

Interim Report

Q3 2020

Falck A/S
CVR no 33 59 70 45



Contents

Management's review

Letter from the CEO 3

Q3

Quarterly highlights 4

Key events 5

Key figures 6

Quarterly results 7

Business unit highlights 9

Performance by business unit 10

Q1-Q3

Q1-Q3 results 16

Performance by business unit Q1-Q3 17

Management's statement 20

Financial statements

Statement of profit and loss 21

Statement of comprehensive income 22

Statement of cash flows 23

Statement of financial position 24

Statement of changes in equity 25

Notes 26

Letter from the CEO

Falck stabilised its financial performance and delivered a solid third quarter

Falck's financial performance improved in the third quarter of 2020. Efficiency-enhancing measures taken in June 2020 have had a positive impact and profitability has stabilised.

Operationally, Falck delivered a strong performance in all markets, supporting national healthcare systems under pressure. Every day, Falck employees respond to emergency situations, transport patients between hospitals and homes, give treatments and guidance, online and on site, and thereby provide help to people in urgent need. I am proud of the way our employees continue to deliver, supporting the infrastructure of our society, and thereby do their part in battling the pandemic under challenging circumstances.

Financially, Falck delivered robust results in the third quarter. Revenue was at the same level in the third quarter as in the second quarter of 2020. A range of efficiency-enhancing measures launched in June 2020 have had the desired effect. Cost of operations has been lowered in line with activity levels, and sales and administrative expenses have been similarly adjusted. As a result, profitability was restored in the third quarter.

In Ambulance, large contracts initiated in 2019 in the US, the UK and Sweden are now more profitable after a year with significant start-up costs. Exiting less profitable contracts has had a positive effect on profitability. During the quarter, a large contract was secured in Germany, and we received a Notice of Intent to Award from the City of San Diego.

In Colombia, the number of subscribers has increased significantly, driven by customers' desire to gain access to home care and online services and thereby avoid visits to clinics and hospitals. The number of subscribers to roadside assistance services in the Nordic countries is decreasing, but there is growing interest in subscribing for patient transport services.

In Healthcare, activities picked up over the quarter, but remain at a lower level than before COVID-19. It is Falck's firm belief that the market for healthcare services holds significant potential, and that the combination of contract-based subscriptions and pay-on-use services serve as a resilient business model in times of change.

So far, 2020 has been a year of significant challenges. Due to swift actions taken in the second quarter, we are now in a stable financial position, and determined to continue to deliver solidly, operationally and financially.

Given the stabilised development in revenue and increase in EBITA in the third quarter, Falck now expects full-year 2020 revenue of DKK 12.0–12.5 billion and operating profit (EBITA) in the DKK 500–650 million range.

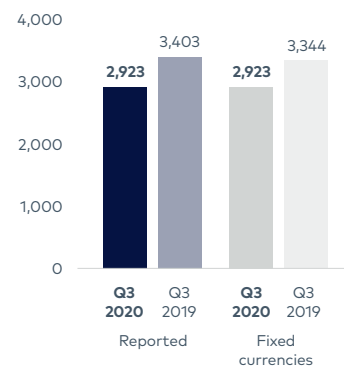

Jakob Riis
President and CEO



Quarterly highlights

Revenue

DKK million



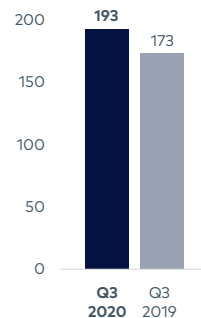
2,923
Revenue
DKK million

(12.5)%
Growth

Revenue has stabilised, however still 12.5% lower than in the third quarter of 2019. The lower level was mainly due to lost and discontinued contracts, loss of subscribers and lower activity levels in the pay-on-use business.

EBITA

DKK million



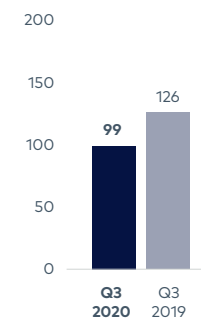
193
EBITA
DKK million

6.6%
Margin

EBITA and the EBITA margin increased. Price management and efficiency measures taken across the business offset the negative impact from lower revenue, and new contracts contributed positively.

Free cash flow

DKK million



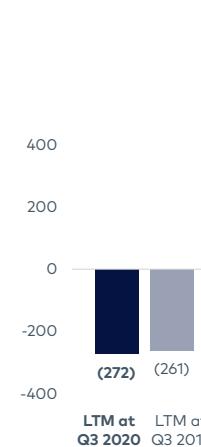
99
Free cash flow
DKK million

51.3%
Cash conversion

Free cash flow was reduced driven by the payment of taxes deferred in the second quarter as part of COVID-19 packages.

Economic profit

DKK million



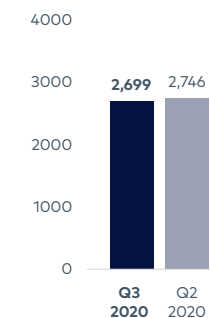
(272)
Economic profit
DKK million

(11)
Change
DKK million

Economic profit decreased due to lower NOPAT (Net Operating Profit After Tax) for the 12-month period which was only partly offset by reduced net operating assets.

Net interest-bearing debt

DKK million



2,699
NIBD
DKK million

2.26
Leverage ratio

Net interest-bearing debt decreased by DKK 47 million due to positive cash flow from operating activities partly offset by payment of tax deferred in the second quarter.

Key events

Falck won largest contract in Germany to date

Falck was awarded the contract for ambulance services in the Görlitz district of the state of Saxony, Germany.

From 1 February 2021, Falck will provide ambulance services in seven of the state's 11 emergency districts, including the cities of Dresden and Leipzig. The contract covers 65,000 residents and runs for five years with the possibility of a two-year extension. With this contract, Falck Germany continues to deliver solid organic growth with a 50% increase in activities over the past four years.

Falck preferred bidder for contract in San Diego

Falck submitted a bid for the 911 emergency ambulance service in San Diego in the US and was notified of the intent to award by the City of San Diego in August 2020. Thereby, Falck has been selected in the RFP process but still needs to pass the formal protest process before the contract can be ratified. With approximately 1.4 million residents, San Diego in California is the eighth largest city in the US.

Falck tested health drones

Falck is engaged in a project aiming at developing drones for transporting e.g. blood samples, medicine or defibrillators between hospitals and accident sites or to people living in remote areas. The first so-called health drones were tested in Denmark, flying between Odense University Hospital and the Danish island Ærø in August 2020. The project was initiated by Falck together with University of Southern Denmark, Odense University Hospital and selected technology and drone companies.

Key figures

DKK million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Statement of profit and loss					
Revenue	2,923	3,403	9,198	10,376	13,824
Operating profit before special items (EBITA) ¹	193	173	424	695	729
Impairment of goodwill	-	-	-	-	(450)
Operating profit/loss (EBIT)	178	131	185	359	(129)
Net financial items	(33)	7	(108)	(134)	(158)
Profit/loss for the period	106	52	(62)	54	(546)
Statement of financial position					
Total assets	11,984	13,150	11,984	13,150	12,776
Net operating assets	6,264	8,611	6,264	8,611	7,655
Total equity	3,566	4,533	3,566	4,533	3,882
Net interest-bearing debt, including lease liabilities	2,699	4,100	2,699	4,100	3,782
Cash flows and investments					
Cash flows from operating activities	93	131	1,283	431	764
Free cash flow	99	126	1,313	737	1,068
Investments in intangible assets, property, plants and equipment	8	(31)	(62)	(157)	(191)
Key figures					
Economic profit	n/a	n/a	(272)	(261)	(288)
EBITA margin (%)	6.6	5.1	4.6	6.7	5.3
Cost of services (OPEX) ratio (%)	77.0	79.3	78.4	78.8	79.7
Sales and administrative expenses (SG&A) ratio (%)	16.7	16.0	17.3	15.5	16.0
Cash conversion rate (%)	51.3	72.9	309.7	106.1	146.5
Equity ratio	29.8	34.5	29.8	34.5	30.4
Net interest-bearing debt to EBITDA (leverage ratio) ²	n/a	n/a	2.26	1.95	2.46
EBITDA	337	333	897	1,152	1,369
FTEs	20,050	23,745	21,226	24,143	23,920

1) EBITA is defined as operating profit before special items, amortisation of customer contracts and impairment of goodwill

2) As per point in time submitted to banks

Financial results

Quarterly results

Financial performance stabilised. Efficiency measures implemented in June 2020 offset the negative impact of lower activity levels and led to improved operating profit.

