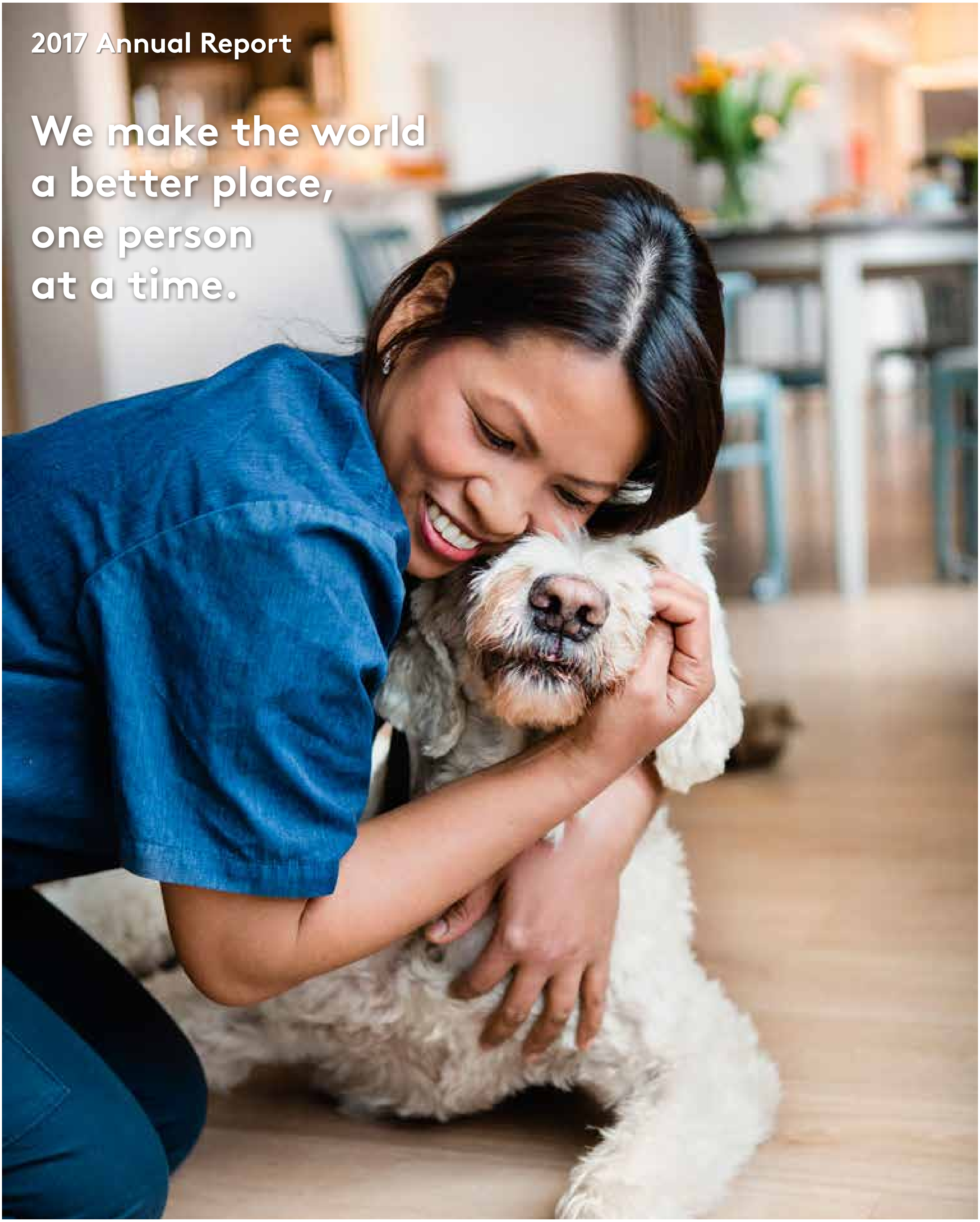
2017 Annual Report

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



ambea

Ambea in one minute

Ambea is active in social care, and has approximately 15,000 employees. We offer services in disability care, individual and family care and elderly care with a focus on residential facilities and operations under own management. Care services are provided under the Vardaga and Nytida brands in Sweden, and Heimta in Norway. 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.

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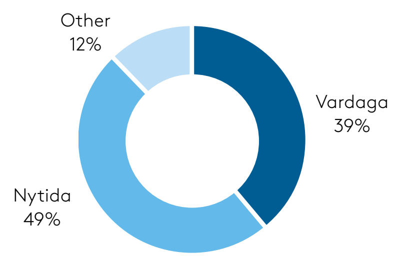
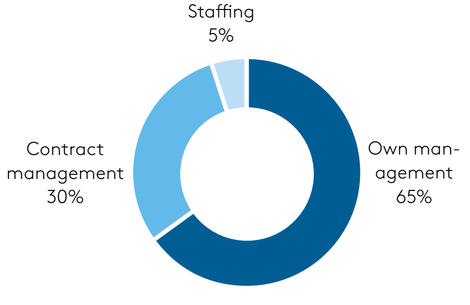
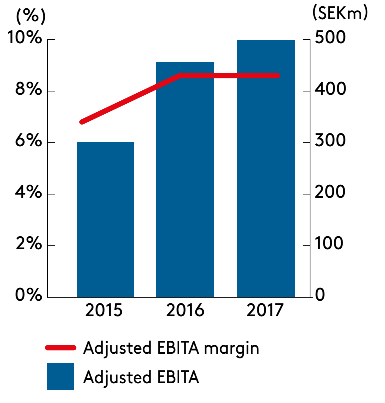


Sales per business area (%)



Sales per contract model (%)



The year in brief

IPO
On 31 March, Ambea was listed on Nasdaq Stockholm OMX. The interest shown by institutional investors, individual investors and Ambea's own employees was great. The issue price was SEK 75 per share, corresponding to market capitalisation of SEK 5,071 million.

Increase in own management
During the year, the proportion of operations under own management continued to grow, and now accounts for 65 per cent (60) of total net sales. This growth was attributable to both acquisitions and start-ups. For example, Ambea opened a new nursing home – Villa Vallonen – in January. A new, award-winning concept has been used for the interior design, to create a comfortable environment for care recipients. Providing services under own management gives Ambea more freedom to decide how they should be designed and operated, and creates the best conditions for effective, high-quality care. More residential facilities will also be built in the future. In 2017, we continued to invest for future organic growth and at 31 December, the number of beds/placements signed for and/or under construction was 990.

Growth through acquisitions
During the year, Ambea acquired a total of four companies in Sweden and three companies in Norway. Ambea is assuring a successful growth strategy, comprising both start-ups and acquisitions, by ensuring that the residential facilities that are built or acquired create synergies with the existing operations. On 22 May, Ambea acquired Resursteamet, a Stockholm-based operator that mainly provides day services for people with cognitive disabilities. The acquisition, which complemented Nytida's LSS residential care services, made Ambea the market leader in LSS day services in the Stockholm area.

Expansion in Norway
In February 2016, Ambea entered the Norwegian market through the acquisition of Heimta, which thereby became the platform for further expansion. Ambea has since enjoyed strong growth through both acquisitions and start-ups. In 2017, Ambea acquired three companies and opened five new units, corresponding to 25 beds, which contributed net sales growth of 194 per cent.

Quality
Quality is central to Ambea's operations, in terms of both the care recipient's experience, and how well we – as the care service provider – live up to our quality standards. Quality surveys are therefore key tools for our quality management. In both the User Survey and Unit Survey conducted by the National Board of Health and Welfare in 2017, Vardaga and Nytida achieved higher scores for their operations under own management than municipal providers and other private operators. Effective quality management is based on systematic monitoring, and a commitment that permeates every aspect of the organisation. Ambea's training organisation, Lära, plays a key role in these processes.

9%
Net sales growth

9%
Adjusted EBITA growth

194%
Growth Norway

65%
Share of own management in net sales

	2015	2016	2017
Net sales	4,347	5,334	5,816
Adjusted EBITA	301	457	498
Operating margin, adjusted EBITA (%)	6.8	8.6	8.6
Profit for the year	169	128	226
Operating cash flow	285	305	459
Free cash flow	296	218	332
Earnings per share before and after dilution	0.3	1.97	3.37

CEO comments

2017 was an eventful year. We continued to grow through both acquisitions and start-up residential care facilities, and expanded in Norway. We simultaneously invested for future growth and will be opening many new units in the coming years. Our vision of making the world a better place, one person at a time, motivates our employees to deliver the best care every day. And our quality management resulted in many awards throughout the year.

On 31 March, Ambea was listed on Nasdaq OMX, in the Nordic Mid Cap segment. Great interest was shown by the public, as well as Swedish and foreign investors. We welcomed 2,600 new shareholders, including our own employees.

In 2017, net sales amounted to SEK 5,816 million (5,334). While acquisitions and start-up units made a positive contribution to sales, contract management operations have gradually declined. At December 31, Ambea's income from own management was 65 per cent (60). Adjusted EBITA was SEK 498 million (457), up 9 per cent.

Own management rose 20 per cent in 2017

During the year, we continued to grow our own management operations through start-up units and acquisitions. This led to a strong trend in sales and earnings.

In 2017, we opened 12 units (corresponding to 126 beds) and three units (corresponding to 92 placements) in Sweden and Norway. Combined with acquired units, total growth in own management was 20 per cent. Providing services under own management enables greater flexibility and higher quality because we have more freedom to decide how our operations should be conducted. When we start up our own management units, we decide on the most appropriate design, appoint an experienced care manager who can build up a competent and committed team of employees, and we can create a safe and comfortable environment – while accounting for the needs of every care recipient.

Record-high pipeline secures future organic growth

Our future organic growth is secured by an active development process, and by the multiple residential facilities that will be opening over the next few years. By investing in new residential facilities, Ambea is helping to shorten the long waiting lists to both nursing homes and LSS group homes. We ended 2017 with a total pipeline of new projects corresponding to 879 beds and 111 placements in both Sweden and Norway. In 2018, three nursing homes and 14 disability care units will be opened in Sweden and Norway.

Seven bolt-on acquisitions completed in 2017

Acquiring companies is an important part of our growth strategy to broaden Ambea's total care offering. Ambea has a solid platform with a well-developed quality management system, and can thereby integrate new units fast and efficiently. Administrative synergies are created at an early stage, as well as cooperation with nearby residential facilities. During the year, Ambea acquired four companies in Sweden and another three in Norway.

Despite strong growth in own management, contract management has been under pressure. More competition and pricing pressure at the end of 2016 led to a gradual decline in Ambea's contract management volumes during the year. The tender market also levelled off in 2017, which will continue to have a negative impact on contract management volumes as we move forward.

Norway – new platform for growth

In 2016, we entered the Norwegian market through the acquisition of Solhaga and its Norwegian subsidiary Heimta. A market-leading position and long experience in Sweden have led to a strong growth trend for Ambea since then. In 2017, three acquisitions were completed and five new own management units, corresponding to 25 beds, were opened. In 2017, Ambea Norway's sales totalled SEK 369 million, up 194 per cent compared with 2016. From March 2018, all operations in Norway be conducted under the Heimta brand.

Several quality distinctions during the year

Offering the best care is our highest priority. We therefore work continuously to improve the quality of our services. During the year, the number of distinctions and awards we received for our quality management was gratifying. A few selected examples are the White Guide's Senior Mealtime of the Year award, a second ranking in the Swedish Association of Health Professionals' award for work with BPSD (behavioural and psychological symptoms in dementia), and the Golden Trophy for Vardaga's residential concept at the Annual Design Gala.

In April, the National Board of Health and Welfare conducted its Enhetsundersökning (Unit Survey) for residential facilities and day services for adults under the Support and Service for Persons with Certain Functional Impairments Act (LSS) throughout Sweden. The survey included questions about implementation plans, user influence methods, procedures and the competence of staff. We were very proud of the results. Nytida received high scores, with a considerably higher average than the results achieved by municipal and other private operators. Vardaga also achieved a top score in a corresponding survey for nursing homes.

Ambea is helping to solve the welfare challenge
Sweden is facing a major welfare challenge. With the rising number of elderly and people with disabilities or psychosocial problems, the need for care will continue to grow. The shortage of placements, financial pressure on municipalities and higher demands on freedom of choice and quality are all factors indicating that both private and municipal providers will be needed. In a recent survey, 73 per cent of social services directors in Swedish municipalities claimed they would not be able to fulfill their assignment without access to independent social care providers. In addition, quality measures in recent years show that the quality of private care is often higher than the care offered by municipalities.

The growing social need for care initiatives is also leading to a major recruitment challenge. Care workers are in short supply and many more will be needed over the next few years. Ambea's training organisation, Lära, is therefore important for both the continued development of our employees and for attracting new employees. During the year, Ambea developed the induction programme for new employees. We also conducted a comprehensive leadership programme for all of our care managers. Finding the right employees, giving them a good start in their new workplace and developing the leadership skills of our managers requires major but well-motivated investment.

Ambea wants to contribute to greater social integration and offers work placements and training to approximately 500 new residents over a three-year period. The aim is to introduce new residents to care professions, and to facilitate language training and integration. We have already

welcomed 140 new residents who have received theoretic and practical training in Swedish and care work with Ambea. About one quarter of the participants have been offered employment in Ambea after completing their work placement.

A strong base for the future
2017 was an exciting year for Ambea. The IPO presented another opportunity for us to speak about our social contribution. Backed by a broad base of shareholders, we can continue to invest in growth that creates value for our care recipients, customers, employees and shareholders.
I would like to end by thanking all of our employees for their commitment and valuable efforts during the year. Despite the continuing debate on profits in the welfare sector, we will continue to invest and show how we are developing care with our innovative solutions, quality focus and the best employees.

Fredrik Gren, CEO

Ambea's offering

Our operations are mainly focused on residential care for people with disabilities and elderly care under own management.

Ambea is a leading provider of care services in Sweden with a focus on residential care for people with disabilities and elderly care under own management. We have about 200 municipalities as our customers. Ambea's services also include training and staffing solutions for both residential and non-residential social care. Ambea has approximately 500 units throughout Sweden and Norway. We have about 15,000 employees. Our vision is to make the world a better place, one person at a time.

vardaga

Elderly care

In Sweden, Ambea's elderly care is conducted under the Vardaga brand. Vardaga provides elderly care with a focus on nursing homes for care recipients in need of advanced and specialised care. The offering also includes a range of residential care facility profiles. Nursing homes are operated under own management, or under long-term management contracts with municipalities or other public procurers. At Vardaga's residential facilities across Sweden, our employees ensure quality of life and safety for each care recipient.

nytida

Disability care

Through Nytida, Ambea provides care services for adults and children with disabilities and psychosocial problems. The operations include residential facilities, day services, support for individuals and families, and schools, with the municipality as a procurer of these services. The operations are focused on residential care, mainly in units under own management in locations across Sweden.

Our employees in Nytida work according to a well-established educational platform that aims to strengthen the individual's ability to live an independent life.

klara
vi kan kompetens

Staffing Solutions

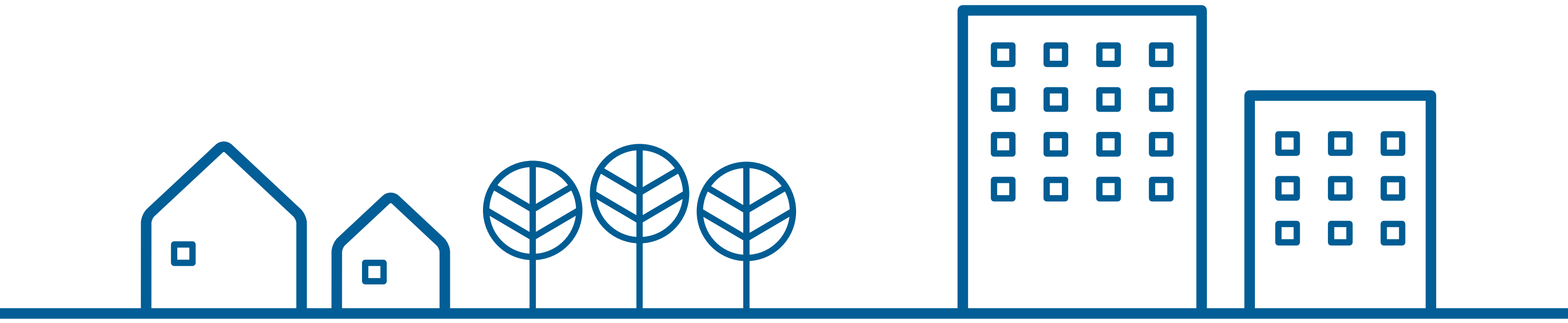
Ambea's staffing operations are based on outsourcing qualified professionals, including doctors, nurses and social workers, for a specific period of time. This need can often arise due to emergencies, inconvenient working hours or a shortage of qualified personnel. Ambea also offers ambulatory care services on a subscription basis. Most of Ambea's staffing solutions are offered to external social care customers, including municipalities, county councils and competing private operators. The new brand Klara was launched on 5 March 2018.

heimta

Ambea in Norway

Ambea's operations in Norway comprise disability services and psychiatry. The company has approximately 745 employees who mainly work in residential care, but also offers complementary services to municipalities including user-controlled personal assistance (BPA), rehabilitation, relief and assessment. From March 2018, all operations in Norway will be conducted under the Heimta brand.

Care that creates value



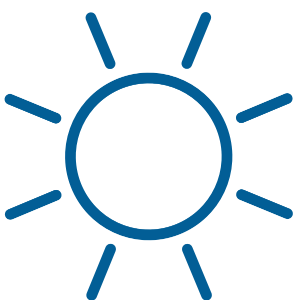
External factors: Politics and public opinion, demographic

Key resources

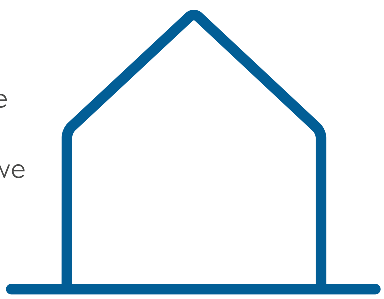
- CONFIDENCE
- EMPLOYEES
- PROFICIENCY
- FINANCIAL RESOURCES

QUALITY, INNOVATION AND EFFICIENCY

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



MISSION
Our commitment and expertise make a difference for every person that we meet.



Ambea helps individuals in need of social care to live the best life possible. We are helping our clients meet the social care challenges ahead. We also aim to be an attractive employer for our employees, generate returns for our shareholders and, as a social enterprise, contribute to new knowledge about social care in the community.

and socio-economic development, the financing of welfare.

EMPLOYEE SHIP AND LEADERSHIP

GROWTH

Results

SATISFIED CARE RECIPIENTS, RELATIVES AND CUSTOMERS

SATISFIED EMPLOYEES

SOCIAL BENEFIT

RETURNS

VALUES

- Respect
- Responsibility
- Simplicity
- Knowledge

STRATEGIES

- We develop the best employees in the industry.
- We provide best quality for money.
- We invest in sustainable growth.

Targets and strategies

Ambea's objective is to offer the best-possible residential care for the elderly and people with disabilities.

Ambea's focus on specialised care services makes it possible to meet the demands of clients with high quality standards. By focusing on operations under own management, Ambea is able to make large-scale investments in quality management, innovation and competence development.

We provide best quality for money
Ambea's quality initiatives permeate every aspect of the organisation, from management down to all units and their employees. They are reflected in how the company is managed, and there is a well-established governance model with well-established processes for monitoring and developing the various quality aspects of the operations. Ambea's quality management is also closely aligned with its financial governance. Investments in quality often lead to higher efficiency. High-quality units attract care recipients, relatives, employees and clients which, in turn, leads to higher occupancy rates and increased profitability. Innovation, development and the digitisation of care processes are important focus areas. Ambea's digitisation strategy is focused on systematisation, efficiency and the development of technical tools to increase productivity in central processes and create better operational support.

We develop the best employees in the industry
Employees are Ambea's most valuable asset for the provision of high-quality care and for developing the company in the right direction. Ambea has chosen to position itself in care segments that require a high level of specialised competence from our employees. To ensure a pipeline of competency, to motivate employees and contribute to the care market's development, Ambea has created a comprehensive educational platform under the Lära brand. Lära offers training for both internal and external participants, and drives and supports development projects with the aim of raising knowledge in disability care services, individual and family care, and elderly care.
The aim is that our managers can mainly be recruited internally. As part of strengthening the competence of managers and increasing the likelihood that they will be happy and stay with us, we offer comprehensive leadership training courses. Our managers play a key role in creating conditions for our employees to succeed and develop at work. By teaching about values-based leadership, we are laying the foundation for an organisation in which decision-making is based on the framework applied by the company. The starting point is that every employee is valuable and should be to influence their work.

We invest in sustainable growth
Ambea's strategy is to continue growing in residential care under own management and we expect the growing demand for residential facilities to continue. Ambea therefore invests in new residential facilities through acquisitions. With its long experience, Ambea has built up structured processes that create conditions for efficient start-ups, and for quickly integrating new acquisitions into the company. A key condition for successful growth is the ability to leverage the existing platform for synergies in the form of administration, cooperation with nearby residential facilities, and a broadening of Ambea's care offering. For example, part of the disability care strategy is to create clusters so that resources can be shared between the units, but also to offer additional services such as day services and schools. Ambea continually reviews and evaluates potential acquisition objects, but the object must conform to our quality standards and have a positive company culture. Ambea also expanded its operations in Norway and grew substantially during the year. The strategy is to continue expanding in Norway, both through acquisitions and organically.

Financial targets
Ambea's medium-term objective is to achieve sales growth of 8-10 per cent, driven by higher growth in own management and a combination of acquired and organic growth. Ambea's focus on qualitative residential care with high-value content is the foundation for continued growth in profitability and a margin target of 9.5 per cent.

Financial targets

Growth **8–10%**	↔	An annual growth rate of 8-10 per cent in total income through a combination of organic growth and acquisitions.
Profitability **9.5%**	↔	An adjusted EBITA margin of 9.5 per cent in the medium-term.
Capital structure **<3.25**	↔	Net debt in relation to adjusted EBITDA should not exceed 3.25 times. However, net debt may temporarily exceed 3.25 times in connection with acquisitions, for example.
Dividend policy **30%**	↔	30 per cent of profit for the year will be distributed. The proposed dividend shall account for Ambea's long-term development potential, future income, financial position and general financial and operational circumstances.

Quality and Sustainability

Quality and sustainability management is integrated with Ambea's strategy and operations. High-quality care contributes not only to people's wellbeing, it also increases Ambea's competitiveness.

A prerequisite for conducting social care operations is the ability to meet people's needs for care.

Those people living in Vardaga's or Nytida's residential facilities, or who otherwise use our services, have often chosen us over other providers – both private and municipal. Some 200 of Sweden's 290 municipalities have engaged Ambea as a service provider. In short, we have earned the confidence of countless individuals and municipalities. Ambea's quality and sustainability management is contributing not only to the wellbeing of care recipients: it is also an integral part of our business and contributes to long-term profitability.

Ambea's three focus areas for sustainability management are: Individual-centred care, Innovative social care and Ethics and quality. These priorities are a result of our stakeholder dialogues, and the expectations on us as a private operator from both our stakeholders and the business environment. Ambea is committed to transparency in regard to our quality and sustainability priorities. Ambea follows social care trends based on current research and evidence-based practice, which form the basis for our work with continuous improvement and monitoring. Ambea's prioritised sustainability issues are based on the 2030 Agenda for Sustainable Development.

For a complete presentation of Ambea's sustainability performance, refer to Ambea's 2017 Quality and Sustainability Report.

Ambea's quality management

Industry-leading quality management system
Quality is at the top of Ambea's list of prioritised sustainability issues. For Ambea, quality means that anyone who lives in, or visits, Ambea's operations will experience quality from their own personal perspective. Individual-centred care and person-centred social care are key to this process. Over the past decade, Ambea has developed an industry-leading quality management system, Qualimax, with a unique model for systematic monitoring of transparency, early warning signs, control and overview of the systematic improvement process.

Combined with Lära's well-developed leadership programme, competence development based on research and evidence, and a continuous focus on efficient processes, Ambea is leading and guiding the operations towards higher quality. External transparency is secured by the publication of annual and quarterly quality reports and the presentation of quality results on the website.

Every employee is individually responsible for quality
Quality management involves all employees and is integrated into the operations through quality, environment, and health and safety committees, and quality and target appraisals with all employees. Roles and responsibilities are clarified in the quality management system. The Board of Ambea formed a special Quality and Sustainability Committee in 2014, to ensure that quality is always at the top of the company's agenda. Ambea's Quality Department is responsible for management and development of the quality management system, Qualimax, and ensures compliance with laws and policies within the operations. The quality management system enables identification and prevention of any operational risks. Care recipients and relatives can turn to Ambea's customer ombudsman, which has existed since 2011, for extra support and assistance in various issues.

Quality surveys are key tools
Care recipient satisfaction confirms quality management. How care recipients perceive our services indicates the success of our quality management processes. In our quality surveys, we are therefore especially interested in hearing how care recipients themselves perceive the service, support and social care offered by our units. The results of the National Board of Health and Welfare's annual User and Unit Surveys and the Swedish Association of Local Authorities and Regions' User Survey for LSS and Individual and Family Care are key components of the systematic improvement process.

Individual-centred care

The reasons why individuals seek support and assistance vary. They range from disability to an age-related disease. Everything that Ambea does is about helping the people who use our services to live a good life based on their own circumstances, wishes and needs.

Innovative social care

Pressure on the welfare system is increasing as the population grows and ages. Extensive efforts are required to ensure future social care. Innovations for improved social care are based on people, competence, methods and digital solutions.

Ethics and quality

Ambea influences the daily life and wellbeing of more than 60,000 people. So whatever we do, we have to do it well and do it right. Quality is central to every aspect of our operations. Our quality management is based on the Universal Declaration of Human Rights, our ethical guidelines and our Code of Conduct.

Health, wellbeing and quality of life

Care recipients who live in, or visit, Ambea's units are dependent on the quality of our work. Health, safety and wellbeing are, therefore, always in focus. Our operations already maintain high-quality, and we work every day, in every way, to continuously develop our care services.

Ambea's operations begin with caring for our employees – when they are happy and healthy, they can do more for our care recipients. Ambea offers job and workplace security. We develop managers who listen and lead, and we invest in the competence and development of our employees. because it strengthens them, as well as our care recipients.

Respect for individuals and basic human rights

Our approach is based on the needs and wishes of each individual. Respect for basic human rights permeates all of our relationships, especially with our care recipients and employees. It is important that everyone who has contact with Ambea feels seen and respected. The cultural diversity of our employees is an asset. It facilitates mutual communication and helps us develop as both individuals and an organisation.

Competence, methods and services for improved social care

Ambea makes use of technology and innovations to improve social care, with a focus on the safety and independence of our care recipients, and the health and safety of our employees.

We create services for care recipients to increase security, participation and quality of life. For our employees, we develop tools to improve workplace health and safety, and facilitate organisation and administration. They can then devote their time and energy to the activities that create real value for care recipients.

Ambea's methods and teaching approach are based on relevant research and experience. New knowledge is translated into action through Lära, Ambea's educational platform, and various other training programmes.

Public debate

Ambea contributes to development by participating in public debates about social care. We want to bring new angles to the discussion and redirect the focus to the needs of individuals. This includes advocating for legislation or regulation that gives all operators in the industry the right conditions for providing the social care that people are entitled to. Ambea works for integration and against social exclusion. Ambea becomes a stepping stone into the job market for many people, while we are meeting our staffing needs.

Quality

Care recipients' experience of Ambea is the ultimate measure of how well we have succeeded. In our quality surveys, we are therefore especially interested in hearing what care recipients think about us and our services.

Systematic work and continuous improvement creates care recipient satisfaction. We work preventively and address the areas for improvement that we identify. Quality management engages everyone, from the Board and its Quality and Sustainability Committee, to workplace meetings and quality appraisals with all employees. The modern IT support and quality management system, Qualimax, help us to maintain good order and to develop the operations.

Business ethics and transparency

Ambea's core values and Code of Conduct clarify our approach and guide the actions of every employee. The Qualimax management system supports the monitoring of Ambea's key areas of responsibility: quality, workplace health and safety, business ethics and the environment.

Supplier requirements

Ambea imposes demands on the suppliers we interact with, and the purchases we make. We work systematically to develop our processes for achieving the highest quality and cost efficiency. Ambea's purchasing policy provides the framework for the company's procurement and purchasing. Suppliers are chosen on the grounds of their ethical and professional practices. Environmental considerations are also included in Ambea's purchasing policy.

Examples of quality KPIs*

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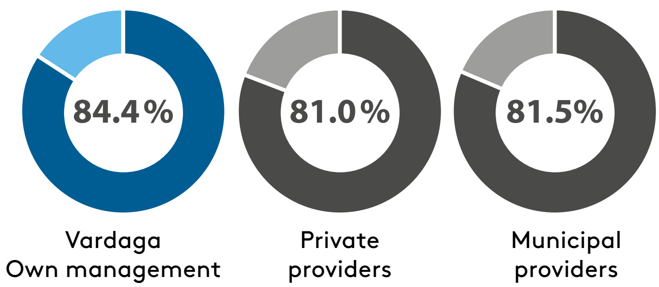
The National Board of Health and Welfare's national User Survey: What do the elderly think about elderly care?

The National Board of Health and Welfare conducts annual surveys of people living in elderly care. The questions include the person's experience of safety, or the ability to influence their everyday life. Vardaga's focus is on growth under own management, which is why we are presenting the results here for the question "Overall, how satisfied or dissatisfied are you with your residential facility?" from the results of the 2017 survey. Vardaga received a higher score than both private providers and municipalities.



