

INTERIM REPORT FOR Q3 2021/22



Ambu

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Ambu delivered 8% organic revenue growth in Q3 with 5% organic growth year-to-date. This was driven by a continued rapid uptake of Ambu's single-use endoscopes within urology and ENT, as well as pent-up demand for Anaesthesia and Patient Monitoring & Diagnostics (PMD) products. The financial outlook from 3 August, 2022 is maintained.

Britt Meelby Jensen, Chief Executive Officer of Ambu, says:

“For Q3, I am happy to see that we continued to deliver rapid growth in our urology and ENT businesses, which are segments that we have entered in recent years. We also saw strong performance for Anaesthesia and PMD. Bronchoscopy was impacted negatively by lower ICU admissions and Covid-19-related inventory as well as a high baseline. However, I am excited about the opportunities in the bronchoscopy market with approval of our new advanced bronchoscopy solution in Europe and the U.S. in May and July, respectively. For GI, we experienced a slower uptake than expected. For the cost reduction program announced on 3 August 2022, we are progressing as planned, with approximately 70% of the reductions concerning our global workforce completed. Looking ahead, we are excited to progress Ambu's potential as a strong and sustainable high-growth company, creating value for the customers and patients we serve.”

FINANCIAL HIGHLIGHTS FOR THE QUARTER

Last year's comparative figures are presented in brackets.

- **Revenue** for Q3 was DKK 1,128m (DKK 973m) based on **organic growth** of 8% (7%). Reported growth for the quarter was 16% (3%). Year-to-date, organic growth was 5% (16%), with reported growth of 10% (11%).
- In Q3, revenue in **North America** grew organically by 16% (32%), and in **Europe** by 4% (-10%), while **Rest of World** declined by -4% (7%). Year-to-date, organic growth rates were: North America 15% (16%), Europe -3% (16%) and Rest of World -2% (11%).
- Organic growth in **Visualization** in Q3 was 0% (0%). Year-to-date, organic Visualization growth was 0% (29%). This was driven by continued strong growth in Ambu's cystoscopy and ENT businesses, increased competition in the U.S., lower ICU admissions and a decline in bronchoscopy due to high comparables with Q3 2020/21.
- **Anaesthesia** delivered organic growth of 14% (-1%) while **Patient Monitoring & Diagnostics (PMD)** posted 20% (44%). Year-to-date, organic growth in Anaesthesia and PMD was 7% (0%) and 14% (7%), respectively.
- **Gross margin** for the quarter was 55.8% (62.5%). The gross margin year-to-date was 58.2% (63.4%). The declining gross margin is due to inflationary effects on input prices at Ambu's production facilities, ramping-up production facilities in Mexico, shifts in product mix and the inventory write-off of Ambu® VivaSight™ 2 DLT.
- **OPEX** for the quarter totalled DKK 587m (DKK 520m), corresponding to an increase of 13% due to higher distribution costs and currency translation effects, primarily driven by the appreciating USD/DKK over the last year as well as depreciation, amortisation and impairment (DA).
- **EBIT before special items** for the quarter was DKK 42m (DKK 88m), with an **EBIT margin before special items** of 3.7% (9.0%). Year-to-date, EBIT before special items ended at DKK 129m (DKK 336m), with an EBIT margin before special items of 3.9% (11.2%).
- **Special items** for the quarter and year-to-date included a one-off cost of DKK 13m (DKK 0m) associated with the change of CEO in May.
- **EBIT** for the quarter was DKK 29m (DKK 88m), with an **EBIT margin** of 2.6% (9.0%), and EBIT year-to-date was DKK 116m (DKK 336m), with an EBIT margin of 3.5% (11.2%).
- **Net working capital-to-revenue ratio** was 23% (21%) at the end of the quarter, based on rolling 12-month revenue, driven by higher inventory level by the end of Q3.

- **Free cash flow** before acquisitions totalled DKK 7m (DKK -113m) for the quarter, corresponding to 1% (-12%) of revenue. Year-to-date, the free cash flow was DKK -291m (DKK -257m), corresponding to -9% (-9%) of revenue.
- **Total net interest-bearing debt** (NIBD) was DKK 1,423m (DKK 638m), corresponding to a leverage ratio of 3.5x (1.1x) 12 months of EBITDA before special items.

OTHER BUSINESS-RELATED HIGHLIGHTS FOR Q3 AND THE PERIOD THEREAFTER

- In Q3, Ambu's Board of Directors appointed a **new Executive Management**. On 19 May 2022, Britt Meelby Jensen took on the role of CEO at Ambu, while Thomas Frederik Schmidt joined as CFO on 1 June 2022.
- Ambu's Visualization business achieved a number of **regulatory clearances in Q3**:
 - For **Ambu™ aScope™ Gastro** and **Ambu™ aBox™ 2**, Ambu obtained CE mark on 19 April.
 - For **Ambu™ aScope™ 4 RhinoLaryngo Slim**, Ambu expanded the addressable market by supporting FEES (Fibreoptic Endoscopic Evaluation of Swallowing) procedures on 19 April.
 - For **Ambu™ aScope™ 5 Broncho** and **aBox 2**, Ambu obtained CE mark on 3 May and U.S. regulatory clearance on 26 July.
- On 24 May, Ambu issued a **voluntary recall of Ambu® VivaSight™ 2 DLT** due to reports of a potential rupture of the bronchial or tracheal cuff. No patient impacts have been reported, and the product is currently being investigated.
- On 3 August, Ambu announced an **adjustment of its pricing practices** to reduce the level of discounts and rebates. This is expected to result in a one-time negative impact on sales equivalent to approximately 1 percentage point (ppt) of full-year growth in 2021/22, which is expected in Q4 2021/22.
- Ambu announced a **cost reduction program** on 3 August to strengthen the company's free cash flow and improve profitability in order to support future growth, with expected annualised savings from FY 2022/23 of DKK 250m pre-tax. As of today, approximately 70% of the reductions concerning our global workforce have been completed.

FY 2021/22 FINANCIAL GUIDANCE

- Ambu maintains the financial guidance announced on 3 August 2022 at:
 - **Organic growth**: no less than 4%
 - **EBIT margin before special items**: no less than 2%

A **conference call** is scheduled for Thursday 25 August 2022, at 09:00-10:00 (CEST). The conference is broadcast live via [Ambu.com/webcastQ32022](https://www.ambu.com/webcastQ32022). To ask questions in the Q&A session, please call one of the following numbers five minutes before the start of the conference and enter the following access code: 50077.

- Denmark (toll free): +45 80886270
- Denmark (toll): +45 78774197
- U.K.: +44 0-808-101-1183
- US (toll free): +1 800-420-1271
- US (toll): +1 785-424-1126

After the conference, the presentation can be downloaded at [Ambu.com/presentations](https://www.ambu.com/presentations).

CONTACTS

Investors

Thomas Frederik Schmidt, CFO, tfsc@ambu.com / +45 2084 0500

Nicolai Thomsen, Director, Investor Relations & Strategic Financial Planning, nith@ambu.com / +45 2620 8047

Media

Tine Bjørn Schmidt, Head of Corporate Communications, tisc@ambu.com / +45 2264 0697

Ambu A/S

Baltorpbakken 13, DK-2750 Ballerup, Denmark, Tel.: +45 7225 2000, CVR no.: 63 64 49 19, www.ambu.com

About Ambu

Ambu has brought 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 solutions. Ambu continuously looks ahead, with a commitment to deliver innovative quality products that have a positive impact on patient care and the work of healthcare professionals. Headquartered near Copenhagen in Denmark, Ambu employs approximately 5,000 people in Europe, North America and Asia Pacific. For more information, please visit Ambu.com.

FINANCIAL HIGHLIGHTS

DKKm	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Income statement					
Revenue	1,128	973	3,281	2,987	4,013
Gross margin, %	55.8	62.5	58.2	63.4	62.4
EBITDA before special items	119	143	346	491	556
Depreciation, amortisation and impairment	-77	-55	-217	-155	-216
EBIT before special items	42	88	129	336	340
EBIT	29	88	116	336	340
Net financials	5	-11	125	-26	-32
Profit before tax	34	77	241	310	308
Net profit for the period	28	62	223	248	247
Balance sheet					
Assets	6,921	5,567	6,921	5,567	5,740
Net working capital	996	794	996	794	789
Equity	4,282	3,904	4,282	3,904	3,952
Net interest-bearing debt	1,423	638	1,423	638	759
Invested capital	5,705	4,542	5,705	4,542	4,711
Cash flow					
Cash flow from operating activities	146	68	123	266	328
Cash flow from investing activities before acquisitions	-139	-181	-414	-404	-573
Free cash flow before acquisitions of enterprises and technology	7	-113	-291	-138	-245
Acquisitions of enterprises and technology	0	0	0	-300	-301
Cash flow from operating activities, % of revenue	13	7	4	9	8
Investments, % of revenue	-12	-19	-13	-14	-14
Free cash flow before acquisitions of enterprises, % of revenue	1	-12	-9	-5	-6
Key figures and ratios					
Organic growth, %	8	7	5	16	16
OPEX ratio, %	52	53	54	52	54
EBITDA margin before special items, %	10.5	14.7	10.5	16.4	13.9
EBIT margin before special items, %	3.7	9.0	3.9	11.2	8.5
EBIT margin, %	2.6	9.0	3.5	11.2	8.5
Tax rate, %	18	19	7	20	20
Return on equity, %	5	11	5	11	8
NIBD/EBITDA before special items	3.5	1.1	3.5	1.1	1.4
Equity ratio, %	62	70	62	70	69
Net working capital, % of revenue	23	21	23	21	20
Return on invested capital (ROIC), %	2	7	2	7	6
Average number of employees	4,917	4,583	4,914	4,388	4,437
Share-related ratios					
Market price per share (DKK)	69	241	69	241	190
Earnings per share (EPS) (DKK)	0.11	0.24	0.88	0.99	0.98
Diluted earnings per share (EPS-D) (DKK)	0.11	0.24	0.88	0.98	0.98

MANAGEMENT'S REVIEW

Q3 2021/22

The single-use endoscopy market continues to be created rapidly across most procedural areas, driven by increased focus on infection control, compelling workflow & efficiency benefits and rapid technology advancement – and Ambu continues to be the market leader.

