

Improvements in Norway and Denmark

Third quarter July – September

- Net sales declined 4 per cent to SEK 2,732 million (2,843). Acquired growth was 2 per cent, exchange rates had a negative impact of -3 per cent on growth and organic growth was -3 per cent.
- Operating profit (EBIT) totalled SEK 264 million (270).
- EBITA declined 2 per cent to SEK 291 million (297), corresponding to a margin of 10.7 per cent (10.4).
- Adjusted EBITA, excluding items affecting comparability, rose 2 per cent to SEK 319 million (312). The adjusted EBITA margin was 11.7 per cent (11.0).
- Profit for the period totalled SEK 152 million (157).
- Earnings per share were SEK 1.61 (1.66) before and SEK 1.61 (1.66) after dilution.
- Cash conversion was 70.8 per cent (61.5).
- Free cash flow totalled SEK 274 million (190).

First nine months, January – September

- Net sales rose 1 per cent to SEK 8,319 million (8,237). Acquired growth was 5 per cent, exchange rates had a negative impact of -2 per cent on growth, and organic growth was -2 per cent.
- Operating profit (EBIT) totalled SEK 543 million (415).
- EBITA increased 24 per cent to SEK 628 million (505), corresponding to a margin of 7.6 per cent (6.1).
- Adjusted EBITA, excluding items affecting comparability, rose 7 per cent to SEK 679 million (634). The adjusted EBITA margin was 8.2 per cent (7.7).

- Profit for the period totalled SEK 266 million (179).
- Earnings per share were SEK 2.82 (2.16) before and SEK 2.82 (2.16) after dilution.
- Cash conversion was 91.1 per cent (74.3).
- Free cash flow totalled SEK 804 million (401).

Significant events

- During the quarter, Ambea assesses that the coronavirus situation had a negative impact of about SEK 90 million on net sales and SEK 50 million on EBITA. The negative impact includes loss of income due to lower rates of occupancy primarily in elderly care, higher costs for personal protective equipment (PPE) and sick leave, and government support received.
- During the quarter, the previously announced restructuring programme in Stendi was concluded. The full-year effects of the programme are an estimated SEK 40 million, which is SEK 10 million higher than the initial estimate. The effects have been gradually realised from the second quarter and full effects are expected from the end of 2020. Items affecting comparability amounted to SEK 27 million for the third quarter, and totalled SEK 50 million for the year.
- The negative effects of the coronavirus pandemic on the company are expected to continue. In the fourth quarter, the negative impact is an estimated SEK 70-80 million on sales and SEK 30-40 million on EBITA.

Consolidated key figures

SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ%	2020 Jan-Sep	2019 Jan-Sep	Δ%	R12	2019 Jan-Dec
Net sales	2,732	2,843	-4	8,319	8,237	1	11,123	11,040
EBITA*	291	297	-2	628	505	24	773	650
Operating margin, EBITA (%)*	10.7	10.4		7.6	6.1		7.0	5.9
Adjusted EBITA*	319	312	2	679	634	7	834	788
Operating margin, adjusted EBITA (%)*	11.7	11.0		8.2	7.7		7.5	7.1
Operating profit/loss, EBIT	264	270	-2	543	415	31	653	525
Operating margin, EBIT (%)*	9.7	9.5		6.5	5.0		5.9	4.8
Profit/loss after tax	152	157	-3	266	179	49	302	215
Earnings/loss per share before dilution, SEK	1.61	1.66	-3	2.82	2.16	30	3.21	2.52
Earnings/loss per share after dilution, SEK	1.61	1.66	-3	2.82	2.16	30	3.21	2.51
Cash conversion (%)*	70.8	61.5		91.1	74.3		107.0	94.8
Free cash flow*	274	190	44	804	401	100	1,275	872

* Alternative performance measures. For reconciliation with IFRS financial statements, see Note 8, for purpose and definition, see [ambea.com/investor-relations/reports-and-presentations](https://www.ambea.com/investor-relations/reports-and-presentations)

Comments from Fredrik Gren, President and CEO

Improvements in Norway and Denmark

As we close the books on the third quarter, we can confirm that the coronavirus pandemic has continued to have a major impact on our elderly care operations. Our other divisions have been less affected and our employees are working actively to prevent the spread of the virus. During the quarter, both Stendi and Altiden reported strong earnings growth. The restructuring programme in Stendi, which was announced in the year-end report for 2019, was concluded during the quarter. The estimated savings are SEK 40 million per year, which is higher than announced at the beginning of the year.

In the third quarter, the estimated impact of the coronavirus situation was SEK -90 million on sales and SEK -50 million on earnings.

In the third quarter, net sales amounted to SEK 2,732 million (2,843). Compared with the year-earlier quarter, net sales declined SEK 111 million, corresponding to 4 per cent, mainly the result of a weaker NOK, lower rates of occupancy due to the coronavirus and terminated management contracts in Vardaga. Organic growth was -3 per cent.

Adjusted EBITA rose to SEK 319 million in a third quarter that was adversely impacted by both the coronavirus pandemic and a high number of start-ups, which is a sign of good underlying development. Vardaga was hardest hit by the coronavirus situation due to a continued low rate of occupancy, which put pressure on profit margins in both existing units and start-ups. The negative effects were softened by completed margin-strengthening measures in the acquired Aleris Omsorg operations. In the third quarter, Nytida continued to show improved efficiency which, combined with the effects of synergies, led to a stronger margin. Altiden posted a strong third quarter, the result of positive growth in both existing and acquired disability care operations and nursing homes.

The restructuring programme in Stendi, which was announced at the beginning of the year, was concluded in the third quarter. The margin-strengthening measures are expected to generate a positive full-year effect of SEK 40 million, starting gradually in the second quarter. Items affecting comparability of SEK 27 million were charged to the quarter, and total programme costs amounted to SEK 50 million. During the year, we have taken important steps to create an effective centralised support function. At the same time, we are developing local margin-strengthening measures by fully implementing Ambea's operational model.

In the third quarter, we continued to invest in organic growth by opening several new operations. Vardaga opened a nursing home with a total of 60 beds, while Altiden opened a group home with eight beds. At the end of the quarter, the number of beds and placements under construction was 1,950, corresponding to 22 per cent of the total number of beds and placements under own management.

The effects of the coronavirus situation will continue in the fourth quarter, with a high degree of uncertainty surrounding occupancy growth in particular. In the fourth quarter, we expect



a negative impact of SEK -70–80 million on sales and SEK -30-40 million on earnings, with the greatest impact on Vardaga.

Being able to meet loved ones is important for the well-being of our nursing home residents. Relaxation of the national visiting restrictions in Sweden was therefore a major step for our operations and will, in the long term, have a positive impact on demand for residential placements, even though the initial effect is still minor.

The annual Care Receiver Survey conducted by the National Board of Health and Welfare continues to confirm the high quality of Vardaga through higher received scores. For ten units, responses to service quality and overall satisfaction were 100 per cent positive. When every resident and their family members are satisfied with one of our nursing homes, we are living up to our ambition to create care that meets the unique needs and wishes of every individual.

In 2019, Ambea initiated a survey of the Group's carbon footprint as a basis for further development of our environmental sustainability initiatives, with the aim of lowering our carbon emissions. We have now formulated an environmental objective for the Group – to reduce the Group's carbon footprint by 50 per cent by 2025, compared with the base year of 2019, of which 30 per cent of the reduction will take place between 2020 and 2021.

The Group has taken a first step towards achieving this goal by deciding to move towards fossil-free electricity in our Own Management operations. To further achieve our long-term carbon footprint objective, we will be implementing changes in the focus areas of travel and transport, food and waste and property.

Finally, we are glad to see that Stendi has been awarded service company of the year in Norway by NHO for the responsible and guiding acts during the Covid-19 outbreak.