The National Board of Health and Welfare's Unit Survey for elderly care

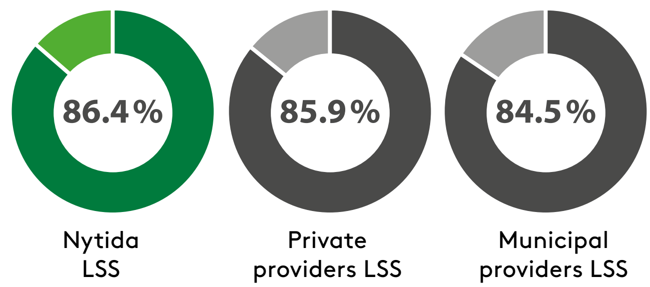
The National Board of Health and Welfare has been conducting national Unit Surveys of elderly care since 2007 that describe each unit's processes. Vardaga has scored well compared with other private providers and municipalities.

Vardaga	Private providers	Municipal providers
97.5%	78.7%	49.5%

nytida

The Swedish Association of Local Authorities and Regions' National User Survey

For the first time, the Swedish Association of Local Authorities and Regions conducted a User Survey for a number of operational areas under LSS, and for Individual and Family Care. The survey included questions about the experienced safety, independence and satisfaction. Nytida's LSS units received a higher score than both private providers and municipalities.

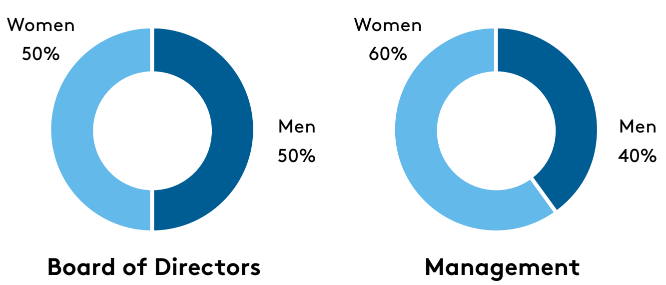


The National Board of Health and Welfare's Unit Survey for LSS

In 2017, the National Board of Health and Welfare conducted a national Unit Survey for adults under LSS (group homes and day services) which will also be conducted in 2018. The survey is designed similarly to that for elderly care and provides a description of each unit's processes. The response rate for Nytida's LSS units was high, and the scores were high compared with other private providers and municipalities.

Nytida	Private providers	Municipal providers
82.4%	71.4%	52.3%

Percentage of women and men on the Board and in management



»Ambea was named one of the most gender-equal companies on the stock exchange by investment company Indecap, which invests in the 30 most equal-gender companies listed«

**See more quality KPIs in Ambea's Quality and Sustainability Report.*

»Simply fantastic that Vardaga's competence in ageing, combined with architect Nina Bergström's sense of colour and design, have given us the Swedish Design Prize. The prize is great, of course, but the best thing is the positive effect it has had on the unit. The environment is so important," says Gunilla Österlund, Head of Business Development at Vardaga.

The 2017 Swedish Design Prize for Vardaga's residential concept

SVENSKA DESIGN PRISET

On 19 October, Vardaga's new residential concept was awarded the Swedish Design Prize for 2017. The design of the living environment affects the wellbeing of the elderly. Vardaga has therefore developed a residential concept for its nursing homes by fusing aesthetic form with functionality. This has created a living environment adapted to the physical needs of its residents, with a warm and cozy atmosphere. The furniture and fabrics feature mild tones, inspired by Scandinavian design. This concept is now being introduced into all new residential facilities being built, and existing residential facilities being refurbished or modernised. Vardaga's nursing home in Gävle, Villa Vallonen, was completed in early 2017 and was the first residential facility to introduce the concept.

Awards and distinctions in 2017

- The Swedish Design Prize 2017 – Vardaga's residential concept for nursing homes
- The White Guide, Senior Mealtime of the Year 2017 – Vardaga Silverpark, Täby
- The Swedish Association of Health Professionals Award 2017, runner-up – Vardaga Österbo/Brunnsgatan 15 A, Lund
- Municipality of Täby, Quality Bonus 2017 – Vardaga Höstfibblan, Furan, Silverpark and Broby gård
- Municipality of Växjö, Top-class Care award for 2016 and 2017: Nytida's unit in Ingelstad, Växjö
- Linköping's best activities for the elderly – Vardaga Ånestad, Linköping

Competence development

Ambea's objective is that all employees receive opportunities for further training and competence development through Lära.

Lära is Ambea's academy and educational platform, and develops and offers competence-raising training and guidance in relation to LSS (Support and Service for Persons with Certain Functional Impairments Act), SoL (Social Services Act), individual and family care, elderly care and education. Lära is offered all over Sweden and intended for Ambea's own employees as well as external participants from both public and private sectors.

Lära currently has about 100 municipalities as training customers. In 2017, approximately 4,000 Ambea employees and 5,000 external participants from municipalities, companies and organisations participated in Lära's training programmes.

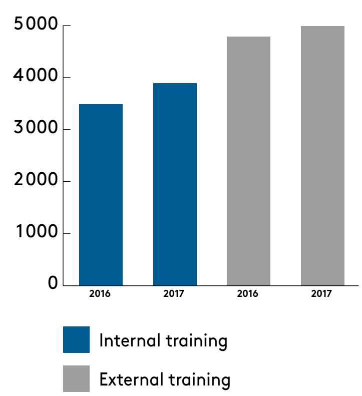
Training opportunities for all employees
Ambea's objective is that all employees will receive opportunities for further training, competence development and specialisation in both existing and new roles at Ambea. Competence development is key to Ambea's ability to conduct high-quality operations, but also to attract, retain and develop employees.

Leadership development a key issue
Lära trains managers and employees in a wide range of specialised competence development within all operational areas and target groups. An in-house training organisation with Lära's leading size and offering is unique in our industry.

As an employer, Ambea represents clarity, participation and values-based leadership. Our managers play a key role in creating conditions for other employees to succeed and develop at work. Leadership development is therefore a key issue for Ambea. By teaching about values-based leadership, we are laying the foundation for an organisation in which decision-making is based on the framework applied by the company. Effective leadership is a pre-requisite for well-functioning care. It helps employees to feel motivated, follow specified procedures and, as they carry out their work, make daily life meaningful for our care recipients.

Collaboration with universities and colleges
Lära also drives and supports development projects to raise knowledge about complex care services. In its role as a social enterprise, Ambea is participating in the development of Swedish welfare. Lära and Ambea participate in various research and development projects together with representatives from Malmö University, Lund University and the Royal Swedish Institute Of Technology, and are thereby helping to find solutions to the common challenges facing our society.

Innovation
Process and method development is naturally integrated into all of Ambea's operational areas. Development and innovation usually take place in collaboration with external partners, but also on the initiative of our own employees. In Nytida, for example, a new joint working method has been developed and launched during the year, that is person-centred and evidence-based. Vardaga is also participating in several technological development projects with the aim of developing and improving care. These include the use of optical sensors to help night staff with public place surveillance at nights. Another example is the introduction of an app for digital documentation and medication administration. Vardaga has also introduced a system and working method to optimise drug treatments and reduce the number of side effects.



No. of participants in Lära's training programmes

Values-based organisation

Ambea's core values are summarised in "Our World" – comprising our vision, our mission, our values and our strategy.

Our vision: We make the world a better place, one person at a time. The focus lies on treating every person with respect, and to live the best life possible.

Our mission: Our commitment and expertise make a difference for every person that we meet. Our employees are working every day to achieve our vision. With commitment, expertise and knowledge, they are making a difference and ensuring quality for every care recipient. Ambea ensures that the organisation's combined knowledge of care reaches all the way out to every unit, employee and care recipient. Ambea's work is based on the Universal Declaration of Human Rights, our ethical guidelines and our Code of Conduct.

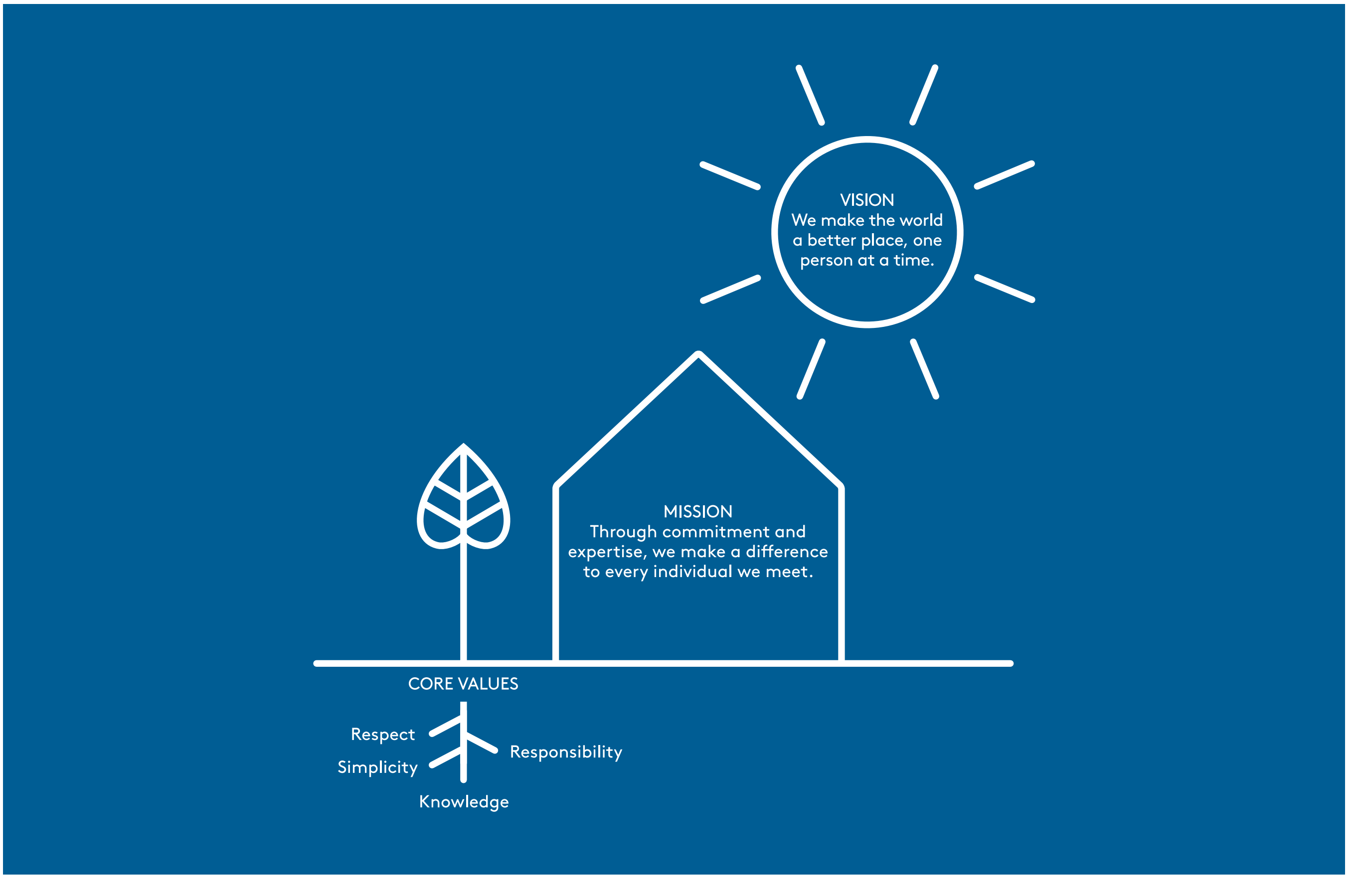
The values that permeate every aspect of Ambea's operations can be described with four keywords.

Respect: Everyone is entitled to a life of dignity, with physical, mental and social wellbeing.

Responsibility: Our employees express their needs and wants, and our managers listen and lead.

Simplicity: It should be easy to influence, and to be an employee or care recipient.

Knowledge: We reflect, learn from each other and make the most of everyone's competence.



How Our World works in practice

The values are firmly established in the everyday work of Ambea's operations.

Malin Johansson, care manager
Vardaga Sandstugan, Tumba

I worked at several different Vardaga facilities before coming to Sandstugan which has given me a broad overview of what good, high-quality elderly care should be. For me, the definition of quality in elderly care is when everyone is focused on meeting the care recipient's needs, not on how everything is usually done. We should be guided by the resident's needs, not the other way around. Reminding each other, and working like this with employees, is a constant effort.

At Sandstugan, we work systematically to identify problems, solve them and continuously evolve, based on the process from its background – which describes the problem – to the actions required, including milestones and goals.

For example, we have completed training courses in Vardaga's concept (The Good Day), Ambea's vision and core values (Our World) and the Code of Conduct for all employees. The aim of these courses is to find a joint working method for everyone at Sandstugan, so that all wards can collaborate and move in the same direction.

It is important for me that every employee feels like a part of Vardaga, not just a member of their own team at Sandstugan. Vardaga has proven and incredibly effective concepts. If we follow these concepts and base everything we do on them, they work, and we can ensure a high and even quality of care.

As a care manager, I feel secure being part of Vardaga. If I need help or have any questions, there is always someone I can call. It is important to be open and honest, and not being afraid to ask for help if you need it.

I usually say that my goal as a care manager is to make myself redundant. In other words, if everything works properly, I won't be needed anymore.

Finally, I would like to give you an example of what I mean by focusing on the care recipient's needs. We had a lady in our short-term dementia ward who was always running away because she wanted to go home. We sat down and asked why she wanted to go home. "I have to go home and pay my bills," she said. So we took her home, found the bills and went to the bank so she could pay them. After that, she felt safe and secure in the ward. The problem was solved by the flexibility and responsiveness of our employees. That's how it should work.

Employees

Our employees are our most important asset and they make a difference for our care recipients every day. We achieve success by investing in competence development, health promotion and by continuously improving our quality management.

Development opportunities at Ambea
Ambea's ambition is to provide all employees with opportunities for further training and competence development through our educational platform, Lära. Competence development is key to running effective operations, but also to Ambea's ability to attract, retain and develop employees.

The aim is that our managers can mainly be recruited internally. As a result, there are many opportunities for development within the organisation. For employees aspiring to be managers, there are many opportunities for development that run parallel to their ordinary role, such as core values leader, quality expert, activities manager, diet representative or project manager.

Quality management and ethics ombudsman
Due to structured processes, employees are highly involved in our quality management. These processes are integrated into the operations through quality, environment, and health and safety committees and workplace meetings.

Ambea also has an Ethics Ombudsman, which is a whistle-blower function for our employees. Employees can contact the Ethics Ombudsman, anonymously if they so wish, and express their views or ask questions about ethical complexities they may have encountered at work.

Leadership in a values-based organisation
Leadership is paramount for the function of care operations. We need committed and motivated leaders who, with the help of our values, can inspire participation and promote employeeship in our workplaces. Leadership development is therefore a key issue for Ambea. All managers at Ambea undergo a structured introduction process and a qualifying leadership programme, in which their immediate manager is involved throughout the entire process. By teaching about values-based leadership, we are laying the foundation for an organisation in which decision-making is based on the framework applied by the company.

Recruitment, diversity and integration
Ambea is growing and needs to recruit new employees on an ongoing basis. By fostering diversity, we can help the organisation find competent, new employees, while making a social contribution by promoting integration. We work together with the Swedish Public Employment Service and various educational organisations to offer work placements, training and job opportunities for new residents. In 2017, Ambea also entered into a partnership with the City of Stockholm in a long-term and sustainable cooperation arrangement to meet the industry's need for competence.

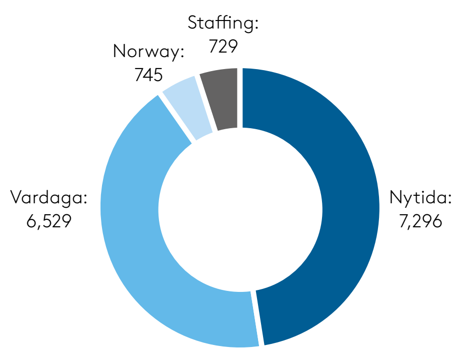
In autumn 2017, Ambea focused on how a pipeline of competency can be secured both now and in the future. Ambea has a clear focus on "The Employee Journey," in which we are developing digital support through the recruitment, introduction and competence development process.

Employee surveys
Everyone should be able to influence their own development. Every employee should therefore be offered the resources required for the performance of their duties, and for maintaining a high level of proficiency in their area. Ambea conducts regular employee surveys and monitors the results systematically.

Workplace environment
The workplace environment should be characterised by openness, participation, respect and mutual trust.

We continuously evaluate any existing risk of threats and violence to ensure a safe and secure workplace.

Ambea promotes a safe and healthy workplace environment, in which all employees can feel happy and secure. Our employees are encouraged to become more health conscious and are given conditions for a sustainable working life.



Total no. of employees in Ambea: 15 299

Individually adapted care

Järva VIP has a clear and structured teaching approach that gives a sense of security and promotes learning.

Viviane Silvén is the mother of a 16-year old boy with autism who is a student at Nytida Järva VIP school in Sollentuna. Parenting a child with a disability has not always been easy and the road to diagnosis was long. At Järva VIP, Viviane's son found his home.

"He is a wonderful 16-year old boy," says Viviane about her son, but she also tells how she already knew something wasn't right when he was little, even though he followed all of the development curves and had good motor skills.

"When he was being vaccinated, he just sat on my knee. He didn't cry or feel sad like the other children. The best way to occupy him when I needed to take care of his 18-month younger sister, was to put him in front of the washing machine. He could sit and watch the machine until the cycle was finished.

School with a focus on autism

Despite early suspicions from family members and then later at day care, it would take several years and screenings before her son was finally diagnosed with autism. He was then six and about to start school. The assessment was that he could go to a mainstream school. But the school had no understanding of autism. They made many calls home, and even though her son was only six years old, he was sometimes locked in a room all alone when the school couldn't handle him. He also lost the skills that he used to have. The situation became untenable. Through a school consultant in their home municipality, her son was offered a place at Järva VIP – one of Nytida's schools with a focus on children with autism. There was a difference from day one.

"I remember the introduction, they welcomed him into an environment that was specifically adapted to his needs." And that is how Järva VIP works with all students – they adapt to each one individually. The staff respond to the unique needs of each student. "They are competent and get the chemistry working between students and staff," says Viviane.

Secure when her son is happy and developing

Staff continuity is high – her son has had the same teacher for the whole ten years he has been at the school. Several teaching assistants have also been there for a long time. This leads to positive outcomes and inspires trust. Viviane can feel secure in the knowledge that her son is

happy, healthy and developing.

Järva VIP has a clear and structured teaching approach that gives a sense of security and promotes learning. Unlike other periods in her life, Viviane knows she can find support when things aren't going well. She tells how the school helped her son, together with autism rehabilitation in Stockholm, when he became so afraid of dogs and birds that he didn't want to go outside. Through gradual exposure with pictures first, and then real dogs, his phobia disappeared. Now they even have a dog at home – a very loving member of the family.

"Having a child with autism affects the whole family," says Viviane, "you become another person.

My son has taught me how a person can be, and how much you can love them no matter how difficult they are. I don't want to change him in any way. I just want him to be as independent as possible and that society will respect him," she says.

Her son has one year left at Järva VIP, and then he will start at Nytida Haga VIP secondary school for children with special needs. Viviane has mixed feelings when she thinks about it.

"I don't really want him to change schools. I love the school here because the staff are so considerate and they like my son. It's more than just a job for them. But one of his former teachers works at Haga VIP now and says that school will be good too."

Business environment and Ambea's role in the community

As the number of people sharing public resources for social care grows, the care sector will face major changes. To meet these challenges, innovative solutions will be required from many operators.

The Swedish care market
In Sweden, municipalities are responsible for the provision of social care services for their inhabitants. Up until the 1990s, care services were mainly delivered by the municipalities themselves. Since then, it has become increasingly common for municipalities to also purchase care services from other providers, including private care companies. The procurement process is regulated by the Swedish Public Procurement Act (LOU).

More freedom of choice
To increase competition and make it possible for care recipients and their relatives to choose their care provider, the System of Choice in the Public Sector Act was introduced in 2009. The Support and Service for Persons with Certain Functional Impairments Act (LSS) was also highly significant in the care area. It entitles people with disabilities to apply for assistance to help them live as good and independently as possible. In other words, the Swedish care sector has evolved from offering equal care, usually in large care institutions, to care based on individual needs. The political objectives of the reforms have been to increase freedom of choice, and to increase the quality and efficiency of publicly financed care operations through competition.

There are now both public and private care service providers. In Ambea's care market, private operators account for 23 per cent. Private providers account for 17 per cent in elderly care, 21 per cent in disability care (LSS) and 39 per cent in individual and family care.

Care recipient satisfaction
The National Board of Health and Welfare's surveys show that most elderly care recipients in Sweden are satisfied. The quality of care generally receives high scores, and is often higher for private providers than for municipal providers.
Recent political debate has often focused on profits in the welfare sector, rather than the major welfare challenges facing Sweden as more and more people need to share public resources for social care. In January 2018, the Swedish government and the Left Party put forward a Bill for a profit cap, that will be presented to the Parliament later in the year. The Bill does not account for the quality aspects of care to any major degree. Private care companies such as Ambea, with a high degree of specialisation, operations under own management and a robust quality management system, are well equipped to meet client demands on quality and competence.

The major challenges in the care sector
The Swedish population will continue to grow and by 2030, the share of the population aged 80 or over will have risen 40 per cent. At the same time, the working-age population will decline. The rapid change in the population structure will severely strain the welfare system. Recruitment needs will also grow in line with the rising demand for care services, and major investment will be required for the future expansion of new residential facilities. By 2030, the expected need for beds is approximately 40,000.

In 2016, municipalities' total costs for elderly care, disability support and individual and family care in Sweden amounted to SEK 210 billion, representing an annual growth rate of approximately 4 per cent.

Need for diversity
To meet the welfare challenges, many operators will be required in the care sector that can contribute investments, competence, quality development and not least innovative solutions. With a strong knowledge base and a focus on innovation, Ambea is well-equipped to contribute new competence and new working methods in elderly care, LSS services and individual and family care.

The Norwegian care market
Legislation and regulation of the Norwegian care market takes place at national level, while municipalities are responsible for the care operations and their funding. The Norwegian market has a lower rate of privatisation than Sweden and contract procurements are less common in Norway. The right to choose a care provider is not equally as widespread in Norway as in Sweden, but a positive trend towards greater freedom of choice is also ongoing in Norway.

The care services market

Growth in the care market remains stable. A key trend is that municipalities are increasingly engaging private care companies that can offer highly specialised care services.

In 2016, Ambea's care services market in Sweden amounted to approximately SEK 139 billion and has shown average annual growth of approximately 4 per cent over the past five-year period. The market growth is partly due to the growing population of elderly and the rising number of people covered by LSS. Care market growth has been higher than BNP and is not significantly affected by general economic declines.

In 2016, the private care market for the services provided by Ambea in Sweden amounted to approximately SEK 32 billion, corresponding to about 23 per cent of the total market. Ambea's share of the private market was 15 per cent.

Ambea's operations are focused on three main market segments: disability care under LSS, individual and family care, and elderly care.

Disability care under LSS

The market for disability care under LSS comprises people who are entitled to care services within the framework of the Support and Service for Persons with Certain Functional Impairments Act (LSS). This includes people with an autism diagnosis, brain damage or other intellectual disabilities who require comprehensive assistance with everyday activities.

The services offered in this segment include short-term stays outside of the home, group homes or residential facilities with special service and daily activities for adults.

Between 2012 and 2016, average annual growth in the market for disability care under LSS was approximately 5 per cent.

Individual and family care

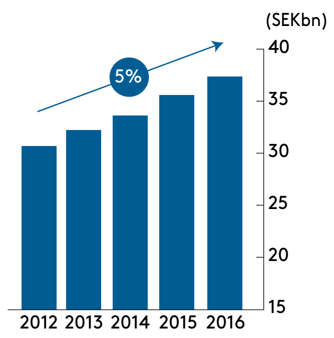
The individual and family care market is focused on children, young people, adults and families who need various types of support, care and treatment, often due to severe psychosocial problems, disability or substance abuse-related problems. Individual and family care includes support in the form of HVB homes, assisted housing, family homes, outpatient care, special housing and inpatient care.

Between 2012 and 2016, average annual growth in the individual and family care market was approximately 6 per cent.

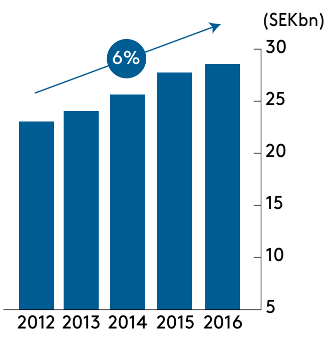
Elderly care

Special housing for the elderly includes older people who are unable to remain in their own homes and require support to maintain their independence in a safe living environment. Illness, disability or age-related weakness are the most common reasons why the elderly need to live in special housing.

Between 2012 and 2016, average annual growth in the elderly care market – and more specifically, residential facilities – was approximately 3 per cent.



Market trend for Disability Care, Sweden



Market trend for Individual and Family Care, Sweden

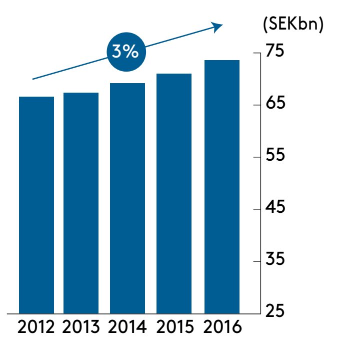
Market drivers and trends
Demand for care services is increasing as the elderly population grows, and more and more people are seeking assistance due to disability or mental illness. At the same time, the availability of special housing has decreased in many Swedish municipalities. In 2017, the Swedish Board of Housing Building and Planning's housing market survey showed that the situation is most critical for people with disabilities, and 163 municipalities claimed that they lack housing. A total of 125 municipalities say they have a deficit in special forms of housing for the elderly. To meet the capacity shortage and future investment requirements, initiatives are required from both public and private care market operators. Despite the lack of capacity, however, the year was characterised by a number of municipalities choosing not to re-tender after their terms had expired.

Many municipalities are requesting specialised competence from private care companies, because they themselves are unable to meet the needs of, for example, complex individual and family care recipients.

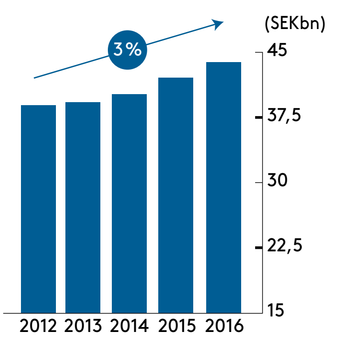
Another reason why municipalities are increasingly requesting services from private care companies is that private providers can offer the same or higher quality services, often at a lower cost, compared with public providers.

The Norwegian care market
In Norway, Ambea's market comprises disability care, individual and family care and personal assistance (BPA). Between 2012 and 2016, average annual growth in Ambea's Norwegian market, excluding BPA, was 3 per cent. The private care market accounted for 25 per cent. The Norwegian market is partly impacted by the same drivers as the Swedish market – a favourable demographic trend, higher privatisation rates and the need for municipalities to reduce their costs. In contrast to the Swedish market, the Norwegian market is more fragmented and largely consists of non-profit organisations. In similarity with Swedish municipalities, Norwegian municipalities are increasingly choosing to purchase services from private operators for care recipients with specialised nursing care needs.

The staffing services market
Demand for temporary doctors and nurses will remain high, as large numbers of care professionals begin to retire while care needs increase. In 2016, regions and counties paid SEK 4.6 billion for temporary care staff. Competence in psychiatry and general medicine, for example, is in short supply. An estimated 5,500 people are permanently employed by temporary staffing agencies. Doctors account for the largest share of temporary staff, followed by nurses and other care workers. In 2016, total personnel costs for healthcare amounted to SEK 128 billion according to the Swedish Association of Local Authorities and Regions. Temporary staff accounted for 3.6 per cent of healthcare's total personnel costs.



Market trend for Elderly Care, Sweden



Market trend for Disability Care and Individual and Family

Ambea's operations

Ambea's operations comprises care services in disability care (LSS), individual and family care and elderly care, as well as staffing services.

Ambea's operations in disability care (Nytida and Norway) and elderly care (Vardaga) are mainly focused on residential care for people in need of advanced and specialised care, where municipalities often lack specialised competence, have low volumes or are unable to make the necessary investments. For these forms of care, which place high demands on specialisation, long-term contracts and a need for complementary services generally apply, creating opportunities for long-term, stable margins. Comprehensive legislation and high demands on experience and resources in order to conduct operations often constitute high barriers to entry.

Ambea's customers are predominantly municipalities, and the nature and term of contracts vary depending on the contract model and services offered.

The services offered by Vardaga and Nytida are divided into (i) own management (where Ambea provides care in units managed by the company) and (ii) management contract (where the care has been outsourced to Ambea, and is provided at units managed by the procuring municipality). In Norway, Ambea only conducts operations under own management.

Of Ambea's total net sales, own management accounted for 65 per cent (60), and reflects Ambea's ongoing strategic shift towards operations under own management.

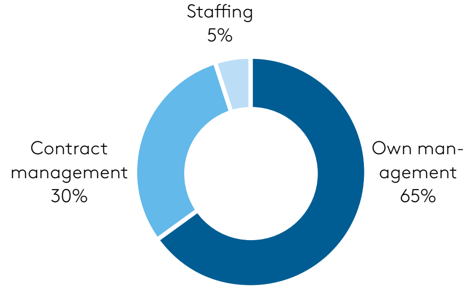
Operations under own management:
Ambea has a structured development process for establishing new units under own management. The establishment of units under own management means that Ambea builds, designs and staffs the units "from scratch," in collaboration with construction companies. Units under own management enable Ambea to leverage its combined experience and competence to continue improving the quality of care.

When Ambea evaluates the potential for establishing new units, we account for such factors as demographics, proximity to existing units, the availability of competent staff, economic growth in the region, potential landlords and the political and economic situation in the relevant municipality. The leases that Ambea signs with external property owners usually run for 10-15 years.

The period from when Ambea signs a lease to when the unit opens varies. A nursing home usually takes 24-36 months, an LSS unit about 9-18 months, and SoL psychiatric units about 9-12 months.

