



Convatec 2025 Annual Results

Onsite video broadcast transcript

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Overview

Jonny Mason
CEO, Convatec

Welcome

Good morning, everybody, and welcome to Convatec's 2025 Financial Results Presentation. Usual disclaimers apply.

Agenda

I am going to start with an overview of 2025 and a little bit of what to expect in 2026. Fiona will present the financial results and guidance, and then I will come back and talk about where we are on our strategic journey and what to expect next. Then we will be very happy to take any questions you have got at the end.

2025: Strong operational and financial delivery

2025 was a year of strong delivery. It was the fifth consecutive year that we delivered organic revenue sales growth within our target range, that was supported by eight new product launches that we have got underway at the moment.

It was the fourth consecutive year of margin expansion. It was the second year we grew EPS growth by double-digit, and there is more to come on that.

The strong cash we generated enabled us to invest more to grow for the future and also to do some return to shareholders. The growth is starting to compound. The flywheel is turning, and we are well set for the future.

Resilient and sustainable business

In 2025, there were some headwinds, and we delivered despite them, which demonstrated the resilience of this business. As set out on the chart, we are in four chronic care categories. These markets are growing structurally, independent of the economic cycle, and that provides a broad base for growth.

There is a high proportion of recurring revenues, especially where we deliver:

- Excellent customer retention;
- Loyalty;
- Satisfaction based on the service we provide.

We have strong market positions, which gives stability to the earnings.

We make differentiated products and solutions:

- We are innovating to satisfy unmet customer needs;
- We are investing in the fastest-growing segments of our categories; and
- We have got the richest product pipeline in our history, which benchmarks pretty well with the industry.

The growth is broad-based. We are not dependent on any one category or product or geography for our growth. There are reimbursement dynamics in this sector. There always have been, there will continue to be. But we build in an expectation of those in our plans and we grow through them.

New product launches help us to overcome reimbursement pressures, and they help us to grow consistently ahead of the markets.

Delivery is strengthening

This resilient business is strengthening in the results and the delivery. The increased cash we are generating is enabling us to invest more in CAPEX and in R&D to build for the future.

The organic revenue growth has been increasingly steadily throughout the FISBE strategy period. The operating margin, we have delivered consistently four years in a row of margin expansion, well on the way to our target of mid-20s. EPS growth was double-digit for the second year in a row, and there is more of that to come.

Cash generation funding reinvestment and returns

You can see our progress best by looking at how we have been using cash over the last five years. Starting from the bottom, operational CAPEX has been consistent at about 2.5% of sales. Last year, growth CAPEX increased significantly, and we have a real opportunity here to invest to meet the strong demand.

Dividend grew slower at the start of the period until profits caught up. Now that profits are growing faster, we are in our target payout range, and you can expect dividend to grow in line with profits going forward.

On M&A, we have invested over \$500 million over the period. Last year was a bit smaller. We will continue to be disciplined in acquiring only bolt-on investments, which increase our competitive strength in our focus areas. But this remains a priority area for us, and you should expect to see more investment here to increase growth going forward.

Then last year, we managed to return \$300 million by way of share buyback within our prudent leverage target of 2 times EBITDA.

Delivering on targets; investing to support accelerating growth

To summarise this introduction, what I will say is, we are consistently delivering against the targets we have set in the FISBE strategy and the targets we set three years ago at our last Capital Markets Day.

The turnaround of the business from the poor state it was in when Karim arrived in 2019 has been delivered, and we are now ready to accelerate. With the rich pipeline of new product launches we have got underway and coming, supported by higher investment to grow the pipeline and capacity, we are increasing our target growth rate to 6% to 8% per annum from 2027. We are looking forward to explaining how we are going to do that at the Capital Markets Day in six weeks' time.

Thanks very much. I will hand over to Fiona to talk about the financial results and see you again shortly.

Financial Review 2025

Fiona Ryder
CFO, Convatec

Welcome

Thank you, Jonny, and good morning, everybody. While I have met many of you here today, for those who I have not, I am Fiona Ryder. I have been the CFO for about six months, and I

have been at Convatec for about four years, working closely with Karim and Jonny on the delivery of our strategy. I am delighted to be here today to present a summary of our 2025 financial performance, plus our outlook for 2026, before handing back to Jonny for the strategic review and Q&A.

2025: Strong financial performance

We are pleased to report another strong financial performance for 2025. Organic revenue growth was broad-based across all four categories. Excluding InnovaMatrix, which I will talk about shortly, revenue growth was 6.4%. Operating margin expanded by 110 basis points to 22.3%, taking our cumulative margin expansion over four years to 460 basis points.

We delivered double-digit EPS growth at 16%. Our cash flow was strong with free cash to equity conversion of 101% under our new definition, which I will come back to later.