Fredrik Gren

Group

Third quarter

Net sales

Net sales declined 4 per cent to SEK 2,732 million (2,843). Acquired growth was 2 per cent, exchange rates had a negative impact of 3 per cent on growth and organic growth was -3 per cent year-on-year.

Net sales in Own Management amounted to SEK 2,021 million (2,080), down 3 per cent year-on-year, attributable to units that were closed in 2019 and a lower rate of occupancy due to the coronavirus situation.

Net sales in Contract Management amounted to SEK 653 million (695). The year-on-year decline in sales was due to terminated elderly care contracts in Stendi and Vardaga.

Net sales in Staffing declined 13 per cent to SEK 59 million (68).

Earnings

EBIT declined 2 per cent to SEK 264 million (270), corresponding to a margin of 9.7 per cent (9.5).

EBITA declined 2 per cent to SEK 291 million (297). The EBITA margin was 10.7 per cent (10.4).

Adjusted EBITA for the quarter rose 2 per cent to SEK 319 million (312). EBITA for the quarter was impacted by items affecting comparability of SEK -27 million (-15), attributable to costs for the previously announced restructuring programme in Norway. Synergies achieved and operational improvements had a positive impact on earnings. A lower rate of occupancy due to the coronavirus situation and ongoing new-starts had a negative impact on earnings. Increased costs for sick leave and PPE were partly offset by government support measures. The adjusted EBITA margin was 11.7 per cent (11.0).

Net financial items

Net financial expense was SEK -69 million (-69) for the quarter.

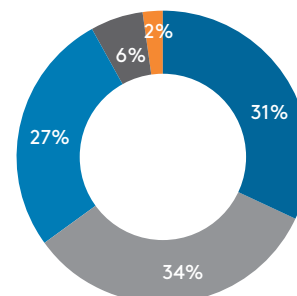
Income tax

Tax expense for the period was SEK 43 million (44), corresponding to an effective tax rate of 22 per cent (22).

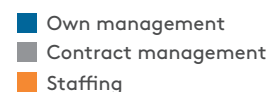
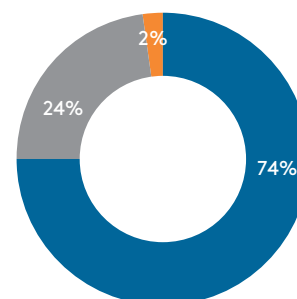
Profit for the period

Profit for the period totalled SEK 152 million (157), corresponding to earnings per share of SEK 1.61 (1.66) before dilution and SEK 1.61 (1.66) after dilution.

Net sales by segment
July – September 2020



Net sales by contract model
July – September 2020



Group

January-September

Net sales

Net sales rose 1 per cent to SEK 8,319 million (8,237). Acquired growth was 5 per cent, exchange rates had a negative impact of 2 per cent on growth and organic growth was -2 per cent year-on-year.

Net sales in Own Management amounted to SEK 6,236 million (5,979), up 4 per cent year-on-year, the result of acquisitions and start-up units.

Net sales in Contract Management amounted to SEK 1,904 million (2,035). The year-on-year decline in sales was due to terminated elderly care contracts at Stendi and Vardaga.

Net sales in Staffing declined 20 per cent to SEK 179 million (223).

Earnings

EBIT rose 31 per cent to SEK 543 million (416), representing a margin of 6.5 per cent (5.0).

EBITA rose 24 per cent to SEK 628 million (505). The EBITA margin was 7.6 per cent (6.1).

Adjusted EBITA for the period rose 7 per cent to SEK 679 million (634). EBITA for the period was impacted by items affecting comparability of SEK -50 million (-129), attributable to costs for the previously announced restructuring programme in Norway. Completed acquisitions and synergies achieved through acquisitions had a positive impact on earnings, while lower rates of occupancy due to the coronavirus situation and ongoing new-starts had a negative impact. The adjusted EBITA margin was 8.2 per cent (7.7).

Net financial items

Net financial expense for the period was SEK -194 million (-186). Net interest income was negatively impacted by currency effects of SEK 12 million and increased IFRS 16 effects of SEK 11 million, but positively impacted by a decrease of SEK 14 million in interest expense.

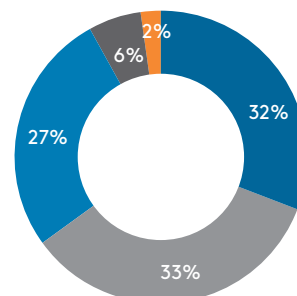
Income tax

Tax expense for the period was SEK 83 million (50), corresponding to an effective tax rate of 24 per cent (22).

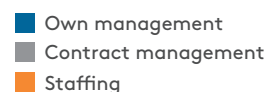
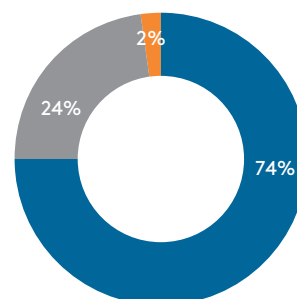
Profit for the period

Profit for the period totalled SEK 266 million (179), corresponding to earnings per share of SEK 2.82 (2.16) before dilution and SEK 2.82 (2.16) after dilution.

Net sales by segment
January-September 2020



Net sales by contract model
January-September 2020



Cash flow

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Adjusted EBITDA	521	517	1,262	1,170	1,601	1,508
Adjustment for non-cash items	4	4	13	2	-25	-36
Change in working capital	-138	-200	-80	-258	193	15
Cash flow from investments in fixed assets	-25	-26	-94	-86	-118	-110
Operating cash flow, including investments to increase capacity	361	294	1,101	827	1,651	1,377
Net financial items	-68	-74	-188	-185	-250	-248
Tax paid	8	-15	-59	-112	-65	-119
Reversal of items affecting comparability	-27	-15	-50	-129	-61	-138
Free cash flow	274	190	804	401	1,275	872
Acquisition/disposal of shares and participations	-0	-33	-105	-2,619	-99	-2,614
Cash flow from financing activities	-333	-180	-692	2,378	-1,331	1,739
Other	-0	-1	1	-3	1	-4
Cash flow for the period	-59	-24	7	156	-155	-6

Free cash flow for the quarter amounted to SEK 274 million (190). The year-on-year increase in free cash flow was mainly due to reduced tied-up working capital.

Free cash flow for the period amounted to SEK 804 million (401). The increase was largely due to improved earnings and reduced tied-up working capital.

Financial position

SEK million	30 Sep 2020	30 Sep 2020 excl. IFRS 16	30 Sep 2019	30 Sep 2019 excl. IFRS 16	31 Dec 2019	31 Dec 2019 excl. IFRS 16
Net interest-bearing debt*	8,588	2,947	8,387	3,543	7,917	3,213
Rolling 12 months adjusted EBITDA*	1,601	825	1,303	774	1,508	796
Net debt/Rolling 12 months adjusted EBITDA	5.4	3.6	6.4	4.6	5.3	4.0

At 30 September 2020, net interest-bearing debt amounted to SEK 8,588 million (8,387). Indebtedness, excluding IFRS 16 effects, declined SEK 596 million to SEK 2,947 million, or 3.6 times (4.6) 12-months adjusted EBITDA. The strong cash flow for the year had a positive impact on the company's financial position.

* Alternative performance measures. For reconciliation with IFRS financial statements, purpose and definition, see ambea.com/investor-relations/reports-and-presentations/

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.

Quarter

Vardaga's net sales declined 5 per cent year-on-year to SEK 860 million (904).

Net sales in Own Management amounted to SEK 531 million (533), down 1 per cent, the result of a generally lower rate of occupancy due to the coronavirus situation.

Net sales in Contract Management amounted to SEK 329 million (371). The 11 per cent decline was due to terminated contracts. No new management contracts were awarded during the quarter.