Revenue

Reported revenue was DKK 2,923 million (DKK 3,403 million). In fixed currencies, revenue decreased by 12.5%.

Divestments and shutdowns of non-core business activities in Ambulance and Portfolio Business (FGA) had a negative impact of DKK 152 million. Excluding these, revenue decreased by 8.1% in fixed currencies.

The main driver of the decrease in revenue was the lower activity level in the pay-on-use business affecting mainly Healthcare, FGA, and Assistance. Activity levels in Healthcare increased during the quarter and were at index 80 at the end of the quarter compared to the third quarter of 2019.

New contracts in Ambulance in Poland and Fire Services in the UK offset the impact of lost contracts in Healthcare in Denmark and Norway.

In Community Healthcare, the number of subscribers continued to increase, which partially offset the decline in revenue from the pay-on-use business.

The Assistance business started to attract new subscribers in the Patient Transport Service (PTS) business, but the inflow did not offset the loss of subscribers in roadside assistance in Denmark.

Government grants of DKK 37 million received in the US had a positive impact on revenue.

Cost of services

Cost of services (OPEX) decreased to DKK 2,252 million (DKK 2,700 million).

Start-up costs related to new Ambulance contracts in the US, the UK and Sweden have been reduced month by month and loss-making businesses in the US have been shut down.

The lower level of cost of services meant that the OPEX ratio improved to 77.0% (79.3%) despite the decline in revenue.

Government grants of DKK 12 million received in Sweden had a positive impact on cost of services.

Sales and administrative expenses

Sales and administrative expenses (SG&A) decreased by 10% to DKK 488 million (DKK 545 million).

The decrease in SG&A was due to the efficiency-enhancing measures implemented across the business. The SG&A ratio increased slightly to 16.7% (16.0%) as a result of the decrease in revenue.

Operating profit

Reported operating profit (EBITA) increased to DKK 193 million (DKK 173 million). Lower cost of services and SG&A offset the impact from lower activity levels, and the EBITA margin increased to 6.6% compared to 5.1% in the third quarter of 2019.

Profit for the period

Profit for the period increased to DKK 106 million (DKK 52 million). The improvement for the period was driven by the higher EBITA and reduced amortisation of customer contracts.

Free cash flow

Free cash flow decreased to DKK 99 million (DKK 126 million). Cash conversion was 51.3%.

The decrease was mainly driven by the payment of taxes deferred as part of COVID-19 support packages in several countries falling due in the third quarter.

Equity and loans

Equity increased by DKK 60 million to DKK 3,566 million (DKK 3,506 million at 30 June 2020).

The increase was driven by the profit for the period. The equity ratio was 29.8% compared to 28.3% at 30 June 2020.

Financial results

Net interest-bearing debt

Net interest-bearing debt (NIBD) decreased by DKK 47 million to DKK 2,699 million compared to DKK 2,746 million at 30 June 2020.

The decrease was due to positive cash flow from operations partly offset by payment of tax deferred in the second quarter, which was also positively impacted by US grants. The leverage ratio was 2.26 at 30 September 2020 (2.26 at 30 June 2020). Cash and cash equivalents amounted to DKK 1,271 million at 30 September 2020.

Economic profit

Economic profit decreased to negative DKK 272 million (negative DKK 261 million) due to lower NOPAT (Net Operating Profit After Tax) driven by lower activity levels across several business units. This was only partly offset by reduced net operating assets.

Events after the reporting date

No events have occurred since the reporting date that have had material impact on the financial position of the Group.

Financial outlook for 2020

Government orders to lock down societal activities due to COVID-19 entails considerable uncertainty in relation to the speed of recovery of the global economy, resulting in broad ranges in Falck's financial guidance.

However, given the stabilised development in revenue and increase in EBITA in the third quarter, Falck has updated the outlook and now expects full-year 2020 revenue of DKK 12.0–12.5 billion and operating profit (EBITA) in the DKK 500–650 million range (outlook in the second quarter was full-year 2020 revenue of DKK 11.5–12.5 billion and operating profit in the DKK 400–600 million range).

Focus in 2020 continues to be on re-winning significant contracts in Ambulance and Fire Services that are out to tender, winning new contracts across the business and on stabilising the subscription portfolio value. The implementation of efficiency-enhancing measures will continue.

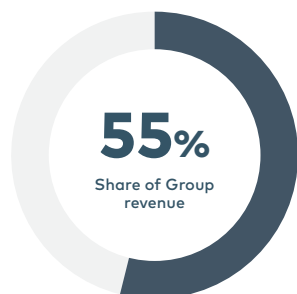
Forward-looking statements

Certain statements in this financial review are forward-looking statements. Such statements are based on current expectations and are, by their nature, subject to a number of uncertainties that could cause actual results and performance to differ materially from expected results or performance, expressed or implied, in the forward-looking statements.

Business unit highlights



Ambulance



Revenue 1,597
DKK million

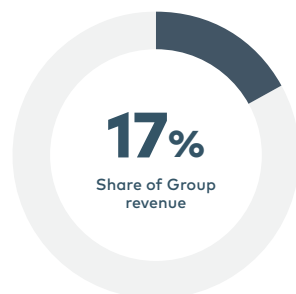
EBITA 125
DKK million

EBITA margin 7.8
%

Free cash flow 109
DKK million



Assistance



Revenue 504
DKK million

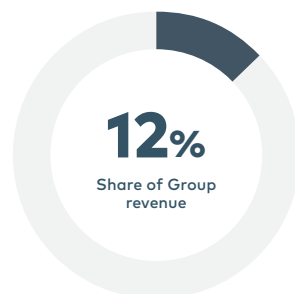
EBITA 132
DKK million

EBITA margin 26.1
%

Free cash flow 114
DKK million



Healthcare



Revenue 361
DKK million

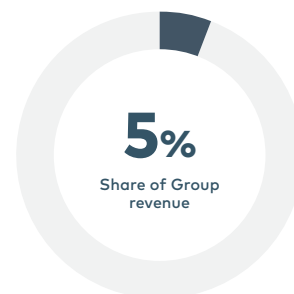
EBITA (28)
DKK million

EBITA margin (7.6)
%

Free cash flow (46)
DKK million



Community Healthcare



Revenue 160
DKK million

EBITA 29
DKK million

EBITA margin 18.1
%

Free cash flow 38
DKK million



Fire Services



Revenue 281
DKK million

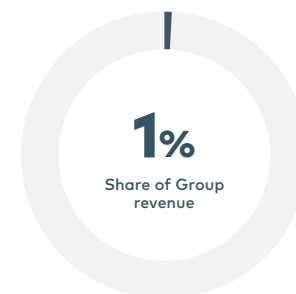
EBITA 16
DKK million

EBITA margin 5.8
%

Free cash flow (82)
DKK million



Portfolio Business



Revenue 27
DKK million

EBITA (7)
DKK million

EBITA margin (23.9)
%

Free cash flow 15
DKK million

Performance by business unit

Ambulance



Operating profit increased due to the improved profitability of the continuing business.

