Annual Report with Quality & Sustainability Report 2019

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

ambea

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The audited Annual Report and consolidated financial statements are on pages 42–110. The Corporate Governance Report has been reviewed by the auditors and can be found on pages 43–55.

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The mandatory sustainability report can be found on pages 18–31 and 128–133.

The population is growing in Scandinavia and the oldest age groups are growing fastest. That is leading to a sharply growing need for care services. Read more on page 9.

A commitment to quality is the foundation of Ambea's work. Everyone has the right to high-quality care while society's resources should be managed effectively. Read more on page 20.

COVER: A rehearsal in Kung Saga special needs upper secondary school. The school has an aesthetic focus and puts on a production every year. In spring 2019, the school performed its own musical, King Story High School.

This is Ambea

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

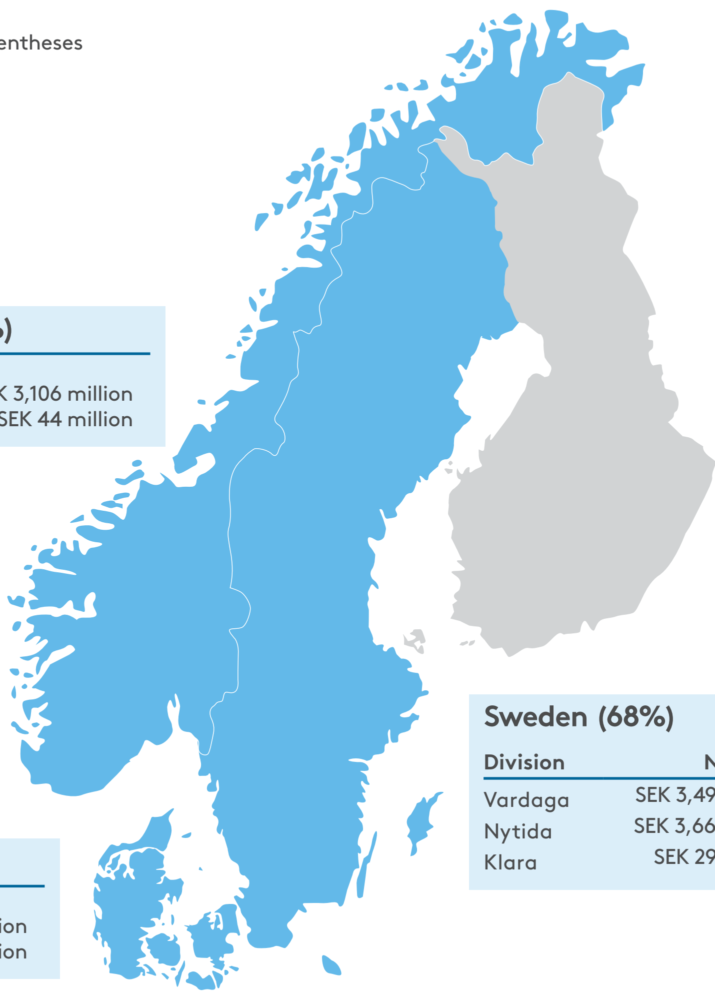
Our mission is to ensure that every individual in our approximately 900 units across Sweden, Norway and Denmark can live a good life based on their own personal preferences and priorities. We achieve that by combining committed and competent employees with central systems and procedures. We are ultimately guided by our vision: We make the world a better place, one person at a time.

Our corporate group provides residential facilities, support, training and social care staffing. Our clients are municipalities across Scandinavia who purchase our services on behalf of their municipal residents. Due to the sharply growing need for care, we are building new residential facilities and thereby reducing the pressure on municipalities. We are also driving developments to improve quality while, at the same time, reducing costs, for example, with our care concept and technical solutions.

Ambea has 26,000 employees and has been listed on Nasdaq Stockholm since 2017.

Our operations

Share of group net sales in parentheses



Norway (28%)

Stendi division	
Net sales	SEK 3,106 million
EBITA	SEK 44 million

Sweden (68%)

Division	Net sales	EBITA
Vardaga	SEK 3,494 million	SEK 207 million
Nytida	SEK 3,664 million	SEK 512 million
Klara	SEK 292 million	SEK 25 million

Denmark (4%)

Altiden division	
Net sales	SEK 484 million
EBITA	SEK -12 million

73%
of net sales in Own Management

26,000
employees in the Ambea Group

900
operations in Scandinavia

The year in brief

Care across Scandinavia

On 21 January, when our acquisition of the former Aleris Omsorg operations was completed, Ambea grew to about 900 units and 26,000 employees. Since that date, Ambea has been the leading private provider of elderly care and disability care in the Scandinavian market. We are also a leading player in our local markets: Sweden, Norway and Denmark.

2019 was characterised by an intensive integration process, when the introduction of Ambea's care model began, with a focus on quality, innovation and leadership in the operations that were previously Aleris Omsorg. The aim is to ensure even more satisfied care receivers and clients, as well as long-term growth and financial stability.

Due to the acquisition, Denmark became a new market for us. In Sweden and Norway, our operations were extended into many more locations. The wider geographic spread will enable Ambea to continue growing and providing new and modern care placements – for which there is a major need across Scandinavia.

Brand new facilities for our care receivers!

We are happy and proud of the number of new Ambea facilities and units that opened in 2019. The Vardaga division opened its doors to elderly patients in eight new nursing homes in Skåne, Gothenburg and Greater Stockholm. At the same time, Nytida opened seven new homes across Sweden for people with disabilities or needs for social care. In Oslo, Stendi opened a new child care home.

... and more facilities are under way!

To meet the sharply growing need for care services, Ambea will continue to establish new units for the elderly, and for people with disabilities or a need for psychosocial support. In 2019, we upped our pace and a record number of units are now either under construction or contracted: a total of 57 across Scandinavia.

The design and décor of Ambea's new residential facilities sets them apart. We are focused on our residents from the early stages of planning and create the best conditions for a good life with high-quality, person-centred care. One example is Ambea's residential concept in elderly care. It combines Nordic design with interior details that are adapted to age-related visual and sensory impairment – all based on research and evidence. That is how we create a cosy and homely environment, specifically adapted to the target group.

Villa Havsglimt is a new and modern nursing home in Allarp, Sweden, that will open its doors in 2020.

Care receiver satisfaction

Ambea's units deliver high-quality care. Warm confirmation is the high ratings we once again received from our care receivers in the 2019 Care Receiver Surveys (conducted in Sweden by the National Board of Health and Welfare and the Swedish Association of Local Authorities and Regions). This view was also confirmed by the complementary Unit Surveys, where the National Board of Health and Welfare measures quality in more objective ways. Overall, our units performed better on average than both other private units and municipal units.

Gender equal workplace

In 2019, Ambea was included on the Allbright Foundation's list of most gender-equal companies on the Stockholm Stock Exchange for the second consecutive year. Since April 2019, our Group management team has consisted of seven women and five men – while eight of ten listed companies have male-dominated management teams. 77 per cent of our managers are women. Lena Hofsberger has been the Chair of Ambea's Board since 2012.

"During the year, we took steps to become the leading Scandinavian operator and laid the foundation for continued growth."

Fredrik Gren, CEO

Attractive employer

There is a major shortage of care workers and the shortfall is growing sharply across the Scandinavian countries. For example, more than half of all jobs created in Sweden between 2017 and 2025 will need to be in municipalities and regions to meet the growing need, according to the Swedish Association of Local Authorities and Regions (SKR).

Ambea is working in a variety of ways to secure our recruitment needs. Initiatives include a digital recruitment process, clear employee development and career paths and competitive compensation. In 2019, we introduced a frequent employee satisfaction survey to collect fast feedback. We can happily confirm that the number of applicants has been very high for our start-up facilities, where the employees work together to design a totally new operation.

Welfare challenge debate

The January Agreement in Sweden, a policy agreement between the Swedish government (the Social Democratic Party and the Green Party), the Centre Party and the Liberals, strengthened the individual's right to freedom of choice, and shifted the focus for care from operational form to quality.

In 2019, there was an increase in the general awareness of challenges facing the Scandinavian welfare states in terms of the sharply growing need for care due to growing and ageing populations. The situation in elderly care was particularly highlighted. By 2026, for example, the number of people aged 80 years or over in Sweden is expected to rise by 200,000. The Swedish government estimates that 560 new nursing homes will be required by 2026. At the same time, the finances of municipalities and regions are under pressure.

Welfare, and how it is funded, is predicted to be one of the biggest political issues in the years ahead. Ambea welcomes this necessary debate and is making an active contribution by showing how we deliver high-quality care, and is an important partner to municipalities in this area.

QUALITY IN FIGURES

82%
Positive responses for overall satisfaction with the elderly care provided by Vardaga's units in the National Board of Health and Welfare's 2019 Care Receiver Survey.

88%
Average outcome for all questions about the Nytida division's operations in the SKR's 2019 Care Receiver Survey in relation to disabilities.

98%
Would recommend Altiden's nursing homes to others, according to a Care Receiver Survey conducted by the division in autumn 2019.

FINANCIAL OVERVIEW

	2019	2018
Net sales	11,040	6,076
Growth (%)	82	4
Adjusted EBITA	788	547
Operating margin, adjusted EBITA (%)	7.1	9.0
Profit for the year	215	295
Operating cash flow	1,418	648
Free cash flow	872	506
Earnings per share before dilution	2.52	3.95
Earnings per share after dilution	2.51	3.94

FREDRIK GREN, CEO

Sustainable welfare strategy – how Ambea is reducing pressure on municipalities

In 2019, the insight became clearer: Concentrated efforts are required to ensure high-quality social care for the public that society serves as the population increases and grows older. Ambea is strengthening its position as an important part of the solution – and since January 2019, across the entire Scandinavian region.

The demographic growth trend is clear: In Scandinavian countries, the populations are increasing and growing older. Between 2018 and 2028, the number of inhabitants is expected to increase by 6 per cent, and the 80+ group by a total of 48 per cent.

This trend will lead to a huge need for more care placements for the elderly and for people with disabilities or a need for psychosocial support. For example, the Swedish Ministry of Finance estimated in an analysis* that 560 new nursing homes would be needed by 2026. That equates to one new facility every four days. At the same time, there is growing pressure to improve the efficiency of care, as municipal finances will be limited when more people will have to be supported by fewer people of working age.

But the most complex challenge could perhaps be the growing shortage of care workers. According to the SKR, more than half of all jobs created in Sweden between 2017 and 2025 will need to be in municipalities and regions.

Our role in the social challenge

While this represents a major social challenge, it also presents an opportunity for Ambea to contribute. Our raison d'être, as well as our business strategy, is to help Scandinavian municipalities design a sustainable strategy to ensure high-quality social care – in an environmentally friendly and climate-smart manner. Ambea can contribute by:

- Constructing new properties that are space-efficient and purpose-built for care services based on our combined knowledge.
- Creating new climate-smart solutions that increase the efficiency of care without compromising quality, such as digital tools and new ways of organising work.
- Developing employees and introducing new occupational groups to reduce the shortage of care workers.

Person-centred care

But our work doesn't stop there. Ambea is driven by the vision of making the world a better place, one person at a time. By that, we mean that every care receiver in our facilities should receive support to live the best life possible based on their own needs, wants and personal preferences. Our employees are striving towards that goal every day. It is our heart and our focus.

Proud market leader in Scandinavia

On 21 January, our company almost doubled in size when we completed the acquisition of former Aleris Omsorg. Ambea thereby became the market leader in Sweden, Norway and Denmark, of which Denmark was a totally new market for us.

> *"Every care receiver in our facilities should receive support to live the best life possible based on their own needs, wants and personal preferences."*

2019 was characterised by a successful integration process for our organisation, administration and systems support, which concluded in the third quarter. Our focus now and in the future will be to fully implement the Ambea Model, which has always served us well, in some 400 units across Scandinavia that were previously Aleris Omsorg.

In brief, the model will develop our joint functions and improve the way we work in several areas – including quality, HR and monitoring – with the goal that every individual in every unit will experience better care. One example is the Food Like Home concept, which ensures appetising and nutritious meals at our nursing homes. Another is the use of our digital tool for the recruitment of care workers.

The Ambea Model will also enable us to pool our resources and achieve economies of scale in such areas as purcha-

sing and system development. We can benefit from our size and increase profitability, but also raise our quality and attractiveness as an employer.

Positioned for growth

The acquisition of Aleris Omsorg positioned us for growth across all of Scandinavia. Sweden, Norway and Denmark share a demographic challenge and a political ambition to jointly finance care, while these markets are also characterised by a low level of privatisation. Ambea currently has a record number of care placements under construction in Sweden. We are now looking forward to taking our strategy for achieving growth to Norway and Denmark, while strengthening our operations in Sweden with even more constructions.

Another key element of Ambea's operations is our contract management, where we provide care services on behalf of municipalities. In 2019, a very high percentage of the tenders we submitted for municipal contracts were successful, especially those with a focus on quality.

And finally, Ambea will continue to grow through acquisitions that increase our market share in attractive segments. In 2019, we acquired three small companies.

Our focus is always on quality

In social care, the most important thing is to deliver high-quality care, and act in the best interests of the care receivers. Ambea therefore strives to continually improve, and to introduce new ways of working that strengthen the quality of care.

In 2019, our elderly care was particularly focused on end-of-life care. All employees now undergo training in palliative care and palliative care managers were introduced in our nursing homes. In our HVB homes for children and young people, we have started working with the Step-by-Step treatment model. The intervention is a cognitive behavioural therapy (CBT) technique based on therapeutic presence, transparency and measurement. The aim is to lay the foundation for a high-quality and meaningful life together with the individual care receiver.

These initiatives strengthen our quality, while our employees develop their skills and grow in their professional roles. That strengthens the desire to work as a care professional, and with us at Ambea. I would like to conclude by thanking all of our employees for their invaluable efforts during the year. Your daily interactions with our care receivers is where real quality of care is created.

I would like to end by turning to the employees of Ambea. At the time of writing, March 2020, the corona virus has in short time changed everyday life and meant a large strain on the operations. Thank you very much to all of you for your invaluable efforts. It is during your day-to-day work with our caretakers that true care quality is created.

Fredrik Gren

*The Ministry of Finance's analysis of the welfare sector's needs over the next two mandate periods. Presented by the Minister for Finance, Magdalena Andersson, on 12 June 2019.

Our competitive environment

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

The major welfare challenge

The population in Scandinavia is growing. The proportion of older and younger people, in particular, is increasing, which is putting pressure on municipalities. More people will have to be supported by fewer people of working age, while the need for social care grows. The shortage of employees is also increasing.

Increased need for care – for more groups

Elderly

The population is growing in Scandinavia and the oldest age groups are growing fastest percentually. According to the bureaus of statistics in these countries, the number of people aged 80 or over will rise by almost 500,000 – or 48 per cent – between 2018 and 2028, driven by the population surge in the 1940s and the fact that we are living longer. By 2030, the increase is expected to reach 58 per cent.

This trend is leading to a sharply growing need for elderly care. In an an analysis from June 2019, the Swedish Ministry of Finance estimated that the construction of 560 new nursing homes will be needed by 2026. This pattern can also be seen in other Scandinavian countries. In Denmark, up to 15,000 new elderly care placements will be required – equating to some 250 nursing homes, according to the non-profit DaneAge Association – and this need is also rising sharply in Norway.

Moreover, the situation is already strained in some locations. In 2018, 4,300 elderly people in Sweden had to wait for more than three months for a placement in their nursing home of choice, according to the Swedish Health and Social Care Inspectorate (IVO). The average stay in a nursing home is two years, according to the IVO.

Mental illness

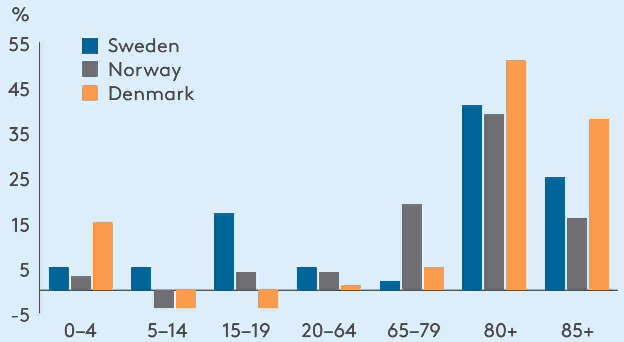
At the same time, there is a growing need for care among other age groups. The prevalence of mental disorders is growing in Scandinavia, particularly among young people. 7 per cent of Swedes and 13 per cent of young people aged 16-29 suffer from severe anxiety, stress and worry (Public Health Agency of Sweden).

This pattern also reappears in other Scandinavian countries. In Norway, for example, the proportion of girls aged 15-17 with a mental health diagnosis rose 40 per cent between 2011 and 2016 (Norwegian Institute of Public Health). In Denmark, the number of adults with a mental health disorder has risen 22 per cent since 2013. Among children and young people (up to 17 years), the corresponding figure is 27 per cent (Danish Chamber of Commerce). As diagnosis rates rise, the right to interventions and the pressure on effective therapies also grows.

Disabilities

As the entire population increases, so does the number of people with disabilities. This group is also growing due to greater social acceptance of disability diagnoses and the fact that interventions are now more readily granted. In Sweden, this trend has already led to a shortage of homes with special assistance for people with disabilities. According to the Swedish Board of Housing Building and Planning, 162 Swedish municipalities claim they lack any form of such homes. Sheltered housing accounts for the greatest shortage.

AN AGEING SCANDINAVIAN POPULATION



Estimated growth per age group between 2018 and 2027. By 2027, the number of people aged 80+ is expected to grow 41, 39 and 51 per cent, respectively, in Sweden, Norway and Denmark.

Strained public finances

The demographic shift is putting pressure on municipalities. As the proportion of elderly, children and young people increases, there are fewer people of working age to support them. The dependency ratio is growing.

In an analysis from June 2019, the Swedish Ministry of Finance issued a warning on the growing budget gap, or the difference between the permitted level of expenditure in municipalities and regions at the current tax rate, and the level of expenditure required to maintain 2019 levels of service, will reach about SEK 90 billion by 2026. The situation has been confirmed by both the SNS Economic Policy Council and the SKR in the 2019 SNS Economic Policy Council Report – The Future of Swedish Municipalities. Due to this development, our shared resources must be used as effectively as possible.

Shortage of care workers

The shortage of healthcare professionals is already a problem. And according to the SKR, an additional 146,000 employees will be required to care for the elderly and people with disabilities between 2017 and 2026. To meet this challenge, more than half of all jobs created in Sweden between 2017 and 2025 will need to be in municipalities and regions, according to the SKR's estimate.

In Norway, nurses account for the single largest shortage. The number of nurses currently needed is 5,600 – and this figure could reach 28,000 by 2035 according to the Norwegian Labour and Welfare Administration (NAV). At the same time, 12,750 health and social care workers are needed, and this figure is estimated to reach 18,000 by 2035.

In Denmark, Kommunernes Landsforening (KL) estimates that 15,000 nursing assistants and other care workers will be required over the next five years.

Tougher requirements and specialised needs favour large care providers

While decision-makers are advocating smaller care providers, there are several trends in favour of larger, national providers. These organisations have the capacity, structure and experience for handling complex care needs and meeting growing demands.

Growing need for specialised social care

In recent years, the number of people with complicated diagnoses has increased and led to a growing need for more complex therapies. These can range from mental disorders combined with substance abuse, or intellectual disabilities combined with aggressive behaviour, to specialised elderly care such as geriatric psychiatry.

It is often difficult for smaller municipalities to offer high-quality care services to these groups at a reasonable cost. There are too few individuals with a specific need in their own municipality to build up a structure and competence. This represents an opportunity for national providers with specialist knowledge and economies of scale.

Quality and regulatory requirements are intensifying

In Sweden, Norway and Denmark, the political debate about quality of care has been increasing since the 1990s, and the care industry is subject to extensive legislation and regulation.

Overall legal requirements have not changed in recent years. However, demands from central government and local authorities have tended to intensify. One clear example is the Swedish Health and Social Care Inspectorate (the IVO), which expanded the group of licensable operations from 1 January 2019, while simultaneously increasing the scope of the audit of owners and managers in licensable operations. The IVO also introduced new fees corresponding to the costs of receiving, handling and reviewing applications. The fees are SEK 30,000 for new applications, and SEK 21,000 for changes to previous applications.

These changes are often difficult for smaller operators to absorb. They may have problems adapting to new regulations, and to additional administrative procedures and fees. Larger operators usually have specialised employees, as well as processes and systems for handling intensified requirements. This could eventually lead to a more consolidated care industry.

Growing demand for freedom of choice

An overwhelming majority of Swedes are in favour of the right to choose – and to change – their own social care provider, according to a survey conducted by the Swedish Association of Private Care Providers. The desire for freedom of choice is also growing in Norway and Denmark. This trend is in line with an overall change in consumer behaviour, and the need for individuals to make their own decisions.

In Sweden, the Freedom of Choice Act (LOV) was introduced in 2009 and 162 municipalities now offer freedom of choice or have made a decision to introduce freedom of choice for their residents in one or more areas of care. In Denmark, municipal residents are entitled to choose between public and private providers of home care and residential care. In a survey conducted by the Danish Chamber of Commerce, one in three Danes claim they would have chosen a a private nursing home if they were able to make the choice today. The survey also highlights the need for greater awareness of the freedom to choose care that actually exists in Denmark. At present, 6 per cent of nursing homes in Denmark are privately managed, while the proportion is even higher in other care segments.

COMPLEX CARE REQUIREMENTS. Psycho-geriatric care is for older people with mental illness. This group has grown in recent years.

The trend towards greater freedom of choice favours private care providers, especially large operators who can offer a range of care services across larger geographic areas. Greater freedom of choice is also leading to a growing focus on quality. As competition intensifies, the need for both municipal and private providers to show high quality and satisfied care receivers is becoming increasingly important. At the same time, the expectations of patients and their families and friends are growing.

A changing political landscape

Laws and policies set the framework for care service providers and will, in the long term, be driven by public opinion. The political situation is positive in Sweden and Denmark, but more challenging in Norway.

It is widely known and accepted today that the need for care will increase significantly in the future, driven by the growing and ageing Scandinavian population. Meeting this challenge requires a long-term and level playing field.

Sweden – shift of focus in the debate

In Sweden, profit caps in the welfare sector have been hotly debated in recent years. However, this issue has not been on the agenda since the January Agreement was reached between the Swedish government (the Social Democratic Party and the Green Party) and the Centre Party and the Liberals in early 2019. Under the Agreement, freedom of choice is a key element of the Swedish welfare model and the government will not pursue a ban on profits for private welfare providers. High-quality services will guide the delivery of care. In June 2018, the Riksdag also voted against the introduction of a profit cap for education and care providers.

In 2019, however, the focus of the debate shifted to how society can solve the welfare challenge of a growing and ageing population, limited resources and a shortage of care workers.

Norway – a polarised situation

In Norway, the debate on profits in the welfare sector is highly polarised. The centre-right government with three coalition parties sees private alternatives as key partners, while the opposition parties believe that a host of care services should be re-municipalised. The discussion is predominantly focused on elderly care, while care for other groups is not nearly as polarised. In May 2018, the Norwegian Parliament (Stortinget) voted against a proposal by the opposition to exclude commercial operators from youth care services.

In September 2019, the municipal elections were a resounding success for the Red-Green parties, who now govern the five largest cities in Norway. Despite the subsequent challenge, there is a real need for municipalities to use private alternatives to solve the care needs of their residents, especially in the areas of disability and mental illness.

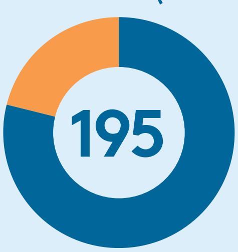
Denmark – broad agreement on the importance of freedom of choice

In Denmark, there is political agreement that freedom of choice is part of the country's welfare model and the focus lies on solving the major challenges that face the welfare sector. In June 2019, a new Red-Green coalition came into power in Denmark, but there is no indication they will make any major changes that affect the conditions for private welfare companies.

At local level, the vast majority of municipalities are governed by conservative parties, with strong support for freedom of choice in both elderly care and other social services.

SWEDEN

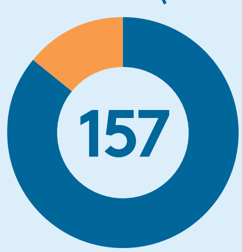
Market size[1] (SEK billion)



Growth rate[2] +4%
Privatisation rate 21%

NORWAY

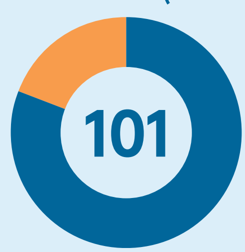
Market size[1] (SEK billion)



Growth rate[2] +4%
Privatisation rate 14%

DENMARK

Market size[1] (SEK billion)



Growth rate[2] +2%
Privatisation rate[3] 19%

[1] Ambea's addressable market in elderly care, disable case and individual and family.
[2] Compound average growth rate (CAGR), 2014-2018.
[3] Privatisation rate in elderly care.

Targets and strategy

Ambea aims to offer the best care for money to the elderly, and to people with disabilities or a need for social support. Our strategy is leading us towards our target.

Our strategy for sustainable care

Our strategy is guided by our competitive environment. Our aim is to provide the best care for money, and to be part of the solution to the welfare challenge facing municipalities. We will achieve this goal by investing in growth, continuously improving quality and by developing the best employees in the industry.

Meeting the care needs of a growing and ageing population is a delicate task that requires innovation, far more care placements and smart solutions. We believe that a wide range of providers is needed – municipal, private, large and small – to find different approaches and solutions. There is a great deal at stake: To continue providing high-quality care to those people in our community who need it most. This is how Ambea is part of the solution.

We invest in sustainable growth

In 2019, Ambea opened eight new nursing homes and ten residential facilities for other care groups. In addition, we have 57 units either contracted or under construction. That is how we are helping municipalities to meet a critical social need. Ambea assumes financial responsibility for the constructions, which could otherwise be a considerable undertaking for a small municipality. We also ensure that the new facilities are as effective and space-efficient as possible, which creates a pleasant living environment, lower energy use and opportunities for new, efficient and, therefore, financially sustainable approaches to work.

By establishing new facilities, we are also gathering valuable experience for our next project. That is a major advantage compared with an average municipality, which does not normally construct more than a few facilities and is not therefore able to build up the same level of know-how.

Our constructions are based on a structured establishment process:

- We select locations with a shortage of care placements, based on demographic data and an analysis of the existing housing stock.
- We collaborate with leading construction companies and sign long rental contracts, normally 10-15 years, which enables the construction of purpose-built premises. Our nursing homes are specially designed for residents with dementia and poor eyesight. Sheltered housing for people with disabilities is built to higher accessibility standards, and soundproofing requirements to create quiet apartments.
- We maintain contact with politicians in the actual municipality and surrounding municipalities throughout the entire process.

The interior design that helps operating our care homes

Vardaga's new elderly care homes have a Nordic interior design and mild color tone. The interior is also characterized by thoughtful choices of details which help aging eyes to navigate and individuals with dementia to find their way around the care home.

It should always be a cozy and neat atmosphere at an elderly care home, but for the residents to feel as good as possible, the interior decoration needs to be adjusted for their specific needs. That is why Vardaga, together with interior designer Nina Bergström, have designed a special living concept which combines Nordic feel and interior design features that helps an aging eye and mind – all based on research and evidence. It is now introduced in all new elderly care homes and homes that are renovated.

The characteristics of the living concept consist of every floor to have a unique color on walls and furniture for example. This makes it easier for individuals with dementia to find their way back to their apartment and increases their sense of control. Markings in blue behind the toilett and zink makes it easier for an aging eye to navigate. There is also the ability to cover the bathroom mirror so that the resident will not misstake their reflection for someone else's.

Flooring and carpets are of light colors, since dark colors can be mistaken for holes in the floor. Both floor and tabletops are clatter free as noice can create concern and stress for the elderly.

OWN MANAGEMENT. In 2019, Ambea opened 18 new Own Management operations. The image shows a new LSS sheltered housing unit where people with disabilities can live a good life.

We provide best quality for money

In order to pay for the costs of high-quality care as the ageing population increases, productivity improvements in the care sector are essential. Ambea contributes to the sustainability of municipal finances by continuously developing our care model, driving innovation and providing more quality for money. Our size, capacity and resources are clear strengths. Ambea's quality management system, Qualimax, is an industry leader. We have created a range of concepts that provide higher quality at lower cost around food and mealtimes, for example, and in dementia care. Various types of digital solutions help our employees. We have also introduced service assistants, a new occupational group, in many of our residential facilities. These employees carry out tasks, such as cooking and cleaning, that do not require care training.

High quality is crucial for Ambea. That is our mission, and there is also a close link between our quality and our costs: By raising our quality, we can attract more care receivers and recruit and retain more talented employees. With higher rates of occupancy, we can work more effectively, while low employee turnover and sick leave help to reduce our costs.

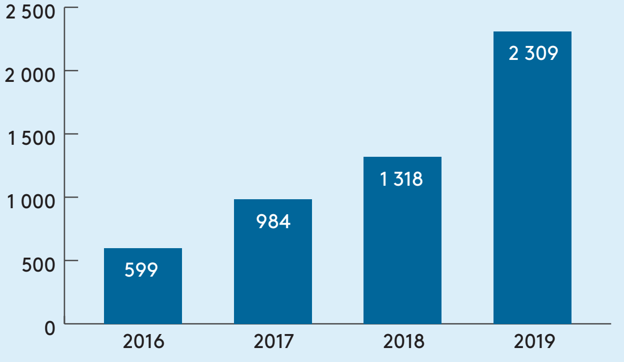
We are developing the best employees in the industry

Care workers are already in short supply and the shortage is expected to rise sharply in the coming years. It is critical that Ambea can attract and retain competent employees. As a leading provider, we have the capacity for our own educational platform, Lära, which provides continuous training in care and leadership.

In addition, the Group offers clear career opportunities. Our target is that seven of ten managers will be recruited internally.

Close leadership provides continuous support and feedback for employees. The role of the Team Manager is very appreciated. These managers work about 80 percent of their time in the care operations and are therefor very close to the operations and available for the co-workers for support and feedback.

NUMBER OF BEDS UNDER CONSTRUCTION



Financial targets

	TARGETS	OUTCOME 2019	COMMENTS
Growth Annual rate of income growth through a combination of organic growth and acquisitions.	8–10%	82%	The high figure was mainly due to the acquisition of Aleris Omsorg which accounted for 81%, while organic growth accounted for 1%.
Profitability Adjusted EBITA margin in the medium-term.	9.5%	7.1%	The margin declined during the year, mainly due to the acquisition of Aleris Omsorg and the start-up of 18 new units.
Net debt Net debt to adjusted EBITDA ratio (excl. effects of IFRS 16). However, net debt may exceed the target temporarily in connection with acquisitions, for example.	<3.25x	4.0x	Net debt increased with the transfer of Aleris Omsorg in early 2019, but declined in the latter part of the year.
Dividend policy Proportion of net profit to be distributed. The proposed dividend should take Ambea's long-term growth opportunities, future earnings, financial position and general financial and operational circumstances into consideration.	30%	0%[1]	The Board proposes that the Annual General Meeting does not adopt a dividend for 2019 as a result of the increased uncertainty due to the spread of covid-19.

[1] Proposed outcome 2019.

How we create value

Ambea is one of the leading care providers in Scandinavia. Our high-quality care services create value for care receivers, municipalities, employees and owners.

COMPETITIVE FACTORS

THE WELFARE CHALLENGE

Major need for more care placements driven by:

- Population growth across Scandinavia. The group of people aged 80+ is growing fastest.
- Increased mental illness, greater social acceptance of disabilities and a higher rate of approved support interventions.

Strained public purse

- As the proportion of elderly people and children grows, more people will have to be supported by fewer people of working age.
- At the same time, smart technologies and more effective ways of working offer major potential for getting more care out of every Swedish tax krona.

Shortage of care workers

- Care workers are already in short supply and the shortage is expected to rise sharply.
- The group of newly arrived residents holds major potential, and with targeted training initiatives these people could play a key role in care.

LEGISLATION, REGULATIONS AND THE POLITICAL CLIMATE

- Legislation and policies set the framework for our operations and, in the long term,
- will be driven by public opinion of care delivered by private providers.

FACTORS THAT INFLUENCE THE COMPETITIVE POSITION OF OUR COMPANY

High level of trust from care receivers and their close relatives

Positive relationships and close dialogue with municipalities and society

Competent and motivated employees

Financial resources as a stable foundation

AMBEA'S STRATEGY

WE PROVIDE THE BEST QUALITY FOR MONEY

- A living vision that focuses on every individual care receiver and guides our organisation.
- Systematic working methods supported by simple and effective quality tools.
- Standardised indicators to follow up every unit.
- Methods and approaches that promote innovation.

VISION
Vi gör världen lite bättre, en människa i taget.

WE ARE DEVELOPING THE BEST EMPLOYEES IN THE INDUSTRY

- A higher level of competence through Lära – our industry-leading educational platform.
- Skilled managers are effective leaders.

WE INVEST IN SUSTAINABLE GROWTH

Structured processes for start-ups, investments and day-to-day operations.

THE VALUE WE CREATE

CARE RECEIVERS AND THEIR CLOSE RELATIVES

- Quality care on the receiver's own terms. Every individual in our units is treated with respect and is able to live the best life possible
- Greater diversity and freedom of choice in care.

MUNICIPALITIES AND SOCIETY

- Long-term, flexible and effective solutions that contribute to more qualified care from every Swedish tax krona.
- Innovation in social care.
- Jobs for groups that find it more difficult to enter the labour market.

EMPLOYEES

- Meaningful employment – making a difference for other people every day.
- Continuous development through our comprehensive training programme.
- Career opportunities – we recruit most of our managers internally.

SHAREHOLDERS

- Non-cyclical share in a segment with underlying growing demand.
- New units under own management creates organic growth opportunities going forward.

… AND THE FIGURES

82%
care receiver satisfaction in Vardaga's facilities.

88%
care receiver satisfaction in Nytida's units

26,000
jobs

1,000
work experience placements for newly arrived residents since 2016

77%
of Ambea's managers are women[1]

5,000
internally trained employees through our training organisation Lära

82%
sales growth

7.1%
Adjusted EBITA margin, %

[1] Division, sector, regional and senior managers for full-year 2019.

Sustainable care

Quality and sustainability are the foundation of our work and involve everybody – from Board members to employees. Ambea's Sustainability Report can be found on the following pages.

We aim for quality in everything that we do

Ambea's business is based on the idea that good health is a fundamental human right – including the right to social care. We therefore aim to deliver the highest quality of social care, adapted to the special needs of individuals, based on science and proven methods.

Respect for all human beings

As a company and employees, we show commitment, empathy and respect for people, and a desire to achieve better social care. Our commitment is based on the view that we are all individuals with different needs and desires. We build trust by behaving in a professional manner, focusing on quality and showing consideration for the people we meet.

Every individual has the right to develop on the basis of their own life experience, knowledge and skills. That is a basic human right. It is fundamental to how we work and also reflected in our vision *We make the world a better place – one person at a time* – especially in our daily efforts to provide high-quality care for our care receivers.

Creating social value

Our operations are also based on the ambition to develop and deliver social value. The diversification of forms for owning and operating social care is helping to raise the quality of each individual service, as well as society at large.

The basic principles are respect and quality of care for individuals, and the effective use of social resources. Our employees are an invaluable resource for creating quality.

Quality and sustainability management is integrated with Ambea's strategy and operations. By offering high-quality care with respect for people and the environment, Ambea is making a social contribution while strengthening our competitiveness.

Under the Swedish Annual Accounts Act, Ambea is required to prepare a sustainability report. Sustainability information pursuant to the Annual Accounts Act can be found on the following pages:

Ambea's operations prioritise six of the 17 Sustainable Development Goals (SDGs)

3 HÄLSA OCH VÄLBEFINNANDE

Good Health and Well-being
Our vision is to make the world a better place, one person at a time. Ambea provides high-quality social care for our care receivers and security for their family members. Our goal is to meet the personal needs and wishes of each individual.

4 GOD UTBILDNING FÖR ALLA

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

8 ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT

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

10 MINSKAD OJÄMLIKHET

Reduced Inequality
For many of our employees, Ambea represents their first step into the Swedish job market. By offering work experience placements and jobs, we are helping to integrate people who could otherwise be at risk of social exclusion, such as newly arrived residents. We offer a workplace with equal opportunities for everyone.

11 HÅLLBARA STÄDER OCH SAMHÄLLEN

Sustainable Cities and Communities
Ambea creates high-quality residential facilities for the elderly and for people with special needs. Through innovation and participation in the public conversation, we are helping to develop nursing and care. We create jobs and specialist knowledge, especially in smaller locations where municipalities may find this difficult to achieve.

12 HÅLLBAR KONSUMTION OCH PRODUKTION

Responsible Consumption and Production
Ambea creates modern residential care facilities with a lower environmental impact. We minimise transport and food waste. By keeping our stocks down, we only consume as much as we need. All waste generated by our units is handled responsibly.

Doing it right should be easy

Quality is created by face-to-face interaction. Systematic work and a continuous improvement process lie behind every satisfied care receiver and their close relatives. That is the basis for our quality management.

We aim for quality in everything that we do. By 'quality,' we mean that every single person and their relatives in our units will experience that they are always treated with respect and receive safe and secure care, nursing or schooling, based on their own needs and wishes. We aim to create a good partnership with our clients.

'Quality' also means that our employees are involved – that their ideas, skills and willingness to improve are utilised – and that they are given an opportunity to develop. Our workplaces are characterised by teamwork, a continuous improvement process and efforts to minimise our environmental impact.

Our management system

All quality and sustainability management is based on current laws and regulations, Ambea's policies and guidance for quality, sustainability, OHS, the environment and our core values. Our management system, Qualimax, facilitates this process and gives our employees concrete answers and instructions. In other words: the right thing, at the right moment, and in the right way.

