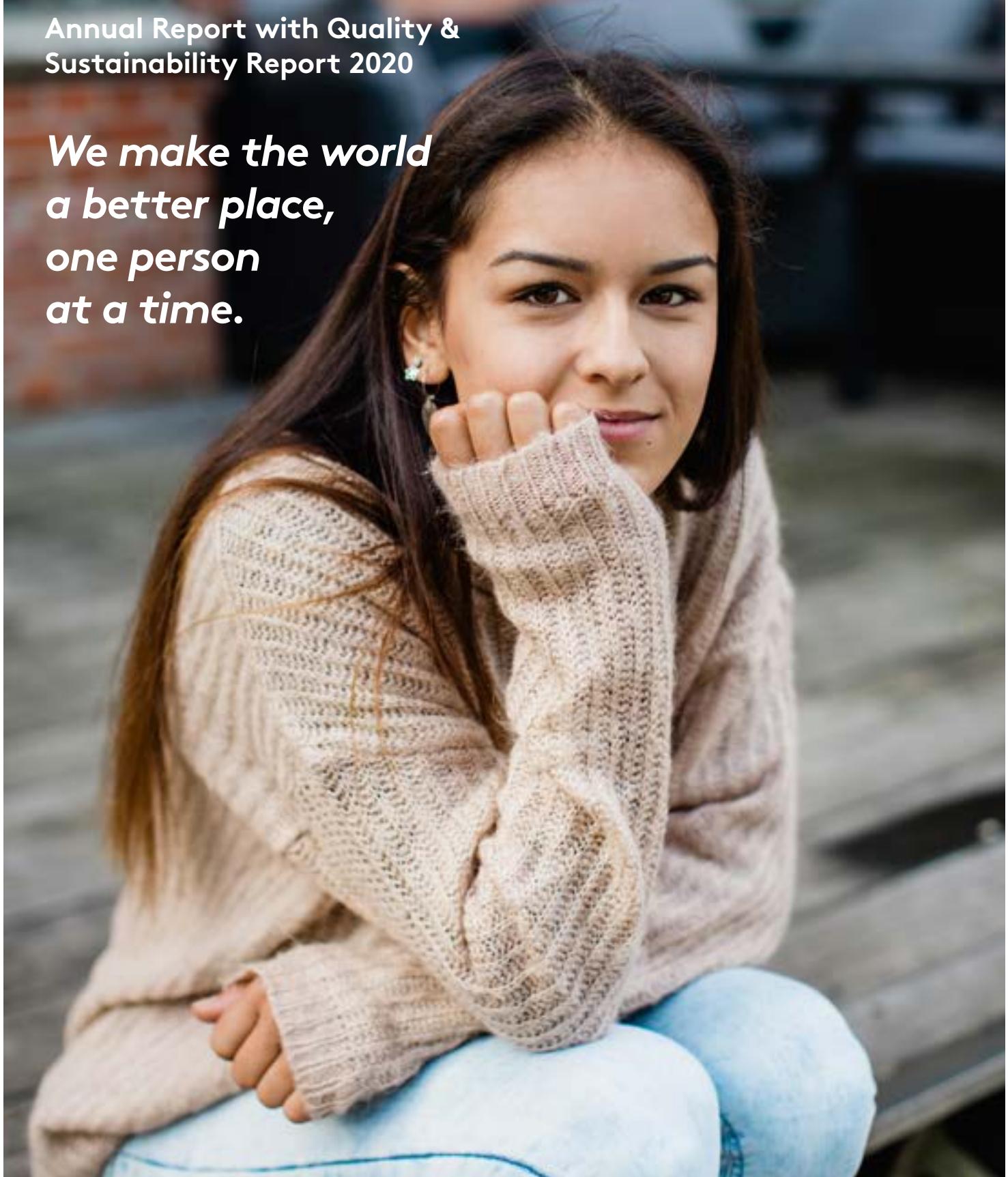


ambea:

Annual Report with Quality &
Sustainability Report 2020

***We make the world
a better place,
one person
at a time.***





Together we create a safe and secure care for everyone.

Ambea is one of the leading care providers in Scandinavia. We work with the elderly, people with disabilities and people who need psychosocial support.

Our mission is to ensure quality of life for every person in Ambea's 900 units. Seeing and hearing them is the heart of our company.

But we also look up and see the world through the eyes of our clients – municipalities. Will they have enough resources in the years ahead? As the need for care grows sharply, financial pressures intensify and the shortage of care workers increases, smart solutions, partnership and innovative solutions will be crucial. Ambea has a key role to play here.

We are a company that dares to test new ideas, strives for continuous improvement and continuously develops our units and our employees. We are big enough to make a difference and want to be a role model that works together with municipalities to create as much safe and secure care as possible from every valuable tax krona.

Always in the best interests of our care receivers. Always guided by our vision: **We make the world a better place, one person at a time.**



READ MORE ON PAGE 20.

Contents

| | | |
|--|-----|-----|
| The year in brief | 6 | |
| CEO comments | 10 | |
| Our competitive environment..... 12 | | |
| Sustainable care strategy..... 16 | | |
| We invest in sustainable growth | 20 | |
| We are developing the best employees in the industry..... | 22 | |
| We provide best quality for money | 26 | |
| Environment and GHG emissions | 29 | |
| Our operations..... 33 | | |
| Vardaga | 35 | |
| Nytida | 37 | |
| Stendi | 39 | |
| Altiden | 41 | |
| Klara | 42 | |
| Statutory Annual Report..... 43 | | |
| Corporate Governance Report | 44 | |
| Risks | 49 | |
| The share | 51 | |
| Financial statements..... 58 | | |
| Directors' report | 59 | |
| Consolidated financial statements | 64 | |
| Notes for the Group | 68 | |
| Parent Company financial statements | 109 | |
| Notes for the Parent Company | 113 | |
| The Board of Director's assurance | 117 | |
| Auditor's report | 118 | |
| Sustainability notes 125 | | |
| GRI Content Index | | 129 |

The audited Annual Report and consolidated financial statements are on pages 59–118. The Corporate Governance Report has been reviewed by the auditors and can be found on pages 44–57.

The mandatory sustainability report can be found on pages 16–32 and 125–130.

COVER: Young people diagnosed with ASD and ADHD live at Altiden Villa in Copenhagen, Denmark. Social-pedagogical treatment is offered here in a secure environment, where care and development are person-focused. All of the young people are in need of support – but the interventions are designed to meet individual needs. Photo: Jenny Drakenlind

Ambea in brief

Ambea has 26,000 employees who are creating a good life for every care receiver in our 900 units across Scandinavia. The operations were founded more than 100 year ago and the company has been listed on Nasdaq Stockholm since 2017.

Our services

- **Elderly care:** At Ambea's approximately 110 nursing homes, our care receivers live in their own apartments with access to communal areas, activities and mealtimes. Staff are on duty 24 hours a day. We also offer home care in selected locations across Sweden and Denmark.
- **Disability care:** For people with permanent disabilities, Ambea has care services for all needs and stages of life: from child care homes and schools to group homes, assisted living facilities and day services for adults. Personal assistance is also offered in Norway.
- **Psychosocial support:** Ambea offers support for people with psychosocial problems, such as substance abuse, self-harming behaviour or criminality. These initiatives include HVB homes, assisted living facilities, foster homes, sheltered housing and non-residential care.
- **Qualified temporary care staff:** Ambea offers flexible and effective solutions for staffing welfare services.

Clients and contracts

Ambea's clients are municipalities across Scandinavia that purchase care on behalf of their residents. The services can be divided according to contractual form:

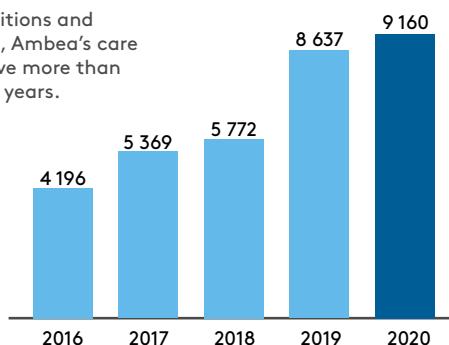
- **Own Management:** Care placements under Own Management operations are offered in premises that Ambea owns or rents with long-term contracts, usually 10–15 years. Due to the long duration, the premises can be customised to suit Ambea's working methods and concepts, and we recruit our own employees. Municipalities purchase placements according to need. Ambea's strategic focus is to increase the proportion of Own Management operations in order to improve both quality and efficiency.
- **Contract management:** Contract Management means that Ambea takes over an existing care service in the municipality's premises and runs the unit for a specific period of time, usually four to five years, often with a possible extension of two to four years.

Ambea in short

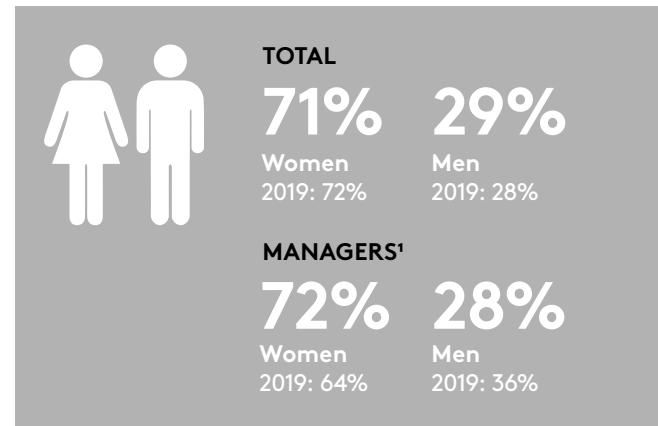


More care placements under Own Management

Through acquisitions and organic growth, Ambea's care placements have more than doubled in four years.



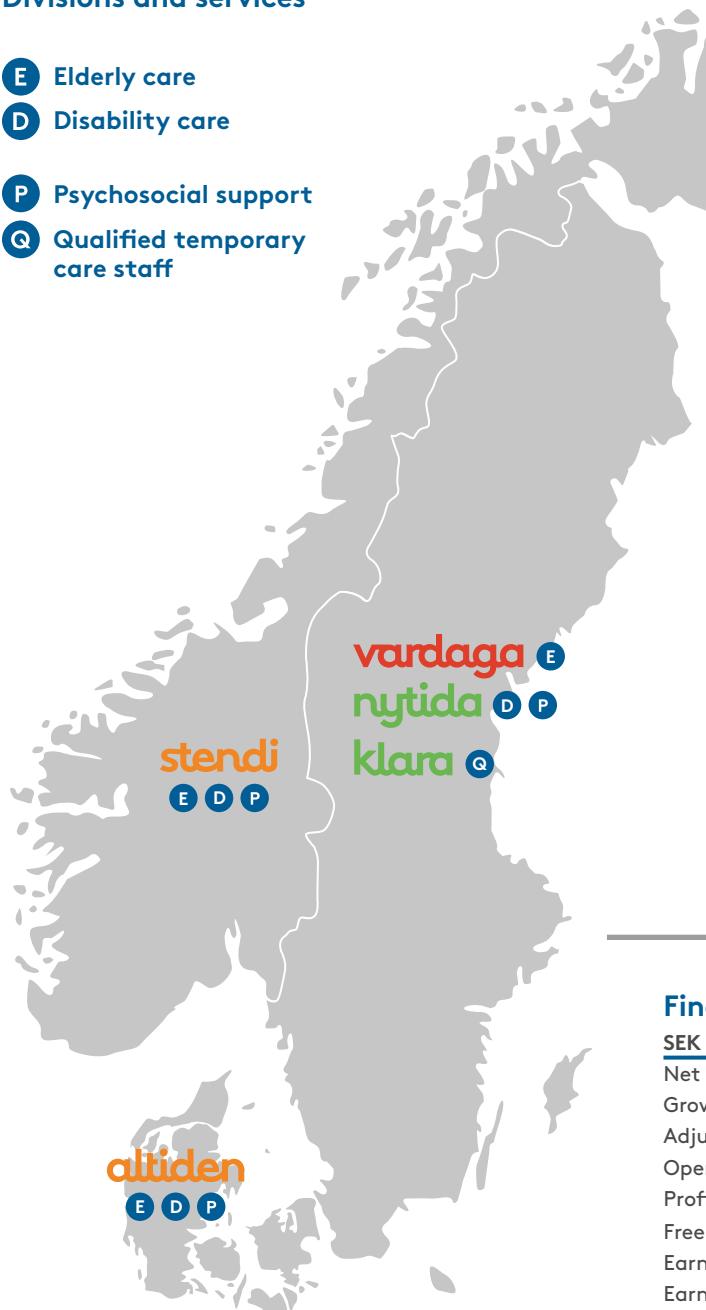
Predominantly female employees



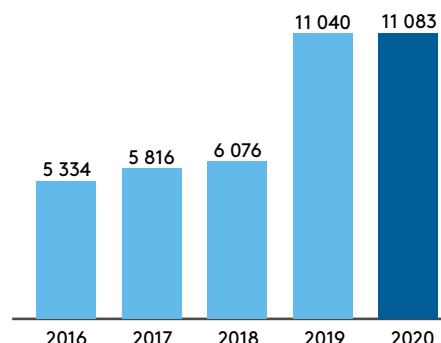
¹ Relates to regional managers, sector managers and other managers in the management team for Ambea's divisions or the Group.

Divisions and services

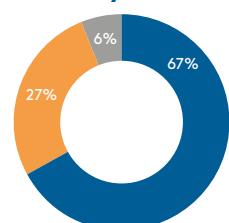
- E** Elderly care
- D** Disability care
- P** Psychosocial support
- Q** Qualified temporary care staff



Net sales (SEK MILLION)

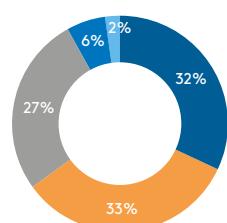


Sales per country



■ Sweden SEK 7,444 million
 ■ Norway SEK 2,975 million
 ■ Denmark SEK 663 million

Sales per division



■ Vardaga SEK 3,497 million
 ■ Nytida SEK 3,701 million
 ■ Stendi SEK 2,975 million
 ■ Altiden SEK 663 million
 ■ Klara SEK 246 million

Financial overview

| SEK million | 2018 | 2019 | 2020 |
|--------------------------------------|-------|--------|--------|
| Net sales | 6,076 | 11,040 | 11,083 |
| Growth (%) | 4 | 82 | 0 |
| Adjusted EBITA | 547 | 788 | 879 |
| Operating margin, adjusted EBITA (%) | 9.0 | 7.1 | 7.9 |
| Profit for the year | 295 | 215 | 359 |
| Free cash flow | 506 | 872 | 1,270 |
| Earnings per share before dilution | 3.95 | 2.52 | 3.80 |
| Earnings per share after dilution | 3.94 | 2.51 | 3.80 |

Ambea's quality in figures

82%

Vardaga

Positive responses for overall satisfaction with elderly care in the National Board of Health and Welfare's 2020 Care Receiver Survey.

89%

Nytida

Positive responses to the question 'Do you feel safe and secure with the employees?' in the SKR's 2020 Care Receiver Survey.

83%

Stendi

Positive responses to overall satisfaction in the division's 2020 Care Receiver Survey.

84%

Altiden

Positive responses to overall satisfaction in the division's 2020 Care Receiver Survey.

The year in brief

Q1

Strong measures to prevent the spread of COVID-19

- COVID-19 cases began to rise. Ambea introduced strong measures to control the spread of the coronavirus and to secure supplies of PPE. On 11 March, visitors were banned from Ambea's approximately 100 nursing homes in Sweden.
- The Board withdrew its dividend proposal due to uncertainty surrounding the coronavirus pandemic.
- A group home with six placements opened in Sweden.
- In Denmark, the acquisition of Vivamus, which offers residential care for people with disabilities, was completed.
- A restructuring programme expected to generate annual cost savings of SEK 30 million commenced in Norway.

Q3

Increased focus on emissions reduction

- The major impact of the coronavirus pandemic on Ambea's elderly care units in Sweden continued, where lower occupancy put pressure on profit margins. Other divisions were less affected.
- In Norway, the previously announced restructuring programme was successfully completed, with annual cost savings of SEK 40 million instead of SEK 30 million.
- One nursing home with a total of 60 care placements opened in Sweden, and one group home with eight placements opened in Denmark.
- The Board decided to intensify the focus on emissions reduction and launched the target of reducing the company's GHG emissions by 50 per cent by 2025, compared with the base year of 2019.

Q2

Eight new units opened

- By the end of the quarter, the number of COVID-19 cases had declined and the situation was stable. However, the coronavirus pandemic led to lower occupancy rates, primarily in elderly care, and higher costs for PPE and sick leave.
- Fredrik Gren announced his decision to leave Ambea at the end of 2020 after nearly nine years as CEO. The process to recruit his successor commenced.
- In Sweden, three new nursing homes with a total of 217 care placements opened, as well as four group homes and one day services unit with a total of 70 placements.

Q4

New CEO appointed

- Cases of COVID-19 began to rise again in the community. However, the number of severe cases and deaths was lower than during the spring. Ambea's Norwegian and Danish units were more affected than in preceding quarters, while Swedish units were equally or slightly less impacted.
- Mark Jensen was appointed new President and CEO of Ambea.
- A decision was made to discontinue Ambea's home-care operation in Denmark. The area will be exited as contracts expire in 2021.
- Two new nursing homes, three group homes and one new day services unit with a total of 166 placements were opened in Sweden.

AMBEA'S FINANCIAL TARGETS AND OUTCOME – FULL-YEAR 2020

| | Target | Outcome 2020 | Comments |
|------------------------------|-------------|--------------|---|
| Net sales | 8–10% | 0% | Income rose SEK 43 million, up 0 per cent. In 2020, growth was adversely impacted by lower occupancy rates due to the COVID-19 situation. |
| Adjusted EBITA | 9.5% | 7.9% | The margin rose 0.8 percentage points from the preceding year, mainly attributable to synergies realised and operational improvements linked to the acquisition of Aleris Omsorg. |
| Indebtedness (excl. IFRS 16) | <3.25 times | 3.1 times | Indebtedness (excluding effects of IFRS 16) declined SEK 541 million and at year-end, was 3.1 times 12-months adjusted EBITDA. |

Ambea receives award for inclusive recruitment



The large wave of immigration to Sweden began in autumn 2015. Ambea began offering employment and work placements to newly arrived residents in 2016.

Ambea wants to promote an inclusive community. At the same time, we believe that diverse experiences and perspectives are critical for our long-term success.

In November, Stendi (Ambea's operations in Norway) received the 2020 Rings on the Wateraward for its commendable efforts to employ people with reduced work capacity during the coronavirus pandemic. The award was presented by the Confederation of Norwegian Enterprise (NHO).

During the year, Ambea provided work placements or temporary employment for 329 newly arrived residents. These opportunities have been offered to more than 1,200 newly arrived residents since 2016. About half of those who joined Ambea in 2019 and 2020 have either continued to work at the company or are studying to become a care worker.

New digital platforms for people with dementia in Denmark

Due to the coronavirus pandemic, many activities were cancelled and large gatherings were restricted. The situation was particularly difficult for some groups, such as people with dementia. Ambea's Danish division, Altiden, therefore helped to develop the new digital platform, Aktivi.dk, in a public-private partnership with several Danish municipalities and other operators.

Aktivi.se has been developed for people living with dementia and offers a variety of activities for meaningful experiences and companionship in groups on the platform. An effective and appreciated way to stay active and keep in touch in very different times – and maybe even in the future!

Distinctions for our quality performance

Treating every care receiver with respect and dignity, meeting the needs of every individual and providing high-quality care is the heart of Ambea's business. In 2020, our efforts were acknowledged by Täby Municipality, and our units in the municipality received a Quality Award for excellence in elderly care for the fourth consecutive year. In June, employees at the Brunnsgatan 15A nursing home in Lund received an Elderly Prize of SEK 100,000 from the Ribbingska Memorial Fund for committed and systematic work with person-centred dementia care, which led to less medications and fewer fall-related injuries.



Proud employees at Brunnsgatan 15A receiving an award for excellence in dementia care.

"We work in an organised way with a person-centred focus. We treat each person with dignity and respect."

Birgitta Odell-Carlsson, Care Manager Brunnsgatan 15A

We are building to meet tomorrow's needs for care

Ambea is continuing to grow at a rapid pace by building new residential facilities for the elderly and people with special needs. In 2020, we opened six new nursing homes and 11 new group homes.

This is important work. Over the next few years, the need for care will rise sharply across all of Scandinavia, not least because of the baby boom in the 1940s, which means that many new residential facilities will be needed to provide safe and secure care for everyone in need.

At the end of the year, Ambea had residential facilities under construction or ready for construction start-up that will provide 1,931 placements from 2021–2023. We reduce the burden on municipalities by taking care of capital-intensive construction and creating smart residential facilities based on Ambea's long-standing competence and experience.



Ambea's new group homes are furnished according to the new Hemma (Home) concept, which has been specially designed for this target group.

COVID-19: A demanding year for Ambea

In 2020, the coronavirus pandemic brought major challenges for Ambea, especially in elderly care in Sweden. It was a difficult and different year for both care receivers and employees.

“Proud of how we took care of our residents”

In spring 2020, both residents and employees at our Lillängen nursing home in Nacka, Stockholm, were badly affected by COVID-19.

“I am most proud of how we handled the situation together, without compromising on patient safety or quality,” says Liselott Ljungquist, Team Manager and nursing assistant at Lillängen.

Her colleague, nurse Alma Cenanovic, agrees.

“I am extremely proud of how we took care of our residents. The staff were great, we had PPE and we spent a lot of time communicating with each other.

It was in mid-March that the first resident of Lillängen fell ill with flu-like symptoms. The person was immediately isolated, while other residents were asked to stay in their apartments. However, several residents in the same department fell ill one week later, while sick leave increased dramatically among the employees.

“It was a very difficult situation. At one stage, there were only five of eight ordinary staff left in my department and many of our experienced hourly workers were also off sick. At the same time, many of our residents were



Michelle Westin, Care Manager, and Liselott Ljungquist, Team Manager, worked hard when Lillängen was hit by COVID-19.

sick, at most about ten,” says Liselott.

Lillängen has not had any coronavirus cases since May. When Liselott looks back on the period now, she highlights how the team bonded together.

“It was never an issue, we all stood up for each other and for the residents. And whenever it was possible, we sat down and spoke to each other.”



We need more

In many of our units, there was a huge need for new employees during spring 2020 when sick leave increased due to the coronavirus pandemic. Social media was used for recruitment and the response was overwhelming. Many people wanted to make a social contribution by helping carers. Ambea's elderly care in Sweden received 1,800 applications, Stendi in Norway received 1,100 and in Denmark, 250 people applied for temporary positions via Jobbanken.

Norwegian award for pandemic response

In October, Ambea's Norwegian division, Stendi, was named 2020 Service and Trading Company of the Year for its response to the coronavirus pandemic. The award was presented by the Confederation of Norwegian Enterprise (NHO).

In the jury's citation, Stendi made a valuable contribution to the public's pandemic preparedness and response. Stendi also set its own infection control standard at an early stage and, for example, employees quarantined together with care receivers. In general, these efforts received highly positive evaluations from care receivers.

Thank you
to all of our
employees.



For many of the units, the coronavirus pandemic brought unprecedented challenges when both residents and colleagues fell ill. The need to control the spread of the virus and isolate infected residents was combined with a continued need for good care and staying in touch with anxious loved ones.

“Without our fantastic employees, none of this would have been possible. I would like to thank everyone for their fantastic efforts during the year,” says Ulla Tansen, head of Ambea's elderly care division in Sweden.

Coronavirus support for the homeless

Nytida's Skarpnäcksgården in Stockholm is focused on homeless people. During the coronavirus pandemic, the City of Stockholm assigned the unit to take care of people with suspected or confirmed COVID-19.

To offer a COVID-safe environment, a separate isolated wing was opened at Skarpnäcksgården at the end of March 2020, with nine care placements and 24-hour on-site staffing.

"We hand-picked every employee in the COVID-19 department to make sure they weren't from a risk group, and all work is voluntary," says Shakil Saker, Unit Manager and Placement Coordinator.

"It feels great that we can offer support and assistance to a group of people who might otherwise be living on the street with coronavirus and probably spreading it to others," says Shakil.



Employees at Nytida Skarpnäcksgård in Stockholm.

The hunt for personal protective equipment

At the beginning of the pandemic in early spring 2020, global demand for personal protective equipment (PPE) including surgical masks, face visors, gloves and aprons rose dramatically. Securing supplies became a key issue for Ambea. We therefore introduced new methods including special arrangements and frequent reconciliation with our main supplier, as well as purchasing from other suppliers and importing our own supplies via national and international industry networks.

At Ambea's head office, a central warehouse was established to guarantee fast deliveries of PPE to units with major needs.

Digital knowledge transfer for safe care

An important task during the pandemic has been to continuously follow and interpret the guidance issued by authorities – and continuously update the organisation on the rules that apply.

Ambea's Quality Department has continuously followed the guidance issued by authorities and provided instructions for the organisation based on governing documents and check lists that are continuously revised. A coronavirus helpline was quickly established for managers and qualified employees. In addition, the Quality and HR Department started up well-visited webinars.

"We really believe that the webinars fulfil their purpose. They make it easy for employees to receive new information and ask any questions they might have," says Maria Green-Gadelius, Ambea's Quality & Sustainability Director, who has noticed a growing digital maturity within the organisation.



The number of cases declined during summer 2020. Residents and their loved ones were able to meet outdoors.

Another digital initiative was the virtual adaptation of Ambea's educational platform. An online Getting Started course was quickly created to introduce new employees to elderly care.

What have we learnt from the pandemic?

Society was obviously not sufficiently well-equipped for the coronavirus outbreak in early 2020. The second wave was less severe, due to a range of measures, but there is more to do as we move forward.

During the spring, and culminating in April, elderly care was hard hit by the spread of COVID-19. In the second wave, which started in October, the number of severe cases and deaths in our units was lower. Key factors are probably more frequent testing – which meant that infected people without symptoms could be detected and isolated – and more effective treatments for the disease. The fact that PPE was in place, as well as enhanced procedures and security in regard to their adherence, were probably also important.

At the end of the year, the Association of Private Care Providers presented a series of improvement proposals on the pandemic response, which Ambea also endorses. Important measures are clearer guidance for units in crisis, a review of control over medical interventions and a national emergency stockpile for PPE.

There will be more lessons to learn as we move forward, and this type of work is ongoing in Ambea. The areas we are exploring include the division of roles between various care professions, the level of knowledge in care courses and new digital tools. These are measures that would strengthen care during a crisis, but also across the board.



MARK JENSEN, CEO

A tough year but a fighting spirit

2020 was marked by the coronavirus pandemic. Ambea was fully focused on protecting our care receivers, while also offering them quality of life in very different times. Alongside of these efforts, we continued to position ourselves for growth by creating new care placements that are so badly needed.

At the time of writing, in March 2021, I have just taken office as Ambea's new President and CEO. My predecessor, Fredrik Gren, left the company at the end of last year after nearly nine years in the position.

During the recruitment process and during my first few weeks at Ambea, I have devoted my time to getting to know the company. Something in particular that has impressed me is how the organisation has responded to – and is still responding to – the complex task presented by the COVID-19 pandemic. In my eyes, it's an issue of both structural and human capital. Ambea has a leading quality management system in place, a focus on good leadership at all levels and a stated desire to improve and innovate. But our most important asset is our employees,

and their skills and tireless commitment. I cannot thank you enough for your daily efforts to ensure the safety, health and well-being of our care receivers in these unique times.

Welcome spotlight on care

There are undoubtedly lessons to be learned from the pandemic response – for society in general, and for us here at Ambea. We will embrace these lessons as we move forward, and build on our experiences from Sweden, Norway and Denmark.

In the debate in Sweden, the elderly care has been harshly criticised. However, despite the occasional lack of nuance in this criticism – and, for example, not accounting

for the vast majority of care receivers who are satisfied year after year – the fact that care has now landed under the spotlight is welcome. Ambea has long emphasised the need to discuss and address the severe care challenges lying ahead for Scandinavian countries in line with major demographic shifts:

In the coming decade, the 80+ age group will increase approximately 50 per cent in Scandinavia, while the entire population will grow about 6 per cent. That will lead to a huge need for more care placements for the elderly, as well as for people with disabilities and people who need psychosocial support. In order to offer these placements, municipalities will need to construct hundreds of new residential care facilities, recruit and develop a huge number of new employees and develop new and smart care solutions. Ambea has a key role to play in this process.

“Ambea has long emphasised the need to discuss and address the severe care challenges lying ahead for Scandinavian countries.”

Positioned for growth

In line with Ambea's ambition to help municipalities increase their care capacity, the company opened six new nursing homes and 11 new group homes for people with disabilities in 2020. We also have a large number of projects in planning, design or construction phase, where we are creating even more much-needed placements. In 2020, municipalities also entrusted, or renewed their trust in, Ambea, to manage a large number of units under contract.

Demand for elderly care declined temporarily during the year due to the uncertainty and exceptional circumstances surrounding the coronavirus pandemic. At the time of writing, COVID-19 vaccinations are in full swing and when we finally return to normal, our long-term driving forces – with high and growing demand – will remain unchanged.

Improved profitability

During the year, Ambea's profitability improved sequentially despite the pandemic. One key reason is our successful efforts to integrate the former Aleris Omsorg, which Ambea acquired in January 2019. This process is now complete and considerable synergies have been realised.

During the year, our Norwegian division Stendi underwent a major reorganisation in order to introduce Ambea's operations management model and increase the focus on high-quality. The number of local offices was sharply reduced, the central support functions were strengthened and the local leadership of each individual unit was clar-

fied with increased responsibilities and powers. Ambea in Norway succeeded in these efforts to improve profitability and is now equipped to take new steps in an expansive direction.

Increased focus on emissions and the environment

Ambea's sustainability efforts have long been focused clearly on quality and social sustainability. During the year, these efforts were intensified by raising the level of ambition for climate action. The Board's target for Ambea is to halve the company's GHG emissions by 2025 (compared with 2019). To reduce emissions quickly and dramatically, Ambea's Own Management operations in Norway signed agreements for renewable electricity, which is already being gradually introduced in Sweden. We will continue to intensify our sustainability efforts and want to take responsibility and challenge and inspire the entire care industry to move towards increasingly lower emissions. This is important work, and also highly appreciated by our employees.

A glimpse at 2021

In January, Ambea acquired approximately 20 social care units from EKKOfonden in Denmark and will thereby grow sharply in Denmark after the closing of the acquisition, expected to take place in the second quarter. In February, six units from LSS Omsorgen were welcomed to Ambea in Sweden. As we move forward, we will continue to evaluate acquisitions in attractive segments for continued growth.

We are now waiting for the ongoing vaccination programme in Scandinavia to take effect and then, a gradual return to normalcy and favourable conditions for our operations.

Finally, I would like to address care receivers, their loved ones, clients and all others who have been in contact with Ambea's units during the ongoing pandemic: Thank you for your confidence, support, efforts and patience during these unprecedented times.

And I would once again like to thank Ambea's employees from the bottom of my heart. You are the ones who are creating quality day after day by seeing and making a difference for every person who lives in, or visits, our units. Your efforts in 2020 were invaluable.



Mark Jensen, President and CEO



Our competitive environment

Ambea's market is impacted by several competitive factors. On the following pages, we present three overarching trends with a major impact on our operations.

Three megatrends are challenging society

Three clear trends at social level are creating the conditions for the care industry and Ambea over the next 10-year period. These are largely due to demographic shifts and will put pressure on municipalities across Scandinavia – but also create opportunities for Ambea to offer assistance and ease the burden. We refer to these trends as: The major welfare challenge.

1 Care needs are growing

More older people in need of care

The population of Scandinavia is growing and the oldest age groups are growing fastest percentually. Due to longer life expectancy and a baby boom in the 1940s, the number of people aged 80+ is projected to increase by about 50 per cent between 2020 and 2030. This trend will lead to an increased need for social care, since the number of individuals with dementia and other age-related illnesses will increase.

... in many new nursing homes

To meet this growing need, the supply of elderly care services will have to be expanded – both nursing homes and home care services. In addition, some of the municipal care facilities that were built 30–50 years ago are now in poor condition. In many cases, refurbishing these facilities is not financially viable.

In Sweden alone, 560 new nursing homes will need to be built by 2026, according to the Swedish Ministry of Finance. This capacity growth is a challenge for municipalities. The situation varies from place to place, however. The demographic need is often minor in smaller municipalities, where there is usually available capacity already today. There may also be a surplus of placements in large municipalities where private care providers have been active for some time.

Moreover, the calculation of total needs should be treated with caution. Long-range forecasts are always associated with a degree of uncertainty. Since 2000, Swedish municipalities have been granting residential care to an increasingly lower number of people in the 80+ age group. The consumption of home care services has grown slightly, but not to a corresponding degree.

More support for people with disabilities

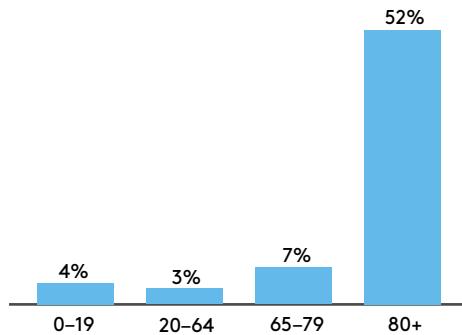
The number of people with disabilities is growing due to population growth. This group is also growing due to greater social acceptance of disability diagnoses and the fact that support is now more readily granted. According to the Swedish Board of Housing Building and Planning, more than half of Swedish municipalities say they currently lack any form of housing for this group.

... and increasing mental illness

Unfortunately, mental health problems are continuing to rise in Scandinavia, particularly among young people. 6 per cent of all Swedes and 13 per cent of people aged 16–29 suffer from severe anxiety, stress and worry according to the Public Health Agency of Sweden. As diagnosis rates rise, the right to support and pressure on effective therapies also grow.

AMBEA'S SOLUTION: We are now building new residential care facilities at a rapid pace to increase capacity for both the elderly and other groups so that more can receive the social care they need and are entitled to. At the same time, we are relieving municipalities from the substantial financial burden of investing in new residential facilities. At year-end, Ambea had 50 residential facilities in planning, design or construction phase.

Estimated growth rate (%) in various age groups between 2020 and 2030



Source: Statistics Sweden, SSB & DST

2 Fewer will have to support more

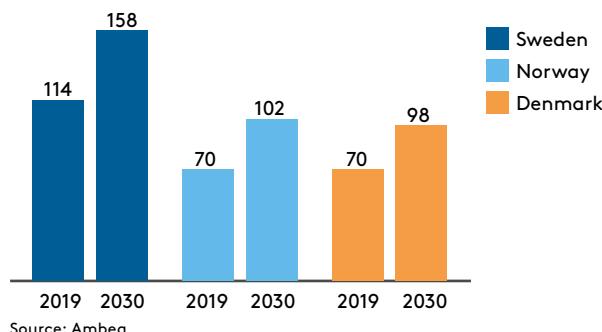
In the years ahead, the proportion of older people in the population will grow, but also children and young people. This trend means that relatively fewer people of working age (20–64) will have to finance welfare services via their taxes. This is a recurring pattern across all of Scandinavia, and particularly clear in Denmark.

At the same time, care costs are rising due to a growing need. If the current level of service is maintained without

any productivity improvements, the annual cost of elderly care in Scandinavia will rise 39–48 per cent by 2030, according to Ambea's estimates. According to the Swedish Ministry of Finance, Swedish municipalities and regions will lose SEK 90 billion by 2026 if they continue to deliver care with the same staff density as today (all other things being equal). In Norway, the estimated deficit is NOK 95 billion by 2040.

AMBEA'S SOLUTION: Higher taxes and government grants will not be sufficient to meet future financing requirements. New solutions to improve productivity and efficiency in care will also be required. Ambea and other private providers have a key role to play here.

Care cost projection 2019–2030 (SEK billion)



3 Growing shortage of care workers

Care delivery is highly labour-intensive. There is already a shortage of qualified employees and the problem will increase, since many of today's employees (born in the 1950s and 60s) will soon retire and needs are growing faster than the workforce.

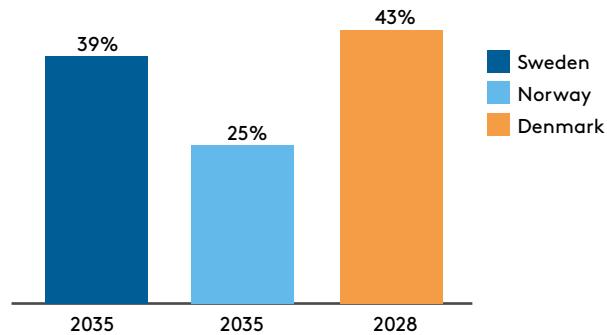
According to the Swedish the Ministry of Finance, 48,000 more care workers will be needed in 2026 com-

pared with 2018. This forecast is based on unchanged staff density. The Swedish Association of Local Authorities and Regions (SKR) estimates that 60 per cent of employment growth by 2025 will need to be in welfare – compared with an historical average of 27 per cent. The situation is similar across all of Scandinavia. For example, the Norwegian Ministry of Health and Care Services estimates that 50 per cent of employment growth by 2040 will need to be in social care.

To manage the staff shortage, the productivity of care services must be improved. For example, Statistics Norway (SSB) estimates that annual productivity growth of 0.5 per cent would reduce the need for employees by 18 per cent by 2040.

AMBEA'S SOLUTION: Ambea believes that working smart is the best way to increase productivity, for example, new work roles and a more efficient organisation. At the same time, the company must continue to be an attractive employer by investing in our employees and offering good working conditions and opportunities for development and training.

Estimated care workforce gap



Other trends affecting our market

• Increased need for specialised social care

The number of individuals with complex diagnoses has increased in recent years. This could be mental illness combined with substance abuse problems, or specialised elderly care such as geriatric psychiatry. It is often difficult for small municipalities to offer high-quality care services for these groups at a reasonable cost.

AMBEA'S SOLUTION: Ambea is a national provider with both specialist expertise and economies of scale. That means we can relieve the burden on municipalities by providing care for groups with complex needs.

• Growing quality and regulatory requirements

Quality of care has been garnering political attention since the 1990s and care providers are subject to comprehensive regulation. While overarching legislation has remained unchanged in recent years, demands from regulators and municipalities are tending to increase.

AMBEA'S SOLUTION: Ambea welcomes this development. It is vital that all social care operators are subject to quality standards. Ambea has the size and competence required to comply with tougher regulations and can effectively integrate them into our units via our processes and procedures.

A large and growing market

The Scandinavian care services market is growing structurally and steadily. Laws and policies set the framework for our operations – and are driven over the long term by public opinion.



POLICY AND DEBATE: Freedom of choice is a key element of the Swedish welfare model and supported by the vast majority of Swedes. A total of 86 per cent say it should be possible to choose where you live when you need elderly care, according to a survey conducted by the Association of Private Care Providers.

According to the January Agreement between the Swedish government (Social Democratic and Green parties) and the Centre and Liberal parties in 2019, the government shall not seek ways to regulate profit-making by private welfare companies – quality aspects shall be governing. The debate has shifted focus in recent years from calls to ban profits to the social challenges posed by growing care needs and strained municipal economies. Shortcomings in elderly care have been debated during the ongoing coronavirus pandemic, but not with a focus on how the care is owned or operated.

MARKET: The Swedish care market* grew about 4 per cent annually from 2015–2019 and the growth rate is expected to remain unchanged in the coming years. In 2020, the coronavirus pandemic led to a temporary decline in demand, primarily for elderly care. Despite a sustained underlying demand for elderly care, the recovery of occupancy rates in residential facilities is at risk of protraction.

The share of private care in Sweden is around 20 per cent, with a longer share in elderly care and a higher share in individual and family care.

Total market size: SEK 203 billion*

Private care: About 21%

Ambea's position: 1

Competitors: Attendo, Humana, Ecura, Team Olivia, Unicare, Förenade Care, Norlandia



POLICY AND DEBATE: In Norway, freedom of choice in care is not as important as in Sweden. The political debate on profits in the tax-funded welfare sector is highly polarised. The centre-right government with three coalition parties considers the private alternative an important partner. As the number of older people gradually increases and oil revenues fall, the focus should be on the range of welfare services – not who provides the services, according to the Norwegian Minister of Local Government and

Modernisation, Nikolai Astrup (Conservative Party). On the other hand, strong voices have been raised against profits in the tax-funded welfare sector and according to the opposition parties, a host of care services should be re-municipalised. The discussion is largely centred around elderly care, while care for other groups does not have the same focus. Social welfare is expected to garner focus in the lead up to the Norwegian parliamentary election in autumn 2021. More voices are now being heard in the debate, which is creating a more nuanced view of the contribution that private welfare providers can make.

MARKET: The care market* in Norway rose 3–6 per cent annually during the 2015–2019 period. The privatisation rate for elderly care is about 10 per cent, and over 20 per cent for disability care and individual and family care.

Total market size: SEK 153 billion*

Private care: 13%

Ambea's position: 1

Competitors: Humana, Ecura, Team Olivia, Unicare, Förenade Care, Norlandia



POLICY AND DEBATE: In Denmark, there is general political unanimity that freedom of choice is a key element of the country's welfare model. The public debate revolves around quality, care resources and how the growing needs for care can be solved.

However, due to the lack of awareness about freedom of choice in elderly care, information campaigns are needed according to a report presented by the Danish Chamber of Commerce, which also states that one in three Danes would choose a private nursing home if they had to make the choice today.

MARKET: The market for Ambea's care services in Denmark rose approximately 2 per cent per year between 2015–2019, primarily in elderly care. At present, only a dozen or so nursing homes are privately run, while about 30 per cent of home care is provided by private operators. About 70 per cent of disability care and psychosocial support is provided by private operators.

Total market size: SEK 101 billion*

Private care: 19%

Ambea's position: 2

Competitors: Attendo, Team Olivia, Förenade Care, OK-fonden

* Ambea's addressable market in elderly care, disability care and individual and family care.

Sustainable care strategy

Quality and sustainability are integral parts of Ambea's strategy and engage the entire company, from Board members to each individual employee. On the following pages, you can read more about our sustainable care strategy – for individuals and for society.