This strong cash flow enabled us to increase investment for growth and for return to shareholders. Growth CAPEX more than doubled, a 13% increase in dividend, a \$300 million share buyback while delivering our net debt-to-EBITDA at target of 2 times.

Delivering sustainable, profitable growth

These strong results demonstrate our track record under the FISBE strategy and are further evidence of our ability to deliver sustainable, profitable growth.

In Convatec, we are really proud of this slide that shows our turnaround. Excluding InnovaMatrix, it is five consecutive years of organic revenue growth above 5% and three years above 6%. Margin is continuing to expand, accelerating EPS growth and strong cash conversion.

Broad-based organic revenue growth

In 2025, sales growth was broad-based across all four categories as this chart demonstrates. Infusion Care was the standout performer. On the right, you can see the impact of the significant market uncertainty in skin substitutes with InnovaMatrix sales down around \$30 million year-on-year.

AWC: ConvaFoam building; InnovaMatrix down OC: Esteem Body taking share and ahead of plan

Now let us look at sales by category, starting with Advanced Wound Care, where sales were up 4.1%, excluding InnovaMatrix, or flat including. We saw good growth in North America and Latin America with an improving performance in Europe in H2. Our flagship brand, Aquacel Ag+ Extra, delivered another good year and we are very pleased with the launch of ConvaFoam, which is gaining share.

InnovaMatrix sales decreased \$30 million to \$69 million with H1 down about 13% and H2 down about 44%. As you know, from 1st January 2026, CMS has introduced a price rate of \$127 per square centimetre, which represented about an 80% reduction for InnovaMatrix.

As previously guided, this equates to a headwind in 2026 of around 2% of Group revenue. As a result of the estimated impact on future forecasts, we have recorded a non-cash accounting impairment of \$72 million for our InnovaMatrix platform, equating to about 20% of the acquisition consideration. We still believe that InnovaMatrix is a highly effective product, beneficial for patients and trusted by HCPs. We look forward to returning to growth in 2027.

In Ostomy Care, organic growth was 4.5%. The highlight of the year was the performance of Esteem Body, a one-piece soft convex pouch, which grew ahead of expectations and where we anticipate further strong growth in 2026. Growth was also supported by our updated ESENTA accessories range.

We were also delighted to secure our first group purchasing organisation win in the US in five years, and we followed this up with a further GPO win post year-end.

Good US growth was supported by continued new patient starts from our Home Services Group. Growth in Europe increased during the year, and Latin America performing really well.

CC: growth in US & OUS; Convatec mix higher IC: further strong growth and diversification

In Continence Care, organic growth of 6.6% was driven by further volume increases in the USA, backed by our outstanding customer service and our broadening product portfolio. We saw faster growth in sales of Convatec product relative to other manufacturers, which is now 59% of our sales mix, given our improved portfolio of products and faster growth of hydrophilic product, which was again over 60% of our revenue.

We grew strongly outside the USA from a low base, and international again contributed over 1 percentage point to the category growth rate.

Then Infusion Care, where organic growth was double-digit at 12.5%. Growth was faster in H1, as expected. There was continued strong demand in diabetes across both long-standing and newer customers, as the penetration of automated insulin delivery over multiple daily injections is increasing.

Outside diabetes, growth was excellent, led by infusion sets for AbbVie's Parkinson's disease treatment. Other therapies now represent 15% of our Infusion Care revenue, up from about 10% in 2024, with scope to grow further as a share of the category.

We have a strong position in Infusion Care with increasing diversity across customers and products. We are confident that 2026 will see another strong year with high single-digit growth.

Further operating margin expansion, up 110 bps YoY

Moving on to profitability. 2025 was another year of improvement. Operating margin expanded by 110 basis points or 100 basis points in constant currency, in line with progress over the last few years where margin has increased 460 basis points since 2021.

The strong growth in Infusion Care and the reduction in InnovaMatrix contribution results in movements in margin mix and OPEX, which broadly offset each other. Price and productivity contributed 30 basis points and 130 basis points, respectively. Inflation was around 3% as expected, a headwind to margin of 110 basis points, and I would expect a similar level of inflation in 2026.

We saw further material cost benefits from our simplification and productivity programmes. G&A was down a further 50 basis points to stand at 6.8% of sales.

Delivering double-digit EPS growth

This slide shows how we have delivered mid-teens growth in earnings per share, with operating profit up 12%, finance costs were down about \$2 million, and our tax rate was

steady at 24%, leading to a 15% increase in net profit, which, with a reduction in shares led to a 16% increase in earnings per share.

