

Higher earnings despite the pandemic

Fourth quarter October-December

- Net sales declined 1 per cent to SEK 2,764 million (2,804). Acquired growth was 2 per cent, exchange rates had a negative impact of -3 per cent on growth, and organic growth was 0 per cent.
- Operating profit (EBIT) totalled SEK 174 million (110).
- EBITA rose 38 per cent to SEK 200 million (145), corresponding to a margin of 7.3 per cent (5.2).
- Adjusted EBITA, excluding items affecting comparability, rose 30 per cent to SEK 200 million (154). The adjusted EBITA margin was 7.3 per cent (5.5).
- Profit for the period totalled SEK 93 million (36).
- Earnings per share were SEK 0.98 (0.39) before and SEK 0.98 (0.39) after dilution.
- Cash conversion was 141.4 per cent (166.3).
- Free cash flow totalled SEK 466 million (471).

Full-year January-December

- Net sales amounted to SEK 11,083 million (11,040). Acquired growth was 4 per cent, exchange rates had a negative impact of -3 per cent on growth, and organic growth was -1 per cent.
- Operating profit (EBIT) totalled SEK 717 million (525).
- EBITA rose 27 per cent to SEK 829 million (650), corresponding to a margin of 7.5 per cent (5.9).
- Adjusted EBITA, excluding items affecting comparability, rose 12 per cent to SEK 879 million (788). The adjusted EBITA margin was 7.9 per cent (7.1).

- Profit for the period totalled SEK 359 million (215).
- Earnings per share were SEK 3.80 (2.52) before and SEK 3.80 (2.51) after dilution.
- Cash conversion was 103.2 per cent (94.0).
- Free cash flow totalled SEK 1,270 million (872).
- The Board proposes that a dividend of SEK 1.15 (0) per share be paid for 2020.

Significant events

- During the quarter, Ambea estimates the negative impact of the COVID-19 situation to be about SEK 100 million on net sales and SEK 35 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, Mark Jensen was appointed new President and CEO of Ambea. He will assume his position on 8 March.
- After the end of the quarter, six operations in residential and day services in Sweden were acquired from LSS Omsorgen. Ambea also concluded an agreement to acquire EKKOfonden's care operations, which provides residential care services for adults with disabilities across Denmark. Read more on pages 7 and 9.
- The negative effects of the coronavirus pandemic on the company are expected to continue in 2021. In the first quarter, the estimated negative impact is SEK 90-100 million on sales and SEK 30-40 million on EBITA.

Consolidated key figures

SEK million	2020 Oct-Dec	2019 Oct-Dec	Δ%	2020 Jan-Dec	2019 Jan-Dec	Δ%
Net sales	2,764	2,804	-1	11,083	11,040	0
EBITA*	200	145	38	829	650	27
Operating margin, EBITA (%)*	7.3	5.2		7.5	5.9	
Adjusted EBITA*	200	154	30	879	788	12
Operating margin, adjusted EBITA (%)*	7.3	5.5		7.9	7.1	
Operating profit, EBIT	174	110	58	717	525	37
Operating margin, EBIT (%)*	6.3	3.9		6.5	4.8	
Profit after tax	93	36	158	359	215	67
Earnings per share before dilution, SEK	0.98	0.39	153	3.80	2.52	51
Earnings per share after dilution, SEK	0.98	0.39	153	3.80	2.51	51
Cash conversion (%)*	141.4	166.3		103.2	94.0	
Free cash flow*	466	471	-1	1,270	872	46

* 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 Benno Eliasson, Interim President and CEO

Higher earnings despite the pandemic

In the fourth quarter, the number of coronavirus cases began to rise again. We saw a second wave that is now affecting more geographic regions than the first wave. In Denmark and Norway, the number of cases and the effects on our operations were greater than last spring. Despite the widespread transmission, it was gratifying to see how the number of severe cases and deaths was lower than in the first wave in our units. We are also pleased that vaccinations have now been completed in our nursing homes and we are now moving forward with other groups.

In the fourth quarter, the estimated impact of the coronavirus is SEK -100 million on sales, and SEK -35 million on earnings. In Altiden and Stendi, the impact was greater quarter-on-quarter, while the impact in other divisions was either unchanged or slightly lower.

In the fourth quarter, net sales amounted to SEK 2,764 million (2,804). Sales were in line with the preceding year, despite a weaker NOK and lower occupancy due to the COVID-19 situation. Organic growth was 0 per cent.

Despite a second wave of COVID-19 infections, Ambea reported a strong fourth quarter with EBITA up 38 per cent to SEK 200 million. Vardaga reported stable earnings, where continuous operational improvements combined with cost reimbursements offset the negative effects of the pandemic on profitability. We are working actively to review upcoming new units and postponing start-ups where demand has been negatively affected by the pandemic. The stable profitability trend continued for Nytida due to stable occupancy and an efficient cost structure. In Stendi, positive effects from the completed restructuring programme were noted, while fourth-quarter earnings were charged with increased costs for coronavirus-related sick leave and PPE.

During the quarter, Altiden was more affected by the COVID-19 situation than previously due to a higher second wave of infections. Earnings were negatively impacted by increased costs for sick leave and PPE. At the same time, we are taking a strategic approach to the home care operations. We are planning to exit the area as contracts expire in 2021. A provision was made for termination of contracts during the quarter. At the same time, we are increasing our focus on residential care for individuals with disabilities. After the end of the fourth quarter, we announced our acquisition of EKKOfondens omsorgsverksamhet. This acquisition represents a continuation of the strategic repositioning that commenced with the acquisition of Vivamus and Casa Blanca.

In addition to the announced acquisition of EKKOfondens's care operations, Nytida completed an acquisition of six LSS units after the quarter. We would like to welcome both of these acquisitions to the Group and are looking forward to more acquisition-related activities in the year ahead.

Due to improved profit and strong cash flow for the year, our indebtedness at the end of the year was in line with Ambea's



long-term financial target. This is enabling an active acquisition agenda combined with sustainable long-term stability for our operations.

We will continue to create opportunities for future organic growth through new establishments in both elderly care and disability care. Two new nursing homes were opened in Vardaga, and three group homes and one new day services unit were opened in Nytida. At the end of the quarter, the number of beds and placements under construction was 1,931, corresponding to 21 per cent of the total number of beds and placements in operation.