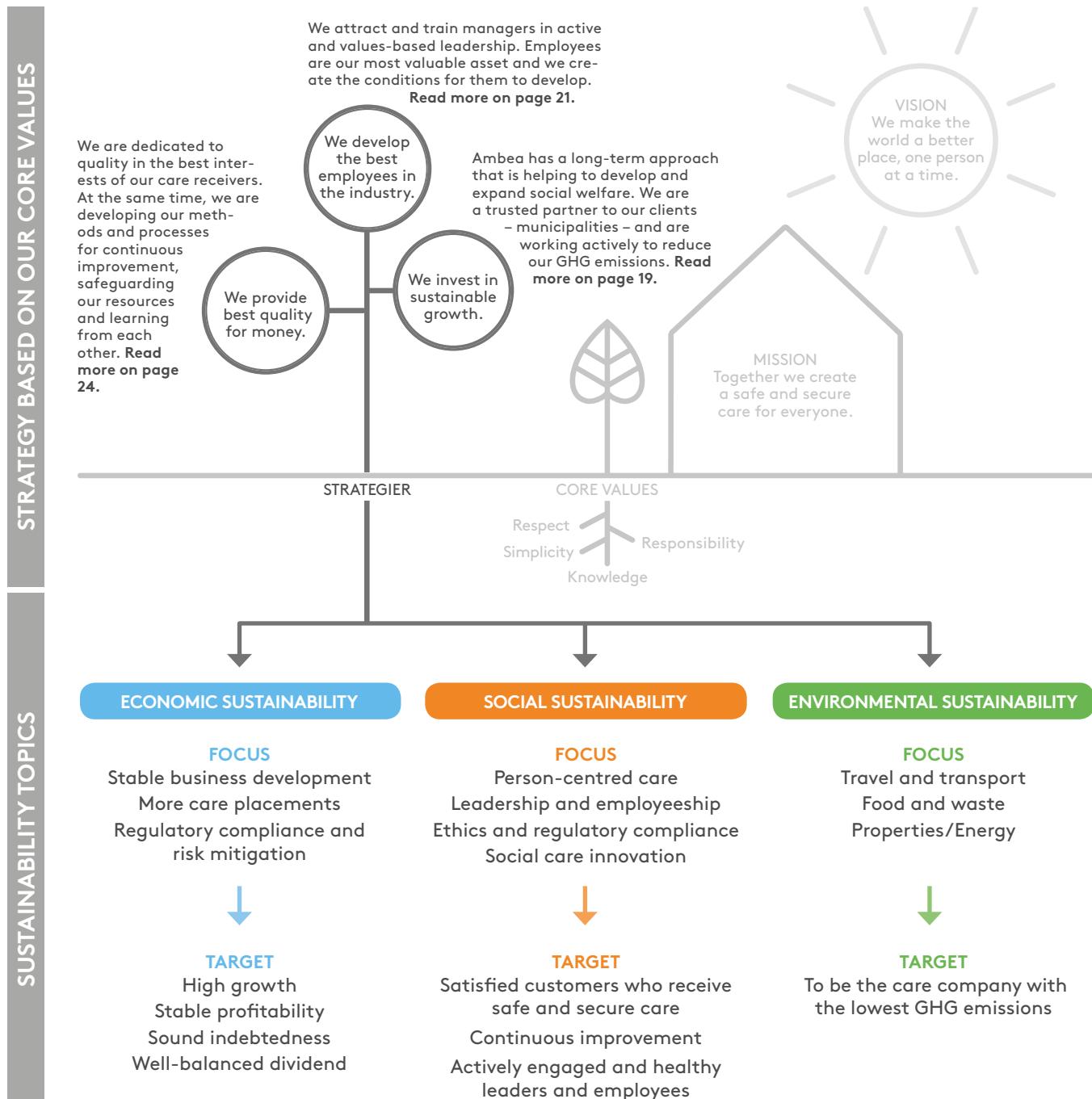


| | |
|--|----|
| Sustainable care strategy | 17 |
| We prioritise five of the UN Sustainable Development Goals | 19 |
| We invest in sustainable growth | 20 |
| We develop the best employees in the industry | 22 |
| We provide best quality for money..... | 25 |
| Our target: Lower CO ₂ emissions | 28 |

Respect for individuals and the community

Ambea's mission is to create enough safe and secure care for everyone. By that, we mean that every person in our units will receive high-quality care based on their own needs and preferences, while we strive to create as much care as possible without compromising the limited resources of our society and planet.

To achieve this mission, we use three strategies that are long-term and sustainable for society, our care receivers, our employees and the environment. These strategies also form the basis for successful business development within Ambea. The illustration shows how sustainability is integrated into our strategies.



| KPI | | TARGET | RESULT | |
|--|---|--------|--------------------|--------|
| | | | 2020 | 2019 |
| ECONOMIC SUSTAINABILITY | | | | |
| Growth | Annual rate of income growth through a combination of organic growth and acquisitions. REFER TO PAGE 21 | 8-10% | 0% | 82% |
| Profitability | Adjusted EBITA margin in the medium-term. REFER TO PAGE 6 | 9.5% | 7.9% | 7.1% |
| Net debt | Net debt to adjusted EBITDA ratio (excluding effects of IFRS 16). REFER TO PAGE 6 | <3.25x | 3.1x | 4.0x |
| Dividend policy | Proportion of net profit to be distributed. REFER TO PAGE 6 | 30% | 30% ¹ | 0% |
| SOCIAL SUSTAINABILITY | | | | |
| Care Receiver Survey | Positive response rate to the question about overall satisfaction with our care and unit. REFER TO PAGE 27 | >85.0% | 84.2% ² | 85.3% |
| Team Barometer Index (TBI) | The Group's employee satisfaction survey in the form of a quick pulse survey sent out to employees on a regular basis during the year. Scale of 0-100. REFER TO PAGE 25 | >75 | 73 | 71 |
| QHR Index | Function of eight selected quality and HR metrics that indicate the status of the operations in a relevant way. Scale of 0-10. REFER TO PAGE 27 | >7.50 | 7.14 | 6.98 |
| Leadership Index (LI) | The Group's employee satisfaction survey related to leadership. Scale of 0-100. REFER TO PAGE 23 | >80 | 75 | 75 |
| Improvement Index | A unit's management of reported non-conformances and documented systematic quality management. Scale of 0-10. REFER TO PAGE 28 | >7.50 | 7.39 | 7.40 |
| eNPS | The Group's survey of whether employees would recommend their workplace to friends and acquaintances. Scale of -100 – +100. REFER TO PAGE 25 | >+20 | +8 | +4 |
| Self-assessment | A unit's control of conformance with about 200 requirements in the quality management system. Scale of 0-2. REFER TO PAGE 28 | >1.85 | 1.83 | 1.79 |
| Short-term sick leave rate, % | The Group's primary focus in relation to attendance rates. REFER TO PAGE 24 | <3.5% | 4.8% | — |
| ENVIRONMENTAL SUSTAINABILITY | | | | |
| Total GHG emissions in kg CO₂e per unit of revenue (SEK) | GHG emissions in carbon dioxide equivalents (CO ₂ e) per unit of revenue. Targets for 2025. REFER TO PAGE 29 | 0.001 | 0.0014 | 0.0019 |
| Total GHG emissions in kg CO₂e per available care day | GHG emissions in carbon dioxide equivalents (CO ₂ e) per available care day given Ambea's size. Targets for 2025. REFER TO PAGE 29 | 2.24 | 3.23 | 4.48 |
| Percentage of fossil-free energy in Own Management operations | Nuclear, hydro or wind power used under Own Management contracts. Targets for 2021. REFER TO PAGE 29 | 100% | 99% | 31% |

¹Proposed outcome 2020.²The decline is mainly due to a changed calculation model for the Danish operations. Customer satisfaction rose in the Swedish divisions compared with the preceding year.



We prioritise five of the UN Sustainable Development Goals



Good Health and Well-being

Our vision is to make the world a better place, one person at a time. Ambea offers high-quality social care for our care receivers and security for their loved ones. Our goal is to meet the personal needs and wishes of each individual.



Decent Work and Economic Growth

Ambea's operations begin with caring for our employees – when they are happy and healthy, they can do more for our care receivers. Ambea offers job and workplace security. We develop managers who listen and lead, and invest in skills development for our employees.



Quality Education

We use Lära, our internal and external educational platform, to train tomorrow's employees. We create opportunities for more people to increase their vocational skills, while also helping to raise knowledge about nursing and care throughout the community.



Responsible Consumption and Production

Ambea creates modern residential facilities with lower CO₂ emissions. We minimise transport and food waste. By keeping our stocks down, we only consume as much as we need. All waste generated by our units is handled responsibly.



Affordable and Clean Energy

By ensuring that Ambea's Own Management operations always use renewable energy, we are helping to increase overall market demand for fossil-free energy.



We invest in sustainable growth

Ambea is establishing new residential care facilities across Scandinavia where we offer long-term and high-quality social care. That is how we relieve the burden on municipalities that need to increase their care capacity. At the same time, we are building and running our operations efficiently and climate-smart – to maximise the use of our resources.

Long-term establishment of new residential facilities

As the ageing population increases, hundreds of new residential facilities will be needed across Scandinavia. Many existing municipal facilities are also in poor condition and need to be replaced. These trends are burdening municipalities, who are responsible for ensuring that their residents – both today and tomorrow – receive the care they are entitled to.

Building new residential facilities is a complex process that requires both knowledge and capital, and also takes time. Over the past four years, Ambea has been creating a start-up process that we are continuously developing and improving. Because we start up so many new facilities, we are always acquiring more knowledge to use in the next project. That is a major advantage compared with medium-sized municipalities who don't ever build more than a few new facilities and do not therefore have the same opportunities to accumulate knowledge.



Overall, that creates ideal conditions for Ambea to build modern, attractive and purpose-built residential facilities, and thereby help municipalities offer effective and high-quality care to their residents. We also build space-efficiently, to ensure low energy use and enable new, efficient, and thereby financially viable ways to organise how we work.

Ambea's start-up process

Our new construction is based on a structured establishment process, and it normally takes two years from turning the first sod until inauguration:

- 1. Localisation.** Ambea uses a demographic analysis tool with population statistics to predict future care needs per municipality. The results are compared with the number of existing facilities in the municipality and their status. At the same time, we assess political attitudes towards private care providers in the

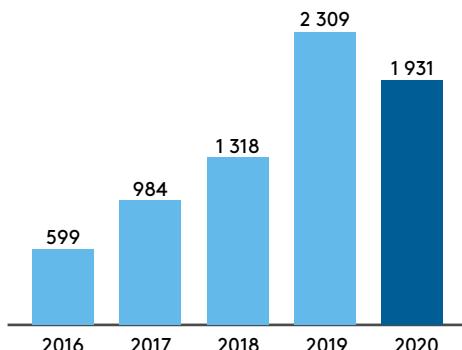
actual municipality and surrounding municipalities and engage in dialogue with leading politicians and officials.

2. **Construction.** We partner with leading construction companies and sign long-term rental contracts, normally 10–15 years. That creates the conditions for customising the premises for our units, concepts and target groups. Nursing homes are optimised for people with dementia, poor eyesight and other disabilities. Group homes for people with disabilities are built to provide enhanced accessibility and meet required standards of sound insulation to ensure quiet apartments. For environmental reasons, we construct in places that are accessible by public transport as far as possible.
3. **Municipal contacts.** During the construction period, we maintain regular contact with the municipality to align the focus of the unit with the municipality's needs and preferences.
4. **Marketing.** Alongside of the construction, we work to raise awareness of our brands amongst relevant target groups and future employees. We use social media platforms for most of our advertising. At a later stage, we also advertise in the local press, and arrange seminars and guided tours.
5. **Recruitment of employees.** About six months before opening, the recruitment of employees begins. We often become a major employer, especially when we are starting up in small locations.

In 2020, Ambea opened more than 600 care placements in new residential facilities, thereby increasing society's total care capacity. At the same time, the company laid the foundation for revenue growth. Due to the coronavirus pandemic, however, occupancy rates in elderly care in particular were lower in both newly opened and established units, which explains the negative sales growth in 2020.

Target: Annual rate of income growth through a combination of organic growth and acquisitions of 8–10 per cent.
KPI: Sales growth
Outcome 2020: 0%

Care placements under construction



New concept for safe and secure group homes that feel like home

Nytida's group homes are designed to feel like home and provide a safe environment for people with disabilities such as autism and intellectual disability. They are based on Nytida's Home concept.

In 2020, the *Hemma* (Home) concept was rolled out in newly constructed group homes and is now being introduced in existing units in conjunction with renovation or refurbishment.

New buildings are already adapted to the needs of future tenants from the onset. For example, the apartments have double entrances and exits for added security and the buildings have extra soundproofing insulation. Wherever possible, fire alarms, sprinklers and similar are hidden to avoid distressing people who can be sensitive to flashing lights.

Communal areas are to feel like home, but must also be practical for the people who live and work there. The décor is Scandinavian and modern with graphic contrasts. The colour scheme is green, which is both calming and harmonious. Furniture is chosen on the basis of function. For example, tables have round corners and an open frame to enable wheelchair access.





We are developing the best employees in the industry

Working at Ambea makes a difference for people who need assistance and support. To equip our employees, we work with a strong set of values, responsive managers, continuous skills development and attractive career opportunities. We are developing the best employees in the care industry.

Care delivery is labour-intensive. The need for employees is great and is expected to rise sharply in the coming years due to the growing need for care created by demographic changes. Furthermore, retiring employees will create a significant need for new recruitments. Attracting and retaining competent employees is therefore crucial to Ambea's ability to continue providing high-quality social care.

To ensure skills supply, Ambea works in a variety of ways. The underlying principle is to be an attractive employer by offering good working conditions and a pleasant work environment. Ambea also stands out because of the company's development and career opportunities, as well as coaching and supportive leadership for care workers.



Another key factor is our online and streamlined recruitment process that we are continuously developing.

Our World provides the answers

Our set of values, *Our World*, provides a stable platform for all of the Group's employees. It consists of our vision *We make the world a better place, one person at a time*, our mission and our values: respect, simplicity, responsibility and knowledge (refer to the diagram on page 2).

From the first recruitment interview and throughout employment at Ambea, from salary discussions to daily interaction and decisions, *Vår värld* (Our World) guides our behaviour. It reminds us all of why our company exists, the core of our mission and how we should treat each

other. Not least, *Vår värld* (Our World) provides practical guidance in everyday life – something that every employee can lean on, together with procedures, processes and concepts fall short. The basic principle is to always strive for the best life possible for our care receivers. If someone wants to swim in the sea, or eat a Sunday dinner on Thursday – we try to arrange it. Overall, *Our World* provides the foundation for an organisation where everyone is moving in the same direction and creates pride in our shared mission: to support and assist our care receivers in the best way possible.

Active everyday managers

Effective leadership is essential for the function and development of Ambea's operations. All of the Group's managers undergo training in active and values-based leadership, based on our set of values *Our World*. Since 2016, the Swedish operations have been using a customised leadership development model to create a shared view of leadership amongst our managers. The model is based on a structured introduction with both physical and online training, and provides a tool for engaging employees and allowing them to grow. In 2020, the programme was also rolled out in Norway and Denmark.

Fast support and feedback

A distinctive feature of leadership in Ambea is managers who are responsive and involved in the everyday life of their employees. There are team managers in the units who work as supervisors for about 20 per cent of their time, and with care for 80 per cent. Team managers are normally responsible for a team of about ten employees in a department, and they work alongside their team members for most of their working hours. This means that employees can receive fast support and feedback from their manager – a model that is highly appreciated by both employees and managers.

Leadership follow-up and development

Twice per year, we ask all employees three questions about their line manager, and their answers are anonymous. The aim is to ensure that the leadership Ambea strives for is also alive and well in our units. The questions we ask our employees are mainly related to the manager's commitment, ability to provide support and coaching, and ability to structure work processes. The results form Ambea's total leadership index score, with a target of 80 of 100, but the most important factor is that every individual manager is receptive to the feedback and develops their leadership.

Target: Active, healthy, and engaged leaders and employees

KPI: Leadership Index (LI)

Outcome 2020: 75 of 100



Team Manager Mia Ljung.

Ambea's set of values guide our care services for homeless people at Skarpnäcksgården

Skarpnäcksgården F-hus is an HVB home in Farsta for homeless people, who often battle both substance abuse and mental illness. A close-knit team of employees and a dedicated manager work hard to give the residents the help they need.

"We always take a person-centred approach. What are their own specific needs? It might be practical aspects like choosing a room close to the lift for a person who has difficulty walking," says residential care assistant Anna Starborg.

Ambea's set of values provides the foundation for how Skarpnäcksgården works – to make the world a better place, one person at a time – and to treat every care receiver with dignity and respect. The workers also apply a low-arousal approach, which has created a calmer atmosphere with fewer violent outbursts.

"If a person becomes aggressive, their behaviour rarely escalates and becomes problematic now that we work with the low-arousal approach, and employees stay calm," says Anna.

Team Manager Mia Ljung adds:

"One of the strengths of F-huset is that we can admit people with the most challenging behaviour, those who don't have anywhere else to go."

Employees are guided by the approach from Ambea's set of values, and the team members support each other and share their experiences. Everyone pitches in when things get tough. There is a good atmosphere, and many employees have worked here for a long time.

"I am proud of what we achieve. We are all needed – employees and residents. No one is better than anyone else. It's just that some of us have been luckier than others," says Mia.

The facility received Ambea's Quality Award in 2020.

"I have always felt heard and valuable"

Eight years ago, Mårten Hedberg began working as head nurse at one of Ambea's nursing homes in Stockholm. He is now a quality developer and Head of Nursing at the head office.

"I have always felt heard and valuable. There are lots of internal training courses at Ambea and the employer listens when you have ideas," says Mårten.

He came to Ambea and the Villa Botvid nursing home in Tumba in 2012. He liked working there, and after a few years, he decided to study nursing with a specialisation in geriatric care. While he was studying, he had a student placement at Ambea, where two years of study are combined with part-time work and full salary.

After that, a world of opportunity opened. Alongside of working at nursing homes – now as the nurse at the small Marieberg facility on Södermalm in Stockholm – Mårten also participated in several internal projects. In March 2020, he started working at Ambea's head office as quality developer and Head of Nursing at Vardaga with responsibility for home care and the North Stockholm Region.

"I appreciate the trust and opportunities for professional development," says Mårten.



Skills development – a strategic focus

Every year, about 5,000 Ambea employees – one fifth of our employees – take part in some type of competence-raising initiative with Ambea's internal training organisation Lära. This training is strategically important, partly to ensure high-quality care, but also to create opportunities for our employees to continuously develop in their professional roles.

A distinctive feature of Lära is the focus on knowledge that makes a difference for employees in their everyday work. This could include dementia care certification for the entire facility, training in OHS, the low-arousal approach, diet and nutrition, or other topics that are relevant on an everyday basis. All of Lära's instructors have long experience in clinical patient care, giving them unique insight into the everyday experience of our employees.

Career with Ambea

Ambea is a major employer with many opportunities for employees to develop, make a career or switch roles within the Group. Employees can become a manager, take on the role of an expert at a unit or switch to another workplace or staff function at the head office.

- **Manager positions.** Ambea strives to recruit most of our managers internally. The reasons are to give employees an opportunity to stay and make a career with us, and to take advantage of skills and achieve a smoother transition when new managers step into their position.
- **Expert in a unit.** Care workers may also be responsible for a specific area of expertise at their workplace,

such as dementia, diet, activities or set of values. They receive additional training in their field and then, alongside of their ordinary duties, provide support for their colleagues and manager in their area of expertise.

Important efforts to increase attendance rates

Delivering social care is meaningful work but can also entail risks. These include threats and violent situations, heavy lifting and sometimes a stressful workplace. Prevention and early intervention is therefore essential for a safe and healthy workplace.

Ambea has clear procedures for how we should act when an employee is at home on sick leave. The aim is to identify early signs of ill health, be able to offer alternative tasks and increase their attendance at work. We engage various partners if required to investigate, maintain or strengthen the health of specific groups or people in the company.

Our target for the short-term sick leave rate (days 1–14) is 3.5 per cent. In the care industry, it is vital that employees stay at home when they are ill, which is why the short-term sick leave rate should not be too low. For 2020, the outcome was higher than our target due to the coronavirus pandemic. However, when the situation normalises, we see no reason why the rate shouldn't start to fall again. A Group comparison with the preceding year is not possible, since there is no data for 2019 for the Norwegian operations.

Target: Active, healthy, and engaged leaders and employees

KPI: Short-term sick leave Rate

Outcome 2020: 4.8%

Frequent monitoring of workplace conditions and engagement

Ambea's employees have good opportunities to influence their workplace conditions and workplace. Our employee satisfaction survey, Team Barometer, which was introduced in 2019, is an important tool for systematic OHS management and helps us comply with the Swedish Work Environment Authority's general recommendations on organisational and social work environment (AFS 2015:4).

Team Barometer is sent out to all employees about six times per year and contains short, simple questions about the employee's work situation in relation to sustainability, productivity, well-being and workload. As the survey is carried out frequently, we receive results that can be followed over time and faster indications that something needs to be remedied. Employees can also provide more information in the comments field. These open-ended text responses are analysed quarterly at an aggregated level to capture trends.

The results from Team Barometer are vital documentation for the manager and employee team in each unit and staff function in their continuous discussions and efforts to improve the workplace environment. The results are also compiled on a Team Barometer Index (TBI), which is used for monitoring. At Group level, the results are aggregated to produce a total TBI score with the target objective of 75 (of 100), which is the score we almost achieved for 2020.

Loyalty and engagement

Twice per year, we ask our employees and managers whether they would recommend Ambea as an employer and thereby use the Employee Net Promoter Score (eNPS) to measure loyalty and engagement. For 2020, the total eNPS for the Ambea Group was +8, which is below our target of +20 but still a year-on-year improvement, and means that we have more 'promoters' than 'detractors' (at zero, both categories are equal).

Target: Active, healthy, and engaged leaders and employees

KPI: Team Barometer Index (TBI) and eNPS

Outcome 2020: TBI 73 of 100. eNPS: +8 on a scale of -100 to +100.

Jobs and integration at Ambea

Since 2016, Ambea has been running a number of projects in Sweden that offer work placements, training and job opportunities for newly arrived residents. The aim is to find valuable employees for our units, while also promoting social integration. Moreover, we believe that diverse experience and perspectives are crucial to our company's our long-term success.

In Vardaga's nursing homes, the professional role of service assistants has been introduced. These employees,

who work alongside care workers, have completed a short labour market training programme and help with various practical tasks such as cooking and cleaning. That frees up time for nursing assistants, enabling them to devote more time to qualified care.

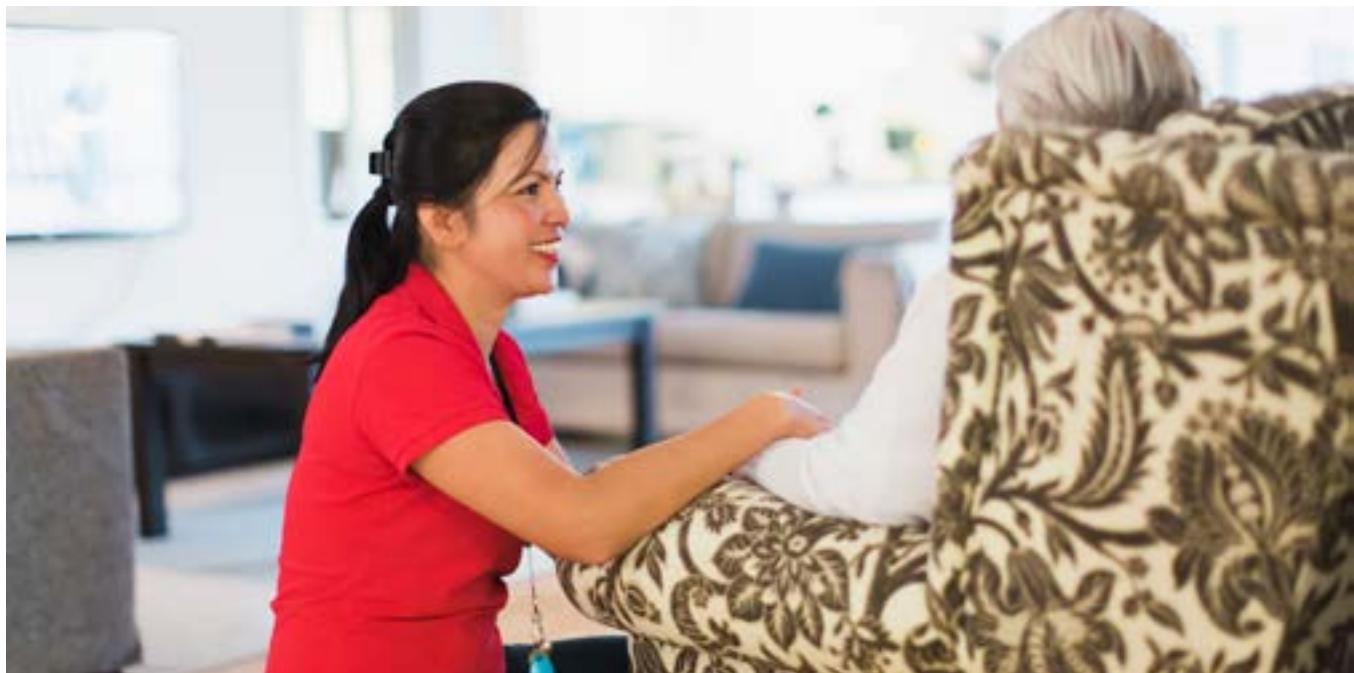
Language difficulties can often be the greatest barrier for newly arrived residents. In 2020, Ambea therefore introduced a pilot project with Lingio, a language app that combines foreign languages with play and practice to make language learning fun.

About half of the new arrivals who have joined Ambea over the past two years have either continued to work at the company or are studying to become a care worker. This is an excellent result, and supports our continued efforts. This is an excellent result, and supports our continued efforts.

Ambea's whistleblowing function – the Ethics Officer

Our employees should feel safe to report suspected breaches of our Code of Conduct. Any reports should initially be made to the line manager. It is also possible to make anonymous reports via our internal whistleblowing function, called the Ethics Officer in Sweden. There is an equivalent function in Stendi and Altiden.

Ambea in Sweden applies the same whistleblower protection as public bodies. This is regulated in collective agreements. This means that employees are entitled to reveal information to the media anonymously and that employers are not entitled to investigate the source of the information. In Norway and Denmark, there is no whistleblowing law so whistleblowers are not protected.



We provide best quality for money

High quality and continuous quality improvement are fundamental for Ambea. Systematic quality management ensures satisfied care receivers, family members and clients, and permeates our entire organisation.



The care industry is subject to comprehensive regulation and inspection to ensure safe, secure and high-quality social care. For Ambea, quality also means that every person in our units should experience quality from their own personal perspective, and thereby live the best life possible in the way they want. Our quality management strives to meet both regulatory requirements and the expectations of individuals at all times.

Joint concepts

In Sweden, Ambea works with quality concepts to ensure that our units deliver high and consistent levels of quality. Vardaga's elderly care is guided by *Den goda dagen* (The Good Day) concept, comprising a number of promises to our care receivers and their loved ones. The concept describes how we should act, and what they are entitled to expect regarding food and mealtimes, activities and dementia care, which is followed up at an overall level in Care Receiver Surveys. Nytida has a *Ramverk för peda-*

gogik (Pedagogical framework) with the aim of achieving personalised support based on the individual care receiver's strengths, needs and weaknesses.

Doing it right should be easy

Quality ultimately arises in interactions between care receivers and Ambea's employees, who are our most valuable asset when it comes to quality.

A starting point in Ambea is that it should be easy for individual employees and managers to do the right thing in any given situation, and comply with both internal and external quality requirements in the form of laws, regulations, guidances, concepts and process descriptions, as well as our set of values – Our World.

Support for the organisation consists of governing documents, process descriptions, check lists and so forth, which have been gathered and systematised in Qualimax – Ambea's proprietary and industry-leading management system. Here, employees can find clear descriptions

and answers to how they are expected to structure their work, and act in various stages and situations, in order to provide social care that complies with laws and internal regulations. The ultimate goal is to create a sense of security – for every employee – in interactions with care receivers and other key stakeholders and thereby achieve a consistently high level of quality. As a guiding principle and quality tool, employees also have Ambea's set of values as a strong foundation to lean back on.

Monthly monitoring of all units

Another cornerstone of Ambea's quality management is that we monitor all of our approximately 900 units using selected quality and HR metrics on a monthly basis. One key aim is to quickly identify units with a negative trend in order to provide adequate support and work towards consistent quality across the entire organisation.

We use Ambea's QHR Index, which is based on eight strategically selected metrics, including self-assessments of a unit's conformance with Ambea's quality requirements, the number of improvement projects completed, employee engagement and sick leave. The data is extracted from existing systems. The QHR Index provides Ambea with an overview of the situation in the units, and the ability to identify any situations that pose a risk. The compilation is shared with managers at all levels of the organisation, and provides a valuable basis for monitoring and inspires units to compare themselves with others and become even better. A major focus is units with a negative trend, which receive extra support, focus and control in order to remedy their shortcomings quickly. The QHR Index score is measured on a scale of 0–10, and the target for the Group is at least 7.5.

Target: Satisfied customers who receive safe and secure care
KPI: QHR Index.
Outcome 2020: 7.14 of 10

What customers are saying about us

Care receivers' experience of Ambea is the ultimate measure of how well we have succeeded. That is why analysing the results of Care Receiver Surveys, where care receivers say what they think about us and our services, is so important. Most of all, it is a strong foundation for our quality improvement processes.

In Sweden, the National Board of Health and Welfare conducts the Care Receiver Survey *What do the elderly think about elderly care?* every year, and the Swedish Association of Local Authorities and Regions (SKR) conducts national Care Receiver Surveys of target groups in individual and family care and LSS. External care receiver surveys are also conducted in Norway and Denmark, but less frequently and not as comprehensively, which is why our own care receiver surveys are so important. Ambea also conducts its own surveys in Sweden to obtain more frequent results.

In the care receiver surveys, we mainly focus on two issues that are particularly important to us but are not affected by external factors to any great extent. These are the care receiver's overall satisfaction with our care and service, and whether they perceive they are treated with respect and dignity in our units.

Ambea's divisions received a high score for both of these questions in the 2020 surveys. The vast majority of care receivers are satisfied with our service and how they are treated, although the degree varies between the units. At ten of Ambea's nursing homes in Sweden, responses were 100 per cent positive to the questions of 'overall satisfaction' and 'respect and dignity,' which means that all responders are



Annual Quality Award highlights best practices

In December 2020, for the sixth consecutive year, Ambea presented the year's quality awards to one unit in each division that had excelled in quality performance in accordance with Ambea's set of values and joint working methods.

The idea behind Ambea's quality award is to highlight best practices and thereby inspire the organisation in its continued efforts to improve quality, but also to give units that have worked hard some well-deserved recognition.

"The coronavirus pandemic has brought the issue of quality to the fore. It's not just about following routines, it's also about showing some extra care in such difficult times," said Liselott Kilaas, Chairperson of Ambea's Quality & Sustainability Committee, at the virtual award ceremony.

50 units were nominated for the 2020 awards (you can nominate your own or someone else's unit). Each division then selected three finalists. The proud and deserving winners for 2020 were: F-huset (HVB unit) at Skarpnäcksgården (Nytida), the Klövedal nursing home (Vardaga), the Ribstoneveien bofelleskap child care home (Stendi) and Altiden Netværk (Altiden). Congratulations!

satisfied with their facility and perceive that employees treat them with respect and dignity. Continuous efforts to improve and actively engaged employees are the underlying reasons for these excellent results. These residential facilities serve as inspiration and best practice in our organisation.

For Ambea as a whole, however, overall satisfaction was slightly lower in 2020 than in the preceding year. The decline is mainly due to a changed calculation model in Altiden. Satisfaction increased for both Vardaga and Stendi.

Results of the 2020 Care Receiver Surveys

Positive response rate (scale of 1-100)

| | Vardaga | Nytida | Stendi | Altiden |
|----------------------|---------|--------|--------|---------|
| Overall satisfaction | 82 | 89 | 83 | 84 |
| Respect and dignity | 94 | 92 | 86 | 99 |

Target: Satisfied customers who receive safe and secure care
KPI: Care Receiver Survey

Outcome 2020: Refer to the table above.

Improvement and development – a continuous process

We always want to improve the care we deliver, and a systematic improvement process involving all employees is continuously ongoing in Ambea's units. The Swedish units record and describe their efforts in Qmaxit – the management system's IT tool – which is thereby available to senior managers and relevant staff functions. The Norwegian and Danish units record non-conformities and improvements in another system.

A development project can be initiated by a range of factors. Employees' observations and ideas are an important source for development. A need for improvement may also be identified by the self-assessment (with approximately 200 questions that the units answer twice per year) or the inspections carried out by Ambea's Quality Department. The views of care receivers and their loved ones are very important to us – both spontaneous feedback, and comments made in various care receiver surveys.

When something doesn't work out the way we intended, we should obviously be learning from our mistakes and doing whatever we can to make sure it doesn't happen again. Dealing with non-conformances correctly is a prerequisite for improvement and we would rather see one non-conformance report too many than one too little. Ambea's improvement index is used to monitor this process. This is a weighted measure that reflects how promptly and actively non-conformances are managed by the unit, and the documented systematic quality management.

In 2020, the improvement index score remained unchanged compared with 2019, while the results of the self-assessments rose. This is testimony to our units that systematically continued to improve despite the pressures of the coronavirus pandemic.

Target: Continuous improvement
KPI: Improvement index and self-assessment
Outcome 2020: Improvement index score: 7.39 of 10.
 Self-assessment: 1.83 of 2.

Integrity and information security

Ambea handles a large amount of personal data, of which a high proportion is sensitive, such as information about a person's health in medical records. To ensure compliance with the General Data Protection Regulation (GDPR), Ambea has a Data Protection Officer. Together with the Data Protection Committee – comprising Ambea's HR and Quality Directors and representatives from the IT and Marketing Departments – the Data Protection Officer oversees and supports the organisation in issues related to integrity and confidential information. All employees acquire a basic understanding by completing a web-based course in GDPR. Every year, Ambea's units complete self-assessments of their GDPR compliance, and their compliance with the company's processes and procedures for data protection. In 2020, the head office and regional management teams also completed these self-assessments. In 2020, a range of other measures linked to GDPR, including an audit of Ambea's GDPR compliance and widespread information campaigns, also took place.

In 2020, seven personal data breaches were reported to the Data Protection Officer for Vardaga and Nytida, three were considered notifiable and reported to the Swedish Data Protection Authority. The authority closed all cases without issuing any penalties. In Altiden, one breach was reported to the authority. No breaches were reported for Stendi.

We are striving for better and more efficient care

Ambea is convinced there is a need for alternative models of ownership and operation for social care. Healthy competition helps to improve quality and increases the focus on cost efficiency. Ambea contributes to the financial sustainability of municipalities by continuously developing and improving how we deliver care and manage our units, create new solutions and provide more quality for money. Our size, capacity and resources are clear strengths. Some examples:

Our quality management system is an industry leader. We have our own training organisation, Lära, which provides continuous training. We have a range of concepts that provide higher quality at lower cost. Various methods of social welfare administration make life easier for our employees. We have introduced the service assistants in many of our residential facilities. These workers help by performing tasks that do not require care training, thereby allowing nursing assistants to devote more time to qualified, value-added care.

There is a strong link between Ambea's quality performance and cost-efficiency. By raising our quality, we can attract more care receivers, and recruit and retain more talented employees. With higher rates of occupancy, we can work more efficiently, while lower employee turnover and sick leave help to reduce costs.



50 PERCENT REDUCE OF OUR CLIMATE FOOTPRINT TO 2025

Target: Lower CO₂ emissions from Ambea's units

Ambea shall reduce the GHG emissions we can control by 50 per cent by 2025, and by 30 per cent as early as 2020–2021. All compared with the base year of 2019. This target was set by Ambea's Board in 2020.

Our GHG emissions

Ambea's activities give rise to emissions and we will take responsibility for them. In 2020, we raised our level of ambition for data collection and this year, we are presenting a more comprehensive report of Ambea's GHG emissions, including more categories of sources. The validity of our calculation for 2020 is also higher, since a slightly higher proportion of emissions have been measured compared with our 2019 report. That means that more of our suppliers, although far from all, have provided information about the GHG emissions from products that Ambea has purchased, and reduced the need for us to make our own estimates.

Ambea's GHG emissions in 2020

Our calculation of Ambea's GHG emissions in 2020 is 15,250 tonnes, compared with 20,668 tonnes in 2019¹. The table on the next page shows how our GHG emissions are divided into various sources (scopes) and operational countries. The table also shows the scopes and categories, according to the Greenhouse Gas Protocol, that we consider most relevant to the Ambea Group. There may be more GHG emissions in categories that we do not report. However, our hypothesis is that our emissions are very low or zero in these categories.

Emission-reduction initiatives

Based on our 2019 emissions, we identified the following topics as material for reducing Ambea's CO₂ emissions: energy, travel and transport, food and waste management.

Energy

In May 2019, Ambea signed a framework agreement with Göta Energi for fossil-free electricity for our Own Management operations in Sweden. In 2020, more units entered into the framework agreement, but not yet all due to remaining contract periods with their existing suppliers. Our GHG emissions from energy in Sweden are derived from electricity consumption outside the framework agreement, and district heating from a large number of suppliers – emissions that can be reduced.

In Norway, we signed the framework agreement for energy in autumn 2020 and then chose 'grön ström,' which means that the electricity we purchase for our Own Management operations is produced from hydropower. This led to a significant reduction of Ambea's CO₂ emissions, since Norway's GHG emissions from energy (scope 2) accounted for 40 per cent of Ambea's total reported GHG emissions for 2019.

¹Total GHG emission according to the Greenhouse Gas Protocol excluding commuting travel (sub-category 3:7), which Ambea does not have the possibility to affect in the short term.

Business travel

The main form of Ambea's local business travel is public transport. Domestic travel is preferably by rail or bus, thereafter car. Domestic flights should be avoided as far as possible.

Due to the coronavirus pandemic, Ambea's air travel declined significantly in 2020. For example, GHG emissions from air travel in the Swedish operations were halved compared with 2019. Our digital maturity during the year means that we could potentially maintain the same level of virtual meetings moving forward, which would also reduce our emissions from business travel.

Food and waste management

Nearly all of the food in Ambea's Swedish operations is purchased through our supplier Menigo. This reduces our GHG emissions due to less transportation.

Food waste is measured twice per year in the Vardaga division. In autumn 2020, food waste was estimated to be just over 4 per cent for solid food, which is in line with

previous measurements. The units are working continuously to reduce the amount of food they throw away. This is mainly achieved by adapting the size of portions and menus to the preferences of their residents. As we move forward, our GHG emissions could be reduced by serving less red meat in our units.

Looking forward

In 2021, a key priority will be to establish a climate action organisation to ensure that Ambea's GHG emissions continue to decline. The goal is an organisation in which all employees are working, in any way they can, to reduce our CO₂ emissions.

Target: Halve GHG emissions by 2025 compared with the base year of 2019 in sub-categories which Ambea has the possibility to affect

KPI: Total GHG emissions in kilogram of CO₂e, total GHG emissions in kilogram of CO₂e per unit of revenue (SEK), total GHG emissions in kilogram of CO₂e per available care day and percentage of fossil-free energy in Own Management operations

Ambea's GHG emissions, tonnes of CO₂e

| Scope | # | Category (source) | 2020 | | | | | 2019 | | | | |
|------------------------------------|---|---|-------|-------|-------|-------------------|----------------|-------|-------|-------|-------------------|----------------|
| | | | SV | NO | DK | Tot. per category | Tot. per scope | SV | NO | DK | Tot. per category | Tot. per scope |
| Scope 1 | 1 | Own facilities | 87 | — | 16 | 104 | 3,082 | 87 | — | 16 | 104 | 3,661 |
| | 2 | Own vehicles | 1,315 | 1,274 | 389 | 2,979 | | 1,415 | 1,753 | 389 | 3,557 | |
| Scope 2 | 2 | Energy from electricity, district heating and cooling | 77 | — | 805 | 882 | 882 | 1,433 | 3,742 | 318 | 5,493 | 5,493 |
| Scope 3 | 1 | Purchased goods and services | 8,641 | 1,224 | 720 | 10,584 | 23,617 | 8,612 | 1,400 | 572 | 10,584 | 22,958 |
| | 3 | Fuel and energy-related activities | 123 | 84 | — | 207 | | 94 | — | — | 94 | |
| | 4 | Transport and distribution | 221 | — | — | 221 | | 221 | — | — | 221 | |
| | 5 | Waste management in own operations | 39 | — | — | 39 | | 26 | — | — | 26 | |
| | 6 | Business travel | 91 | 137 | 7 | 235 | | 301 | 276 | 12 | 589 | |
| | 7 | Commuting travel | 6,070 | 4,622 | 1,640 | 12,331 | | 5,697 | 4,380 | 1,368 | 11,444 | |
| Total Scope 1-2 | | | | | | 3,964 | | | | | 9,154 | |
| Total Scope 1-3¹ | | | | | | 15,250 | | | | | 20,668 | |

Ambea's KPIs for GHG emissions

| | 2020 | 2019 | Change |
|---|---------------|---------------|-------------|
| GHG emissions scope 1-3 ¹ , tonnes CO ₂ e | 15 250 | 20 668 | -26% |
| Net sales, SEK million | 11 083 | 11 040 | 0% |
| GHG emissions per unit of revenue, kg | 0.0014 | 0.0019 | -26% |
| | 2020 | 2019 | Change |
| GHG emissions scope 1-3 ¹ , tonnes CO ₂ e | 15 250 | 20 668 | -26% |
| Number of care days available ² | 4 726 879 | 4 611 746 | 2% |
| GHG emissions per available care day, kg | 3.23 | 4.48 | -28% |

Ambea calculates its GHG emissions using the Greenhouse Gas (GHG) Protocol's operational control approach. The Protocol divides emissions into reporting areas (scopes) and sub-categories (#). Ambea's GHG emissions were measured for the first time for full-year 2019. That is the base year we have chosen for our emissions reduction target and to facilitate comparisons.

¹ Excluding commuting travel, which Ambea does not have the possibility to affect in the short term.

² All available care placements during a calendar year.

Structured environmental management

Ambea works in a structured and systematic manner to minimise the GHG emissions from our units. These activities are guided by the ISO 14001 standard through our environmental management system, which is part of the Qualimax management system. Here, our units can find governing documents, process descriptions and so forth to help them comply with environmental laws and other requirements.

Every year, each unit creates a local environmental plan with environmental targets and action plans based on previous years' results and with consideration for the environmental targets of their own municipality for areas such as waste management. The units also perform an environment-related risk assessment, and the identified risks are addressed and monitored.

Environmental performance is monitored in various ways. The units complete self-assessments twice per year, in which their fulfilment of various environmental aspects, such as chemical handling and waste management, is evaluated. Monitoring also takes the form of quality inspections of selected units by Ambea's Quality Department and monthly monitoring.

Environmental and social responsibility in the supply chain

Ambea has many suppliers. We take responsibility for the environment and human rights in our supply chain by clarifying our position in our purchasing policy – which is based on Ambea's Quality & Sustainability Policy – and working pro-actively with compliance. Before signing any

agreements from our central purchasing department, we also ensure that new suppliers either comply with our Code of Conduct, where we clarify our positions on the environment and human rights, or that they have their own code of conduct with requirements similar to Ambea's Code.

Wherever possible, our suppliers should also have documented quality and environmental management systems, such as ISO certification. In this way, we want to promote the long-term transition to sustainable purchasing. We are also trying to reduce the number of truck movements from our suppliers.

Initiatives to reduce our environmental impact

Ambea is committed to protecting natural resources and works pro-actively to reduce our environmental impact. This often goes hand-in-hand with lower costs.

- **Reduced use of materials from natural resources per unit of value added:** Employees learn about energy-saving measures in Ambea's web-based environmental training. For example, using the right consumables for the right situation and not wasting them.
- **Reduced waste.** We strive to keep our stocks low and to use everything that we order. In 2019, Vardaga performed an inventory of its stocks, and orders are now placed only once per week.



Three questions for Chairperson Lena Hofsberger about Ambea's climate action

Why a target to halve the company's GHG emissions by 2025?

"It's basically about saving the planet. Ambea has to accept its responsibility and make a difference wherever we can. I also believe that our employees want to work for a company that behaves responsibly and sustainably. Clear environmental measures make it easier to recruit and retain the most talented employees."

Ambea also wants to be the company with the lowest GHG emissions in the care industry. Are you sending a challenge to our industry colleagues?

"Yes, a positive challenge! I've seen how other companies have spurred their industry to take action on climate change and that is also what Ambea wants to do."

How can Ambea succeed?

"Basically, environmental considerations must be integrated into all of our decision-making, no matter how big or small. Only then will we be credible. All employees can contribute and make a difference – energy consumption, waste and food waste – everything helps in this process."

Business ethics and anti-corruption

Ambea's business decisions must always be made in the best interests of the company. Employees must never use their position or their influence for any other purpose than to promote Ambea's best interests.

Personal relationships or considerations must never affect decisions or recruitments. To further reduce the risk of conflicts of interest and ensure that business decisions are always made in Ambea's best interest, all contractual arrangements, employment contracts or other items of material significance between Ambea and another party must be negotiated and approved in writing by at least two people before they are signed.

Ambea's Code of Conduct

Ambea's position on business ethics and corruption is clarified in the Group's Code of Conduct which, in its entirety, describes how every employee in the Group is expected to behave and relate to Ambea, their colleagues and the external environment. All new employees are required to sign the Code of Conduct. Suspected misconduct must

be reported to Ambea's Ethics Officer without delay and breaches are grounds for investigation and disciplinary action.

