



Interim report for Q2 2019/20 and for the period 1 October 2019 to 31 March 2020

Accelerating commercial investments in GI and urology after submitting the aScope™ Duodeno for FDA-approval

Ambu posted organic growth of 24% in Q2 as COVID-19 pandemic increased the demand for single-use devices. As a result, Ambu grew 19% in the first half of the year. Product launches for this year are progressing as planned, Ambu's application for FDA-approval of the duodenoscope has been submitted, and further investments in the global sales organization are initiated. Full-year guidance for organic growth is lifted from "16-22%" to "26-30%" as already announced, and EBIT margin guidance for the full-year is resumed at 12-14% including commercial investments.

"This has been an extraordinary quarter in many ways. The world faces a global health crisis, which impacts governments, healthcare systems, healthcare professionals and society in general. At Ambu, we have worked tirelessly since the start of this crisis to make our products available globally, especially single-use bronchoscopes and resuscitators, which are used in the treatment of COVID-19 patients. The COVID-19 pandemic has highlighted the value of single-use endoscopy in helping avoid cross-contamination and ensuring patient safety. I would like to thank all of our employees for their professionalism, dedication and engagement throughout this crisis," says CEO Juan Jose Gonzalez.

Highlights for the quarter and half-year

- For Q2, revenue totaled DKK 989m, yielding a 26% reported growth from last year (DKK 785m). COVID-19 accounted for 14 percentage points of growth or approx. 110m DKK, which should be considered as a one-off event and be excluded from future projections. Reported growth in the half-year was 21%. Organic growth for Q2 and the half-year was 24% and 19%, respectively.
- EBIT before special items for the quarter was DKK 150m (DKK 195m) with an EBIT margin before special items of 15.2% (24.8%), while the figures for the half-year were DKK 243m (DKK 307m) and 13.9% (21.3%).
- In Q2, Visualization realized organic growth of 69%, Anaesthesia grew 3%, and PMD (Patient Monitoring & Diagnostics) declined by -6%. For the half-year, organic growth rates were 49% for Visualization, 5% for Anaesthesia and 1% for PMD.
- For the quarter, organic growth of 17% was realized in North America, 40% in Europe and 2% in Rest of World. For the half-year, North America grew 16%, Europe 27% and Rest of World 6%.
- Sales of single-use endoscopes reached 313,000 units for the quarter and 493,000 units for the half-year. Sales volumes were thus up 72% and 49%, respectively, relative to last year.

- The upcoming launches of aScope™ 4 Cysto, aView™ 2 Advance, and aScope™ Duodeno are progressing according to plan. The aScope™ Duodeno has been submitted for 510(k) approval, and upon approval we will initiate a 500-patient post market study at multiple centers in the US.
- We have decided to accelerate our investment in the commercialization of new products by expanding the sales organization in US, Europe and Asia Pacific with additional 250 FTEs (full-time employees). The expansion is expected to increase the run-rate of costs in 2019/20 by an additional DKK 115m and be completed by end of Q1 2020/21. For the full-year 2020/21, the cost impact from the expansion is expected to be DKK 375m.
- Gross margin for the quarter was 61.4% (60.1%). The 1.3 percentage point increase is attributable to a more favorable sales mix from higher-margin products, including a channel mix from transitioning the U.S. distributor and a change in pricing policies back in Q4 2018/19. The gross margin for the half-year was 60.8% (60.0%). Capacity costs for the quarter totaled DKK 457m (DKK 277m), corresponding to a 65% increase. Capacity costs for the half-year were up 47%, mainly driven by the investments in commercial infrastructure.
- The net working capital to revenue ratio is 23% (25%) based on rolling 12-month revenue.
- Free cash flows before acquisitions totaled DKK -89m (DKK +11m), and for the half-year DKK -279m (DKK +56m).
- The sales outlook for the full year was upgraded on 6 April 2020 due to the higher-than-expected growth in Q2. The outlook for organic revenue growth was increased from “16-22%” to “26-30%”, and the guidance on the number of endoscopes sold was increased from “approx. 900,000” to “more than 1 million”.
- The outlook for the EBIT margin before special items was suspended on 6 April 2020 and is now resumed at 12-14%. This interval reflects our decision to accelerate our commercial infrastructure expansion into GI and urology and ensure the successful launches of aScope™ Duodeno and aScope™ 4 Cysto.
- The outlook for the financial year 2019/20 is:
 - Organic growth in the range of 26-30%.
 - EBIT margin before special items in the range of 12-14%.
 - Sales of more than 1 million endoscope units.

A **conference call** is held tomorrow, Tuesday 5 May 2020, at 10.00 (CEST). The conference is broadcast live via www.ambu.com/webcastQ22020. 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: 84679279#.

Contacts

Investors

Michael Højgaard, CFO, miho@ambu.com / +45 4030 4349
Nicolai Thomsen, IR Manager, nith@ambu.com / +45 2620 8047

Media

Mikkel Trier Wagner, Director, Corporate Communications, mtw@ambu.com / +45 4191 0830

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 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.

Financial highlights

DKKm	Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Income statement					
Revenue	989	785	1,749	1,441	2,820
Gross margin, %	61.4	60.1	60.8	60.0	58.0
EBITDA before special items	200	221	326	358	589
Depreciation	-21	-12	-40	-23	-51
Amortisation	-18	-14	-32	-28	-58
Impairment	-11	0	-11	0	0
EBIT before special items	150	195	243	307	480
EBIT	150	195	243	307	306
Net financials	-12	-25	-49	-55	107
Profit before tax	138	170	194	252	413
Net profit for the period	104	130	146	193	317
Balance sheet					
Assets	4,788	4,418	4,788	4,418	4,558
Net working capital	713	713	713	713	387
Equity	2,300	2,075	2,300	2,075	2,182
Net interest-bearing debt	1,446	1,266	1,446	1,266	1,035
Invested capital	3,746	3,341	3,746	3,341	3,217
Cash flows					
Cash flow from operating activities	10	63	-100	156	533
Cash flow from investing activities before acquisitions	-99	-52	-179	-100	-259
Free cash flow before acquisitions of enterprises and technology	-89	11	-279	56	274
Acquisitions of enterprises and technology	0	-1	0	-1	-2
Cash flow from operating activities, % of revenue	1	8	-6	11	19
Investments, % of revenue	-10	-7	-10	-7	-9
Free cash flow before acquisitions of enterprises, % of revenue	-9	1	-16	4	10
Key figures and ratios					
Organic growth, %	24	14	19	15	4
Rate of cost, %	46	35	47	39	41
EBITDA margin before special items, %	20.2	28.2	18.6	24.8	20.9
EBIT margin before special items, %	15.2	24.8	13.9	21.3	17.0
EBIT margin, %	15.2	24.8	13.9	21.3	10.9
Tax rate, %	25	24	25	23	23
Return on equity, %	12	22	12	22	16
NIBD/EBITDA before special items	2.6	1.7	2.6	1.7	1.8
Equity ratio, %	48	47	48	47	48
Net working capital, % of revenue	23	25	23	25	14
Return on invested capital (ROIC), %	9	15	9	15	15
Average number of employees	3,353	2,903	3,278	2,861	2,957
Share-related ratios					
Market price per share (DKK)	165	176	165	176	114
Earnings per share (EPS) (DKK)	0.42	0.53	0.59	0.79	1.30
Diluted earnings per share (EPS-D) (DKK)	0.42	0.52	0.59	0.78	1.28

