

Stable performance despite Coronavirus pandemic

Second quarter April–June

- Net sales declined 4 per cent to SEK 2,776 million (2,877). Acquired growth was 2 per cent, the exchange rate effect had a -3 per cent impact on organic growth and organic growth was -3 per cent.
- Operating profit (EBIT) totalled SEK 136 million (83).
- EBITA increased 39 per cent to SEK 165 million (118), corresponding to a margin of 5.9 per cent (4.1).
- Adjusted EBITA, excluding items affecting comparability, decreased 1 per cent to SEK 174 million (175). The adjusted EBITA margin was 6.3 per cent (6.1).
- Profit for the period totalled SEK 53 million (12).
- Earnings per share were SEK 0.56 (0.16) before and SEK 0.56 (0.16) after dilution.
- Cash conversion was 132.3 per cent (99.8).
- Free cash flow totalled SEK 382 million (178).

First six months January–June

- Net sales rose 4 per cent to SEK 5,587 million (5,393). Acquired growth was 7 per cent, the exchange rate had an impact of -2 per cent on growth, and organic growth was -1 per cent.
- Operating profit (EBIT) totalled SEK 279 million (144).
- EBITA increased 62 per cent to SEK 337 million (209), corresponding to a margin of 6.0 per cent (3.9).
- Adjusted EBITA, excluding items affecting comparability, increased 11 per cent to SEK 360 million (323). The adjusted

EBITA margin was 6.4 per cent (6.0).

- Profit for the period totalled SEK 114 million (22).
- Earnings per share were SEK 1.21 (0.29) before and SEK 1.21 (0.29) after dilution.
- Cash conversion was 106.8 per cent (102.8).
- Free cash flow totalled SEK 530 million (212).

Significant events

- Ambea assesses that COVID-19 had a negative impact of about SEK 80 million on net sales and SEK 25 million on EBITA during the quarter. The negative impact includes both a lower rate of occupancy, primarily in elderly care, and higher costs for protective equipment and sick leave, as well as government support received.
- During the quarter, CEO Fredrik Gren announced that he had decided to leave the company. Fredrik Gren will remain in his current position until the end of the year and the recruitment process for his successor is ongoing.
- During the quarter, funds advised by KKR divested their shareholding in the company, after which Anders Borg resigned from his position as a member of Ambea's Board at his own request.
- The negative impacts of COVID-19 on the company are expected to continue. In the third quarter, the expected negative impact is SEK 70–80 million on sales and SEK 50–60 million on EBITA.

Consolidated key figures

SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ%	2020 Jan–Jun	2019 Jan–Jun	Δ%	R12	2019 Jan–Dec
Net sales	2,776	2,877	-4	5,587	5,393	4	11,234	11,040
EBITA*	165	118	39	337	209	62	780	650
Operating margin, EBITA (%)*	5.9	4.1		6.0	3.9		6.9	5.9
Adjusted EBITA*	174	175	-1	360	323	12	828	788
Operating margin, adjusted EBITA (%)*	6.3	6.1		6.4	6.0		7.4	7.1
Operating profit, EBIT	136	83	64	279	144	93	660	525
Operating margin, EBIT (%)*	4.9	2.9		5.0	2.7		5.9	4.8
Profit after tax	53	12	341	114	22	422	307	215
Earnings per share before dilution, SEK	0.56	0.16	240	1.21	0.29	325	3.26	2.52
Earnings per share after dilution, SEK	0.56	0.16	240	1.21	0.29	424	3.26	2.51
Cash conversion (%)*	132.3	99.8		106.8	102.8		104.1	94.8
Free cash flow*	382	178	115	530	212	2	1,191	872

* Alternative performance measures. For reconciliation with IFRS financial statements, see Note 8, for purpose and definition, see [ambea.com/investor-relations/reports-and-presentations](https://www.ambea.com/investor-relations/reports-and-presentations)

Comments from Fredrik Gren, President and CEO

Stable performance despite Coronavirus pandemic

The second quarter was highly affected by the ongoing Coronavirus pandemic. The effects on our operations in Denmark and Norway have been limited and in Sweden it is mainly Vardaga that has been affected. However, as of today are all our nursing homes are free from COVID-19. Our employees worked extremely hard to contain and control the spread of the pandemic and the situation stabilised towards the end of the quarter. The different government support that has been put in place in the three countries have reduced the negative effects in the quarter.

Strong leadership and stricter routines in our operations, combined with support from central specialist functions and coordinated purchasing of protective equipment, are some of the initiatives that played a key role in protecting our employees and care receivers.

In the second quarter, the estimated impact of the coronavirus is SEK -80 million on sales and SEK -25 million on earnings. Compared with our previous estimate, the negative impact on earnings was SEK 15 million lower due to additional support measures in Norway. Elderly care in Vardaga was impacted most by a lower rate of occupancy and increased personnel costs, while Nytida was impacted to a lesser extent.

In the second quarter, net sales amounted to SEK 2,776 million (2,877). Compared with the year-earlier quarter, net sales declined SEK 101 million, corresponding to 4 per cent, mainly due to terminated management contracts at Stendi and Vardaga. Organic growth was -3 per cent.

Despite the negative effects of the pandemic and start-up costs for many new units, adjusted EBITA of SEK 174 million was in line with the preceding year. The high rate of new-starts in Vardaga has continued which, in combination with a lower rate of occupancy due to COVID-19, has led to a longer period for achieving full occupancy in new units. It is gratifying to see the results of the margin-strengthening efforts to introduce Vardaga's business concept into the acquired Aleris Omsorg operations, which have partly offset the lower rate of occupancy. Nytida's margin improved once again year-on-year due to the realisation of synergies and government support for businesses affected by COVID-19. Altiden's earnings were impacted by lower profitability in home care and increased costs for a strengthened organisation equipped for future growth.

Stendi's margin was strengthened by mix changes towards a higher proportion of disability care under own management and the introduction of Ambea's operational management model. The ongoing margin-strengthening restructuring programme continued during the quarter, but will be slightly delayed due to COVID-19. Otherwise, work is proceeding as planned and costs affecting comparability of SEK 9 million were charged to earnings during the quarter. The programme will conclude in the third quarter and, by the end of 2020, create savings of SEK 30 million on an annual basis.



The long-term need for nursing home beds remains and during the quarter, Vardaga opened three nursing homes with a total of 217 beds, and Nytida opened four group homes and one day services operation with a total of 70 beds and placements. At the end of the quarter, the number of beds and placements in the pipeline was 2,057, corresponding to 23 per cent of the total number of beds and placements under own management.

Our quality management was highlighted in the second quarter when Vardaga's nursing home in Lund was awarded the Ribbingska Memorial Fund's Elderly Prize for committed and systematic work with personalised dementia care.

The coronavirus situation has highlighted the importance of high-quality care for the weakest members of our society, while the need for initiatives that create real value for individuals has rarely been greater. Increased collaboration between regions and municipalities to better manage the growing burden of care and higher levels of nursing competence in elderly care to create better preparedness are two examples of initiatives that could make a difference.

We will also be impacted by COVID-19 in the coming quarters and the uncertainty surrounding how long it will take to resume normal levels of occupancy in elderly care remains great. In the third quarter, we are expecting a negative impact of SEK 70–80 million on sales and SEK 50–60 million on earnings.

Finally, I would like to thank all of our employees, who continue their heroic efforts in a challenging situation.



Fredrik Gren

Group

Second quarter

Net sales

Net sales declined 4 per cent to SEK 2,776 million (2,877). Acquired growth was 2 per cent, the exchange rate effect had an impact of -3 per cent on growth and organic growth was -3 per cent year-on-year.

Net sales in Own Management amounted to SEK 2,067 million (2,091), down 1 per cent year-on-year, which was attributable to units that closed in 2019 and a lower rate of occupancy due to the coronavirus situation.

Net sales in Contract Management amounted to SEK 648 million (710). The year-on-year decline in sales was due to terminated elderly care contracts in Stendi and Vardaga.

Net sales in Staffing declined 21 per cent to SEK 60 million (76).