Free competition

Ambea supports fair competition and an open market. Fair competition drives business development and innovation. We believe firmly that free and fair competition is good for everyone and allows us to run a healthy and efficient business operation that provides best quality for money for our customers.

Zero tolerance for fraud and related crimes

According to Group-wide guidance and governing documents, Ambea follows the national and international regulations that have been put in place to prevent, identify and prosecute economic crime. This applies particularly to fraud, blackmail and other related crimes. Ambea's employees shall refrain from both committing and failing to report a suspected criminal offence. Employees must also cooperate actively with all investigations of these types of crime.

In 2020, there were no cases of fraud, money laundering or other related crimes in Ambea.

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Ambea AB (publ), corporate identity number 556468-4354

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 16–32 and 124–128 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm, date as evidenced by our digital signature

Ernst & Young AB

Staffan Landén

Authorized Public Accountant



Our operations

Ambea is the leading care provider in Scandinavia. The core of our offering is residential care for people with special needs. Our operational areas are presented on the following pages.

Care services for complex needs

Ambea offers care services in Sweden, Norway and Denmark for the elderly, people with disabilities and individuals with psychosocial problems. We also supply qualified temporary care staff.

Ambea provides support and care in approximately 900 units. The core of our offering is care in specialised housing for people with complex care needs. Our clients are municipalities who elect to use Ambea's services for various reasons:

- Ambea has specialist expertise in high-quality care for specific care groups.
- Municipal residents have more freedom of choice when municipal services are also offered by private providers.
- Ambea offers cost control, and is usually the most cost-effective, since the cost of care is agreed upon in advance.
- Many municipalities are challenged by the recruitment needs of their care services, and often have high levels of sick leave and staff turnover.
- The municipality may have limited experience of building new specialised housing.

Two contract models

Ambea's services can be divided according to contractual form with contracting municipalities: Own Management, in which Ambea offers care in units where Ambea recruits its own staff and rents the premises. Contract Management, in which Ambea takes over an existing care unit that is run on the municipality's premises.

Own Management operations

Ambea's strategic focus is to increase the proportion of Own Management operations, since this contractual form offers greater flexibility and control. Here we can make greater use of our proprietary care concepts and management system, which improves quality and efficiency and thereby contributes to increased profitability.

Before care placements in Own Management operations can be filled, they must be procured by a municipality. In elderly care, framework agreements or agreements made under the current freedom of choice system are the main types of procurement. In disability care and individual and family care, individual agreements adapted for a specific care receiver are more common. Framework agreements usually have terms of two-four years in Sweden, and are generally shorter in Norway. Agreements under the freedom of choice system are often open-ended, while individual agreements are usually long-term.

Contract Management

Contract Management operations are a key complement to Ambea's Own Management operations, and help to build



relationships with municipalities with whom Ambea has not had any previous contact. Elderly care and LSS in Sweden, and elderly care in Denmark account for the largest proportion of Ambea's Contract Management operations. Management contracts are awarded by the municipality following a procurement process and usually have four-five year terms with an option to extend for two-four years.

Staffing

Sales of staffing solutions are generally procured via framework agreements.



Vardaga: Elderly care for quality of life

Vardaga is one of the largest private elderly care providers in Sweden, with approximately 100 residential facilities across the country and home care services in selected locations.

Vardaga has about 9,500 employees who are creating quality of life and security for each individual care receiver.

Nursing homes

Our residential facilities provide round-the-clock social care for the elderly who can no longer stay in their homes due to illness or age-related weakness. Care placements are offered for older people with either dementia or somatic (physical) complaints. Vardaga also runs profile facilities with specialty placements in areas including geriatric psychiatry, and for people with young-onset dementia (under 65). In addition to permanent residential placements, Vardaga offers short-term

placements, relief care and respite care. Our residential facilities are located all over Sweden, with a certain concentration to Stockholm and Mälardalen, Skåne and Västkusten.

Home care

Vardaga also has 14 home care units that offer home care for approximately 2,200 customers. Home care carries out person-centred services and chores, such as cleaning, washing, shopping, private nursing, cooking, walks and companionship. This offering is mainly concentrated to the Stockholm region, specifically the inner city area, and Linköping.

Vardaga's elderly care: The Good Day

At Vardaga's nursing homes, every care receiver should be able to live a dignified and meaningful life based on their own preferences. To achieve this high quality of care, *Den goda dagen* (The Good Day) concept is applied, comprising a range of promises related to various aspects of care. Varda-

Vardaga's key figures

| | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|
| Net sales (SEK million) | 2,260 | 2,224 | 3,494 | 3,497 |
| Sales growth (%) | 4 | -2 | 57 | 0 |
| EBITA (SEK million) | 154 | 159 | 207 | 154 |
| Operating margin, EBITA (%) | 6.8 | 7.1 | 5.9 | 4.4 |
| Share of Own Management operations (%) | 45 | 50 | 59 | 62 |

2,792
care placements under
own management

82%
of care receivers are
satisfied*

32%
Share of consolidated
net sales

* Positive response rate to the question about overall satisfaction with their elderly care in the National Board of Health and Welfare's 2020 Care Receiver Survey.

ga's special offerings include:

- **Active Daily Living:** Our aim is that every day will be filled with quality of life and meaningful content for each individual care receiver. All of Vardaga's residential facilities have at least one activities manager.
- **Food Like Home:** Our aim is that mealtimes will be the highlight of the day. Most of Vardaga's units apply the *Food Like Home* concept, which means that all food is prepared in the unit's own kitchen.
- **Pet Therapy:** Many of the nursing homes receive regular visits from therapy and pet dogs who spread joy and support exercise and medical treatment.
- **Young Care:** Many facilities receive appreciated visits from sociable young people on weekends and school holidays.
- **The Good Night:** Ensuring a good night's sleep is a vital component of care. Together with each care receiver, we draw up a plan to help them sleep better at night.
- **Dementia Academy:** The Dementia Academy is part of Lära (Ambea's training organisation), and is a centre of excellence for dementia that offers certification schemes, training and support for Vardaga's units.
- **End-of-life care:** Like all other forms of care, palliative care is adapted to each resident's individual needs and preferences. A major training programme has been taking place in Vardaga since 2019 to strengthen this area.

2020: Coronavirus pandemic and new-starts

In 2020, Vardaga's care receivers and employees were seriously impacted by the ongoing pandemic. Visiting bans or a firm recommendation to avoid visits applied in our residential facilities throughout most of the year and

continuous measures were taken to control the spread of the coronavirus.

In line with our strategy to grow through more residential facilities under own management, Vardaga commenced the construction of six new nursing homes with a total of 394 care placements in 2020. During the year, the intention to construct another three nursing homes in partnership with property owners was also announced. At year-end, Vardaga had a total of 24 nursing homes either contracted or under construction.

Despite the major long-term need for elderly care placements, the coronavirus pandemic led to temporarily lower occupancy rates in Vardaga's residential facilities in 2020. The pandemic also led to increased costs for employees and PPE. However, due to the ongoing vaccination programme and a subsequent return to 'normal,' demand for Vardaga's services is expected to rise again. In 2020, sales campaigns were also strengthened in response to the prevailing circumstances with, for example, virtual tours of our residential facilities.

The negative financial effects of the coronavirus pandemic were mitigated by successful efforts to introduce Vardaga's concept and way of working in acquired units that were part of Aleris Omsorg until January 2019. One example is the *Mat som hemma* (Food Like Home) concept that both increased quality and lowered costs in units where it was introduced.

In 2020, Vardaga commenced management contracts corresponding to annual income of SEK 85 million. At the same time, management contracts with annual income corresponding to SEK 204 million and contracts valued at SEK 67 million were retaken by municipalities.



Meals taste better when they are home-made

Food that tastes better and costs less. This was the result when the Villa Salabacke nursing home in Uppsala adopted Ambea's Food Like Home concept.

"The best thing is when our residents and their loved ones feel satisfied with their food. It smells great in the departments and we can see how our residents are eating more," says Anna Jakobsson, Care Manager at Villa Salabacke.

The facility became part of Ambea when Aleris Omsorg was acquired in 2019 and introduced the *Food Like Home* concept. Now the employees prepare all meals in the facility's kitchens – from boiled cod with egg sauce to meatloaf and omelette. They mainly served ready-made food before.

The 2020 Care Receiver Survey shows clearly that food is more appreciated now. Responses to the question of whether mealtimes are a pleasant daily routine were 85 per cent positive (58 in 2019) and 75 per cent say that the food tastes good (63 in 2019). At the same time, average food costs declined 25 per cent.

"Now it takes about 15 minutes longer to prepare one of the day's main meals, but we get so much back in return. It's also important that our fantastic mealtime manager, Mahini, can adapt and order more of the food that our residents like," says Anna.

Nytida: Support that strengthens individuals

Nytida is the leading disability care company in Sweden. We provide support and care for children, young people and adults with lifelong disabilities and psychosocial problems.

At Nytida's just over 400 units, 8,500 employees provide support and care adapted to the strengths, abilities and preferences of each care receiver. The operations are divided into three segments: disability care, individual and family care, and school.

Disability care

People with disabilities such as autism spectrum disorder or acquired brain injury often have a lifelong need for support and care. Due to Nytida's broad range of services, we can offer a complete spectrum of care with personalised support throughout all stages and needs of life. Services for children and young people include child care homes, holiday camps and short-term housing. Services for adults include group homes, assisted living facilities and day services.

Individual and family care

The aim of individual and family care is to help individuals gradually develop skills for a better everyday life and eventually become independent. The care receivers have a wide range of difficulties, such as substance abuse, self-harming behaviour or criminality, often combined with mental or neuropsychiatric disabilities. Nytida offers person-centred support such as HVB homes (homes for care or residence), assisted living facilities, supported living facilities, foster homes, sheltered housing, non-residential care and assessments for children, young people and adults.



School

All children and young people have a right to attend a school where they can develop according to their own ability, feel secure and respect, and be able to succeed. For children and young people with neuropsychiatric disabilities, Nytida offers day-care centres, elementary schools, special needs elementary schools and special needs upper secondary schools.

Nytida's key figures

| | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|
| Net sales (SEK million) | 2,864 | 2,982 | 3,664 | 3,701 |
| Sales growth (%) | 5 | 4 | 23 | 1 |
| EBITA (SEK million) | 350 | 369 | 512 | 604 |
| Operating margin, EBITA (%) | 12.2 | 12.3 | 14.0 | 16.3 |
| Share of Own Management operations (%) | 83 | 84 | 87 | 84 |

5,275
care placements under
own management

33%

89%
of care receivers are
satisfied*

**Share of consolidated
net sales**

* Positive responses to the question 'Do you feel safe and secure with the employees?' in the SKR's 2020 Care Receiver Survey.

in accordance with the Swedish Education Act. Teaching is adapted to the strengths and developmental skills of each individual.

A focus on the needs of every care receiver

The support and care offered by Nytida requires employees with high levels of knowledge and skill in the established methodologies. A key starting point is personalised interventions for every care receiver. The focus lies on the strengths, abilities and preferences of each individual. The goal is to enable as much independence as possible and quality of life.

Pedagogical framework

One tool for personalising support is Nytida's pedagogical framework. It is an approach and guidance that gives employees the conditions they need to understand the needs of individuals and respond to them with adequate methods and tools. The framework is based on Ambea's set of values, evidence-based practice, the low-arousal approach and person-centred care.

New interior design concept: 'Hemma'

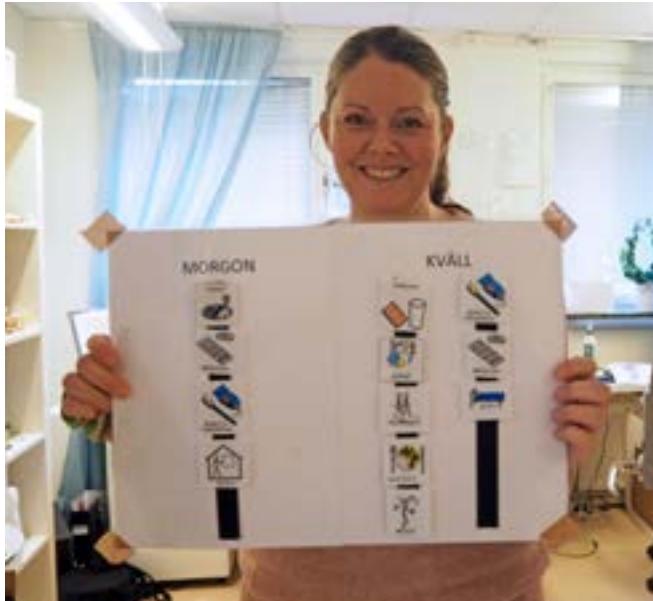
The Hemma (Home) residential concept was completed in 2020 and rolled out in a handful of newly constructed LSS facilities during the autumn. The aim of the concept is to create group homes that feel like home, while also creating a safe environment for our specific target groups and employees. The special features include double entrances and exits in the apartments for greater security and extra soundproofing because our residents may be noise sensitive. The décor is high-contrast to facilitate and clarify. Nytida's Hemma concept is based on many years of experience and established knowledge and research into our target groups.

2020: New solutions for a growing operation

The spread of COVID-19 had varying effects on Nytida's units. In units with risk groups – just over 40 – a ban on visitors was introduced in the spring, which meant that visits were to be avoided wherever possible. Our day services in Stockholm were affected from Easter to early June when the City of Stockholm decided to introduce restrictions to control the spread of the virus, and opening hours are still reduced. We had to adapt and find new ways to run our operations, mainly by using virtual meeting platforms and moving more of our activities outdoors.

During the year, Nytida continued to grow and opened ten new units with a total of 124 care placements under own management. At year-end, agreements were in place with property owners for the construction of 24 new residential facilities and units with 151 care placements.

In Contract Management operations, Nytida commenced contracts corresponding to annual income of SEK 105 million in 2020. At the same time, management contracts corresponding to annual income of SEK 4 million were terminated, while contracts with an annual volume of SEK 24 million were retaken by municipalities.



Feeling of home at Barnängsgatan

The Barnängsgatan child care home is located on Södermalm in Stockholm. Here, five young people aged between 12 and 18 are allowed to feel safe and secure, with daily routines that provide structure, predictability and a feeling of home.

The young people at Barnängsgatan can stay for longer or shorter periods of time whenever they are unable to live at home. Their placement is often due to aggressive behaviour or because they haven't been going to school. The situation becomes unsustainable for their families, especially when there are brothers or sisters involved.

"Young people often end up here because their parents didn't get the support they would have needed when their child was younger," says Care Manager Matilda Klingmalm.

Barnängsgatan is very spacious. "It's great having so much space. If someone starts behaving aggressively, there is always somewhere for the others to take cover," says Matilda.

But the goal is obviously to work preventively so that behaviours don't escalate. Activities, preferably physical, are good. Walking and swimming are popular activities, as is horse riding, and sometimes they all go to 'Inferno Online,' a gaming centre close by.

Structure, routines and predictability make it easier for young people to develop a sense of control over their lives. To create a safe environment and a feeling of home, they also receive their own personal support person whose duty is to provide extra care.

"Everyone who works here is really good with the low-arousal approach and working preventively, they never raise their voices and are good at saying No without saying No," says Matilda.

She explains what she means:

"Someone says on Monday that they want pizza for dinner. We say that it's a good idea. Then we produce the timetable and show how we'll be having pizza on Friday. That can help them wait until then."

For Friday night hygge, film nights, pizza or tacos are sometimes some of the joint activities that create a feeling of home and well-being at Barnängsgatan."



Stendi: Care solutions in Norway

Stendi is the largest private care provider in Norway. The company offers a wide range of care solutions for children and young people, adults and the elderly.

Stendi is Ambea's Norwegian division and offers nationwide support and residential care services for adults, children and young people. Stendi also offers personal assistance, elderly care and home care. The company has more than 400 units and some 5,000 employees across Norway.

Support and residential facilities for adults

Stendi offers person-centred residential facilities and care services for people with various types of complex assistance needs. One target group is people with disabilities, such as autism and intellectual disabilities, who often need lifelong support. Other target groups are people with, for example, substance abuse problems, early-onset

dementia or mental health problems.

They receive care in residential facilities with staff density adapted to the individual's needs. For individuals with high care needs, there are assisted living facilities for one to four care receivers with on-site 24-hour staffing. Less formal types of care include home support, where care receivers remain in their own apartments and receive regular visits from Stendi's employees.

As a complement to residential care, Stendi also operates activity centres to provide each resident with a meaningful daily life in companionship with each other.

Residential facilities and support for children and young people

For children and young people, Stendi offers placements in foster homes and assisted living facilities. The target group is children and young people with various types of problems and needs for support and care, who are unable to live at home for various reasons. As a complement, Stendi also

Stendi's key figures

| | 2017 | 2018 | 2019 | 2020 |
|--|------|------|-------|-------|
| Net sales (SEK million) | 369 | 548 | 3,106 | 2,975 |
| Sales growth (%) | 194 | 49 | 467 | -4 |
| EBITA (SEK million) | 19 | 33 | 44 | 86 |
| Operating margin, EBITA (%) | 5.1 | 6.0 | 1.4 | 2.9 |
| Share of Own Management operations (%) | 100 | 100 | 88 | 92 |

842
care placements
under own management

83%
of care receivers are
satisfied*

27%
Share of consolidated
net sales

* Positive responses to overall satisfaction in Stendi's 2020 Care Receiver Survey.

offers services for these people when they leave the facility to support their transition to independent living.

Stendi also offers short-break residential facilities for children and young people with severe disabilities as well as assistance at home for children with physical disabilities.

Personal assistance

For children and adults with severe disabilities, Stendi offers user-controlled personal assistance (BPA). This service means that care receivers receive assistance with activities of daily living in order to live as independently as possible and lead the lifestyle they desire.

Elderly care

Stendi also offers senior apartments, nursing homes and home care, which are mainly funded by municipalities for elderly people who are eligible for extra-care housing. However, in the newly renovated Gabels Park facility with 80 apartments in Oslo, residents pay for their own care. The target group is seniors who are seeking a simple, safe and active life.

Music therapy creates communication

Stendi uses a range of models and methods to offer high-quality care. One example is music therapy for children and young people, as well as adults. It is an evidence-based

form of therapy based on the ability of music to create contact, communication and motivation.

2020: Restructures for the future

During the year, Stendi underwent a comprehensive restructuring programme. The number of local offices was radically reduced, while the central support functions were strengthened with employees and competence to ensure a high level of consistent service to the units. At the same time, the local management of individual units was clarified, due to increased responsibilities and powers. Overall, these changes – entailing full implementation of Ambea's operations management model in our Norwegian operations – will lead to higher quality and extensive cost savings.

With care receivers across the entire country in a risk group for COVID-19, Stendi has a major responsibility to prevent and minimise the spread of the coronavirus. The company established its own dedicated coronavirus team in March 2020, which works continuously with preventive activities and infection control in close dialogue with clients and health authorities, including regular updates to infectious disease control authorities and information to employees.

In 2020, municipalities extended elderly care management contracts corresponding to annual income of SEK 189 million.

"Our supervisor from Stendi Foster Home is worth her weight in gold"

A foster home should provide security and can mean a new start in life for children and young people from a broken family background. Stendi provides support for foster parents Nina and Ola.

In a rural setting in south-east Norway, Nina and Ola are foster parents in a large family with two adults and four children.

"We've got plenty of room and get so much back from being a foster home. To hear your 12-year old say 'this is the best home on earth' means everything," says Nina.

Together, the couple speak about the time when they received their first foster child. It was already important then, 15 years ago, that the child would feel they had 'come home' to the family.

"You can bond in so many different ways. Our first girl loved home-made food so that became a door-opener. And we decorated her room exactly the way she wanted it, and bought her some clothing she liked. Spending time together – that's pretty much what it's all about," says Ola.

While Ola works outside the foster family, Nina is at home full-time to give the children a sense of security and necessary follow-up.

"But I'm not alone. Our supervisor from Stendi is worth her weight in gold. She picks me up when I'm down and praises my work. I can call her and she always calls me back. No matter what challenge I meet, I never have to deal with it on my own," says Nina.

Despite the positive things about being a foster home, it's not always a bed of roses.

"You have to take time and be patient with a child or young



person who's had a tough start in life. It's so easy to reject a young person who is disruptive – but nobody is only what you see. I can't change whatever they've been through, but I can help them write a new and better story," says Nina.

The couple has recruited other foster parents and is passionate about shortening the time that children have to wait before they receive a foster placement.

"You can always say 'I'm just an ordinary person.' But you might mean the world to another person," says Ola.

Altiden: Growing care in Denmark

Altiden is Denmark's largest private care provider with disability care services, nursing homes, home care and rehabilitation.

Altiden operates about 30 units across Denmark, where some 1,000 employees work every day to create quality of life, security and development for the care receivers in their units. The goal is that every person can live the life they want, and support is adapted to meet individual needs and preferences.

Care for adults with disabilities

Altiden has extensive experience and specialist expertise in support and care for people with disabilities such as brain damage, autism, ADHD and intellectual disabilities. The offering consist of residential facilities and home support, as well as extra support for young adults in the form of networks.

Care for children and young people with disabilities

For children and young people with disabilities such as autism and attention deficit disorders, Altiden offers residential special schools. Here, the focus lies on the young person's strengths, not their weaknesses, and the activities are adapted to the needs of each individual.

Elderly care

For the elderly, Altiden offers a wide range of care services:

- **Nursing homes** with a wide range of activities for a meaningful daily life, and a focus on good food and pleasant mealtimes.
- **Day centres** with get-togethers and social activities for the elderly who have moved to a nursing home, as well as those who are still living in their homes. The visitors can cook or exercise together, for example, or listen to an interesting talk.
- **Home care** to assist care receivers in their homes with practical chores and private nursing.
- **Rehabilitation centres** to help people recover from a serious accident or illness. The goal is to improve physical abilities to enable a fast return to daily life.

2020: Acquisitions and construction

At the end of 2019, Altiden acquired two small care com-



Cycling is happiness

At Ambea's Skovsminde nursing home on North Zealand in Denmark, volunteers from the *Cycling Without Age* project take residents out on cycling tours. It is a wonderful activity that creates strong bonds between the facility and the local community. The target in May, when this photo was taken, was that 90 per cent of the residents would be taken for a ride.

"Our residents really appreciate this activity. They can revisit places they know and remember. All seniors are entitled to feel the wind in their hair and this is an excellent way to get out and about," says Dariush Mombaini, Activities Manager at Skovsminde Plejecenter.

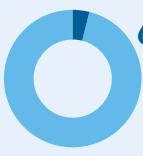
panies, Casablanca Bo & Ehrverv ApS and Vivamus A/S. Both operations are located in the Copenhagen region and offer disability-related support, and performed as planned during the year. In the third quarter, Altiden also opened a new group home with eight disability care placements. In the fourth quarter, a strategic decision was made to discontinue the home-care operations and a provision for terminated contracts was charged to earnings.

During the year, the construction of Altiden's first nursing home under own management – Fribo in Holte with 72 apartments just north of Copenhagen – continued as planned and will be ready for occupancy in 2021. An agreement was also signed with a property developer regarding the construction of a new nursing home with 75 care placements in Greve, south of Copenhagen, and is scheduled for completion in 2022.

Altiden's key figures

| | 2017 | 2018 | 2019 | 2020 |
|--|------|------|------|------|
| Net sales (SEK million) | - | - | 484 | 663 |
| EBITA (SEK million) | - | - | -12 | -14 |
| Operating margin, EBITA (%) | - | - | -2.5 | -2.1 |
| Share of Own Management operations (%) | - | - | 12 | 34 |

158
care placements under own management



6%

84%
of care receivers are satisfied*



84%

Share of consolidated net sales

* Positive responses to overall satisfaction in Altiden's 2020 Care Receiver Survey.

Klara: Care competence in new ways

Klara provides qualified and competent staff for social welfare services, including ambulatory care teams and student health service staffing.

As one of the leading providers of staffing for social care providers in Sweden, Klara places thousands of care workers every year. Customers are mainly municipalities, county councils and other private social care providers.

Klara Team

Klara Team offers on-call ambulatory care teams for day, evening and night shifts at nursing homes. Ambulatory care teams are also available for day shifts at residential LSS facilities. The service is offered on a subscription basis. A key group of clients is small facilities that may find it difficult to maintain sufficient staffing capacity. Klara Team also has rehabilitation teams with occupational therapists and physiotherapists who work on a consultative basis with elderly care and LSS, as well as training courses.

Elevhälsan

Elevhälsan in Klara can assume care provider responsibility for the medical treatment offered by student health services. Klara also offers staffing solutions for all of Elevhälsan's professional categories, such as doctors, nurses and psychologists, who are outsourced for both long-term and short-term placements.

Staffing

Klara is a certified staffing company that supplies temporary doctors, nurses, psychologists and speech pathologists. The services include both long-term and short-term solutions.

A large staffing pool is essential for finding the right person for each placement. Klara has about 5,000 doctors in multiple medical specialities in its database, and more than 3,000 nurses.

Complement to Ambea's core business operations

In addition to placements for external clients, Klara also supports Ambea's core business operations. Klara offers cost-efficient emergency care teams and rehabilitation staff

Optimised ambulatory care



At the Vardaga Lindegård nursing home in Bromma outside Stockholm, Klara Team makes an invaluable contribution to care. When ordinary nurses are off duty, a permanent ambulatory team of experienced nurses staff the unit and provide both planned and emergency care.

Care Manager Sofie Ewerborg thinks the solution works really well.

"It is always the same nurses from Klara Team who come here, and that is important for communication and continuity," she says.

During ordinary working hours, the facility's two nurses make preventive risk assessments and communicate with Klara Team's employees who have access to Lindegård's patient records system.

"In addition, our nurses always follow up with Klara Team both before and after their work shift to ensure good handovers."

for Vardaga and Nytida, and is also a source for the recruitment of nurses and unit managers.

2020: Positive trend in team solutions

During the year, demand for Klara's team solutions, primarily ambulatory care teams, continued to show a positive trend. Sales in temporary staffing services declined, partly due to the coronavirus pandemic which has led to the postponement of non-urgent care. The supply of temporary care staff became subject to VAT on 1 July 2019, which continued to lower demand from private care providers.

In line with welfare challenges and strained economies, Klara will continue to develop team solutions with the aim of offering sustainable solutions where fewer can deliver care to more.

Klara's key figures

| | 2017 | 2018 | 2019 | 2020 |
|-----------------------------|------|------|------|------|
| Net sales (SEK million) | 322 | 321 | 292 | 246 |
| Sales growth (%) | 3 | 0 | -9 | -16 |
| EBITA (SEK million) | 12 | 16 | 25 | 26 |
| Operating margin, EBITA (%) | 3.7 | 5.0 | 8.6 | 10.6 |

250,000
staffed hours in
2020



Share of consolidated net sales



Ambea's governance

Ambea has obligations and responsibilities to a number of stakeholders. Corporate governance, internal control and risk management are essential for ensuring high quality and control. We describe the main processes and functions of this work on the following pages.

Corporate Governance Report

The aim of good corporate governance is to ensure that Ambea is managed as sustainably, responsibly and efficiently as possible. The overarching objective is to maintain the trust of our care receivers, employees, clients, owners and other stakeholders.

Principles of corporate governance

As a Swedish public limited company with shares listed on Nasdaq Stockholm, Ambea follows several regulatory frameworks. Important external governance instruments are the Swedish Companies Act, Swedish Annual Accounts Act, Nasdaq's Rule Book for Issuers and the Swedish Corporate Governance Code ("the Code"). Ambea applies the Comply-or-Explain approach of the Code, and has no deviations to explain for 2020.

Ambea also applies internal governing documents. These include the Articles of Association, the Board's rules of procedure, instructions for the Chief Executive Officer and Board committees, governing documents for financial reporting and risk management, overarching policies and the company's financial manual.

Corporate governance in Ambea includes various corporate bodies and functions, each with their own specific area of influence and responsibility, which are presented below.

1. Shareholders

Ambea is a Swedish public limited liability company, listed on Nasdaq Stockholm since 31 March 2017. At 31 December 2020, the company had 5,512 shareholders, representing a year-on-year increase of 1,150. The largest owner was Triton, which owned 25 per cent of the shares

through companies ACTR Holding AB and Actor SCA. More information about the Ambea share and Ambea's shareholders is available on pages 51-52 of this Annual Report and on Ambea's website (ambea.se).

2. General Meeting

The General Meeting is Ambea's highest decision-making body, where all shareholders can exercise their influence over the company in proportion to their shareholding. The ordinary General Meeting is the Annual General Meeting (AGM) and shall be held within six months of the end of the financial year. At the AGM, the shareholders resolve on key matters, including adoption of the income statement and balance sheet, dividends, the composition of the Board, discharge from liability for Board members and the Chief Executive Officer, election of auditors and remuneration principles for senior executives, Board members and auditors. The AGM may also authorise the Board to make decisions regarding new share issues or acquisitions of own shares. The AGM may also decide to adopt a new Articles of Association. Notice of an AGM is given by advertising in Post- och Inrikes Tidningar (the Swedish Official Gazette) and by publishing the Notice on Ambea's website. The Notice is also published in Svenska Dagbladet.

Ambea's corporate governance structure



2020 AGM

The AGM was held on 15 May 2020 at Ambea's head office, Evenemangsgatan 21, in Solna, Sweden, and made the following resolutions:

- To carry forward profit from 2019 and not pay any dividends.
- To approve the remuneration guidelines for senior executives, which had been updated to reflect certain regulatory changes.
- To authorise the Board to make decisions regarding a buyback of own shares corresponding to a maximum of 10 per cent of all shares in the company.
- To authorise the Board to make decisions regarding a new issue of shares corresponding to a maximum dilution of 10 per cent of the number of shares outstanding on the date of the AGM.

Minutes from the AGM and all related documents are available on Ambea's website.

2021 AGM

The AGM will be held on 12 May 2021. To avoid spreading the virus that causes COVID-19, the Board of Ambea has decided that the Annual General Meeting will be held without the possibility of physical attendance by shareholders, proxies or external parties, and that shareholders will be able to exercise their voting rights by mail prior to the meeting.

3. Nomination Committee

The task of the Nomination Committee is to prepare proposals for the AGM for the election of Board members, Chairperson and auditor, and for the remuneration of Board members and auditors. The Nomination Committee shall consist of the company's Chairperson and one representative of each of the three largest shareholders, based on their shareholding in the company at 31 August in the year prior to the AGM. Prior to the 2021 AGM, the Nomination Committee has consisted of:

- Erik Malmberg, Actor SCA, Chairperson of the Nomination Committee
- Carl Gustafsson, Didner & Gerge Fonder AB
- Suzanne Sandler, Handelsbanken Fonder AB
- Lena Hofsberger, Chairperson of Ambea AB (publ).

After the 2020 AGM, the Nomination Committee held

” 2020 was a demanding year. I would like to thank all of our employees for their fantastic efforts under difficult circumstances.

Lena Hofsberger,
Ambea's Chairperson



four minutes meetings as well as several reconciliation meetings and discussions. The Nomination Committee applies Rule 4.1 of the Code as its diversity policy. For Ambea, this means that the Board must have a well-balanced composition of skills suitable for guiding strategic work responsibly and in a long-term sustainable manner. Competence and experience in care, corporate governance, business development, strategic development and financial issues are important areas, as well as previous Board experience. The objective is to achieve diversity and a gender balance. The Nomination Committee deems that the current Board reflects the desired composition. The Nomination Committee also reviewed the Board's annual evaluation of its own performance.

The Nomination Committee presented its proposal on Board members to the 2021 AGM in connection with the Notice and on Ambea website (ambea.se).

4. Auditors

At the AGM on 15 May 2020, EY was re-elected as Ambea's auditor. The Auditor in Charge is Staffan Landén (born 1963), authorised public accountant and member of FAR (Institute for the Accountancy Profession in Sweden).

In 2020, the Auditor in Charge presented his observations from the review of the accounts and internal control to the Board on one occasion, and there were no members of management present during some of the presentation. In addition, the auditor participated in all meetings with the Audit Committee.

5. Board of Directors

The Board's key purpose is to ensure Ambea's prosperity, safeguard the interests of Ambea and its shareholders,

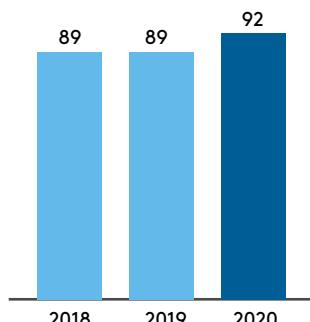
appoint the Chief Executive Officer and ensure that the company complies with applicable laws, the Articles of Association and the Swedish Corporate Governance Code. The Board's duties also include establishing strategies, business plans and budgets, interim reports, annual accounts and annual reports, and adopting instructions and policies. The Board is also responsible for monitoring the company's financial performance and ensuring the quality of financial reporting and effectiveness of internal controls and evaluating the operations based on the objectives and guidelines set by the Board. Finally, the Board makes decisions regarding the company's significant investments, acquisitions and changes in the organisation and operations.

The Board follows written rules of procedure that are revised and adopted by the statutory Board meeting every year. The rules of procedure regulate Board practices and functions, and the distribution of work between Board members and the CEO. Board meetings are held in accordance with a fixed annual schedule. Extraordinary meetings may also be held. The Chairperson and Chief Executive Officer maintain a continuous dialogue. The Chairperson is responsible for annual evaluations of the Board's performance. In May 2020, all Board members completed a survey designed specifically for Ambea. The survey responses provided a basis for discussion amongst Board members regarding how their work can be improved.

Board work 2020

At the AGM, seven members were elected to the Board. On 16 June 2020, elected Board member Anders Borg stepped down voluntarily, since KKR (who he represented) had sold all of its shares in Ambea. The Board thereafter consisted of six elected members. In October, Bodil Isaksson, employee representative for the Swedish Municipal Workers' Union, joined the Board as deputy. The Board members are presented on pages 53–54. During the year, the Board held 15 meetings, of which eight were scheduled and seven extra meetings. The diagram on the following page presents the main matters and decisions made at these meetings. In 2020, preparatory work was carried out by three committees: the Audit Committee, the Remuneration Committee and the Quality & Sustainability Committee. The committees submitted

Board meeting attendance (%)



regular reports to the Board, which served as decision support for the Board in its entirety.

6. Audit Committee

The task of the Audit Committee is to ensure the quality of Ambea's financial reporting as well as effective internal controls and risk management. The Audit Committee evaluates the work and independence of the auditors every year. In addition to members of the Audit Committee, Ambea's CEO, CFO, Head of Group Accounting and IR Director also attend the meetings.

In 2020, the Audit Committee held five meetings.

Members: Gunilla Rudebjer (Chairperson), Lena Hofsberger and Daniel Björklund.

7. Remuneration Committee

The Remuneration Committee is responsible for presenting proposals for remuneration principles, remuneration and other terms of employment for Ambea's Chief Executive Officer and senior executives. The Committee submits written reports of its work to the Board. Ambea's Chief Executive Officer and HR Director take part in the Committee's work. In 2020, the Remuneration Committee held four meetings.

Members: Lena Hofsberger (Chairperson), Gunilla Rudebjer and Daniel Björklund.

8. Quality & Sustainability Committee

The task of the Board's Quality & Sustainability Committee is to ensure continuous development of the company's quality management system and sustainability efforts. The company's Quality & Sustainability Director, Chief Executive Officer and HR Director take part in the work, as well as other division representatives, if required. In 2020, the Quality & Sustainability Committee held four meetings.

Members: Liselott Kilaas (Chairperson), Lena Hofsberger, and Daniel Björklund.

9. Chief Executive Officer and Management Team

The Chief Executive Officer (CEO) is appointed by the Board and manages the operations in accordance with the instructions adopted by the Board.

In June 2020, the Board announced that Fredrik Gren, Ambea's CEO since 2012, would be resigning at the end of 2020 at his own request. The recruitment process for his successor was completed in November. Mark Jensen took office as Ambea's new CEO on 8 March 2021. The CFO, Benno Eliasson, was Interim CEO between 1 January and 7 March 2021.

The CEO and members of the Management Team are presented on pages 55–56. Information about the Management Team and Ambea's corporate governance is also available on Ambea's website (ambea.se).

Board work 2020

In 2020, the Board held 15 meetings. Most discussions were focused on Ambea's overarching strategy for the COVID-19 pandemic. Other recurring themes were decisions on the construction of new nursing homes, ensuring effective internal controls – with a focus on Norway – and the recruitment of a new CEO for Ambea.



JANUARY: At the beginning of the year, there were signs that the new coronavirus was spreading in Europe. The Board decided that Ambea would take a proactive approach and lead the way in measures to prevent the virus from spreading. This overarching strategy was discussed, evaluated and continuously refined throughout the year at all Board meetings.

FEBRUARY:

- Discussions about improvements in control, internal controls and financial reporting in Ambea's Norwegian units led to an action programme for 2020.
- Adoption of the 2019 year-end report.
- The auditors presented their review of the annual accounts and internal control.



APRIL:

- The Board withdrew its dividend proposal to the AGM due to growing uncertainty surrounding the COVID-19 pandemic and subsequent economic effects.
- The 2019 Annual Report was adopted.



MAY:

- The AGM was held on 15 May at Ambea's head office in Solna, Sweden.
- The Board adopted the interim report for the first quarter.



JUNE:

- The Board held its annual strategy day with a focus on growth.
- Anders Borg stepped down from the Board since KKR, the investment company he represented, had sold all of its shares in Ambea.

JULY: A recruitment process for a new CEO commenced, following an announcement by Fredrik Gren, Ambea's CEO since 2012, that he had decided to leave the company.

AUGUST:

- Adoption of the interim report for the second quarter.
- Ambea's 2021 budget planning process commenced.

NOVEMBER:

- Adoption of the interim report for the third quarter.
- The recruitment of Mark Jensen as President and CEO of Ambea was announced.

DECEMBER:

- Ambea's annual Quality Award Ceremony, attended by the Chairperson of Ambea and the Chairperson of the Quality & Sustainability Committee.
- Adoption of Ambea's budget for 2020.

Internal control

To ensure reliable and relevant financial information, Ambea has introduced a number of measures related to internal control and risk management.

Ambea's procedures for internal control, risk assessment, control activities and monitoring of financial reporting have been designed to ensure reliable and relevant reporting according to IFRS, applicable laws and regulations and other requirements that apply to companies listed on Nasdaq Stockholm. Ambea bases its internal control system on the five components of the international COSO Internal Control Framework: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

Control Environment

Ambea's Board is ultimately responsible for effective internal control and risk management. Every year, the Board adopts governing documents that provide the basis for, and promote, an effective control environment. These documents include the Board's rules of procedure, instructions for Board committees, guidance on financial reporting and risk management, and overarching policies.

The company's CEO is primarily responsible for the day-to-day operations. The company's CFO, through delegation from the CEO, is responsible for operational decisions regarding internal controls over financial reporting and risk management, and Ambea's financial manual. Ambea has an established structure, with division controllers, a company-wide finance function and an Audit Committee that ensures ongoing reviews of internal control and risk management systems. The control environment is strengthened by a strong company culture, and by transparent and relevant monitoring of the financial performance and KPIs at all levels.

Risk Assessment

Ambea performs regular evaluations of operational risk. The risk assessment is also a key element of the annual strategy process, where risks in relation to the company's ability to achieve its strategic targets are evaluated. The Audit Committee and management are responsible for ensuring that risk assessment and management processes are in place for financial reporting. The Quality & Sustainability Committee, as well as management, are ultimately responsible for ensuring that risk assessment and management processes are in place for quality and sustainability management.

Control and Monitoring Activities

Ambea's key processes for financial reporting are continuously evaluated by the CFO and other financial functions.

The CFO reports the results of the evaluation to the Audit Committee. The operations are regularly monitored against set targets and key figures are further developed with a focus on early warning signs. In addition to control activities at process level, a number of Group-wide controls are also carried out.

Information and communication

Ambea's communication and information structure is aimed at disseminating relevant information quickly and accurately both externally and internally within the organisation. External communication, including financial reporting, is regulated by the policy for stock market information, which sets out the guidelines for what should be communicated, by whom, and how. Financial statements, quality reports and other relevant information are available on Ambea's website (ambea.se).

Ambea's overarching internal governing documents with guidelines are available on joint media. Ambea's communication policy and other governing documents clarify responsibilities and describe how and when internal information should be communicated.

Internal audit

Based on the Audit Committee's evaluation, the Board has decided not to establish a separate internal audit function. The decision is based on the assessment that the need for necessary control and monitoring is met by Ambea's quality management system with regard to the monitoring of operational quality, and by the monitoring activities of the finance function and Audit Committee with regard to internal control over financial reporting. The Board evaluates the need for a separate internal audit function every year.

Focus 2020: Ambea's Norwegian operations

In 2020, the Audit Committee and management focused specifically on ensuring effective internal control over financial reporting in Ambea's Norwegian operations. In line with internal control in Ambea's other operations, this was carried out by clarifying the local leadership in each care unit and strengthening the central support functions. These efforts were successful and considered complete by the end of 2020.

Risks

Ambea is exposed to a variety of risks and attaches great importance to continuously analysing, minimising and managing these risks.

Risk

COMPETITIVE RISKS

Policy risks and market risks

Opportunities for private operators to provide care services are dependent on policy decisions at both national and municipal level.

There is a risk of price pressure on Ambea's services due to the strained municipal finances, since social welfare costs now and in the future are growing faster than municipal revenues, which could lead to margin deterioration for Ambea.

How the risk is managed

Through industry associations in each of its markets, Ambea is working to promote a favourable climate for private social care providers. Another key element of this work is direct, solution-oriented and confidence-building dialogues with municipalities.

Continuous improvements will ensure Ambea's competitiveness. The risk of margin deterioration is mitigated by continuous efficiency improvements in relation to, for example, purchasing costs and innovation of new digital solutions and working methods.

OPERATIONAL RISKS

Occupancy risk

The placements in Ambea's own-managed residential facilities are offered to municipalities who purchase according to needs. Ambea is exposed to financial risks linked to occupancy in these units. This risk is particularly high when new facilities under own management are started up due to the large number of placements that must be filled. If the occupancy rate does not increase in line with Ambea's forecasts, this could have a negative impact on the company's earnings and financial position.

In 2020, occupancy in Ambea's elderly care units was negatively impacted in the short-term by the spread of the coronavirus. Demand for nursing home placements fell due to visiting bans and the uncertainty of the situation.

Ambea works continuously to mitigate occupancy risk via a structured sales and monitoring process: Prior to start-ups, the demographics and existing stock of residential care facilities in the actual municipality are carefully analysed. Dialogue is initiated with leading politicians and officials to ensure a positive view of private care alternatives, wherever possible. Should occupancy problems still arise, we are equipped to quickly adapt departments, or entire units, to other forms of care, for example temporary conversions of permanent placements to short-term placements in order to better meet short-term demand. In the short term, there is also the possibility of not staffing a residential facility.

There is a major underlying need for Ambea's care services. Due to the ongoing roll-out of COVID-19 vaccines and subsequent return to a more normal situation, the short-term decline in demand for nursing home beds is expected to once again rise. Ambea is also taking a range of measures to strengthen sales during the ongoing pandemic, such as virtual tours of residential facilities and seminars for both the general public and politicians.

Staffing risk

It is essential that Ambea is able to recruit and retain qualified managers, nurses and other care workers. High demand for these occupational groups, due to a growing need for care, could lead to recruitment difficulties and higher price levels. This could affect Ambea's profitability, since personnel costs are the largest expense item for the Group.

In the short-term, a rapid increase in sick leave could have a negative impact on Ambea's profitability and make it difficult to maintain proper staffing levels.

Ambea works in a variety of ways to secure staffing. An overarching strategy is to attract and develop the best employees in the industry. Recruitment is handled electronically. The Group's educational platform, Lära, offers continuous training in care and leadership. Clear career opportunities are offered. The aim is to recruit a large proportion of managers internally. A frequent employee survey provides quick feedback on job satisfaction.