Within Visualization, bronchoscopy is Ambu's largest segment, followed by cystoscopy and ENT. Compared to pre-Covid-19 (FY 2018/19), Ambu's global bronchoscopy revenues have grown by ~75%. Ambu successfully entered ENT in FY 2018/19 and cystoscopy in FY 2019/20, and together they will contribute 700,000+ endoscopes this fiscal year. In addition, in Q2, Ambu received approval for Ambu® aScope™ Gastro to enter this segment, and in Q3 received approval of Ambu® aScope™ 5 Broncho, which will expand the addressable market. Both of these new products have received positive clinical feedback and are in the commercial launch phase. For single-use duodenoscopy, Ambu® aScope™ Duodeno 1.5 was launched in Q1, and early uptake has been slower than expected. This is driven by the clinical complexity of the ERCP procedure compared to the other segments in which Ambu operates, leading to higher performance requirements and lower willingness to change practice towards single-use products. Ambu remains committed to advancing the Ambu® aScope™ Duodeno platform, with Ambu® aScope™ Duodeno 2.0 in development. While the single-use duodenoscopy market has strong potential, it is expected to have a more gradual uptake compared to other segments.

Ambu also remains excited about the comprehensive product pipeline, which builds on 15 years of leading capability to develop and manufacture high-quality single-use endoscopes. Ambu sees significant growth opportunities in existing segments, where innovation will continue, as well as in the new segments. For new segments, Ambu will enter into ureteroscopy and cholangioscopy, for which the single-use markets already exist, and colonoscopy, where Ambu will be the first mover.

For Q3, Ambu reported organic revenue growth of 0% within Visualization. By product area, this was driven by continued strong growth in the cystoscopy and ENT businesses globally. For bronchoscopy, Ambu saw a double-digit year-on-year global decline, driven primarily by a >25% decline in Europe. Ambu's single-use bronchoscopy business in Europe increased by ~65% compared to pre-Covid-19 (FY 2018/19). Compared to FY 2020/21, however, the company is facing high Covid-19 comparables. Another driver is the increased level of

competition within bronchoscopy, primarily in the U.S. With the launch of Ambu® aScope™ 5 Broncho and the future launch of Ambu's video laryngoscope, the company expects to strengthen its position as a market leader and further increase its penetration of single-use bronchoscopy.

For Anaesthesia and PMD, Ambu saw high double-digit growth in Q3 2021/22. Both businesses are positively impacted by pent-up demand, the continued closing of backlog orders and market share gains. The circuits business is the main growth driver for Anaesthesia, while cardiology leads the growth for PMD. For the full year 2021/22, Ambu expects high single-digit organic revenue growth for Anaesthesia and PMD combined.

By geography, Ambu continues to see double-digit growth in the U.S. and double-digit growth in all main segments in Europe, excluding bronchoscopy. For the Rest of World, a decline is driven by a reduction of in-market inventories and the impact of the Covid-19 lockdowns in China.

During Q3 2021/22, Ambu saw an increased impact from the macro environment on 2021/22 financials, with a negative impact on gross margins, driven particularly by inflationary effects on raw materials and costs of logistics. Some countries remain affected by restrictions and staff shortages at hospitals, resulting in lower activity levels. The war in Ukraine has no direct impact on Ambu, as the businesses in Ukraine and Russia are very small. Most of the impact is indirect through a hike in energy prices.

Sales performance – Regions

Last year's comparative figures are stated in brackets.

For Q3, revenue ended at DKK 1,128m (DKK 973m), corresponding to organic growth of 8% (7%) and reported growth of 16% (3%).

For the year-to-date ending on 30 June 2022, revenue came to DKK 3,281m (DKK 2,987m) with organic growth of 5% (16%).

North America accounted for 49% of revenue in Q3, based on organic growth of 16% (32%). Reported growth was 32% (20%). The difference is due to the appreciating USD/DKK exchange rate over the same period last year.

DKKm	Q3 2021/22	Q3 2020/21	Organic growth	Fx	Reported growth	YTD 21/22	YTD 20/21	Organic growth	Fx	Reported growth
North America	550	418	16%	16%	32%	1,554	1,246	15%	10%	25%
Europe	447	429	4%	0%	4%	1,390	1,413	-3%	1%	-2%
Rest of World	131	126	-4%	8%	4%	337	328	-2%	5%	3%
Revenue	1,128	973	8%	8%	16%	3,281	2,987	5%	5%	10%

In North America, Visualization sales grew organically by 16% (47%) in Q3, driven by strong performance in cystoscopy and ENT. This was partly offset by a decline in pulmonology due to market contraction post-Covid-19 and increased levels of competition. The Ambu® aScope™ 4 Broncho platform continues to be the market leader. With the launches of Ambu® aScope™ 5 Broncho and the future launch of the video laryngoscope, Ambu expects to strengthen this position and further increase penetration of single-use bronchoscopy in the coming years.

Anaesthesia posted organic growth of 10% (8%), while PMD sales increased organically by 33% (68%). This reflects the market rebound post-Covid-19, as well as back orders being cleared in the quarter.

Year-to-date, North America accounted for 47% of revenue, based on organic growth of 15% (16%) and reported growth of 25% (6%).

Europe accounted for 40% of revenue in Q3, with organic as well as reported sales growth at 4% (-10%).

For Visualization, organic growth for Q3 2021/22 was at -5% (-26%). The negative growth is influenced by the high comparables during the Covid-19 pandemic, when Ambu saw a significant increase in single-use bronchoscope sales. Compared to pre-Covid-19 levels (3 years

ago), the single-use bronchoscopy business in Europe has increased by ~65%.

For Anaesthesia, sales grew organically by 16% (-13%), and for PMD, sales grew organically by 15% (48%), reflecting the rebound of procedure volumes following Covid-19.

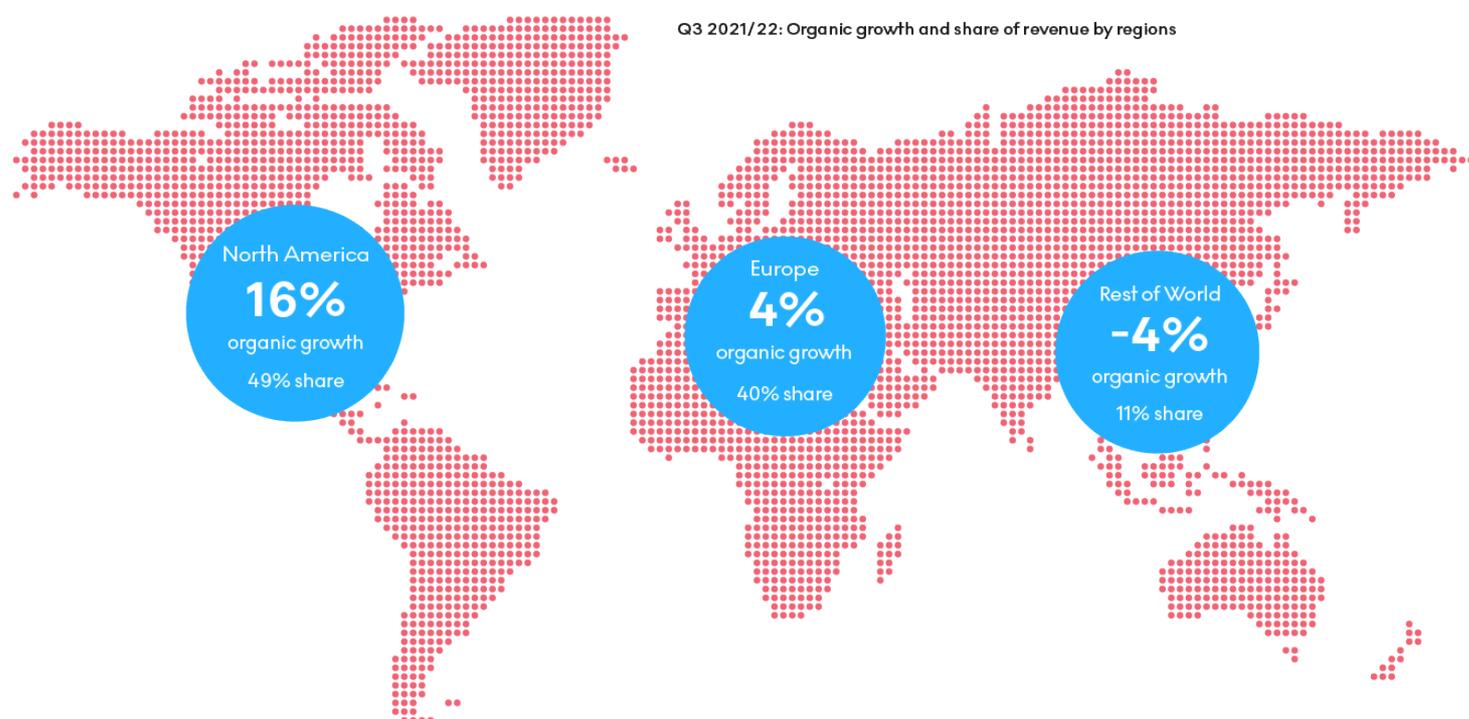
Year-to-date, Europe accounted for 42% of revenue, with negative organic growth of -3% (16%) and reported growth of -2% (16%)