H1 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

Q2 and the half-year 2019/20

In Q2 2019/20, the COVID-19 pandemic caused a change in demand patterns and product mix for Ambu which affected the Visualization as well as the Core businesses. The net effect led to higher-than-expected organic growth in Q2 2019/20, equal to 14 percentage points of growth or approx. DKK 110m, which is considered a one-off event and should be excluded from future projections.

Sales performance – Regions

Last year comparative figures are stated in brackets.

Revenue of DKK 989m (DKK 785m) was posted for Q2, corresponding to organic growth of 24% (14%), and reported growth of 26% (21%).

Towards end of the quarter, we saw a significant uptake in the demand for our Visualization products and for products within the Anaesthesia business, but we also saw lower sales of products used for elective procedures especially within Patient Monitoring & Diagnostics.

For the half-year ending on 31 March 2020, revenue came to DKK 1,749m (DKK 1,441m) corresponding to organic growth of 19% (15%).

North America accounted for 46% of revenue in Q2 with organic growth of 17% (16%) while reported growth was 20% (29%). In Q2, we saw some positive impact from COVID-19 on the Visualization and Anaesthesia businesses in North America, while our PMD business was impacted negatively. Visualization saw organic growth of 43%, while Anaesthesia grew 7%, and PMD -17%. For the half-year, the region accounted for 47% of revenue with organic growth of 16% (18%) and 20% (28%) reported growth.

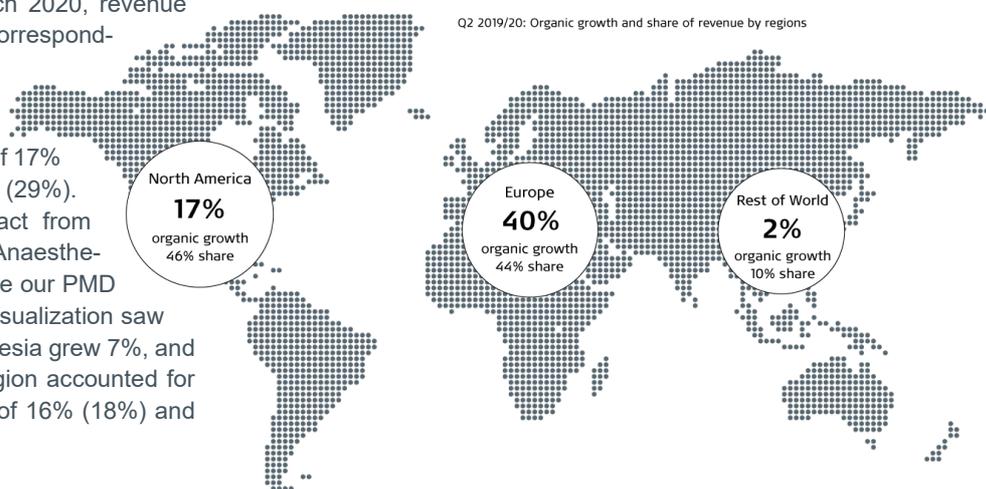
Europe accounted for 44% of revenue in Q2 based on organic growth of 40% (9%). Visualization reached 103% organic growth, while Anaesthesia grew 16% and PMD

1%. The extraordinary growth within Visualization is highly attributable to the outbreak of COVID-19 where hospitals have increased their demand for especially our single-use bronchoscope, aScope™ 4 Broncho.

The overall double-digit growth in Anaesthesia is driven by significantly increased demand for products like our resuscitation bags. However, we have seen a declining demand in the quarter for a wide range of products in Anaesthesia and PMD, that are used for elective procedures.

For the half-year, Europe accounted for 42% of revenue, realizing organic growth of 27% (10%) and 27% (10%) reported growth.

Rest of World, which is comprised of our direct markets in Asia Pacific and indirect distribution network, accounted for 10% of revenue with organic growth of 2% (24%) and reported growth of 6% (31%). Visualization achieved organic growth of 79%, while Anaesthesia was negative at -28% and PMD at -15%. The surge in Visualization sales is attributable to strong growth in China, Australia and Japan on the back of COVID-19 and our commercial expansion, while the negative growth in Anaesthesia and PMD is caused by supply chain constraints.



For the half-year, 11% of revenue stemmed from Rest of World based on organic growth of 6% (18%) and reported growth of 10% (22%).

DKKm	Q2 19/20	Q2 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	449	376	17%	3%	20%	825	691	16%	4%	20%
Europe	437	312	40%	0%	40%	740	583	27%	0%	27%
Rest of World	103	97	2%	4%	6%	184	167	6%	4%	10%
Revenue	989	785	24%	2%	26%	1,749	1,441	19%	2%	21%

Sales performance – Business areas

Visualization

DKKm	Q2 19/20	Q2 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	219	148	43%	5%	48%	365	264	34%	4%	38%
Europe	225	111	103%	0%	103%	342	207	65%	0%	65%
Rest of World	42	24	79%	-4%	75%	69	43	61%	-1%	60%
Revenue	486	283	69%	3%	72%	776	514	49%	2%	51%

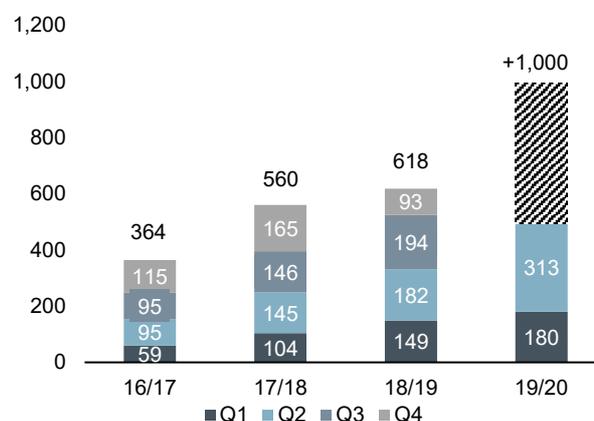
For the quarter, Visualization grew organically by 69% (27%) with reported growth of 72% (34%), and total revenue ended at DKK 486m. Visualization accounted for 49% (36%) of Ambu's revenue in Q2. In the half-year, Visualization saw organic growth of 49% (33%) with reported growth of 51% (39%).

