Year-end report
January–December 2019

Increased operating profit. New measures in Norway

Fourth quarter October–December

- Net sales rose 81 per cent to SEK 2,804 million (1,550). Acquired growth was 80 per cent and organic growth was 1.0 per cent
- Operating profit (EBIT) was SEK 110 million (64)
- EBITA increased 71 per cent to SEK 145 million (85), corresponding to a margin of 5.2 per cent (5.5)
- Adjusted EBITA, excluding items affecting comparability, increased 28 per cent to SEK 154 million (120). The adjusted EBITA margin was 5.5 per cent (7.7)
- During the quarter, items affecting comparability amounted to SEK -9 million (-35), attributable to integration and synergy realisation costs in connection with the acquisition of Aleris Omsorg
- Profit for the period totalled SEK 36 million (32)
- Earnings per share were SEK 0.39 (0.43) before and SEK 0.39 (0.43) after dilution
- Operating cash flow was SEK 562 million (202)
- Free cash flow totalled SEK 471 million (149)

Full year January–December

- Net sales rose 82 per cent to SEK 11,040 million (6,076). Acquired growth was 81 per cent and organic growth was 1.3 per cent
- Operating profit (EBIT) was SEK 525 million (429)
- EBITA increased 28 per cent to SEK 650 million (508), corresponding to a margin of 5.9 per cent (8.4)
- Adjusted EBITA, excluding items affecting comparability, increased 44 per cent to SEK 788 million (547). The adjusted EBITA margin was 7.1 per cent (9.0)
- Items affecting comparability amounted to SEK -138 million (-39), attributable to integration and synergy realisation costs in connection with the acquisition of Aleris Omsorg, and to the restructure of Nytida
- Profit for the period totalled SEK 215 million (295)
- Earnings per share were SEK 2.52 (3.95) before and SEK 2.51 (3.94) after dilution
- Operating cash flow was SEK 1,418 million (648)
- Free cash flow totalled SEK 872 million (506)
- The Board proposes that a dividend of SEK 0.80 (1.10) per share be paid for 2019

Significant events

- During the quarter, the Board decided to confirm existing financial targets. Read more on page 16
- During the quarter, a buyback of 68,285 shares was implemented within the framework of Ambea's matching share plan
- During the quarter, Benno Eliasson was appointed new CFO. He is expected to assume the position at the beginning of the second quarter of 2020
- During the quarter, Ambea extended its existing financing agreement by one year until January 2022 and has an additional option for a one-year extension thereafter
- During the quarter, Ambea acquired two companies, one in Denmark and one in Sweden, and divested two units in Sweden. Read more on pages 7, 9 and 13
- After the end of the quarter, Ambea acquired an additional company in Denmark and divested one home-care operation in Sweden. Read more on pages 7 and 13
- After the end of the quarter, a restructuring programme was initiated in Norway. The expected savings effect on a full-year basis is SEK 30 million, gradually increasing from the second quarter of 2020. Items affecting comparability of about SEK 45 million are expected to be charged to the first six months of 2020. Read more on page 11.

Consolidated key figures

SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	2,804	2,804	1,550	81	11,040	11,040	6,076	82
EBITA	145	121	85	71	650	556	508	28
Operating margin, EBITA (%)	5.2	4.3	5.5		5.9	5.0	8.4	
Adjusted EBITA	154	130	120	28	788	694	547	44
Operating margin, adjusted EBITA (%)	5.5	4.6	7.7		7.1	6.3	9.0	
Operating profit, EBIT	110	86	64	72	525	431	429	22
Operating margin, EBIT (%)	3.9	3.0	4.1		4.8	3.9	7.1	
Profit/loss after tax	36	48	32	13	215	265	295	-27
Earnings/loss per share before dilution, SEK	0.39	0.50	0.43	-9	2.52	3.10	3.95	-36
Earnings/loss per share after dilution, SEK	0.39	0.50	0.43	-9	2.51	3.09	3.94	-36
Operating cash flow	562	380	202	178	1,418	707	648	117
Free cash flow	471	330	149	216	872	321	506	72

For definitions of key figures, see Note 9

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.
[3] Relates to the change between 2018 and 2019 with account for IFRS 16.

Comments from Fredrik Gren, President and CEO

Increased operating profit. New measures in Norway

As we close the books on the fourth quarter, we can look back on a year when Ambea's largest-ever acquisition was integrated, while we simultaneously opened more new operations than ever before. In the coming year, the high rate of new-starts will continue and we will be taking the next step to improve the margins of care operations acquired from Aleris. In Norway, additional measures will now be initiated and continue throughout 2020. The aim is to lower administrative costs, but also to secure close leadership in our units and to strengthen the central support functions.

In the fourth quarter, net sales amounted to SEK 2,804 million (1,550). Own Management accounted for 73 per cent (70) of net sales. Adjusted EBITA rose 28 per cent year-on-year to SEK 154 million (120). Excluding the effects of IFRS 16, adjusted EBITA rose 8 per cent to SEK 130 million.

During the quarter, net sales rose SEK 1,254 million, corresponding to 81 per cent, mainly attributable to the acquisition of Aleris Omsorg. Organic net sales rose 1.0 per cent. In Own Management, net sales rose from SEK 1,081 million to SEK 2,045 million, positively impacted by the acquisition of Aleris and new unit start-ups.

Adjusted EBITA rose 28 per cent to SEK 154 million, mainly attributable to favourable occupancy rates in existing units, a changed contract mix, acquisitions and synergy realisations. IFRS 16 had a positive impact of SEK 24 million on earnings. The continued high rate of new-starts in Vardaga had a negative effect on earnings in the short term, but is creating new opportunities for growth ahead. Favourable occupancy rates and cost control in Vardaga's existing units continued. Nytida's margin continued to improve year-on-year due to the structure programme that was completed in Individual and Family during spring 2019. Altiden completed two acquisitions, which led to higher costs during the quarter, but creates good conditions for the coming years. During the quarter, Klara's subscription services continued to show a positive sales and profitability trend year-on-year.

During the quarter, we saw a seasonal decline in demand for Stendi's services in Norway, which we commented on in the Q3 report. The transition in Norway will continue throughout 2020 and in February, it was decided to implement a major initiative in Stendi to reduce the margin gap by significantly reducing the number of local offices and strengthening central functions. In addition, we will be taking steps to strengthen the close leadership in our operations. The programme is expected to yield gradual effects from the second quarter of 2020 with annual savings of SEK 30 million. The programme is expected to have full effect from the end of 2020. Realisation of the programme will generate total items affecting comparability of SEK 45 million, which will be charged to the first and second quarters of 2020.

During the quarter, Vardaga opened two nursing homes with a total of 111 beds, and Nytida opened one group home with six beds and one supportive living facility for adults with 16 beds.

At the end of the quarter, the number of beds and placements in the pipeline was 2,309, corresponding to 27 per cent of the total number of beds and placements under own management. After the end of the quarter, Altiden secured a contract for new nursing homes under own management in the Municipality of Greve, together with our construction partner in Denmark.

Acquisitions are a key component of Ambea's growth and the two acquisitions completed in Denmark are in line with our strategy to increase our proportion of operations under own management and of residential care for people with disabilities. We are now looking forward to integrating them into Ambea's management model and continuing our growth journey in Denmark.

During the quarter, we secured management contracts corresponding to annual sales of SEK 66 million, but lost contracts corresponding to SEK 70 million. During the quarter, the municipalities announced that contracts with annual sales of SEK 24 million would be retaken.

The recognition of Ambea's quality management continued in the fourth quarter when Stendi received an innovation award for the development of a business system that provides a better overview for operational managers.

We are now looking forward to 2020, where we will be focused on a transition with measures to improve margins in Norway, a large number of new-starts under own management in Sweden and the integration of our new acquisitions in Denmark.

Fredrik Gren

Group

Fourth quarter

Net sales
Net sales rose 81 per cent to SEK 2,804 million (1,550). Organic sales growth was 1.0 per cent year-on-year.

Net sales in Own Management amounted to SEK 2,045 million (1,081), up 89 per cent compared with the year-earlier period due to the acquisition of Aleris Omsorg and start-up units.

Net sales in Contract Management amounted to SEK 690 million (386). The year-on-year sales growth was positively impacted by the acquisition of Aleris Omsorg, but offset by contracts terminated in 2018 and 2019. Excluding the acquisition, sales growth in Contract Management was SEK 27 million year-on-year.

Net sales in Staffing declined 17 per cent to SEK 69 million (83).

Earnings
EBIT rose 72 per cent to SEK 110 million (64), representing a margin of 3.9 per cent (4.1).

EBITA rose 71 per cent to SEK 145 million (85). The EBITA margin was 5.2 per cent (5.5). EBITA for the quarter was impacted by items affecting comparability of SEK -9 million (-35), attributable to integration and synergy-realisation costs for the acquisition of Aleris Omsorg.

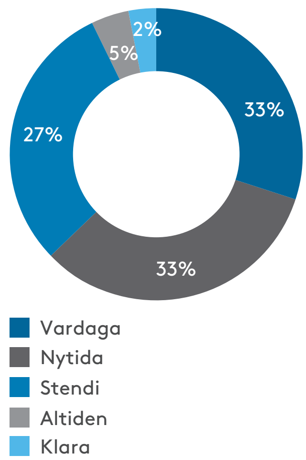
Adjusted EBITA for the quarter rose 28 per cent to SEK 154 million (120). Completed acquisitions, synergy realisations from acquisitions and start-up units had a positive impact on earnings, while ongoing new-starts had a negative impact. The adjusted EBITA margin was 5.5 per cent (7.7). Excluding the effects of IFRS 16, the adjusted EBITA margin was 4.6 per cent (7.7). IFRS 16 had a positive impact of SEK 24 million on EBITA during the quarter.

Net financial items
During the quarter, net financial items amounted to SEK -63 million (-10). The change was due to an amount of SEK 39 million from the effects of IFRS 16 and increased interest expense associated with financing the acquisition of Aleris Omsorg.

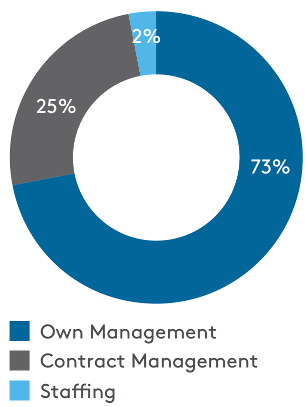
Income tax
Tax expense for the period was SEK 11 million (22), corresponding to an effective tax rate of 23 per cent (41).

Profit for the period
Profit for the period totalled SEK 36 million (32), corresponding to earnings per share of SEK 0.39 (0.43) before dilution and SEK 0.39 (0.43) after dilution.

Net sales by segment October-December 2019



Net sales by contract model October-December 2019



Distribution of net sales

Net sales by segment	2019 Oct-Dec	2018 Oct-Dec
Vardaga	33%	36%
Nytida	33%	49%
Stendi	27%	10%
Altiden	5%	-
Klara	2%	5%
Total	**100%**	**100%**

Net sales by contract model	2019 Oct-Dec	2018 Oct-Dec
Own Management	73%	70%
Contract Management	25%	25%
Staffing	2%	5%
Total	**100%**	**100%**

Distribution of net sales

SEK million	Own Management 2019 Oct-Dec	Own Management 2018 Oct-Dec	Own Management %	Contract Management 2019 Oct-Dec	Contract Management 2018 Oct-Dec	Contract Management %	Staffing 2019 Oct-Dec	Staffing 2018 Oct-Dec	Staffing %	Total 2019 Oct-Dec	Total 2018 Oct-Dec	Total %
Vardaga	554	286	94	361	274	32	–	–	–	915	560	63
Nytida	787	642	23	132	112	18	–	–	–	919	754	22
Stendi	689	153	350	81	–	–	–	–	–	770	153	403
Altiden	16	–	–	115	–	–	–	–	–	131	–	–
Klara	–	–	–	–	–	–	69	83	-17	69	83	-17
Group	**2,045**	**1,081**	**89**	**690**	**386**	**79**	**69**	**83**	**-17**	**2,804**	**1,550**	**81**

Own Management – total in operation, including acquisitions

SEK million	OB Units	OB Beds/Placements	Change Units	Change Beds/Placements	CB Units	CB Beds/Placements
Vardaga – beds	46	2,433	2	112[1]	48	2,545
Vardaga – home-care customers	-	2,270	-	70[2]	-	2,340
Nytida – beds	220	2,391	1	-23[3]	221	2,368
Nytida – placements	94[4]	2,770[4]	-	-	94	2,770
Stendi – beds	421	905	-5	-37	416	868
Stendi – home-care customers	-	19	-	-	-	19
Altiden – beds	3	35	6	51	9	86
Altiden – home-care customers	-	2,046	-	-60	-	1,986
Total beds and placements	**784**	**8,534**	**4**	**103**	**788**	**8,637**
Total home-care customers	**-**	**4,335**	**-**	**10**	**-**	**4,345**

Own Management – pipeline

SEK million	OB	Quarterly change: Opened during the quarter	Quarterly change: New during the quarter[5]	CB
Vardaga	1,934	111	160	1,983
Nytida – beds	201	22	-	179
Nytida – placements	70[6]	-	-	70
Stendi	-	-	-	-
Altiden	77	-	-	77
Total	**2,282**	**133**	**160**	**2,309**

Contract Management – pipeline

SEK million	Allocation decisions during the quarter[7]: Units	Beds	Annual revenue	Started up/terminated during the quarter Annual revenue[8]
Won	10	136	66	150
Renewed confidence	3	206	164	147
Lost	3	149	70	31
Handed back to municipal management	5	38	24	113

[1] Includes refurbishment of existing unit, which led to an additional bed.