Earnings

EBIT rose 64 per cent to SEK 136 million (83), representing a margin of 4.9 per cent (2.9).

EBITA rose 39 per cent to SEK 165 million (118). The EBITA margin was 5.9 per cent (4.1). EBITA for the quarter was impacted by items affecting comparability of SEK -9 million (-57), attributable to costs for the previously announced restructuring programme in Norway.

Adjusted EBITA for the quarter decreased 1 per cent to SEK 174 million (175). A lower rate of occupancy due to COVID-19 and ongoing new-starts had a negative impact on earnings. Increased costs for sick leave and protective equipment were offset by government support measures. The adjusted EBITA margin was 6.3 per cent (6.1).

Net financial items

During the quarter, net financial items amounted to SEK -61 million (-67). Net interest income was negatively impacted by currency effects of SEK -1 million and increased IFRS-16 effects of SEK -5 million. Due to the coronavirus situation, demand for commercial papers declined and was replaced by increased utilisation of the existing confirmed credit facility, which led to higher financing costs compared with earlier quarters of the year.

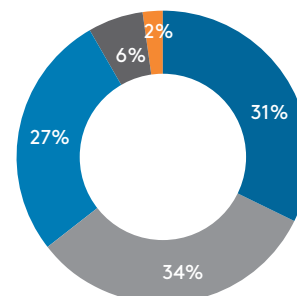
Income tax

Tax expense for the period was SEK 22 million (4), corresponding to an effective tax rate of 29 per cent (22).

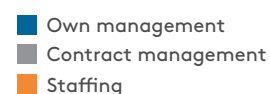
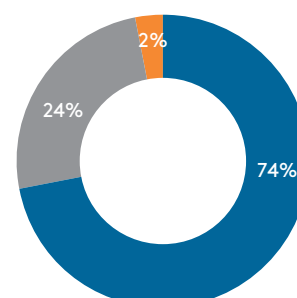
Profit for the period

Profit for the period totalled SEK 53 million (12), corresponding to earnings per share of SEK 0.56 (0.16) before dilution and SEK 0.56 (0.16) after dilution.

Net sales by segment
April–June 2020



Net sales by contract model
April–June 2020



Group

January–June

Net sales

Net sales rose 4 per cent to SEK 5,587 million (5,393). Acquired growth was 7 per cent, the exchange rate had an impact of -2 per cent on growth and organic growth was -1 per cent year-on-year.

Net sales in Own Management amounted to SEK 4,152 million (3,895), up 7 per cent year-on-year, due to acquisitions and start-up units.

Net sales in Contract Management amounted to SEK 1,315 million (1,339). The year-on-year decline in sales was due to terminated elderly care contracts at Stendi and Vardaga.

Net sales in Staffing declined 23 per cent to SEK 120 million (155).

Earnings

EBIT rose 93 per cent to SEK 279 million (144), representing a margin of 5.0 per cent (2.7).

EBITA rose 62 per cent to SEK 337 million (209). The EBITA margin was 6.0 per cent (3.9). EBITA for the period was impacted by items affecting comparability of SEK -23 million (-114), attributable to costs for the previously announced restructuring programme in Norway.

Adjusted EBITA for the period rose 11 per cent to SEK 360 million (323). Completed acquisitions and synergy realisations from acquisitions had a positive impact on earnings, while lower rates of occupancy due to COVID-19 and ongoing new-starts had a negative impact on earnings. The adjusted EBITA margin was 6.4 per cent (6.0).

Net financial items

Net financial items for the period amounted to SEK -125 million (-116). Net interest income was negatively impacted by currency effects of SEK -13 million and increased IFRS-16 effects of SEK -10 million, but positively impacted by a decrease of SEK 13 million in interest expense. Due to the coronavirus situation, demand for commercial papers declined and was replaced by increased utilisation of the existing confirmed credit facility, which led to higher financing costs.

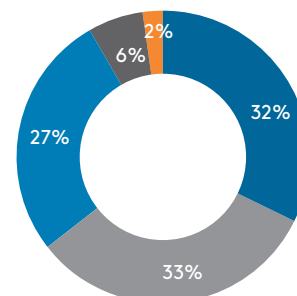
Income tax

Tax expense for the period was SEK 40 million (6), corresponding to an effective tax rate of 26 per cent (22).

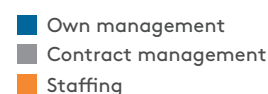
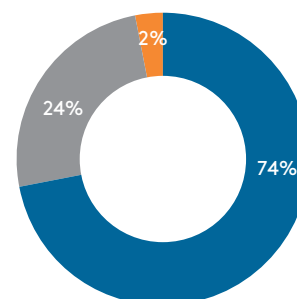
Profit for the period

Profit for the period totalled SEK 114 million (22), corresponding to earnings per share of SEK 1.21 (0.29) before dilution and SEK 1.21 (0.29) after dilution.

Net sales by segment
January–June 2020



Net sales by contract model
January–June 2020



Cash flow

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Adjusted EBITDA	366	340	742	653	1,597	1,508
Adjustment for non-cash items	17	-19	9	-1	-25	-35
Changes in working capital	114	47	58	-59	131	15
Cash flow from investments in fixed assets	-41	-40	-68	-60	-119	-110
Operating cash flow, including investments to increase capacity	456	328	740	533	1,585	1,377
Net financial items	-60	-63	-122	-110	-250	-248
Tax paid	-5	-30	-67	-97	-88	-119
Reversal of items affecting comparability	-9	-57	-23	-114	-48	-138
Free cash flow	382	178	528	212	1,199	872
Acquisition/disposal of shares and participations	-1	6	-104	-2,587	-132	-2,614
Cash flow from financing activities	-354	-247	-359	2,558	-1,178	1,739
Other	2	4	3	-3	-8	-14
Cash flow for the period	29	-60	68	180	-119	-6

Free cash flow for the quarter amounted to SEK 382 million (178). The year-on-year increase in free cash flow was due to stronger earnings and reduced tied-up working capital.

Free cash flow for the period amounted to SEK 528 million (212). The increase was largely due to improved earnings and reduced tied-up working capital.

Financial position

SEK million	30 Jun 2020	30 Jun 2020 excl. IFRS 16	30 Jun 2019	30 Jun 2019 excl. IFRS 16	31 Dec 2019	31 Dec 2019 excl. IFRS 16
Net interest-bearing debt*	8,334	3,020	7,848	3,525	7,917	3,213
Rolling 12 months adjusted EBITDA*	1,645	833	1,006	677	1,508	796
Net debt/Rolling 12 months adjusted EBITDA	5.1	3.6	7.8	5.2	5.3	4.0

At 30 June 2020, net interest-bearing debt amounted to SEK 8,334 million (7,848) or 5.1 times 12 months adjusted EBITDA. The strong cash flow for the year had a positive impact on the company's financial position.

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

Vardaga

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

Quarter

Vardaga's net sales declined 2 per cent year-on-year to SEK 862 million (879).

Net sales in Own Management amounted to SEK 544 million (517), up 5 per cent due to newly opened units, but were generally impacted by a lower rate of occupancy due to COVID-19.

Net sales in Contract Management amounted to SEK 318 million (362). The 12 per cent decline was due to terminated contracts. During the quarter, Vardaga's net difference between gains and losses on the allocation of new contracts was SEK -24 million, while no contracts were returned by the municipalities.

Adjusted EBITA declined 56 per cent to SEK 15 million (34). A lower rate of occupancy due to COVID-19 combined with a high rate of new starts had a negative impact on profitability. Successful efforts to close the margin gap in the acquired Aleris Omsorg operations partly offset the negative trend. Increased costs for sick leave and protective equipment were offset by government support measures.

The adjusted EBITA margin was 1.7 per cent (3.9). The EBITA margin for mature units declined 4.5 percentage points, mainly attributable to a lower rate of occupancy due to COVID-19.

January–June period

Vardaga's net sales rose 6 per cent year-on-year to SEK 1,771 million (1,675).