Adjusted EBITA declined 39 per cent to SEK 50 million (82). A lower rate of occupancy due to the coronavirus pandemic combined with a high rate of new-starts had a negative impact on profitability. The negative trend was partly offset by successful efforts to close the margin gap in the acquired Aleris Omsorg operations. Increased costs for sick leave and PPE were partly offset by government support measures.

The adjusted EBITA margin was 5.8 per cent (9.1). The EBITA margin for mature units declined 4.4 percentage points, mainly attributable to a lower rate of occupancy due to the coronavirus situation.

January-September period

Vardaga's net sales rose 2 per cent year-on-year to SEK 2,630 million (2,578).

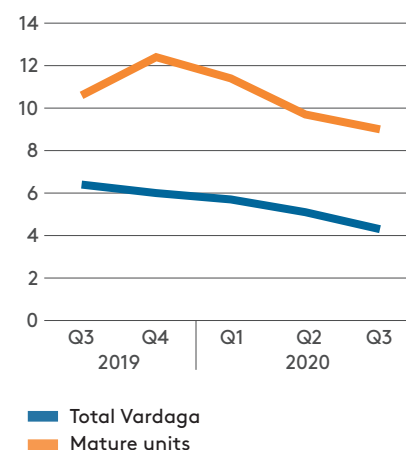
Net sales in Own Management amounted to SEK 1,639 million (1,506), a 9 per cent increase attributable to the acquisition of Aleris Omsorg and newly opened units, but this was offset by a lower rate of occupancy due to the coronavirus situation.

Net sales in Contract Management amounted to SEK 992 million (1,073). The 8 per cent decline was due to terminated contracts.

Adjusted EBITA declined 33 per cent to SEK 112 million (168). The lower profitability was attributable to lower rates of occupancy due to the coronavirus pandemic and new start-up units.

The adjusted EBITA margin was 4.3 per cent (6.5).

Vardaga adjusted EBITA margin RTM** %



SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	R12	2019 Full-year
Net sales	860	904	-5	2,630	2,578	2	3,546	3,494
Adjusted EBITA*	50	82	-39	112	168	-33	152	207
Operating margin, adjusted EBITA (%)*	5.8	9.1		4.3	6.5		4.3	5.9
Operating margin, adjusted EBITA mature units (%)*	11.1	15.5		8.6	12.0		9.0	12.4

* Alternative performance measures.

** R12 in Q3 2019 was affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

Nytida

Nytida provides support and care for children, young people and adults with lifelong 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.

Quarter

Net sales declined 2 per cent to SEK 915 million (932).

Net sales in Own Management amounted to SEK 757 million (809), down 6 per cent. The decline was attributable to the restructuring programme and the closure of some overlapping units following the acquisition of Aleris Omsorg in 2019.

Net sales in Contract Management amounted to SEK 159 million (123). The 29 per cent increase was due to start-ups of previously won contracts. During the quarter, Nytida retained existing contracts corresponding to an annual volume of SEK 23 million.

Adjusted EBITA rose 2 per cent to SEK 177 million (174). Earnings were positively impacted by synergies achieved and efficiency improvements.

The adjusted EBITA margin was 19.3 per cent (18.6).

January-September period

Net sales increased to SEK 2,755 million (2,746).

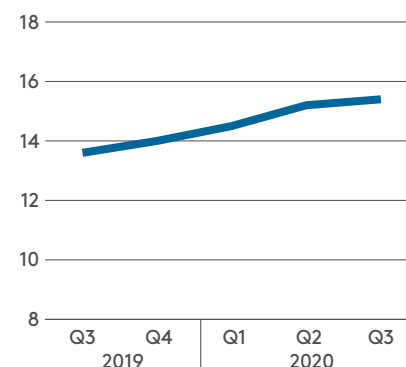
Net sales in Own Management amounted to SEK 2,366 million (2,388), down 1 per cent. The 2019 restructuring programme had a negative impact on sales. The full-year effect of the acquisition of Aleris Omsorg and start-up units made a positive contribution.

Net sales in Contract Management amounted to SEK 389 million (358), up 9 per cent due to start-ups of previously won contracts.

EBITA rose 14 per cent to SEK 445 million (392). Synergies achieved through the acquisition of Aleris Omsorg, and government support measures due to the coronavirus situation, made a positive contribution.

The EBITA margin was 16.2 per cent (14.3).

Nytida adjusted EBITA margin RTM** %



SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	R12	2019 Full-year
Net sales	915	932	-2	2,755	2,746	0	3,673	3,664
Adjusted EBITA*	177	174	2	445	392	14	565	512
Operating margin, adjusted EBITA (%)*	19.3	18.6		16.2	14.3		15.4	14.0

* Alternative performance measures.

** R12 in Q3 2019 was affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

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 offer personal assistance, elderly care and home care. We have about 5,000 employees and more than 400 units across Norway.

Quarter

Net sales declined 10 per cent to SEK 733 million (813). In local currency, sales were in line with the preceding year.

Net sales in Own Management amounted to SEK 679 million (725), down 7 per cent.

Net sales in Contract Management amounted to SEK 54 million (87), where the lower sales were due to elderly care contracts that were previously handed back.

Adjusted EBITA amounted to SEK 79 million (61). Earnings were positively impacted by ongoing efforts to introduce Ambea's operational management model, but were burdened with currency effects.

During the quarter, the previously announced restructuring programme in Norway was concluded. The aim of the programme was to centralise support functions and strengthen local leadership. The programme is expected to achieve annual savings of about SEK 40 million, which will be gradually realised from the second quarter of 2020. Items affecting comparability of SEK 27 million were charged to the quarter, and total items affecting comparability were SEK 50 million. The programme is expected to have full effect by the end of 2020.

The adjusted EBITA margin was 10.7 per cent (7.6).

January-September period

Net sales amounted to SEK 2,250 million (2,336). In local currency, growth was 6 per cent. The increase was attributable to the full-year effects of the acquisition of Aleris Omsorg.

Net sales in Own Management amounted to SEK 2,102 million (2,046), up 3 per cent. In local currency, growth was 10 per cent.

Net sales in Contract Management amounted to SEK 147 million (290). The decline in sales was attributable to handed-back contracts in elderly care.

Adjusted EBITA amounted to SEK 122 million (82). The increase was attributable to lower costs for temporary staff and increased staffing efficiency. In the first quarter, a major restructuring programme commenced, with the aim of strengthening the margin by centralising support functions and strengthening local leadership. Items affecting comparability of approximately SEK 50 million were charged to the period. The programme is expected to have full effect by the end of 2020.

The adjusted EBITA margin was 5.4 per cent (3.5).

Stendi adjusted EBITA margin RTM** %



SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	R12	2019 Full-year
Net sales	733	813	-10	2,250	2,336	-4	3,019	3,106
Adjusted EBITA*	79	61	30	122	82	49	120	80
Operating margin, adjusted EBITA (%)*	10.7	7.6		5.4	3.5		4.0	2.6

* Alternative performance measures.

** R12 in Q3 2019 was affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

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.

Quarter

Net sales rose 32 per cent to SEK 166 million (127).

Net sales in Own Management amounted to SEK 55 million (13). The increase in sales was attributable to acquisitions.

Net sales in Contract Management amounted to SEK 111 million (114), where the decrease was attributable to lower demand in the home-care operations.

Adjusted EBITA amounted to SEK 11 million (-8). Adjusted EBITA was positively impacted by favourable growth in existing operations for both disability care and nursing homes. Acquired units (Casablanca Bo & Ehrverv ApS and Vivamus A/S) performed as planned, which had a positive impact on earnings.

The adjusted EBITA margin was 6.6 per cent (-6.0).