Qualimax was certified in accordance with external standards for many years. Now we develop the management system on our own. Our standard is more ambitious than the certification requirements, but without the administration that was involved. Our Stend, Altiden and Klara divisions are working towards ISO certification.

This management system has an IT tool, where all units work with non-compliance, complaints and improvements, which can be monitored by managers at all levels. Quality management thereby becomes transparent throughout the entire company.

How we work with monitoring

To ensure high quality in our units, we have a structured planning and monitoring system with monthly meetings for managers at all levels, where the quality performance of each individual unit is reviewed. A digital scorecard with a range of quality and HR deliverables, including employee engagement, user survey results and measurement of compliance management, is used as documentation for the meetings. These are totalled in a quality and HR index, and provide valuable basic data for monitoring the quality performance of each individual unit. All data is gathered from existing systems.

Units identified as high-risk are targeted for monitoring with expanded support and control. These efforts were intensified in 2019. This led to a faster resolution of any shortcomings. As of December 2019, all divisions have been included in the index and the scores were Vardaga: 7.12, Nytida: 6.98, Stendi: 6.25 and Altiden: 7.78 of a total of 10.0.

Home care

Continuity for employees and a positive approach. The are the two factors behind the high score for Vardaga's home care in the National Board of Health and Welfare's Care Receiver Survey for 2019.

88 per cent of Vardaga's customers are satisfied with their home care overall, compared with 84 per cent for all home care providers in Sweden.

"Our employees are sensitive to the needs and wishes of our customers, and always go the extra mile. We select our new employees very carefully and give them a good introduction," says Rose-Marie Johansson, Manager of Vardaga's Högalid Home Care Team in Stockholm, with approximately 220 customers and a customer satisfaction score of 92 per cent.

"We also have a lot of fun at work and are mindful of each other."

Responsibility in the organisation

It is every employee's responsibility and duty to contribute to quality management. Care Managers are ultimately responsible for the quality of care in their units.

The CEO, division managers and sector/regional managers are ultimately responsible for quality in their own division. The Board monitors these efforts via the Quality & Sustainability Committee.

Continuous development

We can always improve the services that we provide. Quality management is therefore a continuous process in all of our units. We want to be at the forefront of meeting new demands for change. Some examples of how we work systematically to achieve this goal are listed below.

Self-assessment and internal control

All units in all countries respond to a battery of questions in our self-assessment process twice per year. The results

are documented in the management system and used to develop our own processes and for comparison with others.

In addition to the self-assessment, Ambea's Quality Department in each country performs quality inspections with a strong focus on legal and corporate compliance. The results of self-assessments and quality inspections are measurable both over time and against other units, and measured on a scale of 0-2.

Views and complaints

We would like to know what care receivers and their close relatives think about Ambea's care, both positive and negative feedback. There is a well-established process for how views can be submitted to the units, and by whom. These views are also registered in our IT tool and accounted for in monitoring and action planning.

Should someone not want to speak to the unit directly or prefer to remain anonymous, Ambea's customer representative is available for care receivers and their relatives. The customer representative's duty is to listen and ensure that anyone who requires answers to their questions and views receives them from the person responsible. The customer representative is independent of the units and reports directly to management. In Altiden, the Quality Manager is the customer representative. In Stendi, the customer representative was introduced in 2019.

Compliance management

Correct compliance management is essential for developing and improving our operations. Therefore, we would rather see one too many cases of non-compliance than one too little. All employees have a legal duty to report cases of non-compliance. All cases are registered in our digital system. They are graded in accordance with the National Board of Health and Welfare's scale of 1-4, where 1 is less serious and 4 is very serious. For all cases graded 3 or 4, all of the responsible managers are notified, enabling them to make a fast decision about appropriate measures. In 2019, a total of 57,062 cases of non-compliance were reported, of which 17 were grade 4. They were distributed as follows: Sweden: 47,969, of which 12 were grade 4; Norway: 8,904, of which four were grade 4 and Denmark 189, of which one was grade 4.

Stendi in Norway and Altiden in Denmark register cases of non-compliance in much the same way as Sweden. In Denmark, there is also a national database for non-compliant social care cases.

Lex Maria and Lex Sarah

A Lex Maria investigation is carried out when an event has caused, or could have caused, serious injury to a patient. A Lex Sarah investigation is carried out due to negligence or a risk of negligence in the unit. For us, these investigations are also an important way to identify risks or shortcomings in the unit and to take measures to prevent the same thing from happening again. In 2019, ten Lex Sarah reports and nine Lex Maria reports were lodged.

Our Quality Department – which is independent of the units – has a legal duty to report these events to the Swedish Health and Social Care Inspectorate (IVO).

In 2019, 134 units performed investigations of which 19 were considered notifiable by the Quality Department.

There is no equivalent legislation in Norway or Denmark. In Denmark, the Danish Health Authority reviews cases of non-compliance that are registered in the Danish database on a regular basis.

Care receivers' views of Ambea

Care recipients' experience of Ambea is the ultimate measure of how well we have succeeded. We therefore attach great importance to quality surveys where care receivers tell us what they think about us and our services.

Care Receiver Survey

Every year, the National Board of Health and Welfare conducts a survey of people who receive home care, or who live in nursing homes in Sweden. The SKR conducts a similar survey of people with disabilities. In the survey, the people who live in, or visit, our units are asked what they think about the quality of the social care we provide. The survey results are presented at national, regional, municipal and unit level. The results provide the general public with information about how our residents perceive the care we provide.

The results are analysed, evaluated and compared with set targets for the divisions, and for the specific unit. They provide an important basis for improvement. Comparisons are also made with municipalities and other providers. In Norway, each client – or municipality – conducts Care Receiver Surveys.

In Denmark, the municipalities conduct surveys every two to three years. Altiden uses a smiley push-button feedback device in its units to gather more direct feedback from care receivers and their family members. The results are regularly analysed and evaluated.

In the results from 2019 Care Receiver Surveys in other countries, Vardaga received a score of 81.4 per cent for overall satisfaction in its nursing homes and 87.5 per cent for home care. Nytida received a score of 87.7 per cent for perceived levels of safety, independence and well-being. For Stendi's senior and care services, 87.6 per cent of the care receivers are satisfied with how they are treated. In Altiden's own annual survey of care receivers and their close relatives, 91.7 per cent of the residents or their relatives say they would recommend Altiden to a friend.

In 2019, a pilot project was conducted in Vardaga to conduct more frequent measurements of how residents and their close relatives experience the care services provided by our residential facilities.

Vardaga also conducted a pilot survey of relatives from a number of residential facilities with the highest and lowest scores, respectively, in the Care Receiver Survey. The results led to a clearer division of responsibilities for the surrounding environment and communal areas in these facilities.

Unit Survey

The Unit Survey serves as a complement to the Care Receiver Survey, and is used by the National Board of Health and Welfare in Sweden to gather quality measurements. The survey gathers responses from those responsible for each respective unit in Nytida and Vardaga. The aim of the survey is to stimulate knowledge and business development, mainly at unit level. The results for Sweden are also presented at national, regional, municipal and unit level. The general public can use the results to compare different units.

Our units use the survey results to monitor and develop their care services.

In 2019, 97 per cent of those responsible in Vardaga and 85 per cent in Nytida say they have procedures and processes for personalised social care.

Monitoring by authorities and clients

Quality is monitored continuously in all countries by authorities as well as clients. In Sweden, the IVO makes both planned and unannounced inspections of units, investigates and issues decisions should any action be required. In 2019, the IVO conducted more than 70 inspections of our units. In addition, the municipalities in which we operate also perform inspections of our units.

The views of the IVO and the municipalities are used to improve quality, both locally in the units and at overall level.

In Norway, the County Governor conducts planned and unannounced inspections, as well as the municipalities.

Denmark, the Danish Health Authority and municipalities conduct inspections of all units, both planned and unannounced.

Integrity and information security

Under the General Data Protection Regulation (GDPR), all personal data must be processed securely. We process a high volume of personal data every day, of which a great deal is considered sensitive, such as medical records.

Ambea's Data Protection Officer works together with the Data Protection Committee, which consists of various Heads of Functions from the Management Team. They hold regular meetings to ensure legal compliance. All employees undergo on-line GDPR training in addition to continuous information campaigns.

Self-assessments are conducted twice annually in all units, and at the head office. In 2019, the Data Protection Officer also began inspections of the head office's various departments to monitor GDPR compliance and to offer support for relevant issues.

Cooperation between Ambea's operational countries commenced during the year. The aim is to coordinate and achieve similar working methods and procedures.

In 2019, 12 personal data breaches were reported to the Data Protection Officer for Vardaga and Nytida, of which five were considered notifiable to the Swedish Data Protection Authority. Decisions have been handed down for

THE QUALITY AWARD: 2019 was a special year because the award was handed out to units in Altiden and Stendi too.

four of these breaches and closed by the Data Protection Authority with no further action taken.

For Altiden, one breach was reported to the Authority. No breaches were reported for Stendi in 2019.

Distinctions

Ambea's Quality Award

Ambea's Quality Award is an effective way to spread and highlight best practice internally. The award creates a sense of pride and also gives our units a reason to reflect on things that have worked well and how the unit can be developed.

Winners of the Quality Award in 2019 were Jordbodalen in Helsingborg for Vardaga and Ekbacka in Urshult for Nytida. This was the fifth year that Ambea presented the Quality Award to a unit in both Vardaga and Nytida. 2019 was also a special year because the award was presented to one unit in Stendi (Avdeling Skibotnsenteret) and one unit in Altiden (Altiden Handicap) for the very first time.

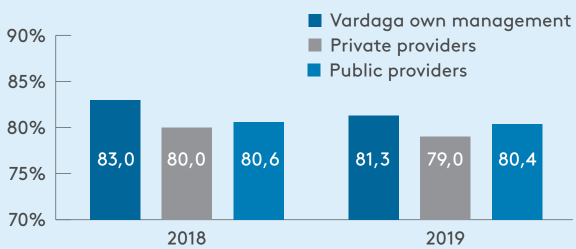
Other distinctions

During the year, Vardaga received two awards for high-quality food. Silverpark in Täby was awarded Senior Mealtime of the Year by the White Guide for the third consecutive year. In Linköping, Gröna gården received the Hagdahl Academy in Östergötland's award for the best food for senior citizens in the region.

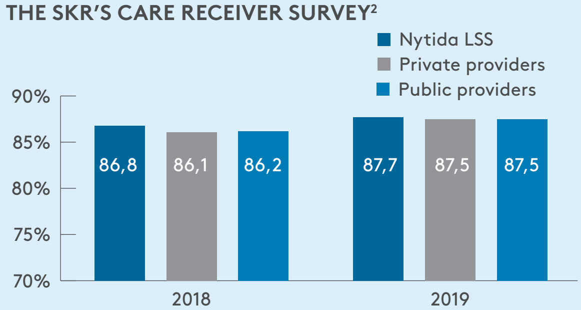
Nytida's units in in Växjö received the Top-class Care award for their high-quality care services. This was the third consecutive year that Nytida's sheltered housing units and day services in Ingelstad received the distinction.

Stendi received Visma's Innovation Award for its further development of 'Resurshantering' – a scheduling programme. The process has taken over two years, and is the result of a partnership between the HR department and one of Stendi's local regional offices. The system provides an overview of costs, timetables and staffing. The supervisors previously required two different systems.

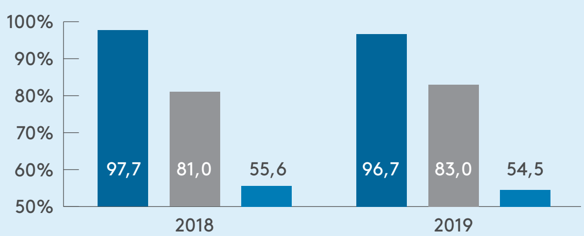
THE NATIONAL BOARD OF HEALTH AND WELFARE'S NATIONAL CARE RECEIVER SURVEY[1]



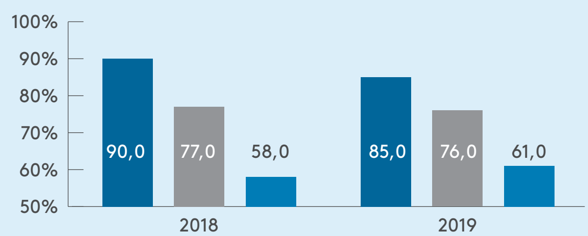
THE SKR'S CARE RECEIVER SURVEY[2]



THE NATIONAL BOARD OF HEALTH AND WELFARE'S NATIONAL UNIT SURVEY[3]



THE NATIONAL BOARD OF HEALTH AND WELFARE'S NATIONAL UNIT SURVEY[3]



[1] Overall, how satisfied or dissatisfied are you with your nursing home?
[2] Perceived safety, independence and well-being in LSS
[3] The unit's processes and procedures for personalised social care, and for participation and influence

Our employees make the world a better place

Ambea's vision *We make the world a better place, one person at a time*, sums up what our employees do each day and enables us to provide high-quality care.

It is both a responsibility and rewarding to provide care and support for other people, but it can also be challenging and sometimes difficult. Ambea's vision, values and Code of Conduct guide the daily work of Ambea's employees and describe how they are expected to behave and relate to each other and the external environment. This creates a shared vision, helps to build our culture and strengthens us in our daily tasks, discussions and decisions. Combined with laws and regulations and Ambea's policies and guidelines, the Code of Conduct provides a framework for the Group.

When our employees follow that framework, they deliver high-quality services in our units. But if we do not comply with the framework, there is a risk that the quality of our work will deteriorate.

Diversity is the key to our success

Our employees are our most valuable asset and all employees in Ambea have the same opportunities, rights and obligations. All people should be treated equally, with respect for their individual circumstances.

Ambea's view is that people with different experiences and approaches are essential for creating the climate required for long-term success. We know that our success is dependent on the diversity and skills of our employees.

Ambea has an Employee Policy and a Fair and Equal Treatment Plan (including a Gender Equality Policy) in order to actively and purposefully promote equal opportunities in the workplace. In 2019, no cases of discrimination were reported for Ambea.

Diversity also means that women and men have equal rights and opportunities. During the year, Ambea rose significantly on the Allbright Foundation's index of listed companies in Sweden with gender diversity in their management teams and claimed seventh position. That makes Ambea the most gender-equal company in the social care sector. Every year, the Allbright Foundation ranks listed companies according to the proportion of women on their Board, in Group management and in line positions.

Working at Ambea

Ambea is a secure and value-driven employer, with attentive managers and opportunities for skills development and careers. Our vision is *We make the world a better place, one person at a time.* It permeates our operations. Making a difference in people's everyday lives gives us job satisfaction. Our employees are dedicated to ensuring that our care receivers are happy, and can develop on the basis of their individual circumstances. Opportunities to become involved and develop at work are also key factors for job satisfaction. Since Ambea is a large employer, there are many opportunities to develop, pursue a career path and rotate within the Group. This includes a position as manager or leaders, assuming an expert role in the workplace, changing to another unit or employment in a staff function at the head office.

From Nytida to Lära

Stefan Linde worked at Nytida for 13 years and is now an instructor at Lära.

"The best thing about my job is all the people I meet. Some of them come because they want to be inspired for a day. Others might not be prepared for the changed mindset or new perspectives our training can give, they probably feel like they are being sent on a course. Then it's wonderful to see how they experience an Aha! moment when it comes to how they work and, for example, what the low-arousal approach means," he says.

Leadership plays a key role

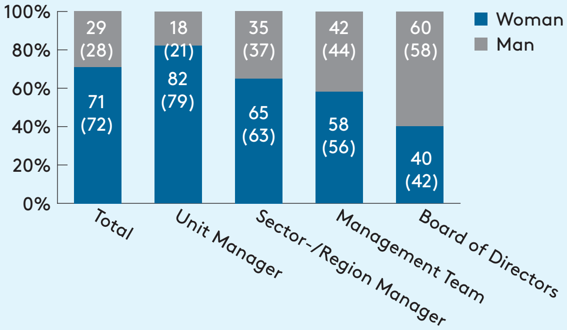
Leadership and leadership development are fundamental to our success. Ambea's managers play a key role in the development of their units, and in support for their employees. We have close leadership, which means that our team managers work both administratively and operatively in their units together with employees. That provides opportunities for fast support and feedback, which is appreciated by our employees.

All managers undergo Ambea's leadership programme which was launched in 2016 and designed for all managers in the Swedish operations, and will be launched in Norway and Denmark in 2020. The aim of the programme is that our managers and leaders will work according to a shared view of leadership, and of our vision and values. To date, 80 per cent of our Swedish managers have completed the programme.

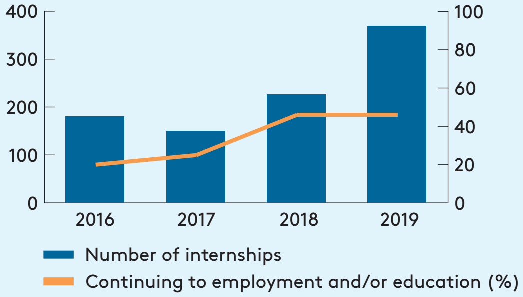
AMBEA'S EMPLOYEES[1]

All Ambea employees are covered by collective agreements.

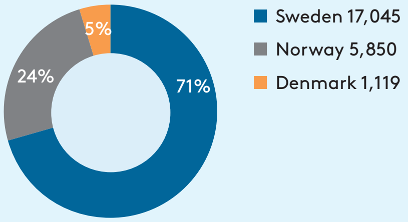
DISTRIBUTION OF WOMEN AND MEN



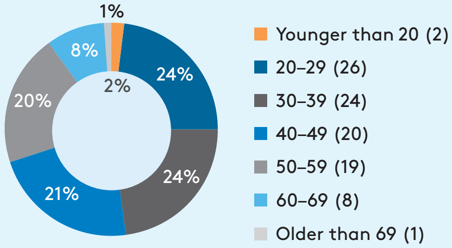
NEWLY ARRIVED RESIDENTS IN WORK PLACEMENTS AND JOBS IN SWEDEN



NO. OF EMPLOYEES IN THE COUNTRIES



AGE DISTRIBUTION



[1] 2018 figures in parentheses

We want managers who feel satisfied and want to develop at Ambea, which reduces the managerial turnover. We have succeeded with this goal and almost halved our managerial turnover over the past three years. Our target is to recruit at least seven of ten managers internally. This will enable employees to grow and pursue a career path. It also means that those employees who become managers already know our company well, and vice versa.

Lära – our own educational platform

Lära is Ambea's own educational platform for training and guiding our employees, as well as external customers. Lära offers customised training programmes for our employees. Lära's instructors have hands-on experience of work in our own fields of care. That gives them unique insight into the everyday life of our employees.

Lära also offers web-based training courses that employees can complete at their workplaces at times that suit them.

Lära can also provide guidance for individual units, to help them solve a specific situation or challenge. Guidance continues over a longer period of time and the entire team is involved.

About 5,000 people took part in internal training courses in 2019.

We want to achieve high attendance

No one should be injured or fall ill at their workplace. We strive for a workplace that promotes the physical and psychosocial well-being of all employees and where employees are healthy, satisfied and motivated. It should be possible to achieve a work-life balance. By systematically examining, assessing, implementing and monitoring the operations, we have succeeded in our efforts to improve and develop a good workplace environment.

Social care is meaningful work, but can also involve risks, such as threats and violent situations, heavy lifting and sometimes a great deal of stress. Prevention and early intervention are therefore important for a good workplace environment and healthy employees. We have clear procedures for managing absenteeism. The aim is to identify early signs of illness, be able to offer more suitable tasks and increase attendance at work.

If necessary, we engage various partners in order to investigate, maintain or strengthen the health of individual teams and people in the company. Efforts to reduce sick leave are ongoing in all units, and in all countries, and have yielded good results. In 2019, the short-term sick leave rate was 3.9 per cent in Sweden and 3.3 in Denmark. We are proud of these figures and will continue to work with them. Because regulations differ from country to country, this data is not always comparable. We have no reliable data for Norway this year, which is why no figures are presented.

We want to know whether our employees are satisfied

Ambea's employees have many opportunities to influence their work and their workplace.

In 2019, Ambea launched a new employee survey, Team Barometer, in all countries. It consists of a few short questions that are quick and easy to answer, and the results are easy to follow over time.

Team Barometer is a tool for regular follow-ups of employee and team satisfaction. It monitors the following dimensions: sustainability, productivity, well-being and workload. It is a key component of systematic OHS management and meets the requirements of AFS 2015:4 – Organisational and social work environment, provisions.

It is also possible to include comments for each question. Every unit reviews and revises their results at employee meetings. Answers to free text questions are analysed quarterly at an aggregated level to capture trends. In 2019, Team Barometer was carried out seven times. On three occasions, it contained extra questions about the employee's manager, or whether they could recommend Ambea as an employer. The average score on the Team Barometer Index for employees in all countries was 71 from a total of 100.

We are looking for tomorrow's employees

There is a major need for recruitment across our entire sector. Care workers are in short supply and the shortage is expected to rise sharply in the coming years. Finding talented employees is crucial to our continued provision of high-quality social care as the competition for tomorrow's employees intensifies.

Digital employment process

Ambea has a digital recruitment process. That makes it easier for prospective employees to find us because they can submit spontaneous applications digitally and applications are otherwise simpler. The digital system also supports recruiting managers by making recruitment easier and more efficient. Recruitment when we open new facilities and the need to employ a large number of people at the same time is also easier. Since the introduction of Ambea's digital application and recruitment process, many candidates have registered their interest, creating a large candidate bank for recruitment.

Work placements and employment for newly arrived residents

In order to find tomorrow's employees and make it easier for newly arrived residents to find a job as fast as possible, Nytida and Vardaga are running several projects to offer work placements, training and job opportunities.

Service assistants were introduced at Vardaga's nursing homes. This is a new occupational group that has undergone a short training course to help mainly nursing assistants with various practical tasks. People without any form of health or social care training are able to enter the job market, while trained employees can devote their time to more qualified care services.

Since 2016, our operations have welcomed asylum-seekers, unaccompanied minors and newly arrived residents. In 2019, we offered work placements to 369 people and 46 per cent of these people are now employed by us and/or studying. Since 2016, we have welcomed about 960 people. We are thereby helping to promote integration while facilitating future recruitments.

Ambea's whistle-blower function – Etikombudet

We promote openness and transparency, where both customers and employees can contribute to the development of our operations.

Employees are urged to report suspected breaches of Ambea's Code of Conduct without delay. In the first instance, reports should be submitted to immediate managers or to Ambea's Quality & Sustainability Committee. It is also possible to make anonymous reports via our internal whistle-blower function, called Etikombudet (Ethics Representative) in Sweden. Both Stendi and Altiden have a similar function.

Ambea in Sweden applies the same whistleblower protection as public operations, and this is regulated in our collective agreements. This means that employees have the right to approach the media anonymously, and that their employer does not have the right to investigate the source of the accusation. As there is no legal protection for whistleblowers in Norway or Denmark, this does not apply.

EMPLOYEE KEY FIGURES IN SUMMARY

	Sweden	Norway	Denmark
Team Barometer Index[1], %	71	71	69
eNPS[2]	5.5	-2	16
Short-term sick leave rate, %	3.9	–	3.3
OHS breaches (fatal)	0	0	0

[1] Average for the seven surveys implemented in 2019
[2] The value relates to the most recent survey in November 2019

71% Team Barometer Index

0 Fatal OHS breaches

0 Discrimination cases

Ambea is an important social enterprise

Ambea is needed to solve the major welfare challenge we are facing as ageing Scandinavian populations grow. A wide range of providers is needed – municipal, private, large and small – to find different approaches and solutions.

Ambea's most important contribution to solving the welfare challenge is the work carried out by our employees every day – to provide high-quality care for our residents and visitors. That is a natural part of our social contribution. We also do a great deal more.

Social engagement

Ambea participates in the public debate on social care to redirect the focus to the needs of individuals, and to contribute with solutions to the welfare challenge.

In Sweden, the debate centred around demographic changes and the growing prevalence of mental illness during the year. These trends call for heavy investment in new residential facilities and more social care workers. At the same time, more and more municipalities are struggling financially.

According to a report from the Swedish Ministry of Finance, 560 new nursing homes and 80,000 new employees will be needed in the welfare sector by 2026. Ambea has been working to highlight these challenges for several years, and we can now see how demand for our knowledge and proposed solutions is growing.

Heavy investment in new residential facilities and skills is required

In partnership with property companies, we invest in new service and nursing homes, which frees municipalities from making their own extensive investments. We further train, find new ways to recruit employees and work with leadership to ensure we remain a attractive employer. We encourage innovation and development, including the use of digital tools. We do this based on a common platform where we can share best practice and knowledge between Sweden, Norway and Denmark and thereby create an efficient and effective care model.

Lära trains the industry's employees

Lära, Ambea's educational platform, is a leader in training and competence-raising initiatives in care and treatment. Lära offers both internal and external training programmes and guidance for workers, family members or anybody else who requires more knowledge. We are thereby helping to raise competence among our own employees as well as the industry as a whole. That fulfils an important need, since high-quality care places great demands on an employee's skills and abilities. The training courses offered by Lära include diagnostic knowledge, dementia care training, the low-arousal approach and motivational conversation. During the year, 5,000 people received external training and guidance at Lära.

In 2019, Lära received the Best Launch of Corporate Learning Function award. Promote International, a platform for digital learning and development (L&D), presents the award to an organisation that has successfully created and implemented a well-defined strategy for learning.

Promote integration and prevent social exclusion

The care worker shortage is a major challenge. Part of the solution is to make it easier for newly arrived residents to find employment as fast as possible. Ambea and the Nytida and Vardaga divisions are running several projects to offer work placements, training and job opportunities for newly arrived residents. We collaborate with the Swedish Public Employment Service and municipalities across Sweden. Similar efforts are also taking place in Denmark.

From Syria to Nytida

Bilal Said Bakour from Syria received a job via the extra services provided by Ambea in partnership with the Swedish Public Employment Service.

"I came to Sweden in 2014, applied for jobs and spoke to the Public Employment Service several times, who couldn't find anything for me. But one day, my employment officer said, "Can you come in tomorrow, an employer will be here," says Bilal.

That is how he came to Nytida Vega special services residential facility, and he is now working as a substitute. Bilal helps the residents shop, cook and clean.

"I am very happy here, I like my colleagues and the residents," says Bilal.

His responsibilities have increased as he learns more Swedish. Now he also helps to document information.

"When I started studying Swedish, I thought it was very difficult, but now it's getting easier and easier."

Together with a colleague, Bilal is a mentor to a new resident. He took part in the first home visit before the person moved in and they have made good contact.

During the year, Ambea entered into a collaborative agreement with the Lingio research project. The aim of the project aim is to facilitate and accelerate language learning.

Collaborations

Ung omsorg

Vardaga has been collaborating with *Ung Omsorg* (Young Care) since the company started in 2007. As part of the collaboration, young people visit nursing homes to spend time with the elderly. These meetings are helping to bridge the gap between young and old people. Hopefully, these young people will also choose a career in social care where the need for new workers is great.

The Karolinska Institute

In collaboration with the *Karolinska Institute,*Vardaga has developed a training programme, the Palliative Care Academy, to raise employees' knowledge of palliative care (end of life care). Four to five palliative care managers are trained for each facility, who can then lead the palliative process and support their colleagues in the unit. The employees also complete a web-based course.

Hjärna Tillsammans

Hjärna Tillsammans (Brains together) is a collaborative project driven by support from Region Stockholm. The aim is to strengthen support and rehabilitation for people with acquired brain injury caused by a stroke or an accident.

Nytida is contributing to efforts to produce web-based courses on rehabilitative approaches and communication, and participates in steering committees and reference groups.

Alzheimerloppet

In 2019, Vardaga was one of the sponsors of *Alzheimerloppet* (the Alzheimer Run) for the third year. The initiators are two sisters whose mother was diagnosed with early-onset Alzheimer's disease and lived at Vardaga for a period. They started the run to raise money for research into Alzheimer's and other types of dementia. Alzheimerloppet is now organised by the Swedish Alzheimer Fund.

Glada Midnattsloppet

Glada Midnattsloppet (the Happy Midnight Run) has been part of the Midnattsloppet (the Midnight Run) for three years, and is a collaboration between Nytida, the City of Stockholm and Hammarby Athletics Club. The event is open to anybody with a cognitive disability, and the entrants can walk, run or roll their way forward. During the year, several of Nytida's day service units worked actively to motivate and train together with those care receivers who chose to take part in the event.

Our environmental responsibility

Ambea shows respect and consideration for the environment, and strives to prevent and minimise any negative environmental impacts from our operations. We comply with legal requirements and contribute to continuous improvement in our operations.

Ambea takes responsibility by ensuring that the Quality & Sustainability Policy and guidance are in place, that regulate environmental issues for properties, resources, transportation and any other travel in our operations.

Ambea's environmental performance is managed through our environmental management system, which is part of our management system. Environmental issues are included in our Quality & Sustainability Policy.

Ambea's environmental performance is monitored via bi-annual self-assessments in the operations, and in connection with quality inspections and monthly follow-ups. The self-assessment includes including chemical handling and waste management.

Ambea commences carbon emissions reporting

During the year, Ambea commenced carbon emissions reporting for the company. We apply the Greenhouse Gas Protocol and have included the follow Scopes (areas) in our emissions reporting:

Scope 1: Direct greenhouse gas (GHG) emissions

These include emissions from our own-controlled (leased and owned) vehicles.

Scope 2: Indirect GHG emissions

These include emissions from purchased energy and heating. In Sweden, where we have compiled the data, these emissions are derived from consumption by our main suppliers during the year. Since the second quarter of 2019, we have chosen a fossil-free alternative from our main electricity supplier in Sweden.

Scope 3: Other indirect GHG emissions

These include emissions in two categories for us – 3.4: Upstream transportation and distribution, and 3.6: Business travel. Category 3.4 includes emissions from one of our three main suppliers of goods in Sweden. Category 3.6 includes emissions from flying, hotel accommodation and using private cars for business travel. The data for Category 3.6 was obtained from our travel companies.

All operational countries (Sweden, Norway and Denmark) are included in our carbon emissions reporting. For our first year, we have prioritised seven categories based on a hypothesis of our greatest contribution to carbon emissions. The countries have not been equally successful in obtaining data in each category, which is a function of the structural conditions and degree of maturity of suppliers in local markets. Emissions are mainly measured in Sweden, but mainly estimated in Norway and Denmark.

In 2019, Ambea's CO^2 emissions were an estimated 9,352 tonnes. It has been difficult to obtain emissions data from our suppliers for the products that we buy and use in our operations, which means that our carbon emissions could, in fact, be higher.

The outcome for 2019 will provide reference levels for both future carbon emissions mapping and for emissions-reduction targets.

In 2020, we will set targets for our emissions reduction and initiate an improvement process for mitigation efforts.

In 2020, to achieve a more comprehensive view of our total emissions, we will also be focused on reporting emissions associated with Category 3.1: Purchased Goods and Services, and on emissions derived from purchased food.

Food waste: Less waste with a focus on high-quality care

In Vardaga, between four and five per cent of all food purchased is thrown away every year. At the Rotsundastrand facility in northern Stockholm, the average amount of food thrown away has been less than 4 per cent over the past two years.

But there is no miracle recipe for the decline. Rather, a stable team of employees, with managers who are interested in cooking, who genuinely care about offering the residents good food. Another important factor for reducing food waste is regular meal advice, where menus are a key feature.

"If we notice that a particular dish is not working, we take it off the menu. There are alternative dishes in Vardaga's Food Like Home concept folder that we can offer instead," says Mikaela Eklund, Head of Food and Mealtimes and Team Manager.

Something else that helps to reduce food waste is smaller helpings.

"A plate with ten meatballs can feel overwhelming, so it's better to serve smaller portions so that people can come back for seconds. You have to consider the needs of each individual," says Mikaela.

Responsibility for the environment and human rights in the supply chain

We have many suppliers and we also take responsibility for the environment and human rights in the supply chain by clarifying our position in our purchasing policy and by working actively with compliance.

All of Ambea's 20 largest key suppliers comply with our Code of Conduct.

Our purchasing policy sets out the main rules for all purchasing activities in the Group to ensure that they support the Group's objectives, strategy and values. The aim is partly to define and clarify the relationship between buyers and clients, and partly to define the basic objectives of purchasing in Ambea, since control is important for financial, legal, quality and environmental reasons.

Food
Nearly all food is purchased from a single supplier. With one large supplier, we can reduce our environmental impact due to less transportation, and nearly 45 per cent of our units only have one food delivery per week.

In Vardaga, food waste is measured twice per year as part of the self-assessments conducted by the operations. Food waste is measured once per week in relation to the average purchased volume per week in kg. In 2019, food waste was approximately four to five per cent.

Consumables
We strive to keep our stocks down and use everything that we order. Following a review of its stocks, Vardaga now orders only once per week and for only one week at a time.

Equipment recycling
There is a forum on Ambea's intranet where units in Nytida and Vardaga can buy, sell and donate items that they no longer use, but that other units may benefit from.

Transport and travel
In Ambea, public transport is preferred for local travel, and rail or bus for domestic travel. Car is the second choice, and finally air, which should be avoided as far as possible when travelling within national borders.

Company cars are leased for a period of 36 months, which means that most of the vehicles used by the Group maintain a high environmental standard. In 2019, Ambea worked actively to reduce the number of cars and reduce the purchasing of new cars.

Properties
Ambea does not construct or own its buildings, but we take an active role in the construction process. Many of the property owners we collaborate with aim higher than achieving regulatory compliance to ensure that their buildings will meet future environmental requirements.

When planning our residential facilities, we make them as space-efficient as possible. The aim is to reduce their environmental impact without compromising quality for the residents.

In 2019, three Passive Houses were constructed for Vardaga and Nytida, which means that the completed building is ultra energy efficient.

Wherever possible, our facilities should also be easy to reach by public transport so that employees, residents and their family members can avoid travelling by car.

Business ethics and anti-corruption

Business decisions should always be based on the company's best interests. Employees must never use their position or their influence for any other purpose than to promote Ambea's best interests. Personal relationships or considerations must never affect decisions or recruitments. To further reduce the risk of conflicts of interest and ensure that business decisions are always made in Ambea's best interest, all contractual arrangements, employment contracts or other items of material significance between Ambea and another party must be negotiated and approved in writing by at least two people before they are signed.

Ambea's stance on business ethics and corruption is set out in the Group's Code of Conduct and any suspected breaches of the Code should be reported to Ambea's Ethics Representative without delay.

Free competition

Ambea supports fair competition and an open market. Fair competition is fundamental to business development and innovation. We firmly believe that free and fair competition is good for everyone and means that we can run a financially sound and efficient business that offers the best quality for money for our customers.

Zero tolerance for fraud and related crimes

Ambea complies with all national and international regulations aimed at preventing, identifying and controlling economic crime, especially fraud, blackmail and other related crimes. Ambea's employees must refrain from both acts and omissions in connection with these types of criminal activity. Employees must also cooperate actively with all investigations of these types of crime.

In 2019, there were no cases of fraud, money laundering or other related crimes in Sweden or Denmark. In 2019, irregularities were revealed in the acquired operations in Norway in connection with a supplier in Norway. An investigation is under way regarding the contractual relationship with the supplier. The incident caused only limited financial damage for Ambea. No care receivers or clients suffered any financial damage.

AMBEA'S CARBON FOOTPRINT

	Sweden	Norway	Denmark
Scope 1	1,246[1]	1,494[2]	285[2]
Scope 2	1,527[1]	3,742[2]	318[2]
Scope 3	366[1]	262[1]	113[2]

[1] Measured data
[2] Estimated data

9,352 tonnes

total CO_2 emissions

Our operations

Ambea is one of the leading care providers in the Nordic region. The core of our offering is residential care for people with special needs. Read more about our operational areas on the following pages.

Care services for complex needs

Ambea provides care services in Sweden, Norway and Denmark for the elderly, people with disabilities and individuals with psychosocial issues. Ambea also provides temporary staffing for social care.

Ambea provides support and care in approximately 900 units. The core of our offering is residential care for people with special needs. Clients are municipalities that elect to use Ambea's services for various reasons:

- Ambea has specialist expertise in high-quality care for specific care groups.
- Municipal residents have greater freedom of choice when municipal services are supplemented by private providers.
- Ambea offers cost control, usually with higher cost efficiency, since the price of the care is agreed upon in advance.
- Many municipalities are unable to meet the recruitment challenges of their care operations, and often have high sick leave rates and employee turnover.
- The municipality may also have limited experience of building new residential facilities for people with special needs.

Two contract models

Ambea's services can be divided according to contractual form with contracting municipalities: Own Management, where Ambea provides care at units where Ambea has recruited the employees and rented the premises. Contract Management, where Ambea takes over an existing care unit that is run on the municipality's premises.

Own Management operations

Ambea's strategic focus is to increase the proportion of Own Management operations, since this contractual form offers more flexibility and control. Here, we can apply our proprietary care concept and management system to a greater extent, which improves quality and efficiency and thus helps to increase profitability.

Before our care places under own management can be filled, they must be procured by a municipality. In elderly care, contracts are mainly awarded in the form of framework agreements or in accordance with the freedom of choice system. In disability care and individual and family care, individual contracts adapted to a specific care receiver are more common.

The terms of framework agreements generally range from two to four years in Sweden, and are somewhat shorter in Norway. Contracts under the freedom of choice system usually apply until further notice, while individual contracts are usually long-term.