[2] Net change that includes the divestment of a home-care operation in Norrköping and the acquisition of Famntaget.

[3] The net change in number of units and beds includes the divestment of a residential treatment centre for substance abuse with 45 beds.

[4] Opening balance adjusted by 3 units and 44 placements for the acquisition of Pusselbiten school.

[5] New refers to the total sum of contracts signed and units under construction. For more information about expected opening dates, refer to Own Management – pipeline under ambea.com/investor-relations/

[6] Opening balance adjusted by 30 placements.

[7] Allocation decisions during the quarter refer to decisions received by Ambea during the quarter regarding contracts that are to be handed back or started up. The period of time between allocation and handback/start-up ranges from a couple of months to one year. About 9-12 months for Vardaga, and 6-9 months for Nytida.

[8] Shows the contracts started up or handed back during the quarter and their annual revenue.

Group

January-December

Net sales

Net sales rose 82 per cent to SEK 11,040 million (6,076). Organic sales growth was 1.3 per cent year-on-year.

Net sales in Own Management amounted to SEK 8,029 million (4,166), up 93 per cent compared with the year-earlier period, mainly due to the acquisition of Aleris Omsorg and to start-up units.

Net sales in Contract Management amounted to SEK 2,719 million (1589), up 71 per cent. The year-on-year sales growth was due to the acquisition of Aleris Omsorg, but was offset by contracts terminated in 2018 and 2019.

Net sales in Staffing declined 9 per cent to SEK 292 million (321).

Earnings

Operating profit (EBIT) rose 22 per cent to SEK 525 million (429), representing a margin of 4.8 per cent (7.1).

EBITA rose 28 per cent to SEK 650 million (508). The EBITA margin was 5.9 per cent (8.4). EBITA for the period was impacted by items affecting comparability of SEK -138 million (-39), attributable to integration and synergy-realisation costs for the acquisition of Aleris Omsorg and to the restructure of overlapping capacity in Nytida.

Adjusted EBITA for the period rose 44 per cent to SEK 788 million (547). Completed acquisitions, acquired units from Aleris Omsorg and new start-up units had a positive impact on earnings, while ongoing new-starts had a negative impact on earnings. The adjusted EBITA margin was 7.1 per cent (9.0). Excluding the effects of IFRS 16, the adjusted EBITA margin was 6.3 per cent. IFRS 16 had a positive impact of SEK 95 million on EBITA for the period.

Net financial items

Net financial items amounted to SEK -249 million (-38) for the period. The change was due to an amount of SEK 158 million from the effects of IFRS 16 and increased interest expense associated with financing the acquisition of Aleris Omsorg.

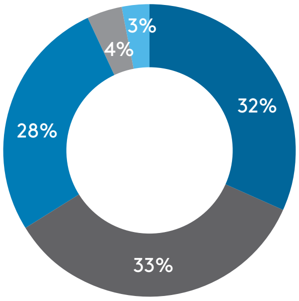
Income tax

Tax expense for the period was SEK 61 million (96), corresponding to a tax rate of 22 per cent (25).

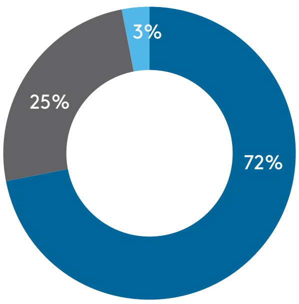
Profit for the period

Profit for the period totalled SEK 215 million (295), corresponding to earnings per share of SEK 2.52 (3.95) before dilution and SEK 2.51 (3.94) after dilution.

Net sales by segment January–December 2019



Net sales by contract model January–December 2019



Distribution of net sales

Net sales by segment	2019 Jan-Dec	2018 Jan-Dec
Vardaga	32%	37%
Nytida	33%	49%
Stendi	28%	9%
Altiden	4%	–
Klara	3%	5%
Total	**100%**	**100%**

Net sales by contract model	2019 Jan-Dec	2018 Jan-Dec
Own Management	72%	69%
Contract Management	25%	26%
Staffing	3%	5%
Total	**100%**	**100%**

Distribution of net sales

SEK million	Own Management 2019 Jan-Dec	Own Management 2018 Jan-Dec	Own Management %	Contract Management 2019 Jan-Dec	Contract Management 2018 Jan-Dec	Contract Management %	Staffing 2019 Jan-Dec	Staffing 2018 Jan-Dec	Staffing %	Total 2019 Jan-Dec	Total 2018 Jan-Dec	Total %
Vardaga	2,061	1,118	84	1,433	1,106	30	–	–	–	3,494	2,224	57
Nytida	3,173	2,500	27	491	483	2	–	–	–	3,664	2,983	23
Stendi	2,736	548	399	370	–	–	–	–	–	3,106	548	467
Altiden	59	–	–	425	–	–	–	–	–	484	–	–
Klara	–	–	–	–	–	–	292	321	-9	292	321	-9
Group	**8,029**	**4,166**	**93**	**2,719**	**1,589**	**71**	**292**	**321**	**-9**	**11,040**	**6,076**	**82**

Cash flow

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Cash flow from operating activities before changes in working capital	222	77	968	465
Cash flow from changes in working capital	274	88	15	74
From operating activities	**495**	**165**	**983**	**538**
Cash flow from investing activities (excluding acquisitions/divestments and investments in financial assets)	-24	-16	-110	-32
Free cash flow	**471**	**149**	**872**	**506**

Free cash flow for the quarter amounted to SEK 471 million (149). The year-on-year increase in free cash flow was due to the effects of IFRS 16 and reduced tied-up working capital due to the favourable transition dates.

During the period, the higher proportion of Own Management operations had a negative impact on tied-up working capital, entailing an increase in prepaid rents. Tied-up working capital was also adversely impacted during the period by the home-care unit acquired from Aleris Omsorg.

The adoption of IFRS 16 had a positive impact of SEK 142 million on cash flow from operating activities year-on-year. For the January to December period, the effects of IFRS 16 amounted to SEK 551 million year-on-year.

Financial position

SEK million	31 Dec 2019	31 Dec 2019[1] excl. IFRS 16	31 Dec 2018
Net interest-bearing debt	7,917	3,213	1,993
Equity/assets ratio (%)	29.2	44.6	46.8
Net debt/Rolling 12 months adjusted EBITDA	5.3	4.0	3.3

For definitions of key figures, see Note 9

At 31 December 2019, net debt amounted to SEK 7,917 million (1,993), or 5.3 times 12-months adjusted EBITDA. The increase in net debt was attributable to higher borrowing within existing credit frameworks due to the acquisition of Aleris's care operations and to a lease liability recognised in accordance with IFRS 16.

At the balance-sheet date, equity amounted to SEK 4,036 million, compared with SEK 2,725 million at 31 December 2018. The adoption of IFRS 16 had a negative impact of SEK 50 million on equity.

[1] Alternative performance measures.

Vardaga

At Vardaga's just over 100 residential care facilities across Sweden, we provide elderly care where every day is as meaningful as the next. Every one of our nursing homes, short-term accommodation units, home care and day services offers a high level of expertise and a safe environment. Our employees ensure quality of life and safety for every care receiver.

Operations under Own Management account for **61%** of net sales

Quarter

Vardaga's net sales rose 63 per cent year-on-year to SEK 915 million (560).

Net sales in Own Management amounted to SEK 554 million (286), up 94 per cent due to the acquisition of Aleris Omsorg and to newly opened units.

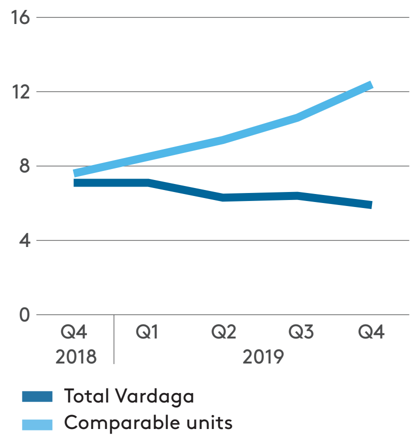
Net sales in Contract Management amounted to SEK 361 million (274). The 32 per cent increase was due to a positive contribution from the acquisition of Aleris Omsorg, reduced by contracts lost in existing operations. During the quarter, Vardaga's net loss on the allocation of new contacts amounted to SEK 36 million. During the quarter, new contracts corresponding to annual revenue of SEK 102 million were started, while contracts corresponding to annual revenue of SEK 112 million were terminated or handed back to the municipality.

EBITA rose 15 per cent to SEK 39 million (34). The acquisition of Aleris Omsorg and favourable occupancy rates in Own Management units already started up had a positive impact on EBITA, while costs for new start-ups were charged to earnings.

The EBITA margin was 4.3 per cent (6.1). Excluding the effects of IFRS 16, the margin declined 3.4 percentage points to 2.7 per cent. The margin decline was attributable to a higher number of start-ups under Own Management and to the acquisition of Aleris Omsorg. The EBITA margin for comparable units rose 2.8 percentage points excluding the effects of IFRS 16, mainly attributable to a growing proportion of Own Management operations and favourable occupancy rates.

During the quarter, Famntaget Omsorg was acquired and one home-care operation in Norrköping was divested. After the end of the quarter, one home-care operation in Nacka was divested as part of a strategic review of the home-care segment.

Vardaga's operating margin (EBITA) RTM[4] %



January-December period

Vardaga's net sales rose 57 per cent year-on-year to SEK 3,494 million (2,224).

Net sales in Own Management amounted to SEK 2,061 million (1,118), up 84 per cent due to the acquisition of Aleris Omsorg and to newly opened units.

Net sales in Contract Management amounted to SEK 1,433 million (1,106). The 30 per cent increase was due to a positive contribution from the acquisition of Aleris Omsorg, reduced by contracts lost in existing operations.

EBITA rose 31 per cent to SEK 207 million (159). The acquisition of Aleris Omsorg and higher occupancy rates in newly opened units under start-up made a positive contribution, while ongoing start-ups of new operations and contracts lost had a negative impact.

The EBITA margin was 5.9 per cent (7.1). The lower margin was mainly due to the acquisition of Aleris Omsorg combined with new unit start-ups. Excluding the effects of IFRS 16, the EBITA margin was 4.3 per cent.

SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	915	915	560	63	3,494	3,494	2,224	57
EBITA	39	25	34	15	207	150	159	30
Operating margin, EBITA (%)	4.3	2.7	6.1		5.9	4.3	7.1	
Operating margin EBITA comparable units (%)	11.1	9.6	6.8		12.4	10.7	8.2	

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.3
Relates to the change between 2018 and 2019 with account for IFRS 16.4 Includes the effects of IFRS 16 as of Q1 2019.