Rest of World accounted for 11% of revenue in Q3, with negative organic growth of -4% (7%) and reported growth of 4% (5%).

In Rest of World, the Visualization business experienced negative organic growth of -31% (31%). The decline is driven by a reduction of in-market inventories and the impact of the Covid-19 lockdowns in China.

Anaesthesia grew by 30% (-16%) due to longstanding back orders in Latin America being fulfilled. PMD grew by 17% (-3%) in Q3.

Year-to-date, Rest of World accounted for 10% of revenue, with negative organic growth of -2% (11%) and reported growth of 3% (8%).



SALES PERFORMANCE – BUSINESS AREAS

Visualization

DKKm	Q3 2021/22	Q3 2020/21	Organic growth	Fx	Reported growth	YTD 2021/22	YTD 2020/21	Organic growth	Fx	Reported growth
North America	280	212	16%	16%	32%	807	613	21%	11%	32%
Europe	234	245	-5%	1%	-4%	771	866	-12%	1%	-11%
Rest of World	48	66	-31%	4%	-27%	137	149	-11%	3%	-8%
Revenue	562	523	0%	7%	7%	1,715	1,628	0%	5%	5%

Visualization sales for the quarter were flat, with organic growth of 0% (0%), while reported growth was 7% (-3%), with revenue of DKK 562m for the business area. Visualization accounted for 50% (54%) of Ambu's revenue in Q3. Year-to-date, organic growth in Visualization was flat at 0% (29%), with reported growth of 5% (24%).

Q3 organic Visualization growth was 16% (47%) in North America, -5% (-26%) in Europe and -31% (31%) in Rest of World.

In terms of absolute revenue, the **ENT** (Ear, Nose, Throat) and **urology** businesses saw a record quarter, with double- and triple-digit growth, respectively.

Ambu's **pulmonology** business was affected by high comparables during the Covid-19 pandemic and increased competition in the U.S. In the Rest of World region, the pulmonology business was affected by reduction of in-market inventories and the impact of the Covid-19 lockdowns in China.

On 24 May 2022, Ambu issued a voluntary recall of Ambu® VivaSight™ 2 DLT, due to reports of a potential rupture of the bronchial or tracheal cuff. No patient impacts have been reported, and the product is currently being investigated. In connection with the global recall, in Q3 2021/22, there is a DKK 14m write-down of raw material and inventory related to the Ambu® VivaSight™ 2 DLT product.

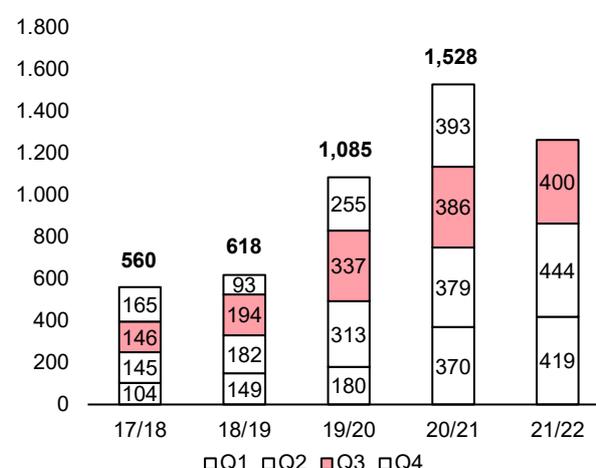
Regarding Ambu's GI business, the commercial launch of Ambu® aScope™ Gastro has commenced across the U.S., Europe and Australia, with positive early clinical feedback. Ambu® aScope™ Duodeno 1.5 was launched in Q1, and early uptake has been slower than expected. This is driven by the clinical complexity of the ERCP procedure compared to the other segments in which Ambu operates, leading to higher performance requirements and lower willingness to change practice in favour of single-use products. Ambu remains committed to advancing the Ambu® aScope™ Duodeno platform, with Ambu® aScope™ Duodeno 2.0 in development. While the single-use duodenoscope market has strong potential, it is expected to show a more gradual uptake compared to other segments.

Three-year organic CAGR for Visualization is 23%, due to steady healthy growth in Ambu's pulmonology business and successful performance more recently in the ENT and urology business.

In Q3 2021/22, sales of endoscopes totalled 400,000, compared to 386,000 units sold in Q3 2020/21. This represents 4% volume growth. For the year-to-date, the number of endoscopes sold was 1,263,000 units, equivalent to a volume growth of 11%.

Ambu's average selling prices are stable. The difference between organic revenue growth and volume growth is due to the product mix as well as ENT endoscopes, and urology showed high double-digit growth rates at price-points below the overall average for Visualization.

Number of endoscopes sold, '000 units



New innovations and market developments

Ambu's fifth-generation bronchoscopy solution – Ambu® aScope™ 5 Broncho and Ambu® aBox™ 2 – received European regulatory clearance (CE mark) on 3 May 2022. This event was followed by 510(k) regulatory clearance from the U.S. Food and Drug Administration (FDA) on 26 July. As a result, Ambu will now proceed with commercialisation in the U.S. and Europe, which will expand the addressable market.

On 19 April, Ambu obtained CE mark for Ambu® aScope™ Gastro and Ambu® aBox™ 2. Having obtained FDA clearance in the U.S. on 4 February, Ambu is set to expand its global launch to include Europe and Japan.

Furthermore, on 19 April, within ENT (Ear, Nose, Throat), the Ambu® aScope™ 4 RhinoLaryngo Slim expanded Ambu's addressable ENT market by supporting FEES (Fiberoptic Endoscopic Evaluation of Swallowing) procedures. This represents the market opportunity of an additional 1 million procedures.

Ambu's new manufacturing plant in Mexico has been built, and production lines are now being set up, with the expectation that the first products will be shipped to U.S. customers in the coming months.

Anaesthesia

DKKm	Q3 2021/22	Q3 2020/21	Organic growth	Fx	Reported growth	YTD 2021/22	YTD 2020/21	Organic growth	Fx	Reported growth
North America	190	153	10%	14%	24%	535	472	5%	8%	13%
Europe	59	51	16%	0%	16%	182	163	11%	1%	12%
Rest of World	53	36	30%	17%	47%	124	106	9%	8%	17%
Revenue	302	240	14%	12%	26%	841	741	7%	6%	13%

Anaesthesia revenue grew organically by 14% (-1%) in Q3, with reported growth of 26% (-7%). Total revenue was DKK 302m, which is 27% (25%) of Ambu's revenue in the quarter. Year-to-date, organic growth was 7% (0%) and reported growth was 13% (-6%).

For Anaesthesia in Q3, sales grew by 10% (8%) in North America, by 16% (-13%) in Europe and by 30% (-16%) in Rest of World.

Across the regions, Anaesthesia showed high growth driven by pent-up demand, continued closing of backlog orders and market share gains.

The three-year organic revenue CAGR in Anaesthesia was 4%, mainly driven by high growth within the product groups of circuits and resuscitators. Face masks and laryngeal masks also contributed to the growth.

Patient Monitoring & Diagnostics (PMD)

DKKm	Q3 2021/22	Q3 2020/21	Organic growth	Fx	Reported growth	YTD 2021/22	YTD 2020/21	Organic growth	Fx	Reported growth
North America	80	53	33%	18%	51%	212	161	21%	11%	32%
Europe	154	133	15%	1%	16%	437	384	13%	1%	14%
Rest of World	30	24	17%	8%	25%	76	73	0%	4%	4%
Revenue	264	210	20%	6%	26%	725	618	14%	3%	17%

With revenue of DKK 264m, PMD accounted for 23% (21%) of Ambu's total revenue in the quarter. Organic growth in PMD was 20% (44%) in Q3, with reported growth of 26% (40%). For the year-to-date, PMD organic growth stood at 14% (7%), with reported growth at 17% (-4%).