Contract Management

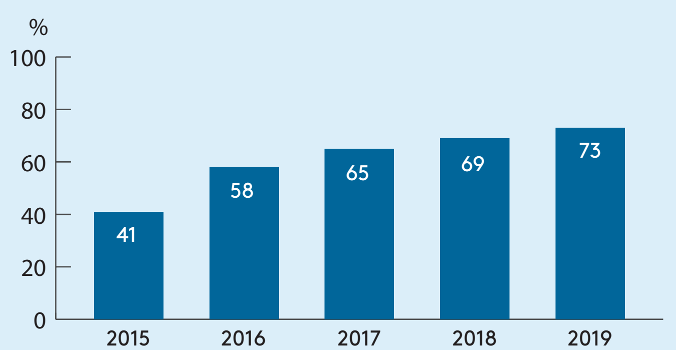
Contract Management operations are a key complement to Ambea's Own Management operations, and help to build relationships with municipalities with whom Ambea has not had any previous contact. The largest proportion of Ambea's Contract Management operations comprise elderly care and LSS services in Sweden, and elderly care in Denmark.

Management contracts are awarded by the municipality in a tender process, and usually have a term of four to five years with an option to extend for an additional two to four years.

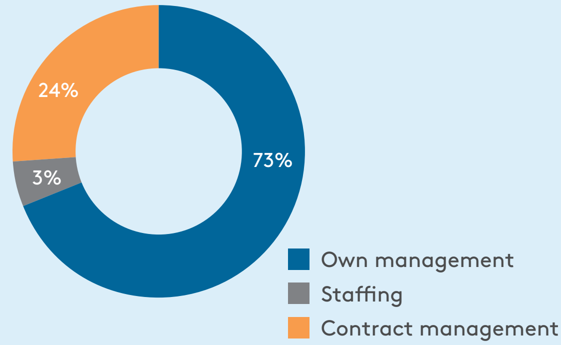
Staffing

Staffing solutions are generally purchased via procured framework agreements.

DEVELOPMENT OF SHARE OF NET SALES IN OWN MANAGEMENT



NET SALES BY CONTRACT MODEL 2019



Vardaga

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

Vardaga has about 9,500 employees who help to create quality of life and safety for each individual care receiver.

Nursing homes

Our residential facilities provide around-the-clock care for the elderly who cannot remain in their homes because of illness or age-related weakness. Care placements are offered for the elderly with both dementia and somatic (physical) disorders. Vardaga also runs assisted living facilities with speciality placements in such areas as geriatric psychiatry, and for people with young-onset dementia (under 65).

In addition to permanent residential placements, Vardaga provides short-term placements, relief care and short-break care. The residential facilities are located all over Sweden, with a certain concentration to Stockholm and Mälardalen, Skåne and Västkusten.

Home care

Following the acquisition of Aleris Omsorg in January 2019, Vardaga's services now include elderly care in the form of home care at approximately 14 home care units with approximately 2,200 customers in total. Home care carries out personalised services and everyday activities such as cleaning, washing, shopping, personal nursing, cooking, walks and companionship. The offering is mainly available in the Stockholm region, with a focus on the inner city, and in Linköping and Enköping.

Vardaga's elderly care: The good day

At Vardaga, every care receiver should be able to live a dignified and meaningful life based on their own personal preferences. To achieve this high quality of care, *The Good Day* concept is applied, which consists of several promises

VARDAGA'S KEY FIGURES IN SUMMARY

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

[1] Relates to the proportion of positive responses to the question: *Overall, how satisfied or dissatisfied are you with your nursing home* in the National Board of Health and Welfare's 2019 Care Receiver Survey.

2,545 beds in Own Management

82% of care receivers are satisfied[1]

32% share of consolidated net sales

in various aspects of care. Some of the distinctive features of Vardaga's operations are:

- **Active daily living:** Every day should be filled with meaningful content for each individual care receiver. All of Vardaga's facilities have at least one employee who is responsible for activities.
- **Food like home:** Meals should be a highlight of daily care and are key to quality of life. Most of Vardaga's units apply the Food Like Home concept, which means that all food is made on site in the facility's kitchens.
- **Pet therapy**: Many of the nursing homes receive regular visits from therapy and visiting dogs who spread both joy and support training and medical treatment.
- **Young care**: As an added bonus, many residential facilities receive visits from sociable young people on weekends and holidays.
- **The good night**: Ensuring a good night's sleep is an important part of nursing. A check list is drawn up for every care receiver to optimise their conditions for sleep.
- **The Dementia Academy**: Vardaga has a centre of excellence for dementia that offers a certification scheme, training and support for the units.

End-of-life care

In 2019, a broader training initiative commenced to strengthen palliative care at Vardaga's operations. An important step is personalised care – to ensure, wherever possible, that the final stage of life meets the care receiver's wishes. Other important steps are effective pain relief, communication and good teamwork around the person.

All of Vardaga's employees complete a web-based course and there are two to four trained palliative care managers at every facility, who play a key role in helping their colleagues provide end-of-life care.

36 new residential facilities and one new operational area

With the acquisition of Aleris Omsorg in January 2019, Vardaga grew by 28 nursing homes and received one new operational area in the form of home care. The year was characterised to a high degree by the integration of Vardaga's systems into the units.

In line with the strategy to grow through more residential facilities under own management, Vardaga opened eight new nursing homes in 2019 with a total of 477 beds. During the year, the intention to partner with property owners and construct another ten nursing homes was announced. At year-end, Vardaga had a total of 27 new nursing homes either contracted or under construction. Occupancy is scheduled for 2020-2022.

In 2019, Vardaga started up management contracts corresponding to annual income of SEK 248 million. At the same time, management contracts corresponding to an annual value of SEK 123 million and contracts of SEK 194 million were retaken by municipalities.

In December, the home care company Famntaget Omsorg was acquired. The company has about 150 customers and 40 employees, and is based in central Stockholm. In November, the home care operations in Norrköping were divested.

A focus on every individual in new Villa Maria

Villa Maria opened in autumn 2019 – a newly constructed residential facility in Mariastaden in Helsingborg for elderly patients with dementia or a decline in physical function. The residents can enjoy good food, good care and good company. And they also receive visits from daycare children and the therapy dog Lykka.

"The most important thing is that we focus on each individual patient. Everyone should be seen and heard, and be able to make choices," says Daniel Rydén, Care Manager at Villa Maria.

The employees prepare all meals on site in the facility's kitchens. Vardaga's own chef compiles the menus to ensure they are suitable for the elderly. Home-style meals are often served and the residents are welcome to help in the kitchen whenever they want to.

"We are so proud of our wonderful meals. Once we had about ten family members as our guests," says Daniel.

The Tussi daycare centre is right next door to Villa Maria. The children and their teachers have begun to visit the nursing home in small groups.

"We chat with each other and have afternoon tea," says Daniel.

Another welcome guest at Villa Maria is the therapy dog Lykka, a black cockapoo that works at the facility with his handler.

Villa Maria is located in Mariastaden, a new district just north of central Helsingborg. The very popular Pålsjö forest is only one kilometre away, the perfect destination for picnics and walks. The picnic bus comes in useful here, and there are plans to make longer trips – maybe shopping in Ullared.

Like all of Vardaga's newly constructed facilities, Villa Maria features cosy, Nordic interior design, adapted to ageing eyes, senses and memory loss. Every floor has a different colour, for example.

"That helps people with dementia find their apartment and uphold a sense of control," explains Daniel.

Nytida

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

Nytida has about 400 units, where 8,500 employees provide support and care based on the strengths, abilities and wishes of every care receiver. The operations are divided into three segments:

Disability care

People with disabilities such as autism spectrum disorder and acquired brain injury are often in need of lifelong care and support. With Nytida's broad range of services, we can we offer a complete spectrum of care with personalised support throughout every stage of life.

Services for children and young people include child care homes, holiday camps and short-term housing. Sheltered housing, residential facilities with special services, and day services are offered for adults.

Individual and family care

The aim of individual and family care is to help individuals gradually develop skills for a better everyday life and eventually become independent. The care receivers suffer from a wide spectrum of problems, such as substance abuse, self-harm or criminality, often in combination with mental or neuropsychiatric disabilities. Nytida provides personalised support such as HVB homes (homes for care or residence), assisted living facilities, supportive living facilities, family homes, sheltered housing, non-residential care and needs assessments for children, young people and adults.

School

All children and young people have a right to attend a school where they can develop according to their own ability, feel safe and respected, and be able to succeed. For children and young people with neuropsychiatric disabilities, Nytida provides day-care centres, elementary schools, special needs elementary schools and special needs upper secondary schools in accordance with the Swedish Educa-

NYTIDA'S KEY FIGURES IN SUMMARY

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

[1] Relates to the average score for all questions for Nytida's units in the SKR's 2019 Care Receiver Survey.

5,138 beds and placements under own management

88% of care receivers are satisfied[1]

33% share of consolidated net sales

tion Act. Teaching is based on the strengths and developmental skills of each individual.

A focus on the needs of every care receiver

Nytida offers support and care that requires employees with a great deal of knowledge and expertise in the standard methodology. An important starting point is that interventions are personalised for each care receiver. The focus lies on the strengths and abilities of each individual. The goal is to become as independent as possible and improve quality of life.

Pedagogical framework

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

Evidence-based model for behavioural change

In 2019, the Step-by-Step model was introduced in Nytida's HVB homes for children and young people. The model is based on cognitive behavioural therapy (CBT). The aim is that after treatment, the young person will have created long-lasting behaviour changes that improve quality of life and reduce the need for interventions.

The model is based on identifying, analysing and changing behaviours. Behaviours are measured continuously throughout the process to evaluate the effects of the treatment. Another keyword here is transparency, since it provides the conditions for young people, their family members and clients to participate.

A year of growth and integration

With the acquisition of Aleris Omsorg in January 2019, Nytida grew most in the operational area of individual and family care. The offering in family home placements was also broadened. A major focus during the year was the integration of former Aleris operations into Nytida's systems, concept and models to achieve a uniform working method and even level of high quality. To reduce overlapping operations, an action programme was introduced in order to discontinue or divest about 200 placements.

Nytida also continued to grow through start-ups under own management. In 2019, four new sheltered housing units with 24 beds were opened, and 21 new school placements were established. At year-end, there were contracts in place with property owners for the construction of 27 new residential facilities/units with 179 placements.

The year was also characterised by high dividends from quality procurements, in particular. In Contract Management operations, Nytida started up new contracts corresponding to annual income of SEK 114 million. In 2019, management contracts corresponding to annual income of SEK 35 million were terminated, while contracts with an annual volume of SEK 24 million were retaken by municipalities.

In August, Nytida acquired Pusselbiten's school and thereby strengthened its school offering in Skåne.

New working method at HVB homes

Nytida's Axet and Möllan are two HVB homes in Skåne for young people aged 13-18 with, for example, substance abuse or criminal behaviours. Employees have been using the Step-by-Step method for some time – which has led to positive results.

"Deep down, these young people really want to be like everyone else, but they've developed problematic behaviour and become good at it. We need them to understand that it is not the norm," says Sander Arvidsson, Team Manager at Axet and Möllan.

In 2019, the new Step-by-Step treatment model was introduced. For each person, it is determined whether critical behaviours are excesses or deficits. An excess could be not going to school or acting out in an aggressive and abusive manner, while a deficit could be eating at regular times and using nice language.

The employees then work actively with the young people to reduce the frequency of excess behaviours and increase the frequency of deficit behaviours.

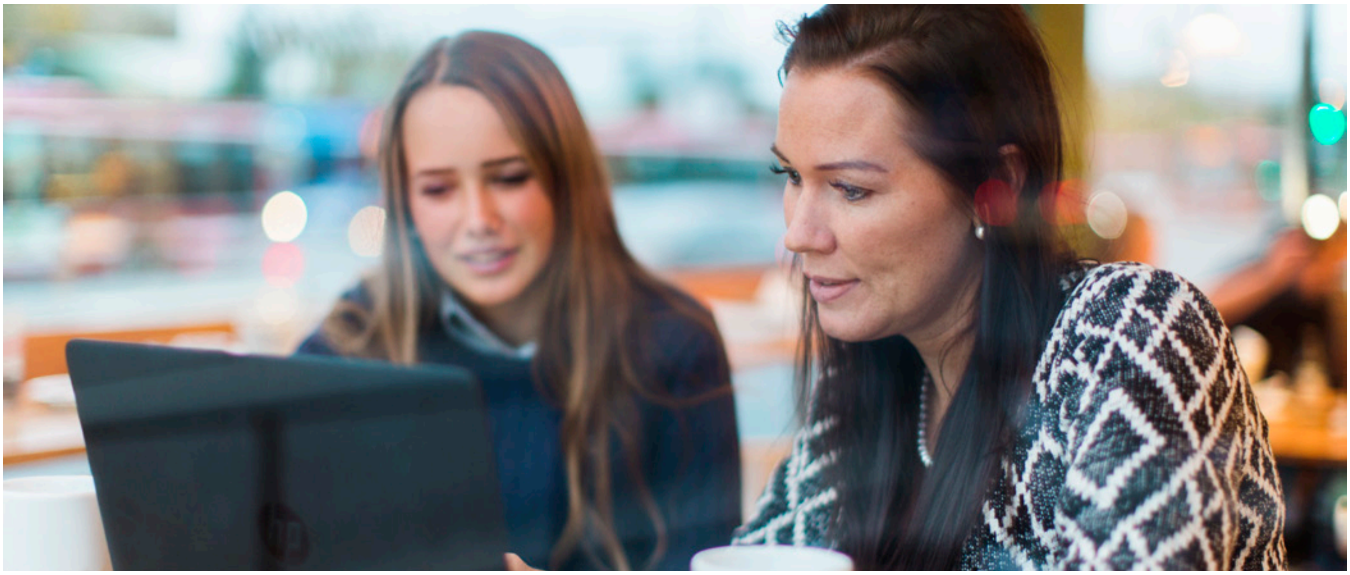
"We also identify what assets they have, such as being smart or caring," says Sander.

The employee team commences the process by observing the behaviour being targeted for change and making a baseline registration. This involves registering, for example, at what time of day the behaviour occurs, how long it lasts and with whom, over a period of time. An analysis is then carried out, resulting in a strategy that everybody follows for a certain period of time. The results are then evaluated and a new registration is made.

"That's when we start to see results. For example, we have one resident who used to have several violent outbursts every day, and has now only had one single outburst over the past two months," says Sander.

When one problem behaviour has been solved, the next one can be tackled using the same model. The goal might be to shower regularly or to eat together with the others.

"Working with this model has made an enormous difference for all of us – fewer violent outbursts and clarity when everybody applies the same approach."



Stendi

Stendi is Ambea's Norwegian operational area, and offers a broad spectrum of care solutions for children, young people and adults.

Stendi is the largest care provider in Norway and runs nationwide operations in support and residential care for adults, children and young people. Stendi also provides personal assistance, elderly care and home care. The company has more than 400 units and about 5,000 employees across Norway.

Support and residential facilities for adults

Stendi's personalised residential and care services are designed for people with various types of complex assistance needs. One target group is people with disabilities, such as autism and other developmental disorders, who often have a lifelong need for support. Other target groups are people with substance abuse problems, early-onset dementia, psychiatric problems such as self-harming behaviour, and mental illnesses such as schizophrenia and bipolar disorder.

Care is residential with varying staff density. For individuals with special needs, there are residential facilities with special services for up to four care receivers with employees on duty around the clock. Smaller scale interventions include home support, where the care receivers live in their own apartments and receive regular visits from Stendi's employees.

As a complement to residential care, Stendi also operates an activity centre to help residents live a meaningful life together with others.

STENDI'S KEY FIGURES IN SUMMARY

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

[1] Pertains to the overall satisfaction of treatment from staff in Stendi's residential care facilities in a survey performed by Stendi.

868 beds in Own Management

88% of care receivers are satisfied[1]

28% share of consolidated net sales

Residential facilities and support for children and young people

For children and young people, Stendi offers accommodation in family homes and assisted living facilities. These initiatives are designed for children and young people with problems such as self-harming behaviour, criminality and substance abuse. There are also residential facilities for children and young people whose legal guardian, due to substance abuse or a mental disorder for example, is unable to provide adequate care. As a complement, there are post-services to help the young person manage life on their own.

Stendi also offers short-break residential facilities for children and young people with severe disabilities and home help for children with physical disabilities.

Personal assistance

For children and adults with severe disabilities, Stendi offers user-controlled personal assistance (BPA). The aim of this service is to help the care receiver live as independently as possible and make their own choices.

Elderly care

Stendi also offers senior apartments, nursing homes and home care. In 2019, a new residential concept was introduced in the newly renovated Gabels Park in Oslo. Unlike Stendi's other units, which are funded by the municipalities following an assistance decision, the residents of Gabels Park pay for their own care. The target group is seniors who seek a simple, active and safe way of life. Gabels Park has 80 apartments with two to three rooms, 24-hour care staff and social activities that are open to all.

Music therapy creates communication

Stendi uses a range of models and methods to ensure the best care. One example is music therapy as a form of treatment for children, young people and adults. It is a scientifically proven form of treatment based on the ability of music to create contact, communication and motivation.

A new brand is born

With the acquisition of Aleris Omsorg, Ambea's Norwegian operations grew sharply The former Heimta brand was phased out and Stendi – which means 'long-lasting' – became the name of the new merged operations in Norway.

During the year, a new organisation took form and Ambea's management model was gradually introduced to secure quality and financial viability. As part of this process, a range of functions that were previously managed in the regions were concentrated to the head office in Oslo, including quality improvements, marketing, IT and HR. Stendi also works actively to increase the proportion of permanent employees and reduce the proportion of temporary employees. New solutions, such as Ambea's employee survey and leadership programme, were introduced.

In 2019, management contracts in elderly care corresponding to annual income of SEK 167 million were retaken by municipalities.

Meaningful days at Stendi's activity centre

At the Kikut day services unit in Lier in Norway, residents in Stendi's operations live a meaningful life together. One of the most popular activities is splitting wood.

The snow lies over Lier, about 30 kilometres from Oslo, as Anita, the Activities Manager, prepares the day's wood project in the Kikut activity centre. The event takes place every Thursday, and the residents at Stendi use chainsaws to cut large logs into firewood that can be sold. The activity is very popular.

"Just being out in the fresh air is also appreciated and does everybody good. On Mondays, we arrange skiing activities. The residents can drive snowmobiles and light campfires," says Anita.

Every week, about 50 to 60 care receivers from Stendi's residential facilities in the area come to Kikut. The focus lies on what they want to do and the emphasis is on social interaction

"I think it really means a lot for them to come here," says Anita.

The employees and the people who live here have fixed all the rooms and arranged the furniture. There are two goats to pat and take care of. In the summer, they grow flowers, strawberries and herbs.

Music therapy is also a popular activity and offered several times a week All of the residents have an individual plan based on what they would like to do. Oskar wants to play drums, while Jonas wants to try electric guitar.

"I've been playing the drums for three years. It's a hobby and something you can do to pass the time," he says.

Soon it's time for lunch and the smell of sausages is wafting in the air.

"I am here a lot, all week actually. At home, I like to build model planes. I like being creative and I can do that here. I am a creative soul," says Marius, who also lives at Stendi.

Altiden

Altiden is the largest private care provider in Denmark, with operations comprising elderly care, home care, rehabilitation and disability care.

Altiden has about 30 units across Denmark. Our approximately 1,000 employees work every day to ensure quality of life, a safe environment and development for our care receivers. The goal is that every care receiver will be able to live the life they choose, and the support is personalised to meet their needs.

Elderly care

Altiden offers a broad spectrum of services for the elderly, including nursing homes, day centres, home care and rehabilitation.

The nursing homes offer a wide range of activities for a meaningful daily life. Good food and pleasant mealtimes are also a major focus.

In home care, trained employees provide support in the care receiver's home and offer assistance, mainly with practical chores and personal care.

The day centres offer company and activity, for elderly people who have moved to a nursing home, and for those who still live at home. They can cook together, for example, do exercises or listen to an interesting talk. Some day centres are also specialised in care for the elderly with dementia.

Disability care – for adults

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

Disability care – for children and young people

For children and young people with disabilities such as autism and attention deficit disorders, Altiden offers combined residential care and schooling. The focus lies on the young person's assets, not their limitations, and the activities are adapted to the needs of each individual.

Safe and happy daily life

A good life for people with dementia is based on safe and predictable daily routines, with meaningful activities to keep them happy, calm and focused.

"It's about seeing the whole person rather than just the disease, and always treating them with dignity and respect," explains Gitte Andersen, Care Manager at two of Altiden's residential facilities with 20 years of experience in dementia care.

New organisation with a focus on growth

The Altiden brand, which means 'always,' was launched in spring 2019 after Ambea's acquisition of Aleris Omsorg. An organisation has been built up and adapted to facilitate future growth.

In line with the strategy to grow in disability care, Altiden acquired two small-sized care providers in Copenhagen at the end of 2019.

During the year, the construction of Altiden's first nursing home under own management continued – Fribo in Holte, just north of Copenhagen. The facility will have 72 modern apartments and occupancy is scheduled for 2021. A rich life for the elderly, with a focus on nature, good company and safety, will be created here. In the coming years, Altiden is planning to construct a number of similar residential facilities in various locations across Denmark.

ALTIDEN'S KEY FIGURES IN SUMMARY

	2017	2018	2019
Net sales (SEK million)	-	-	484
EBITA (SEK million)	-	-	-12
Operating margin, EBITA (%)	-	-	-2.5
Share of Own Management operations (%)	-	-	12

[1] Relates to the proportion who could recommend Altiden's nursing homes to others in a Care Receiver Survey conducted in 2019.

86 beds in Own Management

92% of care receivers are satisfied[1]

4% share of consolidated net sales

Klara

Klara offers qualified and skilled staff in the welfare sector, including ambulatory nurses and student health workers.

Klara is one of the leading providers of social care staffing in Sweden, and fills thousands of temporary positions every year. Customers are mainly municipalities, regions and other private social care providers. The operations are ISO certified.

Klara Team

Klara Team offers ambulatory nurses for on-call duty during day, evening and night shifts at nursing homes. Ambulatory nurses are also available for LSS residential facilities. This service is offered on a subscription basis.

Flexible coordinator

Anna Kalberg is a registered nurse and manager of Klara's ambulatory nursing team with responsibility for healthcare at sheltered housing units in Stockholm during the day.

"I have a lot of freedom, but also a lot of responsibility. As a nurse, I am a kind of detective when it comes to medical conditions and drugs, and I also help to coordinate the residents. I'm responsible for contact with the care provider, but I also guide employees in the facilities and communicate with family members," says Anna.

A typical working day consists of planned visits to different facilities and lots of advice over the phone. There might also be emergency call-outs. If she needs support, Anna calls one of her colleagues. The day can start or end at home.

"I like the flexibility. I get time for a workout before starting work, for example!"

One important client category is small-sized care facilities that may find it difficult to hire a sufficiently large pool of employees. Klara Team also has rehabilitation teams with occupational therapists and physiotherapists who can work on a consultative basis in elderly care and LSS if required.

Elevhälsan

Elevhälsan (Student Health) in Klara offers to undertake care provider responsibility for student health medical interventions. Staffing solutions are also available for all professional categories required by student health services, including doctors, nurses and psychologists, for both long and short-term contracts.

Staffing

Klara is a certified staffing company with temporary doctors, nurses, psychologists and speech pathologists. Services include both long and short-term solutions.

A large pool of employees is crucial for finding the right person for each specific assignment. At the end of 2019, Klara had approximately 5,000 doctors in a range of medical specialities, and more than 1,000 nurses, in the database.

Complement to Ambea's core business operations

In addition to assignments for external clients, Klara is an important complement to Ambea's core business operations. For units in Vardaga and Nytida, Klara offers cost-efficient emergency teams and rehabilitation staff who are a source of recruitment for nurses and care managers.

Strong trend in team solutions

In line with welfare challenges, Klara is developing its offering in team solutions with the aim of providing sustainable solutions where fewer staff can provide care for more recipients.

On 1 July 2019, the supply of temporary care staff became subject to VAT, which led to fewer assignments and reduced Klara's sales during the year. However, the impact on earnings was marginal due to the completion of a cost savings programme in 2018 with a focus on administrative cost adjustment in the staffing operations.

VARDAGA'S KEY FIGURES IN SUMMARY

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

250,000
staffed hours in 2019

3% **share of consolidated net sales**

Ambea’s governance

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

Corporate Governance Report

The aim of good corporate governance is to ensure that Ambea is managed as sustainably, responsibly and efficiently as possible. The overall objective is to build and maintain trust in our relationships with care receivers, customers, employees, our owners and other stakeholders.

Principles of corporate governance

As a Swedish public limited company with shares listed on Nasdaq Stockholm, Ambea follows several regulatory frameworks. Important external governance instruments are the Swedish Companies Act, Swedish Annual Accounts Act, Nasdaq's Rule Book for Issuers and the Swedish Corporate Governance Code ("the Code"). Ambea applies the Comply-or-Explain principle of the Code, and has no deviations to explain for 2019.

Ambea also applies internal guidance. These include the Articles of Association, 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.

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

1. Shareholders

Ambea is a Swedish public limited liability company, listed on Nasdaq Stockholm since 31 March 2017. At 31 December 2019, the company had 4,362 shareholders. The largest owners were Triton and KKR which, through the companies ACTR Holding AB and ACTOR SCA, owned 37.5 per cent of the shares. More information about the Ambea share and Ambea's shareholders is available on pages 50-51 of this Annual Report and on Ambea's website (ambea.se).

2. Annual General Meeting (AGM)

The AGM is Ambea's highest decision-making body, where all shareholders can exercise their influence over the company in proportion to their shareholding.

The ordinary annual general meeting is the Annual General Meeting and must be held within six months of the end of the financial year. At the AGM, the shareholders resolve on key matters, including adoption of the income statement and balance sheet, dividends, the composition of the Board, discharge from liability for Board members and the Chief Executive Officer, the election of auditors and remuneration principles for senior executives, Board members and auditors. The AGM can also authorise the Board to make decisions regarding new share issues or share buy-backs. The AGM may also decide to adopt new Articles of Association.

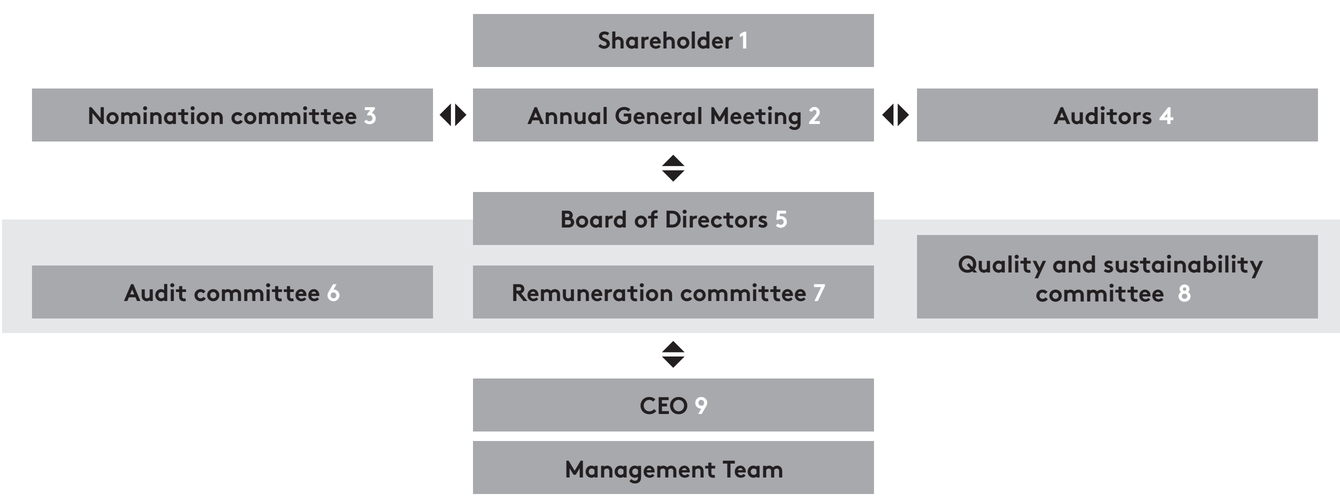
Notice of an AGM is given by advertising in Post- och Inrikes Tidningar (the Swedish Official Gazette) and by publishing the notice on Ambea's website. An announcement that notice had been issued is simultaneously published in Svenska Dagbladet.

2019 AGM

The 2019 AGM was held on 16 May at Näringslivets hus in Stockholm, Sweden, and resolved on:

- Dividend of SEK 1.10 per share to shareholders.
- Rights issue corresponding to issue proceeds of approxi-

Ambea's corporate governance structure



mately SEK 1.2 billion to finance Ambea's acquisition of Aleris Omsorg.
- The election of Liselott Kilaas and Daniel Björklund as new Board members.
- The adoption of a long-term incentive programme for senior executives in the form of warrants, and a long-term incentive programme for certain employees in the form of a matching share plan.
- Authorisation for the Board to make decisions regarding a buyback of own shares corresponding to a maximum of 10 per cent of all shares in the company.

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

2020 AGM
The 2020 AGM will be held on 15 May 2020 at Ambea's head office, Evenemangsgatan 21, Solna, Sweden.

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

The Nomination Committee prior to the 2020 AGM consisted of:
- Erik Malmberg, appointed by Actor SCA, Chairperson of the Nomination Committee
- Carl Gustafsson, appointed by Didner & Gerge Fonder AB
- Charlotta Faxén, appointed by Lannebo Fonder AB
- Lena Hofsberger, Chairperson of Ambea AB

The Nomination Committee held three minuted meetings after the 2019 AGM, as well as several reconciliation meetings and discussions.

The Nomination Committee applies Rule 4.1 of the Code as its diversity policy. For Ambea, this means that the Board must have a well-balanced composition of skills suitable for guiding strategic work responsibly and in a long-term, sustainable manner. Care skills and experience, corporate governance, business development/strategic development and financial issues are key areas, combined with previous Board experience. The objective is to achieve diversity and gender equality. The Nomination Committee deems that the current Board reflects the desired composition. The Committee also reviewed the Board's annual evaluation of its performance.

The Nomination Committee intends to present a proposal for members of the Board to the 2020 AGM in connection with the notice, while also making it available on Ambea's website (ambea.se).

> Ambea's growth strategy is the Board's highest priority. In 2019, we resolved on the construction of several new operations and have a record number of units under construction or contracted. In addition, we worked intensively to ensure a successful integration of Aleris Omsorg, which Ambea acquired in January 2019.
>
> **Lena Hofsberger, Ambea's Chairperson**

4. Auditors
At the AGM on 16 May 2019, EY was re-elected as Ambea's auditor, following a procurement process managed by the company's Audit Committee. Staffan Landén (born 1963) was appointed new Auditor in Charge. Staffan Landén is an authorised public accountant and member of FAR (institute for the accountancy profession in Sweden). EY has been Ambea's auditor since 2008.

In 2019, the Auditor in Charge presented his observations from the review of the accounts and internal control to the Board on one occasion, and during some of that presentation, no members of management were present. In addition, the auditor participated in all meetings with the Audit Committee.

5. Board of Directors
The key purpose of the Board is to safeguard the interests of Ambea and its shareholders, to appoint the Chief Executive Officer and ensure that the company complies with applicable laws, the Articles of Association and the Swedish Corporate Governance Code.

The Board's duties also include establishing strategies, business plans and budgets, interim reports, annual accounts and annual reports, and adopting instructions, policies and guidelines. The Board is also responsible for monitoring the financial performance and ensuring the quality of financial reporting and internal control and for evaluating the business operations based on the targets and guidelines determined by the Board. Finally, the Board makes decisions regarding the company's material investments and acquisitions, and any changes in the organisation or business operations.

The Board follows written rules of procedure that are revised and adopted by the statutory Board meeting every year. The rules of procedure regulate Board practices and functions, and the distribution of work between Board members and the Chief Executive Officer.

Board meetings are held in accordance with a fixed annual schedule. Extraordinary meetings may also be held and the Chairperson and the Chief Executive Officer maintain a continuous dialogue. The Chairperson is responsible for annual evaluations of the Board's performance. In May 2019, all Board members completed a survey designed specifically for Ambea. The survey responses provided a basis for discussion amongst Board members regarding how their work can be improved.

> In 2019, we intensified our work around structures to enable fast and adequate support for units with quality challenges. Another focus was the introduction of Ambea's working methods and control instruments for quality in new units, following the acquisition of Aleris Omsorg.
>
> **Lena Hofsberger, Chairperson of the Quality & Sustainability Committee**

Board work 2019

In 2019, Ambea's Board consisted of seven AGM-elected members with no deputies, three employee representatives and two deputy employee representatives. The Board members are presented on pages 52-53.

During the year, the Board held 18 meetings, of which eight were scheduled and ten extra meetings. The diagram on the following page presents the main matters and decisions made at these meetings. The extra Board meetings mainly addressed acquisitions, new constructions and Ambea's rights issue in spring 2019.

In 2019, preparatory work was carried out by three committees: the Audit Committee, the Remuneration Committee and the Quality & Sustainability Committee. The committees submitted regular reports to the Board, which served as decision support for the Board in its entirety.

6. Audit Committee

The task of the Audit Committee is to ensure the quality of Ambea's financial reporting and ensure good internal controls and risk management. The Audit Committee evaluates the work and independence of the auditors every year. In addition to members of the Audit Committee, Ambea's Chief Executive Officer, CFO, Head of Group Accounting and IR Director also attend the meetings. as well as other officers of the company as required. In 2019, the Audit Committee held six meetings.

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

> Due to the acquisition of Aleris Omsorg, ensuring good internal controls and financial monitoring for the entire Group became a key priority for the Audit Committee. The main focus in 2019 was the introduction of Ambea's control system in our three countries.
>
> 
>
> **Gunilla Rudebjer, Chairperson the Audit Committee**

7. Remuneration Committee

The Remuneration Committee is responsible for preparing proposals for remuneration principles, remuneration and other terms of employment for Ambea's Chief Executive Officer and senior executives. The Committee submits written reports of its work to the Board.

In 2019, the Remuneration Committee held four meetings.

Members: Lena Hofsberger (Chairperson), Anders Borg and Daniel Björklund.

8. Quality & Sustainability Committee

The Board's Quality & Sustainability Committee's task is to ensure continuous development of the company's quality management system, that newly acquired companies are integrated with Ambea's systems and that the sustainability performance is improved.

In 2019, the Quality & Sustainability Committee held four meetings.

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

9. Chief Executive Officer and Management Team

The Chief Executive Officer (CEO) is appointed by the Board and manages the operations in accordance with the instructions adopted by the Board. Fredrik Gren has been CEO of Ambea since 2012.

The CEO and members of the Management Team are presented on pages 54-55. Visit Ambea's website (ambea.se) for more information about Ambea's corporate governance.

*Ingrid Jonasson Blank was Chairperson of the Quality & Sustainability Committee until the 2019 AGM, when she stepped down from the Board.

Board work 2019

In 2019, the Board held 18 meetings. Important discussions and decisions included acquisitions, agreements for new Own Management operations, a proposed rights issue and the integration of Aleris Omsorg.

Q1

JAN

JANUARY: The acquisition of Aleris Omsorg was completed and a strategic overview of the acquired business segments commenced.

FEB

FEBRUARY: Adoption of Ambea's 2018 year-end report. The auditors presented their review of the annual financial statements and internal control. Discussion regarding the proposed dividend prior to the AGM.

MAR

MARCH: Decision to phase out redundant operations following the acquisition of Aleris Omsorg.

Q2

APR

APRIL: Adoption of the 2018 Annual Report. Decision to present the proposal for a rights issue to the AGM to part-finance the acquisition of Aleris Omsorg.

MAY

MAY: The AGM was held on 16 May at Näringslivets hus in Stockholm. Liselott Kilaas and Daniel Björklund were elected new Board members. The Board's proposal for a rights issue was adopted. The Board approved the interim report for the first quarter.

JUN

JUNE: The Board held its annual strategy day with a focus on future growth.

Q3

JUL

AUG

AUGUST: Adoption of the interim report for the second quarter. The process to design and adopt Ambea's budget for 2020 commenced.

SEP

SEPTEMBER: The Board made a field trip to some of our units in Norway and Denmark. They visited the Christians Have Plejecenter and Skovsminde Plejecenter nursing homes in Danmark och Gabels Park nursing home in Norway.

Q4

OCT

NOV

NOVEMBER: Adoption of the interim report for the third quarter. Decision to implement the share buy-back programme for the delivery of shares according to Ambea's matching share plan.

DEC

DECEMBER: Some of the Board members participated in Ambea's annual quality awards ceremony. Review of Ambea's budget for 2020. Decision to acquire the care companies Casablanca Bo & Erhverv Aps and Vivamus A/S in Denmark.

Internal control

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

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

Control Environment

Ambea's Board is ultimately responsibility for effective internal control and risk management. Every year, the Board adopts guidance that provides the basis for, and promotes, an agile control environment. These documents include the Board's rules of procedure, instructions for Board committees and guidance on financial reporting, risk management and overall policies.

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

Risk Assessment

Ambea performs regular evaluations of operational risk. The risk assessment is also central to the annual strategy process, where risks in relation to the company's ability to achieve its strategic goals are 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 & Sustainability Committee, as well as management, are ultimately responsibility for ensuring that risk assessment and risk management are included in the quality and sustainability management process.

Read more about Ambea's risks on the next page.

Control and Monitoring Activities

Ambea's key processes for financial reporting are continuously evaluated by the CFO and other financial functions. The CFO reports the results of the evaluation to the Audit Committee.

The operations are regularly monitored against set targets and key figures are further developed with a focus on early warning signs. In addition to control activities at processlevel, a number of Group-wide controls are carried out.

Information and communication

Ambea's communication and information structure is aimed at disseminating relevant information quickly and accurately both externally and internally within the organisation.

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

Ambea's overall internal guidance, with policies and guidelines, is available on shared media. Ambea's communication policy and other guidance clarify responsibilities and describe how and when internal information should be communicated.