Contracts concluded by Vardaga are mainly framework agreements or LOV (System of Choice in the Public Sector Act) agreements for a large number of care recipients with similar care needs. Contracts concluded by Nytida are largely tailored to each person's unique care needs and, as a result, are usually long-term, although framework agreements and LOV agreements are also common in Nytida's operational areas.

Contract management
Contract management operations mean that Ambea provides care in units managed by a municipality. The procurement process is governed by the Swedish Public Procurement Act (LOU), whereby the municipality issues an invitation to tender with a statement of requirements regarding price or quality, or a combination of both. The selected care provider signs a management contract, and then provides the services for a fixed price for a period ranging from four to five years, normally with an option to renew for between two to four years. By making a private care provider responsible for care services under a contract management, the municipality can achieve control over its costs and diversify its range of care services. Ambea has extensive experience in taking over operations under a management contract and follows a systematic process to ensure the transition is as simple and secure as possible for care recipients, relatives, employees and the municipality.



Sales per contract model (%)

Vardaga

Vardaga offers elderly care with a focus on nursing homes for care recipients in need of advanced and specialised care.

Vardaga is one of Sweden's largest private elderly care operators with approximately 6,500 employees dedicated to the quality of life and security of each care recipient.

Vardaga's elderly care operations are focused on nursing homes under own management, or under long-term contract management with municipalities and other public procurers.

Vardaga operates a wide range of residential care, including specialist care units for people with dementia, special housing (including specialist psychogeriatric wards, care for people under 65 with dementia, or for dementia caused by substance abuse), service housing and short-term housing.

The objective is to offer high-quality care based on meaningful and individual choices, with respect for the care recipient. Vardaga's working method is described in the business concept "The Good Day." The concept is based on the national core values for elderly care, and provides a tool for Vardaga's daily work.

Vardaga has approximately 75 units and 200 municipalities as its customers.

The largest private operators in the Swedish elderly care segment are Attendo, Ambea/Vardaga, Norlandia, Förenade Care and Aleris. Vardaga is the second-largest operator with about 16 per cent of the private market.

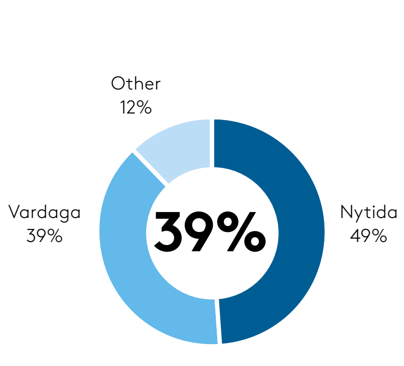
Development 2017

In 2017, net sales amounted to SEK 2,260 million (2,164), a year-on-year increase of 4 per cent. EBITA was SEK 154 million (120). The EBITA margin improved to 6.8 per cent (5.5) year-on-year.

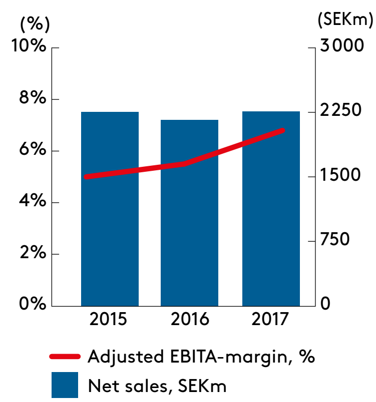
An ongoing project in Vardaga is development of "The Good Day" concept, a structured business tool for Vardaga's employees, aimed at creating effective and person-centred social care.

The development is often closely linked to various digital projects. In 2017, Vardaga focused specifically on the continued development of projects to stimulate the care recipient's everyday life through individually adapted activities. One such pilot project initiated during the autumn was the use of Virtual Reality glasses, aimed at enhancing feelings of wellbeing by virtually experiencing something that was interesting in a previous stage of life. The project was highly appreciated and is now being implemented on a broader front in several of Vardaga's nursing homes.

2017 was also marked by the recognition of Vardaga's quality management, in the form of distinctions and prizes. During autumn, Vardaga Silverpark was awarded the White Guide's prize for senior mealtime of the year. As previously mentioned, Vardaga also received the Golden Trophy at the 2017 Swedish Design Awards Gala for its residential concept, and was runner up in the prestigious



Vardaga's share of the Groups net sales



Financial trend, Vardaga

competition for the Swedish Association of Health Professionals' prize.

Ambea's strategy is to continue increasing the proportion of operations under own management in Vardaga. Ambea therefore dedicated a great deal of time during the year to the planning of new units under own management, which led to a substantial increase in the proportion of signed contracts and projects under construction. At 31 December, the number of units under construction or with signed leases was 13, corresponding to 777 beds. At 31 December, the number of own management units in operation was 26, corresponding to 1,253 beds.

Nytida

With long experience, proven models and deep knowledge, our employees in Nytida are working to help individuals live as independently as possible.

Nytida offers care services in disability care for care recipients in need of advanced and specialised care. Nytida is a market leader in Sweden in LSS services, and the second-largest operator in individual and family care.

Nytida's operations are focused on residential care, mainly under own management, but some are also operated under contract management. Nytida's residential facilities are specifically designed to offer safe and secure high-quality care. Nytida also operates short-term care services, day services and schools.

Nytida offers support, treatment and care in both disability care and psychosocial problems, including autism, multiple diagnoses and substance abuse. All operations are focused on the achievement of high-quality care. In Nytida's operations, our employees work together with the care recipients to create a responsive and positive environment. Our objective is to help care recipients become as independent as possible and contribute to quality of life. Nytida has 350 units across Sweden. The number of employees is approximately 7,000.

Nytida's operations

Nytida's operations are divided into areas of care based on the laws and regulations governing the care market: (i) disability services are offered under the Support and Service for Persons with Certain Functional Impairments Act (LSS), (ii) individual and family care services are offered under the Social Services Act (SoL), and (iii) services in schools and education are offered under the Education Act.

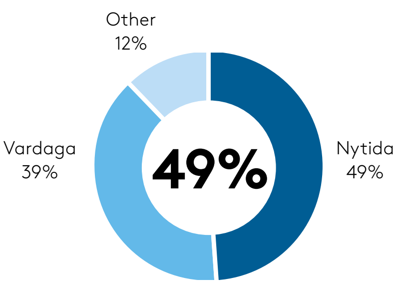
LSS

LSS applies to individuals in need of comprehensive support and service of various degrees, usually for their whole life. Nytida's LSS operations mainly focuses on residential care in the form of group, service and child care homes. Group homes and service housing for adults account for the largest share, followed by child care homes. Our care recipients are adults, young people and children with autism spectrum disorders, brain damage and multiple diagnoses.

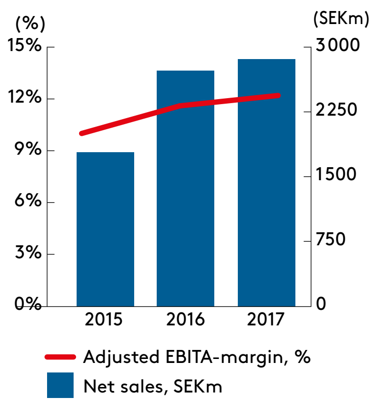
The largest private LSS operators in Sweden are Ambea/Nytida, Attendo, Frösunda, Team Olivia and Humana. Ambea/Nytida is the LSS market leader in Sweden with a market share of approximately 21 per cent. Due to the demographic and structural trend in Sweden, combined with the growing number of people entitled to LSS support, the market is expected to continue growing.

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. Nytida's individual and family care is focused on neuropsychiatric disabilities, substance abuse and disabilities not covered by LSS, and offered to children, young people and adults. Care is offered in HVB homes (homes for care or residence), family homes, supported housing, psychiatric and rehabilitation units and through outpatient care. The services include support, treatment and care based on some form of diagnosis or social problem.



Nytida's share of the Group's net sales



Financial trend, Nytida

The largest private individual and family care operators in Sweden are Humana, Ambea/Nytida, Attendo, Frösunda and Aleris. Ambea/Nytida is second largest in individual and family care in Sweden, with a market share of approximately 8 per cent.
Due to the increasing prevalence of mental disorders and substance abuse problems, the demand for individual and family interventions is expected to continue.

Development 2017

In 2017, Nytida's net sales amounted to SEK 2,864 million (2,730), a year-on-year increase of 5 per cent. Growth in net sales was driven by acquisitions of units under own management. EBITA was SEK 350 million (300). The EBITA margin improved to 12.2 per cent (11.0) year-on-year.

Nytida is growing through acquisitions and new units. Part of the disability care strategy is to create cooperation between nearby residential facilities, so that competence can be shared between the units, but also to broaden Nytida's offering with additional services such as day services, schools and so forth. In 2017, Nytida completed four acquisitions. One of the largest acquisitions in 2017 was Resursteamet, which contributed 895 day service placements. Resursteamet is a key complement to, and broadens, Nytida's disability care offering. During the year, Nytida worked actively to integrate these new acquisitions, which include IT systems, quality assurance and employee training. It is essential that new employees understand Ambea's educational approach. Training and competence development take place in close collaboration with Lära, our training organisation. Nytida also launched an educational framework during the year, with the aim of creating a shared view of basic work methods and approaches, and to raise the educational competence of the organisation.

During the year, Nytida continued to open its own residential facilities and at 31 December, the number of own management units in operation was 178, corresponding to 1,804 beds, and 74 units corresponding to 2,139 placements. Several new residential facilities and complementary operational units will be opened in 2018. At the end of the year, the total number of beds and placements under construction, or for which leases has been signed, was 191.

In December 2017, a new business area head was appointed and will join Nytida in 2018.

Other: Norway and Staffing Solutions

Ambea also offers disability care services in Norway, and staffing services in Sweden.

Ambea Norway – Heimta

Ambea entered the Norwegian market in early 2016 through the acquisition of Heimta. Ambea's Norwegian operations comprise support and residential facilities for disability care and psychiatry. The operations are primarily focused on residential care, but also offer complementary services in user-controlled personal assistance (BPA), rehabilitation services, relief and assessment. From March 2018, Ambea's operations in Norway will be conducted under the Heimta brand.

Some of the largest private operators in disability care in Norway are Aleris, Humana, Aberia and Team Olivia.

Development 2017 Norway

In 2017, Ambea Norway grew in pace with new acquisitions and the opening of units under own management. Since its establishment in 2016, Ambea has acquired six companies, of which three were acquired in 2017. Ambea also invests in Norway for organic growth and several new operations were started-up during the year. At 31 December, the total number of units in operation was approximately 59, with a total of 173 beds. Ambea sees continued opportunities for growth in Norway through both acquisitions and organic growth. At December 31, three units, corresponding to 22 beds, were under construction.

Staffing Solutions in Sweden – Klara

Ambea's staffing operations are one of Sweden's leading providers of temporary social care staff. In 2017, the staffing operations were conducted under the Rent-a-Doctor, Rent-a-Nurse, Rent-a-Social Worker and CareTeam brands. Ambea's staffing solutions have been conducted under the Klara brand since 5 March 2018. The staffing services include both long and short-term staffing solutions for the shortage of qualified staff in healthcare and care. The CareTeam operations provide ambulatory services, both on-call and emergency, for the care operations. These services are offered on a subscription basis.

Ambea's staffing solutions fill thousands of jobs every year and conduct operations across Sweden. Most staffing solutions customers are external social care operators, including municipalities, counties and competing private operators.

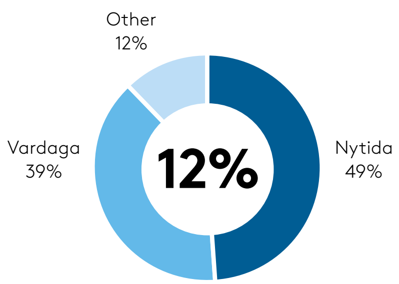
Some of the largest private operators in temporary care staffing in Sweden are Dedicare, NGS Group, Bon Liva, Läkarleasing Sverige and Ambea staffing solutions.

Development 2017 Staffing Solutions

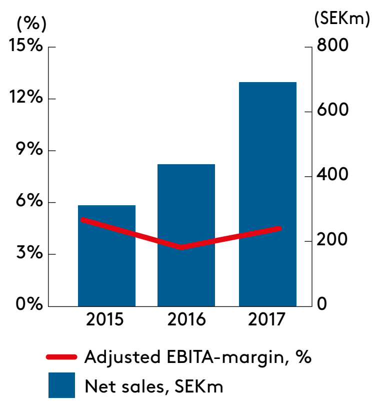
Several development projects were started during the year, and Rent-A-Doctor includes staffing solutions for online healthcare centres. Such collaborations present new opportunities for offering Ambea's services and provide flexibility for doctors in Ambea's staffing pool, as well as opportunities to continue the development of new solutions for customers.

Financial trend

In 2017, net sales amounted to SEK 692 million (439), representing a year-on-year increase of 58 per cent.



Share of the Group's net sales – Other



Financial trend, Other

Operations under own management in Norway account for

100%

of net sales

Net sales in the Norwegian operations rose 194 per cent to SEK 369 million (125), attributable to start-up units under own management and acquisitions. Staffing Solutions grew 3 per cent year-on-year to SEK 322 million (314), mainly due to a positive trend in the ambulatory services operation and temporary nurse staffing. EBITA for the Other segment was SEK 31 million (15). The EBITA margin improved to 4.5 per cent (3.4) year-on-year.

Own management and contract management pipeline

VARDAGA

Own Management – total in operation	OB		Change for the year		CB	
	Units	Beds	Units	Beds	Units	Beds
Beds	23	1,133	3	120	26	1,253

Own management pipeline	OB	Opened during the year	New during the year	CB
Beds	483	54	348	777

Contract management pipeline	Letter of allotment at 1 January			Start-up/terminated during the year
	Units	Beds	Annual revenue	
Won				47
Renewed confidence	3	114	58	
Lost	1	30	15	
Contracts retaken to be run under municipal auspices	1	56	48	191

NYTIDA

Own management – total in operation	OB		Change for the year		CB	
	Units	Beds/placements	Units	Beds/placements	Units	Beds/placements
Beds	175	1,805	3	-1	178	1,804
Placements	49	1,154	25	985	74	2,139

Own management pipeline	OB	Opened during the year	New during the year	CB
Beds	95	47	32	80
Placements	6	92	105	111

Contract management pipeline	Letter of allotment at 1 January			Start-up/terminated during the year
	Units	Beds	Annual revenue	
Won	5	41	22	
Renewed confidence	2	29	13	17
Lost	10	62	60	
Contracts retaken to be run under municipal auspices	9	53	43	

NORWAY

Own Management – total in operation	OB		Change for the year		CB	
	Units	Beds	Units	Beds	Units	Beds
Beds	40	104	19	69	59	173

Own management pipeline	OB	Opened during the year	New during the year	CB
Beds	15	25	32	22

The share

Ambea's share has been listed on Nasdaq Stockholm, Nordic Mid Cap segment, Health Care sector, since 31 March 2017.

The issue price on 31 March was SEK 75. At the end of 2017, the price of Ambea's share was SEK 73.75, corresponding to market capitalisation of SEK 5.0 billion. During the year, the highest price paid was SEK 104.25 (27 June) and the lowest was SEK 71.00 (12 December).

During the year, the total turnover was 21.2 million shares, corresponding to approximately SEK 1.8 billion. The average daily trading volume was 113,002 shares. In 2017, the number of shares traded corresponds to 31 per cent of the average number of shares outstanding. Most trading in Ambea's shares took place on Nasdaq Stockholm. Ambea's share was also traded on multilateral trading facilities including BATS and LSE.

Dividend policy

Ambea's objective is to distribute 30 per cent of its annual consolidated net profit. The proposed dividend shall account for Ambea's long-term development potential, future income, financial position and general financial and operational circumstances. For 2017, the Board proposes an ordinary dividend of SEK 1 per share to the Annual General Meeting, which is in line with Ambea's dividend policy.

Share capital

At the end of 2017, the number of shares was approximately 67,616,556.

Ambea's share capital comprises one type of share, with equal rights to voting, capital and dividends.

Ownership structure

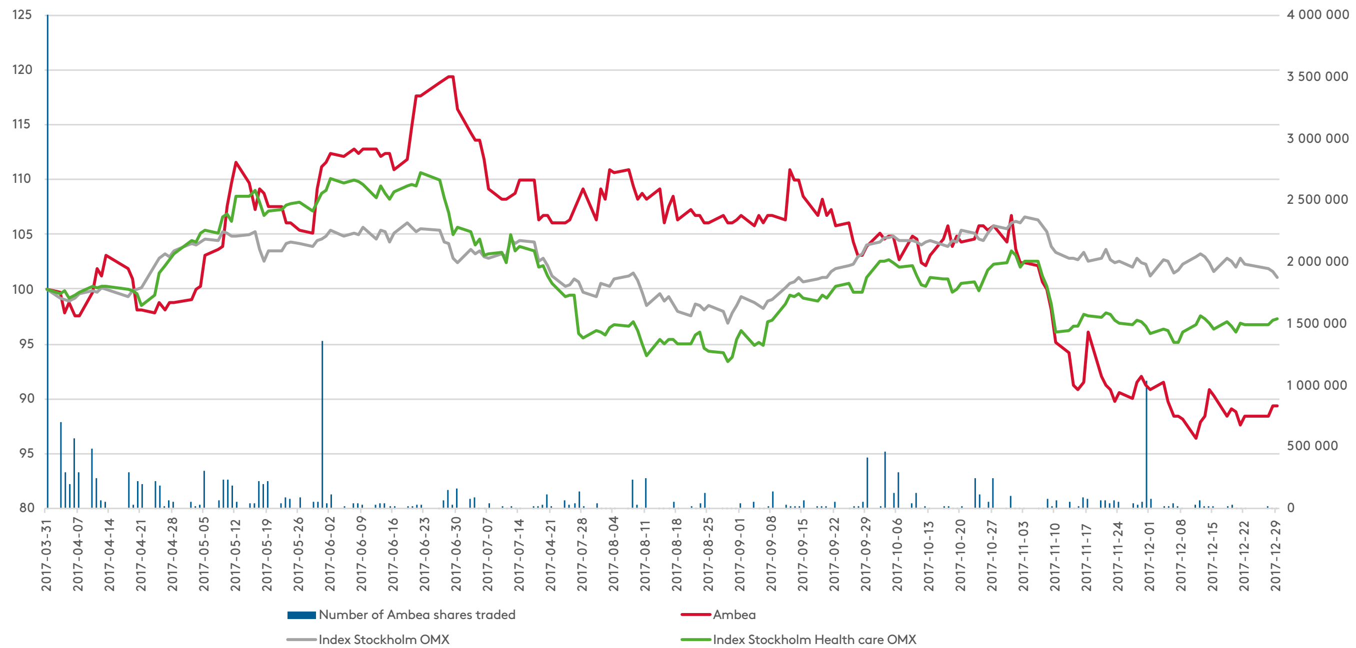
At the end of the year, Ambea had 1,929 shareholders. Of the shares, about 70 per cent were registered in the name of Swedish owners, and 30 per cent in the name of foreign owners. The ten largest shareholders represented 76.8 per cent of the share capital. At 29 December, Ambea's Group management owned a total of 1,635,496 Ambea shares and Ambea's Board members owned 473,569. The total number of shares owned by Group Management and the Board corresponded to 3.1 per cent of the capital and the votes.

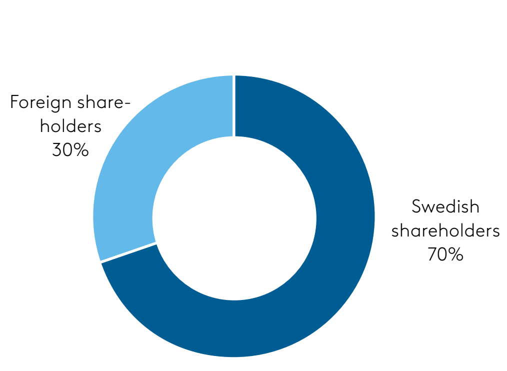
Distribution of shares

Shareholding	No. of owners	Holding, %	Votes, %
1-500	1,520	78.8	78.8
501-1,000	123	6.4	6.4
1,001-5,000	143	7.4	7.4
5,001-10,000	29	1.5	1.5
10,001-15,000	26	1.4	1.4
15,001-20,000	12	0.6	0.6
20,001-	76	3.9	3.9
Total	**1,929**	**100**	**100**

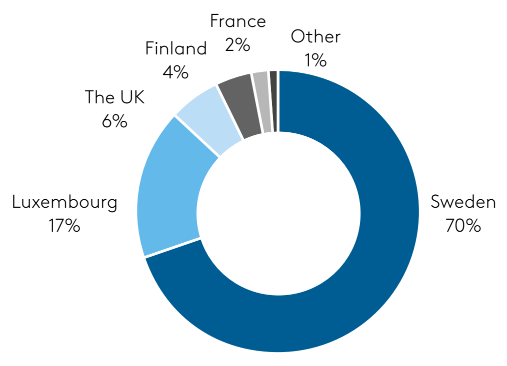
Largest shareholders

Name	No. of shares	% of shares and votes
ACTR Holding AB	28,033,096	41,5
Actor SCA	5,872,479	8,7
Didner och Gerge Fonder AB	5,197,138	7,7
Lannebo Fonder	3,532,141	5,2
Investment AB Öresund	3,166,667	4,7
Catella Fondförvaltning	2,192,623	3,2
Ambea Management Sarl	2,039,033	3,0
CGML PB Client Acct-Sweden Treaty	2,000,000	3,0
Fondita Nordic Micro Cap SR	1,300,000	1,9
Fidelity International via different funds	1,121,385	1,7
	54,454,562	**80,6**





Breakdown of Swedish/foreign ownership



Ownership per country

The Group's risks and uncertainties

Ambea is exposed to a variety of risks and pays particular attention to monitoring, analysing and acting to mitigate potential risks. Risk management in the company is based on developed systems, delegation of responsibilities and procedures that are well-established in the organisation.

Risks associated with care operations are managed with due consideration for well-developed procedures, governance principles and processes applied within the Group. Ambea's Group management is responsible for overall risk management and internal control and performs analysis, assessment and monitoring of risks every year. The results of the risk assessment are reported to the Audit Committee which, in turn, reports to the Board and initiates monitoring of specific risks.

The operations are continuously monitored on the basis of quality and regulatory compliance, employees and financial KPIs. Internal control is based on the Group's delegation of responsibilities and duties as set out in the rules of procedure for the Board and the committees, the CEO's instructions, the financial reporting instructions, the Code of Conduct and policy package. Compliance with these is monitored and continuously evaluated by the person responsible in each area.

The most material areas of risks, as assessed by Ambea, are described below.

Market risks and political risks

Market risk

Ambea faces competition from large and small operators, both public and private, and demand for Ambea's services is impacted by a range of factors. A basic condition for Ambea's overall ability to conduct operations is that municipalities choose to outsource services to private providers. Whether, and to what extent, this takes place determines the size of the publicly financed market for private operators. The fact that public operators are not subject to the same terms can also impact the development of the private care market.

Ambea participates in competitive bidding processes, together with other private operators. The price and quality offered by Ambea when tendering are therefore highly significant. Ambea secures its competitiveness by continuously developing its offering, on the basis of evidence-based methods of practice and the latest care trends.

Political risk

Opportunities for private operators to provide care services in Sweden and Norway, and on what terms, are dependent on political decisions at national, regional and local level. Demand for Ambea's care services is therefore highly dependent on each municipality's approach to social care and how they choose to outsource services to private providers. Risks that could have a material impact on the company include the municipality's choice of procurement method, and changes whereby municipalities no longer outsource care services to private operators to the same extent as before.

In recent years, the area of publicly financed care services has been subject to deep scrutiny and political discussion. Restrictions on the ability to provide care services for profit and stricter permitting and regulatory requirements could lead to limitations on Ambea's business model and have a material impact on Ambea's growth opportunities, earnings and financial position.

Risks associated with legislation, regulatory frameworks and regulations

The care services market is highly regulated. Ambea is impacted and bound by comprehensive and complex regulatory frameworks at national, regional and local level. These regulatory frameworks including permits, demands on availability and access to services, qualified staff, operational guidelines, occupational health and safety regulations, as well as the quality of the services. In order to offer care services in Sweden, Ambea requires permits from the Swedish Health and Social Care Inspectorate (IVO). To obtain a permit, Ambea must comply with a range of quality and safety requirements. If Ambea cannot obtain the permits required to offer care, or be unable to obtain these permits on reasonable terms and costs, this could have financial implications for Ambea's operations. Ambea is also exposed to the risk that may arise from protracted permitting procedures, since no operations can be conducted during this period. Protracted permitting procedures could also lead to delays in the start-up of new operations, changes in the operational focus or the replacement of care managers. The need to wait for permits and not being able to fill units would entail a loss of income, while the costs incurred by rents and staffing could have an impact on Ambea's profitability.

Operational risks
Conducting operations in social care places high demands on Ambea in regard to safety and quality. The operations are inspected and controlled by authorities such as IVO, and procurers such as municipalities, but also by care recipients and their relatives. Since quality and safety are Ambea's highest priorities, the company works continuously and systematically to review and monitor the operations to capture units that are non-compliant with internal and external requirements at an early stage. If Ambea does not meet these requirements for any reason, including documentation and journals, staffing and training, and food and activities for care recipients, there is a risk that Ambea may be ordered to pay a fine, damages and contractual penalties. In the event of gross violations, Ambea could lose customer contracts and/or the permits required by the company to conduct its operations.

Employees
Employees are Ambea's most valuable asset and staff planning is a high priority – on having the right competence and qualifications for every role. Ambea's decentralised organisation entails comprehensive responsibilities and authorities for local managers. It is essential that Ambea is able to employ and retain qualified managers, doctors, nurses and other workers. High demand for care workers, due to growing care needs, could lead to salary increases. Since personnel costs are Ambea's largest expense item, this could lower the company's profit margin.

During the year, Ambea combined its training and research under the Lära brand. Through Lära, Ambea can gather its initiatives and coordinate training requirements to ensure that the company's employees match the competence required by a superior care provider. The training also helps to motivate employees, since the aim is to retain competent employees.

Pricing
Price and quality are central to every tender process. To obtain the most accurate and sustainable pricing possible based on estimated future income and costs, it is vital that Ambea can reliably forecast demand for the company's services. Cost assumptions, such as salary expenses or rents, are items that are highly predictable since most of them are index-based. Agreements without index clauses could entail a risk if not accounted for in Ambea's forecasts. In addition, the index clauses cannot account for all possible future scenarios.

Ambea has developed a detailed process for participating in, and submitting tenders for, management contracting. The bidding conditions are analysed, specific problems are discussed with the customer and local visits are made.

Leases
Ambea normally signs leases with external property owners within the framework of operations under own management. Most leases have longer durations than the customer contracts, which means that when signing a new lease, Ambea makes certain estimations of future demand without having a binding customer contract for the entire duration of the lease agreement. Most of the leases signed by Ambea also include provisions restricting Ambea's right to terminate the agreements in advance, or to renegotiate their terms. If Ambea miscalculates future supply and demand, and the premises cannot be converted for other care purposes, this would entail a financial risk for the company. Risks may also arise from significant lease increases as a result of, for example, upward price adjustments due to changes in an index.

Acquisitions
Ambea's strategy includes strengthening and developing the operations through acquisitions and organic growth. Ambea's growth strategy may entail operational challenges and risks, such as the need to identify potential acquisition and development opportunities under favourable conditions. Ambea's acquisition and development-driven growth may also expose Ambea to other risks, including lower liquidity due to major investments and legal processes with counterparties in connection with acquisitions or divestments, in relation to contingent considerations or other matters.

Ambea's growth strategy is supported by internal and external expertise, and the company has a structured acquisition process in place. Over the past three years, the company has completed several successful acquisitions.

Financial risks

Counterparty/credit risk

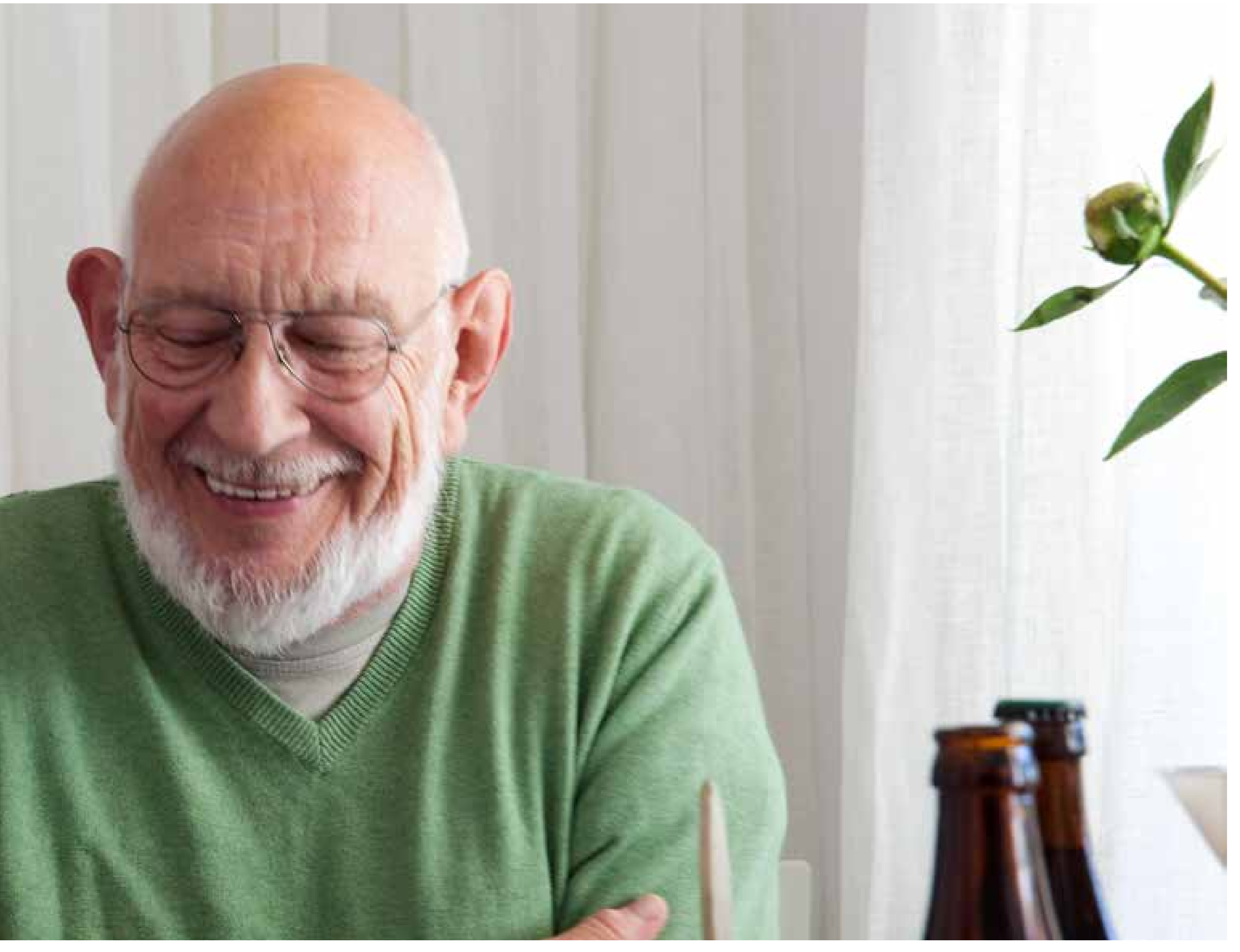
Credit risk is the risk of a customer or another counterparty being unwilling, or unable, to meet its obligations to the Group – specifically, the payment of accounts receivable or other claims. Ambea is exposed to credit/counterparty risk through accounts receivable, cash balances on bank accounts and other receivables in connection with contracted transactions. Ambea's credit risk mainly arises from accounts receivable from municipalities, which are considered exceptionally creditworthy and this risk is therefore considered minor. Ambea has introduced a financial policy that regulates the size of cash balances in banks, as well as excess liquidity investments.

