarks, we look at the speed, the risk associated, how much of a new market are we trying to break into here? What is the size of the opportunity we are going after?

That said, with the recent acquisition of Triad, now called Advanced Tissue Technologies, that we made, we said that we will be earning above our cost of capital by year three. And that is a typical sort of a profile. Fast ones might be a bit quicker. Slow ones, perhaps a bit slower, but it is in that single year's period that we would be looking for these returns to come home.

Karim Bitar: Charles, did we answer your question?

Charles Weston: I suppose it leads to just one final one, which is that if your key metric is adoption, early adoption and trending adoption, are you going to be able to share some of that data with us as a product rollout?

Karim Bitar: I think the short answer is yes. Look, we will try to give you a sense of what are the adoption rates and penetration rates. I think like I tell folks is, you do not launch a new product in a matter of a month. My experience frankly tells me that to successfully launch, you need three years. That is the reality, right?

You got to see how it works out in the eyes of the consumer? How does it work out in the eyes of the provider? How does it work out in the eyes of the payer? And there are different market dynamics in different geographies, right? And so I think it is important to be thoughtful when sharing these adoption rates, right? But fundamentally, I think it will be important to share that with you because we will be assessing ourselves. And frankly, the better the adoption, the quicker and faster we will get to 30% plus vitality.

And frankly, if there are not good adoption rates, boy, it is going be really hard to get to a 30% vitality index, right. So you can see how adoption, frankly, links to the vitality index.

Sam England (Berenberg): The first one, you talked about the improvements you have made around design for manufacture recently. I was wondering how we might see that flow through in terms of margin improvement over time, and particularly how big is the opportunity to drive higher gross margins through better design? Or is the focus just on making sure the products are more suitable for scale manufacturing and avoiding product defect issues?

Karim Bitar: Yeah. I will let maybe, well, either one, Jonny or Divakar. I will start off with Divakar and see how you want to comment. But I think on a macro basis, conceptually, I think it is fair to say that design for manufacturing looks at both quality and efficiency. Okay. I think it is important to understand that because we are making high quality, high volume, single use consumables, right? And therefore, you see us investing in increasing on our investments in capital and driving the whole automation agenda.

But I think the key element of how it contributes to our margin story is really via gross margin. And I think that gross margin expansion is an important lever for us, as we continue to strive to get into the mid 20s, medium to long-term in terms of EBIT margin. So I think we have been pretty open that we are looking to dry that top line in the mid-single digit organic sales growth, and then to gradually medium long-term, expand that margin and increase that margin.

But I do not know Divakar or Jonny, would you guys like to add something?

Divakar Ramakrishnan: Yeah. I mean, let me take a crack at it from the question of design for manufacturing. As Karim mentioned, really three drivers, right? Complaints, look at them and see what can we do. Second is cost. How do we do that? And also speed, right. How quickly can we make these changes?

So our approach is try to do as much of the design for manufacturing before you cut steel and put the high speed lines, yeah? Because once you do that, it gets more expensive to do it. So in the case of GC Air for Women, that is one where we said, hey, we got to cut steel. But before we cut steel, get the design right. So that is why we went to the pilot. We did not talk about a big launch, because margins on that would not be attractive, right? So that is what we did.

That unfortunately was a big platform change. That is what we did there, right? But when you think about design for manufacturing over the lifecycle of the product, there is a lot you can do. You start with the instructions for use, start with the secondary packaging, the cartoning. There is also a sustainability player. So I think there is a huge opportunity to be looking at it systematically and prioritising. As Jonny mentioned, it is all going to be driven by the finances, right? So we think we can do a lot there.

Now, as you go into the packaging, right? What do we mean by primary packaging is for the products that have to be sterile, you actually put a package around it, and then you sterilise it. So those changes, you cannot just flip a button and do it. You actually have to go back and show that the sterility is validated. You got to get shelf life data and all that. That takes a little longer. But are we doing that? Absolutely. We are doing that. Okay?

The third one I would say is the big changes, because of regulatory reasons, cost reasons. And some projects can happen fast and some can take longer. And it is that insight that we

need to be looking at design for manufacturing over the entire lifecycle of the product that actually caused us to move sustaining engineering back into R&D, because the type of change can be either super complex or super simple. And based on that, we will find the right teams and go through that. Did I answer your question, Sam?

Sam England: Yes, that was great. As a follow up around that, how much is reducing waste that is focus in the design process at the moment? I mean, obviously, it is a single use, is not it? You do not probably have this sort of recycling opportunities other companies might have. So how much is just reducing the amount of waste you create a focus?

Divakar Ramakrishnan: So look, sometimes I like to talk in terms of specifics versus general. I shared the example of Mio Advance Extended Wear, right? Per patient per year, it is approximately two kilos of plastic waste being eliminated because of extended wear. I mean, that is the sort of design change we are able to do through a major design change, right? So that is something I am really proud of that we have done.