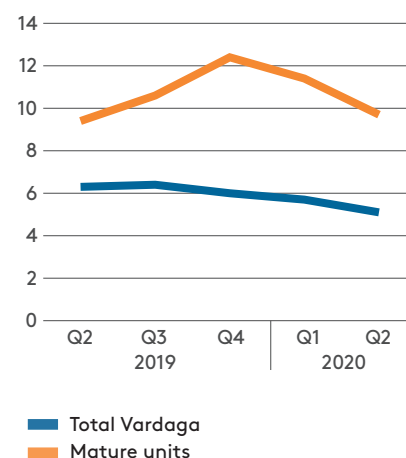
Net sales in Own Management amounted to SEK 1,105 million (971), up 14 per cent due to the acquisition of Aleris Omsorg and newly opened units, but was offset by a lower rate of occupancy due to COVID-19.

Net sales in Contract Management amounted to SEK 666 million (704). The 5 per cent decline was due to terminated contracts.

Adjusted EBITA declined 27 per cent to SEK 63 million (86). The lower profitability was the result of lower occupancy due to COVID-19 and new start-up units.

The adjusted EBITA margin was 3.6 per cent (5.1).

Vardaga adjusted EBITA margin RTM** %



SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ %	2020 Jan–Jun	2019 Jan–Jun	Δ %	R12	2019 Full-year
Net sales	862	879	-2	1,771	1,675	6	3,590	3,494
Adjusted EBITA*	15	34	-56	63	86	-27	184	207
Operating margin, adjusted EBITA (%)*	1.7	3.9		3.6	5.1		5.1	5.9
Operating margin, adjusted EBITA mature units (%)*	5.5	10.0		7.4	10.2		9.7	12.4

* Alternative performance measures.

** RTM in Q2 and Q3 2019 were affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

Nytida

Nytida provides support and care for children, young people and adults with lifelong disabilities and psychosocial problems. We provide residential care, day services, support for individuals and families, and schools in approximately 400 units across Sweden. Using proven models and in-depth knowledge, our 8,500 employees help to strengthen the ability of individuals to live an independent life.

Quarter

Net sales declined 1 per cent to SEK 928 million (940).

Net sales in Own Management amounted to SEK 776 million (818), down 5 per cent. The decline was attributable to the restructuring programme and the closure of some overlapping units following the acquisition of Aleris Omsorg in 2019.

Net sales in Contract Management amounted to SEK 152 million (122). The 25 per cent increase was due to start-ups of previously won contracts. During the quarter, Nytida's net difference between gains and losses on the allocation of new contracts was SEK 5 million, while contracts retaken from the municipalities represented an annual volume of SEK 13 million.

Adjusted EBITA rose 20 per cent to SEK 138 million (115). Earnings were positively impacted by the effects of realised synergies and the above-named restructuring programme in 2019. Government support measures for companies affected by COVID-19 made a positive contribution.

The adjusted EBITA margin was 14.9 per cent (12.2).

January–June period

Net sales rose 1 per cent to SEK 1,840 million (1,813).

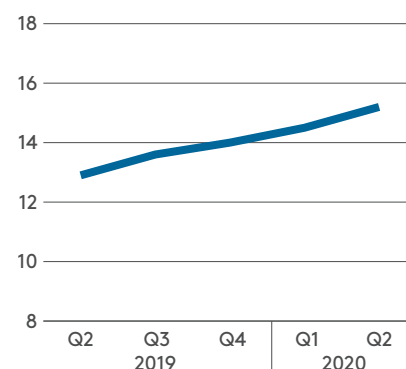
Net sales in Own Management amounted to SEK 1,557 million (1,578), down 1 per cent. The above-named restructuring programme in 2019 had a negative impact on sales. The full-year effect of the acquisition of Aleris Omsorg and start-up units made a positive contribution.

Net sales in Contract Management amounted to SEK 283 million (235), up 21 per cent due to the start-up of previously won contracts.

EBITA rose 23 per cent to SEK 268 million (218). Realised synergies from the acquisition of Aleris Omsorg and government support measures for companies affected by COVID-19 made a positive contribution.

The EBITA margin was 14.6 per cent (12.0).

Nytida adjusted EBITA margin RTM** %



SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ %	2020 Jan–Jun	2019 Jan–Jun	Δ %	RTM	2019 Full-year
Net sales	928	940	-1	1,840	1,813	1	3,691	3,664
Adjusted EBITA*	138	115	20	268	218	23	562	512
Operating margin, adjusted EBITA (%)*	14.9	12.2		14.6	12.0		15.2	14.0

* Alternative performance measures.

** RTM in Q2 and Q3 2019 were affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

Stendi

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

Quarter

Net sales declined 11 per cent to SEK 756 million (853). In local currency, growth was -1 per cent.

Net sales in Own Management amounted to SEK 689 million (742), down 7 per cent. In local currency, sales rose 4 per cent.

Net sales in Contract Management amounted to SEK 66 million (111), where the lower sales were due to contracts previously handed back in elderly care.

Adjusted EBITA amounted to SEK 31 million (33). Earnings was negatively impacted by terminated elderly care contracts with low margins and currency effects. Ongoing efforts to introduce Ambea's operational management model had a positive impact on earnings. Earnings were positively impacted by government support measures for companies affected by COVID-19.

During the quarter, work with the previously announced restructuring programme in Norway was slightly delayed due to COVID-19. The aim of the programme is to centralise support functions and strengthen local leadership. The programme is expected to achieve annual savings of about SEK 30 million, which will be realised gradually as of the second quarter of 2020. Items affecting comparability of SEK 9 million were charged to the quarter and total items affecting comparability are an estimated SEK 45 million. The programme is expected to have full effect by the end of 2020.

The adjusted EBITA margin was 4.1 per cent (3.9).

January–June period

Net sales amounted to SEK 1,517 million (1,524). In local currency, growth was 12 per cent.

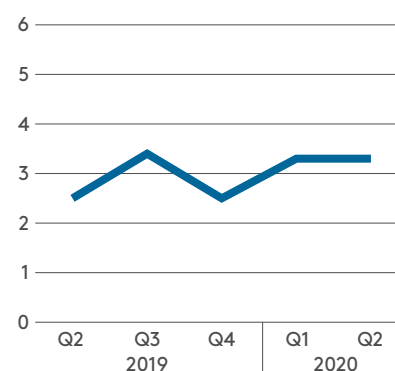
Net sales in Own Management amounted to SEK 1,375 million (1,320), up 4 per cent. In local currency, growth was 12 per cent, which was attributable to the acquisition of Aleris Omsorg.

Net sales in Contract Management amounted to SEK 142 million (203). The decline in sales was attributable to handed-back contracts in elderly care.

Adjusted EBITA amounted to SEK 43 million (21). The increase was attributable to lower costs for temporary staff and increased staffing efficiency. In the first quarter, a major restructuring programme commenced, with the aim of strengthening the margin by centralising support functions and strengthening local leadership. Items affecting comparability of SEK 23 million were charged to the period. The programme is expected to have full effect by the end of 2020.

The adjusted EBITA margin was 2.9 per cent (1.4).

Stendi adjusted EBITA margin RTM** %



SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ %	2020 Jan–Jun	2019 Jan–Jun	Δ %	RTM	2019 Full-year
Net sales	756	853	-11	1,517	1,524	-	3,099	3,106
Adjusted EBITA*	31	33	-6	43	21	105	103	80
Operating margin, adjusted EBITA (%)*	4.1	3.9		2.9	1.4		3.3	2.6

* Alternative performance measures.

** RTM in Q2 and Q3 2019 were affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

Altiden

Altiden is the largest private care provider in Denmark, with operations comprising elderly care, home care, rehabilitation and disability care. All over Denmark, we provide skilled care services based on respect. Approximately 1,000 employees ensure quality of life and a safe environment with a focus on development.

Quarter

Net sales rose 32 per cent to SEK 170 million (129).

Net sales in Own Management amounted to SEK 58 million (14). The increase in sales was attributable to acquisitions.

Net sales in Contract Management amounted to SEK 112 million (116), where the decrease was attributable to lower demand in the home-care operations. During the quarter, the take back of elderly care contracts representing an annual volume of SEK 58 million was announced.