Liquidity/borrowing risk

Liquidity risk is the risk of the Group being unable to meet its short-term payment obligations. Ambea uses a 12-month rolling forecast for liquidity planning in all Group units. Short-term liquidity planning takes the form of weekly liquidity forecasts for the coming four weeks. Ambea's borrowing risk mainly refers to the risk that financing cannot be obtained, or can only be obtained at a significantly higher cost. In order for Ambea to expand, credit to cover working capital needs and the consideration for acquisitions is essential. Ambea's has a three-year financing contract, with an option to extend the term for an additional year. The contract expires in April 2021.

Interest-rate risk

Interest-rate risk is the risk that fluctuations in market interest rates affect cash flow or the fair value of financial assets and liabilities. For floating-rate assets and liabilities, a change in market interest rates could have a direct impact on cash flow, while the fair value is affected for fixed-interest assets and liabilities. Ambea's accounts receivable are not interest-bearing. Interest-bearing assets exist in the form of liquid funds in bank accounts.



Interest-bearing liabilities consist of revolving credit facilities, used as overdraft facilities, and issued commercial papers, mainly intended to finance acquisitions, and to a lesser extent, the business operations. To reduce interest-rate risk, Ambea has entered into interest-rate hedging instruments, in the form of interest rate ceilings. At year-end, approximately 67 per cent of the Group's interest-bearing liabilities were subject to interest rate ceilings. Assuming the same loan liabilities and interest rate ceilings as at the balance-sheet date, a change of +/– 100 basis points (1 percentage point) in the market rate would result in a change of +/– SEK 13.7 million in net interest income.

Currency risk

Currency risk refers to the risk that exchange rate fluctuations affect the company's earnings or its financial position. Currency risk is divided into translation exposure and transaction exposure.

Translation exposure

The Group has a translation exposure arising from the translation of the Norwegian subsidiaries' earnings and net assets into SEK. Since the currency exposure in NOK is substantial, Ambea has chosen to raise financing in NOK. At the balance-sheet date, the net asset exposure was SEK 7.6 million (-).

Transaction exposure

Transaction exposure is the risk that changes in exchange rates in connection with purchasing and sales have a negative impact on consolidated earnings. The Group has virtually no transaction exposure since nearly all income and costs are in local currency in each country.

Corporate Governance Report

Corporate governance

Ambea is a Swedish public limited liability company, listed on Nasdaq Stockholm since 31 March 2017. The company conducts care operations in Sweden and Norway, and has approximately 15,000 employees. Care services includes disability care, individual and family care and elderly care.

Ambea's corporate governance aims to ensure that the company is managed as sustainably, responsibly and efficiently as possible. 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 2017. Central internal documents for corporate governance are the Board's rules of procedure, instructions for the CEO and Board committees, guidance on financial reporting and risk management, overall policies and the company's financial manual.

More information about Ambea's corporate governance is available at ambea.se.

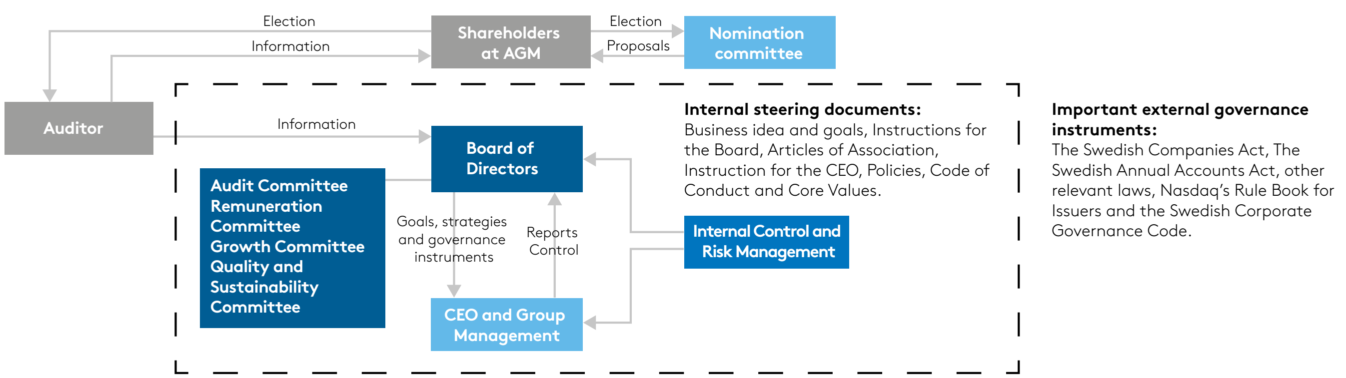
Corporate governance includes various corporate bodies and functions, each with their own defined area of influence and responsibility as presented below.

Shareholders

Ambea's Class B share was listed on Nasdaq Stockholm's Mid Cap segment on 31 March 2017. On 29 December 2017, Ambea's market capitalisation was SEK 4,987 million and the number of shareholders was 1,929. The company's largest shareholders are Actor SCA, Didner and Gerge Fonder AB, Lannebo Fonder and Öresund Investment AB. At year-end, the proportion of Swedish and foreign ownership, respectively, was 70/30 per cent.

Largest shareholders	Number of shares	Share of capital and votes, %
ACTR Holding AB	28,033,096	41,5
Actor SCA	5,872,479	8,7
Didner och Gerge Fonder AB	5,197,138	7,7
Lannebo Fonder	3,532,141	5,2

For more information about the share and shareholders, refer to page 34 of the Annual Report and to the company's website.



Annual General Meeting (AGM)
At the AGM, all shareholders are able to exercise their influence over the company depending on the percentage of shares they hold in the company.

The AGM is the company's highest decision-making body. At the AGM, the shareholders exercise their right to vote on key matters, including adoption of the income statement and balance sheet, disposition of the company's earnings, discharge of the Board members and Chief Executive Officer from liability, election of Board members and auditors, Board remuneration and auditor fees. The Meeting resolves on authorisation of the Board to make decisions regarding new shares issues or the repurchase of own shares. The AGM may also, if necessary, resolve to adopt a new Articles of Association.

AGMs must be held within six months of the end of the financial year. In addition to the AGM, Extraordinary General Meetings (EGM) may also be convened. According to the 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 the company's website. An announcement that notice had been issued is simultaneously published in Svenska Dagbladet.

2017 AGM
The AGM on 15 March 2017 adopted the income statement and balance sheet, and disposition of the company's earnings. The Meeting also resolved to discharge the Board members and Chief Executive Officer from liability, on the election of Board members and auditor, and on Board remuneration and auditor fees.

2017 EGM
Due to the listing of Ambea on 31 March, an EGM was held on 16 March 2017. A decision was made regarding a division of the company's shares and thereby the adoption of a new Articles of Association, in which the limits on the number of shares, and the company's objective, were changed. Decisions were also made regarding a changed share class, with the result that the company may only issue common shares, and on a rights issue by private placement.

In addition, the Board was authorised to decide on an increase in the company's share capital by issuing new shares. A decision was also made regarding two long-term incentive plans – a matching share plan, and a warrant programme.

2018 AGM
The 2018 AGM will be held on 23 May 2018 at Näringslivets hus, Storgatan 19, Stockholm, Sweden. For more information, see page 113.

Nomination Committee
The 2017 AGM resolved on the principles for appointing the Nomination Committee. The Nomination Committee shall consist of the 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. In the event of a change in ownership among the three largest shareholders, occurring after 31 August in the year prior to the AGM and no later than three months before the AGM, whereby the shareholder appointed member of the Nomination Committee is no longer one of the three largest shareholders, the representative appointed by this shareholder shall vacate their position on the Committee. In this year's Nomination Committee, the company has accounted for the ownership of the four largest shareholders.

The Nomination Committee prepares proposals for the AGM including the election of Board members, Chairperson and auditor, and Board remuneration. The Nomination Committee's proposals are included in the notice published prior to every AGM.

Nomination Committee's work in 2017
Prior to the 2018 AGM, the Nomination Committee has consisted of the Chairperson Roger Hagborg (ACTR Holding), Carl Gustafsson (Didner & Gerge Fonder AB), Charlotta Faxén (Lannebo Fonder) and Lena Hofsberger, Chairperson of Ambea AB. The Chairman of the Board convened the Nomination Committee's first meeting in September 2017, when Roger Hagborg (ACTR Holding) was appointed Chairperson. Tim Floderus (Investment AB Öresund) was also a member of the Nomination Committee from September 2017 until early February 2018. The Nomination Committee held four minuted meeting, as well as several reconciliation meetings and discussions. One of the Nomination Committee's duties is to ensure that the company's Board has the appropriate composition in terms of competence, experience and gender distribu-

tion. The Nomination Committee has applied Rule 4.1 of the Code as its diversity policy when preparing proposals for the election of Chairpersons and other Board members. The aim of the policy is that the composition of the Board should be appropriate, considering the company's operations, stage of development and circumstances in general, and characterised by versatility and breadth in relation to the competence, experience and backgrounds of the elected members, as well as striving for an even distribution of gender. This will ensure that the Board can perform its duties as efficiently as possible.

The Nomination Committee's proposal to the 2018 AGM will be published in connection with the notice, and be available at ambea.com.

Board of Directors

The principal role of the Board is to manage Ambea's affairs in the company as efficiently as possible and to safeguard the interests of all shareholders, thereby promoting long-term value creation. The role of Ambea's Board of Directors is to ensure that the company's organisation is designed to enable adequate control of the accounting, management of funds and the overall financial situation of the company. The Board performs its duties in accordance with the applicable EU regulations regarding legislation, the Articles of Association, the rules of procedure for the Board and other policies, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code.

Ambea's Board consists of seven ordinary members, three employee representatives and two deputy employee representatives.

Of the elected Board members, three are independent of major shareholders and seven are independent of the company and its management.

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 the Board members and Chief Executive Officer.

The Chairman of the Board is responsible for ensuring that the Board's work is effective by organising and leading the Board's work, ensuring that the Board has the right conditions for making decisions, and monitoring whether the Board's decisions have been implemented.

The performance of the Board is evaluated every year, which is included in the Chairman's role description. In May 2017, all Board members completed a survey designed specifically for Ambea. The survey responses provided a basis for discussions and decisions regarding actions to develop the Board's work.

Board work in 2017

In 2017, the Board of Ambea held nine ordinary Board meetings and fifteen extra Board meetings.

At the ordinary meetings, the Board addressed and resolved on financial targets, a business plan and various strategic issues, adopted a budget for the coming financial year, adopted quarterly, half-yearly and annual reports and discussed matters in preparation for the AGM. The Board also evaluated the performance and terms of employment of the Chief Executive Officer and senior executives. In 2017, Ambea's Board paid particular attention to matters related to the listing of the company, the long-term business plan, new accounting standards, risk management and internal control.

The Board convenes extra Board meetings if required. In 2017, the extra Board meetings mainly addressed decisions in connection with the company's IPO, and acquisition-related decisions.

Audit Committee

The Audit Committee works according to a set of instructions prepared by the Board with the aim of raising the quality of the company's financial reporting and ensuring effective internal control and risk management. The Committee remains informed about the audit of the Annual Report and consolidated financial statements, reviews and monitors the impartiality and independence of the auditor, and assists in planning for procuring audit services and in connection with the AGM decision on the auditor's election. Matters discussed by the Committee and any proposed measures are presented at Board meetings and form the basis for the Board's decisions. Committee meetings are held prior to each reporting date and when required. In addition to members of the Audit Committee, Ambea's CEO, CFO, Head of Group Accounting and IR Director also attend the meetings. If required, and when specific matters are being discussed, such as internal control, the Heads of Functions also attend.

The Audit Committee consists of four members: Gunilla Rudebjer, (Chairperson), Lena Hofsberger, Thomas

Hofvenstam and Anders Borg.

The Audit Committee held five ordinary meetings in 2017, of which the company's auditors participated in four. In 2017, the Committee devoted particular attention to Ambea's action plan to ensure GDPR compliance, the new IFRS standards, IT security and monitoring the company's risk management and internal control processes.

Remuneration Committee

The role of Ambea's Remuneration Committee is to prepare proposals for remuneration principles, remuneration and other terms of employment for the Chief Executive Officer and senior executives. The Committee's work with these matters is presented in writing to the Board and provides a basis for the Board's decisions.

The Remuneration Committee consists of Lena Hofsberger (Chairperson), Thomas Hofvenstam and Anders Borg.

During the year, the Remuneration Committee held four meetings.

Growth Committee

The role of Ambea's Growth Committee is to ensure that the Board meets its responsibilities for Ambea's growth, which is of material significance for the company. The Committee follows instructions that are determined by the Board every year. Based on these instructions, the Growth Committee is to quality-assure the Group's tendering and growth procedures. On behalf of the Board, the Committee decides on the submission of non-binding indicative offers for company acquisitions, approves acquisitions and divestments, and the acquisition of other assets. The Growth Committee's authorisation, in terms of the size of these transactions, is set out in the rules of procedure.

The Growth Committee consists of Lena Hofsberger (Chairperson), Daniel Björklund and Anders Borg.

During the year, the Growth Committee held three meetings.

Quality and Sustainability Committee

The role of Ambea's Quality and Sustainability Committee is to ensure that the Board meets its responsibilities for Ambea's quality and sustainability issues, which are of material significance for the company. Committee meetings discuss matters related to quality for the operations and their development.

In 2017, the Quality and Sustainability Committee held four meetings. During the year, particular attention was paid to updating Ambea's internal quality index, the monitoring and analysis of serious non-compliances and media risks.

The Quality and Sustainability Committee consists of Ingrid Jonasson Blank (Chairperson), Lena Hofsberger, Anders Borg and Daniel Björklund.

CEO and Group management

Group Management represents all business segments and the strategic staff functions. Within the framework of the Board's rules of procedure and instructions for the Chief Executive Officer, the CEO and management are ultimately responsible for strategy issues, business development, major investment decisions, budget follow-ups and staff and communication-related matters.

Auditors

The AGM on 15 March 2017 elected Ernst & Young AB as Ambea's auditor. Mikael Sjölander (born 1973) is the Auditor in Charge. Mikael Sjölander is an authorised public accountant and member of FAR. Ernst & Young AB has been Ambea's auditor since 2009. In 2017, the Auditor in Charge presented his observations from the review of the accounts and internal control on one occasion, at which no member of management was present. In addition, the auditor participated in four meetings with the Audit Committee. The Audit Committee evaluates the auditors' work and independence every year.

For information about auditor fees, refer to Note G5 on page 73.

Board of Directors




Name	LENA HOFSBERGER	INGRID JONASSON BLANK	GUNILLA RUDEBJER	HANS FREDRIK ØVERAASEN ÅRSTAD
Assignment and elected	Chairperson since 2013. Board member since 2012.	Board member since 2012	Board member since 2016.	Board member since 2016
Other ongoing assignments	Chairperson of Leos Lekland, RestaurangAssistans and PharmaRelations. Board member of Doro and MAX Hamburgerrestauranger.	Board member in Orkla ASA, Fiskars, Bilia AB, etc.	Board member of Capio, OptiGroup and NCAB Holding	KKR (Principal). Board member of Mehiläinen Oy. Deputy Board member of Välinge Group.
Education	MBA, University of Gothenburg, 1978 Bachelor of Arts, University of Gothenburg, 1976	Bachelor's Degree in Economics from the University of Gothenburg.	Master of Economics from the Stockholm School of Economics.	Master's Degree in Finance from the Norwegian School of Economics.
Previous assignments	Board member of Sabis AB, Anders Löfberg AB and Stockholm Care AB.	Chief Marketing Officer and Vice president Ica Group, Board member in Telia Company AB, Matas Operations A/S, Royal Unibrew, Forex Bank Aktiebolag.	CFO of Scandic Hotels, Cision, Parks & Resorts Scandinavia, Mandator and TUI Nordic (Fritidsresor).	Engagement Manager at McKinsey. Board member of Trans European Oil & Gas.
Born	1954	1962	1959	1986
Board meeting attendance	27/27	27/27	27/27	26/27
Committees	Chairperson of the Remuneration Committee and Growth Committee. Member of the Audit Committee and Quality and Sustainability Committee.	Chairperson of the Quality and Sustainability Committee.	Chairperson Audit Committee.	-
Committee meeting attendance	15/16	4/4	5/5	-
No. of shares	301,365	131,272	13,333	-
Board fees	628,125	275,310	277,166	302,813
Committee fees	270,000	110,000	110,000	-
Independent of the company	Yes	Yes	Yes	Yes
Independent of majority shareholders	Yes	Yes	Yes	No



Name	ANDERS BORG	THOMAS HOFVENSTAM	DANIEL BJÖRKLUND
Assignment and elected	Board member since 2014	Board member since 2015	Board member since 2016.
Other ongoing assignments	KKR (Managing Director Nordics), Chairman in Välinge Group, Board member in Mehilainen Oy.	Triton Advisers (Head of Triton Advisers Sweden). Board member of Flokk Holding AS.	Triton Advisers (Investment Advisory Professional). Board member of Sympattic AB
Education	MSc degree in physical engineering from Chalmers University of Technology and ETH. Studies in Psychology and Economics at University of Gothenburg, Griffith University and University of Zurich.	Master of Economics from Uppsala University.	Master of Economics from the Stockholm School of Economics.
Previous assignments	Board member in Visma AS, Partner at TDR Capital, Advisor at Bain & Company and Applied Value.	Investment Director, Ratos AB. Chairperson of Inflight Service Europe AB, Board member of Inwido AB (publ)	Investor Relations Professional at Triton Advisers Limited, M&A advisor at Lehman Brothers and Nomura International focused on the consumer sector
Born	1976	1969	1981
Board meeting attendance	25/27	26/27	27/27
Committees	Member of the Audit Committee, Remuneration Committee, Growth Committee and the Quality and Sustainability Committee.	Member of the Audit Committee and Remuneration Committee	Member of the Growth Committee and the Quality and Sustainability Committee
Committee meeting attendance	14/16	9/10	6/6
No. of shares	-	13,333	13,333
Board fees	277,813	290,313	290,313
Committee fees	100,000	50,000	50,000
Independent of the company	Yes	Yes	Yes
Independent of majority shareholders	No	No	No

Employee representatives on the Board

Name	PATRICIA BRICEÑO RODRIGUEZ	HARALAMPOS KALPAKAS	MAGNUS SÄLLSTRÖM	XENIA WENTHZEL
Assignment	Patricia Briceño Rodriguez is a Board member in the capacity of employee representative for Ambea and has been employed at Ambea as an assistant nurse since 2008. Patricia Briceño Rodriguez represents the Swedish Municipal Workers' Union. Patricia Briceño Rodriguez has been a Board member of the Solna section of the union. She is also "Silvia Sister"	Haralampos Kalpakas is a Board member in the capacity of employee representative for Ambea and has been employed at Ambea as a nurse since 2006. Haralampos Kalpakas represents the Swedish Association of Health Professionals.	Magnus Sällström is a Board member in the capacity of employee representative for Ambea and has been employed at Ambea as a workplace supervisor since 1999. Magnus Sällström represents the Swedish Vision Union. Magnus Sällström is a Board member of PROXIMI Ekonomisk förening.	Xenia Wenthzel is a deputy Board member in the capacity of deputy employee representative for Ambea and has been employed at Ambea as a residential care assistant and team manager within Nytida since 2004. Xenia Wenthzel holds a Bachelor's Degree in Sociology from Uppsala University. Xenia Wenthzel represents the Swedish Municipal Workers' Union. Xenia Wenthzel is a deputy Board member of WenCon AB and PeWe International AB.
Elected	2016	2016	2016	2016
No. of shares	400	-	-	400

Name	CAROLINA VARGAS BJELK
Mission	Carolina Vargas Bjelk is a deputy Board member in the capacity of deputy employee representative for Ambea and has been employed at Ambea as an activities coordinator for the elderly since 2010. Carolina Vargas Bjelk holds a Bachelor's Degree in Social Work from Malmö University. Carolina Vargas Bjelk represents the Swedish Vision Union.
Elected	2016
No. of shares	133

Group management

				
Name	**FREDRIK GREN**	**DANIEL WARNHOLTZ**	**LOUISE TJEDER**	**ULLA TANSEN**
Position	Chief Executive Officer since 2012.	CFO since 2011.	IR & Strategy Manager since 2016.	Business Area Head, Vardaga, since 2013.
Other current positions	Chairperson and Chief Executive Officer of several companies within Ambea. Chairperson of the Association of Private Care Providers (Almega). Board member of Almega and the Confederation of Swedish Enterprise.	Board member of Grenache AB and several companies within Ambea.	Deputy Executive Officer and deputy Board member of Big earn Productions AB.	Board member of several companies within Ambea.
Education	Master of Economics from the Stockholm School of Economics.	Master's Degree in Economics from Halmstad University. Bachelor's Degree in Business Administration from the University of Lincolnshire & Humberside, School of Economics. Studies in business valuation and financial risk management at Lund University. Chartered Global Management Accountant and Chartered Management Accountant. CIMA Advanced Diploma in Management Accounting.	Bachelor's Degree in Economics from Vrije Universiteit Brussel, Vesalius College.	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.
Previous positions	Chairperson, Board member and Chief Executive Officer of several companies that were previously, but are no longer, included in the Group. Chief Executive Officer of Menigo Foodservice AB and Chairperson or member of several Group subsidiaries.	Board member or deputy Board member of several companies that were previously, but are no longer, included in the Group. Board member and deputy Board member of several companies within Ambea.		Board member and Chief Executive Officer of several companies within Ambea.
Born	1968	1973	1974	1959
No. of shares	710,583	448,037	400	370,754
Number of warrants	89 200	55 750	17 840	46 830

			
Name	**AGNETA LINDGREN**	**TRULS NAVESTAD**	**EVA DOMANDERS**
Position	Business Area Head, Norway, 2016-2017. Temporary Head of Nytida from august 2017	Business Area Head Norway since 2016.	Business Area Head, Staffing Solutions, since 2016.
Other current positions	Board member of several companies within Ambea. Deputy Board member of Stångebro Linköping Sportcenter AB.	-	Board member of the Confederation of Swedish Enterprise and the Swedish Staffing Agencies (Almega). Chief Executive Officer of several companies in the Staffing Solutions business area of Ambea.
Education	Degree in Social Care from Linköping University.	Bachelor's Degree in Medical and Health Services from Høgskolen in Østfold, 2008	Nursing Diploma from Grantorpsskolan. Studies at Företagsekonomiska institutet (FEI) and the Novare Leadership Academy.
Previous positions	Board member of companies in Ambea. Business Area Manager for Nytida 2011-2016.	Regional manager, Ambea Norway, 2016-2017 CEO of Heimta AS, 2008-2016	Board member of Boo Energi Entreprenad AB and Boo Energi ekonomisk förening. Chief Executive Officer and deputy Board member of Dedicare Doctor AB. Deputy Board member of Nurse 24 AB and Doctor 24 i Skandinavien AB.
Born	1957	1982	1966
No. of shares	98,454	-	7,268
Number of warrants	-	-	17 840

Internal Control and Risk Management

Internal control is an integral part of Ambea's business management. Internal control is a process for managing risks of misstatement in the financial reporting. Read more about operational risk management on page 38.

The procedures for internal control, risk assessment, control activities and monitoring of financial reporting have been designed to ensure reliable and relevant reporting in accordance with IFRS, applicable laws and regulations and other requirements that apply to companies listed on Nasdaq Stockholm. This work involves the Board, management and other employees. Ambea's system for internal control over financial reporting is based on the internationally accepted COSO Internal Control Framework.

Control environment

Ambea's Board is ultimately responsible for effective internal control and risk management, which is evaluated with the support of the Audit Committee and the Quality and Sustainability Committee. In addition, the Board adopts governing documents every year that are to be used to promote an agile control environment. Central governing documents include the Board's rules of procedure, instructions for Board committees, guidance on financial reporting and risk management, overall policies and Ambea's financial manual. An agile control environment is created through communication and training to ensure that policies and regulations are understood and followed. 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.

The company's Chief Executive Officer is primarily responsible for the day-to-day maintenance of the control environment. The company's CFO, through delegation, has an operational responsibility for the internal control and risk management of financial reporting. A well-established structure with business area controllers, a company-wide finance function (including an internal control function) and the Audit Committee, ensure continuous review of internal control and risk management.

Risk assessment/analysis

Ambea performs continuous evaluations of the operation's risks, both financial and operational. The risk assessment is also central to the annual strategy process, where risks in relation to the company's ability to achieve its strategic ambitions are specifically evaluated. The Audit Committee and management are responsible for ensuring that risk assessment and risk management are included in the financial reporting process. The Quality and Sustainability Committee, as well as management, are ultimately responsibility for ensuring that risk assessment and risk management is included in the quality and sustainability management process.

Control activities and monitoring

Ambea's work with monitoring internal control systems is mainly carried out by continuously monitoring the operations against set targets and KPIs, with a focus on early warning signs. In addition to control activities at process level, a number of Group-wide controls are carried out.

The company'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.

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. Ambea's overall internal governing documents (policies and guidelines) are available on shared media. 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. The principles for internal communication are described in Ambea's communication policy and other governing documents with clarification of the responsibilities for how and when information should be communicated internally.

Management is responsible for ensuring that those responsible for processes within Ambea have sufficient knowledge of the material risks and related control activities in the specific process. Financial statements, quality reports and other relevant information are available on the company's website.

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 quality management system, in relation to quality, and the financial function together with supervision of the Audit Committee, in relation to internal control over financial reporting, provide the required control and monitoring. The Board evaluates the need for a separate internal audit function every year.

Stockholm, 13 April 2018
Ambea AB (publ)
Board of Directors

Auditor's report on the corporate governance 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 corporate governance statement for the year 2017 on pages 40–48 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 RevU 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 13 April 2018
Ernst & Young AB

Mikael Sjölander
Authorized Public Accountant

Accounts

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 Jan 2017-31 Dec 2017.

Operations
Ambea is a leading provider of care services in Sweden and Norway, with a focus on residential care for people with disabilities and elderly care under own management. The company conducts care operations under the Nytida brand for people with disabilities, as well as individual and family care in Sweden. The company conducts elderly care in Sweden under the Vardaga brand. Ambea is also active in disability care in Norway. Ambea also offers staffing services in Sweden, and works with the temporary supply and recruitment of doctors and nurses as well as more long-term staffing solutions, both internally and on behalf of external customers.

Ambea's profitability and growth rate continued to develop favourably in 2017. The growth strategy is based on growing under own management through new construction and acquisitions, winning contracts and by increasing and securing the number of placements in existing operations.

Forms of care operations
All of Ambea's business segments conduct operations in publicly financed markets in Sweden and Norway.

The Swedish care market in which Ambea operates can be divided into three main segments: disability care under the Support and Services for Persons with Certain Functional Impairments Act (LSS), individual and family care, and elderly care. Care market operations are conducted both publicly and privately. Municipalities and county councils are mainly responsible for providing care services for individuals, and these entities can choose to either provide the care themselves or procure services from private operators. Private operators can also take over the operations of an existing business by entering into a management contract, or enter into a framework agreement to conduct the operations under own management.

Operating segments
The Chief Executive Officer manages the operations through the business segments of Vardaga, Nytida and Other: Norway and Staffing Solutions. Vardaga comprises elderly care, Nytida comprises disability care and Other: Norway and Staffing Solutions comprises staffing such as temporary doctors, nurses and other care workers, and the Norwegian operations. The Norwegian operations comprise residential and outpatient psychiatric support, and residential facilities for people with lifelong disabilities.

Market
The segments in which Ambea operates benefit from the structural drivers that have historically contributed to growth. The disability care market under 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 segment, growth is linked to the growing prevalence of mental illness and substance abuse, and 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 are specialised in the provision of advanced and specialised care. Demand for elderly care is expected to grow, due to the growing number of elderly people while nursing homes are simultaneously in short supply. 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 the 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 operators in healthcare and social services
- the inability of public operators to fulfil complex care needs
- municipal resources are strained and the tax burden is already high, 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.