Own Management – total in operation

	OB		Quarterly change		CB	
	Units	Beds	Units	Beds	Units	Beds
Beds	46	2,433	2	112[1]	48	2,545
Home-care customers	–	2,270	-	70[2]	-	2,340

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[2]	CB
Beds	1,934	111	160	1,983

Contract Management – pipeline

	Allocation decisions during the quarter[3]			Started up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[4]
Won	1	65	34	102
Renewed confidence	2	110	71	82
Lost	3	149	70	9
Handed back to municipal management	-	-	-	103

[1] Includes refurbishment of existing unit, which led to an additional bed.

[2] Net change that includes the divestment of a home-care operation in Norrköping and the acquisition of Famntaget.

[3] New refers to the total sum of contracts signed and units under construction. For more information about expected opening dates, refer to Own Management – pipeline under ambea.com/investor-relations/

[4] Allocation decisions during the quarter refer to decisions received by Ambea during the quarter regarding contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies, but is generally about 9-12 months for Vardaga.

[5] Shows the contracts started up or handed back during the quarter and their annual revenue.

Nytida

Nytida provides support and care for children, young people and adults with life-long disabilities and psychosocial problems. We provide residential care, day services, support for individuals and families, and schools in approximately 400 units across Sweden. Using proven models and in-depth knowledge, our 8,500 employees help to strengthen the ability of individuals to live an independent life.

Operations under Own Management account for

86%

of net sales

Quarter

Net sales rose 22 per cent to SEK 919 million (754).

Net sales in Own Management amounted to SEK 787 million (642), up 23 per cent. This growth was attributable to the acquisition of Aleris Omsorg and to start-up units.

Net sales in Contract Management amounted to SEK 132 million (112). The 18 per cent increase was due to a positive contribution from the acquisition of Aleris Omsorg and new units. During the quarter, Nytida secured contracts corresponding to an annual volume of SEK 32 million, while municipalities announced that contracts with annual revenue of SEK 24 million would be retaken. During the quarter, new contracts corresponding to annual sales of SEK 48 million were started up, while the effects of lost contracts that were terminated amounted to annual revenue of SEK 22 million.

EBITA rose 43 per cent to SEK 120 million (84). Favourable occupancy rates in established Own Management units had a positive impact on earnings, while acquired units had a negative impact during the quarter. During the quarter, the trend in Individual and Family made a positive contribution year-on-year.

During the quarter, the implementation of activities linked to the previously announced programme to optimise overlapping capacity continued. The positive earnings effect of the action programme improved, compared with the third quarter.

The EBITA margin was 13.0 per cent (11.2). Excluding the effects of IFRS 16, the EBITA rose 0.9 percentage points to 12.1 per cent.

In the fourth quarter, a residential treatment centre for substance abuse was divested as part of the review of overlapping capacity following the acquisition of Aleris's care operations.

January-December period

Net sales rose 23 per cent to SEK 3,664 million (2,982).

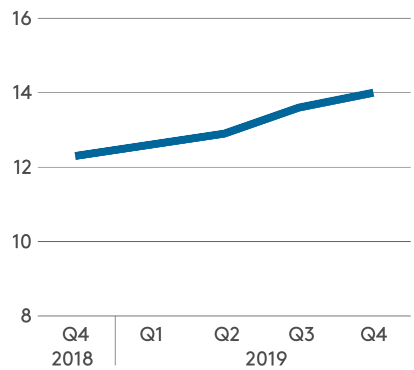
Net sales in Own Management amounted to SEK 3,173 million (2,500), up 27 per cent. This growth was attributable to the acquisition of Aleris Omsorg and to start-up units.

Net sales in Contract Management amounted to SEK 491 million (483), up 2 per cent, where growth was attributable to the acquisition of Aleris Omsorg and start-up units, but reduced by previously terminated contracts.

EBITA rose 39 per cent to SEK 512 million (369). The acquisition of Aleris Omsorg made a positive contribution. A programme to reduce overlapping operations due to the acquisition of Aleris commenced in the first quarter. The annual effect of the programme is an estimated SEK 24 million. The earnings effect is expected to be gradual, starting in the second quarter and reaching full effect in 2020.

The EBITA margin was 14.0 per cent (12.3).

Nytida's operating margin (EBITA) RTM[4] %



SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	919	919	754	22	3,664	3,664	2,982	23
EBITA	120	112	84	43	512	482	369	39
Operating margin, EBITA (%)	13.1	12.1	11.2		14.0	13.1	12.3	

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.3 Relates to the change between 2018 and 2019 with account for IFRS 16.4 Includes the effects of IFRS 16 as of Q1 2019.

Own Management – total in operation

	OB		Quarterly change[1]		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	220	2,391	1	-23	221	2,368
Placements	94[2]	2,770[2]	-	-	94	2,770

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[3]	CB
Beds	201	22	-	179
Placements	70[4]	-	-	70

Contract Management – pipeline

	Allocation decisions during the quarter[5]			Started up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[6]
Won	9	71	32	48
Renewed confidence	-	-	-	65
Lost	-	-	-	22
Handed back to municipal management	5	38	24	-

[1] The net change in number of units and beds includes the divestment of a residential treatment centre for substance abuse with 45 beds.

[2] Opening balance adjusted by 3 operations and 44 placements for the acquisition of Pusselbiten school.

[3] New refers to the total sum of contracts signed and units under construction. For more information about expected opening dates, refer to Own Management – pipeline under ambea.com/investor-relations/

[4] Opening balance adjusted by 30 placements.

[5] Allocation decisions during the quarter mean that Ambea received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies, but is generally about 6-9 months for Nytida.

[6] Shows the contracts started up or handed back during the quarter and their annual revenue.

Stendi

Stendi is the largest care provider in Norway and runs nationwide operations in support and residential care for adults, children and young people. We also provide personal assistance, elderly care and home care. We have about 5,000 employees and more than 400 units across Norway.

Operations under Own Management account for

89%

of net sales

Quarter

Net sales rose 403 per cent to SEK 770 million (153). The increase was largely due to the acquisition of Aleris Omsorg. During the quarter, acquired units with low occupancy rates were closed down in line with previously communicated decisions, which had a negative impact on sales. Previously announced cost savings in Children and Youth had a negative impact on sales. The currency effect on sales in comparable units had a positive impact of SEK 1 million year-on-year.

Net sales in Own Management amounted to SEK 689 million (153), up 350 per cent. This growth was attributable to the acquisition of Aleris Omsorg.

Net sales in Contract Management amounted to SEK 81 million (0), and the entire increase was attributable to the acquisition of Aleris's care operations.

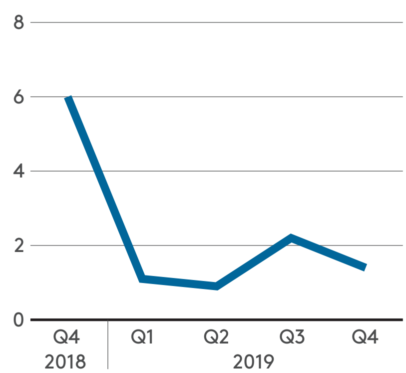
EBITA was SEK -6 million (4). The deterioration in earnings was mainly a result of the weak occupancy trend, which could not be fully compensated by staffing.

In the first quarter, a restructuring programme was launched in Stendi to implement Ambea's operational model. In the fourth quarter, the effects of the programme continued to have a positive impact on earnings.

After the end of the quarter, a restructuring programme was initiated in Norway. The aim of the programme is to centralise support functions and strengthen local leadership. The programme is expected to achieve annual savings of about SEK 30 million, which will be realised gradually as of the second quarter of 2020. Items affecting comparability of about SEK 45 million are expected to be charged to the first six months of 2020. The programme is expected to have full effect by the end of 2020.

The EBITA margin was -0.8 per cent (2.6).

Stendi's operating margin (EBITA) RTM[4] %



January-December period

Net sales amounted to SEK 3,106 million (548). The increase was largely due to the acquisition of Aleris Omsorg. The currency effect on sales in comparable, existing units had a positive impact of SEK 3 million year-on-year.

Net sales in Own Management amounted to SEK 2,736 million (548), up 399 per cent. This growth was attributable to the acquisition of Aleris Omsorg.

Net sales in Contract Management amounted to SEK 370 million (0), and the entire increase was attributable to the acquisition of Aleris's care operations. Two contracts were terminated during the period.

EBITA was SEK 44 million (33). In the first quarter, a restructuring programme with a high percentage of own employees commenced to ensure quality and economic stability. During the period, available capacity in acquired units was closed down, and the costs were charged to the acquisition balance sheet for Aleris's care operations. For more information, refer to Note 5. The annual effects of the closed units are expected to be about SEK 8 million. The programme showed a positive impact on earnings from the second quarter.

The EBITA margin was 1.4 per cent (6.0).

SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	770	770	153	403	3,106	3,106	548	467
EBITA	-6	-8	4	n/a	44	36	33	30
Operating margin, EBITA (%)	-0.8	-1.0	2.6		1.4	1.2	6.0	

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.[3] Relates to the change between 2018 and 2019 with account for IFRS 16.[4] Includes the effects of IFRS 16 as of Q1 2019.

Own Management – total in operation

	OB		Quarterly change		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	421	905	-5	-37	416	868
Home-care customers	–	19	-	-	-	19

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during the quarter[1]	CB
Beds	–	-	-	-

Contract Management – pipeline

	Allocation decisions during the quarter[2]			Started up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[3]
Won	-	-	-	-
Renewed confidence	1	96	94	-
Lost	-	-	-	-
Handed back to municipal management	-	-	-	10

[1] New refers to the total sum of contracts signed and units under construction. For more information about expected opening dates, refer to Own Management – pipeline under ambea.com/investor-relations/

[2] Allocation decisions during the quarter mean that Ambea received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies.

[3] Shows the contracts started up or handed back during the quarter and their annual revenue.

Altiden

Altiden is the largest private care provider in Denmark, with operations comprising elderly care, home care, rehabilitation and disability care. All over Denmark, we provide skilled care services based on respect. Approximately 1,000 employees ensure quality of life and a safe environment with a focus on development.

Operations under Own Management account for

12%

of net sales

Quarter

Net sales amounted to SEK 131 million (0). All of Altiden's operations comprise units from the acquisition of Aleris Omsorg.

Net sales in Own Management amounted to SEK 16 million (0). After the end of the quarter, the Municipality of Greve awarded the contract to build a new nursing home under own management in the municipality to Altiden and its construction partner.

Net sales in Contract Management amounted to SEK 115 million (0). No new allocation decisions were announced during the quarter. No management contracts were started up or terminated during the quarter.

EBITA was SEK 0 million (0). EBITA was negatively impacted by acquisition costs of SEK 2 million.

The EBITA margin was 0.1 per cent (0).

During the quarter, Casablanca Bo & Ehrverv ApS, which provides residential care for people with disabilities, was acquired. An agreement to acquire Vivamus A/S was signed during the quarter. Vivamus A/S provides residential care for people with disabilities in the Copenhagen region.

January-December period

Net sales amounted to SEK 484 million (0). All of Altiden's operations comprise units from the acquisition of Aleris Omsorg.

Net sales in Own Management amounted to SEK 59 million (0). During the period, the start-up of opened operations developed better than planned due to an improved occupancy trend.

Net sales in Contract Management amounted to SEK 425 million (0). No new allocation decisions were announced during the period. No management contracts were started up or terminated during the quarter.

EBITA was SEK -12 million (0). EBITA was negatively impacted by higher costs for building up a separate organisation in Altiden and strengthening that organisation for future growth. Earnings were negatively impacted by a loan loss reserve of SEK 5 million for a management contract, and acquisition costs of SEK 2 million.

The EBITA margin was -2.5 per cent (0).

SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	131	131	–	–	484	484	–	–
EBITA	0	0	–	–	-12	-12	–	–
Operating margin, EBITA (%)	0.1	0.1	–		-2.5	-2.5	–	

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.
[3] Relates to the change between 2018 and 2019 with account for IFRS 16.

Own Management – total in operation

	OB		Quarterly change		CB	
	Units	Beds/ Placements	Units	Beds/ Placements	Units	Beds/ Placements
Beds	3	35	6	51	9	86
Home-care customers	–	2,046	-	-60	-	1,986

Own Management – pipeline

		Quarterly change		
	OB	Opened during the quarter	New during thequarter[1]	CB
Beds	77	-	-	77

Contract Management – pipeline

	Allocation decisions during the quarter[2]			Started up/terminated during the quarter
	Units	Beds	Annual revenue	Annual revenue[3]
Won	–	–	–	–
Renewed confidence	–	–	–	–
Lost	–	–	–	–
Handed back to municipal management	–	–	–	–

[1] New refers to the total sum of signed contracts and units under construction. For more information about expected opening dates, refer to Own Management – pipeline under ambea.com/investor-relations/

[2] Allocation decisions during the quarter mean that Ambea received decisions during the quarter about contracts that are to be handed back or started up. The period of time between allocation and handback/start-up varies.