Internal audit

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

Focus 2019

The focus of the Audit Committee and management in 2019 was to ensure the introduction of Ambea's control system in the former Aleris Omsorg operations. The aim was to achieve uniform and good internal controls, and reliable financial reporting for the entire Group. At the end of 2019, this work was considered complete.

Risks

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

Risk	How the risk is managed
COMPETITIVE RISKS	
Policy risks and market risks Opportunities for private operators to conduct care operations are dependent on policy decisions at both national and municipal level. In 2019, policy risk declined in Sweden and Denmark and there is no indication of any opposition to privatisation. The situation in Norway is more challenging with clear success for the Red-Green alliance in the municipal elections in autumn 2019 and a polarised debate at national level. There is also a risk of downward pressure on prices for Ambea's services due to strained municipal finances, since welfare costs now and ahead will rise faster than municipal revenues. This could lead to declining margins for Ambea.	Through industry associations in various markets, Ambea is working to achieve a better climate for private care providers. Another important part of these efforts is direct and solution-oriented dialogue with municipalities, where Ambea's offering is presented and confidence is developed. Ambea secures its competitiveness with a continuous development process. The risk of marginal deterioration is mitigated by continuous efficiency improvements in relation to, for example, purchasing costs and innovation of new digital solutions and working methods.
OPERATIONAL RISKS	
Occupancy risk At Ambea's residential facilities under own management, municipalities are offered placements according to needs. Ambea is exposed to financial risks in relation to the occupancy of these units. Risk is particularly prominent when new facilities under own management are started, due to the large number of placements that must be filled. If occupancy rates do not grow in line with Ambea's forecasts, this could have a negative impact on earnings and financial position. In the short term, occupancy could also be adversely impacted by overcapacity if, for example, Ambea were to open new residential facilities at the same time as other providers in the same area.	Ambea works continuously to mitigate occupancy risk through a structured sales and monitoring process: Prior to the start-up of new units, the demographics and existing stock of residential care facilities in the relevant municipality is thoroughly analysed. Dialogue is initiated with leading politicians and officials to ensure, as far as possible, a positive attitude to private care alternatives. The dialogue continues throughout the construction process and intensifies upon start-up. Should problems with occupancy nevertheless arise, it will be possible to promptly adapt departments, or entire units, to another type of care. This could involve, for example, a temporary conversion of permanent placements into short-term placements to better meet short-term demand in the geographic area.
Staffing risk It is essential that Ambea is able to employ and retain qualified managers, doctors, nurses and other care workers. High demand for these occupational groups, due to a growing need for care, could lead to recruitment difficulties and a higher cost level. This could affect Ambea's profitability, since personnel costs are the Group's largest expense item.	Ambea works in a variety of ways to secure staffing. An overall strategy is to attract and develop the industry's best employees. The recruitment process is digital. The Group's educational platform, Lära, offers continuous training in care and leadership. Clear career opportunities are offered. The target is that seven of ten managers will be recruited from within the Group. A frequent employee survey provides fast feedback on workplace satisfaction.
Operational risks One condition for high-quality and cost-efficient operations is that all of Ambea's units work according to the Group's care model and therefore apply the same working methods in quality, HR, monitoring and so forth. Lack of awareness and adherence to this model could lead to both quality and financial risks. The large number of new units due to the acquisition of Aleris Omsorg in January 2019 underlines this risk.	Quality and safety are Ambea's key priorities. The company works continuously and systematically to review and monitor all of the company's units, and to identify units that do not comply with internal and external requirements at an early stage. Internal training courses and simplified conceptual support provide new employees with an understanding of, and tools to use, relevant parts of the Ambea Model.

Risk	How the risk is managed
OPERATIONAL RISKS	
Risks associated with permits In order to offer care services in Sweden, Ambea requires permits from the Swedish Health and Social Care Inspectorate (IVO) for each individual unit. Protracted administrative processes pose a risk for Ambea, as any necessary changes and growth initiatives could be delayed. In Norway, care operations for children and young people require a permit from the Norwegian Directorate for Children, Youth and Family Affairs. In Denmark, a permit from the responsible municipality in the region is required.	Ambea has an established process for ensuring that all documentation required for these permits is submitted on time, and is correct and complete.
Rental contract risk Within the framework of Own Management operations, Ambea enters into rental contracts with external property owners. Most of the rental contracts have terms longer than Ambea's customer contracts. Most rental contracts signed by Ambea also include provisions restricting Ambea's right to terminate the agreements in advance, or to renegotiate their terms. Ambea therefore faces a financial risk if demand and occupancy are not consistent with the company's assumptions when the contracts were concluded. Risks may also arise from significant increases in rents as a result of, for example, upward adjustments due to changes in the index.	Before signing a new rental contract, Ambea makes thorough estimates of future demand and thereby occupancy. The estimates are based on demographic data per municipality, an inventory of existing residential facilities and a dialogue with the political leadership of the relevant municipality.
Acquisition risk Ambea's strategy includes strengthening and developing the operations through acquisitions and organic growth. This strategy could result in operational challenges and risks, such as an acquired operation not performing as expected, which could lead to an impairment loss in the Group due to a decline in the value of the acquisition compared with the consideration on the transfer date. The number of attractive acquisitions could also decline, which would reduce the potential for growth. Furthermore, Ambea's acquisition and performance-driven growth may also expose Ambea to other risks, such as lower liquidity due to major investments and legal procedures with counterparties in connection with acquisitions or divestments in relation to earn-outs or other matters.	Ambea's growth strategy is supported by internal and external expertise, and the company has a structured acquisition process in place. Considerable experience has been gained from Ambea's successful implementation of more than 30 acquisitions over the past six years.
CONTROL RISK	
Financial risks Ambea's opportunities to realise its strategy are dependent on the Group having sufficient liquidity and borrowings to cover the need for working capital, and capital for growth and acquisitions. Should earnings decline, Ambea could be at risk of default on its loan agreements and thereby unable to obtain financing. Read more about Ambea's financial risk on page 96.	Ambea has a three-year financing agreement, with an option to extend the term for an additional year. The current agreement expires in January 2022. Good liquidity planning, a focus on cash flow and rapid adjustment of costs and activities to changed market conditions mitigate the risk of default on loan agreements.

About the share

Ambea's share is listed on Nasdaq Stockholm in the Nordic Mid Cap segment. At 31 December 2019, market capitalisation was SEK 7.4 billion and the final price paid for Ambea's share was SEK 78.50.

Trading

Ambea's share has been listed on Nasdaq Stockholm, Nordic Mid Cap segment, Health Care sector, since 31 March 2017. In 2019, the opening price was SEK 78 and the closing price SEK 78.50, compared with OMX Stockholm PI as a whole, which rose about 29 per cent. The highest price for the Ambea share in 2019 was SEK 80.37, and the lowest SEK 57.40.

In 2019, a total of 39 million Ambea shares were traded, corresponding to about 41 per cent of the total number of shares outstanding.

Rights issue

During the May-June period, Ambea implemented a fully subscribed issue of new shares with pre-emptive rights. The shares were issued to normalise Ambea's indebtedness following the acquisition of Aleris Omsorg in January 2019, and generated proceeds of SEK 1,215 million for the company before issuance costs. The issue increased the number of shares in Ambea to 94,617,996.

Dividend policy

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

Proposed dividend for 2019

For 2019, the Board proposes that the Annual General Meeting (AGM) does not adopt an ordinary dividend due to the increased uncertainty created by the spread of covid-19.

Share capital

At the end of 2019, the number of shares in Ambea was 94,617,996. There is only one class of share, whereby each share carries the same voting rights and equal rights to the company's assets and profits.

Ownership structure

At year-end, Ambea had 4,279 shareholders, of which the ten largest owned circa 71 per cent of the capital and votes. About 47 per cent of the shares were registered in the name of Swedish owners, and 53 per cent in the name of foreign owners.

Since the IPO in 2017, Triton and KKR have remained Ambea's largest owners through the companies ACTR Holding AB and ACTOR SCA. In 2019, the named companies reduced their total shareholding in Ambea from 50.1 per cent to 37.5 per cent of the shares. At year-end, the five largest shareholders also included Didner & Gerge Fonder Aktiebolag, JPM Chase NA and Handelsbanken Fonder. Refer to the table below for more information.

SHAREHOLDING PER COUNTRY AND REGION[1]

Country	No. of shareholders	Capital/votes, %
Sweden	4,122	47.3
Rest of Europe	138	43.3
Rest of world	19	7.2
Anonymous ownership	-	2.2
Total	**4,279**	**100.0**

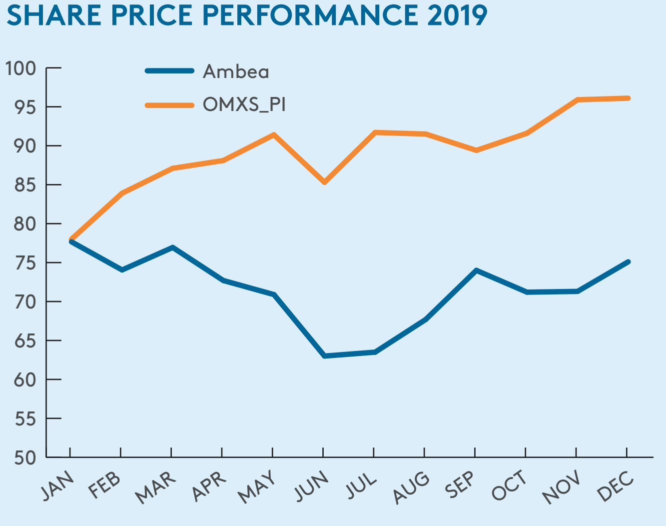
BREAKDOWN OF SHARES[1]

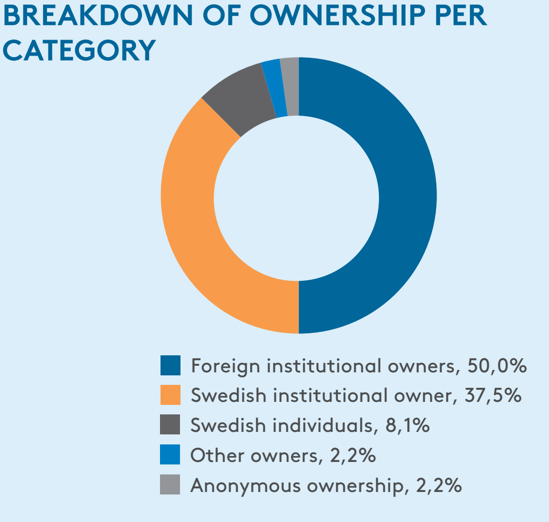
No. of shares	No. of owners	Capital/votes, %
1-500	3,085	0.5
501-5,000	1,001	1.6
5,001–	193	95.7
Anonymous ownership	-	2.2
Total	**4,279**	**100.0**

LARGEST SHAREHOLDERS[2]

Owner	No. of shares	Capital/votes, %
ACTR Holding AB	18,996,542	20.1
Actor S.C.A.	16,471,261	17.4
Didner & Gerge Fonder AB	7,781,457	8.2
JPM Chase NA	5,470,872	5.8
Handelsbanken Fonder	5,384,837	5.7
Lannebo Fonder	4,233,606	4.5
Swedbank Robur Fonder	2,457,000	2.6
RBC Investor Services Bank	2,445,996	2.6
RAM One	2,192,354	2.3
Catella Fonder	1,804,777	1.9
Total, ten largest	**67,238,702**	**71.1**
Other	27,379,294	28.9
Total	**94,617,996**	**100.0**

[1] Source: Modular finance
[2] Source: Euroclear

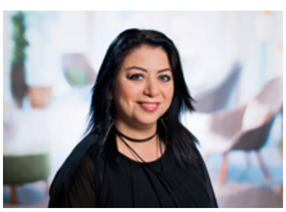
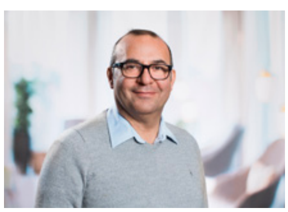

SHARE PRICE PERFORMANCE 2019
100
95
90
85
80
75
70
65
60
55
50
Ambea
OMXS_PI
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC


BREAKDOWN OF OWNERSHIP PER CATEGORY
Foreign institutional owners, 50,0%
Swedish institutional owner, 37,5%
Swedish individuals, 8,1%
Other owners, 2,2%
Anonymous ownership, 2,2%

Board of Directors

				
Name	**LENA HOFSBERGER**	**LISELOTT KILAAS**	**GUNILLA RUDEBJER**	**ANDERS BORG**
Assignment and elected	Chairperson since 2013. Board member since 2012.	Board member since 2019.	Board member since 2016.	Board member since 2014.
Other ongoing assignments	Chairperson of Leos Lekland and PharmaRelations. Board member of Max Burgerrestauranger	Board member of Peab, Nobina, Memira, Orkla ASA, Norsk Hydro ASA and Folketrygdfondet	Board member of Skistar AB, OptiGroup AB, NCAB Group AB and Oriflame Holding AG	Kohlberg Kravis Roberts (Head of Nordic Region)
Education	MBA, University of Gothenburg (1978), BA, University of Gothenburg (1976)	Master of Business Administration, IMD Lausanne	Master of Economics from the Stockholm School of Economics.	Master of Science in Engineering Physics from Chalmers University of Technology and ETH Zurich. Studies in psychology and accounting at University of Zurich and Griffith University.
Previous experience	CEO of Aleris Group CEO of SSP Group – The Food Travel Experts	CEO of Aleris Group Board member of Norge Bank and Telenor	CFO of Scandic Hotels, Cision, Parks & Resorts Scandinavia, Mandator and TUI Nordic (Fritidsresor).	Chairperson of Välinge Group, Board member of Visma and Mehiläinen. Partner at TDR Capital and advisor to Bain & Co.
Born	1954	1959	1959	1976
Board meeting attendance:	18/18	7/18[1]	18/18	16/18
Committees:	Chairperson of the Remuneration Committee. Member of the Audit Committee and Quality & Sustainability Committee.	Member of Quality & Sustainability Committee	Chairperson of Audit Committee.	Member of the Audit Committee, Remuneration Committee and Quality & Sustainability Committee.
Committee meeting attendance:	15/15	1/4[1]	6/6	10/15
No. of shares:	421,911	–	18,665	–
Board and Committee fees:	919,247	208,925	406,237	389,947
Independent of the company:	Yes	Yes	Yes	Yes
Independent of majority shareholders:	Yes	Yes	Yes	No

Employee representatives

				
Name	**PATRICIA BRICEÑO RODRIGUEZ**	**HARALAMPOS KALPAKAS**	**MAGNUS SÄLLSTRÖM**	**XENIA WENTHZEL**
Assignment	Board member in capacity of employee representative for Ambea. Employed as a nursing assistant at Ambea since 2008. Elected by the Swedish Municipal Workers' Union. Board member of the Solna section of the union.	Board member in capacity of employee representative for Ambea and employed as a nurse at Ambea since 2006. Elected by the Swedish Association of Health Professionals.	Board member in capacity of employee representative for Ambea and employed as a workplace supervisor at Ambea since 1999. Elected by the Swedish Vision Union.	Deputy Board member in capacity of deputy employee representative for Ambea and employed at Ambea as a residential care assistant and team manager in Nytida since 2004. Holds a Bachelor's Degree in sociology from Uppsala University. Elected by the Swedish Municipal Workers' Union.
Elected	2016	2016	2016	2016
No. of shares:	–	–	–	7,400



Name	DANIEL BJÖRKLUND	LARS GATENBECK	MIKAEL STÖHR
Assignment and elected	Board member since 2019.	Board member since 2018.	Board member since 2018.
Other ongoing assignments	Triton Advisers (Investment professional), Chairperson of Dantaxi-gruppen, Board member of ACTR Holding and Sympattic	Chairperson of Akademikliniken, Life Medical Sweden, Life Equity Group, Deputy Chairperson of Stiftelsen Industrifonden, Board member of Christian Berner Tech Trade, Tunstall Health Care Group, Stiftelsen Silviahemmet	President and CEO of Coor Service Management, Board member of SJ.
Education	MSc Business Administration, Stockholm School of Economics	Registered doctor and medical doctorate from the Karolinska Institute.	Lawyer and diploma in economics from Lund University.
Previous experience	Associate of Nomura Securities and Lehman Brothers	Chairperson of Memira, Chairperson of CellaVision, Chairperson of Swecare, Board member of Aleris, Senior Advisor Econ Healthcare and Administrative Head of Karolinska University Hospital	CEO of Green Cargo, CEO of AxIndustries, Vice President of Axel Johnson International.
Born	1981	1956	1970
Board meeting attendance:	9/18[1]	16/18	14/18
Committees:	Member of Audit Committee, Remuneration Committee and Quality & Sustainability Committee	–	–
Committee meeting attendance:	7/15[1]	–	–
No. of shares:	18,665	4,200	–
Board and Committee fees:	252,581	296,237	296,237
Independent of the company:	Yes	Yes	Yes
Independent of majority shareholders:	No	Yes	Yes

Name	KHASHA JEIHOUNI
Assignment	Deputy Board member in capacity of deputy employee representative for Ambea and employed as an educator in Nytida at Ambea. Khasha Jeihouni was elected by the Swedish Vision Union.
Elected	2018
No. of shares:	–

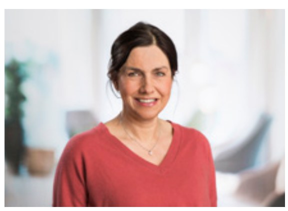
1) Daniel Björklund and Liselott Kilaas were elected new members at Ambea's AGM on 16 May 2019.

Footnote:
Thomas Hofvenstam and Ingrid Blank Jonasson were Board members until Ambea's AGM on 16 May 2019.

Management Team




Name	FREDRIK GREN	DANIEL WARNHOLTZ	ULLA TANSEN	MAGNUS ÅKERHIELM
Position	Chief Executive Officer since 2012.	Deputy CEO since 2019 and CFO since 2011.	Division Manager, Vardaga, since 2013.	Division Manager, Nytida, since 2018.
Other assignments	Board member of Aleris Holding AB, the Confederation of Swedish Enterprise, Almega and the Association of Private Care Providers.	Board member of Grenache AB.	–	–
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.	Nursing Diploma and Bachelor's Degree in Paediatric Care. Bachelor's Degree in Psychology from the Open University. Executive Management Programme at the Stockholm School of Economics.	Economics degree from the Stockholm School of Economics, MBA from Darden School of Business, University of Virginia, Officer training in the Swedish Navy.
Previous experience	Chief Executive Officer of Menigo Foodservice, CFO of SVT, Partner at McKinsey & Co.	CFO of AstraZeneca Sweden and AstraZeneca Nordic, Finance Manager at Procter and Gamble.	Division Manager of Psychiatry at Carema, CEO of Rent a doctor.	CEO of Keolis Sweden, CFO of ISS Facility Services, CFO of M2 Engineering, CFO of Spendrups Bryggeri.
Born	1968	1973	1959	1963
No. of shares:	786,815	495,251	409,226	8,500


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

Footnote:
On this page, the Management Team is presented as of 25 October 2019. Prior to that date, the Management Team consisted of: Fredrik Gren (CEO), Daniel Warnholtz (Deputy CEO and CFO), Ulla Tansen (Vardaga), Magnus Åkerhielm (Nytida), Ingvild Kristiansen (Stendi), Erik Sandøy (Stendi), Miriam Toft (Altiden), Eva Domanders (Klara), Nanna Wedar (Market), Yvonne Carpenter Elveljung (Administration), Erik Sörensson (Business Development), Malin Appelgren (Growth), Maria Green Gadelius (Quality) and Anders Westerholm (HR).



Name	MALIN APPELGREN	MARIA GREEN-GADELIUS	ERIK SÖRENSSON
Position	Head of Growth since 2016.	Head of Quality & Sustainability since 2018.	Head of Business Development since 2015.
Other assignments	–	–	–
Education	Bachelor of Medical Toxicology, Karolinska Institute	Registered nurse with Bachelor Degree in Nursing, Red Cross University College, social law studies, Department of Social Work, Stockholm University, leadership programmes.	Master of Economics, Lund University
Previous experience	Deputy CEO of Silver Life AB (2014-2016) Head of elderly care, Swedish Municipal Workers' Union and LSS Solna (2008-2014)	Quality Developer/MAS at Ambea (2009-2018). Care Manager at Ambea (2006-2009).	Investment Banking at Nordea (2011-2012), Investment Banking at Evli Bank (2007-2011), Valuation & Strategy at PwC (2005-2007)
Born	1969	1969	1979
No. of shares:	2,012	1,472	82,538


Name	NANNA WEDAR	ANDERS WESTERHOLM
Position	Head of Communications and Marketing since 2016	Head of Human Resources since 2016
Other assignments	–	–
Education	Master of Philosophy in Political Science from Lund University	Master of Education
Previous experience	Head of Communications and Marketing, Solhagagruppen (2013-2016), Head of Marketing for Bisnode Credit (2012-2013) Project Manager Canon Svenska AB (2007-2012)	Head of Business Development Solhagagruppen (2011-2016) Deputy CEO Kasper Care (2005-2008)
Born	1979	1980
No. of shares:	12,088	20,659

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 2019 on pages 43-55 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 8 April 2020
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

Financial statements

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 2019-31 Dec 2019.

Operations

Ambea is the leading private care company in Sweden, Norway and Denmark, with more than 900 units and approximately 26,000 employees. Within our group of companies, we offer residential facilities, support, education, social care and staffing within care and healtcare sectors. We aim to be the quality leader in all that we do and our vision is to make the world a better place, one person at a time. The company was founded in 1996, is headquartered in Solna and listed on Nasdaq Stockholm.

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

Own Management operations offer individual placements to municipalities or districts which they purchase according to needs through general framework or subscription agreements, individual agreements or via LOV. The operations are conducted in premises owned or rented by the business divisions. The rental contracts usually run for many years, creating conditions for long-term operations and close cooperation with both municipalities and property owners. Ambea is the principal responsible for the operations.

Contract Management operations are run by the business division on behalf of a municipality or district for a specified period of time and price agreed upon in advance in a public procurement process. The municipality is the principal responsible for the operations. The property in which the services are provided is owned or rented by the municipality.

Operating segments

Following the acquisition of Aleris Omsorg, a new segment, Altiden, was added during the year, comprising the Danish operations. The name of the Norwegian operations was changed from Heimta to Stendi, and also includes the operations acquired from Aleris. The Chief Executive Officer manages the operations through the business segments of Vardaga, Nytida, Stendi, Altiden and Klara, which correspond to Ambea's business divisions.

Vardaga Comprises elderly care in Sweden.
Nytida Comprises disability care in Sweden.
Stendi Comprises support for children and young people, personal assistance, residential care facilities, elderly care and home care in Norway.
Altiden Comprises operations for elderly care, home care, social care and disability care in Denmark.
Klara Comprises staffing including temporary doctors, nurses and other care workers in Sweden.

Market

The segments in which Ambea operates benefit from the structural drivers that have historically contributed to growth. The disability care market under LSS is driven by the growing number of people receiving diagnoses, greater social acceptance for disabilities and a favourable demographic trend for the company of 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, social problems and substance abuse, which is 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

Ambea in figures

SEK million	2019	2019 excl. IFRS 16 [1]	2018	2017	2016
Group					
Net sales	11,040	11,040	6,076	5,816	5,334
EBITA [1]	650	556	508	461	359
Operating margin EBITA (%) [1]	5.9	5.0	8.4	7.9	6.7
Adjusted EBITA [1]	788	694	547	498	457
Operating margin, adjusted EBITA (%) [1]	7.1	6.3	9.0	8.6	8.6
Operating profit, EBIT [1]	525	431	429	402	301
Operating margin, EBIT (%) [1]	4.8	3.9	7.1	6.9	5.6
Profit after tax	215	265	295	226	128
Earnings per share before dilution, SEK	2.52	3.10	3.95	3.05	1.78
Earnings per share after dilution, SEK	2.51	3.09	3.94	3.05	1.78
Cash conversion [1]	94.0	88.7	107.5	90.8	79.7
Parent Company					
Net sales	17	n.a.	29	25	0
Profit/loss before tax	124	n.a.	-1	-1	0
Equity/assets ratio (%)	33.7	n.a.	48.8	51.2	99.9

[1] Relates to alternative performance measures (non-IFRS financial measures). For definition and purpose see page 124. For reconciliation with financial statements, see note K33.

care services more complex. These demands are positive for companies like Ambea that are focused on the provision of advanced and specialised care. Demand for elderly care is expected to grow as the number of elderly people increases, while nursing homes are currently 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 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, which limits the possibility of raising taxes to cover cost increases, and there is not enough capital to meet the major investment needs
- private care providers offer competitive quality and efficiency, often better than the public sector, at the same or a lower cost.

Financial trend during the year

Net sales

Net sales rose 82 per cent to SEK 11,040 million (6,076). Organic sales growth was 1.3 per cent year-on-year. Net sales in Own Management amounted to SEK 8,029 million (4,166), up 93 per cent compared with the year-earlier period, mainly due to the acquisition of Aleris Omsorg and to start-ups. Net sales in Contract Management amounted to SEK 2,719 million (1,589), up 71 per cent. The year-on-year sales growth was due to the acquisition of Aleris Omsorg, but was offset by contracts terminated in 2018 and 2019.

Net sales in Staffing declined 9 per cent to SEK 292 million (321).

Operating profit

Operating profit rose 22 per cent to SEK 525 million (429), corresponding to an operating margin of 4.8% (7.1). Operating profit for the period was impacted by items affecting comparability of SEK 138 million (39), attributable to integration and synergy-realisation costs for the acquisition of Aleris Omsorg and to the restructure of overlapping capacity in Nytida.

Adjusted EBITA for the period rose 44 per cent to SEK 788 million (547). Completed acquisitions, acquired units from Aleris Omsorg and new start-up units had a positive impact on earnings, while ongoing new-starts had a negative impact on earnings. The adjusted EBITA margin was 7.1 per cent (9.0).

Operating profit was also impacted by increased depreciation/amortisation expense for customer contracts arising from the acquisition of Aleris. The adoption of IFRS 16 had a positive impact of SEK 94 million on operating profit.

Net financial items

Net financial items amounted to SEK -249 million (-38) for the period. The change was due to an amount of SEK -158 million from the effects of IFRS 16 and increased costs associated with financing the acquisition of Aleris Omsorg.

Tax

Tax expense for the period was SEK 61 million (96), corresponding to a tax rate of 22 per cent (25).

Profit for the period

Profit for the period totalled SEK 215 million (295), corresponding to earnings per share of SEK 2.52 (3.95) before dilution and SEK 2.51 (3.94) after dilution.

Fixed assets

Goodwill increased SEK 2,525 million due to business combinations, of which SEK 2,484 million relates to Aleris Omsorg. In connection with the acquisition of Aleris, customer contracts of SEK 277 million were identified. Other business combination did not lead to any increase in customer contracts or other intangible assets. The right-of-use asset arising is an effect of the transition to IFRS 16. The assets recognised as finance leases in 2018 can be found on the tangible asset line item for the comparative year. Tangible assets and investments in start-ups, in particular, were affected by the acquisition of Aleris.

Working capital

Working capital amounted to SEK -140 million (-54), corresponding to -1,3 per cent (-0,9) of net sales.

Effects of IFRS 16

2019 was the first year in which IFRS 16 was applied. Compared with the preceding year, some rental expenses, which were previously recognised as Other external costs, were instead separated and recognised as depreciation and interest expense. The effect of transition to IFRS 16 impacted income statement line items as follows: Other external costs SEK 711 million, Depreciation, amortisation and impairment of assets SEK -618 million, financial expenses SEK -158 million and tax on profit for the year SEK 14 million.

IFRS 16 entails that a lease liability must be recognised with a corresponding right-of-use asset on the balance sheet. As of December 31 lease liabilites amounted to SEK 4,780 million and Right of use assets amounted to MSEK 4,698 million. Ambea has elected to recognise these amounts as separate items on the balance sheet. The preceding year's lease liability was recognised as current interest-bearing liabilities. In addition to these line items, deferred tax assets rose SEK 14 million as a result of IFRS 16. The implementation of IFRS 16 has effected Equity negativly SEK 50 million.

Financial position

During the year net debt increased by SEK 5,926 million, amounting to SEK 7,917 million (1,993) as of December 31. The net debt to adjusted EBITDA ratio was 5.3 (3.3). The increase is mainly driven by IFRS 16, where SEK 4,780 million comprises of lease liabilities. The remaining increase primarily comprises of higher borrowing within exisiting revolving credit facility. Adjusted for effects from IFRS 16 the net debt to adjusted EBITDA ratio was 4.0. At year end, cash and cash equivalents amounted to MSEK 52 million (62). At December 31 SEK 1,311 million (1,025) of the credit facilities and commercial papers was undrawn.

Equity
At December 31 Equity amounted to SEK 4,036 million (2,725). The increase in equity is attributable to the rights issue of SEK 1,200 million that was implemented during the year. The dividend for the year totalled SEK 74 million.

Cash flow from operating activities
The difference between profit before tax and cash flow from operating activities mainly comprises reversal of depreciation. Since depreciation increased during the year due to the transition to IFRS 16, there was a significant year-on-year change.

Cash flow
Cash flow from operating activities amounted to SEK 982 million (538), whereof changes in working capital amounted to MSEK -15 (73), which is due to a mix of acquired companies and calendar effects. The increase in cash flow from operating activities compared to last year is mainly due to larger adjustement for non cash items, which refers to depreciation.

As a result of the adoption of IFRS 16, depreciation was SEK 618 million higher than in the previous year. Cash flow from investing activities amounted to SEK -2,729 million, whereof MSEK -2,586 million refers to the acquisition of Aleris Omsorg. Investments in tangible fixed assets comprises of investments in new start-ups. Cash flow from financing activities amounted to SEK 1,739 million (-164), of which SEK 1,200 million refers to payment from rights issue after issuance costs. Net borrowing amounts to SEK 1,198 million (-95). In connection with the acquisition, a bridge financing of SEK 1,200 million was raised, which was amortized when the new share issue was completed.

Segments
Vardaga
Vardaga's net sales rose 57 per cent year-on-year to SEK 3,494 million (2,224). Net sales in Own Management amounted to SEK 2,061 million (1,118), up 84 per cent due to the acquisition of Aleris Omsorg and to newly opened units. Net sales in Contract Management amounted to SEK 1,433 million (1,106). The increase was due to a positive contribution from the acquisition of Aleris Omsorg, reduced by contracts lost in existing operations. EBITA rose 31 per cent to SEK 207 million (159). The acquisition of Aleris Omsorg and higher occupancy rates in newly opened units under start-up made a positive contribution, while ongoing start-ups of new operations and contracts lost had a negative impact.

Nytida
Net sales rose 23 per cent to SEK 3,664 million (2,982). Net sales in Own Management amounted to SEK 3,173 million (2,500). This growth was attributable to the acquisition of Aleris Omsorg and to start-up units. Net sales in Contract Management amounted to SEK 491 million (483), where growth was attributable to the acquisition of Aleris Omsorg and start-up units, but reduced by previously terminated contracts. EBITA rose 39 per cent to SEK 512 million (369). The acquisition of Aleris Omsorg made a positive contribution. A programme to reduce overlapping operations due to the acquisition of Aleris commenced in the first quarter. The annual effect of the programme is an estimated SEK 24 million. The earnings effect is expected to be gradual, starting in the second quarter and reaching full effect in 2020.

Stendi
Net sales amounted to SEK 3,106 million (548). The increase was largely due to the acquisition of Aleris Omsorg. The currency effect on sales in comparable, existing units had a positive impact of SEK 3 million year-on-year. Net sales in Own Management amounted to SEK 2,736 million (548). This growth was attributable to the acquisition of Aleris Omsorg.

Net sales in Contract Management amounted to SEK 370 million (0), and the entire increase was attributable to the acquisition of Aleris's care operations. EBITA was SEK 44 million (33). In the first quarter, a restructuring programme with a high percentage of own employees commenced to ensure quality and economic stability.

Altiden
Net sales amounted to SEK 484 million (0). All of Altiden's operations comprise units from the acquisition of Aleris Omsorg. Net sales in Own Management amounted to SEK 59 million (0). Net sales in Contract Management amounted to SEK 425 million (0). EBITA was SEK -12 million (0). EBITA was negatively impacted by higher costs for building up a separate organisation in Altiden and strengthening that organisation for future growth. Earnings were negatively impacted by a loan loss reserve of SEK 5 million for a management contract, and acquisition costs of SEK 2 million.

Klara
Net sales declined 9 per cent to SEK 292 million (321). Two thirds of sales comprise revenue from customers in the public sector. The decline was the result of a negative trend, primarily in the supply of temporary doctors and nurses. The lower sales were partly offset by increased sales in Klara Team, which offers qualified on-call services on a subscription basis. EBITA was SEK 25 million (16).

Parent company's financial trends
The Parent Company's revenues mainly consist of allocated overhead costs. The Parent Company's net sales amounted to SEK -15 million (-18). Net financial items were affected by increased borrowing due to the acquisition of Aleris Omsorg. Ambea AB has received higher group contributions during the year compared to the previous year. Shares in Group companies have increased as a result of the acquisition of Aleris Omsorg.

As of 2019, the entire cash pool is reported as a liability with the parent company, with the result that the subsidiary's balances in the cash pool is reported as receivables and liabilities to group companies. For comparability, the comparison year has been restated. Equity has increased as a result of the rights issue. Liabilities to credit institutions and outstanding corporate certificates have increased as a result of increased borrowing due to Aleris acquisition.

Significant events during the financial year
Acquisition of Aleris' Care Operations
Due to the acquisition of the former Aleris Omsorg, Ambea almost doubled its size in 2019. Ambea thereby became the market leader in Sweden, Norway and Denmark, of which Denmark was a totally new market. The year was characterised by an integration process for our organisation, administration and systems support. Focus now and in the future will be to fully implement the Ambea Model, which has always served us well, in the units across Scandinavia that were previously Aleris Omsorg. In brief, the model will develop Ambea's joint functions and improve the way we work in several areas – including quality, HR and monitoring – with

the goal that every individual in every unit will experience better care. This way of working will also enable Ambea to pool its resources and achieve economies of scale in such areas as purchasing and system development. The expected direct cost synergies amounts to a tota of SEk 90 million per year, of which half was realised in 2019 and the remaining will be realised in 2020. Identified operational improvemenr are expected to amount to SEK 30 million annually, and realiserad in 2020. Integration costs related to the acqusition totalled SEK 113 million, of which the majority were recognised in 2019.

Rights issue

Following authorisation at the Annual General Meeting (AGM) on 16 May, Ambea conducted a rights issue of 27,001,440 shares with the aim of repaying some of the financing for the acquisition of Aleris's care operations in Sweden, Norway and Denmark. Ambea generated proceeds of approximately SEK 1,200 million from the rights issue, and recognised issuance costs of SEK 19 million before tax and SEK 15 million after tax.

Incentive programmes

The AGM on 16 May 2019 resolved to introduce two new long-term incentive programmes: (i) a warrants programme for the Management Team and (ii) a matching share plan for certain employees in the Ambea Group. Both programmes correspond essentially to the programmes adopted in 2017 and 2018. For more information about the programmes, see Note G7 and information from the AGM at ambea.com/investor-relations/corporate-governance/shareholders-meeting/annual-general-meeting-2019.

Legal proceeding regarding social security costs for temporary staff in Norway

During the quarter, Ambea, through the acquisition of Aleris's care operations, became party to an ongoing legal procedure in Norway regarding social security costs for temporary employees. Ambea's exposure as a result of this proceeding is limited to NOK 30 million, which has been reserved as a provision on the combined companies' balance sheet. Ambea is working actively to increase the proportion of permanent employees in the Norwegian operations.

Acquisitions

On 21 January, Ambea acquired Aleris's care operations in Sweden, Norway and Denmark. Following the acquisition of Aleris's care operations, Ambea became the leading private care provider in Sweden, Norway and Denmark.

In addition to Aleris, two smaller acquisitions were completed in Sweden and in Denmark.

For more information about the acquisitions, refer to Note G30, Business combinations.

Statutory sustainability report

Ambea has prepared a sustainability report in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11 on pages 18-31, and 128-131.

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 social care workers. Projects focused on special education, competence and digitisation are also conducted. Lära also collaborates with Karolinska Institutet and Malmö University.

Corporate governance

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

The Corporate Governance Report can be found on pages 43-55 and on ambea.se

Ownership structure

Ambea has been listed on Nasdaq Stockholm since 31 March 2017. The company's largest owners are ACTR Holding AB and ACTOR SCA, representing a partnership between funds advised by Triton and KKR, respectively, which jointly owned 35,467,803 shares, corresponding to 37.5 per cent of the total number of shares in Ambea. At 31 December 2019, no other owners owned 10 per cent or more of the total number of shares.

For more information about Ambea's share, see pages 50–51.

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 48-49.

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 falls, 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 when employees take out their holidays. For example, the company is most profitable in the third quarter, as employees usually take their holidays during July and August and therefore receive holiday pay that is continuously accrued throughout the year. Costs also tend to be lower in the summer months due to a reduced schedule for central activities, such as mandatory training programmes and central initiatives, during this period.

Managers and employees

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

At 31 December 2019, Ambea had approximately 13,214 full-time 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 elected to position itself in care segments that require a high level 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 Ambea's position as a leading provider of services in disability care, individual and family care and elderly care.

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

Guidelines for remuneration to senior executives

The board of directors proposes that the annual shareholders' meeting adopts the following guidelines for remuneration to senior executives which are updated to reflect certain rule changes. The guidelines comprise the CEO and the persons who together with the CEO constitute the Management Team. The guidelines should be applied on compensation that is agreed upon, and changes in already agreed compensation, after the guidelines have been adopted by the annual shareholders' meeting 2020. The guidelines do not apply to remuneration adopted by the shareholders' meeting. Besides the adjustments made to adapt the guidelines to the new requirements, the guidelines for remuneration according to the Board's proposal, in all material aspects, remain unchanged in relation to the guidelines decided by the annual shareholders' meeting 2019 and is valid until the annual shareholders' meeting 2020. For information about these guidelines refer to note K7 in the annual report 2019.