The effects of the COVID-19 situation on our operations is expected to continue in the form of lower occupancy in the first quarter of 2021. We expect the impact to be SEK 90-100 million in sales, and SEK 30-40 million in EBITA.

The results from the Swedish National Board of Health and Welfare's caretaker annual survey in Nytida arrived during the quarter. It was gratifying to see that the overall satisfaction has increased among our caretakers. This gives us yet another proof that our long-term quality focus gives result. Our community engagement was acknowledged in the fourth quarter when Stendi received an award from NHO for its efforts to employ people who had been excluded from the labour market for a long time or had participated in labour market programmes.

I would like to thank all of our employees for the heroic efforts made in a challenging situation during 2020. In 2021, we are looking forward to a completed vaccination programme and fewer coronavirus cases as a result. This is a prerequisite for the operation to be able to return to a more normal state, where our focus as always will be to make the world a better place, one person at a time.


Benno Eliasson

Group

Fourth quarter

Net sales

Net sales declined 1 per cent to SEK 2,764 million (2,804). Acquired growth was 2 per cent, exchange rate effects had a negative impact of -3 per cent on growth and organic growth was 0 per cent year-on-year.

Net sales in Own Management amounted to SEK 2,062 million (2,045), up 1 per cent year-on-year, which was attributable to acquisitions and newly opened units, but offset by lower rates of occupancy due to the COVID-19 situation.

Net sales in Contract Management amounted to SEK 634 million (690). The year-on-year decline in sales was attributable to terminated elderly care contracts in Stendi, Vardaga and Altiden.

Net sales in Staffing declined 3 per cent to SEK 67 million (69).

Earnings

EBIT rose 58 per cent to SEK 174 million (110), representing a margin of 6.3 per cent (3.9).

EBITA rose 38 per cent to SEK 200 million (145). The EBITA margin was 7.3 per cent (5.2).

Adjusted EBITA for the quarter rose 30 per cent to SEK 200 million (154). Synergies achieved and operational improvements had a positive impact on earnings. A lower rate of occupancy due to the COVID-19 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 7.3 per cent (5.5).

Net financial items

Net financial expense was SEK -67 million (-63) for the quarter.

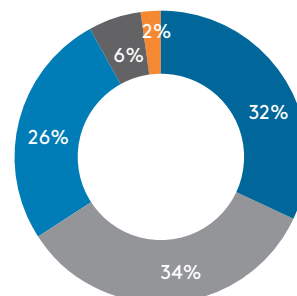
Income tax

Tax expense for the period was SEK 14 million (11), corresponding to an effective tax rate of 13 per cent (23).

Profit for the period

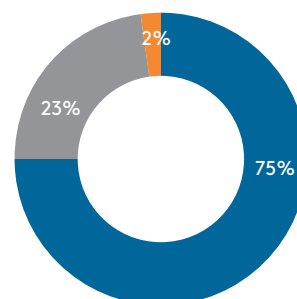
Profit for the period totalled SEK 93 million (36), corresponding to earnings per share of SEK 0.98 (0.39) before dilution and SEK 0.98 (0.39) after dilution.

Net sales by segment
October – December 2020



■ Vardaga
■ Nytida
■ Stendi
■ Altiden
■ Klara

Net sales by contract model
October – December 2020



■ Own management
■ Contract management
■ Staffing

Group

January-December

Net sales

Net sales amounted to SEK 11,083 million (11,040). Acquired growth was 4 per cent, exchange rate effects had a negative impact of -3 per cent on growth and organic growth was -1 per cent year-on-year.

Net sales in Own Management amounted to SEK 8,235 million (8,029), up 3 per cent year-on-year, the result of acquisitions and start-up units.

Net sales in Contract Management amounted to SEK 2,602 million (2,719). The year-on-year decline in sales was adversely impacted by terminated elderly care contracts in Stendi and Vardaga.

Net sales in Staffing declined 16 per cent to SEK 246 million (292).

Earnings

EBIT rose 37 per cent to SEK 717 million (525), representing a margin of 6.5 per cent (4.8).

EBITA rose 27 per cent to SEK 829 million (650). The EBITA margin was 7.5 per cent (5.9).

Adjusted EBITA for the year rose 12 per cent to SEK 879 million (788). EBITA for the year was impacted by items affecting comparability of SEK -50 million (-138), attributable to costs for the restructuring programme in Norway. Completed acquisitions and synergies achieved through acquisitions had a positive impact on earnings, while lower occupancy due to the COVID-19 situation and ongoing new-starts had a negative impact. The COVID-19 situation is estimated to have affected earnings by approx. SEK -110 million related to loss of revenues and increased costs, including public compensation. The adjusted EBITA margin was 7.9 per cent (7.1).

Net financial items

Net financial expense for the period was SEK -260 million (-249). Net interest income was negatively impacted by currency effects of SEK -12 million (pos: 10) and increased IFRS-16 effects of SEK -18 million, but positively impacted by lower interest expense of SEK 20 million.

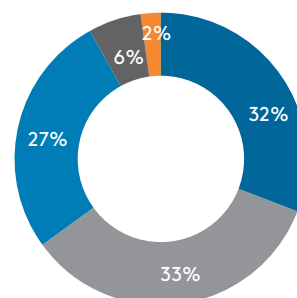
Income tax

Tax expense for the period was SEK 97 million (61), corresponding to an effective tax rate of 21 per cent (22).

Profit for the period

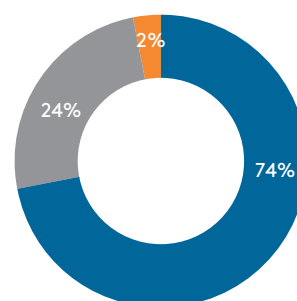
Profit for the period totalled SEK 359 million (215), corresponding to earnings per share of SEK 3.80 (2.52) before dilution and SEK 3.80 (2.51) after dilution.