PMD sales in Q3 increased by 33% (68%) in North America, by 15% (48%) in Europe and by 17% (-3%) in Rest of World.

As was the case for Anaesthesia, revenue growth in PMD across all regions was driven by pent-up demand, continued closing of backlog orders and market share gains.

The three-year organic revenue CAGR in PMD was 5%, driven by continued high growth within cardiology and neurophysiology.

FINANCIAL RESULTS

INCOME STATEMENT

DKK m	Q3 2021/22	Q3 2020/21	Change in value	Change %	YTD 2021/22	YTD 2020/21	Change in value	Change %
Revenue	1,128	973	155	16%	3,281	2,987	294	10%
Production costs	-499	-365	-134	37%	-1,371	-1,094	-277	25%
Gross profit	629	608	21	3%	1,910	1,893	17	1%
<i>Gross margin, %</i>	<i>55.8</i>	<i>62.5</i>	-	-	<i>58.2</i>	<i>63.4</i>	-	-
Selling and distribution costs	-389	-344	-45	13%	-1,202	-1,053	-149	14%
Development costs	-72	-53	-19	36%	-201	-152	-49	32%
Mgmt. and administrative costs	-126	-123	-3	2%	-378	-352	-26	7%
Total OPEX	-587	-520	-67	13%	-1,781	-1,557	-224	14%
EBIT before special items	42	88	-46	-52%	129	336	-207	-62%
<i>EBIT margin before special items, %</i>	<i>3.7</i>	<i>9.0</i>	-	-	<i>3.9</i>	<i>11.2</i>	-	-
Special items	-13	0	-13	-	-13	0	-13	-
EBIT	29	88	-59	-67%	116	336	-220	-65%
<i>EBIT margin, %</i>	<i>2.6</i>	<i>9.0</i>	-	-	<i>3.5</i>	<i>11.2</i>	-	-

Revenue for Q3 was DKK 1,128m, up DKK 155m from the prior-year period, corresponding to reported growth of 16% (3%). Adjusted for currency effects, the underlying organic growth was 8% (7%).

Revenue year-to-date was DKK 3,281m (DKK 2,987m), equivalent to reported growth of 10% (11%) and organic growth of 5% (16%).

Gross profit in Q3 was DKK 629m (DKK 608m), with a decline in gross margin by -6.7 ppts to 55.8% (62.5%). The decline in gross margin is driven by the sales mix, increasing costs of operating Ambu's production and inventory write-downs.

The sales mix has a negative effect on gross profit due to the strong growth in Anaesthesia and PMD relative to Visualization, and the estimated impact is equivalent to a decline in gross margin of approx. -0.5 ppts.

Production costs in Q3 increased by DKK 134m or 37% compared to last year. The costs of operating Ambu's production, including scaling up the factory in Mexico,

paired with inflationary effects on input prices, had a negative effect in the quarter of almost -4 ppts. Write-down of Ambu® VivaSight™ 2 DLT products had a negative effect of an additional -1.4 ppts. The combined exchange rate effect on the gross margin was negative at approximately -1 ppts.

For the year-to-date, gross profit was DKK 1,910m (DKK 1,893m), while the gross margin declined by -5.2 ppts. to 58.2% (63.4%). The combined exchange rate effect year-to-date on the gross margin was approximately -0.5 ppts.

Exposure to changes in foreign exchange rates

Approximately 55% of Ambu's total revenue is invoiced in USD. In addition, approximately 32% of revenue is invoiced in EUR or DKK, approximately 7% in GBP and the remaining 6% in other currencies. Production costs and OPEX are predominantly settled in USD, DKK, EUR, MYR and CNY.

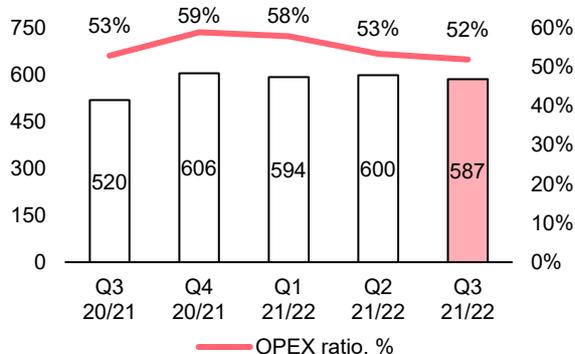
In Q3 2021/22, the average USD/DKK exchange rate was 698 (617), up by 13%. The average exchange rates

in Q3 changed relative to last year as follows: MYR/DKK by 7%, CNY/DKK by 11% and GBP/DKK by 2%.

OPEX totalled DKK 587m (DKK 520m) in Q3, corresponding to a 13% or DKK 67m increase. The absolute increase is due to higher distribution costs, exchange rate effects, primarily from the appreciating USD/DKK rate and depreciation, amortisation and impairment. The OPEX ratio was 52% (53%).

Year-to-date, OPEX was DKK 1,781m (DKK 1,557m), corresponding to an increase of DKK 224m or 14%.

Total OPEX in DKKm and relative to revenue (%)



Selling and distribution costs were up by DKK 45m or 13%, at DKK 389m (DKK 344m), compared to Q3 last year. Selling and distribution costs corresponded to 34% (35%) of revenue in Q3.

Year-to-date, selling and distribution costs are up by DKK 149m or 14%, at DKK 1,202m (DKK 1,053m), corresponding to 37% (35%) of revenue.

The increase is driven by higher distribution costs. Compared to year-to-date last year, distribution costs increased by DKK 99m, or 3% of revenue, due to higher freight rates, increased costs of operating Ambu's warehouses and a greater need for use of air freight.

Development costs in Q3 increased by DKK 19m, or 36%, to DKK 72m (DKK 53m), corresponding to 6% (5%) of revenue.

Year-to-date, development costs are up by DKK 49m or 32%, at DKK 201m (DKK 152m), corresponding to 6% (5%) of revenue in the same period last year.

The increase is driven by a DKK 30m higher level of depreciation, amortisation and impairment compared to last year as well as a generally higher proportion of Ambu's engineers working on non-development project-

related activities, such as maintenance of the existing product portfolio.

Investments in innovation activities, including the ramping-up of production of new products in the year-to-date, were DKK 405m (DKK 401m), on par with last year.

DKKm	YTD 2021/22	YTD 2020/21	Change in value
Development costs	201	152	49
+ Depreciation and amortisation	-105	-76	-29
+ Impairment	-1	0	-1
= Development costs affecting EBITDA	95	76	19
+ Investments	310	325	-15
= Cash flow – Innovation	405	401	4

Management and administrative costs for Q3 were DKK 126m (DKK 123m), corresponding to 11% (13%) of revenue.

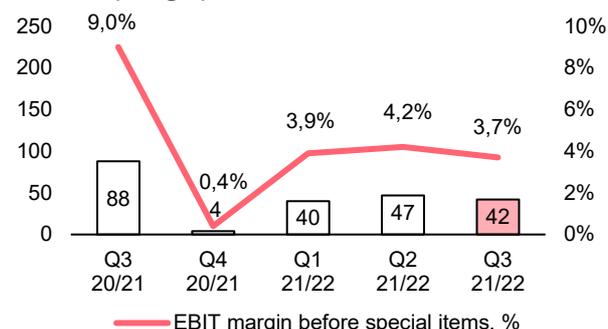
Year-to-date, costs are up by DKK 26m or 7%, at DKK 378m (DKK 352m), corresponding to 12% (12%) of revenue in the same period last year.

Operating profit (EBIT) before special items was DKK 42m (DKK 88m) in Q3, with an EBIT before special item margin of 3.7% (9.0%).

Year-to-date, EBIT before special items was DKK 129m (DKK 336m), and the EBIT margin before special items was 3.9% (11.2%).

In Q3 and for the year-to-date, the impact from foreign exchange rates on the EBIT margin before special items is estimated at approximately 1 ppts.

EBIT before special items (DKKm) and relative to revenue (margin)



Special items in Q3 and year-to-date amounted to DKK -13m (DKK 0m), related to severance costs associated with the change in CEO.

A cost reduction program was communicated on 3 August 2022, in company announcement no. 12. On this basis, Ambu expects to incur additional special items in Q4 of up to DKK 150m:

- Write-down of Ambu® aScope™ Duodeno 1.5 inventories of DKK 45m.
- Impairment of in-progress development projects of DKK 55m due to a re-focusing of innovation projects.
- Severance costs of DKK 50m associated with the reduction of Ambu's global workforce by approximately 200 employees, subject to consultation procedures in countries where this is required.

EBIT was DKK 29m (DKK 88m) in Q3, with an EBIT margin of 2.6% (9.0%).

Year-to-date, EBIT was DKK 116m (DKK 336m), and the EBIT margin was 3.5% (11.2%).

Depreciation, amortisation and impairment (DA) for Q3 represented an expense of DKK 77m (DKK 55m), corresponding to 7% (6%) of revenue.