Ambea in figures

All amounts are in millions of Swedish kronor (SEK million) unless otherwise indicated

The financial year in summary for the Group

- Net sales amounted to SEK 5,816 million (5,334)
- Operating profit totalled SEK 402 million (301)
- Profit for the year after tax attributable to shareholders of the Parent Company was SEK 226 million (128)

Multi-year review

SEK million	2017	2016	2015	2014
Group				
Net sales	5,816	5,334	4,347	4,163
EBITDA	512	403	330	196
Operating margin, EBITDA (%)	8.8	7.6	7.6	4.7
Adjusted EBITDA	550	501	330	222
Operating margin, Adjusted EBITDA (%)	9.5	9.4	7.6	5.3
EBITA	461	359	301	166
Operating margin, EBITA (%)	7.9	6.7	6.9	4.0
Adjusted EBITA	498	457	301	192
Operating margin, adjusted EBITA (%)	8.6	8.6	6.9	4.6
Operating profit, EBIT	402	301	251	112
Operating margin, EBIT (%)	6.9	5.6	5.8	2.7
Profit before tax	288	171	227	4
Profit after tax	226	128	169	148
Earnings per share, SEK[1]	3.37	1.97	n/a	n/a
Return on equity (%)	9.9	6.4	9.2	5.6
Equity/assets ratio (%)	44.5	38.1	55.8	55.7
Operating cashflow after changes in working capital	459	305	341	363
Cash conversion	90.8	79.7	103.1	185.5
Average no. of employees	8,445	7,897	6,885	7,230
Parent Company				
Net sales	25	0	0	0
Profit/loss before tax	-1	0	0	0
Equity/assets ratio (%)	51.2	99.9	99.8	100.0

Net sales

Net sales rose 9 per cent to SEK 5,816 million (5,334). In 2017, the Solhaga acquisition, which was consolidated in the middle of the first quarter of 2016, contributed a year-on-year increase of SEK 148 million.

Net sales in Own Management amounted to SEK 3,751 million (3,118), representing growth of 20 per cent. The strong growth was attributable to the Solhaga acquisition, other acquired companies and start-up Own Management units.

Net sales in Contract Management amounted to SEK 1,743 million (1,901), down 8 per cent. The decrease in sales was due to contract terminations in both elderly care and LSS operations, which were not offset by volumes won during the year.

Net sales in Staffing rose 2.5 per cent to SEK 322 million (314).

[1] The number of shares for 2016 has been restated, see Note G12 Earnings per share for more information. No information was provided before 2016 when the ownership structure was different

Operating profit

Operating profit totalled SEK 402 million (301), representing an operating margin of 6.9 per cent (5.6). The increase was attributable to acquisitions, start-up Own Management units and repaid pension premiums of SEK 18 million from Folksam Liv which, due to high capital returns, paid out some of the surplus. A change in the contract portfolio, as well as a leap-year effect (SEK 11 million), had a negative year-on-year impact on earnings.

EBITA rose 28 per cent to SEK 461 million (359). The EBITA margin was 7.9 per cent (6.7).

EBITA includes items affecting comparability of SEK -38 million (-98), comprising costs of SEK 32 million related to the IPO, a capital loss of SEK 23 million arising from the divested personal assistance operations and compensation of SEK 17 million received from Vitale's former owner.

Adjusted EBITA rose 9 per cent to SEK 498 million (457). The adjusted EBITA margin was 8.6 per cent (8.6).

Net financial items

Net financial items amounted to an expense of SEK -114 million (-130). The change was due to the recognition of capitalised financing fees of SEK 49 million attributable to previous financing, while improved terms for the new financing arrangement had a positive impact on net financial items.

Tax

Consolidated tax expense includes current and deferred tax based on effective and yearly tax rates, respectively.

Tax expense for the period was SEK 62 million (44), corresponding to a tax rate of 21 per cent (25).

Profit for the period

Profit for the period totalled SEK 226 million (128), representing earnings per share of SEK 3.37 (1.97) before and after dilution.

Intangible assets

Intangible assets include goodwill of SEK 3,774 million (3,517) and other intangible assets of SEK 485 million (449), most of which comprise customer contracts and customer relations identified in connection with acquisitions. No impairment of intangible fixed assets occurred during the current financial year, refer to Note G13, Impairment testing of intangible assets.

Tangible assets

The carrying amount was SEK 201 million (168). Depreciation and impairment losses for the year amounted to SEK -52 million (-44).

Working capital

Working capital amounted to SEK 25 million (-53), corresponding to 0.4 per cent (-1.0) of net sales.

Financial position

During the year, total equity rose SEK 413 million (135) to SEK 2,480 million (2,067). Return on equity amounted to 9.9 per cent (6.4) and earnings per share to SEK 3.37 (1.97) before and after dilution. The change in translation difference was SEK -12 million (1) During the year, the company increased its share capital by issuing new shares totalling SEK 200 million (see Note G17 Equity for more information). The equity/assets ratio was 44.5 per cent (38.1). The Board proposes a dividend of SEK 1 per share corresponding to 30 per cent of net profit for the year.

In 2017, net debt rose SEK 12 million to SEK 2,015 million (2,003). During the year, a new issue of shares in connection with the IPO generated SEK 193 million for the company. Cash and cash equivalents were used for business acquisitions of SEK 452 million. At year-end, SEK 487 million (282) of the credit facilities was unused.

The net debt to adjusted EBITDA ratio was 3.7 (4.0).

The covenants set for the company's financing were achieved.

Financial position SEK million	2017	2016
Net debt, Net debt/Adjusted EBITDA, RTM		
Non-current interest-bearing liabilities	710	2,162
Current interest-bearing liabilities	1,392	159
Less cash and cash equivalents	-87	-318
Net debt	**2,015**	**2,003**
Adjusted EBITDA	550	501
Net debt/adjusted EBITDA (ratio)	**3.7**	**4.0**

Cash flow	2017	2016
Cash flow from operating activities before changes in working capital	383	318
Cash flow from changes in working capital	-42	-108
From operating activities	**342**	**210**
Cash flow from investing activities (excluding acquisitions/divestments and investments in financial assets)	-10	8
Free cash flow	**332**	**218**

Cash flow from operating activities was SEK 342 million (210), of which changes in working capital accounted for SEK -42 million (-108). Net investment amounted to SEK -447 million (-1,052), of which acquisitions and divestments of subsidiaries amounted to a net outflow of SEK -438 million (-1,061). Cash flow from financing activities was SEK -130 million (969). Cash flow for the period was SEK -235 million (127).

Segments

Vardaga

Vardaga's net sales rose 4 per cent to SEK 2,260 million (2,164).

Net sales in Own Management amounted to SEK 1,018 million (873), up 17 per cent, mainly due to higher occupancy in start-up units and annual indexation in established units.

Net sales in Contract Management amounted to SEK 1,241 million (1,290). The 4-per-cent decline was due to contracts won not fully offsetting contracts terminated.

EBITA rose 28 per cent to SEK 154 million (120). Compared with the year-earlier period, earnings were positively impacted by start-up Own Management units and repaid pension premiums of approximately SEK 18 million. Contract Management operations handed back had a negative impact on earnings.

The EBITA margin was 6.8 per cent (5.5).

Nytida

Net sales rose 5 per cent to SEK 2,864 million (2,730). The effect of the Solhaga acquisition being consolidated in the middle of the first quarter was an increase of SEK 127 million in sales.

Net sales in Own Management rose 12 per cent to SEK 2,363 million (2,119). While acquisitions contributed to the positive trend, the supported housing closed down pending permits from the Health and Social Care Inspectorate (IVO) had a negative impact on sales.

Net sales in Contract Management declined 18 per cent to SEK 501 million (611). The decrease in sales was due to the termination of several major contracts during the year.

EBITA rose 17 per cent to SEK 350 million (300), mainly attributable to acquisitions. Change in Contract Management operations and lower occupancy due to temporarily closed units had a negative impact on earnings.

The EBITA margin was 12.2 per cent (11.0).

Other: Norway and Staffing Solutions

Net sales rose 58 per cent to SEK 692 million (439), mainly due to acquisitions in Norway.

The staffing operations showed positive growth of 3 per cent year-on-year, attributable to a positive trend in ambulatory care nursing services.

EBITA was SEK 31 million (15), representing a margin of 4.5 per cent (3.4).

Significant events during the financial year

IPO

Ambea AB (publ) was listed on Nasdaq Stockholm on 31 March 2017. The offering comprised 26,565,495 shares, including 2,666,667 shares issued and offered by the company and 23,898,828 existing shares offered by ACTR Holding AB, which is controlled by Actor SCA, a partnership between funds advised by Triton and KKR, respectively (jointly designated the "Principal Owner"). The new issue generated gross proceeds of SEK 200 million for Ambea. Interest from institutional investors, both Swedish and international, was considerable, as was interest from individual investors and Ambea's employees. The subscription price was SEK 75 per share and both the offering and the over-allotment option were fully exercised. IPO costs of SEK 32 million were charged to operating profit for the year. New financing was raised in conjunction with the IPO, and the old financing arrangement was repaid in full, see the "New credit facility" section below. Two long-term incentive programmes were launched in connection with the listing, see "Incentive programmes" below.

Parent Company renamed

An Extraordinary General Meeting on 31 January 2017 resolved that the Parent Company, Ambea Sweden Group AB, would change its name to Ambea AB (publ) and be registered as a public company.

Incentive programmes

The Extraordinary General Meeting on 16 March 2017 resolved to introduce two long-term incentive programmes: (i) a warrant programme for Group management and members of extended management and (ii) a matching share plan for certain other managers in the Ambea Group. The programmes are described in the interim report for the first quarter and more information is available on page 165 of the prospectus on ambea.se

New credit facility
The company's new credit facility amounts to SEK 2,500 million and is a multicurrency revolving credit facility. The new financing has been used to finance debt within the Group, comprising loans, accrued interest and fees amounting to SEK 664 million at the balance-sheet date.

The credit facility has a three-year maturity profile, with an option to extend by one year at a time, plus a maximum of two additional years, upon approval. The credit facility is a revolving loan, which means that repaid amounts may be reborrowed and that the credit facility can thereby be used for ongoing financing of the Group's operations during the term of the credit facility, insofar as scope exists within the credit framework.

The agreement contains customary guarantees and obligations. The agreement also contains terms and conditions relating to net debt in relation to adjusted EBITDA.

Share buyback
On 17 November, it was announced that the Board of Ambea AB (publ) had decided to implement a share buyback programme totalling 62,277 shares until 22 May 2018. The repurchased shares will be saved for the delivery of shares under Ambea's matching share plan. The share buyback programme will be managed by a clearing house or credit institution that makes its trading decisions in relation to Ambea's shares independently of, and without any influence from, Ambea regarding the date of repurchase. The share buyback programme was completed during the fourth quarter of 2017.

Commercial paper programme
Ambea has established a Swedish commercial paper programme with a total value of SEK 2,000 million, of which SEK 1,349 million was outstanding at 31 December. DNB is the arranger and an issuing institution, and Danske Bank is an issuing institution. The commercial paper programme is used to reduce the Group's outstanding debt under its credit facility.

Acquisitions
- On May 31, Resursteamet i Stockholm AB, a Stockholm-based operator mainly focused on day services for people with congenital or acquired cognitive disabilities, was acquired.
  On 29 May, Ambea acquired 100 per cent of the shares in HVB Partner i Norr AB. No operations are currently conducted by the company.
- On 10 July, Varphaugen AS and Varphaugens Ungdomshjem AS, active in care services for children and young people in Østlandet, Norway, were acquired.
- On 25 August, Brostugegården AB based in Uppsala, a residential care facility with special services for people with psychosocial disabilities, was acquired.
- On 31 October, BoA Mellanvård AB, which conducts HVB and supported housing operations in Stockholm, was acquired. The target group is children and young people with psychosocial problems.
- On 29 December, Målrettet Intervensjon AS, which conducts care operations with a focus on psychosocial problems and disabilities in the Norwegian counties of Hedmark and Oppland, was acquired.
- On 29 December, Tiltaksgruppa Fokus AS, which provides care and support for children and young people with special needs in Østlandet, was acquired.

For more information about these acquisitions, see Note G31, Business combinations.

Divestments
- On 30 November, Nytida divested Anemon AB, a personal assistance services provider, as part of Ambea's strategy to focus on residential care and own management operations in disability care and elderly care. The divestment resulted in a capital loss of SEK 23 million.

Quality and sustainability
Ambea maintains a strong focus on quality and sustainability. For Ambea, sustainability means always focusing on the individual, respecting human rights and driving innovation in social care. We do this by maintaining an ethical approach, and structured sustainability management.

These efforts are based on the 2030 Agenda for Sustainable Development and the GRI 102: General Disclosures.

A new holistic quality index for all units is under development, which incorporates the Qualimax Index from our own quality assurance system, a leadership index, customer satisfaction and a systematic improvement process.

Ambea has prepared a sustainability report according to Annual Accounts Act Chapter 6, 10§. The report is available in Swedish on Ambeas website https://www.ambea.com/quality-sustainability/ and refers to all group companies.

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.

Corporate governance
Ambea has chosen 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 is presented on pages 40–48 and on ambea.se

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 38–41

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

Weekends and public holidays reduce Ambea's profitability due to higher personnel costs for inconvenient working hours. The first or second quarter is affected by Easter, depending on which quarter the Easter holiday occurs, while the first and fourth quarter are affected by Christmas and New Year holidays.

The company's personnel costs are affected in a similar manner, depending on when employees take their holiday. For example, the company is most profitable in the third quarter, as employees typically take their holidays during July and August and therefore receive holiday pay that is accrued continuously 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.

On 31 December 2017, Ambea had approximately 14,000 employees and the company considers its employees the most valuable asset for being able to offer high-quality care, and for the future development of the company. The company has chosen 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 the company'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.

Remuneration principles for senior executives
The company offers market-aligned salary and remuneration based on one fixed and one variable component. Remuneration of the CEO and other senior executives comprises basic salary, variable remuneration and pension.

Senior executives are those persons who, together with the CEO, make up Group management.

Fixed and variable remuneration
The distribution between basic salary and variable remuneration is proportional to the executive's responsibility and authority. The variable remuneration is based on a combination of financial and qualitative targets.

The CEO's annual variable remuneration is capped at SEK 3.5 million. Other senior executives can receive annual variable remuneration capped at an amount corresponding to three to eight fixed monthly salaries.

Occasionally, the Board proposes share-based long-term incentive programmes, which are then discussed by the Annual General Meeting in a special order.

Senior executives receive other customary benefits, such as a company car, occupational health services, etc.

Pension obligations
Senior executives are entitled to pension benefits in accordance with defined-contribution plans, with premiums of 20-30 per cent of the executive's salary, or in accordance with the applicable occupational pension plan. Some senior executives have an alternative ITP within the ITP 2 plan, which means that higher pension premiums are paid in.

Agreements concerning pensions shall, where possible, be based on fixed premiums and formulated in accordance with the levels, practice, individual agreements and collective agreements applicable to the Group.

Severance pay
Senior executives are entitled to a notice period of six months if the employment is terminated by the employer, and six months if the employment is terminated by the employee. Upon termination by the company, certain senior executives, in addition to their fixed monthly salaries during the notice period, are entitled to severance pay in an amount ranging from three to twelve fixed monthly salaries.

Deviation from remuneration principles
The Board should be entitled to deviate from these guidelines should special reasons exist.

Proposal for the 2018 AGM
The Board proposes that the above remuneration principles for the Chief Executive Officer and Group management are adopted by the 2018 AGM.

Events after the end of the period
After the end of the period, the option to extend the credit facility was exercised.

On 28 February, Arona Omsorger was acquired, a company that provides residential care and support for adults with autism spectrum disorders. The company's operations are based around Trosa and Vagnhärad in Sweden. In 2016, sales amounted to about SEK 12 million.

After the end of the period, Ambea's Staffing Solutions business segment changed its name to Klara.

Parent Company earnings and financial position

Ambea AB (publ) is the Parent Company of the Ambea Group. The company's operations consist of management services for the subsidiaries and the management of shares in subsidiaries.

The Parent Company's net sales amounted to SEK 25 M (0). Loss before tax totalled SEK -1 million (0). Cash and cash equivalents amounted to SEK 9 million (0). Equity in the Parent Company amounted to SEK 2,125 million (1,936). The number of shares in the company was 67,616,556 (64,949,889[2]).

Proposed distribution of profits

The Board proposes a dividend of SEK 1.00 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. No dividends are paid on the Parent Company's holding of own shares. For more information, refer to Ambea's dividend policy.

The Board proposes that profits be distributed as follows:

	SEK
Retained earnings	2,123,688,793
Loss for the year	-909,115
Total	**2,122,779,678**

The Board of Directors proposes that	
To be distributed to shareholders	67,616,556
To be carried forward	2,055,163,122
Total	**2,122,779,678**

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.

[2] The number of shares for 2016 has been restated, see Note G12 Earnings per share for more information.

Consolidated income statement

SEK million	Note	2017	2016
OPERATING INCOME	2,3		
Net sales		5,816	5,334
Other operating income		83	75
		5,899	**5,409**
OPERATING EXPENSES			
Consumables		-182	-176
Other external costs	4,5,6	-1,139	-1,008
Personnel costs	7	-4,033	-3,817
Depreciation, amortisation and impairment of tangible and intangible assets	8	-110	-102
Profit/loss from participations in Group companies	9	-23	-1
Other operating expenses		-10	-4
Operating profit		**402**	**301**
Financial income		7	6
Financial expenses		-121	-135
Net financial items	10	-114	-130
Profit after net financial items		**288**	**171**
Profit before tax		**288**	**171**
Tax on profit for the period	11	-62	-44
PROFIT FOR THE YEAR		**226**	**128**
Profit for the year attributable to:			
Shareholders of the Parent Company		226	128
Non-controlling interests		-	0
		226	**128**
Earnings per share before and after dilution, SEK	12	3.37	1.97

Consolidated statement of comprehensive income

SEK million	2017	2016
PROFIT FOR THE YEAR	226	128
OTHER COMPREHENSIVE INCOME, ITEMS NOT TRANSFERABLE TO PROFIT OR LOSS		
Remeasurement of defined-benefit pension plans	-2	-2
Tax related to remeasurement of defined-benefit pension plans	0	0
Total items not transferable to profit or loss	-2	-2
OTHER COMPREHENSIVE INCOME, ITEMS TRANSFERABLE TO PROFIT OR LOSS		
Translation differences	-12	1
Hedging of net investments in foreign operations	12	3
Tax related to net investments in foreign operations	-3	-1
Other	-	1
Total items transferable to profit or loss	**-3**	**4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**221**	**130**
Comprehensive income for the year attributable to:		
Shareholders of the Parent Company	221	130
Non-controlling interests	-	0
	221	**130**

Consolidated balance sheet

SEK million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Fixed assets			
Goodwill	13	3,774	3,517
Customer contracts and customer relations	13	466	435
Other intangible assets	13	19	14
Tangible assets	14	201	168
Non-current receivables from Group companies	18	0	1
Derivative instruments		0	1
Deferred tax assets	24	76	94
Non-current receivables	15,27	26	21
Total fixed assets		**4,562**	**4,252**
Current assets			
Inventories		0	0
Accounts receivable	26,27	624	583
Current receivables from Group companies	18	-	7
Other receivables	15	94	32
Prepaid expenses and accrued income	16	157	145
Cash and cash equivalents	26,27,28	87	318
		962	**1,085**
Assets held for sale	14	43	82
Total current assets		**1,005**	**1,167**
TOTAL ASSETS		**5,567**	**5,418**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		2	1
Other capital contributions		4,965	4,772
Reserves		0	3
Retained earnings, including profit for the year		-2,487	-2,709
Total equity attributable to shareholders of the Parent Company		**2,480**	**2,067**
Non-controlling interests		-	-
Total equity		**2,480**	**2,067**
Non-current liabilities			
Non-current interest-bearing liabilities	19,26	710	2,162
Other non-interest-bearing liabilities	21,26	4	72
Pension provisions	22	6	6
Other provisions	23	0	24
Deferred tax liabilities	24	124	109
Total non-current liabilities		**844**	**2,373**
Current liabilities			
Current interest-bearing liabilities	19,20,26	43	159
Commercial papers	19,26	1,349	-
Accounts payable	26	194	166
Tax liabilities		73	54
Other non-interest-bearing liabilities	21	96	80
Accrued expenses and deferred income	25	488	519
Total current liabilities		**2,243**	**978**
TOTAL EQUITY AND LIABILITIES		**5,567**	**5,418**

Consolidated statement of changes in equity

	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 2016	**1**	**4,766**	**-1**	**-2,835**	**1,932**	**1**	**1,933**
COMPREHENSIVE INCOME							
Profit/loss for the year	-	-	-	128	128	-	128
Other comprehensive income for the year	-	-	3	-1	2	-	2
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**3**	**127**	**130**	**-**	**130**
Transactions with shareholders							
Acquisitions from non-controlling interests	-	-	-	-1	-1	-1	-2
New share issue	0	6	-	-	6	-	6
Closing balance, 31 Dec 2016	**1**	**4,772**	**3**	**-2,709**	**2,067**	**-**	**2,067**
Opening balance, 1 Jan 2017	**1**	**4,772**	**3**	**-2,709**	**2,067**	**-**	**2,067**
COMPREHENSIVE INCOME							
Profit/loss for the year	-	-	-	226	226	-	226
Other comprehensive income for the year	-	-	-3	-2	-5	-	-5
TOTAL COMPREHENSIVE INCOME	**-**	**-**	**-3**	**224**	**221**	**-**	**221**
Transactions with shareholders							
Bonus issue	1	-	-	-1	-	-	-
New share issue	0	200	-	-	200	-	200
Issue expenses	-	-7	-	-	-7	-	-7
Warrants issued	-	-	-	2	2	-	2
Share buyback	-	-	-	-5	-5	-	-5
Closing balance, 31 Dec 2017	**2**	**4,965**	**0**	**-2,487**	**2,480**	**-**	**2,480**

Consolidated cash flow statement

SEK million	Note	2017	2016
OPERATING ACTIVITIES			
Profit before tax		288	171
Adjustment for non-cash items	30	145	141
		433	**312**
Tax paid		-50	6
Cash flow from operating activities before changes in working capital		**383**	**318**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (–)/Decrease (+) in inventories		0	0
Increase (–)/Decrease (+) in operating receivables		-33	-120
Increase (+)/Decrease (-) in operating liabilities		-8	12
Cash flow from operating activities		**342**	**210**
INVESTING ACTIVITIES			
Acquisition of subsidiaries	31	-452	-1,061
Divestment of subsidiaries		14	0
Investment in intangible assets	13	-4	-6
Investment in tangible assets	14	-66	-56
Divestment of tangible assets	14	60	69
Investment in financial assets		0	0
Divestment of financial assets		1	0
Cash flow from investing activities		**-447**	**-1,052**
FINANCING ACTIVITIES			
New loans/Loans raised		3,636	1,355
Repayment of loan liabilities		-3,957	-387
New share issue		196	1
Share buyback		-5	-
Cash flow from financing activities		**-130**	**969**
CASH FLOW FOR THE YEAR		**-235**	**127**
Cash and cash equivalents at beginning of the year		**318**	**189**
Exchange rate differences in cash and cash equivalents		3	2
Cash and cash equivalents at year-end	**30**	**87**	**318**

Notes for the Group

All amounts are in millions of Swedish kronor (SEK million) unless otherwise indicated.

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 and Norway 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 13 April 2018, and they will be presented to the Annual General Meeting for adoption on 23 May 2018.

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 below, 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 chosen to only comment on the standards, amendments and interpretations deemed to be relevant for the Group.

Basis of accounting 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 ceilings).

Currency

The functional currency is the currency of the principal economic environments in which the companies operate. 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).

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 G33 Key judgements and estimates.

New and revised IFRSs not yet applied

A number of new and revised IFRSs are not yet effective and these have not been applied in advance in the preparation of these financial statements. Listed below are the IFRS that may have an impact on the consolidated financial statements. In addition to the IFRSs described below, it is not anticipated that other new or amended standards that IASB has approved as of 31 December 2017 will have any impact on the consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments encompasses accounting of financial instruments and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. A difference compared with IAS 39 is that the impairment of financial assets through a provision for expected credit losses should be done at the time of initial recognition of financial assets that are recognised at amortised cost and at fair value in other comprehensive income, and certain additional assets and receivables. Financial assets include accounts receivable and cash and cash equivalents and the investment of surplus liquidity. Because Ambea's accounts receivable generally relate to customers with good payment capacity, the provision for expected credit losses due to the changed standard will not be material. The option to apply hedge accounting is facilitated in general under IFRS 9, which may affect accounting of financial statements. The classification of financial instruments under IFRS 9 is not expected to affect the financial statements.

IFRS 9 will become effective on 1 January 2018.

IFRS 15 Revenue from contracts with customers

As of 2018, IFRS 15 Revenue from Contracts with Customers replaces the existing IFRS related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRC 13 Customer Loyalty Programmes. Ambea is not planning to adopt IFRS 15 prospectively. IFRS 15 is based on revenue being recognised once control of the good or service is transferred to the customer, which differs from the existing basis of the transfer of risks and benefits. IFRS 15 introduces new ways of determining how revenue is recognised, which affects the mind-set for all types of revenue.

On the basis of the analysis made by the company, the new standard will not result in a material difference in relation to the former standard. Ambea has analysed a selection of standard contracts from its various operational areas and identified an accrual effect during the current financial year relating to school vouchers that are not to be recognised during school summer holidays. It is also noted that IFRS 15 contains expanded disclosure requirements in respect of revenue, which will expand the contents of the explanatory disclosures.

IFRS 16 Leases

From 1 January 2019, IFRS 16 Leases will replace existing IFRSs related to the accounting of leases, including IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. Ambea will apply IFRS 16 as of 2019.

IFRS 16 mainly affects the lessee and the principal effect is that leases that are currently recognised as operating leases will be accounted for in a manner similar to the current accounting of finance leases. This means that assets and liability will also have to be recognised for operating leases, with associated recognition of the costs of depreciation and interest payments — unlike today when no recognition of leased assets and related debts is required, and where leasing charges are accrued straight line as a lease expense.

The new standard is expected to have a material effect on the income statement and balance sheet (but not the cash flow). Monetary calculations of the effect of IFRS 16 and the choice of transitional methods have not yet been carried out. The information provided for operating leases in the 2017 Annual Report gives an indication of the nature and scope of the leases that currently exist.

The company estimates that the new standard will increase the net debt/rolling EBITDA ratio by approximately 1.7 to 2.0.

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 manages operations on the basis of the operating segments Vardaga, Nytida, Norway and Staffing Solutions. Vardaga offers elderly care, Nytida offers disability care and Staffing Solutions supplies temporary doctors, nurses and other care workers. The Norwegian operations include psychiatric support in residential and outpatient care, and housing options for people with lifelong disabilities. Norway and Staffing Solutions are presented as one segment because they represent a minor proportion of the Group's operations and do not attain the quantitative thresholds under IFRS 8.

The results of the operating segments are assessed and analysed using the financial measure EBITA (Operating profit before amortisation and impairment of intangible assets).

Classification

Non-current assets and non-current liabilities in the Parent Company and the Group comprise in all material respects only the 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 the Parent Company and the Group in all material respects comprise only the amounts that are expected to be recovered or paid within twelve months of the balance-sheet date.

Consolidation principles

Subsidiaries

Subsidiaries are all companies (including entities for specific purposes) that stand under Ambea's controlling influence. 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. The existence and effect of potential voting rights that may currently be utilised or converted is taken into account in the assessment of whether the Group exercises a controlling influence in another company. Subsidiaries are included in the consolidated financial statements as of the day controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases.

The purchase method of accounting is used for recognising the Group's business combinations. The purchase price for the acquisition of a subsidiary consists of the fair value of the transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities resulting from a contingent consideration agreement.

Contingent considerations are recognised at their fair value at the date of acquisition. Where the contingent consideration is classified as an equity instrument, no remeasurement is done, and the matter is settled within equity. Other contingent considerations are remeasured at each reporting date and the change is recognised in profit or loss.

Acquisition-related costs are recognised when incurred. Identifiable assets and liabilities acquired in a business combination are initially measured at fair value at the acquisition date. For each acquisition, the Group decides whether all holdings with a non-controlling interest in the acquired company will be measured at fair value or as the holding's proportional share of the acquired company's net assets.

The amount by which the consideration, any non-controlling interests and fair value at the acquisition dates of previous shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognised as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets – a bargain purchase – the difference is recognised directly in the statement of comprehensive income. Intra-Group transactions and balance sheet items, as well as unrealised gains and losses on transactions between Group companies, are eliminated.

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

Transactions with non-controlling interests

The Group treats transactions with non-controlling interest as transactions with the Group's shareholders. In the case of acquisitions from non-controlling interests, the difference between the consideration paid and the actual acquired share of the carrying amount of the net assets of the subsidiary is recognised in equity. Gains and losses on sales to non-controlling interest are also recognised in equity.

When the Group no longer has a controlling or significant influence, each remaining holding is remeasured at fair value and the change in value is recognised in profit or loss. The fair value is used as the initial recognised value and provides the basis for future recognition of the remaining shareholding as an associated company, joint venture or financial asset. All amounts related to the divested unit previously recognised under other comprehensive income are recognised as if the Group had sold the associated assets or liabilities. This could result in amounts previously recognised in other comprehensive income being reclassified to profit or loss. If the ownership of an associated company is reduced but a significant influence still remains and where applicable, only a proportional share of the amounts previously recognised under other comprehensive income are reclassified to profit or loss.

Transactions eliminated on consolidation

Intra-Group receivables and payables, 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. Unrealised gains from transactions with associated companies are eliminated to an extent corresponding to the Group's ownership of the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no indications of impairment.

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 is the currency of the principal economic environments in which the companies operate. Monetary assets and liabilities are translated at the exchange rate prevailing at the balance-sheet date. Exchange-rate differences that arise during translation 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. Operating 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. The functional currency for Ambea AB (publ) is Swedish kronor (SEK).