[3] Shows the contracts started up or handed back during the quarter and their annual revenue.

Klara

Klara is one of Sweden's leading providers of staffing services for social care. We are an authorised staffing company and are ISO certified. With personal service and long experience in the industry, Klara provides the best staffing solutions for both public and private clients. We mediate thousands of assignments every year and conduct operations throughout Sweden.

Quarter

Net sales declined 17 per cent to SEK 69 million (83). Two thirds of sales comprise revenue from customers in the public sector. The decrease was attributable to a negative trend in temporary staffing services to the private customer segment due to the introduction of VAT liability for sales. The decline was partly offset by increased sales in Klara Team, which offers qualified on-call services on a subscription basis.

EBITA was SEK 7 million (4), representing a margin of 10.1 per cent (4.8). The performance of Klara Team and effects of the completed adaptation of administrative costs continued to make a positive contribution.

January-December period

Net sales declined 9 per cent to SEK 292 million (321). Two thirds of sales comprise revenue from customers in the public sector. The decline was the result of a negative trend, primarily in the supply of temporary doctors and nurses. The lower sales were partly offset by increased sales in Klara Team, which offers qualified on-call services on a subscription basis.

EBITA was SEK 25 million (16), representing a margin of 8.6 per cent (5.0). The performance of Klara Team and effects of the completed adaptation of administrative costs made a positive contribution.

In June 2018, the Supreme Administrative Court issued a decision regarding VAT liability for staffing agencies supplying temporary care staff. For Klara, these new guidelines from the Swedish Tax Agency entail that, as of 1 July 2019, the supply of temporary care staff to municipalities, counties and private social care companies is now classified as sales subject to VAT. Parts of the administrative cost-savings programme completed in 2018 specifically addressed the need to adapt the cost mass in the staffing operations. The change led to a lower rate of provision to private customers and thus lower sales.

SEK million	2019 Oct-Dec	2019 Oct-Dec[1] excl. IFRS 16	2018 Oct-Dec	Δ[2] %	2019 Jan-Dec	2019 Jan-Dec[1] excl. IFRS 16	2018 Jan-Dec	Δ[3] %
Net sales	69	69	83	-17	292	292	321	-9
EBITA	7	7	4	75	25	25	16	56
Operating margin, EBITA (%)	10.1	10.1	4.8		8.6	8.6	5.0	

[1] Alternative performance measures.
[2] Relates to the change between October-December 2018 and October-December 2019 with account for IFRS 16.[3]
Relates to the change between 2018 and 2019 with account for IFRS 16.

Other events

New share issue

Following authorisation at the Annual General Meeting (AGM) on 16 May, Ambea conducted a rights issue of 27,001,440 shares with the aim of repaying part of the financing of the acquisition of Aleris's care operations in Sweden, Norway and Denmark. The rights issue increased the number of shares in Ambea, which amounted to 94,436,757 on the last trading day of the quarter (31 December). Ambea generated proceeds of approximately SEK 1,200 million from the rights issue, and recognised issue expenses of SEK 19 million (SEK 15 million after tax).

Incentive programmes

The AGM on 16 May 2019 resolved to introduce two new long-term incentive programmes: (i) a warrant programme for Group management and (ii) a matching share plan for certain employees in the Ambea Group. Both programmes correspond essentially to the programmes adopted in 2017 and 2018. For further information about the programmes, see information from the AGM at ambea.com/investor-relations/corporate-governance/shareholders-meeting/annual-general-meeting-2019/

Legal proceeding regarding social security costs for temporary staff in Norway

Since the first quarter, through the acquisition of Aleris's care operations, Ambea has been involved in an ongoing legal proceeding in Norway regarding social security costs for temporary staff. Ambea's exposure as a result of this proceeding is limited to NOK 30 million, which has been reserved as a provision on the combined companies' balance sheet. Ambea is working actively to increase the proportion of permanent employees in the Norwegian operations.

In the third quarter, the District Court pronounced its decision. Of the 24 parties involved in the legal proceeding, two were considered entitled to social security costs for previously delivered services. Both the defendant and Ambea have appealed the judgement to the Court of Appeal.

Tax audit in Norway

The Norwegian Tax Administration had previously initiated an audit of Aleris's care operations' reporting of tax for temporary staff. The audit continued during the quarter and Ambea is waiting for feedback on the Tax Administration's assessment.

Tax audit in Sweden

In 2018, Ambea received a reassessment notice from the Swedish Tax Agency regarding VAT of SEK 12 million, including tax surcharges, for prior years in Ambea AB (publ). The reassessment was mainly related to input VAT on costs arising from the IPO in 2017. The company has appealed the Swedish Tax Agency's preliminary decision and is awaiting further assessment in the Administrative Court, which is why no provision has been made for the cost.

Legal dispute in Norway

During the quarter, lawsuits were filed against Ambea citing the previously communicated irregularities in Norway, which are described in the Q1 report for 2019. The dispute concerns circumstances that existed prior to the acquisition of Aleris's care operations in Norway, and estimated costs associated with the case have already been reserved in the combined companies' balance sheet.

Evaluation of financial targets

In connection with the acquisition of Aleris Omsorg, Ambea's Board announced that the company's financial targets would be evaluated in autumn 2019. During the quarter, the Board decided to confirm the existing financial targets. Ambea's financial targets are as follows:

Growth	An annual growth rate of 8-10 per cent in total income through a combination of organic growth and acquisitions
Profitability	An adjusted EBITA margin of 9.5 per cent in the medium-term
Capital structure	The net debt to adjusted EBITDA ratio (excluding effects of IFRS 16) should not exceed 3.25 times. However, net debt may temporarily exceed this figure, for example in connection with acquisitions.

Dividend policy	30 per cent of profit for the year will be distributed. The proposed dividend should take Ambea's long-term growth opportunities, future earnings, financial position and general financial and operational circumstances into consideration.

Related-party transactions

During the quarter, no transactions took place between Ambea and its related parties that had any material impact on the company's position and earnings. The nature and volume of transactions remained unchanged during the period compared with the preceding year.

Events after the end of the quarter

On 9 January, Ambea became the owner of Vivamus A/S.

After the end of the quarter, a restructuring programme was initiated in Norway. The aim of the programme is to centralise support functions and strengthen local leadership. The programme is expected to achieve annual savings of about SEK 30 million, which will be realised gradually as of the second quarter of 2020. Items affecting comparability of about SEK 45 million are expected to be charged to the first six months of 2020. The programme is expected to have full effect by end of 2020.

Seasonal variations

Ambea's operating profit is affected by seasonal variations, weekends and public holidays.

Weekends and public holidays reduce Ambea's profitability due to higher personnel costs for inconvenient working hours. The first or second quarter is affected by Easter, depending on which quarter the Easter holiday falls, while the first and fourth quarter are affected by Christmas and New Year holidays. In the fourth quarter of 2019, the company was negatively effected by estimated seasonal effect of SEK 10 million compared to the same period last year.

The company's personnel costs are similarly affected when employees take out their holidays. For example, the company is most profitable in the third quarter, as employees usually take their holidays during July and August and therefore receive holiday pay that is continuously accrued throughout the year. Costs during the summer months are also generally lower due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, during this period.

Employees

The average number of full-time employees (FTEs) during the year was 13,214 (7,435), the increase is mainly due to acquisitions.

Parent Company

The Parent Company's earnings pertain to Group-wide costs. During the quarter, Parent Company net sales amounted to SEK 3 million (9). Quarterly loss after financial items totalled SEK -4 million (-5).

Risks and uncertainties

Ambea is exposed to a variety of risks and attaches great importance to continuously analysing, minimising and managing these risks. The risk assessment is also central to the annual strategy process, where specific risks in relation to the company's ability to achieve its financial targets and strategic ambitions are evaluated. Ambea has identified the following risks: brand risks, industry and market risks, compliance and legal risks, operational risks and financial risks. For a description of these risks and how they are managed, refer to pages 45–47 of the 2018 Annual Report.

Other information

The company's auditors have not reviewed this report.

The Board of Directors' assurance

The Board of Directors and Chief Executive Officer hereby provide their assurance that this year-end report provides a true and fair overview of the operations, position and earnings of the Parent Company and the Group, and describes the material risks and uncertainties facing the Parent Company and the companies in the Group.

Stockholm, 13 February 2020

Lena Hofsberger
Chair of the Board

Daniel Björklund | **Anders Borg** | **Lars Gatenbeck**

Liselott Kilaas | **Gunilla Rudebjer** | **Mikael Stöhr**

Patricia Briceño
Employee representative

Charalampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Annual General Meeting 15 May

The 2020 Annual General Meeting will be held at 10:00 a.m. in Ambea's head office, Evenemangsgatan 21, in Solna, Sweden.

Shareholders who wish to have a matter addressed by the AGM must submit a written request to arsstamma@ambea.se or by post to:

Ambea AB
Att: Jacob Persson
Box 1565
SE-171 29 Solna
Sweden

The Board of Directors must receive the request by 27 March 2020.

Presentation of fourth quarter 2019

Ambea will hold a presentation for the financial market, with the possibility to participate by teleconference, at 10:00 a.m. CET, on Friday, 14 February 2020. The presentation will be held in English, and be available as a webcast at ambea.se

Call-up information

To make sure that the hook-up to the conference call works, please call at least five minutes before the conference call's start time to register, use the code: 8574348.

Phone numbers

Sweden:	+46 (0)8 506 921 80
UK:	+44 (0)20 71 92 80 00
US:	+1 63 15 10 74 95

Contact

Jacob Persson, Head of Group Business Control & IR, telephone +46 (0)708 64 07 52

Forthcoming report occasions

Annual Report	9 April 2020
Q1 interim report for 2020	13 May 2020
Annual General Meeting	15 May 2020
Q2 interim report for 2020	19 August 2020
Q3 interim report for 2020	5 November 2020

Ambea is the leading private care company in Sweden, Norway and Denmark, with more than 900 units and approximately 26,000 employees. Within our group of companies, we provide residential facilities, support, education and social care staffing. We aim to be the quality leader in all that we do and our vision is to make the world a better place, one person at a time. The company was founded in 1996, is headquartered in Solna and listed on Nasdaq Stockholm. ambea.se

Consolidated income statement in summary

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
OPERATING INCOME				
Net sales	2,804	1,550	11,040	6,076
Other operating income	37	25	99	70
Total operating income	**2,841**	**1,575**	**11,139**	**6,146**
OPERATING EXPENSES				
Consumables	-71	-49	-383	-184
Other external costs	-398	-354	-1,532	-1,252
Personnel costs	-2,042	-1,074	-7,851	-4,142
Depreciation, amortisation and impairment of tangible and intangible assets	-219	-33	-845	-135
Profit/loss from participations in Group companies	–	–	0	-4
Other operating expenses	-1	-1	-3	-1
Operating expenses	**-2,731**	**-1,511**	**-10,614**	**-5,717**
OPERATING PROFIT	**110**	**64**	**525**	**429**
Financial income	2	3	12	2
Financial expenses	-65	-10	-261	-40
Net financial items	**-63**	**-10**	**-249**	**-38**
PROFIT AFTER NET FINANCIAL ITEMS	**47**	**54**	**276**	**391**
PROFIT BEFORE TAX	**47**	**54**	**276**	**391**
Tax on profit for the period	-11	-22	-61	-96
PROFIT FOR THE PERIOD	**36**	**32**	**215**	**295**
Profit for the period attributable to shareholders of the Parent Company	**36**	32	**215**	295
Earnings per share before dilution, SEK	0.39	0.43	2.52	3.95
Earnings per share after dilution, SEK	0.39	0.43	2.51	3.94