Ambulance provides emergency medical services and patient transport services. Approximately two thirds of the business are emergency medical services. Fixed-price contracts account for approximately 60% of the revenue.

Revenue

Revenue was DKK 1,597 million (DKK 1,744 million). A number of loss-making businesses were closed down. Divested and closed down businesses had a negative impact of DKK 121 million. Adjusted for these, revenue decreased by 0.2% in fixed currencies.

Price management contributed positively, but did not fully offset the impact of lower activity levels and expired contracts.

Government grants in the US of DKK 37 million given in order to maintain the emergency response setup contributed positively.

Cost of services

Cost of services (OPEX) was DKK 1,290 million (DKK 1,501 million). The OPEX ratio was 80.8% (86.1%). Cost of services decreased due to the contract expiry in Slovakia and the exit from loss-making business in the US, partly offset by increased costs in relation to the contract start-up in Poland and higher COVID-19 related costs in Spain.

Large contracts initiated in 2019 in the US, the UK and Sweden have improved profitability after a year with significant start-up costs.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 187 million (DKK 189 million). Efficiency measures implemented in the second quarter were partly offset by higher provision for bad debt in the US. The SG&A ratio was 11.7% (10.8%). The slight increase in SG&A ratio was due to lower revenue.

Operating profit

Reported operating profit (EBITA) increased to DKK 125 million (DKK 58 million). The EBITA margin increased to 7.8% (3.3%).

EBITA was impacted positively by increased earnings in the continuing businesses in the US as well as in Denmark, Sweden, Germany, the UK and Poland, which more than offset the lower profit contribution from Spain and discontinued operations.

Free cash flow

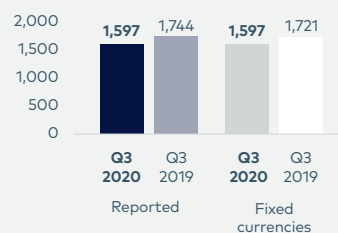
Free cash flow increased to DKK 109 million (DKK 80 million). The increase was due to the higher EBITA.

Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	1,597	1,744	6,837
EBITA	125	58	216
EBITA margin (%)	7.8	3.3	3.2
Free cash flow	109	80	208
Economic profit	n/a	n/a	(17)
FTEs	11,215	13,711	13,866

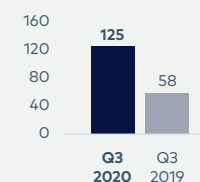
Revenue

DKK million



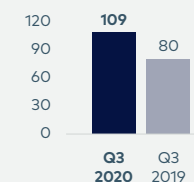
EBITA

DKK million



Free cash flow

DKK million



Performance by business unit

Assistance



Tight cost control offset the effect of lower activity levels and a net loss of subscriptions.

Assistance has a broad offering of roadside assistance, patient transportation, healthcare, fire safety and first aid services. A portfolio of subscribers within these areas account for approximately 70% of revenue.

Revenue

Revenue decreased to DKK 504 million (DKK 587 million). In fixed currencies, revenue decreased by 13.3%.

Revenue was impacted negatively by a continued loss of subscribers in primarily roadside assistance in Denmark, lower activity levels across the Nordic countries driven by COVID-19 and the loss of a contract with a Norwegian insurance company. This was only partly offset by price management and new subscribers for Patient Transport Services.

Cost of services

Cost of services (OPEX) was DKK 275 million (DKK 332 million).

Cost of services was lower in the third quarter due to the lower level of activities, and the OPEX ratio decreased to 54.6% (56.6%).

Sales and administrative expenses

Sales and administrative expenses (SG&A) decreased to DKK 98 million (DKK 129 million). The decrease was due to efficiency measures, reduced marketing costs and reduced provisions for loss on debtors, which offset the impact of the lower revenue. The SG&A ratio improved to 19.4% (22.0%).

Operating profit

Operating profit (EBITA) was DKK 132 million (DKK 128 million). Tight cost control led to reduced OPEX and SG&A which offset the effect of reduced activity levels, and the EBITA margin increased to 26.1% (21.8%).

Free cash flow

Free cash flow was DKK 114 million (DKK 136 million). Cash flow was impacted by a

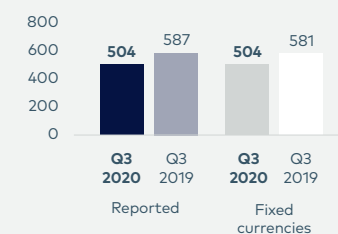
decrease in the cash collection compared to the third quarter of 2019, partly offset by a positive impact from postponed taxes and VAT.

Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	504	587	2,400
EBITA	132	128	496
EBITA margin (%)	26.1	21.8	20.6
Free cash flow	114	136	349
Economic profit	n/a	n/a	110
FTEs	1,071	1,198	1,237

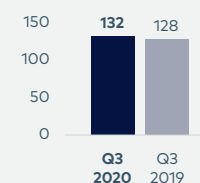
Revenue

DKK million



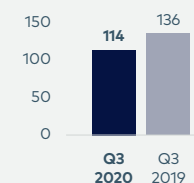
EBITA

DKK million



Free cash flow

DKK million



Performance by business unit

Healthcare



Activities picked up over the quarter, but are at a lower level than before COVID-19.

Healthcare provides healthcare services and treatments to individuals offered via insurance companies or via contracts with private companies. The major part of the business builds on pay-on-use contracts.

Revenue

Revenue was DKK 361 million (DKK 507 million). In fixed currencies, revenue decreased by 29.6%.

Activity levels were negatively impacted by COVID-19 and government orders to close down physical and psychological treatments earlier this year. The exit of contracts with insurance companies in Norway and Denmark contributed to the decrease. During the quarter, activities began to pick up and returned to an estimated 80% at the end of the third quarter compared to the third quarter of 2019 on a like-for-like basis.

Cost of services

Cost of services (OPEX) decreased to DKK 334 million (DKK 456 million) due to the lower level of activities. The OPEX ratio increased to 92.5% (89.8%) as costs have not been reduced at the same pace as activity levels.

Government grants in Sweden of DKK 12 million had a positive impact.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 54 million (DKK 61 million). The SG&A ratio increased to 15.0% (12.0%). The efficiency measures initiated in the second quarter did not fully offset the effect of the decreasing activity levels and thereby lower revenue.

Operating profit

Operating profit (EBITA) was negative DKK 28 million (negative DKK 9 million), and the

EBITA margin decreased to negative 7.6% (negative 1.8%).

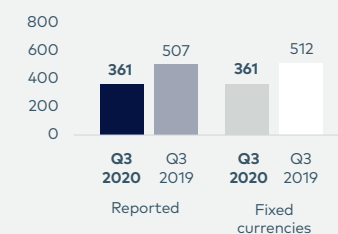
Free cash flow

Free cash flow was negative DKK 46 million (negative DKK 74 million). The slight improvement was due to an increase in trade payables and liabilities which offset the lower EBITA.

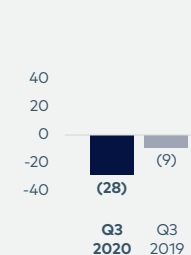
Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	361	507	2,355
EBITA	(28)	(9)	72
EBITA margin (%)	(7.6)	(1.8)	3.0
Free cash flow	(46)	(74)	96
Economic profit	n/a	n/a	(37)
FTEs	2,003	2,315	2,297

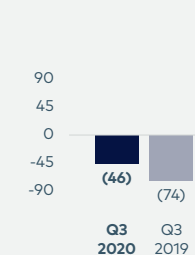
Revenue
DKK million



EBITA
DKK million



Free cash flow
DKK million



Performance by business unit

Community Healthcare



Continued increase in subscribers offset the decrease in activity levels.