Strong cash conversion: new definition

Turning to cash. We had a strong year, with free cash flow to equity of \$362 million and a conversion of 101%. We have redefined cash flow to equity to better reflect the free cash available for capital allocation. We have separated operational and growth CAPEX, increasing disclosure transparency, and we have adjusted for some small non-cash items. Using our previous definition, free cash flow to equity was 61%.

The main points to highlight are: EBITDA increased 12% from our improved operational performance. Working capital increased by about \$40 million, in part due to the fourth quarter being our highest sales quarter. As this unwinds, we expect working capital growth to be lower than revenue growth in 2026.

Operational cash payments of \$64 million were unchanged year-on-year, and cash adjusting items of \$16 million were slightly below our guide of \$20 million.

Growth CAPEX of \$121 million, more than doubled year-on-year, as we identified compelling organic investment opportunities at high returns, given strong demand for our products and our exciting product pipeline.

We paid dividends of \$140 million, and we completed a \$300 million buyback in the second half. Net debt increased by \$272 million, with leverage landing at our target of 2 times.

FY26 guidance

Here is our outlook for 2026, reiterating our early guidance from November. We continue to expect 5% to 7% organic growth in Group revenue, excluding InnovaMatrix. Group revenue will be second-half-weighted as product launches build.

Following the significant CMS price reduction, we expect InnovaMatrix sales of around \$20 million for the full year, strongly H2 weighted.

On operating margin, we expect further progress in 2026 to reach at least 23%, irrespective of InnovaMatrix headwinds. This will be further underpinned by simplification and productivity improvements across operations, commercial and G&A.

On profit phasing through 2026, I expect us to make modest margin improvements H1 2026 on H1 2025 and greater margin progress in the second half. This sales growth and margin improvement, coupled with largely unchanged finance and tax costs and the reduction in our average share count from our buyback, translates to another year of double-digit EPS growth.

Cash generation will be strong, targeting around 100% of free cash flow to equity conversion. Operational CAPEX will continue to be around 2.5% of sales, with growth CAPEX increasing to drive organic growth.

Financial summary

To wrap-up, 2025 was a year of strong financial delivery. We hit our targets across sales, margin and EPS. 2026 will be another year of double-digit EPS growth, as well as significant investments to accelerate future growth. From 2027, we are set to sustainably deliver 6% to 8% per annum organic growth, a mid-20s operating margin and double-digit in EPS and free cash flow to equity.

Our financial results are starting to compound. Thank you. I will now hand back to Johnny.

Strategic Update

Jonny Mason

CEO, Convatec

Delivering sustainable, profitable growth

Thanks, Fiona. We have said that Convatec is delivering against the FISBE strategy and that now is the time to evolve that strategy. We are not going to get into the details of the strategy evolution today. That will be at the Capital Markets Day. I will just spend the next few minutes expanding on the delivery to-date, and why now is the right time to evolve.

This is a slide which Fiona just showed. It is known internally as my favourite slide. I am not going to go through each metric, but just to show how the momentum is building. On sales, on margin, on EPS, on cash, momentum is building. We are becoming a stronger business with more to invest. That sets us up really well for the future.

Resilient business model delivers broad-based growth

We have also shown before how that growth is broad-based. All four categories are contributing to the growth, as you can see from the chart, four strong categories working together. That I despite the reimbursement headwinds that they have faced along the way.

Strong pipeline of launches underway

That growth is supported by new product launches into each category, as you can see from the colours on this chart. We have got eight products in the market now launching underway, and we have got eight more to come across 2026 and 2027. Then at the end of 2027, guess what? We are not going to stop. There is more to come. There is more in the plans, and we will be describing what that is at the Capital Markets Day.

Reflections on the business

Let me just take a moment to reflect on where we are now. Convatec is a strong and growing business. We have got strong leadership positions in markets that are fundamentally growing with high levels of recurring revenue, and that makes us very resilient as a business. We have established a track record for delivering on what our targets were.

It is not always right first time. It has not been as smooth as it could be. Growth last year was good. It was strong, but if we had executed seamlessly, it could have been even stronger. That is what gives us confidence that we can grow faster in the future.

We are learning as we go. This intensity of new product launches and this faster growth, these are new muscles for Convatec. The FDA letter that we received just recently was very disappointing. It relates to the management of our complaints handling and our corrective and preventive actions. We are working on that. But the FDA said it is not good enough, and we agree. This is now top priority. We have got our best internal team working intensively on it. We are working with the FDA, with our customers, and with external advisors because we are determined to become best-in-class in this area as quickly as possible.

Our execution is improving. I mentioned that just now. Last year, as I said, growth was strong. It could have been even stronger. And the opportunity ahead of us is substantial. We

are in these four categories that we are experts in. They benefit from a common set of technologies across operations and research and development. They are synergistic together.