Year-to-date, DA represented an expense of DKK 217m (DKK 155m), corresponding to 7% (5%) of revenue.

The increase in value year-to-date is related to a general increase in activity levels, including product launches and the new factory in Mexico. Moreover, an impairment of DKK 7m was posted in Q2, due to production lines no longer in use.

EBITDA before special items in Q3 was DKK 119m (DKK 143m), with an EBITDA margin before special items of 10.5% (14.7%).

Year-to-date, EBITDA before special items was DKK 346m (DKK 491m), with a margin of 10.5% (16.4%).

Net financials amounted to an income of DKK 125m (expense of DKK 26m) for the year-to-date.

Net financials include management's fair value assessment of the contingent milestone payment of EUR 20m due in Q2, conditional upon achieving FDA clearance of the gastroscope.

On the acquisition of Invendo Medical GmbH in 2017, the milestone was agreed to be conditional on obtaining FDA clearance of the gastroscope no later than 31 December 2021. Since the FDA clearance was obtained in February 2022, the milestone payment has lapsed, and the provision of DKK 137m has been reversed to the income statement under financial items.

Net financials comprise the following:

- Interest expenses on bank and lease debt totalled DKK 21m (DKK 20m).
- Foreign exchange constitutes net income of DKK 9m (DKK 4m).
- Fair value adjustment of contingent consideration relating to the acquisition of Invendo Medical GmbH represents income of DKK 137m (expense of DKK 8m).
- Fair value adjustment of derivative financial instruments (interest-rate swap) gives income of DKK 3m (DKK 0).
- The interest expense element from liabilities stated at present amortised value is DKK 3m (DKK 3m).

Tax on profit for Q3 was a net expense of DKK 6m (DKK 15m), corresponding to an average effective tax rate on profit of 18% (19%).

Year-to-date, tax on profit was a net expense of DKK 18m (DKK 62m), corresponding to 7% (20%) of profit before tax.

The average effective tax rate year-to-date is affected by the fair value reassessment of the contingent consideration in Q2, which is non-taxable income.

Net profit for Q3 was DKK 28m (DKK 62m), corresponding to 2% (6%) of revenue.

For the year-to-date, net profit was DKK 223m (DKK 248m), corresponding to 7% (8%) of revenue.

Diluted earnings per share (EPS-D) were DKK 0.11 (DKK 0.24) for Q3 and for year-to-date DKK 0.88 (DKK 0.98).

BALANCE SHEET

Balance sheet condensed by main items

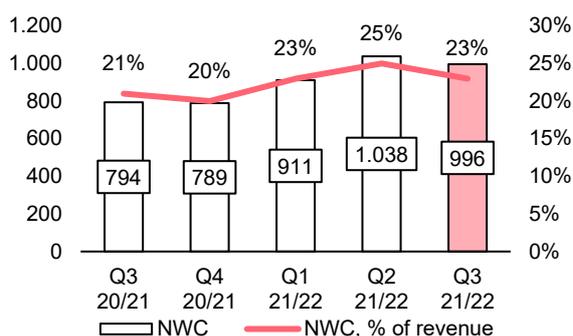
DKKm	30.06.22	30.06.21	Change in value	Change %
Non-current assets	4,779	4,015	764	19%
Inventories	1,121	684	437	64%
Trade receivables	723	627	96	15%
Other current assets	172	115	57	50%
Cash	126	126	0	0%
Total assets	6,921	5,567	1,354	24%
Equity	4,282	3,904	378	10%
Contingent consideration	0	136	-136	-100%
Interest-bearing debt	1,549	764	785	103%
Trade and other payables	995	621	374	60%
Other liabilities	95	142	-47	-33%
Total equity and liabilities	6,921	5,567	1,354	24%

At the end of Q3, **total assets** were DKK 6,921m (DKK 5,567m), and **invested capital** was DKK 5,705m (DKK 4,542m), with a 2% (7%) return on invested capital.

Non-current assets at the end of Q3 were DKK 4,779m, up DKK 764m from Q3 last year, driven by investments in innovation and the new factory in Mexico since Q3 last year. Investments year-to-date in non-current assets totals DKK 414m (DKK 404m).

Net working capital at the end of Q3 was DKK 996m (DKK 794m), corresponding to 23% (21%) of 12 months' revenue.

Net working capital (DKKm) and net working capital relative to revenue (%)



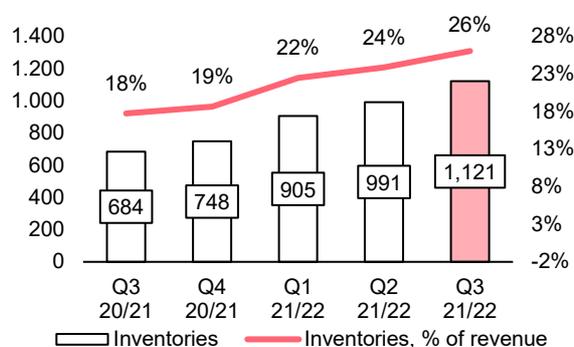
Inventories were DKK 1,121m (DKK 684m) at the end of Q3, equivalent to 26% (18%) of revenue over 12 months. Inventories are up DKK 437m since last year and are significantly impacted by the disruption of the global supply chain and lower sales forecast accuracy than for previous years.

Ambu's planning cycle is considerably prolonged, as the products are sea-freighted in containers from Malaysia or China to main markets in Europe and the U.S.

A long lead time requires production plans, including commitment to sourcing from suppliers of raw material and electronic parts, such as camera sensors, to be set well in advance of making the customer sale. For some product categories this cycle can extend for several quarters.

Expectations of revenue growth deteriorated during the financial year, and inventory levels are consequently high at the end of Q3.

Inventories in DKKm and relative to revenue on a 12-month basis (%)



Trade receivables totalled DKK 723m at the end of Q3 against DKK 627m last year. Calculated at fixed exchange rates on a 12-month basis, the average number of days of outstanding sales was 60 (59). The financial risk on trade receivables is unchanged from Q4.

Trade payables and other payables totalled DKK 995m (DKK 621m), up DKK 374m or 60% from last year, equivalent to 23% (16%) of revenue over 12 months. The increase reflects a higher inventory level and the timing of payments.

Contingent consideration was DKK 0m at the end of Q3, against DKK 136m for Q3 last year. The reduction reflects that the milestone relating to the gastroscope has lapsed.

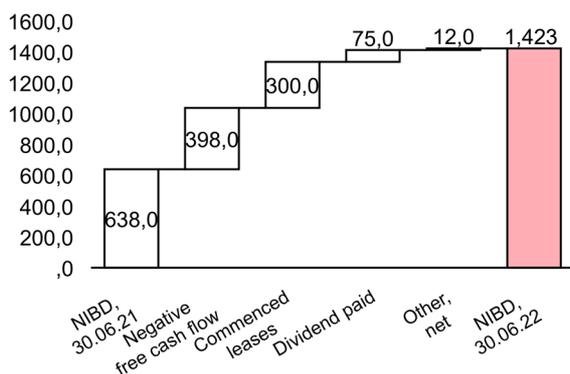
Net interest-bearing debt (NIBD) and leverage

Cash and cash equivalents amounted to DKK 126m (DKK 126m). Interest-bearing debt comprises credit institutions at DKK 1,000m (DKK 500m), and leases at DKK 549m (DKK 264m).

NIBD totalled DKK 1,423m, representing an increase of DKK 785m from last year's DKK 638m, corresponding to 3.5 (1.1) of EBITDA before special items.

The increase in NIBD of DKK 785m since last year is driven by the negative free cash flow, commencement of lease agreements in Mexico and distribution of dividends.

Development in NIBD (DKKm)

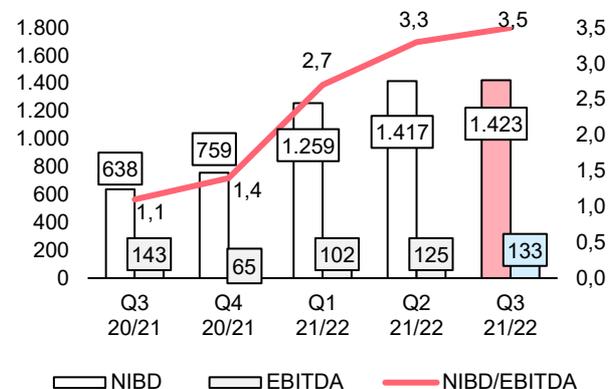


Capital resources in place

At the end of Q3, Ambu maintains total committed credit lines with a duration of almost 3 years at DKK 1,800m (DKK 1,500m), of which DKK 1,000m (DKK 500m) has been utilised.

On this basis, at the end of Q3, Ambu has unutilised capital resources from overdraft facilities, credit lines, cash and cash equivalents of approximately DKK 950m (DKK 2.1bn).

NIBD (DKKm), EBITDA before special items (DKKm) and NIBD/EBITDA before special items on a 12-month basis



Other liabilities were DKK 95m (DKK 142m), down by DKK 47m from last year, due to a decrease in deferred tax liabilities.