Community Healthcare in Latin America provides "doctors on call" services to individual subscribers, insurance holders and companies. The major part of the business builds on a subscription portfolio in the business-to-consumer (BtC) segment in Colombia.

Revenue

Revenue was DKK 160 million (DKK 188 million). In fixed currencies, revenue increased by 1% from DKK 158 million to DKK 160 million.

The increase in revenue was due to growth in the number of subscribers and price management, offset by a decrease in pay-on-use activities as well as the effect of a temporary suspension of contracts in certain areas due to the closedown of society in Colombia from April to August during the COVID-19 pandemic.

The number of BtC subscribers increased by 5% compared to the third quarter of 2019 driven by customers' desire to gain access to home care and online services and thereby avoid visits to clinics and hospitals. The total number of subscribers in Colombia and Uruguay to the doctors on call service was 485,000 at the end of the third quarter.

Cost of services

Cost of services (OPEX) was DKK 96 million (DKK 119 million). Number of services delivered increased, but the OPEX ratio improved to 60.0% (63.3%), mainly due to increase in online consultations versus on site visits.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 35 million (DKK 36 million). The SG&A ratio increased to 21.9% (19.1%). The increase was due to increase in sales commissions in BtC and decrease in revenue from pay-on-use activities.

Operating profit

Operating profit (EBITA) was DKK 29 million DKK (DKK 32 million). The EBITA margin was 18.1% (17.5%).

Free cash flow

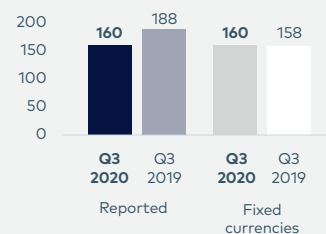
Free cash flow was DKK 38 million (DKK 36 million), in line with last year.

Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	160	188	747
EBITA	29	32	130
EBITA margin (%)	18.1	17.5	17.4
Free cash flow	38	36	109
Economic profit	n/a	n/a	47
FTEs	2,979	3,140	3,211

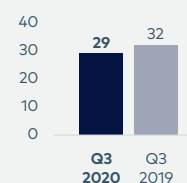
Revenue

DKK million



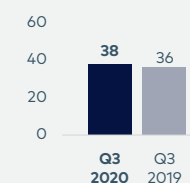
EBITA

DKK million



Free cash flow

DKK million



Performance by business unit

Fire Services



Fire Services provides services to cities or municipalities and to industrial customers like airports, petrochemicals and other high-risk industries. In addition, Fire Services provides various pay-on-use activities such as consultancy and training courses. The major part of the business builds on fixed-price contracts.

Revenue

Revenue was DKK 281 million (DKK 286 million). In fixed currencies, revenue was in line with last year.

COVID-19 continued to have a slight negative impact, as service levels in airports were re-scoped to match the customers' lower activity levels. Also, the consultancy and training businesses had lower revenues.

The positive impact from new contracts and price management did not fully offset the negative effect from discontinued contracts

Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	281	286	1,154
EBITA	16	23	65
EBITA margin (%)	5.8	8.0	5.8
Free cash flow	(82)	(66)	111
Economic profit	n/a	n/a	10
FTEs	2,230	2,513	2,475

and COVID-19 as well as one-off income in the comparison quarter in 2019.

Cost of services

Cost of services (OPEX) was DKK 248 million (DKK 242 million). The OPEX ratio increased to 88.3% (84.9%) caused by the decrease in revenue in the third quarter of 2020 as well as one-off income in the comparison quarter in 2019.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 20 million (DKK 22 million). The SG&A ratio was 7.1% (7.7%).

Operating profit

Operating profit (EBITA) was DKK 16 million (DKK 23 million), and the EBITA margin decreased to 5.8% (8.0%), as the slightly lower costs could not compensate for the decrease in revenue.

Free cash flow

Free cash flow was negative DKK 82 million (negative DKK 66 million), due to the lower EBITA and an increase in trade receivables.

Portfolio Business



The Portfolio Business comprises Falck Global Assistance (FGA) which provides health, safety and security risk management services to people travelling or working abroad.

Revenue

Revenue decreased by 77% to DKK 27 million (DKK 116 million) due to the COVID-19 pandemic which significantly impacted the global travel market. AoT, part of FGA's business in the US, was successfully divested on 25 June 2020 which had a negative impact on revenue of DKK 28 million.

Cost of services

Cost of services (OPEX) was reduced by 74% to DKK 18 million (DKK 70 million), and the OPEX ratio was 66.7% (68.8%).

Sales and administrative expenses

SG&A decreased to DKK 15 million (DKK 27 million) following a restructuring of operations. The SG&A ratio increased to 55.6% (23.3%) due

to the cost of premises, which could not be adjusted in line with the decline in revenue.

Operating profit

Operating profit (EBITA) decreased to negative DKK 7 million (DKK 19 million), and the EBITA margin was negative 23.9% (16.3%).