January-September period

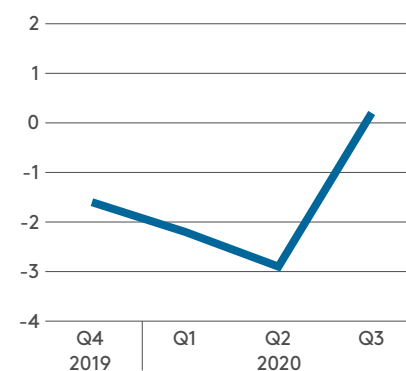
Net sales amounted to SEK 505 million (353). The increase was attributable to acquisitions completed by early 2020, and the full-year effects of the acquisition of Aleris Omsorg.

Net sales amounted to SEK 129 million (39) in Own Management, and SEK 376 million (314) in Contract Management.

Adjusted EBITA amounted to SEK 1 million (-8). EBITA was positively impacted by completed acquisitions, but charged with higher costs for building up a separate organisation in Altiden and a loan loss provision to cover the extension option of a management contract, at the request of the counterparty. The contract does not contain any additional extension options.

The adjusted EBITA margin was 0.2 per cent (-2.3).

Altiden adjusted EBITA margin RTM** %



SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	R12	2019 Full-year
Net sales	166	127	31	505	353	43	636	484
Adjusted EBITA*	11	-8	-	1	-8	-	1	-8
Operating margin, adjusted EBITA (%)*	6.6	-6.3	-	0.2	-2.3	-	0.2	-1.6

* Alternative performance measures.

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 offer ambulatory care teams and temporary doctors, nurses and other care workers, in Sweden.

Quarter

Net sales declined 13 per cent to SEK 59 million (68). 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 in July 2019.

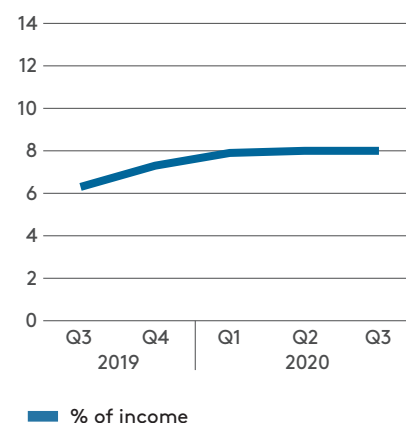
Adjusted EBITA was SEK 8 million (7), representing a margin of 13.6 per cent (10.3). The margin was positively impacted by a stable trend for ambulatory care teams, but charged with higher personnel costs due to the coronavirus situation.

January-September period

Net sales declined 20 per cent to SEK 179 million (223). The decrease was attributable to a negative trend, particularly for temporary doctors and nurses.

Adjusted EBITA was SEK 19 million (18), representing a margin of 10.6 per cent (8.1). Increased profitability in ambulatory care teams and the effects of previously completed administrative cost adjustments made a positive contribution.

Klara adjusted EBITA margin RTM**, %



SEK million	2020 Jul-Sep	2019 Jul-Sep	Δ %	2020 Jan-Sep	2019 Jan-Sep	Δ %	R12	2019 Full-year
Net sales	59	68	-13	179	223	-20	248	292
Adjusted EBITA*	8	7	14	19	18	6	26	25
Operating margin, adjusted EBITA (%)*	13.6	10.3		10.6	8.1		10.5	8.6

* Alternative performance measures.

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Operational key figures

SEK million	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Ambea					
Number of beds and placements in operation under own management on the closing date	8 490	8 637	8 832	9 089	9 036
Number of beds and placements opened under own management (RTM)	490	562	600	668	610
Number of beds and placements under own management under construction, on the closing date	2 252	2 309	2 181	2 057	1 950
Net won/lost management contracts, annual volume SEK million*	-120	-28	157	-90	-
Vardaga					
Number of beds in operation under own management on the closing date	2 433	2 545	2 661	2 848	2 792
Number of beds opened under own management (RTM)	420	477	521	564	504
Number of beds under own management under construction on the closing date	1 934	1 983	1 867	1 790	1 686
Net won/lost management contracts, annual volume SEK million*	-189	-36	157	-24	-
Nytida					
Number of beds and placements in operation under own management on the closing date	5 117	5 138	5 150	5 220	5 220
Number of beds and placements opened under own management (RTM)	62	77	71	104	98
Number of beds and placements under own management under construction, on the closing date	241	249	237	190	187
Net won/lost management contracts, annual volume SEK million*	69	8	-	-9	-
Stendi					
Number of beds in operation under own management on the closing date	905	868	871	871	866
Number of beds opened under own management (RTM)	3	3	3	-	-
Number of placements under own management under construction on the closing date	-	-	-	-	-
Net won/lost management contracts, annual volume SEK million*	-	-	-	-	-
Altiden					
Number of beds and placements in operation under own management on the closing date	35	86	150	150	158
Number of beds opened under own management (RTM)	5	5	5	-	8
Number of beds and placements under own management under construction, on the closing date	77	77	77	77	77
Net won/lost management contracts, annual volume SEK million*	-	-	-	-57	-

* Includes management contracts to be retaken.

Other events

Legal proceeding regarding social security costs for temporary staff in Norway

Since the first quarter of 2019, through the acquisition of the Aleris Omsorg operations, Ambea has been involved in an ongoing legal proceeding in Norway regarding costs for temporary staff. Ambea's exposure due to this procedure is limited to NOK 30 million, which has been reserved as a provision in the combined companies' balance sheet. Ambea is working actively to increase the proportion of permanent employees in the Norwegian operations.

In the third quarter of 2019, the District Court pronounced its decision. Of the 24 parties involved in the legal proceeding, two were considered entitled to social security benefits for previously delivered services. Both the defendant and Ambea have appealed against the decision to the Court of Appeal.

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 against 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

In the fourth quarter of 2019, 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 Omsorg's operations in Norway, and estimated costs associated with the case have already been reserved in the combined companies' balance sheet.

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

After the end of the quarter, Stendi was awarded the prize for service company of the year in Norway by the Confederation of Norwegian Enterprise ("NHO"). Stendi received the award for the responsible and guiding acts during the Covid-19 outbreak.

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. Most of the public holidays in countries where the company operates normally fall in the second quarter. In some years, Easter may fall in the first quarter and then affect its profitability. Christmas and New Year affect the first and fourth quarters.

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

During the period, the average number of full-time employees (FTEs) was 13,752 (12,830), and the increase was mainly due to acquisitions.

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 48–49 of the 2019 Annual Report.

Key judgements and estimates

For information about key judgements and estimates in this interim report, refer to Note G32 in the company's 2019 Annual Report.

The Board of Directors' assurance

The Board of Directors and President hereby provide their assurance that this interim 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, 4 November 2020

Lena Hofsberger
Chair of the Board

Daniel Björklund
Board member

Lars Gatenbeck
Board member

Liselott Kilaas
Board member

Gunilla Rudebjer
Board member

Mikael Stöhr
Board member

Patricia Briceño
Employee representative

Charalampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Presentation of the third quarter of 2020

Ambea will hold a presentation for the financial market, with the possibility to participate by teleconference, at 10:00 a.m. CET, Thursday, 5 November 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 ten minutes before the conference call's start time to register, and use the code: 83 53 859.