The demand out there in the market is very strong. Our new product launches are working and they are winning share. That is what gives us confidence that now is the time to be accelerating those sales growth targets. Going forward, based on this rich pipeline of new products and strong demand, we are going to be executing smoother, sharper, simpler, faster. And we are going to be backing our growth with investment in more pipeline and in more capacity in order to drive that faster growth.

Accelerating growth in AWC

Let us look at that by category, starting with Wound Care. In 2026, we expect mid-single-digit growth for Wound Care, apart from InnovaMatrix, which Fiona has talked about, and that is a special case. Mid-single digits is based on continued growth of our market-leading strong brand, Aquacel Ag Extra. Strong market share still growing very nicely.

ConvaFoam is winning share now in Europe and in North America, and that will scale up. We will be launching, through 2026:

- ConvaNiox;
- ConvaFiber; and
- ConvaVac.

We will be repositioning InnovaMatrix to win in the years ahead.

In addition to those product launches, generating and disseminating clinical evidence is becoming a bigger feature of our product launch pipeline, and we will be doing that for all of these products through 2026.

Then from 2027, the growth is going to accelerate because all of these new product launches will be scaling up and InnovaMatrix will return to growth.

Accelerating growth in Ostomy Care

If we look at Ostomy Care, in 2026, we are targeting mid-single-digit growth. Esteem Body is proving to be a really successful product launch, our one-piece soft convex new ostomy bag product, growing very nicely. In addition to that scaling up in Europe, USA and other markets, we will be launching Flexi-Seal Air, our new faecal management product, and we will be continuing to improve commercial execution across the continuum of care. That is where we have been really successful over the last couple of years. That has what has led to the winning of GPO contracts for the first time for a long time.

Folk are saying, as regards Ostomy, Convatec is back, and we are very proud of that. In 2026, we will start to build on those GPO contract wins. Then going into 2027, growth will accelerate because we will win some more contracts.

Esteem Body will keep scaling up. We will be growing our ESENTA accessories portfolio, and very importantly, we will be launching Natura Body. This is the two-piece equivalent of Esteem Body important for the US market, which is more of a two-piece market.

We will be very happy to see Natura Body launched, expect it to be just as successful as Esteem Body, and that will support our faster growth going forward.

Accelerating growth in Continence Care

In Continence Care, in 2026, we are expecting mid-single-digit growth there, too. This business, we are very big in the US, as we have said before. This is based on excellent service. Our home services group has customer satisfaction scores, which are really world-class, high customer retention, high customer loyalty, and we continue to grow share to grow volume despite being clearly the market leader.

Through that growth, the proportion of Convatec products that we sell is increasing because our product portfolio is improving.

We launched GC Air for women a while ago. It is growing. We are going to be launching GC Air Pocket, which is for men, and GC Air Set, which is Unisex in 2026 in Europe first and then 2027 in the US. We will also be launching Cure Aqua, which is starting in the US.

New product launches coming in Continence Care, which will underpin that growth. Then it will accelerate from 2027 as these new products build and as we expand the excellent customer service model outside the US, where it is still very small.

Accelerating growth in Infusion Care

Then Infusion Care. We are targeting high-single-digit growth in Infusion Care in 2026, which is consistent with what we have been targeting over the last few years, although we have delivered a bit higher than that, but the plan is high-single digits for the year ahead. It is going to continue with further diversification of products and customers.

The technology in this area is evolving. Our customers' technology in pumps is evolving very quickly, and our infusion sets can service the whole spectrum of pumps across the industry. It is strong demand out there. Whilst we grow through 2026, and as I have just referenced with regards to the FDA's observations, we will be improving our system for complaints validation and for corrective and preventive actions, following up on those customer observations.

Then from 2027, we will be accelerating growth in Infusion Care. We will be investing significantly in more capacity, and that will be in Inset Guard to service the diabetes sector, and in Neria Guard for the other therapies, principally Parkinson's. But there are other therapies in addition to Parkinson's that we will be developing as well. So very strong demand for Infusion Care, strong growth to come.

Summary and outlook

Let me conclude then by saying that Convatec is delivering. This, we have described a resilient business model, which is delivering through the headwinds, and that growth is sustainable going forward.

The simplification and productivity agenda that we have been running for the past few years has got further to run. That is what will lead us to be able to expand operating margin further in operations, in commercial and in G&A to get to our target of mid-20s, which we are still focused on.

Growth is starting to compound. Double-digit growth in EPS is what you should expect going forward. That will be based on an acceleration of the top line. So really pleasing that this rich pipeline of products that we are launching into the market, they are working. They are gaining share. This pipeline is the richest we have ever had, and we think, as I have said, it benchmarks very well against anyone else in the industry.

