



ambea:

January-September 2023

Interim report

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



Introduction

Positive trend continues

Third quarter July-September

- Net sales rose 5 per cent to SEK 3,355 million (3,187). Organic growth was 6 per cent and acquired/divested growth was -1 per cent.
- Operating profit (EBIT) totalled SEK 360 million (333).
- EBITA was SEK 383 million (359), representing a margin of 11.4 per cent (11.3).
- Profit for the period totalled SEK 206 million (193).
- Earnings per share were SEK 2.30 (2.04) before and after dilution.
- Cash conversion was 78.6 per cent (56.2).
- Free cash flow totalled SEK 427 million (252).

- EBITA was impacted by two non-recurring items of SEK -16 million net. The comparative period was positively impacted by three non-recurring items totalling SEK 70 million. Excluding non-recurring items, EBITA rose SEK 92 million.
- EBITA was SEK 789 million (783), representing a margin of 8.0 per cent (8.3).
- Profit for the period totalled SEK 322 million (344).
- Earnings per share were SEK 3.58 (3.64) before and after dilution.
- Cash conversion was 84.0 per cent (88.5).
- Free cash flow totalled SEK 1,038 million (1,049).

First nine months, January-September

- Net sales rose 5 per cent to SEK 9,901 million (9,410). Organic growth was 6 per cent and acquired/divested growth was -1 per cent.
- Operating profit (EBIT) totalled SEK 717 million (702).

Consolidated key figures

SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Jan-Dec
Net sales	3,355	3,187	5	9,901	9,410	5	13,126	12,635
EBITA and adjusted EBITA*	383	359	7	789	783	1	960	954
Operating margin EBITA and adjusted EBITA (%)*	11.4	11.3		8.0	8.3		7.3	7.6
Operating profit, EBIT	360	333	8	717	702	2	858	843
Operating margin, EBIT (%)*	10.7	10.4		7.2	7.5		6.5	6.7
Profit/loss after tax	206	193	7	322	344	-6	344	366
Earnings/loss per share before dilution, SEK	2.30	2.04	13	3.58	3.64	-2	3.80	3.89
Earnings/loss per share after dilution, SEK	2.30	2.04	13	3.58	3.64	-2	3.80	3.89
Cash conversion (%)*	78.6	56.2		84.0	88.5		91.8	95.6
Free cash flow*	427	252	69	1,038	1,049	-1	1,440	1,451

* Alternative performance measures. For reconciliation of financial statements to IFRS, see Note 6. For purpose and definition, see [ambea.com/investor-relations/reports-and-presentations/](https://www.ambea.com/investor-relations/reports-and-presentations/)

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Ambea's quarterly report is designed for accessibility

CEO statement: Positive trend continues

In the third quarter, the positive trend with margin improvements and stable organic growth continued. Demand was favourable and occupancy increased for Vardaga and Stendi in particular, which strengthened the margin. During the quarter, Vardaga opened a new nursing home, Villa Soldalen, in Halmstad. We also signed two new agreements for nursing homes in Täby, with a total of 140 places. I am pleased and proud that we can help society build new and modern care homes for higher quality of life, while this is also creating growth, development and jobs at Ambea. To ensure good and equal access to care, the rate of construction for nursing homes must increase significantly. Ambea has a number of concrete recommendations for how waiting lists and lack of capacity can be avoided. We also see a need for, and would welcome, a care home guarantee in Sweden.

Organic growth and increased earnings

In the third quarter, net sales rose 5 per cent to SEK 3,355 million (3,187). EBITA increased to SEK 383 million (359), corresponding to a margin of 11.4 per cent (11.3). Organic growth was 6 per cent. In the third quarter, Ambea reported its highest-ever net sales and earnings for a single quarter.

Margin improvements and new agreements

The positive trend continued for Stendi, and the focus on increased occupancy and operational improvements is yielding results. Despite a strong comparative period, Stendi's EBITA rose 14 per cent to SEK 88 million. Nytida

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Demand was favourable and occupancy increased for Vardaga and Stendi in particular, which strengthened the margin.

posted a stable quarter and has signed agreements for two new care homes with a total of 12 places. Altiden is undergoing an intensive improvement process to lead the company in the right direction, but we are not satisfied with the division's earnings during the quarter. The transition will take time, but we are expecting to see year-on-year performance improvements as of the next quarter.

Higher care receiver satisfaction for Vardaga

Vardaga received a high score in the National Board of Health and Welfare's annual care receiver survey of elderly care in Sweden. The results improved year-on-year and were above average for elderly care run by both private and municipal operators. Vardaga also performed strongly in important areas such as activities, meal experiences and that the care receivers feel that the employees have sufficient time to complete their tasks. The care receiver survey is a key element of our quality management and the units will now continue to work with the results.

Job and integration engine

Skills supply is a major challenge for the entire care sector and Ambea has a long history of creating work experience placements and jobs for people with a foreign background or who are less likely to find a job. In September, we signed an agreement with Kommunal (the Swedish Municipal Workers' Union) in which we committed to working together to promote language learning in our workplaces. I am proud that Ambea is contributing with innovative thinking and upskilling to help people grow and develop, while also securing our own, and the sector's, skills requirements.

The Group's positive trend continued in the third quarter of the year, and I would like to thank all care receivers, family members, clients and especially employees for your strong commitment and continued trust.



Mark Jensen
President and CEO Ambea



Quality and sustainability

Quality and sustainability that create quality of life

Our mission is to create enough safe and sustainable care for everyone. To achieve this, we have established a robust quality management system that permeates all areas of our operations. Our approach to quality management is based on our vision, our values and the skills of our employees. We also have clear systems and procedures to support this approach. The aim is that it should be easy for employees to do the right thing, and to spend their time on the right things – care that creates quality of life and value. We use a Quality Index to monitor our units on a monthly basis. The index consists of eight selected quality and HR metrics that show us the status of a unit, and allow us to monitor our units systematically.

Sustainable care

In the area of sustainability, we work with Environmental, Social and Governance (ESG) factors, an established framework in the business world that encompasses all sustainability issues.

EWe are working actively to achieve climate-smart care. This means that we are working to reduce the carbon footprint of our food, consumables, premises and transportation. We have adopted an ambitious target to halve our emissions by 2025, compared with 2019. We have reduced our emissions by 31 per cent* since 2019.

*Tonnes of CO₂e per unit of revenue, excluding employee commuting.

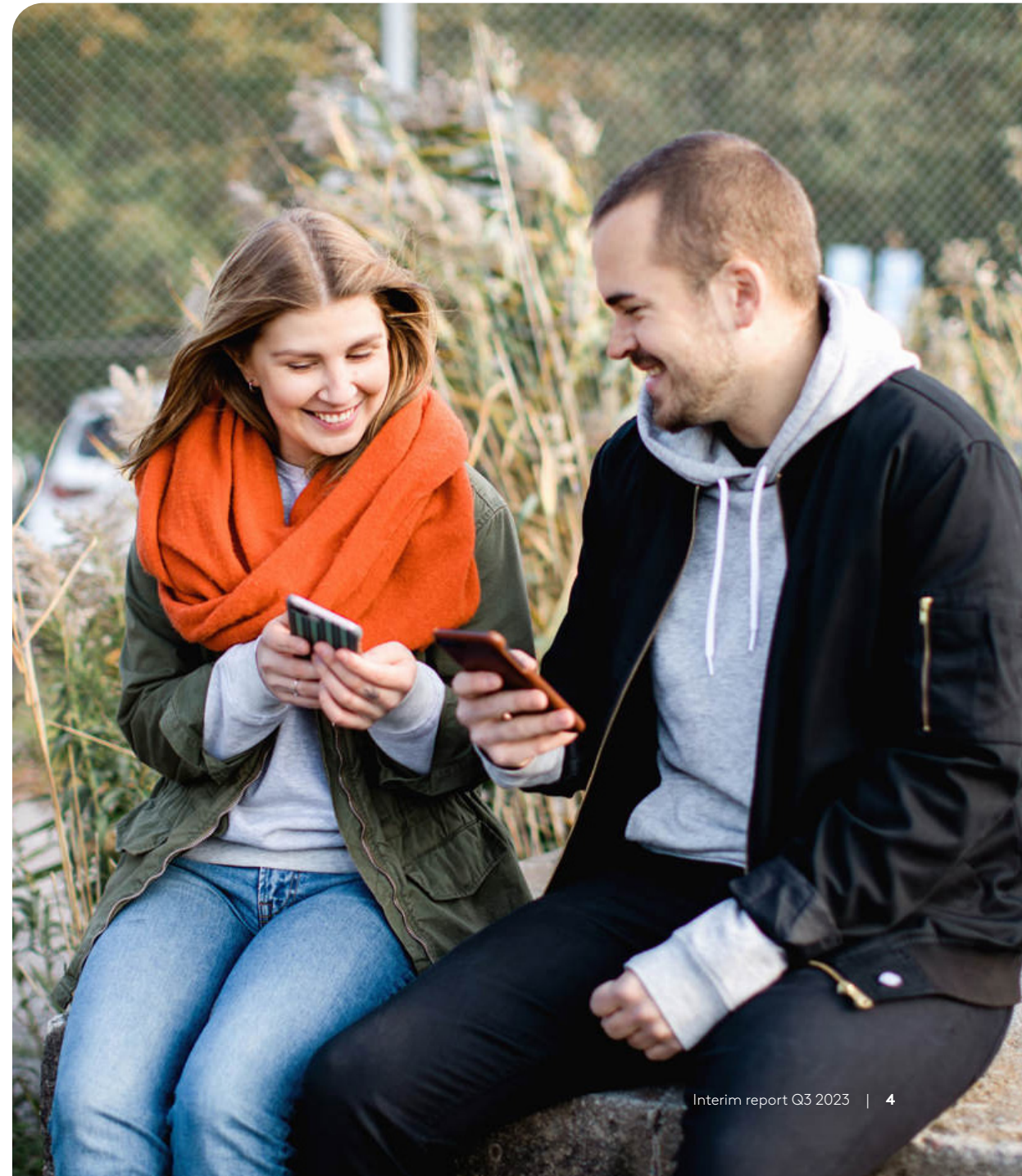
Social sustainability is engrained in our DNA. In this area, we are focused on quality, leadership, health and safety, diversity and inclusion, and on spreading knowledge and developing the competence of our own and the sector’s employees.

