ANNUAL REPORT 2021/22

Ambu FOREVER FORWARD

Ambu A/S, Baltorpbakken 13, DK-2750 Ballerup
Registration no. 63644919

ANNUAL REPORT 2021/22

MANAGEMENT REVIEW

FINANCIAL STATEMENTS

Our statutory reporting for 2021/22 includes four reports: Annual Report, Sustainability Report, Remuneration Report and Corporate Governance Report.

Sustainability Report 2021/22

Remuneration Report 2021/22

Corporate Governance 2021/222021/22

INTRODUCTION

FINANCIAL HIGHLIGHTS

DKKm	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement					
Revenue	4,444	4,013	3,567	2,820	2,606
Gross margin, %	57.5	62.4	62.0	58.0	59.4
EBITDA before special items	423	556	609	589	678
Depreciation, amortisation and impairment	-301	-216	-181	-109	-115
EBIT before special items	122	340	428	480	563
Special items	-148	0	0	-174	0
EBIT	-26	340	428	306	563
EBITDA	325	556	609	415	678
Net financials	135	-32	-106	107	-98
Profit before tax	109	308	322	413	465
Net profit for the year	93	247	241	317	337
Balance sheet					
Assets	7,215	5,740	4,926	4,558	4,234
Net working capital	1,022	789	581	387	535
Equity	4,261	3,952	2,372	2,182	1,882
Net interest-bearing debt	1,658	759	1,346	1,035	1,245
Invested capital	5,919	4,711	3,718	3,217	3,127
Cash flow					
Cash flow from operating activities	95	328	295	533	554
Cash flow from investing activities before acquisitions	-553	-573	-428	-259	-233
Investments in property, plant and equipment	-490	-299	-213	-104	-129
Free cash flow before acquisitions	-458	-245	-133	274	321
Acquisitions of enterprises and technology	-5	-301	-2	-2	-928
Cash flow from operating activities, % of revenue	2	8	8	19	21
Investments, % of revenue	-12	-14	-12	-9	-9
Free cash flow before acquisitions, % of revenue	-10	-6	-4	10	12
Key figures and ratios					
Organic growth, %	4	16	26	4	15
OPEX ratio, %	55	54	50	41	38
EBITDA margin before special items, %	9.5	13.9	17.1	20.9	26.0
EBIT margin before special items, %	2.7	8.5	12.0	17.0	21.6
EBIT margin, %	-0.6	8.5	12.0	10.9	21.6
EBITDA margin, %	7.3	13.9	17.1	14.7	26.0
Tax rate, %	15	20	25	23	28
Return on equity, %	2	8	11	16	21
NIBD/EBITDA before special items	3.9	1.4	2.2	1.8	1.8
Equity ratio, %	59	69	48	48	44
Net working capital, % of revenue	23	20	16	14	21
Return on invested capital (ROIC), %	2	6	9	15	17
Average number of employees	4,849	4,437	3,617	2,957	2,712
Share-related ratios					
Market price per share, DKK	66	190	180	114	154
Earnings per share (EPS) (DKK)	0.37	0.98	0.98	1.30	1.39
Diluted earnings per share (EPS-D) (DKK)	0.37	0.98	0.97	1.28	1.36
Cash flow per share	0.37	1.27	1.17	2.12	2.20
Equity value per share	17	15	9	9	7
Price/equity value	4.0	12.4	19.2	13.1	20.6
Dividend per share	0.00	0.29	0.29	0.38	0.40
Pay-out ratio, %	0	30	30	30	30
P/E ratio	178	194	184	88	111

AMBU AT A GLANCE

FINANCIAL HIGHLIGHTS 2021/22

Revenue
DKK 4,444m
DKK 431m up from last year

Organic growth
4%
Versus 16% last year

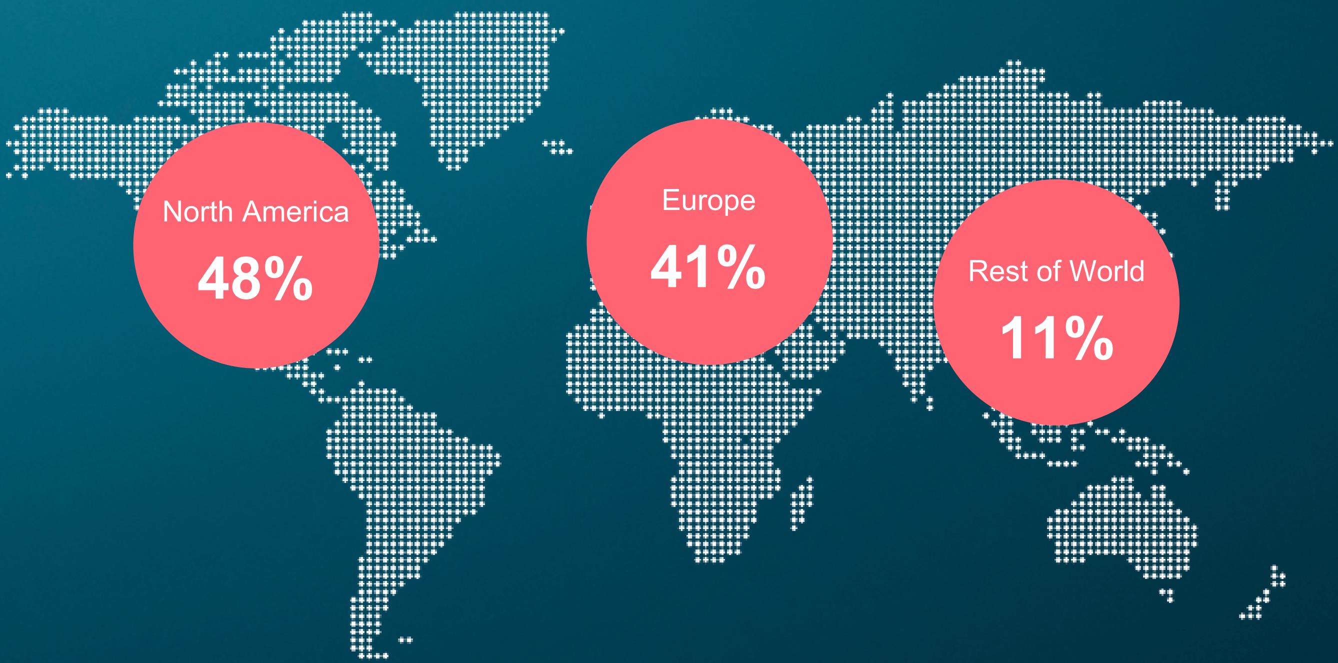
EBIT before special items
DKK 122m
64% down from last year

Gross margin
57.5%
-4.9 percentage points

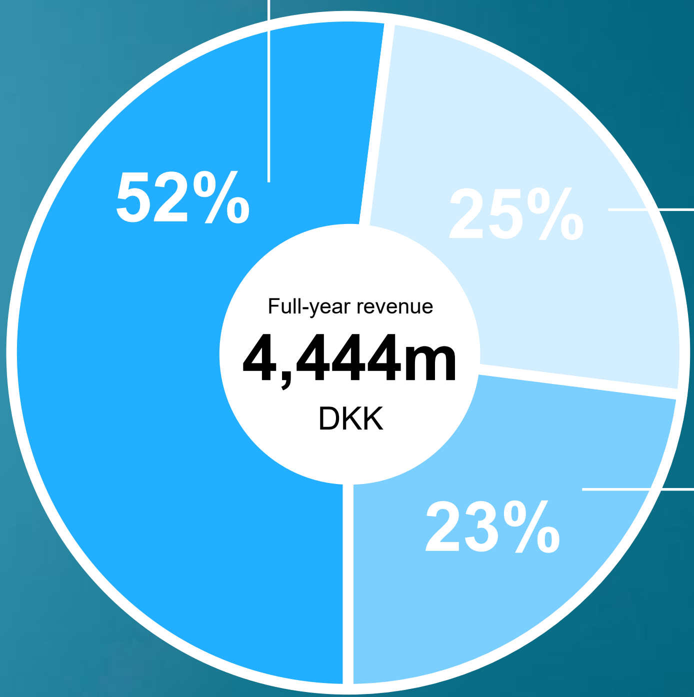
Free cash flow
DKK -458m
DKK -213m down from last year

EBIT margin before special items
2.7%
-5.8 percentage points

REVENUE SHARE BY GEOGRAPHY



REVENUE BY BUSINESS AREA



Visualization

Single-use endoscopes
Displaying & processor units
Video laryngoscopes
Airway tubes with integrated camera

Anaesthesia

Resuscitators
Laryngeal masks
Anaesthesia masks
Breathing circuits

Patient Monitoring & Diagnostics

Cardiology electrodes
Neurology electrodes
Training manikins
Neck collars

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

2020/21 → **2021/22**

Scope 1+2: 100% → **Scope 3: 100%**	4.2% → **26.1%**	33% → **42%**	2.10 → **1.87**	0% → **99%**
Scope 1, 2, 3* emissions mapped	Renewable electricity share	Women in Ambu's Executive Leadership Team	CO_2e per tonne manufactured products (market-based)	Employees gone through our cyber-security training

**Scope 3 emissions refer to the financial year 2020/21*

COMPANY FOCUS

Ambu is a medical device company founded in 1937 by Holger Hesse to save lives and improve patient care. We develop solutions for hospitals, clinics and rescue services.

INNO-VATION

Ambu has innovation centres in Denmark, Germany, China, Malaysia and the USA, as well as production facilities in China, Malaysia, the USA and Mexico.

WORK-FORCE

Ambu employs approximately 4,500 people across the world, in more than 20 countries, and our solutions are available in 90+ markets.

HIGHLIGHTS OF THE YEAR

A new product version of Ambu's single-use duodenoscope, **Ambu® aScope™ Duodeno 1.5**, is launched

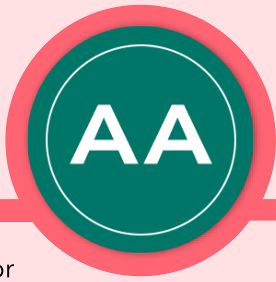
Ambu® aScope™ RhinoLaryngo **expands the addressable market** by supporting Fibreoptic Endoscopic Evaluation of Swallowing (FEES) procedures

Ambu's first single-use gastroscope solution, **Ambu® aScope™ Gastro** and **Ambu® aBox™ 2**, is launched

New Executive Management in place – CEO Britt Meelby Jensen and CFO Thomas Frederik Schmidt

Ambu launches its fifth-generation single-use bronchoscope solution, **Ambu® aScope™ 5 Broncho** and **Ambu® aBox™ 2**

Ambu achieves an **AA rating from MSCI as an industry leader in ESG** – the highest rating among peers



719,000 patients diagnosed or treated with **Ambu's cystoscopes and ENT** endoscopes

First products shipped to customers in the USA from our **new manufacturing plant in Mexico**

Ambu reaches milestone of more than **1 billion electrodes sold** from our combined neurology and cardiology electrode portfolio

LETTER FROM THE CEO

2021/22 was a year of new winds for Ambu. Our teams accomplished many great successes, while also readily adapting to new uncertainties. During macroeconomic headwinds, a change in executive management and global restructuring efforts, we pushed on to bring new innovative medical devices to the hands of our customers. As we end the year, we are standing strong and focused, with a promising future ahead of sustainable growth and improved profitability.

BRITT MEELBY JENSEN

Chief Executive Officer

I am excited to have joined Ambu as Chief Executive Officer. The company represents a great potential to further advance healthcare, rethinking solutions together with healthcare professionals, while building on an 85-year-old legacy of saving lives and improving patient care. Ambu is uniquely innovative. In Anaesthesia and Patient Monitoring & Diagnostics, we have a strong brand of high-quality products and impactful customer value. 15 years ago, we reinvented the field of endoscopy with the first single-use endoscopy solution, and we remain world-leading in this rapidly growing market.

GREAT SUCCESSES

We made strong progress and reached important milestones this year. Our accelerated investments into innovation led to quality and functionality improvements, with new solutions that expand the customer reach and potential in new and existing segments. We launched our fifth-generation single-use bronchoscope solution – Ambu® aScope™ 5 Broncho and Ambu® aBox™ 2. It is considered the most superior endoscopy solution by pulmonologists on meaningful parameters, and it is the first and only single-use endoscope that meets the requirements in the bronchoscopy suite, where the most advanced pulmonology procedures are performed. Likewise, we launched our new gastroscope solution – the Ambu® aScope™ Gastro and Ambu® aBox™ 2 – entering a new gastrointestinal area. Feedback from customers is very encouraging, and we are excited about the potential to gradually expand in this large market. The strong product performance, the ability to improve customers' workflow and economics, as well as safety, have been key drivers of our successful entry into new therapeutic areas. Our Ambu® aScope™ 4 Cysto is a great example of that within urology. We launched the solution in 2019/20, and we continue to see rapid growth.

2021/22 was also the year we strengthened and expanded our manufacturing footprint. The opening of our new factory in Mexico increases our flexibility and reliability to supply customers in our largest market, North America, setting Ambu up for future growth.

> **"The strong product performance, the ability to improve customers' workflow and economics, as well as safety, have been key drivers of our successful entry into new therapeutic areas**

TURNING POINT

While we had much to celebrate at Ambu, the year also came with its challenges. Going into the year, which was driven by significant macro-economic uncertainty, we had set high growth expectations. However, we did not meet them. We were too optimistic in terms of speed of launch into new segments, and we did not accurately estimate the post-Covid 19 situation. At the same time, we had increased investments across too many areas simultaneously. As a consequence, we made the decision to strengthen our focus and align our business to the market situation, and we initiated a global restructuring program expected to result in an annualised cash flow impact of DKK 250m from the financial year 2022/23. While maintaining a strong focus on high-impact projects, investments in innovation were scaled down to industry benchmarks. Our commercial organisation was resized, while still ensuring our ability to provide first-class customer service. These changes marked a turning point towards future solid growth and improved profitability.

We have identified opportunities to improve our execution, to set our people up for success and, above all, to strengthen the value we bring to our customers. Ambu operates in a market with attractive growth potentials, and as a first-mover and leader, we are uniquely positioned to make a tangible difference for healthcare professionals and hospital systems. The value proposition of improved workflow, attractive economics and sterile solutions that enhance patient safety resonate strongly with an increasing number of hospitals. As the market continues to grow rapidly, we have no doubt that we will keep expanding our leading position in single-use endoscopy.

> **“As the market continues to grow rapidly, we have no doubt that we will keep expanding our leading position in single-use endoscopy**

STRONG GROWTH PROSPECTS

Our path towards reaching new potentials within single-use endoscopy is set. We have finetuned our strategy, setting the plan of action for how we best create value for our customers and shareholders. It is a course of zooming in on the key value drivers across solutions, geographies and customer segments. We have learned a lot about customer needs and how to successfully bring single-use endoscopy solutions to the market, and we prioritise to engage with customers in high-value markets ourselves – and through distributors in others. Our continuous innovation and improvements are driven by profound insights into customer needs and market conditions. We zoom in on the environment, developing sustainable products and minimising environmental impact from emission and waste. And finally, we zoom in on our people, promoting a diverse and inclusive culture of strong engagement. We will take advantage of our size, being flexible to re-arrange resources in line with customer needs and market opportunities in the current environment marked by increased macroeconomic uncertainties.

ADVANCING OUR FOUNDATION

Today, we have reduced the number of development projects at Ambu. Within endoscopy solutions, our eyes are set on the biggest value drivers in the four major endoscopy segments – pulmonology, urology, ear-nose-throat (ENT) and gastrointestinal (GI). We have strong customer relationships and insights, from which we will continue to rethink solutions that save lives and improve patient care.

For our employees, who represent the most important asset at Ambu, we are pursuing opportunities to better set them up for success. Despite this year's challenging conditions, they have made an extraordinary effort, showing resilience, tenacity and passion, for which they deserve much praise. We prioritise to make Ambu a preferred employer, giving our people opportunities to develop, advance and thrive.

As we look ahead, we will keep pushing forward with Ambu's transformation. We will further strengthen our foundation and execution, as we are committed to delivering sustainable and profitable growth in the years to come.

I look forward to delivering on this ambition together with my great colleagues around the world. There is much potential to unlock as we deliver on our strategy – for the direct benefit of our employees, customers and shareholders.

LETTER FROM THE CHAIRMAN

As the market leader within single-use endoscopy, Ambu is a strong company with a unique position. Our products and solutions are available in close to 100 countries, impacting over 100 million patients. In the past decade, we have created a rapidly growing endoscopy business, which today represents more than half of our total revenue.

This is an impressive trajectory, with many victories along the way. We are a much larger and stronger company than a few years ago. This comes with different requirements for how we work and execute. And during 2021/22, our execution has not been without its challenges.

FALLING SHORT OF ASPIRATIONS

During the past years, Ambu's strategic focus has been centred on accelerating investments in our innovation engine and commercial organisations. It was built on an assumption that the market developed rapidly, and the purpose was clear: Expand our single-use endoscopy leadership position as the market expands. Consequently, we entered the gastrointestinal segment with our single-use duodenoscope, the Ambu® aScope™ Duodeno. Our aim was to address the clinical needs of the complex ERCP procedures. Yet, our expectations were not fulfilled. Physicians were reluctant to convert from reusable to single-use endoscopes, as the product performance did not fulfil the needs of all customers. As a result, we adjusted our guidance several times, which undoubtedly took a toll on our credibility as a company. We did not adjust our execution and investment levels in time, leading to an unsatisfactory cash flow situation. Ultimately, this called for immediate action, and the Board decided to change the Executive Management.

NEW LEADERSHIP IN PLACE

At the end of May 2022, Britt Meelby Jensen joined Ambu as Chief Executive Officer. Britt is an experienced leader, with a proven track record of delivering transformational business results and creating shareholder value within the healthcare industry. In line with the Scandinavian corporate governance principles, Britt stepped down from the Ambu Board, where she had served since December 2019.

On 1 June 2022, Thomas Frederik Schmidt joined as Chief Financial Officer, and he comes with extensive finance and management experience from more than 20 years in the Roche Group. Britt and Thomas were fast to bring Ambu's Executive Leadership Team together to initiate a global restructuring program and turnaround of the company towards sustainable and profitable growth.

ACTIONS TO IMPROVE PERFORMANCE

Ambu's success is dependent on setting the right strategy and executing well. We have had a lot of successes and a lot of learnings in recent years, which is integrated into Ambu's new strategy. An unwavering commitment to zoom in on our endoscopy business, as well as our ability to adapt fast to changing market conditions and opportunities, is imperative. Above all, we are committed to running a sustainable and profitable business. In doing so, we must build trust, with all stakeholders, by delivering on the commitments we make.

As we take action to improve our performance, we will also accelerate our efforts and activities within ESG and sustainability. As a global supplier of single-use medical devices, we feel a responsibility to prioritise sustainable practices and targets. This topic resonates strongly with our customers, employees and shareholders, and in the years to come, this agenda will be a key focus area.

THANK YOU

On behalf of the Board, I want to extend my thanks to the Ambu employees. Their high levels of teamwork, capabilities and engagement are driving our success. They are the ones building impactful relationships with customers, tapping into their expertise and translating this to new innovative medical devices that improve workflow and the lives of patients. Their continued commitment will be instrumental in driving our strategic ambition to secure sustainable and profitable growth.

Lastly, I would like to thank our shareholders for the ongoing support during a challenging year. I can assure all that the Board remains strongly committed to creating shareholder value.

JØRGEN JENSEN

Chairman of the Board

OUR BUSINESS

OUR PURPOSE

Together, we rethink solutions to save lives and improve patient care

TOGETHER
We bring people together and collaborate across areas of expertise. We listen to our customers and respond to their needs.

WE RETHINK
We challenge the conventions by thinking of new ways to solve issues. Innovation and disruption are in our DNA.

SOLUTIONS
We deliver more than products – we provide smarter, simpler solutions.

SAVE LIVES AND IMPROVE PATIENT CARE
We are here to help healthcare professionals do better for patients.

Engineer Holger Hesse founded Ambu in 1937 with a dream to develop products that save lives. This dream became a reality when he met the anaesthetist, Henning Ruben, who was seeking a solution to the lack of oxygen supplies at his hospital caused by a transportation strike. Together, the engineer and the doctor invented the world's first self-inflating manual resuscitator, the Ambu Bag, which still saves lives today.

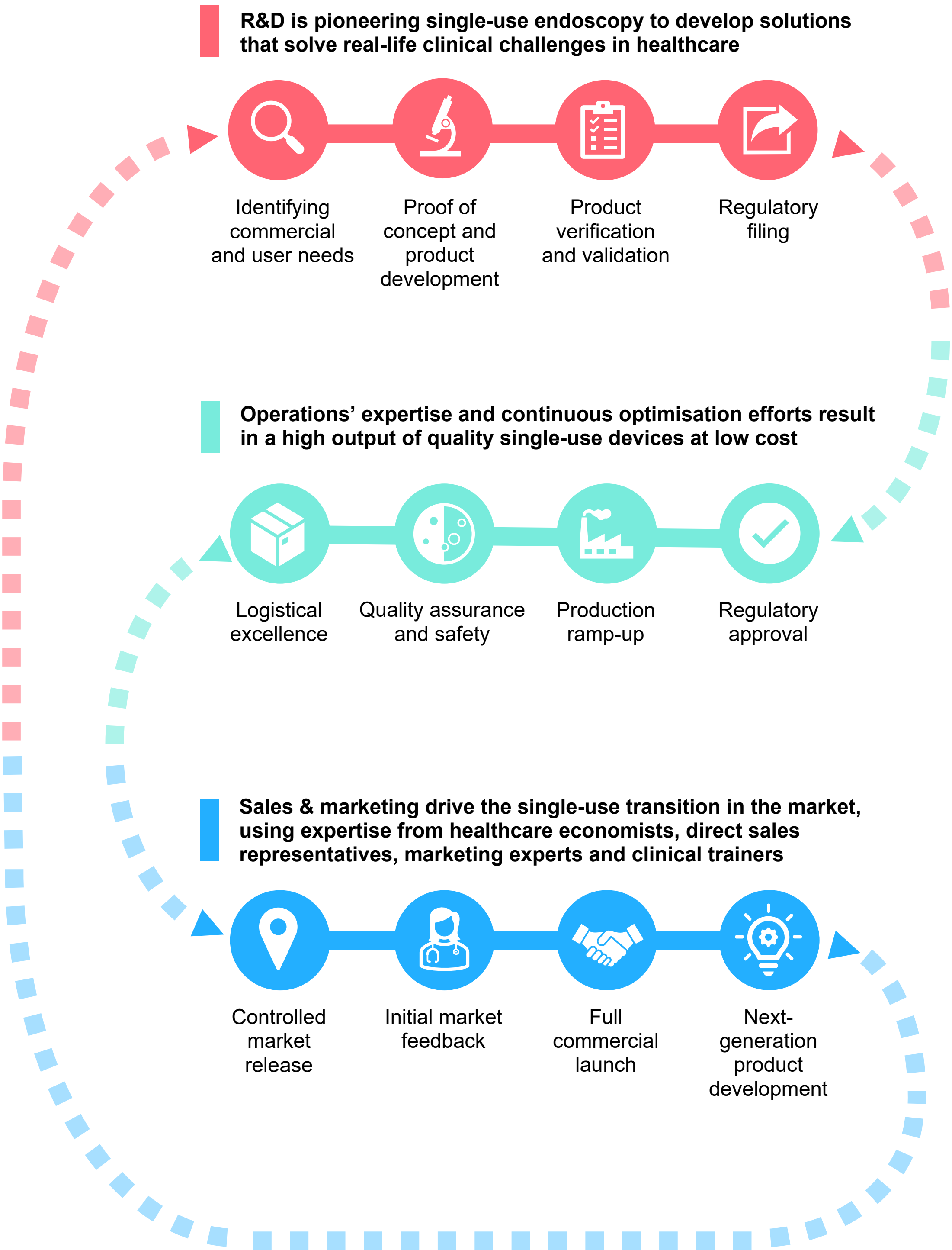
Holger Hesse's eagerness to bring people together to rethink and find better solutions has been a cornerstone of Ambu ever since. Like when one of our colleagues repeatedly observed doctors struggling daily to find an available endoscope – sometimes in life-threatening situations. He gathered a team of Ambu colleagues and doctors to rethink a solution. The result was the world's first single-use endoscope, the Ambu® aScope™ Broncho.

This curiosity and collaborative spirit, which is needed to rethink and invent solutions that help healthcare professionals and their patients, remains the lifeblood of Ambu.

Holger Hesse, the founder of Ambu

HOW WE CREATE VALUE

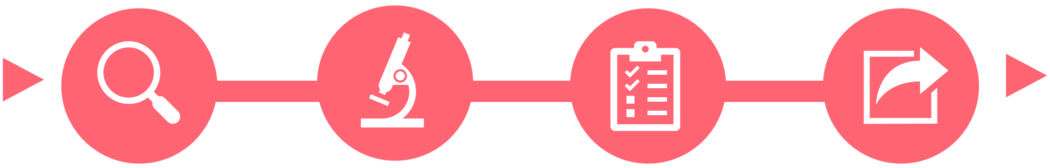
Ambu is a medical device company that develops, manufactures and sells innovative solutions to hospitals, clinics and rescue services all over the world. We work in an iterative framework across innovation, production and sales and marketing, whereby we consistently engage with healthcare professionals to develop new and next-generation solutions that solve real-life medical needs.



OUR INNOVATION ENGINE

Our innovation engine is focused on rapid innovation in a modular structure, with R&D centres in Denmark, Germany, China, Malaysia, China and the USA. We focus our innovation efforts on new product development and product lifecycle management – keeping the needs of our customers front and centre.

New and next-generation products are developed in a rigorous product innovation process, covering screening and scoping of projects and ending with a commercial launch. In the latter part of the development process, we review the user feedback towards the next-generation product development.



Identifying commercial and user needs

Identifying user requirements is at the core of our product innovation process, and we work closely with healthcare professionals to define the design and development of new technologies that solve their real-life clinical challenges.

Proof of concept and product development

In our product development, we benefit from a modular approach by leveraging previously approved concepts and approaches. Combined with strong technology partnerships, we utilise the latest technology advancements.

Product verification and validation

We conduct usability studies and clinical evaluations with a global healthcare network of customers and medical advisers to document the effectiveness of our products, ensuring that our products meet the high performance requirements of our customers.

Regulatory filing

After working closely with our customers to implement user- and clinical feedback, we complete the product development and work with regulatory authorities to prepare for market launch.

“Our modular innovation engine enables rapid development of disruptive medical solutions for the healthcare sector

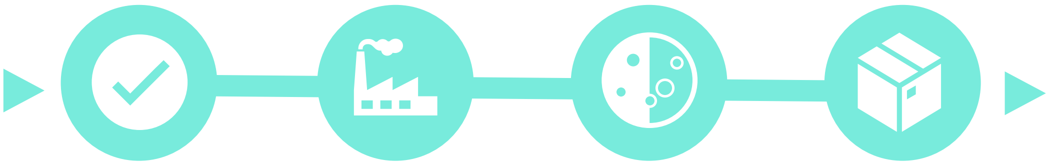
MÅNS BARSNE

Executive Vice President,
Chief Innovation Officer,
Ambu

OUR HIGH-SCALE, LOW-COST MANUFACTURING

Ambu is committed to providing a strong supply of medical devices to our customers at hospitals and healthcare clinics around the world. We have four manufacturing plants in Malaysia, China, the USA and Mexico, at which we produce high-quality devices at a low cost, based on decades of expertise within optimisation processes and activities.

With our latest and largest plant in Ciudad Juárez, Mexico, we have further strengthened our flexibility, proximity and supply of products to our customers in North America, Ambu's largest market.



Regulatory approval

In preparation for regulatory clearance, we establish the production volume needed, including raw materials and product components from suppliers.

Production ramp-up

As soon as we obtain regulatory clearance, we begin the ramp-up of product manufacturing in order to ensure a sufficient stock of products for our customers.

Quality assurance and safety

We continuously monitor our product output to ensure that all products meet the highest product quality and safety standards before being shipped to customers around the world.

Logistical excellence

Our products are packaged and shipped by sea, train, truck and (rarely) air freight to regional warehouses before ending at their final destination in the hands of our customers

> **"Ambu's manufacturing plant in Mexico strengthens our production capacity and supply of products to our customers in North America**

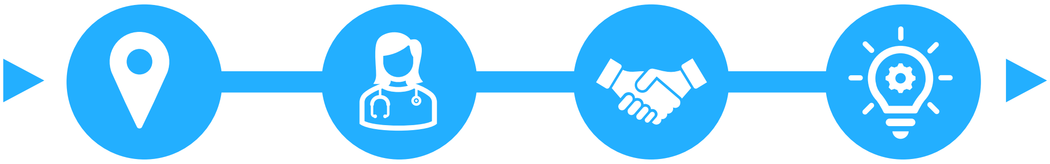
HENRIK ANKJÆR

Executive Vice President,
Global Operations,
Ambu

OUR SALES AND MARKETING ORGANISATION

Ambu is proud to have the world's largest dedicated single-use endoscopy sales & marketing organisation, with two main goals: To expand hospitals' access to our portfolio of single-use endoscopes and to shape our innovation roadmap.

Expanding hospitals' access to Ambu's single-use endoscope solutions requires alignment between multiple hospital departments, such as clinical stakeholders, economic stakeholders and stakeholders related to infection prevention and risk management. Ambu takes a targeted approach for each stakeholder, which includes a dedicated clinical selling organisation, focused on doctors and nurses; corporate accounts and healthcare economics teams that are focused on demonstrating the cost-effectiveness and Ambu portfolio benefit to economic stakeholders; and evidence generation teams to increase awareness of the contamination risks of reusable endoscopes and the benefits of sterile single-use solutions. Our teams work together to drive the transition and unlock the benefits of single-use endoscopy in health systems.



