Annual report 2019/20

Ambu
Ideas that work for life

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Introduction

In 2019/20, Ambu entered the field of gastroenterology with the launch of Ambu® aScope™ Duodeno and the Ambu® aBox™ processor unit.

Letter to the shareholders

A year of responsibility and determination

From time to time, we face a challenge so significant in scale and reach that it forces us to stop, to rethink who we are and where we are going. By the time this letter is published, it will be nearly a year since the COVID-19 pandemic started. The statistics are overwhelming. More than forty-two million people have been infected, and over a million human lives have been lost to the pandemic. The economic consequences will be felt over the next decade, and many small and large businesses will not survive.

COVID-19 is not the first and will not be the last pandemic. That is why it is so important to make sure we learn from this experience. The value of cooperation between governments, regulators, healthcare systems, pharmaceutical and medtech companies. The power of innovation and technology. The heroism of frontline workers. And how each of us have a responsibility and can make a difference and help stop the spread of the disease.

Honouring our history

Ambu was founded 83 years ago with the mission of making a difference in patients' lives. Our founder, Dr.-Ing. Holger Hesse, believed that patient care could be improved through science and innovation. One of the products that he was the most proud of was the Ambu Bag, a manual resuscitator to provide oxygen in emergency situations. When the pandemic started, we realized that we had a responsibility and an opportunity. A responsibility as our single-use bronchoscopes and resuscitators are used in the treatment of COVID-19 patients. An opportunity as this was a chance for all Ambu employees around the world to remember and celebrate the values upon which Ambu was founded.

Ambu implemented an emergency plan with the sole mission of making sure that our products reached COVID-19 patients right where they were needed the most. Time was of the essence, so we used air freight as the primary mode of transportation. We rapidly expanded our manufacturing capacity in China, Malaysia and the USA. Our commercial organizations worked tirelessly with all healthcare centres, large and small, to understand how critical their situation was and prioritized accordingly. COVID-19 is far from being defeated, and there is still much to do. We are committed to keep doing everything we can to fulfil our responsibility and make a difference. That is what Holger Hesse would have expected from us.

Decision time

We had an aspiration at the beginning of the year of transforming the company into the world's most innovative single-use endoscopy player. We had a strategy of providing the most comprehensive single-use endoscopy portfolio by leveraging our R&D modular engine and high-scale, low-cost manufacturing set-up. At the start of the pandemic, as we saw a major crisis unfolding, we could have decided to pause, to wait, to hold back our strategy until the situation stabilized. But that option did not reflect the type of company we are. We believe, in spite of all the volatility, that the COVID-19 pandemic will accelerate the development of the single-use endoscopy market. And therefore, we moved forward with all of our energies and resources. This resolve also meant that we made efforts to keep our employees safe by raising hygiene levels, setting guidelines for distancing, encouraging remote working and banning travel. It is testament to the dedication of Ambu's employees that the results of the year were delivered with these unusual obstacles on the path.

In 2019/20, we delivered significant growth – 26% organic – driven by 81% growth in Visualization. We substantially expanded our commercial and innovation infrastructure. Over the past year, a thousand new colleagues joined Ambu. For example, our Visualization sales forces in key markets more than doubled in size. Our R&D organization increased by 80%, and we strengthened our capabilities across digital marketing, healthcare economics, clinical affairs and software development. We secured the regulatory approval of our latest monitor platform, aView™ 2 Advance, and entered two very important endoscopy markets – GI and urology – with the launch of aScope™ Duodeno and aScope™ 4 Cysto. We finished the year as a stronger company.

The only question is how fast

Our future is full of possibilities. The single-use endoscopy market continues to accelerate as hospitals and regulators focus on infection control and reducing the risk of cross-contamination. The convenience and better economics of single-use scopes are very appealing to healthcare systems looking to improve productivity. Advances in technology – from sensors and lighting to monitors and image enhancement software – are making single-use endoscopes more powerful. The transition from reusable to single-use endoscopy will happen. The only question is how fast.

Moving forward

Our objective is to make sure Ambu leads the creation of the single-use endoscopy market, and we plan to continue to invest accordingly. We will build a new manufacturing plant in Mexico to support our US market. The expansion of our R&D modular engine will allow us to introduce technologically advanced scopes across multiple segments at a rapid cadence. Over the next three years, we plan to introduce 20 new scopes and monitors – four times more than in the past three years. The breadth of our portfolio and our attractive economic offering combined with the largest dedicated single-use commercial organization in healthcare will transform Ambu into a leading medtech company of the future. We plan to do all this while upholding the core values upon which this company was founded. A focus on making a difference in patients' lives.

Thank you to all Ambu employees. To the young talent and to the young at heart. You make everything possible.

Lars Rasmussen Chairman of the Board	Juan Jose Gonzalez CEO

Financial highlights

DKKm	2019/20	2018/19[1]	2017/18[2]	2016/17[2]	2015/16[2]
Income statement					
Revenue	3,567	2,820	2,606	2,355	2,084
Gross margin, %	62.0	58.0	59.4	56.5	53.9
EBITDA before special items	609	589	678	555	458
Depreciation, amortization and impairment	-181	-109	-115	-105	-102
EBIT before special items	428	480	563	450	356
EBIT	428	306	563	450	356
Net financials	-106	107	-98	-57	-30
Profit before tax	322	413	465	393	326
Net profit for the year	241	317	337	301	250
Balance sheet					
Assets	4,926	4,558	4,234	2,500	2,364
Net working capital	581	387	535	457	519
Equity	2,372	2,182	1,882	1,279	990
Net interest-bearing debt	1,346	1,035	1,245	767	955
Invested capital	3,718	3,217	3,127	2,046	1,945
Cash flows					
Cash flow from operating activities	295	533	554	462	369
Cash flow from investing activities before acquisitions	-428	-259	-233	-141	-84
Free cash flow before acquisitions of enterprises and tech.	-133	274	321	321	285
Acquisitions of enterprises and technology	-2	-2	-928	0	-155
Cash flow from operating activities, % of revenue	8	19	21	20	18
Investments, % of revenue	-12	-9	-9	-6	-4
Free cash flow before acquisitions of enterprises, % of revenue	-4	10	12	14	14
Key figures and ratios					
Organic growth, %	26	4	15	14	9
Rate of cost, %	50	41	38	37	37
EBITDA margin before special items, %	17.1	20.9	26.0	23.6	22.0
EBIT margin before special items, %	12.0	17.0	21.6	19.1	17.1
EBIT margin, %	12.0	10.9	21.6	19.1	17.1
Tax rate, %	25	23	28	23	23
Return on equity, %	11	16	21	27	25
NIBD/EBITDA before special items	2.2	1.8	1.8	1.4	2.1
Equity ratio, %	48	48	44	51	42
Net working capital, % of revenue	16	14	21	19	25
Return on invested capital (ROIC), %	9	15	17	17	15
Average number of employees	3,617	2,957	2,712	2,503	2,337
Share-related ratios					
Market price per share, DKK	180	114	154	97	71
Earnings per share (EPS) (DKK)	0.98	1.30	1.39	1.27	1.05
Diluted earnings per share (EPS-D) (DKK)	0.97	1.28	1.36	1.24	1.03
Cash flow per share	1.17	2.12	2.20	1.90	1.53
Equity value per share	9	9	7	5	4
Price/equity value	19.2	13.1	20.6	18.6	17.0
Dividend per share	0.29	0.38	0.40	0.37	0.31
Pay-out ratio, %	30	30	30	30	30
P/E ratio	184	88	111	77	68

[1]Comparables are not adjusted to IFRS 16.

[2]Comparables are not adjusted to IFRS 16 and IFRS 15.

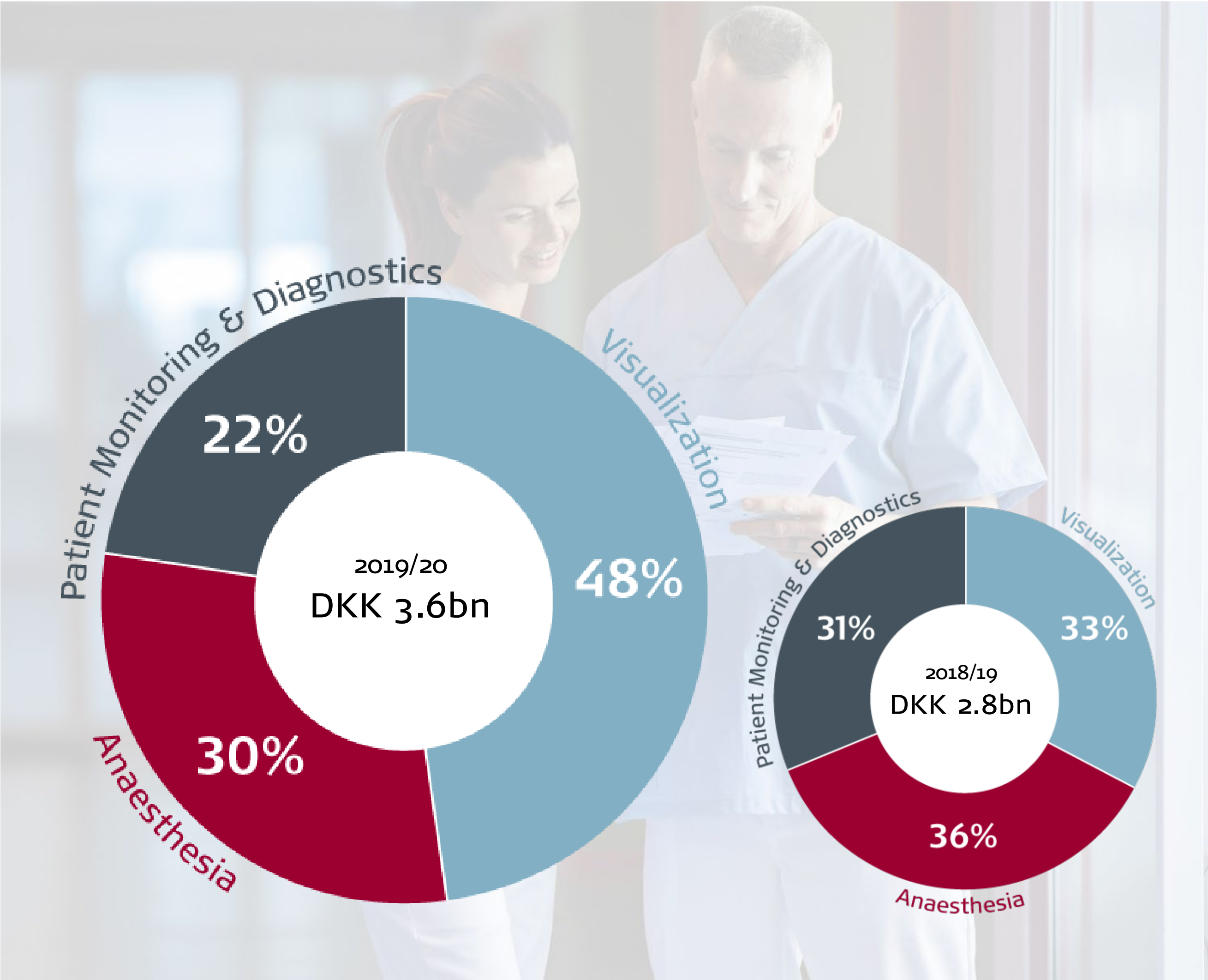
Ambu – at a glance

Single-use medical devices for hospitals, clinics and rescue services

Direct commercial infrastructure on all major markets

Production in China, Malaysia and the USA

4,000 dedicated employees globally



VISUALIZATION	ANAESTHESIA	PMD
• Single-use endoscopes	• Resuscitators	• Cardiology electrodes
• Video laryngoscopes	• Laryngeal masks	• Neurology electrodes
• Airway tubes with integrated camera	• Face masks	• Training manikins
	• Breathing circuits	• Neck collars

Highlights 2019/20

Revenue
DKK 3,567m
26% organic growth

Gross margin
62.0%
+4.0 percentage points

EBIT before special items
DKK 428m
11% down from last year

EBIT margin before special items
12.0%
-5.0 percentage points

Free cash flow
DKK -133m
Achieved as planned

Proposed dividend
DKK 0.29/share
-DKK 0.09/share

Number of endoscopes sold
1,085,000 units
+76%

Key events in 2019/20

- FDA clearance of aScope™ 4 Cysto
  April 2020
- Acceleration of investments in commercial infrastructure into GI and Urology
  May 2020
- FDA-listed and CE mark for aView™ 2 Advance
  May 2020
- FDA clearance of aScope™ Duodeno
  July 2020
- Awarded national single-use endoscopy contract with US GPO Premier Inc.
  August 2020
- Reached 1 million single-use endoscopes sold in a year
  September 2020
- Awarded contract with UroGPO for single-use cystoscope in the USA
  September 2020

Strategy and financial targets

Advanced single-use technology. Easy to set up and without infection risk. Ambu® aView™ 2 Advance and Ambu® aScope™ 4 RhinoLaryngo Intervention for ENT procedures (nose and throat).

Industry

Ambu is part of the global healthcare industry, which is influenced by a number of mega trends.

Mega trends

Demographic changes are resulting in population growth and increasing life expectancies. This entails an increased need for the treatment of lifestyle diseases, for surgical procedures and for cosmetic treatments.

▶ Ambu operates in a market in which there is a demand for high-quality equipment to help healthcare professionals in their efforts to diagnose and treat patients.

Technological advances will facilitate new and – clinically and economically – improved solutions within established treatment areas.

▶ Ambu is at the forefront of the technological development of advanced single-use devices – for the benefit of hospitals and patients.

Increased pressure on healthcare budgets calls for efficiency improvements and a stronger focus on optimizing treatment programmes – for the benefit of the overall economy and patient outcomes.

▶ Along with our development of innovative solutions, it is important that we highlight the health economic benefits of our solutions for hospitals. This means documenting the beneficial effects of our products on patient care and hospital economy – over and above the clinical benefits.

Sustainability and environmental impact from the manufacture and use of medical devices is becoming a high-priority concern for all stakeholders.

▶ Ambu advocates single-use to reduce the risk of cross-contamination and increase patient safety – a view that has gained considerable understanding after the outbreak of COVID-19. However, with our single-use position comes responsibility for designing devices with minimal environmental impact.

Market opportunities

Ambu is positioned for creating value based on our legacy and experience.

We have three main competitive advantages:

1. We are the **global leader in single-use Visualization** with more than 10 years of experience in the development, manufacturing and sales of advanced single-use technology.

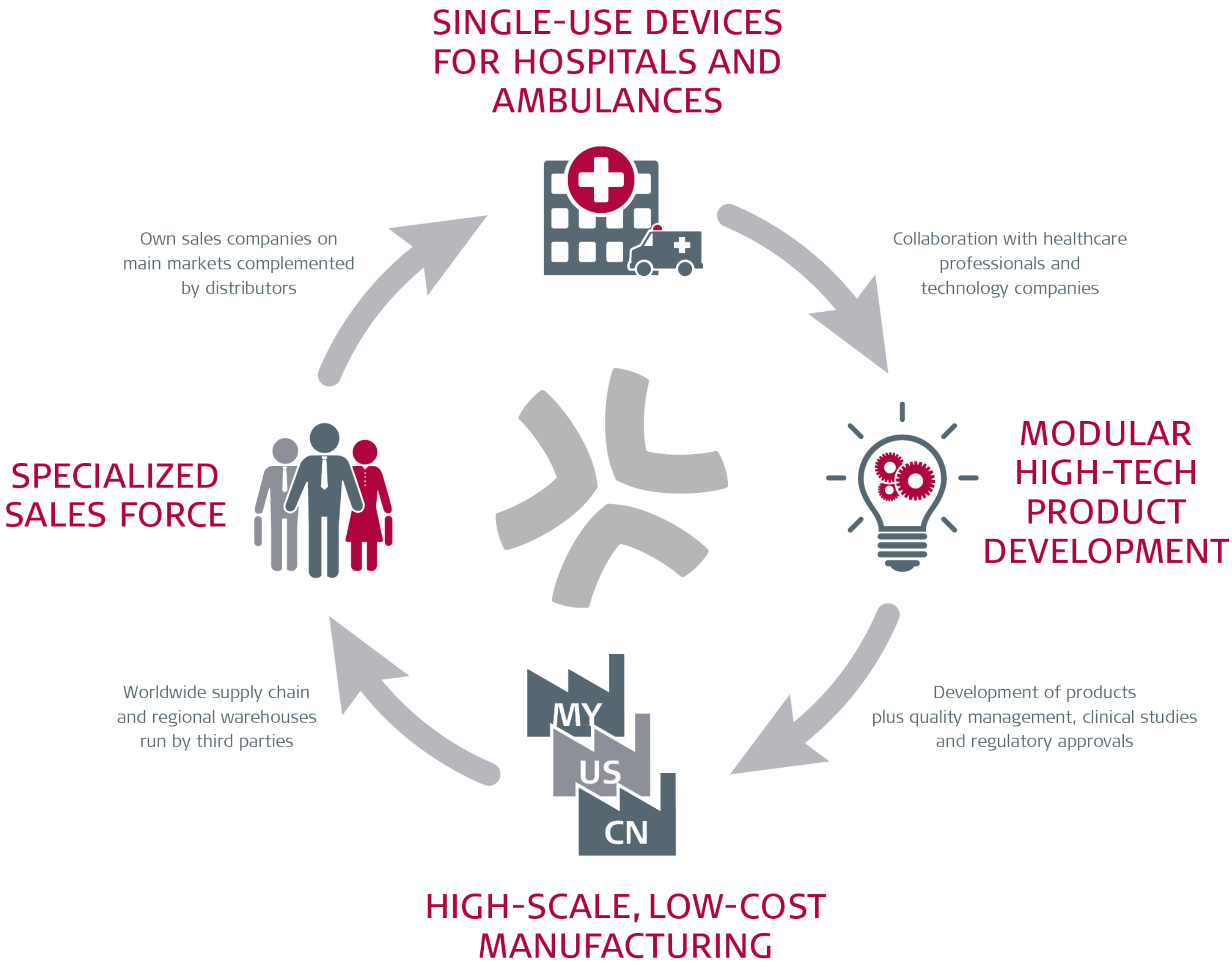
2. We have established a position in which we have a **modular innovation engine** and **high-scale, low-cost manufacturing**.

3. Our commercial organization has **100% focus on market creation** for single-use Visualization products.

Business model

Ambu develops, manufactures and sells medical devices to hospitals, clinics and rescue services all over the world.

Single-use focus
Our devices are single-use which means that they are only used during a single procedure for a specific patient. At the end of the procedure, they are discarded. The main advantages of single-use devices are that each patient is treated with a clean device – for improved patient safety – and that patient-ready devices are readily available. For advanced products, like endoscopes, the single-use concept means that the technology churn rate is higher so that healthcare professionals always have the latest technology at hand.



MODULAR HIGH-TECH PRODUCT DEVELOPMENT

We develop our products in close collaboration with healthcare professionals, in order to most effectively ensure that our solutions are relevant for our customers.

Our product development organization is global and focused on rapid high-tech innovation in a modular organization leveraging advances in consumer electronics. Our main innovation centres are in Denmark, Germany and Malaysia, where we focus our efforts on developing new products. In addition, we have local development departments at our factories in China and the USA.

In the past year, we have nearly doubled our staff in R&D positions, and our engineers cover fields such as mechanics, electronics, optics, software, usability, and clinical research & biosafety. We rely on an organization of approx. 275 in-house engineers and a number of exclusive consultants and technology companies.

HIGH-SCALE, LOW-COST MANUFACTURING

We own and operate factories in Penang (Malaysia), Xiamen (China) and Indiana (USA). Our expertise and continuous optimization efforts have resulted in an ability to uphold a high output of quality single-use devices at low costs.

At the site in Penang we manufacture all our single-use endoscopes and we expect to have sufficient capacity throughout the financial year 2021/22. To secure our capacity in the longer term and to manage our risk exposure from relying on one manufacturing site, Ambu has started up a project of establishing a new manufacturing site in Mexico. The site is expected to be operational in 2022/23.

Our supply chain setup from manufacturing to end-user is centrally controlled and operated through our enterprise resource planning. We use regional warehouses for storage and end-user delivery. These warehouses are run by third-party logistics providers.

SPECIALIZED SALES FORCE

Most of our revenue is generated through our own direct sales force, which has experience in single-use devices and is specialized within Visualization, Anaesthesia and Patient Monitoring & Diagnostics. Ambu has direct sales in 19 countries and sales via distributors on other markets.

The selling of single-use endoscopes involves a number of stakeholders from clinical users to group purchasing organizations. In order to drive the conversion of hospitals from reusable to single-use, we have built a sophisticated commercial organization with corporate accounts, healthcare economists, sales representatives, marketing and clinical consultants.

Clinical consultants are not actively involved in pre-sales activities, but instead liaise with healthcare professionals once they are customers of Ambu. Clinical consultants help optimize customers' use of our Visualization products by offering courses, engaging in on-site training or as go-to-persons for specific support questions.

We have onboarded sales representatives and marketing professionals in all regions during 2019/20 to be able to handle the increasing sales from our expanded product portfolio over the coming years.

Strategy

Ambu is a company with 83 years of heritage. The current chapter in the company's story, however, is dominated by the decision in the late 2000s to develop the world's first single-use flexible bronchoscope.

During the past ten years, Ambu has spearheaded the establishment of single-use endoscopy as a clinical practice and as a business. And in recent years, we have expanded from pulmonology into other areas of endoscopy: ENT, urology and gastroenterology (GI). This means that we are on a journey with extraordinary potential.

This part of our business – which we call Visualization – has grown rapidly and now represents almost half of our overall business. In 2019/20, we launched three new devices, and we have a comprehensive pipeline of single-use endoscopes to be launched in the coming years. Most of our investments in innovation and sales & marketing are aimed at maximizing the value from this part of our business.

We estimate that the single-use endoscopy market will reach USD 2.5 billion by 2024, and we aim to be the market leader.

The growth potential in the business areas of Anaesthesia and PMD is less radical, but our strong position in these segments justifies the allocation of dedicated resources for further product development and sales and marketing focus on these parts of our business.

Investing in growth
During 2019/20, we continued the strategy of investing aggressively in innovation and commercial infrastructure to maintain and cement our long-term position. In the 2018/19 financial year, our investments in innovation totalled 6% of revenue, and in 2019/20 this increased to 8%.

With regard to investments in commercial infrastructure, we have expanded our global marketing and sales organization – with particular focus on the USA. This has included the establishment of our own direct commercial infrastructure for GI endoscopy in the USA to be ready for the launch of our aScope™ Duodeno and further product launches into GI planned for 2020/21.

Scaling up
To benefit from our first-mover advantage in single-use endoscopy, Ambu has built a dedicated organization and a comprehensive pipeline of single-use endoscopy products to be launched in the coming years. In order to maximize our potential ahead of competitors entering the single-use endoscopy market, we have embarked on an aggressive expansion of both our commercial and innovation infrastructure and capabilities.

To release the potential of Ambu in an environment where large corporations and upcoming contenders accelerate investments in single-use endoscopy, we have continued to expand our organization.

Sustainable growth
We feel an obligation to make overarching choices that increase the sustainability of our company and our industry. In 2019/20, we have removed phthalates from our entire product portfolio and we have started working on our target of developing PVC-free products. In addition, we have a target of reducing our CO_2 emission by 50% by 2025

We also see sustainability as a question of sound business practices when it comes to the ethical behaviour of our business partners, Ambu representatives as well as in the day-to-day dealings between colleagues. We believe that Ambu is here to create results through collaboration and with a high level of integrity.

Focus on highest-potential segments and geographies

We focus on a successful entry into GI and urology while strengthening our position in pulmonology. We increase our growth in Anaesthesia and PMD by focusing on circuits, laryngeal masks and neurophysiology.

North America, Western Europe and Japan are our primary markets.

Scale innovation and manufacturing engines

We expand our Research & Development and our regulatory infrastructure to increase the speed with which we can bring new innovations to the market.

Our high-scale, low-cost manufacturing is the backbone of our ability to supply healthcare workers with affordable quality products. We are scaling up this year with the establishment of a new manufacturing plant.

Drivers of single-use endoscopy

The market for endoscopy is changing, and we believe five key factors will drive the shift from reusable towards single-use endoscopy.

Risk of contamination will continue to be a driver of single-use endoscopy within all markets. Based on concerns raised by authorities, there is significant opportunity in eliminating operational challenges associated with the sterilization and reprocessing of reusable scopes. The COVID-19 pandemic has raised awareness of contamination issues significantly, and we expect a heightened sense of urgency to prevail going forward.

Convenience and availability are challenges that can be resolved with single-use scopes. Always having the latest technology available and making sure that hospitals can perform an endoscopy when the clinical need is there will further drive the shift to single-use.

Healthcare economics are under pressure, and reusable scopes are costly to reprocess and repair, while also being prone to wear and tear. Studies show that single-use scopes are advantageous compared to reusable scopes and can lower healthcare sector costs.

Technology is advancing rapidly, and technical progress in areas such as sensors, image enhancement software and monitor processing power means that the image resolution and clinical performance of single-use endoscopy products are improving relative to reusables.

Regulators are supporting the creation of the single-use endoscopy market to deal with cross-contamination risks. During 2019/20, the FDA issued an updated safety communication letter regarding reusable duodenoscopes, and the US Centers for Medicare & Medicaid Services established the reimbursement of single-use duodenoscopes.

Each of these drivers is becoming stronger every year and in combination make the shift from reusable to single-use a reality. The drivers represent substantial growth opportunities for a future market within single-use endoscopy. As we improve the technology, invest in innovation and improve the performance of our single-use scopes, we believe that Ambu can be a significant single-use player in all endoscopy markets.

Ambu's key advantages

First-mover advantage as Ambu has been working in the single-use market for over ten years. This gives us a significant understanding of what it takes to develop and commercialize single-use endoscopes.

Distinctive R&D and pipeline where technology teams work across a wide group of technological areas. Moreover, our strong and exclusive long-term relationships with strategic R&D partners have – in terms of size and span of competences – given us a significant R&D organization within single-use.

Offering a broad range of products as a result of a strong ability to bring new products to market. As the range of our product offering grows and we enter into more areas, there is a positive effect when we go to a healthcare system and present offerings across endoscopic areas like pulmonology, ENT, urology and gastroenterology.

A high-scale, low-cost manufacturing setup that enables us to launch quality products at price points that can drive conversion, and thereby accelerate the transition from reusable to single-use.

Dedicated sales force trained in our value proposition and our customers' complex workflows can effectively drive the conversion. Effectiveness combined with continuous and increasing product launches creates a significant opportunity for value and operational scale.

Invest to build best-in-class commercial organization

We are building a 100% direct endoscopy sales force in our key markets with a focus on hospitals. In addition, we are strengthening our sales support activities to increase digital marketing, healthcare economics and clinical affairs.

With the global scaling-up of Ambu follows a focus on upgrading IT, business processes and cyber security.

Grow sustainably, for our people and our planet

We have set environmental, social and governance goals that we will deliver on through commitment at both strategic and operational levels.

We are building and sustaining a healthy culture based on our company values of Results with Speed, Collaboration and Integrity.

Pipeline overview

Single-use pure player
Ambu develops products with a focus on becoming a single-use pure player within all main endoscopy areas. We are broadening our range within pulmonology, ENT and urology, and in 2019/20 we launched our first device in GI and the new generation of the aView™ monitors to be used across our aScope™ product line.

Monitor technology platform
One of the main drivers of single-use endoscopy is the quality of the image on the monitor. Ambu has developed new portable monitors with advanced full HD imaging for enhanced image quality, with more processing power and with improved functionality. In addition, substantial resources are being invested in the development of software, including machine learning and artificial intelligence, to assist users in identifying relevant symptoms and thereby improve patient outcomes.

Pulmonology
With aScope™ 4 Broncho, we continue to successfully penetrate the market and have by the end of 2019/20 converted approx. 30% of the 3 million procedures performed annually in the pulmonary endoscopy market. This is an increase from 20% last year. Going forward, we have an opportunity to penetrate the bronch suite market, which represents an incremental 2 million procedures by introducing the next generation of our bronchoscope featuring an HD camera chip and an improved working channel. In addition, we are developing tailor-made versions of our bronchoscope for selected markets and procedures as well as a video laryngoscope that is integrated with the aView™ monitor platform.

ENT (Ear, nose, throat)
The ENT endoscopy market represents significant opportunities with its 11 million nose and throat procedures. Ambu launched aScope™ 4 RhinoLaryngo Intervention and Slim in 2018/19. The initial market feedback and sales were promising, but COVID-19 slowed down sales in 2019/20. We expect sales to increase in 2020/21, and we are working on high-resolution scopes for ENT to be launched in 2021/22.

