



Interim report for Q3 2019/20

Ambu delivered 21% organic revenue growth in Q3, driven by an 81% increase in Visualization sales. COVID-19 significantly increased the demand for Ambu's resuscitators and single-use scopes primarily in Europe and Asia Pacific. The rest of the portfolio was negatively affected, as elective procedures reduced sharply in April and May. As a result, full-year guidance is reduced to approx. 26% organic growth with an EBIT margin of approx. 12%.

"We will emerge from the COVID-19 crisis as a stronger company, and the benefits of single-use endoscopy are clearer today than before the pandemic started. Our visualization business grew 81% in the quarter and we are well under way to exceed a million single-use endoscopes sold this year. In this quarter, we were also able to advance our innovation agenda and enter urology and GI, the largest markets in endoscopy. These are important milestones in our journey to become the world's most innovative single-use medtech company," says CEO Juan Jose Gonzalez.

Highlights for the quarter

- For Q3, **revenue** totaled DKK 947m (vs. DKK 773m LY), equal to 23% reported growth. Year-to-date reported growth was 22%. Organic growth for Q3 and year to date was 21% and 20%, respectively.
- **EBIT** before special items for the quarter was DKK 156m (DKK 155m) with an **EBIT margin** before special items of 16.5% (20.1%), while EBIT before special items year to date was DKK 399m (DKK 462m) equating to an EBIT margin before special items of 14.8% (20.9%).
- In Q3, **Visualization** achieved organic growth of 81%, **Anaesthesia** declined by -1%, and **Patient Monitoring & Diagnostics (PMD)** declined by -32%. Year to date, Visualization grew 60% organically, Anaesthesia 3% while PMD was negative by -10%. Organic growth is driven by a high demand for bronchoscopes and resuscitators, with geographical variations, but negatively impacted by other products within Anaesthesia and PMD that are used for elective procedures.
- For the quarter, **North America** declined -10%, while **Europe** grew 59% and **Rest of World** grew 31%. Year to date, North America grew 7%, Europe 38% and Rest of World 15%. The negative growth in North America was mainly ascribable to Anaesthesia and PMD, which declined -18%.
- **Sales of single-use endoscopes** reached 337,000 units for the quarter and 830,000 units year to date. Sales volumes were thus up 74% and 58%, respectively, relative to last year.

- **The aScope™ Duodeno** has been granted designation as a breakthrough device by the FDA and received 510(k) clearance on 17 July 2020. This is our third launch of the year in single-use endoscopy and shows Ambu's ability to develop and bring to market advanced single-use endoscopy solutions.
- Following the FDA clearance of our aScope™ Duodeno, we have conducted several product demonstrations in the U.S. with positive feedback from physicians. We are also building deep expertise within the field of gastrointestinal (GI) endoscopy on the back of creating our GI commercial organization in the U.S. In terms of our clinical study, the plan was to start 1 September 2020. However, as the COVID-19 recovery is taking longer than expected, hospital administrations have been unable to confirm the start date of our clinical study, and we therefore expect this to commence later than initially planned.
- Travel restrictions and delays from suppliers caused by the COVID-19 pandemic have impacted the launch of our **colonoscope and gastroscope** that was planned to be launched in Q2 2020/21 and which we now expect to launch in H2 2020/21.
- **Gross margin** for the quarter was 64.7% (56.4%). The comparison with last year should be adjusted for the effect of inventory write-downs following the discontinuation of the SC210 colonoscope in Q3 2018/19. Adjusted for this effect, the gross margin increased by approx. 5 percentage points. The gross margin year to date was 62.2% (58.8%).
- **Capacity costs** for the quarter totaled DKK 457m (DKK 281m), corresponding to an increase of 63% for the quarter and 52% year to date. Capacity costs are increasing primarily due to the investments in commercial infrastructure announced in June and August 2019 and in May 2020. Our commercial expansion is progressing as planned and is as previously announced expected to be fully completed by the end of Q1 2020/21.
- **Net working capital** to revenue ratio was 17% (21%) by the end of the quarter based on rolling 12-month revenue. Our supply chain has been significantly impacted by the strong increase in demand caused by the pandemic, and for certain product categories our global inventories are lower than what we would like them to be in the longer term.
- **Free cash flow** before acquisitions totaled DKK 187m (DKK 148m) for the quarter and was negative year to date at DKK -92m (DKK +204m), which is in line with our investment plan. The EUR 40m milestone payment associated with FDA clearance of the duodenoscope falls due in Q1 2020/21.
- The organic growth for the 2019/20 financial year is now expected to be 'approx. 26%' compared to previously '26-30%' as the impact of COVID-19 has been more protracted than expected, especially in the U.S. This impacts volume of elective procedures and the revenue contribution from our Anaesthesia and PMD portfolios. As a result, we now expect growth for our Anaesthesia and PMD portfolios to be slightly negative for the full year 2019/20. Our full-year expectations for Visualization are unchanged, and we still expect to sell more than 1 million endoscopes in 2019/20. As a result of the lower growth for the full year, our expectations for EBIT margin before special items are reduced from '12-14%' to now 'approx. 12%'. The **outlook for the 2019/20 financial year** is therefore:
 - Organic growth of approx. 26%.
 - EBIT margin before special items of approx. 12%.
 - Sales of more than 1 million endoscope units (unchanged compared to previously announced outlook).

A **conference call** is held today, Wednesday 26 August 2020, at 10.00 (CEST). The conference is broadcast live via www.ambu.com/webcastQ32020. The presentation can be downloaded immediately before the conference call via the same link. To ask questions in the Q&A session, please call the following number five minutes before the start of the conference: +45 3544 5577 and enter the following access code: 70317768#.

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Financial highlights

DKKm	Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Income statement					
Revenue	947	773	2,696	2,214	2,820
Gross margin, %	64.7	56.4	62.2	58.8	58.0
EBITDA before special items	198	186	524	544	589
Depreciation	-22	-15	-62	-38	-51
Amortisation	-20	-16	-52	-44	-58
Impairment	0	0	-11	0	0
EBIT before special items	156	155	399	462	480
EBIT	156	117	399	424	306
Net financials	-33	164	-82	109	107
Profit before tax	123	281	317	533	413
Net profit for the period	92	216	238	409	317
Balance sheet					
Assets	4,876	4,357	4,876	4,357	4,558
Net working capital	569	624	569	624	387
Equity	2,410	2,226	2,410	2,226	2,182
Net interest-bearing debt	1,253	1,112	1,253	1,112	1,035
Invested capital	3,663	3,338	3,663	3,338	3,217
Cash flows					
Cash flow from operating activities	314	225	214	381	533
Cash flow from investing activities before acquisitions	-127	-77	-306	-177	-259
Free cash flow before acquisitions of enterprises and technology	187	148	-92	204	274
Acquisitions of enterprises and technology	-2	-1	-2	-2	-2
Cash flow from operating activities, % of revenue	33	29	8	17	19
Investments, % of revenue	-13	-10	-11	-8	-9
Free cash flow before acquisitions of enterprises, % of revenue	20	19	-3	9	10
Key figures and ratios					
Organic growth, %	21	10	20	13	4
Rate of cost, %	48	36	47	38	41
EBITDA margin before special items, %	20.9	24.1	19.4	24.6	20.9
EBIT margin before special items, %	16.5	20.1	14.8	20.9	17.0
EBIT margin, %	16.5	15.1	14.8	19.2	10.9
Tax rate, %	25	23	25	23	23
Return on equity, %	16	25	16	25	16
NIBD/EBITDA before special items	2.2	1.5	2.2	1.5	1.8
Equity ratio, %	49	51	49	51	48
Net working capital, % of revenue	17	21	17	21	14
Return on invested capital (ROIC), %	9	15	9	15	15
Average number of employees	3,731	3,006	3,429	2,909	2,957
Share-related ratios					
Market price per share (DKK)	208	106	208	106	114
Earnings per share (EPS) (DKK)	0.37	0.88	0.97	1.67	1.30
Diluted earnings per share (EPS-D) (DKK)	0.37	0.87	0.96	1.65	1.28

Q3 YTD 2019/20 is affected by the adoption of IFRS 16 'Leases' on October 1, 2019. Comparable information has not been restated. Please refer to note 1.

Management's review

Q3 2019/20

COVID-19 has continued to affect demand patterns for our products in Q3, causing positive as well as negative variations across geographies and product categories. Most notably, we saw a strong increase in demand for single-use bronchoscopes outside of the U.S. – where most countries have used aScope™ 4 Broncho widely in the treatment of COVID-19 patients. However, in the USA, demand was lower as bronchoscopes were only used in critical cases. For our Visualization business, we post 81% growth in Q3 based on triple-digit growth in Europe and negative growth in North America.