Ambu's sales & marketing organisation plays an important role in shaping our innovation roadmap. During a solution's 'controlled market release' phase, our teams collect initial market feedback on how our solution performs, as well as for which market segments there is the strongest fit for single-use endoscopy. This feeds directly into our approach for the upcoming full commercial launch, as well as our rapid innovation cycle for next-generation product and technology development.

"Ambu's sales & marketing organisation is one of our most important assets globally, empowering hospital systems to unlock the benefits of our single-use endoscopy ecosystem

BASSEL RIFAI

Executive Vice President,
Chief Marketing Officer &
President APAC, Ambu

DISRUPTING FLEXIBLE BRONCHOSCOPY

The spark that ignited the development of the world's first single-use bronchoscope was a near-fatal incident. During intubation, a patient's airways presented a challenge, and the anaesthetist was in dire need of a bronchoscope. However, no bronchoscopes were available in the operation theatre, and staff scrambled to find one. As the situation grew more critical, an endoscope tower system was finally wheeled in. The intubation was successful, and the patient survived.

The Ambu engineer who witnessed this episode soon learned that the lack of available endoscopes was a recurring issue at hospitals. This pattern prompted the innovation of the single-use bronchoscope, the Ambu® aScope™ Broncho, launched in 2009.

It all started with an observation in the late 2000s that would come to disrupt the field of flexible bronchoscopy

Having single-use bronchoscopes available to perform intubation of difficult airways in the operating room soon proved its clinical and conceptual worth.

Over the next years, Ambu developed new generations of the bronchoscope to meet new procedural needs. The next focus area was the intensive care unit: Inspection of the lungs and of endotracheal tube placement, secretion management and procedures undertaken to collect samples from the lungs and to clear the airways. By the launch of the third-generation bronchoscope, Ambu had developed a true bedside solution, complete with the Ambu® aView™ monitor, allowing doctors to eliminate heavy tower equipment and critical delays. Instead, they could perform the procedure immediately and with minimal footprint.

In 2017, we launched the fourth generation of our bronchoscope for use in operating rooms and intensive care units. This version was vastly improved, based on strong user input, and remains one of our most impactful innovations.

Finally, in 2022, we introduced the Ambu® aScope™ 5 Broncho HD system. This fifth-generation solution reaches beyond the operating rooms and intensive care units by addressing the complex procedures of the bronchoscopy suite. While we are still in the early stages of the global launch, the Ambu® aScope™ 5 Broncho HD has demonstrated 'on par' performance – in some cases, even superior – to reusable bronchoscopes.

Today, Ambu offers a strong portfolio of always available, sterile and high-performing bronchoscope solutions, covering clinical needs in operating rooms, intensive care units and bronchoscopy suites. And it all started with an observation in the late 2000s that would come to disrupt the field of flexible bronchoscopy.

DEVELOPING BRONCHOSCOPY SOLUTIONS TOGETHER WITH HEALTHCARE PROFESSIONALS

The development journey of Ambu's single-use bronchoscopy solution emphasises how close and consistent collaboration with healthcare professionals is key to developing new innovative solutions and next-generation products that make a real-life difference in healthcare.

2009

Ambu® aScope™ and aScope™ Monitor

The first-generation single-use bronchoscope solution was developed due to clinicians' need for available broncho-scopes in the operating room.

2011

Ambu® aScope™ 2

Based on valuable feedback from doctors, Ambu's second-generation bronchoscope showed improved functionality, which led to the single-use concept becoming increasingly accepted.

2013

Ambu® aScope™ 3 and Ambu® aView™

To meet the procedural needs of the intensive care unit, Ambu's third-genera-tion bronchoscope solution featured a new monitor, along with enhanced func-tionality and two different sizes of endoscopes, A larger size was further added in 2016.

2017

Ambu® aScope™ 4 Broncho

Ambu's fourth-generation solution came with vast improvements in image quality and manoeuvrability, making the solution fit for use in operating rooms and intensive care units alike. A sampling system was also introduced in 2019.

2020

Ambu® aView™ 2 Advance

Due to bronchoscopists' need for sharp imaging and increased functiona-lity, Ambu upgraded its displaying unit to a light-weight monitor with full-HD resolution and intuitive user design.

2022

Ambu® aScope™ 5 Broncho & Ambu® aBox™ 2

Meeting the high-complexity procedural demands of the bronchoscopy suite was accomplished with Ambu's fifth-generation broncho-scope solution, fuelled by close collaboration with interventional pulmonologists.

STRATEGY

Ambu is a company of great potential. In the last six years, we have doubled the business, and we are leading the single-use endoscopy market – a high-growth market supported by an increased focus on patient safety, workflow and efficiency benefits and rapid technology advancements. Over the past years, we have invested in building a solid platform to grow from. We have expanded our portfolio to bring a complete offering of solutions within all four large endoscopy areas – pulmonology, urology, ear-nose-throat and gastroenterology). We have deepened our customer relations and expanded our direct commercial organisation. And we have strengthened our supply chain by expanding our capacity and proximity to customers with our new manufacturing plant in Mexico.

However, our financial performance has been below our expectations, and we see a need to revisit our approach. To fully deliver on our promises and create strong value for our customers, employees and shareholders alike, we are committing ourselves to the aspiration of being the most customer-centric in our field.

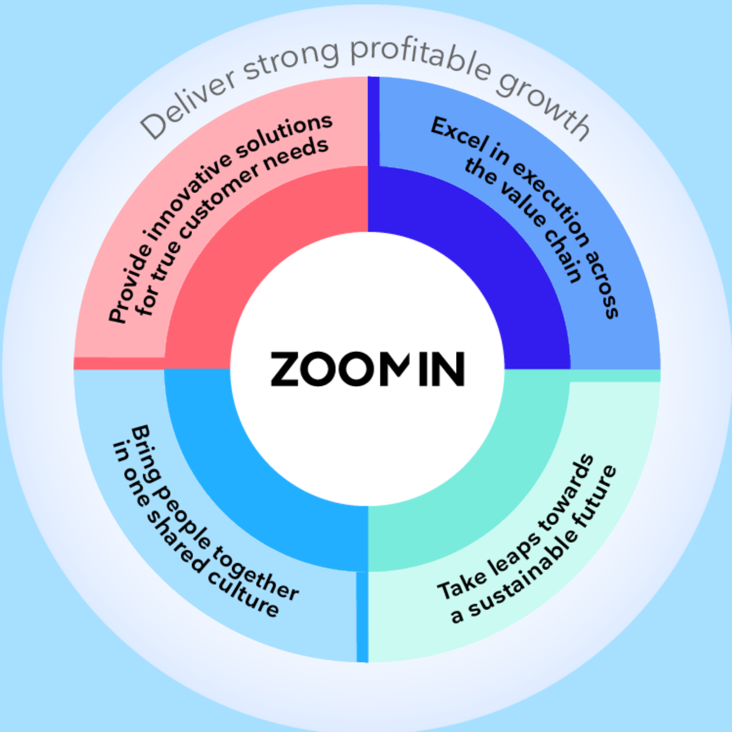
OUR ASPIRATION

Be the most customer-centric in our field

To meet our aspiration, we are launching our new strategy: **ZOOM IN**.

Now is the time for Ambu to Zoom In and execute on the key value drivers to deliver strong profitable growth.

Our strategy centers on four strategic zoom areas: Zoom in on meeting true customer needs, zoom in on executing efficiently, zoom in on sustainability and zoom in on our people and culture – all together, we will ZOOM IN to deliver strong and profitable growth.



FOUR STRATEGIC ZOOM AREAS

- Provide innovative solutions for true customer needs
- Excel in execution across the value chain
- Take leaps towards a sustainable future
- Bring people together in one shared culture

To deliver strong profitable growth

Zoom in on customers

PROVIDE INNOVATIVE SOLUTIONS FOR TRUE CUSTOMER NEEDS

Innovation is in our DNA and providing solutions for true customer needs has been our competitive advantage for 85 years. We have a diverse portfolio of unique solutions to health systems.

- We will launch market-leading solutions across pulmonology, ENT, urology and GI.
- We will drive efficiency and speed of innovation through a modular approach.
- We will improve profitability and enhance portfolio in Anaesthesia and Patient Monitoring & Diagnostics.

Zoom in on execution

EXCEL IN EXECUTION ACROSS THE VALUE CHAIN

Over the past years, we have proven the case for single-use endoscopy in the market and strengthened our leading position. This has come at increased costs, and to return to strong profitable growth, we will drive excellence in execution with a clear focus on efficiencies throughout our value chain.

- We will focus our commercial organisation on highest-value customer segments and geographies.
- We will drive commercial best practices.
- We will improve gross margin through COGS improvements and streamlined portfolio.
- We will strengthen our operating model, balancing efficiency and autonomy.

Zoom in on people & culture

BRING PEOPLE TOGETHER IN ONE SHARED CULTURE

Ambu has a strong heritage that goes back to 1937, when Holger Hesse founded the company with the dream to invent products that save lives. Today, this DNA remains a great enabler of innovation, collaboration and progress. As we are embarking on a journey to transform Ambu, it is critical that we unlock the full power of our people and culture.

- We will foster a highly engaged, diverse and inclusive culture.
- We will build a high-performing and customer-centric organisation set up for success.
- We will attract and develop people who want to be challenged and make a difference.

Zoom in on sustainability

TAKE LEAPS TOWARDS A SUSTAINABLE FUTURE

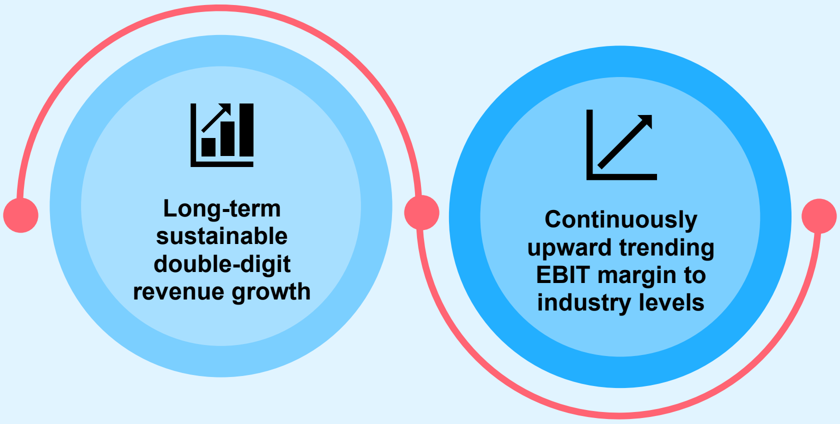
As a responsible company, in a world where sustainability is high on the agenda, we recognise our role and need to take action to ensure a sustainable future. We are ambitious on this agenda and commit to taking leaps.

- We will be committed to sustainable endoscopy through circular products and packaging.
- We will commit to operating responsibly and approaching net-zero emissions in collaboration with suppliers and other partners.

Ambu

LONG-TERM FINANCIAL ASPIRATION

With our new strategy, we will deliver value for our stakeholders and return to strong profitable growth. With focus and execution excellence, we aspire to deliver long-term sustainable double-digit revenue growth with continuously upward trending EBIT margins to industry levels. We believe this is achievable in a large and growing market, where we lead and expand our portfolio to increase single-use penetration. We will be able to drive scale-advantages, and we have a strong plan with a clear transformation focus.



Disciplined capital deployment strategy

GROWTH DRIVERS

- Large and growing endoscopy market
- Leading and expanding portfolio across four largest segments
- Gradually increasing single-use penetration
- Scale-advantages from expanding portfolio and reach
- Strong execution plan with transformation focus

> **"With our focused strategy, strong growth drivers and commitment to excelling in execution, I am confident that Ambu can deliver on our long-term financial aspirations.**

THOMAS FREDERIK SCHMIDT

Chief Financial Officer, Ambu

Ambu

PRODUCT PORTFOLIO

Ambu has been rethinking medical solutions together with healthcare professionals since 1937. Today, millions of patients and healthcare professionals worldwide rely on the efficiency, safety and performance of our single-use endoscopy, anaesthesia and patient monitoring solutions.

In the late 2000s, Ambu developed the world's first single-use flexible bronchoscope. Since then, we have spearheaded the establishment of single-use endoscopy as a clinical practice and as a business.

In recent years, we have expanded from pulmonology into new endoscopy segments: ENT (ear, nose and throat), urology and GI (gastroenterology). In close collaboration with healthcare professionals, we bring new and next-generation single-use endoscopy solutions to the market – with an ever-present focus on meeting the different needs of clinicians, patients and hospital systems.

This part of our business, which we call Visualization, has grown rapidly and now represents more than half of our overall business. The growth potential in this part of our business is our primary focus.

The single-use endoscopy market continues to be created at a fast pace, driven by healthcare professionals' urgent needs for high-performing and intuitive solutions that provide increased patient safety, tangible workflow and efficiency benefits and the latest technology advancements – and Ambu is committed to expanding our position as market leader.

Concurrently, our Anaesthesia and Patient Monitoring & Diagnostics businesses are steady growth engines, ensuring that Ambu is well-positioned to continue to provide high-quality solutions to healthcare professionals and patients.

VISUALIZATION

Endoscopes

Displaying units

Video laryngoscopes

Airway tubes with integrated camera

ANAESTHESIA

Resuscitators

Laryngeal masks

Anaesthesia masks

Breathing circuits

PATIENT MONITORING & DIAGNOSTICS

Cardiology electrodes

Neurology electrodes

Training manikins

Neck collars

VISUALIZATION

DRIVERS AND TRENDS OF SINGLE-USE ENDOSCOPY

For several decades, endoscopy has been one of the most important areas of clinical and technological advancement in healthcare. Today's endoscopes are typically long, thin, flexible tubes with a camera at the end that transmits its image to a display monitor, and with a channel down the centre through which doctors can pass instruments into the body. This system allows doctors to perform an increasing range of diagnostic procedures, such as examining internal organs to detect lung or colon cancer, and therapeutic procedures, such as removing kidney stones or treating acid reflux.

Approximately 100 million endoscopy procedures are performed every year across Ambu's major markets. This number continues to grow rapidly, driven by patient volume growth, increased access to healthcare and the clinical and technology advances that enable the shift from more invasive procedures towards endoscopy.

Within endoscopy, approximately 98% of procedures are performed using reusable endoscope systems. With the transition accelerating over the last three years, ~2% have transitioned to single-use endoscopes, indicating a comprehensive future potential.

Three overall trends support the future expansion of the single-use endoscopy market. We see increasing evidence supporting each of these drivers, and in combination, they continue to support the transition from reusable to single-use.

INCREASED FOCUS ON PATIENT SAFETY

WORKFLOW AND EFFICIENCY BENEFITS

RAPID TECHNOLOGY ADVANCEMENTS

INCREASED FOCUS ON PATIENT SAFETY

Awareness of the risk of “cross-contamination” – that reusable endoscopes can carry harmful organisms from one patient to another – is growing. The U.S. Food and Drug Administration (FDA) has increased focus on this area with regard to reusable endoscopy, issuing safety communications and highlighting risks across pulmonology, urology, ENT and GI. Furthermore, over the past year, there has been an increase in product recalls and safety notices for reusable endoscopes in the areas of urology, ENT and GI. Industry bodies, including the Association for the Advancement of Medical Instrumentation (AAMI), have classified pulmonology, urology and GI endoscopes as ‘high-risk’ – and have put more stringent cleaning guidelines in place, resulting in higher costs and complexity within reusable endoscopy. Since single-use endoscopes are sterile and eliminate the need for reprocessing, this boosts the attractiveness of single-use endoscopes for healthcare systems.

WORKFLOW AND EFFICIENCY BENEFITS

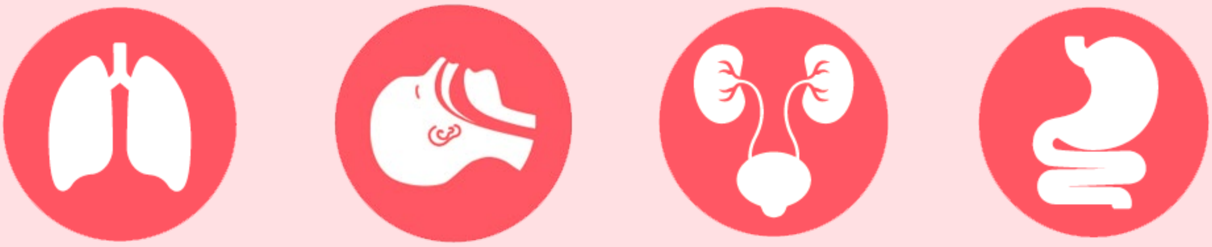
Single-use endoscope systems are “always available” and do not require a complex reprocessing infrastructure, which significantly reduces labour, capital intensity and operational complexity. Moreover, health economics studies have shown that for many healthcare systems, single-use endoscopes can result in a financial benefit compared to reusable endoscopes. In contrast, reusable systems are both capital- and labour-intensive. For hospitals, these systems not only entail a big expense; they also require increasingly complex reprocessing, including drying and storage equipment, as well as trained staff. Furthermore, delays in reprocessing, equipment down-time, breaking of endoscopes and staff shortages can all result in procedure delays and other inefficiencies and impacts on patient care.

RAPID TECHNOLOGY ADVANCEMENTS

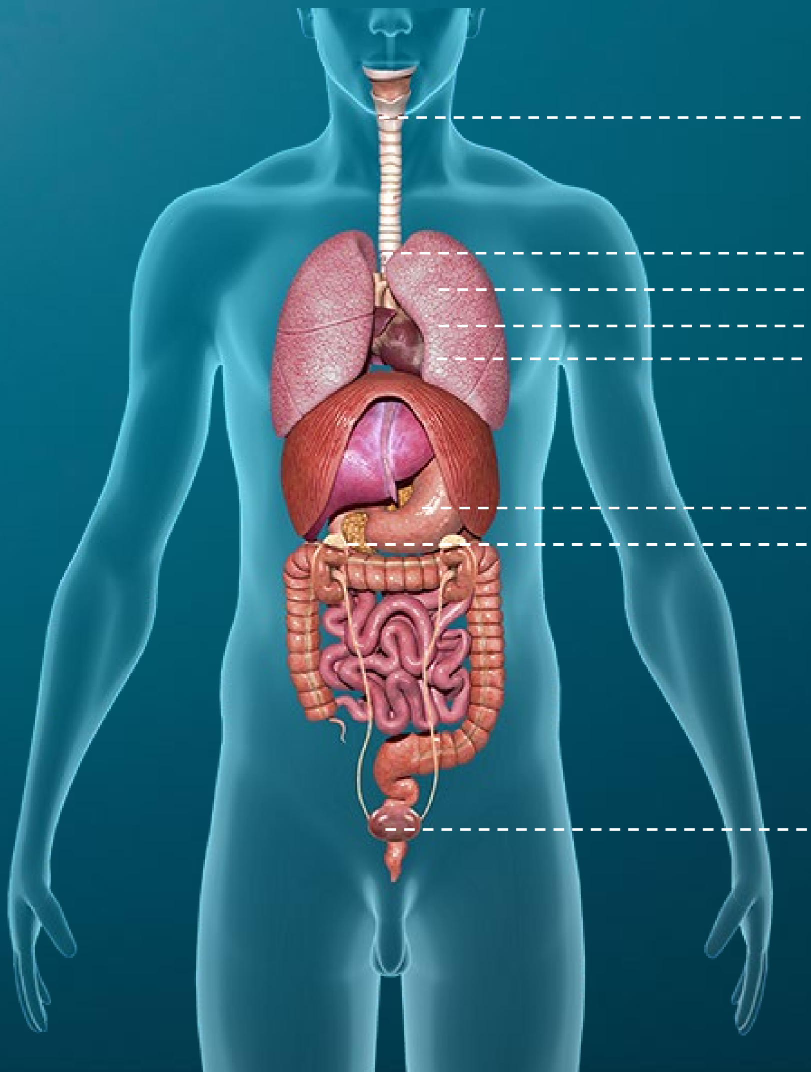
While the earliest generations of single-use endoscopes proved their clinical worth in terms of cross-contamination, availability and workflow, a performance gap compared to reusable endoscopes limited the pace of adoption. In recent years, technologies have advanced rapidly, including sensors, image enhancement software and monitor processing power, so that the image resolution and clinical performance of single-use endoscopy products are improving considerably. Moreover, with single-use endoscopes, there is greater opportunity for product iterations at a more rapid pace compared to reusable endoscopes. As a result, some of the single-use endoscopes being launched today have demonstrated performance on par with, or even superior to, reusable endoscopes.

PRESENCE IN ALL FOUR MAJOR ENDOSCOPY SEGMENTS

The endoscopy market includes four main areas: ENT (ear, nose and throat), pulmonology, gastro-enterology (or gastrointestinal/GI) and urology. Ambu created the single-use market with the first flexible single-use bronchoscope in 2009 – and over the past three years has expanded into all four segments, with entry into ENT in 2018/19, urology in 2019/20 and GI in 2020/21.



PULMONOLOGY | **EAR, NOSE AND THROAT (ENT)** | **UROLOGY** | **GASTRO-ENTEROLOGY (GI)**



Ear, nose and throat (ENT)

Ambu® aScope™ 4 RhinoLaryngo

Pulmonology

Ambu® aScope™ 4 Broncho
Ambu® aScope™ 5 Broncho HD
Ambu® VivaSight™ 2*
King Vision® aBlade™

Gastroenterology (GI)

Ambu® aScope™ Gastro
Ambu® aScope™ Duodeno 1.5

Urology

Ambu® aScope™ 4 Cysto

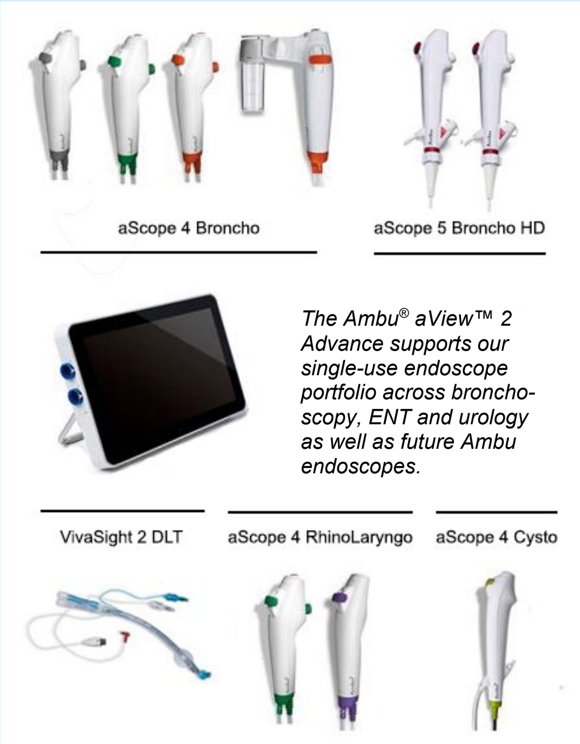
* Ambu® VivaSight™ 2 was voluntarily recalled in May 2022 and will be re-launched in the future.

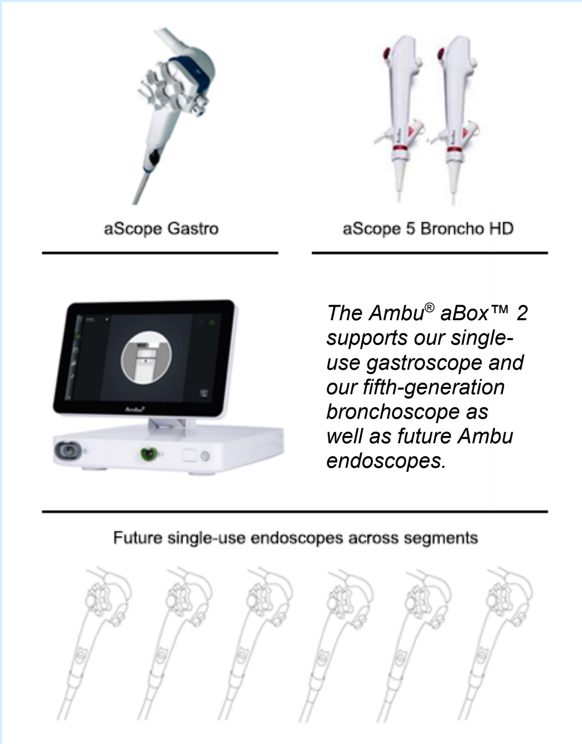
A POWERFUL ENDOSCOPY ECOSYSTEM

– DISPLAY AND PROCESSING UNITS

Our display and processing units – the Ambu® aView™ 2 Advance and the Ambu® aBox™ 2 – represent the backbone of Ambu's single-use endoscopy ecosystem.

Both units are built on the same software platform and are designed to work with our single-use endoscopes. This means that healthcare professionals can take advantage of the same connectivity and interface across different areas of the hospital, while also being able to transmit electronic images, videos and reports to the hospitals' archiving and communication systems. Furthermore, the software platform of both units is continuously updated to match the latest technology advancements, providing physicians with a fast track to top-of-the-line image quality, processing power and new features.





For our duodenoscopy platform, Ambu® aScope™ Duodeno 1.5 connects to a separate display and processing unit, the Ambu® aBox™ Duodeno. Going forward, our future duodenoscopy pipeline, including Ambu® aScope™ Duodeno 2.0, will connect to our Ambu® aBox™ ecosystem.

ENDOSCOPE INNOVATION PIPELINE

PULMONOLOGY

Strengthening our market-leading position with:

- Smaller size of Ambu® aScope™ 5 Broncho HD
- Upcoming video laryngoscope 2.0
- Re-launch of Ambu® VivaSight™ 2

EAR, NOSE & THROAT (ENT)

Growing our single-use potential with:

- Development of high-resolution ENT endoscope

UROLOGY

Further expanding our urology footprint with:

- Expansion into ureteroscopy with Ambu® aScope™ Uretero
- Development of Ambu® aScope™ 5 Cysto HD

GASTROENTEROLOGY (GI)

High single-use potential to be captured with:

- Further development of Ambu® aScope™ Duodeno 2.0
- Expansion into colonoscopy
- Expansion into cholangioscopy

DISPLAY AND PROCESSING UNITS

Hardware & software upgrades to:

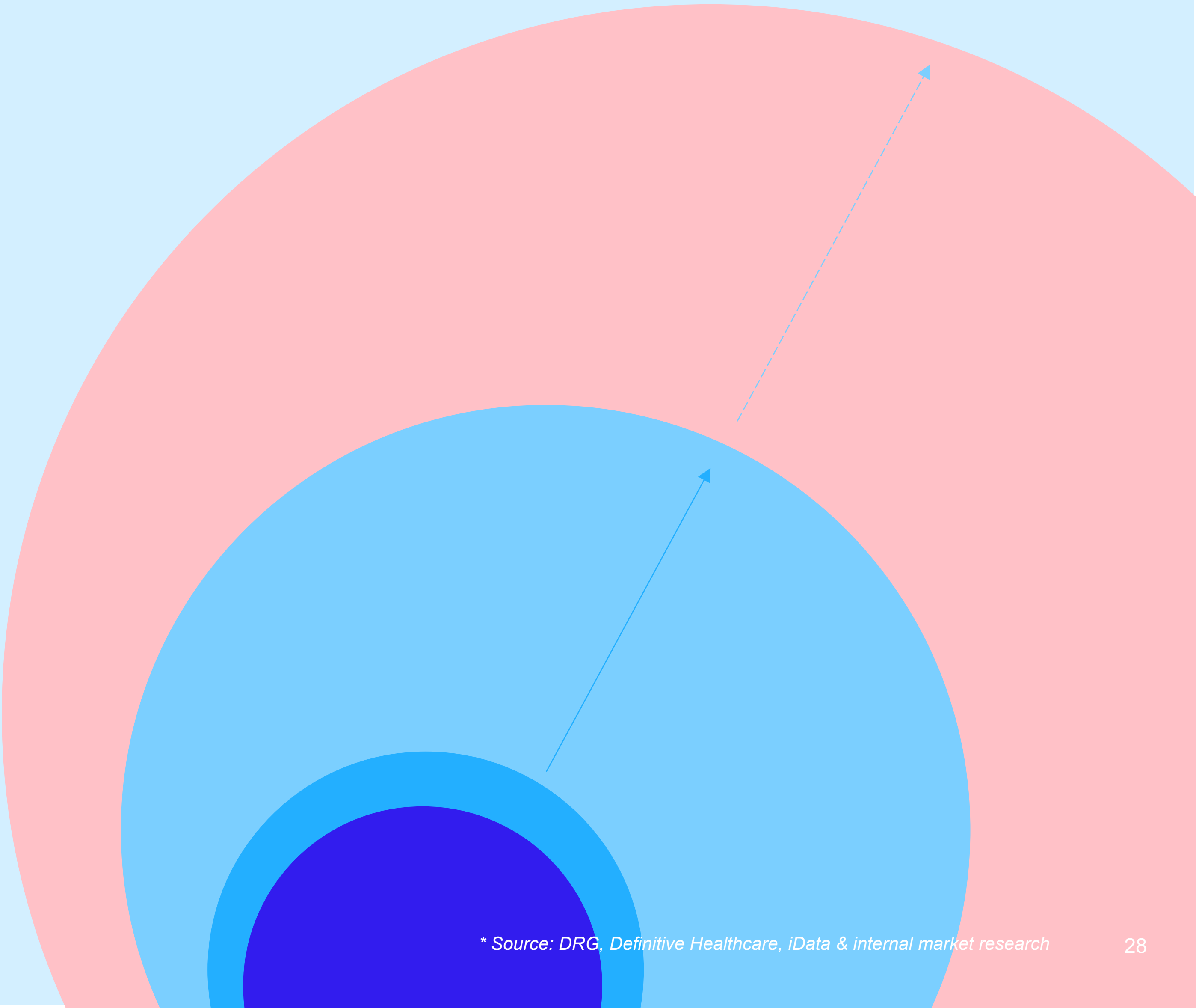
- Support current and future endoscopes
- Strengthen integration with hospital systems
- Add new performance- and value-adding features

POTENTIAL IN THE ENDOSCOPY MARKET

Across the four major endoscopy segments – pulmonology, ENT (ear, nose and throat), urology and GI (gastroenterology), approximately 100 million procedures are performed annually. We see significant potential in this 100-million-procedure market gradually opening up for single-use endoscopy solutions in the future, as continuous improvements of new single-use endoscopy solutions will expand Ambu's addressable market through enhanced features, quality and performance.