Urology
Urology represents another important market for Ambu with a total of 8 million procedures. In 2019/20, we launched aScope™ 4 Cysto to target bladder and urethra procedures, which account for 6 million out of a total of 8 million annual urology procedures. To complete our urology portfolio, we will be introducing a ureteroscope to target kidney procedures which account for 2 million procedures a year. This will be in 2021/22. The combination of a single-use cystoscope and an ureteroscope is ideal as physicians in many cases use both on the same patient.

Gastroenterology (GI)
The single-use duodenoscope – aScope™ Duodeno – marks Ambu's entry into the GI market, which represents a major opportunity with a total of 72 million procedures split across colonoscopy (50 million), gastroscopy (20 million) and duodenoscopy (2 million). GI is a very important market to which we – besides the duodenoscope – will bring a gastroscope and a colonoscope in 2020/21. Ambu will thereby be able to present a total offering of basic-line GI aScopes™ which share the same design and functions. In 2021/22, we plan to launch the next generation of the duodenoscope as well as a cholangioscope.

Products launched in 2019/20

Ambu® aScope™ Duodeno
Single-use duodenoscope used for procedures in the pancreas and bile ducts (ERCP procedures).

Ambu® aScope™ 4 Cysto
Single-use cystoscope used for bladder and urethra procedures.

Ambu® aView™ 2 Advance
Next generation reusable monitor for single-use aScope™ products primarily within pulmonology, urology and ENT.

Products to be launched in 2020/21

Next generation single-use bronchoscope
Next generation of our bronchoscope featuring HD camera chip and improved working channel. The product will allow us to enter the bronch suite.

Single-use colonoscope
Used for the detection of changes or abnormalities in the large intestine (colon) and rectum.

Single-use gastroscope
Used for examination of the food pipe (oesophagus), stomach and the first part of the small intestine (duodenum).

Ambu single-use endoscopy – launch plan 2019/20 through 2021/22

12 new products are planned for launch in the next two years. In addition, we will be launching 8 new single-use endoscopy products in 2022/23. This brings our pipeline for the coming three years to 20 product launches.

		Expected launch
Monitors	aView™ 2 Advance	Launched (2019/20)
	Next generation aBox™ Console	H2 2020/21
Pulmonology	aScope™ 4 Broncho	Launched
	aScope BronchoSampler™	Launched
	VivaSight™	Launched
	Next generation single-use bronchoscope	Q4 2020/21
	Next generation single-use bronchoscope for smaller patients	2021/22
	Next generation single-use bronchoscope for selected procedures	2021/22
	Next generation video laryngoscope	2021/22
ENT	aScope™ 4 RhinoLaryngo Intervention	Launched
	aScope™ 4 RhinoLaryngo Slim	Launched
	Next generation single-use rhinolaryngoscope	2021/22
Urology	Isiris™	Launched
	aScope™ 4 Cysto	Launched (2019/20)
	Single-use ureteroscope	2021/22
	Next generation single-use cystoscope	2021/22
Gastroenterology (GI)	aScope™ Duodeno	Launched (2019/20)
	Next generation single-use duodenoscope	2021/22
	Single-use cholangioscope	2021/22
	Single-use gastroscope	H2 2020/21
	Single-use colonoscope	H2 2020/21

Outlook for 2020/21

Overall, 2019/20 was significantly influenced by COVID-19, leading to a strong demand for aScope 4 Broncho and a further strengthening of the value proposition for single-use endoscopes. Demand also increased for resuscitators, which led to growth in Anaesthesia, while the cancellation of elective procedures meant that PMD saw a decline in sales.

The 2019/20 financial year marked our entry into new major endoscopy procedures. We have taken important steps in terms of executing our innovation pipeline, and the launch of our single-use cystoscope and duodenoscope will be important growth pillars for Ambu going forward. We will continue to launch a range of new products across multiple endoscopy markets and invest significantly in innovation.

During 2019/20, we decided to further accelerate our investments in commercial infrastructure in all regions. The investments reflect our ambition of maximizing value and strengthening our position as a global leader in single-use Visualization.

The expected financial performance for 2020/21 will, among other things, be influenced by the following:

- How fast access to hospitals and customer demand fully return to normal after COVID-19
- Impact from the ongoing launch of single-use scopes for cysto- and duodenoscopy
- The overall development of the COVID-19 pandemic

On this basis, we have set the following financial targets for 2020/21:

Organic growth

17-20%

The lower end of the interval is included to take account of the uncertainty related to COVID-19 effects on 2020/21 revenue growth.

EBIT margin

before special items

11-12%

The quarterly build-up of the EBIT margin before special items will be back-end loaded as we continue to build scale and launch our pipeline.

Endoscopes sold

1.3-1.4 million units

Endoscope sales will be driven by the pulmonary, ENT, urology and GI businesses.

Organic growth is expected to be in the range of 17-20%. The growth will be driven by Visualization, which will continue to see high double-digit growth rates. In 2019/20, we added three new products to our Visualization portfolio; aScope™ 4 Cysto, aScope™ Duodeno and aView™ 2 Advance. We expect these products – together with our pulmonary and ENT products – to contribute to our overall organic growth in 2020/21. The COVID-19 pandemic has affected our Visualization business in terms of changed growth patterns across geographies. Where Europe experienced a surge in demand, the US market was negatively impacted. These patterns will affect the geographical growth rates for Visualization in 2020/21.

Anaesthesia and our PMD business were negatively impacted by COVID-19 in 2019/20. Both business areas are expected to return to positive growth rates in 2020/21 as the external market conditions are improving. The negative impact of COVID-19 in 2019/20 will cause Anaesthesia and PMD growth in 2020/21 to exceed what is considered our normal growth rates for the long term. The growth rates for these business areas will be relatively low early in the year, while we expect to see an increase towards the end of the year.

EBIT margin before special items is expected to be 11-12%. The level of the EBIT margin is impacted by the investments in our commercial infrastructure decided in Q2 2019/20.

Across the quarters, the EBIT margin will be relatively low early in the year, while we will see an increase during the year as we gain scale.

Endoscope unit sales for 2020/21 are expected to be in the range of 1.3-1.4 million units. Growth will be driven by the bronchoscopes but rhinolaryngoscopes (ENT), cystoscopes and duodenoscopes are also expected to contribute to overall unit growth.

Free cash flow is expected to be low as investments in innovation will continue to increase, and CAPEX relative to revenue is expected to increase to a level of approx. 14% compared to 12% in 2019/20. This will include further investments into our pipeline and capacity expansions at our factory sites – including construction of a dedicated manufacturing site for endoscopes in Mexico to be ready in 2022/23.

Market conditions
We expect the single-use endoscopy market to grow at a rapid pace, driven by higher awareness of infection control and cross-contamination among medical authorities, but also by the strong appeal of economics and workflow efficiencies. The COVID-19 pandemic has created a challenging environment for most global organizations, and especially healthcare systems have come under extraordinary pressure. Towards the end of the 2019/20 financial year, the situation improved across all our product groups and geographies as healthcare systems began to return to normal.

We continue to closely monitor the development of the pandemic with respect to index of elective procedures and hospital productivity compared to the pre-COVID situation. We expect this recovery to last into late 2020/21 and maybe even further before hospital planning and the willingness of patients to enter into hospitals have normalized.

As regards competition within Visualization, we see a number of companies that have announced their intention to launch products within endoscopy areas. We expect to see an increasing number of competitors and we will continue to invest in innovation, our commercial organization and back-office functions to stay ahead of the competition.

With our level of business in the UK, and our supply chain strategy, we do not consider Brexit to be a significant risk to the outlook.

Currency expectations
The financial outlook for 2020/21 is based on the following exchange rate assumptions:

Currency	**Realized in 2019/20**	**Expected for 2020/21**
USD/DKK	667	640
CNY/DKK	95	93
MYR/DKK	158	153
GBP/DKK	850	825

Approx. 55% of Ambu’s total revenue is invoiced in USD. In addition, approx. 33% of revenue is invoiced in EUR or DKK, approx. 7% in GBP, and the remaining 5% is invoiced in other currencies. Production and capacity costs are predominantly settled in USD, DKK, EUR, MYR and CNY.

The effect of a strengthening of 10% relative to the Danish krone is estimated to be as follows:

DKKm	**USD**	**MYR**	**CNY**	**GBP**
Revenue	232	0	4	28
EBIT before special items	45	-26	-19	19
EBIT margin before special items	+0.4%	-0.6%	-0.5%	+0.4%

Forward-looking statements

Forward-looking statements, especially such as relate to future sales, operating income and other financial key figures, are subject to risks and uncertainties. Various factors, many of which are outside Ambu’s control, may cause the realized results to differ materially from the expectations contained in this report. Such factors include, but are not confined to, changes in market conditions and the competitive situation, changes in demand and purchasing patterns, fluctuations in foreign exchange and interest rates, and general economic, political and commercial conditions.

See also the section on risks on page 33.

Financial results

Ambu entered the market for urology in 2019/20 with the launch of Ambu® aScope™ 4 Cysto – a single-use cystoscope for procedures in the urethra and bladder.

Business performance – Regions

Comparative figures for 2018/19 are stated in brackets.

Ambu has organized its sales in three regions:

- North America
- Europe
- Rest of World

Full-year revenue totalled DKK 3,567m (DKK 2,820m), corresponding to organic growth of 26% (4%) and reported growth of 26% (8%).

The growth for 2019/20 is impacted by a positive net effect from COVID-19 as well as the decision in 2018/19 to transition the distributor of aScope™ 4 Broncho to a direct sales model.

The impact on revenue from COVID-19 has been significant, but different for each of the regions. In Europe, we have experienced a surge in revenue, leading to growth of 96% in Visualization, while in North America overall demand, especially in Q3, suffered from cancellations of elective procedures.

North America accounted for 45% of revenue in 2019/20, unchanged compared to 2018/19, and based on organic growth of 25% (-3%) and reported growth of 26% (5%).

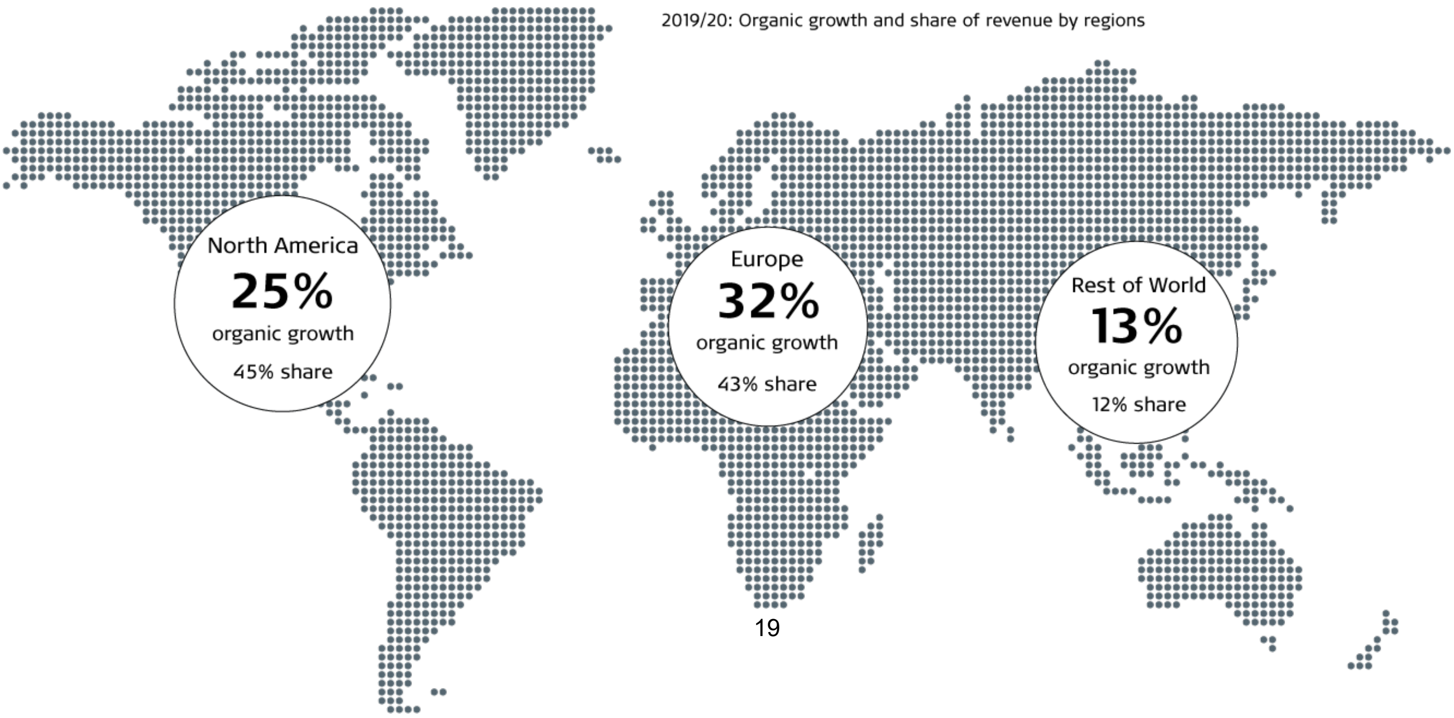
With the decisions made in Q4 last year to transition the distributor of aScope™ 4 Broncho and to expand the Visualization sales organization, North America was prepared for strong growth in 2019/20. The transition of the distributor in Q1 2018/19 went well, and all business is believed to have been retained. On this basis, North America was in a good position when COVID-19 hit.

The impact of COVID-19 on the business in North America is complex. Towards the end of Q2, we saw a strong and positive impact from COVID-19, which continued into Q3, but as the virus spread across the continent, more and more elective procedures were cancelled, which had a severe negative impact on all areas of our business in the USA. What we saw was that COVID-19 resulted in less activity at hospitals, leading to the cancellation of elective procedures, combined with restricted access to hospitals and changes in guidelines from the American Association for Bronchology and Interventional Pulmonology on how and when to use bronchoscopes in general.

Since end of Q3 and into Q4, we have seen a steady recovery as electives are being resumed. On this basis, North America ends the year with aggregate 25% organic growth and 23% underlying volume growth in the USA for our bronchoscopes. Visualization contributes organic growth of 71%. Anaesthesia contributes 8% growth, driven by a surge in demand for resuscitators and breathing circuits as these products are essential to the treatment of COVID-19 patients. PMD, however, declined by -8% as much of the portfolio taps directly into elective procedures like annual health checks as well as hip and knee surgery. These are all procedures that can be cancelled or postponed.

Europe accounted for 43% of revenue in 2019/20, compared to 42% last year, based on organic and reported growth of 32% (8% and 9%, respectively).

Visualization sales grew by 96% organically for the year, Q2 and Q3 being the high points with a doubling and tripling, respectively, of compared to the prior-year quarters. The consensus view in European healthcare was to switch to single-use endoscopes, which boosted demand for Ambu's scopes. Anaesthesia saw organic growth of 6%, driven by resuscitator sales like in the USA, while PMD declined by -10% due to the cancellation of elective procedures.



Rest of World – which comprises Asia-Pacific, the Middle East and Latin America – accounted for 12% of revenue in 2019/20, compared to 13% last year. Organic growth was 13% (17%), and reported growth was 12%.

The organic growth in Visualization in Rest of World was 55%, driven by sales in Australia, China and Japan. The market dynamics in Rest of World were similar to Europe and the USA with regard to the Anaesthesia and PMD business areas, except that the surge in demand peaked in Q2, which impacted our ability to supply – primarily resuscitators – and resulted in organic growth of 4% in Anaesthesia as well as a decline in PMD sales of -15% as a result of elective procedures giving way to the treatment of COVID-19 patients.

DKKm	19/20	18/19	Organic growth	Fx	Reported Growth
North America	1,594	1,266	25%	1%	26%
Europe	1,551	1,176	32%	0%	32%
Rest of World	422	378	13%	-1%	12%
Revenue	**3,567**	**2,820**	**26%**	**0%**	**26%**

Business performance – Business areas

Visualization

DKKm	19/20	18/19	Organic growth	Fx	Reported Growth
North America	699	403	71%	2%	73%
Europe	846	430	96%	1%	97%
Rest of World	166	108	55%	-1%	54%
Revenue	**1,711**	**941**	**81%**	**1%**	**82%**

In 2019/20, total Visualization revenue grew organically by 81% (9%), and reported growth ended at 82% (13%). Visualization hereafter accounts for 48% (33%) of the total revenue for the year.

Visualization revenue is dominated by sales of mainly aScope™ 4 Broncho, but aScope™ 4 RhinoLaryngo and the VivaSight™ products contribute a sizeable and increasing share of revenue.

European growth in Visualization was positively impacted by COVID-19 as bronchoscopy became part of the treatment of COVID-19 patients. In addition, national guidelines in Europe explicitly recommended the use of single-use scopes on COVID-19 patients to limit the risk of cross-contamination. In the USA, however, the approach from the association of pulmonologists was to avoid bronchoscopy on suspected COVID-19 patients, which led to lower revenue in North America in the second half of 2019/20 than what was expected at the time of the announcement of the Q2 results in May 2020.

Organic growth in Visualization in North America was 71% (-7%), and in Europe 96% (21%), while Rest of World contributed organic growth of 55% (37%).

In light of the increased demand for aScope™ 4 Broncho, we decided in Q2 to increase output at our site in Malaysia to ensure that our supply chain would be able to satisfy customer demand. Thanks to the increased output and the high inventory levels at the beginning of the year, we have been able to keep up with demand, although for single-use bronchoscopes we were forced to shift from sea to air freight from late Q2 and for the rest of the year to keep up. This has led to a significant negative impact to earnings from the extra freight costs incurred by Ambu.

At the beginning of the year, expected volume sales of single-use endoscopes were approx. 900,000 units. However, as the year developed, and demand increased this expectation was adjusted upwards to +1,000,000. Final volume sold was 1,085,000 (618,000), which equates to an increase of 76% compared to last year.

The two single-use scopes for ENT procedures (nose and throat) – aScope™ 4 RhinoLaryngo Slim and Intervention – were launched successfully in 2018/19 and with a stronger uptake than what we saw in connection with the aScope 3 launch in 2014. However, as the ENT area is dominated by elective procedures, COVID-19 did lower our ENT revenue at the height of the pandemic in Q3.

During 2019/20, Ambu launched three products across the Visualization portfolio:

- aScope™ 4 Cysto
- aView™ 2 Advance
- aScope™ Duodeno

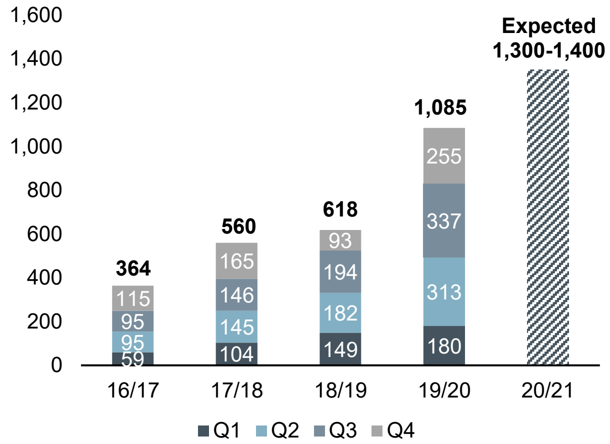
aScope™ 4 Cysto is a single-use cystoscope and received clearance from the US Food and Drug Administration (FDA) on 2 April 2020. The initial feedback on the US market is positive. On 2 October 2020, aScope™ 4 Cysto obtained market clearance for Japan, and on 5 November 2020, the CE mark was obtained allowing sales in Europe.

aView™ 2 Advance is Ambu's next generation display unit for use with the aScope™ family of single-use endoscopes within pulmonology, rhinolaryngoscopy and urology. It is CE-marked and device-listed at FDA. The product has been on the market since 1 May 2020 and has received very good feedback for its image quality with full HD resolution, network connectivity that enables connection to EMR systems in hospitals and its overall performance.

aScope™ Duodeno is Ambu's first device in the field of gastroenterology and addresses the need for a 100% sterile duodenoscope designed to eliminate the risk of patient cross-contamination and enhance patient safety. The aScope™ Duodeno solution, which consists of a single-use endoscope and a reusable processor unit, received FDA clearance on 17 July 2020. Our 500-patient clinical trial is expected to start in January 2021.

Currently all Ambu endoscopes are being manufactured at our site in Malaysia. To ensure that we have enough capacity for the future and to eliminate the impact from an adverse event in Malaysia, it has been decided to build a new plant in Mexico. The plant will be fully operational in 2022/23 and until then, the capacity available in Malaysia will be more than adequate to support the anticipated demand for Ambu's portfolio of single-use endoscopes.

Number of endoscopes sold, '000 units



Anaesthesia

DKKm	19/20	18/19	Organic growth	Fx	Reported Growth
North America	669	615	8%	1%	9%
Europe	233	222	6%	-1%	5%
Rest of World	158	154	4%	-1%	3%
Revenue	**1,060**	**991**	**7%**	**0%**	**7%**

The Anaesthesia business consists of devices used for airway management in hospitals and ambulances typically for procedures that require general anaesthesia or for first aid.

The COVID-19 pandemic increased the demand for resuscitators and reduced the demand for devices used for elective hospital procedures. The net effect, however, was an increase in revenue for the year.

Within Anaesthesia, revenue grew organically in 2019/20 by 7% (1%), while reported growth was 7% (7%). All in all, Anaesthesia accounted for 30% (36%) of Ambu's revenue in 2019/20.

Organic growth in North America was 8% (-2%). Europe saw organic growth of 6% (2%), while Rest of World generated organic growth of 4% (13%).

Patient Monitoring & Diagnostics

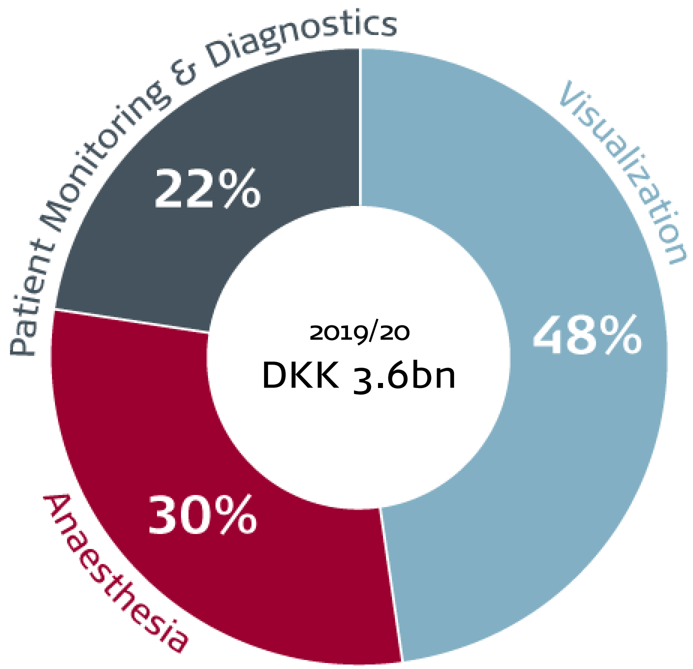
DKKm	19/20	18/19	Organic growth	Fx	Reported Growth
North America	226	247	-8%	-1%	-9%
Europe	472	525	-10%	0%	-10%
Rest of World	98	116	-15%	-1%	-16%
Revenue	**796**	**888**	**-10%**	**0%**	**-10%**

The PMD business consists of three product groups: Cardiology, neurophysiology and first aid and first aid training.

In Q1 2019/20, the PMD business saw growth of 10%. However, as COVID-19 caused a shift in priorities at hospitals around the world and resulted in elective procedures being put on hold, the PMD business declined slowly in Q2 and steeply in Q3. In Q4, sales were moving towards pre-COVID-19 levels, indicating a return to normal hospital activity.

In 2019/20, PMD accounted for 22% (31%) of Ambu's revenue, and PMD sales declined by -10% in terms of both organic and reported growth (3% and 5%, respectively).

Organic growth in North America was -8% (2%), Europe saw a decline of -10% (2%) and Rest of World was at -15% (7%).



Income statement

DKKm	19/20	18/19	Change in value	Change %
Revenue	3,567	2,820	747	26%
Production costs	-1,355	-1,183	-172	14%
Gross profit	**2,212**	**1,637**	**575**	**35%**
Gross margin, %	*62.0*	*58.0*	-	-
Selling and distribution costs	-1,228	-762	-466	61%
Development costs	-157	-103	-54	52%
Management and administration	-399	-292	-107	37%
Total capacity costs	-1,784	-1,157	-627	54%
EBIT before special items	**428**	**480**	**-52**	**-11%**
EBIT margin before special items, %	*12.0*	*17.0*	-	-
Special items	-	-174	174	-
EBIT	**428**	**306**	**122**	**40%**

Revenue for the year was DKK 3,567m, up DKK 747m from last year, corresponding to organic and reported revenue growth of 26% (4% and 8%, respectively).

Gross profit was up 35% at DKK 2,212m (DKK 1,637m), while gross margin increased by 4 percentage points to 62.0% (58.0%). The gross margin in 2018/19 was adversely affected by DKK 29m in write-downs from the discontinuation of SC210 and scale effects from the revenue reduction of DKK 250m in Q4.

This year's gross profit was positively impacted by a better product mix due to the volume growth in Visualization and by realized scale in our manufacturing.

The combined effect of changes to end-customer prices in 2019/20 was in line with expectations and equals approx. -1.0 percentage points, excluding the positive effect from the discontinuation of the US distributor in Q4 2018/19.

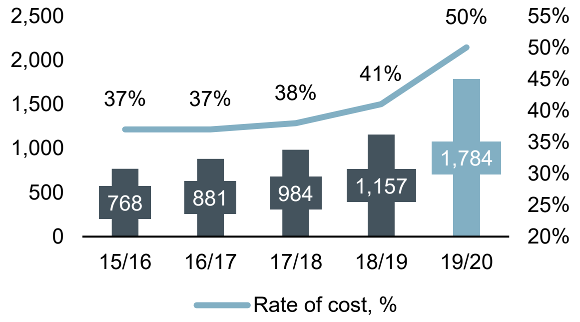
In 2019/20, approx. 50% of Ambu's total revenue was exposed to changes in the USD/DKK exchange rate. In addition, 35% of revenue was invoiced in EUR or DKK and 10% in GBP, while the remaining 5% was invoiced in other currencies. Production and capacity costs were predominantly settled in USD, DKK, EUR, MYR and CNY.

In 2019/20, the average USD/DKK exchange rate was 667 (662), up 1%. The average CNY/DKK and MYR/DKK exchange rates depreciated by 1%, while GBP/DKK appreciated by 1%.

The combined exchange rate impact on this year's revenue is neutral, and the net impact on earnings and EBIT margin before special items is limited due to the USD cost base, including factories in China and Malaysia, which settle approx. 50% of their direct manufacturing costs in USD.

Capacity costs totalled DKK 1,784m (1,157m), corresponding to a 54% absolute increase of DKK 627m. The rate of cost was 50% (41%).

Total capacity costs and rate of cost, %



Selling and distribution costs were up DKK 466m or 61% at DKK 1,228m due to the expansion of the commercial infrastructure across regions, provisions for expected credit losses on trade receivables and air freight costs.

In 2019/20, total staff costs in selling and distribution increased by 81% or DKK 316m to DKK 708m (DKK 392m). The expansion in the commercial infrastructure in the course of the year reflects our plans to become a single-use pure player across all main endoscopy areas.

By the end of September 2020, the selling and distribution function comprises 1,010 employees (598), including marketing professionals. Hiring is primarily in Visualization. Since September 2019, the Visualization sales force has tripled in USA and doubled in both Europe and Asia-Pacific (part of Rest of World).

During 2019/20, management saw higher risk of credit losses on trade receivables following the impact of COVID-19 on healthcare systems. On this background, management has recognized additional expected credit losses on trade receivables of DKK 31m.

We have expanded our manufacturing capacity for single-use bronchoscopes and resuscitators to be able to support the increase in demand, which we expect to continue in the foreseeable future. To guarantee stable supplies for our customers during the pandemic, at the beginning of Q3 it was decided to switch to air-freighting all endoscopes and some strategic deliveries of resuscitators. This added costs of DKK 37m compared to shipping by sea. Once capacity has been fully expanded and safety stocks have been rebuilt in Europe and the USA, we expect to switch back to sea freight, meaning that distribution costs will normalize. We expect this to happen during the first half of 2020/21.