Translation of financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated at the closing day rate. Income and expenses are translated at the average rate. Translation differences arising in connection with the translation of a foreign net investment and the accompanying effects of hedges of net investments 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

Care services are conducted in part by Ambea operating itself with responsibility for occupancy and rental of premises and in part in contracted work, i.e. multi-year operational contracts with municipalities as the client. The staffing operations perform healthcare services. Consideration for the operations, regardless of type of operation, is linked to the number of care days, residential placements or similar. Revenue is generally recognised as the services are performed.

Where health and social care services are provided under multi-year contracts with monthly billing, index clauses are generally used to provide annual compensation for increases in both personnel costs and other expenses. Some services are sold under framework agreements. In a small number of contracts, the price is fixed for a period of two years or more. In these cases, revenue is accrued over the life of the contract. Allocation to the loss reserve is made if the total expenses for the entire life of the contract, excluding indirect expenses, are expected to exceed the total revenue including indexations, and Ambea is not able to withdraw from the contract.

Leases

Leases are classified as either finance or operating leases. A finance lease exists if the financial risks and benefits associated with ownership are substantially transferred to the lessee. Assets leased under finance leases are recognised as assets in the consolidated balance sheet and depreciated according to plan. Obligations to pay future lease payments are recognised as non-current and current liabilities. Other leases are recognised as operating leases.

Recognition of finance leases

The minimum lease payments are apportioned between interest expenses and reduction of the outstanding liability. The interest expenses should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Variable charges are expensed in the periods in which they arise. A finance lease gives rise to both depreciation/amortisation and interest expenses 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 anticipated 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 signing a lease are recognised in profit or loss as a reduction of the lease payments on a straight line basis over the term of the lease. Variable charges are expensed in the periods in which they arise.

Sale and leaseback transactions

A sale and leaseback means that an asset is sold and then leased back under a lease. A sale and leaseback transaction is recognised differently depending on how the lease transaction is classified. If the transaction gives rise to a finance lease, the difference between the selling price and the carrying amount of the asset is not to be directly recognised as revenue in the Group. Instead, the gain is accrued over the lease term. This is because the financial implication of a finance lease for the combined transaction is equivalent to the lessor giving the lessee a loan with the lease object as security. If the transaction gives rise to an operating lease (and if the transaction has been based on fair value) the sale is to be recognised in the period in which the sale occurs.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances, receivables and interest-bearing securities, interest expenses 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 expenses 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 expenses include the accrued amount of share issue expenses and similar direct transaction expenses for raising loans.

Dividend income is recognised when the right to receive payment has been determined.

The Group only capitalises interest in the cost of assets when the Group or Parent Company holds qualified assets, which is not currently the case.

Tax

Income taxes comprise current taxes and deferred taxes. Income taxes are recognised in profit or loss with the exception of when underlying transactions are recognised directly against equity, or in other comprehensive income, in which case the associated 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 in accordance with the balance sheet method with a starting point in the temporary differences between the carrying amount and tax-based amount for 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 the Parent Company's shareholders and on the weighted average number of shares outstanding during the year.

Earnings per share after dilution are calculated by dividing the net earnings attributable to the Parent Company's shareholders, 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 that could give rise to dilution pertain to allotment under the matching share plan.

Recalculation of average number of shares

Earnings per share have been recalculated retroactively because the company implemented a four-for-one share split, a share conversion and a bonus issue in the first quarter of 2017. The average number of shares in earlier periods has been recalculated to reflect the split, the conversion and the bonus issue. Due to the share conversion, all preference shares were converted to ordinary shares and the debt to former holders of preference shares was paid off in connection with the bonus issue implemented on 31 March 2017.

Financial instruments

Financial instruments recognised in the balance sheet include on the assets side cash and cash equivalents, loan receivables, accounts receivable, and derivatives. Liabilities includes accounts payable, loan liabilities, derivatives and contingent consideration.

Recognition and de-recognition
A financial asset or liability is recognised in the balance sheet when the company becomes a party under the contractual provisions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised once the counterparty has performed and a contractual obligation to pay arises, even if the invoice has not yet been received. Accounts payable are recognised when the invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the contract have been realised or have expired, or the company loses control over them. The same applies to components of a financial asset. A financial liability is derecognised from the balance sheet when the obligation in the contract is met or extinguished in another manner. The same applies for part of a financial liability.

A financial asset and a financial liability are offset and recognised in a net amount in the statement of financial position only when there is a legally enforceable right to offset the amounts, and when the intention is to settle the items with a net amount or at the same time to realise the asset and settle the liability.

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the day the company commits to purchase or sell the asset, except in the case of listed securities, in which case settlement day accounting is applied.

Classification and measurement
Financial instruments that are not derivatives are initially recognised at cost corresponding to the instrument's fair value with additions for transaction costs for all financial instruments except those that belonging to the category of financial assets at fair value through profit or loss, which are measured at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on the purpose for which the instrument was acquired. This classification then determines how the financial instrument is measured after its initial recognition, as described below.

- Financial assets at fair value through profit and loss
- Loans and receivables
- Financial liabilities at fair value through profit or loss
- Other financial liabilities

Financial assets at fair value through profit or loss
This category consists of two sub-groups: financial assets held for trading and other financial assets that the company initially chose to place in this category (according to the Fair Value option). Financial instruments in this category are measured continuously at fair value with changes in fair value recognised in profit or loss. The first sub-group includes derivatives with positive fair value with the exception of derivatives that are identified and effective hedging instruments. At present, Ambea has no financial assets measured under the Fair Value option.

Loans and receivables
Loans and receivables are financial assets that are non-derivative financial assets with fixed or determinable payments, that are not quoted on an active market. These assets are measured at amortised cost. Amortised cost is determined from the effective interest rate calculated at the date of acquisition. Short-term assets are not discounted. This category includes accounts receivable, non-current receivables and other receivables. Accounts receivable are recognised at the amount expected to flow in, meaning after deduction for doubtful receivables estimated on an individual basis. Impairment losses on accounts receivable are recognised in operating expenses. Other receivables are classified as non-current assets if they are held for a period exceeding one year and, if held for a shorter period, as other receivables.

Financial liabilities measured at fair value through profit and loss
This category consists of two sub-groups: financial liabilities held for trading and other financial liabilities that the company initially chose to place in this category (according to the Fair Value option). See description above under "Financial assets at fair value through profit or loss". The sub-category held for trading includes the Group's derivatives with negative fair value, with the exception of derivatives that are identified and effective hedging instruments. The sub-category fair value option contains the Group's contingent considerations. Changes in fair value are recognised in profit or loss.

Other financial liabilities
Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable have a short expected term and are measured without discounting at the nominal amount. Non-current liabilities have an expected maturity exceeding one year, while current liabilities have a maturity of less than one year.

Derivatives and hedge accounting
Derivatives are measured at fair value, both on initial recognition and on subsequent remeasurements at the end of each reporting period and are recognised in the balance sheet on the date of the contract. 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.

The Group's derivative instruments have been acquired in order to hedge the interest rate and exchange rate risks to which the Group is exposed. An embedded derivative is recognised separately unless it is closely related to the host contract. Derivatives are initially measured at fair value, which means that transaction costs are charged to profit for the period. After initial recognition, derivative instruments are measured at fair value, and changes in value are recognised as described below.

Hedging of the Group's interest rates – derivatives
Interest rate ceilings have been purchased by the Group for hedging the risk associated with future interest rate flows in respect of loans with floating interest rates. Interest rate ceilings are measured at fair value in the balance sheet and changes in value are recognised in profit or loss under net financial items.

Hedging of the Group's net investment in foreign operations – loans in foreign currency
The Group has raised loans in foreign currency for the acquisition of foreign operations. Hedge accounting is applied to these loans in foreign currencies in respect of the Group's net investment in foreign operations. Hedge accounting means that the earnings effect on loans 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 recognized in other comprehensive income is reported as a separate item under equity and reclassified from equity to profit or loss as a reclassification adjustment only on 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, owned and leased, are recognised in the consolidated accounts at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price and expenses directly attributable to the asset.

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

Depreciation principles
Depreciation is applied using the straight-line method over the estimated useful life. 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:

Accrued expenses in third party property (the shorter of the lease period and economic life)	5–20 years
Equipment	5-15 years

Intangible assets
Goodwill
Goodwill represents the difference between the consideration transferred for the business combination and the fair value of the acquired identifiable net assets, assumed liabilities and contingent liabilities. Goodwill is measured as the 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. Goodwill arising from acquisitions of associated companies is included in the carrying amount of shares in associated companies. In the case of business combinations where the cost is less than the net value of acquired identifiable assets and assumed liabilities and contingent liabilities, the difference is recognised directly in profit or loss.

Other intangible assets Other intangible assets comprise valued customer contracts and customer relationships as well as brands acquired in connection with business combination, purchased software, licenses, etc., and consultant services in connection with the introduction of new data systems.

Amortisation principles
For valued customer contracts and customer relationships, amortisation is recognised in pace with the anticipated consumption of the economic benefits flowing from these assets. Amortisation in respect of customer contracts for Vardaga and Nytida is higher at the beginning of the contract period and decreases thereafter, while for other customer contracts, straight-line amortisation is applied. Goodwill and brands with an indefinite useful life are not amortised continuously but are impairment tested annually and also as soon as indications arise that the asset in question has decreased in value. 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 relations	5-20 years
Other intangible assets	5 years
Goodwill	indefinite

Inventories
Inventories are measured at the lower of cost and net realisable value. The risk of obsolescence is reflected in fair value Cost is calculated by applying the first-in first-out (FIFO) method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits with banks and similar institutions as well as short-term investments with a maturity of less than three months from date of acquisition, which are exposed to only an insignificant risk of fluctuations in value.

Impairment losses
Carrying amounts for the Group's assets are impairment tested at every balance-sheet date to determine if there are indications of impairment requirements. 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 of an impairment requirement, the recoverable amount of the asset is calculated (see below). For goodwill, other intangible assets with indefinite useful lives and intangible assets that are not yet ready for use, the recoverable amount is calculated annually regardless of whether or not any signs of a reduction in value have been noted. If it is not possible to determine essentially independent cash flows for an individual asset, the assets are to be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows – referred to as cash generating units.

An impairment loss is recognised when an asset's or a cash-generating unit's carrying amount exceeds its recoverable amount. An impairment loss is recognised in profit or loss. Impairments of assets attributable to a cash-generating unit are allocated to goodwill in the first instance. Thereafter, a proportional impairment of other assets included in the unit is performed. The recoverable amount is the highest of the fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest rate and the risk associated with the specific asset.

Impairment testing of financial assets
At each reporting date, the company tests whether there is objective evidence that a financial asset or a group of assets is in need of impairment. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost.

The recoverable amount for assets belonging to the categories loans and receivables, which are recognised at amortised cost, is calculated as the present value of future cash flows discounted by the effective interest rate that applied the first time the asset was recognised. Short-term assets are not discounted. An impairment loss is recognised in profit or loss.

Reversal of impairment
An impairment loss is reversed if there is an indication that the impairment need is no longer present and there has been a change in the assumptions that formed the basis of the recoverable amount calculation. However, impairment of goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation where relevant, if no impairment loss had been recognised. Impairments of loans and receivables recognised at amortised cost are reversed if a subsequent increase

in the recoverable amount can objectively be attributed to an event that occurred after the impairment was carried out.

Dividends

Dividends paid are recognised as a liability once the Annual General Meeting 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 pension plans are pension plans that are 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 and 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 housing bonds with a term equivalent to the term of the commitments. The fair value of pension plan assets is deducted from the present value of the pension obligations, and a net debt is recognised in the balance sheet. Remeasurement 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 earlier periods are recognised in profit or loss 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 Alecta, which is a multi-employer defined-benefit plan. For the 2017 and 2016 financial years, 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 recognised only 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. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term employee benefits

Short-term employee benefits are calculated without discounting 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.

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. Since the effect of the timing of the payment is important, provisions are calculated by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability. Examples are restructuring reserves and the risk of loss reserves for care contracts.

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.

Risk-of-loss reserves for social 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 expenses of fulfilling its obligations under the contract.

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 Income allocation

Net sales:	2017	2016
Social care services	5,494	5,020
Hiring out of doctors and nurses	322	314
	5,816	**5,334**
Other operating income:		
Sales to other Group companies	–	1
Profits on the sale of non-current assets	9	20
Rental income	5	5
Employment support	4	3
Insurance claims receivable	3	4
Impairment of earn-out	–	6
Compensation for damages	17	–
Other	45	37
	83	75
Total income	**5,899**	**5,409**

NOTE G3 Segment information

The Norwegian operations and staffing operations jointly constitute a minor proportion of the Group's operations that falls below the quantitative thresholds according to IFRS 8 p. 13 requiring separate reporting. They are therefore merged under a miscellaneous segment named Norway and Staffing Solutions from 2016. In previous years, staffing operations were reported as a separate segment.

- Vardaga: Consists of elderly care
- Nytida: Consists of care for people with functional disabilities
- Other: Norway and Staffing Solutions: Consists of staffing solutions and temporary doctors, nurses and other care workers, as well as the Norwegian operations. The Norwegian operations comprise residential and outpatient psychiatric support, and residential facilities for people with lifelong disabilities.

The results of the operating segments are assessed and analysed using the financial measure EBITA (Operating profit before amortisation and impairment of intangible assets).

2017	Vardaga	Nytida	Other: Norway and Staffing Solutions	Unallocated	Group adjustments	Total
Net sales	2,260	2,864	692	0	–	5,816
Other operating revenue	29	17	35	35	-34	83
Internal transactions	0	1	-34	–	34	–
Total income from external customers	**2,288**	**2,882**	**693**	**36**	**–**	**5,899**
Operating expenses						
Consumables	-92	-79	-6	-5	–	-182
Other external costs	-431	-526	-269	85	–	-1,139
Personnel costs	-1,595	-1,898	-384	-156	–	-4,033
Profit/loss from participations in Group companies	–	–	–	-23	–	-23
Other operating expenses	-1	-1	0	-8	–	-10
Depreciation and impairment of tangible assets	-16	-29	-4	-4	2	-52
EBITA	**154**	**350**	**31**	**-75**	**2**	**461**
EBITA margin %	6.8	12.2	4.5			7.9
Items affecting comparability	–	–	–	38	–	38
Adjusted EBITA	**154**	**350**	**31**	**-37**	**2**	**498**
Adjusted EBITA	6.8	12.2	4.5			8.6
Amortisation of intangible assets						-59
Operating profit (EBIT)						**402**

2017	Vardaga	Nytida	Other: Norway and Staffing Solutions	Unallocated	Group adjustments	Total
Financial income						7
Financial expenses						-121
Net financial items						**-114**
Profit/loss after net financial items						**288**
Profit/loss before tax						**288**
Tax on profit for the period						-62
PROFIT FOR THE PERIOD						**226**
Assets	**1,359**	**3,363**	**685**	**160**	**–**	**5,567**
Adjustments						
Reversal of restructuring and acquisition-related costs[1]	–	–	–	1	–	1
Reversal of IPO costs[2]	–	–	–	32	–	32
Reversal of costs for discontinuation of an entire business area[3]	–	–	–	22	–	22
Compensation received from Vitale's previous owner[4]			–	-17		-17
Total	**–**	**–**	**–**	**38**	**–**	**38**

[1] The adjustment is included on the following profit or loss rows: 1 In Other external costs.
[2] The adjustment is included on the following profit or loss rows: 32 In Other external costs.
[3] The adjustment is included on the following profit or loss rows: SEK -66 million in Income, SEK 63 million in Personnel costs, SEK 1 million in Other external costs and SEK 23 million in profit from participations in Group companies
4 The adjustment is included on the following profit or loss rows: SEK -17 million in Expenses

2016	Vardaga	Nytida	Other: Norway and Staffing Solutions	Unallocated	Group adjustments	Total
Net sales	2,164	2,730	439	0	–	5,334
Other operating revenue	24	22	26	28	-24	75
Internal transactions	–	–	-24	–	24	1
Total income from external customers	**2,188**	**2,751**	**442**	**28**	**0**	**5,409**
Operating expenses						
Consumables	-90	-84	-2	0	–	-176
Other external costs	-394	-534	-153	72	0	-1,008
Personnel costs	-1,570	-1,819	-271	-156	–	-3,817
Profit/loss from participations in Group companies	–	-1	0	–	–	-1
Other operating expenses	-1	-1	–	-3	–	-4
Depreciation and impairment of tangible assets	-15	-12	-1	-16	0	-44
EBITA	**120**	**300**	**15**	**-75**	**0**	**359**
EBITA margin %	5.5	11.0	3.4			6.7
Items affecting comparability	–	–	–	98	–	98
Adjusted EBITA	**120**	**300**	**15**	**22**	**0**	**457**
Adjusted EBITA	5.5	11.0	3.4			8.6
Amortisation of intangible assets						-58
Operating profit (EBIT)						**301**

2016	Vardaga	Nytida	Other: Norway and Staffing Solutions	Unallocated	Group adjustments	Total
Financial income						6
Financial expenses						-135
Net financial items						**-130**
Profit/loss after net financial items						**171**
Profit/loss before tax						**171**
Tax on profit for the period						-44
PROFIT FOR THE PERIOD						**128**
Assets	**1,391**	**3,103**	**501**	**424**	**–**	**5,418**

No segment has a single customer that accounts for 10% or more of sales.
Income from Swedish customers accounts for 94 per cent (98) of consolidated net sales. The remainder refers to income from customers in Norway.
Of non-current assets (which are not financial instruments or deferred tax assets), 91% (94) is allocated to Sweden. The remaining amount refers to non-current assets in Norway.
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 in a reasonable and reliable way 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.

NOTE G4 Other external costs

	2017	2016
Temporary care workers and medical consultants	-291	-191
Rent for premises	-511	-455
Operating leases, rental charges	-46	-42
Advertising/PR	-17	-19
Telephony and office supplies	-33	-29
Car expenses	-23	-18
External administrative services	-162	-153
Other	-56	-103
Total	**-1,139**	**-1,008**

NOTE G5 Audit fees and expenses

Auditor fees	2017	2016
Ernst & Young AB		
Audit engagement	-6	-5
Audit activity in addition to the audit engagement	-0	-1
Other services[1]	-1	-12
Total	**-7**	**-18**
Other auditors		
Audit engagement	-0	-1
Total	**-0**	**-1**
Group total	**-7**	**-19**

[1]Pertains primarily to work in connection with preparations for the IPO.

NOTE G6 Lease payments for operating leases

	2017	2016
Lease payments paid during the financial year	-469	-417
Agreed future lease payments	-3,771	-3,459

Leases
Operating leases refer mainly to lease agreements for premises. Remaining rental expenses for current lease agreements are allocated as follows:

	2017	2016
Within one year	487	427
Between one and five years	1,150	999
Longer than five years	2,134	2,033
Total	**3,771**	**3,459**

NOTE G7 Employees, personnel costs and remuneration of senior executives

	2017		2016	
	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	9	5	-	-
		(2)		*(-)*
Other employees	-	-	-	-
Subsidiaries				
Senior executives	19	10	23	13
		(4)		*(6)*
Other employees	2,864	1,083	2,707	1,042
		(166)		*(167)*
Total	**2,892**	**1,098**	**2,730**	**1,054**

Senior executives include the Board of Directors, Chief Executive Officer and other senior executives.

Average number of employees	2017			2016		
	No. of employees	Of whom, women	Of whom, men	No. of employees	Of whom, women	Of whom, men
Parent Company	2	0	2	-	-	-
Subsidiaries in Sweden	7,969	73 %	27 %	7,738	75 %	25 %
Subsidiaries in Norway	474	59 %	41 %	154	77 %	23 %
Total Group	**8,445**	**72 %**	**28 %**	**7,892**	**75 %**	**25 %**

Gender breakdown of senior executives

Group total, percentage of women	31 Dec 2017	31 Dec 2016
Board of Directors	40 %	36 %
CEO and other senior executives	60 %	36 %

Remuneration and benefits to senior executives

2017	Basic salary, Board fees	Variable remuneration	Other remuneration	Pension cost	Total
Chairman of the Board					
Lena Andersson Hofsberger[1,2]	898,125	–	–	–	898,125
Board members					
Daniel Björklund [2]	340,313	–	–	–	340,313
Anders Borg [2]	377,813	–	–	–	377,813
Thomas Hofvenstam [2]	340,313	–	–	–	340,313
Ingrid Jonasson Blank [1,2]	385,310	–		–	385,310
Gunilla Rudebjer [1,2]	387,166	–	–	–	387,166
Hans Fredrik Årstad	302,813	–	–	–	302,813
Chief Executive Officer					
Fredrik Gren	4,227,614	–	61,537	1,145,832	5,434,983
Of which from subsidiaries	704,602	–	10,250	99,151	814,003
Other senior executives (14 people)	20,809,120	–	362,755	5,164,815	26,336,690
Of which from subsidiaries	*18,052,436*	–	*306,587*	*4,284,756*	*22,643,779*
Total	**28,068,587**	**–**	**424,292**	**6,310,647**	**34,803,526**

[1] Payment was made to member's company
[2] Including remuneration for committee work

Remuneration and benefits to senior executives

2016	Basic salary, Board fees	Variable remuneration	Other remuneration	Pension cost	Total
Chairman of the Board					
Lena Andersson Hofsberger	663,607	–	–	–	663,607
Board members					
Daniel Björklund	165,902	–	–	–	165,902
Anders Borg	169,186	–	–	–	169,186
Thomas Hofvenstam	165,902	–	–	–	165,902
Ingrid Jonasson Blank	330,750	–	–	–	330,750
Dominic Murphy (stepped down 19 April 2016)	49,227	–	–	–	49,227
Gunilla Rudebjer (appointed 23 August 2016)	121,351	–	–	–	121,351
Hans Fredrik Årstad	117,660	–	–	–	117,660
Chief Executive Officer					
Fredrik Gren	4,192,308	1,750,000	91,988	1,321,665	7,355,961
Of which from subsidiaries	4,192,308	1,750,000	91,988	1,321,665	7,355,961
Other senior executives (10 persons)	13,069,179	1,900,000	240,577	4,187,805	19,397,561
Of which from subsidiaries	13,069,179	1,900,000	240,577	4,187,805	19,397,561
Total	**19,045,072**	**3,650,000**	**332,565**	**5,509,470**	**28,537,107**

Remuneration of others senior executives refers to the period during which a person was a member of the circle of senior executives.

Other senior executives comprise the CEO, the IR and Strategy Manager and Business Area Managers (4 people), the HR Director, Head of Business Development, Quality Director, Communication and Marketing Director, Head of IT/Opex & Project Office, Head of Lära, Head of Growth and Tendering Manager.

During the year, three new people joined Group management and are included in the amount recognised for the 1 June-1 August 2017 period. In addition, two people left Group management from 1 July and 1 August 2017, respectively, for whom severance pay of SEK 2 million is included in the recognised amount. Other remuneration refers to other types of benefits such as company car, etc.

Variable remuneration programme

Ambea has a variable remuneration programme for management and a few key people at Group level, totalling 14 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.

In the Rent-a-Doctor AB subsidiary, the company's manager had a variable sales-related bonus in 2016 and 2017. For other employees within Ambea, there was no variable remuneration programme in 2016 and 2017.

Within the framework of the variable remuneration programme, a total of SEK 0 million (4) was paid out to senior executives.

Principles

The Chairman 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 CEO, variable remuneration was capped at SEK 3.5 million. Variable remuneration is based on the outcome in relation to individually set targets. Other senior executives refers to those persons who together with the Chief Executive Officer constituted Group management and extended Group management at the end of the financial year. In addition to Group management, a few key people are also entitled to variable remuneration. 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 employees. Employees from the age of 18 years are covered by the Ambea AB basic plan, which includes compensation in the event of illness, survivor cover, 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 of 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 on all salary increments, with an option for enhanced retirement pension, such as salary sacrifice, bonus sacrifice. 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. 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.

NOTE G8 Depreciation, amortisation and impairment of tangible and intangible assets

	2017	2016
Depreciation/amortisation:		
Customer contracts and customer relations	-54	-52
Other intangible assets	-5	-6
Buildings	-2	-1
Accrued expenses in third party property	-11	-10
Equipment, tools, fixtures and fittings	-19	-18
Equipment held under a finance lease	-19	-15
Total	**-110**	**-102**

NOTE G9 Profit/loss from participations in Group companies

	2017	2016
Profit/loss from disposals of subsidiaries	-23	-1
Total	**-23**	**-1**

NOTE G10 Net financial items

	2017	2016
Interest income	7	2
Interest income	–	0
Exchange rate gains	0	–
Other financial income	0	4
Financial income	**7**	**6**
Interest expenses	-53	-96
Interest expenses, Group companies	–	0
Negative changes in fair value of derivatives	–	-4
Exchange rate losses	0	0
Other financial expenses	-68	-35
Financial expenses	**-121**	**-135**
Net financial items	**-114**	**-130**

External interest expenses mainly relate to liabilities to credit institutions and finance lease liabilities, see Note G19 Interest-bearing liabilities. The decrease in interest expense was due to improved terms for the new financing (see "Significant events during the year" on page 54). The increase in other financial expenses was due to capitalised financing fees of SEK 49 million attributable to previously expensed financing agreements.

NOTE G11 Tax

	2017	2016
Current tax expense		
Tax expenses for period	-64	-45
	-64	-45
Deferred tax cost		
Deferred tax concerning temporary differences	22	16
Dissolution/capitalisation of tax loss carry-forwards	-20	-15
	2	**1**
Total recognised tax expense/income	**-62**	**-44**

Reconciliation of effective tax rate	2017		2016	
	%	Amount	%	Amount
Profit/loss before tax		288		171
Tax according to applicable tax rate	22	-63	22	-38
Non-deductible expenses	3	-8	2	-4
Expenses in connection with acquisitions	0	-1	3	-6
Tax in respect of previous periods	0	0	0	-1
Tax exempt income	-4	12	-2	4
Tax on temporary differences	0	-1	-2	4
Other	0	-1	2	-3
Recognised effective tax	**22**	**-62**	**25**	**-44**

NOTE G12 Earnings per share

	2017	2016
Profit for the period attributable to shareholders of the Parent Company, SEK million	226	128
Earnings per share before dilution		
Average number of shares, thousands	66,937	64,923
Earnings per share before dilution, SEK	3.37	1.97
Earnings per share after dilution		
Average number of shares, thousands	66,950	64,923
Earnings per share after dilution, SEK	3.37	1.97

Recalculation of average number of shares
Earnings per share have been recalculated retroactively because the company implemented a four-for-one share split, a share conversion and a bonus issue in the first quarter of 2017. The average number of shares in earlier periods has been recalculated to reflect the split, the conversion and the bonus issue. Due to the share conversion, all preference shares were converted to ordinary shares and the debt to former holders of preference shares was paid off in connection with the bonus issue implemented on 31 March 2017.

For disclosures regarding changes in the number of shares outstanding, see Note 17 Equity.

NOTE G13 Intangible assets

	Goodwill		Customer contracts and customer relations		Other intangible assets		Total	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Accumulated cost								
Opening balance	3,517	2,440	1,213	837	46	42	4,776	3,319
Business combinations	340	1,162	86	375	6	8	432	1,545
Other acquisitions	–	–	–	–	4	6	4	6
Sales and disposals	-36	-1	-21	–	-2	-10	-59	-11
Reclassifications	–	-84	–	–	–	–	–	-84
Adjustment of acquisition analysis	-40	–	–	–	–	–	-40	–
Exchange-rate differences for the year	-6	-1	-2	1	–	–	-8	0
Closing balance	**3,774**	**3,517**	**1,276**	**1,213**	**54**	**46**	**5,105**	**4,776**
Accumulated depreciation/amortisation and impairment								
Opening balance	0	-84	-778	-726	-32	-33	-810	-843
Business combinations	–	–	–	–	0	-	0	-
Sales and disposals	–	–	21	–	1	7	22	7
Reclassifications	–	84	–	–	–	–	–	84
Depreciation/amortisation for the year	–	–	-54	-52	-5	-6	-59	-58
Exchange rate differences	–	–	0	-	–	–	0	0
Closing balance	**0**	**0**	**-811**	**-778**	**-36**	**-32**	**-847**	**-810**
Closing balance	**3,774**	**3,517**	**466**	**435**	**19**	**14**	**4,258**	**3,966**

Goodwill impairment testing

Impairment testing assesses whether a unit's recoverable amount exceeds its carrying amount. The recoverable amount is calculated on the basis of the unit's value in use, which is the present value of the unit's expected future cash flows without regard to potential future expansions of operations and restructuring.

When there are indications that the value of an intangible asset with a specific economic life has decreased, it is tested for impairment. If the carrying amount of the asset exceeds its recoverable amount, an impairment is recognized in profit or loss for the period. When the assets are put up for sale, a clear indication if the recoverable amount is obtained, which can trigger an impairment loss. Goodwill and intangible assets with indefinite economic lives are not amortised. Instead, these assets are impairment tested annually and whenever there is an indication of a decrease in value.

For testing of the need to impair goodwill and other intangible assets, Vardaga, Nytida, Norway and Staffing have been identified as cash generating units. The present value is based on forecast cash flows, less the projected investments and changes in net working capital during the same period. The key assumptions that drive the expected cash flows over the next five years are sales growth, operating margin and investments.

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 area of operations. The methods used are the same for all cash-generating units. Forecasts of sales growth are based on management's prior experience, with some account for information from available external sources regarding industry trends. The operating margin has been forecast on the basis of historical outcomes and expectations of future margins based on past experience. Investment needs are based on historical outcomes and expectations. Assumptions do not include any future business expansions or restructuring. The discount interest rate used is the weighted average pre-tax cost of capital (WACC), which is 7.8-13.2 per cent (9.9-12.6) for the various cash generating units. The long-term growth rate from year 5 has been assumed to be 2.0 per cent (1.0). The terminal value is taken into account in the impairment. 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.