Organic growth in Visualization for the quarter was 43% (34%) in North America, 103% (21%) in Europe, while Rest of World showed organic growth of 79% (20%).

Most of the Visualization revenue stems from sales of aScope™ 4 Broncho which has been in very high demand following the COVID-19 outbreak. We continue to see an increased awareness of the value proposition of our single-use endoscopes which offer a guaranteed sterile solution for endoscopic procedures. In addition, our aScope™ 4 RhinoLaryngo Slim for ENT continues to show a promising sales development. In the 12 months since the launch of our single-use solution for ENT, we have in North America seen a positive volume trajectory at a level equal to a factor 4x compared to the aScope™ 3 launch.

In Q2 2019/20, the number of endoscopes sold was 313,000 units compared to 182,000 units in Q2 2018/19. This represents a 72% growth in units. In the quarter approx. 80,000 scopes are considered related to the COVID-19 effect. For the half year, the number of endoscopes sold was 493,000 units equal to a growth in units of 49%. The average selling prices on aScope™ 4 Broncho are unchanged compared to Q1 and has increased by approx. 15% compared to Q2 2018/19 caused by the discontinuation of the distributor in Q4 2018/19. Volume growth of aScope in the US has been around 60% in Q2 and around 40% for the half-year.

Number of endoscopes sold, '000 units



The upcoming launches of aScope™ 4 Cysto, aView™ 2 Advance, and aScope™ Duodeno are progressing according to plan. In the beginning of Q3, we received FDA approval for aScope™ 4 Cysto, and on 1 May 2020, we reached the necessary milestones that allow us to launch aView™ 2 Advance. We have submitted our 510(k) for FDA-approval of aScope™ Duodeno, and upon approval we will initiate a 500-patient post market study at multiple centers in the US. We expect to have data from minimum 60 patient procedures at the launch of aScope™ Duodeno in early Q4 2019/20.

On this basis, we have decided to accelerate our investment into the commercialization of these products by expanding the sales organization in US, Europe and Asia Pacific. The expansion is made to ensure an effective launch of aScope™ 4 Cysto and aScope™ Duodeno on selected key markets. The bulk of the investment is made in the US and into the GI business, and is expected to increase the run-rate of costs in 2019/20 by an additional DKK 115m.

The upside from the increased organic growth as announced on 6 April 2020 will be reinvested into the expansion of the sales organization, and the EBIT margin for the full year is now expected at 12-14%.

The impact of this expansion for the full-year of 2020/21 is expected to be around DKK 375m equal to approx. 250 additional FTEs to be hired by end of Q1 2020/21.

It remains uncertain how COVID-19 will impact the timing of clinical trials and response times from regulatory authorities. For the time being, however, we only see minor delays and we are on plan to launch as scheduled.

Anaesthesia

DKKm	Q2 19/20	Q2 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	169	155	7%	2%	9%	337	305	8%	2%	10%
Europe	72	62	16%	0%	16%	127	113	13%	-1%	12%
Rest of World	32	43	-28%	2%	-26%	65	73	-15%	4%	-11%
Revenue	273	260	3%	2%	5%	529	491	5%	3%	8%

Within Anaesthesia, organic growth was 3% (5%) in Q2, while reported growth was 5% (14%). Total revenue ended at DKK 273m. Anaesthesia accounted for 28% (33%) of Ambu's revenue in Q2. For the half-year, organic revenue growth was 5% (6%) and reported growth 8% (13%).

Organic growth in Europe was 16% (5%). This reflects an increased demand for products like our resuscitation bags and face masks.

In North America, organic growth of 7% (-1%) was realized, while sales in Rest of World declined -28% (34%). The low growth in Rest of World can be attributed to supply chain constraints.

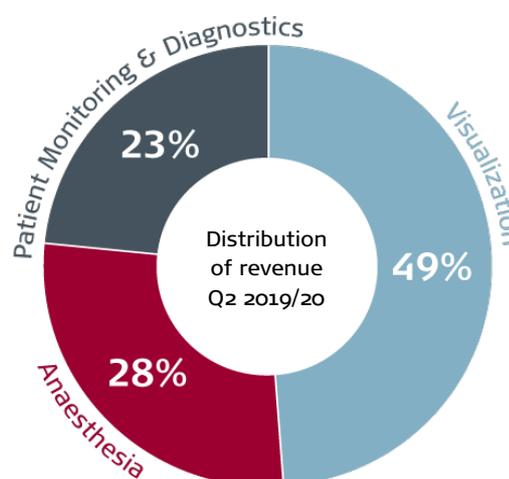
Patient Monitoring & Diagnostics (PMD)

DKKm	Q2 19/20	Q2 18/19	Organic growth	Fx	Reported growth	YTD 19/20	YTD 18/19	Organic growth	Fx	Reported growth
North America	61	72	-17%	2%	-15%	123	121	0%	2%	2%
Europe	140	139	1%	0%	1%	271	263	3%	0%	3%
Rest of World	29	31	-15%	9%	-6%	50	52	-8%	4%	-4%
Revenue	230	242	-6%	1%	-5%	444	436	1%	1%	2%

In Q2, PMD accounted for 23% (31%) of Ambu's revenue and saw negative organic growth of -6% (10%). Reported growth was -5% (14%). In the half-year, the PMD business saw organic growth of 1% (6%) and reported growth of 2% (9%).

PMD sales in Q2 were highly affected by lower sales of products used for elective procedures. North America posted organic growth of -17% (30%) while Europe and Rest of World were at 1% (2%) and -15% (18%), respectively.

We expect the sales within PMD to increase as hospitals return to procedures that have been put on hold due to COVID-19.