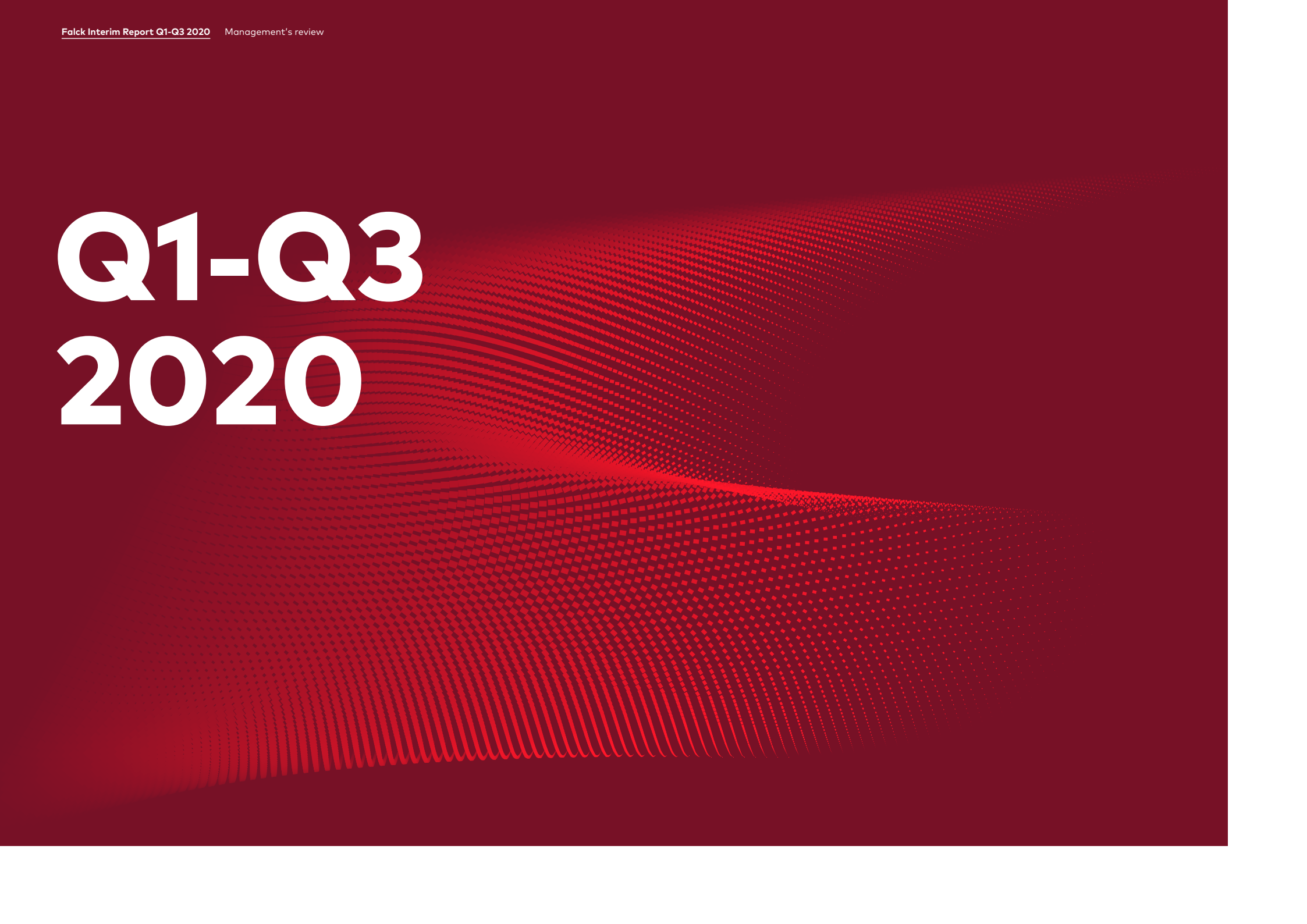
Free cash flow

Free cash flow declined to DKK 15 million (DKK 32 million), negatively impacted by the lower activity levels offset by customer deposits.

Key figures

DKK million	Q3 2020	Q3 2019	2019
Revenue	27	116	417
EBITA	(7)	19	33
EBITA margin (%)	(23.9)	16.3	8.0
Free cash flow	15	32	112
Economic profit	n/a	n/a	13
FTEs	238	552	528

Q1-Q3 2020

The background of the slide is a deep red color. It features a large, abstract graphic composed of a grid of small red dots. This grid is distorted to create a sense of depth and movement, appearing as if it's a wave or a tunnel receding into the distance. The dots are more densely packed in the foreground and become sparser as they recede, creating a strong perspective effect.

Financial results

Q1-Q3 results

Revenue and operating profit decreased due to lower activity levels, partly offset by efficiency-enhancing measures. Cash flow was strong.

Revenue

Year-to-date reported revenue was DKK 9,198 million (DKK 10,376 million). In fixed currencies, revenue decreased by 10.3%.

The divestment of business activities in Ambulance, Fire Services and Portfolio Business (FGA) had a negative impact of DKK 180 million.

New contracts in Ambulance in Poland and Fire Services in the UK as well as the large Ambulance contracts initiated in 2019 in the US, the UK and Sweden contributed positively, but not enough to offset the discontinued contracts in Ambulance in Slovakia and in the US.

The main driver of the revenue decrease for the year to date was the lower activity level in the pay-on-use business affecting Ambulance in the US, Healthcare, FGA and Assistance. Revenue was also impacted negatively from lost contracts in Healthcare and Assistance as well as a declining subscription portfolio in Assistance. In Community Healthcare, the number of subscribers increased in all three quarters, which partially compensated for the decline in revenue from the pay-on-use business.

Government grants in the US of DKK 71 million had a positive impact on revenue.

Cost of services

Cost of services (OPEX) was DKK 7,214 million (DKK 8,178 million). The OPEX ratio was 78.4% (78.8%). Across all business units, costs of services were adjusted in order to keep the OPEX ratio in line with the previous year despite the decline in revenue.

Government grants of DKK 63 million received in Denmark, Norway and Sweden had a positive impact on cost of services.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 1,592 million (DKK 1,612 million). The SG&A ratio developed negatively to 17.3% (15.5%) as efficiency-enhancing measures implemented in June 2020 were not enough to fully offset the decline in revenue, especially in Healthcare. SG&A was also negatively affected by US Ambulance due to increased provisions for bad debt and investments in the commercial organisation.

Operating profit

Reported operating profit (EBITA) was DKK 424 million (DKK 695 million). The EBITA margin was 4.6% (6.7%).

COVID-19 had a significant impact on the year-to-date operating profit due to lower activity levels and lower revenue from pay-on-use, but lost contracts and the declining

subscription portfolio in Assistance also contributed negatively. Implementation of efficiency-enhancing measures in June 2020 as well as government grants were a significant help in offsetting the COVID-19 impact.

Profit for the period

Profit for the period decreased to negative DKK 62 million (DKK 54 million), impacted by the lower activity from lost contracts, COVID-19 and special items of DKK 201 million relating to costs for closing down activities in the US and the overall adjustments to the Falck organisation in June 2020. The 2019 comparator was impacted by special items of DKK 193 million related to costs following the ruling by the Danish Competition Council and Falck's self-cleaning programme.

Free cash flow

Free cash flow increased to DKK 1,313 million (DKK 737 million), driven by improved net working capital due to the lower activity and the postponed payment of taxes. Lower CAPEX levels due to investments held back in the US and Sweden, the sale of vehicles in Slovakia and high CAPEX in the comparison period in 2019 also had a positive effect.

Performance by business unit Q1-Q3

Ambulance



Revenue

Revenue was DKK 4,836 million (DKK 5,087 million). In fixed currencies, revenue decreased by 4.8%. Divested and closed down businesses had a negative impact of DKK 326 million. Adjusted for these, revenue decreased by 1.2% in fixed currencies.

The continuing businesses in the US contributed positively and more than offset the negative effect on revenue from discontinued operations. New contracts as well as the large contracts started up in 2019 in Sweden, the US and the UK contributed positively and helped offset the effect on revenue from lower activity levels across all markets. Government grants in the US also had a positive impact.

Cost of services

Cost of services (OPEX) was DKK 4,088 million (DKK 4,336 million). The OPEX ratio decreased to 84.5% (85.2%). The closedown of the

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	4,836	5,087
EBITA	188	220
EBITA margin (%)	3.9	4.3
Free cash flow	630	195
Economic profit	(1)	(5)
FTEs	12,016	13,964

contract in Slovakia as well as exit from loss-making business in the US had a positive impact on the OPEX ratio, partly offset by the Alameda contract in the US, where the OPEX ratio is higher than average in Ambulance.

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 572 million (DKK 539 million). The SG&A ratio increased to 11.8% (10.6%). The increase was mainly due to higher provisions for bad debts in the US and higher central costs in the US, partly offset by lower central Ambulance costs.

Operating profit

Reported operating profit (EBITA) decreased to DKK 188 million (DKK 220 million). The EBITA margin was 3.9% (4.3%). The positive impact from new contracts could not fully offset the negative impact from contract expiries, lower activity levels in the US as well higher SG&A costs.

Free cash flow

Free cash flow was DKK 630 million (DKK 195 million). The increase was mainly driven by improvements in net working capital, government grants and lower CAPEX levels which more than offset the impact from lower EBITA.

Assistance



Revenue

Revenue was DKK 1,541 million (DKK 1,840 million). In fixed currencies, revenue decreased by 15.3%.

In the first quarter, the mild winter weather led to a decrease in demand in the pay-on-use business. In the second quarter, COVID-19 lowered activity levels and demand. Year-to-date, the biggest impact on revenue was from the loss of subscribers to roadside assistance in Denmark, which was only partly offset by new PTS customers and price management.

Cost of services

Cost of services (OPEX) decreased to DKK 864 million (DKK 1,077 million). The OPEX ratio decreased to 56.1% (58.5%). The lower costs and improved OPEX ratio were due to reduced activity levels which were adjusted in line with the declining demand, but also efficiency measures initiated in the second quarter.

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	1,541	1,840
EBITA	370	412
EBITA margin (%)	24.0	22.4
Free cash flow	386	409
Economic profit	162	74
FTEs	1,071	1,255

Sales and administrative expenses

Sales and administrative expenses (SG&A) decreased to DKK 310 million (DKK 364 million). Efficiency measures, reduced marketing costs and reduced accruals for loss on debtors offset the impact from lower revenue. The SG&A ratio was 20.1% (19.8%).