Development costs increased by 52% to DKK 157m, driven by depreciation, amortization and impairment losses increasing by DKK 33m to DKK 91m. The cost effect on EBITDA is an increase of DKK 21m, stemming from the expansion in clinical affairs capabilities and overheads in our five innovation centres.

At the end of the financial year, the global development organization comprises 274 (153) employees. In the last three years, we have expanded our investments into internally generated Innovation by 124% from DKK 166m to DKK 372m.

DKKm	**19/20**	**18/19**	**17/18**
Development costs in P/L	157	103	111
÷ Depreciation, amortization and impairment losses	-91	-58	-66
+ Investments	306	181	121
= Cash flow	**372**	**226**	**166**

Development costs are capitalized in so far as the direct resources associated with approved innovation projects are concerned. The increase in amortization in 2019/20 is due to the increasing innovation pipeline and the amortization of acquired intangible assets. We expect to see significant growth in amortization in the years to come as the stronger innovation pipeline relative to prior years and the acquired gastro- and colonoscopy technologies begin to be put into service.

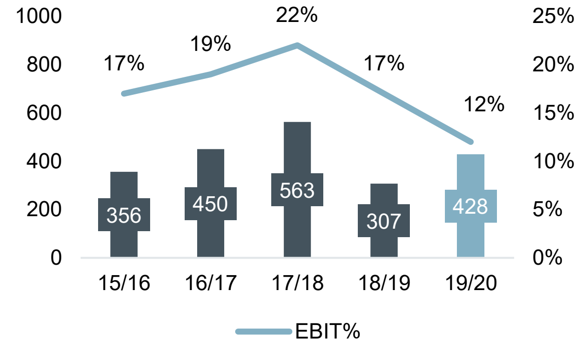
Management and administration expenses were up 37% or DKK 107m at DKK 399m, including an increase in staff costs of DKK 46m to DKK 195m as additional talent within Legal & Compliance, Finance, HR and IT was onboarded. In addition to the increase in staff costs, share-based payments increased by DKK 16m to DKK 17m, of which a third was attributable to the realization of KPIs under the Big Five long-term incentive programme.

By the end of September 2020, the management and administration function comprises 281 employees (234).

A large share of the remaining DKK 61m is made up of investments in IT infrastructure.

Operating profit (EBIT) before special items
EBIT before special items was DKK 428m (DKK 480m), with an EBIT margin before special items of 12.0% (17.0%).

EBIT before special items – DKKm



Depreciation, amortization and impairment losses were an expense of DKK 181m (DKK 109m). The DKK 72m increase is driven by the implementation of IFRS 16 as lease depreciation was up DKK 30m from last year. The higher value of development projects being put into service year over year contributed DKK 19m to the increase, while amortization of acquired technologies in the field for duodenoscopy contributed DKK 5m.

EBITDA before special items was DKK 610m (DKK 589m) with an EBITDA margin before special items of 17.1% (20.9%).

Special items were DKK 0m against an expense of DKK 174m last year due to the severance of our former CEO and compensation paid to a former US distributor.

Operating profit (EBIT) including special items was DKK 428m (DKK 306m), corresponding to an increase of DKK 122m.

Net financials amounted to a net expense of DKK 106m, against net financial income of DKK 107m the year before.

The changes are explained as follows:

- Fair value adjustments of derivative instruments constituted income of DKK 3m (net expense of DKK 10m).
- Interest expenses on bank and leases totalled DKK 28m (DKK 20m).
- Foreign exchanges constituted a net expense of DKK 30m (net income of DKK 19m).
- The interest element from liabilities stated at present amortized value is recognized as a net expense of DKK 3m (DKK 3m).
- Fair value adjustments of contingent consideration relating to the acquisition of Invendo Medical GmbH represent a net expense of DKK 48m (income of DKK 121m).

Tax on profit for the year totalled DKK -81m (DKK -96m), corresponding to an average effective tax rate on profit (ETR) of 25% (23%).

The higher ETR is due to the fair value adjustment of contingent considerations that is only partly tax-deductible, and which will not be recurring. Consequently, these fair value adjustments are not expected to affect the ETR in 2021/22. Adjusted for these fair value adjustments, the ETR is 22%.

Going forward, Ambu's ETR is expected to be approx. 23% adjusted for non-deductible and non-taxable items.

Net profit was DKK 241m (DKK 317m), representing a decrease of 24% or DKK 76m.

Earnings per share (EPS) for the financial year were DKK 0.98 (DKK 1.30).

Balance sheet

Balance sheet condensed by main items

DKKm	19/20	18/19	Change in value
Non-current assets	3,689	3,397	292
Inventories	515	506	9
Trade receivables	521	474	47
Other current assets	103	61	42
Cash	98	120	-22
Total assets	**4,926**	**4,558**	**368**
Equity	2,372	2,182	190
Contingent consideration	426	378	48
Interest-bearing debt	1,444	1,155	289
Trade and other payables	547	649	-102
Other liabilities	137	194	-57
Total equity and liabilities	**4,926**	**4,558**	**368**

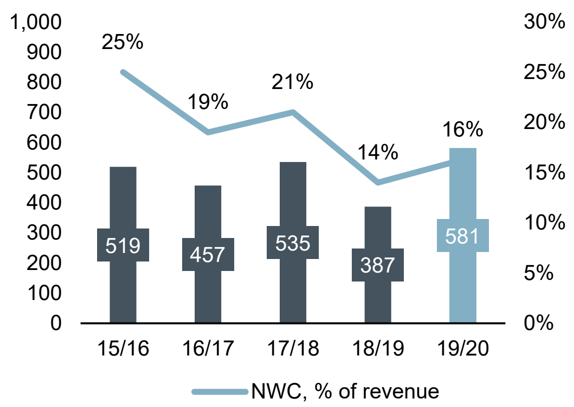
Total assets were DKK 4,926m (DKK 4,558m), and **invested capital** was DKK 3,718m, up DKK 501m from last year with a 9% (15%) return on invested capital based on EBIT before special items less tax.

Non-current assets were DKK 3,689m, up DKK 292m from last year, driven by investments in development projects of DKK 285m (DKK 159m) and investments in property plant and equipment of DKK 213m (DKK 104m), excluding the effect of DKK 57m from implementing IFRS 16 on 1 October 2019. A reduction in the carrying values was seen from foreign currency translation adjustments of DKK 78m due to the depreciating USD/DKK exchange rate and depreciation, amortization and impairment losses of intangibles and plant and machinery of DKK 181m (109m).

Net working capital

At the end of 2019/20, the net working capital had been significantly increased to DKK 581m (DKK 387m), corresponding to 16% (14%) of revenue for the year and a 50% absolute increase. Last year's figures were very low by comparison due to the transitioning of the US distributor.

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



Inventories were DKK 515m (DKK 506m) at the end of the year, corresponding to 14% (18%) of revenue. In absolute values, inventories have increased by DKK 9m. This net increase is composed of an increase in safety stocks of raw materials at our factories net of a decrease in the value of finished goods of DKK 28m to DKK 321m (DKK 349m). The reduction of finished goods inventories was due to the liquidation of last year's buyback of 81,000 aScopes from the US distributor and a higher inventory turn as all endoscopes have been air-freighted since Q3.

Trade receivables totalled DKK 521m (DKK 474m), corresponding to 15% (17%) of revenue. Calculated at fixed exchange rates, the average number of credit days was 54 (60).

At the end of the financial year, the credit risk attaching to trade receivables is adversely affected due to COVID-19. Our private customers, hospitals and clinics, have had to forego revenue from elective procedures to free up capacity for the treatment of COVID-19 patients. At this stage, none of our customers have defaulted, but based on experience from similar situations of economic turmoil in the sector and given the uncertainty about another possible wave, the Ambu management has by 30 September 2020 increased provisions for expected losses by DKK 31m based on a systematic assessment of regions and customer groups.

Initiatives at government, federal, state or regional level to save Ambu's customers from default will guard Ambu against credit losses on trade receivables. However, it is difficult to gauge whether such initiatives are adequate to prevent additional credit losses in case either of a new COVID-19 wave or of a slow economic recovery for hospitals following the reduction in elective procedures.

Trade and other payables totalled DKK 547m (DKK 649m), corresponding to 15% (23%) of revenue. The decrease from last year is caused by the accrual for special items of DKK 136m relating to the distributor compensation paid in 2019/20.

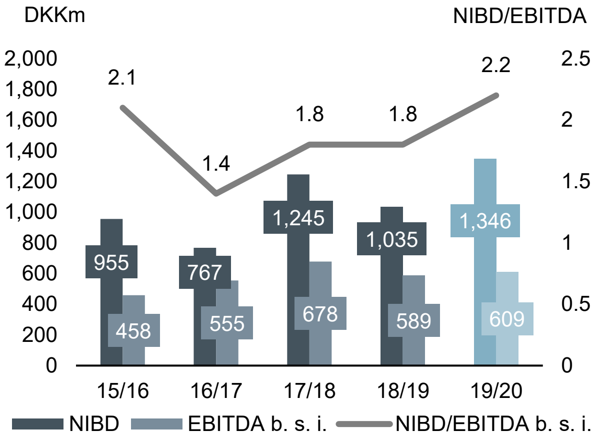
Net interest-bearing debt and gearing

Cash and cash equivalents amounted to DKK 98m (DKK 120m), and net interest-bearing debt (NIBD) totaled DKK

1,346m (DKK 1,035m), corresponding to 2.2 (1.8) of EBITDA before special items.

At the end of September 2020, Ambu had unutilized capital resources from cash, overdraft and credit facilities of approx. DKK 1.2bn (DKK 1.4bn).

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



Contingent consideration was DKK 426m at the end of the year, which is an increase of DKK 48m from last year due to the unwinding of cash flows. As Ambu received FDA clearance of the duodenoscope, an EUR 40m (DKK 298m equivalent) milestone was paid in October 2020. The payment of EUR 40m is funded out of Ambu's existing credit facilities.

Other liabilities were DKK 137m, corresponding to a decrease over the past year of DKK 57m, primarily stemming from a reduction in liable income taxes over last year's relative higher level.

Equity

At the end of September 2020, equity totalled DKK 2,372m (DKK 2,182m), corresponding to an equity ratio of 48% (48%) of total assets.

Other comprehensive income
Other comprehensive income includes a net expense of DKK 81m (income of DKK 65m) from foreign currency translation adjustments of foreign subsidiaries because of a depreciated USD/DKK exchange rate by 7% (appreciated 8% last year) since the end of the previous financial year.

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

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

In accordance with Ambu's remuneration policy, a general employee share programme for 2019/20 was established in Q1, while the general employee share program 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 124,016 Class B shares in Ambu A/S.

At the end of the year, Ambu's holding of treasury Class B shares had hereafter been reduced by 1,539,001 to 4,903,638 (6,442,639), corresponding to 1.9396% (2.559%) of the total share capital.

In addition, at the end of the year, Ambu employees had exercised a total of 1,007,500 warrants to subscribe for shares in Ambu A/S.

In certain jurisdictions, Ambu obtains a deduction for employees' gains from the exercise of options and warrants. During the year, equity was increased by DKK 40m (decrease of DKK 36m), corresponding to the value adjustment of any deductible value of employee gains.

Cash flow statement

DKKm	19/20	18/19	Change in value
Cash flow from operating activities	295	533	-238
Cash flow from investing activities before acquisitions	-427	-259	-169
Free cash flow before acquisitions	**-133**	**274**	**-407**
Acquisitions of enterprises and technology	-2	-2	-
Cash flow from financing activities	114	-216	330
Changes in cash	-21	56	-77
Cash flows in % of revenue:			
Cash flow from operating activities	8%	19%	-
Investments	-12%	-9%	-
Free cash flow before acquisitions	-4%	10%	-

Cash flow from operating activities (CFFO) amounted to DKK 295m, representing a decrease of DKK 238m compared to the year before, corresponding to 8% of revenue (19%). The decrease in CFFO is ascribable to the lower reported EBIT and changes in net working capital of DKK -203m (DKK 170m), including the normalization of working capital following the strategic decision made in Q4 2018/19 to establish entirely direct sales of bronchoscopes in North America and including the compensation of DKK 136m paid to our former distributor.

In addition, corporate income tax payments are up DKK 58m at DKK 102m (DKK 44m), corresponding to 32% of profit before tax (11%). The increased tax payment in the group is ascribable to the payment of taxes on capital gains in connection with the transfer of intellectual property rights from Ambu Innovation GmbH (formerly Invendo Medical GmbH) to Ambu A/S. The underlying tax payments remain relatively low as significant deductions due to the exercise by employees of share options and warrants are obtained, including the deduction from investments made in Ambu A/S, especially in innovation.

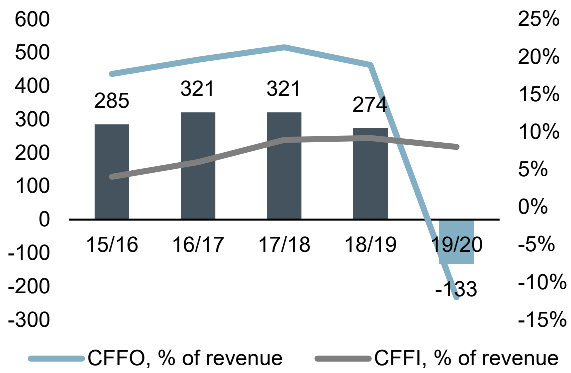
Cash flow from investing activities (CFFI) totalled DKK -428m, an increase in investments of DKK 169m.

Total investments equate to 12% (9%) of revenue.

Free cash flow before acquisitions of enterprises and technology then totalled DKK -133m (DKK 274m), down DKK 407m from last year, corresponding to -4% of revenue (10%).

Acquisitions of enterprises and technology totalled DKK 2m (DKK 2m).

Free cash flow before acquisitions – DKKm



Cash flow from financing activities (CFFF) amounted to DKK 114m (DKK -216m). The cash flow primarily relates to the net raising of long-term debt in the amount of DKK 175m (repayment of DKK 150m) and the payment of dividend of DKK 94m (DKK 98m). The class B share capital increase and the selling of treasury shares following the exercise by employees of warrants and share options generated a positive cash flow from financing activities of DKK 65m (DKK 40m).

Changes in cash and cash equivalents then come to DKK -21m (DKK 56m).

The milestone payment of DKK 298m conditional on FDA clearance of the duodenoscope was paid at the beginning of October 2020.

Follow-up on announced outlook

relative to the results realized in 2019/20

During the 2019/20 financial year, Ambu adjusted the outlook for organic growth twice – in April as Visualization sales increased significantly and again in August when it was clear that demand patterns in North America were lower than expected. At the start of the financial year, expected organic growth was 16-22%, and realized organic growth came to 26% at the end of the year.

The guidance for EBIT margin before special items was suspended mid-year, as the outlook was clouded by COVID-19. Guidance of 12-14% was reiterated in the Q2 earnings release, and the year ended with an EBIT margin before special items of 12%, reflecting the expansion of our global GI and urology sales forces.

Local currencies

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

Danish kroner

	Realized	26 August 2020	5 May 2020	6 April 2020	4 February 2020	13 November 2019
EBIT margin before special items	12.0%	Approx. 12%	12-14%	Guidance suspended	12-14%	12-14%

Q4 2019/20

Highlights

In Q4, we saw continued strong Visualization revenue driven by North America, and PMD revenue rising after the sharp contraction in sales in Q3. The demand for Anaesthesia products also stabilized somewhat, but was still uneven as resuscitators were in high demand, while airway management devices for elective procedures were in relatively low demand.

The revenue growth for Q4 versus Q4 last year reflects the strategic decisions made in Q4 2018/19 to transition a distributor partnership and change pricing policies. These decisions reduced our growth in Q4 2018/19, and consequently the quarter-on-quarter growth for Q4 2019/20 is positively impacted by this.

Business Areas

DKKm	Q4 19/20	Q4 18/19	Organic growth	Fx	Reported growth
Visualization	396	132	204%	-4%	200%
Anaesthesia	273	243	18%	-6%	12%
PMD	202	231	-10%	-3%	-13%
Revenue	**871**	**606**	**48%**	**-4%**	**44%**

In Q4, Visualization posted organic growth of 204% (-47%). Anaesthesia reported organic growth of 18% (-7%), while PMD (Patient Monitoring & Diagnostics) delivered -10% (-3%).

Markets

DKKm	Q4 19/20	Q4 18/19	Organic growth	Fx	Reported growth
North America	420	192	130%	-11%	119%
Europe	333	292	15%	-1%	14%
Rest of World	118	122	-1%	-2%	-3%
Revenue	**871**	**606**	**48%**	**-4%**	**44%**

North America realized organic growth of 130% (-51%) while Europe achieved 15% (8%) organic growth, and Rest of World declined by -1% (23%).

Income statement

DKKm	Q4 19/20	Q4 18/19	Change in value	Change %
Revenue	871	606	265	44%
Production costs	-336	-270	-66	24%
Gross profit	**535**	**336**	**199**	**60%**
Gross margin, %	*61.4*	*55.4*	-	-
Selling and distribution costs	-337	-209	-128	61%
Development costs	-50	-27	-23	85%
Management and administration	-119	-82	-37	45%
Total capacity costs	-507	-318	-189	59%
EBIT before special items	**29**	**18**	**11**	**61%**
EBIT margin before special items, %	*3.3*	*3.0*	-	-
Special items	-	-136	136	-
EBIT	**29**	**-118**	**147**	-

Revenue totalled DKK 871m (DKK 606m), with organic growth of 48% and reported growth of 44%.

Gross profit was DKK 535m (DKK 336m), corresponding to a margin 61.4% (55.4%). The gross margin is in line with prior quarters when adjusted for scale. As described above, last year's gross margin was affected by the transition of a distributor partnership as well as strategic changes in pricing policies.

Total capacity costs were DKK 507m (DKK 318m), up 59% from Q4 2018/19, including investments in human capital.

EBIT before special items was DKK 29m (DKK 18m) representing an EBIT margin before special items of 3.3% (3.0%).

Quarterly results

DKKm	Q4 2019/20	Q3 2019/20	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Composition of revenue, products:								
Visualization	396	539	486	290	132	295	283	231
Anaesthesia	273	258	273	256	243	257	260	231
Patient Monitoring & Diagnostics	202	150	230	214	231	221	242	194
Revenue	**871**	**947**	**989**	**760**	**606**	**773**	**785**	**656**
Key figures, revenue:								
Endoscopes sold, ’000 units	255	337	313	180	93	194	182	149
Growth in number of endoscopes sold, %	174	74	72	21	-44	33	26	43
Organic growth, products:								
Visualization, %	204	81	69	24	-47	30	27	42
Anaesthesia, %	18	-1	3	8	-7	0	5	8
Patient Monitoring & Diagnostics, %	-10	-32	-6	10	-3	2	10	1
Organic growth, %	**48**	**21**	**24**	**14**	**-19**	**10**	**14**	**15**
IFRS 15 effects on reported growth, %	0	0	0	0	1	2	2	1
Exchange rate effects, %	-4	2	2	2	1	3	5	3
Reported revenue growth, %	**44**	**23**	**26**	**16**	**-17**	**15**	**21**	**19**
Organic growth, markets:								
North America, %	130	-10	17	16	-51	15	16	20
Europe, %	15	59	40	11	8	5	9	11
Rest of World, %	-1	31	2	12	23	9	24	10
Organic growth, %	**48**	**21**	**24**	**14**	**-19**	**10**	**14**	**15**
Revenue	871	947	989	760	606	773	785	656
Production costs	-336	-334	-382	-303	-270	-337	-313	-263
Gross profit	**535**	**613**	**607**	**457**	**336**	**436**	**472**	**393**
Gross margin, %	*61.4*	*64.7*	*61.4*	*60.1*	*55.4*	*56.4*	*60.1*	*59.9*
Selling and distribution costs	-337	-320	-324	-247	-209	-190	-181	-182
Development costs	-50	-41	-36	-30	-27	-26	-23	-27
Management and administration	-119	-96	-97	-87	-82	-65	-73	-72
Total capacity costs	*-506*	*-457*	*-457*	*-364*	*-318*	*-281*	*-277*	*-281*
Operating profit (EBIT) before special items	**29**	**156**	**150**	**93**	**18**	**155**	**195**	**112**
EBIT margin before special items, %	*3.3*	*16.5*	*15.2*	*12.2*	*3.0*	*20.1*	*24.8*	*17.1*
Special items	0	0	0	0	-136	-38	0	0
Operating profit (EBIT)	**29**	**156**	**150**	**93**	**-118**	**117**	**195**	**112**
EBIT margin, %	*3.3*	*16.5*	*15.2*	*12.2*	*-19.5*	*15.1*	*24.8*	*17.1*
Financial income	0	-3	2	4	4	131	5	0
Financial expenses	-24	-30	-14	-41	-6	33	-30	-30
Profit before tax	**5**	**123**	**138**	**56**	**-120**	**281**	**170**	**82**
Tax on profit for the year	-2	-31	-34	-14	28	-65	-40	-19
Net profit for the year	**3**	**92**	**104**	**42**	**-92**	**216**	**130**	**63**

Quarterly results (continued)

DKKm	Q4 2019/20	Q3 2019/20	Q2 2019/20	Q1 2019/20	Q4 2018/19	Q3 2018/19	Q2 2018/19	Q1 2018/19
Balance sheet:								
Assets	4,926	4,876	4,788	4,680	4,558	4,357	4,418	4,262
Net working capital	581	569	713	593	387	624	713	568
Equity	2,372	2,410	2,300	2,127	2,182	2,226	2,075	1,874
Net interest-bearing debt	1,346	1,253	1,446	1,358	1,035	1,112	1,266	1,274
Invested capital	3,718	3,663	3,746	3,485	3,217	3,338	3,341	3,148
Cash flows, in DKKm:								
Cash flow from operating activities	81	314	10	-110	152	225	63	93
Cash flow from investing activities before acquisitions of enterprises and technology	-122	-127	-99	-80	-82	-77	-52	-48
Free cash flow before acquisitions of enterprises and technology	-41	187	-89	-190	70	148	11	45
Acquisitions of enterprises and technology	0	-2	0	0	0	-1	-1	0
Cash flows, in % of revenue:								
Cash flow from operating activities	9	33	1	-14	25	29	8	14
Cash flow from investing activities before acquisitions of enterprises and technology	-14	-13	-10	-11	-13	-10	-7	-7
Free cash flow before acquisitions of enterprises and technology	-5	20	-9	-25	12	19	1	7
Key figures and ratios:								
Capacity costs	506	457	457	364	318	281	277	281
Rate of cost, %	58	48	46	48	52	36	35	43
EBITDA before special items	85	198	200	126	45	186	221	137
EBITDA margin before special items, %	9.8	20.9	20.2	16.6	7.4	24.1	28.2	20.9
Depreciation	-26	-22	-21	-19	-13	-15	-12	-11
Amortization	-31	-20	-18	-14	-14	-16	-14	-14
Impairment	1	0	-11	0	0	0	0	0
EBIT before special items	29	156	150	93	18	155	195	112
EBIT margin before special items, %	3.3	16.5	15.2	12.2	3.0	20.1	24.8	17.1
NIBD/EBITDA before special items	2.2	2.2	2.6	2.3	1.8	1.5	1.7	1.8
Net working capital, % of revenue	16	17	23	20	14	21	25	21
Share-related ratios:								
Market price per share (DKK)	180	208	165	112	114	106	176	157
Earnings per share (EPS) (DKK)	0.01	0.37	0.42	0.17	-0.38	0.88	0.53	0.26
Diluted earnings per share (EPS-D) (DKK)	0.01	0.37	0.42	0.17	-0.37	0.87	0.52	0.25

Corporate governance and shareholder information

In 2019/20, Ambu has started working strategically with the UN Sustainable Development Goals

Risk management

Ambu has established policies and procedures which secure the effective management of identified risks, and Ambu's management focuses on ensuring satisfactory clarity about the group's risks at all times.

Ambu's activities involve a number of general and specific commercial and financial risks which may have a negative impact on the company's future growth, activities, financial standing and results. Ambu seeks to identify and quantify these risks via internal controls and risk management systems, and to hedge and limit the risks to the greatest possible extent. However, the nature of Ambu's business, including the production and development of new products, means that the company is exposed to risks on an ongoing basis. The company's risk management systems are designed to ensure that only calculated risks are taken, and that these are constantly monitored and carefully managed.

The risks which are deemed to have the largest potential impact on Ambu's business are described below. The description is not necessarily exhaustive, however, and the risk factors are not ranked in any order of priority.

Market conditions
In all of Ambu's most important markets, there is a constant economic and political focus on reducing healthcare costs. At the same time, there is a general demand for efficiency increases in the healthcare sector. These structural changes are leading to a pressure on prices, and at the same time low-priced copies of products are being marketed in some product areas.

Ambu is constantly seeking to adapt its business to these trends, among other things via the following activities:

- Manufacturing by own factories in China and Malaysia and collaboration with a partner who manufactures in India are crucial factors that enable us to maintain and increase our profit margin.
- An efficient supply chain which is pivotal in enabling us to manage the commercial and regulatory risks to which we are subject as a consequence of our global presence.
- Based on clinical documentation and health economics studies, we position our products so that the price will not be the crucial parameter.
- Focus on sales via group purchasing organizations (GPOs). In Ambu USA, significant competences have been built up over many years in this field, as hospitals make many of their purchases via this channel.

The impact to our business from a global pandemic has during the past 12 months materialized as a significant risk that needs to be considered in the financial and operational planning. During 2019/20, Ambu has adapted well to this new situation, and we have taken – and will continue to take – adequate precautions to limit the impact and include reasonable assumptions in our planning.

Product development
Ambu's possibilities for realising its strategic targets depend on its ability to develop unique, high-quality products.

The trends in the medtech industry are fast-paced, and a commercial understanding of the long-term needs of the sector is crucial to remaining market-leading. An example of this is the conversion from reusable endoscopes to single-use products that enable more efficient workflows and improve patient safety through the elimination of contamination risks.

Ambu takes a targeted approach to improving its existing products, developing new technologies and generally strengthening the company's ability to innovate, for example by ensuring a commercial focus in its product development activities. For strategic technologies, it is important to have the necessary technical expertise in-house.

In connection with the development of new products, it is important to understand the environmental impacts of the materials used, and this is an area where we are increasing our focus by including the environmental impact as a priority, starting in the design phase.

Ability to attract and retain employees
In order to attract and retain employees with the right competences, Ambu focuses on developing each individual employee, on continuous career development and on delegating a considerable degree of responsibility to its employees.

Finally, it is ensured at all times that Ambu offers competitive terms of pay and employment, including the opportunity to participate in employee share programmes.

Trademarks, branding and patents
The company logo and name create coherence between the company and its products and make the company easily recognizable to its customers and stakeholders. The Ambu name is included in all product names, and the active branding is intended to help prevent plagiarism. A branding strategy and a branding manual have been prepared to ensure the ongoing updating of the Ambu brand.

It is company policy to patent products with a high market value or growth potential. In the medtech industry, opinions often differ as to whether a given product is patented or not, for which reason patent cases may result in considerable costs to protect Ambu's rights or to defend Ambu against claims of alleged infringements of patents. To minimize the risk of such cases being instituted, before embarking on any new projects, Ambu makes a point of ascertaining whether patents exist within a particular project area, thereby establishing what sort of 'freedom to operate' Ambu can expect.

Ambu pursues a policy of selectively registering trademarks for its most important products in its most important markets.

Production and quality
Operating disturbances or stoppages at Ambu's production units may affect Ambu's ability to deliver. In order to manage this risk, the production units are subject to regular inspections, including inspections by external insurance brokers, consulting engineers etc. The conclusions from such inspections, combined with our own ongoing monitoring of the production environment, regularly result in the introduction of new measures in the form of fire protection, validation of alternative suppliers of critical components and raw materials as well as the building of safety stocks.

None of our manufacturing sites were subject to FDA inspections during 2019/20.

The locations of Ambu's production facilities have been subject to risk assessment, including an assessment of the risk of natural disasters, of the political climate, of issues related to foreign exchange and of the possibilities of attracting employees with the required qualifications.

In step with growth in revenue, production capacity is continuously being assessed. To ensure sufficient capacity to satisfy the estimated demand and to eliminate the impact from an adverse event in Malaysia, we will in 2022/23 be opening a new factory for the manufacturing of single-use endoscopes in Mexico.

Ambu's products are often used in critical situations, and product quality is vital to the company's commercial success. Quality assurance is therefore a focus area for Ambu, both due to external regulatory requirements and as an active management tool and commercial parameter. To meet user needs and minimize patient risks, we carry out risk assessments, product verification and validation of products and processes in connection with the development and production of products. Ambu lives up to the requirements of the US Food and Drug Administration (FDA), the European CE requirements and the Medical Device Single Audit Program (MDSAP) requirements.