FINANCIAL RESULTS

INCOME STATEMENT

DKKm	Q2 19/20	Q2 18/19	Change in value	Change%	YTD 19/20	YTD 18/19	Change in value	Change%
Revenue	989	785	204	26%	1,749	1,441	308	21%
Production costs	-382	-313	-69	22%	-685	-576	-109	19%
Gross profit	607	472	135	29%	1,064	865	199	23%
<i>Gross margin, %</i>	<i>61.4</i>	<i>60.1</i>	-	-	<i>60.8</i>	<i>60.0</i>	-	-
Selling and distribution costs	-324	-181	-143	79%	-571	-363	-208	57%
Development costs	-36	-23	-13	57%	-66	-50	-16	32%
Management and administration	-97	-73	-24	33%	-184	-145	-39	27%
Total capacity costs	-457	-277	-180	65%	-821	-558	-263	47%
EBIT before special items	150	195	-45	-23%	243	307	-64	-21%
<i>EBIT margin before special items, %</i>	<i>15.2</i>	<i>24.8</i>	-	-	<i>13.9</i>	<i>21.3</i>	-	-

Revenue

Revenue for Q2 was DKK 989m, up DKK 204m from same period last year corresponding to reported growth of 26% (21%). Adjusted for currencies, the underlying organic growth was 24% (14%).

Revenue for the first six months was DKK 1,749m (DKK 1,441m), corresponding to reported growth of 21% (20%) and organic growth of 19% (15%).

Gross profit

Gross profit in Q2 was up 29% at DKK 607m (DKK 472m), and the gross margin increased by 1.3 percentage points to 61.4% (60.1%).

The gross profit was positively affected by the reported growth in revenue. The gross margin increased due to a more favorable sales mix from higher-margin products, including a channel mix from transitioning the US distributor and a change in pricing policies back in Q4 2018/19.

As in previous quarters, negative effects from reduced average selling prices are minimal. Despite the significant increase in demand for certain product groups and back orders across markets, Ambu did not change its prices.

Exposure to changes in foreign exchange rates

Just over 50% of Ambu's total revenue is invoiced in USD. In addition, just below 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 Q2 2019/20, the average USD/DKK exchange rate was 678 (657), up 3%. The average CNY/DKK exchange rate was unchanged, while GBP/DKK appreciated by 1%, and MYR/DKK by 1%. The combined exchange rate impact on this quarter's revenue is a positive 2%, or DKK 16m, while the net impact on earnings and EBIT margin before special items is limited due to the cost base in USD, including factories in China and Malaysia, which settle approx. 50% of their direct manufacturing costs in USD.

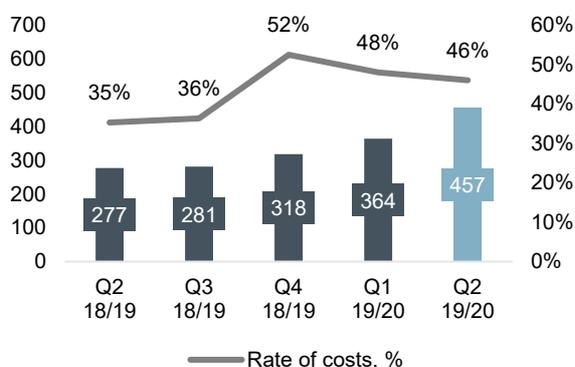
Capacity costs

In Q2, capacity costs totaled DKK 457m (277m), corresponding to a 65% increase corresponding to DKK 180m. The commercial expansion announced on 17 June and 22 August 2019 is driving a significant increase in selling and distribution costs as well as an increase in the workforce at Ambu's headquarters (HQ). In addition, significant items totaling DKK 46m were posted in Q2 due to an expected credit loss on trade receivables and some minor impairment of product rights to niche products sold in selected regions.

Year to date, total capacity costs amounted to DKK 821m (DKK 558m).

The rate of cost was 46% (35%) and 47% (39%) for the first six months of FY 2019/20.

Total capacity costs and rate of cost, %



Selling and distribution costs were up DKK 143m or 79% at DKK 324m (DKK 181m) and up DKK 77m compared to Q1 2019/20. Selling and distribution costs accounted for 33% (23%) of revenue in Q2.

In Q2 2019/20, expected credit losses of DKK 38m were posted across markets as a higher credit risk is expected for trade receivables following the COVID-19 outbreak. This risk relates to distributors, clinics and other non-public funding-guaranteed customers.

Adjusted for the write-down of trade receivables, selling and distribution costs increased DKK 39m over the previous quarter. The increase is caused by the expansion of the commercial infrastructure across all regions, increased costs of airfreight due to the high demand and overperformance against incentive schemes. The expansion is progressing well, and we will be ready to support the planned endoscopy launches in the second half of 2019/20.

Distribution costs as a percentage of revenue in Q2 are unchanged compared to the same period last year.

Development costs increased DKK 13m or 57% to DKK 36m (DKK 23m) which can be ascribed to an increase in depreciation, amortization and impairment. The cash flow related to innovation activities including ramp-up of production of new products in the first six months of 2019/20 is up DKK 66m or 69% at DKK 161m.

DKKm	YTD 19/20	YTD 18/19	Change in value
Development costs	66	50	16
+ Depreciation and amortization	-35	-29	-6
+ Impairment	-8	0	-8
= Development costs affecting EBITDA	23	21	2
+ Investments	138	74	64
= Cash flow - Innovation	161	95	66

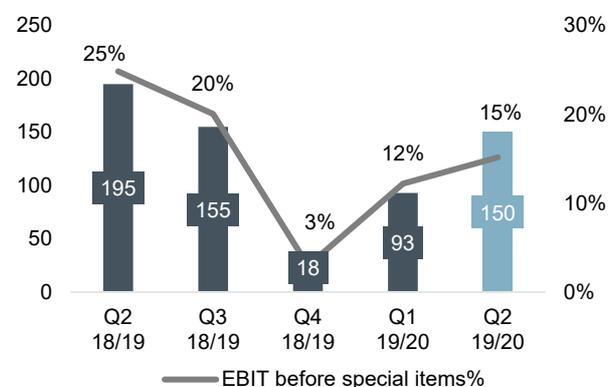
Management and administrative expenses for the half-year were up DKK 39m or 27% at DKK 184m (DKK 145m), which reflects increased activity levels and the expansion of the HQ headcount.