As we learn with all of these products, as we grow faster, our execution is strengthening. That, plus the CAPEX that we will commit to supporting more pipeline and more capacity, is what will underpin our faster growth rate.

We are increasing our target growth rate from 2027 to be 6% to 8% per annum. We will tell you more about how we are going to deliver that at Capital Markets Day on 9th April, and I hope to see you all there.

Thanks very much for your attention. We will be happy to take any questions you have got.

Q&A

Hassan Al-Wakeel (Barclays): A couple, please. Firstly, on Ostomy Care. Can you talk about how you are seeing new patient capture and share dynamics in the US, and how you see some of these GPO wins to change that in 2026 and then Natura in 2027?

Then secondly, on the margin. You expect to lose around \$50 million of InnovaMatrix revenue in 2026, so 2% headwind versus the 1% to 2% expectation that you talked about. Can you talk about some of the offsets to this loss of revenue and your confidence in the building blocks in being able to drive that at least 70 basis points of margin expansion in 2026?

Jonny Mason: Sure. Ostomy development in the US is building nicely. We were declining for some years until our new leadership took over and our commercial execution improved. In the last few years, our new patient starts have been stable, and we have been building share through an improved product pipeline. That has been helped by the improvements to the ESENTA accessories range and now most lately by the launch of Esteem Body.

It is the improvement in commercial execution, the education offer to healthcare providers, the me+ service support to patients which has been leaving our relationship to strengthen and to us gaining those GPO contract wins. We expect this to build further going forward. We expect to be gaining share, gaining share in new patient starts as well and for that to accelerate when Natura Body is launched in 2027.

But it is a steady build. We have said mid-single-digit growth for Ostomy Care in 2026. That is what we are confident of delivering and then it will accelerate after that for those reasons described. Do you want to talk about?

Fiona Ryder: Yes. Thank you, Hassan. We are guiding in 2026 to at least 23% operating margin. We have delivered 460 basis points over the last four years. Our top line will be growing, excluding an InnovaMatrix, 5% to 7%. That, coupled with the simplification and productivity programmes that we continue to drive, will underpin the margin expansion. We have a track record there.

Seb Jantet (Panmure Liberum): Two questions, if I may. First of all, just on the medium-term margin guidance of between 24% and 26%. We are in the early months of 2026. That is not that far away now as we look into 2027. I am wondering what are the things that make it land towards the top end of that guidance versus the bottom end of that guidance?

Then the second question is just, you talked about factoring in reimbursement headwinds in your guidance. You have upped your revenue guidance. Perhaps give us a sense of what are you factoring in for reimbursement headwinds within that revenue guidance?

Jonny Mason: Yes. You want to take the first one?

Fiona Ryder: Yes. We are guiding or have guided to mid-20s by 2027 and we still hold to that. Now it is likely to be at the lower end of that. In 2027, it will be closer to 24%. We have said that a number of times. We think mid-20s is the right place for our margin. We think that benchmarks well. It allows us to continue to invest in top line growth.

Jonny Mason: Yes. As regards to the detail of the reimbursement headwinds, I do not want to get into the specifics product-by-product. Over many years, the headwind has been quantified as roughly 1 point of headwind. We have used 1 point of headwind per year across all the categories. Now it varies depending where different countries at different times. We have had different examples of where that is from.

The intensity of it in the US has been more than normal over the last couple of years, and the headwind has been a bit higher than that. But before that, we had tenders in the NHS. We have had the French hospitals reducing the quantum of products that they have issued. We have had German pressure on silver reimbursement. There has always been something.

With the new product launches and with the pricing COE that we have introduced and has been delivering now for a few years, we have managed to counteract these reimbursement headwinds. In our targets of 5% to 7%, we include the headwinds in there and that we will deliver through them. Likewise, for our accelerated growth of 6% to 8%, that is after absorbing whatever the reimbursement headwinds will be in the future.

Kane Slutzkin (Deutsche Bank): Just guys, on the growth side. I am just wondering, are you being a bit conservative on the Infusion Care guide? You have been beating it for a while.

On Ostomy, just following up from Hassan, you were saying you are going to accelerate from 2027. You have got obviously another GPO win. Are we looking at a mid- to high-single-digit grower in time? Is that what you are implying?

Then just on the M&A story. How is that pipeline looking? In the absence of anything, would you be considering further buybacks? Or do you have enough on your hands in terms of the increased CAPEX?

Jonny Mason: Are we being conservative on Infusion Care? It is quite interesting to compare two years ago when GLP-1s came out, although stories were around, everyone thought the Infusion Care business was in trouble. Far from it, really strong demand. Our products, as I mentioned in the presentation, are able to service all different pump technologies. The prevalence of pump technologies in the market is increasing significantly, both the penetration of pumps in diabetes compared to multiple daily injections. That is growing nicely. But also in Parkinson's therapy and in other therapies, too. So strong demand pipeline going forward.