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

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

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

Successful implementation of the company's business strategy and safeguarding of the company's long-term interests, including its sustainability, requires that the company can recruit and retain qualified employees. To achieve this goal, the company must offer competitive remuneration. These guidelines ensure competitive total remuneration for the performance of senior executives. The company has established long-term share-based incentive programs. These programs have been adopted by the shareholders' meeting and are not therefore covered by these guidelines. Existing programs applies to senior executives and certain other employees of the company. The programs have a clear connection to the business strategy and therefore the company's long-term value creation, including its sustainability. The performance criteria used in the existing share savings programs are a positive development of the company's quality index and annual growth of operating profit during the term of the respective program and the purpose of the existing warrants program is to increase the consensus between the participants and company's goals. Furthermore, the programs require a personal investment and perennial retention period. For more information about these programs, see ambea.com/investor-relations/corporate-governance/fees-and-remunerations/.

Variable cash remuneration covered by these guidelines is aimed at promoting the company's business strategy and long-term interests, including its sustainability..

Forms of remuneration

Remuneration shall be market-based and may include the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. In addition, the shareholders' meeting may – and independently of these guidelines – make decisions regarding, for example, share-based and share-price related remuneration.

The fulfilment of criteria for the payment of variable cash remuneration must be measurable over a period of one year. For the CEO, the maximum variable cash remuneration is 43 per cent of the fixed annual cash salary. Other members of the Management Team may receive annual variable remuneration capped at an interval of between 25-50 per cent of the fixed annual cash salary. For the CEO, pension benefits, including health insurance and waiver of premium benefit, shall be defined-contribution. Variable cash remuneration shall not be pensionable. Pension premiums for defined-contribution pensions shall not exceed 30 per cent of the fixed annual cash salary. For other senior executives, pension benefits, including health insurance and waiver of premium benefit, shall be defined-contribution unless the executive is covered by a defined-benefit pension according to applicable collective agreement provisions. Variable cash remuneration shall not be pensionable. Pension premiums for defined-contribution pensions shall not exceed 25 per cent of the fixed annual cash salary.

Additional variable cash remuneration may be paid during extraordinary circumstances, provided such extraordinary arrangements have a time limit and only made on an individual basis to recruit or maintain senior executives, or as a compensation for extraordinary efforts in addition to the individual's normal tasks. Such remuneration cannot exceed a total sum of 25 per cent of the fixed annual cash salary and not be issued more than once per year and on an individual basis. Decision regarding such remuneration is made by the board of directors by proposal from the remuneration committee.

Other forms of remuneration can include life insurance, medical insurance and car benefit for example. Premiums and other costs as a result of such benefits may only add up to 10 per cent of the fixed annual cash salary.

In terms of the employment relationships governed by rules other than those that apply in Sweden, insofar as pension benefits and other benefits, due adjustment shall be made to comply with such compulsory rules or local practice, whereby the overall purpose of these guidelines should be met as far as possible.

Termination of employment

Upon termination by the company, senior executives shall be entitled to a notice period of up to six months. Upon termination by the company, senior executives, in addition to their fixed cash salaries during the notice period, shall be entitled to severance pay in an amount ranging from three to twelve months' fixed cash salaries. Upon termination by the senior executive, the period of notice is up to a maximum of six months, with no right to severance pay.

Criteria for distribution of variable cash remuneration

Variable cash remuneration shall be linked to pre-determined and measurable criteria that can be financial or non-financial. They may also consist of quantitative or qualitative targets for the individual. The criteria shall be designed to promote the company's business strategy and long-term interests, including its sustainability, by, for example, having a clear link to the business strategy or promoting the executive's personal long-term development.

At the end of the measurement period for fulfilment of the criteria for the payment of variable cash remuneration, the extent to which the criteria have been met must be assessed/determined. The remuneration committee are responsible for this assessment. For financial targets, the assessment shall be based on the company's most recently available financial information.

Salaries and terms of employment for employees
When preparing the board of directors' proposal for these remuneration guidelines, salaries and terms of employment for the Company's employees have been taken into account by including information about the employees' total remuneration, components of the remuneration, and the increase and rate of increase of the remuneration over time in the remuneration committee and the board of directors' decision-making documentation for the evaluation of the fairness of the guidelines and the limitations arising from them. The development of the gap between the senior executives' remuneration and other employees' remuneration will presented in the remuneration report.

Decision-making process
The board of directors has established a remuneration committee. The committee's duties include preparation of the board of directors' decision to propose remuneration guidelines for senior executives. The board of directors shall prepare a proposal for new guidelines at least every four years and present the proposal to the annual shareholders' meeting for adoption.

The guidelines shall apply until new guidelines are adopted by the annual shareholders' meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programmes for management, the application of the remuneration guidelines for senior executives and the current remuneration structures and levels applied by the company. The Remuneration Committee's members are independent in relation to the company and management. To the extent they are affected by these matters, neither the CEO nor any other member of management is present when the board of directors considers and makes decisions related to remuneration.

Deviation from the guidelines
The board of directors may resolve to temporarily deviate from the guidelines, in whole or in part, should there be special reasons for doing so in an individual case, and a deviation is necessary to meet the company's long-term interests, including its sustainability, or to ensure the company's economic viability. As set out above, the Remuneration Committee's duties include preparation of the Board's remuneration-related decisions, which includes decisions to deviate from the guidelines.

Proposal for the 2020 AGM
The board of directors proposes that the above remuneration principles for the CEO and Management Team be adopted by the annual shareholders' meeting. The guidelines have been updated to clarify their promotion of the company's business strategy, long-term interests and sustainability.

Events after the end of the period
After the end of the period, via the Altiden division, the acquisition of Vivamus A/S.

Restructuring programme Norway
After the end of the quarter, a restructuring programme was initiated in Norway. The expected savings effect on a full-year basis is SEK 30 million, gradually increasing from the second quarter of 2020. Items affecting comparability of about SEK 45 million are expected to be charged to the first six months of 2020.

Proposal of dividend withdrawn and potential effects of covid-19 on Q1 2020 and full year 2020
Ambea is closely following the development of Covid-19 and has promptly taken measures to reduce the risk of spread in the operations. As Ambea's caretakers partly comprises risk groups, and the spread of infection have been found in society, Ambea's operations will also be affected.

Ambea expects the net sales and EBITA to be effected to a lesser extent by covid-19 during the first quarter 2020. During the second quarter, Ambea expects an increased uncertainty regarding the financial development in regards to the continued spread of covid-19. Ambea expects demand for its services to remain robust going forward, but that covid-19 will have short-term negative impact.

Ambea has ca 1,100 MSEK in undrawn credit facilities and sufficient liquidity to handle a temporary downturn of demand. To further ensure that Ambea has the maximum financial resources available during the coming period of increased uncertainty, the board of directors has decided to withdraw the previous proposal on dividend.

Proposed distribution of profits
The Board proposes no dividend be paid to the shareholders, and that the remaining non-restricted equity be retained by the Parent Company. The Board proposes that profits be distributed as follows:

SEK	
Retained earnings	1,771,191,480
Share premium reserve	1,402,823,414
Profit for the year	97,652,993
Total	**3,271,667,887**

The Board of Directors proposes that	
No dividend be paid to the shareholders	–
To be carried forward	3,271,667,887
Total	**3,271,667,887**

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

Consolidated income statement

SEK million	Note	2019	2018
Operating income	2.3		
Net sales		11,040	6,076
Other operating income		99	70
Total operating income		**11,139**	**6,146**
Operating expenses			
Consumables		-383	-184
Other external costs	4,5,6	-1,532	-1,252
Personnel costs	7	-7,851	-4,142
Depreciation, amortisation and impairment of assets	8	-845	-135
Profit/loss from participations in Group companies	9	0	-4
Other operating expenses		-3	-1
Total operating expenses		**-10,614**	**-5,717**
Operating profit		**525**	**429**
Financial income		12	2
Financial expenses		-261	-40
Net financial items	10	-249	-38
Profit after net financial items		**276**	**391**
Profit before tax		**276**	**391**
Tax on profit/loss for the year	11	-61	-96
Profit for the year		**215**	**295**
Profit for the year attributable to:			
Shareholders of the Parent Company		215	295
Non-controlling interests		–	–
		215	**295**
Earnings per share before dilution, SEK	12	2.52	3.95
Earnings per share after dilution, SEK	12	2.51	3.94

Consolidated statement of comprehensive income

SEK million	2019	2018
Profit for the year	215	295
Other comprehensive income, items not transferable to profit or loss		
Remeasurement of defined-benefit pension plans	-9	–
Tax related to remeasurement of defined-benefit pension plans	2	–
Total items not transferable to profit or loss	**-7**	**–**
Other comprehensive income, items transferable to profit or loss		
Translation differences	-13	7
Hedging of net investments in foreign operations	-7	-7
Cash flow hedges	2	–
Hedging cost reserve	-4	–
Tax	2	1
Total items transferable to profit or loss	**-19**	**1**
Total other comprehensive income for the year	**-25**	**1**
Comprehensive income for the year	**190**	**296**
Comprehensive income for the year attributable to:		
Shareholders of the Parent Company	190	296
Non-controlling interests	–	–
Comprehensive income for the year	**190**	**296**

Consolidated balance sheet

SEK million	Note	31 Dec 2019	31 Dec 2018
Assets			
Fixed assets			
Goodwill	13	6,532	4,025
Customer contracts and customer relationships	13	607	446
Other intangible assets	13	24	22
Right-of-use assets	6	4,698	–
Tangible assets	14	251	211
Derivative instrument		3	0
Deferred tax assets	23	54	35
Non-current receivables	25,15,26	101	91
Total fixed assets		**12,270**	**4,830**
Current assets			
Inventories		0	0
Accounts receivable	25.26	1,078	622
Other receivables	15	67	68
Prepaid expenses and accrued income	16	261	167
Cash and cash equivalents	25,26,27	52	62
Total current assets excluding assets held for sale		**1,458**	**919**
Assets held for sale	14	82	74
Total current assets		**1,540**	**993**
Total assets		**13,810**	**5,823**
Equity and liabilities			
Equity	17		
Share capital		2	2
Other capital contributions		6,167	4,965
Reserves		-19	1
Retained earnings, including profit or loss for the year		-2,114	-2,243
Total equity attributable to shareholders of the Parent Company		**4,036**	**2,725**
Non-controlling interests		–	–
Total equity		**4,036**	**2,725**
Non-current liabilities			
Non-current liabilities to credit institutions	18.25	961	614
Non-current lease liabilities	18,25,26,29	4,170	–
Other non-interest-bearing liabilities	20.25	0	0
Pension provisions	21	39	4
Other provisions	22	48	0
Deferred tax liabilities	23	173	127
Total non-current liabilities		**5,390**	**745**
Current liabilities			
Current liabilities to credit institutions	18,19,25	–	37
Commercial papers	18.25	2,228	1,404
Current lease liabilities	18,25,26,29	610	–
Accounts payable	25	266	198
Tax liabilities		53	93
Other non-interest-bearing liabilities	20	200	74
Accrued expenses and deferred income	24	1,027	547
Total current liabilities		**4,384**	**2,353**
Total equity and liabilities		**13,810**	**5,823**

Consolidated statement of changes in equity

Restatement of opening balance

Participations in housing cooperative associations were previously measured at cost. As of 2019, participations in housing cooperative associations are measured at deemed fair value. All participations have been acquired through business combinations, and in the acquisition analyses, the carrying amount of the participations has been assumed to correspond to fair value. During the year, the market value of the participations was estimated, and the analysis shows that fair value exceeds the previous carrying amount by SEK 65 million. The change in value was recognised as follows: the value of the housing cooperative apartments acquired through business combinations in 2016 and 2017 was adjusted by SEK 33 million against goodwill. Housing cooperative apartments acquired through business combinations in 2009 were adjusted by SEK 18 million against retained earnings.

SEK million	Share capital	Other capital contributions	Reserves (Note G17)	Retained earnings, including profit for the year	Total	Non-controlling interests	Total equity
Opening balance, 1 Jan 2018	**2**	**4,965**	**0**	**-2,487**	**2,480**	**–**	**2,480**
Restatement of opening balance	–	–	–	18	18	–	18
Restatement of opening balance	2	4,965	0	**-2,469**	**2,498**	–	2,498
Comprehensive income							
Profit for the year	–	–	–	295	295	–	295
Other comprehensive income for the year	–	–	1	–	1	–	1
Total comprehensive income	**–**	**–**	**1**	**295**	**296**	**–**	**296**
Transactions with shareholders							
Rights issue	0	–	–	–	–	–	–
Warrants issued	–	–	–	3	3	–	3
Share buybacks	0	–	–	-4	-4	–	-4
Dividends	–	–	–	-68	-68	–	-68
Closing balance, 31 Dec 2018	**2**	**4,965**	**1**	**-2,243**	**2,725**	**–**	**2,725**
Opening balance, 1 Jan 2019	**2**	**4,965**	**1**	**-2,261**	**2,707**	**–**	**2,707**
Restatement of opening balance	–	–	–	18	18	–	18
Restatement of opening balance	**2**	**4,965**	**1**	**-2,243**	**2,725**	–	**2,725**
Comprehensive income							
Profit for the year	–	–	–	215	215	–	215
Other comprehensive income for the year	–	–	-19	-7	-25	–	-25
Total comprehensive income	–	–	-19	**208**	**-190**	**–**	**-190**
Transactions with shareholders							
Rights issue	0	1,215	–	–	1,215	–	1,215
Issuance costs	–	-19	–	–	-19	–	-19
Tax on issuance costs	–	4	–	–	4	–	4
Warrants issued	–	2	–	–	2	–	2
Share buybacks	0	–	–	-5	-5	–	-5
Dividends	–	–	–	-74	-74	–	-74
Closing balance, 31 Dec 2019	**2**	**6,167**	**-19**	**-2,114**	**4,036**	**–**	**4,036**

Consolidated cash flow statement

SEK million	Note	2019	2018
Operating activities			
Profit before tax		276	391
Adjustment for non-cash items	29	810	134
		1,087	**525**
Tax paid		-119	-60
Cash flow from operating activities before changes in working capital		**968**	**465**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in inventories		0	0
Increase (–)/Decrease (+) in operating receivables		70	36
Increase (+)/Decrease (-) in operating liabilities		-55	37
Cash flow from operating activities		**982**	**538**
Investing activities			
Acquisition of subsidiaries	30	-2614	-368
Divestment of subsidiaries		20	0
Investment in intangible assets	13	-7	-9
Investment in tangible assets	14	-115	-38
Divestment of tangible assets	14	11	15
Investment in financial assets		-4	0
Divestment of financial assets		0	0
Cash flow from investing activities		**-2,729**	**-400**
Financing activities			
New loans/Loans raised		8,911	1,399
Repayment of loan liabilities		-6,221	-1,405
Repayment of lease liabilities		-581	–
Change in revolving credit facility		-1,492	-89
Rights issue		1,215	1
Issuance costs		-15	–
Share buybacks		-5	-4
Premiums for warrants		2	2
Dividends paid		-74	-68
Cash flow from financing activities		**1,739**	**-164**
Cash flow for the year		-6	-25
Cash and cash equivalents at the beginning of the year		62	87
Exchange rate differences in cash and cash equivalents		-4	0
Cash and cash equivalents at year-end	**29**	**52**	**62**

List of Notes

NOTE G1 Accounting policies

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

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

This Annual Report and the consolidated financial statements were approved by the Board on 8 April 2020, and they will be presented to the Annual General Meeting for adoption on 15 May 2020.

Basis of preparation

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

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 caps and interest rate swaps), and earn-outs in acquisitions.

Currency

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

Judgements and estimates applied in the financial statements

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

New and revised IFRSs applied from 1 January 2019

In 2019, the Group applied IFRS 16 Leases for the first time. IFRS 16 had a significant impact on the balance sheet in the financial statements and the effects of the application of IFRS 16 are presented below. IFRS 16 also affected some of the alternative performance measures. To facilitate comparability with the preceding year, alternative performance measures in the Directors' Report are also presented excluding the effects of IFRS 16. Except for IFRS 16, none of the new or revised standards or interpretations had any material impact on the financial statements of the Group or the Parent Company. No new or revised IFRSs were applied in advance.

IFRS 16 Leases

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

Choice of approach

Ambea has chosen to apply the simplified transition approach, which entails a restatement on the transition date by adjusting the opening balance on 1 January 2019. Information about the transition effects, including any effect on equity, will thus be presented on the balance sheet at 1 January 2019. In the transition to IFRS 16, it is possible to apply certain transition relief for some assets, such as short-term and low-value assets. Ambea has elected to apply this relief.

Properties/premises

Ambea has identified two main classes of assets: properties/premises and vehicles. Rental contracts for properties and premises (previously classified as operating leases) with a term of more than 12 months from 1 January 2019 have been identified and recognised as a lease liability and right-of-use asset. A number of leases for small storage areas, parking spaces and small offices were excluded, since these are not considered material. Leases pertaining to long-term contracts for rental apartments with a short notice period have been excluded. At 1 January, the total number of rental contracts included in the IFRS 16 calculation was 330. These are distributed as follows: approximately 270 in the Nytida segment, and about 30 each in the Vardaga and Stendi segments.

Discounting

For contracts with terms of up to 3 years, the incremental borrowing rate is 1.75 per cent. For contracts with terms of 3 years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR (range of 0.77–1.94 per cent from 4-10 years and later) and the equivalent for Norway (1.97-2.44 per cent from 4-10 years and later), and added an increment of 1.75 per cent.

Extension options and indexation

Ambea makes case-by-case assessments of extensions for every lease impacted by IFRS 16, with the general assessment that elderly care leases will be extended. For rental contracts related to elderly care, an option to extend has been included. In the Nytida segment, LSS leases are expected to be extended. Regarding leases in the Individual and Family operational area of the Nytida segment, a more comprehensive assessment is made of whether the option to extend should be exercised, given the diverse needs of the operations. The date on which knowledge of extension can be confirmed with certainty is the termination date of the lease, generally 9-12 months before the lease expires. Some long-term leases have 24 months.

Regarding indexation, the starting date according to the rental contract has been stipulated as the base year with one year after the starting date as the first indexation date.

Other classes of assets

In addition to rental contracts, finance leases for vehicles are also a significant class of assets for Ambea. At 1 January, the number of vehicles with a finance lease was about 500. Computers deemed to have insignificant value per lease have been excluded. For photocopiers, the total value is not deemed insufficiently material to be included.

New and revised IFRSs not yet applied

None of the new or revised standards or interpretations approved at 31 December 2019 are expected to have any material impact on the financial statements of the Group or the Parent Company.

Segment reporting

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

The Chief Executive Officer leads the operations based on the Vardaga, Nytida, Stendi, Altiden and Klara business segments, which are described in more detail in Note 3. 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

Fixed assets and non-current liabilities essentially consist of amounts expected to be recovered or paid after more than twelve months from the balance-sheet date. Current assets and current liabilities essentially consist of amounts expected to be recovered or paid within twelve months of the balance-sheet date.

Consolidation principles

Subsidiaries

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

The purchase method of accounting is used for recognising the Group's business combinations. The consideration for the acquisition of a subsidiary consists of fair value of the acquired assets and assumed liabilities. The consideration also includes the fair value of all assets or liabilities resulting from a contingent consideration arrangement.

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

Acquisition costs are expensed as incurred. Identifiable assets and liabilities acquired in a business combination are initially measured at fair value at the acquisition date.

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

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

Transactions eliminated on consolidation

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

Translation of financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated using the closing rate. On the balance sheet, NOK has been translated at 1.05788 (1.02447) and DKK at 1.39678 (–). Income and expenses are translated at the average rate. On the income statement, NOK has been translated at 1.07469 (1.06871) and DKK at 1.418319 (–) Translation differences arising from the translation of a foreign net investment and the related effects of hedging the net investment are recognised directly in the translation reserve in other comprehensive income. When foreign operations are divested, accumulated translation differences attributable to the operation are recognised, less any currency hedging, in consolidated profit or loss. Accumulated translation differences are presented as a separate category of capital containing the translation differences accumulated from the Group's inception.

Revenue recognition

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

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

Step 2: Identify all of the individual performance obligations.

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

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

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

The Group's revenues comprise sales of care services, which are performed according to the contracts signed by the operation. Own Management operations offer individual placements to municipalities or districts which they purchase according to needs through general framework or subscription agreements, individual agreements or via LOV. The agreement with the customer is considered to commence on the date of placement. Contract Management operations are run by the division's unit on behalf of a municipality or district for a specified period of time and price agreed upon in advance in a public procurement process. The agreement with the customer is considered to commence in accordance with the management contract.

Other income
Other income is derived from subletting premises (operating lease) and income from Lära's educational activities.

Performance obligations
The Group's performance obligations – care services – are provided under own management, with responsibility for occupancy and the renting of premises, under contract management, meaning multi-year operating agreements with municipalities as the client, and through staffing operations, which perform healthcare services. Every care service constitutes a specific performance obligation.

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

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

Government grants
Like other employers, Ambea is entitled to various government and municipal employee-related grants and assistance. This assistance may include training, employments or reduced working hours. All support and contributions are employee-related and recognised as cost reductions on the income statement in the same period as the corresponding underlying cost.

Transactions in foreign currency
Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the day of the transaction. The functional currency for Ambea is Swedish kronor (SEK). Monetary assets and liabilities are translated at the exchange rate prevailing at the balance-sheet date. Exchange-rate differences 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.

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

A number of agreements for small storage areas, parking spaces and small offices have been excluded. Leases pertaining to long-term contracts for rental apartments with a short notice period have been excluded. Lease payments for these are expensed in the periods in which they arise.

Comparative year under IAS 17
In the comparative year of 2018, leases are recognised in accordance with IAS 17, which means they are classified as either a finance or operating lease. 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 allocated between interest expense and repayment of the outstanding liability. The interest expense is allocated over the term of the lease so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised during each period. Variable charges are expensed in the periods in which they arise. A finance lease gives rise

to both depreciation/amortisation and interest expense that are recognised in the statement of comprehensive income in the respective period. The leased asset is amortised/depreciated in accordance with the rules for depreciable/amortisable assets and the amount is allocated to each accounting period during the expected useful life.

Recognition of operating leases

Expenses relating to operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Benefits received in connection with 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.

Financial income and expenses

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

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

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

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

Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except when underlying transactions are recognised directly against equity, or in other comprehensive income, whereby 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 profit for the year 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 and warrants that could give rise to dilution pertain to allotment under the current incentive programme.

Recalculation of average number of shares

Earnings per share have been recalculated retroactively due to the rights issue implemented by the company in the second quarter of 2019. The average number of shares in earlier periods has been recalculated to reflect the bonus element.

Financial instruments

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

Recognition and derecognition

A financial asset or liability is recognised on the balance sheet when the company becomes a party under the contractual provisions of the instrument. Accounts receivable are recognised on the balance sheet when an invoice has been sent and the company's right to consideration is unconditional. 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 and financial liability are offset and recognised in a net amount on the balance sheet only when there is a legally enforceable right to offset the amounts, and when there is an intention to settle the items with a net amount or at the same time to realise the asset and settle the liability. A financial asset is derecognised from the balance sheet when the rights in the contract are realised or expire, or the company loses control over them. A financial liability is derecognised from the balance sheet when the obligation in the contract is met or otherwise extinguished. The same applies to a part of a financial asset or liability.

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

Classification and measurement of financial assets

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

- Amortised cost,
- Fair value through profit or loss, or
- Fair value through other comprehensive income

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

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

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

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

Classification and measurement of financial liabilities

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

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

Impairment of financial assets

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

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

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

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

Derivatives and hedge accounting

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

Hedging of the Group's fixed rates – derivatives

Interest rate caps and one interest rate swap have been purchased by the Group to hedge the risk associated with future interest rate flows in respect of loans with floating interest rates. Hedge accounting in accordance with IFRS 9 has been applied for these. Hedge accounting means that the changes in profit or loss of the interest rate caps and interest rate swaps is recognised in the costs of the hedging reserve through other comprehensive income, insofar as the hedge is deemed effective. Any ineffective portion of the hedging relationship is recognised in profit or loss as net financial income/expense.

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

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

Tangible assets

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

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

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

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

Fixed assets held for sale
Properties added through a business combination are reclassified and recognised as fixed assets held for sale.

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

Other intangible assets
Other intangible assets consist of measured customer contracts and customer relationships in connection with business combinations, as well as purchased software, licenses etc. and consulting services in connection with the roll-out of new computer systems.

Amortisation principles
Measured customer contracts and customer relationships are amortised on a straight-line basis over their remaining economic life. Goodwill is not amortised continuously but tested annually for impairment and if there is any indication that the market value of the asset may have declined. Intangible assets with a finite useful life are amortised from the date they become available for use. The estimated useful lives are:

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

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and immediately available balances with banks and similar institutions.

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

Impairment testing for tangible and intangible assets and participations in subsidiaries and associated companies
If there is any indication of impairment, the recoverable amount of the asset is calculated. For goodwill, the recoverable amount is calculated annually, irrespective of whether there is any indication of impairment. Goodwill is tested for impairment at cash-generating unit level, corresponding to the business segments of Vardaga, Nytida, Stendi, Altiden and Klara.

An impairment loss is recognised when the carrying amount of a cash-generating unit exceeds its recoverable amount. An impairment is recognised as a loss on the income statement. 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. When calculating the value in use, future cash flows are discounted using a discount factor that accounts for risk-free interest and the risk associated with the specific asset.

Reversal of impairment losses
An impairment loss is reversed when there is an indication that an impairment loss recognised in prior periods may no longer exist, or when there is a change in the estimates used to determine the asset's recoverable amount. 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 when the AGM has approved the dividend.

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

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

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

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

The present value of the defined-benefit pension obligations is calculated using the projected unit credit method. The calculation of pension obligations is based on a number of assumptions such as life expectancy, salary increase, staff turnover, inflation and discount rate. The discount rate assumption is based on corporate bonds if they exist, otherwise government bonds, with a maturity corresponding to the maturity of the obligations. The fair value of pension plan assets is deducted from the present value of the pension obligations, after which a net debt is recognised on 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 2019 financial year, the company did not have access to information that would have made it possible to recognise these plans as defined-benefit, whereby they are recognised as defined-contribution plans.

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

Short-term employee benefits
Short-term employee benefits are calculated without 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.

Share-based remuneration
Share-based remuneration in the company pertains to a matching share plan that is settled in equity instruments. The fair value of the allotted matching share plan is calculated on the date of issue using an accepted valuation model, taking market-related conditions into account. The total amount to be expensed is based on the fair value of the allotted shares. The total amount is recognised as a personnel cost in the income statement, allocated over

the vesting period, and corresponding adjustments are made in equity. At the end of every quarter, the Group reviews its assessments of the number of shares expected to be vested and social security contributions are thereafter expensed. Social security contributions are based on the value of the performance shares at the closing date, using the same model as for the initial valuation.

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

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

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

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

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

NOTE G2 Revenue from Contracts with Customers

2019 financial year

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

Contract balances

SEK million	31 Dec 2019	31 Dec 2018
Accounts receivable	1,078	622
Contract liabilities	82	56
Recognised income during the year that was recovered in the contract liability at 1 January	56	69

Performance obligations

SEK million	31 Dec 2019	31 Dec 2018
Transaction price allocated to unfulfilled (or partly unfulfilled) performance obligations at the end of the reporting period are distributed as follows:		
Within 1 year	82	56
Later than 1 year	0	0

2018 financial year

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Group-wide and eliminations	Total
Type of service delivery							
Own Management	1,118	2,500	548	–	0	–	4,166
Contract Management	1,106	483		–	0	–	1,589
Staffing	0	0		–	321	–	321
Total revenue from contracts with customers	**2,224**	**2,893**	**548**	–	**321**	–	**6,076**
Revenue							
External customers	2,224	2,983	548	–	321	–	6,076
Revenue between the segments	0	0	0	–	36	–	36
Adjustments and eliminations related to inter-segment sales	0	0	0	–	-36	–	-36
Total revenue from contracts with customers	**2,224**	**2,983**	**548**	–	**321**	–	**6,076**

Contract balances

SEK million	31 Dec 2018	1 Jan 2018
Accounts receivable	622	624
Contract liabilities	56	69
Recognised income during the year that was recovered in the contract liability at 1 January	69	

Performance obligations

SEK million	31 Dec 2018	1 Jan 2018
Transaction price allocated to unfulfilled (or partly unfulfilled) performance obligations at the end of the reporting period are distributed as follows:		
Within 1 year	56	69
Later than 1 year	0	0

NOTE G3 Segment information

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

- Vardaga: Comprises elderly care in Sweden
- Nytida: Comprises disability care in Sweden
- Stendi: Comprises support for children and young people, personal assistance, residential care facilities, elderly care and home care in Norway.
- Altiden: Comprises operations in elderly care, home care, social care and disability care in Denmark
- Klara: Comprises staffing, such as the supply of temporary doctors, nurses and other care workers, in Sweden.

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

Segment information 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated	Group adjust-ments	Total
Operating income								
Net sales	3,494	3,664	3,106	484	292	-	-	11,040
Other operating income	20	19	41	2	50	17	-50	99
Internal transactions	-	-	-	-	-50	-	50	-
Total income from external customers	**3,514**	**3,684**	**3,147**	**485**	**292**	**17**	**-**	**11,139**
Operating expenses								
Consumables	-143	-114	-107	-18	-1	0	-	-383
Other external costs	-370	-473	-655	-44	-87	95	1	-1,533
Personnel costs	-2,470	-2,304	-2,244	-434	-179	-220	-	-7,851
Profit/loss from participations in Group companies	-	-	-	-	-	-	-	-
Other operating expenses	-1	0	-2	0	0	0	-	-3
Depreciation and impairment of tangible assets	-324	-280	-95	-1	0	-19	-1	-719
EBITA	**207**	**512**	**44**	**-12**	**25**	**-126**	**0**	**650**
EBITA margin %	5.9	14.0	1.4	-2.5	8.6	-	-	5.9
Items affecting comparability	-	-	-	-	-	138	-	138
Adjusted EBITA	**207**	**512**	**44**	**-12**	**25**	**12**	**0**	**788**
Adjusted EBITA margin %	5.9	14.0	1.4	-2.5	8.6	-	-	7.1
Amortisation of intangible assets								-125
Operating profit (EBIT)								**525**
Financial income								12
Financial expenses								-261
Net financial items								**-249**
Profit after net financial items								**276**
Profit before tax								**276**
Tax on profit for the year								-61
Profit for the period								**215**
Assets	**5,257**	**5,905**	**2,069**	**249**	**180**	**150**	-	**13,810**
Adjustments								
Reversal of restructuring and acquisition-related costs[1]	–	–	–	–	–	138	–	138
Total	**–**	**–**	**–**	**–**	**–**	**138**	**–**	**138**

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

Segment information 2018

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated	Group adjustments	Total
Operating income								
Net sales	2,224	2,982	548	–	321	1	–	6,076
Other operating income	22	15	13	–	36	20	-36	70
Internal transactions	–	–	–	–	-36	–	36	–
Total income from external customers	**2,246**	**2,997**	**561**	**–**	**321**	**21**	**–**	**6,146**
Operating expenses								
Consumables	-88	-82	-9	–	-1	-4	–	-184
Other external costs	-453	-611	-185	–	-104	102	–	-1,251
Personnel costs	-1,530	-1,904	-329	–	-199	-179	–	-4,142
Profit/loss from participations in Group companies	–	–	–	–	–	-4	–	-4
Other operating expenses	–	–	–	–	–	–	–	-1
Depreciation and impairment of tangible assets	-16	-31	-4	–	-1	-5	–	-56
EBITA	**159**	**369**	**33**	**–**	**16**	**-69**	**–**	**508**
EBITA margin %	7.1	12.3	6.0	–	5.0	–	–	8.4
Items affecting comparability	–	–	–	–	–	39	–	39
Adjusted EBITA	**159**	**369**	**33**	**–**	**16**	**-30**	**–**	**547**
Adjusted EBITA margin %	7.1	12.3	6.0	–	5.0	–	–	9.0
Amortisation of intangible assets								-79
Operating profit (EBIT)								**429**
Financial income								2
Financial expenses								-40
Net financial items								-38
Profit after net financial items								**391**
Profit before tax								**391**
Tax on profit for the year								-96
Profit for the period								**295**
Assets	**1,374**	**3,626**	**511**	**–**	**177**	**104**	**–**	**5,792**
Adjustments								
Reversal of restructuring and acquisition-related costs[1]	–	–	–	–	–	35	–	35
Reversal of costs for discontinuation of an entire business segment[2]	–	–	–	–	–	4	–	4
Total	**–**	**–**	**–**	**–**	**–**	**39**	**–**	**39**

No segment has one single customer that accounts for 10 per cent or more of sales. Income from Swedish customers constitute 67 per cent (91) and income from Norwegian customers constitute 28 per cent (9) of consolidated net sales. The remaining share relates to income from customers in Denmark.

Of fixed assets (that are not financial instruments or deferred tax assets), 84 per cent (91) are allocated to Sweden and 14 per cent (9) to Norway. The remaining share relates to fixed assets in Denmark.

Where applicable, the internal price between the Group's segments is set on an arm's-length basis, that is, between parties that are independent of each other, well-informed and with an interest in the transaction being effected. Directly attributable items and items that can be allocated to the segment on a reasonable and reliable basis have been included in each segment's earnings and assets. Unallocated items largely consists of expenses for Group offices and financial income and expenses. Reversal of items affecting comparability for the calculation of Adjusted EBITA has not been allocated per segment. 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.

[1] The adjustment included in the following line items, SEK 34 million in other external costs, SEK 1 million in personnel costs.
[2] The adjustment included in the following line items, SEK 4 million in profit from participations in Group companies

NOTE G4 Other external costs

SEK million	2019	2018
Temporary care workers and medical consultants	-568	-299
Rent, including rental charges	-358	-622
Operating leases, excluding rental charges	-78	-49
Advertising/PR	-29	-13
Telephony and office supplies	-63	-37
Car expenses	-67	-26
External administrative services	-274	-139
Other	-95	-66
Total	**-1,532**	**-1,251**

NOTE G5 Audit fees

SEK million	2019	2018
Ernst & Young AB		
Audit engagement	-8	-7
Audit activity in addition to the audit engagement	-1	-0
Tax consultancy	–	–
Other services	-1	-0
Total	**-10**	**-7**
Other auditors		
Audit engagement	-1	-0
Tax consultancy	-0	–
Total	**-1**	**-0**
Group total	**-11**	**-7**

NOTE G6 Leases

Due to the transition to IFRS 16 at 1 January 2019, right-of-use assets are now recognised, and a considerably higher lease liability than in the preceding year. The lease liability recognised at 31 December 2018 only included the agreements defined as finance leases under IAS 17, which for Ambea pertained to leased cars. At 31 December 2018, the right-of-use asset for these vehicles was recognised as a tangible asset, but is now recognised as a right-of-use asset. Additional liabilities and corresponding right-of-use assets comprise rented premises.

SEK million	2018
Reconciliation of operating lease capitalisation	
Assumptions for operating leases at 31 December 2018	3,872
Liabilities for finance leases at 31 December 2018	39
Discounting with the Group's weighted average incremental borrowing rate[1]	-523
Short-term rents	-36
Right-of-use assets recognised at 31 December 2018	**3,352**

Right-of-use assets

SEK million	Rented premises	Cars	Total
At 1 January 2019	3,287	65	3,352
Acquisitions	1,392	32	1,423
Additional contracts	584	8	592
Adjustments to contracts	-7	–	-7
Depreciation	-618	-32	-649
Impairment	-12	–	-12
Closing balance	**4,626**	**72**	**4,698**

Information about other disclosure requirements of IFRS 16

2019 was the first year in which IFRS 16 was applied. Compared with the preceding year, some rental expenses, which were previously recognised as Other external costs, were instead separated and recognised as depreciation and interest expenses. The effect of transition to IFRS 16 impacted income statement line items as follows: Other external costs SEK 711 million, Depreciation, amortisation and impairment of assets SEK -618 million, Financial expenses SEK -158 million and Tax on profit for the year SEK 14 million.
Information about the interest expense for the period related to lease liabilities is presented in Note G10 Net financial items, and the total cash outflow for leases is presented in Note G29 Additional cash flow statement disclosures. How lease liabilities have changed during the year is also presented in Note G29 Additional cash flow statement disclosures. For a maturity analysis of lease liabilities, refer to Note G26 Financial risks and financial policies.
In addition to the information presented in the tables on the preceding page, Ambea has concluded rental contracts for nursing homes that will be constructed during the 2020-2022 period. These contracts will be included in lease liabilities as the residential facilities are handed over. These contracts are expected to generate a future cash outflow of SEK 3,529 million.
The table below shows costs on the income statement attributable to leases that have not been recognised on the consolidated balance sheet. Short-term rents mainly pertain to rental apartments with a notice period of a few months, and costs for contracts that were purchased in 2019 and classified as short-term leases.