The following table shows the long-term growth rate and discount rate before tax used in calculations of value in use:

2017, Parameters, %	Vardaga	Nytida	Staffing	Norway
Weighted average cost of capital WACC	9.2	8.1	13.2	7.8
Long-term growth rate from year 5	2.0	2.0 per cen	2.0	2.0

2016, Parameters, %	Vardaga	Nytida	Staffing	Norway
Weighted average cost of capital WACC	10.0	9.9	12.6	9.9
Long-term growth rate from year 5	1.0	1.0	1.0	1.0

At 31 December, goodwill was allocated to the following cash-generating units:	31 Dec 2017	31 Dec 2016
Vardaga	978	978
Nytida	2,367	2,195
Staffing	121	121
Norway	307	223
Total	**3,774**	**3,517**

NOTE G14 Tangible assets

	Buildings and land		Leasehold improvements		Equipment, tools, fixtures and fittings*		Total	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Accumulated cost								
Opening balance	-1	48	101	70	312	268	412	386
Business combinations	34	50	4	14	5	39	43	104
Other acquisitions	–	–	26	13	31	63	56	76
Sales and disposals	–	–	-2	-2	-12	-54	-14	-56
Divestment of operations	–	–	–	–	–	0	–	0
Reclassifications	-34	-99	3	5	6	-5	-25	-99
Exchange rate differences	–	1	0	–	0	0	-1	1
Closing balance	**-1**	**-1**	**131**	**101**	**342**	**312**	**471**	**412**
Accumulated deprecia-tion/amortisation and impairment								
Opening balance	1	0	-49	-35	-197	-192	-245	-227
Business combinations	–	–	–	-	-	-	-	-
Sales and disposals	–	–	–	1	7	24	7	25
Divestment of operations	–	–	–	–	–	0	–	-
Reclassifications	–	1	–	-4	16	4	14	1
Depreciation/amortisation for the year	–	0	-12	-11	-38	-33	-46	-44
Exchange rate differences	–	–	0	–	0	0	0	0
Closing balance	**1**	**1**	**-60**	**-49**	**-212**	**-197**	**-271**	**-245**
Closing balance	**0**	**0**	**71**	**52**	**130**	**115**	**201**	**167**

Tax assessment values
The tax assessment value for buildings and land is zero. The properties are tax exempt because they comprise nursing facilities.

***Equipment held under a finance lease is included in the following amounts**	**31 Dec 2017**	**31 Dec 2016**
Cost	102	84
Accumulated depreciation and impairment	-28	-19
	74	**64**

Tangible assets held for sale

	31 Dec 2017	31 Dec 2016
Accumulated cost		
Opening balance	83	24
Business combinations	0	-
Other acquisitions	1	17
Sales and disposals	-72	-57
Reclassifications	34	99
Exchange rate differences	-2	0
Closing balance	**44**	**83**

	31 Dec 2017	31 Dec 2016
Accumulated depreciation and impairment		
Opening balance	-1	-7
Business combinations	0	-
Sales and disposals	0	7
Reclassifications	0	-1
Depreciation/amortisation for the year	0	0
Closing balance	**-1**	**-1**
Closing balance	**43**	**82**

Relates to properties for sale. No impairment loss has been identified as a result of the fair value less selling expenses falling below the carrying amount either at the time of initial recognition as assets held for sale or at a later point in time.
Non-current assets held for sale are attributable to the segments Nytida, Vardaga and Norway.
In 2017, eight properties were divested for a total of SEK 91 million.

NOTE G15 Non-current receivables and other receivables

	31 Dec 2017	31 Dec 2016
Deposits	0	0
Receivables on owner companies	-	0
Investments in housing cooperative associations	26	21
Total	**26**	**21**
Other receivables classified as current assets		
Employee advances	3	4
Tax account	9	11
VAT and payroll tax receivable	5	2
Promissory notes due for divested subsidiaries*	54	-
Other receivables	23	15
Total	**94**	**32**

*All promissory notes due were settled in the first quarter of 2018

NOTE G16 Prepaid expenses and accrued income

	31 Dec 2017	31 Dec 2016
Prepaid rents	108	93
Accrued income	25	13
Prepaid lease payments	1	3
Prepaid personnel costs	5	5
Prepaid financial expenses	0	2
Other prepaid expenses	17	28
Total	**157**	**145**

NOTE G17 Equity

Share capital and other contributed capital

Share capital

At 31 December 2017, the registered share capital amounted to 67,616,556 shares. All shares are fully paid up and no shares are reserved for transfer of ownership. Each share entitles the holder to one vote. The quotient value per share is SEK 0.0 (0.1).

Following a resolution by the Extraordinary General Meeting on 16 March 2017, a number of transactions related to the share capital, attributable to the IPO, took place.

- On 17 March, a one-for-four share split was implemented.
- On 31 March, all of the company's preference shares outstanding were converted into ordinary shares, by re-stamping each preference share as an ordinary share. Following the conversion, all of the shares in the company comprise ordinary shares, each carrying one vote and equal rights to the company's assets and profit.
- On 31 March, a bonus issue to certain existing shareholders was also implemented to reflect ownership of the company among existing shareholders based on the economic value of the preference shares.
- On 21 March, an issue of warrants was registered. 327,810 warrants were acquired by members of management as well as extended management, which led to an increase of SEK1,937,357.10 in other contributed capital. If the maximum number of warrants is exercised, this corresponds to dilution of approximately 0.48 per cent of the company's total number of shares and voting rights after the Offer's implementation.
- On 4 April 2017, a new issue of 2,666,667 shares was implemented.

  The new issue generated proceeds of SEK 200 million for Ambea before transaction expenses and increased the share capital by SEK 66,581.46, resulting in a dilution effect of 3.9 per cent.

The Board of Directors decided to implement a share buyback programme comprising a total of 62,277 shares, which was completed in November 2017. Bought back shares will be saved for the delivery of shares under Ambea's matching share plan.

The share capital amounts to SEK 1,688,253.10 and the number of shares to 67,616,556.

Other capital contributions

Other capital contributions comprise capital contributed by the company's owners, e.g. premium in connection with share issues and received shareholder's contribution.

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 that differed from the currency used for presenting the consolidated financial statements. The Group presents its financial statements in SEK.

Hedging reserve

Interest rate ceilings are measured at fair value, with changes in value recognised through other comprehensive income.

Specification of equity item, reserves

Translation reserve, Group	31 Dec 2017	31 Dec 2016
Opening translation reserve	0	-1
Translation reserve for the year	-12	1
Closing translation reserve	**-12**	**0**
Hedging reserve, Group	31 Dec 2017	31 Dec 2016
Opening hedging reserve	3	–
Change in value	9	3
Closing hedging reserve	**12**	**3**
Total closing reserves, Group	**–**	**3**

Retained earnings including profit for the year

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

Dividend

The Board proposes a dividend of 30 per cent of net profit for the year, corresponding to SEK 1 per share.

NOTE G18 Receivables from Group companies

Non-current receivables from Group companies

	31 Dec 2017	31 Dec 2016
Receivables from Group companies, interest-bearing	-	1
Total	**–**	**1**
Current receivables from Group companies		
Receivables from Group companies, non-interest bearing	-	7
Total	**–**	**7**

NOTE G19 Interest-bearing liabilities

The Note contains information about the company's contractual terms in relation to interest-bearing liabilities. For more information about the company's exposure to interest risk and the risk of exchange rate fluctuations, see Note G27 Financial risks and financial policies.

	31 Dec 2017	31 Dec 2016
Non-current liabilities		
Liabilities to credit institutions	670	2,114
Finance lease liabilities	37	48
Other non-current liabilities	2	-
Total	**710**	**2,162**
Current liabilities		
The current portion of liabilities to credit institutions	6	143
Commercial paper	1,349	-
The current portion of finance lease liabilities	37	16
Total	**1,392**	**159**
Total interest-bearing liabilities	**2,102**	**2,321**

Terms and payback periods can be found in Note G27 Financial risks and financial policies. Collateral for bank loans has been issued in an amount of SEK - million (6,164) in the company's participations in subsidiaries. Leased assets of SEK 74 million (64) have been provided as collateral for the finance lease liabilities.

FINANCE LEASE LIABILITIES, ETC.
Finance leases refer to future lease payments attributable to finance lease agreements.
Future payments fall due as follows:

Finance lease

	31 Dec 2017	31 Dec 2016
Within one year	37	16
Between one and five years	37	48
Later than five years	–	–
Total	**74**	**64**

NOTE G20 Overdraft facility

	31 Dec 2017	31 Dec 2016
Overdraft facility utilised	664	-
Overdraft facility granted	2,500	282

NOTE G21 Other non-interest-bearing liabilities

Other non-current liabilities	31 Dec 2017	31 Dec 2016
Contingent consideration	4	72
Total	**4**	**72**

Other current liabilities	31 Dec 2017	31 Dec 2016
Withholding tax	59	58
VAT liability	3	4
Contingent earn-out	25	15
Other liabilities	9	4
Total	**96**	**80**

NOTE G22 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 both Sweden and Norway. 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 2016 and 2017 financial years, the company has not had 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 2017, Alecta's surplus in the form of its collective consolidation ratio was 154 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 do not comply 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. The Group's share of the total number of plan members is 0 per cent (0).

In Norway, there is a defined-benefit KLP pension plan. Pension obligations are secured through pension insurance in KLP (municipal national pension fund mutual insurance company).

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.

Net pension costs	2017	2016
Service cost during the period	0	0
Net interest income	0	0
Pension cost in defined-benefit pensions in profit for the year	**0**	**0**
Pension cost in defined-benefit pensions in profit for the year*	-172	-172
Pension cost in profit for the year	**-172**	**-172**
Remeasurement of defined-benefit pensions recognised in other comprehensive income	-2	-2
Pension cost in comprehensive income for the period	**-174**	**-174**

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

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

Defined-benefit net pension liability	**31 Dec 2017**	**31 Dec 2016**
Sweden		
Present value of pension liability	56	54
Fair value of plan assets	-49	-48
Net pension liability (+) / asset (-)	7	6
Norway		
Present value of pension liability	3	2
Fair value of plan assets	-3	-2
Net pension liability (+) / asset (-)	0	0
Net pension liability (+) / asset (-) in the balance sheet	**6**	**6**

Net pension liabilities	**31 Dec 2017**	31 Dec 2016
Opening balance, pension liability	55	–
Effect of acquisitions	-	53
Service cost during the period	0	0
Interest expense	1	1
Remeasurement of pensions		
– financial obligations	2	3
Pension payments	-2	-1
Paid employer contributions	0	0
Exchange differences	0	0
Closing balance, pension liability	**57**	**55**

Change in fair value of plan assets	**31 Dec 2017**	**31 Dec 2016**
Opening balance, plan assets	48	–
Effect of acquisitions	-	47
Interest income	1	1
Return exceeding interest income	0	1
Payments from employer	0	0
Exchange differences	0	0
Closing balance, plan assets	**49**	**48**

Plan assets in Sweden consist of fund units pertaining to interest-bearing assets (56 per cent, 59 per cent), alternative investments (20 per cent, 17 per cent), foreign shares (12 per cent, 9 per cent) and Swedish shares (12 per cent, 8 per cent), as well as cash and cash equivalents (0 per cent, 7 per cent). The fund units have quoted prices at which buybacks can be effected via the fund manager. The fund units in Norway solely comprise insurance in KLP (municipal national pension fund mutual insurance company).

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

	Sweden		Norway	
Significant actuarial assumptions	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
Discount interest rate	2.2 %	2.2 %	2.4 %	2.1 %
Expected return on pension capital	2.2 %	2.2 %	2.4 %	2.1 %
Salary increases	2.5 %	2.5 %	2.5 %	2.4 %
Annual increase in income base amounts	2.5 %	2.5 %	2.3 %	2.3 %
Inflation	1.8 %	1.5 %	1.6 %	1.5 %
Special payroll tax/employer contributions	24.3 %	24.3 %	14.1 %	14.1 %
Average life expectancy	FI's regula- tions, FFFS 2007:31	FI's regula- tions, FFFS 2007:31	K2013	K2013

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

Expected pension payments to the Swedish defined-benefit plan amount to SEK 2 million (2). Expected contributions to the Norwegian defined-benefit plan are SEK 0 million (1).

Sensitivity analysis of pension liability	Change in assumption		Liability change, SEK million	
Discount interest rate	0.25 %	-0.25%	-2	2

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 method since actuarial assumptions are usually correlated.

NOTE G23 Other provisions

The cost of provisions has been recognised under other external costs in the consolidated statement of comprehensive income.

	31 Dec 2017	31 Dec 2016
Opening provision for loss reserve and winding up and closure	24	2
The year's reversal of loss-risk reserve, and the reserve for winding up and closure	-14	24
Utilised during the year	-10	-2
Closing provision for loss reserve and winding up and closure	**0**	**24**

NOTE G24 Deferred tax assets and liabilities

Change in deferred tax in temporary differences and loss carry-forwards

Deferred tax assets	Amount at 1 January	Recognised in profit or loss	Recognised in equity	Business acquisitions/ divestments	Translation	Amount at 31 December
31 Dec 2017						
Loss carry-forwards	87	-20	-	-	-	67
Pensions	6	0	0	-	-	6
Machinery and equipment	1	0	-	-	-	1
Leasehold improvements	-	0	-	1	0	1
Total	**94**	**-20**	**0**	**1**	**0**	**76**
31 Dec 2016						
Loss carry-forwards	102	-15	-	-	-	87
Pensions	-	1	0	5	-	6
Machinery and equipment	-	1	-	-	-	1
Total	**102**	**-13**	**0**	**5**	**0**	**94**
Deferred tax liabilities						
31 Dec 2017						
Intangible assets	-99	12	-	-19	0	-105
Machinery and equipment	0	0	0	-	-	0
Hedging reserve	-	-	-3	-	-	-3
Tax allocation reserve	-10	2	-	-5	-	-13
Property	-	8	-	-11	-	-3
Total	**-108**	**22**	**-3**	**-35**	**0**	**-124**
31 Dec 2016						
Intangible assets	-26	11	-	-84	0	-99
Property	0	0	0	-	-	0
Machinery and equipment	-	-	-1	-	-	-1
Tax allocation reserve	-2	2	-	-10	-	-10
Total	**-28**	**14**	**-1**	**-94**	**0**	**-109**

Unrecognised deferred tax assets

Deductible loss carry-forwards for which deferred tax assets have not been recognised in the statement of financial position amount to SEK 22 million (22).

The loss carry-forwards have been temporarily blocked due to ownership changes in the Group. Deferred tax assets have not been recognised for these items because it is not likely that the Group will use them to offset future taxable profits in the foreseeable future (i.e. within three years). According to current tax regulations, deductible temporary differences do not expire.

NOTE G25 Accrued expenses and deferred income

	31 Dec 2017	31 Dec 2016
Holiday pay, including social security fees	164	156
Accrued personnel costs	206	218
Care charges invoiced in advance	69	74
Accrued interest expenses	0	16
Accrued consulting and audit costs	15	22
Other items	34	33
Total	**488**	**519**

NOTE G26 Fair value measurement of financial assets and liabilities

31 Dec 2017	Derivatives used in hedge accounting	Financial assets at fair value through profit and loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total carrying amount	Fair value
Non-current receivables	–	–	26	–	–	26	26
Accounts receivable	–	–	624	–	–	624	624
Accrued income	–	–	–	–	–	–	–
Cash and cash equivalents	–	–	87	–	–	87	87
Total	**–**	**–**	**738**	**–**	**–**	**738**	**738**
Non-current interest-bearing liabilities	–	–	–	–	672	672	672
Finance lease, non-current	–	–	–	–	37	37	37
Non-current contingent consideration	–	–	–	4	–	4	4
Other non-current liabilities	–	–	–	–	0	0	0
Current interest-bearing liabilities	–	–	–	–	1,355	1,355	1,355
Accounts payable	–	–	–	–	194	194	194
Finance lease, current	–	–	–	–	37	37	37
Current contingent consideration	–	–	–	25	–	25	25
Total	**–**	**–**	**–**	**29**	**2,295**	**2,324**	**2,324**

31 Dec 2016	Derivatives used in hedge accounting	Financial assets at fair value through prof-it and loss	Loans and receivables	Financial liabilities at fair value through prof-it or loss	Other financial liabilities	Total carrying amount	Fair value
Non-current receivables	1	–	22	–	–	23	23
Accounts receivable	–	–	583	–	–	583	583
Accrued income	–	–	2	–	–	2	2
Cash and cash equivalents	–	–	318	–	–	318	318
Total	**1**	**–**	**925**	**–**	**–**	**926**	**926**
Non-current interest-bear-ing liabilities	–	–	–	–	2,114	2,114	2,114
Finance lease, non-current	–	–	–	–	48	48	48
Non-current contingent consideration	–	–	–	72	–	72	72
Other non-current liabilities	–	–	–	–	0	0	0
Current interest-bearing liabilities	–	–	–	–	143	143	143
Accounts payable	–	–	–	–	166	166	166
Finance lease, current	–	–	–	–	16	16	16
Current contingent earn-out	–	–	–	15	–	15	15
Total	**–**	**–**	**–**	**87**	**2,487**	**2,574**	**2,574**

Fair value measurement

The table below shows the 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 – Listed prices (unadjusted) on active markets for identical assets or liabilities. This level includes treasury bills, bonds and other interest-bearing securities. Re-measurement is recognised in 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.

31 Dec 2017

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest rate derivatives	–	0	–	–
Total	**–**	**0**	**–**	**–**
Financial liabilities				
Contingent consideration	–	–	29	29
Total	**–**	**–**	**29**	**29**

31 Dec 2016

Financial assets	Level 1	Level 2	Level 3	Total
Interest rate derivatives	–	1	–	1
Total	**–**	**1**	**–**	**1**
Financial liabilities	Level 1	Level 2	Level 3	Total
Contingent earn-out	–	–	87	87
Total	**–**	**–**	**87**	**87**

Measurement of fair value

Currency derivatives
For foreign exchange contracts, the fair value is determined by reference to the listed exchange rates if such are available. If such are not available, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be contracted at the balance-sheet date for the remaining period of the contract. Discounting is at the risk-free interest rate based on government bonds.

Interest-rate derivatives
The fair value of interest rate ceilings is based on the measurement of the credit intermediary, the fairness of which is tested by discounting estimated future cash flows according to the terms and maturities of the contract, and on the basis of the market interest rate for similar instruments at the balance-sheet date.

Interest-bearing liabilities
The fair value of financial liabilities that are not derivative instruments is calculated by discounting future cash flows of capital amounts and interest at the current market rate at the balance-sheet date. The loans carry floating interest and an assessment has been made that the credit margin is the same as when the loan was entered into, which is why the market value is assessed to be equal to the carrying amount.

Contingent consideration
Contingent considerations are included in the item Other non-interest bearing liabilities and measured at fair value by discounting expected cash flows with a risk-adjusted discount rate. Expected cash flows are determined on the basis of budgeted future sales and corresponding amounts payable on a specific outcome.

Contingent earn-outs are found at level 3 in the measurement hierarchy. Essential non observable input consists of forecast sales and a risk-adjusted discount rate. In stress tests, it has been estimated that a one-percentage-point change in the discount interest rate would result in an increase of SEK 0 million in the liability. Changes affecting the contingent consideration in Level 3 are presented below.

Contingent consideration	31 Dec 2017	31 Dec 2016
Opening balance	87	40
Acquisitions	9	74
Paid	-18	-19
Change in value in profit or loss	-	-7
Adjustment of acquisition analysis	-45	-
Exchange rate differences	-4	-2
Closing balance	**29**	**87**

Accounts receivable and accounts payable
For accounts receivable and accounts payable within six months, the carrying amount is deemed to reflect the fair value. Accounts receivable and accounts payable later than six months are discounted when their fair value is determined.

NOTE G27 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, 66 per cent is hedged through fixed income derivatives.

In connection with the company's listing on Nasdaq Stockholm (31 March 2017), the company entered into a refinancing arrangement, whereby previous loans were repaid and a new credit facility of SEK 2,500 million was raised in the form of a multi currency revolving credit facility.

During the autumn, the company decided to establish a commercial paper programme with a total credit line of SEK 2,000 million. As part of the programme, the company can issue commercial paper for 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 decided by the board.

Credit risk in financial activities
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.

Credit risk in accounts receivable
The risk that the company's customers do not meet their obligations – that payment is not received for accounts receivable – 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. There are no major concentrations of credit risks either.

Age analysis, past due but not impaired accounts receivable	31 Dec 2017	31 Dec 2016
Not due accounts receivable	513	504
Past-due accounts receivable 0–30 days	97	69
Past-due accounts receivable > 30–90 days	8	10
Past due accounts receivable > 90-360 days	8	2
>360 days	2	1
Less provision for bad debts	-4	-3
Total	**624**	**583**

Recognised amounts, by currency, for consolidated accounts receivable and other receivables are as follows:

Age analysis, past due but not impaired accounts receivable	31 Dec 2017	31 Dec 2016
SEK	564	553
NOK	60	30
Total	**624**	**583**

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, it is essential to have credit covering the need for working capital and the consideration for acquisitions. Ambea's liquidity reserve comprises committed credit facilities totalling SEK 2,500 million (282). At year-end, a total of SEK 664 million (-) had been used. During the year, Ambea issued commercial papers with an outstanding value of SEK 1,349 million (–) at the balance-sheet date. To reduce the borrowing risk, Ambea backs up the certificate programme with undrawn funds in the committed credit 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.

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.
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 13.7 million.

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.

Translation exposure
The Group has a translation exposure arising from the translation of foreign subsidiaries' earnings and net assets into SEK. This translation exposure is to NOK, where the net asset exposure was SEK 223 million (216) at the balance-sheet date. The translation exposure has been hedged through loans of NOK 215 million (90). A 10 per cent stronger SEK in relation to the NOK would have a negative impact of about SEK 1 million (9) on equity.

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 facility, minor loans raised by companies acquired during the year and commercial papers issued. At the balance-sheet date, committed credit facilities in the Group and Parent Company amounted to SEK 2,518 million (2,866), of which SEK 2,030 million (2,306) was unused. 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. 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 effective interest rate at the balance-sheet date and the net outflow of financial liabilities. In calculations, the interest rate and exchange rate at the balance-sheet date have been used.

31 Dec 2017

Financial liabilities, SEK	Carrying amounts	Nominal amounts	Within one year	2 years	3 years	4 years	5 years –
Revolving credit facility*	664	726	28	698	-	-	-
Commercial papers	1,349	1,350	1,350	-	-	-	-
Other loans	17	21	1	1	1	1	18
Finance lease liability	74	76	39	22	15	1	0
Accounts payable	194	194	194	-	-	-	-
	2,296	**2,339**	**1,584**	**721**	**16**	**2**	**18**

*In connection with the maturity of commercial papers outstanding, we have assumed that these will be replaced by financing under the revolving credit facility. The calculation of interest for year 2 pertains to full financing under the revolving credit facility.

31 Dec 2016

Financial liabilities, SEK	Carrying amounts	Nominal amounts	Within one year	2 years	3 years	4 years	5 years –
Term loan A1	400	437	63	81	98	95	101
Term loan B1	776	969	31	31	31	32	843
Term loan B2	218	272	9	9	9	9	237
Term loan B3	56	70	2	2	2	2	61
Term loan B4	750	937	30	30	30	30	815
Other loans	14	16	1	1	1	1	12
Revolving credit facility	92	118	2	3	3	3	107
Finance lease liability	64	64	16	31	16	1	0
Accounts payable	166	166	166	-	-	-	-
	2,536	**3,049**	**320**	**188**	**190**	**172**	**2,177**

The amounts in the maturity structure pertain to undiscounted cash flows for future interest payments and payments to final maturity.

Cash and cash equivalents
Group cash and cash equivalents consist predominantly of deposits in bank accounts. Cash and cash equivalents are held in SEK and amounted to SEK 87 million (318).

Capital structure
The Group's aim with respect to its capital structure is to maintain over time an optimal asset and capital structure that is well suited to the Group's activities. Capital is defined as consolidated equity, which amounted to SEK 2,480 million (2,067).

The Group's capital structure target is that net debt in relation to adjusted EBITDA should not exceed 3.25. However, net debt may temporarily exceed this figure, for example in connection with acquisitions. During the year, net debt was 3.7 (4.0).

As of 31 December 2017, the capital structure was changed in connection with the company being listed on Nasdaq Stockholm, when new financing was contracted and earlier loans were repaid. None of the Group companies are subject to external capital requirements.

NOTE G28 Pledged assets and contingent liabilities

Pledged assets	Total	
Collateral for financial liabilities	**2017**	**2016**
Pledged shares	-	2,164
Leased assets	74	64
Chattel mortgages	13	37
Real estate mortgages	23	14
Factoring	2	2
Total	**112**	**2,281**

In 2016, shares in the Group were pledged for the A1 loan facility; see Note G27 Financial risks and financial policies.

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

NOTE G29 Related parties

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, which has a plan for post-service remuneration for the benefit of employees of certain companies within the Ambea Group. The Foundation is thus to be regarded as a related party. There were no transactions with the Foundation during the year.

Transactions with Group companies	2017	2016
Sales to Group companies, Mehilainen Oy	-	1

Receivables from Group companies	31 Dec 2017	31 Dec 2016
Non-current receivables from ACTR Holding AB	-	1
Current receivables from Mehilainen Holding AB	-	2
Current receivables from ACTR Holding AB	-	5

NOTE G30 Additional cash flow statement disclosures

	2017	2016
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	87	318
	87	**318**
Interest paid/received		
Interest received	7	1
Interest paid	-108	-101
Adjustment for non-cash items, etc.		
Profit/loss from participations in Group companies	23	0
Depreciation, amortisation and impairment of assets	110	102
Capital gain/loss on disposal of non-current assets	0	-15
Unrealised exchange rate differences	–	0
Changes in provisions	-24	19
Unpaid interest expenses	-13	12
Accrual of financing costs	50	24
Other non-cash items	0	-1
	145	**141**

				Changes in non-cash items				
	31 Dec 2016	New loans	Repay-ments	Acquisitions	Exchange-rate differences	Changes in fair value	Other changes	31 Dec 2017
Non-current loans	2,114	2,287	-3,887	29	-1	-12	141	670
Current loans	143	1,349	-50	6	-		-93	1,355
Lease liabilities	64	-	-19	-	-	-	29	74
Total liabilities from financing activities	**2,321**	**3,636**	**-3,956**	**35**	**-1**	**-12**	**77**	**2,101**

NOTE G31 Business combinations

Effect of acquisitions, 2017

Ambea completed the following acquisitions during 2017:

- Resursteamet i Stockholm AB
- HVB Partner i Norr AB
- Varphaugen AS and Varphaugens Ungdomshjem AS
- Brostugegården
- BoA Mellanvård AB
- Målrettet Intervensjon AS
- Tiltaksgruppa Fokus AS

Resursteamet i Stockholm AB

On 31 May, Ambea's Nytida business area acquired Resursteamet i Stockholm AB. a Stockholm-based operator mainly focused on day services for people with congenital or acquired cognitive disabilities. Together, Nytida and Resursteamet are becoming a clear market leader, with 36 units and 1,200 placements in day services in Stockholm County. Following the acquisition, Nytida's leading position in residential care has been supplemented with Resursteamet's market-leading position in day-care activities, creating a stronger and broader LSS offering.

The consideration at the acquisition date, which was financed in cash, amounted to SEK 194 million, including acquired net debt of SEK 6 million. The acquisition gave rise to goodwill of SEK 149 million. The goodwill relates mainly to synergy effects from reduced central costs. The goodwill is not expected to be tax deductible.

The acquisition was consolidated in Ambea's accounts as of 31 May 2017 and contributed SEK 111 million in net sales and SEK 20 million in EBITA during the year. If the acquisition had taken place on 1 January 2017, management estimates that Resursteamet's net sales would have amounted to SEK 188 million and EBITA to SEK 28 million.

The acquisition analysis is preliminary, since final tax calculation is pending and intangible assets are currently being measured. The acquisition analysis is expected to be finalised in the first quarter of 2018.

Other acquisitions

The transferred consideration for the other acquisitions consisted of cash and estimated earn-out totalling SEK 305 million.

The acquisitions gave rise to goodwill of SEK 190 million in the form of a difference between the consideration transferred and the fair value of the acquired net assets. Goodwill mainly relates to synergies in the form of coordination gains in administration. The goodwill is not expected to be tax deductible.

In the period up to 31 December 2017, the other acquired companies contributed SEK 34 million to consolidated net sales and SEK 2 million to consolidated EBITA. If the acquisitions had taken place on 1 January 2017, Ambea estimates that the companies' net sales would have amounted to SEK 206 million and EBITA to SEK 67 million.

Brief disclosures concerning other acquisitions are provided below:

HVB Partner i Norr AB

On 29 May, Ambea acquired 100 per cent of the shares in HVB Partner i Norr AB. The company operates a full-time residential care facility for children and adolescents with social problems at Norråsen in Gävleborg County. In 2015/2016, the company's net sales amounted to SEK 0.1 million.

No operations are currently conducted by the company.

Varphaugen

Varphaugen was acquired on 10 July, with care services for children and young people in Østlandet, Norway. The operations consist of two legal entities, Varphaugen AS and Varphaugen Ungdomshjem AS. Varphaugen has seven residential units for emergency placement, assessment, long-term accommodation and family homes for children and young people. In 2016, sales amounted to just over NOK 40 million.

Brostugegården AB

On 25 August, Ambea's Nytida business area acquired Brostugegården AB based in Uppsala, a residential care facility offering special services for people with psychosocial disabilities. Brostugegården has 30 placements and offers a comfortable home environment, as well as support and assistance for an independent and meaningful life based on the individual's conditions. In 2016, sales amounted to about SEK 22 million.

BoA Mellanvård AB

Effective 31 October, Ambea's Nytida business area acquired BoA Mellanvård, which conducts HVB and supported living operations in Stockholm.