Net sales by segment
January-December 2020



■ Vardaga
■ Nytida
■ Stendi
■ Altiden
■ Klara

Net sales by contract model
January-December 2020



■ Own management
■ Contract management
■ Staffing

Cash flow

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Adjusted EBITDA	402	338	1,663	1,508
Adjustment for non-cash items	0	-38	13	-36
Change in working capital	183	273	103	15
Cash flow from investments in fixed assets	-28	-24	-122	-110
Operating cash flow, including investments to increase capacity	556	550	1,657	1,377
Net financial items	-67	-63	-253	-249
Tax paid	-25	-7	-83	-119
Reversal of items affecting comparability	1	-9	-51	-138
Free cash flow	466	471	1,270	872
Acquisition/disposal of shares and participations	0	6	-105	-2,614
Cash flow from financing activities	-486	-639	-1,178	1,739
Other	0	-5	1	-4
Cash flow for the period	-20	-163	-12	-6

Free cash flow for the quarter amounted to SEK 466 million, which was in line with previous year.

Free cash flow for the period amounted to SEK 1,270 million (872). The increase was largely due to improved earnings and reduced tied-up working capital.

Financial position

SEK million	31 Dec 2020	31 Dec 2020 excl. IFRS 16	31 Dec 2019	31 Dec 2019 excl. IFRS 16
Net interest-bearing debt*	8,375	2,672	7,917	3,213
Rolling 12 months adjusted EBITDA*	1,663	862	1,508	796
Net debt/Rolling 12 months adjusted EBITDA	5.0	3.1	5.3	4.0

At 31 December 2020, net interest-bearing debt amounted to SEK 8,375 million (7,917). Indebtedness, excluding IFRS 16 effects, declined SEK 541 million to SEK 2,672 million, or 3.1 times (4.0) 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 seambea.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 and home care units offers a high level of expertise and safety. 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 867 million (915).

Net sales in Own Management amounted to SEK 548 million (554), down 1 per cent, the result of generally lower occupancy rates due to the COVID-19 situation.

Net sales in Contract Management amounted to SEK 319 million (361). The 11 per cent decline was due to terminated contracts. During the quarter, Vardaga retained existing contracts amounting to an annual volume of SEK 9 million.

EBITA rose 8 per cent to SEK 42 million (39). As in the preceding quarter, earnings were adversely impacted by lower occupancy rates due to the coronavirus pandemic combined with a high start-up rate. Retroactive reimbursement of additional costs linked to the COVID-19 situation had a positive effect of SEK 20 million. Earnings were also strengthened by continuous operational improvements in the acquired Aleris Omsorg operations. Increased costs for sick leave and PPE were offset by government support measures.

The EBITA margin was 4.8 per cent (4.3). The EBITA margin for mature units (opened before 2019) declined 0.4 percentage points, mainly the result of lower occupancy due to the COVID-19 situation.

January – December period

Vardaga's net sales amounted to SEK 3,497 million (3,494), in line with the year-earlier period.

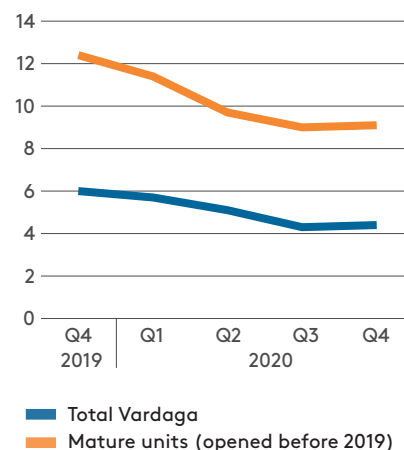
Net sales in Own Management amounted to SEK 2,184 million (2,061), a 6 per cent increase attributable to the acquisition of Aleris Omsorg and newly opened units, but offset by lower occupancy rates due to the COVID-19 situation.

Net sales in Contract Management amounted to SEK 1,313 million (1,433). The 8 per cent decline was due to terminated contracts.

EBITA declined 26 per cent to SEK 154 million (207). The lower profitability was attributable to lower occupancy due to the coronavirus pandemic and new start-up units.

The EBITA margin was 4.4 per cent (5.9).

Vardaga adjusted EBITA margin RTM* %



SEK million	2020 Oct-Dec	2019 Oct-Dec	Δ %	2020 Jan-Dec	2019 Jan-Dec	Δ %
Net sales	867	915	-5	3,497	3,494	0
EBITA*	42	39	8	154	207	-26
Operating margin, EBITA (%)*	4.8	4.3		4.4	5.9	
Operating margin, EBITA mature units (%)*	10.7	11.1		9.1	12.4	

* Alternative performance measures.

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.

Quarter

Net sales rose 3 per cent to SEK 946 million (919).

Net sales in Own Management amounted to SEK 786 million (787).

Net sales in Contract Management amounted to SEK 160 million (132). The 21 per cent increase was due to start-ups of previously won contracts. During the quarter, Nytida secured new contracts corresponding to an annual volume of SEK 33 million.

Adjusted EBITA rose 33 per cent to SEK 159 million (120). Earnings were positively impacted by synergies achieved and efficiency improvements. Retroactive reimbursement of costs related to the COVID-19 situation had a positive impact on earnings.

The adjusted EBITA margin was 16.8 per cent (13.1).

After the end of the quarter, six operations in residential and day services for adults with disabilities were acquired from LSS Omsorgen. The acquisition was transferred on 1 February 2021.

January – December period

Net sales increased to SEK 3,701 million (3,664).

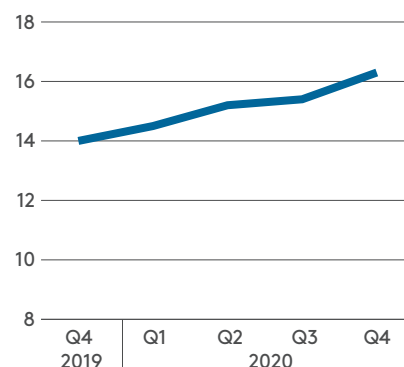
Net sales in Own Management amounted to SEK 3,100 million (3,173), down 2 per cent. Units discontinued in 2019 had a negative impact on sales. The full-year effect of the acquisition of Aleris Omsorg and start-up units made a positive contribution.

Net sales in Contract Management amounted to SEK 601 million (491), up 22 per cent due to start-ups of previously won contracts.