Operating profit (EBIT) before special items

EBIT before special items was DKK 150m (DKK 195m) in Q2, with an EBIT margin before special items of 15.2% (24.8%).

For the half-year, EBIT before special items was DKK 243m (DKK 307m) and the EBIT margin before special items was 13.9% (21.3%).

EBIT before special items – DKKm



Depreciation, amortization and impairment

Depreciation, amortization and impairment represented an expense of DKK 50m (DKK 26m). As described above, Q2 2019/20 was affected by impairment of product rights. Moreover, depreciation and amortization of right-of-use assets recognized in the balance sheet on 1 October 2019 was DKK 13m following the implementation of IFRS 16 'Leases'.

Depreciation, amortization and impairment for the half-year was DKK 83m (DKK 51m).

EBITDA before special items

EBITDA before special items was DKK 200m (DKK 221m) in Q2 with an EBITDA margin before special items of 20.2% (28.2%).

EBITDA before special items for the half-year was DKK 326m (DKK 358m) with a margin of 18.6% (24.8%).

Special items and EBIT

Special items were DKK 0m (DKK 0m) in Q2 and YTD.

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

Net financials

Net financials amounted to expenses of DKK 49m (net expenses of DKK 55m) for the half-year.

Net financials are composed as follows:

- Foreign exchange constituted a net expense of DKK 7m (net income of DKK 5m).
- Interest expenses on bank and lease debt totalled DKK 14m (DKK 10m).
- Fair value adjustments of derivative instruments constituted a net income of DKK 6m (net expense of DKK 6m).
- The interest element from liabilities stated at present amortised value was recognised as a net expense of DKK 1m (DKK 1m).
- Fair value adjustments of contingent consideration relating to the acquisition of Invendo Medical GmbH represented a net expense of DKK 33m (DKK 43m).

Tax

Tax on profit for the half-year totalled DKK -48m (DKK -59m), 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 146m (DKK 193m) was posted for the half-year, equivalent to 8% (13%) of revenue.

Earnings per share (EPS)

Year to date, earnings per share were DKK 0.59 (DKK 0.79).

Balance sheet

At the end of March 2020, Ambu had total assets of DKK 4,788m (DKK 4,418m).

Balance sheet condensed by main items

DKKm	31.03.20	31.03.19	Change in value	Change %
Non-current assets	3,579	3,335	244	7%
Inventories	441	437	4	1%
Trade receivables	657	540	117	22%
Other current assets	73	60	13	22%
Cash	38	46	-8	-17%
Total assets	4,788	4,418	370	8%
Equity	2,300	2,075	225	11%
Contingent consideration	411	542	-131	-24%
Interest bearing debt	1,484	1,312	172	13%
Trade and other payables	449	315	134	43%
Other liabilities	144	174	-30	-17%
Total equity and liabilities	4,788	4,418	370	8%

Total invested capital was DKK 3,746m (DKK 3,341m) by end of the half-year with a 9% (15%) return on invested capital based on rolling 12-month EBIT before special items.

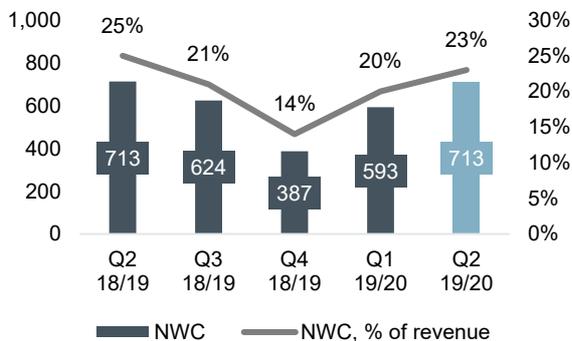
Non-current assets at the end of the quarter were DKK 3,579m, up DKK 244m from Q2 last year and driven by total investments of DKK 179m (DKK 100m) in the half-year. Total investments are split between development projects including the ramp-up of production of new products of DKK 138m (DKK 74m) and other tangible investments of DKK 41m (DKK 26m).

The adoption of IFRS 16 'Leases' resulted in right-of-use assets of DKK 57m recognised 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 half-year, net working capital was DKK 713m (DKK 713m), corresponding to 23% (25%) of 12 months' revenue.

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



Inventories were DKK 441m at the end of the half-year (DKK 437m) corresponding to 14% of 12 months' revenue (15%).

The 81,000 scopes that were bought back in connection with the transitioning of the distributor in the US in Q4 2018/19 have been fully sold by end of this quarter. Following the spike in sales towards the end of the quarter, our inventory levels in general are now below the desired levels leading to a higher risk for backorders. We have activated a manufacturing ramp-up plan for our aScope and resuscitator and used airfreight to deal with the higher than expected demand levels.

Trade receivables totaled DKK 657m at the end of the half-year against DKK 540m in the same period last year. Calculated at fixed exchange rates on a 12-month basis, the average number of credit days was 71 (64). The increase in credit days is primarily due to the higher sales activity towards the end of March 2020 which has not been cash-converted yet.

Management monitors the relatively to previous quarters higher credit risk on trade receivables following the COVID-19 pandemic. The accrual for expected credit losses has been adjusted by DKK 38m in Q2 to mitigate for this risk.

Initiatives on government or regional levels to save Ambu's customers from default will guard Ambu against credit losses on trade receivables. However, it is difficult to assess whether such initiatives are adequate to avoid additional credit losses.

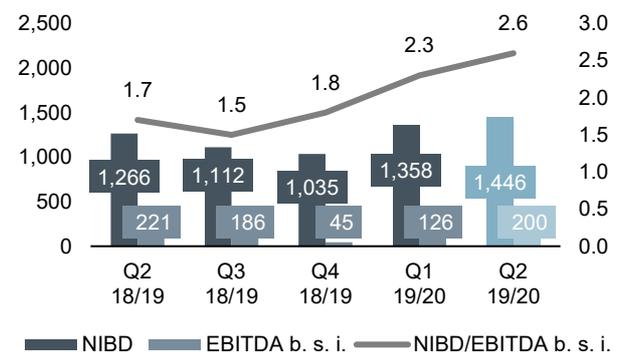
Trade payables and other payables totaled DKK 449m (DKK 315m), up DKK 134m or 43% from last year. The absolute increase can be attributed to higher activity levels in March 2020 compared to the previous year including VAT, sales tax, bonuses and commissions.

Net interest-bearing debt and gearing

Cash and cash equivalents amounted to DKK 38m (DKK 46m), and total net interest-bearing debt (NIBD) was DKK 1,446m (DKK 1,266m), corresponding to 2.6 (1.7) of EBITDA before special items.