Our Anaesthesia and PMD products are to a large extent used in hospital procedures that are elective for the patient. We saw a greater-than-expected contraction of elective procedures in the early part of Q3, which led to lower-than-expected revenue in Anaesthesia and PMD in the first half of the quarter. However, in the second half of Q3 and into Q4, we have seen a notable recovery of the monthly run rate of sales in Anaesthesia and PMD, but unfortunately not strong enough to prevent slightly negative combined growth for these two business areas for the full year.

Sales performance – Regions

Last year's comparative figures are stated in brackets.

Revenue of DKK 947m (DKK 773m) was posted for Q3, corresponding to organic growth of 21% (10%), and reported growth of 23% (15%).

Year to date, revenue came to DKK 2,696m (DKK 2,214m) corresponding to organic growth of 20% (13%).

North America accounted for 37% of revenue in Q3 based on negative organic growth of -10% (+15%) compared to Q3 last year. Reported growth was -9% (+25%). COVID-19 impacted our US business negatively as elective procedures were being cancelled or postponed to a large degree as the spread of the virus continued. The

negative impact was most predominant for the PMD business where a significant share of products is used for elective procedures. Within Anaesthesia we saw a positive impact on the demand for resuscitators while our elective-driven product groups were negatively impacted.

In Visualization, North America declined by -2%, after 43% growth in Q2. This was driven by the impact of COVID-19 on the elective part of our pulmonary and ENT business.

In Q3, we posted negative growth of -6% in Anaesthesia and -43% in PMD. The negative growth in Anaesthesia conceals a strong demand for resuscitators. Year to date, North America accounted for 44% of revenue based on organic growth of 7% (17%) and reported growth of 9% (27%).

Following a sharp contraction in Q3, our Visualization business is beginning to recover as we move into Q4.

Europe accounted for 50% of revenue in Q3 based on an organic growth of 59% (5%). During the quarter, demand for single-use Visualization devices surged at hospitals in Europe as single-use bronchoscopes have come to play an important role in the treatment of COVID-19 patients.

Q3 saw a threefold increase in Visualization sales compared to last year, reaching 195% organic growth. Anaesthesia grew 7% while PMD sales declined by -32%, and are impacted by the same COVID-19 dynamics as we see in North America, including a strong demand for resuscitators and the cancellation of procedures within the PMD portfolio

Year to date, Europe accounted for 45% of revenue, realizing organic growth of 38% (8%) and reported growth of 38% (9%).

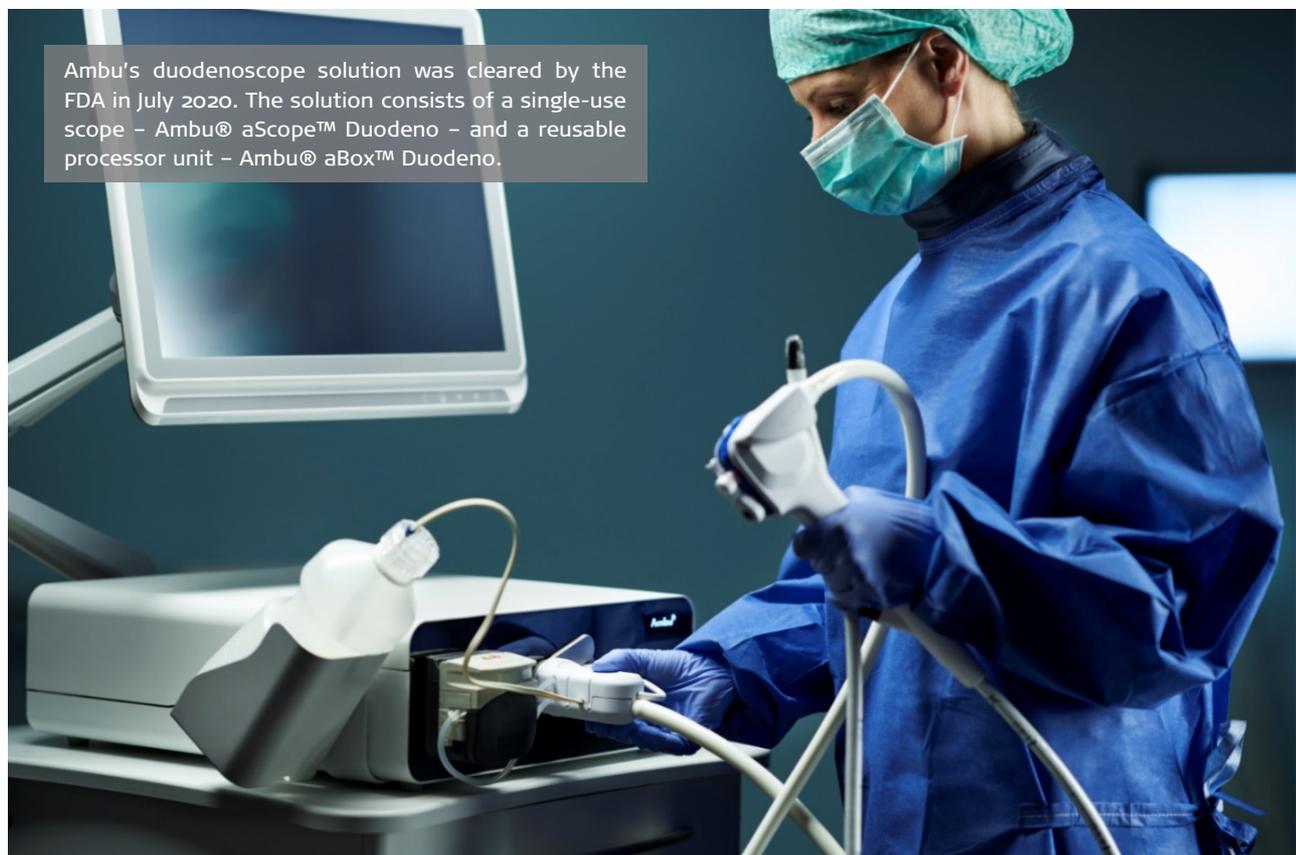
DKKm	Q3 19/20	Q3 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	349	383	-10%	1%	-9%	1,174	1,074	7%	2%	9%
Europe	478	301	59%	0%	59%	1,218	884	38%	0%	38%
Rest of World	120	89	31%	4%	35%	304	256	15%	4%	19%
Revenue	947	773	21%	2%	23%	2,696	2,214	20%	2%	22%



As we move into Q4, we continue to see a strong demand in Visualization in Europe.

Rest of World, which is comprised of our direct markets in Asia Pacific and our indirect distribution network, accounted for 13% of revenue based on organic growth of 31% (9%) and reported growth of 35% (10%). Growth in Rest of World is driven by Visualization sales in China, Australia and Japan as well as our improved ability to deliver Anaesthesia products – primarily resuscitators – on the back of the surge in demand seen in Q2. Moving into Q4, we see a recovery within our core business in Rest of World. The fundamental dynamics impacting Anaesthesia and PMD are the same as in North America and Europe.

In Rest of World, Visualization achieved organic growth of 105%, while Anaesthesia grew 10% and PMD was negative at -9%. Year to date, 11% of revenue stemmed from Rest of World based on organic growth of 15% (14%) and reported growth of 19% (17%).



Sales performance – Business area

Visualization

DKKm	Q3 19/20	Q3 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	158	159	-2%	1%	-1%	523	422	21%	3%	24%
Europe	328	111	195%	0%	195%	670	318	111%	0%	111%
Rest of World	53	25	105%	7%	112%	122	69	77%	0%	77%
Revenue	539	295	81%	2%	83%	1,315	809	60%	3%	63%

For the quarter, Visualization grew organically by 81% (30%) with reported growth of 83% (35%) and total revenue of DKK 539m. Visualization accounted for 57% (38%) of Ambu's revenue in Q3. Year to date, Visualization saw organic growth of 60% (32%) with reported growth of 63% (38%).

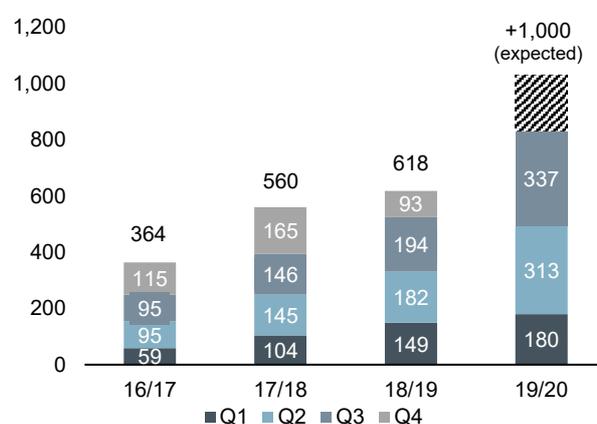
Organic growth in Visualization for the quarter was -2% (+49%) in North America, 195% (14%) in Europe, while Rest of World reported organic growth of 105% (10%). Most of the revenue in Visualization comes from sales of aScope™ 4 Broncho.