Operating profit

Operating profit (EBITA) decreased to DKK 370 million (DKK 412 million). The decrease in EBITA was mainly due to the negative development in the subscription portfolio and the reduced activity levels during all three quarters. This was partly offset by lower cost of services, efficiency measures, price management and improvement in accruals due to better control on overdues.

The EBITA margin was 24.0% (22.4%).

Free cash flow

Free cash flow was DKK 386 million (DKK 409 million). The decline was due to the lower EBITA, partly offset by postponed payments of taxes and VAT.

Performance by business unit Q1-Q3

Healthcare



Revenue

Revenue was DKK 1,292 million (DKK 1,764 million). In fixed currencies, revenue decreased by 26.3%. Revenue in all entities were below 2019 levels, mainly because of lower activity levels due to COVID-19. New contracts did not fully offset the impact of contract expiries.

Cost of services

Cost of services (OPEX) was DKK 1,152 million (DKK 1,516 million). OPEX decreased but this did not fully compensate for the decline in revenue. Government grants in Denmark and Sweden had a positive impact. The OPEX ratio increased to 89.2% (85.9%).

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 178 million (DKK 193 million). Efficiency measures did not fully compensate for the lower revenue. The SG&A ratio increased to 13.8% (10.9%).

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	1,292	1,764
EBITA	(38)	56
EBITA margin (%)	(2.9)	3.1
Free cash flow	96	(27)
Economic profit	(70)	(52)
FTEs	2,049	2,316

Operating profit

Operating profit (EBITA) was negative DKK 38 million (DKK 56 million). EBITA decreased in all three quarters of 2020 compared to 2019, mainly due to the low activity levels during the COVID-19 lockdown. Efficiency measures and government grants only partly offset the negative impact of lower revenue levels. The EBITA margin fell to negative 2.9% (3.1%).

Free cash flow

Free cash flow increased to DKK 96 million (negative 27 million) due to strong cash collection combined with postponed payments of tax. This offset the negative effect of lower EBITA.

Community Healthcare



Revenue

Revenue was DKK 503 million (DKK 566 million). The decline is attributable to currency fluctuations. In fixed currencies, revenue increased by 1.0%.

A net growth in subscribers together with price management had a positive impact on revenue and offset the decline in the pay-on-use business.

Cost of services

Cost of services (OPEX) was DKK 306 million (DKK 355 million). The OPEX ratio was 60.8% (62.7%). The improvement in the OPEX ratio was due to lower staff costs following the lower activity levels and an increase in online consultations versus on site visits.

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	503	566
EBITA	87	96
EBITA margin (%)	17.2	17.0
Free cash flow	49	79
Economic profit	44	37
FTEs	3,028	3,252

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 111 million (DKK 115 million). The SG&A ratio was 22.1% (20.3%) mainly driven by the decrease in revenue.

Operating profit

Operating profit (EBITA) decreased to DKK 87 million DKK (DKK 96 million). The EBITA margin was 17.2% (17.0%).

Free cash flow

Free cash flow was DKK 49 million (DKK 79 million). The decline was due to higher trade receivables, lower contract liabilities and higher CAPEX levels, which were partly compensated for by postponement of payments of income tax in Colombia.

Performance by business unit Q1-Q3

Fire Services

**Revenue**

Revenue was DKK 859 million (DKK 856 million). In fixed currencies, revenue increased by 1.3%.

A new contract with AGS in the UK, higher revenue from pay-on-use in the UK, Spain and the Netherlands as well as price management contributed positively to revenue and offset the impact from contract expiries, lower activity levels in the consultancy and training businesses and the divestment of C&T consultancy in 2019.

Cost of services

Cost of services (OPEX) was DKK 752 million (DKK 748 million). The OPEX ratio was 87.5% (87.4%) and was on par with last year, as revenue and costs year-to-date were in line with 2019.

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	859	856
EBITA	48	61
EBITA margin (%)	5.6	7.1
Free cash flow	6	35
Economic profit	5	17
FTEs	2,342	2,536

Sales and administrative expenses

Sales and administrative expenses (SG&A) increased to DKK 63 million (DKK 57 million) due to higher central costs from investing in further development of the business. The SG&A ratio was 7.3% (6.7%).

Operating profit

Operating profit (EBITA) was DKK 48 million (DKK 61 million). The higher SG&A costs were only partly offset by price management and efficiency measures implemented in the second quarter. The EBITA margin was 5.6% (7.1%).

Free cash flow

Free cash flow was DKK 6 million (DKK 35 million). The decrease was mainly due to the lower EBITA and changes in net working capital. Cash flow in the comparison period in 2019 was impacted by the sale of assets in Denmark.

Portfolio Business

**Revenue**

Revenue was DKK 199 million (DKK 332 million). In fixed currencies, revenue decreased by 39.3%.

The decrease was largely due to the decline in global travelling following the COVID-19 outbreak. The divestment of AoT, part of FGA's business in the US, in June had a negative impact on revenue of DKK 28 million.

Cost of services

Cost of services (OPEX) decreased to DKK 133 million (DKK 230 million). The OPEX ratio was 66.8% (69.3%).

Sales and administrative expenses

Sales and administrative expenses (SG&A) were DKK 72 million (DKK 71 million). The SG&A ratio was 36.2% (21.4%).

Key figures

DKK million	Q1-Q3 2020	Q1-Q3 2019
Revenue	199	332
EBITA	(5)	31
EBITA margin (%)	(2.7)	9.3
Free cash flow	36	63
Economic profit	(8)	13
FTEs	400	523

Operating profit

Operating profit fell to negative DKK 5 million (DKK 31 million). Despite a significant decrease in OPEX, this could not fully compensate for the decrease in revenue.

Free cash flow

Free cash flow decreased to DKK 36 million (DKK 63 million), mainly due to the lower EBITA.

Management's statement

The Board of Directors and the Executive Committee have today considered and approved the interim report of Falck A/S for the period 1 January – 30 September 2020.

The interim report has not been audited or reviewed by the company's independent auditors.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements in accordance with the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's assets,

liabilities and financial position as at 30 September 2020 and of the results of the Group's operations and cash flows for the financial period 1 January – 30 September 2020.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the

Group, the financial results for the period and the Group's financial position.

Besides what has been disclosed in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures made in the Annual Report 2019.

Copenhagen, 26 October 2020

Executive Committee:

Jakob Riis
President and CEO

Tor Magne Lønnum
CFO

Board of Directors:

Peter Schütze
Chairman

Lene Skole
Deputy Chairman

Henrik Villsen Andersen
Employee representative

Lars Frederiksen

Dorthe Mikkelsen

Vagn Flink Møller Pedersen
Employee representative

Allan Rensgaard
Employee representative

Thomas Lau Schleicher

Niels Smedegaard

Statement of profit and loss

DKK million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Revenue	2	2,923	3,403	9,198	10,376	13,824
Cost of services		(2,252)	(2,700)	(7,214)	(8,178)	(11,023)
Gross profit		671	703	1,984	2,198	2,801
Sales and administrative expenses		(488)	(545)	(1,592)	(1,612)	(2,207)
Other operating income and expenses		10	15	32	109	135
Operating profit before special items (EBITA)¹		193	173	424	695	729
Special items	3	(5)	-	(201)	(193)	(223)
Amortisation of customer contracts		(10)	(42)	(38)	(143)	(185)
Impairment of goodwill		-	-	-	-	(450)
Operating profit/loss (EBIT)		178	131	185	359	(129)
Gains/losses from divestments of enterprises		(2)	(22)	(40)	2	(30)
Income after tax from associates and joint arrangements		(5)	1	(1)	(2)	1
Financial items, net		(33)	7	(108)	(134)	(158)
Profit/loss before tax		138	117	36	225	(316)
Income taxes		(32)	(65)	(98)	(171)	(230)
Profit/loss for the period		106	52	(62)	54	(546)
Profit/loss for the period attributable to:						
Shareholders in Falck A/S		115	59	(50)	29	(370)
Non-controlling interests		(9)	(7)	(12)	25	(176)
Profit/loss for the period		106	52	(62)	54	(546)

