

Financial year 2022: Significant earnings contribution from Transformation Program dampens prevailing crisis-related burdens

- Healthcare markets shrink due to impact of the pandemic and inflation
- Significantly higher material, transport and energy costs affect earnings
- Targeted continuation of Transformation Program with investments of EUR 180 million and already a major contribution to profitability of EUR 100 million

Heidenheim, 21 March 2023. For the HARTMANN GROUP and the entire healthcare market, the 2022 financial year was characterized by a tense economic and geopolitical situation: the Russia-Ukraine war caused further significant increases in the costs of materials, transport and energy, as well as energy security risks. Global supply chains remained unstable. Throughout Europe, the combined effects of the coronavirus pandemic and a resurgence of other infectious diseases resulted in high levels of sick leave in a health sector already hit by a shortage of nursing staff. As a result, the number of surgeries remained well below pre-pandemic levels. In addition, inflation led to reduced purchasing power, which seriously affected prices and demand for consumer goods.

HARTMANN takes decisive action

HARTMANN took rapid and comprehensive action to meet all the new challenges. Targeted price adjustments and improvements in logistics enabled the Company to partially compensate for material and energy costs. Dependence on Russian gas was greatly reduced by rapidly investing in infrastructure. The Company also made investments to ensure security of supply to customers and significantly increased stockpiles despite the costs for storage, logistics and financing.

Slight organic decline in sales reflects market development; significant burdens due to rising costs for materials and transport

In 2022, the HARTMANN GROUP's sales revenues stood at EUR 2,311.6 million. Overall, HARTMANN recorded a slight decline in sales of -0.8%. Adjusted EBITDA stood at EUR 190.8 million (previous year: EUR 240.6 million), the return on adjusted EBITDA at 8.3%.

- **Incontinence Management segment:** Product ranges for outpatient care developed positively. In addition, product volumes in care homes and hospitals grew thanks to a renewed slight upturn in bed occupancy rates. The reporting year, however, was affected by considerable increases in raw material and transport costs, which could only be partially compensated for through cost savings and price adjustments.
- **Wound Care segment:** Continued successful pursuit of the strategy to win market share in advanced wound care by leveraging innovations. The position as a strong market leader in traditional wound care was maintained and, overall, HARTMANN is number 1 in the European pharmacy market in the area of wound care.
- **Infection Management segment:** The hand sanitizer market in hospitals is below pre-pandemic levels and the level of the previous year due to customers with high stockpiles. This led to a decrease in sales. The special circumstances affecting examination gloves no longer apply and it has not been possible to fully pass on increased material costs to customers.
- **Complementary Group Divisions segment:** The CMC Group, as well as the KOB Group, achieved organic sales growth – at CMC mainly through an increase in the sales prices of absorbent cotton products, at the KOB Group through a positive development in compression bandages. The KNEIPP Group was confronted with a shrinking market for bathing in 2022 and a shift away from branded products due to inflation. The Complementary Group Divisions were only able to pass on a small part of the sharp cost increases to customers.

Transformation Program makes large contribution to profitability

Despite the difficult market situation, HARTMANN pursued the Transformation Program launched in 2019 with undiminished commitment. Up to and including 2022, the program has made a major contribution to HARTMANN's profitability with a cumulative amount of EUR 100 million, which ensures resiliency to crises in a difficult market situation. At just over EUR 180 million, investments during the year under review were around twice as high as before the start of the Transformation Program. HARTMANN invested in product innovations and production facilities, while also implementing structural changes to improve competitiveness.

Dividend proposed to remain at EUR 8.00

HARTMANN is sticking to its longstanding principle of a dividend policy aimed at continuity and proposes a dividend of EUR 8.00 per share.

2023: Targeted continuation of the Transformation Program; investments remain at a high level

HARTMANN is planning further high investments for 2023. A significant share will be invested in the largest plant for incontinence products in Herbrechtingen. In addition to the investments of around EUR 40 million already announced in 2022 for a new production line and infrastructure, it was decided at the beginning of 2023 to invest EUR 20 million in another high-performance plant and additional infrastructure measures. The investments will strengthen the Herbrechtingen site.

The economic and geopolitical situation remains challenging for Europe's national economies and their health industries. In Germany, the number of unprofitable hospitals is growing. Significant pressure on the consumer business is expected to remain. Considerable wage and salary increases are expected as a means to counter inflation. Furthermore, HARTMANN will no longer benefit from advantageous purchasing contracts that expired at the end of 2022.

Against this backdrop, price adjustments will also be necessary in the current year. The Transformation Program will have a significant, sustainable and positive effect on results. However, in the short term, it will not fully compensate for the anticipated extra costs in materials or the current reduced demand for products. HARTMANN is therefore expecting a lower adjusted EBITDA for 2023 of between EUR 145 and EUR 185 million. At the same time, the Company is anticipating moderate organic growth in sales for the 2023 financial year.

Britta Fünfstück, CEO of the HARTMANN GROUP: "We will continue to implement our Transformation Program with great consistency and focus. This year, we will launch a number of innovative and cost-efficient products that offer added value to our customers. We are convinced that the program's significant positive contribution to results will become evident when demand and procurement markets recover. Together with our employees, we will be a strong, passionate and committed partner to customers, especially in these challenging times."

The Annual Report and financial statements for financial year 2022 can be found at hartmann.info/en-corp/investor-relations.

About HARTMANN GROUP

The HARTMANN GROUP is one of the leading European providers of professional medical and care products and associated services. Every day, healthcare professionals and patients rely on HARTMANN brands in the segments of Incontinence Management (e.g. MoliCare®), Wound Care (e.g. Zetuvit®) and Infection Management (e.g. Sterillium®). This is expressed in our brand promise of “Helps. Cares. Protects.” In 2022, the HARTMANN GROUP reported Group sales of EUR 2.3 billion.

Founded in 1818, the Company sells its products and solutions in 130 countries around the world. For the future, the HARTMANN GROUP is currently implementing its strategic Transformation Program with its high-performance, customer-oriented and passionate team.

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To learn more about the HARTMANN GROUP, visit: <https://hartmann.info/>.

Press contact:

Stephanie Reuter

PAUL HARTMANN AG

Tel. +49 7321 36 13 93

E-Mail: stephanie.reuter@hartmann.info