During the pandemic, medical guidelines in the USA and Europe have recommended that if a bronchoscopy is medically required, then a single-use bronchoscope is preferred to reduce the risk of further infections. This represents a positive development for the single-use endoscopy market as new health care systems have started accessing our technology.

The cancelling and postponing of elective procedures negatively impacted our revenue from aScope™ 4 RhinoLaryngo at the beginning of the quarter as most ENT procedures are elective. Since then, we have seen a gradual improvement in the second half of the quarter, as health care systems restart their normal activities.

In Q3 2019/20, the sales of endoscopes totaled 337,000 units compared to 194,000 units in Q3 2018/19. This represents 74% growth in volumes. For the first nine months of the year, 830,000 endoscopes were sold, equating to volume growth of 58%.

Number of endoscopes sold, '000 units



In Q3, aScope™ 4 Cysto received 510(k) clearance from the FDA, and aView™ 2 Advance obtained the CE mark and was listed at the FDA. Our launches of these products have been relatively unaffected by the pandemic as planned activities involving physical presence have been conducted via webinars and on other digital platforms. At the end of Q3, these product launches are on track and progressing according to plan, including our ability to supply products to customers.

In early Q4, on 17 July 2020, 510(k) clearance of our aScope™ Duodeno was given by the FDA. The FDA concluded that our device qualifies for designation as a breakthrough device.

The expansion of our GI sales organization is progressing as planned and is, as announced, expected to be fully deployed by the end of Q1 2020/21.



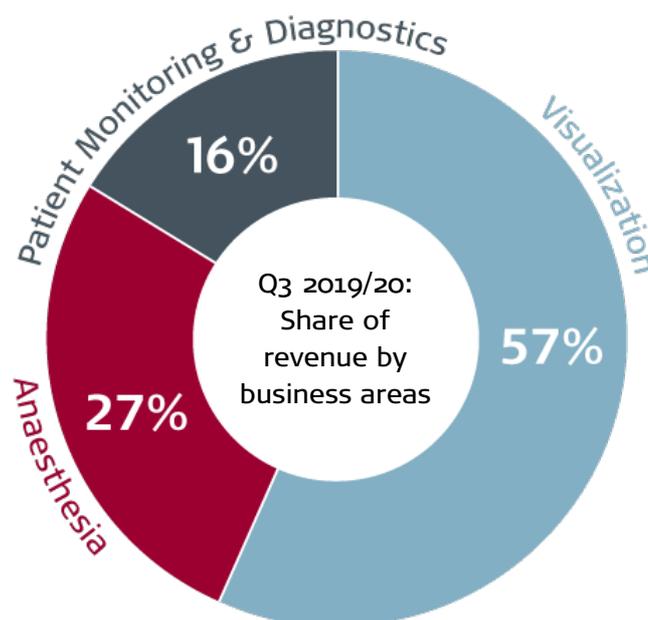
Anaesthesia

DKKm	Q3 19/20	Q3 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	156	164	-6%	1%	-5%	493	469	3%	2%	5%
Europe	60	56	7%	0%	7%	187	169	11%	-1%	10%
Rest of World	42	37	10%	4%	14%	107	110	-6%	3%	-3%
Revenue	258	257	-1%	1%	0%	787	748	3%	2%	5%

Anaesthesia posted organic growth of -1% (0%) in Q3 and reported growth of 0% (5%). Total revenue was DKK 258m. Anaesthesia accounted for 27% (33%) of Ambu's revenue in Q3. Year to date, organic revenue growth was 3% (4%) and reported growth 5% (10%).

The negative organic growth in Anaesthesia is attributable to a strong demand for resuscitators and a lower demand for most other products as they are often used for elective hospital procedures and are therefore impacted by COVID-19. The trend during the quarter was one of a gradual increase in demand, indicating that postponed hospital activities are resuming.

In North America, Anaesthesia sales declined by -6% (-1%), while organic growth in Europe was 7% (2%). Sales in Rest of World grew by 10% (5%) and are to some extent influenced by timing differences between the current and the previous quarter due to supply chain constraints.



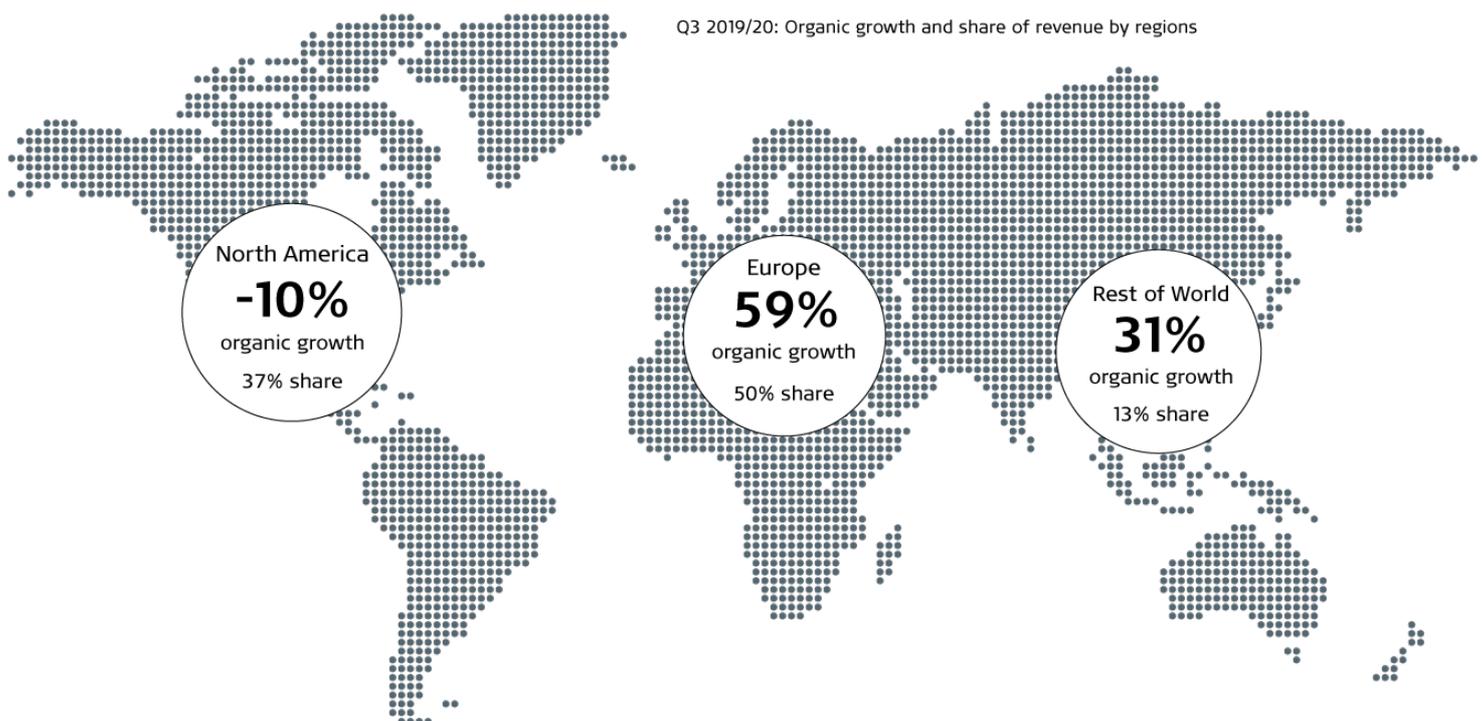
Patient Monitoring & Diagnostics (PMD)

DKKm	Q3 19/20	Q3 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	35	60	-43%	1%	-42%	158	183	-14%	0%	-14%
Europe	90	133	-32%	0%	-32%	361	397	-9%	0%	-9%
Rest of World	25	28	-9%	-2%	-11%	75	77	-8%	5%	-3%
Revenue	150	221	-32%	0%	-32%	594	657	-10%	0%	-10%

In Q3, PMD accounted for 16% (29%) of Ambu's revenue and sales declined by -32% (+2%). Reported growth was also -32% (+5%). Year to date, our PMD business saw organic growth of -10% (+5%) and reported growth of -10% (+8%).

Our PMD portfolio is driven by cardiology and neuro-physiology products, which are used mainly in elective procedures. As a result, PMD sales declined sharply in Q3 as hospital activity was significantly restricted. However, the month-by-month development in Q3 shows an increase in PMD sales, reflecting a movement towards normal – or pre-COVID – capacity at hospitals.

In the PMD business, North America posted organic growth of -43% (+1%) while Europe and Rest of World were at -32% (+1%) and -9% (+12%), respectively.