Today, Ambu is strongly positioned within the single-use endoscopy market as the market leader, with approximately 1.7 million procedures annually. And we are excited about our potential to further advance our impact in the years to come, ultimately making a bigger difference for healthcare professionals and patients around the world.

- **Total endoscopy market, ~100 million procedures***
- **Addressable with current portfolio and active pipeline**
- **Current single-use market**
- **Ambu market share, ~1.7 million procedures**



* Source: DRG, Definitive Healthcare, iData & internal market research

PULMONOLOGY

Over half of all bronchoscopies performed every year take place in operating rooms (OR) and intensive care units (ICU), where doctors use bronchoscopes to perform basic procedures, such as intubating a patient with a difficult airway or removing secretions from the lungs. In these sites of care, endoscopes are not routinely used, and, when needed, reusable endoscope systems may need to be transported from other departments. Single-use endoscope systems have the advantage of immediate endoscope availability, convenience and sterility. These advantages have driven rapid adoption in the OR and ICU.

Since 2009, Ambu has been the market leader within pulmonology, and today, our fourth-generation bronchoscope treats more patients than any other single-use endoscope in the world.

The remaining procedures take place in the bronchoscopy suite, where doctors perform more advanced procedures, including lung cancer diagnosis and treatment, primarily using reusable endoscope systems. With the recent launch of our fifth-generation single-use bronchoscope, Ambu® aScope™ 5 Broncho HD, we introduced advanced technology upgrades, qualifying ourselves for the complex procedures of the bronchoscopy suite. Compared to Ambu® aScope™ 4 Broncho, the price of Ambu® aScope™ 5 Broncho HD is expected to represent a premium of 30-50%.

Going forward, we will strengthen our position with the launches of smaller sizes of Ambu® aScope™ 5 Broncho HD, as well as our upcoming video laryngoscope 2.0 and the re-launch of Ambu® VivaSight™ 2. These are all products that are revolving around a unique ecosystem, the Ambu® aView™ 2 Advance and Ambu® aBox™ 2, Ambu's highly developed data processing and monitor units.

UROLOGY

The urology market includes lower urology – cystoscopies or examinations of the bladder – as well as upper urology – ureteroscopies or examinations of the kidneys. Cystoscopies are typically performed in a hospital outpatient setting, where workflow and convenience are important.

Ambu created the single-use cystoscope market with the launch of our Ambu® aScope™ 4 Cysto in 2019/20. It proved to be our most successful launch ever. Going forward, we will continue to expand the cystoscopy single-use market with the launch of a next-generation single-use cystoscope, the Ambu® aScope™ 5 HD.

Ureteroscopy is typically performed in an operating room, and the majority of procedures are for doctors to manage or remove kidney stones. Ureteroscopes are among the longest and thinnest, and therefore most fragile, of endoscopes, and stone removal procedures typically result in degradation of reusable ureteroscopes. As a result, repair costs and cost-per-use of reusable ureteroscopes are high compared to other endoscope areas. This has driven the transition to single-use ureteroscopes, which is today a well-established and rapidly growing market. Ambu will enter this market with the upcoming launch of a single-use ureteroscope.

SUPPORTING CUSTOMERS

Ambu® aScope™ 4 Cysto

Dr. Seth Bechis, an Associate Professor of urology in San Diego, is able to perform more bladder cancer surveillances with the Ambu® aScope™ 4 Cysto.

The single-use cystoscope requires fewer resources, enables faster set up and removes time-consuming reprocessing.

"In the clinic setting, you don't require access to a sterile processor, which also frees up staff that otherwise would be spending time processing and turning over the scopes," Dr. Bechis said and continued:

"We've been able to shorten our appointment times from one-hour procedure slots to only 15 minutes, hereby enabling us to see more patients and provide more procedures in a day."

Dr. Bechis emphasises the Ambu® aScope™ 4 Cysto's imaging, distal tip and deflection and notes that with single-use scopes, the same reliable performance can be expected each time a new one is opened.

Patients also appreciate knowing that the cystoscope used in their exam has not been used in a previous patient, he said, *"especially right now when concerns about infection rates are higher."*

"It's really enabled us to thrive and perform better services for our patients," he said. *"Not only can we perform cystoscopy faster, but the staff also really enjoys working with it due to its ease."*

ENT

Within the ENT segment, doctors perform ENT endoscopies (rhinolaryngoscopies) such as examining a patient's nose or throat to assess breathing problems or swallowing difficulties. The majority of these procedures take place in hospital inpatient and outpatient settings, where workflow and convenience are important.

In 2018/19, Ambu launched our first single-use rhinolaryngoscope, quickly becoming the largest player within the ENT segment. This year, we expanded our addressable market by supporting FEES procedures (Fibreoptic Endoscopic Evaluation of Swallowing). Going forward, we will continue to expand the ENT single-use potential with the preparation of a next-generation single-use rhinolaryngoscope.

GASTROENTEROLOGY

The gastrointestinal segment is the largest endoscopy market – a market that extends across biliary (duodenoscopy and cholangioscopy), upper GI (gastroscopy) and lower GI (colonoscopy).

Reusable duodenoscope systems have come under increasing scrutiny, because these complex endoscopes have difficult-to-clean components, which have resulted in a risk of cross-contamination from patient to patient. Because of this, a sterile single-use duodenoscope can play an important role in improving patient care. Ambu launched Ambu® aScope™ Duodeno 1.5 earlier this year, during which we faced challenges with slower-than-expected adoption due to the high complexity of the endoscope and the demanding performance requirements of this customer group. We are pushing forward with further development of Ambu® aScope™ Duodeno 2.0, as we remain committed to this high-potential market.

Cholangioscopy is a segment that has already transitioned from reusable to single-use systems. Similar to ureteroscopy, these endoscopes are long, thin and fragile, resulting in high breakage and repair rates and cost-per-use of reusable systems. For this reason, single-use alternatives are attractive. Ambu will enter this market with the future launch of a single-use cholangioscope.

The majority of gastroscopy procedures are performed in the GI endoscopy suite to diagnose and treat conditions of the oesophagus, stomach and duodenum, while a small fraction of procedures are also performed in other care sites, including the operating room, intensive care unit and emergency room. For these other sites, reusable endoscope systems may not be readily available, and workflow and convenience are important factors. Single-use endoscope systems have the advantage of immediate endoscope availability and convenience. This year, we launched our first single-use gastroscope – Ambu® aScope™ Gastro – which continues to receive positive clinical feedback. We are excited to continue our commercial progress as we move forward.

The majority of colonoscopy procedures are performed in the GI endoscopy suite, and the most common procedure is colon cancer screening. Like gastroscopy, a small fraction of procedures are performed at other care sites, where the convenience of single-use could be an important factor. Ambu will enter this market with the future launch of a single-use colonoscope.

SUPPORTING CUSTOMERS

Ambu® aScope™ Gastro

Dr. Morris Washington, the Director of Bariatric Surgery at East Cooper Medical Center in Mount Pleasant, South Carolina, uses the Ambu® aScope™ Gastro to perform upper endoscopies:

“It’s really increased my efficiency. It’s made my staff happier, and I don’t have to worry about infectious transmission.”

Dr. Washington estimates he performs between 10 and 15 upper endoscopies in a single day. When using a reusable gastroscope, more support staff is needed. Typically, the surgeon will have a technician alongside to help with the procedure, a nurse responsible for charting and an additional staffer to reprocess scopes.

Now, Dr. Washington said, he performs the procedure with one technician and one nurse. This means freeing up another technician to help with procedures elsewhere in the operating room, “which is a really big benefit,” he said.

Dr. Washington called reprocessing regulations “very rigorous”. His smaller department relies on a single reprocessing system — and if that fails, the entire organisation finds itself in a jam.

“I knew that this would allow us to get through the day for sure,” he said of adopting single-use gastroscopes.

In his opinion, single-use endoscopes are better than reusables, because they are lighter and have superior retroflexion. He predicts reusable endoscopes will eventually become a thing of the past.

ANAESTHESIA

Ambu's Anaesthesia product portfolio consists of a wide range of high-quality products, primarily intended to facilitate the ventilation of patients, including laryngeal masks, resuscitators, face masks and breathing circuits.

LARYNGEAL MASKS

Ambu's range of laryngeal masks are used to secure a patient's airways, allowing for the lungs to be properly ventilated.

Laryngeal masks are intended for use in both routine anaesthesia and emergency medicine – and are often used in conjunction with a resuscitator to ventilate a patient.

RESUSCITATORS

Ambu's resuscitators feature both single-use and reusable products. They have a wide range of clinical applications, which include use in preoxygenation, short-term non-emergency ventilation and resuscitation. As such, they are suitable for use across all departments within the hospital as well as in pre-hospital medicine.

FACE MASKS

Ambu's product range of face masks can be used to maintain anaesthesia as well as provide facemask ventilation.

Facemask ventilation is a key airway management skill that functions as both a primary technique and a rescue technique for oxygenation.

BREATHING CIRCUITS

Ambu's breathing circuits facilitate the provision of medical gases to maintain anaesthesia and oxygenate the patient.

As such, they deliver a precise mixture of oxygen and anaesthetic gases from the anaesthesia machine to the patient and remove carbon dioxide.

66 YEARS OF LIFE-SAVING INNOVATION

Back in 1956, a polio epidemic was sweeping through Denmark, leaving patients requiring manual ventilation around the clock. The ventilation devices available at the time required an oxygen source, but due to a drivers' strike, oxygen deliveries were few and far between.

This led Ambu founder, Holger Hesse, and Dr Henning Ruben to develop the "Ambu bag", a self-inflating ventilation device that enabled medical staff to ventilate patients without the need for a constant supply of oxygen.

Today, 66 years later, the original "Ambu bag" has been transformed into a range of modern resuscitators that continue to offer medical staff an effective manual ventilation solution.

Our current resuscitators feature an innovative single-shutter valve system to facilitate the provision of reliable ventilation to patients. They are designed to be highly portable, ergonomic and easy to use, ensuring quick, efficient and efficacious use in all environments and clinical scenarios where they are required.

Ambu's resuscitators and laryngeal masks help over 10 million patients every year

Our range of resuscitators continue to be used for a variety of purposes, including preoxygenation, non-emergency ventilation and resuscitation. They are used throughout hospitals and emergency services, on all patients, including the most critically ill, often for life-saving treatment.

With a history in the resuscitator market stretching back over 65 years, Ambu's resuscitators have been used to treat millions of patients and save lives all over the world. In fact, every year, our resuscitators and laryngeal masks help over 10 million patients to breathe.

PATIENT MONITORING & DIAGNOSTICS (PMD)

Ambu's PMD range mainly covers electrodes that are used for measuring electrical signals to monitor and diagnose patients. In cardiology, we offer electrodes that are used to monitor and diagnose patients' hearts, while our neurology electrodes are used to measure electrical signals in the brain and from the muscles and nerves. A smaller share of PMD comprise neck collars and manikins, which are used to train medical personnel in basic and advanced life support.

CARDIOLOGY

Ambu's cardiology electrodes are used for monitoring and diagnosis of the patient's heart condition.

Our portfolio covers a wide range of electrodes tailored for different applications, ranging from resting and short-term monitoring to stress testing and long-term monitoring.

Cardiology electrodes are used across the hospital, including cardiology departments, intensive care units and operating rooms, as well as in the pre-hospital setting.

NEUROLOGY

Ambu's neurology electrodes measure electrical signals of the brain and body.

Our single-patient use EEG cup electrodes are used to measure electrical signals in the brain, while our EMG needles are used for measuring and recording electrical signals from the muscles and nerves, as well as for treatment of medical muscular conditions. In addition, Ambu has a complete range of surface electrodes for applications, such as evoked potentials, polysomnography, intraoperative monitoring and nerve conduction studies.

IMPACTING THE LIVES OF 100+ MILLION PATIENTS

In 1976, the first Ambu® BlueSensor™ ECG electrode was introduced to the market. It was the beginning of a long journey of continuously optimising and developing products for cardiology and neurology applications. Based on insights from close collaborations with users all over the world, today Ambu offers an extensive and varied electrode portfolio.

With our injection electrodes, for example, neurologists can effectively and professionally treat patients who are suffering from severe dystonic issues, such as Parkinson's, enabling them to leave the clinic freely and comfortably within just a few minutes of treatment.

Similarly, the nurses in the hospital's neonatal ward can monitor the hearts of vulnerable newborns with our cardiology electrodes. They can choose electrodes that are comfortable to wear over long periods of time – and find the most suitable size for the neonatal babies within a range of available sizes.

Our neurology and cardiology electrodes help more than 100 million patients every year

All of our electrodes are for single-patient use, come in a wide range of shapes and sizes and feature high-quality sensor material for monitoring and diagnostic purposes. They are just as easy to use in the busy neurology unit of a large hospital as in a smaller clinic facility.

Ambu's strong heritage of providing high-quality single-use electrodes, combined with the increasing attention paid to infection control within the healthcare systems, positions us strongly in the market and in the minds of our customers.

Today, we sell more than one billion electrodes worldwide on an annual basis, impacting the lives of more than 100 million patients every year.

OUTLOOK 2022/23

In 2021/22, the transition towards single-use endoscopy continued across several major endoscopy segments, driven by compelling workflow and efficiency benefits, greater focus on infection control and rapid technology advancements. Despite a year of significant volatility, Ambu continued to pioneer single-use endoscopy, developing new products and solving real-life clinical challenges in healthcare. Ambu is present across all four major endoscopy segments – pulmonology, ENT, urology and gastroenterology – and we continue to see significant growth opportunities across all four segments – from existing products, where innovation will continue, as well as from future product launches in new types of procedures within the existing segments.

In 2021/22, Ambu launched a cost reduction program to strengthen the company's free cash flow and improve profitability in order to support future sustainable growth. The cost reduction program is expected to result in an annualised impact of DKK 250m pre-tax free cash flow savings from the financial year 2022/23.

Below, we will describe the detailed assumptions, on which we base our view of the expected financial performance for 2022/23.

MARKET CONDITIONS

We expect the single-use endoscopy market to continue to grow in 2022/23, driven by continued awareness and focus on economics and the opportunities for workflow efficiencies, good clinical performance and infection control by medical authorities, offered by our single-use solutions.

During 2021/22, we have seen an unstable and volatile macroenvironment affecting the global economy, with inflationary effects on raw materials, energy prices and logistics costs. While we have seen improvement in the global freight market, we expect raw materials and energy prices to remain at a high level.

2022/23 will be a transition year for Ambu, and combined with high external volatility, the outlook for 2022/23 is associated with uncertainty. For 2022/23, we have set the financial targets below.

FINANCIAL GUIDANCE 2022/23

Organic revenue growth

5-8%

EBIT margin
before special items

3-5%

ORGANIC REVENUE GROWTH

The organic revenue growth for 2022/23 is projected at 5-8%, where we will see highest growth coming from Visualization. The ENT (Ambu® aScope™ 4 RhinoLaryngo) and cystoscopy (Ambu® aScope™ 4 Cysto) businesses will continue to deliver double-digit growth, and the pulmonology business is expected to deliver year-over-year growth from the second half of 2022/23. The newly launched Ambu® aScope™ 5 Broncho is expected to contribute positively to the growth in pulmonology.

The GI portfolio, which now is made up of Ambu® aScope™ Duodeno 1.5 and Ambu® aScope™ Gastro, is expected to contribute to the growth, however, the uptake for both products will be gradual compared to the other segments we are present in.

Organic revenue growth in Anaesthesia and Patient Monitoring & Diagnostics is expected to grow low single digit with Patient Monitoring & Diagnostics growth at the highest rate.

The total company growth is expected to accelerate quarter-over-quarter through 2022/23, while Q1 2022/23 is expected to be approximately flat vs. Q1 2021/22.

MARGINS

Due to higher input costs, Mexico ramp-up and product mix, the gross margin is expected to decrease by ~2 percentage points in 2022/23. The EBIT margin before special items is expected to be in the range of 3-5% for 2022/23 and will be back-end loaded due to more scale in OPEX throughout the year as revenue will grow.

OTHER ASSUMPTIONS

The free cash flow before acquisitions will improve in the range of DKK 350-450m vs. 2021/22, approaching full-year neutral level, mainly driven by a normalisation of the inventory level and savings from the cost reduction program. The savings are expected to come from lower investment levels into future technologies and new product developments within Anaesthesia and Patient Monitoring & Diagnostics.

CAPEX relative to revenue is expected to be approximately 9% based on 2022/23 revenue.

CURRENCY EXPECTATIONS

The financial outlook is based on the exchanged rate assumptions stated in the top table below.

Approximately 53% of Ambu's total revenue is invoiced in USD. Furthermore, approximately 33% of revenue is invoiced in EUR or DKK, and approximately 7% in GBP, while the remaining 7% 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 depicted in the bottom table below.

EXCHANGE-RATE ASSUMPTIONS AS THE BASIS FOR THE FINANCIAL OUTLOOK FOR 2022/23

Currency	Realised in 2021/22	Expected for 2022/23
USD/DKK	688	722
MYR/DKK	160	156
CNY/DKK	105	103
GBP/DKK	878	850

ESTIMATE OF THE EFFECT OF A STRENGTHENING OF 10% RELATIVE TO THE DANISH KRONE

DKKm	USD	MYR	CNY	GBP
Revenue	270	0	5	40
EBIT	50	-40	-20	25
EBIT margin	+0.3%	-0.8%	-0.4%	+0.4%

Forward-looking statements

Forward-looking statements, in particular relating to future sales, operating income and other key financials, are subject to risks and uncertainties. Various factors, many of which lie outside of Ambu's control, may cause the realised results to differ materially from the expectations presented 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, as well as general economic, political and commercial conditions. See also the section concerning risks on page 60.

SUSTAINABILITY

Our sustainability report constitutes Ambu's compliance with the statutory disclosure on corporate social responsibility pursuant to section 99a and data ethics pursuant to section 99d of the of the Danish Financial Statements Act. For a broader view, find our 2021/22 Sustainability Report on Ambu.com/about/sustainability.

Underpinning our financial performance and strategic progress is a desire to act responsibly and grow sustainably.

Our targets and activities are directly linked to our contribution to the UN Sustainable Development Goals.

Ambu produces medical devices to promote good health and well-being, while growing sustainably for our people and our planet.

Through our commitment to the Science Based Targets initiative, we increase our demand for renewable electricity. We continuously monitor and work to reduce our energy and water consumption, and also strive to up-cycle waste and minimise generated waste.

We are committed to promoting gender equality and women's empowerment in the workplace.

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

2020/21 → **2021/22**

Scope 1+2: 100% →	4.2% →	33% →	2.10 →	0% →
Scope 3: 100%*	**26.1%**	**42%**	**1.87**	**99%**
Scope 1, 2, 3 emissions mapped	Renewable electricity share	Women in Ambu's Executive Leadership Team	CO_2e per tonne manufactured products (market-based)	Employees gone through our cyber-security training

**Scope 3 emissions refer to the financial year 2020/21*

OUR FOUR ESG TARGETS

CARBON EMISSIONS

Ambu is working towards a 50% reduction of our scope 1 and 2 carbon emissions by 2025, compared to our 2019 baseline.

During 2021/22, we established an inventory of our Scope 3 emissions, enabling us to convert our existing carbon emission target of a "50% reduction of carbon emissions in 2025, compared to 2018/19 baseline" to be in line with the guidance from SBTi. Our science-based targets will include the total of Ambu's Scope 1, 2 and 3 emissions, and we aim to submit our targets to SBTi during the beginning of 2022/23.Ambu expects continued business growth over the coming years, and we must therefore decouple our carbon emissions from our growth and reduce both our absolute and relative emissions in the years to come.

We are working towards a 50% reduction of our **carbon emissions** by 2025 compared to 2019 baseline

ON TRACK

PACKAGING

Ambu aims for 100% recyclable, reusable or compostable packaging applied by 2025.

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

*If solutions and/or technology exist

ON TRACK

PVC-FREE PRODUCTS

Ambu aims for 95% of new products released during and after 2025 to be PVC free. During 2021/22, we launched six new products, of which three products were PVC-free.

PVC

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

ON TRACK

FEMALE MANAGERS

Ambu aims to have 40% of its management with direct reports to be female by 2023.

The Executive Leadership Team currently comprises 12 executives with global responsibilities as well as the heads of the sales regions, and of the 12 executives, five are currently female.

While some parts of the organisation have already achieved the target of 40% female representation, we continue our work to increase gender diversity all throughout Ambu.

40% **female managers** in 2023 (managers meaning employees with direct reports)

ON TRACK

Ambu

SUSTAINABILITY & ESG PERFORMANCE DATA TABLE

See the Ambu sustainability & ESG accounting practices for more information on data definitions and scope.

PRODUCT GOVERNANCE INDICATORS	TARGET 2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Product safety						
FDA warning letters (number)	0	0	0	-	-	-
Recalls (number)	0-5	2	0	-	-	-
Non-clinical trials and clinical trials						
Total number of biosafety and design validation studies		108	189	-	-	-
Total number of animals used in trials with biosafety purpose initiated		210	168	-	-	-
Completed clinical trials		2	2	-	-	-

ENVIRONMENTAL INDICATORS	TARGET 2024/25	2021/22	2020/21	2019/20	2018/19	2017/18
CO_2						
Scope 1 (metric tonnes CO_2e)		5,364	4,329	957	944	845
Scope 2 – market based (metric tonnes CO_2e)		13,996	17,637	-	-	-
Scope 1 + 2 (metric tonnes CO2e) (market based)	9,043	19,360	21,966	-	-	-
Scope 1 + 2 by tonne of manufactured products (metric tonnes CO_2e /ton) (market based)		1.49	2.10	-	-	-
Scope 1 + 2 by revenue (metric tonnes CO_2e /DKKm) (market based)		4.36	5.47	-	-	-
Scope 3 (metric tonnes CO2e)			419,783	-	-	-

* As of 2021/22 tonne manufactured is based on tonne produced, not tonnes shipped.

Energy						
Total energy consumption (GJ)		224,342	199,927	138,411	130,849	107,185
Renewable energy share (%)		17.2	2.8	0.13	0.05	-
Renewable electricity share (%)		26.1	4.2	0.15	-	-
Water						
Total water consumption (m3)		125,549*	137,115	123,115	129,958	101,142
Waste						
Total waste (metric tonnes)		3,011*	2,429	2,276	1,661	1,226
Waste recycled (%)		41	40	41	57	70
Hazardous waste (%)		0.5	0.6	-	-	-

* As of 2021/22, water consumption and waste generation from Ambu's sales offices is estimated for the first time. The total water consumption and total waste generation 2021/22 can thus not be directly compared.

SOCIAL INDICATORS	TARGET 2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Diversity & equality						
Gender – female/total (%)	45-55%	57	57	60	58	57
Gender – female white-collar managers/all white-collar managers (%)	40-45%	42	37	36	37	37
Gender – female managers/all managers (%)	40-45%	39	37	41	43	42
Gender – female executives/Executive Leadership Team (%)	40%	42	33	25	–	–
Employee attraction & retention						
Employee turnover rate, white-collar employees (%)	9-12%	27	17	9	13	11
Employee turnover rate, all employees (%)		34	20*	15*	13	15
Voluntary turnover rate, all employees (%)		30	17*	-	-	-
Involuntary turnover rate, all employees (%)		4	3*	-	-	-
Employee health & safety						
Sickness absence rate (%)		2.14	1.76	1.76	1.51	1.50
Fatalities (number)		0	0	0	0	0
Lost-time injury frequency (number of accidents with lost time per million hours worked)	Max. 2.0	0.93**	1.07	1.44	1.32	-

* Turnover rates for 2019/20 and 2020/21 have been restated, as we discovered errors in the FTE count used for the calculation. This has resulted in an increase in our total turnover rate the past two years (2019/20 14→15, 2020/21 18→20). As the error was in the turnover data for blue-collar employees, the turnover rate for white-collar employees has not changed. Previous years have not been restated.
** The LTIF in 2020/21 covers our three production sites in Xiamen (China), Penang (Malaysia) and Noblesville (USA), as well as HQ in Ballerup (Denmark), while the LTIF 2021/22 covers Ambu globally.

GOVERNANCE AND COMPLIANCE INDICATORS	TARGET 2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Corporate governance						
CEO pay ratio (times)		11	12	34	24	16
Board meeting attendance rate (%)		95	100	95	100	97
Business ethics & compliance						
European employees trained in GDPR (%)	100	93.2	95			
White-collar and indirect blue-collar employees trained in Code of Conduct (%)	100	98.8	99.7	-	-	-
Number of reports through Whistleblower Hotline (number)		13	10	5	0	-
…of which within scope (number)		12	10	3	0	-
White-collar and indirect blue-collar employees trained in Cybersecurity (%)	100	99.0	-	-	-	-

FINANCIAL RESULTS

- Business performance
- Primary statements: Income, balance sheet, cash flow and equity
- Follow-up on announced outlook
- Q4 2021/22 results

BUSINESS PERFORMANCE

Comparative figures for 2020/21 are stated in brackets.

Ambu has organised its sales across three business areas, Visualization, Anaesthesia and Patient Monitoring & Diagnostics, which are furthermore divided into three regions, North America, Europe and Rest of World.

	REVENUE			COMPOSITION OF GROWTH		
	2021/22	Split	2020/21	Organic	Currency	Reported
Visualization	2,324	52%	2,168	1%	6%	7%
Anaesthesia	1,126	25%	997	5%	8%	13%
PMD	994	23%	848	13%	4%	17%
Total	**4,444**	**100%**	**4,013**	**4%**	**7%**	**11%**

	REVENUE			COMPOSITION OF GROWTH		
	2021/22	Split	2020/21	Organic	Currency	Reported
North America	2,140	48%	1,739	11%	12%	23%
Europe	1,825	41%	1,787	1%	1%	2%
Rest of World	479	11%	487	-8%	6%	-2%
Total	**4,444**	**100%**	**4,013**	**4%**	**7%**	**11%**

PERFORMANCE – VISUALIZATION

2021/22 PERFORMANCE

The Visualization business continues to be Ambu's biggest revenue contributor, accounting for 52% of the total revenue in 2021/22. Global Visualization revenues grew organically by 1% (31%), while reported growth ended at 7% (27%). Pulmonology reached reported sales of DKK 1.4bn for the full-year 2021/22. Sale of endoscopes totalled 1,705,000 units, which represents a volume growth of 12% positively impacted by a combined sales of 719,000 units of Ambu® aScope™ 4 RhinoLaryngo (310,000 units) and Ambu® aScope™ 4 Cysto (409,000 units).

The largest contributor to Visualization revenue continues to be Ambu® aScope™ 4 Broncho, designed for pulmonology procedures. In 2021/22, the bronchoscopy business faced headwinds due to the high comparables from 2020/21 driving high market inventories as well as increased competition in especially the American market. Despite the declining performance for the year, compared to pre-Covid-19 (FY 2018/19), global revenue from the bronchoscopy business has grown 70%, confirming the transition from reusable endoscopy to single-use technology.

We successfully entered the segment for Ear, Nose and Throat (ENT) in FY 2018/19, and entrance into cystoscopy followed in FY 2019/20. The two have since grown at a rapid pace and contributed to a sizeable and increasing share of revenue, which translates into combined endoscope sales of 719,000 units this fiscal year. We remain excited about the future potential of Ambu® aScope™ 4 RhinoLaryngo and Ambu® aScope™ 4 Cysto.

REGIONAL PERFORMANCE

In North America, Visualization sales grew organically by 17% (33%) in the full year 2021/22. This was driven by strong performance in cystoscopy and ENT, although partly offset by a decline in pulmonology. The ENT and cystoscopy offerings showed sequential quarter-on-quarter growth throughout the year, confirming the strong potential for single-use solutions across these segments. The pulmonology business and especially the sales of our Ambu® aScope™ 4 Broncho platform were negatively impacted by market contraction post-Covid-19, lower ICU admissions and increased competition. The market for single-use bronchoscopy continues to evolve with an increased number of companies entering the U.S. market, driving even greater penetration. Our Ambu® aScope™ 4 Broncho platform continues to be market leading, and with the recent Ambu® aScope™ 5 Broncho launch and future pulmonology launches, we expect to further increase the penetration in the coming years.

The recent addition to our GI portfolio, Ambu® aScope™ Gastro, received regulatory clearance by the U.S. Food and Drug Administration (FDA) in February 2022. The product received encouraging feedback towards the end of the year, and we remain excited about the future opportunity within single-use gastroscopy. For single-use duodenoscopy, since its launch in Q1 2021/22, Ambu® aScope™ Duodeno 1.5 has seen a slower uptake than expected. The clinical complexity of the ERCP procedure leads to high performance requirements and lower willingness to change practice towards single-use products. The market potential for single-use duodenoscopy remains intact, and we continue to be committed to advancing the Ambu® aScope™ Duodeno platform, with Ambu® aScope™ Duodeno 2.0 in development. Whilst the potential is strong, the market creation is expected to be more gradual compared to other segments.

Europe presents organic growth at -7% (26%), and the annual result was affected particularly by the high comparables after the Covid-19 pandemic. The negative growth is influenced by a declining pulmonology business, which is contracting to a normalised market level after abnormal growth during Covid-19. Despite the declining performance in 2021/22, the single-use bronchoscopy business in Europe has increased by 68% compared to pre-Covid-19 levels three years ago. Similar to North America, cystoscopy and ENT continue to present double-digit growth numbers for the full year, and thereby contribute positively to this year's Visualization performance in Europe. As for new product launches, both Ambu® aScope™ Gastro and Ambu® aScope™ 5 Broncho received European regulatory clearance during the year, and the launch is underway for both products. The market dynamics for Ambu® aScope™ Duodeno 1.5 are similar to those experienced in North America.