Consolidated statement of comprehensive income in summary

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
PROFIT FOR THE PERIOD AFTER TAX	**36**	**32**	**215**	**295**
OTHER COMPREHENSIVE INCOME, ITEMS NOT TRANSFERABLE TO PROFIT OR LOSS				
Remeasurement of defined-benefit pension plans	3	-	-9	–
Tax related to remeasurement of defined-benefit pension plans	2	-	2	–
Total items not transferable to profit or loss	5	-	-7	**–**
OTHER COMPREHENSIVE INCOME, ITEMS TRANSFERABLE TO PROFIT OR LOSS				
Translation differences	-25	-15	-13	5
Hedging of net investments in foreign operations	5	13	-7	-5
Cash flow hedges	1	-	2	–
Hedging cost reserve	0	-	-4	–
Tax	-1	-3	2	1
Total items transferable to profit or loss	-21	**-5**	-19	**1**
Total other comprehensive income	-15	**-5**	-25	**1**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	21	**27**	190	**296**
Comprehensive income for the period attributable to shareholders of the Parent Company	21	27	190	296

Earnings per share

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	36	32	215	295
Earnings per share before dilution				
Average number of shares, thousands	94,473	74,780	85,727	74,798
Earnings per share before dilution, SEK	0.39	0.43	2.52	3.95
Earnings per share after dilution				
Average number of shares, thousands	94,585	74,834	85,837	74,835
Earnings per share after dilution, SEK	0.39	0.43	2.51	3.94

Consolidated balance sheet in summary

SEK million	31 Dec 2019	31 Dec 2018
ASSETS		
Fixed assets		
Goodwill	6,532	4,025
Customer contracts and customer relationships	607	446
Other intangible assets	24	22
Right-of-use assets[1]	4,698	–
Tangible assets	251	211
Derivative instruments	3	0
Deferred tax assets	54	35
Non-current receivables	101	91
Total fixed assets	**12,270**	**4,830**
Current assets		
Inventories	0	0
Accounts receivable	1,078	622
Other receivables	67	68
Prepaid expenses and accrued income	261	167
Cash and cash equivalents	52	62
Total current assets excluding assets held for sale	**1,458**	**919**
Assets held for sale	82	74
Total current assets	**1,540**	**993**
TOTAL ASSETS	**13,810**	**5,823**

[1] In previous periods, right-of-use assets relating to leased cars were recognised as tangible assets.

Consolidated balance sheet in summary – continuation

SEK million	31 Dec 2019	31 Dec 2018
EQUITY AND LIABILITIES		
Equity		
Share capital	2	2
Other capital contributions	6,165	4,965
Reserves	-17	1
Retained earnings including profit or loss for the period	-2,114	-2,243
Total equity attributable to shareholders of the Parent Company	**4,036**	**2,725**
Non-controlling interests	–	–
Total equity	**4,036**	**2,725**
Non-current liabilities		
Non-current interest-bearing liabilities	961	614
Lease liabilities[1]	4,170	–
Other non-interest-bearing liabilities	0	0
Pension provisions	39	4
Other provisions	48	0
Deferred tax liabilities	173	127
Total non-current liabilities	**5,390**	**745**
Current liabilities		
Current interest-bearing liabilities	-	37
Commercial papers	2,228	1,404
Lease liabilities[2]	610	–
Accounts payable	266	198
Tax liabilities	53	93
Other non-interest-bearing liabilities	200	74
Accrued expenses and deferred income	1,027	547
Total current liabilities	**4,384**	**2,353**
TOTAL EQUITY AND LIABILITIES	**13,810**	**5,823**

Consolidated statement of changes in equity in summary

SEK million	2019 Jan-Dec	2018 Jan-Dec
Opening balance according to adopted Annual Report	**2,707**	**2,480**
Opening balance adjustment[3]	18	18
Opening balance adjustment	**2,725**	**2,498**
Total comprehensive income	190	296
Transactions with shareholders		
Warrants issued	–	3
Share buybacks	-5	-4
New share issue	1,215	–
Issue expenses	-15	–
Dividends	-74	-68
Closing balance	**4,036**	**2,725**

[1] In the previous period, lease liabilities relating to leased cars were recognised as non-current interest-bearing liabilities.
[2] In the previous period, lease liabilities relating to leased cars were recognised as current interest-bearing liabilities.
[3] Opening balance is adjusted due to changes in the value of participations in tenant-owner associations, see Note 1.

Consolidated cash flow statement in summary

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
OPERATING ACTIVITIES				
Profit before tax	47	55	276	391
Adjustment for non-cash items	181	31	810	134
Cash flow from operating activities before working capital and tax	**228**	**86**	**1,087**	**525**
Tax paid	-7	-9	-119	-60
Cash flow from operating activities before changes in working capital	**222**	**77**	**968**	**465**
CASH FLOW FROM CHANGES IN WORKING CAPITAL				
Change in operating receivables	90	5	70	36
Change in operating liabilities	183	83	-55	37
Cash flow from operating activities	**495**	**165**	**982**	**538**
INVESTING ACTIVITIES				
Investment in intangible assets	-1	1	-7	-1
Investment in tangible assets	-23	-18	-115	-38
Divestment of tangible assets	–	1	11	7
Free cash flow	**471**	**149**	**872**	**506**
Acquisition and disposal of shares and participations	6	0	-2,614	-368
Other financial assets	-1	0	-4	0
Cash flow from investing activities	**-19**	**-17**	**-2,729**	**-400**
Cash flow after investing activities	**476**	**149**	**-1,746**	**139**
FINANCING ACTIVITIES				
New loans/Loans raised	832	1,020	8,911	1,399
Repayment of loan liabilities	-1,431	-1,369	-6,221	-1,405
Repayment of lease liability	-138	–	-581	–
Change in revolving credit facility	103	176	-1,492	-89
New share issue	–	1	1,200	1
Premiums for warrants	–	–	–	2
Share buybacks	-5	-4	-5	-4
Dividends paid	–	–	-74	-68
Cash flow from financing activities	**-639**	**-176**	**1,739**	**-164**
CASH FLOW DURING THE PERIOD	-163	-27	-6	-25
Cash and cash equivalents on the opening date	215	80	62	87
Exchange rate differences in cash and cash equivalents	0	9	-4	0
Cash and cash equivalents on the closing date	**52**	**62**	**52**	**62**

Parent Company income statement in summary

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
INCOME				
Net sales	3	9	17	29
Total income	**3**	**9**	**17**	**29**
OPERATING EXPENSES				
Other external costs	-3	-8	-15	-22
Personnel costs	-3	-6	-16	-25
Amortisation of intangible assets	0	0	0	0
Operating expenses	**-6**	**-14**	**-32**	**-47**
OPERATING LOSS	**-3**	**-5**	**-15**	**-18**
Financial items	-2	0	-59	2
LOSS AFTER FINANCIAL ITEMS	**-4**	**-5**	**-74**	**-16**
Appropriations	199	15	199	15
PROFIT/LOSS BEFORE TAX	**194**	**10**	**124**	**-1**
Tax on profit for the period	-27	0	-27	–
PROFIT FOR THE PERIOD	**168**	**10**	**98**	**-1**

Parent Company balance sheet in summary

SEK million	31 Dec 2019	31 Dec 2019
ASSETS		
Intangible assets		
Software	1	1
Financial assets		
Participations in Group companies	7,208	4,129
Other financial assets	–	32
Derivative assets	3	–
Total fixed assets	**7,213**	**4,162**
Current assets		
Receivables from Group companies[1]	2,555	2,285
Other receivables	12	16
Tax assets	–	2
Prepaid expenses and accrued income	11	4
Cash and bank balances	0	0
Total current assets	**2,579**	**2,305**
TOTAL ASSETS	**9,792**	**6,469**
EQUITY AND LIABILITIES		
Share capital	2	2
Statutory reserve	0	0
Total restricted equity	**2**	**2**
Share premium reserve	1,403	200
Retained earnings	1,771	1,852
Profit/loss for the period	98	-1
Total non-restricted equity	**3,272**	**2,051**
TOTAL EQUITY	**3,274**	**2,053**
Untaxed reserves	33	–
Non-current liabilities		
Liabilities to credit institutions[1]	965	579
Total non-current liabilities	**965**	**579**
Current liabilities		
Commercial papers	2,228	1,404
Accounts payable	1	7
Tax liabilities	20	-
Liabilities to Group companies[1]	3,253	2,396
Other liabilities	0	2
Accrued expenses and deferred income	17	28
Total current liabilities	**5,520**	**3,837**
TOTAL EQUITY AND LIABILITIES	**9,792**	**6,469**

[1] From the fourth quarter of 2019, the entire cash pool has been recognised as liability in the Parent Company. The Group's indebtedness has not been impacted. The comparative figures have been restated for comparabiity.

Key financial figures

SEK million	2019 Oct-Dec	2019 Oct-Dec- excl. IFRS 16	2018 Oct-Dec	%	2019 Jan-Dec	2019 Jan-Dec excl. IFRS 16	2018 Jan-Dec	%
Net sales	2,804	2,804	1,550	81	11,040	11,040	6,076	82
Growth in net sales (%)	81	81	6		82	82	4	
EBITDA	329	147	97	239	1,370	659	564	143
Operating margin, EBITDA (%)	11.7	5.2	6.3		12.4	6.0	9.3	
Items affecting comparability	9	9	35	-74	138	138	39	234
Adjusted EBITDA	338	156	132	156	1,508	796	603	150
Operating margin, adjusted EBITDA (%)	12.1	5.5	8.5		13.7	7.2	9.9	
EBITA	145	121	85	71	650	556	508	28
Operating margin, EBITA (%)	5.2	4.3	5.5		5.9	5.0	8.4	
Adjusted EBITA	154	130	120	156	788	694	547	43
Operating margin, adjusted EBITA (%)	5.5	4.6	7.7		7.1	6.3	9.0	
Operating profit, EBIT	110	86	64	72	525	431	429	22
Operating margin, EBIT (%)	3.9	3.0	4.1		4.8	3.9	7.1	
Profit before tax	47	62	54	-13	276	340	391	-29
Profit after tax	36	48	32	13	215	265	295	-27
Earnings/loss per share before dilution, SEK	0.39	0.50	0.43	-9	2.52	3.10	3.95	-36
Earnings/loss per share after dilution, SEK	0.39	0.50	0.43	-9	2.51	3.09	3.94	-36
Return on equity (%)	0.9	1.2	1.2		6.4	7.8	11.3	
Operating cash flow	562	380	202	178	1,418	707	648	117
Free cash flow	471	330	149	216	872	321	506	72
Cash conversion (%)	166.3	244.0	153.0		94.0	88.7	107.5	

Notes

Note 1 Accounting policies

This year-end report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, as well as the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, and RFR 2 Accounting for Legal Entities. The accounting policies applied are consistent with those applied in the preparation of the most recent annual report, except for hedge accounting. Hedge accounting in accordance with IFRS 9 was applied to the hedge agreements signed in March 2019. Hedge accounting in accordance with IFRS 9 is applied as of 1 January 2019. Existing hedge relationships in line with IAS 39 meet the criteria for continued hedge accounting in accordance with IFRS 9, and no effects arose as a result of the transition.

New or revised IFRS standards

IFRS 16 Leases took effect on 1 January 2019 and supersedes the previous IFRS related to lease accounting. For a more detailed description of accounting policies, refer to Note G1 in the 2018 Annual Report.

Choice of method and exceptions

Ambea has elected to apply the simplified approach, which requires a restatement on the transition date by adjusting the opening balance at 1 January 2019. Ambea has also elected to apply the transitional exemptions, which allow entities to exclude short-term assets and low-value assets.

Discounting

For contracts with terms of less than three years, an incremental borrowing rate of 1.75 per cent is used. For contracts with terms of three years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR and the equivalent for Norway, and added a margin of 1.75 per cent.

Transition effects, IFRS 16

Given that the transition to IFRS 16 will have a material impact on the financial statements, Ambea has elected to recognise a reconciliation between its commitments for operating leases at the end of 2018 and its lease liability at the start of 2019.

In Note G1 in the 2018 Annual Report and in this interim report, selected key figures are presented without the effects of IFRS 16. For definitions, refer to Note 9, and for reconciliation with IFRS financial statements, refer to Note 8.

Earnings per share

Due to the completed new share issue, the comparative figures for earnings per share were restated to reflect the bonus issue element.