Phone numbers

Sweden: +46 (0)8 506 921 80
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Contact

Jacob Persson, Head of Group Business Control & Investor Relations
Tel: +46 (0)708 64 07 52

Forthcoming report occasions

Year-end report 2020	16 February 2021
Annual Report	27 March 2021
Q1 interim report	4 May 2021
Annual General Meeting	12 May 2021
Q2 interim report	23 July 2021
Q3 interim report	4 November 2021

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. www.ambea.se

Auditor's review

Ambea AB (publ), Corp. Reg. No. 556468-4354

Introduction

We have conducted a review of the interim financial information (interim report) for Ambea AB (publ) at 30 September 2020 and for the nine-month period that ended on this date. The Board of Directors and Chief Executive Officer are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We have conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has another focus and considerably less scope than the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The opinion expressed based on a review does not therefore have the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

Based on our review, no circumstances have arisen that give us any reason to believe that this interim report has not, in all material respects, been prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Stockholm, 4 November 2020

Ernst & Young AB

Staffan Landén

Authorised Public Accountant

Consolidated earnings in summary

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Operating income						
Net sales	2,732	2,843	8,319	8,237	11,123	11,040
Other operating income	18	21	51	62	89	99
Total operating income	2,750	2,864	8,370	8,299	11,211	11,139
Operating expenses						
Consumables	-87	-99	-259	-312	-330	-383
Other external costs	-296	-351	-940	-1,135	-1,337	-1,532
Personnel costs	-1,877	-1,913	-5,961	-5,809	-8,003	-7,851
Depreciation, amortisation and impairment of fixed assets	-229	-232	-668	-626	-887	-845
Other operating expenses	3	-0	1	-2	0	-3
Operating expenses	-2,486	-2,594	-7,827	-7,884	-10,558	-10,614
Operating profit	264	270	543	415	653	525
Financial income	-0	2	0	11	2	12
Financial expenses	-69	-71	-194	-197	-258	-261
Net financial items	-69	-69	-194	-186	-256	-249
Profit after net financial items	195	201	349	229	397	276
Profit before tax	195	201	349	229	397	276
Tax on profit for the period	-43	-44	-83	-50	-95	-61
Profit for the period	152	157	266	179	302	215
Profit for the period attributable to shareholders of the Parent Company	152	157	266	179	302	215
Earnings per share before dilution, SEK	1.61	1.66	2.82	2.16	3.21	2.52
Earnings per share after dilution, SEK	1.61	1.66	2.82	2.16	3.21	2.51

Consolidated statement of comprehensive income in summary

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Profit for the period after tax	152	157	266	179	302	215
Other comprehensive income, items not transferable to profit or loss						
Remeasurement of defined-benefit pension plans	-8	-12	-8	-12	-3	-9
Tax related to remeasurement of defined-benefit pension plans	2	0	2	0	2	2
Total items not transferable to profit or loss	-6	-12	-6	-12	-1	-7
Other comprehensive income, items transferable to profit or loss						
Translation differences	-8	6	-91	12	-116	-13
Hedging of net investments in foreign operations	4	2	47	-12	52	-7
Cash flow hedges	0	0	-11	1	-12	2
Hedging cost reserve	0	0	-2	-4	0	-4
Tax	-1	-1	-7	3	-8	2
Total items transferable to profit or loss	-4	7	-63	-1	-83	-19
Total other comprehensive income	-10	-5	-69	-13	-84	-25
Total comprehensive income for the period	142	152	197	166	218	190
Comprehensive income for the period attributable to shareholders of the Parent Company	142	152	197	166	218	190

Earnings per share

	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	152	157	266	179	303	216
Earnings per share before dilution						
Average number of shares, thousands	94,484	94,505	94,460	82,781	94,464	85,727
Earnings per share before dilution, SEK	1.61	1.66	2.82	2.16	3.21	2.52
Earnings per share after dilution						
Average number of shares, thousands	94,535	94,599	94,513	82,874	94,519	85,837
Earnings per share after dilution, SEK	1.61	1.66	2.82	2.16	3.21	2.51

Consolidated balance sheet in summary

SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Assets			
Fixed assets			
Goodwill	6,517	6,552	6,532
Customer contracts and customer relationships	520	642	607
Other intangible assets	27	11	24
Right-of-use assets	5,604	4,859	4,698
Tangible assets	272	254	251
Derivative instruments	0	1	3
Deferred tax assets	55	71	54
Non-current receivables	99	101	101
Total fixed assets	13,095	12,491	12,270
Current assets			
Accounts receivable	1,017	1,156	1,078
Other receivables	146	80	67
Prepaid expenses and accrued income	294	265	261
Cash and cash equivalents	52	215	52
Total current assets excluding assets held for sale	1,509	1,716	1,458
Assets held for sale	79	88	82
Total current assets	1,588	1,804	1,540
Total assets	14,683	14,294	13,810

Consolidated balance sheet in summary – continuation

SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Equity and liabilities			
Equity			
Share capital	2	2	2
Other capital contributions	6,167	6,167	6,167
Reserves	-80	17	-19
Retained earnings including profit for the year	-1,856	-2,167	-2,114
Total equity attributable to shareholders of the Parent Company	4,233	4,018	4,036
Non-controlling interests	-	-	-
Total equity	4,233	4,018	4,036
Non-current liabilities			
Non-current interest-bearing liabilities	1,281	1,616	961
Lease liabilities	5,091	4,316	4,170
Derivative instruments	11	-	-
Pension provisions	41	41	39
Other provisions	31	69	48
Deferred tax liabilities	157	168	173
Total non-current liabilities	6,612	6,210	5,390
Current liabilities			
Current interest-bearing liabilities	-	-	-
Commercial papers	1,631	2,061	2,228
Lease liabilities	638	609	610
Accounts payable	222	202	266
Tax liabilities	109	71	53
Other non-interest-bearing liabilities	188	185	200
Accrued expenses and deferred income	1,050	937	1,027
Total current liabilities	3,838	4,066	4,384
Total equity and liabilities	14,683	14,294	13,810

Consolidated statement of changes in equity in summary

SEK million	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Opening balance	4,036	2,725	2,725
Comprehensive income	197	166	190
Transactions with shareholders			
Warrants issued	-	2	2
Share buybacks	-	-	-5
New share issue	-	1,213	1,213
Issue expenses	-	-15	-15
Dividends	-	-74	-74
Closing balance	4,233	4,018	4,036

Consolidated cash flow statement in summary

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Operating activities						
Profit before tax	195	201	349	229	397	276
Adjustment for non-cash items	234	230	687	630	868	810
Cash flow from operating activities before working capital and tax	429	430	1,036	858	1,265	1,087
Tax paid	8	-15	-59	-112	-65	-119
Cash flow from operating activities before changes in working capital	437	416	978	746	1,199	968
Cash flow from changes in working capital						
Change in operating receivables	26	112	-68	-21	22	70
Change in operating liabilities	-164	-312	-12	-238	171	-55
Cash flow from operating activities	299	216	897	488	1,393	982
Investing activities						
Investment in intangible assets	-4	-1	-10	-6	-11	-7
Investment in tangible assets	-21	-25	-87	-92	-110	-115
Divestment of tangible assets	0	1	3	11	3	11
Free cash flow	274	190	804	401	1,275	872
Acquisition and disposal of shares and participations	-0	-33	-105	-2,619	-99	-2,614
Other financial assets	0	-1	-0	-4	-0	-4
Cash flow from investing activities	-26	-60	-198	-2,710	-217	-2,729
Cash flow after investments	274	156	699	-2,222	1,176	-1,746
Financing activities						
New loans/Loans raised	3,027	1,722	4,149	8,079	4,980	8,911
Repayment of loan liabilities	-1,874	-1,159	-4,463	-4,801	-5,884	-6,221
Repayment of lease liability	-164	-165	-484	-433	-632	-581
Change in revolving credit facility	-1,321	-577	106	-1,594	207	-1,492
New share issue	0	-2	0	1,200	0	1,200
Premiums for warrants	0	0	0	0	2	2
Share buybacks	0	0	0	0	-5	-5
Dividends paid	0	0	0	-74	0	-74
Cash flow from financing activities	-333	-180	-692	2,378	-1,331	1,739
Cash flow for the period	-59	-24	7	156	-155	-6
Cash and cash equivalents on the opening date	115	238	52	62	215	62
Exchange rate differences in cash and cash equivalents	-4	0	-7	-4	-8	-4
Cash and cash equivalents on the closing date	52	215	52	215	52	52