Adjusted EBITA amounted to SEK -7 million (-3). Adjusted EBITA was negatively impacted by increased costs for a strengthened organisation and a loan loss provision of SEK 4 million to cover the extension option of a management contract in home care, at the request of the counterparty. The contract does not contain any additional extension options. Acquired units (Casablanca Bo & Ehrverv ApS and Vivamus A/S) performed as planned, which had a positive impact on earnings.

The adjusted EBITA margin was -4.1 per cent (-2.6).

January–June period

Net sales amounted to SEK 339 million (226).

Net sales in Own Management amounted to SEK 114 million (26). The increase was attributable to acquisitions completed by early 2020, and the full-year effects of the acquisition of Aleris Omsorg.

Net sales in Contract Management amounted to SEK 225 million (200). The increase was attributable to the full-year effects of the acquisition of Aleris Omsorg.

Adjusted EBITA amounted to SEK -10 million (-0). EBITA was negatively impacted by higher costs for building up a separate organisation in Altiden, and a loan loss provision to cover the extension option of a management contract in home care, at the request of the counterparty. The contract does not contain any additional extension options.

The adjusted EBITA margin was -2.9 per cent (-0.2).

SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ %	2020 Jan–Jun	2019 Jan–Jun	Δ %	RTM	2019 Full-year
Net sales	170	129	32	339	226	50	597	484
Adjusted EBITA*	-7	-3	-	-10	-0	-	-17	-8
Operating margin, adjusted EBITA (%)*	-4.1	-2.6		-2.9	-0.2		-2.9	-1.6

* Alternative performance measures.

Klara

Klara is one of Sweden's leading providers of staffing services for social care. We are an authorised staffing company and are ISO certified. With personal service and long experience in the industry, Klara provides the best staffing solutions for both public and private clients. We offer ambulatory care teams and temporary doctors, nurses and other care workers, in Sweden.

Quarter

Net sales declined 21 per cent to SEK 60 million (76). The decrease was attributable to a negative trend in temporary staffing services to the private customer segment due to the introduction of VAT liability for sales in July 2019.

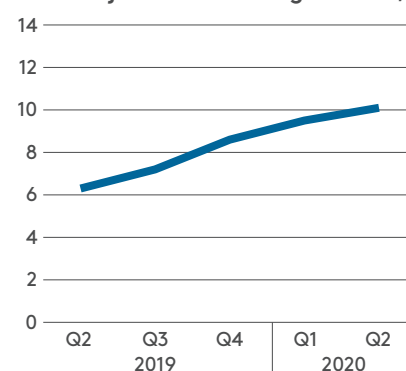
Adjusted EBITA was SEK 5 million (6), representing a margin of 8.3 per cent (7.9). The trend was negatively impacted by higher personnel costs due to COVID-19, but the margin was strengthened by a positive trend in ambulatory care teams.

January–June period

Net sales declined 23 per cent to SEK 120 million (155). The decrease was attributable to a negative trend in mainly temporary doctors and nurses.

Adjusted EBITA was SEK 11 million (11), representing a margin of 9.2 per cent (7.1). Increased profitability in Klara Team and the effects of a previously completed adaptation of administrative costs made a positive contribution.

Klara adjusted EBITA margin RTM**, %



SEK million	2020 Apr–Jun	2019 Apr–Jun	Δ %	2020 Jan–Jun	2019 Jan–Jun	Δ %	RTM	2019 Full-year
Net sales	60	76	-21	120	155	-23	257	292
Adjusted EBITA*	5	6	-17	11	11	-	26	25
Operating margin, adjusted EBITA (%)*	8.3	7.9		9.2	7.1		10.1	8.6

* Alternative performance measures.

** RTM in Q2 and Q3 2019 were affected by the previous accounting policies. For purpose and definition, see ambea.com/investor-relations/reports-and-presentations

Operational key figures

SEK million	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2
Ambea					
Number of beds and placements in operation under own management on the closing date	8,441	8,490	8,637	8,832	9,089
Number of beds and placements opened under own management (RTM)	424	490	562	600	668
Number of beds and placements under own management under construction, on the closing date	2,167	2,252	2,309	2,181	2,057
Net won/lost management contracts, annual volume SEK million*	5	-120	-28	157	-90
Vardaga					
Number of beds in operation under own management on the closing date	2,313	2,433	2,545	2,661	2,848
Number of beds opened under own management (RTM)	300	420	477	521	564
Number of beds under own management under construction on the closing date	1,910	1,934	1,983	1,867	1,790
Net won/lost management contracts, annual volume SEK million*	0	-189	-36	157	-24
Nytida					
Number of beds and placements in operation under own management on the closing date	5,170	5,117	5,138	5,150	5,220
Number of beds and placements opened under own management (RTM)	114	62	77	71	104
Number of beds and placements under own management under construction, on the closing date	180	241	249	237	190
Net won/lost management contracts, annual volume SEK million*	5	69	8	0	-9
Stendi					
Number of beds in operation under own management on the closing date	923	905	868	871	871
Number of beds opened under own management (RTM)	5	3	3	3	0
Number of placements under own management under construction on the closing date	0	0	0	0	0
Net won/lost management contracts, annual volume SEK million*	0	0	0	0	0
Altiden					
Number of beds and placements in operation under own management on the closing date	35	35	86	150	150
Number of beds opened under own management (RTM)	5	5	5	5	0
Number of beds and placements under own management under construction, on the closing date	77	77	77	77	77
Net won/lost management contracts, annual volume SEK million*	0	0	0	0	-57

* Includes management contracts to be retaken.

Other events

Legal proceeding regarding social security costs for temporary staff in Norway

Since the first quarter of 2019, through the acquisition of Aleris Omsorg's operations, Ambea has been involved in an ongoing legal proceeding in Norway regarding costs for temporary staff. Ambea's exposure due to this procedure is limited to NOK 30 million, which has been reserved as a provision in the combined balance sheet after the acquisition. Ambea is working actively to increase the proportion of permanent employees in the Norwegian operations.

In the third quarter of 2019, the District Court pronounced its decision. Of the 24 parties involved in the legal proceeding, two were considered entitled to social security benefits for previously delivered services. Both the defendant and Ambea have appealed against the decision to the Court of Appeal.

Tax audit in Sweden

In 2018, Ambea received a reassessment notice from the Swedish Tax Agency regarding VAT of SEK 12 million, including tax surcharges, for prior years in Ambea AB (publ). The reassessment was mainly related to input VAT on costs arising from the IPO in 2017. The company has appealed against the Swedish Tax Agency's preliminary decision and is awaiting further assessment in the Administrative Court, which is why no provision has been made for the cost.

Legal dispute in Norway

In the fourth quarter of 2019, lawsuits were filed against Ambea citing the previously communicated irregularities in Norway, which are described in the Q1 report for 2019. The dispute concerns circumstances that existed prior to the acquisition of Aleris Omsorg's operations in Norway, and estimated costs associated with the case have already been reserved in the combined companies' balance sheet.

Related-party transactions

During the quarter, no transactions took place between Ambea and its related parties that had any material impact on the company's position and earnings. The nature and volume of transactions remained unchanged during the period compared with the preceding year.

Events after the end of the quarter

The major impact of COVID-19 is expected to continue in the third quarter due to higher costs for protective equipment and a lower rate of occupancy in elderly care in particular. In addition, the government support programme related to compensation for sick leave and lower social security contributions in Sweden and Norway, which Ambea had benefited from, was concluded. In the third quarter, we expect COVID-19 to have a negative impact of SEK 70–80 million on sales and approximately SEK 50–60 million on earnings.

Seasonal variations

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

Weekends and public holidays reduce Ambea's profitability due to higher personnel costs for inconvenient working hours. Most of the public holidays in countries where the company operates normally fall in the second quarter. In some years, Easter may fall in the first quarter and then affect its profitability. Christmas and New Year affect the first and fourth quarters.

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

Employees

During the quarter, the average number of full-time employees (FTEs) was 13,421 (12,544), and the increase was mainly due to acquisitions.