EBITA rose 18 per cent to SEK 604 million (512). Synergies achieved through the acquisition of Aleris Omsorg, and government support measures during the coronavirus pandemic, made a positive contribution.

The EBITA margin was 16.3 per cent (14.0).

Nytida adjusted EBITA margin RTM* %



SEK million	2020 Oct-Dec	2019 Oct-Dec	Δ %	2020 Jan-Dec	2019 Jan-Dec	Δ %
Net sales	946	919	3	3,701	3,664	1
EBITA*	159	120	33	604	512	18
Operating margin, EBITA (%)*	16.8	13.1		16.3	14.0	

* Alternative performance measures.

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 6 per cent to SEK 726 million (770). In local currency, sales rose 4 per cent year-on-year.

Net sales in Own Management amounted to SEK 672 million (689), down 2 per cent.

Net sales in Contract Management amounted to SEK 53 million (81), where the lower sales were due to elderly care contracts that were previously handed back.

Adjusted EBITA was SEK 15 million (-2). Earnings were positively impacted by ongoing efforts to introduce Ambea's operational management model, but were burdened with currency effects. The effects of completed restructuring programme had a positive impact on earnings but were offset by increased costs for coronavirus-related sick leave and PPE.

The adjusted EBITA margin was 2.0 per cent (-0.3).

January – December period

Net sales amounted to SEK 2,975 million (3,106). In local currency, growth was 5 per cent. The increase was attributable to the full-year effects of the acquisition of Aleris Omsorg.

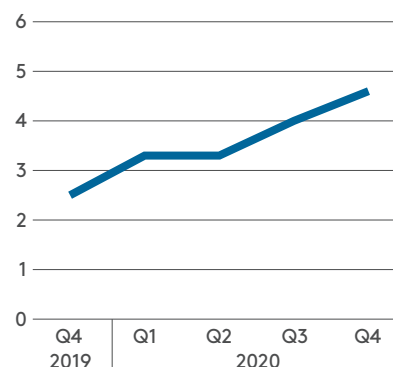
Net sales in Own Management amounted to SEK 2,726 million (2,736). In local currency, growth was 10 per cent.

Net sales in Contract Management amounted to SEK 249 million (370). The decline in sales was attributable to handed-back contracts in elderly care.

Adjusted EBITA was SEK 137 million (80). 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 SEK 50 million were charged to the period. The programme achieved full effect at the end of 2020.

The adjusted EBITA margin was 4.6 per cent (2.6).

Stendi adjusted EBITA margin RTM* %



SEK million	2020 Oct-Dec	2019 Oct-Dec	Δ %	2020 Jan-Dec	2019 Jan-Dec	Δ %
Net sales	726	770	-6	2,975	3,106	-4
Adjusted EBITA*	15	-2	n.a.	137	80	70
Operating margin, adjusted EBITA (%)*	2.0	-0.3		4.6	2.6	

* Alternative performance measures.

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 21 per cent to SEK 158 million (131).

Net sales in Own Management amounted to SEK 56 million (20). The increase in sales was attributable to acquisitions.

Net sales in Contract Management amounted to SEK 102 million (111), where the decline was attributable to the termination of one nursing home contract at the beginning of the quarter and lower demand in home care.

EBITA was SEK -16 million (0). EBITA was charged with costs of SEK 10 million for the home care operations, which includes a provision for termination of contracts. Increased costs for the COVID-19 situation in both disability care and nursing homes had a negative impact on earnings. Acquired units (Casablanca Bo & Ehrverv ApS and Vivamus A/S) performed as planned, which had a positive impact on earnings.

The EBITA margin was -10.1 per cent (0.0).

After the end of the quarter, Ambea announced that Altiden had acquired EKKOfonden's care operations, which provides residential care services for young people and adults with disabilities. EKKOfonden is one of Denmark's largest social care providers with operations across the entire country. The takeover will take the form of an asset acquisition, with transfer scheduled for the second quarter of 2021.

January – December period

Net sales amounted to SEK 663 million (484). 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 225 million (59) in Own Management, and SEK 438 million (425) in Contract Management.

EBITA was SEK -14 million (-12). EBITA was positively impacted by completed acquisitions, but charged with higher costs for building up a separate organisation in Altiden. EBITA was charged with higher costs for the home care operations, which include a provision for termination of contracts.

The EBITA margin was -2.1 per cent (-2.5).

Altiden adjusted EBITA margin RTM* %



SEK million	2020 Oct-Dec	2019 Oct-Dec	Δ %	2020 Jan-Dec	2019 Jan-Dec	Δ %
Net sales	158	131	21	663	484	37
EBITA*	-16	0	n.a.	-14	-12	17
Operating margin, EBITA (%)*	-10.1	0.1		-2.1	-2.5	

* 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 3 per cent to SEK 67 million (69). 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.

EBITA was SEK 7 million (7), representing a margin of 10.4 per cent (10.1). The margin was positively impacted by a stable trend for ambulatory care teams, but charged with higher personnel costs due to the COVID-19 situation.

January-December period

Net sales declined 16 per cent to SEK 246 million (292). The decrease was attributable to a negative trend, particularly for temporary doctors and nurses.

EBITA was SEK 26 million (25), representing a margin of 10.6 per cent (8.6). 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 Oct-Dec	2019 Oct-Dec	Δ %	2020 Jan-Dec	2019 Jan-Dec	Δ %
Net sales	67	69	-3	246	292	-16
EBITA*	7	7	0	26	25	4
Operating margin, EBITA (%)*	10.4	10.1		10.6	8.6	

* Alternative performance measures.