At the end of March 2020, Ambu had unutilised capital resources from cash, draft and credit facilities of approx. DKK 1.0bn (DKK 1.1bn).

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



Contingent consideration was DKK 411m at the end of the quarter against DKK 542m last year. Contingent consideration was DKK 378m at the end of Q4 2018/19, and the increase of DKK 33m since Q4 is due to the unwinding of cash flows. The decrease since Q2 2018/19 is due to fair value adjustments of no longer expected earn-out payments and the timing of the milestone payment as reported on 22 August 2019. The contingent consideration relating to the milestone payment maturing upon FDA approval of the duodenoscope (EUR 40m) is classified as short-term debt at a fair value of DKK 288m. This milestone payment will be funded out of Ambu's existing credit facilities.

Other liabilities were DKK 144m (DKK 174m), corresponding to a decrease over last year of DKK 30m.



Cash flow statement

Condensed cash flow statement by main items

DKKm	YTD 19/20	YTD 18/19	Change in value
Cash flow from operating activities	-100	156	-256
Cash flow from investing activities before acquisitions	-179	-100	-79
Free cash flow before acquisitions	-279	56	-335
Acquisitions of enterprises and technology	0	-1	1
Cash flow from financing activities	197	-78	275
Changes in cash	-82	-23	-59
Cash flows in % of revenue:			
Cash flow from operating activities	-6%	11%	-
Investments	-10%	-7%	-
Free cash flow before acquisitions	-16%	4%	-

Free cash flows before acquisitions for the half-year was down DKK 335m at DKK -279m (DKK 56m), corresponding to -16% of revenue (4%). The negative free cash flow is as expected and is caused by the normalization of working capital following the strategic decisions made in Q4 2018/19. In addition, the payment of the compensation of DKK 136m to the former distributor of bronchoscopes in North America has reduced the free cash flow as well as relatively higher tax payments of DKK 92m (DKK 34m).

Cash flow from operating activities (CFFO) in the half-year amounted to DKK -100m, representing a decrease of DKK 256m compared to the same period last year, corresponding to -6% of revenue (11%). The negative CFFO is ascribable to a change in net working capital in the half-year of DKK -332m (DKK -170m) including the compensation paid to the distributor as described above.

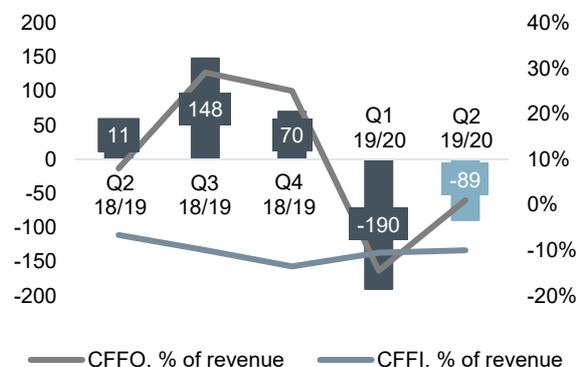
Cash flow from investing activities (CFFI) totaled DKK -179m based on an increase in investments of DKK 79m, mainly from increasing innovation activities as described above.

Total investments equated to 10% (7%) of revenue in the half-year.

Free cash flow before acquisitions of enterprises and technology then totalled DKK -279m (DKK 56m).

The milestone payment of DKK 298m (EUR 40m) relating to FDA approval of the duodenoscope is expected to mature in the second half of FY 2019/20.

Free cash flow before acquisitions – DKKm



Cash flow from financing activities (CFFF) amounted to DKK 197m (DKK -78m). The cash flows primarily relate to the raising of long-term debt of DKK 275m (DKK 50m) and dividend distributed to the shareholders of DKK 96m (DKK 101m).

Changes in cash and cash equivalents then come to DKK -82m (DKK -23m).

Equity

At the end of March 2020, equity totalled DKK 2,300m (DKK 2,075m), corresponding to an equity ratio of 48% (47%) of total assets.

Other comprehensive income

Other comprehensive income includes a translation adjustment arising from the translation of foreign subsidiaries for the half-year of DKK -18m (DKK 48m) resulting from a 3% depreciation of 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, the dividend of DKK 96m has been distributed, including DKK 2m on Ambu's portfolio of treasury shares.

At the end of the half-year, Ambu employees had exercised a total of 975,880 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 half-year, Ambu's holding of Class B treasury shares had been reduced by 1,098,852 to 5,343,787 (6,821,359), corresponding to 2.121% (2.712%) of the total share capital.

In addition, at the end of the half-year, Ambu employees had exercised a total of 190,000 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 41m (DKK 16m), corresponding to the value adjustment of any deductible value of employee gains.

Outlook 2019/20

The outlook for the full year was upgraded on 6 April 2020 due to the higher-than-expected growth in Q2. The outlook for organic revenue growth was increased from “16-22%” to “26-30%”, and the guidance on the number of endoscopes sold was increased from “approx. 900,000” to “more than 1 million”. The outlook for EBIT margin before special items was suspended on 6 April 2020 and is now resumed at 12-14%.

Local currencies

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

Danish kroner

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

Exchange rate assumptions for 2019/20

	5 May 2020	4 February 2020	13 November 2019
USD/DKK	680	675	665
CNY/DKK	97	98	95
MYR/DKK	160	165	160
GBP/DKK	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

29 July	Quiet period ending 26 August 2020
26 August	Interim report Q3 2019/20
30 September	End of FY 2019/20

Financial diary 2020/21

2020

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

Quarterly results

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

Quarterly results (continued)