FINANCIAL RESULTS

INCOME STATEMENT

DKKm	Q3 19/20	Q3 18/19	Change in value	Change%	YTD 19/20	YTD 18/19	Change in value	Change%
Revenue	947	773	174	23%	2,696	2,214	482	22%
Production costs	-334	-337	3	-1%	-1,019	-913	-106	12%
Gross profit	613	436	177	41%	1,677	1,301	376	29%
<i>Gross margin, %</i>	<i>64.7</i>	<i>56.4</i>	-	-	<i>62.2</i>	<i>58.8</i>	-	-
Selling and distribution costs	-320	-190	-130	68%	-891	-553	-338	61%
Development costs	-41	-26	-15	58%	-107	-76	-31	41%
Management and administration	-96	-65	-31	48%	-280	-210	-70	33%
Total capacity costs	-457	-281	-176	63%	-1,278	-839	-439	52%
EBIT before special items	156	155	1	1%	399	462	-63	-14%
<i>EBIT margin before special items, %</i>	<i>16.5</i>	<i>20.1</i>	-	-	<i>14.8</i>	<i>20.9</i>	-	-

Revenue

Revenue for Q3 was DKK 947m, up DKK 174m from the prior-year period, corresponding to reported growth of 23% (15%). Adjusted for currency effects, the underlying organic growth was 21% (10%).

Revenue for the first nine months was DKK 2,696m (DKK 2,214m), corresponding to reported growth of 22% (18%) and organic growth of 20% (13%).

Gross profit

Gross profit in Q3 was up 41% at DKK 613m (DKK 436m), and the gross margin increased by 8.3 percentage points to 64.7% (56.4%). The gross margin in Q3 2018/19 was negatively impacted by inventory write-downs following the discontinuation of SC210 in June 2019 to the tune of 3 percentage points. Adjusted for this effect, the gross margin increased organically by more than 5 percentage points year-on-year due to a higher ratio of revenue coming from the Visualization product group.

As in previous quarters, negative effects from reduced average selling prices are minimal.

Exposure to changes in foreign exchange rates

Just over 50% of Ambu's total revenue is being invoiced in USD. In addition, just under 40% of revenue is invoiced in EUR or DKK, and approx. 5% in GBP, while the remaining 5% is invoiced in other currencies. Production

and capacity costs are predominantly settled in USD, DKK, EUR, MYR and CNY.

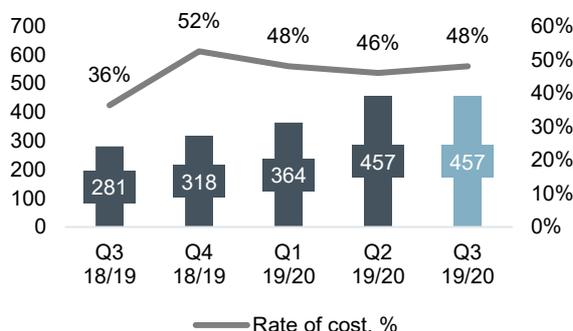
In Q3 2019/20, the average USD/DKK exchange rate was 678 (664), up 2%. The average exchange rates for CNY/DKK, GBP/DKK and MYR/DKK decreased by 2%. The combined exchange rate impact on this quarter's revenue is a positive 2%, or DKK 12m, while the net impact on earnings and EBIT margin before special items is limited due to the USD cost base, including factories in China and Malaysia, which settle approx. 50% of their direct manufacturing costs in USD.

Capacity costs

In Q3, capacity costs totaled DKK 457m (DKK 281m), corresponding to a 63% increase, or DKK 176m. The commercial expansions announced in June and August 2019 and in May 2020 are driving most of the increase in selling and distribution costs.

Year to date, total capacity costs amounted to DKK 1,278m (DKK 839m). The rate of cost was 48% (36%) for the quarter and 47% (38%) for the first nine months of the 2019/20 financial year.

Total capacity costs and rate of cost, %



Selling and distribution costs were up DKK 130m or 68% at DKK 320m (DKK 190m) compared to Q3 last year, but down DKK 4m compared to Q2 2019/20. The reason for the decline compared to Q2 is fluctuations in provisions for bad debts, variable compensation and costs of air freight. Selling and distribution costs corresponded to 34% (25%) of revenue in Q3.

In Q3, we decided to expand our manufacturing capacity for aScope 4 Broncho and resuscitators to be able to support the observed increase in demand, which we expect to continue in the foreseeable future. The full effect of this double-digit increase in manufacturing capacity for both product categories is expected to be seen by the end of 2019/20. To guarantee stable supplies for our customers during the pandemic, at the beginning of Q3 it was decided to switch to air-freighting of all aScopes and some strategic deliveries of resuscitators. This added costs of DKK 26m in Q3 compared to default shipping by sea. Once capacity has been fully expanded and safety stocks have been rebuilt in Europe and the USA, we expect to switch back to sea freight, meaning that distribution costs will normalize. We expect this to happen during the first half of 2020/21.

Selling and distribution costs for the first nine months were up DKK 338m at DKK 891m (DKK 553m) corresponding to 33% (25%) of revenue.

Development costs increased by DKK 15m or 58% to DKK 41m (DKK 26m), which can be ascribed to an increase in activities in our innovation organization as well as an increase in amortization.

Development costs for the first nine months were up DKK 31m at DKK 107m (DKK 76m) corresponding to 4% (3%) of revenue.

The cash flow relating to innovation activities, including the ramp-up of production of new products in the first nine months of 2019/20, is up DKK 105m or 70% at DKK 255m.

DKKm	YTD 19/20	YTD 18/19	Change in value
Development costs	107	76	31
+ Depreciation and amortization	-56	-45	-11
+ Impairment	-8	0	-8
= Development costs affecting EBITDA	43	31	12
+ Investments	212	119	93
= Cash flow – Innovation	255	150	105

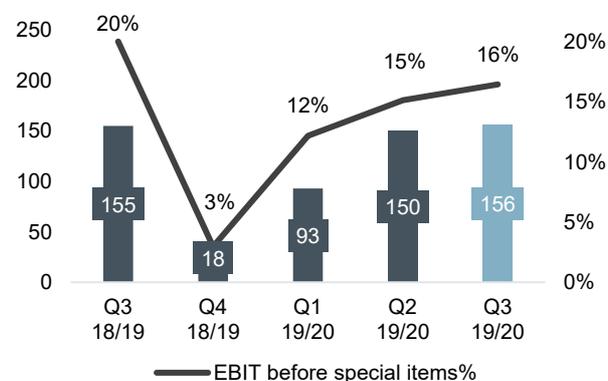
Management and administrative costs for Q3 were DKK 96m (DKK 65m). Year to date, costs were up DKK 70m or 33% at DKK 280m (DKK 210m), corresponding to 10% (9%) of revenue. This reflects increased activity levels and the expansion of our HQ headcount.

Operating profit (EBIT) before special items

EBIT before special items was DKK 156m (DKK 155m) in Q3, with an EBIT margin before special items of 16.5% (20.1%).

Year to date, EBIT before special items was DKK 399m (DKK 462m) and the EBIT margin before special items was 14.8% (20.9%).

EBIT before special items – DKKm



Depreciation, amortization and impairment for Q3 represented an expense of DKK 42m (DKK 31m). The increase is ascribed to an increase in amortization of development projects and depreciation relating to the expansion of product capacities. Moreover, depreciation and amortization of right-of-use assets recognized in the balance sheet on 1 October 2019 following the implementation of IFRS 16 'Leases' was DKK 22m for the first nine months.

Depreciation, amortization and impairment for the first nine months was DKK 125m (DKK 82m).



EBITDA before special items

EBITDA before special items in Q3 was DKK 198m (DKK 186m) with an EBITDA margin before special items of 20.9% (24.1%).

EBITDA before special items for the year to date was DKK 524m (DKK 544m) with a margin of 19.4% (24.6%).

Special items and EBIT

Special items were DKK 0m (DKK 38m) in Q3 and YTD.

Consequently, EBIT before and after special items remains the same in 2019/20.

Net financials

Net financials amounted to expenses of DKK 82m (net income of DKK 109m) for the year to date.

Net financials are composed as follows:

- Foreign exchange constituted a net expense of DKK 13m (DKK 2m).
- Interest expenses on bank and lease debt totalled DKK 21m (DKK 14m).
- Fair value adjustments of derivative instruments constituted a net income of DKK 3m (net expense of DKK 9m).
- The interest expense element from liabilities stated at present amortized value was DKK 2m (DKK 2m).
- Fair value adjustments of contingent consideration relating to the acquisition of Invendo Medical GmbH represented a net expense of DKK 49m (net income of DKK 136m).

Tax

Tax on profit for the year to date totalled DKK -79m (DKK -124m), corresponding to a tax rate of 25% (23%). The main reason for the tax rate of 25% is that the fair value adjustment of contingent consideration taken to 'Net financials' is not tax-deductible.

Going forward, Ambu's underlying effective tax rate is still expected to be approx. 23% adjusted for non-deductible and non-taxable items.