Operational key figures

SEK million	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Ambea					
Number of beds and placements in operation under own management on the closing date	8,637	8,832	9,089	9,036	9,160
Number of beds and placements opened under own management (RTM)	562	600	668	610	643
Number of beds and placements under own management under construction, on the closing date	2,309	2,181	2,057	1,950	1,931
Net won/lost management contracts, annual volume SEK million*	-28	157	-90	0	33
Vardaga					
Number of beds in operation under own management on the closing date	2,545	2,661	2,848	2,792	2,885
Number of beds opened under own management (RTM)	477	521	564	504	511
Number of beds under own management under construction on the closing date	1,983	1,867	1,790	1,686	1,628
Net won/lost management contracts, annual volume SEK million*	-36	157	-24	0	0
Nytida					
Number of beds and placements in operation under own management on the closing date	5,138	5,150	5,220	5,220	5,275
Number of beds and placements opened under own management (RTM)	77	71	104	98	124
Number of beds and placements under own management under construction, on the closing date	249	237	190	187	151
Net won/lost management contracts, annual volume SEK million*	8	0	-9	0	33
Stendi					
Number of beds in operation under own management on the closing date	868	871	871	866	842
Number of beds opened under own management (RTM)	3	3	0	0	0
Number of placements under own management under construction on the closing date	0	0	0	0	0
Net won/lost management contracts, annual volume SEK million*	0	0	0	0	0
Altiden					
Number of beds and placements in operation under own management on the closing date	86	150	150	158	158
Number of beds opened under own management (RTM)	5	5	0	8	8
Number of beds and placements under own management under construction, on the closing date	77	77	77	77	152
Net won/lost management contracts, annual volume SEK million*	0	0	-57	0	0

* 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.

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. Since the acquisition of Aleris Care, Ambea has continued the process of reducing the use of consultants and uses preferably fixed employees in the operations today.

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, six operations in residential and day services for adults with disabilities in Sweden were acquired from LSS Omsorgen. Ambea also concluded an agreement to acquire EKKOfondens omsorgsverksamhet, which provides residential care services for adults with disabilities across Denmark. Read more on pages 7 and 9

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 13,794 (13,214), and the increase was mainly due to acquisitions and start-up units.

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.

In addition to the above, the COVID-19 situation entails a risk for Ambea. The COVID-19 situation primarily affects occupancy and the ability to staff our operations. We are working actively to manage and limit these risks with structured support from Ambea's crisis organisation. Lower occupancy is the risk with the greatest potential financial impact in the short term. COVID-19 is a unique phenomenon because the impact is difficult to assess and the future trend is unpredictable.

Key judgements and estimates

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

Other information

This 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 view 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, 15 February 2021

Lena Hofberger
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

Benno Eliasson
Interim President and CEO

Annual General Meeting, 12 May

The 2020 AGM will be held on 12 May 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 19 March.

Presentation of the fourth 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 on Tuesday, 16 February 2021. 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, or use the code: 7444318.

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 & Investor Relations
Tel: +46 (0)708 64 07 52

Forthcoming report occasions

Annual Report	29 March
Q1 interim report	4 May 2021
Annual General Meeting	12 May
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

Consolidated earnings in summary

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating income				
Net sales	2,764	2,804	11,083	11,040
Other operating income	70	37	122	99
Total operating income	2,834	2,841	11,205	11,139
Operating expenses				
Consumables	-99	-71	-358	-383
Other external costs	-320	-398	-1,260	-1,532
Personnel costs	-2,012	-2,042	-7,973	-7,851
Depreciation, amortisation and impairment of fixed assets	-228	-219	-896	-845
Other operating expenses	-2	-1	-1	-3
Operating expenses	-2,660	-2,731	-10,488	-10,614
Operating profit	174	110	717	525
Financial income	0	2	1	12
Financial expenses	-67	-65	-261	-261
Net financial items	-67	-63	-260	-249
Profit after net financial items	107	47	457	276
Profit before tax	107	47	457	276
Tax on profit for the period	-14	-11	-97	-61
Profit for the period	93	36	359	215
Profit for the period attributable to shareholders of the Parent Company	93	36	359	215
Earnings per share before dilution, SEK	0.98	0.39	3.80	2.52
Earnings per share after dilution, SEK	0.98	0.39	3.80	2.51

Consolidated statement of comprehensive income in summary

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit for the period after tax	93	36	359	215
Other comprehensive income, items not transferable to profit or loss				
Remeasurement of defined-benefit pension plans	3	3	-6	-9
Tax related to remeasurement of defined-benefit pension plans	-1	2	1	2
Total items not transferable to profit or loss	2	5	-5	-7
Other comprehensive income, items transferable to profit or loss				
Translation differences	-4	-25	-95	-13
Hedging of net investments in foreign operations	-1	5	46	-7
Cash flow hedges	4	1	-9	2
Hedging cost reserve	0	0	1	-4
Tax	-0	-1	-8	2
Total items transferable to profit or loss	-2	-21	-65	-19
Total other comprehensive income	-0	-15	-69	-25
Total comprehensive income for the period	93	21	290	190
Comprehensive income for the period attributable to shareholders of the Parent Company	93	21	290	190

Earnings per share

	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	93	36	359	215
Earnings per share before dilution				
Average number of shares, thousands	94,484	94,473	94,466	85,727
Earnings per share before dilution, SEK	0.98	0.39	3.80	2.52
Earnings per share after dilution				
Average number of shares, thousands	94,548	94,585	94,531	85,837
Earnings per share after dilution, SEK	0.98	0.39	3.80	2.51

Consolidated balance sheet in summary

SEK million	2020 31 Dec	2019 31 Dec
Assets		
Fixed assets		
Goodwill	6,508	6,532
Customer contracts and customer relationships	496	607
Other intangible assets	27	24
Right-of-use assets	5,675	4,698
Tangible assets	270	251
Derivative instruments	2	3
Deferred tax assets	72	54
Non-current receivables	99	101
Total fixed assets	13,148	12,270
Current assets		
Inventories	0	0
Accounts receivable	1,078	1,078
Other receivables	93	67
Prepaid expenses and accrued income	291	261
Cash and cash equivalents	25	52
Total current assets excluding assets held for sale	1,487	1,458
Assets held for sale	83	82
Total current assets	1,570	1,540
Total assets	14,718	13,810

Consolidated balance sheet in summary – continuation

SEK million	2020 31 Dec	2019 31 Dec
Equity and liabilities		
Equity		
Share capital	2	2
Other capital contributions	6,167	6,167
Reserves	-82	-19
Retained earnings including profit for the year	-1,762	-2,114
Total equity attributable to shareholders of the Parent Company	4,326	4,036
Non-controlling interests	–	–
Total equity	4,326	4,036
Non-current liabilities		
Non-current interest-bearing liabilities	766	961
Lease liabilities	5,167	4,170
Derivative instruments	7	–
Pension provisions	38	39
Other provisions	38	48
Deferred tax liabilities	186	173
Total non-current liabilities	6,203	5,390
Current liabilities		
Commercial papers	1,813	2,228
Lease liabilities	655	610
Accounts payable	311	266
Tax liabilities	80	53
Other non-interest-bearing liabilities	182	200
Accrued expenses and deferred income	1,149	1,027
Total current liabilities	4,190	4,384
Total equity and liabilities	14,718	13,810