Adjustment of value of participations in tenant-owner associations

Participations in tenant-owner associations were previously measured at cost. All participations have been acquired through business combinations, and in the acquisition analyses, the carrying amount of the participations has been assumed to correspond to fair value. During the year, the market value of the participations was determined, and the analysis shows that fair value exceeds the carrying amount by SEK 65 million. The change in value was recognised as follows: the value of the tenant-owned apartments acquired through business combinations in 2016 and 2017 was adjusted against goodwill, while tenant-owned apartments acquired in business combinations in 2009 were adjusted against retained earnings. The assessment is that value continued to increase until 2017, which is why adjustments are made against the opening balance in 2018. The comparative year of 2018 was impacted as follows: goodwill declined SEK 33 million, retained earnings increased SEK 18 million, non-current receivables increased SEK 65 million and deferred tax increased SEK 13 million. Any future changes in value will be recognised in other comprehensive income.

Reconciliation of operating lease capitalisation

SEK million	Group
Obligations for operating leases excl. extension options at 1 January 2019	3,730
Extension options	142
Liabilities for finance leases at 1 January 2019	39
Discounting with the Group's weighted average incremental borrowing rate	-523
Short-term leases	-36
Right-of-use assets recognised at 1 January 2019	**3,352**

Note 2 Key judgements and estimates

For information about key judgements and estimates in this interim report, refer to Note G32 in the company's 2018 Annual Report.

Note 3 Segment information

Due to the acquisition of Aleris's care operations, a segment comprising the Danish operations has been added. The name of the Norwegian operations has now been changed from Heimta to Stendi, and also includes the operations acquired from Aleris.

Vardaga Comprises elderly care in Sweden.

Nytida Comprises care for people with functional disabilities in Sweden.

Stendi Comprises support for children and youth, personal assistance, residential care, elderly care and home care in Norway.

Altiden Comprises operations in elderly care, home care, social care and disability care in Denmark.

Klara Comprises staffing solutions, such as the supply of temporary doctors, nurses and other care workers, in Sweden.

Segments

October-December 2019 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	915	919	770	131	69	–	–	2,804
Other operating income	8	8	14	1	16	6	-16	37
Internal transactions	–	–	–	–	-16	–	16	–
Total income from external customers	**923**	**927**	**783**	**132**	**69**	**6**	–	**2,841**
EBITA	**39**	**120**	**-6**	**0**	**7**	**-15**	–	**145**
EBITA margin, %	*4.3*	*13.1*	*-0.8*	*0.0*	*10.1*	–	–	*5.2*
Items affecting comparability	–	–	–	–	–	9	–	9
Adjusted EBITA	**39**	**120**	**-6**	–	**7**	**-6**	–	**154**
Adjusted EBITA margin, %	*4.3*	*13.1*	*-0.8*	*0.0*	*10.1*	–	–	*5.5*
Amortisation of intangible assets								-35
Operating profit (EBIT)								**110**
Net financial items								-63
Profit after net financial items								47
Profit before tax								**47**
Tax on profit for the period								-11
PROFIT FOR THE PERIOD								**36**
ASSETS	**5,257**	**5,905**	**2,069**	**246**	**180**	**150**	–	**13,807**

October-December 2018 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	560	754	153	–	83	–	–	1,550
Other operating income	7	4	4	–	10	10	-10	25
Internal transactions	–	–	–	–	-10	–	10	–
Total income from external customers	**567**	**758**	**157**	–	–	**10**	–	**1,575**
EBITA	**34**	**84**	**4**	–	**4**	**-41**	–	**85**
EBITA margin, %	*6.1*	*11.2*	*2.6*	–	*4.8*	–	–	*5.5*
Items affecting comparability	–	–	–	–	–	35	–	35
Adjusted EBITA	**34**	**84**	**4**	–	**4**	**-6**	–	**120**
Adjusted EBITA margin, %	*6.1*	*11.2*	*2.6*	–	4.8	–	–	*7.7*
Amortisation of intangible assets								-21
Operating profit (EBIT)								**64**
Net financial items								-10
Profit after net financial items								54
Profit before tax								**54**
Tax on profit for the period								-22
PROFIT FOR THE PERIOD								**32**
ASSETS	**1,374**	**3,626**	**511**	–	**177**	**104**	–	**5,792**

[1] The "Unallocated items" column consists of centrally approved costs for general central administration, restructures, acquisitions and IPO costs.

Segments

January-December 2019 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	3,494	3,664	3,106	484	292	–	–	11,040
Other operating income	20	19	41	2	50	17	-50	99
Internal transactions	–	–	–	–	-50	–	50	–
Total income from external customers	**3,514**	**3,684**	**3,147**	**485**	**292**	**17**	–	**11,139**
EBITA	**207**	**512**	**44**	**-12**	**25**	**-126**	–	**650**
EBITA margin, %	*5.9*	*14.0*	1.4	-2.5	*8.6*	–	–	*5.9*
Items affecting comparability	–	–	–	–	–	138	–	138
Adjusted EBITA	**207**	**512**	**44**	**-12**	**25**	**12**	–	**788**
Adjusted EBITA margin, %	*5.9*	*14.0*	1.4	-2.5	*8.6*	–	–	*7.1*
Amortisation of intangible assets								-125
Operating profit (EBIT)								**525**
Net financial items								-249
Profit after net financial items								276
Profit before tax								**276**
Tax on profit for the period								-61
PROFIT FOR THE PERIOD								**215**
ASSETS	**5,257**	**5,905**	**2,069**	**246**	**180**	**150**	–	**13,807**

January-December 2018 SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items[1]	Group adjustments	Group
OPERATING INCOME								
Net sales	2,224	2,982	548	–	321	1	–	6,076
Other operating income	22	15	13	–	36	20	-36	70
Internal transactions	–	–	–	–	-36	–	36	–
Total income from external customers	**2,246**	**2,997**	**561**	–	**321**	**21**	–	**6,146**
EBITA	**159**	**369**	**33**	–	**16**	**-69**	–	**508**
EBITA margin, %	*7.1*	*12.3*	*6.0*	–	*5.0*	–	–	*8.4*
Items affecting comparability	–	–	–	–	–	39	–	39
Adjusted EBITA	**159**	**369**	**33**	–	**16**	**-30**	–	**547**
Adjusted EBITA margin, %	*7.1*	*12.3*	*6.0*	–	*5.0*	–	–	*9.0*
Amortisation of intangible assets								-79
Operating profit (EBIT)								**429**
Net financial items								-38
Profit after net financial items								**391**
Profit before tax								**391**
Tax on profit for the period								-96
PROFIT FOR THE PERIOD								**295**
ASSETS	**1,374**	**3,670**	**511**	–	**177**	**91**	–	**5,823**

[1] The "Unallocated items" column consists of centrally approved costs for general central administration, restructures, acquisitions and IPO costs.

Note 4 Income

Jan-Dec	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Own Management	2,061	1,118	3,173	2,500	2,736	548	59	–	–	–	8,029	4,166
Contract Management	1,433	1,106	491	483	370	–	425	–	–	–	2,719	1,589
Staffing	–	–	–	–	–	–	–	–	292	321	292	321
Total	**3,494**	**2,224**	**3,664**	**2,982**	**3,106**	548	**484**	–	292	321	**11,040**	**6,076**

Note 5 Business combinations

Aleris's care operations

On 16 October 2018, it was announced that Ambea had agreed to acquire Aleris Omsorg. Aleris Omsorg conducts care operations in Sweden, Norway and Denmark. Ambea acquired 100 per cent of the shares in the Parent Company, Aleris Care AB, on 21 January 2019, following approval from the relevant competition authorities, for a purchase price of approximately SEK 2,600 million on a debt-free, cash-free basis at the transfer date. The acquisition makes Ambea the largest care services provider in Scandinavia. The acquisition of Aleris Omsorg creates a stable platform for future organic growth and significant potential for both direct cost synergies and operational improvements. In addition to direct cost synergies of SEK 90 million and identified operational improvements of SEK 30 million, Ambea expects that additional efficiencies can be realised over the next two to three years.

The acquisition was recognised using the acquisition method, and Aleris's Care Operations have been included in the financial statements for the Ambea Group since 21 January 2019.

Acquired receivables mainly comprise accounts receivable. As these are expected to be paid, in all material respects, the fair value is consistent with the carrying amount. Aleris's customers are predominantly municipalities, whereby credit risk is deemed low.

In the acquisition analysis, the provisions line item was adjusted, since additional reserve requirements were identified for acquired units, most of which pertain to disputes related to the legal proceeding regarding social security costs for temporary staff in Norway. The dispute existed prior to the acquisition date.

Acquired lease liabilities have been measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease was new at the acquisition date. Calculations have been made using the same methodology and assumptions as when the effects of IFRS 16 were calculated for Ambea, and are presented in Note G6 in the 2018 Annual Report. At the acquisition date, right-of-use assets have been measured at the same amount as lease liabilities.

Goodwill arising is primarily attributable to human capital, the Own Management pipeline, a stronger market position and expected synergies. The expected direct cost synergies amounts to a total of SEK 90 million per year, of which half was realised in 2019 and the remaining will be realised in 2020. Identified operational improvements are expected to amount to SEK 30 million annually, and realised in 2020. Integration costs related to the acquisition totalled SEK 113 million, of which the majority were recognised in 2019.

Since the acquisition date, Aleris Omsorg has contributed SEK 4,804 million to net sales, and SEK 80 million to profit before tax. If the acquisition had taken place on 1 January 2019, Aleris Omsorg would have contributed SEK 5,086 million to net sales, and SEK 83 million to profit before tax.

Impact of the acquisition of Aleris Omsorg

SEK million	Q1	Q2	Q3	Q4	2019 Jan-Dec
Net sales	981	1,320	1,269	1,234	**4,804**
Profit before tax	-1	26	57	-2	**80**

Other acquisitions

The consideration (purchase price) transferred for the acquisitions comprised cash in the amount of SEK 48 million. These acquisitions generated goodwill of SEK 41 million, corresponding to the difference between the consideration transferred and the acquired net assets identified. Goodwill primarily relates to synergies arising from coordination gains within administration.

Since the respective date of acquisition, other acquisitions have contributed SEK 17 million to net sales and SEK 0 million to profit before tax. If the acquisitions had taken place on 1 January 2019, the companies would have contributed SEK 93 million to net sales and SEK 4 million to profit before tax.

Pusselbiten

On 1 July, Ambea's Nytida business area acquired En bit Extra AB and its subsidiaries (Pusselbiten schools). Pusselbiten provides compulsory comprehensive school education for students with and without special needs, specialising in individuals with an autism spectrum disorder or an intellectual disability. The operations comprise two schools, after-school activities, short-term supervision and short-term accommodation in accordance with the Swedish Act concerning Support and Service for Persons with Certain Functional Impairments (LSS). In 2018, Pusselbiten generated revenue of SEK 36 million.

Famntaget Omsorg

On 29 November, Ambea's Vardaga business area acquired all shares in Famntaget Omsorg AB. The company provides home care in central Stockholm. Famntaget Omsorg is a family-owned company founded in 2009. The company provides home care for people with dementia. Famntaget Omsorg has approximately 150 customers, about 40 employees and in 2018, generated revenue of SEK 20 million.

Casablanca

On 9 December, Ambea's Altiden business area acquired shares in Casablanca Bo & Ehrverv ApS, which provides residential care for people with disabilities. In 2018/2019, Casablanca generated revenue of DKK 29 million.

Vivamus

During the quarter, Ambea's Altiden business area signed an agreement to acquire Vivamus A/S. Vivamus A/S provides residential care for people with disabilities in the Copenhagen region. In 2018, Vivamus generated revenue of DKK 63 million. The transfer date was 8 January 2020.

Net assets of acquired units on the acquisition date

SEK million	Aleris	Other	Fair value recognised in the Group
Tangible assets	100	3	103
Intangible assets	277	–	277
Financial assets	40	2	42
Right-of-use assets	1,412	11	1,423
Accounts receivable and other receivables	605	17	621
Cash and cash equivalents	455	10	464
Non-current interest-bearing liabilities	2	–	2
Deferred tax liability	59	–	59
Pension provisions	26	–	26
Other provisions	98	2	100
Lease liabilities	1,412	11	1,423
Accounts payable and other liabilities	735	14	749
Net identifiable assets and liabilities	**557**	**16**	**573**
Group goodwill	2,484	41	2,525
Price of shares	**3,041**	**58**	**3,099**
Cash (acquired)	455	10	465
Purchase consideration (net cash outflow)	**2,586**	**48**	**2,634**
Change in the Group's goodwill			
Opening balance according to previously adopted balance sheet			**4,058**
Opening balance adjustment, see Note 1			**-33**
Opening balance adjustment, 1 January 2019			**4,025**
Acquisitions for the year			2,525
Translation difference			-18
Closing cumulative cost			**6,532**

Note 6 Fair value of financial instruments in the fair value hierarchy

Ambea applies the following hierarchy for the fair value measurement of financial instruments:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes Eligible treasury bills, Bonds and Other interest-bearing securities. Remeasurement is recognised under Financial items.