CASH FLOW STATEMENT

DKKm	Q3 2021/22	Q3 2020/21	Change in value	YTD 2021/22	YTD 2020/21	Change in value
Cash flow from operating activities (CFFO)	146	68	78	123	266	-143
Cash flow from investing activities before acquisitions (CFFI)	-139	-181	42	-414	-404	-10
Free cash flow before acquisitions (FCF)	7	-113	-120	-291	-138	-153
Acquisitions of enterprises and technology	0	0	0	0	-300	300
Cash flow from financing activities (CFFF)	7	94	-87	353	466	-113
Changes in cash	14	-19	33	62	28	34
Cash flow in % of revenue:						
Cash flow from operating activities (CFFO)	13	7	-	4	9	-
Investments (CFFI)	-12	-19	-	-13	-14	-
Free cash flow before acquisitions (FCF)	1	-12	-	-9	-5	-

Cash flow from operating activities (CFFO) for Q3 was DKK 146m (DKK 68m), up DKK 78m compared to Q3 last year, driven by higher working capital of DKK 139m, but reduced by lower EBITDA of DKK 36m and corporate tax payments of DKK 22m. CFFO for Q3 corresponds to 13% (7%) of revenue.

CFFO year-to-date was DKK 123m (DKK 266m), representing a decrease of DKK 143m compared to Q3 last year, and corresponding to 4% (9%) of revenue.

The decrease since last year is driven by lower EBITDA of DKK -158m.

Cash flow from investing activities (CFFI) for Q3 was DKK -139m (DKK -181m), down by DKK 42m compared to Q3 last year and corresponding to -12% (-19%) of revenue.

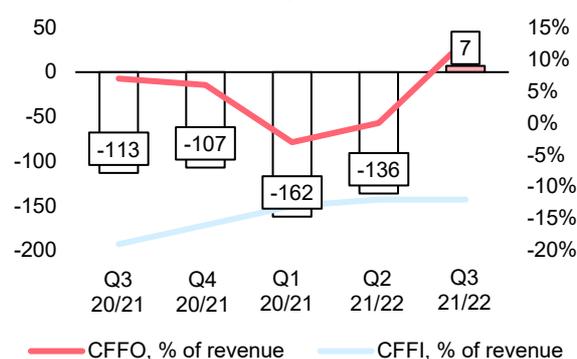
CFFI year-to-date totalled DKK -414m (DKK -404m), an increase of DKK 10m from the same period last year.

CFFI was equivalent to -13% (-14%) of revenue year-to-date.

Free cash flow (FCF) before acquisitions of enterprises and technology for Q3 totalled DKK 7m (DKK -113m), up DKK 120m compared to the same period last year. FCF for Q3 corresponds to 1% (-12%) of revenue.

Year-to-date FCF was DKK -291m (DKK -257m), corresponding to -9% (-9%) of revenue.

Free cash flow before acquisitions (DKKm)



Cash flow from financing activities (CFFF) amounted to DKK 7m (DKK 94m) for the quarter and to DKK 356m (DKK 466m) for the year-to-date.

Year-to-date, Ambu raised debt of DKK 450m (DKK 525m). In addition, dividend of DKK 75m (DKK 73m) was distributed to shareholders.

Changes in cash came to DKK 14m (DKK -19m) for the quarter and to DKK 62m (DKK 28m) for the year-to-date.

EQUITY

At the end of June 2022, equity totalled DKK 4,282m (DKK 3,904m), corresponding to an equity ratio of 62% (70%) of total assets. The share capital was DKK 129m (DKK 129m), distributed on 257.7m (257.6m) shares.

Other comprehensive income

Other comprehensive income includes a translation adjustment arising from the translation of subsidiaries in foreign currency for the quarter of DKK 94m (DKK -15m) and for the year-to-date of DKK 178m (DKK -7m).

The translation adjustment is primarily driven by the appreciating USD/DKK exchange rate in the period.

Other equity

At the annual general meeting held on 14 December 2021, it was decided to pay dividend of DKK 75m to Ambu's shareholders. Since the general meeting, dividend of DKK 75m has been distributed, including DKK 1m for Ambu's portfolio of treasury shares.

At the end of Q3 2021/22, Ambu employees had exercised a total of 269,165 purchase options in Ambu A/S, for net proceeds of DKK 11m.

The general employee share programme granted in 2019 was vested in Q1, and Ambu's obligations in this respect have thus been fulfilled. Consequently, the holding of treasury shares was reduced by 64,993 Class B shares in Ambu A/S.

At the end of Q3 2021/22, Ambu's holding of Class B treasury shares had been reduced by 334,158 to 3,642,313 (4,050,823), corresponding to 1.413% (1.572%) of the total share capital.

In addition, at the end of Q3 2021/22, Ambu employees had exercised a total of 12,500 warrants to subscribe for shares in Ambu A/S, for net proceeds of DKK 0.8m.

In certain jurisdictions, Ambu obtains a deduction for employee gains from the exercise of options and warrants. Year-to-date, equity has decreased by DKK 17m (increased by DKK 30m), corresponding to the value adjustment of any deductible value of employee gains.

SUSTAINABILITY UPDATE

The environmental impact of Ambu's activities in the first three quarters of the financial year is lower, i.e., better, on most parameters compared to the first three quarters of the prior year, even though production output has increased. This applies to energy consumption, CO₂ emissions and water usage per tonne of product. Only waste intensity has continuously increased.

- On track
- Improved
- Attention needed

Production output has increased by 19% compared to year-to-date 2020/21	↑
Energy consumption per tonne product has decreased by 7% compared to year-to-date 2020/21	↓
Renewable energy consumption on par with year-to-date 2020/21	→
Carbon emissions per tonne of product have decreased by 7% compared to year-to-date 2020/21	↓
Waste per tonne of product has increased by 2% compared to year-to-date 2020/21	→
Water per tonne of product has decreased by 26% compared to year-to-date 2020/21	↓
Turnover rate has increased from 15% to 22% compared to year-to-date 2020/21	↑
Sickness absence rate has increased from 1.75 to 2.29 compared to year-to-date 2020/21	↑
The lost-time injury frequency rate (LTIF) has increased from 0.37 to 1.03 compared to year-to-date 2020/21, but is still well below the target threshold	↑

OUTLOOK 2021/22

The outlook for the 2021/22 financial year was adjusted on 3 August 2022 (see company announcement no. 12 2021/22) and is maintained as of 25 August 2022.

Local currencies

	25 August 2022	3 August 2022	5 May 2022	8 February 2022	9 November 2021
Organic growth	No less than 4%	No less than 4%	13%+	15%+	15-19%

Danish kroner

	25 August 2022	3 August 2022	5 May 2022	8 February 2022	9 November 2021
EBIT margin	No less than 2%	No less than 2%	5%+	7%+	7-9%

Exchange rate assumptions for 2021/22

	25 August 2022	3 August 2022	5 May 2022	8 February 2022	9 November 2021
USD/DKK	687	684	680	650	642
MYR/DKK	160	159	160	155	155
CNY/DKK	105	105	105	102	100
GBP/DKK	880	880	881	880	877

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 healthcare, in the world economy, in interest rate levels and in exchange rates.

FINANCIAL CALENDAR 2021/22

2022

30 September End of financial year 2021/22

FINANCIAL CALENDAR 2022/23

2022

18 October Pre-Q4 quiet period starts

15 November Annual report 2021/22

14 December Annual general meeting

QUARTERLY RESULTS

DKKm	Q3 2021/22	Q2 2021/22	Q1 2021/22	Q4 2020/21	Q3 2020/21	Q2 2020/21	Q1 2020/21
Composition of revenue, products:							
Visualization	562	588	565	540	523	547	558
Anaesthesia	302	294	245	256	240	248	253
Patient Monitoring & Diagnostics	264	240	221	230	210	206	202
Revenue	1,128	1,122	1,031	1,026	973	1,001	1,013
Key figures, revenue:							
Endoscopes sold, '000 units	400	444	419	393	386	379	370
Growth in number of endoscopes sold, %	4	17	13	54	15	21	106
Organic growth, products:							
Visualization, %	0	3	-2	37	0	17	101
Anaesthesia, %	14	12	-6	-6	-1	-4	5
Patient Monitoring & Diagnostics, %	20	14	7	13	44	-7	-3
Organic growth, %	8	8	-1	18	7	6	39
Exchange rate effects, %	8	4	3	0	-4	-5	-6
Reported revenue growth, %	16	12	2	18	3	1	33
Organic growth, markets:							
North America, %	16	11	18	18	32	6	13
Europe, %	4	7	-16	11	-10	2	79
Rest of World, %	-4	-1	0	36	7	18	9
Organic growth, %	8	8	-1	18	7	6	39
Revenue	1,128	1,122	1,031	1,026	973	1,001	1,013
Production costs	-499	-475	-397	-416	-365	-378	-351
Gross profit	629	647	634	610	608	623	662
<i>Gross margin, %</i>	<i>55.8</i>	<i>57.7</i>	<i>61.5</i>	<i>59.5</i>	<i>62.5</i>	<i>62.2</i>	<i>65.4</i>
Selling and distribution costs	-389	-407	-406	-415	-344	-361	-348
Development costs	-72	-65	-64	-73	-53	-52	-47
Management and administrative costs	-126	-128	-124	-118	-123	-110	-119
<i>Total Operating Expenditures (OPEX)</i>	<i>-587</i>	<i>-600</i>	<i>-594</i>	<i>-606</i>	<i>-520</i>	<i>-523</i>	<i>-514</i>
Operating profit (EBIT) before special items	42	47	40	4	88	100	148
<i>EBIT margin before special items, %</i>	<i>3.7</i>	<i>4.2</i>	<i>3.9</i>	<i>0.4</i>	<i>9.0</i>	<i>10.0</i>	<i>14.6</i>
Special items	-13	0	0	0	0	0	0
Operating profit (EBIT)	29	47	40	4	88	100	148
<i>EBIT margin, %</i>	<i>2.6</i>	<i>4.2</i>	<i>3.9</i>	<i>0.4</i>	<i>9.0</i>	<i>10.0</i>	<i>14.6</i>
Financial income	12	137	0	3	1	4	0
Financial expenses	-7	-2	-15	-9	-12	11	-30
Profit before tax (PBT)	34	182	25	-2	77	115	118
Tax on profit for the period	-6	-7	-5	1	-15	-20	-27
Net profit for the period	28	175	20	-1	62	95	91