ConvaFoam, let us look at how the uptake happens, what actual clinical practices, but we have extended the wear time of those dressings by double. But I do not want to prejudge exactly what the best thing you actually need real world clinical use type data to drive that, right? There is a lot you can do in terms of a lot of this is actually being handled by our operations teams. And when you talk about waste, it is not just product waste, right? We are also looking at our overall carbon footprint, can we go into solar energy, etc.

And I do not want to steal the thunder for my partner here, John Haller. He is actively looking at that, and will be happy to share more of that in a more comprehensive way later on. Jonny, any comments you would say?

Jonny Mason: Not much to add. Just, I guess, confirm to the margin point that you mentioned earlier on. On our journey towards mid 20s margin, there are, I guess, four main buckets. Operating cost efficiency is clearly one. We have got price and mix as we focus into the richest areas of the chronic care markets. There is same operating leverage, but then efficiency within gross margin is certainly a significant lever. And so we will see that contributing to the overall margin expansion over the next few years. We have not broken out those components at this stage. But they are all important.

Karim Bitar: Super. Thanks, Sam, for your questions.

Kate Postans: Good afternoon. Just one question has come through on the chat. And that is from Craig McDowell at JPM. You have spoken a lot about the organic R&D pipeline process. But could you explain more about the process for the inorganic pipeline? How are the opportunities identified? Is it top-down or bottom-up? What areas or technology gaps do you see as attractive from an inorganic perspective?

Karim Bitar: Yeah, look, so you can imagine it is always delicate to comment on how we approach the whole inorganic aspect of it. But I will try to give you have an answer in terms of conceptually how do we approach it.

I think it is fair to say that the inorganic strategy we look at both top-down and bottom-up. It is a combination, right? Each one of our business units does develop their own strategic plans. And obviously, we have a corporate strategic plan. And so you blend the two trying to understand how can you strengthen your competitive position. I think we have been very

open and very transparent to say that fundamentally, we are not interested in transformative deal making.

When it comes to M&A, fundamentally, we are focused on bolt-on acquisitions. And these bolt-on acquisitions, in essence, look to strengthen our competitive position. They could be commercial in nature, technological in nature, or capability in nature. These are the three basic buckets. And so when you look at a more commercially oriented type of bolt-on acquisition, I would highlight the Cure Medical situation, where that significantly enhanced our competitive position in the US marketplace as a manufacturer. We got a security complementary product portfolio, and frankly, have a very, very strong presence in the US continence care marketplace.

When you think about Triad Life Sciences, that was really a technology play, right? This is here. We are talking about biologic treatments for very difficult to treat wounds. It is a porcine placenta. We were very deliberate in wanting to be in xenograft, very deliberate to wanting to be in the whole space of porcine placenta from a cost perspective, from a regulatory perspective, from a performance perspective a lot of discussion at the business unit level at the corporate level, key segment we wanted to be in. And we have aggressively pursued it, right? And I think it bodes very, very well in terms of growth prospects.

So hopefully, you are getting a sense that there is a balance of, what I will call, corporate and bottom-up when it comes to the acquisition side, but then again, and Divakar can comment more on this, we also have, what I call a radar up and running, where we are always scanning. It is discovery without walls across the globe. And frankly, whether the new technology happens to be developed in Tel Aviv, or whether it is in Bangalore, or whether it is in Boston, or frankly, here in London, we are agnostic, honestly. We will chase it down, and try to figure out, is there a win-win opportunity.

Divakar, do you want to add?

Divakar Ramakrishnan: Yeah, I mean, I want to go back to the IDEAL process that we have. We actually have pitch decks as part of the ideation process, which really encourages the frontline people to come up with ideas. And the pitching process is R&D, commercial, medical, everybody is discussing that. I give a lot of autonomy to my R&D VPs to sort of make the final call and push it. So that is the bottoms up. The top-down approach really our strategic planning process helps quite a bit.

When I think about BlueWind, this was a strategic plan process that at that point, it was Kjersti Grimsrud, who was running the Continence Care business and I, we were partnering and saying, okay, how do we do this, take a top-down approach and drive it? And that drove that.

I think the frontline project, there is a lot of licensing and collaborating work we are already doing. We are right next to MIT and Harvard in Boston. I cannot talk about everything. I mean, are we collaborating? Yes. But in terms of technologies, look, regenerative medicine is always going to be exciting for us. We look at it very thoughtfully. Mechatronics and digital is another one and advanced materials, so systematically looking at it. And we are going to be putting more emphasis there in terms of external partnering from my side on the technology side.

Karim Bitar: Any more questions? Okay, I am getting a signal from Kate that we do not have any more questions from the chat function. I do not think there any more questions online. So I think at this point, I am going to bring this session to a close.

Just a huge thank you to all of you for having participated in the Technology & Innovation Event. It was a real pleasure. Stay tuned. And we look forward to hopefully seeing you very, very soon. All the best.

[END OF TRANSCRIPT]