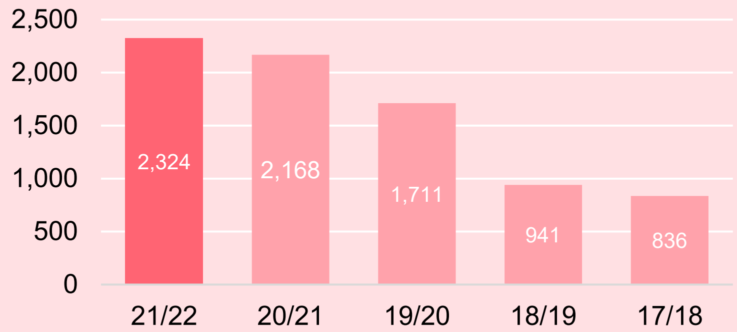
In the Rest of World region, the Visualization business experienced organic growth of -24% (47%). The result is negatively impacted by a reduction of in-market inventories and the effect of Covid-19 lockdowns in China, while Australia continues to be the biggest revenue contributor to the region's Visualization sales, showing positive growth for the year. Ambu® aScope™ Gastro received regulatory approval in both Japan and Australia, meaning that the product is now being launched commercially across all our key markets.

DKKm	21/22	20/21	Organic growth	Fx	Reported growth
US	1,124	866	17%	13%	30%
Europe	1,005	1,063	-7%	1%	-6%
RoW	195	239	-24%	6%	-18%
Total	**2,324**	**2,168**	**1%**	**6%**	**7%**

1%

organic revenue growth

REPORTED REVENUE, DKKM



PERFORMANCE – ANAESTHESIA

2021/22 PERFORMANCE

The Anaesthesia business accounted for 25% of Ambu's total revenue in 2021/22.

Total Anaesthesia revenue grew organically by 5% (-2%) in 2021/22, while reported growth ended at 13% (-6%). The business recovered from a negative first quarter and showed positive organic revenue growth in the following three quarters. On a regional basis, we saw positive growth across all regions, driven by pent-up demand, continued closing of backlog orders and market share gains. During 2021/22, the level of elective hospital activity increased gradually, and the backlog that was carried into the year was reduced throughout the quarters.

In North America, Anaesthesia sales grew organically by 1% (2%) in the full year 2021/22. The biggest revenue driver within the North American Anaesthesia business continues to be our business for breathing circuits, used to provide inhalation and exhalation routes for patients.

In Europe, Anaesthesia sales grew organically by 13% (-9%). Sales were dominated by the business for laryngeal masks, which are used to keep a patient's airways open during anaesthesia, as well as our resuscitator business. Last year, Anaesthesia sales in Europe were impacted by shipment delays due to the congestion of the global container freight market, resulting in Ambu entering 2021/22 with high backlog orders. Clearing these backlog orders, combined with low comparables, had a positive impact on this year's revenues, driving double-digit growth in the region.

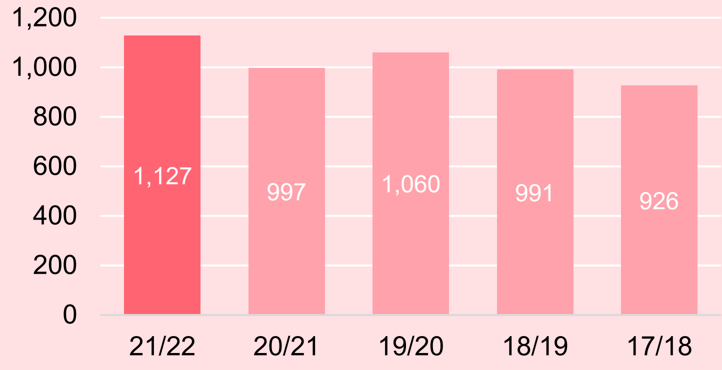
In the Rest of World region, Anaesthesia sales experienced organic growth of 11% (-5%). Sales improved gradually throughout the quarters, as the circuits business in particular, combined with the business for face masks and laryngeal masks, showed strong revenue streams. At the geographical level, Japan and Australia were the biggest drivers behind the positive growth, while China was impacted negatively by Covid-19 related lockdowns.

DKKm	21/22	20/21	Organic growth	Fx	Reported growth
US	710	639	1%	10%	11%
Europe	243	211	13%	1%	14%
RoW	174	147	11%	8%	19%
Total	**1,127**	**997**	**5%**	**8%**	**13%**

5%

organic revenue growth

REPORTED REVENUE, DKKM



PERFORMANCE – PATIENT MONITORING & DIAGNOSTICS

2021/22 PERFORMANCE

The Patient Monitoring & Diagnostics (PMD) business accounted for 23% of revenue in 2021/22.

Total PMD revenue grew by 13% (9%) revenue in 2021/22, while reported growth ended at 17% (7%). Since the beginning of the year, revenue has gradually increased, confirming the recovery from the Covid-19 pandemic. As for Anaesthesia, revenue growth in PMD across all regions was driven by pent-up demand, continued closing of backlog orders and market share gains.

In North America, the PMD business grew organically by 17% (10%) in the full year 2021/22, where we saw strong recovery across most product categories, with cardiology and neurophysiology as the biggest revenue drivers.

In Europe, PMD sales grew organically by 13% (8%). The biggest revenue contributors were, similarly to North America, cardiology and neurophysiology. Like Anaesthesia sales, last year, PMD sales in Europe were impacted by shipment delays due to the congestion of the global container freight market, leading to backlog orders. The growth rates posted for the year were impacted positively by the clearing of backlog orders, combined with low Covid-19 comparables.

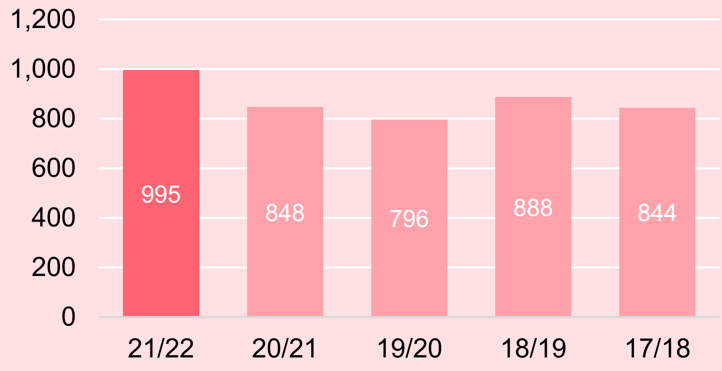
In the Rest of World region, PMD sales experienced organic growth of 2% (6%). The result for the year is influenced particularly negatively by Covid-19 related lockdowns in China that limited sales significantly.

DKKm	21/22	20/21	Organic growth	Fx	Reported growth
US	305	233	17%	14%	31%
Europe	578	512	13%	0%	13%
RoW	112	103	2%	8%	10%
Total	**995**	**848**	**13%**	**4%**	**17%**

13%

organic revenue growth

REPORTED REVENUE, DKKM



PRIMARY STATEMENTS: INCOME, BALANCE SHEET, CASH FLOW AND EQUITY

INCOME STATEMENT

DKKm	21/22	20/21	%
Revenue	4,444	4,013	11%
Production costs	-1,890	-1,510	25%
Gross profit	**2,554**	**2,503**	**2%**
Gross margin, %	*57.5*	*62.4*	-
Selling and distribution	-1,634	-1,468	11%
Development	-281	-225	25%
Mgmt. and administrative	-517	-470	10%
Total OPEX	-2,432	-2,163	12%
EBIT before special items	**122**	**340**	**-64%**
EBIT margin before special items, %	*2.7*	*8.5*	-
Special items	-148	0	-
EBIT	**-26**	**340**	**-108%**

Revenue for the year was DKK 4,444m, up DKK 431m from last year, representing a 11% (13%) reported growth. Organic growth was 4% (16%), after adjustment for currency effects, primarily from North America and Rest of World.

The organic revenue growth was driven by positive volume and mix effects, offset by net price reductions of 1 percentage point.

Gross profit was DKK 2,554m (DKK 2,503m) up DKK 51m from last year.

The gross margin declined by 4.9 percentage points to 57.5% (62.4%), driven by the effects of the sales mix, increasing costs of operating Ambu's production, inventory write-downs and currencies.

The sales mix within Visualization affected the gross margin by -1 percentage point, as the expanded gross profit from cystoscopy and ENT growth was not enough to make up for the declining sales in the more-profitable pulmonology.

Production costs increased by DKK 380m from last year, including currency effects, as production costs are predominantly settled in USD, MYR and CNY. These currencies appreciated by 11%, 6% and 10%, respectively, versus DKK, compared to last year.

A combined negative effect on the gross margin of -3 percentage points was driven by inflationary effects on input prices, scaling up the factory in Mexico and the write-down of Ambu® VivaSight™ 2, due to the product recall.

The currency effect on the gross margin was negative by less than -1 percentage points.

OPEX totalled DKK 2,432m (DKK 2,163m), up DKK 269m, or 12%, since last year, of which 5 percentage points were driven by currencies. The underlying increase was driven by distribution costs and amortisation from development projects.

The OPEX ratio was 55% (54%).

Selling and distribution costs were DKK 1,634m (DKK 1,468m), up by DKK 166m, or 11%, from last year, of which 6 percentage points were driven by currency effects. Selling and distribution costs corresponded to 37% (37%) of revenue.

Selling costs, including marketing activities, increased by DKK 26m, representing a flat development after adjustment for currency effects.

Distribution costs increased by DKK 140m. The increase was driven by higher freight rates and increased costs of operating Ambu's warehouses. The level of air freight was unchanged compared to last year.

Development costs totalled DKK 281m (DKK 225m), corresponding to a 25% increase, or DKK 56m, of which depreciation, amortisation and impairment losses accounted for DKK 41m. Development costs corresponded to 6% (6%) of revenue.

In the last three years, investments in innovation activities have increased by 47%, from DKK 372m to DKK 545m.

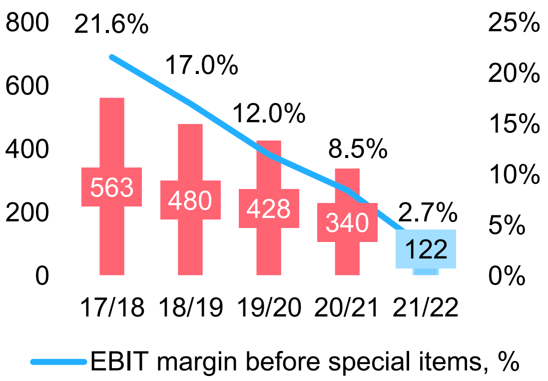
CASH FLOW IMPACT OF DEVELOPMENT COSTS, 3 YEARS

DKKm	21/22	20/21	19/20
Development costs	281	225	157
÷ Depreciation, amortisation and impairment losses	-150	-109	-91
+ Investments	414	446	306
= Cash flow	**545**	**562**	**372**

Management and administrative costs were DKK 517m (DKK 470m), corresponding to an increase of DKK 47m. Management and administrative costs corresponded to 12% (12%) of revenue. Approximately half of the increase was driven by additional staff costs.

Operating profit (EBIT) before special items was DKK 122m (DKK 340m), with an EBIT margin after special items of 0.6% (8.5%). The impact of foreign exchange rates on the EBIT margin was less than 1 percentage point.

EBIT BEFORE SPECIAL ITEMS – DKKM



Special items amounted to a net expense of DKK -148m (DKK 0m), relating to different items and events that are non-routine in nature:

- Write-down of Ambu® aScope™ Duodeno 1.5 inventory of DKK -49m
- Impairment of in-progress development projects of DKK -50m
- Severance costs of DKK -50m associated with the reduction of Ambu's global workforce, including legal fees
- Severance costs associated with the change of CEO of DKK -14m
- Income of DKK 15m from remeasuring the deferred purchase price of a historical technology-acquisition in Anaesthesia

Operating profit (EBIT) was DKK -26m (DKK 340m), with an EBIT margin of -0.6% (2.6%).

Depreciation, amortisation and impairment losses (DA) were DKK 351m (DKK 216m), up DKK 135m, of which DKK 50m stems from allocation to special items. DA corresponded to 8% (5%) of revenue.

The increase before special items was driven by the new factory in Mexico of DKK 14m and development projects of DKK 41m.

EBITDA before special items was DKK 423m (DKK 556m), with an EBITDA margin before special items of 9.5% (13.9%).

EBITDA was DKK 325m (DKK 556m).

Net financials amounted to a net income of DKK 135m (net expense of DKK 32m).

The change in net financials compared to last year was impacted by management's fair value reassessment of the contingent milestone payment of EUR 20m.

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

Bank and lease interest was DKK 32m (DKK 24m).

Tax on the profit for the year totalled an expense of DKK 16m (DKK 61m), corresponding to an average effective tax rate on the profit of 15% (20%).

Net profit was DKK 93m (DKK 247m).

Diluted earnings per share (EPS-D) were DKK 0.37 (DKK 0.98) for the year.

BALANCE SHEET

BALANCE SHEET CONDENSED BY MAIN ITEMS

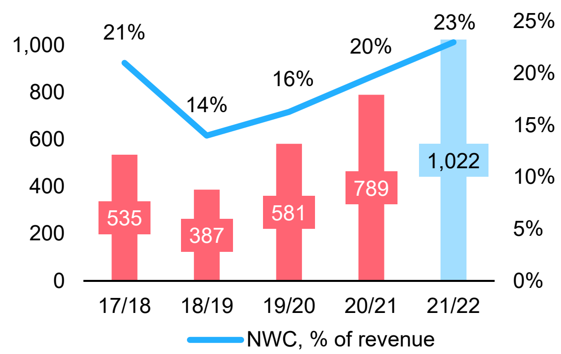
DKKm	21/22	20/21	Change
Non-current assets	4,911	4,132	779
Inventories	1,222	748	474
Trade receivables	747	699	48
Other current assets	148	97	51
Cash and cash equivalents	187	64	123
Total assets	**7,215**	**5,740**	**1,475**
Equity	4,261	3,952	309
Contingent consideration	0	137	-137
Interest-bearing debt	1,845	823	1,022
Trade and other payables	1,061	742	319
Other liabilities	48	86	-38
Total equity and liabilities	**7,215**	**5,740**	**1,475**

Total assets were DKK 7,215m (DKK 5,740m), and **invested capital** was DKK 5,919m (DKK 4,711), giving a ROIC of 2% (6%).

Non-current assets were DKK 4,911m (DKK 4,132m), up DKK 779m since last year, driven by currency effects of approximately DKK 240m, investments in development projects of DKK 387m and a commenced lease agreement for the factory in Mexico, offset by depreciation, amortisation and impairment of DKK 351m.

Net working capital (NWC) was DKK 1,022m (DKK 789m), corresponding to an increase of DKK 233m. NWC relative to revenue was 23% (20%), driven by the net effect of higher inventories, only partly offset by increasing payables.

NET WORKING CAPITAL IN DKKM AND NET WORKING CAPITAL RELATIVE TO REVENUE, %

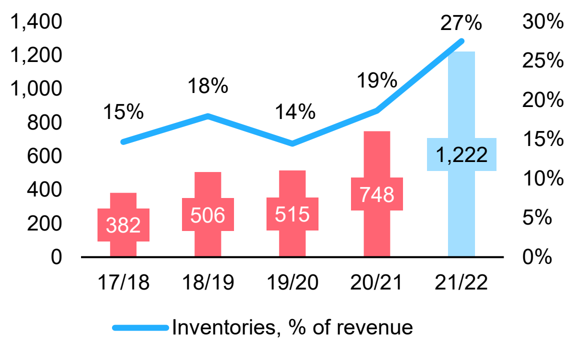


Inventories were DKK 1,222m (DKK 748m) at year-end, equivalent to 27% (19%) of revenue. Inventories were up DKK 474m since last year and were significantly impacted by the disruption of the global supply chain and lower sales forecast accuracy in previous years.

Ambu's planning cycle was considerably prolonged, as products were sea-freighted from Malaysia or China to main markets in Europe and North America. Long lead times require production plans to be set well in advance of making customer sales, including commitment to sourcing from suppliers of raw materials and electronic parts. For some product categories, this cycle can extend over several quarters.

Expectations of revenue growth deteriorated during the financial year, and inventory levels were consequently high at the end of 2021/22.

INVENTORIES IN DKKM AND RELATIVE TO REVENUE, %



Trade receivables totalled DKK 747m (DKK 699m), corresponding to 17% (17%) of revenue. Calculated at fixed exchange rates, the average number of credit days was 60 (63).

Losses on bad debtors, including in OPEX, were equivalent to 0.1% of revenue. The financial risk on trade receivables was unchanged from last year.

Trade and other payables totalled DKK 1,061m (DKK 742m), corresponding to 24% (18%) of revenue. The increase from last year reflects a higher ratio of inventory to revenue, longer credit days and the effect of the appreciating USD/DKK.

Contingent consideration was DKK 0m at year-end, against DKK 137m last year. The reduction reflects that the milestone relating to the gastroscope has lapsed.

Other liabilities were DKK 48m (DKK 86m) and included deferred taxes, provisions and derivative financial instruments.

Net interest-bearing debt and gearing
Cash and cash equivalents amounted to DKK 187m (DKK 64m). Interest-bearing debt comprised credit institutions at DKK 1,250m (DKK 550m) and leases at DKK 516m (DKK 210m).

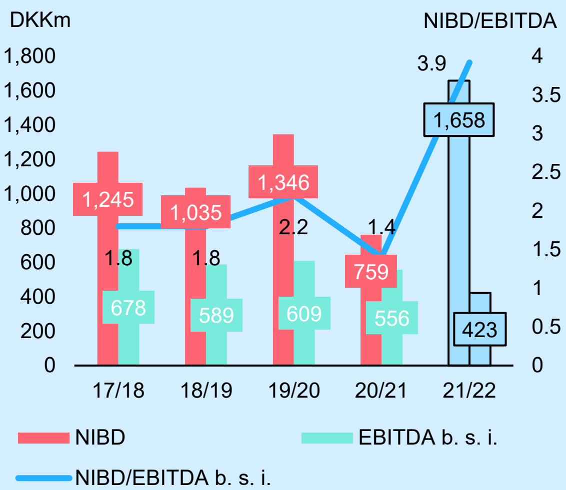
Net interest-bearing debt (NIBD) totalled DKK 1,658m, representing an increase of DKK 899m from last year's DKK 759m, corresponding to 3.9 (1.4) of EBITDA before special items.

The increase in NIBD since last year is due to the negative free cash flow, commencement of lease agreements, including the impact of the new factory in Mexico and distribution of dividends.

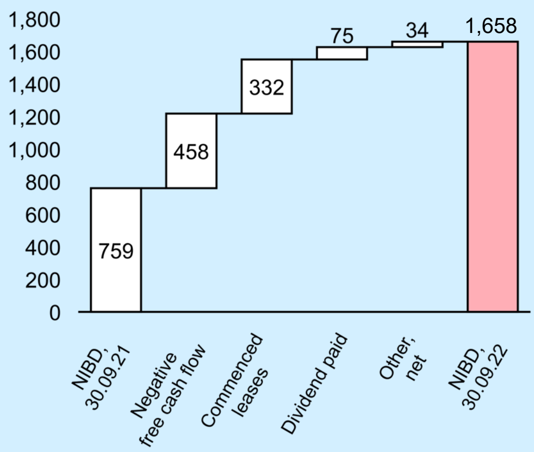
Capital resources in place
At the end of September 2022, Ambu maintained total committed credit lines with a duration of almost three years at DKK 1,800m (DKK 1,500m), of which DKK 1,250m (DKK 550m) has been utilised.

On this basis, at the end of 2021/22, Ambu had unutilised capital resources from overdraft facilities, credit lines, and cash and cash equivalents of approximately DKK 0.8bn (DKK 1.0bn).

DEVELOPMENT IN EBITDA BEFORE S.I. AND GEARING



NIBD, EBITDA BEOFRE SPECIAL ITEMS AND NIBD/EBITDA BEFORE SPECIAL ITEMS



CASH FLOW STATEMENT

DKKm	21/22	20/21	Change in value
Cash flow from operating activities	95	328	-233
Cash flow from investing activities before acquisitions	-553	-573	20
Free cash flow before acquisitions	**-458**	**-245**	**-213**
Acquisitions of enterprises and technology	-5	-301	296
Cash flow from financing activities	586	512	74
Changes in cash and cash equivalents	123	-34	157
Cash flows in % of revenue:			
Cash flow from operating activities	2%	8%	-
Investments	-12%	-14%	-
Free cash flow before acquisitions	-10%	-6%	-

Cash flow from operating activities (CFFO) amounted to DKK 95m (DKK 328m), down DKK -233m compared to the previous year. The decrease was mainly driven by the DKK 231m decline in EBITDA over last year. CFFO corresponded to 2% (8%) of revenue.

Cash flow from investing activities before acquisitions totalled DKK -553m (DKK -573m), corresponding to -12% (-14%) of revenue. The decrease was attributable to a lower level of investments in development projects.

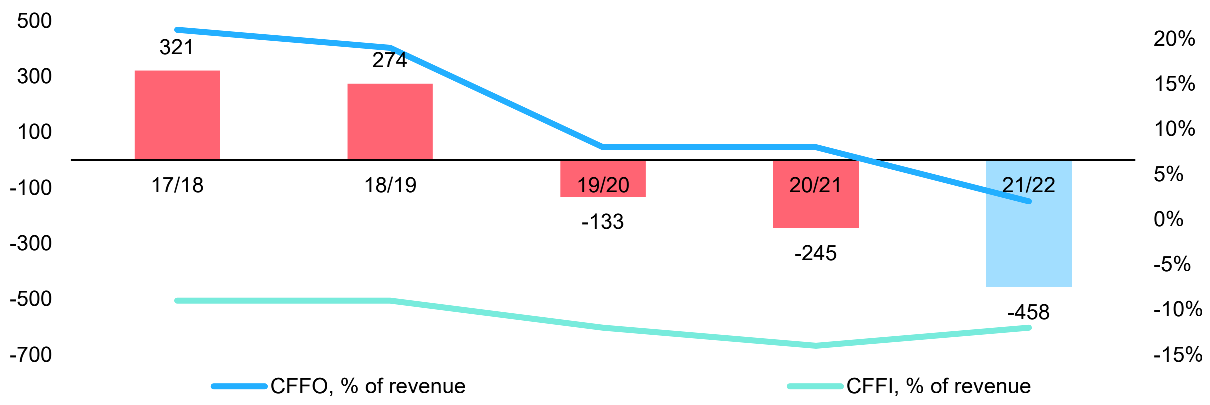
Free cash flow before acquisition of enterprises and technology totalled DKK -458m (DKK -245m), down DKK 213m from last year, corresponding to -10% of revenue (-6%).

Cash flow from acquisitions of enterprises and technology totalled DKK -5m (DKK -301m). Last year, the DKK 298m deferred consideration from the Innovation Medical GmbH acquisition matured.

Cash flow from financing activities was DKK 586m (DKK 512m). Raising debt from credit institutions of DKK 700m had a positive effect on the financing activities, while repayment of lease liability of DKK 52m (DKK 44m) and dividend distribution of DKK 75m (DKK 73m) to the shareholders had a negative effect.

Changes in cash and cash equivalents then came to DKK 123m (DKK -34m).

FREE CASH FLOW BEFORE ACQUISITIONS – DKKM



EQUITY STATEMENT

At the end of September 2022, equity totalled DKK 4,261m (DKK 3,952m), corresponding to an equity ratio of 59% (69%) of total assets. The share capital was DKK 129m (DKK 129m), distributed on 257.7m (257.7m) shares.

OTHER COMPREHENSIVE INCOME

Other comprehensive income included a translation adjustment arising from the translation of subsidiaries in foreign currency of DKK 273m (DKK 33m).

The translation adjustment was primarily driven by the appreciation of the USD/DKK exchange rate since September 2021.

OTHER EQUITY

At the Annual General Meeting, held on 14 December 2021, it was decided to pay dividend of DKK 75m to Ambu's shareholders. The dividend has been distributed in full, including DKK 1m for Ambu's portfolio of treasury shares.

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

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

At the end of the year, Ambu's portfolio of Class B treasury shares was 3,642,313 (3,976,471), reduced by 334,158 since last year.

The portfolio corresponded to 1.413% (1.543%) of the total share capital.

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

In certain jurisdictions, Ambu is entitled to a deduction of employees' gains on the exercise of options and warrants. During the year, equity was reduced by DKK 14m (increased by DKK 34m), corresponding to the value adjustment of any deductible value of employee gains.

FOLLOW-UP ON ANNOUNCED OUTLOOK

RELATIVE TO THE REALISED RESULTS IN 2021/22

During the 2021/22 financial year, Ambu adjusted the outlook for organic revenue growth and EBIT margin before special items three times. First in February, when we revised the outlook due to uncertainties regarding the continued impact of Omicron, and then secondly in May, when we saw macroeconomic headwinds, supply chain volatility, ongoing hospital labour shortages and a need for a raw material write-down. As from the beginning of the fiscal year, we expected a rapid return of elective procedure activity, but in May, we revised our expectations, so that this would happen at a steadier pace. Coming out of a challenging July trading, and with the launch of a cost reduction program in August, the guidance was revised as a result of the changes that were to be implemented due to the program. At the start of the financial year, we expected organic growth of 15-19%, while actual organic growth came to 4% at the end of the year.

The guidance for the EBIT margin before special items was adjusted at the same intervals in February, May and August as a result of the same factors. The year ended with an EBIT margin before special items of 2.7% compared to the original expectation of 7-9% at the start of the financial year.

LOCAL CURRENCIES

	Realised	25 Aug 2022	3 Aug 2022	5 May 2022	8 Feb 2022	9 Nov 2022
Organic growth	4%	No less than 4%	No less than 4%	13%+	15%+	15-19%

DANISH KRONER

	Realised	25 Aug 2022	3 Aug 2022	5 May 2022	8 Feb 2022	9 Nov 2022
EBIT margin before special items	2.7%	No less than 2%	No less than 2%	5%+	7%+	7-9%

EXCHANGE RATE ASSUMPTIONS FOR 2021/22

	Realised	25 Aug 2022	3 Aug 2022	5 May 2022	8 Feb 2022	9 Nov 2022
USD/DKK	688	687	684	680	650	642
MYR/DKK	160	160	159	160	155	155
CNY/DKK	105	105	105	105	102	100
GBP/DKK	878	880	880	881	880	877

Q4 2021/22 RESULTS

	REVENUE			COMPOSITION OF GROWTH		
	2021/22	Split	2020/21	Organic	Currency	Reported
North America	586	50%	493	2%	17%	19%
Europe	435	37%	374	16%	0%	16%
Rest of World	142	13%	159	-20%	9%	-11%
Revenue	**1,163**	**100%**	**1,026**	**4%**	**9%**	**13%**

In Q4, we saw 4% (18%) organic revenue growth, and with significant regional differences. Reported revenue came in at DKK 1,163m in the quarter. In August 2022, Ambu announced adjustments to pricing practices so as to reduce the level of discounts and rebates, which impacted the Q4 sales equal to approximately 1 percentage point on full-year growth in 2021/22.

Visualization growth in the quarter was 3% (37%) which translates into a performance of 442,000 endoscope units sold. The revenue growth was driven by high double-digit growth in Europe that came from a low baseline as from Q4 2020/21, as well as positive growth in North America. The performance was offset by negative growth in Rest of World, which was significantly affected by a reduction of in-market inventories and the impact of the Covid-19 lockdowns in China.

In Q4, Anaesthesia and PMD posted organic growth rates of 0% (-6%) and 10% (13%), respectively. For Anaesthesia, Europe and Rest of World benefitted from pent-up demand and backlog orders that resulted in high double-digit growth rates. North America posted negative growth due to a high baseline from Q4 last year. In PMD, North America showed stable growth, while Europe saw positive impact from pent-up demand and backlog orders. Rest of World had negative growth, as the business was impacted by the Covid-19 lockdowns in China.

	Q4 21/22	Q4 20/21	Organic growth	Fx	Reported growth
Visualization					
North America	317	253	8%	18%	25%
Europe	234	197	18%	1%	18%
Rest of World	58	90	-45%	9%	-36%
Anaesthesia					
North America	175	167	-11%	16%	5%
Europe	61	50	23%	-1%	22%
Rest of World	50	41	15%	7%	22%
PMD					
North America	93	73	10%	18%	28%
Europe	141	127	11%	0%	11%
Rest of World	36	29	7%	16%	23%

INCOME STATEMENT

DKKm	Q4 21/22	Q4 20/21	Change in value	Change %
Revenue	1,163	1,026	137	13%
Production costs	-519	-416	-103	25%
Gross profit	**644**	**610**	**34**	**6%**
Gross margin, %	*55.4*	*59.5*	-	-
Selling and distribution costs	-432	-415	-17	4%
Development costs	-80	-73	-7	10%
Management and administrative costs	-139	-118	-21	18%
Total OPEX	-651	-606	-45	7%
EBIT before special items	**-7**	**4**	**-11**	**-275%**
Special items	-135	0	-135	-
EBIT	**-142**	**4**	**-146**	**-**

Revenue totalled DKK 1,163m (DKK 1,026m), corresponding to reported growth of 13% (18%). Adjusted for currency effects, the underlying organic growth was 4% (18%).

Gross profit was DKK 644m (DKK 610m), corresponding to a margin of 55.4% (59.5%).

The decrease in margin since last year is driven by continued inflationary pressure on input prices and currency effects.

Total OPEX was DKK 651m (DKK 606m), up 7% from Q4 2020/21, of which 6 percentage points was driven by appreciating currencies.

EBIT before special items was DKK -7m (DKK 4m), representing an EBIT margin before special items of -0.6% (0.4%). A slightly positive margin-effect from currencies was realised when comparing to last year.

Special items were a cost of DKK 135m and stems from the cost reduction program.