Risks and uncertainties

Ambea is exposed to a variety of risks and attaches great importance to continuously analysing, minimising and managing these risks. The risk assessment is also central to the annual strategy process, where specific risks in relation to the company's ability to achieve its financial targets and strategic ambitions are evaluated. Ambea has identified the following risks: brand risks, industry and market risks, compliance and legal risks, operational risks and financial risks. For a description of these risks and how they are managed, refer to pages 48–49 of the 2019 Annual Report.

Key judgements and estimates

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

Other information

The company's auditors have not reviewed this report.

The Board of Directors' assurance

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

Stockholm, 18 August 2020

Lena Hofsberger
Chair of the Board

Daniel Björklund
Board member

Lars Gatenbeck
Board member

Liselott Kilaas
Board member

Gunilla Rudebjer
Board member

Mikael Stöhr
Board member

Patricia Briceño
Employee representative

Charalampos Kalpakas
Employee representative

Magnus Sällström
Employee representative

Fredrik Gren
President and CEO

Presentation of the second quarter of 2020

Ambea will hold a presentation for the financial market, with the possibility to participate by teleconference, at 10:00 a.m. CEST on Wednesday, 19 August 2020. The presentation will be held in English, and be available as a webcast at ambea.se

Call-up information

To make sure that the hook-up to the conference call works, please call at least five minutes before the conference call's start time to register, or use the code: 2529279.

Phone numbers

Sweden: +46 (0)8 506 921 80
UK: +44 (0)20 71 92 80 00
US: +1 63 15 10 74 95

Contact

Jacob Persson, Head of Group Business Control & Investor Relations
Telephone +46 (0)708 64 07 52

Forthcoming report occasions

Q3 interim report for 2020 5 November 2020
Year-end report 2020 16 February 2021

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

Consolidated earnings in summary

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Operating income						
Net sales	2,776	2,877	5,587	5,393	11,234	11,040
Other operating income	12	25	33	41	91	99
Total operating income	2,788	2,902	5,620	5,434	11,325	11,139
Operating expenses						
Consumables	-80	-121	-172	-212	-342	-383
Other external costs	-327	-409	-644	-786	-1,391	-1,532
Personnel costs	-2,022	-2,087	-4,084	-3,896	-8,039	-7,851
Depreciation, amortisation and impairment of fixed assets	-221	-200	-439	-394	-889	-845
Other operating expenses	-2	-2	-2	-2	-3	-3
Operating expenses	-2,652	-2,819	-5,341	-5,290	-10,665	-10,614
Operating profit	136	83	280	144	660	525
Financial income	1	1	1	13	0	12
Financial expenses	-62	-68	-126	-129	-257	-261
Net financial items	-61	-67	-125	-116	-257	-249
Profit after net financial items	75	16	154	28	403	276
Profit before tax	75	16	154	28	403	276
Tax on profit for the period	-22	-4	-40	-6	-96	-61
Profit for the period	53	12	114	22	307	215
Profit for the period attributable to shareholders of the Parent Company	53	12	114	22	307	215
Earnings per share before dilution, SEK	0.56	0.16	1.21	0.29	3.40	2.52
Earnings per share after dilution, SEK	0.56	0.16	1.21	0.29	3.40	2.51

Consolidated statement of comprehensive income in summary

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Profit for the period after tax	53	12	114	22	307	215
Other comprehensive income, items not transferable to profit or loss						
Remeasurement of defined-benefit pension plans	–	–	–	–	–9	–9
Tax related to remeasurement of defined-benefit pension plans	–	–	–	–	2	2
Total items not transferable to profit or loss	–	–	–	–	–7	–7
Other comprehensive income, items transferable to profit or loss						
Translation differences	–5	13	–83	19	–109	–13
Hedging of net investments in foreign operations	0	–3	44	–14	40	–7
Cash flow hedges	–2	0	–13	0	–11	2
Hedging cost reserve	0	–2	0	–3	–2	–4
Tax	0	2	–6	4	–6	2
Total items transferable to profit or loss	–7	10	–59	6	–88	–19
Total other comprehensive income	–7	10	–59	6	–37	–25
Total comprehensive income for the period	46	22	56	28	212	190
Comprehensive income for the period attributable to shareholders of the Parent Company	46	22	56	28	212	190

Earnings per share

	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Profit for the period attributable to shareholders of the Parent Company, SEK million	53	12	114	22	307	215
Earnings per share before dilution						
Average number of shares, thousands	94,461	78,919	94,437	76,833	94,469	85,727
Earnings per share before dilution, SEK	0.56	0.16	1.21	0.29	3.26	2.52
Earnings per share after dilution						
Average number of shares, thousands	94,496	79,067	94,490	76,986	94,515	85,837
Earnings per share after dilution, SEK	0.56	0.16	1.21	0.29	3.26	2.51

Consolidated balance sheet in summary

SEK million	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Fixed assets			
Goodwill	6,525	6,530	6,532
Customer contracts and customer relationships	545	648	607
Other intangible assets	25	7	24
Right-of-use assets	5,248	4,364	4,698
Tangible assets	270	257	251
Derivative instruments	0	1	3
Deferred tax assets	50	70	54
Non-current receivables	99	94	101
Total fixed assets	12,762	11,971	12,270
Current assets			
Accounts receivable	1,041	1,221	1,078
Other receivables	141	104	67
Prepaid expenses and accrued income	305	273	261
Cash and cash equivalents	115	238	52
Total current assets excluding assets held for sale	1,602	1,836	1,458
Assets held for sale	79	84	82
Total current assets	1,681	1,920	1,540
Total assets	14,443	13,891	13,810

Consolidated balance sheet in summary – continuation

SEK million	2020 30 Jun	2019 30 Jun	2019 31 Dec
Equity and liabilities			
Equity			
Share capital	2	2	2
Other capital contributions	6,167	6,167	6,165
Reserves	-76	25	-17
Retained earnings including profit for the year	-2,002	-2,313	-2,114
Total equity attributable to shareholders of the Parent Company	4,091	3,881	4,036
Total equity	4,091	3,881	4,036
Non-current liabilities			
Non-current interest-bearing liabilities	2,617	2,194	961
Lease liabilities	4,727	3,846	4,170
Other non-interest-bearing liabilities	11	-0	0
Pension provisions	36	33	39
Other provisions	30	67	48
Deferred tax liabilities	162	168	173
Total non-current liabilities	7,572	6,308	5,390
Current liabilities			
Commercial paper	470	1,497	2,228
Lease liabilities	635	549	610
Accounts payable	223	287	266
Tax liabilities	49	35	53
Other non-interest-bearing liabilities	201	168	200
Accrued expenses and deferred income	1,201	1,165	1,027
Total current liabilities	2,779	3,701	4,384
Total equity and liabilities	14,443	13,891	13,810

Consolidated statement of changes in equity in summary

SEK million	2020 Jan–Jun	2019 Jan–Jun	2019 Jan–Dec
Opening balance	4,036	2,725	2,725
Comprehensive income	56	28	190
Transactions with shareholders			
Warrants issued	–	0	2
Share buybacks	–	-17	-5
New share issue	–	1,220	1,213
Issue expenses	–	0	-15
Dividends	–	-74	-74
Closing balance	4,092	3,881	4,036