GOur operations are characterised by robust control, transparency and trust, based on compliance with internal and external regulations and procedures. We participate in public debate with our knowledge and use our size to influence society and our sector.

By working actively with quality and sustainability, we are contributing to social development and helping to future-proof care.



Since 2016, more than 2,000 newly arrived residents in Sweden have received a work experience placement or employment in Ambea.



High score for Vardaga in this year's care receiver survey

Every year, the National Board of Health and Welfare conducts a care receiver survey of elderly care, where care receivers are asked what they think about their facility. In this year's survey, 79.5 per cent of Vardaga's care receivers were positive and satisfied with the care they receive, which is 3.4 percentage points higher than last year. The result is above average for both private and public operations.

"Feedback from our care receivers is very important to us and we place a lot of emphasis on analysing the results and creating action plans with targeted measures, based on both the National Board of Health and Welfare's survey and our own care receiver surveys," says Maria Green Gadelius, Head of Quality at Ambea.

"We have just compiled our results from the National Board of Health and Welfare's care receiver survey and started working on an in-depth analysis."



Stendi's focus on the Transparency Act

On 1 July 2022, a new Transparency Act came into effect in Norway. The new Act requires companies to ensure that human rights and decent working conditions are respected in their operations and supply chains, and to ensure public access to information.

As part of the division's rigorous control, Stendi published its first transparency report last summer. In the report, Stendi presents the results of an in-depth screening of its suppliers. Alignment with the Transparency Act is a continuous process, in which Stendi is focused on monitoring suppliers. In its approach to achieving compliance with the Act, Stendi applies Ambea's ethical guidelines and Code of Conduct. The report is available on Stendi's website. Another project running in parallel is the implementation of a new purchasing systems, which Stendi believes will have a positive effect on securing and ensuring the quality of all suppliers.

"We expect our suppliers and partners to follow the Transparency Act. When we are evaluating and selecting suppliers and partners, their ability and willingness to comply with the Act is a crucial factor, says Hanne Løvli, HR Director Stendi.

How satisfied are you overall?

Average private/municipal 78.2%

79.5%

2022: 76.1%



+3.4

How does the food usually taste?

Average private/municipal 73.4%

78.2%

2022: 75.2%



+3.0

How satisfied are you with the activities that are offered at your nursing home?

Average private/municipal 60%

64.1%

2022: 58.7%



+5.4

Do the employees usually have enough time to complete their tasks when they visit you?

Average private/municipal 70.8%

71.7%

2022: 66.4%



+5.3

“A really good way to ensure quality in the units”

As part of our continuous quality assurance process, the Quality Department performs about 250 internal quality inspections of our units every year. One of the units that was inspected during the quarter is Väjjö LSS, which consists of three group homes.

“The quality inspections are a really good way to ensure quality in the units. When I first started working, I used to think this was a nuisance, but now I see it as a tremendous advantage that someone can step in from outside and find areas for improvement,” says unit manager Ulrika Hansson.

During a quality inspection, Ambea’s Quality Department reviews the unit’s compliance with the management system based on concepts/service processes and the applicable quality, health and safety and environmental regulations. Any areas for improvement that are identified are recorded in an overall report. The unit then creates action plans to address the non-conformities, which are then followed up on a regular basis by a senior manager.

The quality inspections and self-assessments complement each other – they can be compared with KPIs and monitored over time, and are key components of our systematic quality assurance process.



Quality and social sustainability – we are setting targets for 2024

During the quarter, we took a holistic approach to our joint KPIs for quality and social sustainability. We are evaluating and setting targets for 2024.

Every month, we use a Quality Index, comprising key quality and HR metrics, to monitor the performance of our units. The monitoring is based on data such as customer satisfaction, employee engagement, systematic improvements, sick leave and the unit’s compliance with processes.

“We can use the Quality Index to measure, compare and provide support where it’s needed to ensure consistent quality across the entire organisation,” says Maria Green Gadelius, Head of Quality at Ambea. In the third quarter, all divisions evaluate the outcome of the KPIs and set targets for next year.

New cookbook with climate-smart recipes

In elderly care, mealtimes are important for enhancing quality of life for the elderly. At Vardaga’s nursing homes, food is prepared according to the Food Like Home concept, and during the quarter we released a new cookbook based on the concept with even more climate-smart recipes.

The greenhouse gas (GHG) emissions (CO₂e) generated by each of the ingredients in the recipes have been calculated. By adding these emissions together, we can calculate the total emissions per meal and portion. The new menus have reduced GHG emissions by 271 tonnes of CO₂e per year.

“We work continuously with our suppliers and wholesalers to find alternative, climate-smart products, as well as opportunities to achieve completely fossil-free deliveries from our wholesalers in the future,” says Robert Kroon, mealtime manager at Ambea.

Ambea’s KPIs for quality and social sustainability

	Target	Outcome Q3 2023	Comments
Ambea’s Quality Index An aggregated index of six quality and HR KPIs for the entire Group. Scale of 1-10	>7.50	7.41	In Q3, the QHR score declined year-on-year to 7.41 (7.58). The QHR score decreased for all divisions except Stendi, which has remained stable since Q2. The results are measured on a monthly basis.
Partial report of Ambea’s Quality Index			
1 Perceived care The care receivers’ view of our care and service. Scale of 1-100	>86.5%	89%*	There was no survey in Q3, which is why the results remain unchanged. Surveys of the divisions, as well as nationally in Sweden, are carried out continuously.
2 Employee satisfaction Employee satisfaction surveys are carried out on a regular basis during the year to measure satisfaction and engagement. Scale of 0-100	>75	73	All divisions identify structured objectives and focus areas at both central and local levels, alongside of active and continuous improvements in each individual unit. The survey is carried out six times per year and the figure is the same as for Q2.
3 Leadership Index The employees’ view of leadership at Ambea. Scale of 0-100	>78	77	The biannual survey takes the form of an in-depth questionnaire where employees evaluate their line manager based on Ambea’s prioritised leadership qualities. The result is the average of all individual responses to all leadership questions. The next survey will take place in Q4.
4 Recommendation of Ambea Whether the employee would recommend Ambea as an employer. eNPS scale -100 – +100	>+19	+19*	The survey is carried out twice annually. In Q2 2023, this survey was 2 points lower than the preceding survey in Q4 2022, but is in line with the target for 2023. The next survey will take place in Q4.
5 Internal control Control and follow-up of a unit’s compliance with the quality management system. Scale of 0-2	>1.83	1.85*	All divisions completed a survey in Q2. The results declined to 1.85 compared with 1.88 for the preceding survey. The results for Nytida remained unchanged, while the results for other divisions declined slightly. The next survey will take place in Q4.
6 Improvement Index Improvements implemented and documented in the units. Scale of 0-10	>7.50	7.01	The Improvement Index score decreased to 7.01 compared with 7.87 for Q3 2022, due to Altiden’s previous acquisition of EKKOfonden which has now been included in the index. The results are measured on a monthly basis.

* Outcome is unchanged compared with the preceding quarter, since no new survey was carried out during the quarter.