QUARTERLY RESULTS

DKKm	Q4 2021/22	Q3 2021/22	Q2 2021/22	Q1 2021/22	Q4 2020/21	Q3 2020/21	Q2 2020/21	Q1 2020/21
Composition of revenue, products:								
Visualization	609	562	588	565	540	523	547	558
Anaesthesia	285	302	294	245	256	240	248	253
Patient Monitoring & Diagnostics	269	264	240	221	230	210	206	202
Revenue	**1,163**	**1,128**	**1,122**	**1,031**	**1,026**	**973**	**1,001**	**1,013**
Key figures, revenue:								
Endoscopes sold, ’000 units	442	400	444	419	393	386	379	370
Growth in endoscopes sold, %	12	4	17	13	54	15	21	106
Organic growth, products:								
Visualization, %	3	0	3	-2	37	0	17	101
Anaesthesia, %	0	14	12	-6	-6	-1	-4	5
Patient Monitoring & Diagnostics, %	10	20	14	7	13	44	-7	-3
Organic growth, %	**4**	**8**	**8**	**-1**	**18**	**7**	**6**	**39**
Exchange rate effects, %	9	8	4	3	0	-4	-5	-6
Reported revenue growth, %	**13**	**16**	**12**	**2**	**18**	**3**	**1**	**33**
Organic growth, markets:								
North America, %	2	16	11	18	18	32	6	13
Europe, %	16	4	7	-16	11	-10	2	79
Rest of World, %	-20	-4	-1	0	36	7	18	9
Organic growth, %	**4**	**8**	**8**	**-1**	**18**	**7**	**6**	**39**
Revenue	1,163	1,128	1,122	1,031	1,026	973	1,001	1,013
Production costs	-519	-499	-475	-397	-416	-365	-378	-351
Gross profit	**644**	**629**	**647**	**634**	**610**	**608**	**623**	**662**
Gross margin, %	*55.4*	*55.8*	*57.7*	*61.5*	*59.5*	*62.5*	*62.2*	*65.4*
Selling and distribution costs	-432	-389	-407	-406	-415	-344	-361	-348
Development costs	-80	-72	-65	-64	-73	-53	-52	-47
Management and administrative costs	-139	-126	-128	-124	-118	-123	-110	-119
Total Operating Expenditures (OPEX)	*-651*	*-587*	*-600*	*-594*	*-606*	*-520*	*-523*	*-514*
Operating profit (EBIT) before s.i.	**-7**	**42**	**47**	**40**	**4**	**88**	**100**	**148**
EBIT margin before special items, %	*-0.6*	*3.7*	*4.2*	*3.9*	*0.4*	*9.0*	*10.0*	*14.6*
Special items	-135	-13	0	0	0	0	0	0
Operating profit (EBIT)	**-142**	**29**	**47**	**40**	**4**	**88**	**100**	**148**
EBIT margin, %	*-12.2*	*2.6*	*4.2*	*3.9*	*0.4*	*9.0*	*10.0*	*14.6*
Financial income	20	12	137	0	3	1	4	0
Financial expenses	-10	-7	-2	-15	-9	-12	11	-30
Profit before tax	**-132**	**34**	**182**	**25**	**-2**	**77**	**115**	**118**
Tax on profit for the year	2	-6	-7	-5	1	-15	-20	-27
Net profit for the period	**-130**	**28**	**175**	**20**	**-1**	**62**	**95**	**91**

QUARTERLY RESULTS (CONTINUED)

DKKm	Q4 2021/22	Q3 2021/22	Q2 2021/22	Q1 2021/22	Q4 2020/21	Q3 2020/21	Q2 2020/21	Q1 2020/21
Balance sheet:								
Assets	7,215	6,921	6,557	6,327	5,740	5,567	5,318	5,043
Net working capital	1,022	996	1,038	911	789	794	728	636
Equity	4,261	4,282	4,162	3,946	3,952	3,904	3,861	2,394
Net interest-bearing debt	1,658	1,423	1,417	1,259	759	638	466	1,701
Invested capital	5,919	5,705	5,579	5,205	4,711	4,542	4,327	4,095
Cash flows, in DKKm:								
Cash flow from operating activities	-28	146	5	-28	62	68	92	106
Cash flow from investing activities before acquisitions	-139	-139	-141	-134	-169	-181	-119	-104
Free cash flow before acquisitions	-167	7	-136	-162	-107	-113	-27	2
Acquisitions of enterprises and tech.	-5	0	0	0	-1	0	-1	-299
Cash flows, in % of revenue:								
Cash flow from operating activities	-2	13	0	-3	6	7	9	10
Cash flow from investing activities before acquisitions	-12	-12	-12	-13	-16	-19	-12	-10
Free cash flow before acquisitions of enterprises and technology	-14	1	-12	-16	-10	-12	-3	0
Key figures and ratios:								
Operating Expenditures (OPEX)	651	587	600	594	606	520	523	514
OPEX ratio, %	56	52	53	58	59	53	52	51
EBITDA before special items	77	119	125	102	65	143	150	198
EBITDA margin before special items %	6.6	10.5	11.1	9.9	6.3	14.7	15.0	19.5
Depreciation	-42	-40	-38	-36	-31	-31	-29	-27
Amortisation	-40	-37	-33	-25	-26	-24	-22	-22
Impairment	-2	0	-7	-1	-4	0	1	-1
EBIT before special items	-7	42	47	40	4	88	100	148
EBIT margin before special items, %	-0.6	3.7	4.2	3.9	0.4	9.0	10.0	14.6
NIBD/EBITDA before special items	3.9	3.5	3.3	2.7	1.4	1.1	0.7	2.5
Net working capital, % of revenue	23	23	25	23	20	21	19	17
Share-related ratios in DKK:								
Market price per share	66	69	100	173	190	241	298	263
Earnings per share (EPS)	-0.51	0.11	0.69	0.08	0.00	0.24	0.38	0.37
Diluted earnings per share (EPS-D)	-0.51	0.11	0.69	0.08	0.00	0.24	0.38	0.36

GOVERNANCE

- Risk management
- Corporate governance
- Board of Directors and Executive Management
- Remuneration
- Shareholder information
- Company announcements 2021/22

RISK MANAGEMENT

Ambu's business activities involve a number of inherent risks, and the company is exposed to risks on an ongoing basis, which may have a negative impact on daily operations, financial standing, results and future growth.

Ambu's risk management is focused on early identification and rigorous assessment of risks, as well as continuous mitigation, management and monitoring of risks, thereby reducing risks to an acceptable level and ensuring that only calculated risks are taken.

RISK REPORTING PROCESS AND GOVERNANCE

The most significant risks to Ambu on the short-to-medium term are identified and assessed, and potential updates to the mitigation plans are reported to Global Risk & Compliance on a quarterly basis. The long-term risks are integrated in the overall development of Ambu's strategy and business plans.

Based on the reported risks, Global Risk & Compliance conducts a series of in-depth interviews with risk officers in the organisation, after which the most significant risks are assessed by risk boards, before being reported to the Executive Management and the Board of Directors on a quarterly basis.

The management of each function is responsible for identifying, assessing and managing the risks associated with its part of the organisation. The Executive Management is responsible for determining Ambu's overall risk profile in alignment with the company's strategy and values. The Executive Management is also responsible for delegating responsibility for the risks that are shared across the organisation, as well as for approving the mitigating activities that address the most significant risks.

The Board of Directors monitors and reviews the reported risks and their planned mitigation, as well as any recommendations from the Executive Management, on a quarterly basis.

RISK ASSESSMENT AREAS

- Climate-related
- Innovation & development
- Product supply, quality and safety
- Commercial
- Cybersecurity
- Financial
- Legal & compliance

CLIMATE-RELATED RISKS

In 2020/21, Ambu signed a letter of commitment to the Science Based Target initiative Business Ambition to convert our existing carbon emission target to 1.5°C science-based reduction targets to meet the goals of the Paris agreement.

We also committed to further developing our TCFD-aligned disclosure. In 2021/22, climate-related risks are integrated as part of our risk management process, and climate-related risks are identified, assessed and responded to according to a standardised process for estimating the impact and likelihood of risks in view of their impact on revenue, cost and reputation, as well as the related compliance requirements. Each business activity is responsible for identifying and prioritising relevant climate-related risks and opportunities and integrating them into relevant processes to ensure that they are managed appropriately.

To ensure business continuity and further align with the TCFD recommendations, we developed and conducted scenario analyses guided by the TCFD recommendations to assess the impact and likelihood of potential future climate-related risks resulting from extreme weather events, such as floods, storms and other natural disasters in 2021/22.

Specifically, we assessed the resilience of our production sites in China, Malaysia, the USA and Mexico to climate change in three scenarios with a 1.5 °C, 2 °C and 3+/4°C temperature rise by 2100, respectively. The focus was to assess how climate-related physical and transitional risks might affect Ambu.

In the scenario analysis, we found that especially the increased frequency and scale of extreme weather conditions, such as heavy rainfall, floods and high temperatures, could affect our operations as well as our employees, regardless of scenario. Physical risks, such as rising water levels, water scarcity and extreme heat and weather patterns, were identified and assessed in relation to the potential effect on Ambu's manufacturing sites and supply chain. Similarly, transitional risks, such as customers and investors demanding more transparency and improvement on our environmental footprint and stronger regulatory action on carbon emissions, were identified and assessed in relation to Ambu's activities in general.

The outcome of the scenario analysis was integrated into the overall development of Ambu's strategy, and going forward, risk scenario analysis is conducted on a regular basis and is a permanent aspect of our risk management program.

Ambu

INNOVATION & DEVELOPMENT RISKS

Ambu's opportunities to achieve its strategic targets depend on its ability to develop unique, high-quality products.

A commercial understanding of the sector's long-term needs, as well as user insights regarding targeted procedures in new segments and their integration into product development are crucial to remaining a market leader. In addition, there is an inherent risk of IP disputes and litigation.

RISK EXAMPLES

- Insufficient capturing of user insights.
- Time needed to achieve the required design.
- Infringement of intellectual property rights that may reduce Ambu's competitive advantages and negatively impact sales.

PRIMARY RISK MITIGATION ACTIVITIES

- Products are launched in multiple segments.
- The screening process for capturing user insights is very detailed and integrated into product development, allowing for rounds of modifications before the design is locked.
- IP clearance processes and IP awareness training.

PRODUCT SUPPLY, QUALITY AND SAFETY RISKS

As a manufacturer and distributor of medical devices, Ambu adheres to the legislation within the territories in which it operates, for example, in the EU, the Medical Device Regulation, and in the USA, the Food & Drug Administration. Failure to comply may negatively impact Ambu's ability to sell its products. Supply chain disruptions due to infrastructure congestion and delays can lead to higher freight rates. Furthermore, increased demand and/or supply shortages may lead to increased raw material and energy costs – and potentially delay orders.

RISK EXAMPLES

- Major disruption at a manufacturing facility due to a natural disaster or other emergency, such as a fire or a pandemic, may disrupt Ambu's ability to manufacture and distribute products.
- Lockdowns, breakdowns, political unrest, fires, natural disasters, etc., at key suppliers' sites may result in disruption of Ambu's supply chain.
- Loss of licences to sell or manufacture due to non-compliance with legislation.

PRIMARY RISK MITIGATION ACTIVITIES

- Global production with multiple facilities and re-building safety stock.
- Dual sourcing, identification of high-risk suppliers and continuous development of contingency plans.
- Continuous development and improvement of control processes and quality procedures and ongoing monitoring of legislation and market standards.

COMMERCIAL RISKS

In Ambu's most important markets, there is constant economic and political focus on reducing healthcare costs, leading to a general demand for hospitals to become more efficient. Ambu's Anaesthesia and PMD businesses have historically experienced modest price pressure, while prices within the Visualization franchise have been more stable.

RISK EXAMPLES

- Delays in product launch and penetration into a market.
- Pace of market creation and product acceptance within single-use endoscopy.
- Economic and political development leading to budgetary constraints and healthcare reforms.

PRIMARY RISK MITIGATION ACTIVITIES

- Validation of value proposition in single-use, for instance workflow efficiency and sterility.
- Continuous improvement of product launch capabilities.
- Modular approach within innovation to support a rapid innovation cycle and low-cost production with manufacturing in low-cost jurisdictions to enable competitive pricing.

CYBERSECURITY RISKS

Globally, and across most industries, cybercriminal activity continues to take place. Cyber threats, such as cybercrime and cyberattacks, could have major business impact by affecting Ambu's operations, delivery performance and competitive advantage.

RISK EXAMPLES

- Cybersecurity breaches and/or a major IT breakdown could have a severe impact on Ambu's ability to maintain day-to-day operations, resulting in disruption of sales and shipments to customers, which ultimately could affect the ability of healthcare providers to provide patient care.
- The disclosure of confidential information could compromise the privacy of customers or other individuals, and business critical information could be lost, stolen or otherwise released into the hands of people for whom it was never intended.
- Theft of intellectual property could have a severe impact on competitive advantage.

PRIMARY RISK MITIGATION ACTIVITIES

- Continuously evolving Ambu's cybersecurity measures to monitor and mitigate potential data breaches, cyberattacks, incident response, crisis management processes and capabilities for timely remediation of security issues.
- A solid, risk-based cybersecurity framework, built on the National Institute of Standards and Technology framework, enabling Ambu to protect its assets and continue to manufacture secure products in a digitally evolving space.
- Regular internal and external security assessments, including vulnerability assessments, penetration testing and threat hunting, while continuously training all Ambu employees in cybersecurity, providing alerts and information on critical, relevant topics related to security.

FINANCIAL RISKS

The development in Ambu's results and equity is subject to several financial risks, including foreign exchange risks, interest rate risks, liquidity risks and credit risks, as well as the risk of changing international trading conditions.

RISK EXAMPLES

- Changes to tax legislation and inherent tax risk associated with being a multinational company.
- Implementation of customs barriers, economic sanctions and limitations to free trade.
- Fluctuations in interest rates and inflation rates due to geopolitical and macroeconomic development.

PRIMARY RISK MITIGATION ACTIVITIES

- Centralisation of financial risks in the Group's finance function, which also serves as a service centre for all subsidiaries.
- As a general rule, Ambu relies on the neutral hedging of currency risks that is embedded in the ordinary cash flows.
- The management of financial risks is described in further detail in note 4.1 to the consolidated financial statements.

LEGAL AND COMPLIANCE RISKS

Ambu operates in a highly regulated industry that is subject to great variation in laws and regulations across geographies and business areas, leading to a complex and often unpredictable legal environment. Enforcement of various anti-corruption, data-privacy and healthcare-related laws and regulations, as well as increased public awareness of business ethics and protection of personal data, contribute to increased risk for Ambu.

RISK EXAMPLES

- Lawsuits filed by competitors.
- Violations of healthcare-related laws and non-compliance with Ambu's codes of conduct.
- Investigations by authorities and/or criminal and civil sanctions and other penalties.

PRIMARY RISK MITIGATION ACTIVITIES

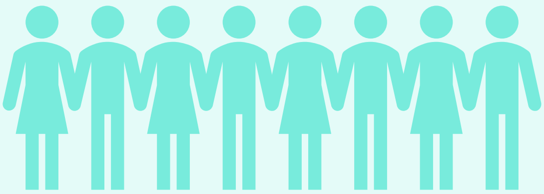
- Ongoing implementation and monitoring of Ambu's compliance programs, including training and auditing activities.
- Legal reviews of key activities.
- Independent and confidential ethics hotline for reporting of unethical situations, violations and misconduct.

CORPORATE GOVERNANCE

Corporate governance refers to the principles governing the management of the company, based on the shareholders' views on the ownership. Ambu seeks to establish close and trusting relations with relevant stakeholders, including shareholders, employees, customers, suppliers and society as a whole. We also seek to ensure transparency, and we want to openly share relevant information with our stakeholders.

Ambu's Board of Directors complies with all of Nasdaq Copenhagen's recommendations concerning 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 by 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 Management questions and to propose items for consideration.

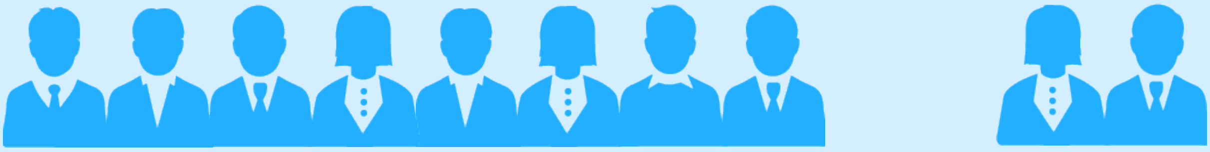
All shareholders are entitled to attend and vote at the Annual General Meeting. The notice convening the annual general meeting is published at least three weeks, and at the most five weeks, before the date of the meeting. The notice can also be found on the Ambu website.

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 instruments, and according to Ambu's Articles of Association, the transfer of more than 5% of the total number of Class A shares at a price higher than the price quoted for the company's Class B shares may 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 of the company's stakeholders, as it lays 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 Management. 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 approving the overall budgets and plans. The Board of Directors also undertakes 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 an annual process, whereby self-evaluation of the Board of Directors' work and performance is assessed. At least every three years, the evaluation must be conducted by an experienced external facilitator. The self-evaluation in 2021/22 led to focus areas, which will be included in the work of the Board of Directors in 2022/23.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors currently has five members, who are elected by the shareholders at the Annual General Meeting, and three members elected by the employees, pursuant to the Danish rules concerning 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.

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 Management, 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 from innovation and also experience from the acquisition and divestment of assets and technologies
- Insights into risk management and financial affairs

The members of Ambu's Board of Directors are 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 shareholders at 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 13 meetings during the 2021/22 financial year. At the Annual General Meeting in December 2021, Susanne Larsson and Michael Del Prado joined the Board of Directors, while three employee-elected Board members were replaced. In May 2022, Britt Meelby Jensen stepped down in connection with her appointment as CEO.

	Position	Board meetings												
Jørgen Jensen	Chairman	■	■	■	■	■	■	■	■	■	■	■	■	■
Christian Sagild	Vice Chairman	■	■	■	■	■	■	■	■	■	■	■	■	■
Michael Worning	Former member	■	■	■	□	□	□	□	□	□	□	□	□	□
Britt Meelby Jensen	Former member	■	■	■	■	■	■	■	■	■	□	□	□	□
Henrik Ehlers Wulff	Member	■	■	■	■	■	■	■	■	■	■	▣	■	■
Susanne Larsson	Member	□	□	□	■	■	■	■	■	▣	■	■	■	▣
Michael Del Prado	Member	□	□	□	■	■	■	■	■	■	■	■	■	■
Jesper Bartroff Frederiksen	Member	□	□	□	■	■	■	■	▣	■	■	■	■	■
Charlotte Elgaard Bjørnhof	Member	□	□	□	■	■	■	■	▣	■	■	■	■	■
Thomas Bachgaard Jensen	Member	□	□	□	■	■	■	■	▣	■	■	■	■	■
Thomas Lykke Henriksen	Former member	■	■	■	□	□	□	□	□	□	□	□	□	□
Jakob Bønnelykke Kristensen	Former member	■	■	■	□	□	□	□	□	□	□	□	□	□
Jakob Koch	Former member	■	■	■	□	□	□	□	□	□	□	□	□	□

■ **Attended the meeting**
▣ **Did not attend the meeting**
□ **Not a board member at the time**

To ensure a dedicated and in-depth work on specific areas, the Board of Directors has established several committees that report to the Board of Directors.

Chairmanship
Audit Committee
Remuneration Committee
Innovation Committee
Nomination Committee

The **Chairmanship** consists of the Chairman and the Vice-Chairman of the Board of Directors.

The Chairmanship performs certain preparation and planning in relation to Board meetings and is a forum for the Chairman's and management's reflections.

The Chairmanship held seven meetings during the 2021/22 financial year.

	Position	Board meetings						
Jørgen Jensen	Chairman	■	■	■	■	■	■	■
Christian Sagild	Vice Chairman	■	■	■	■	■	■	■

The **Audit Committee** consists of two members of the Board of Directors, with the Chairman participating as an observer. In addition, the CEO, the CFO, the VP of Finance & Accounting and the auditor appointed at the Annual General Meeting attend the Audit Committee meetings.

The Audit Committee held four meetings during the 2021/22 financial year.

	Position	Meetings
Susanne Larsson	Chairman	
Christian Sagild	Member	
Mikael Worning	Former member	
Henrik Ehlers Wulff	Former member	

The purpose of the Audit 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 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 Ambu.com/auditcom.

The **Remuneration Committee** consists of three members of the Board of Directors. In addition, the CEO and the CFO attend the meetings.

The Remuneration Committee held three meetings during the 2021/22 financial year.

	Position	Meetings
Jørgen Jensen	Chairman	
Britt Meelby Jensen	Former member	
Henrik Ehlers Wulff	Member	
Susanne Larsson	Member	

The duties of the Remuneration Committee are to ensure that the remuneration offered by Ambu is competitive and sufficient to attract and retain the best qualified directors and executives. The Charter of the Remuneration Committee can be found at Ambu.com/remcom.

The **Innovation Committee** was established in 2022 and consists of three members of the Board of Directors. In addition, the CEO, the Chief Marketing Officer & President of APAC and the Chief Innovation Officer attend the Innovation Committee meetings.

The Innovation Committee held three meetings during the 2021/22 financial year.

	Position	Meetings
Michael Del Prado	Chairman	
Jørgen Jensen	Member	
Henrik Ehlers Wulff	Member	

The purpose of the Innovation Committee is to oversee and make recommendations for the innovation strategy and execution of strategy and consider external innovation opportunities.

The Charter of the Innovation Committee can be found at Ambu.com/innovationcom.

The **Nomination Committee** consists of three members of the Board of Directors.

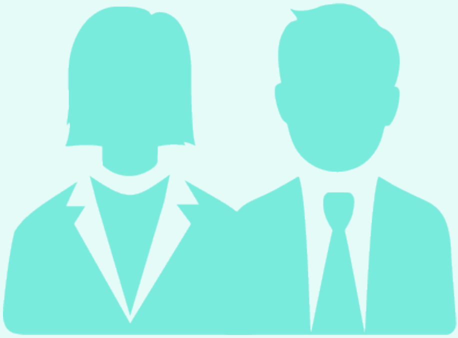
The Nomination Committee held two meetings during the 2021/22 financial year. Late in the year, Michael del Prado joined the Committee, after Britt Meelby Jensen was appointed CEO and left the Board. Ambu's CEO occasionally attends the meetings of the Nomination Committee.

	Position	Meetings
Jørgen Jensen	Chairman	
Christian Sagild	Member	
Britt Meelby Jensen	Former member	
Michael Del Prado	Member	

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 meet the requirements and possess the skills required.

The Charter of the Nomination Committee can be found at Ambu.com/nomcom.

EXECUTIVE MANAGEMENT



The Board of Directors appoints the Executive Management and lays down its terms of employment. The Executive Management is responsible for Ambu's day-to-day management, including the development of Ambu's activities and operations and its risk management, financial reporting and internal affairs.

The Executive Management 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 Management is described in the Rules of Procedure for Ambu's Board of Directors (*Bestyrelsens Forretningsorden*) and the provisions of the Danish Companies Act (*Selskabsloven*).

The Executive Management consists of CEO Britt Meelby Jensen and CFO Thomas Frederik Schmidt.

CORPORATE GOVERNANCE

The Board of Directors has considered the Recommendations from the Committee on Corporate Governance from 2 December 2020 (found at Corporategovernance.dk), and has reported hereon in a document available at Ambu.com/corpgov.

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

DATA ETHICS

A data ethics policy was developed in 2021. It is Ambu's policy to maintain the highest ethical standards and comply with all applicable data and privacy laws and regulations.

Our work with data ethics is governed by the data ethics policy, as well as internal policies and standard operating procedures.

Please refer to the Sustainability Report, or go to Ambu.com/dataethics for more information on our data ethics policy prepared in accordance with the Danish Financial statements Act, section 99d.

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, and on diversity pursuant to Section 107d of the Danish Financial Statements Act.

Ambu wants the Board of Directors and Executive Management to be representative across genders, nationalities, ages, education, qualifications, competencies and, thereby, perspectives. The members should, as a group, have sufficient knowledge, insight and professional experience to understand Ambu's activities and the risks related hereto.

After the Annual General Meeting in December 2021, the Board of Directors had two female members, until Britt Meelby Jensen became CEO of Ambu and resigned from the Board. Our ambition is to have two female members, corresponding to equal gender representation within a Board of Directors with six members. At the upcoming Annual General Meeting 2022, the Board of Directors proposes two new members, a female and a male. The proposed members are Shacey Petrovic, former President and CEO at Insulet Corporation, and Simon Hesse Hoffmann, professional board member and investor and third generation of the family behind Ambu. Having two female members still corresponds to equal gender representation within a board of Directors with seven members.

To ensure equal opportunities for all genders at Ambu, we continue to train and develop our people leaders in diversity and inclusion via recruitment-, leadership- and values training. Ambu gives particular focus to gender diversity, with our target of each gender being represented by at least 40% in management by 2022/23. Among all managers and in the Executive Leadership Team, 42% are female managers. Among white-collar managers, 39% are female. We continue our work to increase gender diversity to reach our target and to maintain an equal gender representation in management.

For a full report on Ambu's corporate governance, including the Inclusion and Diversity Policy and the Board of Directors' views on recommendations from the Committee on Corporate Governance, please go to Ambu.com.

Diversity within the Board of Directors and Executive Management	Minimum target	2021/22	2020/21
Number of genders	2	2	2
Number of nationalities	2	3	2
Number of age intervals (40-49, 50-59, 60-69)	2	3	3

Board governance	Target 2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Gender diversity (female members of the Board of Directors, %)	28.6-71.4	20	20	16.7	0	0
CEO pay ratio (times)	-	11	12	34	24	16
Board meeting attendance rate (%)	-	94.2	100	95.5	100	97.2

Diversity & equality	Target 2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Gender – female white-collar managers / all white-collar managers (%)	40-45	42	37	36	37	37
Gender – female managers / all managers (%)	40-45	39	37	41	43	42
Gender – female executives / Executive Leadership Team (%)	40	42	33	25	-	-

Gender diversity (%) is calculated among white-collar managers, all managers in Ambu, within the Executive Leadership Team and the Board of Directors (BoD). Gender diversity within management includes leaders on a managerial job level and with direct reports. BoD attendance rate and gender diversity of BoD only include members of the BoD elected by the Annual General Meeting (AGM) and does not include employee-elected members. Gender denotation currently available from system provider in global employee system is Female, Male, Unknown, Undeclared, Others. Genders are self-declared.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

JØRGEN JENSEN

Born 1968
Chairman
Joined the Board in 2020
Term 2022
Independent
16,236 shares

Chairman of the Remuneration Committee and the Nomination Committee

Position: Professional board member

Honorary offices: 3Shape (C), Velux (C), Micro Matic (C), Weibel (C), VKR Holding (VC), Healthcare Denmark (C), Armacell International S.A. (MB)

Special competences: International leadership experience from global companies as well as medtech-specific experience covering sales, R&D, production, supply chain and M&A

CHRISTIAN SAGILD

Born 1959
Vice Chairman
Joined the Board in 2012
Term 2022
Independent
255,000 shares

Member of the Audit Committee and the Nomination Committee

Position: Professional board member

Honorary offices: Royal Unibrew (MB), Nordic Solar (C), Penneo (C)

Special competences: Leadership experience and general management of a listed company including special insights into financial matters and risk management

HENRIK EHLERS WULFF

Born 1970
Member
Joined the Board in 2015
Term 2022
Independent
10,645 shares

Member of the Innovation Committee and the Remuneration Committee

Position: Executive Vice President, Product Supply, Quality & IT of Novo Nordisk A/S

Honorary offices: Grundfos Holding (MB)

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

SUSANNE LARSSON

Born 1968
Member
Joined the Board in 2021
Term 2022
Independent
0 shares

Chairman of the Audit Committee and member of the Remuneration Committee

Position: Group CFO, EVP Strategy and M&A, IT, GBS, Indirect procurement of Mölnlycke

Honorary offices: Dovista A/S Group (MB and C of Audit Committee)

Special competences: General management and financial leadership experience in public listed companies covering strategy, M&A, transformation and change management, finance and IT

MICHAEL DEL PRADO

Born 1963
Member
Joined the Board in 2021
Term 2022
Independent
0 shares

Chairman of the Innovation Committee and member of the Nomination Committee

Position: Non-executive director

Honorary offices: Cochlear Limited ASX (MB)

Special competences: International leadership experience from major, global healthcare companies including in-depth insights into transformative innovation, partnerships and health policy

BOARD OF DIRECTORS (CONTINUED)

JESPER MADS BARTROFF FREDERIKSEN

Born 1975
Employee-elected member
Joined the Board in 2021
Term 2025
1,497 shares

Joined Ambu in 2016

Position: Senior Project Management Specialist, Innovation Process, Global Innovation

CHARLOTTE ELGAARD BJØRNHOF

Born 1983
Employee-elected member
Joined the Board in 2021
Term 2025
645 shares

Joined Ambu in 2018

Position: Senior Director, Global Product Management, Core & Portfolio Strategy, Global Marketing

THOMAS BACHGAARD JENSEN

Born 1983
Employee-elected member
Joined the Board in 2021
Term 2025
1,313 shares

Joined Ambu in 2011

Position: Mechanical Module Architect, Manoeuvrability Module, Global Innovation

EXECUTIVE MANAGEMENT

BRITT MEELBY JENSEN

Born 1973
Chief Executive Officer
Joined Ambu in 2022
45,333 shares

Honorary offices: Hempel Foundation & Hempel Invest A/S (MB), Novo Holdings (Member of Novo Advisory Group)

Special competences: Business and leadership experience from both listed and private companies in the global healthcare industry. This is combined with in-depth knowledge of the commercial area and strategic development

THOMAS FREDERIK SCHMIDT

Born 1971
Chief Financial Officer
Joined Ambu in 2022
0 shares

Honorary offices: No honorary offices

Special competences: Business and financial leadership experience from the global healthcare industry, covering leadership roles in end-market functions as well as HQ functions

REMUNERATION

The overall objective of the remuneration is to create value for the shareholders by enabling Ambu to attract and retain the best qualified directors and executives.

The Remuneration Policy and Remuneration Report for the Board of Directors and Executive Management is available at Ambu.com/reports.