Operational risks

One condition for high-quality and cost-efficient operations is that all of Ambea's units works according to the Group's care model and thereby apply joint working methods in quality, HR, monitoring and so forth. Lack of awareness and non-compliance with this model could create both quality and financial risks.

Quality and the safety of its care receivers are Ambea's key priorities. The company works continuously and systematically to monitor all units, and to identify non-conformities at an early stage. Internal training courses give new employees an understanding of, and knowledge about, Ambea's various concepts and working methods.

Permit risk

To offer care services in Sweden, a permit from the Swedish Health and Social Care Inspectorate (IVO) is required for each individual unit. Long processing times pose a risk for Ambea, since this could delay any necessary changes and growth initiatives. In Norway, services for children and young people require a permit from the Norwegian Directorate for Children, Youth and Family Affairs (Bufdir). In Denmark, a permit from Socialtillsynet is required.

Ambea has an established process for ensuring that the documentation for the required permit is submitted on time, and is correct and complete.

Risk**OPERATIONAL RISKS****Rental risk**

Within the framework of Own Management operations, Ambea enters into rental contracts with external property owners. Most of the rental contracts have terms longer than Ambea's customer contracts. Most rental contracts signed by Ambea also include provisions restricting Ambea's right to terminate the agreements in advance, or to renegotiate their terms. Ambea therefore faces a financial risk if demand and occupancy are not consistent with the company's assumptions when the contracts are signed.

Risks may also arise from rental payment increases due to, for example, upward adjustments for changes in the index.

How the risk is managed

Before signing new rental contracts, Ambea makes thorough estimates of future demand and thus occupancy. The estimates are based on factors such as demographic data per municipality, an inventory of existing residential facilities and dialogue with politicians and public officials in the relevant municipality.

Acquisition risk

Ambea's strategy includes strengthening and developing the operations through both acquisitions and organic growth. This strategy could result in operational challenges and risks, such as an acquired operation not performing as expected, which could lead to impairment. The number of attractive acquisition candidates could also decline, affecting opportunities for growth.

Ambea's acquisition and performance-driven growth may also expose Ambea to other risks, including lower liquidity due to major investments and legal disputes with counterparties in connection with acquisitions or divestments in relation to additional consideration or other matters.

Ambea's growth strategy is supported by internal and external expertise, and there is a structured acquisition process in place. Considerable experience has also been gained from Ambea's implementation of more than 30 successful takeovers over the past seven years.

Infectious disease risk (epidemics)

The ongoing coronavirus pandemic has affected Ambea's units in several different ways. Demand for nursing home beds in particular has declined, and led to lower rates of occupancy and loss of income. At the same time, the costs of sick leave and PPE have increased. Should other, currently unknown, diseases break out, similar scenarios cannot be ruled out.

Ambea uses competitive intelligence to pick up early warning signals and put preventive measures in place. The Group has good knowledge of infection prevention and control, and structures to communicate new knowledge to the units. There is also flexibility to realign units in order to adapt the company to changing market conditions.

CONTROL RISK**Financial risks**

Ambea's opportunities to realise its strategy are dependent on the Group having sufficient liquidity and borrowings to cover the need for working capital, and capital for growth and acquisitions. Should earnings decline, Ambea could breach its financial covenants and thereby limit its ability to obtain financing.

Ambea has three-year loan agreements, with an option to extend for one year. The current agreement expires in January 2024. Good liquidity planning, a focus on cash flow and rapid adjustment of the operations and costs should market conditions change mitigates the risk of breaching financial covenants.



About the share

Ambea's share is listed on Nasdaq Stockholm in the Nordic Mid Cap segment. At 31 December 2020, the company's market capitalisation was SEK 6.2 billion and the final price paid for Ambea's share was SEK 65.30.

Trading

Ambea's share has been listed on Nasdaq Stockholm, Nordic Mid Cap segment, Health Care sector, since 31 March 2017. In 2020, the opening price was SEK 78.50 and the closing price was SEK 65.10, compared with Nasdaq Stockholm as a whole (OMX Stockholm PI), which rose approximately 12.9 per cent. The highest price for the Ambea share in 2020 was SEK 79.10, and the lowest SEK 33.80.

In 2020, a total of 81 million Ambea shares were traded, corresponding to about 85 per cent of the total number of shares outstanding.

Dividend policy

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

Proposed dividend for 2020

For 2020, the Board proposes that the Annual General Meeting (AGM) adopt an ordinary dividend of SEK 1.15 per share.

¹Source: Euroclear

Share capital

At the end of 2020, the number of shares in Ambea was 94,617,996. There is only one class of share, whereby each share carries the same voting rights and equal rights to the company's assets and profits.

Ownership structure

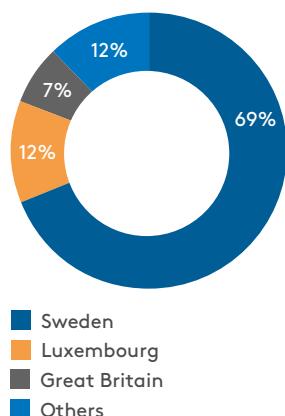
At year-end, Ambea had 5,512 shareholders, of which the 10 largest owned 61 per cent of the capital and votes. About 69 per cent of the shares were registered in the name of Swedish owners, and 31 per cent in the name of foreign owners.

Since the IPO in 2017, Triton has remained Ambea's largest owner through the companies ACTR Holding AB and ACTOR SCA. In 2020, the former majority owner, KKR, sold all of its remaining shares in Ambea. At year-end, the five largest shareholders also included T. Rowe Price, Didner & Gerge Fonder Aktiebolag and Handelsbanken Fonder. Refer to the table below for more information.

Largest shareholders

| Owner | No. of shares | Capital/votes, % |
|--|-------------------|------------------|
| ACTR Holding AB | 14,262,640 | 15.1 |
| Actor S.C.A. | 9,471,261 | 10.0 |
| T. Rowe Price | 5,626,906 | 5.9 |
| Didner & Gerge Fonder AB | 5,308,888 | 5.6 |
| Handelsbanken Fonder | 4,959,015 | 5.2 |
| Första AP-fonden | 4,429,304 | 4.7 |
| RAM One | 4,017,936 | 4.2 |
| Lannebo Fonder | 4,008,606 | 4.2 |
| Swedbank Robur Fonder | 3,292,174 | 3.5 |
| Alcur Fonder | 2,351,918 | 2.5 |
| Total, ten largest shareholders | 57,752,540 | 61.0 |
| Other | 36,865,456 | 39.0 |
| Total | 94,617,996 | 100.0 |

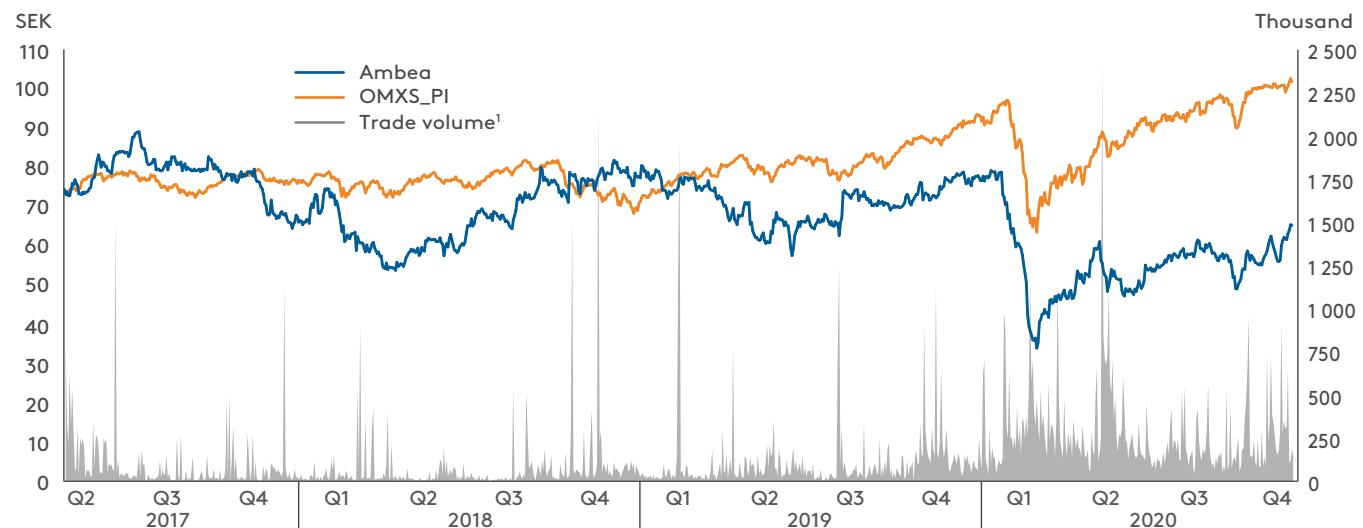
Shareholding per country



Ownership structure

| No. of shares | No. of owners | Capital/votes, % |
|---------------------|---------------|------------------|
| 1–500 | 3,766 | 0.6 |
| 501–5,000 | 1,322 | 2.3 |
| 5,001– | 318 | 91.2 |
| Anonymous ownership | 106 | 5.9 |
| Total | 5,512 | 100 |

Share price performance 2017–2020



¹ Excluding KKR's block sale of shares on 12 November 2019 and 3 June 2020.

Board of Directors



| Name | LENA HÖFSBERGER | LISELOTT KILAAS | GUNILLA RUDEBJER |
|--|--|--|---|
| Assignment and elected | Chairperson since 2013. Board member since 2012. | Board member since 2019. | Board member since 2016. |
| Other ongoing assignments | Chairperson of Leos Lekland and PharmaRelations. Board member of Max Burgerrestauranger ASA, Norsk Hydro ASA and Folketrygfondet | Board member of Peab, Nobina, Memira, Orkla ASA, Norsk Hydro ASA and Folketrygfondet | Board member of Skistar AB, OptiGroup AB, NCAB Group AB and Oriflame Holding AG |
| Training | MBA, University of Gothenburg (1978), BA, University of Gothenburg (1976) | Master of Business Administration, IMD Lausanne | Master of Economics from the Stockholm School of Economics. |
| Previous experience | CEO of Aleris Group, CEO of SSP Group – The Food Travel Experts | CEO of Aleris Group, Board member of Norge Bank and Telenor | CFO of Scandic Hotels, Cision, Parks & Resorts Scandinavia, Mandator and TUI Nordic (Fritidsresor). |
| Born | 1954 | 1959 | 1959 |
| Board meeting attendance: | 15/15 | 14/15 | 15/15 |
| Committees: | Chairperson of the Remuneration Committee. Member of the Audit Committee and Quality & Sustainability Committee. | Chairperson of the Quality & Sustainability Committee | Chairperson of the Audit Committee, Board member of the Remuneration Committee |
| Committee meeting attendance: | 13/13 | 4/4 | 8/8 |
| No. of shares: | 421,911 | – | 18,665 |
| Board and Committee fees: | 880,000 | 410,001 | 431,922 |
| Independent of the company: | Yes | Yes | Yes |
| Independent of majority shareholders: | Yes | Yes | Yes |



| Name | DANIEL BJÖRKLUND | LARS GATENBECK | MIKAEL STÖHR |
|--|--|---|--|
| Assignment and elected | Board member since 2019. | Board member since 2018. | Board member since 2018. |
| Other ongoing assignments | Triton Advisers (Investment Professional), Chairperson of Dantaxi-gruppen, Board member of ACTR Holding and Sympatic | Chairperson of Life Medical Sweden, Life Equity Group, Deputy Chairperson of Stiftelsen Industrifonden, Board member of Christian Berner Tech Trade, Panasia Health, Tunstall Health Care Group, Stiftelsen Silvihemmet | President and CEO of Consolis Group. |
| Training | MSc Business Administration, Stockholm School of Economics | Registered doctor and Doctorate in Medicine from the Karolinska Institute. | Lawyer and diploma in economics from Lund University. |
| Previous experience | Associate at Nomura Securities and Lehman Brothers | Chairperson of Memira, Chairperson of CellaVision, Chairperson of Swecare, Board member of Aleris, Senior Advisor Econ Healthcare and Chief Medical Officer of Karolinska University Hospital | CEO of Coor, CEO of Green Cargo, CEO of AxlIndustries, Vice President of Axel Johnson International. |
| Born | 1981 | 1956 | 1970 |
| Board meeting attendance: | 15/15 | 14/15 | 12/15 |
| Committees: | Member of the Audit Committee, Remuneration Committee and Quality & Sustainability Committee | – | – |
| Committee meeting attendance: | 13/13 | – | – |
| No. of shares: | 18,665 | 4,200 | – |
| Board and Committee fees: | 405,000 | 300,000 | 300,000 |
| Independent of the company: | Yes | Yes | Yes |
| Independent of majority shareholders: | No | Yes | Yes |

Employee representatives on the Board



| Name | PATRICIA BRICEÑO RODRIGUEZ | HARALAMPOS KALPAKAS | MAGNUS SÄLLSTRÖM |
|----------------|--|--|--|
| Assignment | Board member in capacity of employee representative for Ambea. Employed as nursing assistant at Ambea since 2008. Elected by the Swedish Municipal Workers' Union. He was a Board member of the Solna section. | Board member in the capacity of employee representative for Ambea and employed as a nurse at Ambea since 2006. Elected by the Swedish Association of Health Professionals. | Board member in the capacity of employee representative for Ambea and employed as a workplace supervisor at Ambea since 1999. Elected by the Swedish Vision Union. |
| Elected | 2016 | 2016 | 2016 |
| No. of shares: | 400 | - | - |



| Name | XENIA WENTHZEL | KHASHA JEIHOUNI | BODIL ISAKSSON |
|----------------|---|--|---|
| Assignment | Deputy Board member in the capacity of deputy employee representative for Ambea and employed at Ambea as a residential care assistant and team manager in Nytida since 2004. Elected by the Swedish Municipal Workers' Union. | Deputy Board member in the capacity of deputy employee representative for Ambea and employed at Ambea as an educator in Nytida. Khasha Jeihouni was elected by the Swedish Vision Union. | Deputy Board member in the capacity of deputy employee representative for Ambea and employed at Ambea as a residential care assistant in Nytida. Bodil Isaksson is elected by the Swedish Municipal Workers' Union. |
| Elected | 2016 | 2018 | 2020 |
| No. of shares: | 560 | - | - |

Footnote:
Anders Borg was a member of the Board until 16 June 2020.

Management Team



| Name | MARK JENSEN | BENNO ELIASSON | ULLA TANSEN | MAGNUS ÅKERHIELM |
|----------------------------|--|---|--|--|
| Position | Chief Executive Officer since 2021. | CFO since 2020. | Division Manager of Vardaga since 2013. | Division Manager of Nytida since 2018. |
| Other assignments | – | – | – | – |
| Training | Studies in business law at Aarhus University School of Business and Social Sciences. | Master of Economics from Linnaeus University. | Nursing Diploma and Bachelor's Degree in Paediatric Care, Bachelor's Degree in Psychology from the Open University. Executive Management Programme at the Stockholm School of Economics. | Economics degree from the Stockholm School of Economics, MBA from Darden School of Business, University of Virginia, Officer training in the Swedish Navy. |
| Previous experience | CEO of MTR Nordic, Senior Vice President of Carlsberg ELUD, CEO of Carlsberg Sweden. | CFO of HL Display 2017-2020, CFO of Proffice Group 2012-2017, Deputy CEO of ATG 2005-2012, CFO of Ikanø Bank 2001-2005. | Business Area Manager of Psychiatry at Carema, CEO of Rent a Doctor. | CEO of Keolis Sweden, CFO of ISS Facility Services, CFO of M2 Engineering, CFO of Spendrups Bryggeri. |
| Born | 1971 | 1965 | 1959 | 1963 |
| No. of shares: | 6,029 | 10,000 | 370,126 | 23,000 |
| No. of warrants: | – | – | 91,053 | 91,053 |



| Name | MIRIAM TOFT | EVA DOMANDERS | INGVILD KRISTIANSEN |
|----------------------------|---|--|---|
| Position | Division Manager of Altiden since 2019. | Division Manager of Klara since 2016. | Division Manager of Stendi since 2019. |
| Other assignments | Board member, University College Copenhagen | Board member of the Confederation of Swedish Enterprise and Almega, Chairperson of Kompetensföretagen. Board member of Ratio. | Board member of the Norwegian Federation of Service Industries and Retail Trade, health and care services section |
| Training | Nursing Diploma from Sygeplejeskole at Hillerød Hospital in Denmark and studies in accounting and leadership at Copenhagen Business School. | Nursing Diploma from Grantaorpskolan. Studies at Företagsekonomiska institutet (FEI) and the Novare Leadership Academy. | Nurse training, Sør-Trøndelag University College Master's programme in organisation and leadership, Norwegian University of Science and Technology |
| Previous experience | CEO of Aleris Omsorg in Denmark, Board member of University College Copenhagen, HR Director at Aleris-Hamlet Hospitaler. | Chief Executive Officer and deputy Board member of Dedicare Doctor AB. Deputy Board member of Nurse 24 AB and Doctor 24 i Skandinavien AB. | Deputy CEO Stendi/Aleris Norway with responsibility for elderly care (2016-2019) Head of substance abuse and psychiatry division, Aleris (2010-2017) Head of Quality Aleris BOI AS. |
| Born | 1974 | 1966 | 1973 |
| No. of shares: | 2,000 | 5,268 | – |
| No. of warrants: | – | 18,000 | 45,053 |

Footnote:

This is the composition of the Management Team as of 8 March 2021. In 2020, the Management Team consisted of: Fredrik Gren (CEO), Daniel Warnholtz (Deputy CEO and CFO until 30 April 2020), Benno Eliasson (CFO from 15 April 2020), Ulla Tansen (Vardaga), Magnus Åkerhielm (Nytida), Ingvild Kristiansen (Stendi), Miriam Toft (Altiden), Eva Domanders (Klara), Nanna Wedar (Market), Erik Sörensson (Business Development), Malin Appelgren (Growth), Maria Green-Gadelius (Quality & Sustainability) and Anders Westerholm (Human Resources and Communications).

Management Team



| Name | MALIN APPELGREN | MARIA GREEN-GADELIUS | ERIK SÖRENSSON |
|---------------------|--|--|---|
| Position | Head of Growth since 2016. | Head of Quality & Sustainability since 2018. | Head of Business Development since 2015. |
| Other assignments | - | - | - |
| Training | Master of Medical Science in Toxicology, the Karolinska Institute | Registered nurse with Bachelor's Degree in Nursing Science, Red Cross University College, Studies in social law, Department of Social Work, Stockholm University, leadership training. | Master of Economics, Lund University |
| Previous experience | Deputy CEO Silver Life AB, 2014–2016 Municipal commissioner with responsibility for elderly care and LSS Solna, 2008–2014 | Quality Developer/Head of Nursing at Ambea 2009–2018. Care Manager in Ambea 2006–2009. | Investment Banking at Nordea, 2011–2012, Investment Banking at Evli Bank, 2007–2011, Valuation & Strategy at PwC, 2005–2007 |
| Born | 1969 | 1969 | 1979 |
| No. of shares: | 3,558 | 2,953 | 85,000 |
| No. of warrants: | 20,830 | 34,447 | 91,053 |



| Name | MATHIAS WIKELL | ANDERS WESTERHOLM |
|---------------------|--|--|
| Position | Head of OPEX and IT since 2021 | Head of HR, Communication and Marketing since 2016 |
| Other assignments | - | - |
| Training | Bachelor of Science in Industrial Economics from Dalarna University | Master of Education (M.Ed.) |
| Previous experience | Head of OPEX at Ambea (2018–2020), Business Area Manager Foodservice, Servicehandeln and Delicato's own chainstore, Delicato (2016–2018), Sales Manager Menigo Foodservice (2008–2016) | Head of Business Development Solhagagruppen, 2011–2016 Deputy CEO Kasper Care (2005–2008) |
| Born | 1978 | 1980 |
| No. of shares: | 1,868 | 20,659 |
| No. of warrants: | - | 26,447 |

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Ambea AB, corporate identity number 556468-4354

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages x–y and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, date as evidenced by our digital signature

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Financial statements

| | |
|---|-----|
| Directors' report | 59 |
| Financial statements | |
| Consolidated income statement | 64 |
| Consolidated statement of comprehensive income..... | 64 |
| Consolidated balance sheet..... | 65 |
| Consolidated statement of changes in equity | 66 |
| Consolidated cash flow statement | 67 |
| Notes for the Group..... | 69 |
| Parent Company income statement | 110 |
| Parent Company statement of comprehensive income..... | 110 |
| Parent Company balance sheet..... | 111 |
| Parent Company statement of changes in equity | 112 |
| Parent Company cash flow statement | 113 |
| Notes for the Parent Company..... | 114 |
| The Board of Director's assurance | 118 |
| Auditor's report | 119 |

Directors' report

The Board of Directors and Chief Executive Officer of Ambea AB (publ), corporate registration number 556468-4354, with registered office in Stockholm, hereby present the Annual Report and consolidated financial statements for the financial year of 1 January 2020–31 December 2020.

Operations

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 offer residential facilities, support, education and staffing within social care. 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, Sweden, and listed on Nasdaq Stockholm.

Ambea's divisions provide social care under both Own Management and Contract Management.

Own Management operations offer individual placements to municipalities that purchase according to needs under framework, subscription or individual agreements, or via the Swedish Freedom of Choice Act (LOV). The services are provided on premises owned or rented by the divisions. The rental contracts typically last for many years, enabling a long-term approach and close collaboration with both municipalities and property owners. Ambea is responsible for the operations.

Contract Management operations are units that the division runs on behalf of a municipality or city district for a specific period of time and a fixed price that are agreed upon in advance in a public sector contract. The municipality is responsible for the operations. The property in which the services are provided is owned or rented by the municipality.

Operating segments

The Chief Executive Officer manages the operations through the operating segments of Vardaga, Nytida, Stendi, Altiden and Klara, which correspond to Ambea's divisions.

Ambea in figures

| SEK million | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------|--------|-------|-------|-------|
| Group | | | | | |
| Net sales | 11,083 | 11,040 | 6,076 | 5,816 | 5,334 |
| EBITA ¹ | 829 | 650 | 508 | 461 | 359 |
| Operating margin, EBITA (%) ¹ | 7.5 | 5.9 | 8.4 | 7.9 | 6.7 |
| Adjusted EBITA ¹ | 879 | 788 | 547 | 498 | 457 |
| Operating margin, adjusted EBITA (%) ¹ | 7.9 | 7.1 | 9.0 | 8.6 | 8.6 |
| Operating profit, EBIT ¹ | 717 | 525 | 429 | 402 | 301 |
| Operating margin, EBITA (%) ¹ | 6.5 | 4.8 | 7.1 | 6.9 | 5.6 |
| Profit after tax | 359 | 215 | 295 | 226 | 128 |
| Earnings per share before dilution, SEK | 3.80 | 2.52 | 3.95 | 3.05 | 1.78 |
| Earnings per share after dilution, SEK | 3.80 | 2.51 | 3.94 | 3.05 | 1.78 |
| Cash conversion ¹ | 103.2 | 94.0 | 107.5 | 90.8 | 79.7 |
| Parent Company | | | | | |
| Net sales | 8 | 17 | 29 | 25 | 0 |
| Profit before tax | 51 | 124 | -1 | -1 | 0 |
| Equity/assets ratio (%) | 31.9 | 33.7 | 48.8 | 51.2 | 99.9 |

¹Relates to alternative performance measures (non-IFRS financial measures). For definition and purpose, see page 123. For reconciliation with financial statements, see Note G33.

Vardaga Comprises nursing homes, short-term residential facilities, 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 problems in Sweden.

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

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

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

Market

The segments in which Ambea operates benefit from the structural drivers that have historically contributed to growth. The disability care market under the Support and Service for Persons with Certain Functional Impairments Act (LSS) is driven by the growing number of people receiving diagnoses, greater social acceptance for disabilities and a favourable demographic trend for the company (larger age groups), which in combination are leading to higher demand for such care services. The company expects that a larger addressable customer base, higher demand for residential facilities and a lack of residential care will lead to higher demand for new residential facilities. In the individual and family care market, growth is linked to the growing prevalence of mental illness, social problems and substance abuse, which are leading to a larger potential customer base.

In addition, authorities have tightened demands on care providers in terms of accounting for the unique needs and circumstances of each individual, making the provision of care services more complex. These demands are positive for companies like Ambea that have specialised in advanced care.

Demand for elderly care is expected to grow as the number of elderly people increases. The company expects that the underlying growth trends combined with greater consumer awareness of quality and demands for freedom of choice will benefit operators like Ambea that offer high-quality care.

Lack of public resources and the potential for cost savings are driving privatisation. Private care providers have become increasingly important for meeting the growing need for care services. Although the private sector's share of the Swedish care market varies considerably between forms of care and municipalities, the private market has grown faster than the total market over the past decade.

The increased rate of privatisation is due to several factors, including:

- growing demand from customers, and increased public sector support for private providers of healthcare and social services,
- the inability of public operators to fulfil complex care needs,
- municipal resources are strained, which limits the possibility of raising taxes to cover cost increases, and there is not enough capital to meet the major investment needs
- private care providers offer competitive quality and efficiency, often better than the public sector, at the same or a lower cost.

Financial trend during the year

Net sales

Consolidated net sales amounted to SEK 11,083 million (11,040), in line with the preceding year. Organic sales declined 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, and attributable to 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).

Operating profit

Operating profit rose 37 per cent to SEK 717 million (525), corresponding to an operating 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). EBITA for the period was impacted by items affecting comparability of SEK -50 million (-138), attributable to costs for the restructuring programme in Norway.

Adjusted EBITA for the period rose 12 per cent to SEK 879 million (788). Completed acquisitions and synergies realised 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 adjusted EBITA margin was 7.9 per cent (7.1).

The estimated effect of the COVID-19 situation on EBITA is approximately SEK -110 million, derived from both loss of income and increased costs, including government grants.

Net financial items

Net financial items amounted to SEK -260 million (-249). Net interest income was negatively impacted by currency effects of SEK 1 million (9) and increased IFRS-16 effects of SEK -19 million, but positively impacted by lower interest expense of SEK 19 million.

Tax

Tax expense for the period was SEK 97 million (61), corresponding to a 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.

Working capital

Working capital amounted to SEK -260 million (-140), corresponding to -2.3 per cent (-1.3) of net sales.

Financial position

During the year, net debt rose SEK 458 million and amounted to SEK 8,375 million (7,917) at 31 December 2020, or 5.0 times 12-months adjusted EBITDA. The strong cash flow for the year had a positive impact on the company's financial position. Adjusted for IFRS 16, net debt was 3.1 times 12-months adjusted EBITDA. At year-end, cash and cash equivalents amounted to SEK 25 million (52).

Equity

At the balance-sheet date, equity amounted to SEK 4,326 million, compared with SEK 4,036 million at 31 December 2019. The increase in equity is attributable to profit for the year.

Cash flow for the year

Cash flow from operating activities was SEK 1,392 million (982), of which decreased working capital had a positive impact of SEK 97 million (-15) and was largely due to calendar effects. The increase in cash flow from operating activities was primarily the result of higher pre-tax profit of SEK 457 million (276), increased operating liabilities of SEK 173 million (-55) and major adjustments related to amortisation and depreciation that are not included in cash flow. IFRS 16-related depreciation expenses were SEK 59 million higher year-on-year, while amortisation/depreciation and impairment of other assets was SEK 51 million higher year-on-year. Cash flow from investing activities was SEK -226 million (-2,729), down SEK 2,503 million compared with the preceding year when SEK -2,586 million pertained to the acquisition of Aleris Omsorg. Investments in tangible assets were attributable to investments in start-ups. Cash flows from financing activities amounted to SEK -1,178 million (1,739), where the largest items explaining the change relate to reduced utilization of overdraft facilities and amortization of lease liabilities.

Segments

Vardaga

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

Nytida

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. 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 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 realised through the acquisition of Aleris Omsorg and government grants due to the COVID-19 situation made a positive contribution.

Stendi

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 year. The programme achieved full effect at the end of 2020.

Altiden

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 terminated contracts.

Klara

Net sales declined 16 per cent to SEK 246 million (292). The decrease was attributable to a negative trend in the rental business to the private customer segment as a result of the VAT obligation on sales introduced in July 2019. EBITA was SEK 26 million (25), representing a margin of 10.6 per cent (8.6). Higher profitability in ambulatory care teams and the effects of previously completed administrative cost adjustments made a positive contribution.

Parent Company's financial trend

The Parent Company's income mainly consists of allocated overhead costs. The Parent Company's net sales amounted to SEK 8 million (17). Operating loss totalled SEK -15 million (-15).

During the year, Ambea AB received lower Group contributions year-on-year.

Participations in Group companies increased due to the acquisition of Aleris Omsorg.

As of 2019, the entire cash pool is recognised as a liability in the Parent Company, with the result that the subsidiaries' credit/liability in the cash pool is recognised as receivables or liabilities, respectively, to Group companies.

Significant events during the financial year

Acquisition of Vivamus A/S

During the year, the acquisition of Vivamus A/S via the Altiden division was completed. Vivamus A/S offers residential care for people with disabilities in the Copenhagen region. The transfer date was 8 January 2020.

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 handed down its decision. Of the 24 parties involved in the legal proceeding, two were considered entitled to social security benefits for previously delivered services. Due to the acquisition of Aleris Omsorg, Ambea continued its efforts to reduce the use of consultants and use the company's permanent employees as a general rule.

New CEO appointed

In the final quarter of the year, Mark Jensen was appointed new President and CEO of Ambea. He took office on 8 March 2021.

Statutory sustainability report

Ambea has prepared a sustainability report in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, which can be found on pages 17–32 and 126–129.

Research and development

In 2016, Lära was launched to support Ambea's subsidiaries in their efforts to attract, retain and develop employees by creating conditions for high-quality internal training programmes and competence development in each service area. Lära also conducts and develops external training programmes and can be found throughout Sweden, with customers in both municipalities and county councils as well as the private sector.

Lära contributes to various projects in research, innovation and development with the aim of developing training programmes, services, the organisation and employees in social care. Projects focused on special education, competence and digitisation are also conducted. Lära also collaborates with Karolinska Institutet and Malmö University.

Governance

Ambea has elected to prepare a Corporate Governance Report that is separate from the Annual Report, according to Chapter 6, Section 8 of the Swedish Annual Accounts Act.

The Corporate Governance Report can be found on pages 43–57 and on ambea.se.

Ownership structure

Ambea has been listed on Nasdaq Stockholm since 31 March 2017. Since the IPO in 2017, Triton has remained Ambea's largest owner through the companies ACTR Holding AB and ACTOR SCA, which held 23,733,901 shares combined, corresponding to 25.1 per cent of the total number of shares in Ambea. At 31 December 2020, no other owners held 10 per cent or more of the total number of shares.

For more information about Ambea's share, see pages 51–52.

The Group's risks and uncertainties

Ambea is exposed to a variety of risks and attaches great importance to continuously monitoring, analysing and acting to mitigate potential risks.

The most significant risks are described on pages 49–50.

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 affected in a similar manner 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 also tend to be lower in the summer months due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, during this period.

Managers and employees

Employees are our most valuable asset. They provide the daily support, care and attention in every interaction with our customers and care-service users. Performing their tasks requires functional approaches and methods, and not least effective leadership. This is also necessary in terms of being able to attract and retain talented employees amid the growing competition for social care workers.

At 31 December 2020, Ambea had approximately 13,794 full-time employees and the company considers employees its most valuable asset for being able to offer high-quality care, and for the future development of the company. The company has elected to position itself in care segments that require a high degree of care which, in turn, requires highly competent and knowledgeable employees.

Lära develops training programmes for both internal and external participants and drives and supports development projects, with the aim of clarifying Ambea's position as a leading provider of services in disability care, individual and family care and elderly care.

Ambea's leadership programme plays a key role in Ambea's fundamental strategy to develop industry-leading employees. The programme contributes to Ambea's objective of being the most attractive employer by offering employees the opportunity to develop professionally in a unique programme with certified training courses.

Guidelines for senior executives

The Board proposes that the AGM adopt the following remuneration guidelines for senior executives. The guidelines cover the Chief Executive Officer and other members of the Management Team and shall apply to remuneration that is agreed upon, and any changes to remuneration already agreed upon, after the guidelines have been adopted by the 2021 AGM. The guidelines do not apply to remuneration decided by the AGM.

The proposed changes to the guidelines has been designed to align the guidelines with the remuneration package that applies to the new Chief Executive Officer who took office in 2021. The changes are mainly related to adjustment of the maximum possible amount of short-term variable cash remuneration, adjustment of the performance conditions for extraordinary variable cash remuneration, including a regulation for non-compete restrictions, adjustment of the Chief Executive Officer's pension benefits and an adjustment of the notice period in the event of termination by the company.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

The company's business strategy is briefly as follows. Ambea shall offer the best-possible residential care for the elderly, and for people with disabilities or who are in need of social support. Ambea's objective is to be the preferred choice for care receivers, the best partner for clients and the most attractive employer. The long-term objective is to continue focusing on Own Management operations with large-scale, sustainable investments in quality improvement, innovation and skills development.

For further information about the company's business strategy, see ambea.com/about-ambea.

In order to implement the company's business strategy successfully and protect the long-term interests of the company, including its sustainability, Ambea must be able to recruit and retain qualified employees. This means that the company must be able to offer competitive remuneration. These guidelines enable the company to offer a competitive remuneration package to senior executives.

The company already has long-term share-based incentive programmes. Since they have been approved by the AGM, they are not covered by these guidelines. For more information about Ambea's long-term share-based incentive programmes, see ambea.com/investor-relations/corporate-governance/fees-and-remunerations/

The aim of variable cash remuneration covered by these guidelines shall be to promote the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, and so forth

Remuneration shall be market-based and may include the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The AGM may also – independently of these guidelines – make decisions regarding, for example, share-based and share-price related payments. The fulfilment of criteria for payment of variable cash remuneration must be measurable over a period of one year. Variable cash remuneration must not exceed 50 per cent of fixed annual cash salary.

For the Chief Executive Officer, pension benefits, excluding health insurance and waiver of premium, shall be defined-contribution. Variable cash remuneration shall be non-pensionable. The pension premiums for defined-contribution plans must not exceed 30 per cent of fixed annual cash salary. For other senior executives, pension benefits shall be defined-contribution unless the executive is covered by a defined-benefit pension plan under applicable collective agreement provisions. Variable cash remuneration shall be non-pensionable. The pension premiums for defined-contribution plans must not exceed 25 per cent of fixed annual cash salary.

Additional variable cash remuneration may be paid in exceptional circumstances, provided that such extraordinary arrangements only apply at individual level for the purpose of either recruiting or retaining executives, or as compensation for extraordinary efforts beyond the normal scope of duties. Such remuneration must not exceed an amount corresponding to 30 per cent of fixed annual cash salary. Decisions regarding such remuneration are determined by the Board, based on a recommendation by the Remuneration Committee.

Other benefits may include life insurance, health insurance and a company car. Total premiums and other costs arising from such benefits must not exceed 10 per cent of fixed annual cash salary.

With regard to employment relationships governed by regulations other than Swedish, insofar as pension benefits and other benefits are concerned, appropriate adjustments shall

be made to comply with such mandatory rules or established local practice, whereby the overall aims of these guidelines shall be met to the extent possible.

Termination of employment

In the event of termination by the company, the Chief Executive Officer shall be entitled to a notice period of 12 months, and a maximum period of six months shall apply to all other senior executives. In the event of termination by the company, in addition to their fixed cash salary during the notice period, senior executives shall be entitled to severance pay in an amount corresponding to between three and twelve fixed monthly cash salaries. In the event of termination by the executive, the maximum period of notice is six months with no entitlement to severance pay. In addition, any loss of income arising from non-compete restrictions shall be compensated to the extent the former executive is not entitled to severance pay. The compensation shall not exceed 60 per cent of the cash salary (including both fixed cash salary and variable remuneration) at the termination date, or the average monthly cash salary (including both fixed cash salary and variable remuneration) for twelve months prior to termination of the employment, unless compulsory collective agreement provisions apply, and shall be paid for the duration of the non-compete restrictions, which shall be a maximum of 12 months after the employment has ended. The compensation shall be reduced by an amount corresponding to the income the person receives from other sources of income, from either employment or other independent activities.

Criteria for payment of variable cash remuneration, and so forth

Variable cash remuneration shall be linked to pre-determined and measurable criteria that may be financial or non-financial. The criteria may also comprise quantitative or qualitative goals for individuals. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, by having a clear connection with the business strategy, for example, or by promoting the executive's long-term development.

At the end of the period for measuring the fulfilment of criteria for payment of variable cash remuneration, the extent to which the criteria have been met shall be assessed/determined. The Remuneration Committee is responsible for the assessment. In regard to financial targets, the assessment shall be based on the company's most recently available financial information.

Salaries and terms of employment for employees

When preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees were taken into account by including information about employees' remuneration packages, remuneration components, remuneration increases and rate of increase over time in the decision-making process of the Remuneration Committee and the Board when evaluating whether the guidelines and limitations set out herein are reasonable. The change in the gap between the remuneration of senior executives and other employees will be presented in the remuneration report.

Decision-making process

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision on proposed remuneration guidelines for senior executives. The Board shall prepare a proposal for new guidelines at least every four years and present it to the AGM for adoption.

The guidelines shall apply until the AGM adopts new guidelines. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for management, the application of remuneration guidelines for senior executives and the remuneration structures and levels applied by the company. The Remuneration Committee's members are independent of the company and its management. Insofar as they are affected by these matters, the Chief Executive Officer or other people in management do not attend Board meetings when remuneration matters are being discussed or decided.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to protect the long-term interests of the company, including its sustainability, or to ensure the company's financial viability. During the year, deviations were made in connection to the recruitment of a new Chief Executive Officer, which led to new guidelines being drawn up. The change in the guidelines is further described under guidelines for senior executives. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration matters, which includes decisions to deviate from the guidelines.

Proposal for the 2021 AGM

The Board proposes that the above remuneration principles for the Chief Executive Officer and the Management Team be adopted by the 2021 AGM.

Events after the end of the period

Acquisitions of LSS Omsorgen & EKKOfondens omsorgsverksamhet

After the end of the period, six units in residential and day services in Sweden were acquired from LSS Omsorgen. Ambea also concluded an agreement to acquire Ekkofondens omsorgsverksamhet, which provides residential care for adults with disabilities across Denmark.

Proposed distribution of profits

The Board proposes that a dividend of SEK 1.15 per share be paid to the shareholders registered on the record date and that the remaining non-restricted equity be retained by the Parent Company. According to the Board's assessment, the Group's equity after proposed dividend be large enough in relation to the nature, scope and risk-leading executives of the business. No dividends are paid on the Parent Company's holding of treasury shares. For more information, refer to Ambea's dividend policy.

The Board proposes that profits be distributed as follows:

SEK

| | |
|-----------------------|----------------------|
| Retained earnings | 1,869,346,390 |
| Share premium reserve | 1,404,039,520 |
| Profit for the year | 39,907,677 |
| Total | 3,313,293,587 |

The Board of Directors proposes that

| | |
|--|----------------------|
| A dividend of SEK 1.15 per share be paid to the shareholders | 108,447,668 |
| To be carried forward | 3,204,845,919 |
| Total | 3,313,293,587 |

For more information about the company's earnings and financial position, refer to the following income statements and balance sheets and the accompanying notes to the accounts.