NOTE: All results in areas 1,5 and 6, as well as Ambea’s Quality Index score, are weighted on the basis of each division’s sales in 2022, which also affects comparisons with previous quarterly reports in areas where when no new survey has been carried out. Other KPIs are already weighted.

Reporting

Group

Third quarter

Net sales

Net sales rose 5 per cent to SEK 3,355 million (3,187). Organic growth was 6 per cent and acquired/divested growth was -1 per cent.

Net sales in Own Management amounted to SEK 2,602 million (2,452). The year-on-year sales growth was attributable to increased occupancy and higher prices.

Net sales in Contract Management amounted to SEK 694 million (651). The year-on-year sales growth was attributable to previously won contracts in Vardaga and Nytida.

Net sales in competence and staffing solutions decreased 30 per cent to SEK 59 million (84). The decline was due to divestment of the doctor staffing services.

Earnings

EBIT rose 8 per cent to SEK 360 million (333), representing a margin of 10.7 per cent (10.4).

EBITA rose 7 per cent to SEK 383 million (359). The EBITA margin was 11.4 per cent (11.3). The earnings improvement was driven by Vardaga and Stendi.

Net financial items

Net financial expense was SEK -99 million (-84) for the quarter. Of this amount, SEK -74 million (-67) pertained to interest on a lease liability, SEK -33 million (-15) to interest and financial expenses/income, and SEK 8 million (-2) to exchange rate fluctuations.

Income tax

Tax expense for the period was SEK -55 million (-56), corresponding to an effective tax rate of 21 per cent (22).

Profit for the period

Profit for the period totalled SEK 206 million (193), representing earnings per share of SEK 2.30 (2.04) before and after dilution.

Cash flow

Free cash flow for the quarter was SEK 427 million (252). The increase in cash flow was attributable to changes in working capital and operational improvements.



Group

First nine months, January-September

Net sales

Net sales rose 5 per cent to SEK 9,901 million (9,410). Organic growth was 6 per cent and acquired/divested growth was -1 per cent.

Net sales in Own Management amounted to SEK 7,677 million (7,199). The year-on-year sales growth was attributable to increased occupancy, higher prices and start-up units.

Net sales in Contract Management amounted to SEK 2,026 million (1,964). The year-on-year sales growth was attributable to previously won contracts in Nytida and Vardaga. The increase was offset by an elderly care contract in Stendi that was handed back.

Net sales in competence and staffing solutions decreased 20 per cent to SEK 198 million (247). The decline was due to divestment of the doctor staffing services.

Earnings

EBIT rose 2 per cent to SEK 717 million (702), representing a margin of 7.2 per cent (7.5).

EBITA rose 1 per cent to SEK 789 million (783). The EBITA margin was 8.0 per cent (8.3). The period was impacted by two non-recurring items of SEK -16 million net. Since these items do not relate to the underlying operations of the divisions, they were recognised at Group level.

In connection with the handback of three rental contracts to property owners in Vardaga, an impairment of right-of-use assets generated an earnings effect of SEK

-36 million. A revaluation of the earn-out related to the acquisition of SkolPool had a positive earnings effect of SEK 20 million. The comparative period was positively impacted by three non-recurring items totalling SEK 70 million. Excluding the above items, EBITA increased SEK 92 million.

Net financial items

Net financial expense was SEK -309 million (-254) for the quarter.

Of this amount, SEK -218 million (-198) pertained to interest on a lease liability, SEK -95 million (-51) to interest and financial expenses/income, and SEK 4 million (-5) to exchange rate fluctuations.

Income tax

Tax expense for the period was SEK -86 million (-104), corresponding to an effective tax rate of 21 per cent (23).

Profit for the period

Profit for the period totalled SEK 322 million (344), representing earnings per share of SEK 3.58 (3.64) before and after dilution.

Cash flow

Free cash flow for the period was SEK 1,038 million (1,049). The decline in free cash flow was attributable to income from property sales in 2022.



Cash flow

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
EBITDA	693	634	1,687	1,597	2,134	2,044
Adjustment for non-cash items	17	1	5	-61	-60	-126
Change in working capital	-147	-262	-204	-183	-25	-4
Cash flow from investments in fixed assets*	-24	-21	-77	39	-105	11
Operating cash flow, including investments to increase capacity	539	352	1,411	1,392	1,944	1,925
Net interest paid	-92	-84	-298	-254	-395	-351
Tax paid	-20	-16	-75	-89	-109	-123
Free cash flow	427	252	1,038	1,049	1,440	1,451
Acquisition/disposal of shares and participations	0	-10	-10	-226	-9	-225
Cash flow from financing activities	-453	-223	-1,268	-811	-1,494	-1,037
Cash flow for the period	-26	19	-240	12	-63	189
* of which sales of fixed assets	4	0	5	116	5	116
Operating cash flow, excl. IFRS 16 effects	213	52	434	518	660	744
Free cash flow, excl. IFRS 16 effects	174	18	279	373	442	536

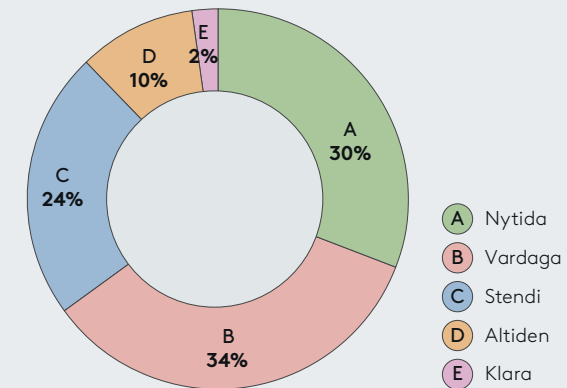
Financial position

SEK million	Incl. IFRS 16 effects			Excl. IFRS 16 effects		
	2023 30 Sep	2022 30 Sep	2022 31 Dec	2023 30 Sep	2022 30 Sep	2022 31 Dec
Net interest-bearing debt*	11,189	10,633	10,718	2,517	2,586	2,620
Rolling 12 months adjusted EBITDA*	2,134	2,090	2,044	855	919	869
Net debt/Rolling 12 months adjusted EBITDA	5.2	5.1	5.2	2.9	2.8	3.0

* Alternative performance measures. For reconciliation of financial statements to IFRS, purpose and definition see [ambea.com/investor-relations/reports/key-financial-figures-definitions/](https://www.ambea.com/investor-relations/reports/key-financial-figures-definitions/)

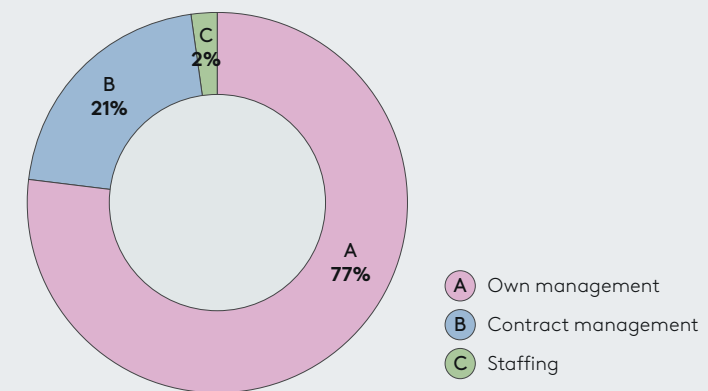
Net sales by segment

July - September 2023



Net sales per contract model

July - September 2023



Nytida – a stable quarter

Nytida provides support and care for children, young people and adults with lifelong disabilities and psychosocial problems. We offer residential care, day services, support for individuals and families, and schools in approximately 450 units across Sweden. Using proven models and in-depth knowledge, our 9,000 employees help to strengthen the ability of individuals to live an independent life.

The quarter

Nytida had a stable quarter and we signed two new agreements for assisted living facilities with a total of 12 places.

Net sales rose 3 per cent year-on-year to SEK 1,005 million (980).

Net sales in Own Management amounted to SEK 807 million (797). Sales were positively impacted by start-up units and higher prices, but offset by closed units.

Net sales in Contract Management amounted to SEK 198 million (183). The increase was due to the net effect between start-ups and the termination of previous contracts.

Adjusted EBITA declined 1 per cent to SEK 168 million (170).

The adjusted EBITA margin was 16.7 per cent (17.3).

First nine months, January-September

Net sales rose 3 per cent year-on-year to SEK 3,013 million (2,923).

Net sales in Own Management amounted to SEK 2,425 million (2,384). Sales were positively impacted by start-up units and higher prices, but offset by closed units.

Net sales in Contract Management amounted to SEK 588 million (539). The increase was due to the net effect between start-ups and the termination of previous contracts.