SEK million	2019
Short-term rents	-139
Low-value leases	-78

Transition effects of IFRS 16

SEK million	31 Dec 2018 according to IAS 17	Change due to IFRS 16	1 Jan 2019 under IFRS 16
Goodwill and intangible assets	4,493	–	4,493
Tangible assets	211	-80	131
Right-of-use assets	–	3,352	3,352
Deferred tax assets	35	8	43
Non-current receivables	91	–	91
Total fixed assets	**4,830**	**3,280**	**8,110**
Total current assets	**993**	**0**	**993**
Total assets	**5,823**	**3,280**	**9,103**
Total equity	**2,725**	**-34**	**2,691**
Non-current interest-bearing liabilities	614	-43	571
Lease liability	–	2,909	2,909
Other non-current liabilities	131	–	131
Total non-current liabilities	**745**	**2,866**	**3,611**
Current interest-bearing liabilities	37	-37	0
Lease liability	–	485	485
Current liabilities/Accrued expenses and deferred income	2,316	–	2,316
Total current liabilities	**2,353**	**448**	**2,801**
Total equity and liabilities	**5,823**	**3,280**	**9,103**

Disclosures IAS 17

SEK million	2018
Lease payments for operating leases	
Lease payments expensed during the financial year	-554
Agreed future lease payments	-3,872

Disclosures IAS 17

SEK million	2018
Remaining rental expenses for current rental contracts	
Within 1 year	528
From 1 to 4 years	1,266
5 years and longer	2,078
Total	**3,872**

NOTE G7 Employees, personnel costs and remuneration of senior executives

SEK million	2019 Salaries and other remuneration	2019 Social security costs (of which pension costs)	2018 Salaries and other remuneration	2018 Social security costs (of which pension costs)
Parent Company				
Senior executives	8	4	17	8
of which pensions		*(2)*		*(3)*
Other employees	–	–	–	–
Subsidiaries				
Senior executives	33	12	18	9
of which pensions		*(4)*		*(3)*
Other employees	5,814	1,857	2,941	1,130
of which pensions		*(382)*		*(203)*
Total	**5,854**	**1,873**	**2,976**	**1,147**

Senior executives, excluding the Board, consist of the Chief Executive Officer and other senior executives. In 2019, the Chief Executive Officer was the Parent Company's only employee. The Group received recruitment incentives in the form of salary contributions totalling SEK 79 million (39), which were recognised as personnel costs.

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

Average number of employees

No. of	2019 No. of employees	2019 Of whom women	2019 Of whom men	2018 No. of employees	2018 Of whom women	2018 Of whom men
Parent Company	1	0	1	4	1	3
Subsidiaries in Sweden	9,099	74%	26%	6,660	73%	27%
Subsidiaries in Norway	3,328	56%	44%	771	54%	46%
Subsidiaries in Denmark	787	89%	11%	–	–	–
Total Group	**13,214**	**70%**	**30%**	**7,435**	**71%**	**29%**

Proportion of women among senior executives

%	31 Dec 2019	31 Dec 2018
Board of Directors	40%	43%
CEO and other senior executives	58%	45%

Remuneration and benefits to senior executives 2019

SEK	Basic salary, Board fees	Variable remuneration	Other remuneration	Pension cost	Severance pay	Total
Chairman of the Board						
Lena Andersson Hofsberger [1,2]	919,247	–	–	–	–	919,247
Board members						
Daniel Björklund [2,6]	252,581	–	–	–	–	252,581
Anders Borg [2]	389,947	–	–	–	–	389,947
Thomas Hofvenstam [2,5]	127,957	–	–	–	–	127,957
Ingrid Jonasson Blank [2,5]	150,538	–	–	–	–	150,538
Gunilla Rudebjer [2]	406,237	–	–	–	–	406,237
Lars Gatenbeck	296,237	–	–	–	–	296,237
Mikael Stöhr	296,237	–	–	–	–	296,237
Liselott Kilaas [6]	208,925	–	–	–	–	208,925
Chief Executive Officer						
Fredrik Gren	6,221,354	2,000,000	91,304	1,872,000	–	10,184,658
Of which from subsidiaries	–	–	–	–	–	–
Deputy Executive Officer						
Daniel Warnholtz	2,862,791	1,500,000	146,261	750,000	–	5,259,052
Of which from subsidiaries	2,862,791	1,500,000	146,261	750,000	–	5,259,052
Other senior executives (13 persons)	17,231,177	5,075,351	1,075,365 [7]	3,613,030	5,549,985	32,590,525
Of which from subsidiaries	17,231,177	5,075,351	1,075,365	3,613,030	5,549,985	32,590,525
Total	**29,363,227**	**8,575,351**	**1,358,547**	**6,235,030**	5,549,985	**51,082,139**

Remuneration and benefits to senior executives 2018

SEK	Basic salary, Board fees	Variable remuneration	Other remuneration	Pension cost	Total
Chairman of the Board					
Lena Andersson Hofsberger [1,2]	905,667	–	–	–	905,667
Board members					
Daniel Björklund [2,3]	133,205	–	–	–	133,205
Anders Borg [2]	365,000	–	–	–	365,000
Thomas Hofvenstam [2]	340,000	–	–	–	340,000
Ingrid Jonasson Blank [1,2]	400,000	–		–	400,000
Gunilla Rudebjer [1,2]	400,000	–	–	–	400,000
Hans Fredrik Årstad [3]	113,616	–	–	–	113,616
Lars Gatenbeck [4]	175,523	–	–	–	175,523
Mikael Stöhr [4]	175,523	–	–	–	175,523
Chief Executive Officer					
Fredrik Gren	4,280,461	3,500,000	79,064	1,281,732	9,141,257
Of which from subsidiaries	–	–	–	–	–
Other senior executives (15 persons)	19,104,104	5,668,180	2,196,651	4,692,566	31,661,501
Of which from subsidiaries	*13,613,712*	*3,065,543*	*1,278,736*	*3,415,135*	*21,373,126*
Total	**26,393,099**	**9,168,180**	**2,275,715**	**5,974,298**	**43,811,292**

[1] Payment was made to member's company
[2] Including remuneration for committee work
[3] Board member until AGM on 23 May 2018
[4] Elected to the Board at AGM on 23 May 2018
[5] Board member until AGM on 16 May 2019
[6] Elected to the Board at AGM on 16 May 2019
[7] Of which the year's cost for share-based remuneration was SEK 45,617

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

Ambea has defined senior executives as group management, which has been consistent with the Management Team since 25 October 2019. At 31 December 2019, other senior executives consisted of the Division Managers (5), HR Director, Head of Business Development, Quality Director, Communication and Marketing Director and Head of Growth. During the year, all of these positions have reported directly to the Chief Executive Officer. During the year, three new people joined Group management, of which two are included in the amount recognised from the 1 Feb 2019 period, and one from the 1 May 2019 period. In addition, three people left Group management, of whom one from 1 Feb 2019 and two from 1 May 2019, for whom severance pay of SEK 5.5 million is included in the recognised amount. Other remuneration refers to other types of benefits such as the matching share plan, company car, etc.

Variable remuneration programme

Ambea has a variable remuneration programme for the Management Team and a few key people at Group level, totalling 13 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 Klara division, two key people had a variable sales-related bonus. There was no variable remuneration programme for Ambea's other employees in 2019. Within the framework of the variable remuneration programme, a total of SEK 8.6 million (9.2) 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 Chief Executive Officer, variable remuneration was capped at 43 per cent of fixed annual salary, and for the Deputy Executive Officer at eight monthly salaries. Variable remuneration is based on the outcome in relation to individually set targets. Given the strategic significance of the integration of Aleris and that synergies would be realised as planned, there was a non-recurring bonus arrangement of no more than SEK 2 million for the Chief Executive Officer and SEK 1.5 million for the Deputy Executive Officer in 2019. Other senior executives refers to those persons who, together with the Chief Executive Officer, constituted Group Management at the end of the financial year. In addition to the Management Team, 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's employees. Employees from the age of 18 are covered by the Ambea AB basic plan, which includes compensation in the event of illness, dependent coverage, occupational group life insurance (TGL) and personal protection insurance (TFA). Employees in subsidiaries acquired by the Group in which the pension conditions differ from the Occupational Pension Policy at the acquisition date are excluded from the Occupational Pension Policy.

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

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

1. Defined-contribution occupational pension is vested on all salary increments, and there is potential to receive a reinforced old-age pension, such as salary exchanges and bonus placement. Defined-contribution occupational pension is defined as the type of occupational pension plans that for accounting purposes are classified as defined-contribution pension plans (such as ITP1) and defined-benefit pension plans that for accounting purposes are treated as defined-contribution plans (such as ITP 2 insured in Alecta).
2. Compensation for illness with the option of supplementary health insurance (Voluntary Group Insurance)
3. Dependent coverage, such as occupational group life insurance (TGL), option of enhanced dependent coverage (Repayment coverage or family coverage in retirement pension, Voluntary Group Insurance)
4. Work-injury insurance (TFA)

Severance pay

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

Incentive programmes

The company has two long-term incentive programmes in the form of (i) a matching share plan for employees in the Ambea Council (and who are not invited to participate in the warrants programme for senior executives), and (ii) a warrants programme for the Group's senior executives. Decisions regarding the incentive programmes are made at the AGM. Refer also to the prospectus for the IPO on pages 164-165, the 2018 and 2019 AGM minutes, sections 18 and 19 at ambea.se/investerare/bolagsstyrning/bolagsstamma/arsstamma-2018/ and ambea.se/investerare/bolagsstyrning/bolagsstamma/arsstamma-2019/ respectively (Swedish only).

Warrants programme

At the 2019 AGM, the Board resolved to issue a maximum of 500,000 warrants to the company's subsidiaries for subsequent transfer within the scope of a long-term incentive programme for senior executives. A total of 343,260 warrants were subscribed for in the programme. The incentive programme entails that senior executives who have entered into a pre-emption agreement with the company are entitled to purchase warrants at market value, calculated using the Black-Scholes formula. Each warrant entitles the holder to subscribe for one ordinary share in Ambea. The company has three warrants programmes, for years 2017, 2018 and 2019.

The 2017 programme has a subscription price corresponding to 120 per cent of the offering price of the IPO (SEK 75) and can be exercised during two periods: during two weeks from the day after the publication of the interim report for the first quarter of 2020, and during two weeks from the day after the publication of the interim report for the third quarter of 2020. The maximum profit on the exercise of warrants is limited to SEK 60 per warrant. Should the price be higher, the subscription price is adjusted by the same amount so that maximum profit remains at SEK 60 per warrant.

For the 2018 programme, the subscription price is 115 per cent of the volume-weighted average of the company's closing price ten trading days after the 2018 AGM, but not less than SEK 75 per share. When subscribing for shares, if the closing price on the trading day immediately preceding the new subscription exceeds 200 per cent of the subscription price, the subscription price will be increased by an amount corresponding to the amount of that share price that exceeds 200 per cent of the subscription price. Each warrant entitles the holder to subscribe for one new ordinary share in Ambea during two periods: during two weeks from the date of publication of the interim report for the period of 1 January-31 March 2021, and for two weeks from the date of publication of the interim report for the period 1 January-31 September 2021. However, subscription may not take place after 30 November 2021. The maximum profit on the exercise of warrants is limited to SEK 77 per warrant.

For the 2019 programme, the subscription price per share is 115 per cent of the volume-weighted average of the company's closing price 10 trading days after the 2019 AGM, however at least SEK 75 per share is adjusted for translation due to the rights issue, but not lower than the quotient value of the share. When subscribing for shares, if the closing price on the trading day immediately preceding the new subscription exceeds 200 per cent of the subscription price, the subscription price will be increased by an amount corresponding to the amount of that share price that exceeds 200 per cent of the subscription price. Each warrant entitles the holder to subscribe for one new share in Ambea during two periods: during two weeks from the date of publication of the interim report for the period of 1 January-31 March 2022, and for two weeks from the date of publication of the interim report for the period 1 January-31 September 2022. However, subscription may not take place after 30 November 2022. The maximum profit on the exercise of warrants is limited to SEK 75 per warrant.

Matching Share Plan

At the 2019 AGM, the Board decided to adopt a long-term incentive programme in the form of a matching share plan. The matching share plan is offered to a maximum of 73 employees in the Ambea Group. The maximum allotment in the programme was 96,048 share rights. A total of 30,363 matching shares were subscribed. Participants in the matching share plan must have invested in the Group by purchasing shares in Ambea AB (publ) (Matching Shares). These Matching Shares may consist of shares already held in the company (directly or indirectly). The company has three matching share plans – 2017, 2018 and 2019. For all programmes, Share Rights entitle the participant to Performance Shares on the condition that Ambea's combined quality indices show a positive trend during the vesting period, and the number of Performance Shares carried by each Matching Share is determined by Ambea's annual operating profit growth. If the highest level is achieved, each participant will receive two Performance Shares per Share Right. If the lowest level is achieved, the participants will not receive any Performance Shares. If the company's annual operating profit growth lies between the highest and lowest levels, a proportionate number of Performance Shares will be distributed to the participants.

Matching Share Plan

		Allotted per plan				Allotted per plan	
No. of shares	**2017**	**2018**	**2019**	**31 Dec 2019**	**2017**	**2018**	**31 Dec 2018**
Maximum allotment	106,400	134,467	87,600	328,467	106,400	134,467	240,867
Subscribed	48,168	42,508	24,154	114,831	48,168	42,508	90,677
Forfeited	-18,996	-7,083	0	-26,080	-11,609	0	-11,609
At 31 December	29,172	35,425	24,154	88,751	36,560	42,508	79,068

Warrants programme

		Allotted per plan				Allotted per plan	
No. of shares	**2017**	**2018**	**2019**	**31 Dec 2019**	**2017**	**2018**	**31 Dec 2018**
Maximum allotment	624,400	600,600	500,000	1,725,000	624,400	600,600	875,000
Subscribed	549,472	435,400	343,260	1,328,132	549,472	435,400	703,480
Repurchased	-115,514	0	0	-115,514	-115,514	0	-82,510
At 31 December	433,958	435,400	343,260	1,212,618	433,958	435,400	620,970

NOTE G8 Depreciation, amortisation and impairment of assets

SEK million	2019	2018
Customer contracts and customer relationships	-117	-73
Other intangible assets	-9	-5
Buildings	0	0
Leasehold improvements	-23	-14
Equipment, tools, fixtures and fittings	-47	-20
Right-of-use assets	-649	–
Equipment held under a finance lease	–	-23
Total	**-845**	**-135**

NOTE G9 Profit/loss from participations in Group companies

SEK million	2019	2018
Profit/loss from divestment of subsidiaries	0	-4
Total	**0**	**-4**

During the year, one sub-Group comprising three subsidiaries was divested. The companies operated a residential treatment facility.

NOTE G10 Net financial items

SEK million	2019	2018
Financial income		
Interest income using effective interest method from financial assets measured at amortised cost	2	2
Profit from sales of financial assets measured at amortised cost	1	–
Exchange rate differences, net	9	–
Total financial income	**12**	**2**
Financial expenses		
Interest expense using effective interest method related to liabilities to credit institutions measured at amortised cost	-211	-18
Interest expense using effective interest method related to lease liabilities measured at amortised cost	-8	–
Interest expense using effective interest method other financial liabilities measured at amortised cost	0	0
Fees	-42	-22
Total financial expenses	-261	-40
Total recognised in net financial items	**-249**	**-38**

NOTE G11 Tax

Tax expense for the year

SEK million	2019	2018
Current tax expense		
Current tax expense	-54	-80
Total current tax expense	-54	-80
Deferred tax expense		
Deferred tax concerning temporary differences	8	25
Dissolution/capitalisation of tax loss carry-forwards	-14	-41
Total deferred tax expense	**-6**	**-16**
Total recognised tax expense	**-61**	**-96**

Reconciliation of effective tax rate

SEK million	2019		2018	
Profit before tax		276		391
Tax according to applicable tax rate	21.4%	-59	22%	-86
Non-deductible expenses	1%	-2	3%	-13
Expenses in connection with acquisitions	0%	-1	0%	0
Tax exempt income	0%	0	0%	2
Tax on temporary differences	0%	0	0%	-2
Effect of changed tax rate	0%	0	-1%	4
Recognised effective tax	**22%**	**-61**	**25%**	**-96**

NOTE G12 Earnings per share

SEK million	2019	2018
Profit for the period attributable to shareholders of the Parent Company, SEK million	215	295
Weighted average number of common shares		
Average number of shares before dilution, thousands	85,727	74,798
Warrants and matching share plan, thousands	110	36
Average number of shares after dilution, thousands	85,837	74,835
Earnings per share before dilution, SEK	2.52	3.95
Earnings per share after dilution, SEK	2.51	3.94

Recalculation of average number of shares

As part of raising finance for the acquisition of Aleris Omsorg, a rights issue was implemented in the second quarter of 2019. Due to the completed rights issue, earnings per share were recalculated to reflect the bonus element. Earnings per share were increased by a factor of 1.11 for the number of shares outstanding before 12 June 2019. To enable comparability, the comparative year was also restated.

NOTE G13 Intangible assets

	Goodwill		Customer contracts and customer relationships		Other intangible assets	
SEK million	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**
Accumulated cost						
Opening balance	4,058	3,774	1,329	1,276	61	54
Opening balance adjustments	-33	-33	–	–	–	–
Restatement of opening balance	**4,025**	**3,741**	**1,329**	**1,276**	**61**	**54**
Business combinations	2,525	278	277	53	2	0
Other acquisitions	–	–	–	–	7	9
Sales and disposals	–	–	–	–	-1	-3
Exchange rate differences for the year	-18	6	3	1		–
Closing balance	**6,532**	**4,025**	**1,609**	**1,329**	**69**	**61**
Accumulated amortisation and impairment						
Opening balance	0	0	-884	-811	-39	-36
Sales and disposals	–	–	–	–	1	3
Depreciation for the year	–	–	-117	-73	-9	-5
Exchange rate differences for the year	–	–	–	0		–
Closing balance	**0**	**0**	**-1,001**	**-884**	**-46**	**-39**
Closing balance	**6,532**	**4,058**	**607**	**446**	**24**	**22**

Goodwill impairment testing

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

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

The recoverable amounts of the cash generating units are calculated as value in use based on management's five-year forecast for net cash flow, where the key assumptions are income, operating profit (EBITA), working capital and investments in already adopted start-ups (Own Management pipeline). Future acquisitions were not included in the impairment test. The first year of the forecast period is based on budget, which is prepared bottom-up; the next four years are based on business plans per operational area. The same method as in previous years is used for all cash-generating units.

The discount rate used is the weighted average cost of capital (WACC), which is 9.1-14.7 per cent (8.1-11.6) for each cash generating unit. The WACC applied in the year's impairment testing was higher than in 2018, mainly due to the fact that a higher risk premium was applied as a result of the acquisition of Aleris Omsorg.

The long-term growth rate from year 5 has been assumed to be 1.0 per cent (1.0).

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

Opening balance adjustments

Participations in housing cooperative associations were previously measured at cost. As of 2019, participations in housing cooperative associations are measured at deemed fair value. All participations have been acquired through business combinations, and in the acquisition analyses, the carrying amount of the participations has been assumed to correspond to fair value. During the year, the market value of the participations was determined, and the analysis shows that fair value exceeds the carrying amount by SEK 65 million. The assessment was that the value increase continued until 2017, whereby the value change in the housing cooperative apartments added in 2016 and 2017 was adjusted against goodwill.

Parameters

	WACC (pre-tax) %		Perpetual growth %	
%	2019	2018	2019	2018
Vardaga	10.5	8.1	1	1
Nytida	9.1	8.1	1	1
Stendi	13.5	8.3	1	1
Altiden	10.9	–	1	1
Klara	14.7	11.6	1	1

Goodwill per cash generating unit

SEK million	31 Dec 2019	31 Dec 2018
Vardaga	1,737	978
Nytida	3,210	2,605
Stendi	1,301	314
Altiden	157	–
Klara	128	128
Total	**6,532**	**4,025**

Figures for the comparative year were restated to reflect the adjustments made to the opening balance. All adjustments relate to Nytida.

NOTE G14 Tangible assets

SEK million	Buildings and land 31 Dec 2019	Buildings and land 31 Dec 2018	Leasehold improvements 31 Dec 2019	Leasehold improvements 31 Dec 2018	Equipment, tools, fixtures and fittings 31 Dec 2019	Equipment, tools, fixtures and fittings 31 Dec 2018	Total 31 Dec 2019	Total 31 Dec 2018
Accumulated cost								
Opening balance	-1	-1	147	131	372	342	518	471
Restatement of opening balance, IFRS 16[1]	–	–	–	–	-118	–	-118	–
Restatement of opening balance under IFRS 16	**-1**	**-1**	**147**	**131**	**254**	**342**	**400**	**471**
Business combinations	23	42	38	–	42	–	103	42
Other acquisitions	–	–	53	16	55	56	108	72
Sales and disposals	–	–	-3	–	-15	-25	-18	-25
Divestment of operations	–	–	0	–	0	–	–	–
Reclassifications	-23	-42	–	–	3	-1	-20	-43
Exchange rate differences for the year	–	–	0	-0	-1	–	-1	0
Closing balance	**-1**	**-1**	**235**	**147**	**338**	**372**	**572**	**518**
Accumulated amortisation and impairment								
Opening balance	1	1	-75	-60	-233	-212	-307	-271
Restatement of opening balance, IFRS 16[1]	–	–	–	–	38	–	38	–
Opening balance under IFRS 16	**1**	**1**	**-75**	**-60**	**-195**	**-212**	**-269**	**-271**
Business combinations	–	–	–	–	0	-1	–	-1
Sales and disposals	–	–	–	–	15	20	15	20
Divestment of operations	–	–	–	–	0	–	–	–
Reclassifications	–	–	–	–	2	1	2	1
Depreciation for the year	–	–	-23	-15	-47	-41	-70	-56
Exchange rate differences for the year	–	–	–	–	1	0	1	0
Closing balance	**1**	**1**	**-98**	**-75**	**-224**	**-233**	**-321**	**-307**
Closing balance	**0**	**0**	**137**	**72**	**114**	**139**	**251**	**211**

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

Tangible assets held for sale

SEK million	31 Dec 2019	31 Dec 2018
Accumulated cost		
Opening balance	75	44
Business combinations	–	0
Other acquisitions	–	0
Sales and disposals	-12	-12
Disposal in connection with divestment of subsidiaries	-3	
Reclassifications	23	42
Exchange rate differences for the year	-1	1
Closing balance	**82**	**75**

SEK million	31 Dec 2019	31 Dec 2018
Accumulated depreciation		
Opening balance	-1	-1
Business combinations	0	0
Sales and disposals	0	0
Reclassifications	0	0
Depreciation for the year	0	0
Closing balance	**-1**	**-1**
Closing balance	**82**	**74**

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

The fixed assets held for sale are attributable to the Nytida, Vardaga and Stendi segments.

In 2019, two (five) properties were divested for a total of SEK 12 million (15). In addition, properties in connection with the divestment of three subsidiaries were disposed of.

[1] At 31 Dec 2018, finance leased assets were included in the following amounts – costs: SEK 118 million, accumulated depreciation: SEK -38 million. Since the transition to IFRS 16, these have been reclassified as a right-of-use asset and are now recognised as a separate balance sheet line item.

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

SEK million	31 Dec 2019	31 Dec 2018
Non-current receivables and participations in housing cooperative associations		
Deposits	4	0
Investments in housing cooperative associations	89	91
Other	8	–
Total	**101**	**91**

SEK million	31 Dec 2019	31 Dec 2018
Other receivables classified as current assets		
Employee advances	1	4
Tax account	13	13
VAT and payroll tax payable	13	11
Promissory notes due for divested subsidiaries	0	0
Other receivables	40	40
Total	**67**	**68**

SEK million	31 Dec 2019	31 Dec 2018
Change in non-current receivables for the year		
Opening balance	26	26
Opening balance adjustments	65	65
Restatement of opening balance	91	91
Divestment, participations in housing cooperative associations for the year	-2	–
Additional deposits, via acquisitions	4	–
Additional other, via acquisitions	8	–
Closing balance	**101**	**91**

Participations in housing cooperative associations were previously measured at cost. As of 2019, participations in housing cooperative associations are measured at deemed fair value. All participations have been acquired through business combinations, and in the acquisition analyses, the carrying amount of the participations has been assumed to correspond to fair value. During the year, the market value of the participations was estimated, and the analysis shows that fair value exceeds the previous carrying amount by SEK 65 million. The change in value was recognised as follows: the value of the tenant-owned apartments acquired through business combinations in 2016 and 2017 was adjusted by SEK 33 million against goodwill. Housing cooperative apartments acquired through business combinations in 2009 were adjusted by SEK 18 million against retained earnings.

NOTE G16 Prepaid expenses and accrued income

SEK million	31 Dec 2019	31 Dec 2018
Prepaid rents	188	117
Accrued income	32	32
Prepaid lease payments	1	4
Prepaid personnel costs	5	5
Prepaid financial expenses	7	0
Other prepaid expenses	28	10
Total	**261**	**167**

NOTE G17 Equity

Share capital and other contributed capital

Share capital

At 31 December 2019, the registered share capital amounted to 94,617,996 shares. All shares are fully paid up and no shares are reserved for transfer of ownership. Each share carries one vote. The quotient value is SEK 0.03 (0.03).

Following authorisation at the Annual General Meeting (AGM) on 16 May, Ambea conducted a rights issue of 27,001,440 shares with the aim of repaying part of the financing of the acquisition of Aleris's care operations in Sweden, Norway and Denmark. Ambea generated proceeds of approximately SEK 1,200 million from the rights issue, and recognised issuance costs of SEK 19 million before tax. The share capital increased by SEK 674,173, resulting in dilution of 40 per cent.

In November 2019, the Board decided to implement a share buyback programme comprising a total of 68,285 shares, which was completed in November 2019.

In 2018, the Board decided to implement a share buyback programme comprising a total of 50,677 shares, which was completed in November 2018.

The total number of shares repurchased in 2018 and 2019 was 118,962. At the balance-sheet date, the number of shares held by the company was 181,239. Repurchased shares will be saved for the delivery of shares under Ambea's Matching Share Plan.

Other capital contributions

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

Reserves

Translation reserve

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

Hedging reserve

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

Cost of hedging reserve

Ambea applies hedge accounting for the Group's purchased interest rate caps. The effective portion of the value change are recognised in the cost of hedging reserve.

Retained earnings including profit for the year

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

Dividend

The Board proposes no dividend to be paid due to the increased uncertainty related to the spread of covid-19.

Specification of reserves in equity

	Translation reserve		Hedging reserve		Cost of hedging reserve		Total	
SEK million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Opening balance	3	3	–	–	–	–	3	0
Cash flow hedges, recognised in other comprehensive income								
Fair value, interest rate swaps	–	–	2	–	–	–	2	–
Fair value, interest rate caps	–	–	–	–	-3	–	-3	–
Cash flow hedges, profit/loss for the period	–	–	2	–	-3	–	-1	–
Tax on fair value			0		0		0	
Net investments in foreign currency, recognised in other comprehensive income								
Change from translation for the period	-15	7	–	–	–	–	-15	7
Net investment hedge, recognised in other comprehensive income								
Fair value	-8	-7	–	–	–	–	-8	-7
Net investment hedge, profit/loss for the period	-23	7	–	–	–	–	-23	0
Tax on net investment hedge	–	–	–	–	–	–	2	–
Closing balance	-18	3	2	–	-1		-19	3

NOTE G18 Interest-bearing liabilities

SEK million	31 Dec 2019	31 Dec 2018
Non-current liabilities		
Liabilities to credit institutions	961	614[1]
Non-current lease liabilities	4,170	–
Other non-current liabilities	0	–
Total non-current interest-bearing liabilities	**5,131**	**614**
Current liabilities		
Current portion of liabilities to credit institutions	0	37[2]
Commercial papers	2,228	1,404
Current lease liabilities	610	–
Total non-current interest-bearing liabilities	**2,838**	**1,441**
Total interest-bearing liabilities	**7,969**	**2,055**

Terms, information about interest risk exposure and risk of exchange rate fluctuations as well as payback periods are presented in Note G26 Financial risks and financial policies. No collateral for bank loans in the company's participations in subsidiaries was issued in 2018 or 2019. Leased assets of SEK 66 million (80) were provided as collateral for the finance lease liabilities.

NOTE G19 Overdraft facility

SEK million	31 Dec 2019	31 Dec 2018
Overdraft facility utilised	961	571
Overdraft facility granted	4,500	3,000
Unutilised amount	3,539	2,429

NOTE G20 Other non-interest-bearing liabilities

SEK million	31 Dec 2019	31 Dec 2018
Other non-current liabilities		
Contingent earn-out	0	0
Total	**0**	0
Other current liabilities		
Withholding tax	**128**	**66**
VAT liability	**23**	**1**
Advance payments from customers	**22**	**–**
Other liabilities	**27**	**8**
Total	**200**	**74**

[1]Allocation 2018: Liabilities to credit institutions SEK 571 million, finance lease liabilities SEK 43 million
[2] In 2018, pertained to current finance lease liabilities

NOTE G21 Pensions

The Group's pension plans

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

Defined-contribution plans

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

Defined-benefit pension plans

Defined-benefit pension plans in Sweden consist essentially of the ITP plan section 2 and pension obligations within municipal pension plans, in all material aspects, in respect of previous employees. Defined-benefit pension obligations for the municipal pension plans are secured through 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 2019 financial year, the company did not have access to information that would make it possible to recognise this plan as a defined-benefit plan. Pension obligations under ITP 2 are secured through insurance in Alecta, and therefore recognised as a defined-contribution plan. At the end of December 2019, Alecta's surplus in the form of its collective consolidation ratio was 148 per cent (142). The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of its insurance commitments calculated in accordance with Alecta's actuarial assumptions, which are not consistent with IAS 19. If Alecta's collective consolidation ratio falls below 125 per cent or exceeds 155 per cent, measures must be taken to create the conditions for the consolidation ratio to return to the normal range. At low consolidation, one measure could be to raise the agreed price for new subscriptions and extend existing benefits. Alecta's surplus can be distributed to policy holders and/or the insured. At high consolidation, one measure could be to introduce premium reductions. 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.

The fund units in Norway solely comprise insurance in KLP (municipal national pension fund mutual insurance company). Plan assets in Sweden consist of fund units pertaining to interest-bearing assets, 59 per cent (58), alternative investments, 4 per cent (20), foreign shares, 24 per cent (11) and Swedish shares, 12 per cent (11), as well as cash and cash equivalents, 0 per cent (0). The fund units have quoted prices at which buybacks can be effected via the fund manager.

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

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

Expected pension payments into the Swedish defined-benefit plan amount to SEK 0 million (2). Expected contributions to the Norwegian defined-benefit plan are SEK 27 million (0).

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

SEK million	2019	2018
Net pension costs		
Service cost during the period	-22	0
Plan changes	-3	–
Net interest income	-1	0
Pension cost in defined-benefit pensions in profit for the year	**-26**	**0**
Pension cost in defined-benefit pensions in profit for the year[1]	-359	-208
Pension cost in profit for the year	**-359**	**-208**
Remeasurement of defined-benefit pensions recognised in other comprehensive income	-9	–
Pension cost in comprehensive income for the period	**-394**	**-208**

SEK million	31 Dec 2019	31 Dec 2018
Defined-benefit net pension liability		
Sweden		
Present value of pension liability	55	53
Fair value of plan assets	-52	-49
Net pension liability (+) / asset (-)	**3**	**4**
Norway		
Present value of pension liability	150	3
Fair value of plan assets	-114	-3
Net pension liability (+) / asset (-)	36	0
Net pension liability (+) / asset (-) on the balance sheet	**39**	**4**

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

SEK million	31 Dec 2019	31 Dec 2018
Net pension liabilities		
Opening balance, pension liability	56	57
Effect of acquisitions	127	–
Service cost during the period	22	0
Interest expense	5	1
Remeasurement of pensions		
Plan changes	3	–
– financial obligations	–	–
Pension payments	-3	-3
Payroll tax paid	-3	0
Actuarial profit-/loss+	11	–
Exchange rate differences	-3	0
Closing balance, pension debt	**205**	**56**

SEK million	31 Dec 2019	31 Dec 2018
Change in fair value of plan assets[1]		
Opening balance, plan assets	49	49
Effect of acquisitions	81	–
Interest income	-4	0
Return exceeding interest income	2	0
Payments from employer	36	–
Payments	-3	–
Exchange rate differences	-2	–
Closing balance, plan assets	**166**	**49**

	Sweden		Norway	
%	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Significant actuarial assumptions				
Discount rate	1.5	2.2	2.0	2.6
Expected return on pension capital	2.2	2.2	2.3	2.6
Salary increases	2.5	2.5	2.3	2.8
Annual increase in income base amounts	2.5	2.5	2.0	2.5
Inflation	1.8	1.8	1.2	1.7
Employee turnover	5.0	5.0	–[1]	–
Special payroll tax/employer contributions	24.3	24.3	14.1	14.1
Average life expectancy	Swedish Financial Supervisory Authority's regulations, FFFS	Swedish Financial Supervisory Authority's regulations, FFFS 2007:31	K2013	K2013

Sensitivity analysis of pension liability

Assumption	Change in assumption		Liability change, SEK million	
Discount rate	0.25% (0.25%)	-0.25% (-0.25)	-8 (-2)	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 approach, since the actuarial assumptions are usually correlated.

NOTE G22 Other provisions

SEK million	31 Dec 2019	31 Dec 2018
Opening provisions for loan loss reserve and other provisions	0	0
Provisions arising in connection with acquisitions	98	0
Utilised during the year	-50	0
Closing provisions for loan loss reserve and other provisions	**48**	**0**

Provisions arising in connection with acquisitions relates primarily to provisions in Norway and Denmark. The majority relate to a legal proceeding regarding social security costs for temporary staff in Norway. The dispute existed prior to the acquisition date. Provisions in Denmark have been made on the basis of imperative principles for calculating holiday pay liability from 1 January 2020, which was known before the acquisition date.

[1] No data is available for Norway

NOTE G23 Deferred tax assets and liabilities

SEK million	Opening balance	Opening balance adjustments	Restatement of opening balance	Recognised in profit or loss	Recognised in equity	Business acquisitions/ disposals	Translation	Closing balance
Deferred tax assets								
31 Dec 2019								
Loss carry-forwards	31	–	31	-14	–	1	–	18
Pensions	1	–	1	2	–	5	–	8
Leases	-	–	-	14	–	-	–	14
Provisions	-	–	-	-11	–	20	–	9
Machinery and equipment	-	–	-	1	–	2	–	3
Leasehold improvements	2	–	2	-2	–	2	–	2
Other	1	–	1	-6	6	–	–	0
Total	**35**	**-**	**35**	**-16**	**6**	**31**	**0**	**54**
31 Dec 2018								
Loss carry-forwards	72	–	72	-41	–	–	–	31
Pensions	1	–	1	-1	0	–	–	1
Leasehold improvements	1	–	1	0	–	–	–	2
Other	1	–	1	0	–	0	0	1
Total	**75**	**-**	**75**	**-41**	**0**	**0**	**0**	**35**
Deferred tax liabilities								
31 Dec 2019								
Intangible assets	-95	–	-95	23	–	-58	0	-130
Machinery and equipment	0	–	0	–	–	–	–	0
Hedging reserve	-2	–	-2	–	2	–	–	–
Tax allocation reserve	-10	–	-10	-14	–	-1	–	-25
Non-current receivables		-13	-13	–	–	–	–	-13
Properties	-7	–	-7	–	–	1	–	-5
Total	**-114**	**-13**	**-127**	**9**	**2**	**-58**	**0**	**-173**
31 Dec 2018								
Intangible assets	-105	–	-105	22[1]	–	-12	0	-95
Machinery and equipment	0	–	0	0	0	–	–	0
Hedging reserve	-3	–	-3	–	1	–	–	-2
Tax allocation reserve	-13	–	-13	3	–	0	–	-10
Non-current receivables		-13	-13	–	–	–	–	-13
Properties	-3	–	-3	0	–	-4	–	-7
Total	**-124**	**-13**	**-137**	**25**	**1**	**-15**	**0**	**-127**

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 1 million (22).

Restatement of opening balance
Due to the market value of participations in housing cooperа associations described in Note G15, opening balances for deferred tax has been adjusted to reflect the temporary difference that arose.

[1] Effect of changed tax rate was SEK 4 million

NOTE G24 Accrued expenses and deferred income

SEK million	31 Dec 2019	31 Dec 2018
Holiday pay, including social security fees	467	182
Accrued personnel costs, excluding holiday pay	386	249
Care charges invoiced in advance	82	56
Rent allocations	11	–
Accrued interest expense	2	1
Accrued consulting and audit costs	6	18
Other items	73	42
Total accrued expenses and deferred income	**1,027**	**547**

NOTE G25 Fair value measurement of financial assets and liabilities

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

Accounts receivable and accounts payable

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

Classification of financial assets and liabilities

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost		Financial liabilities at amortised cost		Financial liabilities at fair value through profit and loss		Total carrying amount		Total fair value	
SEK million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Derivative instrument	3	–	–	–	–	–	–	–	3	–	–	3
Non-current receivables	–	–	101	91	–	–	–	–	101	91	91	101
Accounts receivable	–	–	1,078	622	–	–	–	–	1,078	622	622	1,078
Cash and cash equivalents	–	–	52	62	–	–	–	–	52	62	62	52
Total	**3**	**–**	**1,237**	**776**	**–**	**–**	**–**	**–**	**1,241**	**776**	**776**	**1,241**
Non-current interest-bearing liabilities	–	–	–	–	961	571	–	–	961	571	571	961
Lease liability, non-current	–	–	–	–	4,170	43	–	–	4,170	43	43	4,170
Other non-current liabilities	–	–	–	–	–	10	–	–	–	10	10	–
Current interest-bearing liabilities	–	–	–	–	2,228	1,404	–	–	2,228	1,404	1,404	2,228
Accounts payable	–	–	–	–	266	198	–	–	266	198	198	266
Lease liability, current	–	–	–	–	610	37	–	–	610	37	37	610
Current contingent consideration	–	–	–	–	–	–	1	–	1	–	1	–
Total	**–**	**–**	**–**	**–**	**8,234**	**2,263**	**1**	**–**	**8,235**	**2,263**	**2,263**	**8,235**

Fair value measurement

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

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

Level 2 – Observable data for assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations). This level includes derivative instruments.