Consolidated income statement

| SEK million | Note | 2020 | 2019 |
|---|-------|----------------|----------------|
| Operating income | 2.3 | | |
| Net sales | | 11,083 | 11,040 |
| Other operating income | | 122 | 99 |
| Total operating income | | 11,205 | 11,139 |
| Operating expenses | | | |
| Consumables | | -358 | -383 |
| Other external costs | 4,5,6 | -1,260 | -1,532 |
| Personnel costs | 7 | -7,973 | -7,851 |
| Depreciation, amortisation and impairment of fixed assets | 8 | -896 | -845 |
| Profit from participations in Group companies | 9 | 0 | 0 |
| Other operating expenses | | -1 | -3 |
| Total operating expenses | | -10,488 | -10,614 |
| Operating profit | | 717 | 525 |
| Financial income | | 1 | 12 |
| Financial expenses | | -261 | -261 |
| Net financial items | 10 | -260 | -249 |
| Profit after net financial items | | 457 | 276 |
| Profit before tax | | 457 | 276 |
| Tax on profit for the year | 11 | -97 | -61 |
| Profit for the year | | 359 | 215 |
| Profit for the year attributable to: | | | |
| Shareholders of the Parent Company | | 359 | 215 |
| Non-controlling interests | | - | - |
| Profit for the year | | 359 | 215 |
| Earnings per share before dilution, SEK | 12 | 3.80 | 2.52 |
| Earnings per share after dilution, SEK | 12 | 3.80 | 2.51 |

Consolidated statement of comprehensive income

| SEK million | 2020 | 2019 |
|---|------------|------------|
| Profit for the year | 359 | 215 |
| Other comprehensive income, items not transferable to profit or loss | | |
| Remeasurement of defined-benefit pension plans | -6 | -9 |
| Tax related to remeasurement of defined-benefit pension plans | 1 | 2 |
| Total items not transferable to profit or loss | -5 | -7 |
| Other comprehensive income, items transferable to profit or loss | | |
| Translation differences | -95 | -13 |
| Hedging of net investments in foreign operations | 46 | -7 |
| Cash flow hedges | -9 | 2 |
| Cash flow hedge reserve | 1 | -4 |
| Tax | -8 | 2 |
| Total items transferable to profit or loss | -65 | -19 |
| Total other comprehensive income for the year | -69 | -25 |
| Comprehensive income for the year | 290 | 190 |
| Comprehensive income for the year attributable to: | | |
| Shareholders of the Parent Company | 290 | 190 |
| Non-controlling interests | - | - |
| Comprehensive income for the year | 290 | 190 |

Consolidated balance sheet

| SEK million | Note | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|---------------|---------------|
| Assets | | | |
| <i>Fixed assets</i> | | | |
| Goodwill | 13 | 6,508 | 6,532 |
| Customer contracts and customer relationships | 13 | 496 | 607 |
| Other intangible assets | 13 | 27 | 24 |
| Right-of-use assets | 6 | 5,675 | 4,698 |
| Tangible assets | 14 | 270 | 251 |
| Derivative instruments | | 2 | 3 |
| Deferred tax assets | 23 | 72 | 54 |
| Non-current receivables | 25,15,26 | 99 | 101 |
| Total fixed assets | | 13,148 | 12,270 |
| <i>Current assets</i> | | | |
| Inventories | | 0 | 0 |
| Accounts receivable | 25.26 | 1,078 | 1,078 |
| Other receivables | 15 | 93 | 67 |
| Prepaid expenses and accrued income | 16 | 291 | 261 |
| Cash and cash equivalents | 25,26,27 | 25 | 52 |
| Total current assets excluding assets held for sale | | 1,487 | 1,458 |
| Assets held for sale | 14 | 83 | 82 |
| Total current assets | | 1,570 | 1,540 |
| Total assets | | 14,718 | 13,810 |
| Equity and liabilities | | | |
| <i>Equity</i> | 17 | | |
| 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 |
| <i>Non-current liabilities</i> | | | |
| Non-current liabilities to credit institutions | 18.25 | 766 | 961 |
| Non-current lease liabilities | 18,25,26,29 | 5,167 | 4,170 |
| Derivative instruments | 20.25 | 7 | 0 |
| Pension provisions | 21 | 38 | 39 |
| Other provisions | 22 | 38 | 48 |
| Deferred tax liabilities | 23 | 186 | 173 |
| Total non-current liabilities | | 6,203 | 5,390 |
| <i>Current liabilities</i> | | | |
| Current liabilities to credit institutions | 18,19,25 | - | - |
| Commercial papers | 18.25 | 1,813 | 2,228 |
| Current lease liabilities | 18,25,26,29 | 655 | 610 |
| Accounts payable | 25 | 311 | 266 |
| Tax liabilities | | 80 | 53 |
| Other non-interest-bearing liabilities | 20 | 182 | 200 |
| Accrued expenses and deferred income | 24 | 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

| SEK million | Share capital | Other capital contributions | Reserves (Note G17) | Retained earnings, including profit for the year | Total | Non-controlling interests | Total equity |
|---|---------------|-----------------------------|------------------------|--|--------------|---------------------------|--------------|
| Opening balance, 1 Jan 2019 | 2 | 4,965 | 1 | -2,261 | 2,707 | – | 2,707 |
| Opening balance adjustments | – | – | – | 18 | 18 | – | 18 |
| Adjusted opening balance | 2 | 4,965 | 1 | -2,243 | 2,725 | – | 2,725 |
| Comprehensive income | | | | | | | |
| Profit for the year | – | – | – | 215 | 215 | – | 215 |
| Other comprehensive income for the year | – | – | -19 | -7 | -25 | – | -25 |
| Total comprehensive income | – | – | -19 | 208 | 190 | – | 190 |
| Transactions with shareholders | | | | | | | |
| New share issue | 0 | 1,215 | – | – | 1,215 | – | 1,215 |
| Issuance costs | – | -19 | – | – | -19 | – | -19 |
| Tax on issuance costs | – | 4 | – | – | 4 | – | 4 |
| Warrants issued | – | 2 | – | – | 2 | – | 2 |
| Share buybacks | 0 | – | – | -5 | -5 | – | -5 |
| Dividends | – | – | – | -74 | -74 | – | -74 |
| Closing balance, 31 Dec 2019 | 2 | 6,167 | -19 | -2,114 | 4,036 | – | 4,036 |
| Opening balance, 1 Jan 2020 | 2 | 6,167 | -19 | -2,114 | 4,036 | – | 4,036 |
| Comprehensive income | | | | | | | |
| Profit for the year | – | – | – | 359 | 359 | – | 359 |
| Other comprehensive income for the year | – | – | -65 | -5 | -69 | – | -69 |
| Total comprehensive income | – | – | -65 | 353 | 290 | – | 290 |
| Transactions with shareholders | | | | | | | |
| New share issue | – | – | – | – | – | – | – |
| Issuance costs | – | – | – | – | – | – | – |
| Tax on issuance costs | – | – | – | – | – | – | – |
| Warrants issued | – | – | – | – | – | – | – |
| Share buybacks | – | – | – | – | – | – | – |
| Dividends | – | – | – | – | – | – | – |
| Closing balance, 31 Dec 2020 | 2 | 6,167 | -82 | -1,762 | 4,326 | – | 4,326 |

Consolidated cash flow statement

| SEK million | Note | 2020 | 2019 |
|--|------|---------------|---------------|
| Operating activities | | | |
| Profit before tax | | 457 | 276 |
| Adjustment for non-cash items | 29 | 916 | 810 |
| Tax paid | | 1,373 | 1,087 |
| | | -83 | -119 |
| Cash flow from operating activities before changes in working capital | | 1,289 | 968 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) in inventories | | 0 | 0 |
| Increase (-)/Decrease (+) in operating receivables | | -70 | 70 |
| Increase (+)/Decrease (-) in operating liabilities | | 173 | -55 |
| Cash flow from operating activities | | 1,392 | 982 |
| Investing activities | | | |
| Acquisition of subsidiaries | 30 | -105 | -2,634 |
| Divestment of subsidiaries | | 0 | 20 |
| Investment in intangible assets | 13 | -12 | -7 |
| Investment in tangible assets | 14 | -112 | -115 |
| Divestment of tangible assets | 14 | 3 | 11 |
| Investment in financial assets | | 0 | -4 |
| Divestment of financial assets | | 0 | 0 |
| Cash flow from investing activities | | -226 | -2,729 |
| Financing activities | | | |
| New loans/Loans raised | | 6,037 | 8,911 |
| Repayment of loan liabilities | | -6,170 | -6,221 |
| Repayment of lease liabilities | | -643 | -581 |
| Change in revolving credit facility | | -403 | -1,492 |
| New share issue | | 0 | 1,215 |
| Issuance costs | | 0 | -15 |
| Share buybacks | | 0 | -5 |
| Premiums for warrants | | 0 | 2 |
| Dividends paid | | 0 | -74 |
| Cash flow from financing activities | | -1,178 | 1,739 |
| Cash flow for the year | | -13 | -6 |
| Cash and cash equivalents at the beginning of the year | | 52 | 62 |
| Exchange rate differences in cash and cash equivalents | | -14 | -4 |
| Cash and cash equivalents at year-end | 29 | 25 | 52 |

List of Notes

| | | |
|-----------|---|-----|
| Note G1 | Accounting policies..... | 69 |
| Note G2 | Revenue from Contracts with Customers..... | 76 |
| Note G3 | Segment information..... | 77 |
| Note G4 | Other external costs | 79 |
| Note G5 | Audit fees and expenses | 79 |
| Note G6 | Lease payments for operating leases | 79 |
| Note G7 | Employees, personnel costs and remuneration of senior executives | 80 |
| Note G8 | Depreciation, amortisation and impairment of assets.. | 84 |
| Note G9 | Profit/loss from participations in Group companies | 84 |
| Note G10 | Net financial items | 84 |
| Note G11 | Tax | 84 |
| Note G12 | Earnings per share | 85 |
| Note G13 | Intangible assets | 85 |
| Note G14 | Tangible assets..... | 87 |
| Note G15 | Non-current receivables and other receivables | 88 |
| Note G16 | Prepaid expenses and accrued income | 88 |
| Note G17 | Equity | 89 |
| Note G18 | Interest-bearing liabilities..... | 90 |
| Note G19 | Overdraft facility..... | 90 |
| Note G20 | Other non-interest-bearing liabilities | 90 |
| Note G21 | Pensions | 91 |
| Note G22 | Other provisions | 92 |
| Note G23 | Deferred tax assets and liabilities | 93 |
| Note G24 | Accrued expenses and deferred income | 94 |
| Note G25 | Fair value measurement of financial assets and liabilities | 94 |
| Note G26 | Financial risks and financial policies..... | 95 |
| Note G27 | Pledged assets and contingent liabilities | 98 |
| Note G28 | Related parties..... | 99 |
| Note G29 | Additional cash flow statement disclosures..... | 102 |
| Note G30 | Business combinations | 103 |
| Note G31 | Events after the balance-sheet date | 104 |
| Note G32 | Key judgements and estimates..... | 105 |
| Note G33 | Reconciliation to IFRS..... | 106 |
| Note G34 | Public support..... | 108 |
| | | |
| Note PC1 | Accounting policies | 113 |
| Note PC2 | Other external costs..... | 113 |
| Note PC3 | Employees, personnel costs and remuneration of senior executives..... | 113 |
| Note PC4 | Net financial items | 114 |
| Note PC5 | Appropriations | 114 |
| Note PC6 | Tax..... | 114 |
| Note PC7 | Participations in Group companies..... | 114 |
| Note PC8 | Equity..... | 114 |
| Note PC9 | Untaxed reserves | 114 |
| Note PC10 | Accrued expenses and deferred income | 114 |
| Note PC11 | Fair value measurement of financial assets and liabilities | 115 |
| Note PC12 | Pledged assets and contingent liabilities..... | 115 |
| Note PC13 | Related parties | 116 |
| Note PC14 | Additional cash flow statement disclosures | 116 |
| Note PC15 | Events after the balance-sheet date..... | 116 |
| Note PC16 | Proposed distribution of profits..... | 116 |

NOTE G1 Accounting policies

This is the Annual Report and consolidated financial statements for the Swedish Parent Company Ambea AB (publ) (Ambea), corporate registration number 556468-4354 and its subsidiaries. The Group conducts operations in Sweden, Norway and Denmark in elderly care, disability care and staffing.

The Parent Company is a Swedish limited liability company domiciled in Stockholm. The address of the head office is Evenemangsgatan 21, SE-171 29 Solna, Sweden.

This Annual Report and the consolidated financial statements were approved by the Board on 26 March 2021, and will be presented to the Annual General Meeting for adoption on 12 May 2021.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the Swedish Annual Accounts Act and RFR 1, issued by the Swedish Financial Reporting Board and containing supplementary accounting regulations for Groups, have been applied. The accounting policies set out below for the Group have been consistently applied unless otherwise stated, in the consolidation of the Parent Company and subsidiaries. The accounting policies applied are consistent with those applied in the preceding year with the exceptions set out below. The company has elected to only comment on the standards, amendments and interpretations deemed relevant for the Group.

Measurement bases applied in the preparation of the consolidated financial statements

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value comprise derivative instruments (interest rate cap and interest rate swap).

Currency

The Parent Company's functional currency is the Swedish kronor (SEK), which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise indicated, are rounded off to the nearest million (SEK million). Rounding affects the totals in tables.

Judgements and estimates applied in the financial statements

The preparation of financial statements in compliance with IFRS requires management to make judgements and estimates. Judgements and estimates are based on historical experience and a number of other factors considered reasonable in the prevailing circumstances. The results of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that would otherwise not be readily apparent from other sources. The actual outcome may differ from these estimates and judgements. The estimates and assumptions are reviewed on a regular basis. For a more detailed description, see Note G32, Key judgements and estimates.

IFRS 16 Leases

IFRS 16 became effective for reporting periods beginning on or after 1 January 2019. Ambea has therefore applied the standard since 1 January 2019. IFRS 16 mainly affects lessees and the principal effect is that leases previously classified as operating leases must now be accounted for in a similar way to how finance leases were previously treated. This means that assets and liabilities must also be recognised for operating leases, with corresponding recognition of the depreciation and interest expenses — unlike previously, when no recognition of a leased asset and corresponding liability was required, and where lease payments were recognised as an expense in the income statement over the lease term on a straight-line basis. See Note G6 for more information about transition effects.

Properties/premises

Ambea has identified two main asset classes: properties/premises and vehicles. Rental contracts for properties and premises (previously classified as operating leases) with a term of more than 12 months from 1 January 2020 have been identified and recognised as a lease liability and right-of-use asset. A number of agreements related to small storage facilities, parking spaces and small offices have been excluded since these are considered immaterial. Contracts related to long-term tenancies for rental apartments with a short notice period have been excluded.

Discounting

For contracts with terms of up to three years, an incremental borrowing rate of 1.75 per cent is used. For contracts with terms of three years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR (range of 0.39–1.23 per cent from 4–10 years and later) and the equivalent for Norway (1.81–2.04 per cent from 4–10 years and later), to which we have also added a margin of 1.75 per cent.

Extension options and indexation

Ambea makes case-by-case assessments of extensions for every lease affected by IFRS 16. The date on which knowledge of extension can be confirmed with certainty is the termination date of the contract, generally 9–12 months before the contract expires. Some long-term contracts have 24 months.

Regarding indexation, the base year of the rental contract has been given as the base date with one year after the starting date as the starting point for indexation.

Other asset classes

In addition to rental contracts, finance leases for vehicles are type of material asset for Ambea. Computers deemed to have insignificant value per contract have been excluded. For photocopiers, the total value is not deemed significantly material to include.

New and revised IFRSs not yet applied

None of the new or revised standards or interpretations adopted at 31 December 2020 are expected to have any material impact on the consolidated financial statements.

Segment reporting

Operating segments are reported in a manner consistent with

the internal reporting provided to the chief operating decision maker (CODM). The CODM is the function that is responsible for the allocation of resources and the assessment of the operating segments' results. In the Ambea Group, this function has been identified as the Chief Executive Officer.

The Chief Executive Officer leads the operations based on the operating segments of Vardaga, Nytida, Stendi, Altiden and Klara, which are described in more detail in Note 3. The results of the operating segments are assessed and analysed using a metric known as EBITA (Earnings before interest, taxes and amortisation).

Classification

Fixed assets and non-current liabilities in all material respects comprise only amounts that are expected to be recovered or paid after more than twelve months from the balance-sheet date. Current assets and current liabilities in all material respects comprise only amounts that are expected to be recovered or paid within twelve months of the balance-sheet date.

Consolidation principles

Subsidiaries

Subsidiaries are all companies that stand under Ambea's controlling influence. All of the Group's subsidiaries are wholly owned. An investor has a controlling influence over a company when the investor is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its influence over the company. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group, which is the date on which the shares are acquired. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases, which is the date on which the shares are disposed of.

The Group's business combinations are accounted for using the acquisition method. The consideration for the acquisition of a subsidiary comprises the fair value of assets acquired and liabilities assumed. The consideration also includes the fair value of any assets or liabilities resulting from a contingent consideration agreement.

Contingent considerations are recognised at their acquisition-date fair value. These are remeasured at each reporting date and the change is recognised in profit or loss.

Acquisition-related costs are recognised as incurred. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at acquisition-date fair value.

The amount by which the consideration exceeds the fair value of identifiable assets acquired is recognised as goodwill.

The accounting policies for subsidiaries have been changed where necessary to guarantee the consistent application of the Group's principles.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising from transactions between Group companies are eliminated in their entirety in the preparation of the consolidated financial statements.

Translation of financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated using the closing rate. On the balance sheet, NOK has been translated at 0.954564 (1.05788) and DKK at 1.349232 (1.39678). Income and expenses are translated at the average rate. On the income statement, NOK has been translated at 0.978569 (1.07469) and DKK at 1.40672 (1.418319). Translation differences arising in connection with the translation of a foreign net investment and the related effects of net investment hedges are recognised directly in the translation reserve in other comprehensive income. When foreign operations are divested, accumulated translation differences attributable to the operation are recognised, less any currency hedging, in consolidated profit or loss. Accumulated translation differences are presented as a separate category of capital containing the translation differences accumulated from the Group's inception.

Revenue recognition

In order to recognise revenue from contracts with customers, the Group analyses every customer contract according to the five-step model below:

Step 1: Identify a contract between at least two parties where there is a right and an obligation.

Step 2: Identify all of the individual performance obligations.

Step 3: Determine the transaction price, meaning the consideration that the company is expected to be entitled to in exchange for transferring the promised goods or services. The transaction price is adjusted for variable consideration, such as any discounts.

Step 4: Allocate the transaction price to each specific performance obligation.

Step 5: Recognise the revenue when the company satisfies the performance obligation, meaning when control has been transferred to the customer. Revenue can be recognised at a point in time, or over time, if the criteria specified in the standard are met.

The Group's revenues comprise sales of care services, which are performed according to the contracts signed by the operation. Own Management operations offer individual placements to municipalities that purchase according to needs under framework, subscription or individual agreements, or via the Swedish Freedom of Choice Act (LOV). The contract with the customer is then considered to arise in connection with placement. In Contract Management operations, the division runs the unit on behalf of a municipality or city district for a specific period of time and a fixed price is agreed upon in advance in a public sector contract. The contract with the customer is then considered to arise in accordance with the management contract.

Other income

Other income includes revenue derived from subletting premises (operating leases), municipal grants related to COVID-19, sales of cars and income from Lära's educational activities.

Performance obligations

The Group's performance obligations – care services – are provided under own management, with responsibility for

occupancy and the renting of premises, and under contract management, meaning multi-year operating agreements with municipalities as the client, and through staffing operations, which provide healthcare services. Every care service constitutes a specific performance obligation.

Transaction price and allocation

The transaction price constitutes consideration for the care service performed regardless of mode of operation, and is linked to the number of care days, residential placements or similar. Determination of the transaction price or consideration is mainly based on the need for social care interventions that has been agreed and includes all of the contractual obligations. The transaction price in each agreement is normally a fixed amount only. Where care services are delivered under multi-year operating agreements with monthly billing, index clauses are used to provide annual compensation for increases in both personnel costs and other expenses. In a small number of agreements, the price is fixed for a period of two years or more.

When revenue is recognised

Revenue is recognised when the performance obligations in agreements have been satisfied. Revenues are recognised when the customer obtains control of the services. Ambea has concluded that the Group's performance obligations satisfy the criteria for fulfilment over time, whereby the attributable revenue is also recognised over time. Most of the Group's contracts are satisfied evenly over the term of the contract, but for contracts comprising training and after-school activities with assistance within the framework of school activities, control is transferred and revenue is recognised over the period of time in which the education takes place. Payment terms, regardless of type of care service, are mainly 30 days net.

Government grants

Like other employers, Ambea is eligible for various state and local government grants and financial support for employees. This support may be related to, for example, training, recruitment or shorter working hours, as well as compensation for COVID-19 related sick pay expenses. Most grants and financial support are employee-related and recognised in profit or loss as cost reductions in the same period as the corresponding underlying cost. Municipal grants related to COVID-19 is reported in other income.

Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the day of the transaction. The functional currency for Ambea is Swedish kronor (SEK). Monetary assets and liabilities are translated at the exchange rate prevailing at the balance-sheet date. Exchange-rate differences arising from the translations are recognised in profit or loss. The exception is when the transactions constitute hedges that satisfy the conditions for hedge accounting of cash flows or net investments, in which case gains/losses are recognised in other comprehensive income. Operational exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are recognised at historical cost are translated using the exchange rate prevailing on the transaction date.

Leases

IFRS 16 has been used to recognise leases since 1 January 2019 and Ambea has identified rents and leased cars as material. As of 1 January 2019, current and non-current liabilities corresponding to obligations for future lease payments have been recognised on the balance sheet with their related right-of-use assets, which add up to the same amounts. Right-of-use assets are depreciated over their remaining lease term on a straight-line basis, while the lease payments are allocated between depreciation and interest expense on the outstanding liability. The interest expense is allocated over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised during each period. Variable charges are expensed in the periods in which they arise.

A number of contracts for small storage areas, parking spaces and small offices have been excluded from the lease liability. Contracts related to long-term tenancies for rental apartments with a short notice period have been excluded. Lease payments for these are expensed in the periods in which they are incurred.

Recognition of finance leases

The minimum lease payments are allocated between interest expense and repayment of the outstanding liability. The interest expense is allocated over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised during each period. Variable charges are expensed in the periods in which they arise. A finance lease gives rise to both depreciation/amortisation and interest expense that are recognised in the statement of comprehensive income in the respective period. The leased asset is amortised/depreciated in accordance with the rules for depreciable/amortisable assets and the amount is allocated to each accounting period during the expected useful life.

Recognition of operating leases

Expenses relating to operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in profit or loss as a reduction of the lease payments over the lease term on a straight-line basis. Variable charges are expensed in the periods in which they arise.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and interest-bearing securities, interest expense on loans, dividend revenue, exchange rate differences (net after the deduction of matching exchange rate differences on onward lending to Group companies), unrealised and realised gains and losses on financial investments, and derivative instruments used in financial activities.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. Effective interest is the rate that results in the present value of all estimated future receipts and disbursements during the anticipated fixed interest term matching the carrying amount of the receivable or liability.

Interest expense includes the accrued amount of issuance costs and similar direct transaction expenses for raising loans.

Dividend income is recognised when the right to receive

payment has been determined.

Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except when the underlying transaction is recognised directly against equity, or in other comprehensive income, whereby the related tax effect is recognised in equity, or other comprehensive income, respectively. Current tax is tax payable or received in respect of the current year, applying the tax rates enacted or substantively enacted at the balance-sheet date, including adjustments of current tax attributable to earlier periods. Deferred tax is calculated using the balance sheet method, based on temporary differences between the carrying amount and tax base of assets and liabilities. Deferred tax assets on deductible temporary differences and those arising from loss carry-forwards are recognised to the extent that it is probable that they will entail lower tax payments in the future. Deferred tax is calculated by applying the tax rates and regulations enacted or substantively enacted at the balance-sheet date.

Earnings per share

The calculation of earnings per share before dilution is based on consolidated profit for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. Earnings per share after dilution are calculated by dividing profit for the year attributable to shareholders of the Parent Company, adjusted if applicable, by the weighted average number of shares and potential shares that could give rise to a dilution effect. A dilution effect from potential shares is only recognised if conversion to shares were to result in a reduction in earnings per share after dilution. The potential shares and warrants that could give rise to dilution pertain to allotment under the current incentive programme.

Financial instruments

Financial instruments are any form of agreement that gives rise to a financial asset in one company and a financial liability or equity instrument in another. Financial instruments are classified on initial recognition, based on the purpose for which the instrument was acquired and is managed. This classification determines the value of the instruments.

Recognition and derecognition

A financial asset or liability is recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent and the company's right to consideration is unconditional. Liabilities are recognised when the counterparty has performed and a contractual obligation to pay exists, even if the invoice has not yet been received. Accounts payable are recognised when the invoice has been received.

A financial asset and financial liability are offset and recognised in a net amount on the balance sheet when, and only when, there is a legally enforceable right to set off the amounts, and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. A financial asset is derecognised when the rights in the contract are realised or expire, or the company loses control over them. A financial liability is derecognised when the obligations in

the contract are discharged or otherwise extinguished. The same applies to a part of a financial asset or liability.

Gains and losses arising from derecognition and modification are recognised in profit or loss to the extent that hedge accounting is not applied.

Classification and measurement of financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The instruments are classified at:

- amortised cost
- fair value through profit or loss, or
- fair value through other comprehensive income.

Financial assets measured at amortised cost are initially measured at fair value plus transaction costs. After initial recognition, the assets are measured at amortised cost less a provision for expected credit losses. Assets measured at amortised cost are held according to the business model to collect contractual cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Fair value through other comprehensive income are assets that are held according to the business model to both sell and collect contractual cash flows that are solely payments of principal and interest on the principal amounts outstanding. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in other comprehensive income until the asset is derecognised, when the amounts in other comprehensive income are reclassified to profit or loss. The assets are covered by a provision for expected credit losses.

Fair value through profit or loss applies to all other debt instruments that are not measured at amortised cost or fair value through other comprehensive income. Financial instruments in this category are initially measured at fair value. Changes in fair value are recognised in profit or loss.

The Group's financial assets comprise non-current receivables, accounts receivable, other current receivables and cash and cash equivalents. All are measured at amortised cost, except for derivative instruments measured at fair value through profit or loss, unless they are classified as hedging instruments and the effective portion of the hedge is recognised in other comprehensive income.

Classification and measurement of financial liabilities

Financial liabilities are measured at amortised cost except for derivatives and contingent consideration. Financial liabilities measured at amortised cost are initially measured at fair value including transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method.

Most of the Group's financial liabilities (current and non-current interest-bearing liabilities and accounts payable) are measured at amortised cost. Derivatives are measured at fair value through profit or loss unless they are classified as hedging instruments and the effective portion of the hedge is recognised in other comprehensive income. Contingent consideration is measured at fair value through profit or loss.

Impairment of financial assets

The Group's financial assets, except those measured at fair

value through other comprehensive income, are subject to impairment for expected credit losses. The Group's impairment model is based on expected credit losses, and takes forward-looking information into account. A loss allowance is made for any credit risk exposures, normally on initial recognition for an asset or receivable. Under the simplified approach, a loss allowance is recognised for the expected remaining life of the asset or receivable. The simplified approach is applied for accounts receivable and contract assets.

For other items covered by expected credit losses, a three-stage impairment model is applied. Initially, and on every balance-sheet date, a loss allowance is recognised for the next 12 months, alternatively for a shorter period of time depending on the remaining term to maturity (stage 1). If the credit risk has not increased significantly since initial recognition, a loss allowance is recognised for the asset's remaining time to maturity (stage 2). For assets considered credit-impaired, loss allowances are required for expected credit losses for their remaining maturity (stage 3). For credit impaired assets and receivables, the calculation of interest income is based on the asset's carrying amount, net of loss allowance, as opposed to the gross amount in preceding stages. The Group's assets are considered to be in stage 1, meaning there has not been any significant increase in credit risk.

The measurement of expected credit losses is based on, and impaired according to, a ratings-based approach using an external credit rating. Expected credit losses are measured as the product of probability of default, loss given default and exposure at default. Credit-impaired assets and receivables are individually assessed, taking historical, current and forward-looking information into account. The measurement of expected credit losses accounts for any collateral or other credit enhancements in the form of guarantees.

The financial assets are measured at amortised cost on the balance sheet (that is, the gross carrying amount net of loss allowance). Changes in the loss allowance are recognised in profit or loss.

Derivatives and hedge accounting

Derivatives are measured at fair value, both initial and subsequent remeasurements at the end of each reporting period, and recognised on the balance sheet at the contract date. The method for recognising the gain or loss arising from the remeasurement depends on whether the derivative has been designated a hedging instrument, and if so, the nature of the item hedged.

Hedging of the Group's fixed rates – derivatives

The Group has purchased an interest rate cap and an interest rate swap to hedge the risk associated with future interest rate flows in respect of loans with floating interest rates. Hedge accounting under IFRS 9 is applied for these. Hedge accounting means that gains or losses due to changes in the fair value of the interest rate cap and interest rate swap are recognised in the hedging reserve in other comprehensive income, to the extent the hedging is deemed effective. The time value of the interest rate cap is not included in the hedging relationship. The change in time value is recognised in the cash flow hedge reserve and reclassified to profit or loss over the term of the instrument. Any ineffective portion of the hedging relationship is recognised in profit or loss as net financial income/expense.

Hedging of the Group's net investment in a foreign operation – loans in foreign currency

The Group has raised loans in foreign currency for the acquisition of foreign operations. Hedge accounting under IFRS 9 is applied for these loans in foreign currency related to the Group's net investment in a foreign operation. Hedge accounting means that gains or losses on loans arising from exchange rate fluctuations are recognised in the translation reserve in other comprehensive income, to the extent that the hedging is deemed effective. Any ineffective portion of the hedging relationship is recognised in profit or loss as net financial income/expense. Accumulated gains or losses recognised in other comprehensive income are recognised as a separate item in equity and are not reclassified from equity to profit or loss as a reclassification adjustment until disposal or partial disposal of the foreign operation.

Tangible assets

Tangible assets are recognised as assets in the balance sheet if it is probable that future economic benefits will flow to the company and the cost of the asset can be measured reliably. Tangible assets are recognised in the consolidated accounts at cost less accumulated depreciation and any impairment losses. Cost includes the consideration and expenses directly attributable to the asset.

Subsequent costs are only added to the carrying amount if it is probable that the future economic benefits associated with the asset will flow to the company and the cost can be measured reliably. All other subsequent costs are recognised as an expense in the period they are incurred.

Depreciation principles

The straight-line depreciation method is used over the estimated useful life of the asset. Depreciation according to plan is based on the original cost less the calculated residual value. The depreciation is based on the estimated useful life of the components. An impairment loss arises when the recoverable amount is less than the carrying amount. The estimated useful lives are:

| | |
|--|------------|
| Leasehold improvements (the shorter of the lease term and useful life) | 5–20 years |
| Equipment | 5–15 years |

Assets held for sale

Properties assumed in a business combination are reclassified and recognised as assets held for sale during the divestment process.

Intangible assets

Goodwill

Goodwill represents the difference between the consideration transferred for the business combination and the fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities. Goodwill is measured as cost less any accumulated impairment losses. Goodwill is allocated to groups of cash-generating units, which are expected to benefit from the synergies arising, and is not amortised but is impairment tested annually. In the case of business combinations where the cost is less than the net value of identifiable assets acquired, liabilities assumed and contingent liabilities, the difference is recognised directly in profit or loss.

Other intangible assets

Other intangible assets consists of identified customer contracts and customer relationships acquired in company acquisitions as well as purchased software, licenses and so forth, and consulting services in connection with the introduction of new computer systems.

Amortisation principles

Identified customer contracts and customer relationships are amortised on a straight-line basis over their remaining useful life. Goodwill is not amortised but tested annually for impairment and whenever there is any indication of impairment. Intangible assets with a finite useful life are amortised from the date they become available for use. The estimated useful lives are:

| | |
|---|------------|
| Customer contracts and customer relationships | 5–20 years |
| Other intangible assets | 5 years |
| Goodwill | indefinite |

Cash and cash equivalents

Cash and cash equivalents comprise cash and readily available funds in banks and similar institutions.

Impairment

The carrying amounts of the Group's assets are tested on every balance-sheet date to assess whether there is any indication of impairment. Exceptions are made for inventories, financial assets, plan assets used to finance employee benefits and deferred tax assets. For these asset categories, the balance sheet value is measured pursuant to each applicable accounting standard.

Impairment testing for tangible and intangible assets and participations in subsidiaries and associated companies

If there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. For goodwill, the recoverable amount is calculated annually whether or not there is any indication of impairment. Goodwill is tested for impairment at cash-generating unit level, which equates to the operating segments of Vardaga, Nytida, Stendi, Altiden and Klara.

An impairment loss is recognised when the carrying amount of a cash-generating unit exceeds its recoverable amount. An impairment is recognised as a loss on the income statement. An impairment loss recognised for a cash-generating unit is first allocated to goodwill. Thereafter, the carrying amounts of other assets of the unit are reduced. The recoverable amount is the higher of fair value less costs of disposal and value in use. When calculating the value in use, future cash flows are discounted using a discount factor that accounts for risk-free interest and the risk associated with the specific asset.

Reversal of impairment losses

An impairment loss is reversed if there is an indication that the need for impairment may no longer exist, or there has been a change in the assumptions that formed the basis for the calculation of the recoverable amount. However, an impairment loss for goodwill is never reversed. An impairment loss can only be reversed to the extent that it does not increase the carrying amount above what it would have been

had the impairment loss never been recognised. Impairment of loans and receivables measured at amortised cost is reversed when there is objective evidence that a subsequent increase in the recoverable amount is due to an event that occurred after the impairment loss was recognised.

Dividends

Dividends paid are recognised as a liability when the AGM has approved the dividend.

Employee benefits

The Group has both defined-contribution and defined-benefit pension plans.

Defined-contribution plans

Defined-contribution plans are retirement benefit plans under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions.

Obligations concerning contributions to defined-contribution plans are expensed in profit or loss for the period in which the employee performed services for the company.

Defined-benefit plans

Defined-benefit plans are pension plans that are not defined-contribution plans. Characteristics of defined-benefit plans are that they specify an amount for the pension benefit that an employee will receive on retirement, usually based on one or more factors such as age, length of service and salary.

The present value of the defined-benefit pension obligations is calculated using the projected unit credit method. The calculation of pension obligations is based on a number of assumptions such as life expectancy, salary increase, staff turnover, inflation and discount rate. The discount rate assumption is based on corporate bonds if they exist, otherwise government bonds, with a maturity equal to the maturity of the obligations. The fair value of plan assets is deducted from the present value of the pension obligations, and a net liability is recognised on the balance sheet. Remeasurements and experience-based adjustments are recognised in other comprehensive income during the period in which they arise. Pension costs relating to service in the current and any prior periods are recognised in the profit and loss account as a personnel cost. Net interest income is recognised in net financial items.

Obligations for retirement pensions and family pensions for salaried employees in Sweden under the ITP 2 plan are mainly secured through insurance in Alesta, which is a multi-employer defined-benefit plan. For the 2020 financial year, the company did not have access to information that would have made it possible to recognise these plans as defined-benefit, whereby they are recognised as defined-contribution plans.

Termination benefits

An expense for benefits in connection with the termination of employment is only recognised if the company is demonstrably obligated, without any realistic possibility of withdrawal, by virtue of a formal detailed plan to prematurely terminate an employment contract.

Short-term employee benefits

Short-term employee benefits are calculated without dis-

counting and recognised as an expense when the related services are provided. A provision is recognised for the anticipated cost of profit-sharing and bonus payments when the Group has a current legal or constructive obligation to make such payments as a result of the services provided by employees and the obligation can be estimated reliably.

Share-based remuneration

Share-based remuneration in the company pertains to a matching share plan that is settled in equity instruments. The fair value of the allotted matching share plan is calculated on the date of issue using an accepted valuation model, taking market-related conditions into account. The total amount to be expensed is based on the fair value of the allotted shares. The total amount recognised as a personnel cost in the income statement, allocated over the vesting period, and corresponding adjustments are made in equity. At the end of every quarter, the Group reviews its assessments of the number of shares expected to be vested and social security contributions are thereafter expensed. Social security contributions are based on the value of the performance shares at the closing date, using the same model as for the initial valuation.

The value of Ambea's warrants programme is calculated using the Black-Scholes model. Premiums for warrants are otherwise recognised as a capital contribution in equity in the consolidated accounts, and as share premium reserve in legal entities. Subscription of shares on the basis of warrants issued is recognised as a rights issue in equity.

Provisions

A provision is recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Restructuring

A provision for restructuring is recognised when the Group has adopted a detailed and formal restructuring plan. The restructuring must also have either started or been publicly announced.

Loss provisions for care contracts

A provision for onerous contracts is recognised when the benefits that the Group is expected to receive from a care contract are lower in value than the unavoidable costs of meeting the contractual obligations.

Contingent liabilities

A contingent liability is recognised when there is a potential obligation that arises from past events, the existence of which is substantiated only by uncertain future events. Contingent liabilities are also recognised when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or because it cannot be reliably calculated.

NOTE G2 Revenue from Contracts with Customers

2020 financial year

| SEK million | Vardaga | Nytida | Stendi | Altiden | Klara | Group-wide and eliminations | Total |
|---|--------------|--------------|--------------|------------|------------|-----------------------------|---------------|
| Type of service delivery | | | | | | | |
| Own Management | 2,184 | 3,100 | 2,726 | 225 | – | – | 8,235 |
| Contract Management | 1,313 | 601 | 249 | 438 | – | – | 2,602 |
| Staffing | – | – | – | – | 246 | – | 246 |
| Total revenue from contracts with customers | 3,497 | 3,701 | 2,975 | 663 | 246 | – | 11,083 |
| Income | | | | | | | |
| External customers | 3,497 | 3,701 | 2,975 | 663 | 246 | – | 11,083 |
| Revenue between the segments | – | – | – | – | 83 | – | 83 |
| Adjustments and eliminations related to inter-segment sales | – | – | – | – | –83 | – | –83 |
| Total revenue from contracts with customers | 3,497 | 3,701 | 2,975 | 663 | 246 | – | 11,083 |

Contract balances

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| Accounts receivable | 1,078 | 1,078 |
| Contract liabilities | 93 | 82 |
| Revenue recognised during the year that was recovered in the contract liability at 1 January | 82 | 56 |

Performance obligations

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| Transaction price allocated to unfulfilled (or partly unfulfilled) performance obligations at the end of the reporting period are distributed as follows: | | |
| Within 1 year | 93 | 82 |
| Later than 1 year | 0 | 0 |

2019 financial year

| SEK million | Vardaga | Nytida | Stendi | Altiden | Klara | Group-wide and eliminations | Total |
|---|--------------|--------------|--------------|------------|------------|-----------------------------|---------------|
| Type of service delivery | | | | | | | |
| Own Management | 2,061 | 3,173 | 2,736 | 59 | – | – | 8,030 |
| Contract Management | 1,433 | 491 | 370 | 425 | – | – | 2,718 |
| Staffing | – | – | – | – | 292 | – | 292 |
| Total revenue from contracts with customers | 3,494 | 3,664 | 3,106 | 484 | 292 | – | 11,040 |
| Income | | | | | | | |
| External customers | 3,494 | 3,664 | 3,106 | 484 | 292 | – | 11,040 |
| Revenue between the segments | – | – | – | – | 50 | – | 50 |
| Adjustments and eliminations related to inter-segment sales | – | – | – | – | –50 | – | –50 |
| Total revenue from contracts with customers | 3,494 | 3,664 | 3,106 | 484 | 292 | – | 11,040 |

Contract balances

| SEK million | 31 Dec 2019 | 1 Jan 2019 |
|--|-------------|------------|
| Accounts receivable | 1,078 | 622 |
| Contract liabilities | 82 | 56 |
| Revenue recognised during the year that was recovered in the contract liability at 1 January | 56 | 69 |

Performance obligations

| SEK million | 31 Dec 2019 | 1 Jan 2019 |
|---|-------------|------------|
| Transaction price allocated to unfulfilled (or partly unfulfilled) performance obligations at the end of the reporting period are distributed as follows: | | |
| Within 1 year | 82 | 56 |
| Later than 1 year | 0 | 0 |

NOTE G3 Segment information

Ambea's operations are reported in five segments. These are consistent with the divisions through which the Group conducts its operations.

- **Vardaga:** Comprises nursing homes, short-term residential facilities, 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 problems in Sweden.

- **Stendi:** Comprises support for children and young people, 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 teams and supply of temporary doctors and nurses in Sweden.

Reversal of lease payments and depreciation of right-of-use assets is presented under each segment.

Segment information 2020

| SEK million | Vardaga | Nytida | Stendi | Altiden | Klara | Unallocat-ed | Group adjust-ments | Total |
|--|--------------|--------------|--------------|------------|------------|--------------|--------------------|---------------|
| 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 | – |
| Total income from external customers | 3,552 | 3 738 | 2,986 | 666 | 246 | 15 | – | 11,205 |
| Operating expenses | | | | | | | | |
| Consumables | -117 | -102 | -106 | -32 | 0 | -1 | – | -358 |
| Other external costs | -442 | -482 | -363 | -72 | -61 | 160 | 1 | -1,260 |
| Personnel costs | -2,448 | -2,272 | -2,343 | -564 | -159 | -187 | – | -7,973 |
| Profit from participations in Group companies | – | – | – | – | – | – | – | – |
| Other operating expenses | – | -1 | 2 | 0 | 0 | 0 | – | -1 |
| Depreciation and impairment of tangible assets | -392 | -276 | -89 | -12 | 0 | -14 | -1 | -784 |
| EBITA | 154 | 604 | 86 | -14 | 26 | -28 | 0 | 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 | 0 | 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 |
| Financial income | – | – | – | – | – | – | 1 | – |
| Financial expenses | – | – | – | – | – | – | -261 | – |
| Net financial items | – | – | – | – | – | – | -260 | – |
| Profit after net financial items | | | | | | | | 457 |
| Profit before tax | | | | | | | | 457 |
| Tax on profit for the year | – | – | – | – | – | – | -97 | – |
| Profit for the period | | | | | | | | 359 |
| Assets | 6,405 | 5,729 | 1,836 | 452 | 178 | 118 | – | 14 718 |
| Adjustments | | | | | | | | |
| Reversal of restructuring and acquisition-related costs ¹ | – | – | 50 | – | – | – | – | 50 |
| Total | – | – | 50 | – | – | – | – | 50 |

¹The adjustment included in the following line items, SEK 32 million in other external costs, SEK 18 million in personnel costs

Segment information 2019

| SEK million | Vardaga | Nytida | Stendi | Altiden | Klara | Unallocated | Group adjustments | Total |
|--|--------------|--------------|--------------|------------|------------|-------------|-------------------|---------------|
| 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 |
| Operating expenses | | | | | | | | |
| Consumables | -143 | -114 | -107 | -18 | -1 | 0 | – | -383 |
| Other external costs | -370 | -473 | -655 | -44 | -87 | 95 | 1 | -1,533 |
| Personnel costs | -2,470 | -2,304 | -2,244 | -434 | -179 | -220 | – | -7,851 |
| Profit from participations in Group companies | – | – | – | – | – | – | – | – |
| Other operating expenses | -1 | 0 | -2 | 0 | 0 | 0 | – | -3 |
| Depreciation and impairment of tangible assets | -324 | -280 | -95 | -1 | 0 | -19 | -1 | -719 |
| EBITA | 207 | 512 | 44 | -12 | 25 | -126 | 0 | 650 |
| EBITA margin, % | 5.9 | 14.0 | 1.4 | -2.5 | 8.6 | – | – | 5.9 |
| Items affecting comparability | – | – | 36 | 4 | – | 98 | – | 138 |
| Adjusted EBITA | 207 | 512 | 80 | -8 | 25 | -28 | 0 | 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 |
| Financial income | | | | | | | | 12 |
| Financial expenses | | | | | | | | -261 |
| Net financial items | | | | | | | | -249 |
| Profit after net financial items | | | | | | | | 276 |
| Profit before tax | | | | | | | | 276 |
| Tax on profit for the year | | | | | | | | -61 |
| Profit for the period | | | | | | | | 215 |
| Assets | 5,257 | 5,905 | 2,069 | 249 | 180 | 150 | – | 13,810 |
| Adjustments | | | | | | | | |
| Reversal of restructuring and acquisition-related costs ¹ | – | – | 36 | 4 | – | 98 | – | 138 |
| Reversal of costs for discontinuation of an entire business segment ² | – | – | – | – | – | – | – | – |
| Total | – | – | 36 | 4 | – | 98 | – | 138 |

Income from Swedish customers accounts for 67 per cent (67) and income from Norwegian customers for 27 per cent (28) of consolidated net sales. The remaining portion relates to income from customers in Denmark.

Of fixed assets (that not financial instruments or deferred tax assets), 85 per cent (84) are allocated to Sweden, and 12 per cent (14) positive to Norway. The remaining share relates to fixed assets in Denmark.

Where applicable, the internal price between the Group's segments is set on an arm's-length basis, that is, between parties that are independent of each other, well-informed and

with an interest in the transaction being effected. Directly attributable items and items that can be allocated to the segment on a reasonable and reliable basis have been included in each segment's earnings and assets. Unallocated items largely consists of expenses for Group offices and financial income and expenses. Assets and liabilities that have not been allocated to a segment are deferred tax assets and deferred tax liabilities, tax liabilities and interest-bearing assets and liabilities.

¹The adjustment is included in the following line items, SEK 81 million in other external costs, SEK 52 million in personnel costs, SEK 4 million in depreciation/amortisation and impairment

NOTE G4 Other external costs

| SEK million | 2020 | 2019 |
|--|---------------|---------------|
| Temporary care workers and medical consultants | -331 | -568 |
| Rent, including rental payments not classified under IFRS 16 | -413 | -358 |
| Operating leases, excluding rental payments | -67 | -78 |
| Advertising/PR | -23 | -29 |
| Telephony and office supplies | -57 | -63 |
| Car expenses | -61 | -67 |
| External administrative services | -239 | -274 |
| Other | -70 | -95 |
| Total | -1,260 | -1,532 |

NOTE G5 Audit fees

| SEK million | 2020 | 2019 |
|--|-----------|------------|
| Ernst & Young AB | | |
| Audit engagement | -8 | -8 |
| Audit activity in addition to the audit engagement | - | -1 |
| Other services | -1 | -1 |
| Total | -9 | -10 |
| Other auditors | | |
| Audit engagement | 0 | -1 |
| Tax consultancy | 0 | -0 |
| Total | 0 | -1 |
| Group total | -9 | -11 |

NOTE G6 Leases

Due to the adoption of IFRS 16 on 1 January 2019, right-of-use assets are now recognised. The lease liability recognised at 31 December 2019 followed IFRS 16, enabling year-on-year

comparability. The right-of-use asset and liability relate to rented premises and leased cars.

Right-of-use assets

| SEK million | Rented premises | Cars | Total |
|--------------------------|-----------------|------------|--------------|
| At 1 January 2020 | 4,626 | 72 | 4,698 |
| Acquisitions | - | - | - |
| Additional contracts | 1,846 | 90 | 1,936 |
| Contracts terminated | -235 | -19 | -254 |
| Adjustments to contracts | 49 | - | 49 |
| Depreciation | -682 | -27 | -709 |
| Impairment | -9 | - | -9 |
| Translation difference | -34 | -2 | -36 |
| Closing balance | 5,561 | 114 | 5,675 |

Information about other disclosure requirements of IFRS 16

2019 was the first year in which IFRS 16 was applied. Information about interest expense for the period related to lease liabilities is presented in Note G10 Net financial items, and the total cash outflow for leases is presented in Note G29 Additional cash flow statement disclosures. How the lease liability changed during the year is also presented in Note G29 Additional cash flow statement disclosures. For a matu-

rity analysis of the lease liability, refer to Note G26 Financial risks and financial policies.

In addition to the information presented in the tables on the preceding page, Ambea has concluded rental contracts for nursing homes that will be constructed during the 2021–2023 period. These contracts will be included in the lease liability as the residential facilities are handed over.