Consolidated cash flow statement in summary

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Operating activities						
Profit before tax	75	16	155	28	403	276
Adjustment for non-cash items	239	185	453	400	863	810
Cash flow from operating activities before working capital and tax	314	201	607	428	1,266	1,087
Tax paid	-5	-30	-67	-97	-88	-119
Cash flow from operating activities before changes in working capital	309	171	540	331	1,178	968
Cash flow from changes in working capital						
Change in operating receivables	-63	-64	-94	-132	108	70
Change in operating liabilities	177	110	151	73	23	-55
Cash flow from operating activities	423	218	598	272	1,309	982
Investing activities						
Investment in intangible assets	-4	-0	-6	-4	-9	-7
Investment in tangible assets	-40	-40	-66	-67	-113	-115
Divestment of tangible assets	3	1	3	11	3	11
Free cash flow	382	178	530	212	1,191	872
Acquisition and disposal of shares and participations	-1	6	-104	-2,587	-132	-2,614
Other financial assets	1	4	-0	-3	0	-4
Cash flow from investing activities	-41	-31	-173	-2,650	-250	-2,729
Cash flow after investments	382	187	426	-2,378	1,059	-1,746
Financing activities						
New loans/Loans raised	402	1,421	1,122	6,357	3,676	8,911
Repayment of loan liabilities	-1,642	-2,549	-2,759	-3,654	-5,407	-6,221
Repayment of lease liability	-308	-121	-150	-256	-394	-581
Change in revolving credit facility	1,194	-126	1,427	-1,018	953	-1,492
New share issue	0	1,202	0	1,202	-2	1,200
Premiums for warrants	0	1	0	0	0	2
Share buybacks	0	0	0	0	-5	-5
Dividends paid	0	-74	0	-74	0	-74
Cash flow from financing activities	-354	-247	-359	2,558	-1,178	1,739
Cash flow for the period	28	-60	66	180	-119	-6
Cash and cash equivalents on the opening date	88	297	52	62	238	62
Exchange rate differences in cash and cash equivalents	-2	0	-4	-4	-4	-4
Cash and cash equivalents on the closing date	115	238	115	238	115	52

Parent Company income statement in summary

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Income						
Net sales	1	4	2	9	10	17
Total income	1	4	2	9	10	17
Operating expenses						
Other external costs	-2	-2	-5	-8	-12	-15
Personnel costs	-3	-6	-6	-10	-12	-16
Amortisation of intangible assets	-0	-0	-0	-0	-0	-0
Operating expenses	-5	-8	-11	-18	-25	-32
Operating loss	-4	-4	-9	-9	-15	-15
Financial items	-7	-25	-13	-49	-24	-59
Loss after financial items	-12	-29	-22	-57	-39	-74
Appropriations	0	0	0	0	199	199
Profit/loss before tax	-12	-29	-22	-57	160	124
Tax on profit for the period	0	0	0	0	-27	-27
Profit/loss for the period	-12	-29	-22	-57	133	98

Parent Company balance sheet in summary

SEK million	2020 30 Jun	2019 30 Jun	2019 31 Dec
Assets			
Intangible assets			
Software	1	1	1
Financial assets			
Participations in Group companies	7,209	7,206	7,208
Derivative assets	3	4	3
Total fixed assets	7,213	7,212	7,213
Current assets			
Receivables from Group companies*	3,128	2,357	2,555
Other receivables	13	18	12
Tax assets	–	5	–
Prepaid expenses and accrued income	15	9	11
Cash and bank balances	0	0	0
Total current assets	3,156	2,389	2,579
Total assets	10,369	9,599	9,792
Equity and liabilities			
Share capital	2	2	2
Statutory reserve	0	0	0
Total restricted equity	3	3	2
Share premium reserve	1,403	1,402	1,403
Retained earnings	1,869	1,776	1,771
Profit/loss for the period	-22	-58	98
Total non-restricted equity	3,250	3,121	3,272
Total equity	3,253	3,123	3,274
Untaxed reserves	33	–	33
Non-current liabilities			
Liabilities to credit institutions*	2,653	2,190	965
Total non-current liabilities	2,653	2,190	965
Current liabilities			
Commercial paper	470	1,497	2,228
Accounts payable	0	16	1
Tax liabilities	21	0	20
Liabilities to Group companies*	3,930	2,759	3,253
Other liabilities	0	0	0
Accrued expenses and deferred income	9	12	17
Total current liabilities	4,430	4,285	5,520
Total equity and liabilities	10,369	9,599	9,792

* As of the fourth quarter of 2019, the entire cash pool has been recognised as a liability in the Parent Company. The Group's indebtedness has not been impacted. The comparative figures have been restated for comparability.

Notes

NOTE 1 Accounting policies

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

New or revised IFRS standards from 2020

None of the new or revised standards or interpretations, which were applicable from 1 January 2020, had any material impact on the financial statements of the Group or the Parent Company. No new or revised standards were adopted in advance.

Restatement of value of participations in tenant-owner associations

Participations in tenant-owner associations were previously measured at cost. As of the fourth quarter of 2019, participations in tenant-owner associations have been measured at estimated fair value. For more information, refer to the 2019 Annual Report. The comparative figures for the quarter were restated and impacted as follows: goodwill declined SEK 33 million, non-current receivables increased SEK 65 million, retained earnings increased SEK 18 million and deferred tax increased SEK 13 million.

Alternative performance measures

In the preceding year, alternative performance measures were presented adjusted for the effects of the adoption of IFRS 16 to enable a comparison with 2018. As comparability exists between 2020 and 2019, no such adjusted measures are now presented, apart from Net debt/Rolling 12 months adjusted EBITDA, which pertains to the covenant for the revolving credit facility and the Group's EBITA and EBITDA.

As of the first quarter of 2020, disclosures are no longer provided for the EBITDA margin, adjusted EBITDA margin, equity/assets ratio or return on equity. These alternative performance measures have been excluded as management does not use the measures in its monitoring and control of the operations. Management monitors operations at adjusted EBITA level, and for this reason items affecting comparability have been allocated to the extent they can be derived from a specific division and operating segment. The comparative year has been restated.

NOTE 2 Segment information

Ambea's operations consist of the following segments:

- Vardaga** Comprises nursing homes, short-term housing, home care and day services for the elderly in Sweden.
- Nytida** Comprises residential facilities, day services, support for individuals and families, and school for children, young people and adults with disabilities or psychosocial issues in Sweden.
- Stendi** Comprises support for children, young people and adults by offering personal assistance, residential care, elderly care and home care in Norway.
- Altiden** Comprises operations in elderly care, home care, social care and disability care in Denmark.
- Klara** Comprises subscription services for ambulatory care teams and temporary doctors and nurses in Sweden.

NOTE 2 Segment information – continuation

April–June 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	862	928	756	170	60	0	0	2,776
Other operating income	4	4	1	0	20	3	-20	12
Internal transactions	0	0	0	0	-20	0	20	0
Total income from external customers	866	932	757	170	60	3	0	2,788
EBITA	15	138	22	-7	5	-9	0	165
EBITA margin, %	1.7	14.9	2.9	-4.1	8.3	-	-	5.9
Items affecting comparability	-	-	9	-	-	-	-	9
Adjusted EBITA	15	138	31	-7	5	-9	0	174
Adjusted EBITA margin, %	1.7	14.9	4.1	-4.1	8.3	-	-	6.3
Amortisation of intangible assets								-29
Operating profit (EBIT)								136
Net financial items								-61
Profit after net financial items								75
Profit before tax								75
Tax on profit for the period								-22
Profit for the period								53
Assets	5,854	5,849	1,895	496	177	172	0	14,443

April–June 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	879	940	853	129	76	0	0	2,877
Other operating income	5	5	11	0	11	4	-11	25
Internal transactions	0	0	0	0	-11	0	11	0
Total income from external customers	884	945	864	129	76	4	0	2,902
EBITA	34	115	10	-5	6	-43	0	118
EBITA margin, %	3.9	12.2	1.2	-3.9	7.9	-	-	4.1
Items affecting comparability	-	-	23	2	-	33	-	57
Adjusted EBITA	34	115	33	-3	6	-10	0	175
Adjusted EBITA margin, %	3.9	12.2	3.9	-2.6	7.9	-	-	6.1
Amortisation of intangible assets								-35
Operating profit (EBIT)								83
Net financial items								-66
Profit after net financial items								16
Profit before tax								16
Tax on profit for the period								-4
Profit for the period								12
Assets	4,335	6,170	2,581	241	182	382	0	13,891

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

NOTE 2 Segment information – continuation

January–June 2020

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	1,771	1,840	1,517	339	120	0	0	5,587
Other operating income	12	10	4	1	38	6	-38	33
Internal transactions	0	0	0	0	-38	0	38	0
Total income from external customers	1,783	1,850	1,521	340	120	6	0	5,620
EBITA	63	268	20	0	11	-14	0	338
EBITA margin, %	3.6	14.6	1.3	-2.9	9.2	-	-	6.0
Items affecting comparability	-	-	23	-	-	-	-	23
Adjusted EBITA	63	268	43	-10	11	-14	0	361
Adjusted EBITA margin, %	3.6	14.6	2.9	-2.9	9.2	-	-	6.5
Amortisation of intangible assets								-58
Operating profit (EBIT)								280
Net financial items								-125
Profit after net financial items								155
Profit before tax								155
Tax on profit for the period								-40
Profit for the period								114
Assets	5,854	5,849	1,895	496	177	172	0	14,443