Net profit

A net profit of DKK 238m (DKK 409m) was posted for the year to date, equivalent to 9% (18%) of revenue.

Earnings per share (EPS)

Year to date, earnings per share were DKK 0.97 (DKK 1.67).

Balance sheet

At the end of June 2020, Ambu had total assets of DKK 4,876m (DKK 4,357m).

Balance sheet condensed by main items

DKKm	30.06.20	30.06.19	Change in value	Change %
Non-current assets	3,648	3,319	329	10%
Inventories	471	418	53	13%
Trade receivables	575	535	40	7%
Other current assets	102	59	43	73%
Cash	80	26	54	208%
Total assets	4,876	4,357	519	12%
Equity	2,410	2,226	184	8%
Contingent consideration	427	363	64	18%
Interest bearing debt	1,333	1,138	195	17%
Trade and other payables	565	384	181	47%
Other liabilities	141	246	-105	-43%
Total equity and liabilities	4,876	4,357	519	12%

Total invested capital was DKK 3,663m (DKK 3,338m) by the end of Q3 with a 9% (15%) return on invested capital based on rolling 12-month EBIT before special items.

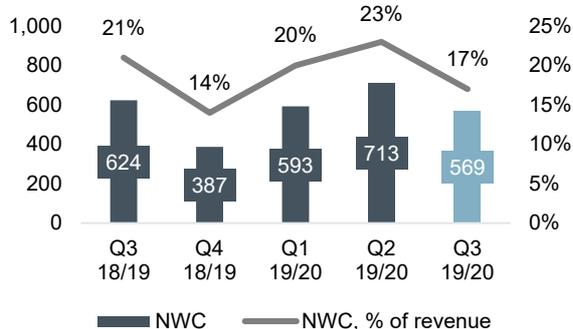
Non-current assets at the end of the quarter were DKK 3,648m, up DKK 329m from Q3 last year and driven by total investments of DKK 306m (DKK 177m) year to date. Total investments are split between development projects including the ramp-up of production of new products of DKK 212m (DKK 119m) and other tangible investments of DKK 94m (DKK 58m).

The adoption of IFRS 16 'Leases' resulted in right-of-use assets of DKK 57m being recognized on 1 October 2019, corresponding to 1.3% of total assets. Reference is made to note 1 for a more detailed explanation of the effect on the group's financial position.

Net working capital

At the end of the quarter, net working capital was DKK 569m (DKK 624m), corresponding to 17% (21%) of 12 months of revenue.

Net working capital and net working capital relative to revenue, %



Inventories were DKK 471m (DKK 418m) at the end of the quarter, corresponding to 14% (14%) of 12 months of revenue. Inventory levels are impacted by high demand and the intermediate change from sea freight to air freight and will normalize as we build the needed manufacturing capacity.

We have initiated a manufacturing ramp-up plan for our single-use bronchoscopes and resuscitators and, as described above, used air freight to a significant extent in Q3 to deal with a higher-than-expected level of demand.

Trade receivables totalled DKK 575m at the end of the quarter against DKK 535m in the same period last year. Calculated at fixed exchange rates on a 12-month basis, the average number of credit days was 59 (62).

Management continues to monitor the increased credit risk related to trade receivables following the COVID-19 pandemic. No additional credit losses are expected at the end of Q3 in addition to the DKK 38m expensed in Q2 to mitigate this risk.

Initiatives at government or regional level to save Ambu's customers from default will guard Ambu against credit losses on trade receivables. However, it is difficult to gauge whether such initiatives are adequate to prevent additional credit losses in case of a second COVID-19 wave.

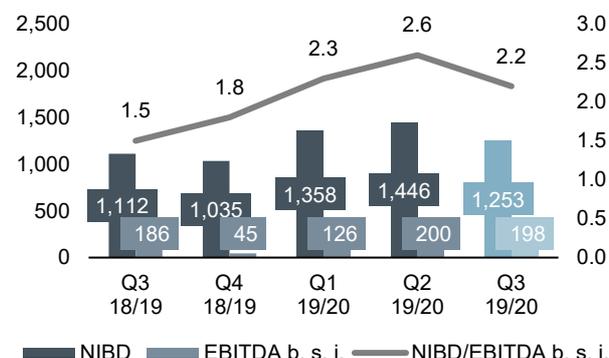
Trade payables and other payables totalled DKK 565m (DKK 384m), up DKK 181m or 47% from last year. The absolute increase can be attributed to higher activity levels in June 2020 compared to the previous year including indirect taxes, bonuses and commissions.

Net interest-bearing debt and gearing

Cash and cash equivalents amounted to DKK 80m (DKK 26m), and total net interest-bearing debt (NIBD) was DKK 1,253m (DKK 1,112m), corresponding to 2.2 (1.5) of EBITDA before special items.

At the end of June 2020, Ambu had unutilized capital resources from cash, overdraft and credit facilities of approx. DKK 1.2bn (DKK 1.3bn).

NIBD, EBITDA (before special items) and NIBD/EBITDA (before special items)



Contingent consideration was DKK 427m at the end of the quarter against DKK 363m last year. Contingent consideration was DKK 378m at the end of Q4 2018/19, and the increase of DKK 49m since Q4 is due to the unwinding of cash flows. The contingent consideration relating to the milestone payment for FDA clearance of the duodenoscope (EUR 40m) matures early October 2020. This milestone payment will be funded out of Ambu's existing credit facilities.

Other liabilities were DKK 141m (DKK 246m), corresponding to a decrease over last year of DKK 105m primarily due to paid taxes.

Cash flow statement

DKKm	Q3 19/20	Q3 18/19	Change in value	YTD 19/20	YTD 18/19	Change in value
Cash flow from operating activities (CFFO)	314	225	89	214	381	-167
Cash flow from investing activities before acquisitions (CFFI)	-127	-77	-50	-306	-177	-129
Free cash flow before acquisitions (FCF)	187	148	39	-92	204	-296
Acquisitions of enterprises and technology	-2	-1	-1	-2	-2	0
Cash flow from financing activities (CFFF)	-143	-170	27	54	-248	302
Changes in cash	42	-23	65	-40	-46	6
Cash flows in % of revenue:						
Cash flow from operating activities	33	29	-	8	17	-
Investments	-13	-10	-	-11	-8	-
Free cash flow before acquisitions	20	19	-	-3	9	-

Cash flow from operating activities (CFFO) for Q3 was DKK 314m (DKK 225m) driven by EBITDA and a decrease in net working capital for the quarter. CFFO for Q3 corresponds to 33% (29%) of revenue.

CFFO year to date totaled DKK 214m, representing a decrease of DKK 167m compared to the same period last year, and corresponding to 8% (17%) of revenue.

The decrease in CFFO is ascribable to a change in net working capital in the first nine months of DKK -196m (DKK -89m) including the normalization of working capital following the strategic decision made in Q4 2018/19 to establish entirely direct sales of bronchoscopes in North America and including the compensation of DKK 136m paid to our former distributor. In addition, tax payments are up DKK 64m at DKK 104m (DKK 40m).

Cash flow from investing activities (CFFI) for Q3 was DKK -127m (DKK -77m) driven by innovation activities and corresponding to -13% (-10%) of revenue.

CFFI year to date totaled DKK -306m based on an increase in investments of DKK 129m, mainly from increasing innovation activities as described above.

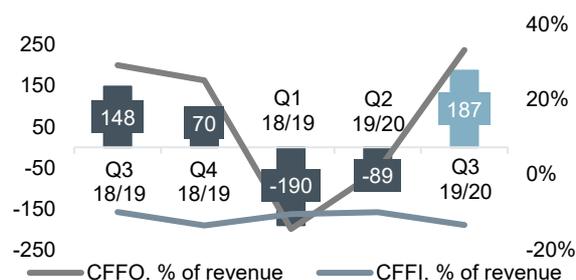
Total investments equated to -11% (-8%) of revenue year to date.

Free cash flow (FCF) before acquisitions of enterprises and technology for Q3 then totalled DKK 187m (DKK 148m) corresponding to 20% (19%) of revenue.

FCF for the first nine months of the year was down DKK 296m at DKK -92m (DKK 204m), corresponding to -3% (9%) of revenue. The negative free cash flow is as expected.

The milestone payment of DKK 298m (EUR 40m) relating to FDA clearance of the duodenoscope will mature in early October 2020.

Free cash flow before acquisitions – DKKm



Cash flow from financing activities (CFFF) amounted to DKK -143m (DKK -170m) for the quarter and DKK 54m (DKK -248m) year to date. CFFF year to date primarily relates to the net cash flow effect of DKK 125m (DKK -175m) comprising the raising of long-term debt of DKK 275m (DKK 50m) and the repayment of debt to credit institutions of DKK -150m (DKK -225m). In addition, dividend of DKK 96m (DKK 101m) has been distributed to the shareholders.