Implementation of the new EU Medical Device Regulation has continued as planned. Ambu's quality management system has been updated to comply with the new requirements, and certification audits were concluded successfully in 2019/20. The first Technical File audit transferring a product group from the current Medical Device Directive (MDD) to new Medical Device Regulation (MDR) is ongoing, and completion is expected in early 2020/21. Further transfer of Ambu legacy products is planned for the following years. After May 2021, all products launched will comply with the new EU Medical Device Regulation.

To mitigate potential consequences of Brexit, Ambu certifications have been transferred to BSI in the Netherlands. A similar transfer is in progress for King Systems-branded products which are certified by SGS.

During the past year, the Ambu group's quality management system has been implemented at Ambu Innovation GmbH in Kissing, Germany, which completes our plans of establishing a fully functional innovation centre in Germany. With the organization in Kissing on the Ambu quality system enables a more effective and efficient planning and execution of projects, which is an important part of the overall strategy.

For all components and raw materials which are related to strategic products, the supply chain for production is ensured by working with more than one sub-supplier or by increasing safety stocks to an appropriate level.

IT security
Ambu continuously implements measures to monitor and respond to data breaches and cyberattacks. We ensure that we undertake security assessments, including vulnerability assessments and assumed breach tests on a regular basis. We have enabled additional security measures to mitigate phishing and spam mails being delivered to our employees and renewed our password policies to mitigate the risk of password dictionary attacks or other forms of brute force hacking of individuals. In addition, we continuously improve and strengthen our IT Infrastructure security. Mandatory training in cybersecurity is planned for all employees, and the knowledge level of cybersecurity is thus being changed from awareness-based to training-based.

Insurance
The company's insurance policy lays down the overall framework for the extent and management of insurance risks. The insurance policy contains guidelines on the group's security and insurance matters. Insurance matters and insurance risks are assessed annually in cooperation with insurance brokers. In addition to statutory insurance cover, the company has taken out product liability and operating loss insurance. Properties, operating equipment and inventories are covered on an all-risk basis at replacement cost.

Corporate income taxes
Ambu follows international and national rules, guidelines and general principles. The group's tax governance is laid out in a tax policy, which is available on www.ambu.com/taxpolicy. Regardless, a tax risk still exists given the fact that applicable principles and guidelines are, to some extent, subject to interpretation.

Financial risks
The development in Ambu's results and equity is subject to a number of financial risks, including foreign exchange risks, interest rate risks, liquidity risks and credit risks as well as the risk of changing international trading conditions – for instance through the implementation of customs barriers and limitations of free trade. Ambu has centralized the management of financial risks in the group's finance function, which also acts as a service centre for all our subsidiaries. The group does not engage in speculative transactions and relies as a main rule on the neutral hedging of currency risks that are imbedded in the regular cash flows. Financial risks and financial risk management are described in further detail in note 4.1 to the consolidated financial statements.

Corporate governance

Corporate governance refers to the philosophy governing the management of the company based on the shareholders' views on the ownership, management structures, risks, control systems, remuneration policies etc. Ambu strives to establish close and trusting relations with relevant stakeholders, including shareholders, employees, customers, suppliers and society as a whole. We also strive to ensure transparency, and we want to openly share relevant information with our stakeholders.

Ambu's Board of Directors complies with all Nasdaq Copenhagen's recommendations on corporate governance and reports on compliance on our website. This reporting constitutes the statutory reporting on corporate governance pursuant to section 107 b of the Danish Financial Statements Act (*Årsregnskabsloven*).

Shareholders

The shareholders own Ambu and exercise their right to make decisions at the annual general meeting, for example adopting the annual report, deciding on amendments to the Articles of Association, electing members of the Board of Directors and appointing the company's auditors. At the annual general meeting, shareholders are entitled to ask the Board of Directors and the Executive Board questions and suggest items for consideration.

All shareholders are entitled to attend and vote at the annual general meeting. The notice of the annual general meeting is published at least three weeks and at the most five weeks before the date of the meeting. The documents are sent out to shareholders who have requested this. The notice can also be found on the Ambu website.

Ambu's Articles of Association do not impose any restrictions on ownership or voting rights, but the share capital is divided into Class A and Class B shares. Class A shares carry ten votes per share, while Class B shares carry one vote per share.

The Class A shares are negotiable, and according to Ambu's Articles of Association, a transfer of more than 5% of the total number of Class A shares at a price higher than that quoted for the company's Class B shares can take place only if the buyer offers all holders of Class A and Class B shares to buy their shares at the same price.

The Board of Directors regularly discusses the existing ownership structure with the holders of Class A shares. The Board of Directors and the holders of Class A shares agree that the ownership structure has been and remains expedient for all the company's stakeholders, as it creates a sound framework for the implementation of Ambu's strategy and plans, thereby safeguarding the interests of all shareholders. Moreover, the ownership structure does not restrict the planned activities in any way.

Board of Directors

Ambu has a two-tier management structure, consisting of the Board of Directors and the Executive Board. The two bodies are independent of each other, and there is no overlap in membership.

On behalf of the shareholders, the Board of Directors is responsible for the overall management of Ambu, defining strategies and setting objectives as well as approval of the overall budgets and plans. The Board of Directors also performs overall supervision of the company's activities and ensures that Ambu is managed in a responsible manner and in compliance with legislation and the Articles of Association.

The Board of Directors has established a yearly process whereby a self-evaluation is performed assisted by an external consultant. The self-evaluation in 2019/20 led to focus areas which will be included in the work of the Board of Directors in 2020/21.

Composition of the Board of Directors
The Board of Directors currently has six members who have been elected by the shareholders at the annual general meeting and three members elected by the employees pursuant to the Danish rules on employee representation.

The shareholder-elected members are elected for one year at a time, while the employee-elected members are elected for four years at a time under applicable legislation.

The Chairman and the Vice-Chairman of the Board of Directors are elected directly by the shareholders at the general meeting.

For the Board of Directors to undertake its responsibilities and act as a good sounding board for the Executive Board, the following competences are particularly relevant: Insights into the management of a global growth company, insights into the medico and medtech industries with both public and private-sector customers, experience with innovation, experience with the acquisition and divestment of enterprises and insights into risk management and financial affairs. Ambu's Board of Directors is deemed to possess these competences.

None of the members elected by the shareholders represent a controlling shareholder or have direct or indirect interests in the company over and above their interests as shareholders. All members elected by the annual general meeting are considered to be independent members, as defined by the Committee on Corporate Governance.

Duties of the Board of Directors
The Board of Directors held eleven (2018/19: eight) meetings during the financial year.

Moreover, the Audit Committee held five (2018/19: four) meetings during the year. The Audit Committee consists of three members of the Board of Directors, and in addition the Chairman, the CEO, the CFO and the auditor appointed at the annual general meeting participate in the Audit Committee meetings. The purpose of the committee is to assist the Board of Directors in ensuring the quality and integrity of the presentation of the company's financial statements, reporting and auditing.

The Audit Committee reviews and discusses Ambu's risk exposure and initiatives launched to counter these risks. At the same time, the committee monitors all accounting and reporting processes, the auditing process and the work and independence of external auditors. The Charter of the Audit Committee and the review of the control and risk management systems in connection with the financial reporting can be found at www.ambu.com/auditcom.

The Board of Directors has set up a Remuneration Committee which consists of three members of the Board of Directors. The committee held three (2018/19: three) meetings in the course of the financial year. Ambu's CEO and CFO participate in the meetings. The duties of the committee are to ensure that the remuneration offered by Ambu is competitive and sufficient to attract and retain the members of the Executive Board and to recommend future incentive schemes. The Charter of the Remuneration Committee can be found at www.ambu.com/remcom.

In addition, the Board of Directors has established a Nomination Committee, which consists of the Chairman and the Vice-Chairman of the Board of Directors. Ambu's CEO occasionally participates in the meetings. The Nomination Committee is charged with evaluating the composition of the Executive Management Team and with evaluating and possibly renewing the Board of Directors to ensure that the members of the board lives up to the requirements and possess the skills needed. The Charter of the Nomination Committee can be found at www.ambu.com/nomcom.

Executive Board

The Board of Directors appoints the Executive Board and lays down its terms of employment. The Executive Board is responsible for Ambu's day-to-day management, including the development of Ambu's activities and operations, its risk management, financial reporting and internal affairs. The Executive Board also prepares and presents the company's strategy, long-term financial planning and budgets to the Board of Directors. The delegation of powers and responsibilities by the Board of Directors to the Executive Board is described in Ambu's Order of Business (*Bestyrelsens Forretningsorden*) and the provisions of the Danish Companies Act (*Selskabsloven*).

The Executive Board consists of CEO Juan Jose Gonzalez and CFO Michael Højgaard.

Corporate governance

The Board of Directors has considered the recommendations from the Committee on Corporate Governance (www.corporategovernance.dk) from May 2013, and as most recently amended on 23 November 2017, and has systematically reviewed the recommendations in a document which can be found at www.ambu.com/corpgov.

Ambu complies with all the recommendations of the committee on Corporate Governance.

Gender diversity and board attendance

Report on the gender composition of the Board of Directors (members elected at the annual general meeting), pursuant to section 99 b of the Danish Financial Statements Act.

At the general meeting on 17 December 2019, one female candidate was elected for the Board of Directors. Ambu's target of one female board member was met. Ambu will continually work on finding suitable female members to join, as well as working to ensure general diversity in the composition of the Board of Directors with respect to the age, gender, educational and professional background of its members.

Governance indicators	**2019/20**	**2018/19**	**2017/18**
Gender diversity, Board of Directors	17%	0%	0%
Board meeting attendance rate	95%	100%	97%

Further description on gender diversity is found in the chapter 'Social capital' in our Sustainability report.

For a complete report on Ambu's corporate governance, including the policy on diversity and the Board of Directors' views on all the recommendations from the Committee on Corporate Governance, go to www.ambu.com/corpgov.

Board of Directors and Executive Board

Board of Directors

Lars Rasmussen, born 1959
Chairman of the Board of Directors, member of the Board since 2019.
Chairman of the Remuneration Committee and Chairman of the Nomination Committee.
Position: Professional board member since 2018.
Honorary offices: Lundbeck (C), Coloplast (C), Demant (BM), Igenomix (C).
Special competences: General management as well as sales, marketing, R&D and manufacturing experience from global listed companies.
No of shares: 0

Mikael Worning, born 1962
Vice-Chairman of the Board of Directors, member of the Board since 2010.
Member of the Audit Committee and the Nomination Committee.
Position: President & COO of William Demant Inc.
Honorary offices: Various companies in the William Demant Group (MB), Delivery1 (MB), CellaVision (MB) and 3Shape A/S (MB).
Special competences: General management experience with focus on international sales and marketing of medtech products and management of international sales organizations.
No. of shares: 66,900 (66,900)

Thomas Lykke Henriksen, born 1973
Member of the Board since 2017.
Position: Head of HR Systems
Elected by the employees.
No. of shares: 9,843 (9,602)

Britt Meelby Jensen, born 1973
Member of the Board since 2019.
Position: CEO at Atos Medical AB.
Honorary offices: Hempel Foundation & Hempel Invest A/S (MB), Novo Holdings (Member of Novo Advisory Group).
Special competences: General management in healthcare (listed and P/E owned companies) and commercial sectors.
No. of shares: 4,000 (0)

Oliver Johansen, born 1971
Member of the Board since 2015.
Member of the Remuneration Committee.
Position: Senior Vice President, Global R&D, Coloplast A/S.
Special competences: General management experience in the field of global innovation, production, sales and distribution of medtech products.
No. of shares: 27,745 (22,920)

Jakob Koch, born 1979
Member of the Board since 2017.
Position: Head of IP. Elected by the employees.
No. of shares: 2,893 (2,571)

Jakob Bønnelykke Kristensen, born 1972
Member of the Board since 2013.
Position: Senior Director, Anaesthesia & Patient Monitoring, Global Innovation. Elected by the employees.
No. of shares: 6,971 (6,664)

Christian Sagild, born 1959
Member of the Board since 2012.
Chairman of the Audit Committee.
Position: Professional board member.
Honorary offices: Danske Bank (MB), Royal Unibrew (MB), Nordic Solar Energy (C), Nordic Solar Global (C), Blue Ocean Robotics (MB).
Special competences: General management of a listed company, special insights into financial matters and risk management.
No. of shares: 255,000 (240,000)

Henrik Ehlers Wulff, born 1970
Member of the Board since 2015.
Member of the Audit Committee.
Position: Executive Vice President of Novo Nordisk A/S.
Special competences: General management with experience in the field of global manufacturing, supply chain management, IT and quality management, particularly in the area of GMP.
No. of shares: 10,645 (10,645)

Executive Board

Juan Jose Gonzalez, born 1972
CEO since 2019.
Honorary offices: Subsidiaries in the Ambu group (C/MB), Straumann group (MB).
No. of shares: 162,240 (161,000)

Michael Højgaard, born 1964
CFO since January 2013.
Honorary offices: Subsidiaries in the Ambu group (C/MB).
No. of shares: 18,544 (38,050)

Honorary offices and shareholdings as per 11 November 2020. C = Chairman of the Board of Directors, VC = Vice-Chairman of the Board of Directors, MB = Member of the Board of Directors

Chairman of the board Lars Rasmussen and board member Oliver Johansen will not seek re-election at the annual general meeting on 9 December 2020.

Remuneration

Remuneration policy
Ambu's remuneration policy is complemented by the overall guidelines for an incentive programme for the Board of Directors and the Executive Board, which was most recently presented at the annual general meeting in 2019.

Under the remuneration policy, it is possible to offer a base salary, a cash bonus element of up to 100% of the base salary, and a share-based element which can constitute up to 150% of the base salary.

The remuneration policy includes pension contributions as well as a company car and other usual non-cash staff benefits.

Below follows a description of the most important elements and conditions set out in the remuneration policy. A more detailed description can be found in the remuneration report, which is available at www.ambu.com/reports.

Board of Directors
Members of the Board of Directors do not receive variable remuneration and are not part of share-based incentive schemes, but receive a fixed annual remuneration, which is approved by the shareholders at the annual general meeting.

The Chairman receives three times the basic remuneration, while the Vice-Chairman receives two times the basic remuneration. Furthermore, the chairmen of the board committees receive a remuneration of DKK 150,000, while committee members receive DKK 100,000. The total remuneration paid to the Board of Directors, including the board committees, constituted DKK 4,215,054 in 2019/20. (2018/19: DKK 4,033,333). Members of the Nomination Committee do not receive a separate fee.

Executive Board
The remuneration for the Executive Board is determined by the Board of Directors based on market levels, Ambu's financial position and the competences, efforts and results of the individual members of the Executive Board. The remuneration consists of a fixed base salary, a cash bonus and participation in share-based incentive schemes in the form of share options or performance share units (PSUs). In addition, members of the Executive Board receive pension contributions and usual non-cash benefits.

In 2019/20, the remuneration received by the Executive Board totalled DKK 29.5m measured before impact from fair value adjustments on PSUs (DKK 11.3m excluding renumeration to the previous CEO). The remuneration in 2018/19 to the previous CEO totalled DKK 28.1m including severance pay of DKK 25.4m.

2019/20 DKKm	Juan Jose Gonzalez	Michael Højgaard	Total
Base pay	7.3	3.8	**11.1**
Pension	1.0	0.6	**1.6**
Tax comp.	0.8	-	**0.8**
STI*	8.6	1.5	**10.1**
LTI**	3.9	2.0	**5.9**
Compensation package	**21.6**	**7.9**	**29.5**
LTI, fair value adj.	2.4	-	**2.4**
Total expense in P/L	**24.0**	**7.9**	**31.9**

2018/19 DKKm	Juan Jose Gonzalez	Michael Højgaard	Total
Base pay	2.7	3.3	**6.0**
Pension	0.4	0.6	**1.0**
Tax comp.	1.4	-	**1.4**
STI*	2.8	0.0	**2.8**
LTI**	0.5	-0.4	**0.1**
Total expense in P/L	**7.8**	**3.5**	**11.3**

*STI for CEO of DKK 8.6m (DKK 1.5m) includes relocation package and sign-on bonus
**The value of share-based payments settled in shares is calculated according to the Black-Scholes formula expensed over the service period.

The variable remuneration reported for CEO Juan Jose Gonzalez is based on PSUs and a cash bonus. For practical purposes it has been agreed to settle the PSUs in cash based on the performance of a synthetic Ambu Class B share, which is why the compensation for the CEO includes a fair value adjustment of DKK 2.4m.

The notices of termination to be given by Ambu to members of the Executive Board cannot exceed 18 months, and the notice of termination to be given by the members of the Executive Board to Ambu cannot normally exceed nine months. Moreover, any severance pay to members of the Executive Board, for example in the event of a change of control, is subject to a maximum value corresponding to two years' remuneration. In the event of the death of an Executive Board member, the company will pay up to 18 months' severance pay to the relatives of such Executive Board member.

Description of variable remuneration policy components
The variable components consist of a cash bonus and a share-based payment which depend on the financial results realized by Ambu.

The financial targets used to calculate any cash bonus or share-based payment are:
- Organic growth
- EBIT margin
- FDA clearance of new products (only cash bonus)

The financial targets are defined annually in connection with the budget process and apply to allocations for the following financial year.

Employee shares
All employees have since 2016 been given the opportunity to buy shares in Ambu for up to 2% of their fixed annual salary at a discount of 50%, provided that the shares are held for two years. In the last allocation in November 2019, approx. 900 employees participated,

and it has been decided that the programme will continue for the 2020/21 financial year.

The table below gives an overview of all existing share-based programmes, shown for the Executive Board, the Global Leadership Team and other employees.

Existing share programmes

	Purchase options					PSUs			Purchase options (employee shares)				Total
	2015	2020, years 1 and 2	2020, year 3	2020, Big Five	Subtotal	2019	2020	Subtotal	2016	2017	2018	2019	
No. of participants	2	2	2	2		1	1		2	2	2	2	-
Juan Jose Gonzalez						29	99	128				1	129
Michael Højgaard	379	134	81	372	966				1			1	968
Resigned Executive Board member	790	496	270	1,246	2,803				2	1	1		2,807
No. of options issued[1,2] ('000)	**1,170**	**630**	**351**	**1,618**	**3,768**	**29**	**99**	**128**	**3**	**2**	**2**	**2**	**3,904**
Has program vested?	yes	yes	no	no					yes	yes	no	no	
Juan Jose Gonzalez													
Michael Højgaard	29				29								30
Value of exercised options, DKKm	**29**				**29**								**30**
Juan Jose Gonzalez						29	99	128				1	129
Michael Højgaard	125	47	81	79	332							1	333
No. of outstanding options ('000)	**125**	**47**	**81**	**79**	**332**	**29**	**99**	**128**				**2**	**462**
Exercise price, DKK	43	120	134	134		0	0		0	0	0	0	
Year of expiration	2023	2024	2025	2024		2022	2023		2018	2019	2020	2020	
Juan Jose Gonzalez						5	18	23					23
Michael Højgaard	17	3	4	4	27								27
Market value of outstanding options at 30 Sept. 2020, DKKm	**17**	**3**	**4**	**4**	**27**	**5**	**18**	**23**					**51**

[1]Share-based incentive schemes allocated prior to FY 2014/15 are not included in this table.
[2]Calculated before cancellation of options due to non-vesting of options, resignations etc.

Further detailed information on remuneration is shown in note 5.3 and in the remuneration report, which is available at www.ambu.com/reports.

Shareholders and investor relations

Share capital
Ambu's share capital is divided into two classes of shares with a nominal share value of DKK 0.50 each. Class A shares carry 10 votes per share, while Class B shares carry one vote per share. There is no difference between the economic rights pertaining to the individual share classes. All shares are paid in full. Ambu's Class B share is listed on Nasdaq Copenhagen under ISIN code DK0060946788 and short name AMBU-B, while the Class A share is unlisted and non-negotiable. All Class A shares are owned by the three lines of descendants of Ambu's founder, Dr.-Ing. Holger Hesse.

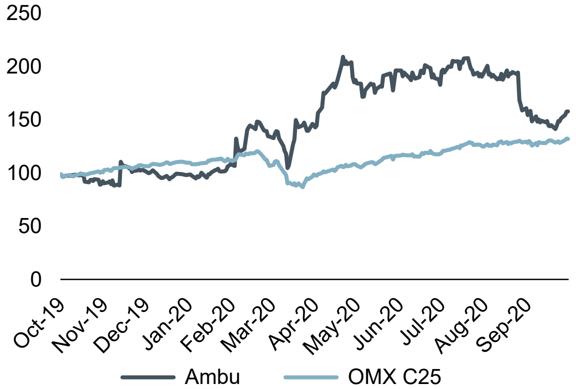
The share capital consists of 34,320,000 Class A shares and 218,497,100 Class B shares. The total number of shares is 252,817,100.

At Ambu's annual general meeting on 13 December 2017, it was decided to carry out a 1:5 share split with effect from January 2018. After the split, Ambu's shares have a nominal value of DKK 0.50 each. All relevant ratios were restated in the 2017/18 annual report to reflect the share split.

Capital increase
Four times in the course of 2019/20, capital increases were affected in connection with the exercise by employees of warrants allocated in 2014, 2015 and 2016. As a consequence hereof, Ambu's share capital has been increased by a nominal amount of DKK 503,750 through the issue of 1,007,500 Class B shares. The total capital increase for the year consisting of 1,007,500 (2018/19 535,000) Class B shares has been paid at a weighted price of DKK 36.52 (2018/19 30.94) per share with a nominal share value of DKK 0.50. There is no change in the number of Class A shares from last year, hence the number is 34,320,000 shares of DKK 0.50 each. The rights attaching to the shares and their negotiability are unchanged.

Return
Ambu's Class B share opened the financial year at a price of 114 and ended the year at 180, i.e. a change of 58%, and by the end of September 2020 Ambu's market capitalization equals DKK 44.6bn. In comparison, Nasdaq Copenhagen's C25 index increased 32% in the same period. Over the past five years, Ambu stock has generated an average annual (compounded) return to shareholders of 38%.

Development in share price 2019/20 (index 100)



Ambu in C25
Ambu was listed in 1992 and was a Small Cap stock until January 2011, when the company was moved into the Mid Cap category. In January 2017, Ambu entered the Large Cap category, and the C25 Index in June 2018.

Liquidity
In 2019/20, 304.6 million Ambu shares were traded on Nasdaq Copenhagen, equating to an average of 1.2 million shares per business day.

Treasury shares
In the financial year, Ambu reduced its holding of treasury shares by 1,539,001 (1,295,780) due to the exercise of share options and the employee share programme. The total proceeds received equalled DKK 28m (2018/19: DKK 24m), corresponding to a weighted price of DKK 18.10 (DKK 18.35) per share.

At the end of the fiscal year, the portfolio of treasury shares comprises 4.9 million shares (6.4 million), corresponding to 1.9% of the share capital. Historically, Ambu has been authorized to hold up to 10% of the company's share capital as treasury shares to cover the share option schemes.

Shareholders
On 30 September 2020, the total number of shareholders in Ambu who have arranged for name registration of their holding is 45,881 (39,706). They hold a combined 88% (97%) of the total share capital.

As at 30 September 2020, the following shareholders had filed ownership of more than 5% of the share capital and/or votes:

	Share of capital, %	Share of votes, %
Inga Kovstrup*, Fredericia	1.8	18.0
Dorrit Ragle*, Virum	0.1	17.9
Hannah Hesse, Frederiksberg	3.1	10.5
Simon Hesse, Virum	3.1	10.5
N.P. Louis Hansen ApS, Hellerup	14.5	6.5

** Inga Kovstrup and Dorrit Ragle have transferred a number of Class A shares to family members, but retain the voting rights associated with the shares transferred.*

Back in 1987, a shareholders' agreement was made by the holders of the Class A shares, which was described in the prospectus in connection with the listing of Ambu A/S in 1992. In November 2015, a new shareholders' agreement was made between the holders of the Class A shares, in which the agreed terms and conditions were updated. The updated shareholders' agreement now regulates the relationship between the three lines of the family and the family's views on the company's dividend policy, the appointment of candidates to the Board of Directors of the company, decisions concerning the possible conversion of Class A shares into Class B shares as well as the process of transferring or selling Class A shares.

The shareholders' agreement regulates only the family's holdings of Class A shares, while the family's holdings of listed Class B shares are not regulated by the shareholders' agreement. Moreover, Ambu's Articles of Association contain provisions on the trading of Class A shares.

In addition to the Class A shares, the family also holds approx. 13.4 million Class B shares, corresponding to 6.1% (6.2%) of the Class B share capital. The family thus controls a total of 18.9% (19.0%) of the combined Class A and Class B share capital and 63.6% (63.6%) of the votes.

As at 30 September 2020, international owners own 37% (29%) of the share capital. International owners are institutional investors from, for example, the UK, Germany and the USA.

Investor relations

Each quarter, a conference call has been held focusing on the results in the past quarter, and each quarter Ambu has participated in a number of meetings and conferences with investors in Denmark and abroad. Ambu seeks an active dialogue with investors, share analysts, journalists and the general public.

Besides the legally required reporting, Ambu communicates with the market in the form of press releases, investor presentations, conference calls, one-on-one meetings etc. The aim is to ensure a well-founded share price that reflects past performance as well as the future value creation of Ambu.

The share is covered by 12 analysts (ABG Sundal Collier, Carnegie Bank, Danske Market Equities, Nordea Market Equities, Sydbank, J.P. Morgan Markets, DNB Markets, SEB Equities, Redburn Limited, Handelsbanken Equity Research, Bank of America Securities and Berenberg Equity Research). The www.ambu.com website is updated on an ongoing basis with information about Ambu's results, activities and strategy, and all company announcements and financial statements can be viewed and downloaded there.

Ambu's Investor Relations policy prescribes a four-week 'quiet period'. This means that Ambu will limit their participation in any gatherings and commenting on topics related to Ambu's business during a period of four weeks up to the release of financial reports

During the year, Ambu issued 15 company announcements. See page 109.

The people in charge of Investor Relations and the contact with analysts and investors are:

- CFO Michael Højgaard (miho@ambu.com)
- IR Manager Nicolai Thomsen (nith@ambu.com)

Financial calendar 2020/21 and 21/22

2020	**2020/21**
11 November	Annual report 2019/20
9 December	Annual general meeting
30 December	Q1 quiet period starts
2021	**2020/21**
27 January	Interim report for Q1 2020/21
14 April	Q2 quiet period starts
12 May	Interim report for Q2 2020/21
20 July	Q3 quiet period starts
17 August	Interim report for Q3 2020/21
30 September	End of the financial year 2020/21
2021	**2021/22**
12 October	Q4 quiet period starts
9 November	Annual report 2020/21
14 December	Annual general meeting

Proposals to the AGM

Ambu is developing positively with a strong pipeline of products, a stable development in net interest bearing debt and a high equity ratio. Therefore, the Board of Directors recommends that Ambu continues to pursue a balanced dividend policy, distributing approx. 30% of the net profit for the year, but also that the dividend policy is regularly reviewed if necessary investments or potential acquisitions emerge which may significantly impact Ambu's financial position.

The Board of Directors therefore proposes to the annual general meeting that dividend of DKK 0.29 (DKK 0.38) be paid per share for 2019/20, corresponding to 30% (30%) of the net profit. The proposed dividend for the year equates to a 24% decrease compared to last year, and the Board of Directors considers this level reasonable in view of Ambu's financial resources and the expected results in the coming financial year. The Board of Directors proposes that the net profit for the year of DKK 241m be appropriated as follows (DKKm):

Dividend of DKK 0.29 per share	73
Retained earnings	168
Total	**241**

Payment of the dividend will be affected automatically via VP SECURITIES A/S immediately after the annual general meeting. Moreover, the Board of Directors proposes to the annual general meeting:

- that the Board of Directors is authorized to resolve that the Company's general meetings solely shall be held electronically without any physical attendance.

The agenda for the annual general meeting with annexes is expected to be announced on Friday 13 November 2020. Shareholders can download material at www.ambu.com/AGM. The annual general meeting will be held on Wednesday 9 December 2020 at 15.00 at Ambu's HQ, Baltorpbakken 13, DK-2750 Ballerup. Due to the COVID-19 situation and in respect of the Danish authorities' recommendations, we *strongly encourage* all shareholders to vote by proxy or by post and follow the annual general meeting online at www.ambu.com/AGM rather than to attend in person.

Sustainability

Sustainability is anchored as one of the four pillars in our strategy: Grow sustainably, for our people and our planet.