Parent Company income statement in summary

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Income						
Net sales	4	4	6	14	9	17
Total income	4	4	6	14	9	17
Operating expenses						
Other external costs	-2	-4	-7	-12	-10	-15
Personnel costs	-4	-4	-10	-14	-13	-16
Amortisation of intangible assets	-0	-0	-0	-0	-0	-0
Operating expenses	-6	-8	-17	-26	-23	-32
Operating loss	-2	-4	-11	-12	-14	-15
Financial items	-10	-9	-23	-58	-25	-59
Loss after financial items	-12	-12	-34	-70	-39	-74
Appropriations	0	0	0	0	199	199
Profit/loss before tax	-12	-12	-34	-70	160	124
Tax on profit for the period	0	0	0	0	-27	-27
Profit/loss for the period	-12	-12	-34	-70	133	98

Parent Company balance sheet in summary

SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Assets			
<i>Intangible assets</i>			
Software	1	1	1
<i>Financial assets</i>			
Participations in Group companies	7,210	7,208	7,208
Derivative assets	2	4	3
Total fixed assets	7,213	7,213	7,213
<i>Current assets</i>			
Receivables from Group companies*	3,163	2,435	2,555
Other receivables	13	16	12
Tax assets	–	6	–
Prepaid expenses and accrued income	13	9	11
Cash and bank balances	0	-0	0
Total current assets	3,189	2,466	2,579
Total assets	10,402	9,679	9,792
Equity and liabilities			
<i>Share capital</i>			
Share capital	2	2	2
Statutory reserve	0	0	0
Total restricted equity	2	2	2
<i>Share premium reserve</i>			
Share premium reserve	1,404	1,402	1,403
<i>Retained earnings</i>			
Retained earnings	1,869	1,776	1,771
Profit/loss for the period	-34	-70	98
Total non-restricted equity	3,239	3,108	3,272
Total equity	3,241	3,111	3,274
<i>Untaxed reserves</i>			
Untaxed reserves	33	–	33
<i>Non-current liabilities</i>			
Liabilities to credit institutions*	1,331	1,614	965
Total non-current liabilities	1,331	1,614	965
<i>Current liabilities</i>			
Commercial papers	1,631	2,061	2,228
Accounts payable	1	1	1
Tax liabilities	21	0	20
Liabilities to Group companies*	4,133	2,874	3,253
Other liabilities	0	1	0
Accrued expenses and deferred income	11	16	17
Total current liabilities	5,797	4,953	5,520
Total equity and liabilities	10,402	9,679	9,792

* As of the fourth quarter of 2019, the entire cash pool has been recognised as a liability in the Parent Company. The Group's indebtedness has not been impacted. The comparative figures have been restated for comparability.

Notes

NOTE 1 Accounting policies

This interim 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.

New or revised IFRS standards from 2020

None of the new or revised standards or interpretations, which were applicable from 1 January 2020, had any material impact on the financial statements of the Group or the Parent Company.

No new or revised standards were adopted in advance.

Adjustment of value of participations in tenant-owner associations

Participations in tenant-owner associations were previously measured at cost. As of the fourth quarter of 2019, participations in tenant-owner associations have been measured at estimated fair value. For more information, refer to the 2019 Annual Report. The comparative figures for the quarter were restated and impacted as follows: goodwill declined SEK 33 million, non-current receivables increased SEK 65 million, retained earnings increased SEK 18 million and deferred tax increased SEK 13 million.

Alternative performance measures

In the preceding year, alternative performance measures were presented adjusted for the effects of the adoption of IFRS 16 to enable a comparison with 2018. As comparability exists between 2020 and 2019, no such adjusted measures are now presented, apart from Net debt/Rolling 12 months adjusted EBITDA, which pertains to the covenant for the revolving credit facility and the Group's EBITA and EBITDA.

As of the first quarter of 2020, disclosures are no longer provided for the EBITDA margin, adjusted EBITDA margin, equity/assets ratio or return on equity. These alternative performance measures have been excluded as management does not use the measures in its monitoring and control of the operations. Management monitors operations at adjusted EBITA level, and for this reason items affecting comparability have been allocated to the extent they can be derived from a specific division and operating segment. The comparative year has been restated.

NOTE 2 Segment information

Ambea's operations consist of the following segments:

- Vardaga** Comprises nursing homes, short-term accommodation units, home care and day services for the elderly in Sweden.
- Nytida** Comprises residential facilities, day services, support for individuals and families, and schools for children, young people and adults with disabilities or psychosocial issues in Sweden.
- Stendi** Comprises support for children, young people and adults by offering 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 subscription services for ambulatory care nurses and temporary doctors and nurses in Sweden.

NOTE 2 Segment information – continuation

July-September 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unalloca- ted items*	Group adjustments	Group
Operating income								
Net sales	860	915	733	166	59	0	0	2,732
Other operating income	6	7	2	0	23	3	-23	18
Internal transactions	0	0	0	0	-23	0	23	0
Total income from external customers	865	922	735	167	59	3	0	2,750
EBITA	50	177	51	11	8	-7	0	291
EBITA margin, %	5.8	19.3	7.0	6.6	13.6	-	-	10.7
Items affecting comparability	-	-	27	-	-	-	-	27
Adjusted EBITA	50	177	79	11	8	-7	0	319
Adjusted EBITA margin, %	5.8	19.3	10.7	6.6	13.6	-	-	11.7
Amortisation of intangible assets								-27
Operating profit (EBIT)								263
Net financial items								-69
Profit after net financial items								195
Profit before tax								195
Tax on profit for the period								-43
Profit for the period								152
Assets	6,228	5,785	1,877	466	182	146	0	14,683

July-September 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unalloca- ted items*	Group adjustments	Group
Operating income								
Net sales	904	932	813	126	68	0	0	2,843
Other operating income	4	3	10	1	14	3	-14	21
Internal transactions	0	0	0	0	-14	0	14	0
Total income from external customers	908	936	823	127	68	3	0	2,864
EBITA	82	174	59	-8	7	-18	0	297
EBITA margin, %	9.1	18.7	7.3	-6.3	10.3	-	-	10.4
Items affecting comparability	-	-	2	-	-	12	0	15
Adjusted EBITA	82	174	61	-8	7	-6	0	312
Adjusted EBITA margin, %	9.1	18.7	7.6	-6.0	10.3	-	-	11.0
Amortisation of intangible assets								-27
Operating profit (EBIT)								270
Net financial items								-69
Profit after net financial items								201
Profit before tax								201
Tax on profit for the period								-44
Profit for the period								157
Assets	5,352	5,949	2,220	230	182	330	0	14,294

*The 'Unallocated items' column consists of centrally approved costs for general central administration, restructures and acquisitions.

NOTE 2 Segment information – continuation

January-September 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unalloca- ted items*	Group adjustments	Group
Operating income								
Net sales	2,630	2,755	2,250	505	179	0	0	8,319
Other operating income	18	17	7	1	61	9	-61	51
Internal transactions	0	0	0	0	-61	0	61	0
Total income from external customers	2,648	2,772	2,256	507	179	9	0	8,370
EBITA	112	445	71	1	19	-21	0	628
EBITA margin, %	4.3	16.2	3.2	0.2	10.6	-	-	7.6
Items affecting comparability	-	-	50	-	-	0	0	50
Adjusted EBITA	112	445	122	1	19	-21	0	679
Adjusted EBITA margin, %	4.3	16.2	5.4	0.2	10.6	-	-	8.2
Amortisation of intangible assets								-85
Operating profit (EBIT)								543
Net financial items								-194
Profit after net financial items								349
Profit before tax								349
Tax on profit for the period								-83
Profit for the period								266
Assets	6,228	5,785	1,877	466	182	146	0	14,683

January-September 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unalloca- ted items*	Group adjustments	Group
Operating income								
Net sales	2,578	2,746	2,336	353	223	0	0	8,237
Other operating income	12	12	27	1	34	10	-34	62
Internal transactions	0	0	0	0	-34	0	34	0
Total income from external customers	2,591	2,757	2,364	353	223	11	-	8,299
EBITA	168	392	50	-12	18	-111	-	505
EBITA margin, %	6.5	14.3	2.1	-3.4	8.1	-	-	6.1
Items affecting comparability	-	-	32	4	-	92	-	129
Adjusted EBITA	168	392	82	-8	18	-19	-	634
Adjusted EBITA margin, %	6.5	14.3	3.5	-2.3	8.1	-	-	7.7
Amortisation of intangible assets								-91
Operating profit (EBIT)								415
Net financial items								-186
Profit after net financial items								229
Profit before tax								229
Tax on profit for the period								-50
Profit for the period								179
Assets	5,352	5,980	2,220	230	182	330	0	14,294

*The 'Unallocated items' column consists of centrally approved costs for general central administration, restructures and acquisitions.