Changes in cash and cash equivalents come to DKK 42m (DKK -23m) for the quarter and DKK -40m (DKK -46m) for the first nine months of the year.

Equity

At the end of June 2020, equity totalled DKK 2,410m (DKK 2,226m), corresponding to an equity ratio of 49% (51%) of total assets.

Other comprehensive income

Other comprehensive income includes a translation adjustment arising from the translation of foreign subsidiaries for the year to date of DKK -44m (DKK 24m) resulting from a 3% decrease in the USD/DKK exchange rate since 30 September 2019.

Other equity

At the annual general meeting held on 17 December 2019, it was decided to pay dividend of DKK 96m to Ambu's shareholders. Since the general meeting, dividend of DKK 96m has been distributed, including DKK 2m on Ambu's portfolio of treasury shares.

At the end of Q3, Ambu employees had exercised a total of 1,414,985 purchase options in Ambu A/S.

In accordance with Ambu's remuneration policy, a general employee share programme for 2019/20 was established again in Q1. The general employee share programme for 2017/18 has vested, and Ambu's obligations in this respect have thus been fulfilled. Consequently, the holding of treasury shares was reduced by 122,972 Class B shares in Ambu A/S.

At the end of the first nine months, Ambu's holding of Class B treasury shares had been reduced by 1,852,557 to 4,914,682 (6,767,239), corresponding to 1.949% (2.688%) of the total share capital.

In addition, at the end of Q3, Ambu employees had exercised a total of 415,000 warrants to subscribe for shares in Ambu A/S.

In certain jurisdictions, Ambu obtains a deduction for employee gains from the exercise of options and warrants. During the half-year, equity was increased by DKK 67m (DKK -41m), corresponding to the value adjustment of any deductible value of employee gains.

Outlook 2019/20

The outlook for the full year is reduced to approx. 26% organic growth from an interval of 26-30% with an EBIT margin of approx. 12% from an interval of 12-14%. The revised outlook is driven by the negative impact on our Anaesthesia and PMD portfolios from a longer-than-expected COVID-19 pandemic, especially in the U.S. The guidance on the number of endoscopes sold remains 'more than 1 million'.

Local currencies

	26 August 2020	5 May 2020	6 April 2020	4 February 2020	13 November 2019
Organic growth	Approx. 26%	26-30%	26-30%	16-22%	16-22%

Danish kroner

	26 August 2020	5 May 2020	6 April 2020	4 February 2020	13 November 2019
EBIT margin before special items	Approx. 12%	12-14%	Guidance suspended	12-14%	12-14%

Exchange rate assumptions for 2019/20

	26 August 2020	5 May 2020	4 February 2020	13 November 2019
USD/DKK	665	680	675	665
CNY/DKK	95	97	98	95
MYR/DKK	160	160	165	160
GBP/DKK	850	860	880	865

Forward-looking statements

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

Financial diary 2019/20

2020

30 September	End of FY 2019/20
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Financial diary 2020/21

2020

14 October	Quiet period ending 11 November 2020
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11 November	Annual report 2019/20
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9 December	Annual general meeting
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Quarterly results

DKKkM	Q3 2019/20	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Composition of revenue, products:							
Visualization	539	486	290	132	295	283	231
Anaesthesia	258	273	256	243	257	260	231
Patient Monitoring & Diagnostics	150	230	214	231	221	242	194
Revenue	947	989	760	606	773	785	656
Key figures, revenue:							
Endoscopes sold, '000 units	337	313	180	93	194	182	149
Growth in number of endoscopes sold, %	74	72	21	-44	33	26	43
Organic growth, products:							
Visualization, %	81	69	24	-47	30	27	42
Anaesthesia, %	-1	3	8	-7	0	5	8
Patient Monitoring & Diagnostics, %	-32	-6	10	-3	2	10	1
Organic growth, %	21	24	14	-19	10	14	15
IFRS 15 effects on reported growth, %	0	0	0	1	2	2	1
Exchange rate effects, %	2	2	2	1	3	5	3
Reported revenue growth, %	23	26	16	-17	15	21	19
Organic growth, markets:							
North America, %	-10	17	16	-51	15	16	20
Europe, %	59	40	11	8	5	9	11
Rest of World, %	31	2	12	23	9	24	10
Organic growth, %	21	24	14	-19	10	14	15
Revenue	947	989	760	606	773	785	656
Production costs	-334	-382	-303	-270	-337	-313	-263
Gross profit	613	607	457	336	436	472	393
<i>Gross margin, %</i>	<i>64.7</i>	<i>61.4</i>	<i>60.1</i>	<i>55.4</i>	<i>56.4</i>	<i>60.1</i>	<i>59.9</i>
Selling and distribution costs	-320	-324	-247	-209	-190	-181	-182
Development costs	-41	-36	-30	-27	-26	-23	-27
Management and administration	-96	-97	-87	-82	-65	-73	-72
<i>Total capacity costs</i>	<i>-457</i>	<i>-457</i>	<i>-364</i>	<i>-318</i>	<i>-281</i>	<i>-277</i>	<i>-281</i>
Operating profit (EBIT) before special items	156	150	93	18	155	195	112
<i>EBIT margin before special items, %</i>	<i>16.5</i>	<i>15.2</i>	<i>12.2</i>	<i>3.0</i>	<i>20.1</i>	<i>24.8</i>	<i>17.1</i>
Special items	0	0	0	-136	-38	0	0
Operating profit (EBIT)	156	150	93	-118	117	195	112
<i>EBIT margin, %</i>	<i>16.5</i>	<i>15.2</i>	<i>12.2</i>	<i>-19.5</i>	<i>15.1</i>	<i>24.8</i>	<i>17.1</i>
Financial income	-3	2	4	4	131	5	0
Financial expenses	-30	-14	-41	-6	33	-30	-30
Profit before tax (PBT)	123	138	56	-120	281	170	82
Tax on profit for the period	-31	-34	-14	28	-65	-40	-19
Net profit for the period	92	104	42	-92	216	130	63

Quarterly results (continued)

DKKm	Q3 2019/20	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Balance sheet:							
Assets	4,876	4,788	4,680	4,558	4,357	4,418	4,262
Net working capital	569	713	593	387	624	713	568
Equity	2,410	2,300	2,127	2,182	2,226	2,075	1,874
Net interest-bearing debt	1,253	1,446	1,358	1,035	1,112	1,266	1,274
Invested capital	3,663	3,746	3,485	3,217	3,338	3,341	3,148
Cash flows, in DKKm:							
Cash flow from operating activities	314	10	-110	152	225	63	93
Cash flow from investing activities before acquisitions of enterprises and technology	-127	-99	-80	-82	-77	-52	-48
Free cash flow before acquisitions of enterprises and technology	187	-89	-190	70	148	11	45
Acquisitions of enterprises and technology	-2	0	0	0	-1	-1	0
Cash flows, in % of revenue:							
Cash flow from operating activities	33	1	-14	25	29	8	14
Cash flow from investing activities before acquisitions of enterprises and technology	-13	-10	-11	-13	-10	-7	-7
Free cash flow before acquisitions of enterprises and technology	20	-9	-25	12	19	1	7
Key figures and ratios:							
Capacity costs	457	457	364	318	281	277	281
Rate of cost, %	48	46	48	52	36	35	43
EBITDA before special items	198	200	126	45	186	221	137
EBITDA margin before special items, %	20.9	20.2	16.6	7.4	24.1	28.2	20.9
Depreciation	-22	-21	-19	-13	-15	-12	-11
Amortisation	-20	-18	-14	-14	-16	-14	-14
Impairment	0	-11	0	0	0	0	0
EBIT before special items	156	150	93	18	155	195	112
EBIT margin before special items, %	16.5	15.2	12.2	3.0	20.1	24.8	17.1
NIBD/EBITDA before special items	2.2	2.6	2.3	1.8	1.5	1.7	1.8
Net working capital, % of revenue	17	23	20	14	21	25	21
Share-related ratios:							
Market price per share (DKK)	208	165	112	114	106	176	157
Earnings per share (EPS) (DKK)	0.37	0.42	0.17	-0.38	0.88	0.53	0.26
Diluted earnings per share (EPS-D) (DKK)	0.37	0.42	0.17	-0.37	0.87	0.52	0.25

Management's statement

The Board of Directors and the Executive Board have considered and approved the interim report of Ambu A/S for the period 1 October 2019 to 30 June 2020. The interim report has not been audited or reviewed by the company's independent auditors.

The interim report is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies.

We consider the accounting policies applied to be expedient, the group's internal controls relevant to preparing and presenting the interim report to be adequate and the interim report to give a true and fair view of the group's assets, liabilities, results and financial position as at 30 June 2020 and of the results of the group's operations and cash flows for the period 1 October 2019 to 30 June 2020.