QUARTERLY RESULTS (CONTINUED)

DKKkM	Q3 2021/22	Q2 2021/22	Q1 2021/22	Q4 2020/21	Q3 2020/21	Q2 2020/21	Q1 2020/21
Balance sheet:							
Assets	6,921	6,557	6,327	5,740	5,567	5,318	5,043
Net working capital	996	1,038	911	789	794	728	636
Equity	4,282	4,162	3,946	3,952	3,904	3,861	2,394
Net interest-bearing debt	1,423	1,417	1,259	759	638	466	1,701
Invested capital	5,705	5,579	5,205	4,711	4,542	4,327	4,095
Cash flow, in DKKkM:							
Cash flow from operating activities	146	5	-28	62	68	92	106
Cash flow from investing activities before acquisitions of enterprises and technology	-139	-141	-134	-169	-181	-119	-104
Free cash flow before acquisitions of enterprises and technology	7	-136	-162	-107	-113	-27	2
Acquisitions of enterprises and technology	0	0	0	-1	0	-1	-299
Cash flow, in % of revenue:							
Cash flow from operating activities	13	0	-3	6	7	9	10
Cash flow from investing activities before acquisitions of enterprises and technology	-12	-12	-13	-16	-19	-12	-10
Free cash flow before acquisitions of enterprises and technology	1	-12	-16	-10	-12	-3	0
Key figures and ratios:							
Operating Expenditures (OPEX)	587	600	594	606	520	523	514
OPEX ratio, %	52	53	58	59	53	52	51
EBITDA before special items	119	125	102	65	143	150	198
EBITDA margin before special items, %	10.5	11.1	9.9	6.3	14.7	15.0	19.5
Depreciation	-40	-38	-36	-31	-31	-29	-27
Amortisation	-37	-33	-25	-26	-24	-22	-22
Impairment	0	-7	-1	-4	0	1	-1
EBIT before special items	42	47	40	4	88	100	148
EBIT margin before special items, %	3.7	4.2	3.9	0.4	9.0	10.0	14.6
NIBD/EBITDA before special items	3.5	3.3	2.7	1.4	1.1	0.7	2.5
Net working capital, % of revenue	23	25	23	20	21	19	17
Share-related ratios:							
Market price per share (DKK)	69	100	173	190	241	298	263
Earnings per share (EPS) (DKK)	0.11	0.69	0.08	0.00	0.24	0.38	0.37
Diluted earnings per share (EPS-D) (DKK)	0.11	0.69	0.08	0.00	0.24	0.38	0.36

MANAGEMENT'S STATEMENT

The Board of Directors and the Executive Management have considered and approved the interim report of Ambu A/S for the period from 1 October 2021 to 30 June 2022. 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 at 30 June 2022 and of the results of the Group's operations and cash flow for the period from 1 October 2021 to 30 June 2022.

We furthermore 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 well as a description of the most significant risks and uncertainties to which the Group is subject.

Ballerup, 25 August 2022

EXECUTIVE MANAGEMENT

Britt Meelby Jensen
CEO

Thomas Frederik Schmidt
CFO

BOARD OF DIRECTORS

Jørgen Jensen
Chairman

Christian Sagild
Vice-Chairman

Susanne Larsson

Michael del Prado

Henrik Ehlers Wulff

Charlotte Elgaard Bjørnhoff
Elected by the employees

Jesper Bartroff Frederiksen
Elected by the employees

Thomas Bachgaard Jensen
Elected by the employees

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Income statement and statement of comprehensive income

Interim report Q3 2021/22

DKKm

		Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Income statement						
Revenue	4	1,128	973	3,281	2,987	4,013
Production costs		-499	-365	-1,371	-1,094	-1,510
Gross profit		629	608	1,910	1,893	2,503
Selling and distribution costs		-389	-344	-1,202	-1,053	-1,468
Development costs		-72	-53	-201	-152	-225
Management and administrative costs		-126	-123	-378	-352	-470
Operating profit (EBIT) before special items		42	88	129	336	340
Special items		-13	0	-13	0	0
Operating profit (EBIT)		29	88	116	336	340
Financial income	8, 11	12	1	149	5	8
Financial expenses	8	-7	-12	-24	-31	-40
Profit before tax		34	77	241	310	308
Tax on profit for the period		-6	-15	-18	-62	-61
Net profit for the period		28	62	223	248	247
Earnings per share in DKK						
Earnings per share (EPS)		0.11	0.24	0.88	0.99	0.98
Diluted earnings per share (EPS-D)		0.11	0.24	0.88	0.98	0.98

		Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Statement of comprehensive income						
Net profit for the period		28	62	223	248	247
Other comprehensive income:						
<i>Items which are moved to the income statement under certain conditions:</i>						
Translation adjustment in foreign subsidiaries		94	-15	178	-7	33
Other comprehensive income after tax		94	-15	178	-7	33
Comprehensive income for the period		122	47	401	241	280

Balance sheet

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DKKm

Assets	Note	30.06.22	30.06.21	30.09.21
Goodwill		1,577	1,487	1,504
Acquired technologies, trademarks and customer relations		490	416	407
Acquired technologies in progress		212	324	324
Completed development projects		763	347	395
Development projects in progress		443	530	572
Rights		38	40	42
Intangible assets		3,523	3,144	3,244
Land and buildings		682	392	403
Plant and machinery		159	157	164
Other fittings and equipment		171	149	169
Property, plant and equipment in progress		186	95	110
Property, plant and equipment		1,198	793	846
Deferred tax asset		58	78	42
Other non-current assets		58	78	42
Total non-current assets		4,779	4,015	4,132
Inventories		1,121	684	748
Trade receivables		723	627	699
Other receivables		33	18	20
Income tax receivable		22	11	13
Prepayments		114	86	64
Derivative financial instruments		3	0	0
Cash and cash equivalents		126	126	64
Total current assets		2,142	1,552	1,608
Total assets		6,921	5,567	5,740
Equity and liabilities	Note	30.06.22	30.06.21	30.09.21
Share capital		129	129	129
Other reserves		4,153	3,775	3,823
Equity	10	4,282	3,904	3,952
Deferred tax		22	79	18
Provisions		35	33	30
Interest-bearing debt	9	1,478	202	760
Non-current liabilities		1,535	314	808
Provisions		13	9	13
Contingent consideration	11	0	136	137
Interest-bearing debt	9	71	562	63
Trade payables		587	313	364
Income tax		25	18	23
Other payables		408	308	378
Derivative financial instruments		0	3	2
Current liabilities		1,104	1,349	980
Total liabilities		2,639	1,663	1,788
Total equity and liabilities		6,921	5,567	5,740

Cash flow statement

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DKKm

	Note	YTD 2021/22	YTD 2020/21	FY 2020/21
Operating profit (EBIT)		116	336	340
Adjustment of items with no cash flow effect	5	226	162	227
Changes in net working capital	6	-147	-204	-197
Interest income		0	3	3
Interest expenses and similar items		-20	-17	-18
Income tax paid		-52	-14	-27
Cash flow from operating activities		123	266	328
Investments in intangible assets		-299	-294	-405
Investments in tangible assets		-115	-116	-176
Sale of non-current assets		0	6	8
Cash flow from investing activities before acquisitions of enterprises and technology		-414	-404	-573
Free cash flow before acquisitions of enterprises and technology		-291	-138	-245
Acquisition of technology		0	-2	-3
Acquisitions of enterprises		0	-298	-298
Cash flow from acquisitions of enterprises and technology		0	-300	-301
Cash flow from investing activities		-414	-704	-874
Free cash flow after acquisitions of enterprises and technology		-291	-438	-546
Raising of long-term debt		450	525	575
Repayment of debt to credit institutions		0	-1,250	-1,250
Repayment of debt to other creditors		0	-24	-24
Repayment in respect of leases		-35	-39	-44
Exercise of options		11	37	37
Sale of treasury shares		0	65	65
Dividend paid		-75	-73	-73
Dividend, treasury shares		1	1	1
Capital increase, Class B share capital		1	1,224	1,225
Cash flow from financing activities		353	466	512
Changes in cash and cash equivalents		62	28	-34
Cash and cash equivalents, beginning of period		64	98	98
Cash and cash equivalents, end of period		126	126	64
Cash and cash equivalents, end of period, are composed as follows:				
Cash and cash equivalents		126	126	64
Cash and cash equivalents, end of year		126	126	64