NOTE G7 Employees, personnel costs and remuneration of senior executives

| SEK million | 2020 | | 2019 | |
|-----------------------|---------------------------------|--|---------------------------------|--|
| | Salaries and other remuneration | Social security costs (of which pension costs) | Salaries and other remuneration | Social security costs (of which pension costs) |
| Parent Company | | | | |
| Senior executives | 7 | 4 | 8 | 4 |
| of which pensions | | (2) | | (2) |
| Other employees | – | – | – | – |
| Subsidiaries | | | | |
| Senior executives | 22 | 10 | 33 | 12 |
| of which pensions | | (4) | | (4) |
| Other employees | 6,116 | 1,835 | 5,814 | 1,857 |
| of which pensions | | (379) | | (382) |
| Total | 6,145 | 1,849 | 5,854 | 1,873 |

Senior executives, excluding the Board, consist of the Chief Executive Officer and other senior executives. In 2020, the Chief Executive Officer was the Parent Company's only employee. The Group received recruitment incentives in the form of salary contributions totalling SEK 85 million (79),

which were recognised as personnel costs.

Salary contributions reduced personnel costs. Since the contributions have a corresponding personnel cost, the net effect is neutral/limited.

Average number of employees

| No. of | 2020 | | | 2019 | | |
|-------------------------|------------------|---------------|-------------|------------------|---------------|-------------|
| | No. of employees | Of whom women | Of whom men | No. of employees | Of whom women | Of whom men |
| Parent Company | 1 | 0% | 100% | 1 | 0% | 100% |
| Subsidiaries in Sweden | 9,116 | 74% | 26% | 9,099 | 74% | 26% |
| Subsidiaries in Norway | 3,700 | 54% | 46% | 3,328 | 56% | 44% |
| Subsidiaries in Denmark | 977 | 83% | 17% | 787 | 89% | 11% |
| Total Group | 13,794 | 69% | 31% | 13,214 | 70% | 30% |

Proportion of women among senior executives

| % | 31 Dec 2020 | 31 Dec 2019 |
|---------------------------------|-------------|-------------|
| Board of Directors | 44% | 40% |
| CEO and other senior executives | 58% | 58% |

Remuneration and benefits to senior executives 2020

| SEK | Basic salary, Board fees | Variable remuneration | Other remuneration | Pension cost | Severance pay | Total |
|---|-----------------------------|--------------------------|-----------------------|------------------|----------------|-------------------|
| Chairperson of the Board Lena Andersson Hofsberger ¹ | 880,000 | – | – | – | – | 880,000 |
| Board members | | | | | | |
| Daniel Björklund ^{1,4} | 405,000 | – | – | – | – | 405,000 |
| Anders Borg ^{1,2} | 138,333 | – | – | – | – | 138,333 |
| Gunilla Rudebjer ¹ | 431,922 | – | – | – | – | 431,922 |
| Lars Gatenbeck | 300,000 | – | – | – | – | 300,000 |
| Mikael Stöhr | 300,000 | – | – | – | – | 300,000 |
| Liselott Kilaas ⁴ | 410,001 | – | – | – | – | 410,001 |
| Chief Executive Officer | | | | | | |
| Fredrik Gren | 7,156,863 | – | 89,364 | 1,915,056 | – | 9,161,283 |
| Of which from subsidiaries | – | – | – | – | – | – |
| Deputy Executive Officer | | | | | | |
| Daniel Wärnholz | 1,002,141 | – | 41,579 | 250,000 | – | 1,293,720 |
| Of which from subsidiaries | 1,002,141 | – | 41,579 | 250,000 | – | 1,293,720 |
| Other senior executives (11 people) | 19,621,570 | – | 795,458 | 4,160,850 | 688,680 | 25,266,558 |
| Of which from subsidiaries | 19,621,570 | – | 795,458 | 4,160,850 | 688,680 | 25,266,558 |
| Total | 30,645,830 | – | 926,401 | 6,325,906 | 688,680 | 38,586,817 |

Remuneration and benefits to senior executives 2019

| SEK | Basic salary, Board fees | Variable remuneration | Other remuneration | Pension cost | Severance pay | Total |
|---|-----------------------------|--------------------------|-----------------------|------------------|------------------|-------------------|
| Chairperson of the Board Lena Andersson Hofsberger ¹ | 919,247 | – | – | – | – | 919,247 |
| Board members | | | | | | |
| Daniel Björklund ^{1,4} | 252,581 | – | – | – | – | 252,581 |
| Anders Borg ^{1,2} | 389,947 | – | – | – | – | 389,947 |
| Thomas Hofvenstam ^{1,3} | 127,957 | – | – | – | – | 127,957 |
| Ingrid Jonasson Blank ^{1,3} | 150,538 | – | – | – | – | 150,538 |
| Gunilla Rudebjer ¹ | 406,237 | – | – | – | – | 406,237 |
| Lars Gatenbeck | 296,237 | – | – | – | – | 296,237 |
| Mikael Stöhr | 296,237 | – | – | – | – | 296,237 |
| Liselott Kilaas ⁴ | 208,925 | – | – | – | – | 208,925 |
| Chief Executive Officer | | | | | | |
| Fredrik Gren | 6,221,354 | 2,000,000 | 91,304 | 1,872,000 | – | 10,184,658 |
| Of which from subsidiaries | – | – | – | – | – | – |
| Deputy Executive Officer | | | | | | |
| Daniel Wärnholz | 2,862,791 | 1,500,000 | 146,261 | 750,000 | – | 5,259,052 |
| Of which from subsidiaries | 2,862,791 | 1,500,000 | 146,261 | 750,000 | – | 5,259,052 |
| Other senior executives (13 persons) | 17,231,177 | 5,075,351 | 1,075,365 | 3,613,030 | 5,549,985 | 32,590,525 |
| Of which from subsidiaries | 17,231,177 | 5,075,351 | 1,075,365 | 3,613,030 | 5,549,985 | 32,590,525 |
| Total | 29,363,227 | 8,575,351 | 1,358,547 | 6,235,030 | 5,549,985 | 51,082,139 |

¹ Including remuneration for committee work⁴ Elected to the Board at AGM on 16 May 2019² Board member until June 2020³ Board member until AGM on 16 May 2019

Remuneration of others senior executives refers to the period during which a person was a member of the circle of senior executives. Ambea has defined senior executives as management (Group management), which has been consistent with the Management Team since 25 October 2019. At 31 December 2020, other senior executives consisted of the division managers (six people), the CFO, Head of Human Resources and Communications, Head of Business Development, Head of Quality and Sustainability and Head of Growth. During the year, all of these positions reported directly to the Chief Executive Officer. During the year, one new person joined the Management Team and is included in the amount recognised from the 1 April 2020 period. In addition, there are three people who were members of Group management in 2019 and who are included in the amount recognised in the preceding year but are not included this year. Other remuneration refers to other types of benefits such as the matching share plan, company car, etc.

Variable remuneration programme

Ambea has a variable remuneration programme for the Management Team and a few key people at Group level, totalling 12 people. Variable remuneration is paid based on the individual's achievement of quality and development criteria. Based on individual objectives, the individuals share a remuneration pool. The size of the total variable remuneration (the pool) is determined by whether Ambea achieves the targets set by the Board. Within the framework of the variable remuneration programme, a total of SEK 0.0 million (8.6) was paid out to senior executives.

Principles

The Chairperson of the Board and Board members are paid a fee in accordance with the AGM's decision. Remuneration paid to the Chief Executive Officer for the financial year consisted of basic salary, variable remuneration and other benefits. For the Chief Executive Officer, variable remuneration was capped at 43 per cent of fixed annual salary, and for the Deputy Executive Officer at eight monthly salaries. Variable remuneration is based on the outcome in relation to individually set targets. Other senior executives refer to those persons who, together with the Chief Executive Officer, constituted the Management Team at the end of the financial year. The distribution between basic salary and variable remuneration shall be proportional to the employee's responsibility and authority.

Pensions

The Occupational Pension Policy is followed for Ambea's employees. Employees from the age of 18 are covered by the Ambea AB basic plan, which includes compensation in the event of illness, dependent coverage, occupational group life insurance (TGL) and personal protection insurance (TFA). Employees in subsidiaries acquired by the Group in which the pension conditions differ from the Occupational Pension Policy at the acquisition date are excluded from the Occupational Pension Policy.

Occupational pension policy for salaried employees in the Group's Swedish companies

Occupational pension entitlements are vested from 25 years of age and the normal retirement age is 65 years unless otherwise specified.

1. Defined-contribution occupational pension is vested on all salary increments, and it is possible to receive a reinforced

old-age pension, such as salary exchanges, bonus placement. Defined-contribution occupational pension is defined as the type of occupational pension plans that for accounting purposes are classified as defined-contribution pension plans (such as ITP1) and defined-benefit pension plans that for accounting purposes are treated as defined-contribution plans (such as ITP 2 insured in Alecta).

2. Compensation for illness with the option of supplementary health insurance (Voluntary Group Insurance)
3. Dependent coverage, such as occupational group life insurance (TGL), option of enhanced dependent coverage (Repayment coverage or family coverage in retirement pension, Voluntary Group Insurance)
4. Work-injury insurance (TFA)

Severance pay

A period of mutual notice of six months applies between Ambea AB and the Chief Executive Officer. For the Chief Executive Officer, severance pay of twelve monthly salaries is payable upon termination by Ambea. For other senior executives, a mutual notice period of six months applies. Upon termination by the company, 6–12 monthly salaries are payable as severance pay. All senior executives and the Chief Executive Officer are subject to a competition clause ranging from 12–24 months. Any exceptions to the above are decided on a case-by-case basis by the Board.

Incentive programmes

The company has two long-term incentive programmes in the form of (i) a matching share plan for employees in the Ambea Council (and who are not invited to participate in the warrants programme for senior executives), and (ii) a warrants programme for the Group's senior executives. Decisions regarding the incentive programmes are made at the AGM. Refer also to the 2018 and 2019 AGM minutes, sections 18 and 19 at ambea.se/investerare/bolagsstyrning/bolagsstamma/arsstamma-2018/ and ambea.se/investerare/bolagsstyrning/bolagsstamma/arsstamma-2019/ respectively (Swedish only).

Warrants programme

The company has two warrants programmes, 2018 and 2019. The subscription price for the 2018 programme was SEK 69.50. Each warrant entitles the holder to subscribe for one new ordinary share in Ambea during two periods: during two weeks from the date of publication of the interim report for the period of 1 January–31 March 2021, and for two weeks from the date of publication of the interim report for the period of 1 January–31 September 2021. However, subscription may not take place after 30 November 2021. The maximum profit on the exercise of warrants is limited to SEK 77 per warrant.

The subscription price for the 2019 programme was SEK 71.20. Each warrant entitles the holder to subscribe for one new share in Ambea during two periods: during two weeks from the date of publication of the interim report for the period of 1 January–31 March 2022, and for two weeks from the date of publication of the interim report for the period 1 January–31 September 2022. However, subscription may not take place after 30 November 2022. The maximum profit on the exercise of warrants is limited to SEK 75 per warrant.

Matching share plan

No new programmes were launched in 2020. The Board has previously decided to adopt a long-term incentive programme in the form of a matching share plan. Participants in the

matching share plan must have invested in the Group by purchasing shares in Ambea AB (publ) (Matching Shares). These Matching Shares may consist of shares already held in the company (directly or indirectly). The company has two matching share plans, 2018 and 2019. For all programmes, Share Rights entitle the participant to Performance Shares on the condition that Ambea's combined quality indices show a positive trend during the vesting period, and the number of Performance Shares carried by each Matching Share is

determined by Ambea's annual operating profit growth. If the highest level is achieved, each participant will receive two Performance Shares per Share Right. If the lowest level is achieved, the participants will not receive any Performance Shares. If the company's annual operating profit growth lies between the highest and lowest levels, a proportionate number of Performance Shares will be distributed to the participants.

Matching share plan

| No. of shares | Allotted per plan | | | Allotted per plan | | | |
|-------------------|-------------------|--------|-------------|-------------------|--------|--------|-------------|
| | 2018 | 2019 | 31 Dec 2020 | 2017 | 2018 | 2019 | 31 Dec 2019 |
| Maximum allotment | 96,048 | 87,600 | 183,648 | 106,400 | 96,048 | 87,600 | 290,048 |
| Subscribed | 30,363 | 24,154 | 54,517 | 48,168 | 30,363 | 24,154 | 102,685 |
| Forfeited | -7,303 | -3,600 | -10,903 | -18,996 | -7,083 | 0 | -26,080 |
| At 31 December | 23,060 | 20,554 | 43,614 | 29,172 | 23,280 | 24,154 | 76,606 |

Warrants programme

| No. of shares | Allotted per plan | | | Allotted per plan | | | |
|-------------------|-------------------|---------|-------------|-------------------|---------|---------|-------------|
| | 2018 | 2019 | 31 Dec 2020 | 2017 | 2018 | 2019 | 31 Dec 2019 |
| Maximum allotment | 429,000 | 500,000 | 929,000 | 624,400 | 429,000 | 500,000 | 1,553,400 |
| Subscribed | 311,000 | 343,260 | 654,260 | 549,472 | 311,000 | 343,260 | 1,203,732 |
| Repurchased | 0 | 0 | 0 | -115,514 | 0 | 0 | -115,514 |
| At 31 December | 311,000 | 343,260 | 654,260 | 433,958 | 311,000 | 343,260 | 1,088,218 |

NOTE G8 Depreciation, amortisation and impairment of assets

| SEK million | 2020 | 2019 |
|---|-------------|-------------|
| Customer contracts and customer relationships | -104 | -117 |
| Other intangible assets | -8 | -9 |
| Buildings | 0 | 0 |
| Leasehold improvements | -30 | -23 |
| Equipment, tools, fixtures and fittings | -45 | -47 |
| Right-of-use assets | -708 | -649 |
| Total | -896 | -845 |

NOTE G9 Profit/loss from participations in Group companies

| SEK million | 2020 | 2019 |
|---|----------|----------|
| Profit/loss from divestment of subsidiaries | - | - |
| Total | - | - |

NOTE G10 Net financial items

| SEK million | 2020 | 2019 |
|---|-------------|-------------|
| Financial income | | |
| Interest income using effective interest method from financial assets measured at amortised cost | 0 | 2 |
| Profit from sales of financial assets measured at amortised cost | 0 | 1 |
| Exchange rate differences, net | 1 | 9 |
| Total financial income | 1 | 12 |
| Financial expenses | | |
| Interest expense using effective interest method related to liabilities to credit institutions measured at amortised cost | -43 | -58 |
| Interest expense using effective interest method related to lease liabilities measured at amortised cost | -180 | -161 |
| Interest expense using effective interest method other financial liabilities measured at amortised cost | 0 | 0 |
| Fees | -38 | -42 |
| Total financial expenses | -261 | -261 |
| Total recognised in net financial items | -260 | -249 |

NOTE G11 Tax

Tax expense for the year

| SEK million | 2020 | 2019 |
|---|-------------|------------|
| Current tax expense | | |
| Current tax expense | -110 | -54 |
| Total current tax expense | -110 | -54 |
| Deferred tax expense | | |
| Deferred tax concerning temporary differences | 15 | 8 |
| Dissolution/capitalisation of tax loss carry-forwards | -2 | -14 |
| Total deferred tax expense | 13 | -6 |
| Total recognised tax expense | -97 | -61 |

Reconciliation of effective tax rate

| SEK million | 2020 | 2019 |
|---|--------------|------------|
| Profit before tax | 457 | 276 |
| Tax according to applicable tax rate | 21.4% | -98 |
| Non-deductible expenses | 1.0% | -5 |
| Expenses in connection with acquisitions | 0.0% | 0 |
| Tax in respect of previous periods | 0.0% | 1 |
| Tax exempt income | 0.0% | 0 |
| Tax on temporary differences | 1.0% | -3 |
| Deficit for which tax has not been recognised | -2.0% | 8 |
| Recognised effective tax | 21.4% | -97 |
| | | |
| | | |

NOTE G12 Earnings per share

| SEK million | 2020 | 2019 |
|---|--------|--------|
| Profit for the period attributable to shareholders of the Parent Company, SEK million | 359 | 215 |
| Weighted average number of common shares | | |
| Average number of shares before dilution, thousands | 94,466 | 85,727 |
| Warrants and matching share plan, thousands | 65 | 110 |
| Average number of shares after dilution, thousands | 94,531 | 85,837 |
| Earnings per share before dilution, SEK | 3.80 | 2.52 |
| Earnings per share after dilution, SEK | 3.80 | 2.51 |

NOTE G13 Intangible assets

| SEK million | Goodwill | | Customer contracts and customer relationships | | Other intangible assets | |
|--|----------------|----------------|---|----------------|-------------------------|----------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Accumulated cost | | | | | | |
| Opening balance | 6,532 | 4,058 | 1,609 | 1,329 | 69 | 61 |
| Opening balance adjustments | -8 | -33 | - | - | - | - |
| Adjusted opening balance | 6,524 | 4,025 | 1,609 | 1,329 | 69 | 61 |
| Business combinations | 133 | 2,525 | - | 277 | 0 | 2 |
| Other acquisitions | - | - | - | - | 12 | 7 |
| Sales and disposals | - | - | - | - | -19 | -1 |
| Exchange rate differences for the year | -148 | -18 | -12 | 3 | - | - |
| Closing balance | 6,508 | 6,532 | 1,597 | 1,609 | 61 | 69 |
| Accumulated amortisation and impairment | | | | | | |
| Opening balance | 0 | 0 | -1,001 | -884 | -46 | -39 |
| Sales and disposals | - | - | - | - | 19 | 1 |
| Amortisation for the year | - | - | -104 | -117 | -8 | -9 |
| Exchange rate differences for the year | - | - | 4 | - | 1 | - |
| Closing balance | 0 | 0 | -1,101 | -1,001 | -34 | -46 |
| Closing balance | 6,508 | 6,532 | 496 | 607 | 27 | 24 |

Goodwill impairment testing

An asset with an indefinite useful life (goodwill) is tested at least once annually for impairment, or whenever there is an indication of impairment. Goodwill is monitored by management at business segment level, which means that goodwill is tested for impairment at division level. The cash generating units identified are therefore Vardaga, Nytida, Stendi, Altiden and Klara.

The impairment test determines whether the recoverable amount of the cash generating units exceeds their carrying amount. If the carrying amount exceeds the recoverable amount, an impairment is recognised as a loss on the income statement.

The recoverable amounts of the cash generating units are calculated as value in use based on management's five-year forecast for net cash flow, where the key assumptions are income, operating profit (EBITA), working capital and

investments in already approved start-ups (Own Management pipeline). Future acquisitions were not including in the impairment test. The first year of the forecast period is based on budget, which is prepared bottom-up; the next four years are based on business plans per operational area. The same method as in previous years is used for all cash-generating units.

The discount rate used is the weighted average pre-tax cost of capital (WACC), which is 10.9–17.8 per cent (9.1–14.7) for the individual cash generating units. The WACC applied in the annual impairment test was higher year-on-year, mainly due to a higher share market risk premium than in the preceding year. The long-term growth rate from year 5 has been assumed to be 1.0 per cent (1.0).

The tests show no indication of impairment, and management believes that no reasonably possible changes in any of the key assumptions would result in the recoverable amount being less than the carrying amount.

Metrics

| % | WACC (before tax) % | | Perpetual growth % | |
|---------|---------------------|------|--------------------|------|
| | 2020 | 2019 | 2020 | 2019 |
| Vardaga | 11.1 | 10.5 | 1.0 | 1.0 |
| Nytida | 11.0 | 9.1 | 1.0 | 1.0 |
| Stendi | 11.9 | 13.5 | 1.0 | 1.0 |
| Altiden | 10.9 | 10.9 | 1.0 | 1.0 |
| Klara | 17.8 | 14.7 | 1.0 | 1.0 |

Goodwill per cash generating unit

| SEK million | 31 Dec | 31 Dec |
|--------------|--------------|--------------|
| | 2020 | 2019 |
| Vardaga | 1,735 | 1,737 |
| Nytida | 3,213 | 3,210 |
| Stendi | 1,166 | 1,301 |
| Altiden | 267 | 157 |
| Klara | 128 | 128 |
| Total | 6,508 | 6,532 |

NOTE G14 Tangible assets

| SEK million | Buildings and land | | Leasehold improvements | | Equipment, tools, fixtures and fittings | | Total | |
|--|--------------------|-------------|------------------------|-------------|---|-------------|-------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Accumulated cost | | | | | | | | |
| Opening balance | -1 | -1 | 235 | 147 | 338 | 372 | 572 | 518 |
| Adjusted opening balance, IFRS 16 | - | - | - | - | - | -118 | - | -118 |
| Adjusted opening balance under IFRS 16 | -1 | -1 | 235 | 147 | 338 | 254 | 572 | 400 |
| Business combinations | - | 23 | - | 38 | - | 42 | - | 103 |
| Other acquisitions | 7 | - | 50 | 53 | 59 | 55 | 116 | 108 |
| Sales and disposals | - | - | -12 | -3 | -84 | -15 | -96 | -18 |
| Divestment of operations | - | - | -3 | 0 | 0 | 0 | -3 | - |
| Reclassifications | -7 | -23 | -4 | - | -3 | 3 | -15 | -20 |
| Exchange rate differences for the year | - | - | 0 | 0 | -3 | -1 | -4 | -1 |
| Closing balance | -1 | -1 | 266 | 235 | 307 | 338 | 572 | 572 |
| Accumulated amortisation and impairment | | | | | | | | |
| Opening balance | 1 | 1 | -98 | -75 | -224 | -233 | -321 | -307 |
| Adjusted opening balance, IFRS 16 | - | - | - | - | - | 38 | - | 38 |
| Opening balance under IFRS 16 | 1 | 1 | -98 | -75 | -224 | -195 | -321 | -269 |
| Business combinations | - | - | - | - | 0 | 0 | - | - |
| Sales and disposals | - | - | 10 | - | 80 | 15 | 89 | 15 |
| Divestment of operations | - | - | - | - | 0 | 0 | - | - |
| Reclassifications | - | - | - | - | - | 2 | - | 2 |
| Depreciation/amortisation for the year | - | - | -31 | -23 | -43 | -47 | -74 | -70 |
| Exchange rate differences for the year | - | - | 1 | - | 2 | 1 | 4 | 1 |
| Closing balance | 1 | 1 | -118 | -98 | -185 | -224 | -302 | -321 |
| Closing balance | 0 | 0 | 148 | 137 | 122 | 114 | 270 | 251 |

The tax assessment value for buildings and land is zero. The properties are tax-exempt because they house care facilities.

Tangible assets held for sale

| SEK million | 31 Dec 2020 | 31 Dec 2019 | SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|--|-------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | | 31 Dec 2020 | 31 Dec 2019 |
| Accumulated cost | | | | | |
| Opening balance | 82 | 75 | Accumulated depreciation | | |
| Business combinations | - | - | Opening balance | -1 | -1 |
| Other acquisitions | - | - | Business combinations | 0 | 0 |
| Sales and disposals | -3 | -12 | Sales and disposals | 1 | 0 |
| Disposal in connection with divestment of subsidiaries | - | -3 | Reclassifications | 0 | 0 |
| Reclassifications | 7 | 23 | Depreciation for the year | -1 | 0 |
| Exchange rate differences for the year | -3 | -1 | Closing balance depreciation | -1 | -1 |
| Closing balance accumulated cost | 84 | 83 | Closing balance tangible assets held for sale | 83 | 82 |

Relates to properties for sale. There was no indication of impairment in either the initial or subsequent recognition of assets held for sale due to fair value less selling expenses falling below the carrying amount.

The fixed assets held for sale are attributable to the Nytida,

Vardaga and Stendi segments.

In 2020, one (two) properties were divested for a total of SEK 3 million (12).

NOTE G15 Non-current receivables, participations in housing cooperative associations and other receivables

| SEK million | 31 Dec 2020 | 31 Dec 2019 | SEK million | 31 Dec 2020 | 31 Dec 2019 |
|---|--------------------|--------------------|---|-------------|-------------|
| Non-current receivables and participations in housing cooperative associations | | | Change in non-current receivables for the year | | |
| Deposits | 5 | 4 | Opening balance | 101 | 26 |
| Investments in housing cooperative associations | 89 | 89 | Opening balance adjustments | – | 65 |
| Other | 5 | 9 | Adjusted opening balance | 101 | 91 |
| Total | 99 | 101 | Divestment, participations in housing cooperative associations for the year | – | -2 |
| | | | Additional deposits, via acquisitions | 1 | 4 |
| | | | Additional other, via acquisitions | – | 8 |
| | | | Less other, via acquisitions | -3 | – |
| | | | Closing balance | 99 | 101 |
| SEK million | 31 Dec 2020 | 31 Dec 2019 | | | |
| Other receivables classified as current assets | | | | | |
| Employee advances | 1 | 1 | | | |
| Tax account | 24 | 13 | | | |
| Compensation for sick pay costs | 9 | – | | | |
| VAT and payroll tax payable | 13 | 13 | | | |
| Other receivables | 47 | 40 | | | |
| Total | 93 | 67 | | | |

NOTE G16 Prepaid expenses and accrued income

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|----------------------------|-------------|-------------|
| Prepaid rents | 223 | 188 |
| Accrued income | 36 | 32 |
| Prepaid lease payments | 2 | 1 |
| Prepaid personnel costs | 1 | 5 |
| Prepaid financial expenses | 4 | 7 |
| Other prepaid expenses | 24 | 28 |
| Total | 291 | 261 |

NOTE G17 Equity

Share capital and other contributed capital

Share capital

At 31 December 2020, the registered share capital amounted to 94,483,559 shares. All shares are fully paid up and no shares are reserved for transfer of ownership. Each share carries one vote. The quotient value is SEK 0.03 (0.03).

The total number of shares repurchased in 2018 and 2019 was 118,962. No shares were repurchased in 2020. At the balance-sheet date, the number of shares held by the company was 181,239. Repurchased shares will be saved for the delivery of shares under Ambea's Matching Share Plan.

Other capital contributions

Other capital contributions comprise capital contributed by the company's owners, e.g. share premiums and shareholder contributions.

Reserves

Translation reserve

The translation reserve comprises all exchange-rate differences arising from translation of the financial statements of foreign operations that prepared their financial statements in a currency other than SEK.

Specification of reserves in equity

| SEK million | Translation reserve | | Hedging reserve | | Hedging cost reserve | | Total | |
|--|---------------------|-------------|-----------------|-------------|----------------------|-------------|-------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Opening balance | -18 | 3 | 2 | - | -1 | - | -19 | 3 |
| Cash flow hedges, recognised in other comprehensive income | | | | | | | | |
| Fair value, interest rate swaps | - | - | -9 | 2 | - | - | -9 | 2 |
| Fair value, interest rate cap | - | - | - | - | 1 | -3 | 1 | -3 |
| Cash flow hedges, profit/loss for the period | | | -9 | 2 | 1 | -3 | -8 | -1 |
| Tax on fair value | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net investments in foreign currency, recognised in other comprehensive income | | | | | | | | |
| Change from translation for the period | -95 | -15 | - | - | - | - | -95 | -15 |
| Net investment hedge, recognised in other comprehensive income | | | | | | | | |
| Fair value | - | -8 | 46 | - | - | - | 46 | -8 |
| Net investment hedge, profit/loss for the period | | | 46 | - | - | - | -49 | -23 |
| Tax on net investment hedge | - | 2 | -8 | - | - | - | -8 | 2 |
| Closing balance | -113 | -18 | 31 | 2 | 0 | -1 | -82 | -19 |

Hedging reserve

Currency effects on foreign currency loans used to hedge net investments in foreign operations are recognised in the hedging reserve. Ambea applies hedge accounting for the Group's purchased interest rate swap. The effective portion of the value change is recognised in the hedging reserve.

Cash flow hedge reserve

Ambea applies hedge accounting for the Group's purchased interest rate cap. The effective portion of the value change is recognised in the cash flow hedge reserve.

Retained earnings, including profit for the year

Retained earnings, including profit for the year, include profits earned in the Parent Company and its subsidiaries.

Dividends

The Board proposes a dividend corresponding to SEK 1.15 per share.

NOTE G18 Interest-bearing liabilities

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|---|----------------|----------------|
| Non-current liabilities | | |
| Liabilities to credit institutions | 766 | 961 |
| Non-current lease liabilities | 5,167 | 4,170 |
| Other non-current liabilities | 0 | 0 |
| Total non-current interest-bearing liabilities | 5,934 | 5,131 |
| Current liabilities | | |
| Current portion of liabilities to credit institutions | 0 | 0 |
| Commercial papers | 1,813 | 2,228 |
| Current lease liabilities | 655 | 610 |
| Total non-current interest-bearing liabilities | 2,468 | 2,838 |
| Total interest-bearing liabilities | 8,402 | 7,969 |

Terms, information about interest risk exposure and risk of exchange rate fluctuations as well as payback periods are presented in Note G26 Financial risks and financial policies. No collateral for bank loans in the company's participations

in subsidiaries was issued in 2019 or 2020. Leased assets of SEK 115 million (66) were provided as collateral for the finance lease liabilities.

NOTE G19 Overdraft facility

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|-----------------------------|----------------|----------------|
| Overdraft facility utilised | 766 | 961 |
| Overdraft facility granted | 4,500 | 4,500 |
| Unutilised amount | 3,734 | 3,539 |

NOTE G20 Other non-interest-bearing liabilities

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|----------------------------------|----------------|----------------|
| Other current liabilities | | |
| Withholding tax | 168 | 128 |
| VAT liability | 4 | 23 |
| Advance payments from customers | 3 | 22 |
| Other liabilities | 7 | 27 |
| Total | 182 | 200 |

NOTE G21 Pensions

The Group's pension plans

The Group has defined-contribution and defined-benefit pension plans.

Defined-contribution plans

Defined-contribution pension plans exist in all countries. The Group pays fixed contributions into a separate entity (a fund or insurance company) and does not have any further obligations. The charges are usually defined as a percentage of salary.

Defined-benefit pension plans

Defined-benefit pension plans in Sweden consist essentially of the ITP plan section 2 and pension obligations within municipal pension plans, in all material aspects, in respect of previous employees. Defined-benefit pension obligations for the municipal pension plans are secured through our own pension foundation.

The ITP 2 plan, which covers retirement pensions and family pensions for salaried employees in Sweden, is secured through insurance in Alecta. In accordance with UFR 10, a statement issued by the Swedish Financial Reporting Council, this is a multi-employer defined-benefit plan. For the 2020 financial year, the company did not have access to information that would make it possible to recognise this plan as a defined-benefit plan. Pension obligations under ITP 2 are secured through insurance in Alecta, and therefore recognised as a defined-contribution plan. At the end of December 2020, Alecta's surplus in the form of its collective consolidation ratio was 148 per cent (148). The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of its insurance commitments calculated in accordance with Alecta's actuarial assumptions, which are not consistent with IAS 19. If Alecta's collective consolidation ratio falls below

125 per cent or exceeds 155 per cent, measures must be taken to create the conditions for the consolidation ratio to return to the normal range. At low consolidation, one measure could be to raise the agreed price for new subscriptions and extend existing benefits. Alecta's surplus can be distributed to policy holders and/or the insured. At high consolidation, one measure could be to introduce premium reductions. In Norway, there is a defined-benefit KLP pension plan. Pension obligations are secured through pension insurance in Kommunal Landspensjonskasse Gjensidig Forsikringsselskap (KLP).

The defined-benefit pensions expose the Group to various risks, including risks attributable to life expectancy and salary level, which affect the company's pension obligations. Any change in the assumptions applied will affect the carrying amount of the pension obligations.

The plan assets in Norway consist in their entirety of the insurance in KLP. The plan assets in Sweden consist of fund units pertaining to interest-bearing assets, 52 per cent (59), alternative investments, 7 per cent (4), foreign shares, 20 per cent (24) and Swedish shares, 21 per cent (12), as well as cash and cash equivalents, 0 per cent (0). The fund units have quoted prices at which buybacks can be effected via the fund manager.

The present value of pension obligations is dependent on a number of factors determined by a number of assumptions.

The weighted average maturity (duration) of the defined-benefit pension liability is about 12 years (12) in Sweden.

Expected pension payments into the Swedish defined-benefit plan amount to SEK 0 million (0). Expected contributions to the Norwegian defined-benefit plan are SEK 13 million (27).

Information in respect of defined-benefit pension plans in Sweden and Norway follows.

Net pension costs

| SEK million | 2020 | 2019 |
|--|-------------|-------------|
| Service cost during the period | -18 | -22 |
| Plan changes | - | -3 |
| Net interest income | -4 | -1 |
| Pension cost in defined-benefit pensions in profit for the year | -22 | -26 |
| Pension cost in defined-benefit pensions in profit for the year ¹ | -363 | -359 |
| Pension cost in profit for the year | -363 | -359 |
| Remeasurement of defined-benefit pensions recognised in other comprehensive income | -6 | -9 |
| Pension cost in comprehensive income for the period | -390 | -394 |

Net defined-benefit pension liability

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| Sweden | | |
| Present value of pension liability | 59 | 55 |
| Fair value of plan assets | -54 | -52 |
| Net pension liability (+)/asset(-) | 5 | 3 |
| Norway | | |
| Present value of pension liability | 155 | 150 |
| Fair value of plan assets | -122 | -114 |
| Net pension liability (+)/asset(-) | 33 | 36 |
| Net pension liability (+) /asset (-) on the balance sheet | 38 | 39 |

¹Costs for defined-contribution plans include amounts regarding defined-contribution plans plus a number of multi-employer defined-benefit plans and, under IAS 19, these are recognised as defined-contribution plans.

Net pension liabilities

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| Opening balance, pension liability | 205 | 56 |
| Adjusted opening balance | -10 | - |
| Effect of acquisitions | - | 127 |
| Service cost during the period | 19 | 22 |
| Interest expense | 4 | 5 |
| Remeasurement of pensions | | |
| - financial obligations | - | - |
| Pension payments | -4 | -3 |
| Payroll tax paid | 4 | -3 |
| Actuarial gain-/loss+ | 9 | 11 |
| Exchange rate differences | -13 | -3 |
| Closing balance, pension liability | 214 | 205 |

Change in fair value of plan assets¹

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|-------------------------------------|-------------|-------------|
| Opening balance, plan assets | 166 | 49 |
| Adjusted opening balance | 4 | |
| Effect of acquisitions | - | 81 |
| Interest income | - | -4 |
| Return exceeding interest income | 3 | 2 |
| Payments from employer | 18 | 36 |
| Payments | -3 | -3 |
| Exchange rate differences | -12 | -2 |
| Closing balance, plan assets | 176 | 166 |

Significant actuarial assumptions

| % | Sweden | | Norway | |
|--|---|---|----------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Discount rate | 1.5 | 1.5 | 1.5 | 2.0 |
| Expected return on pension capital | 1.5 | 2.2 | 1.5 | 2.3 |
| Salary increases | 2.5 | 2.5 | 2.0 | 2.3 |
| Annual increase in income base amounts | 2.5 | 2.5 | 1.8 | 2.0 |
| Inflation | 1.8 | 1.8 | 1.2 | 1.2 |
| Employee turnover | 5.0 | 5.0 | - ¹ | - |
| Special payroll tax/employer contributions | 24.3 | 24.3 | 14.1 | 14.1 |
| Average life expectancy | Swedish Financial Supervisory Authority's regulations, FFFS 2007:31 | Swedish Financial Supervisory Authority's regulations, FFFS 2007:31 | K2013 | K2013 |

Sensitivity analysis of pension liability

| Assumption | Change in assumption | Liability change, SEK million |
|---------------|----------------------|-------------------------------|
| Discount rate | 0.25% (0.25%) | -0.25% (-0.25%) |

The sensitivity analysis has been performed by changing one actuarial assumption, while the other assumptions remain unchanged. The method shows the sensitivity of the liability to an individual assumption. This is a simplified approach, since the actuarial assumptions are usually correlated.

NOTE G22 Other provisions

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| Opening provisions for loan loss reserve and other provisions | 48 | 0 |
| Provisions arising in connection with acquisitions | - | 98 |
| Provision for loan loss reserve for the year | 31 | - |
| Utilised during the year | -41 | -50 |
| Closing provisions for loan loss reserve and other provisions | 38 | 48 |

¹ No data is available for Norway

NOTE G23 Deferred tax assets and liabilities

| SEK million | Opening balance | Opening adjustments | Adjusted opening balance | Recognised in profit or loss | Recognised in equity | Business acquisitions/disposals | Translation | Closing balance |
|---------------------------------|-----------------|---------------------|--------------------------|------------------------------|----------------------|---------------------------------|-------------|-----------------|
| Deferred tax assets | | | | | | | | |
| 31 Dec 2020 | | | | | | | | |
| Loss carry-forwards | 18 | -4 | 14 | -2 | - | - | - | 12 |
| Pensions | 8 | - | 8 | - | 2 | - | - | 10 |
| Leases | 14 | - | 14 | 14 | - | - | - | 28 |
| Provisions | 9 | - | 9 | 5 | - | - | - | 14 |
| Machinery and equipment | 3 | - | 3 | -1 | - | - | - | 2 |
| Leasehold improvements | 2 | - | 2 | 1 | - | - | - | 3 |
| Other | 0 | 1 | 1 | 0 | - | - | - | 1 |
| Hedging reserve | - | - | - | - | 2 | - | - | 2 |
| Total | 54 | -3 | 51 | 17 | 4 | 0 | 0 | 72 |
| 31 Dec 2019 | | | | | | | | |
| Loss carry-forwards | 31 | - | 31 | -14 | - | 1 | - | 18 |
| Pensions | 1 | - | 1 | 2 | - | 5 | - | 8 |
| Leases | - | - | - | 14 | - | - | - | 14 |
| Provisions | - | - | - | -11 | - | 20 | - | 9 |
| Machinery and equipment | - | - | - | 1 | - | 2 | - | 3 |
| Leasehold improvements | 2 | - | 2 | -2 | - | 2 | - | 2 |
| Other | 1 | - | 1 | -6 | 6 | - | - | 0 |
| Total | 35 | - | 35 | -16 | 6 | 31 | 0 | 54 |
| Deferred tax liabilities | | | | | | | | |
| 31 Dec 2020 | | | | | | | | |
| Intangible assets | -130 | - | -130 | 22 | - | - | 1 | -107 |
| Machinery and equipment | 0 | - | 0 | - | - | - | - | 0 |
| Hedging reserve | 0 | - | 0 | - | -9 | - | - | -9 |
| Tax allocation reserve | -25 | - | -25 | -26 | - | - | - | -51 |
| Non-current receivables | -13 | - | -13 | - | - | - | - | -13 |
| Properties | -5 | -1 | -6 | - | - | - | - | -6 |
| Total | -173 | -1 | -174 | -4 | -9 | 0 | 1 | -186 |
| 31 Dec 2019 | | | | | | | | |
| Intangible assets | -95 | - | -95 | 23 | - | -58 | 0 | -130 |
| Machinery and equipment | 0 | - | 0 | - | - | - | - | 0 |
| Hedging reserve | -2 | - | -2 | - | 2 | - | - | - |
| Tax allocation reserve | -10 | - | -10 | -14 | - | -1 | - | -25 |
| Non-current receivables | -13 | - | -13 | - | - | - | - | -13 |
| Properties | -7 | - | -7 | - | - | 1 | - | -5 |
| Total | -114 | -13 | -127 | 9 | 2 | -58 | 0 | -173 |

Unrecognised deferred tax assets

Deductible loss carry-forwards for which deferred tax assets have not been recognised in the statement of financial position amounted to SEK 0 million (1).

NOTE G24 Accrued expenses and deferred income

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------|--------------|
| Holiday pay, including social security contributions | 503 | 467 |
| Accrued personnel costs, excluding holiday pay | 461 | 386 |
| Care charges invoiced in advance | 93 | 82 |
| Rent allocations | 26 | 11 |
| Accrued interest expense | 2 | 2 |
| Accrued consulting and audit costs | 5 | 6 |
| Other items | 57 | 73 |
| Total | 1,149 | 1,027 |

NOTE G25 Fair value measurement of financial assets and liabilities

The following table presents the Group's financial assets and liabilities, measured at carrying amount and fair value respectively, classified into categories under IFRS 9. The carrying amounts of current receivables and liabilities are considered a reasonable estimate of their fair value, which is why these amounts are consistent in the table below.

Accounts receivable and accounts payable

Given the short maturities of accounts receivable and accounts payable, the carrying amount is deemed to reflect the fair value.

Classification of financial assets and liabilities

| SEK million | Financial assets at fair value through other comprehensive income | | Financial assets at amortised cost | | Financial liabilities at am- ortised cost | | Financial liabilities at fair value through profit and loss | | Total carrying amount | | Total fair value | | |
|--|---|----------|--|--------------|---|--------------|--|----------|-----------------------------|--------------|---------------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | |
| Derivative instruments | 2 | 3 | – | – | – | – | – | – | 2 | 3 | 2 | 3 | |
| Non-current receivables | – | – | 99 | 101 | – | – | – | – | 99 | 101 | 99 | 101 | |
| Accounts receivable | – | – | 1,078 | 1,078 | – | – | – | – | 1,078 | 1,078 | 1,078 | 1,078 | |
| Accrued income | – | – | 4 | 7 | – | – | – | – | 4 | 7 | 4 | 7 | |
| Cash and cash equivalents | – | – | 25 | 52 | – | – | – | – | 25 | 52 | 25 | 52 | |
| Total assets | 2 | 3 | 1,206 | 1,237 | – | – | – | – | 1,208 | 1,241 | 1,208 | 1,241 | |
| Non-current interest-bearing liabilities | – | – | – | – | 766 | 961 | – | – | 766 | 961 | 766 | 961 | |
| Lease liability, non-current | – | – | – | – | 5,167 | 4,170 | – | – | 5,167 | 4,170 | 5,167 | 4,170 | |
| Other non-current liabilities | – | – | – | – | – | – | – | – | – | – | – | – | |
| Derivative instruments | 7 | – | – | – | – | – | – | – | 7 | – | 7 | – | |
| Current interest-bearing liabilities | – | – | – | – | 1,813 | 2,228 | – | – | 1,813 | 2,228 | 1,813 | 2,228 | |
| Accounts payable | – | – | – | – | 311 | 266 | – | – | 311 | 266 | 311 | 266 | |
| Lease liability, current | – | – | – | – | 655 | 610 | – | – | 655 | 610 | 655 | 610 | |
| Current contingent consideration | – | – | – | – | – | – | – | – | 1 | – | 1 | – | |
| Total liabilities | 7 | – | – | – | 8,713 | 8,234 | – | – | 1 | 8,720 | 8,235 | 8,720 | 8,235 |

Fair value measurement

The table below shows financial instruments measured at fair value on the basis of their classification in the fair value hierarchy. The different levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for items identical to the asset or liability. 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.

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

| SEK million | Level 1 | | Level 2 | | Level 3 | | Total | |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| 31 Dec 2020 | | | | | | | | |
| <i>Financial assets</i> | | | | | | | | |
| Interest-rate derivatives | – | – | 2 | 3 | – | – | 2 | 3 |
| Total | – | – | 2 | 3 | – | – | 2 | 3 |
| <i>Financial liabilities</i> | | | | | | | | |
| Interest-rate derivatives | – | – | 7 | – | – | – | 7 | – |
| Contingent consideration | – | – | – | – | – | 1 | – | 1 |
| Total | – | – | – | – | – | 1 | 7 | 1 |

Contingent consideration

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|-----------------------------------|-------------|-------------|
| Opening balance | 1 | – |
| Acquisitions | – | 1 |
| Paid | -1 | – |
| Change in value in profit or loss | – | – |
| Closing balance | – | 1 |

NOTE G26 Financial risks and financial policies

Financial risks and financial policies

Financial assets in Ambea mainly comprise accounts receivable arising from the delivery of social care services, and cash and cash equivalents. The Group's financial liabilities consist largely of loans raised, mainly to finance acquisitions and, to a lesser extent, to finance the Group's net working capital.