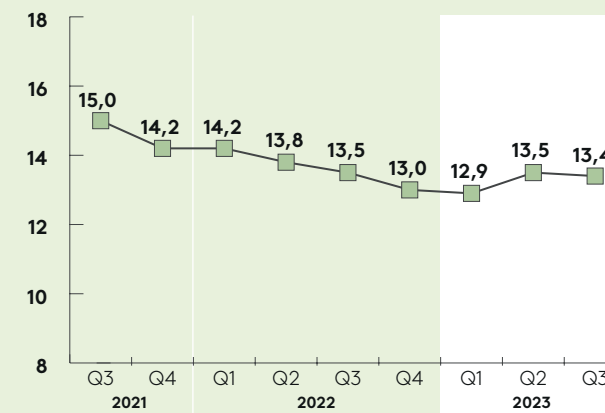
Adjusted EBITA rose 7 per cent to SEK 421 million (393). Higher prices and operational improvements had a positive impact on earnings.

The adjusted EBITA margin was 14.0 per cent (13.4).

13.4%

Adjusted operating margin RTM was 13.4 per cent, compared with 13.0 per cent for full-year 2022.

Adjusted EBITA margin RTM %



SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Full-year
Net sales	1,005	980	3	3,013	2,923	3	4,005	3,915
Adjusted EBITA*	168	170	-1	421	393	7	537	509
Operating margin, adjusted EBITA (%)*	16.7	17.3		14.0	13.4		13.4	13.0

* Alternative performance measures.

Vardaga – strong earnings

At Vardaga’s over 100 residential facilities across Sweden, we offer elderly care where every day is as meaningful as the next. Every one of our nursing homes, short-term residential facilities, home care and day services offers a high level of expertise and a safe environment. Our 12,000 employees ensure quality of life and safety for every care receiver.

The quarter

Vardaga strengthened its margin during the quarter due to increased occupancy and higher prices. We also opened a new nursing home in Halmstad, Villa Soldalen, with 60 beds. We are now welcoming new care receivers to the home. Vardaga also signed agreements to open two new nursing homes in Täby with a total of 140 beds, that will open in 2026 and 2028.

Net sales rose 9 per cent year-on-year to SEK 1,159 million (1,063).

Net sales in Own Management amounted to SEK 805 million (728), up 11 per cent due to increased occupancy and higher prices.

Net sales in Contract Management amounted to SEK 354 million (335). The 5-per cent increase was due to the net effect between start-ups and terminations of previous contracts. The net effect of confirmed contract start-ups and terminations over the next 12-month period will result in increased annual sales of SEK 135 million.

Adjusted EBITA rose 24 per cent to SEK 123 million (99). The earnings growth was due to increased occupancy, operational improvements, lower

start-up costs for new residential facilities and previous measures related to handed back rental contracts.

The adjusted EBITA margin was 10.6 per cent (9.3).

First nine months, January-September

Vardaga’s net sales rose 9 per cent year-on-year to SEK 3,382 million (3,089).

Net sales in Own Management amounted to SEK 2,373 million (2,096), up 13 per cent due to increased occupancy and higher prices.

Net sales in Contract Management amounted to SEK 1,009 million (993). The increase was due to the net effect between start-ups and the termination of previous contracts.

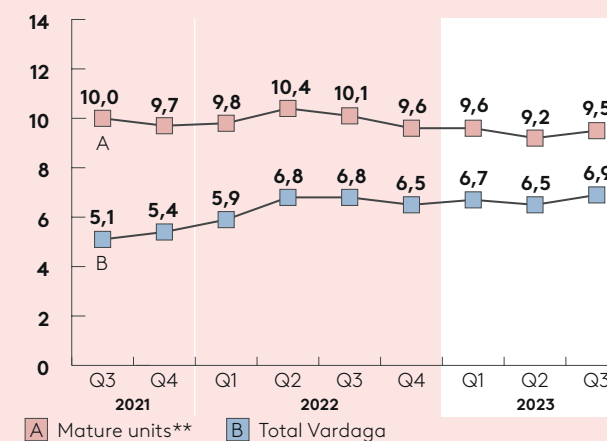
Adjusted EBITA rose 18 per cent to SEK 257 million (218). The comparative period was positively impacted by a pension repayment of SEK 23 million. The underlying earnings growth was due to increased occupancy, operational improvements and lower start-up costs for new residential facilities.

The adjusted EBITA margin was 7.6 per cent (7.1).

24%

Adjusted EBITA rose 24 per cent compared with the year-earlier quarter.

Adjusted EBITA margin RTM %



**Mature units do not include residential facilities under own management that were opened after 2021, or residential facilities that are not yet open.



SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Full-year
Net sales	1,159	1,063	9	3,382	3,089	9	4,465	4,172
Adjusted EBITA*	123	99	24	257	218	18	310	271
Operating margin, adjusted EBITA (%)*	10.6	9.3		7.6	7.1		6.9	6.5
Operating margin, adjusted EBITA mature units (%)*	13.7	12.4		10.2	10.3		9.5	9.6

* Alternative performance measures.

Stendi – continued margin growth

Stendi is the largest care provider in Norway and runs nationwide operations in support, personal assistance and residential care for adults, children and young people. We have about 6,500 employees and more than 300 units across Norway.

The quarter

Stendi's focus on operational improvements and increased occupancy has continued, which is strengthening the division's profitability. Stendi opened four new units with a total of eight places in child protection and residential care.

Net sales rose 5 per cent to SEK 806 million (767). Sales rose 8 per cent in local currency.

Net sales in Own Management amounted to SEK 772 million (730). Sales rose 8 per cent in local currency. The increase was due to increased occupancy and higher prices.

Net sales in Contract Management amounted to SEK 34 million (37). Sales declined 1 per cent in local currency.

Adjusted EBITA was SEK 88 million (77). Earnings were impacted by increased occupancy, higher prices, capacity adjustments and operational improvements.

The adjusted EBITA margin was 10.9 per cent (10.0).

First nine months, January-September

Net sales rose 2 per cent to SEK 2,334 million (2,288). Sales rose 6 per cent in local currency.

Net sales in Own Management amounted to SEK 2,233 million (2,143). Sales rose 8 per cent in local currency. The increase was due to increased occupancy and higher prices.

Net sales in Contract Management amounted to SEK 101 million (145). Sales declined 22 per cent in local currency. The decrease was due to the hand-back of an elderly care contract.

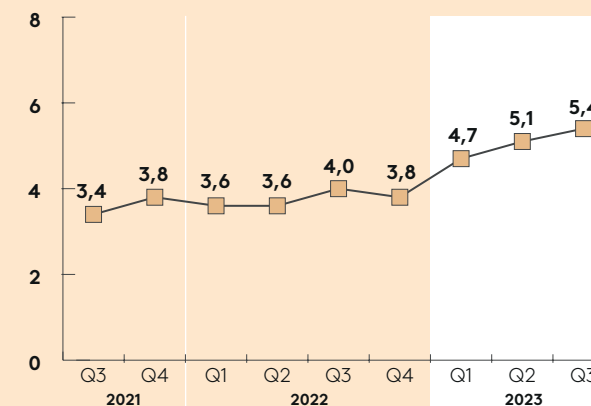
Adjusted EBITA amounted to SEK 144 million (93). Earnings improved due to increased occupancy, capacity adjustments and operational improvements.

The adjusted EBITA margin was 6.2 per cent (4.1).

14%

Adjusted EBITA rose 14 per cent compared with the year-earlier quarter.

Adjusted EBITA margin RTM %



SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Full-year
Net sales	806	767	5	2,334	2,288	2	3,093	3,047
Adjusted EBITA*	88	77	14	144	93	55	168	117
Operating margin, adjusted EBITA (%)*	10.9	10.0		6.2	4.1		5.4	3.8

* Alternative performance measures.

Altiden – ongoing transition

Altiden is the largest private care provider in Denmark, with operations comprising elderly care, rehabilitation, disability care and social care. All over Denmark, we provide skilled care services based on respect. Approximately 2,000 employees ensure quality of life and a secure environment with a focus on development.

The quarter

We are continuing to work intensely with the transition of Altiden and expect to see year-on-year performance improvements as of the next quarter. During the period, Altiden opened one unit with a total of 17 places and closed one unit with six places.

Net sales rose 11 per cent to SEK 326 million (293). Sales rose 1 per cent in local currency.

Net sales in Own Management amounted to SEK 218 million (197). Sales remained unchanged in local currency.

Net sales in Contract Management amounted to SEK 108 million (96). Sales rose 2 per cent in local currency.

Adjusted EBITA amounted to SEK -2 million (4). The weak earnings were impacted by start-up costs for one new nursing home under own management, and continued operational challenges with high staffing costs. Structural measures were implemented to drive profitability in relation to

capacity and organisation, which will take gradual effect in 2024.

The adjusted EBITA margin was -0.6 per cent (1.4).

First nine months, January-September

Net sales rose 13 per cent to SEK 974 million (863). In local currency, sales rose 4 per cent.