We have delivered more than high single digits over the last couple of years, just about in Infusion Care. The customer orders are predictable, but not uniform, right? They are a bit lumpy, but we know what they are because we talk very closely, work very closely with our customers. As we look out into 2026, we think it will be high-single-digit growth.

I do not think we are being unduly prudent there. That is the best basis to plan on. Thereafter, we do think there is an opportunity to accelerate because we will have more capacity coming on stream and the therapy application areas will be growing.

Then you asked about Ostomy Care. Yes, that is a reasonable expectation. It is mid-single digits in 2026, and we think we will accelerate growth thereafter when we have the full portfolio of products with which to compete in the markets in US and in Europe. So you can expect a bit stronger growth than that going forward from 2027.

Fiona Ryder: Then I will pick up the question on M&A. We have really clear capital allocation priorities, invest organically in the business, pay the dividend, which we are in the middle of our range for this year. M&A opportunities when they are attractive and accretive to growth and returning excess capital to shareholders.

Every year, we go through the process of looking for the right M&A opportunities. We look at the opportunity to invest organically. For 2026, we see great opportunities to invest organically in the business, as we have said, with the increased growth CAPEX. If we do not find any M&A opportunities, we will return capital, as we did in 2025, but we continue to look.

Jack Reynolds-Clark (RBC Capital Markets): First is on the mid-term guidance. What are your expectations for the phasing of that new revenue or that updated revenue guidance beyond 2026? Jonny, you mentioned that you still see mid-20s is the fair level of margin for the business. Would you expect it to trend towards the upper end of that range over the next few years? What are your expectations for margins in a few years' time for the business?

Then my next question was on ConvaNiox. You mentioned the slow launch in Europe initially ahead of a more accelerated launch later on. What feedback are you getting? How is the launch progressing versus your expectations? What pricing are you able to take there?

Jonny Mason: Do you want to do the first one?

Fiona Ryder: Do you want me to start with the first?

Jonny Mason: Yes.

Fiona Ryder: Mid-term guidance. Well, we are upgrading that today to 6% to 8%. I am not going to guide any more specifically about what that will look like in those years.

You asked about the margin being at mid-20s. Yes, we think that margin at mid-20s is about right for us, so we are guiding to at least 23% for 2026. You can expect that to increase a little more over the next couple of years. But then we think staying in the mid-20s would be right for us.

Then on ConvaNiox?

Jonny Mason: Yes, prioritising investment in growth going forward. Once we get to mid-20s, then there is plenty of things to invest in.

ConvaNiox, yes, it is going really well. We have got a few hundred patients now who have been treated. We are deliberately taking that slow and building evidence. We are working with key opinion leaders and we will build the network of healthcare professionals from there. Everything we have seen so far reconfirms the strong performance of the dressing. We believe this is a dressing that does things that nothing else in the market does. It is that combination of antimicrobial action and also accelerating the wound healing.

We have got one RCT, as I am sure you have seen from a while ago in the UK, which showed twice as fast healing rates and 3 times as fast wound surface reduction as standard of care. We are now running another RCT in the US to build further evidence.

But do not expect material sales in 2026. It is about building that evidence base and then sales will grow thereafter. And we do not want to talk about reimbursement levels at this stage.

Graham Doyle (UBS): Can I just ask two. One on Infusion Care. To the point on the CAPEX expansion and, obviously, you alluded to the acceleration potential. Is it reasonable to say, given historically, you have had these minimum volume contracts that it is very visible as in this CAPEX is for something very tangible and visible that you can see in the next few years, and that is the inflection?

Then on that, could you maybe talk to the return on invested capital expectation for that CAPEX as well, please?

Jonny Mason: Yes. Well, let me start. I think what you might be asking in terms of visibility is, yes, we work closely with our big customers in expansion plans and have got with them long-term contracts, in particular, that contract base has been strengthening as the demand in the market increases. So we are very sure that we will be getting good returns on this CAPEX that we are committing on the basis of those long-term contracts.

Fiona, do you want to?

Fiona Ryder: I think that picked up the returns. Yes, we assess all of our projects and ensure that the returns are accretive to our Group returns. So yes, these Infusion Care ones certainly fit that criteria.

Graham Doyle: Maybe a really quick one. You mentioned earlier, if the execution was better, the growth would have been better.

Jonny Mason: Yes.

Graham Doyle: What was not like superhot, or what is the key learning point from last year?