Consolidated statement of changes in equity in summary

SEK million	2020 Jan-Dec	2019 Jan-Dec
Opening balance	4,036	2,725
Comprehensive income	290	190
Transactions with shareholders		
Warrants issued	–	2
Share buybacks	–	-5
New share issue	–	1,213
Issue expenses	–	-15
Dividends	–	-74
Closing balance	4,326	4,036

Consolidated cash flow statement in summary

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating activities				
Profit before tax	107	47	457	276
Adjustment for non-cash items	229	181	916	810
Cash flow from operating activities before working capital and tax	336	228	1,373	1,087
Tax paid	-25	-7	-83	-119
Cash flow from operating activities before changes in working capital	312	222	1,289	968
Cash flow from changes in working capital				
Change in operating receivables	-2	90	-70	70
Change in operating liabilities	185	183	173	-55
Cash flow from operating activities	494	495	1,392	982
Investing activities				
Investment in intangible assets	-2	-1	-12	-7
Investment in tangible assets	-26	-23	-112	-115
Divestment of tangible assets	-	-	3	11
Free cash flow	466	471	1,270	872
Acquisition and disposal of shares and participations	-	6	-105	-2,614
Other financial assets	-	-1	-0	-4
Cash flow from investing activities	-28	-19	-226	-2,729
Cash flow after investments	466	476	1,166	-1,746
Financing activities				
New loans/Loans raised	1,889	832	6,037	8,911
Repayment of loan liabilities	-1,706	-1,431	-6,170	-6,221
Repayment of lease liability	-160	-138	-643	-581
Change in revolving credit facility	-509	103	-403	-1,492
New share issue	-	-	-	1,200
Premiums for warrants	-	-	-	2
Share buybacks	-	-5	-	-5
Dividends paid	-	-	-	-74
Cash flow from financing activities	-486	-639	-1,178	1,739
Cash flow for the period	-20	-163	-13	-6
Cash and cash equivalents on the opening date	52	215	52	62
Exchange rate differences in cash and cash equivalents	-7	-0	-14	-4
Cash and cash equivalents on the closing date	25	52	25	52

Parent Company income statement in summary

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Income				
Net sales	2	3	8	17
Total income	2	3	8	17
Operating expenses				
Other external costs	-2	-3	-9	-15
Personnel costs	-4	-3	-14	-16
Amortisation of intangible assets	-0	-0	-0	-0
Operating expenses	-5	-6	-23	-32
Operating loss	-4	-3	-15	-15
Financial items	-6	-2	-29	-59
Loss after financial items	-10	-4	-44	-74
Appropriations	96	199	96	199
Profit before tax	86	194	51	124
Tax on profit for the period	-11	-27	-11	-27
Profit for the period	74	168	40	98

Parent Company balance sheet in summary

SEK million	2020 31 Dec	2019 31 Dec
Assets		
<i>Intangible assets</i>		
Software	1	1
<i>Financial assets</i>		
Participations in Group companies	7,210	7,208
Derivative assets	4	3
Total fixed assets	7,215	7,213
<i>Current assets</i>		
Receivables from Group companies*	3,156	2,555
Other receivables	16	12
Tax assets		–
Prepaid expenses and accrued income	8	11
Cash and bank balances	0	0
Total current assets	3,180	2,579
Total assets	10,394	9,792
Equity and liabilities		
Share capital	2	2
Statutory reserve	0	0
Total restricted equity	3	2
Share premium reserve	1,404	1,403
Retained earnings	1,869	1,771
Profit for the period	40	98
Total non-restricted equity	3,313	3,272
Total equity	3,316	3,274
Untaxed reserves	50	33
<i>Non-current liabilities</i>		
Liabilities to credit institutions*	814	965
Total non-current liabilities	814	965
<i>Current liabilities</i>		
Commercial papers	1,813	2,228
Accounts payable	4	1
Tax liabilities	32	20
Liabilities to Group companies*	4,352	3,253
Other liabilities	0	0
Accrued expenses and deferred income	12	17
Total current liabilities	6,214	5,520
Total equity and liabilities	10,394	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 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.

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 have been adopted in advance.

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

October – December 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	867	946	726	158	67	0	0	2,764
Other operating income	38	20	4	1	22	7	-22	70
Internal transactions	–	–	–	–	-22	–	22	0
Total income from external customers	904	966	730	159	67	7	0	2,834
EBITA	42	159	15	-16	7	-7	0	200
EBITA margin, %	4.8	16.8	2.1	-10.1	10.4	–	–	7.3
Items affecting comparability	–	–	0	–	–	0	–	-0
Adjusted EBITA	42	159	15	-16	7	-7	0	200
Adjusted EBITA margin, %	4.8	16.8	2.0	-10.1	10.4	–	–	7.3
Amortisation of intangible assets								-27
Operating profit (EBIT)								174
Net financial items								-67
Profit after net financial items								107
Profit before tax								107
Tax on profit for the period								-14
Profit for the period								93
Assets	6,405	5,729	1,836	452	178	118	–	14,718

October – December 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	915	919	770	131	69	–	0	2,804
Other operating income	8	8	14	1	16	6	-16	37
Internal transactions	–	–	–	–	-16	–	16	0
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	–	–	4	–	–	5	–	9
Adjusted EBITA	39	120	-2	0	7	-10	–	154
Adjusted EBITA margin, %	4.3	13.1	-0.3	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								37
Assets	5,257	5,905	2,069	246	180	153	–	13,810