Net sales in Own Management amounted to SEK 646 million (576). Sales rose 3 per cent in local currency. The sales growth was attributable to start-up units.

Net sales in Contract Management amounted to SEK 328 million (287). Sales rose 5 per cent in local currency. The increase was attributable to the start-up of new contracts in 2022, but offset by terminated contracts in home care.

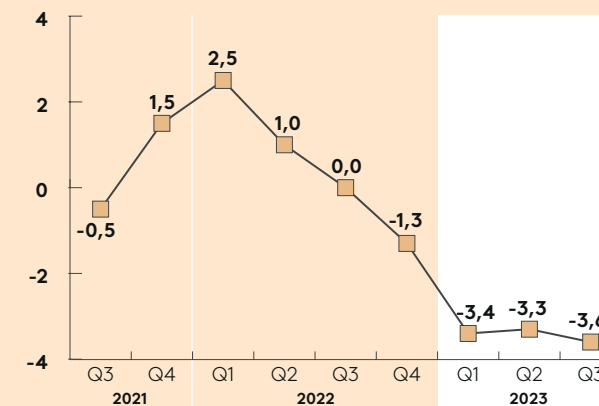
Adjusted EBITA was SEK -31 million (-1).

The adjusted EBITA margin was -3.2 per cent (-0.1).

11%

Net sales rose 11 per cent compared with the year-earlier quarter.

Adjusted EBITA margin RTM %



SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Full-year
Net sales	326	293	11	974	863	13	1,274	1,163
Adjusted EBITA*	-2	4	-	-31	-1	-	-46	-16
Operating margin, adjusted EBITA (%)*	-0.6	1.4		-3.2	-0.1		-3.6	-1.4

* Alternative performance measures.

Klara – slightly weaker external demand

Klara is one of the leading providers of staffing solutions for social care in Sweden. We are an authorised and ISO-certified staffing company. We help public and private clients with value-adding sustainable solutions.

Lära* is one of the leading companies in Sweden in training and competence-enhancement programmes for social work, care, schools and treatment.

The quarter

During the quarter, demand for mobile teams working with elderly care, psychiatry and assisted living facilities remained stable. During the period, several regions introduced restrictions on external staffing solutions in healthcare, which impacted demand for our staffing services. Lära's sales of training courses are affected by natural seasonal variations and decrease during the summer months.

Net sales decreased 12 per cent to SEK 106 million (121). The decline was attributable to divestment of the doctor staffing services but offset by Lära's inclusion in Klara from the first quarter, as well as additional initiatives in Klara's mobile staffing solutions.

Adjusted EBITA was SEK 14 million (18), representing a margin of 13.2 per cent (14.9). The year-on-

year decline in earnings was due to slightly lower external demand for staffing solutions in student health services and for Lära's training courses.

First nine months, January-September

Net sales decreased 3 per cent to SEK 338 million (347). Sales declined in Klara due to divestment of the doctor staffing services, but were offset by the acquisition of SkolPool, Lära's inclusion in Klara from the first quarter, and additional nurse staffing initiatives in the first six months of the year.

Adjusted EBITA was SEK 39 million (35), representing a margin of 11.5 per cent (10.1). The positive year-on-year performance refers to Klara's mobile staffing solutions. The strategic streamlining of the operations by divesting doctor staffing and increasing the focus on Klara's mobile staffing solutions had a positive impact on margins.

*As of 1 January 2023, Lära has been reported together with Klara. Lära is not included in the comparative figures.

12%

Adjusted operating margin RTM was 12.0 per cent, compared with 10.9 per cent for full-year 2022.

Adjusted EBITA margin RTM %



SEK million	2023 Jul-Sep	2022 Jul-Sep	Δ%	2023 Jan-Sep	2022 Jan-Sep	Δ%	RTM	2022 Full-year
Net sales	106	121	-12	338	347	-3	468	477
Adjusted EBITA*	14	18	-22	39	35	11	56	52
Operating margin, adjusted EBITA (%)*	13.2	14.9		11.5	10.1		12.0	10.9

* Alternative performance measures.

Operational key figures

SEK million	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3
Ambea					
Number of beds and places in operation under own management on the closing date	9,575	9,550	9,488	9,464	9,364
Number of beds and places opened under own management (RTM)	378	293	179	409	331
Number of beds and places under own management under construction	1,214	1,119	1,483	1,434	1,540
Confirmed management contract start-ups/terminations (RTM), SEK million*	54	167	53	13	69
Nytida					
Number of beds and places in operation under own management	4,958	5,004	4,974	4,956	4,997
Number of beds and places opened under own management (RTM)	57	57	24	24	24
Number of beds and places under own management under construction	87	75	104	116	122
Confirmed management contract start-ups/terminations (RTM), SEK million*	38	30	4	-20	19
Vardaga					
Number of beds in operation under own management	3,462	3,402	3,441	3,431	3,311
Number of beds opened under own management (RTM)	180	120	120	367	307
Number of beds under own management under construction	1,066	986	1,246	1,196	1,316
Confirmed management contract start-ups/terminations (RTM), SEK million*	135	211	158	39	50
Stendi					
Number of beds in operation under own management	669	669	670	668	665
Number of beds opened under own management (RTM)	31	23	17	-	-
Number of beds under own management under construction	47	32	32	21	-
Confirmed management contract start-ups/terminations (RTM), SEK million*	-134	-112	-112	-	-
Altiden					
Number of beds and places in operation under own management	486	475	403	409	391
Number of beds opened under own management (RTM)	110	93	18	18	-
Number of beds and places under own management under construction	14	26	101	101	102
Confirmed management contract start-ups/terminations (RTM), SEK million*	15	38	3	-6	-

*Net of confirmed contract management start-ups/terminations in the coming 12 months.

Other events

Legal proceeding about costs for temporary staff in Norway

Through the acquisition of Aleris Omsorg in 2019, Ambea has been party to an ongoing legal proceeding in Norway regarding costs for temporary staff. Historically, Aleris had engaged a considerable number of consultants to staff some of its units. Since the acquisition, Aleris has been working actively to increase the proportion of permanent employees in the operations. In 2021, a judgment was handed down in favour of the temporary consultants, granting them the right to additional compensation for overtime, holidays and pension for the time they were engaged as consultants. A subsequent proceeding has now begun regarding the limitation periods for some of the compensation. In the fourth quarter of 2021, Ambea made a provision of SEK 145 million to cover estimated additional claims and legal costs. At 30 September 2023, the remaining provision for known and unknown claims amounted to SEK 89 million.

Dispute with the Swedish Tax Agency

In 2018, Ambea received a reassessment notice from the Swedish Tax Agency regarding VAT of SEK 12 million, including tax surcharges but excluding interest, for prior years in Ambea AB (publ). No provision was made for these costs. The reassessment was mainly related to input VAT on costs arising from the IPO in 2017. The company appealed the Swedish Tax Agency's decision to the Administrative Court. The Administrative Court ruled in favour of the Swedish Tax Agency's decision, so Ambea appealed to a higher court in 2021.

Related-party transactions

During the quarter, no transactions took place between Ambea and related parties that had any material impact on the company's position and earnings. The

nature and volume of transactions remained unchanged during the period compared with the preceding year.

Events after the end of the quarter

No events after the end of the quarter.

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 during the summer months are also generally lower due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, during this period.

Employees

During the quarter, the average number of full-time employees (FTEs) was 15,614 (15,042), and the increase was due to start-up units.

Risks and uncertainties

Ambea is exposed to a variety of risks and attaches great importance to continuously analysing, minimising and managing these risks. The risk assessment is also a key element of the annual strategy process, where

risks in relation to the company's ability to achieve its financial targets and strategic ambitions are specifically evaluated. Ambea has identified the following risks: brand risks, industry and market risks, compliance and legal risks, operational risks and financial risks. For a description of these risks and how they are managed, refer to pages 55–56 of the 2022 Annual Report.

The Board of Director's assurance

The Board of Directors and CEO hereby provide their assurance that this interim report provides a true and fair view of the operations, financial position and earnings of the Parent Company and the Group, and describes the material risks and uncertainties facing the Parent Company and the companies in the Group.

Stockholm, 1 November 2023

Yrjö Närhinen
Chair of the Board

Daniel Björklund
Board member

Hilde Britt Mellbye
Board member

Dan Olsson
Board member

Gunilla Rudebjer
Board member

Samuel Skott
Board member

Patricia Briceño
Employee representative

Charalampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Mark Jensen
President and CEO

Presentation of the third quarter of 2023

Ambea will hold a presentation for the financial market, with the possibility to participate by phone, at 10:00 a.m. CET on Thursday, 2 November 2023. The presentation will be held in English, and also be available as a webcast at [ambea.se](https://edge.media-server.com/mmc/p/pxn4okpp), or via Direct Link: <https://edge.media-server.com/mmc/p/pxn4okpp>

Join conference by phone

To join the conference call, register before the call using the number link below. When you register, you will receive a dial-in number and a unique dial-in PIN.