DKKm	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Balance sheet:						
Assets	4,788	4,680	4,558	4,357	4,418	4,262
Net working capital	713	593	387	624	713	568
Equity	2,300	2,127	2,182	2,226	2,075	1,874
Net interest-bearing debt	1,446	1,358	1,035	1,112	1,266	1,274
Invested capital	3,746	3,485	3,217	3,338	3,341	3,148
Cash flows, in DKKm:						
Cash flow from operating activities	10	-110	152	225	63	93
Cash flow from investing activities before acquisitions of enterprises and technology	-99	-80	-82	-77	-52	-48
Free cash flow before acquisitions of enterprises and technology	-89	-190	70	148	11	45
Acquisitions of enterprises and technology	0	0	0	-1	-1	0
Cash flows, in % of revenue:						
Cash flow from operating activities	1	-14	25	29	8	14
Cash flow from investing activities before acquisitions of enterprises and technology	-10	-11	-13	-10	-7	-7
Free cash flow before acquisitions of enterprises and technology	-9	-25	12	19	1	7
Key figures and ratios:						
Capacity costs	457	364	318	281	277	281
Rate of cost, %	46	48	52	36	35	43
EBITDA before special items	200	126	45	186	221	137
EBITDA margin before special items, %	20.2	16.6	7.4	24.1	28.2	20.9
Depreciation	-21	-19	-13	-15	-12	-11
Amortisation	-18	-14	-14	-16	-14	-14
Impairment	-11	0	0	0	0	0
EBIT before special items	150	93	18	155	195	112
EBIT margin before special items, %	15.2	12.2	3.0	20.1	24.8	17.1
NIBD/EBITDA before special items	2.6	2.3	1.8	1.5	1.7	1.8
Net working capital, % of revenue	23	20	14	21	25	21
Share-related ratios:						
Market price per share (DKK)	165	112	114	106	176	157
Earnings per share (EPS) (DKK)	0.42	0.17	-0.38	0.88	0.53	0.26
Diluted earnings per share (EPS-D) (DKK)	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 31 March 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 31 March 2020 and of the results of the group's operations and cash flows for the period 1 October 2019 to 31 March 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, 4 May 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 Q2 2019/20

Contents

Page 19	Income statement and statement of comprehensive income – Group
Page 20	Balance sheet – Group
Page 21	Cash flow statement – Group
Page 22	Statement of changes in equity – Group
Page 23	Notes to the interim report



Ambu® aScope™ 4 RhinoLaryngo Slim is a sterile single-use endoscope. It is used for procedures in the nose and throat.

Income statement and statement of comprehensive income - Group

Interim report Q2 2019/20

DKKm

		Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Income statement						
Revenue	4	989	785	1,749	1,441	2,820
Production costs		-382	-313	-685	-576	-1,183
Gross profit		607	472	1,064	865	1,637
Selling and distribution costs		-324	-181	-571	-363	-762
Development costs		-36	-23	-66	-50	-103
Management and administration		-97	-73	-184	-145	-292
Operating profit (EBIT) before special items		150	195	243	307	480
Special items		0	0	0	0	-174
Operating profit (EBIT)		150	195	243	307	306
Financial income	9	2	5	6	5	140
Financial expenses	9	-14	-30	-55	-60	-33
Profit before tax		138	170	194	252	413
Tax on profit for the period		-34	-40	-48	-59	-96
Net profit for the period		104	130	146	193	317
Earnings per share in DKK						
Earnings per share (EPS)		0.42	0.53	0.59	0.79	1.30
Diluted earnings per share (EPS-D)		0.42	0.52	0.59	0.78	1.28

		Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
Statement of comprehensive income						
Net profit for the period		104	130	146	193	317
Other comprehensive income:						
<i>Items which are moved to the income statement under certain conditions:</i>						
Translation adjustment in foreign subsidiaries		3	34	-18	48	65
Other comprehensive income after tax		3	34	-18	48	65
Comprehensive income for the period		107	164	128	241	382



Balance sheet – Group

Interim report Q2 2019/20

DKKm

Assets	Note	31.03.20	31.03.19	30.09.19
Acquired technologies, trademarks and customer relations		124	139	134
Acquired technologies in progress		661	661	661
Completed development projects		137	143	161
Development projects in progress		356	167	229
Rights		53	63	57
Goodwill		1,543	1,525	1,547
Intangible assets		2,874	2,698	2,789
Land and buildings	1	321	290	290
Plant and machinery		110	103	114
Other plant, fixtures and fittings, tools and equipment	1	88	54	58
Prepayments and plant under construction		62	40	59
Property, plant and equipment		581	487	521
Deferred tax asset		124	150	87
Other non-current assets		124	150	87
Total non-current assets		3,579	3,335	3,397
Inventories		441	437	506
Trade receivables		657	540	474
Other receivables		22	12	16
Income tax receivable		9	9	5
Prepayments		42	39	40
Cash		38	46	120
Total current assets		1,209	1,083	1,161
Total assets		4,788	4,418	4,558
Equity and liabilities	Note	31.03.20	31.03.19	30.09.19
Share capital		126	126	126
Other reserves		2,174	1,949	2,056
Equity		2,300	2,075	2,182
Deferred tax		82	69	66
Provisions		30	37	38
Contingent consideration	12	123	542	114
Interest-bearing debt	1, 10	1,452	1,303	1,151
Non-current liabilities		1,687	1,951	1,369
Provisions		13	5	5
Contingent consideration	12	288	0	264
Interest-bearing debt	1, 10	32	9	4
Trade payables		154	129	266
Income tax		12	53	72
Other payables		295	186	383
Derivative financial instruments		7	10	13
Current liabilities		801	392	1,007
Total liabilities		2,488	2,343	2,376
Total equity and liabilities		4,788	4,418	4,558



Cash flow statement – Group

Interim report Q2 2019/20

DKKm

	Note	YTD 2019/20	YTD 2018/19	FY 2018/19
Operating profit (EBIT)		243	307	306
Adjustment of items with no cash flow effect	6	95	62	121
Changes in net working capital	7	-332	-170	170
Interest expenses and similar items		-14	-9	-20
Income tax paid		-92	-34	-44
Cash flow from operating activities		-100	156	533
Investments in intangible assets		-131	-63	-159
Investments in property, plant and equipment		-48	-37	-100
Cash flow from investing activities before acquisitions of enterprises and technology		-179	-100	-259
Free cash flow before acquisitions of enterprises and technology		-279	56	274
Acquisition of technology		0	-1	-2
Cash flow from acquisitions of enterprises and technology		0	-1	-2
Cash flow from investing activities		-179	-101	-261
Free cash flow after acquisitions of enterprises and technology		-279	55	272
Raising of long-term debt		275	50	75
Repayment of debt to credit institutions		0	-50	-225
Repayment in respect of leases		-15	-3	-8
Exercise of options		10	8	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		12	8	16
Cash flow from financing activities		197	-78	-216
Changes in cash and cash equivalents		-82	-23	56
Cash and cash equivalents, beginning of period		120	63	63
Translation adjustment of cash and cash equivalents		0	1	1
Cash and cash equivalents, end of period		38	41	120
Cash and cash equivalents, end of period, are composed as follows:				
Cash		38	46	120
Bank debt		0	-5	0
Cash and cash equivalents, end of period		38	41	120