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

	Level 1		Level 2		Level 3		Total	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018
31 Dec 2019								
Financial assets								
Interest-rate derivatives	–	–	3	–	–	–	3	–
Total	**–**	**–**	**3**	**–**	**–**	**–**	**3**	**–**
Financial liabilities								
Contingent consideration	–	–	–	–	1	–	1	–
Total	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**

Calculation of fair value

Interest-rate derivatives

The fair value of interest rate caps and interest-rate swaps based on the valuation of brokered credit institutions.

Contingent earn-out

In connection with the acquisition of Pusselbiten's schools, a contingent consideration of SEK 1 million was recognised. The consideration was paid in early 2020. The contingent consideration is classified as Level 3 in the fair-value hierarchy.

Contingent earn-out

SEK million	31 Dec 2019	31 Dec 2018
Opening balance	–	29
Acquisitions	1	–
Paid	–	-25
Change in value in profit or loss	–	-4
Closing balance	**1**	**–**

NOTE G26 Financial risks and financial policies

Financial risks and financial policies

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

The financial liabilities give rise to interest rate risks. Of the Group's total bank loans, 63 per cent (68) is hedged through interest-rate derivatives.

In connection with the acquisition of Aleris on 21 January 2019, the company raised additional financing by increasing the existing revolving facility agreement from SEK 1,500 million to SEK 4,500 million, and securing a bridge loan of SEK 1,200 million. The bridge loan was used to finance the acquisition of Aleris Omsorg until the rights issue was completed. The bridge loan was repaid on 24 June 2019.

Ambea has a commercial paper programme with a total credit line of SEK 3,000 million. As part of the programme, the company can issue commercial papers with terms of up to one year. The programme does not give rise to any increase in the company's liabilities, since the issued volume will always be available under the company's revolving credit facility.

The central finance function in the Parent Company, under the management of the Group's CFO, is responsible for managing financial risks in the Parent Company and the Group. Policies are formulated by the finance function and adopted by the Board.

Capital structure

The Group's aim with respect to its capital structure is to maintain 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 4,036 million (2,725).

The Group's capital structure target is that net debt, excluding the effects of IFRS 16, in relation to adjusted

EBITDA, excluding the effects of IFRS 16, should not exceed 3.25 times. However, net debt may temporarily exceed 3.25 times, for example in connection with acquisitions. At the balance-sheet date on 31 December 2019, indebtedness was 4.0 (3.3).

Credit risk

Financial activities in the Group entail exposure to credit risk. This primarily comprises counterparty risks in connection with claims on banks that arise from investments of cash and cash equivalents and purchases of derivative instruments.

Cash and cash equivalents

The Group's cash and cash equivalents consist predominantly of deposits in bank accounts. Cash and cash equivalents are held in SEK, NOK and DKK and amounted to SEK 52 million (62).

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. Nor are there any major concentrations of credit risk.

Expected loss provisioning – financial instruments covered by simplified approach

Receivables are mainly accounts receivable for which the Group applies the simplified approach for the recognition of expected credit losses. This means that expected credit losses are reserved for their remaining maturity, which is expected to be less than one year for all receivables. The Group applies a ratings-based approach to estimate expected credit losses based on probability of default, loss given default and exposure at default. The Group has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. The Group's counterparties essentially comprise municipalities with very low credit risk. Most of the Group's counterparties have an AAA credit rating at present, which means that the risk of credit losses is considered insignificant. Some municipalities have a credit rating equivalent to AA, which the Group also considers a very low credit risk, with account for the municipal equalisation system which distributes funds between Swedish municipalities and county councils. The Group has not therefore made any provisions for expected credit losses in relation to municipalities. For private customers, a provision has been made for defaults of more than 90 days.

Expected loss provisioning – financial instruments covered by general approach

The financial assets covered by the general approach to expected loss provisioning are non-current receivables and cash and cash equivalents. Ambea applies a ratings-based approach combined with other known information and forward-looking factors for the assessment of expected credit losses. The Group has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. If the amounts are not deemed insignificant, a provision for expected credit losses is also recognised for these financial instruments. At present, the Group assesses that no credit loss exists for these financial instruments.

Gross credit risk exposure

Swedish municipalities account for most of Ambea's sales, which means that the credit risk is very low. The high creditworthiness of municipalities emanates from their statutory right to tax municipal residents, which essentially means that they cannot go bankrupt. From a credit perspective, their rating is therefore very high. A minor share of Ambea's sales comprises apartment rent from residents (private individuals) living in Ambea's Own Management operations. Residents of units under own management are charged monthly rent and are eligible to apply for housing allowance, which also reduces Ambea's credit risk for this category of customers.

The Group has not received any pledged collateral for these net financial assets. The quality of receivables that are not overdue or impaired is considered high.

Recognised amounts for the Group's accounts receivable

	31 Dec 2019	31 Dec 2018
SEK	744	559
DKK	77	–
NOK	257	63
Total	**1,078**	**622**

Age analysis and accounts receivable – Group

	Gross		Impairment		Loss percentage	
SEK million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Not due accounts receivable	942	517	0	–	0%	0%
Past due accounts receivable 0-30 days	103	92	0	–	0%	0%
Past due accounts receivable 31-90 days	23	7	0	–	0%	0%
Past due accounts receivable 91-360 days	-3	8	0	-3	0%	-37%
Past due accounts receivable >360 days	24	1	-11	–	-46%	0%
Total	**1,089**	**625**	**-11**	**-3**	**-1%**	**-1%**

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, credit to cover working capital needs and consideration for acquisitions is essential. Ambea's liquidity reserve comprises committed credit facilities totalling SEK 4,500 million (3,000). At year-end, a total of SEK 961 million (571) had been used. During the year, Ambea issued commercial papers with an outstanding value of SEK 2,228 million (1,404) at the balance-sheet date, which means that SEK 1,311 million (1,025) is unutilised. 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.

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 4,500 million (3,000), of which SEK 3,189 million (1,983) was unutilised. The bank loans are floating-rate loans. The company's loan contracts have a financial covenant that the company must meet on a quarterly basis. The covenant is net debt in relation to adjusted EBITDA, both adjusted for the effects of IFRS 16. During the year, the company complied with all the conditions laid down in the financing agreement.

Maturity analysis of financial liabilities

The table below shows the undiscounted net outflows of the financial liabilities. In calculations, the interest rate and exchange rate at the balance-sheet date have been used.

Interest-rate risk

Interest rate risk is the risk that market interest rates will affect cash flow or the fair value of financial assets and liabilities. For assets and liabilities with floating interest rates, a change in market rates would have a direct impact on cash flow, while for assets and liabilities at fixed interest rates the fair value would be affected instead. The Group's accounts receivable are not interest-bearing. Interest-bearing assets exist in the form of cash and cash equivalents and investment assets within the framework of defined-benefit pension plans. Interest-bearing liabilities consist of utilised overdraft facilities and issued commercial paper, to a large extent intended to finance acquisitions and to a lesser extent to finance the business. To reduce the company's interest-rate risk, the company purchased an interest-rate swap and an interest rate cap in March 2019, both with maturities of three years. The interest rate cap has been set at 0.5 per cent, with a 3-month STIBOR rate. The fixed rate for interest-rate swaps is 1.65 per cent, with a 3-month NIBOR rate. Assuming the same loan liabilities and interest rate cap as at year-end, a change of +/- 100 basis points (1 percentage point) in the market rate would change net interest income by +/- SEK 12 million (13).

Currency risk

Ambea differentiates between two types of exposure: transaction exposure and translation exposure.

Transaction exposure

Ambea has virtually no transaction exposure since almost all income and expenses are denominated in the local currency of each country. At the balance-sheet date, receivables and liabilities are translated using the closing rate.

Translation exposure

The Group has a translation exposure arising from the translation of foreign subsidiaries' earnings and net assets into SEK. Since the acquisition of Aleris Omsorg, there is translation exposure in NOK and DKK. Translation exposure in NOK has been hedged through loans of NOK 189 million (215).

Financial liabilities

SEK	Carrying amount	Nominal amount	Within 1 year	2 years	3 years	4 years	5 years	10 years	15 years	15 years –
31 Dec 2019										
Revolving credit facility	961	1,012	17	17	978	–	–	–	–	–
Commercial papers	2,228	2,232	2,232	–	–	–	–	–	–	–
Other loans	0	0	0	–	–	–	–	–	–	–
Lease liability	4,780	5,758	770	705	594	517	454	1,754	873	91
Accounts payable	266	266	266	–	–	–	–	–	–	–
Total	**8,244**	**9,277**	**3,285**	**722**	**1,581**	**517**	**454**	**1,754**	**873**	**91**
31 Dec 2018										
Revolving credit facility	571	600	10	10	580	–	–	–	–	–
Commercial papers	1,404	1,406	1,406	–	–	–	–	–	–	–
Other loans	10	0	0	0	0	0	0	–	–	–
Finance lease liability	80	80	37	26	16	1	0	–	–	–
Accounts payable	198	198	198	–	–	–	–	–	–	–
Total	**2,263**	**2,284**	**1,651**	**36**	**596**	**1**	**0**	**–**	**–**	**–**

Hedge accounting

The Group applies hedge accounting for its net investment in a foreign operation and for the interest-rate derivatives acquired in 2019.

Hedging of net investment in a foreign operation

The Group's largest translation exposure is in NOK. At 31 December 2019, exposure in Norwegian net assets was SEK 935 million (221). The translation exposure has been hedged through loans of NOK 189 million (215). The loans are valued using the closing rate. A 10 per cent stronger SEK in relation to the NOK would have a negative impact of about SEK 70 million (0.2) on equity. Exchange-rate gains or losses on the loan are recognised in other comprehensive income and accumulated in equity. The hedge ratio is 1:1 for hedging. The Group did not recognise any ineffectiveness during the period. The net assets in DKK are not tangible.

Hedging of interest-rate risk

The Group's interest-rate derivatives used to hedge floating rate loans are recognised as cash flow hedges. The effective portion of the change in fair value of these derivatives, and the time value impact of the interest rate cap, are recognised in other comprehensive income. Any adjustment is recognised in profit or loss. The hedge ratio is 1:1. The Group did not recognise any ineffectiveness during the period. For more information about hedge accounting, refer to the tables below.

Effects of hedge accounting on financial position and earnings

	Hedging instruments identified in hedge relationships at 31 December					The period – change in fair value, for measuring ineffectiveness			
	Nominal amount		Carrying amount		Balance sheet item	Hedging instrument		Hedged item	
SEK million	2019	2018	2019	2018		2019	2018	2019	2018
Liability in foreign currency, NOK million	189	215	202	221	Non-current interest-bearing liabilities	-8	-7	10	7
Interest rate cap	1,535	–	1	–	Derivative instrument	1	–	–	–
Interest-rate swap	455	–	2	–	Derivative instrument	-2	–	–	–

Hedging instrument – hedge accounting applied

	Maturity							
	Within 3 months		3 months-1 year		1-3 years		Total nominal amount	
SEK million	2019	2018	2019	2018	2019	2018	2019	2018
Liability in foreign currency – currency hedging of net investment in a foreign operation								
NOK liability, nominal amount	–	–	–	–	189	221	189	221
Cash flow hedges								
Interest rate cap	–	–	–	–	1,535	–	1,535	–
Interest-rate swap	–	–	–	–	455	–	455	–

NOTE G27 Pledged assets and contingent liabilities

SEK million	31 Dec 2019	31 Dec 2018
Leased assets	66	80
Chattel mortgages	7	10
Real estate mortgages	9	9
Total	**82**	**101**

Contingent liabilities

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

NOTE G28 Related parties

SEK million	2019	2018
Purchases from companies related to Triton Advisers	–	0.5

For information about the remuneration of senior executives, refer to Note G7 Employees, personnel costs and remuneration of senior executives.

Through the acquisition of Solhagagruppen AB, Ambea has a joint pension foundation. The aim of the foundation is to secure pension commitments in accordance with the national pension scheme and other pension commitments, which have been, or will be, contributed for employees, and for the survivors of employees. This covers a few companies in the Ambea Group. The foundation is thereby considered a related party. There were no transactions with the foundation during the year.

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

Subsidiary/Corp. Reg. No./Registered office	No. of shares	Shares, %
Ambea Group AB, 556801-0788, Stockholm	406,705,508	100
Ambea Vård och Omsorg AB, 556677-0896, Stockholm	492,207,640	100
Vardaga och Nytida AB, 556531-6071, Stockholm	13,363,313	100
Ambea Sverige AB, 556542-9908, Stockholm	1,000	100
Klara D AB, 556578-0847, Stockholm	1,000	100
Klara T AB, 556583-7324, Stockholm	1,000	100
Klara E AB, 556626-9691, Stockholm	1,001	100
Vardaga AB, 556469-9105, Solna	100,000	100
Vardaga 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
Carema Äldreomsorg 1 AB, 556466-3218, Sollentuna	160,000	100
Vardaga Silverhemmen AB, 556791-3321, Stockholm	10,000	100
Vardaga Agaten AB, 556562-7337, Solna	2,000	100
Vardaga Gästhemmet Edsby Slott AB, 556568-4908, Solna	50	100
Nytida AB, 556470-1901, Solna	55,000	100
Nytida VIP AB, 556496-9367, Sollentuna	100	100
Nytida 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
Nytida Kängurun AB, 556571-8193, Solna	5,000	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

Subsidiary/Corp. Reg. No./Registered office	No. of shares	Shares, %
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
Nytida Solhagagruppen Holding AB, 556802-2189, Solna	7,865,188	100
Nytida Solhagagruppen AB, 556729-1686, Solna	1,870,000	100
Nytida Direco 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
Nytida Ekbacka AB, 556477-0807, Tingsryd	1,000	100
Nytida Resursteamet AB, 556827-2693, Stockholm	10,000	100
RT Assistans AB, 556952-0025, Stockholm	1,000	100
RT Jobb AB, 556744-1026, Stockholm	100	100
Nytida HVB Partner i Norr AB, 556968-2080, Stockholm	500	100
Nytida Brostugegården AB, 556445-7579, Uppsala	1,000	100
BoA Mellanvård AB, 556585-8908, Stockholm	1020	100
Nytida Andesit AB 556630-1585, Solna	1,020	100
Ambea Norge AS, 916722052, Oslo		100
Stendi Heimta AS, 913462564, Rygge	30,000	100
Vardaga Fjällmyran AB, 556721-3045, Östersund	1,000	100
Nytida Tillväxthemmen AB, 556933-2314, Söderhamn	500	100
Nytida Kung Saga AB, 556843-4095, Solna	50	100
Curation Holding AB, 556879-1502, Solna	9,000	100
Nytida Pavus AB, 556753-2238, Solna	1,000	100
Nytida Stöd & Resurs AB, 556437-5691, Solna	1,000	100
Nytida Hela Vägen AB, 559095-7956, Solna	50,000	100
En Bit Extra AB, 556864-2234, Lund	500	100
PB Education AB, 556985-1636, Lund	500	100
PB LSS Gruppboende AB, 559162-4555, Lund	500	100
Grätam Fastighetsprojekt AB, 559141-2019, Solna	500	100
CUS Fastighets & Service AB, 559079-6558, Solna	500	100
Fastighetsbolaget Vårdinge AB, 556633-4825, Solna	1,000	100
MVUL Fastigheter i Sverige AB, 556834-3668, Solna	50,000	100
Vardaga Nytida Care, 556694-6207, Solna	1,281,507	100
Vardaga Nytida Omsorg AB, 556334-1659, Solna	360,000	100
Nytida Mjörnviksholm AB, 556123-2108, Solna	1,000	100
Nytida Nåjden AB, 556427-0519, Solna	1,000	100
Nytida Kognitiva Center AB, 556529-1043, Solna	1,000	100
Vardaga Nytida Allita AB, 556838-7731, Solna	2,000	100

Subsidiary/Corp. Reg. No./Registered office	No. of shares	Shares, %
Nytida Barnvärket AB, 556889-4926, Solna	500	100
Nytida Ekekullen AB, 556807-1251, Solna	1,000	100
Nytida Villa Brucit AB, 559031-3424, Solna	1,000	100
Nytida Riggen AB, 556612-7097, Solna	1,000	100
Nytida Utveckling och Stöd AB, 559006-6295, Solna	1,000	100
Nytida Azurite AB, 559006-6311, Solna	1,000	100
Team Vårdpilen AB, 556819-4806, Solna	500	100
Vardaga Rosstorp AB, 556776-1431, Solna	1,000	100
Vardaga Vårdpilen AB, 556595-7783, Solna	1,000	100
Vård och Omsorgteamet i Nacka AB, 556723-0544, Solna	1,000	100
Aktiv Omsorg i Stockholm AB, 556793-1208, Solna	1,000	100
Vardaga Famntaget Omsorg AB, 556790-3496, Solna	1,000	100
Care I Property Holding AB, 559167-1309, Solna	50,000	100
Högaholmen 14 Fastighets AB, 559167-1275, Solna	50,000	100
AMB Norway AS, 995 729 237, Oslo	30,100	100
AMB AS, 988 390 011, Oslo	35,000	100
Stendi AS, 985 194 653, Oslo	3,112	100
Stendi Senior AS, 982 843 790, Oslo	300	100
Stendi kompetanse AS, 991 412 190, Oslo	1,020	100
Stendi Park AS, 918 561 854, Oslo	30	100
Altiden Omsorg A/S, 19 17 68 78, Copenhagen	6,000	100
Altiden Netværk ApS, 32 15 95 67, Copenhagen	125	100
Altiden Solskovgaard ApS, 34 89 39 26, Jammerbugt	80,000	100
Casablanca Bo & Ehrverv ApS		100

NOTE G29 Additional cash flow statement disclosures

SEK million	2019	2018
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	52	62
Total cash and cash equivalents	**52**	**62**
Interest paid/received		
Interest received	0	2
Interest paid	249	-30
Of which interest on lease liability	161	–[1]
Adjustment for non-cash items		
Profit/loss from participations in Group companies	0	4
Depreciation, amortisation and impairment of assets	845	135
Capital gain/loss on disposal of fixed assets	0	-2
Unrealised exchange rate differences	-10	0
Changes in provisions	-37	-3
Unpaid interest expense	0	-0
Accrual of financing cost	11	0
Other non-cash items	1	0
Total non-cash items	**810**	**134**

Change in liabilities 2019

				Non-cash-impacting changes					
SEK million	31 Dec 2018	New loans	Repayments	Acquisi-tions	Effects of IFRS 16	Exchange-rate differences	Changes in fair value	Other changes	31 Dec 2019
Non-current loans	571	1,893	-1,492	–	–	–	7	10	961
Current loans	1,404	7,018	-6,194	–	–	–	–	–	2,228
Lease liabilities	80		-581	1,423	3,858	–	–	–	4,780
Total liabilities	**2,055**	**8,911**	**-8,295**	**1,423**	**3,858**	–	**7**	**10**	**7,969**

Change in liabilities 2018

				Non-cash-impacting changes				
SEK million	31 Dec 2017	New loans	Repayments	Acquisi-tions	Exchange-rate differences	Changes in fair value	Other changes	31 Dec 2018
Non-current loans	670	–	-112	–	1	5	7	571
Current loans	1,355	1,399	-1,360	10	–	–	–	1,404
Lease liabilities	74	–	-22	–	–	–	28	80
Total liabilities	**2,101**	**1,399**	**-1,494**	**10**	**1**	**5**	**35**	**2,055**

[1] Lease presentation and disclosure under earlier accounting policies (IAS 17) for the comparative year

NOTE G30 Business combinations

Effect of acquisitions, 2019

In 2019, Ambea completed the following acquisitions, where 100 per cent of the shares were acquired in all companies:

- Aleris Care AB (incl. subsidiaries)
- En bit Extra AB (incl. subsidiaries)
- Famntaget Omsorg AB
- Casablanca Bo & Ehrverv ApS

Transaction costs totalling SEK 7 million (39) were charged to earnings during the year.

Aleris Omsorg

On 16 October 2018, it was announced that Ambea had agreed to acquire Aleris Omsorg. Aleris Omsorg conducts care operations in Sweden, Norway and Denmark. Ambea acquired 100 per cent of the shares in the Parent Company, Aleris Care AB, on 21 January 2019, following approval from the relevant competition authorities, for a consideration of approximately SEK 2,586 million on a debt-free, cash-free basis at the transfer date. The acquisition makes Ambea the largest care services provider in Scandinavia. The acquisition of Aleris Omsorg creates a stable platform for future organic growth and significant potential for both direct cost synergies and operational improvements. In addition to direct cost synergies of SEK 90 million and identified operational improvements of SEK 30 million, Ambea expects that additional efficiencies can be realised over the next two to three years.

The acquisition was recognised using the acquisition method, and Aleris's Care Operations have been included in the financial statements for the Ambea Group since 21 January 2019.

Acquired receivables mainly comprise accounts receivable. As these are expected to be paid, in all material respects, the fair value is consistent with the carrying amount. Aleris's customers are predominantly municipalities, whereby credit risk is deemed low.

In the acquisition analysis, the provisions line item was adjusted, since additional reserve requirements were identified for acquired units, most of which pertain to disputes related to the legal proceeding regarding social security costs for temporary staff in Norway. The dispute existed prior to the acquisition date.

Acquired lease liabilities have been measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired lease was new at the acquisition date. Calculations have been made using the same methodology and assumptions as when the effects of IFRS 16 were calculated for Ambea, and are presented in Note G6 in the 2018 Annual Report. At the acquisition date, right-of-use assets have been measured at the same amount as lease liabilities.

Goodwill arising is primarily attributable to human capital, the Own Management pipeline, a stronger market position and expected synergies. The expected direct cost synergies amounts to a total of SEK 90 million per year, of which half was realised in 2019 and the remaining will be realised in 2020. Identified operational improvements are expected to amount to SEK 30 million annually, and realised in 2020.

Integration costs related to the acquisition totalled SEK 113 million, of which the majority were recognised in 2019.

Since the acquisition date, Aleris Omsorg has contributed SEK 4,804 million to net sales, and SEK 80 million to profit before tax. If the acquisition had taken place on 1 January 2019, Aleris Omsorg would have contributed SEK 5,086 million to net sales, and SEK 83 million to profit before tax.

Other acquisitions

The consideration (purchase price) transferred for the acquisitions comprised cash in the amount of SEK 48 million. These acquisitions generated goodwill of SEK 41 million, corresponding to the difference between the consideration transferred and the acquired net assets identified. Goodwill mainly pertains to operating and administrative synergies.

Since the respective date of acquisition, other acquisitions have contributed SEK 17 million to net sales and SEK 0 million to profit before tax. If the acquisitions had taken place on 1 January 2019, the companies would have contributed SEK 93 million to net sales and SEK 4 million to profit before tax. Brief information about the other acquisitions is presented below:

Pusselbiten

On 1 July, Ambea's Nytida division acquired En bit Extra AB and its subsidiary (Pusselbiten schools). Pusselbiten provides compulsory comprehensive school education for students with and without special needs, specialising in individuals with an autism spectrum disorder or an intellectual disability. The operations comprise two schools, after-school activities, short-term supervision and short-term accommodation in accordance with the Swedish Act concerning Support and Service for Persons with Certain Functional Impairments (LSS). In 2018, Pusselbiten generated revenue of SEK 36 million.

Famntaget Omsorg

On 29 November, Ambea's Vardaga division acquired all shares in Famntaget Omsorg AB. The company provides home care in central Stockholm. Famntaget Omsorg is a family-owned company founded in 2009. The company provides home care for people with dementia. Famntaget Omsorg has approximately 150 customers, about 40 employees and in 2018, generated revenue of SEK 20 million.

Casablanca

On 9 December, Ambea's Altiden division acquired shares in Casablanca Bo & Ehrverv ApS, which provides residential care for people with disabilities. In 2018/2019, Casablanca generated revenue of DKK 29 million.

Vivamus

In December, Ambea's Altiden division signed an agreement to acquire Vivamus A/S. Vivamus A/S provides residential care for people with disabilities in the Copenhagen region. In 2018, Vivamus generated revenue of DKK 63 million. As the transfer date was 8 January 2020, Vivamus is not included in the consolidated accounts for 2019.

Net assets of the acquired companies at the acquisition date – 2019

SEK million	Aleris Care AB	Other acquisitions	Fair value recognised in the Group
Tangible assets	100	3	103
Intangible assets	277	–	277
Financial assets	40	2	42
Right-of-use assets	1,412	11	1,423
Accounts receivable and other receivables	605	17	621
Cash and cash equivalents	455	10	464
Non-current interest-bearing liabilities	2	–	2
Deferred tax liability	59	–	59
Pension provisions	26	–	26
Other provisions	98	2	100
Lease liabilities	1,412	11	1,423
Accounts payable and other liabilities	735	14	749
Net identifiable assets and liabilities	**557**	**16**	**573**
Group goodwill	2,484	41	2,525
Total consideration	**3,041**	**58**	**3,099**
Cash (acquired)	455	10	465
Net cash outflow	**2,586**	**48**	**2,634**

Effect of acquisitions, 2018

In 2018, the following companies were acquired: Curation Holding AB, PR Vård AB, Arona Omsorger AB, Strukturrutan AB, Tillväxthemmen AB and Kung Saga AB.

The consideration (purchase price) transferred comprised cash and an estimated earn-out in the amount of SEK 373 million.

The acquisitions gave rise to goodwill of SEK 278 million in the form of a difference between the consideration transferred and the fair value of the net assets acquired. The goodwill mainly relates to synergies in the form of coordination gains within administration. The goodwill is not expected to be tax deductible.

Net assets of the acquired companies at the acquisition date – 2018

SEK million	Curation Holding AB	Other acquisitions	Fair value recognised in the Group
Tangible assets	17	12	45
Intangible assets	0	–	54
Financial assets	0	–	–
Inventories	0	0	0
Accounts receivable and other receivables	21	8	29
Cash and cash equivalents	14	17	31
Non-current interest-bearing liabilities	-8	-4	-12
Deferred tax liability	0	0	-16
Provisions	0	0	0
Accounts payable and other liabilities	-22	-13	-36
Net identifiable assets and liabilities	**22**	**20**	**95**
Group goodwill	236	43	278
Total consideration			**373**
Cash (acquired)			-31
Estimated earn-out			0
Net cash outflow			**342**
Earn-out paid in respect of previous years' acquisitions			25
Total acquisitions			**368**

NOTE G31 Events after the balance-sheet date

Acquisition of Vivamus

After the end of the year, the acquisition of Vivamus A/S was completed. The shares were transferred on 8 January 2020.

Restructuring program in Norway

After the end of the quarter, a restructuring programme was initiated in Norway. The expected savings effect on a full-year basis is SEK 30 million, gradually increasing from the second quarter of 2020. Items affecting comparability of about SEK 45 million are expected to be charged to the first six months of 2020.

Proposal of dividend withdrawn and potential effects of covid-19 on Q1 2020 and full year 2020

Ambea follows the development of Covid-19 closely and has promptly taken measures to decrease the risk of spread in the operations. As Ambea's residential care home partly consists of risk groups, and the fact that the spread has been confirmed on a community-wide basis, this means that Ambea's units will be effected.

Ambea expects the net sales and EBITA to be effected to a lesser extent by covid-19 during the first quarter 2020. During the second quarter 2020, personnel costs are expected to increase, which in combination with a potentially lower occupancy can result in a lower financial result for second quarter and full year 2020. Ambea expects demand for its services to remain robust going forward, but that covid-19 will have short-term negative impact.

Ambea has ca 1,100 MSEK in undrawn credit facilities and sufficient liquidity to handle a temporary downturn of demand. To further ensure that Ambea has the maximum financial resources available during the coming period of increased uncertainty, the board of directors has decided to withdraw the previous proposal on dividend.

NOTE G32 Key judgements and estimates

The critical assessments and estimates for accounting purposes addressed in this section are those that management and the Board consider most important for an understanding of Ambea's financial statements taking into account the degree of significant assessments and uncertainty. These assessments are based on historical experience and the various assumptions that management and the Board deem reasonable under the prevailing circumstances. The conclusions thus drawn form the basis for decisions concerning the carrying amounts of assets and liabilities, where these cannot be immediately determined based on information from other sources. Actual outcomes may differ from these assessments if other assumptions are made or other conditions are in place.

a) Impairment testing of intangible assets

Intangible assets in the Group essentially pertain to goodwill arising in connection with business combinations, measured customer contracts and customer relationships and, to a lesser extent, other intangible assets. Recognised intangible assets are mainly represented by assets arising in connection with the acquisition of Ambea by former owners, Triton and KKR, in 2010, and subsequent acquisitions. For measured customer contracts and related customer relationships, amortisation is recognised in pace with the anticipated consumption of the economic benefits flowing from these assets. For other intangible assets, amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the asset. Goodwill is impairment tested annually, or as soon as indications arise that the asset in question has decreased in value. In addition to the demographic trend affecting operations in all countries where Ambea is active, the trend is considered highly dependent on state and municipal decisions, such as the assumption of increased competition for publicly financed health care and care. These decisions are affected by the financial position of the state, county councils and municipalities. The general economy has an impact on the cost situation of the business.

When assessing the recoverable amount in the context of an impairment test, estimated future cash flows based on a five-year business plan produced by the management for Ambea are used. For the period after the forecast period, the growth assumption was 1.0 per cent (1.0) with an unchanged margin. At discounting to present value of future cash flow constitute the average weighted cost of capital 9.1-14.7 per cent (8.1-11.6) before tax. 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.

c) Assumptions when calculating lease liability

IFRS 16 has had a material impact on Ambea's financial statements. When calculating lease liability, management has made a number of judgements and estimates which, if done otherwise, would have affected the amount of the lease liability.

Identified asset classes

Ambea has identified two main asset classes: properties/premises and cars, where properties account for 98 per cent of lease liability recognised at 31 December 2019.

Ambea has elected to exclude a number of agreements pertaining to small storage areas, parking spaces and small offices. These have no material impact on lease liabilities recognised. The leasing of computers and photocopiers has been excluded for the same reason. Ambea has also elected to exclude long-term contracts for rental apartments with a short notice period (up to 12 months). Had these apartments been included, the lease liability would have been higher, but since it is a flexible contractual form from Ambea's perspective, the liability would also have been more volatile due to constantly changing assumptions and changes in the contract portfolio.

Interest
For contracts with terms of less than three years, an incremental borrowing rate of 1.75 per cent is used, corresponding to borrowing within existing credit limits. For contracts with terms of three years or more, Ambea has assumed a risk-free interest rate corresponding to STIBOR in Sweden, NIBOR in Norway and CIBOR in Denmark, and added an increment of 1.75 per cent. A lower interest rate would have resulted in a higher liability, and vice versa. Interest rates are assessed annually.

Extension options and long-term contracts
For agreements in Vardaga, the assumption is that any existing extension options with a starting date within about five years will be utilised. For the subsequent period, the assumption is that it is not currently possible to determine whether or not an option will be utilised. These options will be assessed annually and included in the lease liability as soon as it is reasonably certain they will be utilised. In Nytida, the assumption is that extension options linked to LSS units will be used, while agreements in Individual and Family are analysed more carefully due to the changing nature of the operations. Should the agreement be structured so that Ambea is entitled to terminate before the landlord, the overall assumption is that we will maintain the agreement for the validity of the landlord's contractual term. The assumption of extension options utilised and the fact that we maintain our agreements for longer than their contractual term has increased the lease liability recognised.

Regarding long-term contracts, other than apartments with a short notice period which are excluded, a case-by-case assessment of each agreement is made. These agreements are assessed annually and the rental term is extended in line with the time horizon.

NOTE GC33 Reconsiliation to IFRS

SEK million	2019 Jan–Dec	2018 Jan–Dec
Growth/Acquired growth		
Growth in net sales (%)	82	4
Of which acquired growth (%)	81	5
Of which currency effect (%)	0	0
Of which organic growth (%)	1	-1
Operating margin (EBIT)		
Net sales	11 040	6 076
Operating profit (EBIT)	525	429
Operating margin, EBIT (%)	**4,8**	**7,1**
EBITA and adjusted EBITA		
Operating profit (EBIT)	525	429
Amortisation and impairment of intangible assets	125	79
EBITA	**650**	**508**
Items affecting comparability	138	39
Adjusted EBITA	**788**	**547**
EBITA och adjusted EBITA margin		
Net sales	11 040	6 076
EBITA margin (%)	5,9	8,4
Adjusted EBITA margin (%)	7,1	9,0

NOTE GC33 Reconsiliation to IFRS

SEK million	2019 Jan–Dec	2018 Jan–Dec
EBITDA and adjusted EBITDA		
Operating profit (EBIT)	525	429
Depreciation, amortisation and impairment of tangible and intangible assets	845	135
EBITDA	**1 370**	**564**
Items affecting comparability	138	39
Adjusted EBITDA	**1 508**	**603**
EBITDA och adjusted EBITDA margin		
Net sales	11 040	6 076
EBITDA margin	12,4	9,3
Adjusted EBITDA margin	13,7	9,9
EBITDA and adjusted EBITDA excluding IFRS 16		
Operating profit (EBIT)	**525**	**e.t.**
Depreciation, amortisation and impairment of tangible and intangible assets	845	e.t.
Additional: Rental expenses	-711	e.t.
Net effects of IFRS 16 on EBITDA	-711	e.t.
EBITDA excluding effects of IFRS 16	**659**	e.t.
Items affecting comparability	138	e.t.
Adjusted EBITDA excl. IFRS 16	**796**	e.t.
Operating cash flow		
Adjusted EBITDA	**1 508**	**603**
Adjustment for non-cash items	-36	-5
Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	-110	-32
Adjustment for cash flow from investing activities related to increased capacity/growth	42	9
Changes in working capital	15	73
Operating cash flow	**1 418**	**648**
Cash Conversion (%)		
Operating cash flow	1 418	648
Adjusted EBITDA	1 508	603
Cash Conversion (%)	**94,0**	**107,5**
Net debt, net debt/Adjusted EBITDA, RTM		
Non-current interest-bearing liabilities	5 131	614
Current interest-bearing liabilities	2 838	1 441
Less: cash and cash equivalents	-52	-62
Net debt	**7 917**	**1 993**
Adjusted EBITDA, RTM	1 508	603
Net debt/Adjusted EBITDA, RTM (times)	**5,3**	**3,3**
Free cash flow excluding effects of IFRS 16		
Free cash flow	**872**	–
Less: effects of IFRS 16 on EBITDA	-711	–
Change in prepaid rents recognised on the line item of change in operating receivables	2	–
Additional: Interest payments	158	–
Free cash flow excluding effects of IFRS 16	**321**	–

NOTE GC33 Reconsiliation to IFRS

SEK million	2019 Jan–Dec	2018 Jan–Dec
Working capital		
Inventories	**0**	**0**
Accounts receivable	1 078	622
Other receivables	67	68
Prepaid expenses and accrued income	**261**	**167**
Less accounts payable	-266	-198
Less tax liabilities	-53	-93
Less other non-interest-bearing liabilities	-200	-74
Less accrued expenses and deferred income	-1 027	-547
Total working capital	**-140**	**-54**
Net sales	11 040	6 076
Working capital as % of net sales	-1,3	-0,9
Profit before and after tax excluding effects of IFRS 16		
Profit before tax	276	–
Net effects of IFRS 16 on EBIT	-94	–
Less: IFRS 16 effects included in the line item of Financial expenses	158	–
Net effects of IFRS 16 on profit before tax	64	–
Profit before tax excluding effects of IFRS 16	**340**	–
Tax on profit for the period	-61	–
Less: Effects of IFRS 16 on deferred tax	-14	–
Profit after tax excluding effects of IFRS 16	**265**	–
Earnings per share before dilution, excluding effects of IFRS 16		
Profit after tax excluding effects of IFRS 16	265	–
No. of shares (000s)	85 727	–
Earnings per share before dilution, excluding effects of IFRS 16	**3,10**	–
Earnings per share after dilution, excluding effects of IFRS 16		
Profit after tax excluding effects of IFRS 16	265	–
No. of shares (000s)	85 837	–
Earnings per share before dilution, excluding effects of IFRS 16	**3,09**	–
Operating cash flow excl. IFRS 16		
Operating cash flow	1 418	–
Less: effects of IFRS 16 on EBITDA	-711	–
Operating cash flow excl. IFRS 16	**707**	–
Cash conversion excl. IFRS 16		
Operating cash flow excluding effects of IFRS 16	707	–
Adjusted EBITDA excluding effects of IFRS 16	796	–
Cash conversion (%) excl. IFRS 16	**88,7**	–

NOTE GC33 Reconsiliation to IFRS

SEK million	2019 Jan–Dec	2018 Jan–Dec
Operating profit (EBIT) excluding effects of IFRS 16		
Operating profit (EBIT)	525	–
Less: Effects of IFRS 16 included in the line items of depreciation, amortisation and impairment of tangible and intangible assets	618	–
Additional: Rental expenses	-711	–
Net effects of IFRS 16 on EBIT	-94	–
EBIT excluding effects of IFRS 16	**431**	–
EBITA and adjusted EBITA excluding effects of IFRS 16		
Operating profit (EBIT)	525	–
Amortisation and impairment of intangible assets	125	–
Less: Effects of IFRS 16 included in the line items of depreciation, amortisation and impairment of tangible and intangible assets	618	–
Additional: Rental expenses	-711	–
Net effects of IFRS 16 on EBITA	-94	–
EBITA excluding effects of IFRS 16	**556**	–
Items affecting comparability	138	–
Adjusted EBITA excluding effects of IFRS 16	**694**	–
EBITA and adjusted EBITA margin, excluding effects of IFRS 16		
EBITA excluding effects of IFRS 16	556	–
Net sales	11 040	–
EBITA margin excluding effects of IFRS 16 (%)	5,0	–
Adjusted EBITA excluding effects of IFRS 16 (%)	694	–
Net sales	11 040	–
Adjusted EBITA margin excluding effects of IFRS 16 (%)	6,3	–
Net debt, Net debt/Adjusted EBITDA, RTM excluding effects of IFRS 16		
Non-current interest-bearing liabilities	5 131	–
Less: non-current lease liabilities pertaining to properties recognised on the Lease liability line	-4 134	–
Current interest-bearing liabilities	2 838	–
Less: current lease liabilities pertaining to properties recognised on the Lease liability line	-571	–
Less: cash and cash equivalents	-52	–
Net debt excluding effects of IFRS 16	**3 213**	–
Adjusted EBITDA, RTM, adjusted for IFRS 16	796	–
Net debt/Adjusted EBITDA, RTM, excluding effects of IFRS 16	**4,0**	–