Level 2 – Observable data for assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations). This level includes derivative instruments that are recognised under Other current assets or Other current liabilities.

Level 3 – Data for assets or liabilities not based on observable market data.

Ambea has loans denominated in both SEK and NOK and is thereby exposed to interest-rate risk. According to the company's financial policy, at least 50 per cent of the interest-rate risk should be hedged. To reduce the company's interest-rate risk, the company purchased an interest-rate swap and an interest rate cap in March 2019, both with maturities of three years. In total, 63 per cent of the company's interest-rate risk is hedged through interest-rate derivatives.

Derivatives are classified as Level 2 assets in the fair value hierarchy. The change in fair value of the interest rate cap is recognised in other comprehensive income and SEK 3 million was charged against other comprehensive income for the quarter. At 31 December 2019, the value of derivatives was SEK 3 million. Ambea uses the standard report of issuing banks for the market valuation of purchased interest-rate caps. The measurement is based on the bank's standard pricing model and method. The measurement is based on the bank's average price.

Consolidated assets and liabilities measured at fair value

SEK million	31 Dec 2019	31 Dec 2018
Interest-rate derivatives	3	0
Contingent consideration	1	–

Note 7 Pledged assets and contingent liabilities

SEK million	31 Dec 2019	31 Dec 2018
Leased assets	66	80
Chattel mortgages	7	10
Real estate mortgages	9	9
Total pledged assets	**82**	**101**

Contingent liabilities

The Group is sometimes involved in lawsuits and legal proceedings that are related to day-to-day business activities. The claims relate to, but are not limited to, the Group's business practices, personnel matters and tax issues. With respect to matters that do not require any provisions, the Group, based on information that is currently available, is of the opinion that these will not result in any significantly negative effects on the Group's financial results.

Note 8 Reconciliation with IFRS financial statements

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Growth/Acquired growth				
Growth in net sales (%)	81	6	82	4
Of which acquired growth (%)	80	6	81	5
Of which currency effect (%)	0	0	0	0
Of which organic growth (%)	1	0	1	-1
Operating margin (EBIT)				
Net sales	2,804	1,550	11,040	6,076
Operating profit (EBIT)	110	64	525	429
Operating margin, EBIT (%)	**3.9**	**4.1**	**4.8**	**7.1**
EBITA and adjusted EBITA				
Operating profit (EBIT)	110	64	525	429
Amortisation and impairment of intangible assets	35	21	125	79
EBITA	**145**	**85**	**650**	**508**
Items affecting comparability	9	35	138	39
Adjusted EBITA	**154**	**120**	**788**	**547**
Net sales	2,804	1,550	11,040	6,076
EBITA margin (%)	5.2	5.5	5.9	8.4
Adjusted EBITA margin (%)	5.5	7.7	7.1	9.0
EBITDA and adjusted EBITDA				
Operating profit (EBIT)	110	64	525	429
Depreciation, amortisation and impairment of tangible and intangible assets	219	33	845	135
EBITDA	**329**	**97**	**1,370**	**564**
Items affecting comparability	9	35	138	39
Adjusted EBITDA	**338**	**132**	**1,508**	**603**
Net sales	2,804	1,550	11,040	6,076
EBITDA margin	11.7	6.3	12.4	9.3
Adjusted EBITDA margin	12.1	8.5	13.7	9.9
EBITDA and adjusted EBITDA excluding IFRS 16				
Operating profit (EBIT)	110	n/a	525	n/a
Depreciation, amortisation and impairment of tangible and intangible assets	219	n/a	845	n/a
Additional: Rental expenses	-182	n/a	-711	n/a
Net effects of IFRS 16 on EBITDA	-182	n/a	-711	n/a
EBITDA excluding effects of IFRS 16	**147**	n/a	**659**	n/a
Items affecting comparability	9	n/a	138	n/a
Adjusted EBITDA excl. IFRS 16	**156**	n/a	**796**	n/a

Note 8 Reconciliation with IFRS financial statements – continuation

SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating cash flow				
Adjusted EBITDA	338	132	1,508	603
Adjustment for non-cash items	-38	-3	-36	-5
Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	-24	-16	-110	-32
Adjustment for cash flow from investing activities related to increased capacity/growth	13	1	42	9
Changes in working capital	273	88	15	73
Operating cash flow	**562**	**202**	**1,418**	**648**
Cash conversion (%)				
Operating cash flow	562	202	1,418	648
Adjusted EBITDA	338	132	1,508	603
Cash conversion (%)	**166.3**	**153.0**	**94.0**	**107.5**
Items affecting comparability				
Reversal of restructuring and acquisition-related costs	**9**	**35**	**138**	**35**
– of which costs included in the line item of consumables	-	–	0	–
– of which costs included in the line item of other external costs	10	34	81	34
– of which costs included in the line item of personnel costs	-1	1	52	1
– of which costs included in the line item of depreciation, amortisation and impairment	-	–	4	–
Reversal of income and costs for discontinuation of entire segments	–	–	–	**4**
Personal assistance	–			
– of which income	–	–	–	–
– of which costs included in the line item of other external costs	–	–	–	–
– of which costs included in the line item of personnel costs	–	–	–	–
– of which, profit or loss from participations in Group companies	–	–	–	4
Total items affecting comparability	**9**	**35**	**138**	**39**

Debt/equity ratio SEK million	31 Dec 2019	31 Dec 2018
Non-current interest-bearing liabilities	5,131	614
Current interest-bearing liabilities	2,838	1,441
Total interest-bearing liabilities	**7,969**	**2,055**
Total equity	4,036	2,725
Debt/equity ratio	**2.0**	**0.8**

Note 8 Reconciliation with IFRS financial statements – continuation

Net debt, net debt/Adjusted EBITDA, RTM SEK million	31 Dec 2019	31 Dec 2018
Non-current interest-bearing liabilities	5,131	614
Current interest-bearing liabilities	2,838	1,441
Less: cash and cash equivalents	-52	-62
Net debt	**7,917**	**1,993**
Adjusted EBITDA, RTM	1,508	603
Net debt/Adjusted EBITDA, RTM (times)	**5.3**	**3.3**

Equity/assets ratio SEK million	31 Dec 2019	31 Dec 2018
Total equity	4,036	2,725
Total assets	13,810	5,823
Equity/assets ratio (%)	**29.2**	**46.8**

Return on equity SEK million	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Opening equity attributable to shareholders of the Parent Company	4,018	2,702	2,725	2,498
Closing equity attributable to shareholders of the Parent Company	4,036	2,725	4,036	2,725
Average equity attributable to shareholders of the Parent Company	**4,027**	**2,714**	**3,381**	**2,612**
Profit after tax	36	32	215	295
Return on equity (%)	**0.9**	**1.2**	**6.4**	**11.3**

Profit before and after tax excluding effects of IFRS 16 SEK million	2019 Oct-Dec	2019 Jan-Dec
Profit before tax	47	276
Net effects of IFRS 16 on EBIT	-24	-94
Less: IFRS 16 effects included in the line item of Financial expenses	39	158
Net effects of IFRS 16 on profit before tax	15	64
Profit before tax excluding effects of IFRS 16	**62**	**340**
Tax on profit for the period	-11	-61
Less: Effects of IFRS 16 on deferred tax	-3	-14
Profit after tax excluding effects of IFRS 16	**48**	**265**
Earnings per share before dilution, excluding effects of IFRS 16		
No. of shares (000s)	94,473	85,727
Earnings per share before dilution, excluding effects of IFRS 16	0.50	3.10
Earnings per share after dilution, excluding effects of IFRS 16		
No. of shares (000s)	94,585	85,837
Earnings per share before dilution, excluding effects of IFRS 16	0.50	3.09

[1] Includes 9 months according to IFRS 16, and 3 months according to previous accounting policies.

Note 8 Reconciliation with IFRS financial statements – continuation

Operating cash flow excl. IFRS 16 **SEK million**	**2019** **Oct-Dec**	**2019** **Jan-Dec**
Operating cash flow	**562**	**1,418**
Less: effects of IFRS 16 on EBITDA	-182	-711
Operating cash flow excl. IFRS 16	**380**	**707**
Net sales	2,804	11,040
EBITDA margin excluding effects of IFRS 16 (%)	5.2	6.0
Adjusted EBITDA margin excluding effects of IFRS 16 (%)	5.5	7.2

Operating profit (EBIT) excluding effects of IFRS 16 **SEK million**	**2019** **Oct-Dec**	**2019** **Jan-Dec**
Operating profit (EBIT)	110	525
Less: Effects of IFRS 16 included in the line items of depreciation, amortisation and impairment of tangible and intangible assets	158	618
Additional: Rental expenses	-182	-711
Net effects of IFRS 16 on EBIT	-24	-94
EBIT excluding effects of IFRS 16	**86**	**431**
EBITA and adjusted EBITA excluding effects of IFRS 16		
Operating profit (EBIT)	110	525
Amortisation and impairment of intangible assets	35	125
Less: Effects of IFRS 16 included in the line items of depreciation, amortisation and impairment of tangible and intangible assets	158	618
Additional: Rental expenses	-182	-711
Net effects of IFRS 16 on EBITA	-24	-94
EBITA excluding effects of IFRS 16	**121**	**556**
Items affecting comparability	9	138
Adjusted EBITA excluding effects of IFRS 16	**130**	**694**
Net sales	2,804	11,040
EBITA margin excluding effects of IFRS 16 (%)	4.3	5.0
Adjusted EBITA margin excluding effects of IFRS 16 (%)	4.6	6.3

Cash conversion excl. IFRS 16 **SEK million**	**2019** **Oct-Dec**	**2019** **Jan-Dec**
Operating cash flow excluding effects of IFRS 16	**380**	**707**
Adjusted EBITDA excluding effects of IFRS 16	156	796
Cash conversion (%) excl. IFRS 16	**244.0**	**88.7**

Note 8 Reconciliation with IFRS financial statements – continuation

Free cash flow excluding effects of IFRS 16 **SEK million**	**2019 Oct-Dec**	**2019 Jan-Dec**
Free cash flow	**471**	**872**
Less: effects of IFRS 16 on EBITDA	-182	-711
Change in prepaid rents recognised on the line item of change in operating receivables	1	2
Additional: Interest payments	39	158
Free cash flow excluding effects of IFRS 16	**330**	**321**

Return on equity, excluding effects of IFRS 16 **SEK million**	**2019 Oct-Dec**	**2019 Jan-Dec**
Opening equity attributable to shareholders of the Parent Company	4,018	2,725
Net effects of IFRS 16 on opening equity	39	-
Opening equity attributable to shareholders of the Parent Company, excluding effects of IFRS 16	4,042	2,725
Closing equity attributable to shareholders of the Parent Company	4,036	4,036
Net effects of IFRS 16 on profit after tax	**50**	**50**
Of which cumulative effect in previous quarters	39	39
Closing equity attributable to shareholders of the Parent Company, excluding effects of IFRS 16	4,086	4,086
Average equity attributable to shareholders of the Parent Company, excluding effects of IFRS 16	4,072	3,406
Profit after tax, excluding effects of IFRS 16	**48**	**265**
Return on equity, excluding effects of IFRS 16 (%)	**1.2**	**7.8**

Net debt, Net debt/Adjusted EBITDA, RTM excluding effects of IFRS 16 **SEK million**	**31 Dec 2019**
Non-current interest-bearing liabilities	5,131
Less: non-current lease liabilities pertaining to properties recognised on the Lease liability line	-4,134
Current interest-bearing liabilities	2,838
Less: current lease liabilities pertaining to properties recognised on the Lease liability line	-571
Less: cash and cash equivalents	-52
Net debt excluding effects of IFRS 16	**3,213**
Adjusted EBITDA, RTM, adjusted for IFRS 16	796
Net debt/Adjusted EBITDA, RTM, excluding effects of IFRS 16	**4.0**

Equity/assets ratio excluding effects of IFRS 16 **SEK million**	**31 Dec 2019**
Total equity, excluding effects of IFRS 16	4,086
Total assets	13,810
Less: right-of-use assets attributable to property	-4,626
Less: Effects of IFRS 16 on deferred tax is recognised on the Deferred tax assets line	-14
Less: Effects of IFRS 16 on prepaid rents is recognised on the Prepaid expenses and accrued income line	-2
Total assets excluding effects of IFRS 16	**9,168**
Equity/assets ratio (%)	**44.6**

Note 9 Definitions and purpose

The definition of operating cash flow has been changed. As of the interim report for the first quarter of 2019, calculations have been based on Adjusted EBITDA, and cash flows related to increased capacity/growth have been excluded to create better visibility of the underlying cash flows for the growing proportion of Own Management, and for better comparability of the cash conversion rate. The comparative figures have been restated.