Jonny Mason: Look, as I said, we are learning as we go. The main area is handoffs between different functions within the organisation. We have got a really great team of scientists doing R&D. We have got a great team of operations, executives running our factories. We have got great teams in commercial out in the markets themselves. The handoffs, it is a bit like a relay race. Handing that baton over was not as smooth as it could have been in all cases.

We ended up with a few isolated backorders here or there, which if we had not had, we would have sold even more. I do not want to make this a big deal but it is just to say we grew strongly despite learning. Now we are learning and we are getting better, we will grow even faster.

Beatrice Fairbairn (Berenberg): I had a few on InnovaMatrix. Firstly, what level of confidence do you have in reaching the \$20 million in sales guided for 2026? Also in the release, you noted that you are reorganising your sales team. Just to clarify, has this now been completed? Could you provide some colour on what changes have you made and how you expect it to impact?

Then finally, how do you see InnovaMatrix sales in inpatient channel developing in the mid-term, given the changes we have seen in the outpatient setting?

Jonny Mason: Yes, let me take that. It is obviously a highly uncertain situation in the market as regards to all skin substitutes. InnovaMatrix is a great product, and we are pleased to be able to report that volumes are strong still. Our volumes are, despite the uncertainty, as

strong as they were last year and have been, if anything, building a bit since Q4. The sales have come down a lot because of the price, of course, they have. But we are still getting strong response from healthcare professionals and patients really like the impact of these dressings.

We have finished the reorganisation of the sales force. That was an unfortunate necessity. We have always said there was a very high level of variable cost in this sector of the market, in particular, some of the commercial execution was very expensive. We have resized that to be appropriate to the target markets going forward. We are covered for the whole country, which is a bonus for InnovaMatrix.

Our sales force is spreading out further across the US to sell where we can. Last year, we started to sell beyond the indications of venous leg ulcers and diabetic foot ulcers. Those are still the two biggest, but sales are starting to grow outside of that area, too. We are still primarily focused in physicians' offices. But one of your questions might have been about hospital channels. That is an area we will get to, but it is still quite small.

Veronika Dubajova (Citi): I am going to try to sneak in three, if I can. The first one is just trying to reconcile the InnovaMatrix guidance for \$20 million. Just if you can help us understand the price versus volume expectations that you have? Just simplistically on my math, if price is down 80%, you would be assuming volumes are up 50%. Obviously, I appreciate, Jonny, you said you feel like the volumes are maybe picking up a little bit versus where they were in November and December, but that would be a pretty substantial pickup that is necessary through the rest of the year. If you can just help us through the building blocks of that, that would be super helpful.

Then my second question is just on Wound Care. Obviously a bit surprised by where the growth rate in InnovaMatrix came in, in the back half of the year. There was maybe some hope of some acceleration moving from H1 to H2, instead we ended up at sub-4% stepping out InnovaMatrix on an organic basis. What gives you confidence that you can accelerate that growth rate there? I guess, especially if Foam is performing well, can you talk through the things that are not and your ability to influence that growth and drive some improvement there that is clearly important to your mid-term ambitions?

Then my final one. Obviously, I appreciate that tariffs today might not going to be the same as they were tomorrow. But as we head closer to the end of the Section 232 investigation, I am just curious what your thoughts are and what is the most likely outcome there? What you would be able to do, should the Nairobi protocol not hold?

Jonny Mason: Ok. Quite a range there, Veronika. Look, let me start and then maybe you will see if you want to add, Fiona.

On InnovaMatrix, first of all, \$20 million of sales. Yes, that does anticipate that our volumes grow significantly later in the year. You have done the math, price down around 80%. Sales down less. Where the volume growth is going to come from later in the year – as we have just said, we have already reorganised the sales force – is three areas.

First of all, we have a wider geographic scope now that we are covered for the whole country. That is one part of the growth. We are growing in other indications outside VLU and DFU as well. That is another part of the growth. We are anticipating that some of the competition is going to fall away as the year goes by.

Now we have not seen that yet in any material way. People still have inventory. People are still running legal challenges to the price change that was made. But we are planning on the fact that, that price change will stick. When it is confirmed as sticking, some of the operators in the human tissue area who have significantly higher cost of sales than us, they will fall away, and that will provide a volume growth opportunity.

That is how we are planning on InnovaMatrix. It does mean, as Fiona referred to before, that we see the InnovaMatrix sales as being stronger in the second half than the first for those reasons.

On Wound Care, it was hard to catch exactly the question, but I think it was how are you going to accelerate Wound Care from where it delivered in 2026? That seems obvious to us anyway.

We are launching three new products. Aquacel is still growing. ConvaFoam is building and gaining share nicely now. It took a while to get started, but it is gaining share nicely now in Europe and in North America. Then we have got ConvaFiber coming, ConvaVac and ConvaNiox are going to be very small in 2026, but they will start to build through 2027. That is where we see the accelerated growth in Wound Care coming from over the next few years. Do you want to talk about tariffs?