January–June 2019

SEK million	Vardaga	Nytida	Stendi	Altiden	Klara	Unallocated items*	Group adjustments	Group
Operating income								
Net sales	1,675	1,813	1,524	226	155	0	0	5,393
Other operating income	8	8	17	0	21	8	-21	41
Internal transactions	0	0	0	0	-21	0	21	0
Total income from external customers	1,683	1,821	1,541	226	155	8	226	5,434
EBITA	86	218	-9	-4	11	-93	-4	209
EBITA margin, %	5.1	12.0	-0.6	-1.8	7.1	-	-	3.9
Items affecting comparability	-	-	30	4	-	81	-	114
Adjusted EBITA	86	218	21	-0	11	-12	-4	322
Adjusted EBITA margin, %	5.1	12.0	1.4	-0.2	7.1	-	-	6.0
Amortisation of intangible assets								-64
Operating profit (EBIT)								144
Net financial items								-116
Profit after net financial items								28
Profit before tax								28
Tax on profit for the period								-6
Profit for the period								22
Assets	4,335	6,170	2,581	241	182	382	0	13,891

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

Note 3 Revenue from contracts with customers

Type of service delivery (April–June)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	544	517	776	818	689	742	58	14	–	–	2,067	2,091
Contract Management	318	362	152	122	66	111	112	115	–	–	648	710
Staffing	–	–	–	–	–	–	–	–	60	76	60	76
Total	862	879	928	940	756	853	170	129	60	76	2,776	2,877

Type of service delivery (January–June)

SEK million	Vardaga		Nytida		Stendi		Altiden		Klara		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Own Management	1,105	971	1,557	1,578	1,375	1,321	114	26	–	–	4,152	3,896
Contract Management	666	704	283	235	142	203	225	200	–	–	1,315	1,342
Staffing	–	–	–	–	–	–	–	–	120	155	120	155
Total	1,771	1,675	1,840	1,813	1,517	1,524	339	226	120	155	5,587	5,393

NOTE 4 Items affecting comparability

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Restructuring and acquisition-related items	-9	-57	-23	-114	-48	-138
Total items affecting comparability	-9	-57	-23	-114	-48	-138

In 2020, items affecting comparability relate to the restructuring programme in Norway that was announced in the year-end report for 2019. In 2019, items affecting comparability related to

integration and synergy-realisation costs in connection with the acquisition of Aleris Omsorg, and to the restructure of Nytida.

Note 5 Business combinations

During the year, Ambea completed the acquisition of Vivamus A/S. The consideration (purchase price) transferred for the acquisition comprised cash in the amount of SEK 148 million. The acquisition generated goodwill of SEK 115 million, corresponding to the difference between the consideration transferred and the identifiable net assets acquired. The goodwill mainly relates to a stronger market position and operative and administrative synergies. The acquisition analysis is preliminary since

intangible assets are undergoing valuation. The acquisition analysis is expected to be finalised in the third quarter of 2020. Since the acquisition date, Vivamus has contributed SEK 60 million to net sales, and SEK 11 million to profit before tax. If the acquisition had taken place on 1 January 2020, the company would have contributed SEK 62 million to net sales and SEK 11 million to profit before tax.

Effect on financial position

SEK million	2020
Identifiable intangible assets	–
Identifiable net assets excl. intangible assets	33
Group goodwill	115
Total consideration (price of shares)	148
Net impact on cash	101

Distribution of net assets on the acquisition date

SEK million	2020
Fixed assets	3
Right-of-use assets	57
Accounts receivable and other receivables	11
Cash and cash equivalents	47
Non-current liabilities and provisions	–
Lease liabilities	57
Accounts payable and other liabilities	29
Identifiable net assets	33

Note 5 Business combinations – continuation

Acquisitions and divestments during the year

Date	Acquisitions	Divestments	Operations	Segments	Annual sales
8 Jan 2020	Vivamus AS		Residential care for people with disabilities	Altiden	DKK 80 million
1 Feb 2020		Nacka Hemtjänst	Home-care operations in Nacka (business transfer)	Vardaga	SEK 25 million

Note 6 Fair value of financial instruments in the fair value hierarchy

SEK million	Classification in the fair value hierarchy											
				1			2			3		
	30 June 2020	30 June 2019	31 Dec 2019	30 June 2020	30 June 2019	31 Dec 2019	30 June 2020	30 June 2019	31 Dec 2019	30 June 2020	30 June 2019	31 Dec 2019
Assets												
Interest-rate derivatives	0	1	3	–	–	–	0	1	3	–	–	–
Liabilities												
Interest-rate derivatives	11	–	–	–	–	–	11	–	–	–	–	–
Earn-out	–	–	1	–	–	–	–	–	–	–	–	1

Fair value of financial instruments in the fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes Eligible treasury bills, Bonds and Other interest-bearing securities. Remeasurement is recognised 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 that are recognised under Other current assets or Other current liabilities.

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

Ambea has loans denominated in both SEK and NOK and is thereby exposed to interest-rate risk. According to the compa-

ny's financial policy, at least 50 per cent of the interest-rate risk should be hedged. To reduce the company's interest-rate risk, the company purchased an interest-rate swap and an interest rate cap in March 2019, both with three-year maturities. During the quarter, these were extended to four years and will mature in 2024. In total, 60 per cent of the company's interest-rate risk is hedged through interest-rate derivatives on the balance-sheet date.

Derivatives are classified as Level 2 assets in the fair value hierarchy. The change in fair value of the interest rate cap and interest-rate swap is recognised in other comprehensive income and SEK 2 million was charged against other comprehensive income for the quarter. Ambea uses the standard report of issuing banks for the market valuation of purchased interest-rate caps and interest-rate swaps. The measurement is based on the bank's standard pricing model and method. The measurement is based on the bank's average price.

NOTE 7 Pledged assets and contingent liabilities

SEK million	30 June 2020	30 June 2019	31 Dec 2019
Leased assets	64	81	66
Chattel mortgages	1	7	7
Real estate mortgages	0	9	9
Factoring	0	2	0
Total pledged assets	65	99	82

* For distribution by line in profit or loss, see ambea.com/investor-relations/reports-and-presentations

NOTE 8 Reconciliation with financial statements

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Growth/Acquired growth						
Net sales growth (%)	-4	90	4	82	2	82
Of which acquired growth (%)	2	88	7	81	26	81
Of which currency effect (%)	-3	0	-2	0	-4	0
Of which organic growth (%)	-3	1	-1	1	-20	1
Operating margin (EBIT)						
Net sales	2,776	2,877	5,587	5,393	11,234	11,040
Operating profit (EBIT)	136	83	279	144	660	525
Operating margin, EBIT (%)	4.9	2.9	5.0	2.7	5.9	4.8
EBITA and adjusted EBITA						
Operating profit (EBIT)	136	83	279	144	660	525
Amortisation and impairment of intangible assets	29	35	58	64	120	125
EBITA	165	118	337	208	780	650
Items affecting comparability	9	57	23	114	48	138
Adjusted EBITA	174	175	360	322	828	788
Net sales	2,776	2,877	5,587	5,393	11,234	11,040
EBITA margin (%)	5.9	4.1	6.0	3.9	6.9	5.9
Adjusted EBITA margin (%)	6.3	6.1	6.4	6.0	7.4	7.1
EBITDA and adjusted EBITDA						
Operating profit (EBIT)	136	83	279	144	660	525
Depreciation, amortisation and impairment of tangible and intangible assets	221	200	439	394	889	845
EBITDA	357	283	717	539	1,549	1,370
Items affecting comparability	9	57	23	114	48	138
Adjusted EBITDA	366	340	741	653	1,597	1,508
EBITDA and adjusted EBITDA excluding IFRS 16						
Operating profit (EBIT)	136	83	279	144	660	525
Depreciation, amortisation and impairment of tangible and intangible assets	221	200	439	394	889	845
Additional: Rental expenses	-194	-170	-382	-329	-764	-711
Net effects of IFRS 16 on EBITDA	-194	-170	-382	-329	-764	-711
EBITDA excluding effects of IFRS 16	163	113	335	209	785	659
Items affecting comparability	9	57	23	114	48	138
Adjusted EBITDA excluding IFRS 16	172	170	359	323	833	796
EBITA and adjusted EBITA excluding IFRS 16						
Operating profit (EBIT)	136	83	279	144	660	525
Amortisation and impairment of intangible assets	29	35	58	64	120	125
EBITA	165	118	337	208	780	650
Less, amortisation IFRS 16	167	147	330	287	661	-618
Additional: Rental expenses	-194	-170	-382	-329	-764	711
Net effects of IFRS 16 on EBITA	-27	-22	-52	-42	-104	-94
EBITA excluding effects of IFRS 16	138	96	285	166	676	556
Items affecting comparability	9	57	23	114	48	138
Adjusted EBITA excluding IFRS 16	147	153	308	280	724	694
EBITA margin excluding IFRS 16	5.0	3.3	5.1	3.1	6.0	5.0
Adjusted EBITA margin excluding IFRS 16	5.3	5.3	5.5	5.2	6.4	6.3