The definition of organic growth has changed to also include adjustment for currency. The comparative figures have been restated.

In 2019, alternative performance measures are presented where the effects of IFRS 16 are eliminated
to facilitate analysis with the comparative year.

Key financial figures	Definition and calculation	Purpose
Growth (%)	Growth consists of the increase in sales in relation to the comparative period. The period's increase in net sales/Net sales in the period of comparison	This key figure is used to follow up the company's sales increase
Acquired growth (%)	The period's net sales growth from acquisitions/the comparative period's net sales	The key figure used to monitor the proportion of the company's sales growth generated through acquisitions
Currency effect on growth (%)	The increase in net sales for the period attributable to change in exchange rates/Net sales in the comparative period	The key figure used to monitor the proportion of the company's sales growth generated through exchange-rate fluctuations
Organic growth (%)	The increase in net sales for the period adjusted for acquisitions, divestments and currency/Net sales in the comparative period	This key figure is used when analysing underlying sales growth driven by comparable units between different periods
Operating profit (EBIT)	Profit for the period before financial items and tax Total operating income – Operating expenses	The key figure used to monitor the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
EBITA	Operating profit before amortisation and impairment of intangible assets Operating profit (EBIT) + Amortisation and impairment of intangible assets	This key figure is used to follow up the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
Items affecting comparability	Items related to events in the company's operations that impact comparability with profit during other periods. Include: - Transaction costs attributable to major acquisitions - Major re-organisations	The key figure of Items affecting comparability is used to achieve a fair comparison of the underlying development of business operations
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets adjusted for items from events in the company's operations that affect comparisons with profit during other periods EBITA + Items affecting comparability	The key figure is used to follow up the company's profit generated by operating activities in order to obtain a fair comparison of the underlying development of business operations. This key figure enables comparisons of profitability between companies/industries

Key financial figures	Definition and calculation	Purpose
EBITDA	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets Operating profit (EBIT) + Depreciation, amortisation and impairment of tangible and intangible assets	The key figure used to follow up the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
Adjusted EBITDA	Operating profit before depreciation/amortisation and impairment of intangible and tangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods EBITDA + Items affecting comparability	This key figure is used to follow up the company's profit generated by operating activities with a fair comparison of the underlying development of the business operations. The key figure enables comparisons of profitability between companies/industries
Operating cash flow	Total cash flow from operating activities excluding tax, net financial items and items affecting comparability, as well as cash flow from investing activities excluding acquisitions and divestments of operations Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure shows the cash flow from the company's operations, excluding business combinations, company divestments, financing, tax and items affecting comparability and is used to follow up whether the company is able to generate a sufficiently positive cash flow to maintain and expand its operations
Free cash flow	Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations Cash flow from operating activities + Cash flow from investing activities excluding acquisitions and sales of subsidiaries	This key figure shows cash flow from operating activities including cash flow from investing activities excluding acquisitions and divestments of operations and is used because it is a relevant measure for investors to be able to understand the Group's cash flow from operating activities
Cash conversion (%)	Cash conversion as a percentage is defined as operating cash flow divided by adjusted EBITDA Operating cash flow/Adjusted EBITDA	The key figure used as an efficiency measure of the proportion of a company's profit that is converted to cash
Net debt	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Interest-bearing liabilities – cash and cash equivalents	This key figure is a measure of the company's debt/equity ratio and is used by the company to assess its capacity to meet its financial commitments
Net debt/Adjusted EBITDA, RTM	Net debt/Adjusted EBITDA is a measure of the debt/equity ratio defined as the closing balance for net debt in relation to rolling adjusted EBITDA. Net debt/Adjusted EBITDA, RTM	The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met
Return on equity (%)	Return on equity shows the company's return on the capital provided by its owners Profit for the period/Equity (average equity at the beginning and end of the period)	This key figure is used to show the returns generated on the capital that shareholders have invested in the company
Operating profit (EBIT) excluding effects of IFRS 16	Profit for the period before financial items and tax, adjusted for the effects of IFRS 16 EBIT + net effects of IFRS 16 on EBIT	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements

Key financial figures	Definition and calculation	Purpose
Operating margin (EBIT) excluding effects of IFRS 16	Operating profit adjusted for the effects of IFRS 16 as a percentage of net sales Operating profit (EBIT) excluding effects of IFRS 16/Net sales	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
EBITA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets, adjusted for the effects of IFRS 16 EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating margin (%)	Operating profit as a percentage of net sales. Operating profit (EBIT)/Net sales	This key figure is used to follow up the percentage of net sales from operations that remains to cover interest payments and tax and to generate a profit after the company's costs have been paid
Adjusted EBITA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
EBITDA excluding effects of IFRS 16	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets, adjusted for the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Adjusted EBITDA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITDA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating cash flow excluding effects of IFRS 16	Total cash flow, adjusted for the effects of IFRS 16, from operating activities excluding tax, net financial items and items affecting comparability as well as cash flow from investing activities excluding acquisitions and disposal of units Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Cash Conversion (%) excluding effects of IFRS 16	Cash conversion as a percentage is defined as operating cash flow divided by Adjusted EBITDA, adjusted for the effects of IFRS 16 Operating cash flow excluding the effects of IFRS 16/EBITDA excluding the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements

Key financial figures	Definition and calculation	Purpose
Free cash flow excluding effects of IFRS 16	Total cash flow from operating activities as well as cash flow from investing activities excluding acquisitions and divestments of operations, adjusted for the effects of IFRS 16 Free cash flow – net effects of IFRS 16 on EBITDA – Change in operating receivables/liabilities attributable to IFRS 16 + interest payments attributable to IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Net debt excluding effects of IFRS 16	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Net debt – lease liabilities related to properties	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Net debt / Adjusted EBITDA, RTM excluding effects of IFRS 16	Net debt/Adjusted EBITDA excluding the effects of IFRS 16 is a measure of the debt/equity ratio defined as the closing balance for net debt, adjusted for the effects of IFRS, in relation to rolling adjusted EBITDA, adjusted for the effects of IFRS 16 Net debt excluding the effects of IFRS 16/ Adjusted EBITA excluding the effects of IFRS 16 RTM	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit before tax excluding effects of IFRS 16	Profit before tax, adjusted for the effects of IFRS 16 Profit before tax + net effect of IFRS 16 on profit before tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit after tax excluding effects of IFRS 16	Profit after tax, adjusted for the effects of IFRS 16 Profit before tax excluding the effects of IFRS 16 + effects of IFRS 16 on deferred tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share before dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year Profit after tax excluding the effects of IFRS 16 / Average number of shares before dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share after dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year and equity Profit after tax excluding the effects of IFRS 16 / Average number of shares after dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Return on equity, excluding effects of IFRS 16	Profit after tax excluding the effects of IFRS 16 / Average equity attributable to shareholders of the Parent Company, excluding the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Equity/assets ratio (%)	The equity/assets ratio is used to show the proportion of assets that is financed by equity Equity / Total assets	This key figure shows the percentage of total assets financed with equity and enables an analysis of the company's long-term financial strength and ability to withstand losses
Comparable units	Comparable units include units that have been in Ambea's operation for at least 13 months.	This key figure is used to show the EBITA margin in units with a stable status to compare with the total EBITA margin, which also includes start-up units.

Quality management in the fourth quarter of 2019

- In Sweden, the quarter was characterised by the implementation of Vardaga's and Nytida's procedures and concepts in former Aleris operations. The aim is to achieve the same high quality with a similar cost structure. The process is on track and all previous Aleris operations have now completed Ambea's self-assessment. The self-assessment is carried out twice per year and is an effective tool for ensuring that procedures are in place.
- In its self-assessment in November, the overall outcome for Vardaga's operations was a score of 1.76 from a maximum possible of 2.0, a decline compared with May when the score was 1.85. Nytida's score of 1.82 in November remained essentially unchanged compared with 1.83 in May.
- In the fourth quarter, Ambea's Quality and HR Flash score* rose from 6.94 to 7.2 in Vardaga, and from 6.94 to 6.7 in Nytida (max. 10). The vast majority of previous Aleris operations are now included in the calculation.
- In the fourth quarter, a Quality and HR Flash was carried out in Stendi and Altiden for the first time according to Ambea's structure, at both operational and business area level. The aim is to quickly provide the right support and to implement measures in operations where they are needed.
- Care Receiver and Unit Surveys
  - The National Board of Health and Welfare's 2019 Care Receiver Survey for elderly care was presented in October. Vardaga's nursing homes received an 81.4 per cent positive response to the question *Overall, how satisfied or dissatisfied are you with your nursing home?* This is a higher than average score for both private providers and municipal operations in the locations where Vardaga operates. Vardaga's home care received a score of 87.5 per cent, which is also higher than the average for both private providers and municipal operations in the locations where Vardaga operates.
  - The results of the Swedish Association of Local Authorities and Regions' Care Receiver Survey were also presented. According to the survey, 87.7 per cent of Nytida's care receivers are satisfied and feel safe, which is an increase compared with the preceding year's figure of 86.8 per cent. The results for municipal operations also increased, but remained lower than Nytida's.
  - The results of the National Board of Health and Welfare's 2019 Unit Survey were presented. In the areas of personalised social care as well as participation and influence, Vardaga's result was 96.7 per cent compared with 54.5 per cent for government-run operations. Nytida's result was 85 per cent, compared with 61 per cent for government-run operations in the segment.

* The Quality and HR Flash is Ambea's tool for monitoring the Group's quality and human resources management. It is sent out to all operations in Nytida and Vardaga every month.

Ambea's quality awards for 2019

Since 2015, Ambea has been presenting awards for quality to highlight units that have taken a holistic approach to quality and developed their operations.

In 2019, the award was also presented in Stendi and Altiden. Happy and well-deserving winners included the **Jordbodalen** nursing home in Vardaga, the **Ekbacka** residential facility in Nytida, **Avdeling Skibotnsenteret** in Stendi and **Altiden Handicap** in Altiden.

The quarter in figures

- The share of serious deviations in the fourth quarter (grade 4) in Vardaga and Nytida was 0.09 per cent, which is unchanged compared with the third quarter. Two grade 4 deviations were reported in Stendi, and none in Altiden.
- Five Lex Sarah reports were lodged, four by Nytida and one by Vardaga. The IVO has issued one decision and the case was closed without any remarks. The IVO has not issued any decisions on the other cases. In Vardaga, two Lex Maria reports were lodged and both were closed without any remarks. In the preceding quarter, no Lex Sarah reports were lodged, but three Lex Maria reports were lodged, all in Vardaga. All decisions have been issued and the cases were closed without any remarks.
- Individual complaints investigated by the IVO: Four individual complaints were registered in relation to Vardaga's operations, but the IVO has not yet made a decision on any of the cases. One complaint was registered in regard to Nytida's operations. In the preceding quarter, six individual complaints were registered. Two decisions have been issued, one with some remarks.
- Inspections:
  – The IVO conducted 20 inspections of Nytida's operations. In 2019, a total of 68 inspections were carried out. 61 decisions have been issued, 52 were closed without any remarks and nine were closed with some remarks.
  - For Vardaga, two inspections were carried out during the quarter, but no decisions have been issued. In 2019, the IVO performed eight inspections in total and decisions have been issued for five of these cases – three without remarks, two with remarks.