Statement of changes in equity – Group

Interim report Q2 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				146		146
Other comprehensive income for the period		0	-18			-18
Total comprehensive income	0	0	-18	146	0	128
<i>Transactions with the owners:</i>						
Share-based payment				12		12
Tax deduction relating to share options				41		41
Exercise of options				10		10
Sale of treasury shares, employee share programme				9		9
Distributed dividend					-94	-94
Dividend, treasury shares				2	-2	0
Share capital increase, warrants	0			12		12
Equity 31 March 2020	126	0	136	2,038	0	2,300
Equity 1 October 2018	126	0	89	1,566	101	1,882
Net profit for the period				193		193
Other comprehensive income for the period		0	48			48
Total comprehensive income	0	0	48	193	0	241
<i>Transactions with the owners:</i>						
Share-based payment				11		11
Tax deduction relating to share options				16		16
Exercise of options				8		8
Sale of treasury shares, employee share programme				7		7
Distributed dividend					-98	-98
Dividend, treasury shares				3	-3	0
Share capital increase, warrants				8		8
Equity 31 March 2019	126	0	137	1,812	0	2,075

Other reserves are made up of reserve for hedging transactions, reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 2,174m (31.03.2019: DKK 1,949m).



Notes to the interim report

Interim report Q2 2019/20

Section 1: Basis of preparation of interim report

Page 24 Note 1 – Basis of preparation of interim report
Page 24 Note 2 – Changes in accounting estimates

Section 2: Operating activities and cash flows

Page 24 Note 3 – Segment information
Page 25 Note 4 – Revenue

Section 3: Invested capital and net working capital

Page 25 Note 5 – Development in balance sheet since 30 September 2019
Page 25 Note 6 – Adjustment of items with no cash flow effect
Page 25 Note 7 – Changes in net working capital

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

Page 26 Note 8 – Risks
Page 26 Note 9 – Net financials
Page 26 Note 10 – Net interest-bearing debt
Page 27 Note 11 – Capital increases, treasury shares and dividend paid

Section 5: Provisions, other liabilities etc.

Page 27 Note 12 – Contingent consideration
Page 28 Note 13 – Contingent liabilities
Page 28 Note 14 – Subsequent events



Notes to the interim report

Interim report Q2 2019/20

Note 1 – Basis of preparation of the interim report

The interim report for the period 1 October 2019 to 31 March 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.



Notes to the interim report

Interim report Q2 2019/20

DKKm

Note 4 – Revenue

	Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Revenue by activities:</i>					
Visualization	486	283	776	514	941
Anaesthesia	273	260	529	491	991
Patient Monitoring & Diagnostics	230	242	444	436	888
Total revenue	989	785	1,749	1,441	2,820
<i>Revenue by markets:</i>					
North America	449	376	825	691	1,266
Europe	437	312	740	583	1,176
Rest of World	103	97	184	167	378
Total revenue	989	785	1,749	1,441	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 145m to DKK 3,455m. 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 65m as a consequence of the high sales activities in March 2020. Trade receivables increased by DKK 183m to DKK 657m, driven by the growth in the quarter.

Contingent consideration relating to the acquisition of Invendo Medical GmbH amounted to DKK 411m, an increase of DKK 33m attributable to the fair value adjustment.

Trade payables decreased by DKK 112m to DKK 154m, due to the timing of payments and activity levels. Other payables decreased by DKK 88m to DKK 295m due to payment of special items and payment of accrued bonuses relating to FY2018/19.

Note 6 – Adjustment of items with no cash flow effect

	YTD 2019/20	YTD 2018/19	FY 2018/19
Depreciation, amortisation and impairment losses	83	51	109
Share-based payment	12	11	12
	95	62	121

Note 7 – Changes in net working capital

	YTD 2019/20	YTD 2018/19	FY 2018/19
Changes in inventories	57	-40	-102
Changes in receivables	-194	-50	18
Changes in trade payables etc.	-195	-80	254
	-332	-170	170



Notes to the interim report

Interim report Q2 2019/20

DKKm

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

	Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Other financial income:</i>					
Foreign exchange gains, net	0	5	0	5	19
Value adjustment of contingent consideration	0	0	0	0	121
Fair value adjustment, swap	2	0	6	0	0
Financial income	2	5	6	5	140

	Q2 2019/20	Q2 2018/19	YTD 2019/20	YTD 2018/19	FY 2018/19
<i>Interest expenses:</i>					
Interest expenses, banks	5	5	11	9	18
Interest expenses, leases	2	0	3	1	2
<i>Other financial expenses:</i>					
Foreign exchange loss, net	-10	0	7	0	0
Fair value adjustment, contingent consideration	17	22	33	43	0
Effect of shorter discount period, acquisition of technology	0	0	1	1	3
Fair value adjustment, swap	0	3	0	6	10
Financial expenses	14	30	55	60	33

Note 10 – Net interest-bearing debt

	31.03.20	31.03.19	30.09.19
Credit institutions	1,325	1,200	1,050
Leases	127	103	101
Long-term interest-bearing debt	1,452	1,303	1,151
Bank debt	0	5	0
Leases	32	4	4
Short-term interest-bearing debt	32	9	4

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

	31.03.20	31.03.19	30.09.19
Interest-bearing debt	1,484	1,312	1,155
Cash	-38	-46	-120
Net interest-bearing debt	1,446	1,266	1,035



Notes to the interim report

Interim report Q2 2019/20

DKKm

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.

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

	30.09.19	Change	31.03.20
No. of Class A shares	34,320,000	0	34,320,000
No. of Class B shares	217,489,600	190,000	217,679,600
	251,809,600	190,000	251,999,600
Share capital	125,904,800	95,000	125,999,800

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 31 March 2020, this had been reduced by 1,098,852 shares to 5,343,787 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.

Note 12 – Contingent consideration

	31.03.20
Contingent consideration 1 October 2019	378
<i>Adjustments made through the income statement under financial expenses:</i>	
Value adjustment	33
Contingent consideration 31 March 2020	411
Contingent consideration expected to fall due:	
Non-current contingent consideration	123
Current contingent consideration	288
Contingent consideration 31 March 2020	411

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 33m posted to financials can be attributed to the effect of the shorter discounting period.



Notes to the interim report

Interim report Q2 2019/20

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 31 March 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 31 March 2020 which could be expected to have a significant impact on the group's financial position.