During 2019/20, Ambu established a Sustainability & ESG department, signed up as a signatory with the UN Global Compact and started working strategically with the UN Sustainable Development Goals.

We are in the process of establishing a five-year overview of a range of ESG indicators. For some of the indicators, high-quality data and five years of history are available, while for other indicators the available data goes back only a few years, or the quality of the early data needs to be improved.

We believe there is value in working with the establishment of the indicators in their current form and developing from here by strengthening our data registration, collection and controls and setting further targets for relevant indicators as we move forward.

The following pages contain highlights, however, for more information about our work with sustainability – including interviews with employees who talk about their contribution to the way we conduct our business in a sustainable and compliant manner – we refer to our Sustainability report 2019/20. Find it at www.ambu.com/reports.

Our sustainability targets are listed at the bottom of the page. In addition, we are committed to:

- Phasing-in new sustainable plastic technologies
- Engaging in partnerships in relation to waste and take-back of products at hospitals.

Our targets and our commitments are the result of our engagement with stakeholders and of having worked to understand their expectations on sustainability and aligned them with our business strategy.

8 DECENT WORK AND ECONOMIC GROWTH

We will actively contribute to sub-goal **8.4**: *Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.*

Governance of sustainability and ESG
To succeed in our sustainability endeavours, top-level commitment and representation across lines of business is crucial. Consequently, we have a Sustainability Steering Committee consisting of Executive Vice Presidents and Vice Presidents representing Finance, Innovation, Global Operations, Sales, Human Resources, Investor Relations and Legal as well as our Corporate Business Ethics & Compliance Officer. The Director of ESG and the steering committee meet monthly to make sure that ESG activities and targets are anchored and executed across Ambu's functions and operations. Our CEO and CFO approve policies, reporting and selected processes.

100% phthalate-free products
As a result of many years of dedicated work and collaboration, and due to the prioritizing of safety, reduction of risk and the development of better products for our patients and healthcare professionals, we have successfully reached our ambition of substituting phthalates in our entire product portfolio.

As of 1 October 2020, Ambu no longer manufactures products containing phthalates. Stocks of products containing phthalates will still be held, both by Ambu and by our customers, but manufacturing has stopped with regard to all existing products and future products.

Our sustainability targets are

100% **phthalate-free** products by 2020

Completed

95% of new products released after 2025 to be **PVC-free**

On track

100% **recyclable, reusable or compostable** packaging applied by 2025*

*If suitable solution and/or technology exists

Initiated

Work towards reducing our **carbon emissions** by 50% by 2025 compared to 2019 baseline

Initiated

40% **female managers** in 2023 (managers meaning employees with HR responsibilities)

Almost there

We actively contribute to sub-goal **3.9**: *By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination*.

PVC-free products
We are working towards our target that 95% of the products we launch by 2025 will be PVC-free. In 2019/20, we substituted the PVC in our electrode for neonates making this a PVC-free product.

We will continue to explore new ways of minimizing the use of PVC in our products and bringing more PVC-free products to market in the coming years.

We actively contribute to sub-goal **12.4**: *By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.*

Responsible packaging
Our target is 100% recyclable, reusable or compostable packaging by 2025, if a suitable solution and/or technology exists. The mapping of our packaging material and packaging solutions is ongoing. The mapping requires a systematic approach to reach the degree of detail we need to establish a baseline.

Our approach consists of three areas of action:

- **Mapping of existing packaging** material down to material type, volumes, whether it is reusable, recyclable or compostable, and how much recycled material it contains.
- Responsible packaging is **one focus area out of six** in our innovation process (see bottom of page 44), and thus implemented in our circular design guide for sustainable innovation.
- A **global modular team** is mapping packaging solutions and is engaged in developing the best sustainable design for packaging.

We actively contribute to sub-goal **12.5**: *By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.*

CO_2 emissions and renewable energy

	2019/20	2018/19
CO_2e per ton manufactured products	1.90	1.96

In October 2019, we signed an agreement to install solar panels on the roof of our manufacturing site in Penang, Malaysia. The panels are expected to generate approx. 1,300 MWh of electricity a year, approx. 10% of the electricity used. As of September 2020, the panels have been installed, supplying renewable energy for our manufacturing site.

We contribute to **SDG 7** by sourcing some of our operational electricity needs from renewable sources.

We are looking into different ways of further reducing our carbon emissions and reaching our target of 50% green energy in 2025 compared to our 2018/19 baseline.

New sustainable plastic technologies
Our approach to finding new sustainable plastic technologies can be divided into three steps:

1. Define what 'sustainable plastic technologies' means in the context of Ambu being a medtech company.

   The sustainable plastics technologies must comply with biosafety and quality requirements. Biobased plastics and recycled content are of special concern, as we have an obligation to our users that the materials are safe to use.

2. Map the materials in our products to understand where we may be able to rethink the materials and how they are used in the design for upcoming projects.
3. Screen and test the feasibility of the new technologies from a technical, environmental and economic point of view.

Engaging in partnerships
In alignment with our own wishes and the wishes of our stakeholders for increased circularity of materials and products we seek to engage in helping hospitals recycle our products after use. The reality is, though, that hospital waste in general is regulated throughout the world to minimize the risk of contamination. In the EU, for example, medical devices which come in contact with bodily fluids must be handled as hazardous waste, and the waste directive states that it must be burned. The regulation is understandable when considering the risk of contamination but is a major barrier for recycling of the high-quality materials medical devices are made of.

We will continue to explore possibilities for recycling medical devices both through exerting our influence and in our practice.

Take-back system
Ambu has entered into an agreement with Sharps Compliance in the USA. Sharps Compliance facilitates collection containers for Ambu's single-use duodenoscopes and all items necessary to properly package containers for DOT-compliant shipping.

Upon receipt, Sharps Compliance ensures that batteries and electronics are recovered and processed by certified recyclers. Plastics are treated through the Sharps Compliance patented waste conversion process to generate electricity.

Female managers
Ambu will continuously work to increase the share of the underrepresented gender at all management levels to meet our target of 40% female managers in 2023.

Gender diversity female/total (%)	2019/20	2018/19	2017/18
All employees	60%	58%	57%
Managers, WC*	36%	37%	37%
All managers, WC*, IBC, BC	41%	43%	42%
Executive leadership team**	25%	–	–

*WC: White-collar, IBC: Indirect blue-collar, BC: Blue-collar.
** The executive leadership team was established 1 January 2020.

Looking at all managers, and not only white-collar managers, Ambu has reached our target of 40% female managers. Ambu will continue to work to increase gender diversity within the executive leadership team.

Sustainable innovation by circular design
R&D focus areas

Healthy substances
Reassure the use of chemicals when choosing materials to avoid exposure to substances of concern and enable safe cycling.

Circular packaging & logistics
Rethink packaging and the way we ship our products from suppliers to customers and cycling beyond end-of-life.

Green materials innovation
Rethink the way we enable cycling of greener materials in our parts and our products.

Manufacturing cascades
Reduce and recirculate materials, energy and water from side streams of our processes to make more from less through cascaded use.

Circular product design
Redefine the product structure to keep the materials at the highest possible value at all times enabling cycling by design.

System innovation
Reconfigure the system through pilots and partnerships to achieve actual take-back and recycling in key regional markets.

ESG data summary

	2019/20	2018/19*	2017/18	2016/17	2015/16
Environmental indicators					
CO_2e, Scope 1 (metric tonnes)	957	944	845	842	1,337
CO_2e, Scope 2 (metric tonnes)	18,249	17,141	13,768	14,899	14,886
CO_2e per ton manufactured products (metric tonnes/ton)	1.90	1.96	1.65	1.78	2.06
CO_2e related to revenue (metric tonnes/DKKm)	5.38	6.41	5.61	6.68	7.78
Energy consumption (GJ)	138,411	130,849	107,185	113,072	118,681
Renewable energy share (%)	0.13	0.05	–	–	–
Water consumption (m3)	123,115	129,958	101,142	116,233	100,007
Waste (metric tonnes)	2,276	1,661	1,226	1,426	1,382
Waste recycled (%)	41	57	70	65	59
Social indicators					
Number of full-time employees at end of year	4,187	3,108	2,795	2,607	2,450
Average number of employees	3,617	2,957	2,712	2,503	2,337
Gender – female/total (%)	60	58	57	57	58
Gender – female white-collar managers/all white-collar managers (%)	36	37	37	37	40
Gender – female managers/all managers (%)	41	43	42	–	–
Gender – female executives/executive leadership team (%)	25	–	–	–	–
Gender pay ratio, white-collar employees (times)	1.44	–	–	–	–
Gender pay ratio, indirect blue-collar employees (times)	1.18	–	–	–	–
Gender pay ratio, blue-collar employees (times)	0.97	–	–	–	–
Employee turnover rate, white-collar employees (%)	10	13	11	–	–
Employee turnover rate, all employees (%)	11	13	15	–	–
Sickness absence (%)	1.46	1.51	1.50	–	–
Sickness absence (days per employee)	2.86	3.19	3.21	–	–
Fatalities (number)	0	0	0	0	0
Lost-time incident frequency (number of incidents with lost time per million hours worked)	1.44	1.32	–	–	–
Governance indicators					
Gender – female members of the Board of Directors (%)	17	0	0	–	–
Board meeting attendance rate (%)	95	100	97	–	–

Accounting policies can be found in our Sustainability report 2019/20.
* In 2018/19, scope was changed for environmental indicators including HQ operations, resulting in a slight increase in numbers. Theincrease seen in the environmental indicators was primarily related to increased production.

Consolidated financial statements 2019/20

Ambu® BlueSensor™ electrodes are used by cardiology professionals to diagnose heart conditions. A common use of electrodes is for ECGs (electrocardiograms) which help determine if the patient's heart beats irregularly and whether the heart gets enough oxygen.

Income statement and statement of comprehensive income

1 October – 30 September

DKKm

Income statement	Note	2019/20	2018/19
Revenue	2.2	3,567	2,820
Production costs	2.3, 2.4	-1,355	-1,183
Gross profit		**2,212**	**1,637**
Selling and distribution costs	2.3, 2.4	-1,228	-762
Development costs	2.3, 2.4	-157	-103
Management and administration	2.3, 2.4	-399	-292
Operating profit (EBIT) before special items		**428**	**480**
Special items	2.3, 2.5	0	-174
Operating profit (EBIT)		**428**	**306**
Financial income	4.3	3	140
Financial expenses	4.3	-109	-33
Profit before tax		**322**	**413**
Tax on profit for the year	2.7	-81	-96
Net profit for the year		**241**	**317**
Earnings per share in DKK			
Earnings per share (EPS)	2.9	0.98	1.30
Diluted earnings per share (EPS-D)	2.9	0.97	1.28

Statement of comprehensive income	2019/20	2018/19
Net profit for the year	241	317
Other comprehensive income:		
Items which are moved to the income statement under certain conditions:		
Translation adjustment in foreign subsidiaries	-81	65
Other comprehensive income after tax	**-81**	**65**
Comprehensive income for the year	**160**	**382**

Balance sheet

30 September

DKKm

Assets	Note	30.09.20	30.09.19
Goodwill	3.1	1,497	1,547
Acquired technologies, trademarks and customer relations	3.2	445	134
Acquired technologies in progress	3.2	324	661
Completed development projects	3.2	304	161
Development projects in progress	3.2	319	229
Rights	3.2	46	57
Intangible assets		**2,935**	**2,789**
Land and buildings	3.3, 3.4	342	290
Plant and machinery	3.3	133	114
Other fittings and equipment	3.3, 3.4	128	58
Property, plant and equipment in progress	3.3	61	59
Property, plant and equipment		**664**	**521**
Deferred tax asset	2.8	90	87
Other non-current assets		**90**	**87**
Total non-current assets		**3,689**	**3,397**
Inventories	3.5	515	506
Trade receivables	3.6, 4.2	521	474
Other receivables	4.2	32	16
Income tax receivable		11	5
Prepayments		60	40
Cash	4.2, 4.4	98	120
Total current assets		**1,237**	**1,161**
Total assets		**4,926**	**4,558**

Equity and liabilities	Note	30.09.20	30.09.19
Share capital	4.5	126	126
Other reserves		2,246	2,056
Equity		**2,372**	**2,182**
Deferred tax	2.8	81	66
Provisions	4.2, 5.1	32	38
Contingent consideration	4.2, 5.2	0	114
Interest-bearing debt	4.2, 4.4	1,401	1,151
Non-current liabilities		**1,514**	**1,369**
Provisions	4.2, 5.1	9	5
Contingent consideration	4.2, 5.2	426	264
Interest-bearing debt	4.2, 4.4	43	4
Trade payables	4.2	259	266
Income tax		8	72
Other payables	4.2	288	383
Derivative financial instruments	4.2	7	13
Current liabilities		**1,040**	**1,007**
Total liabilities		**2,554**	**2,376**
Total equity and liabilities		**4,926**	**4,558**

Cash flow statement

1 October – 30 September

DKKm

	Note	2019/20	2018/19
Operating profit (EBIT)		428	306
Adjustment of items with no cash flow effect	3.7	200	121
Changes in net working capital	3.8	-203	170
Interest expenses and similar items		-28	-20
Income tax paid		-102	-44
Cash flow from operating activities		**295**	**533**
Investments in intangible assets		-284	-159
Investments in tangible assets		-144	-100
Cash flow from investing activities before acquisitions of enterprises and technology		-428	-259
Free cash flow before acquisitions of enterprises and technology		**-133**	**274**
Acquisition of technology	5.1	-2	-2
Cash flow from acquisitions of enterprises and technology		-2	-2
Cash flow from investing activities		**-430**	**-261**
Free cash flow after acquisitions of enterprises and technology		**-135**	**272**
Raising of long-term debt	4.6	325	75
Repayment of debt to credit institutions	4.6	-150	-225
Repayment in respect of lease liability	4.6	-32	-8
Exercise of options		19	17
Sale of treasury shares, employee share programme		9	7
Dividend paid		-96	-101
Dividend, treasury shares		2	3
Capital increase, Class B share capital		37	16
Cash flow from financing activities		**114**	**-216**
Changes in cash and cash equivalents		**-21**	**56**
Cash and cash equivalents, beginning of year		120	63
Translation adjustment of cash and cash equivalents		-1	1
Cash and cash equivalents, end of year		**98**	**120**
Cash and cash equivalents, end of year, are composed as follows:			
Cash		98	120
Bank debt		0	0
Cash and cash equivalents, end of year		**98**	**120**

Statement of changes in equity

1 October – 30 September

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 year				168	73	241
Other comprehensive income for the year			-81			-81
Total comprehensive income	**0**	**0**	**-81**	**168**	**73**	**160**
Transactions with the owners:						
Share-based payment				19		19
Tax deduction relating to share options				40		40
Exercise of options				19		19
Sale of treasury shares, employee share programme				9		9
Distributed dividend					-94	-94
Dividend, treasury shares				2	-2	0
Share capital increase, warrants				37		37
Equity 30 September 2020	**126**	**0**	**73**	**2,100**	**73**	**2,372**

Equity 1 October 2018	**126**	**0**	**89**	**1,566**	**101**	**1,882**
Net profit for the year				221	96	317
Other comprehensive income for the year			65			65
Total comprehensive income	**0**	**0**	**65**	**221**	**96**	**382**
Transactions with the owners:						
Share-based payment				12		12
Tax deduction relating to share options				-36		-36
Exercise of options				17		17
Sale of treasury shares, employee share programme				7		7
Distributed dividend					-98	-98
Dividend, treasury shares				3	-3	0
Share capital increase, warrants				16		16
Equity 30 September 2019	**126**	**0**	**154**	**1,806**	**96**	**2,182**

Other reserves are made up of share premium, reserve for hedging transactions, reserve for foreign currency translation adjustment, retained earnings and proposed dividend and total DKK 2,246m (2019: DKK 2,056m).

Notes on the consolidated financial statements

Sections 1-5

Section 1: Basis of preparation of consolidated financial statements

Section 2: Net profit for the year

Section 3: Invested capital and net working capital

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

Section 5: Provisions, other liabilities etc.

Section 1:

Basis of preparation of consolidated financial statements

This section provides an overview of the accounting policies applied as well as material estimates and assessments by the management.

All the companies in the Ambu group follow the same accounting policies, and the basic practice is described in this section. The specific accounting policies are included under the respective notes in Sections 2-5.

Basis of preparation of consolidated financial statements

Notes on the consolidated financial statements – Section 1

1.1 Basis of preparation

The group's general accounting policies are described below. In connection with this, specific accounting policies have been incorporated into each of the individual notes to the consolidated financial statements:

2.1 Segment information	3.1 Goodwill	4.3 Net financials
2.2 Revenue	3.2 Other intangible assets	4.5 Share capital and treasury shares
2.3 Staff costs	3.3 Property, plant and equipment	5.1 Provisions
2.5 Special items	3.4 Leases	5.2 Contingent consideration
2.7 Income taxes	3.5 Inventories	5.3 Share-based payment
2.8 Deferred tax	3.6 Trade receivables	5.9 Adoption of the annual report etc.
2.9 Earnings per share	4.2 Financial instruments	5.10 Key figure and ratio definitions

General

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the EU and additional requirements in the Danish Financial Statements Act. The group's ultimate parent company, Ambu A/S, is a public limited company domiciled in Denmark.

The financial statements of the parent company, Ambu A/S, are presented separately from the consolidated financial statements and can be found on the last pages of this report. The parent company's separate accounting policies are shown in conjunction with the financial statements of the parent company.

The accounting policies described below have been applied consistently in the preparation of the consolidated financial statements in the years presented. The accounting policies have been applied consistently with previous years, except for the changes described in note 1.2.

Basis of measurement

The consolidated financial statements are presented in Danish kroner (DKK), which is also Ambu A/S' functional currency. All amounts are rounded to the nearest million, unless otherwise stated.

The annual report has been prepared in accordance with the historical cost principle, except for derivative financial instruments and contingent consideration for business combinations, which are measured at fair value.

Definition of materiality

The consolidated financial statements represent matters that have been deemed to be material or required under the IFRS provisions or additional requirements in the Danish Financial Statements Act.

Ambu includes qualitative and quantitative factors when assessing whether a relationship is material. If the presentation or disclosure of a matter does not increase the informative value for the person reading the financial statements, the matter is deemed to be immaterial.

Material accounting estimates

In connection with the preparation of the consolidated financial statements, the management makes material 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.

The estimates made are based on assumptions deemed to be reasonable by the management, but which are naturally subject to uncertainty. Such assumptions may be incomplete or inaccurate, and unexpected events or incidents may occur. Furthermore, the company is subject to risks and uncertainties which may cause the realised results to deviate from the estimates.

Information about material estimates, assessments and assumptions applied where a change will significantly impact the consolidated financial statements is included in the following notes:

2.2 Revenue	3.2 Other intangible assets

Principles of consolidation

The consolidated financial statements comprise Ambu A/S and companies in which Ambu A/S has a controlling interest. Control is deemed to be obtained if Ambu A/S owns more than 50% of the voting rights, or if Ambu A/S in any other way has a controlling interest in the company.

The subsidiaries' financial statements are adjusted if necessary to ensure that their accounting policies are consistent with those of the rest of the group. All intercompany transactions, balances, income and expenses are fully eliminated on consolidation.

1.1 Basis of preparation (continued)

Foreign currency translation

A functional currency is determined for each company in the Ambu group. The functional currency is the currency used in the primary economic environment in which the individual subsidiary operates.

Transactions in foreign currencies are translated to the functional currency using the exchange rate applicable at the transaction date. Foreign exchange gains and losses in connection with the settlement of these transactions and the translation of monetary assets and liabilities in foreign currencies at the exchange rates applicable at the balance sheet date are recognized in the income statement under net financials.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and the exchange rate applicable at the date on which the receivable or payable occurred or the exchange rate stated in the most recent annual report is recognized in the income statement under net financials.

The financial statements of foreign subsidiaries are translated to Danish kroner at the exchange rates for balance sheet items applicable at the balance sheet date and at average exchange rates as far as income statement items are concerned. Exchange rate differences arising from the translation of the net assets of such subsidiaries at the beginning of the year using the exchange rates applicable at the balance sheet date and the translation of income statement items from the exchange rates applicable at the transaction date to the exchange rates applicable at the balance sheet date are recognized in other comprehensive income and presented as a separate reserve for foreign currency translation adjustments under equity.

New accounting regulation

The group has adopted all relevant new and updated accounting standards issued by the IASB effective as at 1 October 2019. The effect of the adoption of IFRS 16 'Leases' on Ambu's consolidated financial statements is presented in note 1.2.

Standards not yet adopted

Other relevant standards and interpretations adopted by the IASB, but not yet in force in the EU, have not been incorporated into this annual report. These standards and interpretations are expected to be adopted when they become mandatory.

Presentation of income statement

Income and expenses are recognized according to the accruals concept. The income statement is presented by functions where the respective cost impacts the function to which the cost is deemed to relate. The group's functions are divided into production, sales and distribution, development, as well as management and administration.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Production costs include direct and indirect costs for raw materials and consumables, freight costs incurred in connection with the purchase of commodities etc., production wages and salaries for support functions and factory management, as well as depreciation and impairment of plant and depreciation of leases.

Selling and distribution costs

Selling and distribution costs comprise costs for sales staff, advertising and exhibitions, depreciation, impairment and operation of central warehouses, as well as all costs relating to the transport of goods from the group's factories to the customers. In addition, amortization of the identified intangible assets acquired by the company is recognized: customer relations and trademarks.

Development costs

Development costs comprise salaries and costs which, directly or indirectly, can be attributed to product improvements and the development of new products which do not meet the criteria for capitalization of an internally generated development project. In addition, the amortization and impairment of capitalized development costs as well as amortization of rights and acquired technologies are recognized.

Management and administrative expenses

Administrative expenses comprise expenses incurred for management and administration, including expenses for the administrative staff, office premises and office expenses, as well as amortization and impairment, and depreciation of leases.

Presentation of balance sheet

Prepayments

Prepayments recognized under assets comprise costs incurred in respect of the coming financial year measured at cost.

Equity

Reserve for foreign currency translation adjustments in the consolidated financial statements comprises exchange rate differences arising from the translation of the financial statements of foreign subsidiaries to DKK as well as foreign currency translation adjustments of intercompany balances regarded as a supplement to the net investment in foreign subsidiaries.

Basis of preparation of consolidated financial statements

Notes on the consolidated financial statements – Section 1

1.1 Basis of preparation (continued)

Business combinations

Newly acquired enterprises are included in the consolidated financial statements as from the date of acquisition. Comparative figures are not restated for newly acquired enterprises. In connection with the acquisition of new enterprises in which Ambu obtains a controlling influence, the purchase method is applied. The identifiable assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognized, provided that such assets can be recognized separately or originate from a contractual right and the fair value can be measured reliably. Deferred tax on the revaluations made is recognized. The date of acquisition is the date when Ambu obtains actual control over the acquired enterprise.

For business combinations, the positive balances (goodwill) between the cost of the enterprise and the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognized as goodwill under intangible assets. The cost of the enterprise is made up of the fair value of the agreed consideration, including any contingent consideration. Goodwill is not amortized, but is subject to an annual impairment test. The first impairment test is carried out at the end of the year of acquisition. Upon acquisition, goodwill is attributed to the cash-generating units, which will subsequently form the basis of an impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with another functional currency than DKK are treated as assets and liabilities of the foreign entity and are translated to the functional currency of such entity using the exchange rate applicable at the transaction date. Transaction costs incurred in connection with business combinations are expensed.

Cash flow statement

The cash flow statement has been prepared on the basis of the indirect method and shows the group’s cash flows from operating, investing and financing activities for the year. Cash flow from operating activities comprises operating profit (EBIT) adjusted for non-cash operating items, changes in net working capital, net financials received and paid and income tax paid. Cash flow from investing activities comprises payments made in connection with the acquisition and disposal of enterprises and activities, as well as investment, development, sale and improvements of intangible assets and property, plant and equipment.

The conclusion of leases is considered to be non-cash transactions. Cash flows relating to assets held under leases are recognized as payment of interest and repayment of debt. Cash flow from financing activities comprise changes to the size or composition of share capital and costs incidental thereto as well as the arrangement of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividend to the group’s shareholders.

Cash flows denominated in currencies other than Danish kroner (DKK) are translated using average exchange rates, unless such rates deviate materially from the exchange rates applicable at the transaction date.

Cash and cash equivalents comprise cash less short-term bank debt, alternating between positive and negative balances.

1.2 Changes in accounting policies

The former accounting standard on leases IAS 17 segregated lessee's lease liabilities in operating and financial leases. The new IFRS 16 'Leases' does only regard lessee's lease liabilities as financial 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.

A reconciliation of operating lease commitments at 30 September 2019 as disclosed in the Annual report 2018/19 and the balance sheet effect on 1 October 2019 on the day of adopting IFRS 16:

Operating lease commitments 30 September 2019	67
Discounted using the Group's incremental borrowing rate at the date of IFRS 16 adoption	-4
Adjustments as a result of a different treatment of extension and termination options	-6
Short-term and low-value leases not recognised as an expense on a straight-line basis	0
Lease liability recognized as an effect of IFRS 16	**57**

According to the prior accounting standard on leases, IAS 17, operating lease costs were expensed in the Profit and Loss statement. Following the adoption of IFRS 16, such operating lease costs are now split in a depreciation charge of the right-of-use assets and a lease interest taken to financial items. Regarding the impact of free cash flow before acquisitions, operating lease payments were previously classified as Cash Flow from Operating Activities (CFFO). With the adoption of IFRS 16, lease installments are now presented as Cash Flow from Financing Activities (CFFI) whereas the effect from interests remain classified as CFFO.

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

How the IFRS 16 adoption has affected the Group's consolidated financial statements for 2019/20:

Assets	**Previous accounting policy**	**Effect of IFRS 16**	**New accounting policy**
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**

Impact on the Group's consolidated income statement is a relief for the operating cost of DKK 30m which is replaced by an increased depreciation charge of DKK 29m and an interest lease expense of DKK 2m. The net effect is a DKK 30m higher EBITDA with EBIT and net profit being DKK 1m higher. Cash flow before acquisitions is improved by DKK 28m following the reclassification of lease installments per above. Over time net profit is unchanged.

Section 2:
Net profit for the year

This section contains notes relating to the net profit for the year from the group's activities.

In 2019/20, Ambu reported EBIT before special items of DKK 428m (DKK 480m), corresponding to a margin of 12.0%, down 5.0 percentage points from last year's EBIT margin before special items of 17.0%.

This year's absolute EBIT before special items decrease of 11% to DKK 428m is primarily ascribable to our dedicated investments in human capital. During 2019/20, we onboarded more than 1,000 employees, causing staff costs to increase by DKK 410m over last year. Total capacity costs relative to revenue are up 9 percentage points at 50%, or DKK 627m at DKK 1,784m. These underlying investments in capacity costs are in line with our strategy to build commercial infrastructure and capabilities at a rapid pace to support future growth.

Net financials were a net expense of DKK 106m, impacted by non-cash fair value adjustments of deferred contingent payments relating to the acquisition of Invendo Medical GmbH in the amount of DKK 48m and interest on bank and lease liabilities of DKK 28m.

The effective tax rate was 25.2%, and profit for the year was DKK 241m, corresponding to a profit margin of 7% (11%).

Organic growth	Gross margin	Rate of cost
26%	62.0%	50%
DKK 3,567m	+4.0 percentage points	+9 percentage points

EBITDA before s. i.	EBIT before s. i.	Special items
DKK 609m	DKK 428m	DKK 0m
+3%	-12%	DKK 174m

Net financials	Effective tax rate	Profit for the year
DKK -106m	25.2%	DKK 241m
DKK +107m	+2.0 percentage points	-24%

DKKm

2.1 Segment information

Segment reporting
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.

The Group operates in three geographical regions: Europe (including Denmark), North America and Rest of World. From a revenue perspective, the US is the single largest market, contributing approx. 44% of the Group's revenue (2018/19: Approx. 43%). The geographical distribution of revenue is based on the country in which the goods are delivered. Refer to note 2.2 for breakdown of revenue on geography. The majority of the Group's intangible and tangible assets are located in Denmark as the parent company owns the Group's intellectual property rights. Employed assets shown below in North America and Rest of World primarily relates to the Group's production facilities. The management monitors goodwill as a whole, and goodwill is thus not allocated to geographical areas.