Statement of changes in equity

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DKKm

	Share capital	Reserve for foreign currency translation adjustment	Retained earnings	Proposed dividend	Total
Equity 1 October 2021	129	106	3,642	75	3,952
Net profit for the period			223		223
Other comprehensive income for the period		178			178
Total comprehensive income	0	178	223	0	401
<i>Transactions with the owners:</i>					
Share-based payment			8		8
Tax deduction relating to share options			-17		-17
Exercise of options			11		11
Distributed dividend				-74	-74
Dividend, treasury shares			1	-1	0
Share capital increase			1		1
Equity 30 June 2022	129	284	3,869	0	4,282
Equity 1 October 2020	126	73	2,100	73	2,372
Net profit for the period			248		248
Other comprehensive income for the period		-7			-7
Total comprehensive income	0	-7	248	0	241
<i>Transactions with the owners:</i>					
Share-based payment			7		7
Tax deduction relating to share options			30		30
Exercise of options			37		37
Sale of treasury shares			65		65
Distributed dividend				-72	-72
Dividend, treasury shares			1	-1	0
Share capital increase	3		1,221		1,224
Equity 30 June 2021	129	66	3,709	0	3,904

Other reserves are made up of reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 4,153m (30.06.2021: DKK 3,775m).

Notes to the interim report

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Section 1: Basis of preparation of the interim report

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Section 2: Operating activities and cash flow

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Section 4: Financial risk management, capital structure and net financials

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Section 5: Provisions, other liabilities, etc.

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Notes to the interim report

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Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2021 to 30 June 2022 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 2020/21 with the exception of estimates applied to measure the fair value of contingent consideration described below. For definitions of ratios, reference is made to note 5.10 in the annual report for 2020/21.

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 2020/21 other than the change in estimates regarding contingent consideration as described below.

Contingent consideration

As reported in note 4.2 of the annual report for 2020/21, the management applies unobservable data to measure the fair value of the contingent consideration from the acquisition of Invendo Medical GmbH. By 30 September 2021, the contingent consideration had a fair value of DKK 137m as management expected the liability to be paid in 2021/22. The liability was conditional upon FDA clearance of the gastroscopy by no later than 31 December 2021. As the FDA clearance for the gastroscopy was not achieved by the end of 2021, the milestone payment for the gastroscopy has lapsed.

Contingent consideration of DKK 137m has been taken to financials and the consideration for Invendo Medical GmbH is fully paid.

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 organisational aspects allow for a division of earnings from individual products, as sales channels, customer types and sales organisations 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.

Note 4 – Revenue

	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Visualization	562	523	1,715	1,628	2,168
Anaesthesia	302	240	841	741	997
Patient Monitoring & Diagnostics	264	210	725	618	848
Total revenue by activities	1,128	973	3,281	2,987	4,013
North America	550	418	1,554	1,246	1,739
Europe	447	429	1,390	1,413	1,787
Rest of World	131	126	337	328	487
Total revenue by markets	1,128	973	3,281	2,987	4,013

Notes to the interim report

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Note 5 – Adjustment of items with no cash flow effect

	YTD 2021/22	YTD 2020/21	FY 2020/21
Depreciation, amortisation and impairment losses	217	155	216
Share-based payment	9	7	11
	226	162	227

Note 6 – Changes in net working capital

	YTD 2021/22	YTD 2020/21	FY 2020/21
Changes in inventories	-324	-168	-222
Changes in receivables	-49	-117	-163
Changes in trade payables etc.	226	81	188
	-147	-204	-197

Note 7 – Risks

For a description of Ambu's risks, see the 'Risk management' section in the annual report for 2020/21, pages 31-32.

Note 8 – Net financials

	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Interest income, others	0	3	0	3	3
Foreign exchange gains, net	9	-2	9	2	4
Fair value adjustment, contingent consideration	0	0	137	0	0
Fair value adjustment, swap	3	0	3	0	1
Financial income	12	1	149	5	8

	Q3 2021/22	Q3 2020/21	YTD 2021/22	YTD 2020/21	FY 2020/21
Interest expenses, banks	4	4	9	14	16
Interest expenses, leases	4	2	12	6	8
Interest expenses, others	0	0	0	0	2
Foreign exchange loss, net	-2	0	0	0	0
Fair value adjustment, contingent consideration	0	4	0	8	10
Effect of shorter discount period, acquisition of technology	1	2	3	3	4
Financial expenses	7	12	24	31	40

Notes to the interim report

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DKKm

Note 9 – Net interest-bearing debt

	30.06.22	30.06.21	FY 2020/21
Credit institutions	1,000	0	550
Leases	478	202	210
Long-term interest-bearing debt	1,478	202	760
Credit institutions	0	500	0
Leases	71	62	63
Short-term interest-bearing debt	71	562	63
Interest-bearing debt	1,549	764	823

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

	30.06.22	30.06.21	FY 2020/21
Interest-bearing debt	1,549	764	823
Cash and cash equivalents	-126	-126	-64
Net interest-bearing debt	1,423	638	759

Note 10 – Capital increases, treasury shares and dividend paid

Capital increases

A capital increase was completed in November 2021 in connection with the exercise by an employee of warrants allocated in 2015. In consequence hereof, Ambu's share capital was increased by 5,000 Class B shares with a nominal value of DKK 0.50 each at a price of 39.26.

In February 2022, another capital increase was carried out in connection with the exercise by employees of warrants allocated in 2016. In consequence hereof, Ambu's share capital was increased by 7,500 Class B shares with a nominal value of DKK 0.50 each at a price of 77.12.

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

	30.09.21	Change	30.06.22
No. of Class A shares	34,320,000	0	34,320,000
No. of Class B shares	223,383,932	12,500	223,396,432
	257,703,932	12,500	257,716,432
Share capital	128,851,966	6,250	128,858,216

Treasury shares

As at 30 September 2021, Ambu's holding of treasury shares totalled 3,976,471 Class B shares with a nominal value of DKK 0.50 each. As at 30 June 2022, this had been reduced by 334,158 shares to 3,642,313 Class B shares. The reduction is attributable to disposals in connection with the conclusion of the employee share programme for 2019 (matching shares) and the exercise of 269,165 share options. There have been no transactions with Class A shares.

Dividend paid

The Board of Directors' proposal for the distribution of dividend of DKK 0.29 per share with a nominal value of DKK 0.50 was adopted at the company's annual general meeting on 14 December 2021. The dividend declared totals DKK 75m and has subsequently been paid out less withholding taxes payable to the Danish tax authorities in January 2022.

Notes to the interim report

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DKKm

Note 11 – Contingent consideration

	30.06.22	30.06.21	FY 2020/21
Contingent consideration at 1 October	137	426	426
Used during the year	0	-298	-298
<i>Adjustments made through the income statement under financial expenses:</i>			
Value adjustment	-137	8	10
Foreign currency translation adjustment	0	0	-1
Contingent consideration end of reporting period	0	136	137
Contingent consideration expected to fall due:			
Current contingent consideration	0	136	137
Contingent consideration end of reporting period	0	136	137

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.

As described in note 2, the milestone was conditional upon FDA clearance of the gastroscope by 31 December 2021 at the latest. Since the FDA clearance was not obtained at this date, the management has valued the contingent consideration at DKK 0m.

The net value adjustment of a DKK -137m income posted to financials can be attributed to the fair value remeasurement of the gastroscope milestone.

During Q1 last year, DKK 298m was paid, as the milestone payment for the duodenoscopy matured.

Note 12 – 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 2022. For a more detailed description of the group's risks, see the 'Risk management' section on pages 31-32 in the annual report 2020/21.

Note 13 – Subsequent events

In addition to the matters described in this interim report, the management is not aware of any events subsequent to 30 June 2022 which could be expected to have a significant impact on the group's financial position.

The described matters in Management's commentary are associated to company announcement no. 12, communicated on 3 August, 2022 related to a decision not to launch Ambu® aScope™ Duodeno 1.5 in additional markets for now and launch of a cost reduction program.

In total costs of DKK 150m of which most is expected to be incurred in Q4 as 'Special items':

- Write-down of Ambu® aScope™ Duodeno 1.5 inventories of DKK 45m.
- Impairment of in-progress development projects of DKK 55m due to a re-focusing in innovation projects.
- Severance costs of DKK 50m associated with the reduction of approximately 200 employees from our global workforce, subject to consultation procedures in countries where required.