NOTE 3 Revenue from Contracts with Customers

Type of service delivery (July–September)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	531	533	757	809	679	725	55	13	–	–	2,021	2,080
Contract Management	329	371	159	123	54	87	111	114	–	–	653	695
Staffing	–	–	–	–	–	–	–	–	59	77	59	68
Total	860	904	915	932	733	812	166	127	59	77	2,732	2,843

Type of service delivery (January–September)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	1,636	1,506	2,314	2,388	2,054	2,046	170	39	–	–	6,173	5,979
Contract Management	995	1,073	441	358	195	290	335	314	–	–	1,967	2,035
Staffing	–	–	–	–	–	–	–	–	179	223	179	223
Total	2,630	2,578	2,755	2,747	2,250	2,336	505	353	179	223	8,319	8,237

NOTE 4 Items affecting comparability

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Restructuring and acquisition-related items	-27	-15	-50	-129	-61	-138
Total items affecting comparability	-27	-15	-50	-129	-61	-138

Items affecting comparability in 2020 relate to the restructuring programme in Norway, which was announced in the year-end report for 2019. In 2019, items affecting comparability related to

integration and synergy-realisation costs in connection with the acquisition of Aleris Omsorg, and the restructure of Nytida.

Note 5 Business combinations

During the year, Ambea completed the acquisition of Vivamus A/S. The consideration (purchase price) transferred for the acquisition comprised cash in the amount of SEK 149 million. The acquisition generated goodwill of SEK 121 million, corresponding to the difference between the consideration transferred and the identifiable net assets acquired. The goodwill mainly relates to a stronger market position and

operative and administrative synergies. The acquisition analysis was finalised in the third quarter. Since the acquisition date, Vivamus has contributed SEK 90 million to net sales, and SEK 16 million to profit before tax. If the acquisition had taken place on 1 January 2020, the company would have contributed SEK 92 million to net sales and SEK 17 million to profit before tax.

Effect on financial position

SEK million	2020
Identifiable intangible assets	–
Identifiable net assets excl. intangible assets	28
Group goodwill	121
Total consideration (price of shares)	149
Net change in cash	102

Distribution of net assets on the acquisition date

SEK million	2020
Fixed assets	3
Right-of-use assets	57
Accounts receivable and other receivables	11
Cash and cash equivalents	47
Non-current liabilities and provisions	–
Lease liabilities	57
Accounts payable and other liabilities	34
Identifiable net assets	28

NOTE 5 Business combinations – continuation

Acquisitions and divestments during the year

Date	Acquisitions	Divestments	Operations	Segments	Annual sales
8 Jan 2020	Vivamus AS		Residential care for people with disabilities	Altiden	DKK 80 million
1 Feb 2020		Nacka Hemtjänst	Home-care operations in Nacka (business transfer)	Vardaga	SEK 25 million

NOTE 6 Fair value of financial instruments in fair value hierarchy

SEK million	Classification in the fair value hierarchy											
				1			2			3		
	30 Sep 2020	30 Sep 2019	31 Dec 2019	30 Sep 2020	30 Sep 2019	31 Dec 2019	30 Sep 2020	30 Sep 2019	31 Dec 2019	30 Sep 2020	30 Sep 2019	31 Dec 2019
Assets												
Interest-rate derivatives	0	1	3	–	–	–	0	1	3	–	–	–
Liabilities												
Interest-rate derivatives	11	–	–	–	–	–	11	–	–	–	–	–
Earn-out	–	1	1	–	–	–	–	–	–	–	1	1

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 compa-

ny'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 three-year maturities. In the second quarter, these were extended to four years and will mature in 2024. In total, 60 per cent of the interest-rate risk was hedged with interest-rate derivatives on the balance-sheet date.

Derivatives are classified as Level 2 assets in the fair value hierarchy. The change in fair value of the interest-rate cap and interest-rate swap was recognised in other comprehensive income. Ambea uses standard bank pricing models for the valuation of purchased interest-rate caps and interest-rate swaps. The valuation is based on the bank's standard pricing model and methodology. The valuation is based on the bank's average price.

NOTE 7 Pledged assets and contingent liabilities

SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Leased assets	77	78	66
Chattel mortgages	1	7	7
Real estate mortgages	0	9	9
Factoring	0	2	0
Total pledged assets	78	96	82

* For distribution by line in profit or loss, see ambea.com/investor-relations/reports-and-presentations

NOTE 8 Reconciliation with financial statements

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Growth/Acquired growth						
Net sales growth (%)	-4	84	1	82	1	82
Of which acquired growth (%)	2	83	5	81	15	81
Of which currency effect (%)	-3	0	-2	0	-6	0
Of which organic growth (%)	-3	1	-2	1	-8	1
Operating margin (EBIT)						
Net sales	2,732	2,843	8,319	8,237	11,123	11,040
Operating profit (EBIT)	264	270	543	415	653	525
Operating margin, EBIT (%)	9.7	9.5	6.5	5.0	5.9	4.8
EBITA and adjusted EBITA						
Operating profit (EBIT)	264	270	543	415	653	525
Amortisation and impairment of intangible assets	27	27	85	90	120	125
EBITA	291	297	628	505	773	650
Items affecting comparability	27	15	50	129	61	138
Adjusted EBITA	319	312	679	634	834	788
Net sales	2,732	2,843	8,319	8,237	11,123	11,040
EBITA margin (%)	10.7	10.4	7.6	6.1	7.0	5.9
Adjusted EBITA margin (%)	11.7	11.0	8.2	7.7	7.5	7.1
EBITDA and adjusted EBITDA						
Operating profit (EBIT)	264	270	543	415	653	525
Depreciation, amortisation and impairment of tangible and intangible assets	229	232	668	626	887	845
EBITDA	494	502	1,211	1,041	1,540	1,370
Items affecting comparability	27	15	50	129	61	138
Adjusted EBITDA	521	517	1,262	1,170	1,601	1,508
EBITDA and adjusted EBITDA excluding IFRS 16						
Operating profit (EBIT)	264	270	543	415	653	525
Depreciation, amortisation and impairment of tangible and intangible assets	229	232	668	626	887	845
Additional: Rental expenses	-209	-200	-591	-529	-773	-711
Additional: Capital gain/loss from terminated agreements	-3	-	-3	-	-3	-
Net effects of IFRS 16 on EBITDA	-212	-200	-594	-529	-776	-711
EBITDA excluding effects of IFRS 16	281	302	617	512	764	659
Items affecting comparability	27	15	50	129	61	138
Adjusted EBITDA excluding IFRS 16	309	317	668	641	825	796
EBITA and adjusted EBITA excluding IFRS 16						
Operating profit (EBIT)	264	270	543	415	653	525
Amortisation and impairment of intangible assets	27	27	85	90	120	125
EBITA	291	297	628	505	773	650
Less, amortisation IFRS 16	178	173	508	460	665	618
Additional: Rental expenses	-209	-200	-591	-529	-773	-711
Additional: Capital gain/loss from terminated agreements	-3	-	-3	-	-3	-
Net effects of IFRS 16 on EBITA	-34	-27	-87	-69	-111	-94
EBITA excluding effects of IFRS 16	257	270	541	436	662	556
Items affecting comparability	27	15	50	129	61	138
Adjusted EBITA excluding IFRS 16	284	285	591	565	723	694
EBITA margin excluding IFRS 16	9.4	9.5	6.5	5.3	6.0	5.0
Adjusted EBITA margin excluding IFRS 16	10.4	10.0	7.1	6.9	6.5	6.3