To make sure your connection to the conference call works, please call ten minutes before the conference call is due to start.

Conference call registration

<https://register.vevent.com/register/BI36f677743b34523bff372131d92fedf>

Contact

Susanne Vogt, Head of IR, Reporting & Group Business Control
ir@ambea.se

Forthcoming report occasions

- Year-end report 2023, 8 February 2024
- Q1 interim report for 2024, 3 May 2024
- Q2 interim report for 2024, 16 August 2024

Review report

Ambea AB (publ), corporate identity number 556468-4354

To the Board of Directors

Introduction

We have reviewed the condensed interim report for Ambea AB (publ) as at September 30, 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance

with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 1 November 2023

Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Consolidated earnings in summary

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Operating income						
Net sales	3,355	3,187	9,901	9,410	13,126	12,635
Other operating income	61	54	173	225	269	321
Operating income	3,416	3,241	10,074	9,635	13,395	12,956
Operating expenses						
Consumables	-121	-111	-349	-322	-470	-443
Other external costs	-321	-359	-1,051	-1,065	-1,460	-1,474
Personnel costs	-2,282	-2,140	-6,988	-6,655	-9,331	-8,998
Depreciation, amortisation and impairment of fixed assets	-333	-301	-970	-895	-1,276	-1,201
Other operating expenses	1	3	1	4	0	3
Operating expenses	-3,056	-2,908	-9,357	-8,933	-12,537	-12,113
Operating profit	360	333	717	702	858	843
Financial income	0	5	0	4	0	0
Financial expenses	-99	-89	-309	-258	-416	-361
Net financial items	-99	-84	-309	-254	-416	-361
Profit before tax	261	249	408	448	442	482
Tax on profit for the period	-55	-56	-86	-104	-98	-116
Profit for the period	206	193	322	344	344	366
Profit for the period attributable to shareholders of the Parent Company	206	193	322	344	344	366
Earnings per share before dilution, SEK	2.30	2.04	3.58	3.64	3.80	3.89
Earnings per share after dilution, SEK	2.30	2.04	3.58	3.64	3.80	3.89

Consolidated statement of comprehensive income in summary

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Profit for the period after tax	206	193	322	344	344	366
Other comprehensive income, items not transferable to profit or loss						
Remeasurement of defined-benefit pension plans	0	0	0	0	1	1
Tax related to remeasurement of defined-benefit pension plans	0	0	0	0	0	0
Total items not transferable to profit or loss	0	0	0	0	1	1
Other comprehensive income, items transferable to profit or loss						
Translation differences	6	14	-21	29	-9	41
Hedging of net investments in foreign operations	-1	-5	14	-8	8	-14
Cash flow hedges	-3	3	-4	13	-5	12
Cash flow hedge reserve	-9	8	-18	43	-20	41
Remeasurement of tenant-owned apartments	0	0	0	0	-2	-2
Tax	5	-1	4	-10	6	-8
Total items transferable to profit or loss	-2	19	-25	67	-22	70
Total other comprehensive income	-2	19	-25	67	-21	71
Total comprehensive income for the period	204	212	297	411	323	437
Comprehensive income for the period attributable to shareholders of the Parent Company	204	212	297	411	323	437

Earnings per share

	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	206	193	322	344	344	366
Earnings per share before dilution						
Average number of shares, thousands	89,563	94,563	89,833	94,549	90,601	94,127
Earnings per share before dilution, SEK	2.30	2.04	3.58	3.64	3.80	3.89
Earnings per share after dilution						
Average number of shares, thousands	89,563	94,563	89,833	94,549	90,601	94,127
Earnings per share after dilution, SEK	2.30	2.04	3.58	3.64	3.80	3.89

Consolidated balance sheet in summary

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Assets			
Fixed assets			
Goodwill	7,065	7,096	7,095
Customer contracts and customer relationships	318	380	384
Other intangible assets	23	26	26
Right-of-use assets	8,313	7,790	7,827
Tangible assets	343	308	341
Derivative instruments	34	60	56
Deferred tax assets	125	122	105
Non-current receivables	116	119	121
Total fixed assets	16,337	15,901	15,955
Current assets			
Accounts receivable	1,278	1,173	1,180
Other receivables	128	116	118
Prepaid expenses and accrued income	395	336	361
Cash and cash equivalents	18	82	259
Total current assets excluding assets held for sale	1,819	1,707	1,918
Assets held for sale	0	36	2
Total current assets	1,819	1,743	1,920
Total assets	18,156	17,644	17,875

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Equity and liabilities			
Equity			
Share capital	2	2	2
Other capital contributions	6,174	6,172	6,172
Reserves	5	34	38
Retained earnings, including profit for the year	-1,360	-1,373	-1,531
Total equity	4,821	4,835	4,681
Non-current liabilities			
Non-current interest-bearing liabilities	1,417	2,335	2,421
Lease liabilities	7,647	7,131	7,155
Other non-interest-bearing liabilities	0	28	14
Pension provisions	27	28	29
Other provisions	84	105	83
Deferred tax liabilities	207	185	220
Total non-current liabilities	9,382	9,812	9,922
Current liabilities			
Commercial papers	1,117	334	458
Lease liabilities	1,026	915	943
Accounts payable	308	247	320
Other provisions	7	78	37
Tax liabilities	81	107	38
Other non-interest-bearing liabilities	217	143	231
Accrued expenses and deferred income	1,197	1,173	1,245
Total current liabilities	3,953	2,997	3,272
Total equity and liabilities	18,156	17,644	17,875

Consolidated statement of changes in equity in summary

SEK million	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Opening balance	4,681	4,530	4,530
Comprehensive income	297	411	437
Warrants issued	2	3	2
Share buybacks	-47	-	-179
Dividends	-112	-109	-109
Closing balance	4,821	4,835	4,681

Consolidated cash flow statement in summary

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Operating activities						
Profit before financial items	360	333	717	702	858	843
Depreciation, amortisation and impairment losses	333	302	970	895	1,276	1,201
Capital loss	-2	-3	-1	-49	-1	-49
Changes in provisions	19	4	6	-12	-59	-77
Total non-cash items	350	303	975	834	1,216	1,075
Net interest paid	-92	-84	-298	-254	-395	-351
Tax paid	-20	-16	-75	-89	-109	-123
Cash flow from operating activities before changes in working capital	598	535	1,319	1,193	1,570	1,444
Cash flow from changes in working capital						
Decrease/increase in receivables	-21	-46	-152	44	-181	15
Decrease/increase in current liabilities	-126	-216	-52	-227	156	-19
Cash flow from operating activities	451	273	1,115	1,010	1,545	1,440

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Investing activities						
Acquisition of tangible assets	-27	-20	-77	-71	-103	-97
Acquisition of intangible assets	-1	-1	-5	-6	-7	-8
Sale of fixed assets	4	0	5	116	5	116
Acquisition of subsidiaries	0	-10	-10	-226	-9	-225
Acquisition of financial assets	-	-	-	-	-	-
Cash flow from investing activities	-24	-31	-87	-187	-114	-214
Cash flow after investments	427	242	1,028	823	1,430	1,225
Financing activities						
Loans raised	1,131	334	3,316	2,097	4,440	3,221
Repayment of debt	-625	-449	-2,493	-3,402	-3,495	-4,404
Repayment of lease liability	-252	-234	-760	-700	-975	-915
Net change in checking account	-707	126	-1,174	1,301	-1,111	1,364
Cost of loans raised	-	-	-	-	-17	-17
Premiums for warrants	-	-	2	2	2	2
Share buybacks	-	-	-47	-	-226	-179
Dividends paid	-	-	-112	-109	-112	-109
Cash flow from financing activities	-453	-223	-1,268	-811	-1,494	-1,037
Cash flow for the period	-26	19	-240	12	-63	189
Cash and cash equivalents on the opening date	28	66	259	86	82	86
Exchange rate differences in cash and cash equivalents	16	-3	-1	-16	-1	-16
Cash and cash equivalents on the closing date	18	82	18	82	18	259

Parent Company income statement in summary

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Operating income						
Net sales	0	2	0	6	2	8
Operating income	0	2	0	6	2	8
Operating expenses						
Other external costs	-4	-4	-12	-12	-15	-15
Personnel costs	-4	-4	-13	-13	-16	-16
Amortisation of intangible assets	0	0	0	0	0	0
Operating expenses	-8	-8	-25	-25	-31	-31
Operating loss	-8	-6	-25	-19	-29	-23
Financial items	-6	-7	-32	-15	-57	-40
Loss after financial items	-14	-13	-57	-34	-86	-63
Appropriations	-	-	-	-	108	108
Profit/loss before tax	-14	-13	-57	-34	22	45
Tax on profit for the period	-	-	-	-	-10	-10
Profit/loss for the period	-14	-13	-57	-34	12	35