We further consider that the management's review gives a true and fair view of the development in the group's activities and financial affairs, the profit for the period and the group's financial position as a whole as well as a description of the most significant risks and uncertainties to which the group is subject.

Ballerup, 26 August 2020

Executive Board

Juan Jose Gonzalez
CEO

Michael Højgaard
CFO

Board of Directors

Lars Rasmussen
Chairman

Mikael Worning
Vice-Chairman

Britt Meelby Jensen

Oliver Johansen

Christian Sagild

Henrik Ehlers Wulff

Thomas Lykke Henriksen
Elected by the employees

Jakob Koch
Elected by the employees

Jakob Bønnelykke Kristensen
Elected by the employees

Consolidated financial statements

Interim report Q3 2019/20

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Ambu's single-use cystoscope for urology procedures – Ambu® aScope™ 4 Cysto – received clearance from the FDA in early Q3 and was launched along with our latest monitor platform, Ambu® aView™ 2 Advance, a full-HD technology platform to be used across the range of Ambu's sterile, single-use endoscopes.



Income statement and statement of comprehensive income - Group

Interim report Q3 2019/20

DKKm

		Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Income statement						
Revenue	4	947	773	2,696	2,214	2,820
Production costs		-334	-337	-1,019	-913	-1,183
Gross profit		613	436	1,677	1,301	1,637
Selling and distribution costs		-320	-190	-891	-553	-762
Development costs		-41	-26	-107	-76	-103
Management and administration		-96	-65	-280	-210	-292
Operating profit (EBIT) before special items		156	155	399	462	480
Special items		0	-38	0	-38	-174
Operating profit (EBIT)		156	117	399	424	306
Financial income	9	-3	131	3	136	140
Financial expenses	9	-30	33	-85	-27	-33
Profit before tax		123	281	317	533	413
Tax on profit for the period		-31	-65	-79	-124	-96
Net profit for the period		92	216	238	409	317
Earnings per share in DKK						
Earnings per share (EPS)		0.37	0.88	0.97	1.67	1.30
Diluted earnings per share (EPS-D)		0.37	0.87	0.96	1.65	1.28

		Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Statement of comprehensive income						
Net profit for the period		92	216	238	409	317
Other comprehensive income:						
<i>Items which are moved to the income statement under certain conditions:</i>						
Translation adjustment in foreign subsidiaries		-26	-24	-44	24	65
Other comprehensive income after tax		-26	-24	-44	24	65
Comprehensive income for the period		66	192	194	433	382



Balance sheet – Group

Interim report Q3 2019/20

DKKm

Assets	Note	30.06.20	30.06.19	30.09.19
Acquired technologies, trademarks and customer relations		120	135	134
Acquired technologies in progress		661	661	661
Completed development projects		192	165	161
Development projects in progress		364	178	229
Rights		43	60	57
Goodwill		1,526	1,517	1,547
Intangible assets		2,906	2,716	2,789
Land and buildings	1	320	284	290
Plant and machinery		108	96	114
Other plant, fixtures and fittings, tools and equipment	1	90	55	58
Prepayments and plant under construction		101	57	59
Property, plant and equipment		619	492	521
Deferred tax asset		123	111	87
Other non-current assets		123	111	87
Total non-current assets		3,648	3,319	3,397
Inventories		471	418	506
Trade receivables		575	535	474
Other receivables		24	13	16
Income tax receivable		14	4	5
Prepayments		64	42	40
Cash		80	26	120
Total current assets		1,228	1,038	1,161
Total assets		4,876	4,357	4,558

Equity and liabilities	Note	30.06.20	30.06.19	30.09.19
Share capital		126	126	126
Other reserves		2,284	2,100	2,056
Equity		2,410	2,226	2,182
Deferred tax		81	116	66
Provisions		29	35	38
Contingent consideration	12	0	109	114
Interest-bearing debt	1, 10	1,287	1,125	1,151
Non-current liabilities		1,397	1,385	1,369
Provisions		13	4	5
Contingent consideration	12	427	254	264
Interest-bearing debt	1, 10	46	13	4
Trade payables		250	154	266
Income tax		11	78	72
Other payables		315	230	383
Derivative financial instruments		7	13	13
Current liabilities		1,069	746	1,007
Total liabilities		2,466	2,131	2,376
Total equity and liabilities		4,876	4,357	4,558



Cash flow statement – Group

Interim report Q3 2019/20

DKKm

	Note	YTD 2019/20	YTD 2018/19	FY 2018/19
Operating profit (EBIT)		399	424	306
Adjustment of items with no cash flow effect	6	139	101	121
Changes in net working capital	7	-196	-89	170
Interest expenses and similar items		-24	-15	-20
Income tax paid		-104	-40	-44
Cash flow from operating activities		214	381	533
Investments in intangible assets		-200	-106	-159
Investments in property, plant and equipment		-106	-71	-100
Cash flow from investing activities before acquisitions of enterprises and technology		-306	-177	-259
Free cash flow before acquisitions of enterprises and technology		-92	204	274
Acquisition of technology		-2	-2	-2
Cash flow from acquisitions of enterprises and technology		-2	-2	-2
Cash flow from investing activities		-308	-179	-261
Free cash flow after acquisitions of enterprises and technology		-94	202	272
Raising of long-term debt		275	50	75
Repayment of debt to credit institutions		-150	-225	-225
Repayment in respect of leases		-24	-6	-8
Exercise of options		18	10	17
Sale of treasury shares, employee share programme		9	7	7
Dividend paid		-96	-101	-101
Dividend, treasury shares		2	3	3
Capital increase, Class B share capital		20	14	16
Cash flow from financing activities		54	-248	-216
Changes in cash and cash equivalents		-40	-46	56
Cash and cash equivalents, beginning of period		120	63	63
Translation adjustment of cash and cash equivalents		0	2	1
Cash and cash equivalents, end of period		80	19	120
Cash and cash equivalents, end of period, are composed as follows:				
Cash		80	26	120
Bank debt		0	-7	0
Cash and cash equivalents, end of period		80	19	120



Statement of changes in equity – Group

Interim report Q3 2019/20

DKKm

	Share capital	Reserve for hedging transactions	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2019	126	0	154	1,806	96	2,182
Net profit for the period				238		238
Other comprehensive income for the period			-44			-44
Total comprehensive income	0	0	-44	238	0	194
<i>Transactions with the owners:</i>						
Share-based payment				14		14
Tax deduction relating to share options				67		67
Exercise of options				18		18
Sale of treasury shares, employee share programme				9		9
Distributed dividend					-94	-94
Dividend, treasury shares				2	-2	0
Share capital increase, warrants				20		20
Equity 30 June 2020	126	0	110	2,174	0	2,410
Equity 1 October 2018	126	0	89	1,566	101	1,882
Net profit for the period				409		409
Other comprehensive income for the period			24			24
Total comprehensive income	0	0	24	409	0	433
<i>Transactions with the owners:</i>						
Share-based payment				19		19
Tax deduction relating to share options				-41		-41
Exercise of options				10		10
Sale of treasury shares, employee share programme				7		7
Distributed dividend					-98	-98
Dividend, treasury shares				3	-3	0
Share capital increase, warrants				14		14
Equity 30 June 2019	126	0	113	1,987	0	2,226

Other reserves are made up of reserve for hedging transactions, reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 2,284m (30.06.2019: DKK 2,100m).



Notes to the interim report

Interim report Q3 2019/20

Section 1: Basis of preparation of interim report

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Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2019 to 30 June 2020 is presented in accordance with IAS 34 – Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for the interim reporting of listed companies. The accounting principles applied are consistent with the principles applied in the annual report for 2018/19 with the exception of the adoption of IFRS 16 'Leases' described below. For definitions of ratios, reference is made to note 5.11 in the annual report for 2018/19.

Effect from implementing IFRS 16 'Leases'

According to IFRS 16 'Leases', a lease liability, for leases previously classified off-balance sheet as operating leases, has been recognized in the balance sheet as at 1 October 2019. The lease liability is measured at the present value of the remaining lease payments, discounted using Ambu's incremental borrowing rate. Correspondingly, as at 1 October 2019, right-of-use assets, for leases previously classified as operating leases, have been recognized in the balance sheet at an amount equal to the lease liability.

IFRS 16 'Leases' has been implemented using the simplified retrospective method in which comparative information is not restated.

Impact on the balance sheet as at 1 October 2019:

	Previous accounting policy	Effect of IFRS 16	New accounting policy
Assets			
Land and buildings	290	38	328
Other plant, fixtures and fittings, tools and equipment	58	19	77
Total assets	4,558	57	4,615
Liabilities			
Interest-bearing debt, non-current	1,151	32	1,183
Interest-bearing debt, current	4	25	29
Total liabilities	4,558	57	4,615

Note 2 – Changes in accounting estimates

In connection with the preparation of the interim report, the management makes accounting estimates, assessments and assumptions which form the basis of the presentation, recognition and measurement of the group's assets and liabilities for accounting purposes. There are no changes in the estimates or assessments reported in the annual report for 2018/19 except for the change in the estimate of the expected credit losses on trade receivables described below.