	Denmark	North America	Europe	Rest of World	Total
Intangible and tangible assets less goodwill by geography:					
2019/20	1,565	171	56	310	**2,102**
2018/19	1,317	169	8	269	**1,763**

2.2 Revenue

	2019/20	2018/19
Visualization	1,711	941
Anaesthesia	1,060	991
Patient Monitoring & Diagnostics	796	888
Total revenue by activities	**3,567**	**2,820**
North America[1]	1,594	1,266
Europe[2]	1,551	1,176
Rest of World	422	378
Total revenue by markets	**3,567**	**2,820**

[1]North America essentially covers sales to customers in the USA.
[2]Denmark is included in Europe by DKK 49m (2018/19: DKK 43m).

Delivery and payment terms
The Group's primary performance obligation is the sale and delivery of medico products to customers. The performance obligation is fulfilled when the risk of the goods is passed to the buyer, which most often occurs at delivery at the customer's address. Due to the Group's focus on disposable devices, the Group is not subject to any material guarantee obligations and customers are not entitled to return unused goods.

The Group's customers have payment terms that reflect the market in which the sale takes place, which varies from 15 to 360 days. For the majority of sales payment terms are 15-60 days. Historically, the Group has not experienced any major losses on trade receivables. In the midst of the COVID-19 pandemic, management expects credit losses to materialize. Refer to note 3.6 and note 4.1.

§ Accounting policies
Revenue from the sale of goods is recognized in the income statement when all performance obligations have been fulfilled. Revenue is measured at the fair value of the agreed consideration, exclusive of VAT and taxes collected on behalf of a third party. At the time of recognition of income, a number of price adjustments are also estimated. These are recognized as a reduction to revenue.

! Material accounting estimates
Price adjustments
Price adjustments are offset against trade receivables and primarily concern sales in the USA. Price adjustments in the US market are subject to estimation uncertainty as the actual price adjustment is not determined until the dealer's sale to the end-customer (hospitals, clinics etc.). Price adjustments are the difference between the price agreed with the end-customer and the dealer's list price. Price adjustments in the amount of DKK 43m (2019: DKK 41m) were recognized.

DKKm

2.3 Staff costs

The staff costs of the group are distributed onto the respective functions as follows:

	2019/20	2018/19
Production costs	294	269
Selling and distribution costs	708	392
Development costs	32	24
Management and administration	195	149
Special items	0	27
Total staff expenses	**1,229**	**861**
Staff costs included in intangible assets	107	69
Staff costs included in property, plant and equipment	14	10
Total staff costs	**1,350**	**940**

Staff costs are distributed between the Executive Board, the Board of Directors and other employees as follows:

	2019/20	2018/19
Remuneration, Executive Board	24	17
Share-based payment	8	-3
Termination costs cf. note 2.5	0	25
Staff costs, Executive Board	**32**	**39**
Wages and salaries	1,166	794
Pension contributions	41	28
Social security costs	90	66
Share-based payment	17	9
Remuneration, Board of Directors	4	4
Total staff costs	**1,350**	**940**
Average number of employees	3,617	2,957
Number of full-time employees at the end of the year	4,187	3,108

Remuneration and termination costs to the Executive Board and the Board of Directors totalled DKK 36m (2018/19: DKK 43m).

§ Accounting policies
Staff costs comprise remuneration, wages and salaries, pension contributions etc. and share-based payment to the company’s employees incl. severance costs. The group has no defined benefit plans.

DKKm

2.4 Depreciation, amortization and impairment losses on non-current assets

	2019/20	2018/19
Amortization of intangible assets identified in connection with business combinations	22	16
Amortization of intangible development projects and rights	61	42
Depreciation of property, plant and equipment	88	47
Impairment losses on non-current assets	10	4
Total depreciation, amortization and impairment losses	**181**	**109**

Depreciation, amortization and impairment losses have been allocated to the following functions:

	2019/20	2018/19
Production costs	39	35
Selling and distribution costs	21	2
Development costs	91	58
Management and administration	30	14
Total depreciation, amortization and impairment losses	**181**	**109**

§ Accounting policies
For a description of accounting policies, reference is made to notes 3.1, 3.2 and 3.3.

2.5 Special items

	2019/20	2018/19
Termination costs CEO, remuneration	0	18
Termination costs CEO, share-based payments	0	7
Compensation distributor	0	136
Other severance and strategy-related costs	0	13
Total special items	**0**	**174**

§ Accounting policies
Special items comprise items that in nature are special and non-recurring in relation to the Group's ordinary operating activities, including significant termination costs to members of the Executive Board and compensation to distributors for transitioning of contracts.

2.6 Financial risks from operating activities

Foreign currency risks
The largest part of Ambu's revenue, production costs and capacity costs is invoiced and paid in foreign currencies, and all assets and liabilities in the subsidiaries' balance sheets are denominated in foreign currency. As a consequence, fluctuations in these exchange rates against DKK might impact Ambu's financial position and results. The most important exchange rates are USD, MYR, CNY and GBP (collectively referred to as 'main currencies').

Sensitivity analysis
The following table shows the impact on the group's net profit in the event of a 10% fluctuation in the main currencies relative to the recognized financial instruments. The development of 10% constitutes the management's assessment of a realistic exchange rate development within the main currencies. The financial instruments comprised by the sensitivity analysis include trade receivables, cash, payables, trade payables and intercompany balances.

	Decrease of 10% in main currencies		Increase of 10% in main currencies	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Income statement	-46	-76	46	76
Other comprehensive income	0	0	0	0
	-46	**-76**	**46**	**76**

Hedging of expected future transactions
Interest rate swaps have been entered into to hedge the group's partial debt to credit institutions, converting floating-rate debt into fixed-rate debt. The below DKK 500m interest rate swap is currently not considered an effective cash flow hedge from an IFRS 9 perspective and consequently fair value adjustments are taken to financials. Refer to note 4.1 and note 4.2.

	Contract value		Fair value	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Interest rate swaps:				
Interest rate swap, DKK 500m, floating to fixed rate, maturity 1 March 2022	500	500	-7	-13
Total financial liabilities	**500**	**500**	**-7**	**-13**

2.7 Income taxes

Ambu develops, manufactures and sells devices to hospitals and rescue services all over the world through its own companies or in collaboration with third parties. This naturally leads to cross-border transactions. In order to counter the inherent tax risk associated with being a multinational company, Ambu follows the OECD's transfer pricing principles and general guidelines. Even though Ambu operates in OECD member countries, a tax risk still exists given the fact that applicable principles and guidelines are, to some extent, subject to interpretation by the member countries and that applicable case law is not always clear and changes over time.

Tax risks
To counter any future tax disputes and disagreements with the authorities, the management makes estimates and assessments of the group's tax exposure and, on the basis thereof, makes a provision for uncertain tax positions. Even though the management considers this provision to be sufficient, future liabilities may deviate therefrom.

	2019/20	2018/19
Tax for the year comprises:		
Current tax on profit for the year	55	73
Deferred tax on profit for the year	25	24
Adjustment, previous years	1	-1
Tax on profit for the year	**81**	**96**
Tax on other comprehensive income and entries on equity for the year	-40	36
Total income taxes for the year	**41**	**132**

	2019/20	2018/19
Tax on profit for the year comprises (%):		
Applicable tax rate on profit for the year in Parent company	22.0	22.0
Effect of tax rate in foreign subsidiaries	2.3	2.4
Income not subject to tax	-0.6	-0.5
Non-deductible costs	2.1	2.1
Value adjustment of contingent consideration	3.1	-1.5
Tax adjustment in respect of previous years	0.3	-0.2
Tax credits	-3.2	-0.2
Utilization of tax assets not previously recognized	-0.8	-0.9
Average effective tax rate (tax expense divided by profit before tax)	**25.2**	**23.2**

§ Accounting policies
The tax for the year, which consists of current tax and changes in deferred tax, is recognized in the income statement with the portion attributable to the profit for the year, and in equity with the portion attributable to amounts recognized directly in other comprehensive income. The tax effect of share-based payment is included in tax on profit for the year with the portion attributable to the group's deductible share of the cost from the Black-Scholes or other applied valuation model, and the remaining tax effect being included in equity. Tax is provided on the basis of the tax rules and tax rates applicable in the individual countries.

2.8 Deferred tax

	30.09.20	30.09.19
Deferred tax at 1 October	-21	-114
Currency translation adjustment	4	-4
Deferred tax on share-based payment recognized in equity	-18	77
Deferred tax for the year recognized in the income statement	25	24
Change in respect of previous years	1	-4
Deferred tax at 30 September	**-9**	**-21**
Deferred tax relates to:		
Intangible assets	297	239
Property, plant and equipment	16	15
Current assets	-55	-58
Deferred tax on share-based payment recognized in equity	4	-16
Provisions	-5	-2
Payables	-21	-5
Tax loss carry-forwards	-245	-194
	-9	**-21**
Classified in the balance sheet as follows:		
Deferred tax asset	-90	-87
Deferred tax	81	66
	-9	**-21**
Deferred tax falling due within 12 months	-81	-65

Tax losses in the group
In recognising tax loss carry-forwards in Denmark, the management has assessed whether convincing evidence was present as the Group has a history of recent losses in Denmark, which is due to high investment levels and tax deductibility of employees' share-based payments.

As shown in the table below, tax loss carry-forwards of DKK 245m were recognized in 2019/20 (2019: DKK 194m) of which DKK 206m is tax loss carry-forwards in Denmark. The tax loss carry-forwards are recognized on the basis of budgets, strategy plans for the individual activities approved by the management incl. tax planning opportunities that will advance the taxable profit. Estimates and assessments of future taxable income are thus consistent with the basis for the impairment tests and the measurement of contingent consideration carried out.

	30.09.20	30.09.19
Recognized tax loss carry-forwards, by jurisdiction:		
Denmark	206	119
USA	39	75
	245	**194**

Unrecognized temporary differences
In Germany, unrecognized temporary deductible differences amounted to DKK 23m (2019: DKK 19m).

2.8 Deferred tax (continued)

§ Accounting policies

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax is not recognized on temporary differences resulting from the initial recognition of goodwill. Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized under other non-current assets at the expected usable value, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Adjustment is made of deferred tax in relation to eliminations made as regards unrealised intercompany profits and losses.

The value of deductible temporary differences is recognized to the extent that the management, on the basis of budgets, business plans etc., is able to render probable that the value can be offset against temporary deferred tax liabilities or against future taxable income. Tax losses are recognized to the extent that the management can render probable that these can be offset against future taxable income.

Deferred tax is calculated on share-based payments to the extent that the individual scheme is deductible for the group. Deferred tax is calculated as the difference between the value of the share-based payment at the time of allocation and the fair value, whichever is higher. Deferred tax assets from share-based payment schemes are recognized proportionately over the vesting period. The tax asset is recognized in the income statement at a value corresponding to the tax deduction for the scheme-related costs recognized in the income statement. Any additional values are recognized directly in equity.

Deferred tax is measured on the basis of the taxation rules and tax rates which, pursuant to the legislation in force at the balance sheet date, will apply in the individual countries at the time when the deferred tax is expected to become payable as current tax. Changes in deferred tax resulting from changes in tax rates are recognized in the income statement.

2.9 Earnings per share

	2019/20	2018/19
Net profit for the year	241	317
Average number of Class A and Class B shares in circulation ('000)	246,557	244,447
Dilutive effect of outstanding share option, warrant and employee share programmes ('000)	1,407	3,013
Average number of outstanding Class A and Class B shares including the dilutive effect of share-based payment settled in shares ('000)	**247,964**	**247,460**
Earnings per DKK 0.50 share (EPS) in DKK	0.98	1.30
Diluted earnings per DKK 0.50 share (EPS-D) in DKK	0.97	1.28

§ Accounting policies

Earnings per share are presented as both earnings per share and diluted earnings per share. Earnings per share are calculated as the net profit for the year divided by the average number of outstanding shares. Diluted earnings per share are calculated as the net profit for the year divided by the sum of the average number of outstanding shares including the dilutive effect of outstanding share-based payment settled in shares that are 'in the money'. The dilutive effect of share-based payment that are 'in the money' is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share-based payment offset against the share of the granted fair value of the share-based payment not yet recognized.

Section 3:
Invested capital and net working capital

This section provides explanatory notes concerning Ambu's total cash flow from investing activities of DKK 430m (DKK 261m) for the year, including investments made in development projects and production capacity. The section also contains notes describing the group's net working capital of DKK 581m (DKK 387m) at the end of the financial year.

Together with other components, total investments and net working capital are included in the average invested capital available to the management – in 2019/20 DKK 3,468m (DKK 3,172m).

Invested capital
At the end of 2019/20, the invested capital totalled DKK 3,718m (2019: DKK 3,217m).

The increase is primarily driven by investments in development projects and property plant and equipment as well as normalization of liabilities after the strategic decisions made in 2018/19 to buy back inventory and compensate our US distributor. A full distribution can be seen in the table to the right.

	%	30.09.20	%	30.09.19
Intangible assets	79	2,935	87	2,789
Property, plant and equipment	18	664	16	521
Other non-current assets	2	90	3	87
Current assets excl. cash	31	1,139	32	1,041
Liabilities excluding interest-bearing debt	-30	-1,110	-38	-1,221
Invested capital end of year	**100**	**3,718**	**100**	**3,217**
Average invested capital		3,468		3,172

Net working capital
At the end of September 2020, inventories had increased by only DKK 9m over last year. The relatively low increase compared to organic revenue growth is due to the transition of our US distributor that led to inventory buy-back in Q4 2018/19.

The physical location of our factories in Asia entails transport times of up to eight weeks from the factories to the regional warehouses in Europe and the USA. A significant proportion of our inventories is therefore in transit at any one time and thus not available for sale.

	%	30.09.20	%	30.09.19
Inventories	14	515	18	506
Trade receivables	15	521	17	474
Other operating assets	3	92	2	56
Trade payables	-7	-259	-9	-266
Other payables	-8	-288	-14	-383
Net working capital end of year	**16**	**581**	**14**	**387**

Trade receivables are 15% of revenue or an absolute DKK 521m (2019: DKK 474m). The absolute value of trade receivables end of the year has normalized since last year, which included the effects of the transition of our US distributor.

Trade credits obtained in connection with the purchase of goods and services and other payables decreased by 16% in total or DKK 102m to DKK 547m – primarily stemming from the payment of accrued special items in 2019/20.

Average invested capital

DKK 3,468m

DKK 3,172m

Total investments for the year

DKK 430m

DKK 261m

Net working capital, % of revenue

16%

+2 percentage points

DKKm

3.1 Goodwill

	30.09.20	30.09.18
Cost at 1 October	1,547	1,505
Currency translation adjustment	-50	42
Cost at 30 September	**1,497**	**1,547**

The carrying amount of goodwill DKK 1,497m (DKK 1,547m) stems primarily from the business combinations of Invendo Medical GmbH in 2017 and King Systems Corp. in 2013.

Impairment test
The Ambu group is managed as one single unit, for which reason the management monitors goodwill as a whole at group level. Consequently, the impairment test is based on the group's total cash flows. The market value of Ambu A/S's shares based on the quoted price of DKK 180 per share on Nasdaq Copenhagen at 30 September 2020 is far higher than the carrying amount of equity. Based on this market value approximation, Ambu's equity value is DKK 45bn which leaves DKK 42bn in headroom to the carrying amount of equity. Therefore, the management has concluded that the net selling price calculated on the basis of a level 1 fair value measurement proves that there is no indication of impairment of goodwill.

§ Accounting policies
On recognition, goodwill represents the excess of cost of an acquisition over the fair value of the identifiable net assets of the acquired company. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized.

At the time of acquisition, goodwill is attributed to the cash-generating units which are expected to benefit from the business combination; however, not to a level lower than the segment level and the level on which goodwill is monitored as part of the internal financial management. The management has identified one operating segment being the whole group to which goodwill is allocated.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit to which goodwill has been allocated (being the whole group) and is impaired to the recoverable amount in the income statement if the carrying amount is higher. Impairment of goodwill is recognized as a separate item in the income statement. Goodwill is tested annually for impairment, the first time being by the end of the year of recognition in connection with a business combination.

Impairment of goodwill is not reversed. Impairment of other assets is reversed in so far as the assumptions and estimates on the basis of which the impairment is made have been changed. Impairments are only reversed in so far as the new carrying amount of the asset does not exceed the carrying amount of the asset after amortization, had the asset not been impaired.

3.2 Other intangible assets

2019/20	Acquired technologies, trademarks and cust. relations	Acquired technologies in progress	Completed development projects	Development projects in progress	Rights	Total
Cost at 1 October	266	661	440	229	129	1,725
Currency translation adjustment	-12	0	0	0	0	-12
Additions during the year	0	0	0	285	0	285
Disposals during the year	0	0	-13	0	0	-13
Transferred during the year	337	-337	195	-195	0	0
Cost at 30 September	**591**	**324**	**622**	**319**	**129**	**1,985**
Amortization and impairment losses at 1 October	-132	0	-279	0	-72	-483
Currency translation adjustment	8	0	0	0	0	8
Disposals during the year	0	0	13	0	0	13
Impairment losses for the year	0	0	0	0	-2	-2
Amortization for the year	-22	0	-52	0	-9	-83
Amortization and impairment losses at 30 September	**-146**	**0**	**-318**	**0**	**-83**	**-547**
Carrying amount at 30 September	**445**	**324**	**304**	**319**	**46**	**1,438**

2018/19	Acquired technologies, trademarks and cust. relations	Acquired technologies in progress	Completed development projects	Development projects in progress	Rights	Total
Cost at 1 October	256	661	376	131	129	1,553
Currency translation adjustment	10	0	3	0	0	13
Additions during the year	0	0	0	159	0	159
Disposals during the year	0	0	0	0	0	0
Transferred during the year	0	0	61	-61	0	0
Cost at 30 September	**266**	**661**	**440**	**229**	**129**	**1,725**
Amortization and impairment losses at 1 October	-110	0	-246	0	-62	-418
Translation adjustment	-6	0	-1	0	0	-7
Disposals during the year	0	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0	0
Amortization for the year	-16	0	-32	0	-10	-58
Amortization and impairment losses at 30 September	**-132**	**0**	**-279**	**0**	**-72**	**-483**
Carrying amount at 30 September	**134**	**661**	**161**	**229**	**57**	**1,242**

3.2 Other intangible assets (continued)

Impairment test
Development projects in progress, either acquired or internally generated, are tested for impairment on an annual basis. For completed development projects, it is continuously assessed whether there is any indication of impairment. If the management finds that there is an indication of impairment, an impairment test is carried out, comparing the estimated future net cash flows with the carrying amount of the asset. The impairment tests made have not resulted in any indication of impairment.

§ Accounting policies

Acquired technologies, trademarks and customer relationships
Technologies, trademarks and customer relationships and technologies in progress acquired in connection with business combinations, are recognized at fair value on the time of acquisition in connected with a business combination. Subsequently, the assets are measured less accumulated amorization and impairment losses.

Acquired technologies, trademarks and customer relations primarily comprise identified technologies. The individual assets are systematically amortized according to the straight-line method over the expected useful lifetime of the assets from the time the management finds that the technology is fit for use. The expected useful lifetime is 5-15 years.

Development projects and rights
Development projects that are clearly defined and identifiable and where the technical utilization degree, sufficient resources and a potential future market or scope for use in the group can be proven, and where the group intends to produce, market or use the project, are recognized as intangible assets where the cost of the project can be calculated reliably and there is sufficient certainty that the future earnings or the net selling price can cover the production costs, selling and distribution costs as well as management and administrative expenses. Other development costs are recognized in the income statement as incurred.

Recognized development costs are measured at cost less accumulated amortization and impairment losses. Cost comprises salaries and other external expenses, e.g. consultancy fees and travel expenses, which are directly attributable to the group's development activities.

Upon completion of the development activity, development projects are amortized according to the straight-line method over the estimated useful life as from the time when the asset is ready for use. The basis of amortization is reduced by impairment losses, if any. The useful life of the asset may subsequently be changed if the management believes that the original assumptions on which the useful life and any residual value are based have changed significantly.

Rights in the form of distribution rights and licences etc. are measured at cost less accumulated amortization and impairment losses. Rights are amortized according to the straight-line method over the shorter of the remaining term of the agreement and the useful lives of the assets.

Development projects and rights are amortized according to the straight-line method over the expected useful lives of the assets. The expected useful lifetime of completed development projects are 5-10 years and 5-20 years for rights.

! Material accounting estimates

Impairment of acquired intangible assets in connection with business combinations as well as subsequent impairment test thereof
The management performs an annual assessment of whether internal or external indications of impairment of the identified intangible assets exist. If there is any indication of impairment, an impairment test is carried out.

In an impairment test, significant estimates and assessments are made of future events which may have a significant impact on the group's operating profit (EBIT) and financial position if the planned events deviate from the management's best estimate.

DKKm

3.3 Property, plant and equipment

2019/20	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	368	385	165	59	977
Recognition of right-of-use assets	38	0	19	0	57
Currency translation adjustment	-16	-18	-9	-5	-48
Additions during the year	32	21	48	112	213
Disposals during the year	-3	-9	-19	0	-31
Transferred during the year	19	31	51	-105	-4
Cost at 30 September	**438**	**410**	**255**	**61**	**1,164**
Depreciation and impairment losses at 1 October	-78	-271	-107	0	-456
Currency translation adjustment	6	13	4	0	23
Disposals during the year	2	8	16	0	26
Impairment losses for the year	-1	0	-4	0	-5
Depreciation for the year	-25	-27	-36	0	-88
Depreciation and impairment losses at 30 September	**-96**	**-277**	**-127**	**0**	**-500**
Carrying amount at 30 September	**342**	**133**	**128**	**61**	**664**

2018/19	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	353	331	136	29	849
Currency translation adjustment	12	12	6	1	31
Additions during the year	1	6	5	92	104
Disposals during the year	0	-5	-2	0	-7
Transferred during the year	2	41	20	-63	0
Cost at 30 September	**368**	**385**	**165**	**59**	**977**
Depreciation and impairment losses at 1 October	-67	-238	-89	0	-394
Currency translation adjustment	-3	-11	-4	0	-18
Disposals during the year	0	5	2	0	7
Impairment losses for the year	0	-4	0	0	-4
Depreciation for the year	-8	-23	-16	0	-47
Depreciation and impairment losses at 30 September	**-78**	**-271**	**-107**	**0**	**-456**
Carrying amount at 30 September	**290**	**114**	**58**	**59**	**521**
Of which assets held under finance leases	107		3		110

The implementation of IFRS 16 as of 1 October 2019 resulted in an increase in Property, plant and equipment of DKK 57m. For a desciption of the impact, refer to note 1.2 and for additional disclosures relating to leases, refer to note 3.4. Depreciations relating to leases in 2019/20 amounted to DKK 33m.

There are no contractual obligations concerning the purchase of property, plant and equipment.

3.3 Property, plant and equipment (continued)

§ Accounting policies
Land and buildings, plant and machinery and other plant, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is ready for use. The cost of a total asset is divided into separate elements which are depreciated individually when the useful lives of the individual elements differ.

The basis of depreciation is calculated in consideration of the residual value of the asset and is reduced by impairment losses, if any. The residual value is fixed at the date of acquisition and is subject to annual review. When the residual value exceeds the carrying amount of the asset, depreciation will no longer take place. In connection with changes in the depreciation period or the residual value, the effect of depreciation is recognized in future as a change in the accounting estimate.

The carrying amount of property, plant and equipment is assessed on an annual basis to establish whether there is any indication of impairment. When such indication exists, an impairment test is performed. An impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount of the asset.

Property, plant and equipment are depreciated according to the straight-line method over the expected useful lives of the assets/components as follows:

Buildings	10-40 years
Building installations	10 years
Plant and machinery	2-10 years
Other fixtures and equipment	3-5 years
Land is not depreciated.	

Depreciation is recognized in the income statement under production costs, selling and distribution costs, development costs or management and administrative expenses, as appropriate. Refer to note 2.4.

DKKm

3.4 Leases

IFRS 16 was implemented as of 1 October 2019. Refer to note 1.2 for further description.

	30.09.20	30.09.19
Land and buildings	163	107
Other plant, fixtures and fittings, tools and equipment	43	3
Carrying amount of lease assets	**206**	**110**
Additions on lease assets during the year	68	

At 30 September 2019, DKK 110m was recognized as finance leases.

	30.09.20	30.09.19
Lease liabilities		
Less than 1 year	41	7
Between 1 and 5 years	80	27
More than 5 years	110	97
Undiscounted lease liabilities	**231**	**131**

At 30 September 2019, DKK 105m was recognized as finance lease liabilities.

	2019/20
Amounts recognized in the income statement	
Expenses related to low value and short-term leases	0
Interest on lease liabilities	6
Depreciation of lease assets per asset class	
Land and buildings	17
Other plant, fixtures and fittings, tools and equipment	15
Depreciation of lease assets	**32**
Amounts recognized in the cash flow statement	
Total cash outflow for leases	37

§ Accounting policies
Lease assets are 'right-of-use assets', which is a contract or part of a contract that conveys the lessee's right to use an asset for a period of time. At the commencement date, the Group recognises a lease liability and a corresponding right-of-use asset at the same amount. A right-of-use asset is initially measured at cost, which equals the initial lease liability and initial direct costs less any lease incentives received. The Group has applied the practical expedient option allowed under IFRS by using a portfolio approach for the recognition of lease contracts related to assets of the same nature and with similar lease terms.

The right-of-use asset is depreciated over the earlier of the lease term or the useful life of the asset. The impairment testing of right-of-use assets follows the same principles as those applied for property, plant and equipment, cf. note 3.3. The cost price is adjusted for remeasurement of the lease liability. The Group has elected not to recognise right-of-use assets and liabilities for leases with a term of 12 months or less and leases of low-value assets. Lease payments related to such leases are recognised in the income statement as an expense on a straight-line basis over the lease term.

DKKm

3.5 Inventories

	30.09.20	30.09.19
Raw materials and consumables	194	157
Finished goods	321	349
	515	**506**
Cost of sales for the year	1,074	934
Write-down of inventories included in production costs for the year	6	34

Carrying amount of raw materials has increased by DKK 37m to DKK 194m to support the organic revenue growth. In 2018/19, Ambu bought back 81,000 units of aScopes in the USA from a former distributor, which caused a higher level in finished goods at 30 September 2019. During 2019/20, the finished goods inventory of aScopes has normalized.

§ Accounting policies

Inventories are measured at the lower of cost calculated according to the FIFO principle and net realisable value. The net realisable value is calculated as the selling price less costs of completion and costs necessary to make the sale. The cost of goods for resale as well as raw materials and consumables comprises the acquisition price plus delivery costs.

The cost of manufactured goods comprises the cost of raw materials, consumables, direct labour costs and production overheads in the form of logistics and planning costs, production management as well as expenses for production facilities and equipment etc.

3.6 Trade receivables

	30.09.20	30.09.19
Not due	378	382
1-90 days	113	69
91-180 days	16	12
> 180 days	14	11
Trade receivables	**521**	**474**
At end of year, trade receivables were written down by:		
Not due	-25	-1
1-90 days	-6	0
91-180 days	-2	0
> 180 days	-5	-5
Provision for bad debts	**-38**	**-6**

Credit risks

Ambu monitors trade receivables on a daily basis by means of due date reports, changes in payment pattern trends as well as ordinary follow-up routines to identify any indications that the initial expectations for credit losses on the individual receivables should be adjusted. In addition to a specific assessment for expected credit losses on trade receivables, Management estimate general macro risks on the portfolio of trade receivables. At 30 September 2020, this has led to a write-down of DKK 31m related to the uncertainties regarding COVID-19. The Group does not use factoring in connection with the collection of debts. Refer to note 4.1 for a more detailed description of credit risks.

§ Accounting policies

Trade receivables are measured at amortized cost less write-down for lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days overdue. Furthermore, an allowance for lifetime credit losses for trade receivables is recognized on initial recognition.

DKKm

3.7 Adjustment of items with no cash flow effect

	2019/20	2018/19
Depreciation, amortization and impairment losses	181	109
Share-based payment, settled in shares	19	12
	200	**121**

3.8 Changes in net working capital

	2019/20	2018/19
Changes in inventories	-51	-102
Changes in receivables	-97	18
Changes in trade payables etc.	-55	254
	-203	**170**

Section 4:

Financial risk management, capital structure and net financials

This section provides an overview of Ambu's capital structure and net financials as well as a description of the measures taken by the management to prevent and reduce the financial risks to which Ambu is exposed.

Ambu realized a debt multiple of 2.2 (1.8) composed from EBITDA before special items of DKK 609m (DKK 589m) and net interest-bearing debt (NIBD) of 1,346m, up DKK 311m from last year's DKK 1,035m. The increase in NIBD is primarily ascribable to the negative free cash flow of DKK -133m less transactions with the owners, including the distribution of dividends of DKK 96m and the implementation of IFRS 16. Ambu's lease liabilities increased by DKK 90m to DKK 195m at the end of September 2020.