Parent Company balance sheet in summary

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Assets			
Intangible assets	0	0	0
Financial assets			
Participations in Group companies	7,212	7,212	7,212
Receivables from Group companies	618	-	481
Derivative instruments	0	2	1
Total fixed assets	7,831	7,214	7,694
Current assets			
Receivables from Group companies	3,396	3,538	3,721
Other receivables	18	12	15
Prepaid expenses and accrued income	32	11	12
Total current assets	3,446	3,561	3,748
Total assets	11,277	10,775	11,442

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Equity and liabilities			
Share capital	2	2	2
Statutory reserve	0	0	0
Total restricted equity	2	2	2
Share premium reserve	1,407	1,407	1,407
Retained earnings	1,413	1,716	1,537
Profit/loss for the period	-57	-34	35
Total non-restricted equity	2,763	3,089	2,979
Total equity	2,765	3,091	2,981
Untaxed reserves	77	61	77
Non-current liabilities			
Liabilities to credit institutions	1,404	2,368	2,405
Total non-current liabilities	1,404	2,368	2,405
Current liabilities			
Commercial papers	1,117	334	458
Accounts payable	7	0	3
Tax liabilities	8	7	15
Liabilities to Group companies	5,879	4,899	5,490
Other liabilities	0	0	0
Accrued expenses and deferred income	20	15	13
Total current liabilities	7,031	5,255	5,979

Notes

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, as well as the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, and RFR 2 Accounting for Legal Entities. The accounting policies applied are consistent with those applied in the preparation of the most recent annual report. Since all amounts are rounded, rounding differences can occur.

New or revised IFRSs as of 2023

None of the new or revised standards or interpretations effective from 1 January 2023 had any material impact on the financial statements of the Group or the Parent Company. No new or revised standards have been adopted in advance.

Reclassification of the Lära training organisation

As of 1 January 2023, Ambea's training organisation, Lära, has been reclassified. Lära has been reclassified from central costs to the Klara segment. In the comparative figures, Lära is reported centrally in Ambea.

Note 2 Segment information

Ambea's operations consist of the following segments:

- **Nytida.** Comprises social care services and schools for children and young people with neuro-psychiatric disorders in Sweden.
- **Vardaga.** Comprises nursing homes and home care in Sweden.
- **Stendi.** Comprises social care for adults, children and young people. We also offer personal assistance in Norway.
- **Altiden.** Comprises social care and elderly care in Denmark.
- **Klara.** Comprises competence and staffing solutions for social care and training, and competence-enhancement programmes in social work, care, schools and treatment.

Quarterly overview

SEK million	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Net sales									
Nytida	1,005	1,017	991	991	980	980	963	949	924
Vardaga	1,159	1,131	1,092	1,083	1,063	1,034	992	970	940
Stendi	806	765	763	760	767	756	765	737	723
Altiden	326	329	318	301	293	286	283	259	261
Klara	106	116	116	130	121	120	106	100	89
Group adjustments	-47	-48	-45	-40	-37	-33	-29	-28	-25
Ambea	3,355	3,310	3,235	3,225	3,187	3,143	3,080	2,988	2,912
Adjusted EBITA									
Nytida	168	134	119	116	170	104	119	128	174
Vardaga	123	68	66	53	99	69	49	59	89
Stendi	88	19	37	24	77	4	12	28	64
Altiden	-2	-18	-11	-16	4	-18	14	1	15
Klara	14	13	13	18	18	9	8	8	8
Unallocated items	-8	-25	-8	-25	-8	60	-7	-9	-6
Ambea	383	191	216	170	359	229	195	214	344

Note 2 Segment information

July-September 2023								
SEK million	Nytida	Vardaga	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	1,005	1,159	806	326	106	-	-47	3,355
Other operating income	8	40	2	9	1	1	-	61
Total income	1,013	1,199	808	335	107	1	-47	3,416
EBITA and adjusted EBITA	168	123	88	-2	14	-8	-	383
EBITA and adjusted EBITA margin (%)	16.7	10.6	10.9	-0.6	13.2	-	-	11.4
Amortisation of intangible assets								-23
Operating profit (EBIT)								360
Net financial items								-99
Profit before tax								261
Tax on profit for the period								-55
Profit for the period								206
Assets	6,383	7,594	2,092	1,627	313	147	0	18,156

July-September 2022								
SEK million	Nytida	Vardaga	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	980	1,063	767	293	121	-	-37	3,187
Other operating income	6	34	2	9	-	3	-	54
Total income	986	1,097	769	302	121	3	-37	3,241
EBITA and adjusted EBITA	170	99	77	4	18	-8	0	359
EBITA and adjusted EBITA margin (%)	17.3	9.3	10.0	1.4	14.9	-	-	11.3
Amortisation of intangible assets								-26
Operating profit (EBIT)								333
Net financial items								-84
Profit before tax								249
Tax on profit for the period								-56
Profit for the period								193
Assets	6,265	7,442	2,100	1,256	311	270	0	17,644

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

NOTE 2 Segment information, cont.

January-September 2023								
SEK million	Nytida	Vardaga	Stendi	Altiden	Klara	Unallocated items ¹	Group adjustments	Group
Operating income								
Net sales	3,013	3,382	2,334	974	338	-	-140	9,901
Other operating income	22	95	5	23	4	24	-	173
Total income	3,035	3,477	2,339	997	342	24	-140	10,074
EBITA and adjusted EBITA	421	257	144	-31	39	-41	-	789
EBITA and adjusted EBITA margin (%)	14.0	7.6	6.2	-3.2	11.5	-	-	8.0
Amortisation of intangible assets								-72
Operating profit (EBIT)								717
Net financial items								-309
Profit before tax								408
Tax on profit for the period								-86
Profit for the period								322
Assets	6,383	7,594	2,092	1,627	313	147	-	18,156

January-September 2022								
SEK million	Nytida	Vardaga	Stendi	Altiden	Klara	Unallocated items ¹	Group adjustments	Group
Operating income								
Net sales	2,923	3,089	2,288	863	347	-	-100	9,410
Other operating income	18	68	5	35	-	99	-	225
Total income	2,941	3,157	2,293	898	347	99	-100	9,635
EBITA and adjusted EBITA	393	218	93	-1	35	45	-	783
EBITA and adjusted EBITA margin (%)	13.4	7.1	4.1	-0.1	10.1	-	-	8.3
Amortisation of intangible assets								-81
Operating profit (EBIT)								702
Net financial items								-254
Profit before tax								448
Tax on profit for the period								-104
Profit for the period								344
Assets	6,265	7,442	2,100	1,256	311	270	-	17,644

¹The 'Unallocated items' column consists of centrally approved costs

NOTE 3 Revenue from contracts with customers

Type of service delivery (July-September)

SEK million	Nytida		Vardaga		Stendi		Altiden		Klara		Group eliminations		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Own Management	807	797	805	728	772	730	218	197	-	-	-	-	2,602	2,452
Contract Management	198	183	354	335	34	37	108	96	-	-	-	-	694	651
Competence and staffing solutions	-	-	-	-	-	-	-	-	106	121	-47	-37	59	84
Total	1,005	980	1,159	1,063	806	767	326	293	106	121	-47	-37	3,355	3,187

Type of service delivery (January-September)

SEK million	Nytida		Vardaga		Stendi		Altiden		Klara		Group eliminations		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Own Management	2,425	2,384	2,373	2,096	2,233	2,143	646	576	-	-	-	-	7,677	7,199
Contract Management	588	539	1,009	993	101	145	328	287	-	-	-	-	2,026	1,964
Competence and staffing solutions	-	-	-	-	-	-	-	-	338	347	-140	-100	198	247
Total	3,013	2,923	3,382	3,089	2,334	2,288	974	863	338	347	-140	-100	9,901	9,410

NOTE 4 Fair value of financial instruments in the fair value hierarchy

SEK million	Classification in the fair value hierarchy							
			1		2		3	
	2023 30 Sep	2022 30 Sep	2023 30 Sep	2022 30 Sep	2023 30 Sep	2022 30 Sep	2023 30 Sep	2022 30 Sep
Assets								
Interest-rate derivatives	34	60	-	-	34	60	-	-
Investments in housing cooperative associations	93	97	-	-	-	-	93	97
Total	127	157	-	-	34	60	93	97
Liabilities								
Earn-out	5	35	-	-	-	-	5	35
Total	5	35	-	-	-	-	5	35

Fair value of financial instruments in the fair value hierarchy

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

- **Level 1** – Listed prices (unadjusted) on active markets for identical assets or liabilities.
This level includes Eligible treasury bills, Bonds and Other interest-bearing securities. Remeasurement is recognised in Net financial items.
- **Level 2** – Observable data for assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations). This level includes derivative instruments that are recognised under Other current assets or Other current liabilities.
- **Level 3** – Data for assets or liabilities that are not based on observable market data. Participations in tenant-owner associations are measured using the price trend for tenant-owned apartments in the area, with adjustments for the specific conditions that apply to Ambea’s apartments. Earn-out liabilities measured at fair value based on management’s best estimate of possible outcome.