Parent Company income statement

SEK million	Note	2019	2018
Operating income			
Net sales		17	29
Total net sales		**17**	**29**
Operating expenses			
Other external costs	2	-15	-22
Personnel costs	3	-16	-25
Operating result		**-15**	**-18**
Net financial items	4	-59	2
Result after financial items		**-74**	**-16**
Appropriations	5	199	15
Result before tax		**124**	**-1**
Tax on profit for the year	6	-27	–
Profit/loss for the year		**98**	**-1**

Parent Company statement of comprehensive income

SEK million	Note	2019	2018
Profit/loss for the year		98	-1
Other comprehensive income for the year		0	0
Total comprehensive income for the year		**98**	**-1**

Parent Company balance sheet

SEK million	Note	31 Dec 2019	31 Dec 2018
Assets			
Fixed assets			
Intangible assets			
Software		1	1
Financial assets			
Participations in Group companies	7	7,208	4,129
Deferred tax assets		–	2
Other financial assets		–	32
Derivative assets		3	–
Total fixed assets		**7,213**	**4,164**
Current assets			
Receivables from Group companies		2,555	2,285
Other receivables		12	16
Prepaid expenses and accrued income		11	4
Cash and bank balances		0	0
Total current assets		**2,579**	**2,305**
Total assets		**9,792**	**6,469**
Equity and liabilities			
Equity	8		
Restricted equity			
Share capital		2	2
Statutory reserve		0	0
Total restricted equity		**2**	**2**
Non-restricted equity			
Share premium reserve		1,403	200
Retained earnings		1,771	1,852
Result for the year		98	-1
Total non-restricted equity		**3,272**	**2,051**
Total equity		**3,274**	**2,053**
Untaxed reserves	9	**33**	–
Non-current liabilities			
Liabilities to credit institutions	11	965	579
Total non-current liabilities		**965**	**579**
Current liabilities			
Commercial papers	11	2,228	1,404
Accounts payable		1	7
Current tax liabilities		20	–
Liabilities to Group companies		3,253	2,396
Other liabilities		0	1
Accrued expenses	10	17	29
Total current liabilities		**5,520**	**3,836**
Total equity and liabilities		**9,792**	**6,469**

Parent Company statement of changes in equity

	Restricted equity		Unrestricted equity			
SEK million	**Share capital**	**Statutory reserve**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening equity, 1 Jan 2018	**2**	**0**	**200**	**1,925**	**-1**	**2,125**
Appropriation of profits	–	–	–	–	–	–
Result for the year	–	–	–	–	-1	-1
Other comprehensive income for the year	–	–	–	–	–	–
Comprehensive income for the year	–	–	–	–	–	-1
Transactions with shareholders						
Bonus issue	–	–	–	–	–	–
Rights issue	–	–	–	–	–	–
Issuance costs	–	–	–	–	–	–
Warrants issued	–	–	–	1	–	1
Share buybacks	–	–	–	-4	–	-4
Dividends	–	–	–	-68	–	-68
Closing equity, 31 Dec 2018	**2**	**0**	**200**	**1,852**	**-1**	**2,053**
Opening equity, 1 Jan 2019	**2**	**0**	**200**	**1,852**	**-1**	**2,053**
Appropriation of profits	–	–	–	-1	1	0
Result for the year	–	–	–	–	98	98
Other comprehensive income for the year	–	–	–	–	0	0
Comprehensive income for the year	–	–	–	–	–	98
Transactions with shareholders						
Rights issue	–	–	1,215	–	–	1,215
Issuance costs	–	–	-19	–	–	-19
Tax on issuance costs	–	–	4	–	–	4
Warrants issued	–	–	2	–	–	2
Share buybacks	–	–	–	-5	–	-5
Dividends	–	–	–	-74	–	-74
Closing equity, 31 Dec 2019	**2**	**0**	**1,403**	**1,771**	**98**	**3,274**

Parent Company cash flow statement

SEK million	Note	2019	2018
Operating activities			
Result before tax		124	-1
Adjustment for non-cash items	14	11	4
		135	**3**
Tax paid		-5	–
Cash flow from operating activities before changes in working capital		**130**	**3**
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in operating receivables		-260	-31
Increase (+)/Decrease (-) in operating liabilities		837	-42
Cash flow from operating activities		**707**	**-70**
Investing activities			
Premiums for warrants		–	-2
Investment in shares in subsidiaries		-3,048	0
Investment in other financial assets		–5	-32
Cash flow from investing activities		**-3,053**	**-34**
Financing activities			
Rights issue		1,215	0
Issuance costs		-5	–
Warrants		2	–
Net change in overdraft facility		386	55
Share buybacks		-5	-4
New loans		7,018	1,399
Group contributions received		15	57
Repayment of debt		-6,194	-1,344
Dividends		-74	-68
Cash flow from financing activities		**2,346**	**95**
Cash flow for the year		**0**	**-9**
Cash and cash equivalents at the beginning of the year		0	9
Cash and cash equivalents at year-end	14	**0**	**0**

NOTE PC1 Accounting policies

Parent Company's accounting policies
The Parent Company prepares its Annual Report in accordance with the Swedish Annual Accounts Act and additional information in accordance with the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, which means that the Parent Company, in the annual accounts for the legal entity, is required to apply all EU-endorsed IFRS and statements, insofar as this is possible, within the framework of the Swedish Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS.

Differences between the accounting policies applied by the Group and the Parent Company
The most significant differences between the accounting policies applied by the Group and the Parent Company are presented below. The accounting policies stated below for the Parent Company have been applied consistently for all presented periods in the Parent Company's financial statements.

Classification and presentation formats
The Parent Company's income statement and balance sheet are prepared in accordance with the Annual Accounts Act.

Subsidiaries
Participations in subsidiaries are recognised in the Parent Company using the cost method. Dividends received are recognised as income. Impairment testing of carrying amounts is performed after the dividend has been received.

Financial guarantees
Financial guarantees entail that the company has an obligation to indemnify the holder of a debt instrument for losses he/she incurs due to a specified debtor not making payment when contractual amounts fall due. When recognising financial guarantee contracts, the Parent Company applies RFR 2, which entails relaxation compared with the IAS 39 rules in respect of financial agreement contracts issued for the benefit of subsidiaries, associated companies and joint ventures. The Parent Company recognises financial agreement contracts as a provision on 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, untaxed reserves are divided into deferred tax liabilities and equity.

Group and shareholder contributions
Group contributions received and granted are both recognised as appropriations in accordance with the alternative rule. Shareholder contributions are recognised directly against equity for the recipient and in participations in Group companies for the donor, insofar as there is no need for impairment.

NOTE PC2 Other external costs

SEK million	2019	2018
External services[1]	-14	-19
Advertising/PR	0	-1
Other	-1	-2
Total	**-15**	**-22**

[1]The Parent Company's audit costs amounted to SEK 1 million in 2019 and SEK 1 million in 2018.

NOTE PC3 Employees, personnel costs and remuneration

For salaries and remuneration of employees and senior executives, and information about the number of employees, refer to Note G7 Employees, personnel costs and remuneration of senior executives.

NOTE PC4 Net financial items

Assets and liabilities measured at amortised cost

SEK million	2019	2018
Interest income from customers	0	0
Interest income, other financial assets	44	39
Total interest income using effective interest method	**44**	**39**
Interest expense, liabilities to credit institutions	-58	-15
Interest expense, other financial liabilities	0	0
Total interest expense using effective interest method	-58	-15
Exchange rate differences, net	-4	
Fee income and expense	-41	-22
Total	**-103**	**-22**
Total recognised in net financial items	**-59**	**2**

NOTE PC5 Appropriations

SEK million	2019	2018
Group contributions received	231	15
Provision to tax allocation reserve	-33	–
Total	**199**	**15**

NOTE PC6 Tax

	2019		2018	
SEK million	%	Amount	%	Amount
Reconciliation of effective tax rate				
Profit/loss before tax		124		-1
Tax according to applicable tax rate	21.4	-27	22	0
Non-deductible expenses		0	–	–
Tax exempt income		–	-22	0
Recognised effective tax		**-27**		**–**

NOTE PC7 Participations in Group companies

SEK million	31 Dec 2019	31 Dec 2018
Accumulated cost		
Opening balance	4,129	4,127
Acquisition of Aleris Omsorg	3,047	–
Transfer from fixed assets related to Aleris	32	
Shareholder contributions received	–	2
Closing balance	**7,208**	**4,129**

For a summary of all companies included in the Group, see Note G28.

SEK million	31 Dec 2019	31 Dec 2018
Accumulated cost		
Ambea Group AB	4,129	4,129
Vardaga Nytida Care AB	3,079	2
Total participations in Group companies	**7,208**	**4,129**

NOTE PC8 Equity

The share capital comprises 94,617,996 shares (67,616,556) with a quotient value of SEK 0.03 (0.03). Refer also to disclosures in Note G17, Equity.

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

Share premium reserve refers to funds raised in connection with rights issues, exceeding nominal value per share.

NOTE PC9 Untaxed reserves

SEK million	2019	2018
Accumulated costn		
Opening balance	–	–
Provision to tax allocation reserve for the year	33	–
Dissolution of tax allocation reserve for the year	–	–
Closing balance	**33**	–

SEK million	31 Dec 2019	31 Dec 2018
Allocation per year		
Tax allocation reserve, assessments year 2020	33	–
Closing balance	**33**	–

NOTE PC10 Accrued expenses and deferred income

SEK million	31 Dec 2019	31 Dec 2018
Holiday pay, including social security fees	0	0
Accrued personnel costs	3	9
Accrued interest expense	7	0
Accrued consulting and audit costs	2	2
Other items	5	18
Total	**17**	**29**

NOTE PC11 Fair value measurement of financial assets and liabilities

The Parent Company's financial assets and liabilities are presented in the following table, classified according to cost. The carrying amounts of current receivables and liabilities are considered a reasonable estimate of their fair value, which is why these amounts are consistent in the table below.

	Financial assets measured at amortised cost		Financial liabilities measured at amortised cost		Total carrying amount		Total fair value	
SEK million	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash and cash equivalents	0	0	–	–	0	0	0	0
Receivables from Group companies	2,555	2,285	–	–	2,555	2,285	2,555	2,285
Derivative assets	3	–	–	–	3	–	1	–
Total	**2,558**	**2,285**	**–**	**–**	**2,558**	**2,285**	**2,556**	**2,285**
Liabilities to credit institutions	–	–	965	579	965	579	965	579
Commercial papers	–	–	2,228	1,404	2,228	1,404	2,228	1,404
Liabilities to Group companies	–	–	3,253	2,396	3,253	2,396	3,253	2,396
Accounts payable	–	–	1	7	1	7	1	7
Total	–	–	**6,447**	**2,214**	**6,447**	**2,124**	**6,447**	**2,124**

Expected loss provisioning

The Parent Company applies a ratings-based approach to estimate expected credit losses on intra-Group receivables based on probability of default, loss given default and exposure at default. The Parent Company has defined default as when payment of the receivable is 90 days or more overdue, or when other factors indicate that a payment suspension exists. A significant increase in credit risk was not deemed to exist at the balance-sheet date. Such an assessment is based on whether payment is 30 days or more overdue, or if the credit quality has deteriorated significantly, resulting in a rating below investment grade. The Parent Company applies the general approach to the intra-Group receivables. The Parent Company's expected loss at default accounts for the average loan-to-value ratio of the subsidiaries. Based on the Parent Company's assessments using the approach described above, with consideration for other known information and forward-looking factors, expected credit losses are not deemed significant and no provision has therefore been recognised.

NOTE PC12 Pledged assets and contingent liabilities

The Parent Company has no pledged shares or contingent liabilities.

NOTE PC13 Related parties

SEK million	2019	2018
Transactions with Group companies		
Group contributions received	199	15
Central costs invoiced to subsidiaries	17	28

SEK million	31 Dec 2019	31 Dec 2018
Non-current receivables	2,555	2,285

NOTE PC14 Additional cash flow-statement disclosures

SEK million	31 Dec 2019	31 Dec 2018
Cash and cash equivalents		
The following components are included in cash and cash equivalents:		
Cash and bank balances	0	0
Adjustments for non-cash items, etc.		
Accrual of financing cost	11	4

NOTE PC15 Events after the balance-sheet date

Proposal of dividend withdrawn and potential effects of covid-19 on Q1 2020 and full year 2020

Ambea follows the development of Covid-19 closely and has promptly taken measures to decrease the risk of spread in the operations. As Ambea's residential care home partly consists of risk groups, and the fact that the spread has been confirmed on a community-wide basis, this means that Ambea's units will be effected.

Ambea expects the net sales and EBITA to be effected to a lesser extent by covid-19 during the first quarter 2020. During the second quarter 2020, personnel costs are expected to increase, which in combination with a potentially lower occupancy can result in a lower financial result for second quarter and full year 2020. Ambea expects demand for its services to remain robust going forward, but that covid-19 will have short-term negative impact.

Ambea has ca 1,100 MSEK in undrawn credit facilities and sufficient liquidity to handle a temporary downturn of demand. To further ensure that Ambea has the maximum financial resources available during the coming period of increased uncertainty, the board of directors has decided to withdraw the previous proposal on dividend.

NOTE PC16 Proposed distribution of profits

SEK	2019	2018
The following non-restricted equity is at the disposal of the Annual General Meeting:		
Retained earnings	1,771,191,480	1,851,961,960
Share premium reserve	1,402,823,414	200,351,856
Profit/loss for the year	97,652,993	-1,452,982
Total	**3,271,667,887**	**2,050,860,834**
The Board proposes that no dividend be paid to the shareholders	–	74,253,962
To be carried forward	3,271,667,887	1,976,606,872
Total	**3,271,667,887**	**2,050,860,834**

The Board of Directors' assurance

The Board of Directors and CEO hereby certify that the Annual Report with a Quality & Sustainability Report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the Group's and the Parent Company's financial position and results, and that the Directors' Report provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties faced by the companies included in the Group.

The Annual Report also contains sustainability reporting for the Group and the Parent Company in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, pages 18-31 and 128-131, and the Sustainability Report in accordance with the Global Reporting Initiative (GRI), see the GRI Content Index on pages 132-133.

Stockholm, 8 April 2020

Lena Hofsberger
Chairman of the Board

Daniel Björklund
Board member

Anders Borg
Board member

Lars Gatenbeck
Board member

Liselott Kilaas
Board member

Gunilla Rudebjer
Board member

Mikael Stöhr
Board member

Patricia Briceño
Employee representative

Charalampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Our audit report was submitted on 8 April 2020
Ernst & Young AB

Staffan Landén
Authorised Public Accountant

The consolidated income statement and balance sheet and the Parent Company's 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 2019. The annual accounts and consolidated accounts of the company are included on pages 58-119 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 2019 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 2019 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.

GOODWILL

Description

Goodwill amounts to MSEK 6 532 for the year ended December 31, 2019, equal to 47 percentage of total assets for the company.

The company prepares an impairment test yearly and if any indication of impairment, that the book value not exceeds the estimated recoverable amount.

The recoverable amount is calculated for each cash generating unit based on discounted future cash flows. Future cash flows are based on management's budget and forecasts.

A change in assumptions can lead to a significant impact of the recoverable amount and therefore the assumptions used have significant impact on the assessment of impairment. Therefore, we have assessed valuation of goodwill to be a key audit matter.

The impairment test procedures performed by the company is presented in note K13 and section "Key estimates and assessments" in note K32.

How our audit addressed this key audit matter

In our audit, we have assessed and tested the company's impairment test, including comparisons with 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, and by using EY valuation experts we have tested used discount rate and growth rates. We have also tested the company's impairment model and method to prepare the impairment test and sensitivity analysis.

We have also audited the accuracy of the related disclosures.

BUSINESS COMBINATIONS

Description

The Company has during 2019 acquired companies for a total purchase price of MSEK 3 099.

As stated in Note K30 and K32, the Company establish a purchase price allocation for each acquisition. The purchase price is allocated on identifiable assets and liabilities which are recognized initially at their fair values in the purchase price allocation.

In a business combination, management's assessments include identification, valuation and allocation of surplus values to different types of assets. 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 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 K30.

How our audit addressed this key audit matter

We have in our review involved valuation specialists. They have assist 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.

RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Description

A new standard, IFRS 16 Leases, is effective from 1 January 2019. According to the standard Ambea, as a lessee, account the right -to- use the underlying asset during the period of lease in the balance sheet as right-of-use assets. At the same time future lease payments are accounted as interest-bearing debt. Exceptions are made for low-value or short-term leases. Th book value of the right-of-use assets on 31 December 2019 amounted to 4 698 MSEK equivalent to 34 % of the assets of the group. The lease liability amounted to 4 780 MSEK.

The Company has chosen to implement the standard according to the simplified approach, i.e. without re-calculating the comparative periods .

As described in Note K1 and Note K6 IFRS 16 means that the company has a significantly higher balance sheet total with a separate presentation in the balance sheet of the right-of-use assets and lease liabilities, in comparison to what has been accounted in previous periods. IFRS 16 also implies that depreciations increase, external costs decrease and that the interest costs increases in comparison to previous periods.

The determination of the value of the right-of-use assets and the lease liabilities includes several assessments and estimations by the Company regarding for example used discount rate, assessment of duration of contracts and termination and extension options. Changes in these estimations and assessments have a big impact on the accounted value of the asset, therefore the accounting of right-of-use assets and the lease liabilities is a Key Audit Matter.

How our audit addressed this key audit matter

We have gained an understanding of the process used to identify contracts through discussions with representatives within the Company. We have examined and counter-checked essential contracts by audit sampling. Furthermore, we have had discussions with management regarding assessments, estimations and assumptions related to discount rate, extension options and indexation.

We have also reviewed the accuracy of the related disclosures in the annual report.

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 1-17, 32-55 and 132-135. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and the consolidated accounts is located at Revisors¬inspektionen's (the Swedish Inspectorate of Auditors) website at: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

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 2019 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.

A further description of our responsibilities for the audit of the administration is located at at Revisorsinspektionen's (the Swedish Inspectorate of Auditors) website at: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of our auditor's report.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 18-31 and 128-131, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report 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 opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Ambea AB (publ) by the general meeting of the shareholders on the 16 May 2019 and has been the company's auditor since 2008.

Stockholm 8 April, 2020
Ernst & Young AB

Staffan Landén
Authorized Public Accountant

[1]The Parent Company's audit costs amounted to SEK 1 million in 2019 and SEK 1 million in 2018.

Definitions and purpose

The definition of operating cash flow has been changed. As of the interim report for the first quarter of 2019, calculations have been based on Adjusted EBITDA, and cash flows related to increased capacity/growth have been excluded to create better visibility of the underlying cash flows for the growing proportion of Own Management, and for better comparability of the cash conversion rate. The comparative figures have been restated.

The definition of organic growth has changed to also include adjustment for currency. The comparative figures have been restated.

In 2019, alternative performance measures are presented where the effects of IFRS 16 are eliminated to facilitate analysis with the comparative year.

KEY FINANCIAL FIGURES	DEFINITION AND CALCULATION	PURPOSE
Growth (%)	Growth consists of the increase in sales in relation to the comparative period. The period's increase in net sales/Net sales in the period of comparison	This key figure is used to follow up the company's sales increase
Acquired growth (%)	The period's net sales growth from acquisitions/the comparative period's net sales	The key figure used to monitor the proportion of the company's sales growth generated through acquisitions
Currency effect on growth (%)	The increase in net sales for the period attributable to change in exchange rates/Net sales in the comparative period	The key figure used to monitor the proportion of the company's sales growth generated through exchange-rate fluctuations
Organic growth (%)	The increase in net sales for the period adjusted for acquisitions, divestments and currency/Net sales in the comparative period	This key figure is used when analysing underlying sales growth driven by comparable units between different periods
Operating profit (EBIT)	Profit for the period before financial items and tax Total operating income – Operating expenses	The key figure used to monitor the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
EBITA	Operating profit before amortisation and impairment of intangible assets Operating profit (EBIT) + Amortisation and impairment of intangible assets	This key figure is used to follow up the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
Items affecting comparability	Items related to events in the company's operations that impact comparability with profit during other periods. Include: - Transaction costs attributable to major acquisitions - Major re-organisations	The key figure of Items affecting comparability is used to achieve a fair comparison of the underlying development of business operations
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets adjusted for items from events in the company's operations that affect comparisons with profit during other periods EBITA + Items affecting comparability	The key figure is used to follow up the company's profit generated by operating activities in order to obtain a fair comparison of the underlying development of business operations. This key figure enables comparisons of profitability between companies/industries

KEY FINANCIAL FIGURES	DEFINITION AND CALCULATION	PURPOSE
EBITDA	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets Operating profit (EBIT) + Depreciation, amortisation and impairment of tangible and intangible assets	The key figure used to follow up the company's profit generated by operating activities. This key figure enables comparisons of profitability between companies/industries
Adjusted EBITDA	Operating profit before depreciation/amortisation and impairment of intangible and tangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods EBITDA + Items affecting comparability	This key figure is used to follow up the company's profit generated by operating activities with a fair comparison of the underlying development of the business operations. The key figure enables comparisons of profitability between companies/industries
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 + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure shows the cash flow from the company's operations, excluding business combinations, company divestments, financing, tax and items affecting comparability and is used to follow up whether the company is able to generate a sufficiently positive cash flow to maintain and expand its operations
Free cash flow	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 acquisitions 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 divided by adjusted EBITDA Operating cash flow/Adjusted 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

KEY FINANCIAL FIGURES	DEFINITION AND CALCULATION	PURPOSE
Net debt/Adjusted EBITDA, RTM	Net debt/Adjusted EBITDA is a measure of the debt/equity ratio defined as the closing balance for net debt in relation to rolling adjusted EBITDA. Net debt/Adjusted EBITDA, RTM	The key figure used to monitor the level of the company's indebtedness to ensure that financial covenants are met
Operating profit (EBIT) excluding effects of IFRS 16	Profit for the period before financial items and tax, adjusted for the effects of IFRS 16 EBIT + net effects of IFRS 16 on EBIT	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating margin (EBIT) excluding effects of IFRS 16	Operating profit adjusted for the effects of IFRS 16 as a percentage of net sales Operating profit (EBIT) excluding effects of IFRS 16/Net sales	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
EBITA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets, adjusted for the effects of IFRS 16 EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating margin (%)	Operating profit as a percentage of net sales. Operating profit (EBIT)/Net sales	This key figure is used to follow up the percentage of net sales from operations that remains to cover interest payments and tax and to generate a profit after the company's costs have been paid
Adjusted EBITA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
EBITDA excluding effects of IFRS 16	Operating profit before depreciation, amortisation and impairment of intangible and tangible assets, adjusted for the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Adjusted EBITDA excluding effects of IFRS 16	Operating profit before amortisation and impairment of intangible assets adjusted for items from such events in the company's operations that affect comparisons with profit from other periods, adjusted for the effects of IFRS 16 Adjusted EBITDA + net effects of IFRS 16 on EBITA	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Operating cash flow excluding effects of IFRS 16	Total cash flow, adjusted for the effects of IFRS 16, from operating activities excluding tax, net financial items and items affecting comparability as well as cash flow from investing activities excluding acquisitions and disposal of units Adjusted EBITDA + Changes in working capital + Cash flow from investing activities excl. acquisitions and divestments of subsidiaries + adjustments for cash flow from investing activities related to increased capacity/growth	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Cash Conversion (%) excluding effects of IFRS 16	Cash conversion as a percentage is defined as operating cash flow divided by Adjusted EBITDA, adjusted for the effects of IFRS 16 Operating cash flow excluding the effects of IFRS 16/EBITDA excluding the effects of IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements

KEY FINANCIAL FIGURES	DEFINITION AND CALCULATION	PURPOSE
Free cash flow excluding effects of IFRS 16	Total cash flow from operating activities as well as cash flow from investing activities excluding acquisitions and divestments of operations, adjusted for the effects of IFRS 16 Free cash flow – net effects of IFRS 16 on EBITDA – Change in operating receivables/liabilities attributable to IFRS 16 + interest payments attributable to IFRS 16	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Net debt excluding effects of IFRS 16	The Group's interest-bearing liabilities excluding pension provisions adjusted for cash and cash equivalents Net debt – lease liabilities related to properties	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Net debt / Adjusted EBITDA, RTM excluding effects of IFRS 16	Net debt/Adjusted EBITDA excluding the effects of IFRS 16 is a measure of the debt/equity ratio defined as the closing balance for net debt, adjusted for the effects of IFRS, in relation to rolling adjusted EBITDA, adjusted for the effects of IFRS 16 Net debt excluding the effects of IFRS 16/Adjusted EBITA excluding the effects of IFRS 16 RTM	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit before tax excluding effects of IFRS 16	Profit before tax, adjusted for the effects of IFRS 16 Profit before tax + net effect of IFRS 16 on profit before tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Profit after tax excluding effects of IFRS 16	Profit after tax, adjusted for the effects of IFRS 16 Profit before tax excluding the effects of IFRS 16 + effects of IFRS 16 on deferred tax	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share before dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year Profit after tax excluding the effects of IFRS 16 / Average number of shares before dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements
Earnings per share after dilution, excluding effects of IFRS 16	Earnings per share before dilution, excluding the effects of IFRS 16 on profit for the year and equity Profit after tax excluding the effects of IFRS 16 / Average number of shares after dilution	This key figure is used to facilitate a comparison with the preceding period, since IFRS 16 is only applied to the period's financial statements

About Ambea's Sustainability Report

Ambea's Quality & Sustainability Report reflect the topics that the company's internal and external stakeholders have identified as most important for Ambea to manage. The Sustainability Report was prepared in accordance with the GRI Standards (Global Reporting Initiative), Core option.

Stakeholders and dialogue

Ambea's key stakeholders are the recipients of Ambea's social care, and their relatives, together with our owners and investors. Ambea's employees and their union representatives are central to the company's quality and sustainability management. To Ambea's primary stakeholders also include the municipalities that are our clients, and our owners who ensure the long-term development of our operations. These stakeholders are most impacted by our operations, but also have the greatest influence over us.

Since Ambea is facing a major need for new recruitments and skills, potential employees are a key group. Other key stakeholders are the suppliers and partners that contribute to our operations and to the development of our offering. Our partners include universities and colleges, interest groups and other experts in areas of significance for social care. Politicians, public officials, authorities and legislators are other social bodies with whom we maintain an active dialogue with. The media and the general public are also interested in the development of social care.

STAKEHOLDER GROUP	FORUM AND CHANNEL	TOPICS DISCUSSED
Care receivers and their close relatives	Meeting forum, dialogue when moving in and monitoring during the residential period	Safe and secure high-quality social care
Employees	Meeting forum in group and face-to-face meetings	Development, skills, employment, and OHS
Clients, municipalities	Procurements, growth discussions, collaboration meetings and contract follow-ups	Management contracts, start-ups and development, training and lectures
Trade union organisations	Cooperation as per collective agreements	Terms, agreement, organisational changes, development
Owners and investors	AGM, annual and quarterly reports, investor meetings	Stability, development and quality
Suppliers	Agreements and Code of Conduct	Quality, safety and efficiency in production, ordering and delivery
Colleges and universities	Cooperation and R&D projects	Development and higher-quality care services
Interest groups	Collaboration on events and sponsorship	Highlight various groups and prevent prejudice and ignorance
Politicians and authorities	Meetings, debates, opinion forming, lectures	Stability, shared view of and contributions to solutions to welfare challenges
Media, journalists and the general public	Interviews, debate, opinion forming, lectures	Transparency, spreading knowledge about social care

Materiality assessment

Ambea's sustainability performance and Sustainability Report are primarily based on a materiality assessment conducted in 2016. Since then, Ambea's sustainability topics have been adjusted on the basis of continuous dialogue with investors and other key stakeholders, and an analysis of trends and the actions of our competitors in the sustainability area. The materiality assessment and Ambea's sustainability topics are determined by the Management Team. Ambea's materiality assessment will be updated in 2020. The environment and climate change are expected to receive more focus.

Ambea's material sustainability topics at present are:

FOCUS AREAS	MATERIAL TOPICS	TOPICS IN AMBEA'S MATERIALITY ASSESSMENT	DIRECT IMPACT
Person-centred care			
	Health, well-being and quality of life	Health and safety for our care receivers; Satisfied and secure care receivers; Motivated employees; Health and safety for employees	Internal impact
	Respect for individuals and basic human rights	Integrity, self-determination and empathy; Respect for individuals and basic human rights; Diversity and fair treatment	Internal and external impact
Innovation in social care			
	Skills, methods and services for better social care	Digitisation and welfare technology; Development of methods, teaching approaches and services; Evidence-based research and innovation through cooperation	Internal and external impact
	Public debate	Develop views of social care; Integration, prevent social exclusion; Support for social projects	Internal and external impact
Ethics and quality			
	Quality	Clear targets and procedures; Customer satisfaction and efficiency	Internal and external impact
	Business ethics and transparency	Laws, rules and regulations; Anti-corruption; Ethical marketing; Environmental responsibility	Internal and external impact
	Supplier requirements	Business ethics, Environment and human rights	Internal and external impact

Quality and sustainability related KPIs

	KPI	Ambea	Sweden	Norway	Denmark
Social sustainability					
Diversity	Number of full time employees (FTE)	13 214	9 100	3 328	787
	Share of women, %	70	74	56	89
	Number of mid-level managers[1]	1 228	983	231	14
	Share of female managers, %	77	82	56	79
Wage gap, men/women, %		n.a.	0,22%	1,31%	-4,50%
Share of women in management team, %		47%[2]	58%	71%	60%
Integration and inclusion	Number of immigrants that received internship	369	369	n.a.	n.a.
	Number of registered discrimination matters	0	0	0	0
Personnel related KPIs					
Personnel	Average age, total		40	40	53
	Team index score	71	71	71	69
	eNPS	4	6	-2	16
	Leadership index	n.a.	76	69	n.a.
Personnel turnover	Personnel turnover with termination upon own request, %	n.a.	15%	18%	n.a.
	Personnel turnover with termination due to pension, %	n.a.	1%	1%	n.a.
Sick leave	Short term sick leave, %	n.a.	3,90%	n.a.	3,30%
	Long term sick leave, %	n.a.	3,30%	n.a.	2,20%

	Vardaga	Nytida	Stendi[3]	Altiden[3]
Quality related KPIs				
Complaints to the authority (IVO or equivalent)	13	6	2	-
Reported number of severe incidents (grade 4)	29	19	2	1
Q-HR Index, rolling 6 months	6,84	6,71	6,25	7,88
Lex Maria / Lex Sarah-complaints	4	4	n.a.	n.a.

[1] Mid-level managers are managers with personnel responsibilities excluding members of the management team.
[2] Share of women in the Ambea group management team.
[3] December 2019.

Sustainability risks

In order to predict and manage risks, Ambea performs continuous risk assessments of the operations. Since 2017, quality and sustainability have been included in the ordinary risk assessment.

Ambea works continuously to reduce its carbon emissions. However, the environment is not classified as a material risk. Ambea's sustainability risks and how they are managed are described below.

RISK	POTENTIAL IMPACT	MANAGEMENT
Employees and skills	Ambea's operations are dependent on skilled and engaged employees. Ambea needs to attract, develop and retain people who possess specialist expertise, teaching skills and good leadership qualities. A high employee turnover entails risk in terms of skills and capacity. Lack of skills and/or an unsound attitude could have an adverse effect on care receivers, family members and employees. For example, there is a risk of incorrect care or inappropriate behaviour, such as discrimination on the grounds of sex, ethnic background or faith.	• Code of Conduct • Quality & Sustainability Policy • Values and core values • Management system with guidance for social care • Introductory and training programmes for each profession • Fair and Equal Treatment Plan
Health and safety	Ambea's employees work with people with neuropsychiatric diagnoses and cognitive disabilities. The workplace is subsequently associated with the risk of threats and violence.	• Code of Conduct • Employee and OHS Policy • Values and core values • Introductory and training programmes for each profession • Management system for systematically OHS management
Ethics and quality	In order to provide high-quality social care with continuity, it is vital that Ambea's employees work in accordance with current management systems to ensure that care receivers are provided with effective and safe social care. There is a risk that care receivers are exposed to social care risk if established procedures are not followed. Ambea's employees work closely with the care receivers. Employees handle care receivers' financial affairs, for example. Here there is a risk of abuse in positions of trust and other forms of inappropriate or illegal behaviour. Ambea has extensive contact with municipalities, suppliers and other partners, and participates in tender procedures where extensive contracts are awarded. There is a also a risk of unethical conduct or corruption in these situations.	• Code of Conduct • Quality & Sustainability Policy • Values and core values • Management system with guidance for social care • Customer Representative • Ethics Representative (whistleblowing)
Information security	Ambea processes personal data, including sensitive data about the health of care receivers. Poor information security could have wide-ranging implications for the care receivers, and for Ambea.	• Code of Conduct • Values and core values • Information Security Policy • Personal Data Processing Policy (GDPR) • Guidance for personal data processing (GDPR) • Guidance for documentation according to the Patient Safety Act (PSL), Social Services Act (SoL) and Support and Service for Persons with Certain Functional Impairments Act (LSS) • Guidance for medical records access log

Sustainability organisation

Ambea's Board is ultimately responsible for sustainability management through the Board's Quality & Sustainability Committee, which meets at least four times annually. The Director of Quality & Sustainability is responsible for strategically leading and reporting the results of these efforts to the Committee.

The Director of Quality & Sustainability works in a team with the Communications and Marketing, Human Resources, Lära and Finance functions in order to ensure wide-ranging sustainability management.

The Code of Conduct and the Quality & Sustainability Policy comprise the overall guidance for Ambea's obligations from a sustainability perspective.

All employees have received training in the Code of Conduct. New employees sign the Code of Conduct, and a web-based course in the Code of Conduct, our values and core values is part of their introduction.

The Code of Conduct and other key guidance is updated annually. To ensure revision and updating of operational procedures, monitoring is carried out in the form of self-assessments.

Policies, guidance, guidelines and procedures can be found in the Qualimax management system, and are implemented across the operations.

Working preventively, wherever possible, and applying the precautionary principle are fundamental elements of our sustainability management. Ambea's sustainability management is based on the UN Global Compact and the 2030 Agenda for Sustainable Development. Ambea contributes to the achievement of six of the 17 Sustainable Development Goals (SDGs).

Collaboration and membership

Ambea is a member of Almega's Association of Private Care Providers, Competence Agencies of Sweden and Service Employer Association, which are employers' organisations and interest groups for private social care in Sweden. This means that Ambea:

- has collective agreements, collectively agreed insurance coverage for its employees and the permits that are required
- complies with the Association of Private Care Providers' ethical guidelines and quality management system requirements, and that no complaints have been lodged against any of the company's owners or senior executives
- openly presents information about quality, employees, financial performance, owners and Board members on its website and in other contexts.

Membership of the Association of Private Care Providers is subject to transparency and openness requirements. This includes disclosures in regard to quality, employees, financial performance, owners and Board members. Private companies are important for the development of the social care sector and with this initiative, the Association of Private Care Providers is aiming to strengthen confidence in its member companies, and in the private social care sector.

Stendi, Ambea's Norwegian operational area, is a member of the Confederation of Norwegian Enterprise (NHO), the largest organisation for employers and leading business lobbyist in Norway.

Altiden, Ambea's Danish operational area, is a member of the Danish Chamber of Commerce, which is their organisation for employers.

Other important memberships for the operations

Ambea, Nytida and Vardaga are members of the Swedish Standard Institute (SIS) due to their involvement in a number of standardisation projects for elderly care (LSS and HVB).

GRI CONTENT INDEX

This is Ambea's fourth Quality & Sustainability Report. The report describes the operations during the calendar year of 2019, and has been prepared in accordance with the GRI Standards, Core option. Ambea, Nytida, Vardaga are included in the report, as well as Stendi and Altiden. The 2019 report also includes our Klara staffing operations wherever possible.

The Sustainability Report reflects the contents of Ambea's sustainability performance, which is based on the materiality assessment and the material topics determined as part of that process.

GRI content index

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GRI STANDARD	DISCLOSURE		PAGE	COMMENTS
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Annual General Meeting (AGM)

Ambea's AGM will be held on Friday, 15 May 2020 at 10:00 a.m. in Ambea's head office, Evenemangsgatan 21, Solna, Sweden. Registration starts at 9:30 a.m.

Participation

Shareholders who wish to attend the AGM must be registered in the share register maintained by Euroclear Sweden AB on Friday, 11 May 2020, and must also notify the company of their intention to attend the meeting by Friday 11 May 2020.

The notification must be made in writing to:

Computershare AB,
"Ambea AB's Annual General Meeting",
Box 5267, SE-102 46 Stockholm, Sweden
or by calling: +46 (0)771-24 64 00
on weekdays between 9:00 a.m.–4:00 p.m.

Shareholders who are physical persons may also submit their notification via the company's website: ambea.com/investor-relations/ 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.

Proxies

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 on the company's website: 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 AGM. Such registration, which may be temporary, must be duly effected in the share register maintained by Euroclear Sweden AB on Friday, 8 May 2020, and the shareholders must therefore advise their nominees well in advance of this date.

Financial calendar

13 May	Q1 interim report
15 May	Annual General Meeting
19 August	Q2 interim report
5 November	Q3 interim report

Contact

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