The financial liabilities give rise to interest rate risks. Of the Group's total bank loans, 76 per cent (63) is hedged through interest-rate derivatives. The company has a revolving facility agreement totalling SEK 4,500 million. Ambea has a commercial paper programme with a total credit line of SEK 3,000 million. As part of the programme, the company can issue commercial papers with terms of up to one year. The programme did not give rise to any increase in the company's liabilities, since the issued volume will always be available under the company's revolving credit facility. The central finance function in the Parent Company, under the management of the Group's CFO, is responsible for managing financial risks in the Parent Company and the Group. Policies are formulated by the finance function and adopted by the Board.

Capital structure

The Group's aim with respect to its capital structure is to maintain an optimal asset and capital structure over time that is well suited to the Group's operations. Capital is de-

fined as consolidated equity, which amounted to SEK 4,326 million (4,036). The Group's capital structure target is that net debt, excluding effects of IFRS 16, in relation to adjusted EBITDA, excluding effects of IFRS 16, should not exceed 3.25 times. However, net debt may temporarily exceed this figure by 3.25 times in connection with acquisitions, for example. At the balance-sheet date on 31 December 2020, indebtedness was 3.1 (4.0).

Credit risk

Financial activities in the Group entail exposure to credit risk. This primarily comprises counterparty risks in connection with claims on banks that arise from investments of cash and cash equivalents and purchases of derivative instruments.

Cash and cash equivalents

The Group's cash and cash equivalents consist predominantly of deposits in bank accounts. Cash and cash equivalents are held in SEK, NOK and DKK and amounted to SEK 25 million (52).

Credit risk in accounts receivable

The risk that the company's customers do not meet their obligations – that payment is not received for accounts receiv-

able – is a customer credit risk. Ambea's credit risks are very small. A large part of Group sales is to municipalities, for which the credit risk is deemed very small. Nor are there any major concentrations of credit risk.

Expected loss provisioning – financial instruments covered by simplified approach

Receivables are mainly accounts receivable for which the Group applies the simplified approach for the recognition of expected credit losses. This means that expected credit losses are reserved for their remaining maturity, which is expected to be less than one year for all receivables. The Group applies a ratings-based approach to estimate expected credit losses based on probability of default, loss given default and exposure at default. The Group has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. The Group's counterparties essentially comprise municipalities with very low credit risk. Most of the Group's counterparties have an AAA credit rating at present, which means that the risk of credit losses is considered insignificant. Some municipalities have a credit rating equivalent to AA, which the Group also considers a very low credit risk, with account for the municipal equalisation system which distributes funds between Swedish municipalities and county councils. The Group has not therefore made any provisions for expected credit losses in relation to municipalities. For private customers, a provision has been made for defaults of more than 90 days.

Expected loss provisioning – financial instruments covered by the general approach

The financial assets covered by the general approach to expected loss provisioning are non-current receivables and cash and cash equivalents. Ambea applies a ratings-based approach combined with other known information and forward-looking factors for the assessment of expected credit losses. The Group has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. If the amounts are not deemed insignificant, a provision for expected credit losses is also recognised for these financial instruments. At present, the Group assesses that no credit loss exists for these financial instruments.

Gross credit risk exposure

Swedish, Norwegian and Danish municipalities account for most of Ambea's sales, which means that the credit risk is very low. The high creditworthiness of municipalities emanates

from their statutory right to tax municipal residents, which essentially means that they cannot go bankrupt. From a credit perspective, their rating is therefore very high. A minor share of Ambea's sales comprises apartment rent from residents (private individuals) living in Ambea's Own Management units. Residents of units under own management are charged monthly rent and are eligible to apply for housing allowance, which also reduces Ambea's credit risk for this category of customers.

The Group has not received any pledged collateral for these net financial assets. The quality of receivables that are not overdue or impaired is considered high.

Liquidity/borrowing risk

Liquidity risk is the risk of the Group encountering difficulties in fulfilling its obligations in respect of financial liabilities. Ambea's liquidity risk primarily refers to the risk of being unable to obtain financing at all, or only at a significantly higher cost. In order for Ambea to expand, having credit to cover working capital needs and consideration for acquisitions is essential. Ambea's liquidity reserve comprises committed facilities totalling SEK 4,500 million (4,500). At year-end, a total of SEK 776 million (961) had been used. During the year, Ambea issued commercial papers with an outstanding value of SEK 1,813 million (2,228) at the balance-sheet date, which means that SEK 1,911 million (1,311) is undrawn. To reduce the borrowing risk, Ambea backs up the certificate programme with undrawn funds in the committed facilities to 100 per cent. The Group has 12-month rolling liquidity planning for all Group units. Short-term liquidity planning takes the form of weekly liquidity forecasts for the coming four weeks. Any investments are to be in interest-bearing securities with low risk and high liquidity.

Contractual terms

Ambea's borrowing from banks is regulated by credit facility-related covenants. Ambea's borrowing comprises the utilisation of committed overdraft facilities, a revolving credit

Recognised amounts for the Group's accounts receivable

| | 31 Dec 2020 | 31 Dec 2019 |
|--------------|--------------|--------------|
| SEK | 770 | 744 |
| DKK | 80 | 77 |
| NOK | 228 | 257 |
| Total | 1,078 | 1,078 |

Age analysis and accounts receivable – Group

| SEK million | Gross | | Impairment | | Loss percentage | |
|--|--------------|--------------|-------------|-------------|-----------------|-------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Not due accounts receivable | 911 | 942 | 0 | 0 | 0% | 0% |
| Past due accounts receivable 0–30 days | 137 | 103 | 0 | 0 | 0% | 0% |
| Past due accounts receivable 31–90 days | 14 | 23 | 0 | 0 | 0% | 0% |
| Past due accounts receivable 91–360 days | 14 | -3 | 0 | 0 | 0% | 0% |
| Past due accounts receivable >360 days | 12 | 24 | -12 | -11 | -98% | -46% |
| Total | 1,089 | 1,089 | -12 | -11 | -1% | -1% |

facility, minor loans raised by companies acquired during the year and commercial papers issued. At the balance-sheet date, committed facilities in the Group and Parent Company amounted to SEK 4,500 million (4,500), of which SEK 2,589 million (3,198) was undrawn. The bank loans are floating-rate loans. The company's loan contracts have a financial covenant that the company must meet on a quarterly basis. The covenant is net debt in relation to adjusted EBITDA, both adjusted for IFRS 16 effects. During the year, the company complied with all the conditions laid down in the financing agreement.

Maturity analysis of financial liabilities

The table below shows the undiscounted net outflows of the financial liabilities. In calculations, the interest rate and exchange rate at the balance-sheet date have been used.

Interest-rate risk

Interest rate risk is the risk that market interest rates will affect cash flow or the fair value of financial assets and liabilities. For assets and liabilities with floating interest rates, a change in market rates would have a direct impact on cash flow, while for assets and liabilities at fixed interest rates the fair value would be affected instead. The Group's accounts receivable are not interest-bearing. Interest-bearing assets exist in the form of cash and cash equivalents and investment assets within the framework of defined-benefit pension plans. Interest-bearing liabilities consist of utilised overdraft facilities and issued commercial paper, to a large extent intended

to finance acquisitions and to a lesser extent to finance the business. To reduce the company's interest-rate risk, the company purchased an interest rate cap with a three-year maturity in March 2019, and extended the term of its interest rate swap in May. The interest rate cap has been set at 0.5 per cent, with a 3-month STIBOR rate. The fixed rate of the interest-rate swap is 1.1350 per cent, with a 3-month NIBOR rate. Assuming the same loan liabilities and interest rate cap as at year-end, a change of +/- 100 basis points (1 percentage point) in the market rate would change net interest income by +/- SEK 14 million (12).

Currency risk

Ambea differentiates between two types of exposure: transaction exposure and translation exposure.

Transaction exposure

Ambea has virtually no transaction exposure since almost all income and expenses are denominated in the local currency of each country. At the balance-sheet date, receivables and liabilities are translated using the closing rate.

Translation exposure

The Group has a translation exposure arising from the translation of foreign subsidiaries' earnings and net assets into SEK. Since the acquisition of Aleris Omsorg, there is translation exposure in NOK and DKK. The translation exposure in NOK has been hedged by taking out loans of NOK 455 million (189).

Financial liabilities

| SEK | Carrying amount | Nominal amount | Within 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | 15 years | 15 years+ |
|--|-----------------|----------------|---------------|------------|--------------|------------|------------|--------------|--------------|-----------|
| 31 Dec 2020 | | | | | | | | | | |
| Revolving credit facility | 766 | 806 | 13 | 13 | 779 | - | - | - | - | - |
| Commercial papers | 1,813 | 1,813 | 1,813 | - | - | - | - | - | - | - |
| Other loans | 0 | 0 | 0 | - | - | - | - | - | - | - |
| Leaseliability | 5,822 | 7,001 | 843 | 751 | 698 | 608 | 558 | 2,304 | 1,208 | 31 |
| Accounts payable | 311 | 311 | 311 | - | - | - | - | - | - | - |
| Total | 8,712 | 9,931 | 2,980 | 764 | 1,373 | 608 | 558 | 2,304 | 1,208 | 31 |
| 31 Dec 2019 | | | | | | | | | | |
| Revolving credit facility | 961 | 1,012 | 17 | 17 | 978 | - | - | - | - | - |
| Commercial papers | 2,228 | 2,232 | 2,232 | - | - | - | - | - | - | - |
| Other loans | 0 | 0 | 0 | - | - | - | - | - | - | - |
| lease  facility | 4,780 | 5,758 | 770 | 705 | 594 | 517 | 454 | 1,754 | 873 | 91 |
| Accounts payable | 266 | 266 | 266 | - | - | - | - | - | - | - |
| Total | 8,244 | 9,277 | 3,285 | 722 | 1,581 | 517 | 454 | 1,754 | 873 | 91 |

Hedge accounting

The Group applies hedge accounting for its net investment in a foreign operation and for the interest-rate derivatives acquired in 2019.

Hedging of net investment in a foreign operation

The Group's largest translation exposure is in NOK. At 31 December 2020, exposure in Norwegian net assets was SEK 724 million (935). The translation exposure has been hedged by taking out loans of NOK 455 million (189). The loans are valued using the closing rate. A 10 per cent stronger SEK in relation to the NOK would have a negative impact of about SEK 26 million (70) on equity. Exchange-rate gains or losses on the loan are recognised in other comprehensive income

and accumulated in equity. The hedge ratio is 1:1 for hedging. The Group did not recognise any ineffectiveness during the period. The net assets in DKK are not tangible.

Hedging of interest-rate risk

The Group's interest-rate derivatives used to hedge floating rate loans are recognised as cash flow hedges. The effective portion of the change in fair value of these derivatives, and the time value impact of the interest rate cap, are recognised in other comprehensive income. Any adjustment is recognised in profit or loss. The hedge ratio is 1:1. The Group did not recognise any ineffectiveness during the period. For more information about hedge accounting, refer to the tables below.

Effects of hedge accounting on financial position and earnings

| SEK million | Hedging instruments identified in hedge relationships at 31 December | | | | | | The period – change in fair value, for measuring ineffectiveness | | | |
|--|--|-------|-----------------|------|--|--------------------|--|-------------|------|--|
| | Nominal amount | | Carrying amount | | Balance sheet item | Hedging instrument | | Hedged item | | |
| | 2020 | 2019 | 2020 | 2019 | | 2020 | 2019 | 2020 | 2019 | |
| Liability in foreign currency, NOK million | 455 | 189 | 434 | 202 | Non-current interest-bearing liabilities | 46 | -8 | 88 | 10 | |
| Interest rate cap | 1,535 | 1,535 | 2 | 1 | Derivative instruments | 0 | 1 | - | - | |
| Interest rate swap NOK million | 455 | 455 | -6 | 2 | Derivative instruments | -7 | -2 | - | - | |

Hedging instrument – hedge accounting applied

| SEK million | Maturity | | | | | | | | Total nominal amount | |
|--|-----------------|------|-------------|------|-----------|-------|-------|-------|----------------------|-------|
| | Within 3 months | | 3-12 months | | 1-3 years | | | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Liability in foreign currency – currency hedging of net investment in a foreign operation | | | | | | | | | | |
| NOK liability, nominal amount | - | - | - | - | 455 | 189 | 455 | 189 | 455 | 189 |
| Cash flow hedges | | | | | | | | | | |
| Interest rate cap | - | - | - | - | 1,535 | 1,535 | 1,535 | 1,535 | 1,535 | 1,535 |
| Interest rate swap, NOK million, nominal amount | - | - | - | - | 455 | 455 | 455 | 455 | 455 | 455 |

NOTE G27 Pledged assets and contingent liabilities

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|-----------------------|-------------|-------------|
| Leased assets | 115 | 66 |
| Chattel mortgages | 1 | 7 |
| Real estate mortgages | - | 9 |
| Total | 116 | 82 |

Contingent liabilities

The Group is sometimes involved in lawsuits and legal proceedings that are related to day-to-day business activities. The claims relate to, but are not limited to, the Group's business practices, personnel matters and tax issues. With respect

to matters that do not require any provisions, the Group, based on information that is currently available, deems that these will not result in any significantly negative impact on the Group's financial results.

NOTE G28 Related parties

| SEK million | 2020 | 2019 |
|---|------|------|
| Purchases from companies related to Triton Advisers | – | – |

For information about the remuneration of senior executives, refer to Note G7 Employees, personnel costs and remuneration of senior executives.

Through the acquisition of Solhagagruppen AB, Ambea has a joint pension foundation. The aim of the foundation is to secure pension commitments in accordance with the national

pension scheme and other pension commitments, which have been, or will be, contributed for employees, and for the survivors of employees. This covers a few companies in the Ambea Group. The foundation is thereby considered a related party. There were no transactions with the Foundation during the year.

Material holdings in subsidiaries of the Group, as well as a specification of the Parent Company's direct and indirect holdings in Group companies

| Subsidiary/Corp. Reg. No./Registered office | No. of shares | Shares, % |
|--|---------------|-----------|
| Ambea Group AB, 556801-0788, Stockholm | 406,705,508 | 100 |
| Ambea Vård och Omsorg AB, 556677-0896, Stockholm | 492,207,640 | 100 |
| Vardaga och Nytida AB, 556531-6071, Stockholm | 13,363,313 | 100 |
| Ambea Sverige AB, 556542-9908, Stockholm | 1,000 | 100 |
| Klara D AB, 556578-0847, Stockholm | 1,000 | 100 |
| Klara T AB, 556583-7324, Stockholm | 1,000 | 100 |
| Klara E AB, 556626-9691, Stockholm | 1,001 | 100 |
| Vardaga AB, 556469-9105, Solna | 100,000 | 100 |
| Vardaga Äldreomsorg AB, 556573-6450, Solna | 10,000 | 100 |
| Grannskaps Serviceboende och Service i Östergötland AB, 556441-1717, Solna | 1,200 | 100 |
| Nytida Mogården AB, 556542-9940, Solna | 100 | 100 |
| Nya Nåshemmet AB, 556608-6715, Vansbro | 5,010 | 100 |
| Vardaga Opalen AB, 556455-5208, Solna | 3,000 | 100 |
| Vardaga Graniten AB, 556492-9148, Solna | 1,000 | 100 |
| Vardaga Skåneborg AB, 556319-5949, Solna | 1,000 | 100 |
| Carema Äldreomsorg 1 AB, 556466-3218, Sollentuna | 160,000 | 100 |
| Vardaga Silverhemmen AB, 556791-3321, Stockholm | 10,000 | 100 |
| Vardaga Agaten AB, 556562-7337, Solna | 2,000 | 100 |
| Vardaga Gästhemmet Edsby Slott AB, 556568-4908, Solna | 50 | 100 |
| Nytida AB, 556470-1901, Solna | 55,000 | 100 |
| Nytida VIP AB, 556496-9367, Sollentuna | 100 | 100 |
| Nytida Sandstenen AB, 556537-7180, Solna | 1,000 | 100 |
| Nytida Bergskristallen AB, 556468-9270, Solna | 10,000 | 100 |
| Nytida Tasava AB, 556558-6871, Solna | 2,000 | 100 |
| Nytida Mårnstenen AB, 556334-8407, Solna | 1,000 | 100 |
| Nytida Eken Care AB, 556529-1803, Solna | 15,000 | 100 |
| Nytida Bärnstenen AB, 556118-6403, Solna | 100 | 100 |
| Nytida ASP Center AB, 556580-4712, Solna | 150 | 100 |
| Nytida Provita AB, 556600-1029, Solna | 5,550 | 100 |
| Nytida Topasen AB, 556501-7810, Solna | 1,020 | 100 |
| Nytida Kängurun AB, 556571-8193, Solna | 5,000 | 100 |
| Ambea Fastighets Holding AB, 556619-7959, Stockholm | 1,000 | 100 |
| Nytida Akida Omsorg AB, 556863-3282, Solna | 34,444 | 100 |
| Nytida Hopplunda AB, 556521-1355, Solna | 1,000 | 100 |
| Nytida Höga Kusten AB, 556758-5004, Solna | 100 | 100 |
| Nytida Korsaröd AB, 556582-2961, Solna | 1,000 | 100 |
| Nytida Davsjö AB, 556651-0532, Solna | 116,550 | 100 |
| Nytida Ungstöd Sverige AB, 556857-7950, Solna | 5,880 | 100 |
| Nytida Ungstöd i Mälardalen AB, 556735-1696, Stockholm | 1,000 | 100 |
| Nytida Ungstöd i Stockholm AB, 556703-9531, Solna | 1000 | 100 |
| Nytida Solhagagruppen Holding AB, 556802-2189, Solna | 7,865,188 | 100 |
| Nytida Solhagagruppen AB, 556729-1686, Solna | 1,870,000 | 100 |

Material holdings in subsidiaries of the Group, as well as a specification of the Parent Company's direct and indirect holdings in Group companies

| Subsidiary/Corp. Reg. No./Registered office | No. of shares | Shares, % |
|--|---------------|-----------|
| Nytida Autismkonsult AB, 556609-0261, Kil | 1,000 | 100 |
| Nytida Bergshyddan AB, 556551-0392, Solna | 1,050 | 100 |
| Nytida Enigma AB, 556487-0771, Solna | 4,800 | 100 |
| Nytida Jag Kan AB, 556383-7334, Solna | 1,000 | 100 |
| Nytida Kasper Kollo AB, 556739-7830, Solna | 1,000 | 100 |
| Nytida Solhaga by AB, 556439-6868, Solna | 5,000 | 100 |
| Nytida Solängen AB, 556668-4345, Solna | 1,000 | 100 |
| Nytida Solhaga Sverige AB, 556561-3154, Solna | 4,000 | 100 |
| Nytida Tamburinen AB, 556488-6488, Solna | 1,000 | 100 |
| Nytida Törngårdens Ek.förening, 769600-0368, Stockholm | – | 100 |
| Nytida Öjebo AB, 556605-9332, Ljusdal | 1,000 | 100 |
| Nytida Bellstasund AB, 556545-8626, Solna | 2,000 | 100 |
| Nytida Nyängen AB, 556528-3776, Solna | 2,000 | 100 |
| Nytida Bostadsrädder 516 AB, 556774-0849, Simrishamn | 100,000 | 100 |
| Nytida Markområde AB, 556774-0856, Solna | 100,000 | 100 |
| Nytida Rapsängen AB, 556774-0831, Solna | 100000 | 100 |
| Nytida Kalkstenen AB, 556639-9357, Göteborg | 100 | 100 |
| Nytida Blichergruppen AB, 556693-0417, Solna | 1,000 | 100 |
| Nytida Ekbacka AB, 556477-0807, Tingsryd | 1,000 | 100 |
| Nytida Resursteamet AB, 556827-2693, Stockholm | 10,000 | 100 |
| RT Assistans AB, 556952-0025, Stockholm | 1,000 | 100 |
| RT Jobb AB, 556744-1026, Stockholm | 100 | 100 |
| Nytida HVB Partner i Norr AB, 556968-2080, Stockholm | 500 | 100 |
| Nytida Brostugegården AB, 556445-7579, Uppsala | 1,000 | 100 |
| Nytida BoA Mellanvård AB, 556585-8908, Solna | 1020 | 100 |
| Nytida Andesit AB 556630-1585, Solna | 1,020 | 100 |
| Ambea Norge AS, 916722052, Oslo | 100 | |
| Stendi Heimta AS, 913462564, Rygge | 30,000 | 100 |
| Vardaga Fjällmyran AB, 556721-3045, Östersund | 1,000 | 100 |
| Nytida Tillväxthemmen AB, 556933-2314, Söderhamn | 500 | 100 |
| Nytida Kung Saga AB, 556843-4095, Solna | 50 | 100 |
| Curation Holding AB, 556879-1502, Solna | 9,000 | 100 |
| Nytida Pavus AB, 556753-2238, Solna | 1,000 | 100 |
| Nytida Stöd & Resurs AB, 556437-5691, Solna | 1,000 | 100 |
| Nytida Hela Vägen AB, 559095-7956, Solna | 50,000 | 100 |
| Nytida PB AB, 556864-2234, Solna | 500 | 100 |
| Nytida PB LSS AB, 559162-4555, Solna | 500 | 100 |
| Grätam Fastighetsprojekt AB, 559141-2019, Solna | 500 | 100 |
| CUS Fastighets & Service AB, 559079-6558, Solna | 500 | 100 |
| Fastighetsbolaget Vårdinge AB, 556633-4825, Solna | 1,000 | 100 |
| MVUL Fastigheter i Sverige AB, 556834-3668, Solna | 50,000 | 100 |
| Vardaga Nytida Care, 556694-6207, Solna | 1,281,507 | 100 |
| Vardaga Nytida Omsorg AB, 556334-1659, Solna | 360,000 | 100 |
| Nytida Mjörnviksholm AB, 556123-2108, Solna | 1,000 | 100 |
| Nytida Nåjden AB, 556427-0519, Solna | 1,000 | 100 |
| Nytida Kognitiva Center AB, 556529-1043, Solna | 1,000 | 100 |
| Nytida Ekekullen AB, 556807-1251, Solna | 1,000 | 100 |
| Nytida Villa Brucit AB, 559031-3424, Solna | 1,000 | 100 |
| Nytida Riggan AB, 556612-7097, Solna | 1,000 | 100 |
| Nytida Utveckling och Stöd AB, 559006-6295, Solna | 1,000 | 100 |
| Nytida Azurite AB, 559006-6311, Solna | 1,000 | 100 |
| Team Värdpilen AB, 556819-4806, Solna | 500 | 100 |
| Vardaga Rosstorp AB, 556776-1431, Solna | 1,000 | 100 |
| Värd och Omsorgsteamet i Nacka AB, 556723-0544, Solna | 1,000 | 100 |

Material holdings in subsidiaries of the Group, as well as a specification of the Parent Company's direct and indirect holdings in Group companies

| Subsidiary/Corp. Reg. No./Registered office | No. of shares | Shares, % |
|--|---------------|-----------|
| Care I Property Holding AB, 559167-1309, Solna | 50,000 | 100 |
| Högaholmen 14 Fastighets AB, 559167-1275, Solna | 50,000 | 100 |
| AMB Norway AS, 995 729 237, Oslo | 30,100 | 100 |
| AMB AS, 988 390 011, Oslo | 35,000 | 100 |
| Stendi AS, 985 194 653, Oslo | 3,112 | 100 |
| Stendi Senior AS, 982 843 790, Oslo | 300 | 100 |
| Stendi kompetanse AS, 991 412 190, Oslo | 1,020 | 100 |
| Stendi Park AS, 918 561 854, Oslo | 30 | 100 |
| Altiden Omsorg A/S, 19 17 68 78, Copenhagen | 6,000 | 100 |
| Altiden Netværk ApS, 32 15 95 67, Copenhagen | 125 | 100 |
| Altiden Solskovgaard ApS, 34 89 39 26, Jammerbugt | 80,000 | 100 |
| Casablanca Bo & Ehrverv ApS, 27 59 15 07, Copenhagen | 125,000 | 100 |
| Altiden Vivamus A/S, 32 27 90 82, Copenhagen | 1,000,000 | 100 |

NOTE G29 Additional cash flow statement disclosures

| SEK million | 2020 | 2019 |
|---|------------|------------|
| Cash and cash equivalents | | |
| The following components are included in cash and cash equivalents: | | |
| Cash and bank balances | 25 | 52 |
| Total cash and cash equivalents | 25 | 52 |
| Interest paid/received | | |
| Interest received | 0 | 0 |
| Interest paid | 260 | 249 |
| Of which <i>interest on lease liability</i> | 179 | 161 |
| Adjustment for non-cash items | | |
| Profit from participations in Group companies | 0 | 0 |
| Depreciation, amortisation and impairment of assets | 896 | 845 |
| Capital gain/loss on disposal of fixed assets | -1 | 0 |
| Unrealised exchange rate differences | 2 | -10 |
| Changes in provisions | 14 | -37 |
| Unpaid interest expense | 0 | 0 |
| Accrual of financing cost | 0 | 11 |
| Other non-cash items | 6 | 1 |
| Total non-cash items | 916 | 810 |

Change in liabilities 2020

| SEK million | 31 Dec 2019 | New loans | Repayments | Non-cash-impacting changes | | | | | 31 Dec 2020 |
|--------------------------|--------------|--------------|---------------|----------------------------|--------------------|---------------------------|-----------------------|---------------|--------------|
| | | | | Acquisitions | Effects of IFRS 16 | Exchange-rate differences | Changes in fair value | Other changes | |
| Non-current loans | 961 | 280 | -403 | - | - | - | -46 | -26 | 766 |
| Current loans | 2,228 | 5,757 | -6,170 | - | - | - | - | - | 1,813 |
| Lease liabilities | 4,780 | | -643 | - | 1,697 | -11 | - | - | 5,822 |
| Total liabilities | 7,969 | 6,037 | -7,216 | - | 1,697 | -11 | -46 | -26 | 8,401 |

Change in liabilities 2019

| SEK million | 31 Dec 2018 | New loans | Repayments | Non-cash-impacting changes | | | | | 31 Dec 2019 |
|--------------------------|--------------|--------------|---------------|----------------------------|---------------------------|-----------------------|---------------|-----------|--------------|
| | | | | Acquisitions | Exchange-rate differences | Changes in fair value | Other changes | | |
| Non-current loans | 571 | 1,893 | -1,492 | - | - | - | 7 | 10 | 961 |
| Current loans | 1,404 | 7,018 | -6,194 | - | - | - | - | - | 2,228 |
| Lease liabilities | 80 | | -581 | 1,423 | 3,858 | - | - | - | 4,780 |
| Total liabilities | 2,055 | 8,911 | -8,295 | 1,423 | 3,858 | - | 7 | 10 | 7,969 |

¹ Lease presentation and disclosure under earlier accounting policies (IAS 17) for the comparative year

NOTE G30 Business combinations

Effect of acquisitions, 2020

Acquisition of Vivamus

In December 2019, Ambea's Altiden division signed an agreement to acquire Vivamus A/S. Vivamus A/S offers residential care for people with disabilities in the Copenhagen region. The transfer date was 8 January 2020, and Vivamus was therefore included in the consolidated accounts for 2020.

Vivamus

The consideration transferred for the acquisition comprises cash of SEK 149 million. The acquisition generated goodwill

of SEK 120 million, corresponding to the difference between the consideration transferred and the identifiable net assets assumed. Goodwill mainly pertains to operating and administrative synergies.

Since the acquisition date, the acquired company has contributed SEK 121 million to net sales and SEK 10 million to the result before tax. If the acquisition had taken place on 1 January 2020, the companies would have contributed SEK 123 million to net sales and SEK 11 million to the result before tax. Brief information about the acquisitions is presented below.

The acquired company's net assets at the acquisition date – 2020

| SEK million | Vivamus A/S | Fair value recognised in the Group |
|--|-------------|---------------------------------------|
| Tangible assets | 3 | 3 |
| Intangible assets | – | – |
| Financial assets | – | – |
| Right-of-use assets | 57 | 57 |
| Accounts receivable and other receivables | 11 | 11 |
| Cash and cash equivalents | 47 | 47 |
| Non-current interest-bearing liabilities | – | – |
| Deferred tax liability | – | – |
| Pension provisions | – | – |
| Other provisions | – | – |
| Lease liabilities | 57 | 57 |
| Accounts payable and other liabilities | 34 | 34 |
| Net identifiable assets and liabilities | 28 | 28 |
| Group goodwill | 121 | 121 |
| Total consideration | 149 | 149 |
| Cash (acquired) | 47 | 47 |
| Net cash outflow | 102 | 102 |

Effect of acquisitions, 2019

In 2019, Ambea made the following acquisitions by acquiring 100 per cent of the shares in all companies:

- Aleris Care AB (incl. subsidiaries)
- En bit Extra AB (incl. subsidiaries)
- Famntaget Omsorg AB
- Casablanca Bo & Ehrverv ApS

Total transaction costs of SEK 7 million were charged to earnings in 2019.

Net assets of the acquired companies at the acquisition date – 2019

| SEK million | Aleris Care AB | Other acquisitions | Fair value recognised in the Group |
|--|----------------|--------------------|------------------------------------|
| Tangible assets | 100 | 3 | 103 |
| Intangible assets | 277 | – | 277 |
| Financial assets | 40 | 2 | 42 |
| Right-of-use assets | 1,412 | 11 | 1,423 |
| Accounts receivable and other receivables | 605 | 17 | 621 |
| Cash and cash equivalents | 455 | 10 | 464 |
| Non-current interest-bearing liabilities | 2 | – | 2 |
| Deferred tax liability | 59 | – | 59 |
| Pension provisions | 26 | – | 26 |
| Other provisions | 98 | 2 | 100 |
| Lease liabilities | 1,412 | 11 | 1,423 |
| Accounts payable and other liabilities | 735 | 14 | 749 |
| Net identifiable assets and liabilities | 557 | 16 | 573 |
| Group goodwill | 2,484 | 41 | 2,525 |
| Total consideration | 3,041 | 58 | 3,099 |
| Cash (acquired) | 455 | 10 | 465 |
| Net cash outflow | 2,586 | 48 | 2,634 |

NOTE G31 Events after the balance-sheet date**Acquisitions**

After the end of the year, six units in residential and day services for adults with disabilities were acquired in Sweden from LSS Omsorgen. Ambea also concluded an agreement to acquire EKKOfondens omsorgsverksamhet, which offers residential facilities for adults with disabilities across Denmark.

LSS Omsorgen

The acquisition was transferred on 1 February 2021 for a consideration of approximately SEK 65 million. The acquisi-

tion generated goodwill of SEK 31 million, corresponding to the difference between the consideration transferred and the identifiable net assets assumed. The acquisition analysis is preliminary as intangible assets are valued. LSS Omsorgen had sales of SEK 57 million in 2020.

The acquired company's net assets at the acquisition date – 2020

| SEK million | LSS Omsorgen | Fair value recognised in the Group |
|--|--------------|------------------------------------|
| Tangible assets | 3 | 3 |
| Intangible assets | – | – |
| Financial assets | – | – |
| Right-of-use assets | 57 | 57 |
| Accounts receivable and other receivables | 11 | 11 |
| Cash and cash equivalents | 47 | 47 |
| Non-current interest-bearing liabilities | – | – |
| Deferred tax liability | – | – |
| Pension provisions | – | – |
| Other provisions | – | – |
| Lease liabilities | 57 | 57 |
| Accounts payable and other liabilities | 34 | 34 |
| Net identifiable assets and liabilities | 28 | 28 |
| Group goodwill | 121 | 121 |
| Total consideration | 149 | 149 |
| Cash (acquired) | 47 | 47 |
| Net cash outflow | 102 | 102 |

NOTE G32 Key judgements and estimates

The critical assessments and estimates for accounting purposes addressed in this section are those that management and the Board consider most important for an understanding of Ambea's financial statements taking into account the degree of significant assessments and uncertainty. These assessments are based on historical experience and the various assumptions that management and the Board deem reasonable under the prevailing circumstances. The conclusions thus drawn form the basis for decisions concerning the carrying amounts of assets and liabilities, where these cannot be immediately determined based on information from other sources. Actual outcomes may differ from these assessments if other assumptions are made or other conditions are in place.

a) Impairment testing of intangible assets

Intangible assets in the Group essentially pertain to goodwill arising in connection with business combinations, measured customer contracts and customer relationships and, to a lesser extent, other intangible assets. Recognised intangible assets are mainly represented by assets arising in connection with the acquisition of Ambea by former owners, Triton and KKR, in 2010, and subsequent acquisitions. For measured customer contracts and related customer relationships, amortisation is recognised in pace with the anticipated consumption of the economic benefits flowing from these assets. For other intangible assets, amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the asset. Goodwill is impairment tested annually, or as soon as indications arise that the asset in question has decreased in value. In addition to the demographic trend affecting operations in all countries where Ambea is active, the trend is considered highly dependent on state and municipal decisions, such as the assumption of increased competition for publicly financed health care and care. These decisions are affected by the financial position of the state, county councils and municipalities. The general economy has an impact on the cost situation of the business.

When assessing the recoverable amount in the context of an impairment test, estimated future cash flows based on a five-year business plan produced by the management for Ambea

are used. For the period after the forecast period, the growth assumption was 1.0 per cent (1.0) with an unchanged margin. When discounting the future cash flow to present value, the average pre-tax weighted cost of capital is 10.9–17.8 per cent (9.1–14.7). Even if management believes that the estimated future cash flows are reasonable, other assumptions regarding cash flows may affect the valuations.

b) Acquisition analyses

When subsidiaries are acquired, an acquisition analysis is carried out whereby the acquisition-date fair values of the identifiable assets acquired, liabilities assumed and contingent liabilities is recognised. Acquisition analyses are based on key judgements and estimates of future events. Actual values may subsequently differ from those used in the acquisition analysis.

c) Assumptions when calculating lease liability

IFRS 16 has had a material impact on Ambea's financial statements. When calculating lease liability, management has made a number of judgements and estimates which, if done otherwise, would have affected the amount of the lease liability.

Identified asset classes

Ambea has identified two main asset classes: properties/premises and cars, where properties account for 98 per cent (98) of the lease liability recognised at 31 December 2020.

Ambea has elected to exclude a number of agreements pertaining to small storage facilities, parking spaces and small offices. These have no material impact on the lease liability recognised. The leasing of computers and photocopiers has been excluded for the same reason. Ambea has also elected to exclude long-term contracts for rental apartments with a short notice period (up to 12 months). Had these apartments been included, the lease liability would have been higher, but since it is a flexible contractual form from Ambea's perspective, the liability would also have been more volatile due to constantly changing assumptions and changes in the contract portfolio.

Interest

For contracts with terms of less than three years, an incremental borrowing rate of 1.75 per cent is used, corresponding to borrowing within existing credit limits. For contracts with terms of three years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR in Sweden, NIBOR in Norway and CIBOR in Denmark. An increment of 1.75 per cent has been added. A lower interest rate would have resulted in a higher liability, and vice versa. Interest rates are assessed annually.

Extension options and long-term contracts

For agreements in Vardaga, the assumption is that any existing extension options with a starting date within about

five years will be exercised. For the subsequent period, the assumption is that it is not currently possible to determine whether or not an option will be exercised. These options will be assessed annually and included in the lease liability as soon as it is reasonably certain they will be exercised. Should the agreement be structured so that Ambea is entitled to terminate before the landlord, the overall assumption is that we will maintain the agreement for the validity of the landlord's contractual term.

Regarding long-term contracts, other than apartments with a short notice period which are excluded, a case-by-case assessment of each agreement is made. These agreements are assessed annually and the rental term is extended in line with the time horizon.

NOTE G33 Reconciliation alternative key figures

| SEK million | 2020 Jan-Dec | 2019 Jan-Dec |
|--|-----------------|-----------------|
| Growth/Acquired growth | | |
| Net sales growth (%) | 0 | 82 |
| Of which acquired growth (%) | 4 | 81 |
| Of which currency effect (%) | -3 | 0 |
| Of which organic growth (%) | -1 | 1 |
| Operating margin (EBIT) | | |
| Net sales | 11,083 | 11,040 |
| Operating profit (EBIT) | 717 | 525 |
| Operating margin, EBIT (%) | 6.5 | 4.8 |
| EBITA and adjusted EBITA | | |
| Operating profit (EBIT) | 717 | 525 |
| Amortisation and impairment of intangible assets | 112 | 125 |
| EBITA | 829 | 650 |
| Items affecting comparability | 50 | 138 |
| Adjusted EBITA | 879 | 788 |
| EBITA and adjusted EBITA margin | | |
| Net sales | 11,083 | 11,040 |
| EBITA margin (%) | 7.5 | 5.9 |
| Adjusted EBITA margin (%) | 7.9 | 7.1 |

NOTE G33 Reconciliation alternative key figures – cont.

| SEK million | 2020 Jan-Dec | 2019 Jan-Dec |
|---|-----------------|-----------------|
| EBITDA and adjusted EBITDA | | |
| Operating profit (EBIT) | 717 | 525 |
| Depreciation, amortisation and impairment of assets | 896 | 845 |
| EBITDA | 1,613 | 1,370 |
| Items affecting comparability | 50 | 138 |
| Adjusted EBITDA | 1,663 | 1,508 |
| EBITDA and adjusted EBITDA margin | | |
| Net sales | 11,083 | 11,040 |
| EBITDA margin | 14.6 | 12.4 |
| Adjusted EBITDA margin | 15.0 | 13.7 |
| EBITDA and adjusted EBITDA excluding IFRS 16 | | |
| Operating profit (EBIT) | 717 | 525 |
| Depreciation, amortisation and impairment of assets | 896 | 845 |
| Additional: Rental payments | -798 | -711 |
| Additional: Capital gain/loss from terminated agreements | -3 | - |
| Net effects of IFRS 16 on EBITDA | -802 | -711 |
| EBITDA excluding effects of IFRS 16 | 811 | 659 |
| Items affecting comparability | 50 | 138 |
| Adjusted EBITDA excl. IFRS 16 | 861 | 796 |
| Operating cash flow | | |
| Adjusted EBITDA | 1,663 | 1,508 |
| Adjustment for non-cash items | 13 | 36 |
| Cash flow from investing activities excl. acquisition and divestment of subsidiaries | -122 | -110 |
| Adjustment for cash flow from investing activities related to increased capacity/growth | 60 | 42 |
| Change in working capital | 103 | 15 |
| Operating cash flow | 1,717 | 1,418 |
| Cash conversion (%) | | |
| Operating cash flow | 1,717 | 1,418 |
| Adjusted EBITDA | 1,663 | 1,508 |
| Cash conversion (%) | 103.2 | 94.0 |
| Net debt, Net debt/Adjusted EBITDA | | |
| 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 | 1,663 | 1,508 |
| Net debt/Adjusted EBITDA (times) | 5.0 | 5.3 |

NOTE G33 Reconciliation alternative key figures

| SEK million | 2020 Jan-Dec | 2019 Jan-Dec |
|---|-----------------|-----------------|
| Working capital | | |
| Inventories | 0 | 0 |
| Accounts receivable | 1,078 | 1,078 |
| Other receivables | 93 | 67 |
| Prepaid expenses and accrued income | 291 | 261 |
| Less accounts payable | -311 | -266 |
| Less tax liabilities | -80 | -53 |
| Less other non-interest bearing liabilities | -182 | -200 |
| Less accrued expenses and deferred income | -1,149 | -1,027 |
| Total working capital | -260 | -140 |
| Net sales | 11,083 | 11,040 |
| Working capital in relation to net sales, % | -2.3 | -1.3 |
| Net debt, Net debt/Adjusted EBITDA excluding 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 under IFRS 16 | 861 | 796 |
| Net debt/Adjusted EBITDA (times) excluding effects of IFRS 16 | 3.1 | 4.0 |

NOTE G34 Public support

| SEK million | 2020 Jan-Dec | 2019 Jan-Dec |
|--|-----------------|-----------------|
| Other revenue | | |
| Municipal grants related to covid-19 | 29 | - |
| Cost reduction in the profit and loss statement | | |
| Recruitment incentives in form of salary contributions | 85 | 79 |
| Compensation for covid-19 related sick pay expense | 84 | - |
| Total public support | 199 | 79 |

Parent Company income statement

| SEK million | Note | 2020 | 2019 |
|-----------------------------------|------|------|------|
| Operating income | | | |
| Net sales | | 8 | 17 |
| Total net sales | | 8 | 17 |
| Operating expenses | | | |
| Other external costs | 2 | -9 | -15 |
| Personnel costs | 3 | -14 | -16 |
| Operating profit | | -15 | -15 |
| Net financial items | 4 | -29 | -59 |
| Loss after financial items | | -44 | -74 |
| Appropriations | 5 | 96 | 199 |
| Profit before tax | | 51 | 124 |
| Tax on profit for the year | 6 | -11 | -27 |
| Profit for the year | | 40 | 98 |

Parent Company statement of comprehensive income

| SEK million | Note | 2020 | 2019 |
|--|------|------|------|
| Profit for the year | | 40 | 98 |
| Other comprehensive income for the year | | 0 | 0 |
| Total comprehensive income for the year | | 40 | 98 |

Parent Company balance sheet

| SEK million | Note | 31 Dec 2020 | 31 Dec 2019 |
|--------------------------------------|------|---------------|--------------|
| Assets | | | |
| <i>Fixed assets</i> | | | |
| Intangible assets | | | |
| Software | | 1 | 1 |
| <i>Financial assets</i> | | | |
| Participations in Group companies | 7 | 7,210 | 7,208 |
| Deferred tax assets | | – | – |
| Other financial assets | | – | – |
| 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 |
| 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 | | | |
| <i>Equity</i> | | 8 | |
| <i>Restricted equity</i> | | | |
| Share capital | | 2 | 2 |
| Statutory reserve | | 0 | 0 |
| Total restricted equity | | 2 | 2 |
| <i>Non-restricted equity</i> | | | |
| Share premium reserve | | 1,404 | 1,403 |
| Retained earnings | | 1,869 | 1,771 |
| Profit for the year | | 40 | 98 |
| Total non-restricted equity | | 3,313 | 3,272 |
| Total equity | | 3,316 | 3,274 |
| <i>Untaxed reserves</i> | | 9 | 50 |
| | | | 33 |
| <i>Non-current liabilities</i> | | | |
| Liabilities to credit institutions | 11 | 814 | 965 |
| Total non-current liabilities | | 814 | 965 |
| <i>Current liabilities</i> | | | |
| Commercial papers | 11 | 1,813 | 2,228 |
| Accounts payable | | 4 | 1 |
| Current tax liabilities | | 32 | 20 |
| Liabilities to Group companies | | 4,352 | 3,253 |
| Other liabilities | | 0 | 0 |
| Accrued expenses | 10 | 12 | 17 |
| Total current liabilities | | 6,214 | 5,520 |
| Total equity and liabilities | | 10,394 | 9,792 |

Parent Company statement of changes in equity

| SEK million | Restricted equity | | Non-restricted equity | | | |
|---|-------------------|-------------------|-----------------------|-------------------|--------------------------|--------------|
| | Share capital | Statutory reserve | Share premium reserve | Retained earnings | Profit/loss for the year | Total equity |
| Opening equity, 1 Jan 2019 | 2 | 0 | 200 | 1,852 | -1 | 2,053 |
| Appropriation of profits | - | - | - | -1 | 1 | 0 |
| Profit for the year | - | - | - | - | 98 | 98 |
| Other comprehensive income for the year | - | - | - | - | 0 | 0 |
| Comprehensive income for the year | - | - | - | - | - | 98 |
| Transactions with shareholders | | | | | | |
| Bonus issue | - | - | 1,215 | - | - | 1,215 |
| New share issue | - | - | -19 | - | - | -19 |
| Issuance costs | - | - | 4 | - | - | 4 |
| Warrants issued | - | - | 2 | - | - | 2 |
| Share buybacks | - | - | - | -5 | - | -5 |
| Dividends | - | - | - | -74 | - | -74 |
| Closing equity, 31 Dec 2019 | 2 | 0 | 1,403 | 1,771 | 98 | 3,274 |
| Opening equity, 1 Jan 2020 | 2 | 0 | 1,403 | 1,771 | 98 | 3,274 |
| Appropriation of profits | - | - | - | 98 | -98 | 0 |
| Profit for the year | - | - | - | - | 40 | 40 |
| Other comprehensive income for the year | - | - | - | - | 0 | 0 |
| Comprehensive income for the year | - | - | - | - | 40 | 40 |
| Transactions with shareholders | | | | | | |
| Warrants issued | - | - | 1 | - | - | 1 |
| Dividends | - | - | - | - | - | - |
| Closing equity, 31 Dec 2020 | 2 | 0 | 1,404 | 1,869 | 40 | 3,316 |

Parent Company cash flow statement

| SEK million | Note | 2020 | 2019 |
|--|------|--------|--------|
| Operating activities | | | |
| Profit before tax | | 51 | 124 |
| Adjustment for non-cash items | 14 | 23 | 11 |
| | | 74 | 135 |
| Tax paid | | 0 | -5 |
| Cash flow from operating activities before changes in working capital | | 74 | 130 |
| Cash flow from changes in working capital | | | |
| Increase (-)/Decrease (+) in operating receivables | | -604 | -260 |
| Increase (+)/Decrease (-) in operating liabilities | | 1,098 | 837 |
| Cash flow from operating activities | | 568 | 707 |
| Investing activities | | | |
| Premiums for warrants | | - | - |
| Investment in shares in subsidiaries | | -2 | -3,048 |
| Investment in other financial assets | | -1 | -5 |
| Cash flow from investing activities | | -3 | -3,053 |
| Financing activities | | | |
| New share issue | | - | 1,215 |
| Issuance costs | | - | -5 |
| Warrants | | - | 2 |
| Net change in overdraft facility | | -151 | 386 |
| Share buybacks | | - | -5 |
| New loans | | 5,757 | 7,018 |
| Group contributions received | | 0 | 15 |
| Repayment of debt | | -6,172 | -6,194 |
| Dividends | | - | -74 |
| Cash flow from financing activities | | -566 | 2,346 |
| Cash flow for the year | | 0 | 0 |
| Cash and cash equivalents at the beginning of the year | | 0 | 0 |
| Cash and cash equivalents at year-end | 14 | 0 | 0 |

NOTE PC1 Accounting policies

Parent Company's accounting policies

The Parent Company prepares its Annual Report in accordance with the Swedish Annual Accounts Act and additional information in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which means that the Parent Company, in the annual accounts for the legal entity, is required to apply all EU-endorsed IFRS and statements, insofar as this is possible, within the framework of the Swedish Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS.