1) EBITA is defined as operating profit before special items, amortisation of customer contract and impairment of goodwill

Statement of comprehensive income

DKK million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Profit/loss for the period		106	52	(62)	54	(546)
Actuarial adjustment of pension provisions		-	-	-	-	1
Items that will not be reclassified to the statement of profit and loss		-	-	-	-	1
Foreign currency translation adjustment		(49)	(18)	(183)	(12)	25
Fair value adjustment of currency hedging instruments		-	-	-	4	4
Fair value adjustment of interest hedging instruments		-	-	-	9	9
Tax on other comprehensive income		16	(13)	23	(13)	(12)
Items that may be reclassified to the statement of profit and loss		(33)	(31)	(160)	(12)	26
Other comprehensive income		(33)	(31)	(160)	(12)	27
Total comprehensive income		73	21	(222)	42	(519)
Total comprehensive income attributable to:						
Shareholders in Falck A/S		82	28	(210)	17	(343)
Non-controlling interests		(9)	(7)	(12)	25	(176)
Total comprehensive income		73	21	(222)	42	(519)

Statement of cash flows

DKK million	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Operating profit/loss (EBIT)		178	131	185	359	(129)
Depreciation, amortisation and impairment		145	159	474	457	640
Amortisation of customer contracts		10	42	38	143	185
Impairment of goodwill		-	-	-	-	450
Change in net working capital		(204)	(127)	736	(203)	77
Transactions with associates		-	(1)	-	(22)	(18)
Reclassification of gain on non-current assets, net		1	(8)	(7)	(94)	(97)
Net interest paid		(19)	(26)	(69)	(90)	(111)
Income tax paid		(18)	(39)	(74)	(119)	(233)
Cash flows from operating activities		93	131	1,283	431	764
Purchase of property, plant and equipment		(13)	(24)	(41)	(123)	(142)
Sale of property, plant and equipment		(21)	-	23	373	384
Purchase of intangible assets		21	(7)	(21)	(34)	(49)
Acquisition of subsidiaries and operations		-	27	-	-	-
Divestment of subsidiaries and operations		1	(7)	9	115	106
Investment in associates		1	-	5	-	-
Cash flows from hedging of net investments		-	-	-	8	8
Cash flows from investing activities		(11)	(11)	(25)	339	307
Transactions with shareholders		(2)	-	(3)	1	1
Transactions with non-controlling interests		(8)	(49)	(96)	(55)	(59)
Interest-bearing debt raised		74	38	570	175	150
Repayment of interest-bearing debt, including lease liabilities		(262)	(104)	(1,483)	(1,166)	(1,279)
Cash flows from financing activities		(198)	(115)	(1,012)	(1,045)	(1,187)
Cash flows from continuing operations		(116)	5	246	(275)	(116)
Cash flows from discontinued operations		-	-	-	-	47
Change in cash and cash equivalents		(116)	5	246	(275)	(69)
Cash and cash equivalents at the beginning of the period		1,400	855	1,071	1,142	1,142
Foreign currency translation adjustment		(13)	(6)	(46)	(13)	(2)
Change in cash and cash equivalents		(116)	5	246	(275)	(69)
Cash and cash equivalents at the end of the period		1,271	854	1,271	854	1,071

Statement of financial position

DKK million	Note	30 September 2020	30 September 2019	31 December 2019
Assets				
Goodwill		5,834	6,364	5,923
Other intangible assets		699	850	773
Property, plant and equipment		947	1,130	1,088
Right-of-use assets		1,252	1,582	1,515
Investments in associates and joint ventures		1	22	9
Deferred tax assets		65	130	78
Other receivables		40	42	39
Total non-current assets		8,838	10,120	9,425
Inventories		28	27	26
Contract assets		302	453	396
Trade receivables		1,145	1,364	1,534
Income tax receivable		46	29	57
Other receivables		354	303	267
Cash and cash equivalents		1,271	854	1,071
Total current assets		3,146	3,030	3,351
Total assets		11,984	13,150	12,776

DKK million	Note	30 September 2020	30 September 2019	31 December 2019
Equity and liabilities				
Share capital		133	133	133
Other reserves		(521)	(399)	(361)
Retained earnings		3,781	4,344	3,858
Equity attributable to Falck A/S		3,393	4,078	3,630
Non-controlling interests		173	455	252
Total equity		3,566	4,533	3,882
Loans		2,750	3,357	3,352
Lease liabilities		893	1,162	1,085
Deferred tax		55	241	70
Provisions		110	87	88
Contract liabilities		42	69	72
Other payables		200	3	108
Total non-current liabilities		4,050	4,919	4,775
Loans		15	75	48
Lease liabilities		312	360	368
Trade payables		584	605	685
Income taxes		204	121	210
Provisions		447	204	298
Contract liabilities		1,095	1,023	1,191
Other payables		1,711	1,310	1,319
Total current liabilities		4,368	3,698	4,119
Total liabilities		8,418	8,617	8,894
Total equity and liabilities		11,984	13,150	12,776

Statement of changes in equity

2020 DKK million	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Equity attributable to Falck A/S	Non-controlling interests	Total equity
Equity at 1 January 2020	133	-	(361)	3,858	3,630	252	3,882
Foreign currency translation adjustment	-	-	(183)	-	(183)	-	(183)
Tax on other comprehensive income	-	-	23	-	-	-	23
Other comprehensive income	-	-	(160)	-	(160)	-	(160)
Profit for the period	-	-	-	(50)	(50)	(12)	(62)
Total comprehensive income	-	-	(160)	(50)	(210)	(12)	(222)
Purchase and sale of treasury shares, warrants, etc.	-	-	-	(3)	(3)	-	(3)
Change in non-controlling interests' ownership share	-	-	-	(14)	(14)	(67)	(81)
Adjustment of provision for acquisition of non-controlling interests relating to acquisitions after 1 January 2010	-	-	-	(10)	(10)	-	(10)
Total transactions with owners	-	-	-	(27)	(27)	(67)	(94)
Total changes in equity at 30 September 2020	-	-	(160)	(77)	(237)	(79)	(316)
Total equity at 30 September 2020	133	-	(521)	3,781	3,893	173	3,566

2019 DKK million	Share capital	Hedging reserve	Currency translation reserve	Retained earnings	Equity attributable to Falck A/S	Non-controlling interests	Total equity
Equity at 31 December 2018 as disclosed in the annual report	81	(10)	(377)	2,182	1,876	331	2,207
Correction of previous years, cf. section 1.1 in the Annual Report 2019	-	-	-	(67)	(67)	58	(9)
Equity at 1 January 2019	81	(10)	(377)	2,115	1,809	389	2,198
Other comprehensive income	-	10	(22)	-	(12)	-	(12)
Profit for the period	-	-	-	29	29	25	54
Total comprehensive income	-	10	(22)	29	17	25	42
Capital increase	52	-	-	2,219	2,271	-	2,271
Dividend	-	-	-	-	-	(6)	(6)
Change in non-controlling interests' ownership share	-	-	-	(10)	(10)	47	37
Adjustment of provision for acquisition of non-controlling interests relating to acquisitions after 1 January 2010	-	-	-	(9)	(9)	-	(9)
Total transactions with owners	52	-	-	2,200	2,252	41	2,293
Total changes in equity at 30 September 2019	52	10	(22)	2,229	2,269	66	2,335
Total equity at 30 September 2019	133	-	(399)	4,344	4,078	455	4,533

Note 1

Basis of reporting

Accounting policies

Falck A/S is a limited liability company domiciled in Denmark. The interim report includes the consolidated financial statements of Falck A/S and its subsidiaries (Falck).