The remuneration of Board of Directors and Executive Management is in accordance with the remuneration policy and the incentive guidelines, and the latest revision was adopted at the Annual General Meeting in 2021.

EXECUTIVE MANAGEMENT

The total remuneration earned by the executive management was DKK 17.6m (DKK 15.0m) including sign-on bonusses of DKK 3.2m.

Short-term incentives earned were DKK 0.5m (DKK 1.2m), equivalent to 5% of the full bonus potential reflecting a difficult year.

Based on the financial performance for the year, the pre-defined threshold for the KPI of organic revenue growth was not reached.

Consequently, no allocation of LTI reflecting an expense of DKK 0.0m (DKK 0.2m) in 2021/22.

Negative compensation of DKK -8.8m (DKK 9.1m) related to long-term incentive schemes is primarily driven by the fair value adjustment of incentives settled in cash and accrual of sign-on bonusses.

Remuneration in connection with redundancy and resignation was DKK 22.4m.

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 base fee of DKK 350,000, which is approved by the shareholders at the Annual General Meeting.

The Chairman receives three times the base fee, while the Vice-Chairman receives two times the base fee. The Chairs of the committees receive a fee of DKK 175,000, while members of the committees receive a fee of DKK 117,000.

The total remuneration paid to the Board of Directors, including the Board committees, constituted DKK 5.5m (DKK 4.7m).

The increase in remuneration since last year is impacted by the establishment of an Innovation Committee.

DKKm	2021/22	2020/21
Fixed compensation	13.1	12.7
Tax compensation	0.8	0.8
Sign-on bonusses	3.2	-
Short-term incentive scheme	0.5	1.2
Long-term incentive scheme	0.0	0.2
Total remuneration earned	**17.6**	**15.0**
Adjustment of remuneration earned to IFRS	-8.8	9.1
Remuneration in connection with redundancy and resignation pay	22.4	-
Remuneration of Executive Management	**31.2**	**24.1**
Remuneration of Board of Directors	5.5	4.7
Total expense in the income statement	**36.7**	**28.8**

SHAREHOLDER INFORMATION

SPECIFICATION OF MOVEMENTS IN SHARE CAPITAL

	2021/22	2020/21	2019/20	2018/19	2017/18
Total number of shares ('000)	**257,716**	**257,704**	**252,817**	**251,810**	**251,275**
Total number of A shares	34,320	34,320	34,320	34,320	34,320
Total number of B shares	223,396	223,384	218,497	217,490	216,955
Change in number of shares	13	4,887	1,007	535	195,703
Nominal value per share, DKK	0.5	0.5	0.5	0.5	0.5
Share capital (DKK '000)	**128,858**	**128,852**	**126,409**	**125,905**	**125,637**
Number of treasury shares ('000)	3,642	3,976	4,903	6,442	7,738
Share information					
Highest share price, DKK	200	355	239	193	274
Lowest share price, DKK	62	181	101	90	96
Share price at year-end, DKK	66	190	180	114	154
Market capitalisation at year end (DKK '000)	**17,117,525**	**48,925,091**	**45,507,078**	**28,580,390**	**38,771,671**
Shares traded per year ('000)	344,425	212,392	303,484	328,075	189,583
Average trading per business day ('000)	1,367	850	1,219	1,323	761

SHARE CAPITAL

Ambu's share capital is divided into two classes of shares, each with a nominal share value of DKK 0.50. Class A shares carry 10 votes per share, while Class B shares carry one vote per share. There is no difference between the financial rights pertaining to the individual share classes. All shares are paid-up in full. Ambu's Class B share is listed on Nasdaq Copenhagen under ISIN code DK0060946788 and the short name of 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 Holger Hesse.

The share capital consists of 34,320,000 class A shares and 223,396,432 class B shares. The total number of shares is 257,716,432.

SHAREHOLDERS

On 30 September 2022, the total number of shareholders in Ambu, whose holdings are registered by name, was 70,744 (59,131). They hold a combined 96% (98%) of the total share capital.

As of 30 September 2022, the shareholders featured in the table below had filed ownership of more than 5% of the share capital and/or votes.

Back in 1987, a shareholders' agreement was established by the holders of the Class A shares, as described in the prospectus in connection with the listing of Ambu A/S in 1992. In November 2015, a new shareholders' agreement was established between the holders of the Class A shares, in which the agreed terms and conditions were updated. The updated shareholders' agreement now governs 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 and the process of transferring or selling Class A shares.

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

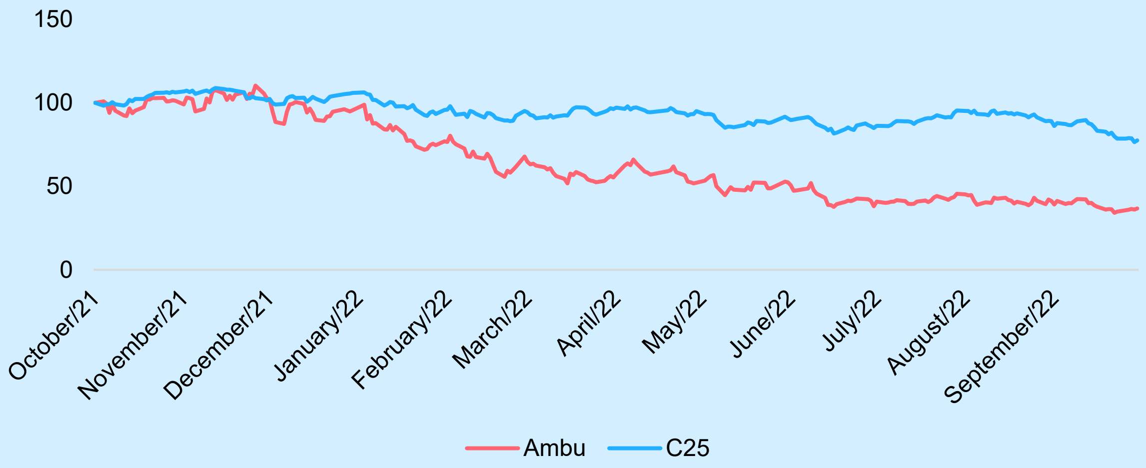
In addition to the Class A shares, the family holds approximately 13.2 million Class B shares, corresponding to 5.9% (5.9%) of the Class B share capital. The family thus controls a total of 18.4% (18.4%) of the combined Class A and Class B share capital and 62.9% (62.9%) of the votes.

As per 30 September 2022, international owners hold 38% (43%) of the share capital. International owners are institutional investors from such countries as the UK, Germany and the USA.

	Share of capital, %	Share of votes, %
Inga Kovstrup, Fredericia	5.4	17.9
Dorrit Ragle*, Virum	0.1	17.7
Hannah Hesse, Frederiksberg	3.0	10.5
Simon Hesse, Copenhagen	3.0	10.4
N.P. Louis Hansen ApS, Nivå	14.3	6.5

Dorrit Ragle has transferred a number of Class A shares to family members, but has retained the voting rights associated with the transferred shares.

DEVELOPMENT IN SHARE PRICE 2021/22 (INDEX 100)



SHARE PRICE DEVELOPMENT

Ambu's Class B share opened the financial year at a price of DKK 181 and ended the year at DKK 66, i.e., a change of -64%. At the end of September 2022, Ambu's market capitalisation equalled DKK 17.1bn. By comparison, Nasdaq Copenhagen's C25 index decreased by 22% in the same period.

CAPITAL ALLOCATION

Ambu has set a course to strengthen its financial position and flexibility with the clear aim of strengthening the free cash flow and improving profitability to support future growth. In relation to this, the company has the clear goal of improving the NIBD/EBITDA gearing going forward. Ambu will not compromise on innovation and will continue to invest across innovation projects in line with the medtech industry.

TREASURY SHARES

At the end of the fiscal year, the portfolio of treasury shares comprised 3,642,313 (3,976,471), corresponding to 1.4% (1.5%) of the share capital.

The reduction in treasury shares stems from the exercise of 269,165 share options and the disposal of 64,993 shares in connection with matching of the employee share program from 2019.

Historically, Ambu has been authorised to hold up to 10% of the company's share capital as treasury shares.

INVESTOR RELATIONS

Each quarter, a conference call is held to focus on the results of the past quarter, and each quarter, Ambu attends a number of meetings and conferences with investors in Denmark and abroad. Ambu seeks active dialogue with investors, share analysts, journalists and the general public.

Besides the legally required reporting, Ambu communicates with the market via 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 nine analysts (ABG Sundal Collier, Carnegie Bank, Danske Market Equities, Nordea Market Equities, Sydbank, J.P. Morgan Markets, DNB Markets, SEB Equities and Handelsbanken Equity Research). The 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 from here. Ambu's Investor Relations policy prescribes a four-week 'quiet period' prior to the publication of financial reports, when communication on topics relating to Ambu's business is restricted.

During the year, Ambu issued 14 company announcements (see next page).

ANNUAL GENERAL MEETING 2022

The Annual General Meeting will be held on Wednesday 14 December 2022 at 13.00 at the Ambu A/S headquarters, Baltorpbakken 13, DK-2750 Ballerup.

Shareholders can sign up to attend the Annual General Meeting and download all relevant material in relation to the meeting at Ambu.com/AGM.

INVESTOR RELATIONS

NICOLAI THOMSEN

Director, Investor Relations & Strategic Finance

nith@ambu.com

MADS LINDEGAARD

Senior Associate, Investor Relations

mlin@ambu.com

COMPANY ANNOUNCEMENTS 2021/22

No. 1	Preliminary results for full-year 2020/21
No. 2	Annual Report 2020/21 (Earnings release)
No. 3	Notice of Annual General Meeting
No. 4	Capital increase in connection with exercise of warrants
No. 5	Decisions of Annual General Meeting
No. 6	Interim Report for Q1 2021/22
No. 7	Capital increase in connection with exercise of warrants
No. 8	Ambu announces new CFO
No. 9	Major shareholder announcement – Bank of America
No. 10	Interim Report for Q2 2021/22 and the half-year
No. 11	Britt Meelby Jensen appointed new CEO of Ambu
No. 12	Preliminary Results for Q3 2021/22, Current Trading (July) and launch of cost reduction program. Full year 2021/22 guidance revised
No. 13	Interim Report for Q3 2021/22
No. 14	Financial calendar 2022/23

FINANCIAL CALENDAR 2021/22

2021	
9 November	Annual Report 2020/21
14 December	Annual General Meeting
2022	
11 January	Q1 quiet period starts
8 February	Interim Report for Q1 2021/22
12 April	Q2 quiet period starts
10 May	Interim Report for Q2 2021/22
28 July	Q3 quiet period starts
25 August	Interim Report for Q3 2021/22
30 September	End of the financial year 2021/22

FINANCIAL CALENDAR 2022/23

2022	
18 October	Q4 quiet period starts
15 November	Annual Report 2021/22
14 December	Annual General Meeting
2023	
7 February	Earnings release Q1 2022/23
3 May	Earnings release Q2 2022/23
31 August	Earnings release Q3 2022/23
30 September	End of fiscal year 2022/23
8 November	Annual Report 2022/23
13 December	Annual General Meeting

CONSOLIDATED FINANCIAL STATEMENTS

- Income statement and statement of comprehensive income
- Balance sheet
- Cash flow statement
- Equity statement
- Notes

INCOME STATEMENT

AND STATEMENT OF COMPREHENSIVE INCOME

1 October – 30 September

DKKm

Income statement	Note	2021/22	2020/21
Revenue	2.2	4,444	4,013
Production costs	2.3, 2.4	-1,890	-1,510
Gross profit		**2,554**	**2,503**
Selling and distribution costs	2.3, 2.4	-1,634	-1,468
Development costs	2.3, 2.4	-281	-225
Management and administrative costs	2.3, 2.4	-517	-470
Operating profit (EBIT) before special items		**122**	**340**
Special items	2.3, 2.4, 2.6	-148	0
Operating profit (EBIT)		**-26**	**340**
Financial income	4.3	169	8
Financial expenses	4.3	-34	-40
Profit before tax		**109**	**308**
Tax on profit for the year	2.7	-16	-61
Net profit for the year		**93**	**247**
Earnings per share in DKK			
Earnings per share (EPS)	2.9	0.37	0.98
Diluted earnings per share (EPS-D)	2.9	0.37	0.98

Statement of comprehensive income	2021/22	2020/21
Net profit for the year	93	247
Other comprehensive income:		
Items which are moved to the income statement under certain conditions:		
Translation adjustment in subsidiaries	273	33
Other comprehensive income after tax	**273**	**33**
Comprehensive income for the year	**366**	**280**

BALANCE SHEET

30 September

DKKm

Assets	**Note**	**30.09.22**	**30.09.21**
Goodwill	3.1	1,623	1,504
Acquired technologies, trademarks and customer relations	3.2	481	407
Acquired technologies in progress	3.2	212	324
Completed development projects	3.2	764	395
Development projects in progress	3.2	458	572
Rights	3.2	27	42
Intangible assets		**3,565**	**3,244**
Land and buildings	3.3, 3.4	732	403
Plant and machinery	3.3	178	164
Other fittings and equipment	3.3, 3.4	185	169
Property, plant and equipment in progress	3.3	181	110
Property, plant and equipment		**1,276**	**846**
Deferred tax asset	2.8	70	42
Other non-current assets		**70**	**42**
Total non-current assets		**4,911**	**4,132**
Inventories	3.5	1,222	748
Trade receivables	3.6, 4.2	747	699
Other receivables	4.2	36	20
Income tax receivable		23	13
Prepayments		78	64
Derivative financial instruments	4.2	11	0
Cash and cash equivalents	4.2, 4.4	187	64
Total current assets		**2,304**	**1,608**
Total assets		**7,215**	**5,740**

Equity and liabilities	**Note**	**30.09.22**	**30.09.21**
Share capital	4.5	129	129
Other reserves		4,132	3,823
Equity		**4,261**	**3,952**
Deferred tax	2.8	8	18
Provisions	4.2, 5.1	19	30
Interest-bearing debt	4.2, 4.4	1,766	760
Non-current liabilities		**1,793**	**808**
Provisions	4.2, 5.1	4	13
Contingent consideration	4.2, 5.2	0	137
Interest-bearing debt	4.2, 4.4	79	63
Trade payables	4.2	600	364
Income tax		17	23
Other payables	4.2	461	378
Derivative financial instruments	4.2	0	2
Current liabilities		**1,161**	**980**
Total liabilities		**2,954**	**1,788**
Total equity and liabilities		**7,215**	**5,740**

CASH FLOW STATEMENT

1 October – 30 September

DKKm

	Note	2021/22	2020/21
Operating profit (EBIT)		-26	340
Adjustment of items with no cash flow effect	3.7	363	227
Changes in net working capital	3.8	-134	-197
Interest income		0	3
Interest expenses and similar items		-29	-18
Income tax paid		-79	-27
Cash flow from operating activities		**95**	**328**
Investments in intangible assets		-395	-405
Investments in tangible assets		-158	-176
Sale of non-current assets		0	8
Cash flow from investing activities before acquisitions of enterprises and technology		-553	-573
Free cash flow before acquisitions of enterprises and technology		**-458**	**-245**
Acquisition of technology	5.1	-5	-3
Acquisition of enterprises	5.2	0	-298
Cash flow from acquisitions of enterprises and technology		-5	-301
Cash flow from investing activities		**-558**	**-874**
Free cash flow after acquisitions of enterprises and technology		**-463**	**-546**
Raising of long-term debt	4.6	825	575
Repayment of debt to credit institutions	4.6	-125	-1,250
Repayment of debt to other creditors	4.6	0	-24
Repayment in respect of lease liability	4.6	-52	-44
Exercise of options		11	37
Sale of treasury shares		0	65
Dividend paid		-75	-73
Dividend, treasury shares		1	1
Capital increase, Class B share capital		1	1,225
Cash flow from financing activities		**586**	**512**
Changes in cash and cash equivalents		**123**	**-34**
Cash and cash equivalents, beginning of year		64	98
Translation adjustment of cash and cash equivalents		0	0
Cash and cash equivalents, end of year		**187**	**64**
Cash and cash equivalents, end of year, are composed as follows:			
Cash and cash equivalents		187	64
Bank debt		0	0
Cash and cash equivalents, end of year		**187**	**64**

EQUITY STATEMENT

1 October – 30 September

DKKm

	Share capital	Reserve for foreign currency translation adjustments	Retained earnings	Proposed dividend	Total
Equity 1 October 2021	**129**	**106**	**3,642**	**75**	**3,952**
Net profit for the year			93	0	93
Other comprehensive income for the year		273			273
Total comprehensive income	**0**	**273**	**93**	**0**	**366**
Transactions with the owners:					
Share-based payment			12		12
Tax deduction relating to share options			-7		-7
Exercise of options			11		11
Sale of treasury shares			0		0
Distributed dividend				-74	-74
Dividend, treasury shares			1	-1	0
Share capital increase			1		1
Equity 30 September 2022	**129**	**379**	**3,753**	**0**	**4,261**

Equity 1 October 2020	**126**	**73**	**2,100**	**73**	**2,372**
Net profit for the year			172	75	247
Other comprehensive income for the year		33			33
Total comprehensive income	**0**	**33**	**172**	**75**	**280**
Transactions with the owners:					
Share-based payment			11		11
Tax deduction relating to share options			34		34
Exercise of options			37		37
Sale of treasury shares			65		65
Distributed dividend				-72	-72
Dividend, treasury shares			1	-1	0
Share capital increase	3		1,222		1,225
Equity 30 September 2021	**129**	**106**	**3,642**	**75**	**3,952**

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 4,132m (DKK 3,823m).

§ Accounting policies

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.

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Sections 1-5

Section 1:

BASIS OF PREPARATION OF THE 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.

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.

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 prior year.

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.

Applying materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consoldiated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosure required by IFRS, unless the information is not applicable or considered immaterial to the economic decision-making of the users of these consolidated financial statements.

Significant accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires Management to make estimates and assumptions that can have a significant effect on the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures.

Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the reported carrying amounts of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates may be necessary if there are changes in the circumstances on which the estimate was based, or more detailed information becomes available. Such changes are recognized in the period in which the estimate is revised.

The application of the company's accounting policies may require Management to make judgements that can have a significant effect on the amounts recognized in the financial statement. Management's judgement is required in particular when assessing the substance of transactions that have a complicated structure or legal form. The significant accounting estimates and judgements can potentially significantly impact the consolidated financial statement.

The Group has assessed the impact of climate risk on its financial reporting. The impact assessment was primarily focused on the valuation and useful lives of intangible assets, tangible assets and the identification and valuation of provisions and contingent liabilities, as these are judged to be the key areas that could be impacted by climate risks. No material accounting impacts or changes to judgements or other required disclosures were noted.

Management regards '2.2 Revenue' and '3.2 Other intangible assets' as the key accounting estimates and judgements used in preparation of the consolidated financial statements. Please refer to these specific notes for further information on the key accounting estimates and judgements and the assumptions applied.

1.1 Basis of preparation (continued)

Adoption of new or amended IFRSs
Management has assesed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by IASB and IFRSs endorsed by the European Union effective on or after 1 October 2021. It has been assessed that application of amendments effective from 1 October 2021 has not had a material impact on the consolidated financial statements for 2021/22. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

Standards not yet adopted
IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2021/22. Management expects to adopt the accounting standards and interpretations as they become mandatory. None of the new or amended standards or interpretations are expected to have significant impact on the consolidated financial statements.

Reporting under the ESEF regulation
With securities listed on a regulated market within the EU, Ambu are from 2021 required to prepare the Annual Report using a combination of the HTML format and to tag the primary consolidated financial statements using iXBRL (Inline eXtensible Business Reporting Language).

The Group's iXBRL tags have been prepared in accordance with the ESEF taxonomy, which is included in the ESEF regulation and developed based on the IFRS taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are tagged to elements in the ESEF taxonomy. For financial line items that are not directly defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions that are subtotals.

The Annual Report submitted to the Danish Financial Supervisory Authority (the Officially Appointed Mechanism) are included in the zip file AMBU-2022-09-30-en.zip.

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.

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 subsidiaries with a functional currency different than DKK 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.

1.1 Basis of preparation (continued)

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 administrative costs.

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.

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 costs
Administrative costs 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.

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.

Leases concluded are 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 flow denominated in currencies other than Danish kroner (DKK) are translated using average exchange rates, unless such rates deviate materially from the exchange rates applicable on the transaction date.

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

Section 2:

OPERATING PROFIT AND TAX

Notes in this section explains line items within the net profit for the year.

In 2021/22, Ambu reported EBIT before special items of DKK 122m (DKK 340m).

The decrease in EBIT before special items of DKK 218m from the previous year can be ascribed to various drivers as illustrated in the table below. Reference is also made to the management commentary.

CHANGES FROM LAST YEAR AS SHOWN IN THE NOTES

DKKm	**20/21**	Revenue growth	Cost of sales*	Staff costs**	DA***		**21/22**	**Change in value**	**Change %**
		Note 2.2	Note 3.5	Note 2.3	Note 2.4	Residual			
Revenue	4,013	431	-	-	-	-	4,444	431	11%
Production costs	-1,510	-	-352	-	-35	7	-1,890	-380	25%
Gross profit	**2,503**	**431**	**-352**	**-**	**-35**	**7**	**2,554**	**51**	**2%**
Gross margin, %	*62.4*	-	-	-	-	-	*57.5*	-	-
Selling and distribution costs	-1,468	-	-177	35	-6	-18	-1,634	-166	11%
Development costs	-225	-	-	-23	-41	8	-281	-56	25%
Management and administrative costs	-470	-	-	-24	-3	-20	-517	-47	10%
EBIT before special items	**340**	**431**	**-529**	**-12**	**-85**	**-23**	**122**	**-218**	**-64%**
EBIT margin before special items, %	*8.5*	-	-	-	-	-	*2.7*	-	-
Special items	0	-	-49	-59	-50	10	-148	-148	-
EBIT	**340**	**431**	**-578**	**-71**	**-135**	**-13**	**-26**	**-366**	**-108%**

* Cost of sales include inventory write-down.
** Part of the change in staff costs change in Note “2.3 Staff costs” is included in the “Cost of sales” column under Production costs.
*** DA is an abbreviation for Depreciation, amortisation and impairment losses on non-current assets. Part of the DA under Production costs is included under “Cost of sales”.

The effective tax rate was 15% (20%), and the profit for the year was DKK 93m (DKK 247m). The average number of Class A and Class B shares in circulation was 254m (252m), and the diluted earnings per share was DKK 0.37 (DKK 0.98).

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: North America, Europe and Rest of World. The geographical distribution of revenue is based on the country in which the goods are delivered. See note 2.2 for a breakdown of revenue on geography and countries that individually represent more than 10% of the Group's revenue.

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. Denmark accounts for DKK 2,116m (DKK 1,902m) of the figures in Europe presented below. Employed assets 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.

Intangible and tangible assets less goodwill by geographical region:	**2021/22**	**2020/21**
North America	208	161
Europe	2,284	2,042
Rest of World	726	383
Total	**3,218**	**2,586**

DKKm

2.2 Revenue

	2021/22	2020/21	Change
Visualization	2,324	2,168	156
Anaesthesia	1,126	997	129
Patient Monitoring & Diagnostics	994	848	146
Total revenue by activities	**4,444**	**4,013**	**431**
North America[1]	2,140	1,739	401
Europe[2]	1,825	1,787	38
Rest of World	479	487	-8
Total revenue by markets	**4,444**	**4,013**	**431**

[1]North America includes revenue in the USA of DKK 2,090m (DKK 1,698m).

[2]Europe includes revenue of DKK 438m (DKK 409m) from Germany, which accounts for more than 10% of the Group's total revenue. The Group's domicile country, Denmark, is included in Europe at DKK 52m (DKK 49m).

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. See note 3.6 on trade receivables and note 4.1 on credit risks.

§ 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 56m (DKK 61m) were recognized.

DKKm

2.3 Staff costs

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

	2021/22	2020/21	Change
Production costs	416	315	101
Selling and distribution costs	883	918	-35
Development costs	79	56	23
Management and administrative costs	276	252	24
Special items	59	0	59
Total staff expenses	**1,713**	**1,541**	**172**
Staff costs included in intangible assets	211	179	32
Staff costs included in property, plant and equipment	9	10	-1
Total staff costs	**1,933**	**1,730**	**203**

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

	2021/22	2020/21	Change
Remuneration, Executive Management	15	15	0
Share-based payment	-6	9	-15
Resignation payment	8	0	8
Severance payment	13	0	13
Severance pay, share-based payment	1	0	1
Staff costs, Executive Management	**31**	**24**	**7**
Wages and salaries	1,679	1,506	173
Pension contributions	68	59	9
Social security costs	138	126	12
Share-based payment	11	10	1
Remuneration, Board of Directors	6	5	1
Total staff costs	**1,933**	**1,730**	**203**
Average number of employees during the year	4,849	4,437	412
Number of full-time employees at the end of the year	4,409	4,584	-175

Remuneration to the Executive Management and the Board of Directors totalled DKK 37m (DKK 29m).

§ Accounting policies

Staff costs comprise remuneration, wages and salaries, pension contributions etc. and share-based payment to the company's employees incl. termination benefits. The group has no defined benefit plans.

DKKm

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

	2021/22	2020/21	Change
Amortization of intangible assets identified in connection with business combinations	44	38	6
Amortization of intangible development projects and rights	91	56	35
Depreciation of property, plant and equipment	156	118	38
Impairment losses on non-current assets	60	4	56
Total depreciation, amortization and impairment losses	**351**	**216**	**135**

DKK 50m of the total impairment losses on non-current assets of DKK 60m for the year relates to the cost reduction programme announced on August 3, 2022 and recognized as 'Special items'. Refer to note 2.6 for more information.

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

	2021/22	2020/21	Change
Production costs	78	43	35
Selling and distribution costs	38	32	6
Development costs	150	109	41
Management and administrative costs	35	32	3
Special items	50	0	50
Total depreciation, amortization and impairment losses	**351**	**216**	**135**

§ Accounting policies

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

2.5 Financial risks from operating activities

Foreign currency risks

The majority of Ambu's sales are invoiced in USD, EUR and GBP. The majority of Ambus production costs and OPEX are in USD, DKK, EUR, MYR and CNY. All assets and liabililties in the subsidiaries' balance sheets are denominated in foriegn currency. As a consequence, fluctuations in these exchange rates against DKK might impact Ambu's financial position and results. The most important exchange rates in relation to risk exposure are USD, MYR, CNY and GBP (collectively referred to as 'main currencies'). Furthermore, EUR is a currency with large exposure, but the risk is deemed limited due to DKK being pegged to EUR.

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 fluctuation 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. The sensitivity analysis does not take into consideration any translation effect from functional currency to presentation currency.

	Decrease of 10% in main currencies		Increase of 10% in main currencies	
	2021/22	2020/21	2021/22	2020/21
Income statement	-93	-40	93	40
Other comprehensive income	0	0	0	0
	-93	**-40**	**93**	**40**

DKKm

2.5 Financial risks from operating activities (continued)

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. Management has decided not to apply the rules of 'hedge accounting' on the DKK 250m interest rate swap and consequently fair value adjustments are recognised in the income statement. Refer to note 4.1 and note 4.2.

	Contract value		**Fair value**	
	30.09.22	**30.09.21**	**30.09.22**	**30.09.21**
Interest rate swaps:				
Interest rate swap, DKK 500m, floating to fixed rate, maturity March 2022	0	500	0	-2
Interest rate swap, DKK 250m, floating to fixed rate, maturity May 2025	250	0	11	0
Total financial liabilities	**250**	**500**	**11**	**-2**

2.6 Special items

	2021/22	**2020/21**
Termination costs CEO, remuneration	13	0
Termination costs CEO, share-based payments	1	0
Severance costs	45	0
Legal and outplacement costs in relation to severance	5	0
Impairment of in-progress development projects	50	0
Write-down of Ambu® aScope™ Duodeno 1.5 inventories	49	0
Remeasurement of technology-debt	-15	0
Total special items	**148**	**0**

Special items was a net expense of DKK 148m, mainly driven by two circumstances. Firstly, cost associated with the former CEO being replaced in May 2022 was DKK 14m. Secondly, the cost reduction programme announced on August 3 2022.

The cost reduction programme targets three categories. Reductions in work force, scale down in selected in-progress development projects in future technologies and new product developments within Anaesthesia and PMD and a decision not to launch Ambu® aScope™ Duodeno 1.5 in additional markets for now triggered write-down of excess inventories.

Lastly, an income of DKK 15m was recognised related to a remeasurement of a historical technology acquisition within Anaesthesia. Reference is made to note 5.1.

If special items had been recognised in Operating profit (EBIT) before special items, the impact would have been allocated to the following functions:

	2021/22	**2020/21**
Production costs	49	0
Selling and distribution costs	32	0
Development costs	50	0
Management and administration	17	0
Total special items	**148**	**0**

§ Accounting policies
Special items comprise costs or income that cannot be attributed directly to the Group's ordinary activities and are non-recuring of nature. Such costs include the cost related to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees. Further special items include redundancy costs' related to Group Management and impairment of assets.

DKKm

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 governance
Our work with income taxes is governed by the Tax Policy, approved by the Board of Directors. Ambu's policy is to have a low tax risk appetite and to refrain from having business in tax havens or low tax jurisdictions for the purpose of conducting tax optimization.

In some jurisdictions where we operate, tax incentives are offered to all market participants. Our tax approach does not prevent us from making use of such incentives in so far as our activities are business-driven and not motivated by tax considerations. Tax incentives utilized by Ambu mainly relates to R&D activities. The majority of the current tax incentives is applied in Denmark where Ambu A/S utilizes the possibility for a R&D credit relief.

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 from this.