Ambea has borrowings/loans in Swedish, Norwegian and Danish kronor and is thereby exposed to interest-rate risk. According to the company’s financial policy, at least 50 per cent of the interest-rate risk should be hedged. To hedge the company’s interest-rate risk, the company has purchased interest-rate derivatives, and the remaining terms of these hedges is up to three years. In total, about 60 per cent of the company’s average interest-bearing liabilities within 12 months have been hedged with interest-rate derivatives.

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

Note 5 Pledged assets and contingent liabilities

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Leased assets	185	129	131
Total pledged assets	185	129	131
Tax audit	12	12	12
Total contingent liabilities	12	12	12

Note 6 Reconciliation of financial statements

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Growth/Acquired growth						
Net sales growth (%)	5	9	5	11	6	10
Of which organic growth (%)	6	5	6	6	6	5
Of which acquired/divested growth (%)	-1	2	-1	3	0	3
Of which currency effect (%)	0	2	0	2	0	2
Operating margin (EBIT)						
Net sales	3,355	3,187	9,901	9,410	13,126	12,635
Operating profit (EBIT)	360	333	717	702	858	843
Operating margin, EBIT (%)	10.7	10.4	7.2	7.5	6.5	6.7
EBITA and adjusted EBITA						
Operating profit (EBIT)	360	333	717	702	858	843
Amortisation and impairment of intangible assets	23	26	72	81	102	111
EBITA and adjusted EBITA	383	359	789	783	960	954
Net sales	3,355	3,187	9,901	9,410	13,126	12,635
EBITA and adjusted EBITA margin (%)	11.4	11.3	8.0	8.3	7.3	7.6
EBITDA and adjusted EBITDA						
Operating profit (EBIT)	360	333	717	702	858	843
Depreciation, amortisation and impairment of tangible and intangible assets	333	301	970	895	1,276	1,201
EBITDA and adjusted EBITDA	693	634	1,687	1,597	2,134	2,044
EBITDA and adjusted EBITDA, excluding IFRS 16 effects						
Operating profit (EBIT)	360	333	717	702	858	843
Depreciation, amortisation and impairment of tangible and intangible assets	333	301	970	895	1,276	1,201
Less: Rental payments Properties	-314	-288	-939	-840	-1,230	-1,131
Less: Rental payments Vehicles	-13	-10	-36	-28	-47	-39

SEK million	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	RTM	2022 Jan-Dec
Less Capital loss from terminated agreements	-1	-3	-2	-5	-2	-5
Net IFRS 16 effects on EBITDA	-328	-301	-977	-873	-1,279	-1,175
EBITDA and adjusted EBITDA, excluding IFRS 16 effects	365	333	710	724	855	869
EBITA and adjusted EBITA, excluding IFRS 16 effects						
Operating profit (EBIT)	360	333	717	702	858	843
Amortisation and impairment of intangible assets	23	26	72	81	102	111
EBITA	383	359	789	783	960	954
Plus IFRS 16 depreciation	284	252	824	730	1,077	983
Less: Rental payments Properties	-314	-288	-939	-840	-1,230	-1,131
Less: Rental payments Vehicles	-13	-10	-36	-28	-47	-39
Less Capital loss from terminated agreements	-1	-3	-2	-5	-2	-5
Net effects of IFRS 16 on EBITA	-44	-49	-153	-143	-202	-192
EBITA and adjusted EBITA, excluding IFRS 16 effects	339	310	636	640	758	762
EBITA and adjusted EBITDA margin, excluding IFRS 16 effects	10.1	9.7	6.4	6.8	5.8	6.0
Operating cash flow						
EBITDA	693	634	1,687	1,597	2,134	2,044
Adjustment for non-cash items	17	1	5	-61	-60	-126
Cash flow from investing activities excl. acquisition and divestment of subsidiaries	-24	-21	-77	39	-105	11
Adjustment for cash flow from investing activities related to increased capacity/growth	6	4	6	21	15	30
Change in working capital	-147	-262	-204	-183	-25	-4
Operating cash flow	545	356	1,417	1,413	1,959	1,955
Cash conversion (%)						
Operating cash flow	545	356	1,417	1,413	1,959	1,955
EBITDA	693	634	1,687	1,597	2,134	2,044
Cash conversion (%)	78.6	56.2	84.0	88.5	91.8	95.6

Note 6 Reconciliation of financial statements, cont.

SEK million	2023 30 Sep	2022 30 Sep	2022 31 Dec
Net debt, Net debt/Adjusted EBITDA, RTM			
Non-current interest-bearing liabilities	9,064	9,466	9,576
Current interest-bearing liabilities	2,143	1,249	1,401
Less: cash and cash equivalents	-18	-82	-259
Net debt	11,189	10,633	10,718
Adjusted EBITDA RTM	2,134	2,090	2,044
Net debt/Adjusted EBITDA, RTM (times)	5.2	5.1	5.2
Net debt, Net debt/Adjusted EBITDA, RTM excl. IFRS 16 effects			
Non-current interest-bearing liabilities	9,064	9,466	9,576
Less: non-current lease liabilities pertaining to properties recognised on the lease liability line	-7,509	-7,013	-7,044
Less: non-current lease liabilities pertaining to vehicles, recognised on the lease liability line	-137	-119	-111
Current interest-bearing liabilities	2,143	1,249	1,401
Less: current lease liabilities pertaining to properties recognised on the lease liability line	-950	-869	-876
Less: current lease liabilities pertaining to vehicles, recognised on the lease liability line	-76	-46	-67
Less: cash and cash equivalents	-18	-82	-259
Net debt, excluding IFRS 16 effects	2,517	2,586	2,620
Adjusted EBITDA RTM	855	919	869
Net debt/Adjusted EBITDA, RTM (times)	2.9	2.8	3.0

Reports and quality inspections during the quarter

Sweden

IVO inspections: The IVO performed 24 inspections in the third quarter. All inspections took place in Nytida and decisions have been issued for seven of these inspections, all with no remarks. The IVO also issued decisions on five inspections that were carried out in Nytida in 2023. Four were closed without any remarks. One unit received remarks, which have now been addressed by Nytida.

Lex Sarah reports: Three Lex Sarah reports were lodged, all by Nytida. A decision has been issued for one of the cases, which was closed without any need for further action. Decisions are pending for the remaining cases. During the quarter, the IVO also issued decisions on four cases reported in 2023 – one in Vardaga and three in Nytida, and all were closed without any need for further action.

Lex Maria reports: Two Lex Maria cases were lodged, one by Vardaga and one by Nytida. A decision has been issued for Vardaga's case, which the IVO closed without any need for further action. A decision is pending for Nytida's case. During the quarter, the IVO issued a decision on a report previously lodged by Vardaga. The IVO closed the case without any need for further action.

Individual complaints investigated by the IVO: In the third quarter, one individual complaint was lodged in relation to Vardaga, and is under investigation by the IVO. A decision is pending. The IVO has issued decisions on twelve individual complaints lodged back in 2021/2022, eight in relation to Vardaga and four to Nytida. Three were closed with some remarks, all related to Vardaga. All others were closed without any remarks.

Norway

Regulatory inspections based on quality management:

A total of 31 inspections were carried out, 24 in children's units and seven in care services. Remarks were issued for three of the inspections of children's units, and one case in care services. Measures have been taken and the authority closed the cases.

Denmark

Regulatory inspections based on quality management:

In Altiden, ten regulatory inspections were carried out in the third quarter – three in elderly care, and seven in care services. The authority has issued remarks for two of the inspections in social care, and Altiden is now taking measures.

IMY/Swedish Authority for Privacy Protection

Sweden: Five data breaches were reported to the IMY in the third quarter. Decisions from the IMY are pending. The breaches are not considered to have posed any serious risks for those involved. Relevant measures were taken in all cases to ensure compliance with existing procedures, and relevant measures were taken to prevent recurrence. The IMY has not yet issued decisions on data breaches reported in the first quarter.

Norway: One case was reported by the Data Protection Officer in the third quarter. The incident was handled internally by Stendi.

Denmark: Two cases were reported by the Data Protection Officer in the third quarter. All cases were closed by the competent authority.



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