Net financials were DKK -106m, stemming from bank and lease interest DKK -28m, fair value adjustments of contingent consideration DKK -48m and currency translations DKK -30m.

Debt multiple	Net interest-bearing debt	Net financials
2.2 of EBITDA before s. i.	DKK 1,346m	DKK -106m
+0.4	DKK +311m	DKK -213m

4.1 Financial risk management

Ambu is exposed to fluctuations in foreign exchange and interest rates. Furthermore, Ambu is exposed to liquidity and financing risks. These risks are managed and monitored centrally in the Parent Company in accordance with the Treasury Policy approved by the Board of Directors. Ambu does not undertake any active speculation in financial risks.

Market risk
As described above, the group is exposed to changes in foreign exchange and interest rate risks. Additionally, the group is exposed to changing pricing in raw materials and freight rates. The Management assesses these risks to be insignificant as they represent a small value of the group's total costs.

Currency risk
Fluctuations in foreign exchange rates and the effect of foreign exchange fluctuations on the group’s financial targets have been monitored throughout FY2019/20. In accordance with the Treasury Policy, Ambu expects to deploy a systematic foreign exchange hedging program during FY2020/21 to hedge a significant degree of the group's expected future cash flows denominated in foreign currencies. See note 2.6 for further information about foreign currency risks including a sensitivity analysis.

Interest rate risk
Ambu's policy is to hedge the interest rate risk to a level that will leave enough room for appropriate reductions of debt from cash flows based on short to mid-term cash flow projections. Hedging is done through interest rate swaps converting floating-rate loans into fixed-rate loans. The group’s credit facilities carry floating interest rate. The development in interest rates is linked to CIBOR 3 months.

The management has entered into a DKK 500m interest rate swap involving receipt of CIBOR 3 months and payment of a fixed interest rate. This instrument does not contain a ‘floor’ on CIBOR 3 months, as is the case for the secured debt. Despite the lack of a ‘floor’ in the hedging instrument, the management initially deemed that an economic relationship existed as an interest rate increase was deemed to be more likely than a further decline in interest rates. During 2018/19 and 2019/20, the hedge instrument has been ineffective as CIBOR 3 months carries negative interests.

A likely decline in interest rates of 0.25 percentage points will result in an expense of DKK 1.5m (DKK 3m) in the income statement, whereas a likely increase in interest rates of 0.50 percentage points will result in income of DKK 3m (DKK 6m), of which all will be recognized in the income statement.

Liquidity and financing risk
Financing and sufficient liquidity are fundamental to Ambu’s continued operation and growth. Liquidity is managed centrally from the Parent Company. The objective of the cash management is to ensure a return for the shareholders and to ensure that adequate and flexible cash resources are being maintained, thus enabling Ambu to honour its current obligations, such as repaying loans and settling other liabilities.

Cash-pool solutions are applied to a small extent and intercompany loans have been granted by Ambu A/S to a few subsidiaries. The liquidity risk is countered by a consistent focus on budgeted and realised cash flow.

To cover the group’s liquidity needs, an agreement on credit facilities for a total of DKK 2,300m has been entered into. The facilities carry floating interest, the minimum interest rate being 0.8-1.3%, depending on the group’s gearing. To hedge the interest rate risk, DKK 500m of the debt has been hedged through an interest rate swap up until 1 March 2022 at a fixed interest rate of between 1.28% and 1.78%, depending on gearing. The credit facilities are bullet loans which expire on 31 March 2023. The group's credit facilities are subject to standard financial covenants.

The cash resources consist of cash at bank and unutilised credit facilities in banks of DKK 1.2bn (2019: DKK 1.4bn).

Credit risk
Ambu is mainly exposed to credit risks in respect of trade and other receivables. The maximum credit risk corresponds to the carrying amount. The overall credit risk has for many year's been deemed low due to the small losses on debtors realised.

With the COVID-19 pandemic, we are estimating a significant increase in credit risk on our private customers, especially in the US. We are monitoring the macro-levels to identify possible plans and timing in future governmental aid across our biggest markets. These inputs allow us to better estimate the expected credit loss which we apply into our credit loss model in a systematic way. At the end of September 2020, we have provided for a DKK 31m allowance to counter the risk of our private customers default from COVID-19.

Individually outstanding trade receivables are also monitored on a regular basis, which is based on concrete debtor assessments of private customers. Public-sector customers are an important part of the company’s receivables, and it is believed that no debtor risks are associated with public-sector customers. Reference is made to note 3.6.

Counterparty risk
Counterparty risk for cash and financial instruments are mitigated as the company's primary banks are SIFI banks.

DKKm

4.2 Financial instruments

2019/20	Contractual cash flows 0-1 year	1-5 years	> 5 years	Total	Carrying amount
Trade receivables	521	0	0	521	521
Other receivables	32	0	0	32	32
Cash	98	0	0	98	98
Financial assets measured at amortized cost	**651**	**0**	**0**	**651**	**651**
Provisions	10	35	18	63	41
Credit institutions	14	1,246	0	1,260	1,225
Other interest-bearing debt	0	0	26	26	24
Trade payables	259	0	0	259	259
Other payables	282	4	2	288	288
Financial liabilities measured at amortized cost	**565**	**1,285**	**46**	**1,896**	**1,837**
Contingent consideration (level 3)[1]	447	0	0	447	426
Derivative financial instruments (level 2)[1]	3	2	0	5	7
Financial liabilities stated at fair value in the income statement	**450**	**2**	**0**	**452**	**433**

2018/19	0-1 year	1-5 years	> 5 years	Total	Carrying amount
Trade receivables	474	0	0	474	474
Other receivables	16	0	0	16	16
Cash	120	0	0	120	120
Financial assets measured at amortized cost	**610**	**0**	**0**	**610**	**610**
Provisions	14	8	47	69	43
Credit institutions	10	1,075	0	1,085	1,050
Finance leases	7	27	97	131	105
Trade payables	266	0	0	266	266
Other payables	377	5	1	383	383
Financial liabilities measured at amortized cost	**674**	**1,115**	**145**	**1,934**	**1,847**
Contingent consideration (level 3)[1]	299	149	0	448	378
Derivative financial instruments (level 2)[1]	5	7	0	12	13
Financial liabilities stated at fair value in the income statement	**304**	**156**	**0**	**460**	**391**

[1]Level 1: The fair value of financial instruments traded on active markets is based on the listed market prices at the balance sheet date. The listed price is used for the group's financial assets as the current purchase price.

Level 2: The fair value of financial instruments which are not traded in an active market (e.g. over-the-counter derivatives) is determined using ordinary valuation methods.

Level 3: If no observable market data are available, the instrument is included in the last category.

4.2 Financial instruments (continued)

Financial instruments measured at fair value

At the end of the financial year, it is assessed whether an instrument has moved between the levels of the fair value hierarchy. There have been no movements between the various levels this year or the year before.

For an overview of this year's movements in financial instruments at level 3 of the fair value hierarchy, see note 5.2.

Methods and assumptions for the determination of fair value

Derivative financial instruments

Derivative financial instruments are recognized at fair value based on a valuation report prepared by an external party who valuates the instruments based on discounted cash flows, and other inputs based on observable market data.

Contingent consideration

Contingent consideration is recognized at fair value by discounting expected cash flows based on contractual conditions and unobservable inputs such as the expected performance of the acquired assets.

Contingent consideration recognized at fair value

Ambu's contingent consideration is recognized and measured at fair value using unobservable data (level 3) and includes the contingent consideration from the acquisition of Invendo Medical GmbH. The contingent consideration relates to the commercialization of the technologies acquired from Invendo Medical GmbH in October 2017. The key assumptions in the valuation of the contingent consideration include future revenue from the acquired technologies, FDA clearance of each endoscope as well as the discount rate applied.

§ Accounting policies

Debt to credit institutions etc. is recognized at the date of borrowing at fair value corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the 'effective rate of interest method' so that the difference between the proceeds and the nominal value is recognized under financial expenses in the income statement for the duration of the loan term.

Derivative financial instruments are recognized as from the transaction date and are measured at fair value in the balance sheet. The fair value of derivative financial instruments is calculated on the basis of current market data as well as accepted valuation methods.

Changes in the part of the fair value of derivative financial instruments classified as and fulfilling the criteria for hedging future cash flows, and which, in an efficient manner, hedge changes in the value of the hedged item, are recognized in other comprehensive income and presented as a separate reserve for hedging transactions under equity until the hedged transaction is realised. At this time, gains or losses on such hedging transactions are transferred from equity and recognized under the same item as the hedged item. When hedging proceeds from future borrowings, the gains or losses on hedging transactions are, however, transferred from other comprehensive income over the term of the loan.

For derivative financial instruments which do not fulfil the conditions for treatment as a hedging instrument, changes in the fair value are recognized on an ongoing basis in the income statement.

Contingent consideration arising as a result of business combinations is recognized at fair value at the time of acquisition. The liability is subsequently adjusted to fair value on an ongoing basis.

Other liabilities are measured at amortized cost.

DKKm

4.3 Net financials

	2019/20	2018/19
Other financial income:		
Foreign exchange gains, net	0	19
Fair value adjustment, contingent consideration	0	121
Fair value adjustment, swap	3	0
Financial income	**3**	**140**

	2019/20	2018/19
Interest expenses:		
Interest expenses, banks	22	18
Interest expenses, leases	6	2
Other financial expenses:		
Foreign exchange loss, net	30	0
Fair value adjustment, contingent consideration	48	0
Effect of shorter discount period, acquisition of technology	3	3
Fair value adjustment, swap	0	10
Financial expenses	**109**	**33**

§ Accounting policies
Financial income and expenses comprise interest, exchange gains and losses, transactions in foreign currencies, amortization of financial assets and liabilities, including leases. The timing effect and fair value adjustment of contingent consideration and the purchase price payable are classified under net financials.

4.4 Net interest-bearing debt

	2019/20	2018/19
Credit institutions	1,225	1,050
Leases	152	101
Other interest-bearing debt	24	0
Long-term interest-bearing debt	**1,401**	**1,151**
Leases	43	4
Short-term interest-bearing debt	**43**	**4**

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

	2019/20	2018/19
Interest-bearing debt	1,444	1,155
Cash	-98	-120
Net interest-bearing debt	**1,346**	**1,035**

4.5 Share capital and treasury shares

Share capital
Ambu's share capital is DKK 126m (2019: DKK 126m), divided into two classes of shares with a nominal share value of DKK 0.50. A Class A share carries 10 votes per share, while a Class B share carries one vote per share. There is no difference between the economic rights pertaining to the individual share classes. All shares are paid in full.

	Class A shares		Class B shares		Number of shares	
	2019/20	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
Number of shares issued, beginning of year	34,320,000	34,320,000	217,489,600	216,954,600	251,809,600	251,274,600
Capital increase, warrants	0	0	1,007,500	535,000	1,007,500	535,000
Number of shares issued at end of year	**34,320,000**	**34,320,000**	**218,497,100**	**217,489,600**	**252,817,100**	**251,809,600**

Capital increases
Four times in the course of 2019/20, capital increases were effected 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 a nominal amount of DKK 503,750 through the issue of 1,007,500 Class B shares.

The total capital increase for the year consisting of 1,007,500 (2018/19: 535,000) Class B shares has been paid at a weighted price of DKK 36.52 (2018/19: DKK 30.94) per share with a nominal share value of DKK 0.50.

Treasury shares

	No.		Nominal value		In % of share capital	
	2019/20	**2018/19**	**2019/20**	**2018/19**	**2019/20**	**2018/19**
Treasury shares, beginning of year	6,442,639	7,738,419	3.2	3.9	2.6%	3.1%
Disposals	-1,539,001	-1,295,780	-0.9	-0.7	-0.6%	-0.5%
Dilutive effect of capital increases	-	-	-	-	-0.1%	-
Treasury shares, end of year	**4,903,638**	**6,442,639**	**2.3**	**3.2**	**1.9%**	**2.6%**

Disposals of treasury shares during the year can be ascribed to the exercise of allocated option schemes by employees as well as employee share programmes. The total selling price in 2019/20 amounted to DKK 28m (2018/19: DKK 24m), corresponding to a weighted price of DKK 18.10 (DKK 18.35) per share based on a nominal share value of DKK 0.50.

§ Accounting policies
Acquisition costs and consideration as well as dividend on treasury shares are recognized directly in retained earnings under equity. Proceeds from the sale of treasury shares and the issue of shares in Ambu A/S in connection with the exercise of share options, and from the sale of employee shares or warrants are taken directly to equity.

DKKm

4.6 Cash flows from financial liabilities classified as financing activities

	30.09.19	Cash flows	Adjust-ments[1]	Raising of leases[1]	30.09.20
Credit institutions	1,050	175	0	0	1,225
Other interest-bearing debt	0	0	24	0	24
Lease liabilities	105	-32	54	68	195
	1,155	**143**	**78**	**68**	**1,444**

	30.09.18	Cash flows	Adjust-ments[1]	Raising of finance leases[1]	30.09.19
Credit institutions	1,200	-150	0	0	1,050
Finance leases	108	-8	0	5	105
	1,308	**-158**	**0**	**5**	**1,155**

[1]Non-cash transactions.

Section 5:
Provisions, other liabilities etc.

Section 5 includes statutory notes and notes of secondary importance to understanding Ambu's financial results and financial position.

Proposed dividend	Treasury shares (no.)
DKK 0.29/share	4.9 million
-24%	-1.5 million

Provisions, other liabilities etc.

Notes on the consolidated financial statements – Section 5

DKKm

5.1 Provisions

	2019/20	2018/19
Provisions at 1 October	43	40
Used during the year	-2	-2
Value adjustment	3	3
Currency translation adjustment	-3	2
Provisions at 30 September	**41**	**43**
Provisions expected to fall due:		
Non-current liabilities	32	38
Current liabilities	9	5
Provisions at 30 September	**41**	**43**

Provisions at the balance sheet date concern the deferred purchase price relating to the acquisition of technology in previous years.

§ Accounting policies

Provisions are recognized when the group, as a result of an event having occurred before or on the balance sheet date, has incurred a legal or actual liability, and it is probable that economic benefits will flow from the group in order to settle the liability. If the effect of the time value of money is significant, provisions are discounted using a pre-tax discount rate. When applying a discount rate, the change in provisions due to the timing is recognized as a finance cost.

5.2 Contingent consideration

	2019/20	2018/19
Contingent consideration at 1 October	378	498
Additions in connection with acquisition	0	0
Used during the year	0	0
Adjustments made through the income statement under financial expenses:		
Value adjustment	48	-121
Currency translation adjustment	0	1
Contingent consideration at 30 September	**426**	**378**
Contingent consideration expected to fall due:		
Non-current liabilities	0	114
Current liabilities	426	264
Contingent consideration at 30 September	**426**	**378**

Contingent consideration as at the balance sheet date concerns outstanding liabilities relating to the acquisition of Invendo in October 2017. The milestone of EUR 40m (DKK 298m) maturing upon the FDA clearance of the duodenoscope was paid after year-end in October 2020. For more information about the expected realisation of the liabilities and any associated uncertainties, refer to note 4.2.

During the fiscal year management remeasured the fair value of the contingent consideration based on revised expectations to the short term revenue generated from the technologies acquired. The remeasurement lead to a financial income of DKK 17m (2018/19: DKK 202m). The effect of a shorter discount period for the contingent consideration is recognised as a financial cost of DKK 65m (2018/19: DKK 81m). These remeasurements led to a total fair value adjustment in financials of DKK -48m (2018/19: DKK 121m).

§ Accounting policies

Contingent consideration is recognized at fair value at the date of acquisition by discounting expected cash flows based on contractual conditions and unobservable inputs, corresponding to level 3 of the fair value hierarchy. Adjustments to fair value are recognized in the income statement under net financials.

5.3 Share-based payment

The Group's incentive-based remuneration to the Executive Board and other levels of management personnel is described in the 'Remuneration Policy' and specific information pertaining to 2019/20 is available in the 'Remuneration report 2019/20' on www.ambu.com/remcom. The company's Board of Directors does not participate in the Group's share-based payment schemes. For all share-based payment schemes, vesting is preconditional upon employment during the entire vesting period.

On 17 December 2019, the Annual General Meeting adopted the new long-term incentive structure of a rolling annual PSU scheme. Effective 2019/20, all share-based payments are granted as PSUs that vest conditionally on one or more financial and strategic targets set by the Board of Directors. PSUs have a vesting period of three years.

Total costs for share-based payment in the income statement amounts to DKK 26m (DKK 13m).

Performance Share Units (PSU)
In 2018/19, Ambu granted two share-based payment schemes to the CEO. Both schemes are a number of phantom Ambu B-shares calculated at the average price quoted by Nasdaq Copenhagen on grant date and settled in cash corresponding to the average quoted price on vesting. In the first scheme, a sign-on compensation, 14,045 restricted stock units were allocated corresponding to a fair value of DKK 1,750,000. In the second scheme, which include KPIs related to Ambu's 2018/19-performance, 14,567 PSUs were allocated corresponding to a fair value of DKK 1,815,000. All units were allocated for 2018/19 based on discretionary KPIs.

In 2019/20, as part of Ambu's new long-term incentive structure, Ambu established a PSU programme for the Executive Management and key employees excl. individuals that already were part of the stock option programme for 2019/20 granted in 2017. The participants were selected based on job level. The financial target was achieved in full and all PSUs were allocated. Vesting is subject to Ambu achieving a financial target set by the Board of Directors. The calculation of the fair value of the PSUs is based on the quoted share price on the date of grant reduced by an expected dividend yield. On the time of vesting, all allocated shares, expect for the CEO's, are transferred to the individuals at an exercise price of DKK 0. The CEO participates on equal terms and conditions except that the programmes are settled in cash upon

PSU programmes	**2018/19**	**2019/20**	**2019/20**
Number of persons included in the program	1	45	9
Total number of PSUs granted[1]	28,612	181,912	4,210
Number of PSUs granted to Executive Management	28,612	99,316	-
Vesting date	15 May 2022	1 Jan. 2023	1 Jan. 2023
Fair value per option at grant date (DKK)	124.60	109.65	193.04

Share options
For all share options, final vesting is preconditional upon full or partial realisation of predetermined financial targets. For 2019/20, the financial targets were realized in full. Share options may be exercised for up to three years after the three-year vesting period, with the exception of the share options allocated under the 'Big Five' scheme, where the exercise period is postponed by 12 months to be counted from the date of vesting on 1 October 2020. Under the 'Strategy 2020' LTI plan, all share options are allocated for FY 2019/20, as the financial performance target was realised in full. Under the 'Big Five' programme, the financial targets are realised partly and a total of 364,690 shares are allocated.

	Executive Board		**Other and former employees**		**Total**	
(Exercise price (avg.) stated in DKK)	No.	Exercise price (avg.)	No.	Exercise price (avg.)	No.	Exercise price (avg.)
Outstanding share options as at 1 Oct. 2018	**5,637,408**	**71.99**	**1,711,620**	**88.47**	**7,349,028**	**75.83**
Allocated during the year	0	-	53,075	175.17	53,075	175.17
Transferred during the year	-3,886,942	78.67	3,886,942	78.67	0	-
Exercised during the year	-913,339 [1]	13.59	-253,690 [2]	16.21	-1,167,029	14.16
Cancelled during the year	-83,272	124.10	-653,010	125.61	-736,282	125.44
Outstanding share options as at 30 Sept. 2019	**753,855**	**102.56**	**4,744,937**	**80.16**	**5,498,792**	**83.23**
Exercised during the year	-129,105 [1]	42.42	-1,285,880 [2]	10.31	-1,414,985	13.24
Cancelled during the year	-293,044	134.10	-1,085,485	134.68	-1,378,529	134.56
Outstanding share options as at 30 Sept. 2020	**331,706**	**98.11**	**2,373,572**	**93.07**	**2,705,278**	**93.69**
Of which are vested	0	-	647,825	42.09	647,825	42.09

[1]The average market price on the date of exercise by the Executive Board was DKK 195.60 (2018/19: DKK 149.06).

[2]The average market price on the date of exercise by other and former employees was DKK 148.16 (2018/19: DKK 99.67).

Outstanding share options for Executive Board have on average 3.8 years until contract expiry at a market value of DKK 27m and on average 3.3 years for 'Other and former employees' at a market value of DKK 206m. Market value is based on quoted stock price on Nasdaq.

DKKm

5.3 Share-based payment (continued)

General terms and conditions for share option programmes allocated in the current and the previous financial year:

Share option programmes	LTI plan 2015	2017/18, spot	Strategy 2020	Big Five	2018/19, spot
Year of allocation	2017/18	2017/18	2017/18	2017/18	2018/19
Original number of conditionally allocated options	439,780	40,721	2,039,769	1,795,391	0
Number of options expected to vest	439,780	33,686	1,219,297	364,690	0
Fair value per option at grant date (DKK)	21.68	22.50	22.49	15.12	43.28
Fair value at grant date of original number of conditionally allocated options (DKKm)	10	1	46	27	1
Service period in which the fair value, calculated at the time of conditional allocation, is amortised	Nov. 2015 to Oct. 2020	Oct. 2017 to Sep. 2020	Oct. 2017 to Sep. 2022	Oct. 2017 to Sep 2020	Oct. 2018 to Sep. 2021

Black-Scholes assumptions used to calculate the fair value at the time of allocation:

Exercise price	DKK 45.80	DKK 124.10	DKK 124.10-DKK 134.10	DKK 134.10	DKK 167.60
Volatility	30%	30%	30%	30%	41%
Risk-free interest rate	-0.1%	-0.3%	-0.2%	-0.2%	-0.3%
Dividend per share	DKK 0.30	DKK 0.53	DKK 0.53	DKK 0.53	DKK 0.39
Period	5.5 years	3.5 years	3.5-5.5 years	4.5 years	3.5 years
Probability	100%	100%	100%	75%	100%

Warrants

Warrant-based LTI plans are no longer allocated. A warrant entitles the holder to buy a newly issued Class B share in Ambu A/S.

	No.	Exercise price (avg.)
Outstanding at 1 October 2018	**1,912,000**	**40.20 kr.**
Exercised during the year	-535,000 [1]	30.94 kr.
Cancelled during the year	-2,500	77.12 kr.
Outstanding at 30 September 2019	**1,374,500**	**43.73 kr.**
Exercised during the year	-1,007,500 [1]	36.52 kr.
Cancelled during the year	-10,000	13.26 kr.
Outstanding at 30 September 2020	**357,000**	**64.92 kr.**
Of which are vested	357,000	64.92 kr.

[1] The average market price on the date of exercise was DKK 171.53 (2018/19: DKK 151.54).

Outstanding warrants have on average 1.8 years until contract expiry at a market value of DKK 41m based on quoted stock price on Nasdaq.

Employee shares

Ambu has offered all its employees, excluding the Board of Directors, the opportunity to participate by purchasing treasury shares with a fixed percentage of their annual base salary. The number of shares with which an employee participates are matched free of charge after two years. The Board of Management participates with 2,379 shares in the current employee share programmes currently under vesting.

	2019/20	**2018/19**
Employee shares allocated (no. of shares)	78,103	53,991
Total market value at the time of allocation (DKKm)	9	6
Service period in which the Black-Scholes value is amortised	Oct. 2019 to Sep. 2021	Oct. 2018 to Sep. 2020
Fair value per matching share at grant date (DKK)	117.19	134.20

§ Accounting policy

The fair value of Ambu's share-based payment is expensed on an accrual basis. Fair value of equity-based schemes at the time of allocation is calculated according to recognized valuation models or methods. This value is expensed over the service period for each of the respective schemes and is taken to equity. On recognition of the fair value during the service period, account is taken of the number of employees who are expected to obtain a final right to the scheme, including the conditions to which the allocation is subject. This estimate is reassessed at the end of a period so that only the number of rights expected to be vested are recognised. Adjustments relating to previous periods are recognised in the period in which the adjustment is made. RSU that are settled in cash are taken to liabilities with the fair value adjustment end of the period expensed to P/L.

DKKm

5.4 Fee to auditors appointed by the annual general meeting

	2019/20	2018/19
Audit fee	3	2
Other assurance engagements	0	0
Tax consultancy services	0	0
Other services	0	0
Total fees	**3**	**2**

5.5 Group companies

This note shows the legal entities which are consolidated in the consolidated financial statements.

				Activity			
Company	**Reg. office**	**Currency**	**Ownership interest**	Sales[1]	Production[2]	Develop-ment	Other
Parent company:							
Ambu A/S	Denmark	DKK	100%	x	x	x	x
Subsidiaries:							
Ambu Australia Pty. Ltd.	Australia	AUD	100%	x			
Ambu Healthcare Solutions Canada Inc.	Canada	CAD	100%	x			
Ambu Ltd.	China	CNY	100%		x	x	
Ambu (Xiamen) Trading Co., Ltd.	China	CNY	100%	x			
Ambu Nordic A/S	Denmark	DKK	100%	x			
Ambu Rusland Holding ApS	Denmark	DKK	100%				x
Ambu Sarl	France	EUR	100%	x			
Ambu GmbH	Germany	EUR	100%	x			
Ambu Innovation GmbH	Germany	EUR	100%			x	
Ambu India Private Limited	India	INR	100%	x			
ETView Medical Ltd.	Israel	NIS	100%				x
ETView Ltd.	Israel	NIS	100%		x		
Ambu s.r.l.	Italy	EUR	100%	x			
Ambu KK	Japan	JPY	100%	x			
Ambu Sdn. Bhd.	Malaysia	MYR	100%		x	x	
Ambu Sales & Services Sdn. Bhd.	Malaysia	MYR	100%	x			
Ambu B.V.	Netherlands	EUR	100%	x			
Ambu LLC	Russia	RUB	100%	x			
Firma Ambu, S.L.	Spain	EUR	100%	x			
Ambu Ltd.	UK	GBP	100%	x			
Ambu Inc.	USA	USD	100%	x			
King Systems Holding Inc.	USA	USD	100%				x
King Systems Corp.	USA	USD	100%		x	x	

[1]Sales include promotional activities.

[2]Production includes the purchase of goods for resale and the coordination thereof.

DKKm

5.6 Contingent liabilities and other contractual liabilities

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 for the industry.

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 recognized in the balance sheet at 30 September 2020. For a more detailed description of the group's risks, see the 'Risk management' section on pages 33-34.

Other contractual liabilities

A change-of-control clause exists in respect of committed borrowing facilities, which constitute the main part of Ambu's loan financing. Change-of-control remuneration to members of the Executive Board is subject to a maximum value corresponding to two years' remuneration.

5.7 Related parties

The group's related parties include the company's Board of Directors and Executive Board and members of their families. Related parties further include enterprises in which the above-mentioned persons have a significant interest.

During the year, no transactions, except for payment of the management's remuneration (notes 2.3 and 5.3), have been carried out with the Board of Directors, Executive Board, major shareholders or other related parties.

5.8 Subsequent events

No material events have occurred in the period between the end of the financial year and the Board of Directors' approval of the annual report.

5.9 Adoption of the annual report and distribution of profit

At the board meeting on 11 November 2020, the Board of Directors approved the annual report presented. Subsequently, the annual report will be presented to the shareholders of Ambu A/S for adoption at the annual general meeting on 9 December 2020. The Board of Directors proposes that dividend of DKK 0.29 per share be paid. In 2018/19, the Board of Directors proposed a dividend payment of DKK 0.38 per share, which was later distributed to the shareholders of Ambu A/S.

	2019/20	2018/19
Proposed dividend for the year	73	96
Transferred to distributable reserves	168	221
	241	**317**

§ Accounting policies

Proposed dividend is recognized as a liability at the time of adoption by the general meeting. Expected dividend payable for the year is shown as a separate reserve under equity.