	2021/22	**2020/21**
Tax for the year comprises:		
Current tax on profit for the year	61	86
Deferred tax on profit for the year	-57	-21
Adjustment, previous years	12	-4
Tax on profit for the year	**16**	**61**
Current tax on other comprehensive income and entries on equity for the year	0	-36
Deferred tax on other comprehensive income and entries on equity for the year	9	2
Tax on other comprehensive income and entries on equity for the year	**9**	**-34**
Total income taxes for the year	**25**	**27**

Income tax paid
Paid income tax for the year was DKK 79m (DKK 27m), corresponding to 72% (9%) of realized profit before tax. The reason for the high effective tax payment in 2021/22 compared to the realised average effective tax rate is due to timing differences from deferred tax on profits in previous years.

	2021/22	**2020/21**
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	15.1	3.1
Income not subject to tax	-0.8	-1.7
Non-deductible costs	10.8	2.6
Adjustment, change in tax rates	0.3	0.0
Value adjustment of contingent consideration	-24.6	0.0
Tax adjustment in respect of previous years	11.2	4.3
Additional tax deduction on R&D costs	-17.8	-6.4
Additional tax deduction on R&D costs, prior years	0.0	-3.9
Utilization of tax assets not previously recognized	-1.5	-0.2
Average effective tax rate (tax expense divided by profit before tax)	**14.7**	**19.8**

DKKm

2.7 Income taxes (continued)

§ 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

	30.09.22	30.09.21
Deferred tax at 1 October	-24	-9
Currency translation adjustment	-1	0
Deferred tax on share-based payment recognized in equity	9	3
Deferred tax for the year recognized in the income statement	-57	-21
Change in respect of previous years	11	3
Deferred tax at 30 September	**-62**	**-24**
Deferred tax relates to:		
Intangible assets	438	384
Property, plant and equipment	24	2
Current assets	-57	-48
Deferred tax on share-based payment recognized in equity	25	6
Provisions	2	-11
Contingent consideration	0	-8
Payables	-21	34
Tax loss carry-forwards	-473	-383
	-62	**-24**
Classified in the balance sheet as follows:		
Deferred tax asset	-70	-42
Deferred tax	8	18
	-62	**-24**
Deferred tax falling due within 12 months	-76	-25

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.

Tax loss carry-forwards in Denmark totaling DKK 473m (DKK 378m) were recognized by end of the year. 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.

Unrecognized temporary differences
In Germany, unrecognized temporary deductible differences amounted to DKK 21m (DKK 23m).

Ambu

DKKm

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

	2021/22	**2020/21**
Net profit for the year	93	247
Average number of Class A and Class B shares in circulation ('000)	253,985	251,772
Dilutive effect of outstanding share options, warrants and employee share programmes ('000)	441	1,443
Average number of outstanding Class A and Class B shares including the dilutive effect of share-based payment settled in shares ('000)	**254,426**	**253,215**
Earnings per DKK 0.50 share (EPS) in DKK	0.37	0.98
Diluted earnings per DKK 0.50 share (EPS-D) in DKK	0.37	0.98

§ 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 invested capital and net working capital.

INVESTED CAPITAL

The invested capital totalled DKK 5,919m (DKK 4,711m), corresponding to an increase of DKK 1,208m. The increase is driven by investments in intangible assets, property, plant and equipment and net working capital.

DKKm	**30.09.21**	Change in value	**30.09.22**
Intangible assets	3,244	321	3,565
Property, plant and equipment	846	430	1,276
Other non-current assets	42	28	70
Current assets	1,608	696	2,304
Non-current liabilities	-808	-985	-1,793
Current liabilities	-980	-181	-1,161
Add back Net-interest bearing debt (NIBD)	759	899	1,658
Invested capital	**4,711**	**1,208**	**5,919**
Average invested capital	4,215		5,315

NET WORKING CAPITAL

A total of DKK 1,022m (DKK 789m) was invested in net working capital at the end of 2021/22, corresponding to 23% (20%) of revenue. Significant increases in inventories were only partly offset by higher trade payables as the main driver for the increase in net working capital relative to revenue.

DKKm	**30.09.21**	In % of revenue	Change in value	**30.09.22**	In % of revenue
Inventories	748	19%	474	1,222	27%
Trade receivables	699	17%	48	747	17%
Other receivables	20	0%	16	36	1%
Prepayments	64	2%	14	78	2%
Trade payables	-364	-9%	-236	-600	-14%
Other payables	-378	-9%	-83	-461	-10%
Net working capital	**789**	20%	233	**1,022**	**23%**

DKKm

3.1 Goodwill

	30.09.22	30.09.21
Cost at 1 October	1,504	1,497
Currency translation adjustment	119	7
Cost at 30 September	**1,623**	**1,504**

The carrying amount of goodwill at DKK 1,623m (DKK 1,504m) stems primarily from the business combinations of Invendo Medical GmbH in 2017 and King Systems Corp. in 2013.

Impairment testing
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 66.42 per share on Nasdaq Copenhagen at 30 September 2022 is far higher than the carrying amount of equity. Based on this market value approximation, Ambu's equity value is DKK 17bn which leaves DKK 13bn 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 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.

DKKm

3.2 Other intangible assets

2021/22	Acquired technologies, trademarks and cust. relations	Acquired tech-nologies in progress	Completed development projects	Development projects in progress	Rights	Total
Cost at 1 October	592	324	762	572	124	2,374
Currency translation adjustment	28	0	0	1	0	29
Additions during the year	0	0	0	387	8	395
Disposals during the year	0	0	-4	0	0	-4
Transferred during the year	112	-112	502	-502	0	0
Cost at 30 September	**732**	**212**	**1,260**	**458**	**132**	**2,794**
Amortization and impairment losses at 1 October	-185	0	-367	0	-82	-634
Currency translation adjustment	-22	0	0	0	-1	-23
Disposals during the year	0	0	4	0	0	4
Remeasured provisions against asset[1]	0	0	0	0	-11	-11
Impairment losses for the year	0	0	-53	0	0	-53
Amortization for the year	-44	0	-80	0	-11	-135
Amortization and impairment losses at 30 September	**-251**	**0**	**-496**	**0**	**-105**	**-852**
Carrying amount at 30 September	**481**	**212**	**764**	**458**	**27**	**1,942**

[1]Provisions were remeasured down for the year by DKK 26m as can be seen in note 5.1. The related asset had a carrying amount of DKK 11m prior to the remeasurement and was consequently remeasured to DKK 0. The residual of DKK 15m was then classified as an income in 'Special items'. Reference is made to note 2.6.

2020/21	Acquired technologies, trademarks and cust. relations	Acquired tech-nologies in progress	Completed development projects	Development projects in progress	Rights	Total
Cost at 1 October	591	324	622	319	129	1,985
Currency translation adjustment	1	0	0	0	0	1
Additions during the year	0	0	0	393	12	405
Disposals during the year	0	0	0	0	-17	-17
Transferred during the year	0	0	140	-140	0	0
Cost at 30 September	**592**	**324**	**762**	**572**	**124**	**2,374**
Amortization and impairment losses at 1 October	-146	0	-318	0	-83	-547
Translation adjustment	-1	0	0	0	0	-1
Disposals during the year	0	0	0	0	12	12
Impairment losses for the year	0	0	-4	0	0	-4
Amortization for the year	-38	0	-45	0	-11	-94
Amortization and impairment losses at 30 September	**-185**	**0**	**-367**	**0**	**-82**	**-634**
Carrying amount at 30 September	**407**	**324**	**395**	**572**	**42**	**1,740**

DKKm

3.2 Other intangible assets (continued)

! Material accounting estimates

Impairment of acquired technology in connection with business combinations and subsequent impairment testing 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.

The combined recoverable amount of each tested technology classified as acquired technology or a development project is determined on the basis of its value-in-use, calculated using certain key assumptions per technology, i.e. revenue growth, royalty rate and discount rate. The value-in-use cash flow projections for the individual endoscope technologies 'Colonoscopy', 'Gastroscopy' and 'Duodenoscopy' are based on the Company's five-year business plan and a growth rate to extrapolate the revenue in the remaining useful lifetime of the technology. The valuation model applied for determining the recoverable amounts is the Relief-from-royalty model assuming a pre-tax discount rate of 12.8% p.a. (10.0% p.a. net of tax), except for 'Colonoscopy' which is based on a pre-tax discount rate of 15.4% p.a. (12.0% p.a. net of tax). The impairment test made on 'Colonoscopy' and 'Gastroscopy' did not resulted in indication of impairment.

The impairment testing for the 'Duodenoscopy' technology concluded no indication of impairment. However, the recoverable amount at 30 September 2022 of DKK 435m exceeds the carrying amount by DKK 19m. This indicate that a reasonably possible change in any of the deemed key assumptions would cause the recoverable amount to below the carrying amount. The revenue growth rate used in determining the recoverable amount of the 'Duodenoscopy' technology for the remaining period after the five-year business plan ranges from 12-35% with a 25% royalty rate throughout the period.

The carrying amount of DKK 435m would have exceeded the recoverable amount by DKK 36m if a 12.0% p.a. net of tax discount rate had been applied instead of 10.0%. The carrying amount would have exceeded the recoverable amount by DKK 82m if a 20% royalty rate had been applied throughout the period instead of 25%.

§ 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 connection 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.

DKKm

3.2 Other intangible assets (continued)

Impairment testing
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.

3.3 Property, plant and equipment

2021/22	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	529	474	332	110	1,445
Currency translation adjustment	78	46	23	20	167
Additions during the year	315	5	50	120	490
Disposals during the year	-15	-29	-22	0	-66
Transferred during the year	7	42	20	-69	0
Cost at 30 September	**914**	**538**	**403**	**181**	**2,036**
Depreciation and impairment losses at 1 October	-126	-310	-163	0	-599
Currency translation adjustment	-15	-29	-11	0	-55
Disposals during the year	12	28	17	0	57
Impairment losses for the year	0	-7	0	0	-7
Depreciation for the year	-53	-42	-61	0	-156
Depreciation and impairment losses at 30 September	**-182**	**-360**	**-218**	**0**	**-760**
Carrying amount at 30 September	**732**	**178**	**185**	**181**	**1,276**

2020/21	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	438	410	255	61	1,164
Currency translation adjustment	5	12	1	0	18
Additions during the year	82	2	60	155	299
Disposals during the year	-5	-7	-24	0	-36
Transferred during the year	9	57	40	-106	0
Cost at 30 September	**529**	**474**	**332**	**110**	**1,445**
Depreciation and impairment losses at 1 October	-96	-277	-127	0	-500
Currency translation adjustment	-2	-7	-1	0	-10
Disposals during the year	5	6	19	0	30
Impairment losses for the year	0	0	-1	0	-1
Depreciation for the year	-33	-32	-53	0	-118
Depreciation and impairment losses at 30 September	**-126**	**-310**	**-163**	**0**	**-599**
Carrying amount at 30 September	**403**	**164**	**169**	**110**	**846**

DKKm

3.4 Leases

	30.09.22	30.09.21
Land and buildings	539	222
Other plant, fixtures and fittings, tools and equipment	51	58
Carrying amount of lease assets	**590**	**280**
Additions on lease assets during the year	332	123

	30.09.22	30.09.21
Lease liabilities		
Less than 1 year	85	53
Between 1 and 5 years	229	112
More than 5 years	475	164
Undiscounted lease liabilities	**789**	**329**

	2021/22	2020/21
Amounts recognized in the income statement		
Expenses related to low value and short-term leases	2	2
Interest on lease liabilities	16	8
Depreciation of lease assets per asset class		
Land and buildings	40	23
Other plant, fixtures and fittings, tools and equipment	30	26
Depreciation of lease assets	**70**	**49**
Amounts recognized in the cash flow statement		
Total cash outflow for leases	70	54

§ 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

	30.09.22	30.09.21	Change
Raw materials and consumables	449	274	175
Finished goods	773	474	299
	1,222	**748**	**474**

	30.09.22	30.09.21	Change
Direct production costs	1,467	1,207	260
Unallocated indirect production costs incl. inbound freight	379	302	77
Freight costs on transportation between Ambu's warehouses	177	114	63
Cost of sales for the year	**2,023**	**1,623**	**400**
Cost of sales for the year is incurred under the following functions:			
Production costs	1,846	1,509	337
Selling and distribution costs	177	114	63
	2,023	**1,623**	**400**

Write-down of inventories included in Operating Profit (EBIT):

	30.09.22	30.09.21	Change
Production costs	28	13	15
Special items	49	0	49
	77	**13**	**64**

The write-down of inventories in 2021/22 was driven by excess Ambu® aScope™ Duodeno 1.5 inventory following the decision not to launch the scope in additional markets and by the recall of Ambu® VivaSight™ 2 DLT.

§ 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.

DKKm

3.6 Trade receivables

	30.09.22	30.09.21	Change
Ageing of trade receivables:			
Not due	604	542	62
1-90 days	126	124	2
91-180 days	7	16	-9
> 180 days	10	17	-7
Trade receivables	**747**	**699**	**48**
At end of year, trade receivables were written down by:			
Not due	-3	-1	-2
1-90 days	-4	-5	1
91-180 days	-6	-4	-2
> 180 days	-12	-11	-1
Provision for bad debts	**-25**	**-21**	**-4**

Credit risks
Ambu monitors trade receivables on a daily basis by means of due date reports, changes in payment pattern trends, and ordinary follow-up routines to identify any indications that the initial expectations for credit losses on the individual receivables should be adjusted. This risk assessment is target 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. In addition to a specific assessment for expected credit losses on private customers, the Management estimates general macro risks on the portfolio of trade receivables. The Group does not use factoring in connection with the collection of debts.

§ 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 are grouped according to shared credit risk characteristics and days overdue. Furthermore, an allowance for lifetime credit losses for trade receivables is recognized on initial recognition.

3.7 Adjustment of items with no cash flow effect

	2021/22	2020/21
Depreciation, amortisation and impairment losses	351	216
Share-based payment, settled in shares	12	11
	363	**227**

3.8 Changes in net working capital

	2021/22	2020/21
Changes in inventories	-402	-222
Changes in receivables	-19	-163
Changes in trade payables etc.	287	188
	-134	**-197**

Section 4:

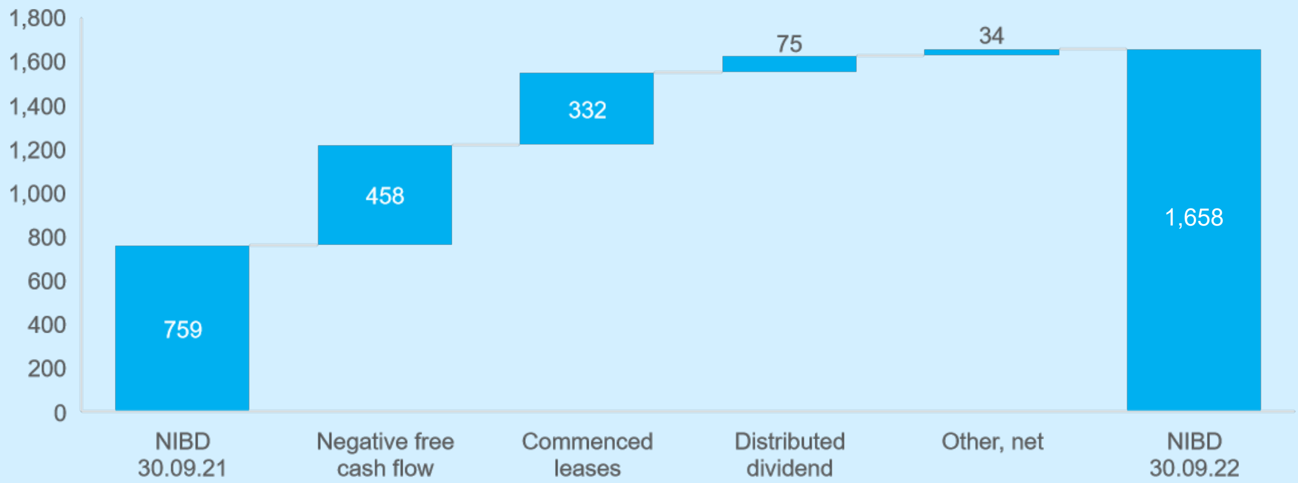
FINANCIAL RISK MANAGEMENT AND CAPITAL STRUCTURE

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.

Net-interest bearing debt (NIBD) increased to DKK 1,658m (DKK 759m) during the year. The increase is driven by three components: negative free cash flow, commenced leases and distribution of dividend.

The financial gearing was 3.9 (1.4) stated as NIBD / EBITDA before special items.

NET-INTEREST BEARING DEBT (NIBD) AT THE BEGINNING OF THE YEAR BRIDGED TO NIBD END OF YEAR, IN DKKM



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 raw materials prices and freight rates. Ambu's Global Procurement and Global Supply Chain function, respectively, monitor these risk and work to mitigate them to an acceptable level. The Management assesses these risks to be manageable as they represent a small value of the total cost, despite substantial increases in recent years.

Currency risk
The effect of fluctuations in foreign exchange rates on the group’s financial targets and financial position is monitored on an on-going basis. Prior year's analyses and on-going quantification of short term exposure using reckon statistical models has indicated an acceptable level of currency risk to our cash flow and financial targets. On this background, the Company continues to relay on natural hedging given the current mix of transaction in different foreign exchange rates. See note 2.5 for further information about foreign currency exposure and the 'Outlook for 2022/23' section in the Management's commentary section.

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 free cash flow based on short to mid-term cash flow projections. Hedging is done through interest rate derivatives swapping floating-rate loans into fixed-rate loans. The group’s credit facilities carry floating interest rate. The development in interest rates is linked to IBOR rates. The interest rate for USD loans will be converted from LIBOR to SOFR reference rate when USD LIBOR ceases by end of June 2023.

The Company has entered into a DKK 250m interest rate swap involving receipt of CIBOR 3 months and payment of a fixed interest rate of 1.24%. The derivative is not considered an accounting hedge in accordance with IFRS 9.

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.

Supply chain financing (SCF)
To improve the relationship with our suppliers and minimise the financing cost in the value chain Ambu has introduced a SCF programme. When participating in this programme, the supplier has the option to receive early payment from the bank based on the invoices approved by Ambu through a factoring arrangement between the supplier and the bank, where the outstanding invoices are transferred to the bank without re-course.

Ambu's liability in relation to the SCF programme is the outstanding invoices, which are recognised and presented as trade payable until paid upon maturity. The trade payables covered by the SCF programme arise in the ordinary course of business from supply of goods and services and the payment terms of the suppliers there are participating in the SCF programme are not significantly extended compared to trade payables not part of the SCF programme. At the end of 2021/22, trade payables covered by the programme amounted to DKK 51m (DKK 0m).

Credit facility
To cover the group’s liquidity needs, an agreement on credit facilities for a total of DKK 1,800m has been entered into. The facilities carry floating interest, the minimum interest rate being 0.4-2.6%, depending on the group’s gearing and ESG performance. To hedge the interest rate risk, DKK 250m of the debt has been hedged through an interest rate swap up until 2 May 2025 at a fixed interest rate between 1.6-3.8%, depending on gearing. The credit facility is revolving and expires on 28 June 2025, but can be prolonged up to one year. 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 0.8bn (DKK 1.0bn).

DKKm

4.1 Financial risk management (continued)

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.

Credit risk
Ambu is mainly exposed to credit risks in respect of trade receivables. The maximum credit risk corresponds to the carrying amount. Since many years, Ambu has not realised any significant losses on receivables. 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.

Capital management
The primary objective of the Group’s capital management is to ensure the funding of growth of the Group, while maximizing the return to the shareholders through the optimization of the debt and equity balance.

For the purpose of the Group’s capital management, capital includes share capital and all other equity reserves attributable to the equity holders of the parent.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

4.2 Financial instruments

	Contractual cash flows				
2021/22	**0-1 year**	**1-5 years**	**> 5 years**	**Total**	**Carrying amount**
Trade receivables	747	0	0	747	747
Other receivables	36	0	0	36	36
Cash and cash equivalents	187	0	0	187	187
Financial assets measured at amortized cost	**970**	**0**	**0**	**970**	**970**
Provisions	4	33	5	42	23
Credit institutions	51	1,282	0	1,333	1,250
Trade payables	600	0	0	600	600
Other payables	451	8	2	461	461
Financial liabilities measured at amortized cost	**1,106**	**1,323**	**7**	**2,436**	**2,334**
Derivative financial instruments (level 2)[1]	3	8	0	11	11
Financial liabilities stated at fair value in the income	**3**	**8**	**0**	**11**	**11**

DKKm

4.2 Financial instruments (continued)

2020/21	0-1 year	1-5 years	> 5 years	Total	Carrying amount
Trade receivables	699	0	0	699	699
Other receivables	20	0	0	20	20
Cash and cash equivalents	64	0	0	64	64
Financial assets measured at amortized cost	**783**	**0**	**0**	**783**	**783**
Provisions	18	36	9	63	43
Credit institutions	3	560	0	563	550
Trade payables	364	0	0	364	364
Other payables	370	6	2	378	378
Financial liabilities measured at amortized cost	**755**	**602**	**11**	**1,368**	**1,335**
Contingent consideration (level 3)[1]	149	0	0	149	137
Derivative financial instruments (level 2)[1]	2	0	0	2	2
Financial liabilities stated at fair value in the income	**151**	**0**	**0**	**151**	**139**

[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.

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.

§ 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 fair value of derivative financial instruments 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

	2021/22	2020/21
Interest income, others	1	3
Foreign exchange gains, net	21	4
Fair value adjustment, contingent consideration	137	0
Fair value adjustment, interest rate swap	10	1
Financial income	**169**	**8**

Please refer to note 5.2 for more information on the fair value adjustment of contingent consideration totaling DKK 137m.

	2021/22	2020/21
Interest expenses, banks	16	16
Interest expenses, leases	16	8
Interest expenses, others	0	2
Fair value adjustment, contingent consideration	0	10
Effect of shorter discount period, acquisition of technology	2	4
Financial expenses	**34**	**40**

§ Accounting policies
Financial income and expenses comprise interest, exchange gains and losses, transactions in foreign currencies and amortisation 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 Interest-bearing debt

	30.09.22	30.09.21
Credit institutions	1,250	550
Leases	516	210
Long-term interest-bearing debt	**1,766**	**760**
Leases	79	63
Short-term interest-bearing debt	**79**	**63**
Interest-bearing debt	**1,845**	**823**

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

	30.09.22	30.09.21
Interest-bearing debt	1,845	823
Cash and cash equivalents	-187	-64
Net interest-bearing debt	**1,658**	**759**

DKKm

4.5 Share capital and treasury shares

Share capital
Ambu's share capital is DKK 129m (DKK 129m), 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-up in full.

	Class A shares		Class B shares		Number of shares	
Number of shares in thousands	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Number of shares issued, beginning of year	34,320	34,320	223,384	218,497	257,704	252,817
Capital increase, private placement	0	0	0	4,712	0	4,712
Capital increase, warrants	0	0	12	175	12	175
Number of shares issued at end of year	**34,320**	**34,320**	**223,396**	**223,384**	**257,716**	**257,704**

Capital increases
Two times in the course of 2021/22, capital increases were effected in connection with the exercising by employees of warrants allocated in 2015 and 2016. As a consequence, Ambu's share capital was increased by a nominal amount of DKK 6,250 through the issue of 12,500 Class B shares.

The total capital increase for the year consisting of 12,500 (4,886,832) Class B shares has been paid at a weighted price of DKK 61.98 (DKK 254.53).

Treasury shares

	No. ('000)		Nominal value (DKKm)		In % of share capital	
	2021/22	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Treasury shares, beginning of year	3,977	4,904	2.0	2.3	1.5%	1.9%
Disposals, sale of treasury shares	-66	-250	0.0	-0.1	0.0%	-0.1%
Disposals, share options	-269	-677	0.0	-0.2	-0.1%	-0.3%
Treasury shares, end of year	**3,642**	**3,977**	**2.0**	**2.0**	**1.4%**	**1.5%**

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 2021/22 of 334,158 (4,886,832) shares amounted to DKK 11m (DKK 103m), corresponding to a weighted price of DKK 34.17 (DKK 110.60) per share.

§ Accounting policies
Acquisition costs and consideration as well as the 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

	30.09.21	Cash flow	Adjust- ments[1]	Raising of leases[1]	30.09.22
Credit institutions	550	700	0	0	1,250
Lease liabilities	273	-52	42	332	595
	823	**648**	**42**	**332**	**1,845**

	30.09.20	Cash flow	Adjust- ments[1]	Raising of leases[1]	30.09.21
Credit institutions	1,225	-675	0	0	550
Other interest-bearing debt	24	-24	0	0	0
Lease liabilities	195	-44	5	117	273
	1,444	**-743**	**5**	**117**	**823**

[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.

DKKm

5.1 Provisions

	2021/22	2020/21
Provisions at 1 October	43	41
Used during the year	-5	-3
Value adjustment	-24	4
Currency translation adjustment	9	1
Provisions at 30 September	**23**	**43**
Provisions expected to fall due:		
Non-current liabilities	19	30
Current liabilities	4	13
Provisions at 30 September	**23**	**43**

At the end of the year management remeasured provisions on the basis of revised expectations to the timing of future commercial milestones. The value of the remeasurement amounted to DKK 26m, which reduced the net book value of the associated intangible asset from DKK 11m to DKK 0m. The residual income of DKK 15m was taken to Special items. Provisions at the balance sheet date concern the deferred purchase price relating to acquired 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 financial cost.

5.2 Contingent consideration

	2021/22	2020/21
Contingent consideration at 1 October	137	426
Paid during the year	0	-298
Adjustments made through the income statement under financial expenses:		
Value adjustment	-137	10
Currency translation adjustment	0	-1
Contingent consideration at 30 September	**0**	**137**
Contingent consideration expected to fall due:		
Current liabilities	0	137
Contingent consideration at 30 September	**0**	**137**

During 2021/22 the management remeasured the fair value of the milestone conditionally upon FDA clearance of the gastroscope latest 31 December 2021. Since the FDA clearance was not obtained at this date, the management has remeasurement the contingent consideration causing a financial income of DKK 137m. The deferred contingent consideration related to Invendo Medical GmbH acquisition has now been paid in full or lapsed.

During financial year 2020/21 Ambu paid contingent consideration of DKK 298m in connection with the milestone payment concerning the FDA clearance of the duodenoscope.

§ 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.

DKKm

5.3 Share-based payment

The Group's incentive-based remuneration to the Executive Management is described in the 'Remuneration report 2021/22. Share-based payment is governed by the Remuneration Policy approved by the Board of Directors.

Total share-based payment costs in the income statement

	2021/22	2020/21
Performance Share Units, amortised cost during the period based on value at grant date	4	5
Fair value adjustment of settled-in-cash Performance Share Units	-9	3
Share options, amortised cost during vesting-period based on value at grant date	0	1
Executive Management	**-5**	**9**
Performance Share Units, amortised cost during vesting-period based on value at grant date	4	3
Share options, amortised cost during vesting-period based on value at grant date	1	1
Employee shares, amortised cost during vesting-period based on value at grant date	6	6
Total costs for share-based payment in the income statement	**6**	**19**

Performance Share Units (PSU)

In 2020/21 and 2021/22 respectively, Ambu established a PSU program for the Executive Management, key employees selected on the basis of job level and individuals in a special reward programme. The financial target set by the Board of Directors was not achieved and thus all PSUs were subsequently cancelled. However, the CEO was granted a sign-on bonus in respect of a PSU program, at a grant value of DKK 1m earned over the course of three years.

On the back of non-achieved targets in 2020/21 a discretionary PSU program was granted in November 2021 to the employees except Executive Management.

	Executive Management		Other and former employees		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Outstanding PSUs beginning of the year	127,928	127,928	80,900	86,806	208,828	214,734
Allocated during the year	105,190	66,410	188,396	147,964	293,586	214,374
Transferred during the year	-212,180	0	212,180	0	0	0
Exercised during the year	0	0	-28,612	0	-28,612	0
Cancelled during the year	-12,390	-66,410	-262,980	-153,870	-275,370	-220,280
Outstanding PSUs end of the year	**8,548**	**127,928**	**189,884**	**80,900**	**198,432**	**208,828**
Of which will be settled in cash	0	127,928	99,316	0	99,316	127,928

Outstanding PSUs have on average 2.6 years and 1.2 years until contract expiry for the Executive Management and 'Other and former employees', respectively. The market price on the date of exercise was DKK 85.

General terms and conditions for performance share units allocated in the current financial year:

PSU programmes	2020/21	2020/21	2021/22	2021/22
Number of persons included in the programme	25	83	1	4
Total number of PSUs granted	20,056	246,730	8,548	18,252
Number of PSUs granted to Executive Management	-	84,252	8,548	12,390
Vesting date	Nov. 2024	Jan. 2025	May 2025	Jan. 2025
Fair value per option at grant date (DKK)	187.11	167.87	94.56	75.55

DKKm

5.3 Share-based payment (continued)

Share options

For all share options, final vesting is preconditional upon full or partial realisation of predetermined financial targets. 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.

	Executive Management		Other and former employees		Total	
	2021/22	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Outstanding share options beginning of the year	159,803	331,706	1,898,411	2,373,572	2,058,214	2,705,278
Transferred during the year	-159,803	0	159,803	0	0	0
Exercised during the year	0	-171,903	-269,165	-459,390	-269,165	-631,293
Cancelled during the year	0	0	-14,802	-15,771	-14,802	-15,771
Outstanding share options end of the year	**0**	**159,803**	**1,774,247**	**1,898,411**	**1,774,247**	**2,058,214**
Of which are vested	0	0	1,138,654	1,043,129	1,138,654	1,043,129

The average market price on the date of exercise by the Executive Management was DKK 208.00 in 2020/21.
The average market price on the date of exercise by other and former employees was DKK 167.65 (DKK 300.34).

Outstanding share options for 'Other and former employees' have on average 1.9 years until contract expiry at an average exercise price of DKK 113.30 per option.

Other share-based payments

Ambu has offered all its employees, excluding the Board of Directors, the opportunity to acquire a number of shares based on 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 Executive Management participates with 0 shares in the current employee share programmes currently under vesting. The total market value at the time of allocation in 2022 was DKK 11m (DKK 12m) at a fair value per share of DKK 95.56 at grant date (DKK 235.81).