NOTE 8 Reconciliation with financial statements – continuation

SEK million	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	R12	2019 Jan-Dec
Operating cash flow						
Adjusted EBITDA	521	517	1,262	1,170	1,601	1,508
Adjustment for non-cash items	4	4	13	2	-25	-36
Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	-25	-26	-94	-86	-118	-110
Adjustment for cash flow from investing activities related to increased capacity/growth	7	23	49	42	61	42
Change in working capital	-138	-200	-80	-258	193	15
Operating cash flow	369	318	1,150	869	1,713	1,418
Cash conversion (%)						
Operating cash flow	369	318	1,150	869	1,713	1,430
Adjusted EBITDA	521	517	1,262	1,170	1,601	1,508
Cash conversion (%)	70.8	61.5	91.1	74.3	107.0	94.8
Items affecting comparability						
Reversal of restructuring and acquisition-related costs						
– of which costs included in the line item of consumables	0	-2	0	0	0	0
– of which costs included in the line item of other external costs	23	9	30	72	40	81
– of which costs included in the line item of personnel costs	5	3	21	52	21	52
– of which costs included in the line item of depreciation, amortisation and impairment	0	4	0	5	0	4
Total restructuring and acquisition-related costs	0	0	0	0	0	138
Total items affecting comparability	27	15	50	129	61	138

SEK million	2020 30 Sep	2019 30 Sep	2019 31 Dec
Net debt, Net debt/Adjusted EBITDA, RTM			
Non-current interest-bearing liabilities	6,371	5,932	5,131
Current interest-bearing liabilities	2,269	2,670	2,838
Less: cash and cash equivalents	-52	-215	-52
Net debt	8,588	8,387	7,917
Adjusted EBITDA RTM	1,601	1,303	1,508
Net debt/Adjusted EBITDA, RTM (times)	5.4	6.4	5.3
Net debt, Net debt/Adjusted EBITDA, RTM excl. effects of IFRS 16			
Non-current interest-bearing liabilities	6,371	5,932	5,131
Less: non-current lease liabilities pertaining to properties recognised on the lease liability line	-5,035	-4,273	-4,134
Current interest-bearing liabilities	2,269	2,670	2,838
Less: current lease liabilities pertaining to properties recognised on the lease liability line	-607	-571	-571
Less: cash and cash equivalents	-52	-215	-52
Net debt excluding effects of IFRS 16	2,947	3,543	3,213
Adjusted EBITDA RTM	825	774	796
Net debt/Adjusted EBITDA, RTM (times)	3.6	4.6	4.0

Quality management in the third quarter of 2020

Coronavirus pandemic

The coronavirus pandemic has continued to affect our lives, and Ambea.

After a challenging spring, the number of COVID-19 cases fell sharply in July and by the end of the third quarter, there were only a few isolated cases in our operations. Important reasons for this positive trend are the slowing spread of the virus in the general population, increased contact tracing and testing in the regions, and improvements to Ambea's routines and ways of working that were introduced in the spring, and that will continue to apply in our operations.

During the summer, we made it possible for our nursing home residents to meet their loved ones outdoors. A safety distance of at least two metres was maintained using a plexiglass barrier.

The visiting restrictions for Swedish nursing homes were eased on 1 October. Ambea's task was to introduce routines that effectively keep the virus out of our units, while still enabling long-awaited visits. As previously during the pandemic, Ambea has gone one step further than the guidance issued by authorities – this time by urging visitors to wear face masks whenever they visit our units (either their own, or supplied by us). Another key factor is our frequent communication with the family members of our residents to ensure they understand the situation and their obligations in terms of COVID-safe behaviour (not visiting if they are sick, good hand hygiene, social distancing and so forth).

An important task now and moving forward is to stay up to date with the varying routines and changes introduced by regional authorities in all of the countries in which Ambea conducts operations across a wide range of geographic locations.

In October, unfortunately, we once again saw a slight increase in cases of COVID-19 in our units, albeit isolated. This trend is following the general spread of the virus in the population, with outbreaks mostly in major cities.

Other quality management

- In the third quarter, Ambea's Quality and HR Index score* for Vardaga rose from 6.60 to 6.79 (max. 10). The increase was due to a higher score for customer satisfaction, based on

the results of this year's Care Receiver Survey conducted by the National Board of Health and Welfare. Nytida's Quality and HR Index score rose from 6.89 to 7.05 – and relates to all sectors in this division. The quarter remained stable for Stendi and concluded with a Quality and HR Index score of 6.72 (6.76 in the preceding quarter). Altiden raised its index score to 7.8 compared with 7.6 in the preceding quarter.

- Efforts to provide fast and adequate support to units with quality challenges have continued.
- In Nytida, we launched two training initiatives during the quarter. The first is for unit managers and designed to clarify healthcare responsibilities. The other is for all employees and designed to further develop competence in systematic quality management.
- A questionnaire for family members has been created for Vardaga. The aim is to give relatives a voice and to incorporate their valuable views into our quality management and development processes. The questionnaire will complement the National Board of Health and Welfare's Care Receiver Survey of the elderly and their views of elderly care, and will focus on overall satisfaction, service quality, food and activities. The questionnaire will soon be tested in a small number of units prior to a broader launch.
- Altiden has also created a new questionnaire for relatives and nursing home residents that will be distributed in the coming quarters. Altiden also renewed its ISO certification during the quarter with no cases of non-compliance.
- During the quarter, both Ambea's Quality Department and the Health and Social Care Inspectorate (IVO) resumed physical quality inspections of beds in our nursing homes. One particular area of focus was to visit the units that came with the Aleris acquisition.

Distinctions

In September, the National Board of Health and Welfare presented the results of this year's Care Receiver Survey, What do the elderly think about elderly care?. Vardaga received higher scores in this year's survey, and we can also confirm that ten Vardaga units received 100 per cent positive responses to questions about both service quality and overall satisfaction. They have therefore joined Vardaga's 100 Club – congratulations!

The quarter in figures

- The proportion of serious non-compliances (grade 4) in Vardaga and Nytida was 0.10 per cent of the total number of registered non-compliances (0.07 per cent in the second quarter). In the third quarter, the proportion of serious non-compliances was 0.02 per cent in Stendi and 0.04 per cent in Altiden.
- Only three individual complaints were submitted to the IVO for investigation in the third quarter, and all were related to Vardaga's operations. The IVO has not yet issued a decision for any of these cases. The IVO issued a decision for one earlier case with no further action required. No individual complaints were submitted to the IVO for Nytida's operations. Nor were any individual complaints submitted in the preceding quarter.
- Nytida lodged one Lex Sarah report during the quarter, but

a decision is pending. Neither Vardaga or Nytida lodged any Lex Maria reports.

- Inspections: The IVO conducted 25 inspections of Nytida's units and issued decisions for two cases, with remarks for one case. The school inspection has during the quarter made two inspections of Mellansjö skola in Nytida. Two inspections were conducted to perform an in-depth analysis of Vardaga's COVID-19 management routines, but decisions are pending.
- In Stendi, 12 inspections of children's units were conducted, and decisions were issued with no remarks.
- There were four regulatory inspections of Altiden. One of them with remarks and the remaining without remarks.

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