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements in accordance with the Danish Financial Statements Act.

The interim report does not contain all the information required for the annual report and should therefore be read in conjunction with the Annual Report 2019. No interim report has been prepared for the parent company.

The accounting policies are consistent with those applied in the Annual Report 2019, to which reference is made. However, the new standards, amendments and interpretations as listed in the next paragraph have been implemented as at 1 January 2020.

The adoption of new standards, amendments and interpretations have not affected the interim report for Q3 2020.

Comparative figures reflect the restatements described in the Annual Report 2019 – please refer to section 1.1 for further information.

Implementation of new accounting standards, amendments and interpretations

The following accounting standards, amendments (IAS and IFRS) and interpretations have been implemented as at 1 January 2020:

- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 3 "Business Combinations"
- Amendments to "References to the Conceptual Framework in IFRS Standards"
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

New business units

To increase the clarity on business unit performance, two additional business units, Community Healthcare and Fire Services, are presented in the segment reporting effectively from Q1 2020 reporting.

Community Healthcare comprises Falck's ambulance and healthcare services in Latin America that until the end of 2019 were reported as part of the Ambulance segment. Its major business is Grupo EMI in Colombia, which leads the market for private subscription plans for doctors on call.

Fire Services comprises Falck's firefighting, fire consultancy and fire prevention services and primarily operates in Europe. Until the end of last year, these activities were reported as part of the Portfolio Business segment (industrial firefighting) and Assistance (public fire in Denmark).

In addition, Patient Transport Services (PTS) related to consumers with a subscription service have been transferred from Ambulance to Assistance in order to make performance reporting more efficient.

The complete list of business units comprises: Ambulance, Assistance, Healthcare, Community Healthcare, Fire Services and Portfolio Business.

COVID-19 impact

The COVID-19 pandemic has had a major impact on the business, and Falck continuous to monitor the evolution of the pandemic and the effect on the business across all segments. The situation, including the health and safety conditions, the economic environment and the government measures, creates a high level of uncertainty and risk that result in significant impact on the business, results of operations and financial conditions. The main elements related to the consolidated financial statements considered as at 30 September 2020 are detailed in the sections below.

Goodwill impairment

Falck performed its annual impairment test in December. Falck's impairment test for goodwill was based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ending 31 December 2019.

As a result of the increased uncertainty and unclarity as to the development of the COVID-19 pandemic and business recovery, an assessment was made to ensure assets are not recognised above their recoverable amounts. Based on this assessment, Falck did not identify a need for impairment as at 30 September 2020.

Grants

Falck has received government grants, mainly in the form of wage subventions and cost coverage. Government grants are recognised in the statement of profit and loss as a reduction of the expenses the grants relate to on a systematic basis over the periods in which the grants are compensating. Government grants are recognised in the statement of profit and loss when there is reasonable assurance that Falck will comply with the conditions attached to them.

Note 1

Basis of reporting

Expected credit loss

Falck has considered the impact of the COVID-19 pandemic on the expected credit loss of financial instruments (mainly trade receivables). The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on available information as at 30 September 2020, and no significant losses relating to the COVID-19 situation have been identified during the nine months of 2020. Falck will continue to monitor the development of the trade receivables closely.

Note 1













Statement of profit and loss by function

DKK million	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Revenue	2,923	3,403	9,198	10,376	13,824
Cost of services	(2,262)	(2,742)	(7,252)	(8,321)	(11,208)
Gross profit	661	661	1,946	2,055	2,616
Sales and administrative expenses	(488)	(545)	(1,592)	(1,612)	(2,207)
Other operating income and expenses	10	15	32	109	135
Operating profit before special items (EBITA)	183	131	386	552	544
Special items	(5)	-	(201)	(193)	(223)
Impairment of goodwill	-	-	-	-	(450)
Operating profit/loss (EBIT)	178	131	185	359	(129)
In above statement of profit and loss amortisation of customer contracts has been allocated to the following function:					
Cost of services	(10)	(42)	(38)	(143)	(185)
Total	(10)	(42)	(38)	(143)	(185)

Falck classifies the statement of profit and loss by the function of expense. As management uses "Operating profit before special items" (EBITA) as a measure of profit for internal purposes, special items, amortisation of customer contracts and impairment of goodwill are separated from the individual functions and presented separately. As a result, special items and impairment of goodwill cannot be allocated to individual function of expenses. However, when amortisation of customer contracts is allocated to cost of services, the statement of profit and loss is presented as disclosed in this note.

Note 2

Segment and revenue information

Q1-Q3 2020 Business units in DKK million	 Ambulance	 Assistance	 Healthcare	 Community Healthcare	 Fire Services	 Portfolio Business	Group and eliminations	Total
Statement of profit and loss								
Revenue	4,836	1,541	1,292	503	859	199	(32)	9,198
Depreciation, amortisation and impairment	(165)	(27)	(7)	(9)	(12)	(2)	(253)	(475)
Operating profit/loss before special items (EBITA)	188	370	(38)	87	48	(5)	(226)	424
Statement of financial position								
Total assets	3,502	3,290	1,413	762	939	313	1,765	11,984
Investments in intangible assets, property, plant and equipment	32	7	7	5	9	-	2	62
Key ratios								
EBITA margin (%)	3.9%	24.0%	(2.9%)	17.2%	5.6%	(2.7%)	-	4.6%
Q1-Q3 2019 Business units in DKK million	 Ambulance	 Assistance	 Healthcare	 Community Healthcare	 Fire Services	 Portfolio Business	Group and eliminations	Total
Statement of profit and loss								
Revenue	5,087	1,840	1,764	566	856	332	(69)	10,376
Depreciation, amortisation and impairment	(156)	(39)	(9)	(9)	(14)	(9)	(222)	(458)
Operating profit/loss before special items (EBITA)	220	412	56	96	61	31	(181)	695
Statement of financial position								
Total assets	3,628	3,313	1,823	832	921	428	2,205	13,150
Investments in intangible assets, property, plant and equipment	124	4	4	3	10	-	12	157
Key ratios								
EBITA margin (%)	4.3%	22.4%	3.1%	17.0%	7.1%	9.3%	-	6.7%

Comments

To increase the clarity on business unit performance, two additional business units, Community Healthcare and Fire Services, are presented in the segment reporting effectively from Q1 2020 reporting.

Management has redefined Falck's business segments based on reporting presented to the Group Executive Management, which forms the basis for the Management's strategic decisions.

The performance of the business segments is evaluated based on operating profit/loss before special items (EBITA).

Falck's business segments are Ambulance, Assistance, Healthcare, Community Healthcare, Fire Services and Portfolio Business. 2019 figures have been restated to reflect the new business units.

Group and other activities include Group staff functions neither directly nor indirectly attributable to the business segments and eliminations.

Note 3

Special items

Special items are presented separately in the statement of profit and loss for the period to distinguish consolidated operating profit from exceptional items, which by nature are not related to Falck's ordinary operations and these are recognised in the statement of profit and loss below EBITA.

Special items totalled DKK 201 million in Q3 2020 year-to-date and mainly relate to restructuring and reorganisation costs for closing down activities in the US and the overall adjustments to the Falck organisation.

Special items in the financial year 2019 relate to settlement costs, legal fees and the fine following the ruling by the Danish Competition Council and Falck's self-cleaning programme.

Note 4

Events after the reporting date

No events have occurred since the reporting date that have had a material impact on the financial position of the Group.

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