	Employee shares		Warrants		Total	
	2021/22	**2020/21**	**2021/22**	**2020/21**	**2021/22**	**2020/21**
Outstanding beginning of the year	128,361	132,094	182,000	357,000	310,361	489,094
Allocated during the year	111,795	50,258	0	0	111,795	50,258
Exercised during the year	0	0	-12,500	-175,000	-12,500	-175,000
Released during the year	-64,993	-45,923	0	0	-64,993	-45,923
Cancelled during the year	-13,110	-8,068	0	0	-13,110	-8,068
Outstanding end of the year	**162,053**	**128,361**	**169,500**	**182,000**	**331,553**	**310,361**

The average market price on the date of exercising warrants was DKK 147.94 (DKK 259.77).
All outstanding warrants are vested and have on average 0.1 years until contract expiry and an average exercise price of DKK

§ 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 each reporting 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. The fair value per unit does not change.

Performance Share Units that are settled in cash are taken to liabilities, instead of equity, and the fair value adjustment of the respective scheme end of the period is expensed to P/L. This include any changes to the quoted price of the Ambu B-share on Nasdaq Copenhagen.

DKKm

5.4 Fee to auditors appointed by the annual general meeting

	2021/22	2020/21
Audit fee	5	4
Other assurance engagements	0	0
Tax consultancy services	0	0
Other services	1	1
Total fees	**6**	**5**

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 Operations A/S	Denmark	USD	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			
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 Mexico Operations S. A. DE C. V.	Mexico	MXN	100%		x		
Ambu B.V.	Netherlands	EUR	100%	x			
Ambu New Zealand Pty. Ltd.	New Zealand	NZD	100%	x			
Ambu LLC	Russia	RUB	100%				x
Firma Ambu, S.L.	Spain	EUR	100%	x			
Ambu AG	Switzerland	CHF	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 a 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 2022. For a more detailed description of the group's risks, see the 'Risk management' section on pages 60-64.

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 Management 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 Management and members of their families. Related parties furthermore include enterprises in which the aforementioned persons have a significant interest.

During the year, no transactions, except for payment of the management's remuneration (notes 2.3 and 5.3) and ordinary dividend payments, took place with the Board of Directors, Executive Management, 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 15 November 2022, 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 14 December 2022 included the proposed distribution of profits for the year.

	2021/22	**2020/21**
Proposed dividend for the year	0	75
Transferred to distributable reserves	93	172
	93	**247**
Dividend per share in DKK	0.00	0.29
Pay-out ratio, in % of net profit	0%	30%

§ 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.

DKKm

5.10 Non-IFRS financial measures

The Group uses several financial metrics, which are not defined in the International FInancial Reporting Standards (IFRS). These Alternative Performance Measures (APM's) are used in the daily management of the Company and in the communication with external stakeholders. The non-IFRS financial measures are defined by management and therefore may not be comparable with other companies' measures.

The most relevant APM's are: 'Organic growth', 'Special items', 'EBITDA before special items', 'Net working capital', 'Net-interest bearing debt' and 'Free cash flow before acquisitions of enterprises and technology'.

Below is a reconciliation of the different APM's used in the Annual report. Key figure and ratio definitions are found in note 5.11.

Income statement APM's

	2021/22	2020/21
Operating profit (EBIT)	-26	340
Depreciations, amortizations and impairment losses on non-current assets cf. note 2.4	351	216
EBITDA	**325**	**556**
Special items cf. note 2.6	148	0
of which depreciations, amortizations and impairment cf. note 2.4	-50	0
EBITDA before special items	**423**	**556**
Depreciations, amortizations and impairment losses, not classified as Special items cf. note 2.4	-301	-216
EBIT before special items	**122**	**340**

Balance sheet and cash flow APM's

	2021/22	2020/21
Total current assets (IFRS)	2,304	1,608
Income tax receivable	-23	-13
Derivative financial instruments	-11	0
Cash and cash equivalents	-187	-64
Total current assets adjusted	**2,083**	**1,531**
Total current liabilities (IFRS)	-1,161	-980
Provisions	4	13
Contingent considerations	0	137
Interest-bearing debt	79	63
Income tax	17	23
Derivative financial instruments	0	2
Net working capital	**1,022**	**789**

	2021/22	2020/21
Cash and cash equivalents	-187	-64
Interest-bearing debt non-current	79	63
Interest-bearing debt current	1,766	760
Net interest-bearing debt	**1,658**	**759**

DKKm

5.10 Non-IFRS financial measures (continued)

	2021/22	2020/21
Cash flow from operating activities (IFRS)	95	328
Cash flow from investing activities (IFRS)	-558	-874
of which are acquisitions of technology	5	3
of which are acquisitions of enterprises	0	298
Free cash flow before acquisitions of enterprises and technology	**-458**	**-245**

5.11 Key figure and ratio definitions

The key figure and ratios used in the annual report is defined as shown below. 'APM' (Alternative Performance Measure) / 'IFRS' indicates whether the metric is defined by IFRS or not. Reference is made to note 5.10 for a reconciliation of APM's to IFRS.

		APM	IFRS
Income statement			
Gross margin, %	Gross profit in % of revenue.		X
EBITDA before special items	Operating profit before special items, depreciation, amortization and impairment losses.	X	
Operating profit (EBIT) before special items	Profit for the year before special items, net financials and tax	X	
Operating profit (EBIT)	Profit for the year before net financials and tax	X	
Operating Expenditures (OPEX)	Selling and distribution costs, development costs, management and administrative expenses as well as other operating income and expenses.	X	
Special items (s.i.)	Special items comprise costs that cannot be attributed directly to the Group's ordinary activities and are non-recurring of nature.	X	
Balance sheet			
Net working capital	Inventories, trade receivables, other receivables and prepayments less trade payables and other payables.	X	
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.	X	
Net interest-bearing debt (NIBD)	Interest-bearing debt less cash and cash equivalents.	X	
Cash flows			
Cash flow from operating activities	Cash flow from operating activities as defined in IAS 7.		X
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.	X	
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.	X	
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.	X	

5.11 Key figure and ratio definitions (continued)

		APM	IFRS
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.	X	
Endoscopes	Single-use endoscopes. Currently, endoscopes comprise the following product groups: Ambu® aScope™, VivaSight™ and other endoscopes in the portfolio.	X	
Growth in endoscopes sold	The development in the number of endoscopes sold in % of the number of endoscopes sold in the period of comparison.	X	
Rate of cost	Capacity costs in % of revenue.	X	
Tax rate	Tax for the year relative to the profit before tax.		X
EBITDA margin before special items	EBITDA before special items in % of revenue.	X	
EBIT margin	EBIT in % of revenue.	X	
EBIT margin before special items	EBIT before special items in % of revenue.	X	
Return on equity	Net profit/loss for the year for a rolling 12-month period in relation to average equity.		X
NIBD/EBITDA before special items	Net interest-bearing debt/EBITDA before special items.	X	
Equity ratio	Equity's share of total assets at end of year.		X
Investments, % of revenue	Cash flow from investing activities, including assets disposed of, in % of revenue.	X	
Net working capital, % of revenue	Inventories, trade receivables, other receivables and prepayments less trade payables and other payables in % of revenue.	X	
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.	X	
Share-related ratios			
Earnings per share (EPS)	Earnings per share for the year, calculated in accordance with IAS 33.		X
Diluted earnings per share (EPS-D)	Diluted earnings per share, calculated in accordance with IAS 33.		X
Cash flow per share	Cash flow from operating activities relative to number of shares at end of year	X	
Equity value per share	Total equity relative to number of shares at end of year.	X	
Dividend per share	Dividend relative to number of shares at end of year.		X
Pay-out ratio	Dividend as a percentage of net profit/loss for the year.		X
P/E ratio	Market price relative to earnings per share (EPS).	X	

MANAGEMENT STATEMENT AND AUDITOR'S REPORT

MANAGEMENT STATEMENT

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Ambu A/S for the financial year from 1 October 2021 to 30 September 2022.

The Annual Report has been prepared in accordance with the 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 financial statements give a true and fair view of the Group's and the company's assets, equity and liabilities and financial position at 30 September 2022, and of the results of the Group's and the company's operations and cash flows for the financial year from 1 October 2021 to 30 September 2022.

In our opinion, the management's review gives a fair account of the development and performance of the Group and the company, the results for the year and the Group's and the company's financial position, together with a description of the principal risks and uncertainties faced by the Group and the company. In our opinion, the Annual Report of Ambu A/S for the financial year 1 October 2021 to 30 September 2022 identified as AMBU-2022-09-30-en.zip has been prepared, in all material respects, in compliance with the ESEF Regulation.

The Annual Report is submitted for adoption by the Annual General Meeting.

Copenhagen, 15 November 2022

EXECUTIVE MANAGEMENT

BRITT MEELBY JENSEN
Chief Executive Officer

THOMAS FREDERIK SCHMIDT
Chief Financial Officer

BOARD OF DIRECTORS

JØRGEN JENSEN
Chairman

CHRISTIAN SAGILD
Vice Chairman

HENRIK EHLERS WULFF

SUSANNE LARSSON

MICHAEL DEL PRADO

CHARLOTTE ELGAARD BJØRNHOFF
Employee-elected

THOMAS BACHGAARD JENSEN
Employee-elected

JESPER MADS BARTROFF FREDERIKSEN
Employee-elected

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 2021 – 30 September 2022, pages 80-121 and pages 129-142, 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 2022 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2021 – 30 September 2022 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 and parent company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 initially appointed as auditor of Ambu A/S on 13 December 2017 for the financial year 2017/18. We have been reappointed annually by resolution of the general meeting for a total consecutive period of five years up until the financial year 2021/2022.

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 financial year 2021/2022. 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 per 30 September 2022 based on historical data, accounting records and the terms of existing contracts.

Valuation of acquired technologies, etc.
Following prior years' acquisitions including the acquisition of Invendo Medical GmbH in October 2017, the group has recognized acquired technologies, trademarks and customer relations and acquired technologies in progress totalling DKK 693 million as per 30 September 2022.

The value of acquired intangible assets was initially determined in connection with the purchase price allocation. Subsequent, additional internally generated development costs associated to the acquired technologies have been capitalized. 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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.

REPORT ON COMPLIANCE WITH THE ESEF REGULATION

As part of our audit of the financial statements of Ambu A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 October 2021 – 30 September 2022 with the file name AMBU-2022-09-30-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor’s judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error.

The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company’s iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements;
- Evaluating the appropriateness of the company’s use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report for the financial year 1 October 2021 – 30 September 2022 with the file name AMBU-2022-09-30-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 15 November 2022

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 – PARENT COMPANY

- Income statement and statement of comprehensive income
- Balance sheet
- Cash flow statement
- Equity statement
- Notes on the financial statements

INCOME STATEMENT

AND STATEMENT OF COMPREHENSIVE INCOME

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

DKKm

Income statement	Note	2021/22	2020/21
Revenue		3,387	2,646
Production costs	2.1, 2.2	-2,363	-1,885
Gross profit		**1,024**	**761**
Selling and distribution costs	2.1, 2.2	-375	-271
Development costs	2.1, 2.2	-273	-222
Management and administrative costs	2.1, 2.2	-314	-322
Operating profit (EBIT) before special items		**62**	**-54**
Special items	2.3	-148	0
Operating profit (EBIT)		**-86**	**-54**
Financial income	4.2	148	533
Financial expenses	4.2	-29	-511
Profit before tax		**33**	**-32**
Tax on profit for the year	2.4	26	54
Net profit for the year		**59**	**22**

Statement of comprehensive income	2021/22	2020/21
Net profit for the year	59	22
Other comprehensive income	0	0
Comprehensive income for the year	**59**	**22**

BALANCE SHEET

Ambu A/S Financial statements at 30 September

DKKm

Assets	Note	30.09.22	30.09.21
Completed development projects	3.1	766	394
Rights	3.1	697	746
Goodwill	3.1	147	147
Development projects in progress	3.1	456	567
Intangible assets		**2,066**	**1,854**
Property, plant and equipment	3.2, 3.4	**197**	**195**
Investments in subsidiaries	3.3	2,094	2,102
Deferred tax asset	2.5	4	0
Other non-current assets		**2,098**	**2,102**
Total non-current assets		**4,361**	**4,151**
Inventories	3.5, 4.1	282	176
Trade receivables	3.6, 4.1	137	158
Receivables from subsidiaries	4.1	529	172
Income tax receivable		11	11
Other receivables	4.1	6	5
Prepayments		39	29
Derivative financial instruments	4.1	11	0
Cash and cash equivalents	4.1	127	18
Total current assets		**1,142**	**569**
Total assets		**5,503**	**4,720**

Equity and liabilities	Note	30.09.22	30.09.21
Share capital		129	129
Other reserves		3,284	3,284
Equity		**3,413**	**3,413**
Deferred tax	2.5	0	11
Provisions	4.1, 5.1	19	30
Interest-bearing debt	4.1	1,345	651
Payables to subsidiaries	4.1	23	38
Non-current liabilities		**1,387**	**730**
Provisions	4.1, 5.1	4	13
Contingent consideration	4.1, 5.2	0	130
Interest-bearing debt	4.1	12	8
Trade payables	4.1	230	97
Payables to subsidiaries	4.1	330	201
Income tax		0	0
Other payables	4.1	127	126
Derivative financial instruments	4.1	0	2
Current liabilities		**703**	**577**
Total liabilities		**2,090**	**1,307**
Total equity and liabilities		**5,503**	**4,720**

CASH FLOW STATEMENT

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

DKKm

	Note	2021/22	2020/21
Operating profit (EBIT)		-86	-54
Adjustment of items with no cash flow effect	3.7	208	123
Changes in net working capital	3.8	-209	-166
Interest income and similar items		0	20
Interest expenses and similar items		-20	-22
Income tax received		5	9
Cash flow from operating activities		**-102**	**-90**
Investments in non-current assets		-421	-446
Investments in subsidiaries		-1	-292
Dividend from subsidiaries		7	512
Sale of non-current assets		0	5
Cash flow from investing activities before acquisitions of enterprises and technology		-415	-221
Free cash flow before acquisitions of enterprises and technology		**-517**	**-311**
Acquisition of technology		-5	-3
Acquisition of enterprises		0	-283
Cash flow from acquisitions of enterprises and technology		-5	-286
Cash flow from investing activities		**-420**	**-507**
Free cash flow after acquisitions of enterprises and technology		**-522**	**-597**
Raising of long-term debt		825	575
Repayment of debt to credit institutions		-125	-1,250
Repayment of debt to other creditors		0	-24
Repayment in respect of lease liability		-7	-9
Exercise of options		11	37
Sale of treasury shares		0	65
Dividend paid		-75	-73
Dividend, treasury shares		1	1
Capital increase, Class B share capital		1	1,225
Cash flow from financing activities		**631**	**547**
Changes in cash and cash equivalents		**109**	**-50**
Cash and cash equivalents, beginning of year		18	68
Translation adjustment of cash and cash equivalents		0	0
Cash and cash equivalents, end of year		**127**	**18**
Cash and cash equivalents, end of year, are composed as follows:			
Cash and cash equivalents		127	18
Bank debt		0	0
Cash and cash equivalents, end of year		**127**	**18**

EQUITY STATEMENT

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 2021	**129**	**0**	**726**	**2,483**	**75**	**3,413**
Net profit for the year			210	-151	0	59
Other comprehensive income for the year				0		0
Total comprehensive income	**0**	**0**	**210**	**-151**	**0**	**59**
Transactions with the owners:						
Share-based payment				8		8
Tax deduction relating to share options				-5		-5
Exercise of options				11		11
Distributed dividend					-74	-74
Dividend, treasury shares				1	-1	0
Share capital increase				1		1
Equity 30 September 2022	**129**	**0**	**936**	**2,348**	**0**	**3,413**

	Share capital	Reserve for hedging transactions	Reserve for develop-ment costs	Retained earnings	Proposed dividend	Total
Equity 1 October 2020	**126**	**0**	**453**	**1,444**	**73**	**2,096**
Net profit for the year			273	-326	75	22
Other comprehensive income for the year				0		0
Total comprehensive income	**0**	**0**	**273**	**-326**	**75**	**22**
Transactions with the owners:						
Share-based payment				7		7
Tax deduction relating to share options				33		33
Exercise of options				37		37
Sale of treasury shares				65		65
Distributed dividend					-72	-72
Dividend, treasury shares				1	-1	0
Share capital increase, warrants	3			1,222		1,225
Equity 30 September 2021	**129**	**0**	**726**	**2,483**	**75**	**3,413**

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 3,284m (DKK 3,284m). 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.

NOTES ON THE FINANCIAL STATEMENTS

Ambu A/S Financial statements

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: Equity statement, 2.6 Special items, 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	5.3 Share-based payment	5.8 Subsequent events
3.2 Other intangible assets	5.6 Contingent liabilities	5.9 Adoption of the annual report etc.
4.5 Share capital and treasury shares		

The accounting policies have been applied consistently in the preparation of the financial statements of the Parent company for the years presented, as well as being consistent with previous years.

DKKm

2.1 Staff costs

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

	2021/22	2020/21
Production costs	8	8
Selling and distribution costs	108	114
Development costs	176	150
Management and administrative costs	196	189
Special items	32	0
Total staff costs	**520**	**461**

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

	2021/22	2020/21
Remuneration, Executive Management	15	15
Share-based payment	-6	9
Resignation payment	8	0
Severance payment	13	0
Severance, share-based payment	1	0
Staff costs, Executive Management	**31**	**24**
Wages and salaries	427	387
Pension contributions	40	33
Social security costs	9	6
Share-based payment	7	6
Remuneration, Board of Directors	6	5
Total staff costs	**520**	**461**
Average number of employees during the year	569	507
Number of full-time employees at the end of the year	517	567

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

	2021/22	2020/21
Amortization of intangible development projects and rights	125	86
Depreciation of property, plant and equipment	25	25
Impairment losses on non-current assets	50	5
Total depreciation, amortization and impairment losses	**200**	**116**

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

	2021/22	2020/21
Selling and distribution costs	2	2
Development costs	129	94
Management and administrative costs	19	20
Special items	50	0
Total depreciation, amortization and impairment losses	**200**	**116**

DKKm

2.3 Special items

	2021/22	2020/21
Termination costs CEO, remuneration	13	0
Termination costs CEO, share-based payments	1	0
Severance costs in the group	45	0
Legal and outplacement costs in relation to severance	5	0
Impairment of in-progress development projects	50	0
Effect from the decision not to expand Ambu® aScope™ Duodeno 1.5 into new markets	49	0
Remeasurement of technology-debt	-15	0
Total special items	**148**	**0**

§ Accounting policies
Special items comprise costs or income that cannot be attributed directly to the Parent ordinary activities and are non-recuring of nature. Such costs include the cost related to significant restructuring of the cost base and processes as well as restructuring costs related to resignation of employees in the Parent company and cost charged by subsidiaries related to such. Further special items include redundancy costs' related to Group Management and impairment of assets.

2.4 Tax on profit for the year

	2021/22	2020/21
Current tax on profit for the year	-5	-5
Deferred tax on profit for the year	-31	-32
Adjustment, previous years	10	-17
Total tax on profit for the year	**-26**	**-54**
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	14.7	371.2
Non-deductible costs	-1.4	-338.7
Value adjustment of contingent consideration	-83.7	0.0
Additional tax deduction on R&D costs	-62.5	61.1
Additional tax deduction on R&D costs, prior years	0.0	37.1
Tax adjustment in respect of previous years	32.1	16.1
Average effective tax rate (tax expense divided by profit before tax)	**-78.8**	**168.8**

The group's transfer pricing setup is based on the widely used principal model. In this model Ambu A/S distributes an arm's length profit to its subsidiaries and any residual profit is repatriated back to Ambu A/S for taxation. The taxable profit is then reduced by deductions from investments made. Furthermore, income tax payable is reduced by Ambu A/S's tax deduction resulting from the employees' gains from exercised warrants and share options. Such gains are subject to personal tax.

Income tax paid
Ambu A/S received a tax refund for the year of DKK 5m (DKK 5m) attributable to additional tax deduction on R&D costs in accordance with the Danish Tax Assessment Act.

DKKm

2.5 Deferred tax

	30.09.22	30.09.21
Deferred tax at 1 October	11	85
Deferred tax on share-based payment recognized in equity	6	2
Deferred tax for the year recognized in the income statement	-31	-32
Change in respect of previous years	10	-44
Deferred tax at 30 September	**-4**	**11**
Deferred tax relates to:		
Intangible assets	444	388
Property, plant and equipment	-4	-7
Current assets	6	8
Deferred tax on share-based payment recognized in equity	25	10
Provisions	-3	-2
Contingent consideration	0	0
Payables	1	-8
Tax loss carry-forwards	-473	-378
	-4	**11**

3.1 Intangible assets

2021/22	Goodwill	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 October	147	916	706	567	2,336
Additions during the year	0	8	0	391	399
Disposals during the year	0	0	-4	0	-4
Transferred during the year	0	0	502	-502	0
Cost at 30 September	**147**	**924**	**1,204**	**456**	**2,731**
Amortization and impairment losses at 1 October	0	-170	-312	0	-482
Currency translation adjustment	0	-1	0	0	-1
Disposals during the year	0	0	4	0	4
Remeasured provisions against asset	0	-11	0	0	-11
Impairment losses for the year	0	0	-50	0	-50
Amortization for the year	0	-45	-80	0	-125
Amortization and impairment losses at 30 September	**0**	**-227**	**-438**	**0**	**-665**
Carrying amount at 30 September	**147**	**697**	**766**	**456**	**2,066**

2020/21	Goodwill	Rights	Completed development projects	Development projects in progress	Total
Cost at 1 October	147	921	567	315	1,950
Additions during the year	0	12	0	391	403
Disposals during the year	0	-17	0	0	-17
Transferred during the year	0	0	139	-139	0
Cost at 30 September	**147**	**916**	**706**	**567**	**2,336**
Amortization and impairment losses at 1 October	0	-142	-262	0	-404
Disposals during the year	0	12	0	0	12
Impairment losses for the year	0	0	-4	0	-4
Amortization for the year	0	-40	-46	0	-86
Amortization and impairment losses at 30 September	**0**	**-170**	**-312**	**0**	**-482**
Carrying amount at 30 September	**147**	**746**	**394**	**567**	**1,854**

DKKm

3.2 Property, plant and equipment

2021/22	Land and buildings	Plant and machinery	Other plant, fixtures and equipment	Property, plant and equipment in progress	Total
Cost at 1 October	139	1	117	17	274
Additions during the year	0	0	5	23	28
Disposals during the year	0	0	-3	0	-3
Transferred during the year	1	0	7	-8	0
Cost at 30 September	**140**	**1**	**126**	**32**	**299**
Depreciation and impairment losses at 1 October	-17	0	-62	0	-79
Disposals during the year	0	0	2	0	2
Impairment losses for the year	0	0	0	0	0
Depreciation for the year	-6	0	-19	0	-25
Depreciation and impairment losses at 30 September	**-23**	**0**	**-79**	**0**	**-102**
Carrying amount at 30 September	**117**	**1**	**47**	**32**	**197**

2020/21					
Cost at 1 October	127	0	89	11	227
Additions during the year	10	0	5	41	56
Disposals during the year	-1	0	-8	0	-9
Transferred during the year	3	1	31	-35	0
Cost at 30 September	**139**	**1**	**117**	**17**	**274**
Depreciation and impairment losses at 1 October	-11	0	-50	0	-61
Disposals during the year	1	0	7	0	8
Impairment losses for the year	0	0	-1	0	-1
Depreciation for the year	-7	0	-18	0	-25
Depreciation and impairment losses at 30 September	**-17**	**0**	**-62**	**0**	**-79**
Carrying amount at 30 September	**122**	**1**	**55**	**17**	**195**

3.3 Investments in subsidiaries

	2021/22	2020/21
Cost at 1 October	2,578	2,286
Additions	1	292
Cost at 30 September	**2,579**	**2,578**
Impairment losses at 1 October	-476	0
Impairment losses for the year	-9	-476
Impairment losses at 30 September	**-485**	**-476**
Carrying amount at 30 September	**2,094**	**2,102**

In the financial year 2021/22, subsidiaries distributed DKK 7m (DKK 512m) in dividends to the Parent company, which reduced the net book value of the investments. Impairment losses for the year was DKK 9m of which DKK 6m (DKK 476m) was taken to financial expenses to reflect the lower carrying amount and the remainder was offset against payables to subsidiaries. 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, write-down for impairment is made to the lower value.

DKKm

3.4 Leases

	30.09.22	30.09.21
Land and buildings	111	115
Other plant, fixtures and fittings, tools and equipment	8	8
Carrying amount of lease assets	**119**	**123**
Additions on lease assets during the year	15	15

	30.09.22	30.09.21
Lease liabilities		
Less than 1 year	12	11
Between 1 and 5 years	37	37
More than 5 years	75	82
Undiscounted lease liabilities	**124**	**130**

	2021/22	2020/21
Amounts recognized in the income statement		
Expenses related to low value and short-term leases	0	0
Interest on lease liabilities	4	3
Depreciation of lease assets per asset class		
Land and buildings	4	4
Other plant, fixtures and fittings, tools and equipment	4	4
Depreciation of lease assets	**8**	**8**
Amounts recognized in the cash flow statement		
Total cash outflow for leases	11	12

3.5 Inventories

	30.09.22	30.09.21
Raw materials and consumables	16	3
Finished goods	266	173
	282	**176**
Cost of sales for the year	2,275	1,875
Write-down of inventories included in production costs for the year	18	1

DKKm

3.6 Trade receivables

	30.09.22	30.09.21
Ageing of trade receivables:		
Not due	119	146
1-90 days	13	8
91-180 days	2	1
> 180 days	3	3
Trade receivables	**137**	**158**
At end of year, trade receivables were written down by	3	0

3.7 Adjustment of items with no cash flow effect

	2021/22	2020/21
Depreciation, amortisation and impairment losses	200	116
Share-based payment, settled in shares	8	7
	208	**123**

3.8 Changes in net working capital

	2021/22	2020/21
Changes in inventories	-106	-36
Changes in receivables	10	-69
Changes in balances with group companies	-245	-139
Changes in trade payables etc.	132	78
	-209	**-166**

DKKm

4.1 Categories of financial instruments

The Parent Company has recognised the following financial instruments:

	30.09.22	30.09.21
Receivables from subsidiaries	529	172
Trade receivables	137	158
Other receivables	6	5
Cash	127	18
Receivables and cash and cash equivalents	**799**	**353**
Derivative financial instruments (level 2)	11	0
Financial assets recognised at fair value	**11**	**0**
Credit institutions	1,250	550
Provisions	23	43
Trade payables	230	97
Payables to subsidiaries	353	239
Other payables	127	126
Financial liabilities recognised at amortised cost	**1,983**	**1,055**
Contingent consideration (level 3)	0	130
Derivative financial instruments (level 2)	0	2
Financial liabilities stated at fair value in the income statement	**0**	**132**

The parent company's payables fall due as follows:

2021/22	**0-1 year**	**1-5 years**	**> 5 years**	**Total**
Credit institutions	0	1,250	0	1,250
Provisions	4	12	7	23
Other financial liabilities	687	23	0	710
	691	**1,285**	**7**	**1,983**

2020/21	**0-1 year**	**1-5 years**	**> 5 years**	**Total**
Credit institutions	0	550	0	550
Provisions	13	30	0	43
Contingent consideration	130	0	0	130
Other financial liabilities	424	38	0	462
Derivative financial instruments	2	0	0	2
	569	**618**	**0**	**1,187**

DKKm

4.2 Net financials

	2021/22	2020/21
Interest income, others	1	3
Foreign exchange gains, net	0	17
Dividend from subsidiaries	7	512
Fair value adjustment, contingent consideration	130	0
Fair value adjustment, interest rate swap	10	1
Financial income	**148**	**533**

	2021/22	2020/21
Interest expenses, subsidiaries	0	3
Interest expenses, banks	16	16
Interest expenses, leases	4	3
Foreign exchange loss, net	1	0
Fair value adjustment, contingent consideration	0	9
Effect of shorter discount period, acquisition of technology	2	4
Impairment, investments in subsidiaries	6	476
Financial expenses	**29**	**511**

§ Accounting policies

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

5.1 Provisions

	2021/22	2020/21
Provisions at 1 October	43	41
Used during the year	-5	-3
Value adjustment	-24	4
Currency translation adjustment	9	1
Provisions at 30 September	**23**	**43**
Provisions expected to fall due:		
Non-current liabilities	19	30
Current liabilities	4	13
Provisions at 30 September	**23**	**43**

DKKm

5.2 Contingent consideration

	2021/22	2020/21
Contingent consideration at 1 October	130	404
Paid during the year	0	-283
Adjustments made through the income statement under financial expenses:		
Value adjustment	-130	9
Currency translation adjustment	0	0
Contingent consideration at 30 September	**0**	**130**
Contingent consideration expected to fall due:		
Current liabilities	0	130
Contingent consideration at 30 September	**0**	**130**

5.3 Fee to auditors appointed by the annual general meeting

	2021/22	2020/21
Audit fee	1	1
Other assurance engagements	0	0
Tax consultancy services	0	0
Other services	1	1
Total fees	**2**	**2**

5.4 Related parties

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

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

	2021/22	2020/21
Sale of goods and services to subsidiaries	2,871	2,674
Purchase of goods and services from subsidiaries	2,245	2,251
Purchase of development services from subsidiaries capitalized as development projects	45	51

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 Management, 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, see 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.

	2021/22	2020/21
Guarantees and security provided on behalf of subsidiaries	455	24

Ambu A/S
Baltorpbakken 13
DK-2750 Ballerup
Denmark
Telephone: +45 7225 2000
Registration no. 63644919
Ambu.com

Editors
Kasper Hartvig Lind
Tine Bjørn Schmidt
Mads Lindegaard
Nicolai Thomsen
Mihika Deb

Design and layout
Ambu A/S

Released
15 November 2022

Ambu FOREVER FORWARD