Fiona Ryder: Sure. Thank you, Veronika. Yes, tariffs are a moving feast at the moment. But we do expect the Nairobi protocol to hold for our products that are currently covered by it. The Nairobi protocol has held since the 1970s, I believe. So it is unlikely to be challenged. If it is, we would be in a similar position as our peer group, and we would deal with it then. As I say, we are expecting the Nairobi protocol to hold.

Susannah Ludwig (Bernstein): I have two, please. Apologies in advance if you have already addressed them as I was on the webcast and, as highlighted, there is a disruption. First would be on Infusion Care, which is the fastest-growing category. Could you quantify what percent of Infusion Care growth in 2025 was driven by non-diabetes versus diabetes? How should the mix between diabetes and non-diabetes evolve over the medium term? And as non-diabetes grows, does that impact margins from that business?

Then second, on the FDA warning letter in the press release, you highlighted that there was not an issue related to product safety. However, the warning letter does cite 5,000 complaints related to leakage and potential under-delivery of insulin. What makes you comfortable that there is not a leakage problem with some of your infusion sets?

Fiona Ryder: Thanks, Susannah. I will take the first question, then I will hand to Jonny for the question about the FDA.

Look, we are really pleased that the share of non-diabetes product in our Infusion Care category continues to grow. It was 10% in 2024. It was 15% of the category in 2025. We expect it to continue to grow as a proportion of the category.

You are right, the margins for non-diabetes are slightly higher than those in diabetes. So it will continue to support our margin growth for the Group.

Jonny Mason: On the FDA commentary, leakage can be caused by lots of different things, including inappropriate application, reasons that are not to do with product inadequacies. What the FDA commented on was that we were not pursuing rigorously enough these observations from customers to be sure that it was not any product-related weakness.

Look, we agree with their observations. We are pursuing more vigorously chasing down every bit of information we can. It is more complicated in this category. Because any comments from people using the devices go to our customers, they do not come to us. It is through that interface that we have to be more rigorous in making sure that we have chased down every possible piece of information and every bit of learning.

We have done some investigations before, but more importantly, since then a lot of evaluations. And we have not found any deficiencies in products. As I say, the FDA did not point to that either. What they said was, you are not managing the information flow tightly enough, and we will get better at that.

David Adlington (JP Morgan): Firstly, I just wanted to be more specific in terms of what you have assumed in terms of CBP in terms of pricing pressure in 2027. You answered in the round in terms of pricing pressure, but maybe just specifically on CBP, what your assumptions there are.

Just on InnovaMatrix and the write-down. Again, apologies because the webcast was not great. But I think you have written down about 20%, about \$72 million. That leaves about \$280 million left. But obviously, your performance is fairly significantly says, you are now valuing the asset at 14 times sales. I just wonder why you only wrote it down by 20%.

Jonny Mason: Shall I take the first one?

Fiona Ryder: Yes.

Jonny Mason: CBP, our assumption have not changed from what we described last summer, which is that we think if it is implemented, in both Ostomy and Continence categories, then the headwind will be between 1% and 2% of our Group revenue. Now 2% is based on the fact that 7% of our Group revenue is exposed to the CBP being the Medicare revenue in those two areas. That 30% is the average of CBP impacts over the full extent of the CBP process with CMS and also that there is not any more profit in the industry. We do not think a price reduction of more than that is possible to push through.

That would give you a headwind of 2%. We think we are in a strong position to gain volume. The CMS has expressed a preference for that being seven or eight distributors in each sector compared to the thousands that there are now, granted some of these thousands are pretty small.

But as some of those smaller distributors decide not to participate and would not win anyway, because they cannot fulfil the national supply objective, which has been required or expressed as a condition for the CBP, there is going to be market share gain opportunities for stronger players like ourselves. That is why we have expressed a range between 2% and 1%. Let us see how it develops.

Fiona Ryder: I would just add to that that the CMS has said that the CBP, if implemented, would be in 2028, not 2027. Then I will take your second question, David, which I was struggling to hear you a little bit, but why did we write down \$72 million of our InnovaMatrix assets?

Well, we have followed a really clear approach here. We have taken prudent and risk-adjusted forecasts, and the impairment that has fallen out is \$72 million. As Jonny said, we are still selling the product. The product is selling well. Volumes are increasing. We believe that we are holding it at the right value at the moment.

David Phillips: I think that is all the questions. Thank you, everybody, for coming.

Jonny Mason: Ok. Thanks very much indeed. We look forward to seeing you in about six weeks' time, when we will have more to share. Thanks for your questions today.

[END OF TRANSCRIPT]