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

NOTE 2 Segment information – continuation

January – December 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	3,497	3,701	2,975	663	246	–	–	11,083
Other operating income	55	37	11	2	83	15	-83	122
Internal transactions	–	–	–	–	-83	–	83	0
Total income from external customers	3,552	3,738	2,986	666	246	15	0	11,205
EBITA	154	604	86	-14	26	-28	–	829
EBITA margin, %	4.4	16.3	2.9	-2.1	10.6	–	–	7.5
Items affecting comparability	–	–	50	–	–	–	–	50
Adjusted EBITA	154	604	137	-14	26	-28	–	879
Adjusted EBITA margin, %	4.4	16.3	4.6	-2.1	10.6	–	–	7.9
Amortisation of intangible assets								-112
Operating profit (EBIT)								717
Net financial items								-260
Profit after net financial items								457
Profit before tax								457
Tax on profit for the period								-97
Profit for the period								359
Assets	6,405	5,729	1,836	452	178	118	–	14,718

January – December 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	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	0	–	5.9
Items affecting comparability	–	–	36	4	–	98	–	138
Adjusted EBITA	207	512	80	-8	25	-28	–	788
Adjusted EBITA margin, %	5.9	14.0	2.6	-1.6	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	153	–	13,810

*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 (October – December)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	548	554	786	787	672	689	56	20	–	–	2,062	2,050
Contract Management	319	361	160	132	53	81	102	111	–	–	634	685
Staffing	–	–	–	–	–	–	–	–	67	69	67	69
Total	867	915	946	919	726	770	158	131	67	69	2,764	2,804

Type of service delivery (January – December)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	2,184	2,061	3,100	3,173	2,726	2,736	225	59	–	–	8,235	8,029
Contract Management	1,313	1,433	601	491	249	370	438	425	–	–	2,602	2,719
Staffing	–	–	–	–	–	–	–	–	246	292	246	292
Total	3,497	3,494	3,701	3,664	2,975	3,106	663	484	246	292	11,083	11,040

NOTE 4 Items affecting comparability

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Restructuring and acquisition-related items	0	-9	-50	-138
Total items affecting comparability	0	-9	-50	-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 121 million to net sales, and SEK 10 million to profit before tax. If the acquisition had taken place on 1 January 2020, the company would have contributed SEK 123 million to net sales and SEK 11 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 the fair value hierarchy

		Classification in the fair value hierarchy						
		1		2		3		
SEK million	2020 31 Dec	2019 31 Dec	2020 31 Dec	2019 31 Dec	2020 31 Dec	2019 31 Dec	2020 31 Dec	2019 31 Dec
Assets								
Interest-rate derivatives	2	3	–	–	2	3	–	–
Liabilities								
Interest-rate derivatives	7	–	–	–	7	–	–	–
Earn-out	–	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 in Net 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 31 Dec	2019 31 Dec
Leased assets	115	66
Chattel mortgages	1	7
Real estate mortgages	–	9
Total pledged assets	116	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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Growth/Acquired growth				
Net sales growth (%)	-1	80	0	82
Of which acquired growth (%)	2	81	4	81
Of which currency effect (%)	-3	0	-3	0
Of which organic growth (%)	0	1	-1	1
Operating margin (EBIT)				
Net sales	2,764	2,804	11,083	11,040
Operating profit (EBIT)	174	110	717	525
Operating margin, EBIT (%)	6.3	3.9	6.5	4.8
EBITA and adjusted EBITA				
Operating profit (EBIT)	174	110	717	525
Amortisation and impairment of intangible assets	27	35	112	125
EBITA	200	145	829	650
Items affecting comparability	-0	9	50	138
Adjusted EBITA	200	154	879	788
Net sales	2,764	2,804	11,083	11,040
EBITA margin (%)	7.3	5.2	7.5	5.9
Adjusted EBITA margin (%)	7.3	5.5	7.9	7.1
EBITDA and adjusted EBITDA				
Operating profit (EBIT)	174	110	717	525
Depreciation, amortisation and impairment of tangible and intangible assets	228	219	896	845
EBITDA	402	329	1,613	1,370
Items affecting comparability	-0	9	50	138
Adjusted EBITDA	402	339	1,663	1,508
EBITDA and adjusted EBITDA excluding IFRS 16				
Operating profit (EBIT)	174	110	717	525
Depreciation, amortisation and impairment of tangible and intangible assets	228	219	896	845
Additional: Rental expenses	-207	-182	-798	-711
Additional: Capital gain/loss from terminated agreements	0	-	-3	-
Net effects of IFRS 16 on EBITDA	-207	-182	-802	-711
EBITDA excluding effects of IFRS 16	194	147	811	659
Items affecting comparability	-0	9	50	138
Adjusted EBITDA excluding IFRS 16	194	156	861	796
EBITA and adjusted EBITA excluding IFRS 16				
Operating profit (EBIT)	174	110	717	525
Amortisation and impairment of intangible assets	27	35	112	125
EBITA	201	145	829	650
Less, amortisation IFRS 16	174	158	682	-618
Additional: Rental expenses	-207	-182	-798	711
Additional: Capital gain/loss from terminated agreements	0	-	-3	-
Net effects of IFRS 16 on EBITA	-33	-24	-120	-94
EBITA excluding effects of IFRS 16	167	121	709	556
Items affecting comparability	-0	9	50	138
Adjusted EBITA excluding IFRS 16	167	130	759	694
EBITA margin excluding IFRS 16	6.1	4.3	6.4	5.0
Adjusted EBITA margin excluding IFRS 16	6.1	4.6	6.9	6.3

NOTE 8 Reconciliation with financial statements – continuation

SEK million	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating cash flow				
Adjusted EBITDA	402	338	1,663	1,508
Adjustment for non-cash items	0	-38	13	-36
Cash flow from investing activities excl. acquisition and divestment of subsidiaries	-28	-24	-122	-110
Adjustment for cash flow from investing activities related to increased capacity/growth	11	13	60	42
Change in working capital	183	273	103	15
Operating cash flow	568	562	1,717	1,418
Cash conversion (%)				
Operating cash flow	568	562	1,717	1,418
Adjusted EBITDA	402	338	1,663	1,508
Cash conversion (%)	141.4	166.3	103.2	94.0
Items affecting comparability				
<i>Reversal of restructuring and acquisition-related costs</i>				
- of which costs included in the line item of consumables	-0	0	-0	0
- of which costs included in the line item of other external costs	3	10	32	81
- of which costs included in the line item of personnel costs	-3	-1	18	52
- of which costs included in the line item of depreciation, amortisation and impairment	0	0	0	4
Total restructuring and acquisition-related costs	0	9	50	138
Total items affecting comparability	-0	9	50	138