BoA Mellanvård has 26 beds for young people in HVB and supported living units in the Stockholm area, generating annual revenue of about SEK 15 million. The operation offers adolescents and young adults an opportunity to develop skills for independent living through various types of support in their own homes.

Målrettet Intervensjon AS

On 29 December, Målrettet Intervensjon AS, which conducts care operations with a focus on psychosocial problems and disabilities in the Norwegian counties of Hedmark and Oppland, was acquired. In 2016, the operation had 33 placements and generated revenue of NOK 49 million.

Tiltaksgruppa Fokus AS

On 29 December, Tiltaksgruppa Fokus AS was acquired, with operations in care and support for children and young people with special needs. The operations are located in Østlandet in Norway, mainly in the Municipalities of Fredrikstad and Sarpsborg. In 2016, the operation generated revenue of NOK 63 million.

Divestments

Ambea divested Nytida Anemon and thus discontinued its personal assistance operations. The divestment generated a loss of SEK 23 million which was recognised in profit/loss from participations in Group companies.

2017

Net assets of the acquired companies at the acquisition date:

SEK million	Resursteamet i Stockholm AB	Other acquisitions	Fair value recognised in the Group
Tangible assets	11	25	82
Intangible assets	8	0	91
Financial assets	0	6	6
Inventories	0	0	0
Accounts receivable and other receivables	22	24	46
Cash and cash equivalents	19	40	59
Non-current interest-bearing liabilities	-16	-22	-38
Deferred tax liability	-5	0	-34
Provisions	0	0	–
Accounts payable and other liabilities	-15	-36	-52
Net identifiable assets and liabilities	**24**	**36**	**160**
Group goodwill	149	190	339
Total consideration	**173**	**226**	**499**
Cash (acquired)			-59
Estimated earn-out			-6
Net cash outflow			**434**
Earn-out paid in respect of previous years' acquisitions			18
Total acquisitions			**452**

The contracted contingent earn-outs for the acquired companies are attributable to the growth in earnings in the acquired companies over the coming year. At the acquisition date, the contingent liability was SEK 29 million. The expected outcome is SEK 29 million.

In the period to 31 December 2017, the acquired companies contributed SEK 144 million to consolidated net sales and SEK 19 million to consolidated profit after tax. If the acquisitions had taken place on 1 January 2017, management estimates that the companies' net sales would have amounted to SEK 394 million and profit for the period to SEK 85 million.

Effects of acquisitions, 2016

In 2016, the following four companies were acquired: Solhagagruppen Holding AB with subsidiaries, Pettersson Progress AB, Vitalegruppen AS, Blichergruppen AB, TBO Helse AS, Ekbacka AB and TCJ Fastigheter AB.

The transferred consideration consisted of cash and estimated earn-out and amounted to SEK 1,042 million.

The acquisitions gave rise to goodwill of SEK 1,161 million in the form of a difference between the consideration transferred and the fair value of the acquired net assets. Goodwill mainly relates to synergies in the form of coordination gains in administration. The goodwill is not expected to be tax deductible.

2016 Net assets of the acquired companies at the acquisition date: SEK million	Solhagagruppen	Other acquisi-tions	Fair value recognised in the Group
Tangible assets	33	48	81
Intangible assets	348	37	384
Financial assets	26	–	26
Inventories	0	–	0
Accounts receivable and other receivables	106	31	137
Cash and cash equivalents	146	34	180
Non-current interest-bearing liabilities	-357	-16	-373
Deferred tax liability	-85	-11	-96
Provisions	-11	-	-11
Accounts payable and other liabilities	-153	-38	-191
Net identifiable assets and liabilities	**54**	**84**	**138**
Group goodwill	945	216	1,161
Total consideration transferred	**999**	**300**	**1,299**
Shares acquired through non-cash issue			-5
Cash (acquired)			-180
Acquisitions			1
Estimated earn-out			-74
Net cash outflow			**1,042**
Paid contingent earn-out in respect of previous years' acquisitions			19
Total acquisitions			**1,061**

The contracted contingent considerations in the acquired companies are attributable to the growth in earnings in the acquired companies over the next year. At the acquisition dates, the contingent liability was SEK 74 million. An estimated range of possible outcomes is SEK 0-95 million.

In the period up to 31 December 2016, the acquired companies contributed SEK 971 million to consolidated net sales and SEK 102 million to consolidated profit after tax. If the acquisition had taken place on 1 January 2016, management estimates that the companies' net sales would have amounted to SEK 1,327 million and profit for the period to SEK 130 million.

NOTE G32 Events after the balance-sheet date

After the end of the financial year, the credit facility's extension option was used.
On 28 February, Arona Omsorger was acquired, a company that provides residential care and support for adults with autism spectrum disorders. The company's operations are based around Trosa and Vagnhärad in Sweden. In 2016, sales amounted to about SEK 12 million.
After the end of the period, Ambea's Staffing Solutions business segment changed its name to Klara.

NOTE G33 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 estimates if other assumptions are made or other conditions are in place. For more information, refer also to Note G1 Accounting policies, which describes the accounting policies that Ambea has chosen to apply.

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 relations, as well as some other minor intangible assets. The carrying amount of intangible assets is mainly comprised of assets arising in connection with the former owners Triton and KKR acquiring Ambea in 2010. For valued customer contracts and 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 in Sweden

is considered highly dependent on state and municipal decisions, such as the assumption of increased competition for publicly financed health care and social care. These decisions are affected by the financial position of the state, county councils and municipalities. General economic activity has an influence on the cost situation of the business. Ambea's intangible assets amounted to SEK 4,259 million (3,966), of which goodwill accounted for SEK 3,774 million (3,517).
In the assessment of 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, assumed growth amounts to 2.0 per cent (1.0) with the margin unchanged. When discounting the future cash flow to present value, the average pre-tax weighted cost of capital is 7.8-13.2 per cent (9.9-12.6). 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 fair value at the acquisition dates of the acquired identifiable assets and assumed liabilities and contingent liabilities is recognized. Acquisition analyses are based on key judgements and estimates of future events. Actual values may subsequently differ from those used in the acquisition analysis.

NOTE G34 Reconciliation to IFRS

Growth/Acquired growth

SEK million	2017	2016
Net sales growth	9 %	23 %
Of which, acquired growth	10 %	26 %
Of which, organic growth	0 %	-3 %

Operating margin, EBIT

SEK million	2017	2016
Net sales	5,816	5,334
Operating profit	402	301
Operating margin, EBIT	**6.9 %**	**5.6 %**

EBITA and adjusted EBITA

SEK million	2017	2016
Operating profit (EBIT)	**402**	**301**
Amortisation and impairment of intangible assets	59	58
EBITA	**461**	**359**
Compensation received from Vitale's previous owner	-17	-
Restructuring and acquisition-related costs	1	49
IPO costs	32	31
Costs for discontinuation of an entire segment	22	18
Adjusted EBITA	**498**	**457**

Net sales	5,816	5,334
EBITA margin	**7. %**	**6.7 %**
Adjusted EBITA	**8.6 %**	**8.6 %**

EBITDA and adjusted EBITDA

SEK million	2017	2016
Operating profit (EBIT)	**402**	**301**
Depreciation, amortisation and impairment of tangible and intangible assets	110	102
EBITDA	**512**	**403**
Compensation received from Vitale's previous owner	-17	-
Restructuring and acquisition-related costs	1	49
IPO costs	32	31
Costs for discontinuation of an entire segment	22	18
Adjusted EBITDA	**550**	**501**

Net sales	5,816	5,334
EBITDA margin	**8.8 %**	**7.6 %**
Adjusted EBITDA margin	**9.5 %**	**9.4 %**

Return on equity

SEK million	2017	2016
Opening equity attributable to shareholders of the Parent Company	2,067	1,932
Closing equity attributable to shareholders of the Parent Company	2,480	2,067
Average equity attributable to shareholders of the Parent Company	**2,273**	**1,999**
Profit for the year	226	128
Return on equity	**9.9 %**	**6.4 %**

Equity/assets ratio

SEK million	31 Dec 2017	31 Dec 2016
Total equity	2,480	2,067
Total assets	5,567	5,418
Equity/assets ratio	**44.5 %**	**38.1 %**

Working capital

SEK million	31 Dec 2017	31 Dec 2016
Inventories	0	0
Accounts receivable	624	583
Current receivables from Group companies	-	7
Other receivables	94	32
Prepaid expenses and accrued income	157	145
Less accounts payable	-194	-166
Less tax liabilities	-73	-54
Less other non-interest bearing liabilities	-96	-80
Less accrued expenses and deferred income	-488	-519
Total working capital	**25**	**-53**

Net sales	5,816	5,334
Working capital in relation to net sales	**0.4 %**	**-1.0 %**

Operating cash flow

SEK million	2017	2016
Operating profit (EBIT)	402	301
Depreciation, amortisation and impairment of tangible and intangible assets	110	102
Adjustment for non-cash items	-2	2
Cash flow from investing activities excl. acquisition and sales of subsidiaries	-10	8
Operating cash flow before changes in working capital	**500**	**413**
Changes in net working capital	-41	-108
Operating cash flow after changes in working capital	**459**	**305**

Cash conversion

SEK million	2017	2016
Operating cashflow after changes in working capital	459	305
Adjustment for cash flow from investing activities related to increased capacity/ growth	7	16
Operating cash flow excluding cash flow from investments in increased capacity/ growth	**465**	**321**
EBITDA	512	403
Cash conversion	**90.8 %**	**79.7 %**

Parent Company income statement

SEK million	Note	2017	2016
OPERATING INCOME			
Net sales		25	0
		25	**0**
OPERATING EXPENSES			
Other external costs	2	-40	-36
Personnel expenses	3	-12	0
Operating loss		**-27**	**-36**
Interest expense and similar loss items		-31	0
Net financial items	4	-31	-
Loss after financial items		**-58**	**-36**
Appropriations	5	57	36
Profit/loss before tax		**-1**	**0**
Tax on profit for the period	6	-	-
Profit/loss for the year		**-1**	**0**

Parent Company statement of comprehensive income

SEK million	2017	2016
Profit/loss for the year	-1	0
Other comprehensive income for the year	0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-1**	**0**

Parent Company balance sheet

SEK million	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Fixed assets			
Financial assets			
Participations in Group companies	7, 11	4,127	1,935
Deferred tax assets		2	-
Total fixed assets		**4,129**	**1,935**
Current assets			
Receivables from Group companies		9	2
Tax assets		2	-
Other receivables		-	0
Prepaid expenses and accrued income		3	-
Cash and bank balances		9	0
Total current assets		**23**	**2**
TOTAL ASSETS		**4,152**	**1,937**

SEK million	Note	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES			
Equity	8		
Restricted equity			
Share capital		2	1
Statutory reserve		0	0
Total restricted equity		**2**	**1**
Non-restricted equity			
Share premium reserve		199	6
Retained earnings		1,925	1,929
Profit/loss for the year		-1	0
Total non-restricted equity		**2,123**	**1,935**
Total equity		**2,125**	**1,936**
Non-current liabilities			
Liabilities to credit institutions	10	659	-
Current liabilities			
Commercial papers	10	1,349	-
Accounts payable		9	0
Other liabilities		2	0
Accrued expenses	9	8	1
Total current liabilities		**1,368**	**1**
TOTAL EQUITY AND LIABILITIES		**4,152**	**1,937**

Parent Company statement of changes in equity

	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 2016	**1**	**0**	**-**	**1,930**	**0**	**1,931**
Appropriation of profits	-	-	-	0	0	-
Profit/loss for the year	-	-	-	-	0	0
Other comprehensive income for the year	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**-**	**0**	**0**
Transactions with shareholders						
New share issue	0	-	6	-	-	6
Closing equity, 31 Dec 2016	**1**	**0**	**6**	**1,929**	**0**	**1,936**
Opening equity, 1 Jan 2017	**1**	**0**	**6**	**1,929**	**0**	**1,936**
Appropriation of profits	**-**	**-**	**-**	**0**	**0**	**-**
Profit/loss for the year	-	-	-	-	-1	-1
Other comprehensive income for the year	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**-**	**-**	**-1**	**-1**
Transactions with shareholders						
Bonus issue	1	-	-	-1	-	-
New share issue	0	-	200	-	-	200
Issue expenses	-	-	-7	-	-	-7
Warrants issued	-	-	-	2	-	2
Share buyback	-	-	-	-5	-	-5
Closing equity, 31 Dec 2017	**2**	**0**	**199**	**1,925**	**-1**	**2,125**

Parent Company cash flow statement

SEK million	Note	2017	2016
OPERATING ACTIVITIES			
Profit/loss before tax		-1	0
Adjustment for non-cash items	13	3	-
		2	**0**
Tax paid		-2	-
Cash flow from operating activities before changes in working capital		**0**	**0**
CASH FLOW FROM CHANGES IN WORKING CAPITAL			
Increase (–)/Decrease (+) in operating receivables		-12	-2
Increase (+)/Decrease (-) in operating liabilities		18	-2
Cash flow from operating activities		**5**	**-4**
INVESTING ACTIVITIES			
Investment in shares in subsidiaries		-2,192	-
Cash flow from investing activities		**-2,192**	**-**
FINANCING ACTIVITIES			
New share issue		193	0
Share buyback		-5	-
New loans		2,007	-
Cash flow from financing activities		**2,195**	**0**
CASH FLOW FOR THE YEAR		**9**	**-4**
Cash and cash equivalents		0	4
Cash and cash equivalents at year-end	13	**9**	**0**

Notes for the Parent Company

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 and associated companies

Participations in subsidiaries and associated companies are recognised in the Parent Company according to 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 agreement 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 leases 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, however, 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

	2017	2016
External services	-30*	-32
Advertising/PR	-4	0
Other	-6	-4
Total	**-40**	**-36**

*the Parent Company's audit costs amounted to SEK 1 million

NOTE PC3 Employees, personnel costs and remuneration of senior executives

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.

NOTE PC4 Net financial items

	2017	2016
Interest income, Group companies	–	–
Interest income, external	0	–
Other financial income	0	–
Financial income	**0**	**–**
Interest expenses, Group companies	–	–
Interest expenses, external	-21	–
Other financial expenses	-10	–
Financial expenses	**-31**	**–**
Net financial items	**-31**	**–**

NOTE PC5 Appropriations

	2017	2016
Group contributions received	57	36
Total	**57**	**36**

NOTE PC6 Tax

	2017		2016	
Reconciliation of effective tax rate	**%**	**Amount**	**%**	**Amount**
Profit/loss before tax		-1		0
Tax according to applicable tax rate	22	0	22	0
Non-deductible expenses	-	-	-	-
Tax exempt income	-22	0	-22	0
Recognised effective tax		**-**		**-**

NOTE PC7 Participations in Group companies

	31 Dec 2017	31 Dec 2016
Accumulated cost		
Opening balance	1,935	1,930
Shareholders' contributions provided	2,192	5
Closing balance	**4,127**	**1,935**

Material holdings in subsidiaries of the Group, as well as a specification of the Parent Company's direct holdings in Group companies:

Subsidiary/Corp. Reg. No./Registered office	No. of shares	Shares, %	Carrying amount
AMB Apelsinen AB, 556801-0788, Stockholm	406,705,508	100	4,127
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	-
Rent-A-Doctor AB, 556582-3480, Stockholm	1,057,520	100	-
Rent a Doctor and Nurse Scandinavia AB, 556578-0847, Stockholm	1,000	100	-
Care Team Scandinavia AB, 556583-7324, Stockholm	1,000	100	-
Vardaga AB, 556469-9105, Solna	100,000	100	-
Vardaga Medihem AB, 556205-3628, Solna	40,000	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	-
Vardaga Äldreomsorg 1 AB, 556466-3218, Sollentuna	160,000	100	-
Nytida AB, 556470-1901, Solna	55,000	100	-
Nytida VIP AB, 556496-9367, Sollentuna	100	100	-
Nytida Dallotsen AB, 556661-2718, Gagnef	1,000	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 Månstenen 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 Annebergs AB, 556568-5020, Solna	1,000	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	-
Vardaga Agaten AB, 556562-7337, Solna	2,000	100	-
Vardaga Silverhemmen AB, 556791-3321, Stockholm	10,000	100	-
Nytida Kängurun AB, 556571-8193, Solna	5,000	100	-
Vardaga Gästhemmet Edsby Slott AB, 556568-4908, Solna	50	100	-
Ambea Fastighets Holding AB, 556619-7959, Stockholm	1,000	100	-
Ormsta i Vallentuna Fastighets AB, 556919-2734, Solna	50000	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 Davsjö Väst AB, 556759-6910, Solna	1,000	100	-
Nytida Davsjö Utveckling AB, 556686-2644, Solna	1,000	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	-

Subsidiary/Corp. Reg. No./Registered office	No. of shares	Shares, %	Carrying amount
Nytida Solhagagruppen Holding AB, 556802-2189, Solna	7,865,188	100	-
Nytida Solhagagruppen AB, 556729-1686, Solna	1,870,000	100	-
Nytida Malakiten AB, 556164-1332, Solna	2,000	100	-
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 Bostadsrätter 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	-
Blichergruppen AB, 556693-0417, Svalöv	1,000	100	-
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	-
HVB Partner i Norr AB, 556968-2080, Stockholm	500	100	-
Nytida Brostugegården AB, 556445-7579, Uppsala	1,000	100	-
BoA Mellanvård AB, 556585-8908, Stockholm	1020	100	-
Ambea Norge AS, 916722052, Oslo		100	-
Heimta AS, 913462564, Rygge	30,000	100	-
Vitalegruppen AS, 990546762, Oslo	800	100	-
Bolig og Bistand AB, 995198592, Oslo	1,000	100	-
TBO Helse AS, 995 829 142, Lenvik	200	100	-
Varphaugen AS, 985 841 144, Oslo	100	100	-
Varphaugen Ungdomshjem AS, 918 912 940, Oslo	30,000	100	-
Målrettet Intervensjon AS, 994 511 548, Lillehammer	100	100	-
Tiltaksgruppa Fokus AS, 994 597 760, Skjeberg	100	100	-
Total			**4,127**

NOTE PC8 Equity

The share capital consists of 67,616,556 (64,949,889) shares with a quotient value of SEK 0.0 (0.1). Refer also to Note G17 Equity and Note G12 Earnings per share for information about restatement in the comparative year.

Retained earnings comprise earnings brought forward from prior years after any dividends have been paid, and shareholder contributions.

NOTE PC9 Accrued expenses and deferred income

The Parent Company's accrued expenses totalled SEK 8 million (1).

	31 Dec 2017	31 Dec 2016
Holiday pay, including social security fees	0	-
Accrued personnel costs	1	-
Accrued interest expenses	0	-
Accrued consulting and audit costs	2	-
Other items	4	1
Total	**8**	**1**

NOTE PC10 Fair value measurement of financial assets and liabilities

31 Dec 2017	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	9	0	9	9
Receivables from Group companies	9	-	9	9
Total	**17**	**0**	**17**	**17**
Liabilities to credit institutions	-	659	659	659
Commercial paper	-	1,349	1,349	1,349
Accounts payable	-	9	9	9
Total	**0**	**2,017**	**2,017**	**2,017**

31 Dec 2016	Loans and receiv-ables	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	0	0	0	0
Receivables from Group companies	2	-	2	2
Liabilities to Group companies	0	-	0	0
Total	**2**	**0**	**2**	**2**

NOTE PC11 Pledged assets and contingent liabilities

	Collateral for fi-nancial liabilities	Total	
	31 Dec 2017	31 Dec 2017	31 Dec 2016
Pledged shares	0	0	1,935
	0	**0**	**1,935**

The Parent Company has no contingent liabilities.

NOTE PC12 Related parties

Transactions with Group companies

	2017	2016
Group contributions received	57	36
Central costs invoiced to subsidiaries	25	-

	31 Dec 2017	**31 Dec 2016**
Non-current receivables	9	2

NOTE PC13 Additional cash flow statement disclosures

	31 Dec 2017	31 Dec 2016
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	9	0
Adjustment for non-cash items, etc.		
Accrual of financing costs	3	-

NOTE PC14 Events after the balance-sheet date

After the end of the financial year, the credit facility's extension option was used.
On 28 February, Arona Omsorger was acquired, a company that provides residential care and support for adults with autism spectrum disorders. The company's operations are based around Trosa and Vagnhärad in Sweden. In 2016, sales amounted to about SEK 12 million.

NOTE PC15 Proposed distribution of profits

The following non-restricted equity is at the disposal of the Annual General Meeting:

SEK	2017	**2016**
Retained earnings	2,123,688,793	1,934,957,187
Profit/loss for the year	-909,115	157,969
Total	**2,122,779,678**	**1,935,115,156**
The Board of Directors proposes that		
To be distributed to shareholders	67,616,556	-
To be carried forward	2,055,163,122	1,935,115,156
	2,122,779,678	**1,935,115,156**

The Board of Directors' assurance

The Board of Directors and Chief Executive Officer certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and generally accepted accounting principles, respectively, and give a true and fair view of the financial position and results of the Group and the Parent Company, and that the Directors' Report gives a true and fair view of the operations, financial position and results of the Group and the Parent Company and describes significant risks and uncertainties faced by the companies included in the Group.

Stockholm, 13 April 2018

Lena Andersson Hofsberger
Chairperson

Daniel Björklund
Board member

Anders Borg
Board member

Thomas Hofvenstam
Board member

Ingrid Jonasson Blank
Board member

Gunilla Rudebjer
Board member

Hans Årstad
Board member

Fredrik Gren
Chief Executive Officer

Patricia Briceño
Employee representative

Magnus Sällström
Employee representative

Haralampos Kalpakas
Employee representative

Our audit report was submitted on 13 April 2018
Ernst & Young AB

Mikael Sjölander
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 (publ), 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 2017. The annual accounts and consolidated accounts of the company are included on pages 50–109 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 2017 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 2017 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.

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 1–49. 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

Goodwill

Description	*How our audit addressed this key audit matter*
Goodwill amounts to MSEK 3,774 for the year ended December 31, 2017, equal to 68 percentage of total assets for the group The company prepares an impairment test yearly, and if any indication of impairment exists, to ensure that book value not exceeds 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. Changes in assumptions can have a significant impact on the recoverable amount and therefore the assumptions used have significant impact on the impairment assessment. 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 K33.	In our audit, we have assessed and tested the company's impairment test process, including comparisons with historical 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. With assistance from valuation specialists, we have tested the company's impairment model and method to prepare the impairment test and sensitivity analysis of key assumptions. Further, with assistance from valuation specialists we have tested used discount rate and growth rates. We have also audited the accuracy of the related disclosures.

Business combinations

Description	*How our audit addressed this key audit matter*
The Company has during 2017 acquired companies for a total purchase price of MSEK 499. As stated in Note K31 and K33, the Company prepares purchase price allocations for each acquisition. The purchase price is allocated to identifiable assets and liabilities which are recognized at their fair values. In some cases contingent considerations are included in the acquisition cost. Subsequently revaluations of contingent considerations are recorded in the income statement. In a business combination, management's assessments include identification, valuation and allocation of surplus values to different types of assets and assumptions regarding the outcome of future contingent considerations. An incorrect identification, valuation and allocation of surplus values in the purchase price allocation can have a significant impact on the financial statements. The fair value determinations and the identification and allocation of surplus values related to business combinations, including the valuation of contingent considerations, involves a high degree of management judgment as it is based on the Company's own assumptions and consequently a key audit matter in our audit. The fair value determinations and surplus values of the Company´s acquisitions are disclosed in Note K31. The closing balance for contingent purchase consideration liabilities amount to MSEK 29 as per December 31 2017 and is disclosed in Note K26.	We have reviewed purchase agreements regarding the acquisitions made during the year. We have reviewed management´s purchase price allocation process and management´s identification, valuation and allocation of identifiable assets and assumed liabilities including contingent considerations. We have in our review involved valuation specialists. They have assisted us in our review of the reasonableness of allocations and valuation of acquired surplus values. We have reconciled purchase price allocation documentation to the accounting records. We also assessed whether the information disclosed is appropriate.

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, related safeguards.

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 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated 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 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.

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 15 March 2017 and has been the company's auditor since 2008. Ambea AB has been a Public Interest Entity since 31 March 2017.

Stockholm 13 April, 2018
Ernst & Young AB

Mikael Sjölander
Authorized Public Accountant

Definitions

KEY FINANCIAL FIGURES	DEFINITION & CALCULATION	PURPOSE
Growth (%)	Growth consists of the increase in sales in relation to the period of comparison The period's increase in net sales/Net sales in the period of comparison	The key figure used to monitor the company's sales growth
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
Organic growth (%)	The period's increase in net sales excluding acquisitions/Net sales in the period of comparison	The key figure 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. The 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	The key figure used to monitor the company's profit generated by operating activities. The 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. This item includes transaction expenses attributable to major acquisitions, major reorganisations, IPO costs and major damages.	The key figure Adjustments 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 + Adjustments	The key figure used to monitor the company's profit generated by operating activities in order to obtain a fair comparison of the underlying development of the business operations. The 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 intangible and tangible assets	The key figure used to monitor the company's profit generated by operating activities. The 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 events in the company's operations that affect comparisons with profit from other periods EBITDA + Adjustments	The key figure used to monitor the company's profit generated by operating activities with a fair comparison of the underlying development of the business operations. The figure enables comparisons of profitability between companies/industries
Operating margin (%)	Operating profit as a percentage of net sales Operating profit (EBIT)/Net sales	The key figure used to monitor 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
Operating cash flow	Total cash flow from operating activities excluding tax, net financial items and items affecting comparability, as well as cash flow from investing activities excluding acquisitions and divestments of operations Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	The key figure shows cash flow from the company's operations, excluding company acquisitions, company divestments, financing, tax and items affecting comparability and is used to monitor whether the company is able to generate a sufficiently positive cash flow to maintain and expand its operations

Free cash flow	Total cash flow from operating activities and cash flow from investing activities excluding acquisitions and divestments of operations Cash flow from operating activities + Cash flow from investing activities excluding acquisition and sales of subsidiaries	This key figure shows cash flow from operating activities including cash flow from investing activities excluding acquisitions and divestments of operations and is used because it is a relevant measure for investors to be able to understand the Group's cash flow from operating activities
Cash conversion (%)	Cash conversion as a percentage is defined as operating cash flow adjusted for cash flow from investing activities related to increased capacity/growth divided by EBITDA Operating cash flow adjusted for cash flow from investing activities related to increased capacity/EBITDA	The key figure used as an efficiency measure of the proportion of a company's profit that is converted to cash
Net debt	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Interest-bearing liabilities – cash and cash equivalents	This key figure is a measure of the company's debt/equity ratio and is used by the company to assess its capacity to meet its financial commitments
Net debt/Adjusted EBITDA	Net debt/Adjusted EBITDA is a measure of the debt/equity ratio defined as the closing balance for net debt in relation to adjusted EBITDA. Net debt/adjusted EBITDA	The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met
Debt/equity ratio	The debt/equity ratio shows a company's financial capacity Interest-bearing liabilities/Shareholders' equity	The key figure used to monitor the proportion of equity and debt, respectively, used to finance various parts of a company's operations
Equity/assets ratio (%)	The equity/assets ratio is used to show the proportion of assets that is financed by equity Shareholders' equity/Balance sheet total	This key figure shows the percentage of the balance sheet total has been financed with equity and enables an analysis of the company's long-term financial strength and ability to withstand losses
Return on equity (%)	The return on equity shows the company's return on the capital provided by the owners Profit for the period/Equity (average equity at the beginning and end of the period)	The key figure used to show the returns generated on the capital that shareholders have invested in the company

Exchange rates

For the restatement of items in foreign currency, the following exchange rates have been used.

1 Jan 2017-31 Dec 2017	
Balance sheet	NOK/SEK 1.0011
Income statement	NOK/SEK 1.0330

1 Jan 2016-31 Dec 2016	
Balance sheet	EUR/SEK 9.5669
Balance sheet	NOK/SEK 1.0540
Income statement	EUR/SEK 9.4704
Income statement	NOK/SEK 1.0199

Annual General meeting

Ambea's Annual General Meeting will be held on Wednesday 23 May 2018 at 9.00 a.m. at Näringslivets Hus, Wallenbergaren, Storgatan 19 in Stockholm. Registration starts at 8.15 a.m.

Participation

Shareholders who wish to attend the annual shareholders' meeting must be registered in the share register maintained by Euroclear Sweden AB on Thursday 17 May 2018, and must also notify the company of their intention to attend the meeting, no later than Thursday 17 May 2018.

The notification must be made in writing to:

Computershare AB, "Ambea AB:s Årsstämma",
Box 610, SE-182 16 Danderyd, Sweden,
or by telephone +46 771 24 64 00
between 9.00 a.m. to 4.00 p.m. on weekdays.

Shareholders who are physical persons may also make their notification via the company's webpage, *www.ambea.se/investerare/*. The notification must state the shareholder's name, personal identity number/registration number, shareholding, address, day time telephone number and information about the attendance of any assistants (maximum two) and, if applicable, information about any proxies.

Proxy

Shareholders represented by proxy must submit a dated power of attorney. If the power of attorney is executed by a legal person a certified copy of the certificate of registration or equivalent should be attached. The power of attorney and the certificate of registration may not be older than one year, however, the power of attorney may be older provided that the power of attorney according to its wording is valid for a longer period, however, not more than five years. The original power of attorney and the certificate of registration should be sent to the company at the above-mentioned address well in advance of the shareholders' meeting. A proxy form is available at the company's webpage www.ambea.se/investerare/ and will also be sent to shareholders who so request and state their postal address.

Nominee-registered shares

Shareholders whose shares are registered in the name of a nominee through a bank or a securities institution must re-register their shares in their own names in order to be entitled to attend the shareholders' meeting. Such registration, which may be temporary, must be duly effected in the share register maintained by Euroclear Sweden AB on Thursday 17 May 2018, and the shareholders must therefore advise their nominees well in advance of this date.

Financial Calendar 2018

17 May	Q1 interim report
23 May	Annual General Meeting
21 August	Q2 interim report
13 November	Q3 Interim report

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