Differences between the accounting policies applied by the Group and the Parent Company

The most significant differences between the accounting policies applied by the Group and the Parent Company are presented below. The accounting policies stated below for the Parent Company have been applied consistently for all presented periods in the Parent Company's financial statements.

Classification and presentation formats

The Parent Company income statement and balance sheet are prepared in accordance with the Annual Accounts Act.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company using the cost method. Dividends received are recognised as income. Impairment testing of carrying amounts is performed after the dividend has been received.

Financial guarantees

Financial guarantees entail that the company has an obligation to indemnify the holder of a debt instrument for losses he/she incurs due to a specified debtor not making payment when contractual amounts fall due. When recognising financial guarantee contracts, the Parent Company applies RFR 2,

which entails relaxation compared with the IAS 39 rules in respect of financial guarantee contracts issued for the benefit of subsidiaries, associated companies and joint ventures. The Parent Company recognises financial agreement contracts as a provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries are recognised in cases when the Parent Company has a sole right to determine the amount of the dividend and the Parent Company had made a decision concerning the amount of the dividend prior to publication of the financial statements.

Tangible assets

Tangible assets in the Parent Company are recognised at cost less accumulated depreciation and any impairment losses in the same way as for the Group but with the addition of any write-ups.

Leased assets

In the Parent Company, all agreements are recognised according to the rules for operating leases.

Tax

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity.

Group and shareholder contributions

Group contributions received and granted are both recognised as appropriations in accordance with the alternative rule. Shareholder contributions are recognised directly against equity for the recipient and in participations in Group companies for the donor, insofar as there is no need for impairment.

NOTE PC2 Other external costs

| SEK million | 2020 | 2019 |
|--------------------------------|-----------|------------|
| External services ¹ | -8 | -14 |
| Advertising/PR | 0 | 0 |
| Other | -1 | -1 |
| Total | -9 | -15 |

NOTE PC3 Employees, personnel costs and remuneration

For salaries and remuneration of employees and senior executives, and information about the number of employees, refer to Note G7 Employees, personnel costs and remuneration of senior executives.

¹The Parent Company's audit costs amounted to SEK 1 million in 2020 and SEK 1 million in 2019.

NOTE PC4 Net financial items

Assets and liabilities measured at amortised cost

| SEK million | 2020 | 2019 |
|---|------------|-------------|
| Interest income from customers | 0 | 0 |
| Interest income, other financial assets | 47 | 44 |
| Total interest income using effective interest method | 48 | 44 |
| Interest expense, liabilities to credit institutions | -41 | -58 |
| Interest expense, other financial liabilities | 0 | 0 |
| Total interest expense using effective interest method | -41 | -58 |
| Exchange rate differences, net | 1 | -4 |
| Fee income and expense | -36 | -41 |
| Total | -77 | -103 |
| Total recognised in net financial items | -29 | -59 |

NOTE PC5 Appropriations

| SEK million | 2020 | 2019 |
|-------------------------------------|-----------|------------|
| Group contributions received | 113 | 231 |
| Provision to tax allocation reserve | -18 | -33 |
| Total | 96 | 199 |

NOTE PC6 Tax

| SEK million | 2020 | | | 2019 |
|---|------|------------|------|------------|
| | % | Amount | % | Amount |
| Reconciliation of effective tax rate | | | | |
| Profit before tax | | 51 | | 124 |
| Tax according to applicable tax rate | 21.4 | -11 | 21.4 | -27 |
| Non-deductible expenses | | 0 | | 0 |
| Tax exempt income | | - | | - |
| Recognised effective tax | | -11 | | -27 |

NOTE PC7 Participations in Group companies

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------|--------------|
| Accumulated cost | | |
| Opening balance | 7,208 | 4,129 |
| Acquisitions | - | 3,047 |
| Transfer from fixed assets related to Aleris | - | 32 |
| Shareholder contributions received | - | - |
| Other | 2 | - |
| Closing balance | 7,210 | 7,208 |

For a summary of all companies included in the Group, see Note G28.

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|--------------|--------------|
| Accumulated cost | | |
| Ambea Group AB | 4,129 | 4,129 |
| Vardaga Nytida Care AB | 3,081 | 3,079 |
| Total participations in Group companies | 7,210 | 7,208 |

NOTE PC8 Equity

The share capital consists of 94,483,559 (94,617,996) shares with a quotient value of SEK 0.03 (0.03). Refer also to disclosures in Note G17, Equity.

Retained earnings comprise earnings brought forward from prior years after any dividends have been paid, and shareholder contributions.

Share premium reserve refers to funds raised in connection with new share issues, exceeding nominal value per share.

NOTE PC9 Untaxed reserves

| SEK million | 2020 | 2019 |
|--|-----------|-----------|
| Accumulated costs | | |
| Opening balance | 33 | - |
| Provision to tax allocation reserve for the year | 18 | 33 |
| Dissolution of tax allocation reserve for the year | - | - |
| Closing balance | 50 | 33 |

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| Allocation per year | | |
| Tax allocation reserve, assessment year 2020 | 33 | 33 |
| Tax allocation reserve, assessment year 2021 | 18 | - |
| Closing balance | 50 | 33 |

NOTE PC10 Accrued expenses and deferred income

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|---|-------------|-------------|
| Holiday pay, including social security fees | 0 | 0 |
| Accrued personnel costs | 2 | 3 |
| Accrued interest expense | 6 | 7 |
| Accrued consulting and audit costs | 3 | 2 |
| Other items | 1 | 5 |
| Total | 12 | 17 |

NOTE PC11 Fair value measurement of financial assets and liabilities

The Parent Company's financial assets and liabilities are presented in the following table, classified according to cost. The carrying amounts of current receivables and liabilities are

considered a reasonable estimate of their fair value, which is why these amounts are consistent in the table below.

| SEK million | Financial assets measured at amortised cost | | Financial liabilities measured at amortised cost | | Total carrying amount | | Total fair value | |
|------------------------------------|---|--------------|--|--------------|-----------------------|--------------|------------------|--------------|
| | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 | 31 Dec 2020 | 31 Dec 2019 |
| Cash and cash equivalents | 0 | 0 | – | – | 0 | 0 | 0 | 0 |
| Receivables from Group companies | 3,156 | 2,555 | – | – | 3,156 | 2,555 | 3,156 | 2,555 |
| Derivative assets | 4 | 3 | – | – | 4 | 3 | 4 | 1 |
| Total assets | 3,160 | 2,558 | – | – | 3,160 | 2,558 | 3,160 | 2,556 |
| Liabilities to credit institutions | – | – | 814 | 965 | 814 | 965 | 814 | 965 |
| Commercial papers | – | – | 1,813 | 2,228 | 1,813 | 2,228 | 1,813 | 2,228 |
| Liabilities to Group companies | – | – | 4,352 | 3,253 | 4,352 | 3,253 | 4,352 | 3,253 |
| Accounts payable | – | – | 4 | 1 | 4 | 1 | 4 | 1 |
| Total liabilities | – | – | 6,983 | 6,447 | 6,983 | 6,447 | 6,983 | 6,447 |

Expected loss provisioning

The Parent Company applies a ratings-based approach to estimate expected credit losses on intra-Group receivables based on probability of default, loss given default and exposure at default. The Parent Company has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. A significant increase in credit risk was not deemed to exist at the balance-sheet date. Such an assessment is based on whether payment is 30 days or more overdue, or if the

credit quality has deteriorated significantly, resulting in a rating below investment grade. The Parent Company applies the general approach to the intra-Group receivables. The Parent Company's expected loss at default accounts for the average loan-to-value ratio of the subsidiaries. Based on the Parent Company's assessments using the approach described above, with consideration for other known information and forward-looking factors, expected credit losses are not deemed significant and no provision has therefore been recognised.

NOTE PC12 Pledged assets and contingent liabilities

The Parent Company has no pledged shares or contingent liabilities.

NOTE PC13 Related parties

| SEK million | 2020 | 2019 |
|--|-------------|-------------|
| Transactions with Group companies | | |
| Group contributions received | 113 | 199 |
| Central costs invoiced to subsidiaries | 8 | 17 |
| SEK million | 31 Dec 2020 | 31 Dec 2019 |
| Non-current receivables | 3,156 | 2,555 |

NOTE PC14 Additional cash flow statement disclosures

| SEK million | 31 Dec 2020 | 31 Dec 2019 |
|--|-------------|-------------|
| Cash and cash equivalents | | |
| <i>The following components are included in cash and cash equivalents:</i> | | |
| Cash and bank balances | 0 | 0 |
| Adjustments for non-cash items and so forth. | | |
| Provision to tax allocation reserve | 18 | – |
| Accrual of financing cost | 5 | 11 |

NOTE PC15 Events after the balance-sheet date**Acquisitions**

After the end of the year, six units in residential and day services for adults with disabilities were acquired in Sweden from LSS Omsorgen. Ambea also concluded an agreement to acquire EKKOfondens omsorgsverksamhet, which offers residential facilities for adults with disabilities across Denmark.

New President and CEO

In the final quarter of the year, Mark Jensen was appointed new President and CEO of Ambea. He took office on 8 March 2021.

NOTE PC16 Proposed distribution of profits

| SEK | 2020 | 2019 |
|--|----------------------|----------------------|
| The following non-restricted equity is at the disposal of the Annual General Meeting: | | |
| Retained earnings | 1,869,346,390 | 1,771,191,480 |
| Share premium reserve | 1,404,039,520 | 1,402,823,414 |
| Profit for the year | 39,907,677 | 97,652,993 |
| Total | 3,313,293,587 | 3,271,667,887 |
| The Board proposes that a dividend of SEK 1.15 per share be paid to the shareholders | 108,447,668 | 0 |
| To be carried forward | 3,204,845,919 | 3,271,667,887 |
| Total | 3,313,293,587 | 3,271,667,887 |

The Board of Director's assurance

The Board of Directors and CEO hereby certify that the Annual Report with a Quality & Sustainability Report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Directors' Report provides a true and fair overview of the development of the Group's and the Parent

Company's operations, financial position and results, and describes significant risks and uncertainties faced by the companies included in the Group.

The Annual Report also contains sustainability reporting for the Group and the Parent Company in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, pages 16–32 and 126–129, and the Sustainability Report in accordance with the Global Reporting Initiative (GRI), refer to the GRI Content Index on pages 130–131.

Stockholm, 26 March 2021

Lena Hofsberger
Chairperson 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

Charalampus Kalpakas
Employee representative

Magnus Sällström
Employee representative

Mark Jensen
President and CEO

Our audit report was submitted on the date of our electronic signature.
Ernst & Young AB

Staffan Landén
Authorised Public Accountant

The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting for adoption.

Auditor's report

To the general meeting of the shareholders of Ambea AB,
corporate identity number 556468-4354

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ambea AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 59-117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Impairment test of goodwill

Description

Goodwill amounts to MSEK 6 508 for the year ended December 31, 2020, equal to 44 percentage of total assets for the company.

The company prepares an impairment test yearly and if any indication of impairment, that the book value not exceeds the estimated recoverable amount.

The recoverable amount is calculated for each cash generating unit based on discounted future cash flows. Future cash flows are based on management's budget and forecasts, including assumptions of expected future earnings, growth, investments as well as changes in working capital.

A change in assumptions can lead to a significant impact of the recoverable amount and therefore the assumptions used have significant impact on the assessment of impairment. Therefore, we have assessed valuation of goodwill to be a key audit matter.

The impairment test procedures performed by the company is presented in note K13 and section "Key estimates and assessments" in note K32.

How our audit addressed this key audit matter

In our audit, we have assessed and tested the company's impairment test, including comparisons with histori-

cal results and the accuracy in previous forecasts and assumptions. We have also made comparisons with other companies to assess the reasonableness of estimated cash flow and growth rates, and by using EY valuation experts we have tested used discount rate and growth rates. We have also tested the company's impairment model and method to prepare the impairment test and sensitivity analysis.

We have also audited the accuracy of the related disclosures.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-15, 33-42 and 129-131. The remuneration report for the financial year 2020 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ambea AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibil-

ities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the

requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of

assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Ambea AB (publ) by the general meeting of the shareholders on the 16 May 2020 and has been the company's auditor since 2008.

Stockholm, date as evidenced by our digital signature

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Definitions and purpose

In the definition of operating cash flow, the calculation is based on Adjusted EBITDA, and cash flows related to increased capacity/growth have been excluded to create better visibility of the underlying cash flow for the growing proportion of Own Management, and for better comparability of the

cash conversion rate. The definition of organic growth has been adjusted for currency.

In 2020, alternative performance measures are presented where the effects of IFRS 16 are eliminated to facilitate analysis.

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

| KEY FINANCIAL FIGURES | DEFINITION AND CALCULATION | PURPOSE |
|--|--|--|
| Operating cash flow | <p>Total cash flow from operating activities excluding tax, net financial items and items affecting comparability, as well as cash flow from investing activities excluding acquisitions and divestments of operations</p> <p>Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth</p> | This key figure shows the cash flow from the company's operations, excluding business combinations, company divestments, financing, tax and items affecting comparability and is used to follow up whether the company is able to generate a sufficiently positive cash flow to maintain and expand its operations |
| Free cash flow | <p>Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations</p> <p>Cash flow from operating activities + Cash flow from investing activities excluding acquisition and divestment of subsidiaries</p> | This key figure shows cash flow from operating activities including cash flow from investing activities excluding acquisitions and divestments of operations and is used because it is a relevant measure for investors to be able to understand the Group's cash flow from operating activities |
| Cash conversion (%) | <p>Cash conversion as a percentage is defined as operating cash flow divided by adjusted EBITDA</p> <p>Operating cash flow/Adjusted EBITDA</p> | The key figure used as an efficiency measure of the proportion of a company's profit that is converted to cash |
| Net debt | <p>The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents</p> <p>Interest-bearing liabilities – cash and cash equivalents</p> | This key figure is a measure of the company's debt/equity ratio and is used by the company to assess its capacity to meet its financial commitments |
| Net debt/Adjusted EBITDA (RTM) | <p>Net debt/Adjusted EBITDA is a measure of the debt/equity ratio defined as the closing balance for net debt in relation to rolling adjusted EBITDA.</p> <p>Net debt/Adjusted EBITDA (RTM)</p> | The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met |
| Operating margin (%) | <p>Operating profit as a percentage of net sales.</p> <p>Operating profit (EBIT)/Net sales</p> | This key figure is used to follow up the percentage of net sales from operations that remains to cover interest payments and tax and to generate a profit after the company's costs have been paid |
| EBITDA excluding effects of IFRS 16 | <p>Operating profit before depreciation, amortisation and impairment of intangible and tangible assets, adjusted for IFRS 16 effects</p> | This key figure is used to facilitate comparison with prior periods, since IFRS 16 has only been applied for the two most recent financial statements |
| Adjusted EBITDA excluding effects of IFRS 16 | <p>Operating profit before amortisation/depreciation and impairment of assets adjusted for items from such events in the company's operations that affect comparisons with profit from prior periods, adjusted for IFRS 16 effects</p> <p>Adjusted EBITDA + net IFRS 16 effects on EBITA</p> | This key figure is used to facilitate comparison with prior periods, since IFRS 16 has only been applied for the two most recent financial statements |
| Free cash flow excluding effects of IFRS 16 | <p>Total cash flow from operating activities as well as cash flow from investing activities excluding acquisitions and divestments of operations, adjusted for IFRS 16 effects</p> <p>Free cash flow – net effects of IFRS 16 on EBITDA – Change in operating receivables/liabilities attributable to IFRS 16 + interest payments attributable to IFRS 16</p> | This key figure is used to facilitate comparison with prior periods, since IFRS 16 has only been applied for the two most recent financial statements |
| Net debt/Adjusted EBITDA (RTM) excluding effects of IFRS 16 | <p>Net debt/Adjusted EBITDA excluding effects of IFRS 16 is a measure of the debt/equity ratio which is defined as the closing balance for net debt, adjusted for IFRS effects, in relation to rolling adjusted EBITDA, adjusted for IFRS 16 effects</p> <p>Net debt excluding effects of IFRS 16/Adjusted EBITA excluding effects of IFRS 16 (RTM)</p> | This key figure is used to facilitate comparison with prior periods, since IFRS 16 has only been applied for the two most recent financial statements In addition, this measure is a financial covenant for the revolving credit facility. |

About Ambea's Sustainability Report

Ambea's Quality & Sustainability Report reflect the topics that the company's internal and external stakeholders have identified as most important for Ambea to manage. The Sustainability Report was prepared in accordance with the GRI Standards (Global Reporting Initiative), Core option.

Stakeholders and dialogue

Ambea's key stakeholders are the recipients of Ambea's social care, and their relatives, together with our owners and investors. Ambea's employees and their union representatives are central to the company's quality & sustainability management. Ambea's primary stakeholders also include the municipalities that are our clients, and our owners who ensure the long-term development of our operations. These stakeholders are most impacted by our operations, but also have the greatest influence over us.

Since Ambea is facing a major need for new recruitments and skills, potential employees are a key group. Other key stakeholders are the suppliers and partners that contribute to our operations and to the development of our offering. Our partners include universities and colleges, interest groups and other experts in areas of significance for social care. Politicians, public officials, authorities and legislators are other social bodies with whom we maintain an active dialogue with. The media and the general public are also interested in the development of social care.

| STAKEHOLDER GROUP | FORUM AND CHANNEL | TOPICS DISCUSSED |
|---|---|--|
| Care receivers and their close relatives | Meeting forum, dialogue when moving in and monitoring during the residential period | Safe and secure high-quality social care |
| Employees | Meeting forum in group and face-to-face meetings | Development, skills, employment, and OHS |
| Clients, municipalities | Procurements, growth discussions, collaboration meetings and contract follow-ups | Management contracts, start-ups and development, training and lectures |
| Trade union organisations | Cooperation as per collective agreements | Terms, agreement, organisational changes, development |
| Owners and investors | AGM, annual and quarterly reports, investor meetings | Stability, development and quality |
| Suppliers | Agreements and Code of Conduct | Quality, safety and efficiency in production, ordering and delivery |
| Colleges and universities | Cooperation and R&D projects | Development and higher-quality care services |
| Interest groups | Collaboration on events and sponsorship | Highlight various groups and prevent prejudice and ignorance |
| Politicians and authorities | Meetings, debates, opinion forming, lectures | Stability, shared view of and contributions to solutions to welfare challenges |
| Media, journalists and the general public | Interviews, debate, opinion forming, lectures | Transparency, spreading knowledge about social care |

Materiality assessment

Ambea's sustainability performance and Sustainability Report are primarily based on a materiality assessment conducted in 2016. Since then, Ambea's sustainability topics have been adjusted on the basis of continuous dialogue with investors and other key stakeholders, and an analysis of trends and the actions of our competitors in the sustainability area. In 2020, Ambea expanded its focus on the sustainability area of environment, and an overall review of the sustainability structure was carried out. Ambea has three sustainability management structures:

Economic Sustainability, Social Sustainability and Environmental Sustainability, which led to a restructuring of the materiality assessment during the year. Updates related to Environmental Sustainability were also made in the 2020 materiality assessment. The materiality assessment and Ambea's sustainability topics have been approved by the Management Team. Ambea's materiality assessment will be further updated in 2021. The environment and climate change are expected to receive more focus. Ambea's material sustainability topics and KPIs are presented on the next page.

| SUSTAINABILITY DIMENSION | FOCUS AREAS | MATERIAL TOPICS | TOPICS IN AMBEA'S MATERIALITY ASSESSMENT | IMPACT |
|------------------------------------|----------------------------------|---|---|------------------------------|
| Social sustainability | <i>Person-centred care</i> | Health, well-being and quality of life | Health and safety for our care receivers; Satisfied and secure care receivers; Motivated employees; Health and safety for employees | Internal impact |
| | | Respect for individuals and basic human rights | Integrity, self-determination and empathy; Respect for individuals and basic human rights; Diversity and fair treatment | Internal and external impact |
| | <i>Innovation in social care</i> | Skills, methods and services for better social care | Digitisation and welfare technology; Development of methods, teaching approaches and services; Evidence-based research and innovation through cooperation | Internal and external impact |
| | | Public debate | Develop views of social care; Integration, prevent social exclusion; Support for social projects | Internal and external impact |
| | <i>Ethics and quality</i> | Quality | Clear targets and procedures; Customer satisfaction and efficiency | Internal and external impact |
| Economic and social sustainability | <i>Ethics and quality</i> | Business ethics and transparency | Laws, rules and regulations; Anti-corruption; Ethical marketing; Environmental responsibility | Internal and external impact |
| | | Supplier requirements | Business ethics, Environment and human rights | Internal and external impact |
| Environmental sustainability | <i>GHG emissions</i> | Travel and transport | Sustainable travel and transport | Internal and external impact |
| | | Food and waste | GHG emissions from food and waste | Internal and external impact |
| | | Properties/energy | Renewable/fossil-free energy and life cycle assessments for premises used | Internal and external impact |

Quality and sustainability-related KPIs – environment and governance

| Category | Sustainability indicator | Outcome 2020 | Outcome 2019 | Comments |
|----------------------------|---|--------------|--------------|---|
| Environment | | | | |
| GHG emissions | GHG emissions per tonne/SEK million | 2.5 | 2.9 | Based on boundary data |
| Energy use | Consumption (MWh) | 30,629 | 29,800 | Based on boundary data, excl. district heating Excl. Contract Management in Sweden and some data in Norway |
| | Consumption per m ² (MWh) | 0.10 | 0.12 | |
| Energy mix | Consumption per FTE (MWh) | 2.23 | 2.26 | |
| | Nuclear power | 53% | 31% | Based on boundary data |
| | Hydropower | 46% | 0% | Based on boundary data |
| Water use | Nordic residual mix | 2% | 69% | Based on boundary data |
| | Water use (m ³) | 128,440 | 129,352 | Assumption based on estimated m ³ for Denmark, and calculated on staff working days for Sweden and Norway. 2019 is estimated using total number of staff working days. |
| Waste generation | Waste (tonnes) | 265 | 168 | Data from main supplier in Sweden only |
| Control and monitoring | Total annual amount invested in climate-related infrastructure, durability and product development | N/A | N/A | We are trying to switch to climate-smart solutions in general for purchasing and construction, for example, but the total amount is difficult to estimate. |
| Governance | | | | |
| Board diversity | No. of Board members | 9 | 10 | |
| | Women on the Board | 44% | 40% | |
| | No. of union representatives | 3 | 2 | |
| Board independence | Members independent of the company (%) | 100 | 100 | |
| | Members independent of majority owner (%) | 83 | 71 | |
| Board committees | No. of committees | 3 | 3 | |
| | No. of committees chaired by a woman | 3 | 3 | |
| Collective agreements | Employees covered by collective agreements | 99.0% | 99.5% | Attributable to acquisitions not yet fully integrated. |
| Ethics and anti-corruption | Percentage of employees who have officially signed the ethics and anti-corruption policy (or equivalent)? | 67% | 61% | Embedded in various policies in various countries. Data for Sweden is based on new employees. In Denmark = 100%. Not applicable for Norway. |

Quality and sustainability-related KPIs – social

| Category | Sub-categories | Sustainability/ESG indicator | Ambea | Sweden | Norway | Denmark |
|--|---|--|--------|--------|--------|---------|
| Social | | | | | | |
| Information about employees | Average no. of FTEs and head-count | No. of FTEs | 13,794 | 9,117 | 3,700 | 977 |
| | | Of whom women | 9,455 | 6,661 | 1,986 | 809 |
| | | Women, % | 69% | 73% | 54% | 83% |
| | | Headcount | 24,972 | 18,829 | 4,881 | 1,262 |
| | | Of whom women | 17,655 | 13,864 | 2,749 | 1,042 |
| | | Women, % | 71% | 74% | 56% | 83% |
| Gender equality | Distribution of women and men in various positions | Women in entry and mid-level positions, % | 71% | 74% | 56% | 83% |
| | | Women in senior management positions, % | 72% | 69% | 73% | 75% |
| | Salary employees, men and women | Total no. of salary employees | 14,398 | 9,867 | 3,449 | 1,082 |
| | Hourly employees, men and women | Salary employees, women, % | 72% | 77% | 55% | 85% |
| | | Total no. of hourly employees | 10,192 | 8,452 | 1,377 | 363 |
| | | Hourly employees, women, % | 67% | 71% | 44% | 73% |
| | Distribution of full-time/part-time between men and women | Total no. of full-time employees | 7,152 | 4,428 | 2,223 | 501 |
| | | Full-time employees, women, % | 66% | 73% | 49% | 77% |
| | | Total no. of part-time employees | 7,268 | 5,461 | 1,226 | 581 |
| | | Part-time employees women, % | 78% | 80% | 65% | 92% |
| | | Ratio: Median wages, men/women ¹ | 1.8% | -1.1% | 0.4% | 6.9% |
| Remuneration of CEO/employees ² | | Remuneration of CEO/median wage for employees | 20:1 | | | |
| Health | Sick leave | Short-term sick leave, % | 4.8% | 5.9% | 2.1% | 3.6% |
| Employee turnover | Employee turnover from various perspectives | Voluntary turnover rate for permanent employees, % | 10.8% | 12.5% | 6.6% | 9.1% |
| | | Turnover rate due to retirement for permanent employees, % | 0.9% | 1.1% | 0.2% | 1.0% |
| Ages | Age distribution | Median age, total | 40 | 40 | 41 | 43 |
| Training | Training hours | Average no. of training hours per person ³ | 41.7 | 40.0 | 74.0 | 40.0 |
| Occupational health and safety | Non-conformities, injuries and fatalities | No. of workplace injuries reported | 534 | 374 | 93 | 67 |
| | | No. of workplace fatalities | 0 | 0 | 0 | 0 |
| | | No. of actual discrimination cases | 1 | 0 | 0 | 1 |
| | | No. of harassment cases reported | 1 | 0 | 1 | 0 |
| | | Total no. of workplace injuries and fatalities per employee | 0.02 | 0.02 | 0.02 | 0.05 |
| Diversity | Nationalities in the organisation | Estimated no. of languages spoken in the organisation | 53 | 53 | 50 | 12 |
| | Integration | No. of newly arrived residents who have received work placements, employment, job training or traineeships | 326 | 326 | – | – |

¹Based on salary employees in Sweden and Denmark, and all salaries in Norway²Incl. basic salary and any bonuses, excl. pensions.³Partially estimated figures

Quality-related KPIs

| | Vardaga | Nytida | Stendi | Altiden |
|---|----------------|----------------------|--------------|-------------|
| No. of non-conformities | 26,387 | 27,161 | 12,248 | 656 |
| Regulatory inspections (of which remarks) | 29 (1) | 90 (9) | 90 (12) | 18 (1) |
| | Investigations | Total cases reported | (by Vardaga) | (by Nytida) |
| Lex Maria (Sweden) | 47 | 12 | 8 | 4 |
| Lex Sarah (Sweden) | 80 | 10 | 3 | 7 |

Sustainability risks

In order to predict and manage risks, Ambea performs continuous risk assessments of the operations. Since 2017, quality and sustainability have been included in the ordinary risk assessment.

Ambea works continuously to reduce its carbon emissions.

However, the environment is not classified as a material risk. Ambea's sustainability risks and how they are managed are described below.

| RISK | POTENTIAL IMPACT | MANAGEMENT |
|-----------------------------|---|--|
| Employees and skills | <p>Ambea's operations are dependent on skilled and engaged employees. Ambea needs to attract, develop and retain people who possess specialist expertise, teaching skills and good leadership qualities. A high employee turnover entails risk in terms of skills and capacity.</p> <p>Lack of skills and/or an unsound attitude could have an adverse effect on care receivers, family members and employees. For example, there is a risk of incorrect care or inappropriate behaviour, such as discrimination on the grounds of sex, ethnic background or faith.</p> | <ul style="list-style-type: none"> Code of Conduct Quality & Sustainability Policy Values and core values Management system with guidance for social care Introductory and training programmes for each profession Fair and Equal Treatment Plan |
| Health and safety | <p>Ambea's employees work with people with neuropsychiatric diagnoses and cognitive disabilities. The workplace is subsequently associated with the risk of threats and violence.</p> | <ul style="list-style-type: none"> Code of Conduct Employee and OHS Policy Values and core values Introductory and training programmes for each profession Management system for systematically OHS management |
| Ethics and quality | <p>In order to provide high-quality social care with continuity, it is vital that Ambea's employees work in accordance with current management systems to ensure that care receivers are provided with effective and safe social care. There is a risk that care receivers are exposed to social care risk if established procedures are not followed.</p> <p>Ambea's employees work closely with the care receivers. Employees handle care receivers' financial affairs, for example. Here there is a risk of abuse in positions of trust and other forms of inappropriate or illegal behaviour.</p> <p>Ambea has extensive contact with municipalities, suppliers and other partners, and participates in tender procedures where extensive contracts are awarded. There is also a risk of unethical conduct or corruption in these situations.</p> | <ul style="list-style-type: none"> Code of Conduct Quality & Sustainability Policy Values and core values Management system with guidance for social care Customer Representative Ethics Representative (whistleblowing) |
| Information security | <p>Ambea processes personal data, including sensitive data about the health of care receivers. Poor information security could have wide-ranging implications for the care receivers, and for Ambea.</p> | <ul style="list-style-type: none"> Code of Conduct Values and core values Information Security Policy Personal Data Processing Policy (GDPR) Guidance for personal data processing (GDPR) Guidance for documentation according to the Patient Safety Act (PSL), Social Services Act (SoL) and Support and Service for Persons with Certain Functional Impairments Act (LSS) Guidance for medical records access log |

Sustainability organisation

Ambea's Board is ultimately responsible for sustainability management through the Board's Quality & Sustainability Committee, which meets at least four times annually. The Director of Quality & Sustainability is responsible for strategically leading and reporting the results of these efforts to the Committee.

The Director of Quality & Sustainability works in a team with the Communications and Marketing, Human Resources, Lära and Finance functions in order to ensure wide-ranging sustainability management.

The Code of Conduct and the Quality & Sustainability Policy comprise the overall guidance for Ambea's obligations from a sustainability perspective.

All employees have received training in the Code of Conduct. New employees sign the Code of Conduct, and a web-based course in the Code of Conduct, our values and core values is part of their introduction.

The Code of Conduct and other key guidance is updated annually. To ensure revision and updating of operational procedures, monitoring is carried out in the form of self-assessments.

Policies, guidance, guidelines and procedures can be found in the Qualimax management system, and are implemented across the operations.

Working preventively, wherever possible, and applying the precautionary principle are fundamental elements of our sustainability management. Ambea's sustainability management is based on the UN Global Compact and the 2030 Agenda for Sustainable Development. Ambea contributes to the achievement of six of the 17 Sustainable Development Goals (SDGs).

Collaboration and membership

Ambea is a member of Almega's Association of Private Care Providers, Competence Agencies of Sweden and Service Employer Association, which are employers' organisations and interest groups for private social care in Sweden. This means that Ambea

- has collective agreements, collectively agreed insurance coverage for its employees and the permits that are required
- complies with the Association of Private Care Providers' ethical guidelines and quality management system requirements, and that no complaints have been lodged against any of the company's owners or senior executives

- openly presents information about quality, employees, financial performance, owners and Board members on its website and in other contexts.

Membership of the Association of Private Care Providers is subject to transparency and openness requirements. This includes disclosures in regard to quality, employees, financial performance, owners and Board members. Private companies are important for the development of the social care sector and with this initiative, the Association of Private Care Providers is aiming to strengthen confidence in its member companies, and in the private social care sector.

Stendi, Ambea's Norwegian operational area, is a member of the Confederation of Norwegian Enterprise (NHO), the largest organisation for employers and leading business lobbyist in Norway.

Altiden, Ambea's Danish operational area, is a member of the Danish Chamber of Commerce, which is their organisation for employers.

Other important memberships for the operations

Ambea, Nytida and Vardaga are members of the Swedish Standard Institute (SIS) due to their involvement in a number of standardisation projects for elderly care (LSS and HVB).

GRI Content Index

This is Ambea's fourth Quality & Sustainability Report. The report describes the operations during the calendar year of 2019, and has been prepared in accordance with the GRI Standards, Core option. Ambea, Nytida, Vardaga are included in the report, as well as Stendi and Altiden.

The 2019 report also includes our Klara staffing operations wherever possible.

The Sustainability Report reflects the contents of Ambea's sustainability performance, which is based on the materiality assessment and the material topics determined as part of that process.

GRI Content Index

| GRI STANDARD | INFORMATION | PAGE | COMMENTS |
|--|--|--------------------------------------|---|
| GRI 102: General disclosures | | | |
| Organisational profile | | | |
| 102-1 | Name of the organisation | 3 | |
| 102-2 | Activities, brands, products and services | 3, 32–41 | |
| 102-3 | Location of headquarters | 58 | |
| 102-4 | Location of operations | 3 | |
| 102-5 | Ownership and legal form | 50–51 | |
| 102-6 | Markets served | 3 | |
| 102-7 | Scale of the organisation | 3, 25, 62–65, 87 | |
| 102-8 | Information on employees and other workers | 3, 24–29 | |
| 102-9 | Supply chain | 30 | |
| 102-10 | Significant changes to the organisation and its supply chain | 59–60 | |
| 102-11 | Precautionary Principle or approach | 123 | |
| 102-12 | External initiatives | – | Ambea does not participate in external initiatives. |
| 102-13 | Membership of associations | 123 | |
| Strategy | 102-14 | Statement from senior decision-maker | 6–7 |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | 19, 24 | |
| Governance | | | |
| 102-18 | Governance structure | 43–45, 123 | |
| Stakeholder engagement | | | |
| 102-40 | List of stakeholder groups | 120 | |
| 102-41 | Collective bargaining agreements | 25 | |
| 102-42 | Identifying and selecting stakeholders | 19, 120 | |
| 102-43 | Approach to stakeholder engagement | 120 | |
| 102-44 | Key topics and concerns raised | 120–123 | |
| Reporting practise | | | |
| 102-45 | Entities included in the consolidated financial statements | 58 | |
| 102-46 | Defining report content and topic Boundaries | 131, 123 | |
| 102-47 | List of material topics | 19, 130 | |
| 102-48 | Restatements of information | | Developed CPIs and sustainability targets |
| 102-49 | Changes in reporting | | No significant changes. |
| 102-50 | Reporting period | 123 | |
| 102-51 | Date of most recent report | 123 | |
| 102-52 | Reporting cycle | 123 | |
| 102-53 | Contact point for questions regarding the report | 123 | |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 123 | |
| 102-55 | GRI Content Index | 124–125 | |
| Topic-specific disclosures – GRI 200: Economic | | | |
| GRI 201: Economic Performance 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | 13–16 | |
| 103-2 | The management approach and its components | 13–16 | |
| 103-3 | Evaluation of the management approach | 13–16 | |
| Topic-specific disclosures – GRI 300: Environment | | | |
| GRI 305: Emissions 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | 13–16 | |
| 103-2 | The management approach and its components | 13–16 | |
| 103-3 | Evaluation of the management approach | 13–16 | |
| 305-1 | Direct (Scope 1) GHG emissions | 30 | |
| 305-2 | Indirect (Scope 2) GHG emissions | 30 | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 30 | |
| Topic-specific disclosures – GRI 400: Social | | | |
| GRI 403: Occupational Health and Safety 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | 20–22, 121 | |
| 103-2 | The management approach and its components | 20–22, 123 | |
| 103-3 | Evaluation of the management approach | 20–22, 123 | |

| GRI STANDARD | INFORMATION | PAGE | COMMENTS |
|--|---|--------------|----------|
| | 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 26-27 | |
| | 403-3 Workers with high incidence or high risk of diseases related to their occupation | 26-27, 122 | |
| GRI 404: Training and education 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| | 103-1 Explanation of the material topic and its Boundary | 24, 123 | |
| | 103-2 The management approach and its components | 24, 123 | |
| | 103-3 Evaluation of the management approach | 24, 123 | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 24, 26-27 | |
| GRI 405: Diversity and Equal Opportunity 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| | 103-1 Explanation of the material topic and its Boundary | 24, 44, 123 | |
| | 103-2 The management approach and its components | 24, 44, 123 | |
| | 103-3 Evaluation of the management approach | 24, 44, 123 | |
| | 405-1 Diversity of governance bodies and employees | 24-25, 52-55 | |
| GRI 405: Non-discrimination 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| | 103-1 Explanation of the material topic and its Boundary | 123 | |
| | 103-2 The management approach and its components | 123 | |
| | 103-3 Evaluation of the management approach | 123 | |
| | 406-1 Incidents of discrimination and corrective actions taken | 27 | |
| GRI 416: Customer health and safety 2016 | | | |
| GRI 103: Management Approach 2016 | | | |
| | 103-1 Explanation of the material topic and its Boundary | 13-15, 19-22 | |
| | 103-2 The management approach and its components | 13-15, 19-22 | |
| | 103-3 Evaluation of the management approach | 13-15, 19-22 | |
| | 416-2 Incidents of non-conformance concerning the health and safety impacts of products and services | 21-22 | |

Definitions and calculation method for Ambea CO2 footprint on page 30

| SCOPE | CATEGORY | 2019 | 2020 |
|---------|--|--|--|
| Scope 1 | 1. Company facilities | Some redistribution from Scope 2 after external revision 2019. The category now contains measured data from added refrigerants in Sweden, Norway and Denmark in nursing homes. | Now contains measured data from added refrigerants in Sweden, Norway and Denmark in nursing homes. |
| Scope 1 | 2. Company vehicles | Updated average yearly mileage for cars in Norway based on 2020 year data. | A significant increase of electric vehicles in Norway have supported the reduction of carbon footprint in this category. |
| Scope 2 | Purchased electricity, steam, heating, & cooling for own use | Certain additional data has been retrieved from several suppliers. | Certain estimated data based on 2019. The reduction of carbon footprint in the category is explained by a decision to change to fossilfree energy in own management units. This means that we have a certificate of origin from all energy consumption in Norway. |
| Scope 3 | 1. Purchased goods and services | Data is presented for the first time, including carbon footprint from food and consumables. The carbon footprint is connected to food in Vardaga and calculated based on our meal concepts. Carbon footprint from other brands have been estimated. | Data presenteras första gången, innehåller avtryck från mat och förbrukningsartiklar, dock inte fullständigt avtryck. Avtrycket kopplat till mat i Vardaga är uträknat utifrån vårt måltidskoncept, och avtrycket kopplat till mat för övriga varumärken är uppskattat. |
| Scope 3 | 3. Fuel and energy related activities | Data is presented for the first time, containing footprint related to scope 2. | Data is presented for the first time, containing footprint related to scope 2. |
| Scope 3 | 4. Transportation and distribution | Now includes carbon footprint from additional suppliers. | Now includes carbon footprint from additional suppliers. |
| Scope 3 | 5. Waste generated in operations | Includes carbon footprint connected to waste from our main supplier in Sweden. | Includes carbon footprint connected to waste from our main supplier in Sweden. |
| Scope 3 | 6. Business travel | Carbon footprint connected to bookings made through Ambea's travel agency Egencia and Berg-Hansen in Sweden and Norway. Travel with BRA Flyg airline now included in Sweden. Travel in Denmark estimated. Now includes carbon footprint in Sweden, Norway and Denmark related to travel by train and hotel stays. The Hotel emission factor based on data from Finland for nordic nights 2020. | Carbon footprint connected to bookings made through Ambea's travel agency Egencia and Berg-Hansen in Sweden and Norway. Travel with BRA Flyg airline now included in Sweden. Travel in Denmark estimated. Now includes carbon footprint in Sweden, Norway and Denmark related to travel by train and hotel stays. The Hotel emission factor based on data from Finland for nordic nights 2020. The decrease in 2020 is mainly explained by less travel due to the Covid-19 pandemic. |
| Scope 3 | 7. Employee commuting | Data presented for the first time, the carbon footprint is an estimation based on a survey with ca 6 000 respondents in the Nordics. Estimate based on number of employees 2019. | Data presented for the first time, the carbon footprint is an estimation based on a survey in 2020 with ca 6 000 respondents in the Nordics |

Annual General Meeting (AGM)

Ambea's AGM will be held on Wednesday, 12 May 2021.

To avoid spreading the virus that causes COVID-19, the Board of Ambea has decided that the Annual General Meeting will be held without the possibility of physical attendance by shareholders, proxies or external parties, and that shareholders will be able to exercise their voting rights by mail prior to the meeting.

Participation

Shareholders who wish to participate in the AGM must be registered in the share register maintained by Euroclear Sweden AB on Tuesday, 4 May 2020, and have registered by casting their postal vote in accordance with the instructions under the heading of Voting by post below, so that Computershare AB has received their postal vote by 11 May 2021.

Registration must be in writing and sent to:

Computershare AB,
Ambea's Annual General Meeting,
Box 5267, SE-102 46 Stockholm, Sweden,

Voting by post

Shareholders may only exercise their voting rights at the AGM by postal vote. The voting by post form is available at ambea.se. More information about voting by post can be found in the Notice of the Annual General Meeting and in the voting by post form.

Financial calendar

| | |
|------------|------------------------|
| 4 May | Q1 interim report |
| 12 May | Annual General Meeting |
| 23 July | Q2 interim report |
| 4 November | Q3 interim report |

Contact

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

Evenemangsgatan 21
Box 1565
SE-171 29 Solna

Telephone: +46 (0)8-578 700 00
Corp. Reg. No.: 556468-4354
www.ambea.se



Printed at MultiDesign,
good environmental choice.