NOTE 8 Reconciliation with financial statements – continuation

SEK million	2020 Apr–Jun	2019 Apr–Jun	2020 Jan–Jun	2019 Jan–Jun	R12	2019 Jan–Dec
Operating cash flow						
Adjusted EBITDA	366	340	741	652	1,597	1,508
Adjustment for non-cash items	17	-19	9	-2	-25	-36
Cash flow from investing activities excl. acquisitions and divestments of subsidiaries	-41	-40	-68	-60	-119	-110
Adjustment for cash flow from investing activities related to increased capacity/growth	28	10	41	19	77	54
Changes in working capital	114	47	58	-59	131	15
Operating cash flow	484	338	781	550	1,662	1,430
Cash conversion (%)						
Operating cash flow	484	338	781	550	1,662	1,430
Adjusted EBITDA	366	340	741	652	1,597	1,508
Cash conversion (%)	132.3	99.4	105.4	84.4	104.1	94.8
Items affecting comparability						
Reversal of restructuring and acquisition-related costs						
– of which costs included in the line item of consumables	0	2	0	2	-2	0
– of which costs included in the line item of other external costs	6	26	7	62	27	81
– of which costs included in the line item of personnel costs	3	29	16	50	18	52
– of which costs included in the line item of depreciation, amortisation and impairment	0	0	0	0	4	4
Total restructuring and acquisition-related costs	9	57	23	114	48	138
Total items affecting comparability	9	57	23	114	48	138

SEK million	2020 30 Jun	2019 30 Jun	2019 31 Dec
Net debt, Net debt/Adjusted EBITDA, RTM			
Non-current interest-bearing liabilities	7,334	6,040	5,131
Current interest-bearing liabilities	1,105	2,046	2,838
Less: cash and cash equivalents	-115	-238	-52
Net debt	8,323	7,849	7,917
Adjusted EBITDA RTM	1,597	1,006	1,508
Net debt/Adjusted EBITDA, RTM (times)	5.2	7.8	5.3
Net debt, Net debt/Adjusted EBITDA, RTM excl. effects of IFRS 16			
Non-current interest-bearing liabilities	7,334	6,041	5,131
Less: non-current lease liabilities pertaining to properties recognised on the lease liability line	-4,699	-3,803	-4,134
Current interest-bearing liabilities	1,105	2,046	2,838
Less: current lease liabilities pertaining to properties recognised on the lease liability line	-604	-520	-571
Less: cash and cash equivalents	-115	-238	-52
Net debt excluding effects of IFRS 16	3,020	3,526	3,213
Adjusted EBITDA RTM	833	636	796
Net debt/Adjusted EBITDA, RTM (times)	3.6	5.5	4.0

Quality management in the second quarter of 2020

Coronavirus/COVID-19

Efforts to prevent the spread of the coronavirus continued to mark the quarter. Elderly care in Sweden experienced the greatest challenges, where the spread of infection in Ambea's nursing homes followed the general societal trend, with a peak in April and then a downward trend. Since the end of the second quarter, only a few isolated cases have affected the Group as a whole.

The measures that were developed in the second quarter and that have proved successful will remain in place until the spread of the coronavirus has been controlled in general. During the quarter, for example, Ambea added face masks or shields to our employees' workwear, and these must be worn on all shifts. This is a way to compensate for the fact that it is not always possible to maintain physical distancing when working at nursing homes and to reduce the risk of droplet transmission from employees with mild or no symptoms.

We continue to benefit from the structure we have built up to communicate information and instructions to our operations. Every week, managers and licensed employees are able to participate in digital meetings with nurses with medical responsibility, HR and purchasing to receive updates in each area. Both during and after these meetings, via specific coronavirus e-mails and phone calls, they are able to ask questions and receive information.

A key task now is to monitor any changes to the guidance issued by various authorities. This is particularly important because Ambea conducts operations across major parts of Sweden and is therefore required to follow the instructions and recommendations issued by many regional infectious disease control authorities with varying approaches.

Inspections with no remarks

Due to the coronavirus pandemic, the Swedish Health and Social Care Inspectorate (IVO) carried out inspections by phone and video meetings, with a focus on the conditions, knowledge and measures being taken in the operations to reduce the spread of the virus. All inspections of Ambea's operations were completed with no further actions required, which confirms that our measures have been relevant and adequate, and that each individual operation has achieved compliance with new routines in a concrete and effective manner.

The quarter in figures

- In the second quarter, the proportion of serious non-compliances (grade 4) in Vardaga and Nytida was 0.05 per cent, which is in line with the first quarter (0.07 per cent). In Q2, one serious non-compliance was reported in Stendi and none in Altiden.
- Regarding complaints submitted to the IVO by individuals, only two cases were related to Vardaga's operations during the quarter and the IVO has issued a decision on one case with no further action required. No complaints were submitted for Nytida's operations. Five complaints were lodged by individuals in the preceding quarter, and one decision has been handed down with no further action required.
- No Lex Sarah reports were lodged by Nytida or Vardaga. Both



Employees at Vardaga's nursing home Brunnsgatan 15 A in Lund received this year's Ribbingska Memorial Fund's Elderly Prize of SEK 100,000. The background is committed and systematic work with personalised dementia care.

Other quality management

- In the second quarter, Ambea's Quality and HR Flash* score for Vardaga dropped from 6.86 to 6.60, and from 6.97 to 6.89 (max. 10) for Nytida. The lower scores were the result of high sick leave rates due to COVID-19 at the beginning of the quarter.
- The year's self-assessment is ongoing. The response time has been extended due to the workload arising from the coronavirus.
- The *Secure data transfer* project, which is aimed at ensuring adequate protection of the personal data transferred to the IVO, will soon be completed. The *Relationships and sexuality* project has commenced in Nytida, with the aim of highlighting and providing support for these issues in our LSS units. The *Suicide prevention* project is ongoing.
- Despite the current situation, Ambea's Quality Department has prioritised quality inspections in all start-up operations. These have been carried out digitally, but provide effective support for the operations and management to prioritise measures in the start-up phase.

Vardaga and Nytida lodged one Lex Maria report. For Vardaga, the case was closed with no further action required and a decision is pending for the report lodged by Nytida.

- Inspections: The IVO carried out 11 inspections of Nytida's operations. Decisions have been issued for three cases, with remarks for two of these cases. For one of these cases, the IVO carried out a second inspection that resulted in no remarks.
- Stendi received a report from an inspection carried out in November 2019 where a number of areas for improvement were identified. Efforts to rectify these shortcomings have now commenced.
- In Altiden, a municipal inspection of Plejecentrum Solgård led to excellent results.

* The Quality and HR Flash is Ambea's tool for monitoring the Group's quality and human resources management. It is sent out to all operations every month.