5.10 Key figure and ratio definitions

Income statement	
Gross margin, %	Gross profit in % of revenue.
EBITDA before special items	Operating profit before special items, depreciation, amortization and impairment losses.
Operating profit (EBIT) before special items	Profit for the year before special items, net financials and tax
Operating profit (EBIT)	Profit for the year before net financials and tax
Capacity costs	Selling and distribution costs, development costs, management and administrative expenses as well as other operating income and expenses.
Balance sheet	
Net working capital	Inventories, trade receivables, other receivables and prepayments less trade payables and other payables.
Interest-bearing debt	Debt on which interest is paid, including bank debt, debt to credit institutions, lease debt and corporate bonds, but not trade payables.
Net interest-bearing debt (NIBD)	Interest-bearing debt less cash.
Cash flows	
Cash flow from operating activities	Cash flow from operating activities as defined in IAS 7.
Cash flow from investing activities before acquisitions of enterprises and technology	Cash flow from investing activities as defined in IAS 7 excluding cash flow for the acquisition of technologies and enterprises.
Free cash flow before acquisitions of enterprises and technology	The sum of cash flow from operating activities and cash flow from investing activities before acquisitions of enterprises and technology.
Acquisitions of enterprises and technology	Cash flow from the acquisition of enterprises and technologies, including payment to the seller and payment of earn-outs less cash in acquired enterprises.
Key figures and ratios	
Organic growth	Development in revenue, adjusted for fluctuations in foreign exchange rates and the effect of acquisitions, in the past 12 months in % of revenue in the period of comparison.
Endoscopes	Single-use endoscopes. Currently, endoscopes comprise the following product groups: Ambu® aScope™, Isiris™, VivaSight™ and Ambu® vScope™.
Growth in endoscopes sold	The development in the number of endoscopes sold in % of the number of endoscopes sold in the period of comparison.
Rate of cost	Capacity costs in % of revenue.
Tax rate	Tax for the year relative to the profit before tax.
EBITDA margin before special items	EBITDA before special items in % of revenue.
EBIT margin	EBIT in % of revenue.
EBIT margin before special items	EBIT before special items in % of revenue.

5.10 Key figure and ratio definitions (continued)

Key figures and ratios (continued)

Return on equity	Net profit/loss for the year for a rolling 12-month period in relation to average equity.
NIBD/EBITDA before special items	Net interest-bearing debt/EBITDA before special items.
Equity ratio	Equity's share of total assets at end of year.
Investments, % of revenue	Cash flow from investing activities, including assets disposed of, in % of revenue.
Net working capital, % of revenue	Inventories, trade receivables, other receivables and prepayments less trade payables and other payables in % of revenue.
Return on invested capital (ROIC)	EBIT for a rolling 12-month period less the group's expected long-term tax rate relative to the average equity plus the average net interest-bearing debt.

Share-related ratios

Earnings per share (EPS)	Earnings per share for the year, calculated in accordance with IAS 33.
Diluted earnings per share (EPS-D)	Diluted earnings per share, calculated in accordance with IAS 33.
Cash flow per share	Cash flow from operating activities relative to number of shares at end of year.
Equity value per share	Total equity relative to number of shares at end of year.
Dividend per share	Dividend relative to number of shares at end of year.
Pay-out ratio	Dividend as a percentage of net profit/loss for the year.
P/E ratio	Market price relative to earnings per share (EPS).

Statements and reports

A guaranteed sterile scope and a monitor that is easy to transport. Greater convenience in handling devices is a key benefit for healthcare professionals.

Management's statement

On this day, the Board of Directors and the Executive Board have considered and approved the annual report of Ambu A/S for the financial year 1 October 2019 to 30 September 2020.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets, equity and liabilities and financial position as at 30 September 2020, and of the results of the group's and the company's operations and cash flows for the financial year 1 October 2019 to 30 September 2020.

In our opinion, the management's review includes a fair account of the development and performance of the group and the company, the results for the year and of the group's and the company's financial position, together with a description of the principal risks and uncertainties that the group and the company face.

The annual report is submitted for adoption by the annual general meeting.

Copenhagen, 11 November 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

Independent auditor's report

To the shareholders of Ambu A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ambu A/S for the financial year 1 October 2019 – 30 September 2020, pages 47-88 and pages 95-108, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the group and the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the group and the parent company at 30 September 2020 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2019 – 30 September 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements' (hereinafter collectively referred to as 'the financial statements') section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014

Appointment of auditor
We were appointed as auditor of Ambu A/S on 13 December 2017 for the 2017/18 financial year. We have been reappointed by resolution of the general meeting for a total consecutive period of three years up until the 2019/20 financial year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the 2019/20 financial year. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the 'Auditor's responsibilities for the audit of the financial statements' section, including in relation to the key audit matters below. Accordingly, our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recognition of revenue in the USA due to price adjustment structure
In the US market, a significant portion of Ambu's sales flow through dealers (third-party warehouses) who sell the products to public and private hospitals and clinics (the end-customers). Ambu's sales price to the dealer depends on the pricing arrangement Ambu has agreed with the end-customer.

As Ambu's sales to end-customers deviate in amounts and timing from the amounts invoiced to the dealer, Ambu subsequently adjusts the price stated in the preliminary invoice. Price adjustments are recognized on an ongoing basis, and price adjustments which have not been settled at the balance sheet date are recognized as a reduction in trade receivables in the balance sheet.

We focus on this area, as the assessment of non-settled price adjustments to dealers is complex and includes management estimates and judgements.

Reference is made to note 2.2 Revenue to the consolidated financial statements.

How our audit addressed the key audit matter
We have identified, tested and assessed key internal controls and related systems which are used to process and calculate price adjustments for dealers.

We assessed and reviewed management's calculation of price adjustments by comparing the assumptions applied with the group's trading policies, the terms of existing contracts, third-party reported data and historical price adjustment levels.

We further made an assessment of the most significant parameters included in the calculation of the non-settled price adjustments as at 30 September 2020 based on historical data, accounting records and the terms of existing contracts.

Valuation of intangible assets
In connection with prior years' acquisitions including the acquisition of Invendo Medical GmbH in the 2017/18 financial year, the Ambu group has recognized acquired technologies, trademarks and customer relations and acquired technologies in progress totalling DKK 769 as at 30 September 2020.

The value of intangible assets is determined in connection with the purchase price allocation. In case of indications of impairment, an impairment test is prepared, based on management's estimates of the future value based on an assessment of future cash flows on the basis of strategic plans, long-term growth and discount rate.

Due to the inherent uncertainty involved in determining the net present value of future cash flows, we considered these impairment tests to be a key audit matter.

Reference is made to note 3.2 Other intangible assets to the consolidated financial statements.

How our audit addressed the key audit matter
Our audit procedures included testing the mathematical accuracy of the discounted cash flow model and comparing forecasted profitability to internally approved budgets.

We evaluated the assumptions and methodologies used in the discounted cash flow model, in particular those relating to the forecast revenue growth and EBIT margin, including comparing with historical growth rates.

Further, we evaluated the sensitivity analysis on the assumptions applied in the valuations prepared by management.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and the requirement to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 11 November 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Skov Larsen State Authorised Public Accountant mne26797	Henrik Pedersen State Authorised Public Accountant mne35456

Financial statements 2019/20 – Parent company

Income statement and statement of comprehensive income

Ambu A/S Financial statements for the period 1 October – 30 September

DKKm

Income statement	Note	2019/20	2018/19
Revenue		2,355	2,004
Production costs	2.1, 2.2	-1,630	-1,019
Gross profit		**725**	**985**
Selling and distribution costs	2.1, 2.2	-241	-139
Development costs	2.1, 2.2	-154	-116
Management and administration	2.1, 2.2	-257	-181
Operating profit (EBIT) before special items		**73**	**549**
Special items	2.1, 2.3	0	-172
Operating profit (EBIT)		**73**	**377**
Financial income	4.2	122	160
Financial expenses	4.2	-104	-39
Profit before tax		**91**	**498**
Tax on profit for the year	2.4	-6	-98
Net profit for the year		**85**	**400**

Statement of comprehensive income	2019/20	2018/19
Net profit for the year	85	400
Other comprehensive income	0	0
Comprehensive income for the year	**85**	**400**

Balance sheet

Ambu A/S Financial statements at 30 September

DKKm

Assets	Note	30.09.20	30.09.19
Completed development projects	3.1	305	140
Rights	3.1	779	803
Goodwill	3.1	147	147
Development projects in progress	3.1	315	226
Intangible assets		**1,546**	**1,316**
Property, plant and equipment	3.2, 3.4	**166**	**148**
Investments in subsidiaries	3.3	2,286	2,281
Total non-current assets		**3,998**	**3,745**
Inventories	3.5, 4.1	140	111
Trade receivables	3.6, 4.1	99	111
Receivables from subsidiaries	4.1	726	680
Income tax receivable		8	6
Other receivables	4.1	4	4
Prepayments		22	16
Cash	4.1	68	87
Total current assets		**1,067**	**1,015**
Total assets		**5,065**	**4,760**

Equity and liabilities	Note	30.09.20	30.09.19
Share capital		126	126
Other reserves		1,970	1,872
Equity		**2,096**	**1,998**
Deferred tax	2.5	85	104
Provisions	4.1, 5.1	32	38
Contingent consideration	4.1, 5.2	0	108
Interest-bearing debt	4.1	1,348	1,152
Payables to subsidiaries	4.1	534	609
Non-current liabilities		**1,999**	**2,011**
Provisions	4.1, 5.1	9	5
Contingent consideration	4.1, 5.2	404	251
Interest-bearing debt	4.1	6	4
Trade payables	4.1	88	68
Payables to subsidiaries	4.1	398	195
Income tax		0	4
Other payables	4.1	58	211
Derivative financial instruments	4.1	7	13
Current liabilities		**970**	**751**
Total liabilities		**2,969**	**2,762**
Total equity and liabilities		**5,065**	**4,760**

Cash flow statement

Ambu A/S Financial statements for the period 1 October – 30 September

DKKm

	Note	2019/20	2018/19
Operating profit (EBIT)		73	377
Adjustment of items with no cash flow effect	3.7	90	58
Changes in net working capital	3.8	-57	30
Interest income and similar items		96	45
Interest expenses and similar items		-33	-26
Income tax paid		-3	-13
Cash flow from operating activities		**166**	**471**
Investments in non-current assets		-323	-179
Cash flow from investing activities before acquisitions of enterprises and technology		-323	-179
Free cash flow before acquisitions of enterprises and technology		**-157**	**292**
Acquisition of technology		-2	-2
Cash flow from acquisitions of enterprises and technology		-2	-2
Cash flow from investing activities		**-325**	**-181**
Free cash flow after acquisitions of enterprises and technology		**-159**	**290**
Raising of long-term debt		325	75
Repayment of debt to credit institutions		-150	-225
Repayment in respect of lease liability		-6	-8
Exercise of options		19	17
Sale of treasury shares, employee share programme		9	7
Dividend paid		-96	-101
Dividend, treasury shares		2	3
Capital increase, Class B share capital		37	16
Cash flow from financing activities		**140**	**-216**
Changes in cash and cash equivalents		**-19**	**74**
Cash and cash equivalents, beginning of year		87	12
Translation adjustment of cash and cash equivalents		0	1
Cash and cash equivalents, end of year		**68**	**87**
Cash and cash equivalents, end of year, are composed as follows:			
Cash and cash equivalents		68	87
Bank debt		0	0
Cash and cash equivalents, end of year		**68**	**87**

Statement of changes in equity

Ambu A/S Financial statements for the period 1 October – 30 September

DKKm

	Share capital	Reserve for hedging transactions	Reserve for develop-ment costs	Retained earnings	Proposed dividend	Total
Equity 1 October 2019	**126**	**0**	**234**	**1,542**	**96**	**1,998**
Net profit for the year				12	73	85
Transferred to reserves			219	-219		0
Other comprehensive income for the year				0		0
Total comprehensive income	**0**	**0**	**219**	**-207**	**73**	**85**
Transactions with the owners:						
Share-based payment				14		14
Tax deduction relating to share options				28		28
Exercise of options				19		19
Sale of treasury shares, employee share programme				9		9
Distributed dividend					-94	-94
Dividend, treasury shares				2	-2	0
Share capital increase				37		37
Equity 30 September 2020	**126**	**0**	**453**	**1,444**	**73**	**2,096**

	Share capital	Reserve for hedging transactions	Reserve for develop-ment costs	Retained earnings	Proposed dividend	Total
Equity 1 October 2018	**126**	**0**	**113**	**1,330**	**101**	**1,670**
Net profit for the year				304	96	400
Transferred to reserves			121	-121		0
Other comprehensive income for the year				0		0
Total comprehensive income	**0**	**0**	**121**	**183**	**96**	**400**
Transactions with the owners:						
Share-based payment				10		10
Tax deduction relating to share options				-24		-24
Exercise of options				17		17
Sale of treasury shares, employee share programme				7		7
Distributed dividend					-98	-98
Dividend, treasury shares				3	-3	0
Share capital increase				16		16
Equity 30 September 2019	**126**	**0**	**234**	**1,542**	**96**	**1,998**

Other reserves are made up of reserve for hedging transactions, reserve for foreign currency translation adjustment, reserve for development costs, retained earnings and proposed dividend and total DKK 1,970m (2019: DKK 1,872m). Other reserves are free for distribution with the exception of the reserve for development costs.

§ Accounting policies

Reserve for development costs

Contrary to the accounting policies applied in the consolidated financial statements, in accordance with the Danish Financial Statements Act Ambu A/S must tie up a reserve in equity, corresponding to the capitalized value of development costs (see note 3.1). The amortization of the capitalized development costs as well as deferred tax is set off against this reserve.

DKKm

1.1 Basis of preparation

Ambu A/S is a public limited company domiciled in Denmark. Ambu A/S is the Parent company of the Ambu group.

The financial statements of the Parent company are included in the consolidated financial statements in accordance with the provisions of the Danish Financial Statements Act.

General
The financial statements of the Parent company are presented in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted by the EU as well as additional requirements in the Danish Financial Statements Act.

Accounting policies – Parent company
For information on accounting policies, reference is made to note 1.1 to the consolidated financial statements. In addition, the accounting policies of the Parent company are supplemented for the following items: Statement of changes in equity – Parent company, 3.3 Investments in subsidiaries and 4.2 Net financials.

For information relating to the Parent company, reference is made to the following notes in the consolidated financial statements:

3.1 Goodwill
3.2 Other intangible assets
4.5 Share capital and treasury shares
5.3 Share-based payment
5.6 Contingent liabilities
5.8 Subsequent events
5.9 Adoption of the annual report etc.

The accounting policies have been applied consistently in the preparation of the financial statements of the Parent company in the years presented as well as being consistent with previous years except for the adoption of IFRS 16. Refer to note 1.2 to the consolidated financial statement.

2.1 Staff costs

The staff costs of the parent company are distributed onto the respective functions as follows:

	2019/20	2018/19
Production costs	6	4
Selling and distribution costs	89	54
Development costs	84	48
Management and administration	152	105
Special items	0	25
Total staff costs	**331**	**236**

Staff costs are distributed between the Executive Board, the Board of Directors and other employees as follows:

	2019/20	2018/19
Remuneration, Executive Board	24	17
Share-based payment	8	-3
Termination costs cf. note 2.3	0	25
Staff costs, Executive Board	**32**	**39**
Wages and salaries	257	169
Pension contributions	22	14
Social security costs	3	3
Share-based payment	13	7
Remuneration, Board of Directors	4	4
Total staff costs	**331**	**236**
Average number of employees	351	237
Number of full-time employees at the end of the year	425	266

DKKm

2.2 Depreciation, amortization and impairment losses on non-current assets

	2019/20	2018/19
Amortization of intangible development projects and rights	52	39
Depreciation of property, plant and equipment	16	9
Impairment losses on non-current assets	7	0
Total depreciation, amortization and impairment losses	**75**	**48**

Depreciation, amortization and impairment losses have been allocated to the following functions:

	2019/20	2018/19
Selling and distribution costs	2	1
Development costs	55	39
Management and administration	18	8
Total depreciation, amortization and impairment losses	**75**	**48**

2.3 Special items

	2019/20	2018/19
Termination costs CEO, remuneration	0	18
Termination costs CEO, share-based payments	0	7
Compensation distributor	0	136
Other severance and strategy-related costs	0	11
Total special items	**0**	**172**

2.4 Tax on profit for the year

	2019/20	2018/19
Current tax on profit for the year	-5	55
Deferred tax on profit for the year	9	45
Adjustment of deferred tax in respect of previous years	2	-2
Total tax on profit for the year	**6**	**98**
Tax on profit for the year comprises (%):		
Applicable tax rate on profit for the year in Parent company	22.0	22.0
Income not subject to tax	-29.0	-0.3
Non-deductible costs	3.3	1.1
Value adjustment of contingent consideration	10.8	-2.0
Tax credits	-2.8	-0.7
Tax adjustment in respect of previous years	2.3	-0.4
Average effective tax rate (tax expense divided by profit before tax)	**6.6**	**19.7**

The group's transfer pricing setup is based on the widely used principal/agent model according to which Ambu A/S in its capacity of principal through financial ownership of the group's intangible assets etc. repatriates most of the group's profit for income taxation in Denmark.

Current tax on profit for the year was DKK -5m (DKK 55m), corresponding to -5% (2018/19: 11%) of the profit before tax, taking into account Ambu A/S's tax deduction relating to the intercompany purchase of rights. Furthermore, income tax payable is reduced by Ambu A/S's tax deduction resulting from the employees' gains from called warrants and share options. Such gains are subject to personal tax.

DKKm

2.5 Deferred tax

	30.09.20	30.09.19
Deferred tax at 1 October	104	-2
Deferred tax on share-based payment recognized in equity	-28	64
Deferred tax for the year recognized in the income statement	9	45
Change in respect of previous years	0	-3
Deferred tax at 30 September	**85**	**104**
Deferred tax relates to:		
Intangible assets	294	238
Property, plant and equipment	-8	-1
Current assets	5	2
Deferred tax on share-based payment recognized in equity	8	-14
Provisions	-2	-2
Contingent consideration	0	0
Payables	-6	0
Tax loss carry-forwards	-206	-119
	85	**104**

3.1 Intangible assets

2019/20	Goodwill	Rights	Completed development projects	Develop-ment projects in progress	Total
Cost at 1 October	147	921	380	226	1,674
Additions during the year	0	0	0	284	284
Disposals during the year	0	0	-8	0	-8
Transferred during the year	0	0	195	-195	0
Cost at 30 September	**147**	**921**	**567**	**315**	**1,950**
Amortization and impairment losses at 1 October	0	-118	-240	0	-358
Disposals during the year	0	0	8	0	8
Impairment losses for the year	0	-2	0	0	-2
Amortization for the year	0	-22	-30	0	-52
Amortization and impairment losses at 30 September	**0**	**-142**	**-262**	**0**	**-404**
Carrying amount at 30 September	**147**	**779**	**305**	**315**	**1,546**

2018/19					
Cost at 1 October	147	921	323	127	1,518
Additions during the year	0	0	0	156	156
Disposals during the year	0	0	0	0	0
Transferred during the year	0	0	57	-57	0
Cost at 30 September	**147**	**921**	**380**	**226**	**1,674**
Amortization and impairment losses at 1 October	0	-101	-218	0	-319
Disposals during the year	0	0	0	0	0
Impairment losses for the year	0	0	0	0	0
Amortization for the year	0	-17	-22	0	-39
Amortization and impairment losses at 30 September	**0**	**-118**	**-240**	**0**	**-358**
Carrying amount at 30 September	**147**	**803**	**140**	**226**	**1,316**

DKKm

3.2 Property, plant and equipment

2019/20	Land and buildings	Plant and machinery	Other plant, fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	118	0	77	16	211
Recognition of right-of-use assets	0	0	3	0	3
Additions during the year	2	0	3	32	37
Disposals during the year	0	0	-24	0	-24
Transferred during the year	7	0	30	-37	0
Cost at 30 September	**127**	**0**	**89**	**11**	**227**
Depreciation and impairment losses at 1 October	-6	0	-57	0	-63
Disposals during the year	0	0	23	0	23
Impairment losses for the year	-1	0	-4	0	-5
Depreciation for the year	-4	0	-12	0	-16
Depreciation and impairment losses at 30 September	**-11**	**0**	**-50**	**0**	**-61**
Carrying amount at 30 September	**116**	**0**	**39**	**11**	**166**

2018/19					
Cost at 1 October	117	1	68	4	190
Additions during the year	0	0	0	24	24
Disposals during the year	0	-1	-2	0	-3
Transferred during the year	1	0	11	-12	0
Cost at 30 September	**118**	**0**	**77**	**16**	**211**
Depreciation and impairment losses at 1 October	-4	-1	-52	0	-57
Disposals during the year	0	1	2	0	3
Impairment losses for the year	0	0	0	0	0
Depreciation for the year	-2	0	-7	0	-9
Depreciation and impairment losses at 30 September	**-6**	**0**	**-57**	**0**	**-63**
Carrying amount at 30 September	**112**	**0**	**20**	**16**	**148**

3.3 Investments in subsidiaries

	2019/20	2018/19
Cost at 1 October	2,281	2,285
Additions	5	0
Disposals	0	-4
Cost at 30 September	**2,286**	**2,281**
Carrying amount at 30 September	2,286	2,281

Reference is made to note 5.5 to the consolidated financial statements for an overview of the company's subsidiaries.

§ Accounting policies
Investments in subsidiaries are measured at cost including goodwill. If there is any indication of impairment, an impairment test is carried out. Where the cost exceeds the recoverable amount, impairment is made to the lower value.

DKKm

3.4 Leases

	30.09.20	30.09.19
Land and buildings	109	107
Other plant, fixtures and fittings, tools and equipment	7	3
Carrying amount of lease assets	**116**	**110**
Additions on lease assets during the year	4	

At 30 September 2019, DKK 110m was recognized as finance leases.

	30.09.20	30.09.19
Lease liabilities		
Less than 1 year	9	7
Between 1 and 5 years	30	27
More than 5 years	90	97
Undiscounted lease liabilities	**129**	**131**

At 30 September 2019, DKK 105m was recognized as finance lease liabilities.

	2019/20
Amounts recognized in the income statement	
Expenses related to low value and short-term leases	0
Interest on lease liabilities	3
Depreciation of lease assets per asset class	
Land and buildings	2
Other plant, fixtures and fittings, tools and equipment	4
Depreciation of lease assets	**6**
Amounts recognized in the cash flow statement	
Total cash outflow for leases	9

3.5 Inventories

	30.09.20	30.09.19
Raw materials and consumables	3	0
Finished goods	137	111
	140	**111**
Cost of sales for the year	1,624	1,005
Write-down of inventories included in production costs for the year	5	6

DKKm

3.6 Trade receivables

	30.09.20	30.09.19
Not due	91	102
1-90 days	7	4
91-180 days	0	1
> 180 days	1	4
Trade receivables	**99**	**111**
At end of year, trade receivables were written down by	4	0

3.7 Adjustment of items with no cash flow effect

	2019/20	2018/19
Depreciation, amortization and impairment losses	75	48
Share-based payment	15	10
	90	**58**

3.8 Changes in net working capital

	2019/20	2018/19
Changes in inventories	-29	-26
Changes in receivables	6	-25
Changes in balances with group companies	77	-101
Changes in trade payables etc.	-111	182
	-57	**30**

DKKm

4.1 Categories of financial instruments

The parent company has recognized the following financial instruments:

	30.09.20	30.09.19
Receivables from subsidiaries	726	680
Trade receivables	99	111
Other receivables	4	4
Cash	68	87
Receivables and cash and cash equivalents	**897**	**882**
Credit institutions	1,225	1,051
Other interest-bearing debt	24	0
Provisions	41	43
Trade payables	88	68
Payables to subsidiaries	932	804
Other payables	58	211
Financial liabilities recognized at amortized cost	**2,368**	**2,177**
Contingent consideration (level 3)	404	359
Derivative financial instruments (level 2)	7	13
Financial liabilities stated at fair value in the income statement	**411**	**372**

The parent company's payables fall due as follows:

2019/20	**0-1 year**	**1-5 years**	**> 5 years**	**Total**
Credit institutions	0	1,225	0	1,225
Other interest-bearing debt	0	0	24	24
Provisions	9	32	0	41
Contingent consideration	404	0	0	404
Other financial liabilities	544	534	0	1,078
Derivative financial instruments	7	0	0	7
	964	**1,791**	**24**	**2,779**

2018/19	**0-1 year**	**1-5 years**	**> 5 years**	**Total**
Credit institutions	0	1,051	0	1,051
Provisions	5	38	0	43
Contingent consideration	251	108	0	359
Other financial liabilities	482	601	0	1,083
Derivative financial instruments	13	0	0	13
	751	**1,798**	**0**	**2,549**

DKKm

4.2 Net financials

	2019/20	2018/19
Other financial income:		
Foreign exchange gains, net	0	17
Dividend from subsidiaries	119	28
Fair value adjustment, contingent consideration	0	115
Fair value adjustment, swap	3	0
Financial income	**122**	**160**

	2019/20	2018/19
Interest expenses:		
Interest expenses, subsidiaries	7	7
Interest expenses, banks	22	17
Interest expenses, leases	3	2
Other financial expenses:		
Foreign exchange loss, net	23	0
Fair value adjustment, contingent consideration	46	0
Effect of shorter discount period, acquisition of technology	3	3
Fair value adjustment, swap	0	10
Financial expenses	**104**	**39**

§ Accounting policies

Dividend from subsidiaries is recognized under financial income at the time the dividend is declared.

5.1 Provisions

	2019/20	2018/19
Provisions at 1 October	43	40
Used during the year	-2	-2
Value adjustment	3	3
Currency translation adjustment	-3	2
Provisions at 30 September	**41**	**43**
Provisions expected to fall due:		
Non-current liabilities	32	38
Current liabilities	9	5
Provisions at 30 September	**41**	**43**

DKKm

5.2 Contingent consideration

	2019/20	2018/19
Contingent consideration at 1 October	359	473
Used during the year	0	0
Adjustments made through the income statement under financial expenses:		
Value adjustment	46	-115
Currency translation adjustment	-1	1
Contingent consideration at 30 September	**404**	**359**
Contingent consideration expected to fall due:		
Non-current liabilities	0	108
Current liabilities	404	251
Contingent consideration at 30 September	**404**	**359**

5.3 Fee to auditors appointed by the annual general meeting

	2019/20	2018/19
Audit fee	1	1
Other assurance engagements	0	0
Tax consultancy services	0	0
Other services	0	0
Total fees	**1**	**1**

DKKm

5.4 Related parties

The Parent company's related parties include subsidiaries, the company's Board of Directors and Executive Board and members of their families. Related parties further include enterprises in which the above-mentioned persons have a significant interest.

Ambu A/S has engaged in the following important transactions with related parties:

	2019/20	2018/19
Sale of goods and services to subsidiaries	2,146	1,738
Licences granted to subsidiary	0	6
Purchase of goods and services from subsidiaries	1,709	1,078
Transfer of rights from subsidiary	0	0

During the year, no transactions, except for payment of the management's remuneration and intercompany transactions eliminated in the consolidated financial statements, have been carried out with the Board of Directors, Executive Board, senior employees, major shareholders or other related parties.

Outstanding balances and receivables in respect of related parties, essentially arising from ordinary business relations, i.e. the purchase and sale of goods and services, are included in the balance sheet of the Parent company. Such transactions are carried out on the same terms as apply to the group's other customers and suppliers. For information on the year's interest on intercompany loans, refer to note 4.2.

The Parent company has provided loans to a number of subsidiaries. The loans carry interest on market terms.

Guarantees have been provided to banks in respect of the subsidiaries. The subsidiaries have not furnished security for their debt to the Parent company.

	2019/20	2018/19
Guarantees and security furnished on behalf of subsidiaries	24	26

Company announcements in 2019/20

No. 1	Annual report 2018/19 (Earnings release)
No. 2	Changes within the board of directors of Ambu A/S
No. 3	Capital increase in connection with exercise of warrants
No. 4	Annual General Meeting in Ambu A/S
No. 5	Interim report for Q1 2019/20
No. 6	Capital increase in connection with exercise of warrants
No. 7	Malaysian government orders two-week movement control
No. 8	Ambu's production exempt from Malaysian movement control order
No. 9	Ambu reports revenue growth for Q2 and raises the revenue guidance for the year
No. 10	Interim Report for Q2 2019/20 and for the half-year
No. 11	Capital increase in connection with exercise of warrants
No. 12	Ambu receives FDA clearance for its sterile, single-use duodenoscope
No. 13	Interim Report for Q3 2019/20
No. 14	Capital increase in connection with exercise of warrants
No. 15	Financial calendar

Financial calendar 2020 and 2021

2020	**2020/21**
11 November	Annual report 2019/20
9 December	Annual general meeting
30 December	Q1 quiet period starts
2021	**2020/21**
27 January	Interim report for Q1 2020/21
14 April	Q2 quiet period starts
12 May	Interim report for Q2 2020/21
20 July	Q3 quiet period starts
17 August	Interim report for Q3 2020/21
30 September	End of FY 2020/21
2021	**2021/22**
12 October	Q4 quiet period starts
9 November	Annual report 2020/21
14 December	Annual general meeting

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 approx. 4,000 people in Europe, North America and the Asia Pacific. For more information, please visit ambu.com

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