SEK million	2020 31 Dec	2019 31 Dec
Net debt, Net debt/Adjusted EBITDA, RTM		
Non-current interest-bearing liabilities	5,933	5,131
Current interest-bearing liabilities	2,468	2,838
Less: cash and cash equivalents	-25	-52
Net debt	8,375	7,917
Adjusted EBITDA RTM	1,663	1,508
Net debt/Adjusted EBITDA, RTM (times)	5.0	5.3
Net debt, Net debt/Adjusted EBITDA, RTM excl. effects of IFRS 16		
Non-current interest-bearing liabilities	5,933	5,131
Less: non-current lease liabilities pertaining to properties recognised on the lease liability line	-5,080	-4,134
Current interest-bearing liabilities	2,468	2,838
Less: current lease liabilities pertaining to properties recognised on the lease liability line	-623	-571
Less: cash and cash equivalents	-25	-52
Net debt excluding effects of IFRS 16	2,672	3,213
Adjusted EBITDA RTM	861	796
Net debt/Adjusted EBITDA, RTM (times)	3.1	4.0

Quality management in the fourth quarter of 2020

Second wave of the coronavirus pandemic

A second wave of COVID-19 affected public health and Ambea in the fourth quarter of 2020. It began in early October, when the number of cases reported in our operations rose rapidly. More cases were reported compared with the situation last spring, especially in Nytida. However, the number of deaths was significantly lower, and was probably due to widespread testing. Several asymptomatic cases were discovered, isolated and treated.

To further prevent transmission between colleagues and protect the residents, we increased the use of personal protective equipment (PPE) during the quarter. For the time being, employees in all of our operations are to wear both a visor and a face mask for their entire shift, even in staff rooms. During the quarter, access to PPE was good.

The head office's support for our operations continued during the quarter in the form of continually updated information and a coronavirus helpline in our three operational countries for managers and qualified employees.

Vaccinations

At the end of the fourth quarter, all divisions began to prepare for the vaccination of care receivers. By the end of January 2021, all of the care receivers in our nursing homes in all countries had received their first jab and many care receivers have now received their second. The vaccination of employees in our operations also commenced.

Care Receiver Surveys

During the quarter, the results of Care Receiver Surveys were presented for Nytida, Stendi and Altiden. Nytida achieved an average score of 88.2 per cent for all questions in the Swedish Association of Local Authorities and Regions (SKR) annual national Care Receiver Survey for target groups in individual and family care and LSS. That is a 0.5 per cent increase year-on-year, and a seal of approval for our care receiver services. Stendi and Altiden conduct their own Care Receiver Surveys and also

achieved positive results: 93 per cent in elderly care and 78 per cent in disability care for Stendi, and 84 per cent for Altiden.

Comprehensive insight training

To ensure quality in Ambea's operations, our managers need to understand and achieve full compliance with Ambea's management system. To support this process, Ambea's Quality Department launched a monthly meeting forum for managers and qualified employees in Sweden during the quarter, to clarify the month's tasks according to the management system and put them in context. A training program is also taking place in Nytida 'Att förstå den röda tråden' (Seeing the big picture), where the various components of the management system are broken down and related to each other through case studies.

New, ambitious emission reduction targets

Ambea wants to challenge and guide the care industry towards lower greenhouse gas emissions. Therefore, in November, Ambea's Board set the target that Ambea will halve its CO₂ emissions by 2025, compared with the base year of 2019.

Awards and distinctions

Congratulations to the winners of Ambea's 2020 Quality Award

In December, for the sixth consecutive year, we presented Ambea's quality awards to one operation per division that had excelled in quality management according to our own concepts and models. The aim of the award is to inspire the entire organisation to develop, and to build a sense of commitment and belonging.

The proud winners for 2020 were the Klövedal nursing home (Vardaga), Skarpnäcksgården F-hus HVB facility (Nytida), the Ribstonveien bofelleskap children's home (Stendi) and Altiden Netværk – a residential facility and support network for young people (Altiden). The prizes were presented at a virtual awards ceremony with guests including Ambea's Chairperson and the Chairperson of the Quality and Sustainability Committee.

The quarter in figures

- The proportion of serious non-compliances (grade 4) in Vardaga and Nytida was 0.1 per cent of the total number of registered non-compliances, which is in line with the preceding Q3 quarter (0.1 per cent). The proportion of serious non-compliances was 0.0 per cent in Stendi, and 0.0 per cent was reported for Altiden.
- A total of eight individual complaints were submitted to the IVO for investigation in the fourth quarter, of which five were related to Vardaga's operations. The IVO issued a decision on one case with no remarks, decisions are pending for the remaining seven cases. The IVO issued decisions on two previously lodged complaints with no remarks. Three individual complaints were lodged with the IVO regarding Nytida's operations. In the preceding third quarter, five individual complaints were lodged, of which all were related to Vardaga.
- A total of four Lex Sarah cases were reported, one by Vardaga and three by Nytida. A decision is pending for Vardaga's case. For Nytida, one case has been closed with no remarks and decisions are pending for the remaining two cases.
- A total of seven Lex Maria cases were reported, four by Vardaga and three by Nytida. Two decisions are pending, and two cases have been closed with no remarks for Vardaga. For Nytida, decisions are pending for all cases.
- Inspections: The IVO carried out 16 inspections of Nytida's operations. Decisions have been issued with no remarks for seven of these inspections. During the quarter, the Swedish Schools Inspectorate carried out one inspection of Nytida's operations and a decision is pending. There were no inspections of Vardaga's operations (the IVO performed fewer inspections during the pandemic).
- In Stendi, authorities carried out 40 inspections of the children's units and decisions have been issued for 33 units with no remarks. In children's units in Norway, four inspections per unit are carried out each year.
- Four regulatory inspections were carried out in Altiden, all of them with no remarks. In Denmark, inspections are graded on a 1-5 point scale, where 5 is the maximum. Altiden achieved an average score of 4.5.

* 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.