Management's accounting estimate of credit risk related to trade receivables was adversely changed by end of Q2 following the COVID-19 crisis. There is now an imminent risk of private customers' default as hospitals have taken a significant loss of revenue cutting back lucrative elective procedures to free up resources to treat COVID-19 patients. On this background, management has recognized additional expected credit losses on trade receivables of DKK 38m by end of Q2. This is done by segmenting customers systematically across markets by anticipated risk.

Note 3 – Segment information

Ambu is a supplier of medtech products for the global market. Except for the sales of the various products, no structural or organizational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organizations are identical for all important markets. Furthermore, production processes and internal controls and reporting are identical, which means that, with the exception of revenue, everything else is unsegmented. Ambu has thus identified one segment.



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Note 4 – Revenue

	Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Revenue by activities:</i>					
Visualization	539	295	1,315	809	941
Anaesthesia	258	257	787	748	991
Patient Monitoring & Diagnostics	150	221	594	657	888
Total revenue	947	773	2,696	2,214	2,820
<i>Revenue by markets:</i>					
North America	349	383	1,174	1,074	1,266
Europe	478	301	1,218	884	1,176
Rest of World	120	89	304	256	378
Total revenue	947	773	2,696	2,214	2,820

Note 5 – Development in balance sheet since 30 September 2019

Since 1 October 2019, intangible assets and property, plant and equipment have increased by a net amount of DKK 215m to DKK 3,525m. The increase is driven by investments in ongoing development projects and the adoption of the accounting standard IFRS 16 'Leases'.

Deferred taxes was a net asset of DKK 21m at the beginning of the financial year. Since then, the net asset has increased to DKK 42m.

Inventories decreased by DKK 35m as inventory returned in Q4 2018/19 following the US distribution transition now has been sold. Trade receivables increased by DKK 101m to DKK 575m, driven by the quarterly growth year-over-year.

Contingent consideration relating to the acquisition of Invendo Medical GmbH amounted to DKK 427m, an increase of DKK 49m attributable to the fair value adjustment.

Trade payables decreased by DKK 16m to DKK 250m, due to the timing of payments and activity levels. Other payables decreased by DKK 68m to DKK 315m due to payment of special items and level of payable indirect taxes and accrued bonuses and commissions.

Note 6 – Adjustment of items with no cash flow effect

	YTD 2019/20	YTD 2018/19	FY 2018/19
Depreciation, amortisation and impairment losses	125	82	109
Share-based payment	14	19	12
	139	101	121

Note 7 – Changes in net working capital

	YTD 2019/20	YTD 2018/19	FY 2018/19
Changes in inventories	15	-29	-102
Changes in receivables	-139	-53	18
Changes in trade payables etc.	-72	-7	254
	-196	-89	170



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Note 8 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2018/19, pages 32-33.

Note 9 – Net financials

	Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Other financial income:</i>					
Foreign exchange gains, net	0	-5	0	0	19
Value adjustment of contingent consideration	0	136	0	136	121
Fair value adjustment, swap	-3	0	3	0	0
Financial income	-3	131	3	136	140

	Q3 2019/20	Q3 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Interest expenses:</i>					
Interest expenses, banks	6	3	17	12	18
Interest expenses, leases	1	1	4	2	2
<i>Other financial expenses:</i>					
Foreign exchange loss, net	6	2	13	2	0
Fair value adjustment, contingent consideration	16	-43	49	0	0
Effect of shorter discount period, acquisition of technology	1	1	2	2	3
Fair value adjustment, swap	0	3	0	9	10
Financial expenses	30	-33	85	27	33

Note 10 – Net interest-bearing debt

	30.06.20	30.06.19	30.09.19
Credit institutions	1,175	1,025	1,050
Leases	112	100	101
Long-term interest-bearing debt	1,287	1,125	1,151
Bank debt	0	7	0
Leases	46	6	4
Short-term interest-bearing debt	46	13	4

The table below shows the composition of the group's net interest-bearing debt.

	30.06.20	30.06.19	30.09.19
Interest-bearing debt	1,333	1,138	1,155
Cash	-80	-26	-120
Net interest-bearing debt	1,253	1,112	1,035



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Note 11 – Capital increases, treasury shares and dividend paid

Capital increases

A capital increase was implemented in November 2019 in connection with the exercise by employees of warrants allocated in 2016. In consequence hereof, Ambu's share capital was increased by a nominal amount of DKK 20,000 through the issue of 40,000 Class B shares with a nominal value of DKK 0.50 each at a price of DKK 77.12.

In February 2020, another capital increase of DKK 75,000 was carried out in connection with the exercise by employees of warrants allocated in 2014, 2015 and 2016. In consequence hereof, Ambu's share capital was increased by 50,000 Class B shares with a nominal value of DKK 0.50 each at a price of DKK 23.06, 5,000 Class B shares with a nominal value of DKK 0.50 each at a price of DKK 39.26 and 95,000 Class B shares with a nominal value of DKK 0.50 each at a price of DKK 77.12.

In May 2020, a capital increase was carried out for the third time in the financial year in connection with the exercise by employees of warrants allocated in 2014, 2015 and 2016. In consequence hereof, Ambu's share capital was increased by 100,000 Class B shares with a nominal value of DKK 0.50 each at a price of 23.06, 105,000 Class B shares with a nominal value of DKK 0.50 each at a price of 39.26 and 20,000 Class B shares with a nominal value of DKK 0.50 each at a price of 77.12.

Changes in number of shares and share capital for the period:

	30.09.19	Change	30.06.20
No. of Class A shares	34,320,000	0	34,320,000
No. of Class B shares	217,489,600	415,000	217,904,600
	251,809,600	415,000	252,224,600
Share capital	125,904,800	207,500	126,112,300

Treasury shares

As at 30 September 2019, Ambu's holding of treasury shares totalled 6,442,639 Class B shares with a nominal value of DKK 0.50 each. As at 30 June 2020, this had been reduced by 1,527,957 shares to 4,914,682 Class B shares. The reduction is attributable to disposals in connection with the conclusion of the employee share programme for 2017 (matching shares) and the sale and transfer of own shares to Ambu's employees under the employee share programme for 2019 as well as sale of treasury shares relating to exercise of share option programmes. There have been no transactions with Class A shares.

Dividend paid

The Board of Directors' proposal for the distribution of dividend of DKK 0.38 per share with a nominal value of DKK 0.50 was adopted at the company's annual general meeting on 17 December 2019. The dividend declared totals DKK 96m and has subsequently been paid.



Notes to the interim report

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DKKm

Note 12 – Contingent consideration

	30.06.20
Contingent consideration 1 October 2019	378
<i>Adjustments made through the income statement under financial expenses:</i>	
Value adjustment	49
Contingent consideration 30 June 2020	427
Contingent consideration expected to fall due:	
Non-current contingent consideration	0
Current contingent consideration	427
Contingent consideration 30 June 2020	427

Contingent consideration concerns outstanding liabilities relating to the acquisition of Invendo Medical GmbH. The contingent consideration is valued on the basis of unobservable inputs, corresponding to level 3 in the fair value hierarchy.

The net value adjustment of DKK 49m posted to financials can be attributed to the effect of the shorter discounting period.

Note 13 – Contingent liabilities

Ambu's ongoing operations and the use of Ambu's products in hospitals and clinics etc. involve the general risk of claims for damages and sanctions against Ambu. The risk is deemed to be customary.

Ambu is involved from time to time in disputes with customers and patients about Ambu's products. Appropriate provisions are made on an ongoing basis, and product liability insurance has been taken out. The management believes that the likely outcomes of these disputes can be covered by the provisions made and recognised in the balance sheet as at 30 June 2020. For a more detailed description of the group's risks, see the 'Risk management' section on pages 32-33 in the annual report 2018/19.

Note 14 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 30 June 2020 which could be expected to have a significant impact on the group's financial position.

Ambu A/S

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About Ambu

Ambu has been bringing the solutions of the future to life since 1937. Today, millions of patients and healthcare professionals worldwide depend on the efficiency, safety and performance of our single-use endoscopy, anaesthesia, and patient monitoring & diagnostics solutions. The manifestations of our efforts have ranged from early innovations like the Ambu® Bag™ resuscitator and the Ambu® BlueSensor™ electrodes to our newest landmark solutions like the Ambu® aScope™ – the world's first single-use flexible endoscope. Moreover, we continuously look to the future with a commitment to deliver innovative quality products that have a positive impact on the work of doctors, nurses and paramedics. Headquartered near Copenhagen in Denmark, Ambu employs approximately 3,500 people in Europe, North America and the Asia Pacific. For more information, please visit ambu.com.

