

Annual Report 2020

FalckA/S
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Denmark

General Meeting
22 March 2022
Chairman:
Miguel Buxó

There when you need us



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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.

Founded in 1906.
Today, we are **27,000**
highly skilled professionals,
delivering more than
9 million emergency responses
and healthcare services
every year.



FALCK

Letter from the Chairman and the CEO

Falck met the challenge of COVID-19





The range of efficiency-enhancing measures had the desired effect. After a downturn in revenue and operating profit in Q1 and Q2, profitability was restored in Q3 and Q4.

Activity levels increased at the end of 2020. Reported full-year revenue was DKK 12,348 million, EBITA was DKK 675 million and slightly above guidance at Q3. The EBITA margin improved to 5.5%.

2020 was a challenging year. As the COVID-19 pandemic spread around the world, it affected individuals, companies, institutions and entire societies. Falck continued to deliver high-quality emergency response and healthcare services under challenging circumstances, and thereby played an important role in the response to COVID-19. Every day, our employees respond to emergency situations, transport patients between hospitals and homes, give treatments and guidance, and thereby provide help to people in urgent need, infected as well as non-infected. During the year, Falck supported national healthcare systems that were under pressure and thereby the infrastructure of society.

In 2020, the majority of Falck's Business Units saw a decrease in demand coupled with more difficult working conditions and an increased level of sick leave. The impact of lower activity levels put profitability under pressure. Government grants in several countries provided support to the business in times of great uncertainty and gave us time to assess

and adjust to a new market situation. In Q2, Falck announced the redundancies of 450 employees. The dismissals took place across all Business Units. Backoffice functions were adjusted and sales and marketing expenses were reduced by 10%.

The range of efficiency-enhancing measures implemented had the desired effect. After a downturn in revenue and operating profit in Q1 and Q2, profitability was restored in Q3 and Q4. Despite the 10.7% revenue decrease in 2020, the full-year profit margin increased compared to 2019.

The financial performance proves that the turnaround completed in 2019 has put Falck in a more stable situation, in which a challenge such as a global pandemic can be managed without compromising the quality of service.

In Ambulance, the large contracts started up in 2019 in the US, the UK and Sweden are now more profitable after significant start-up costs. A number of less profitable contracts and businesses have been divested or closed down. New and promising contracts have been secured in Germany, Denmark and the US.

In Assistance, the number of subscribers to roadside assistance services is decreasing, whereas there is a growing demand for subscriptions to patient transport and healthcare services.

and we have therefore started analysing the potential for new and innovative healthcare service concepts, intending to make these a cornerstone of Falck's strategic development.

At the beginning of 2021, COVID-19 continues to affect individuals, companies and societies around the world. In 2020, Falck stood up to the challenge, delivering as promised both operationally and financially, and we see opportunities to do even more in 2021.

On behalf of the Board of Directors and the Executive Management team, we would like to thank all our employees for their brave work and continued dedication during a most demanding year.

Peter Schütze
Chairman

Jakob Riis
President and CEO

In Healthcare, activity levels decreased during the first half of the year due to COVID-19, but increased in the second half of the year, but still remain at a lower level than in 2019.

Community Healthcare in Latin America continues to attract subscribers to its successful home care and online service concept whereby people can avoid having to go to clinics or hospitals.

Fire Services secured new contracts both within public firefighting and industrial fire services.

Late in the year, Falck started offering rapid COVID-19 antigen tests to individuals at Falck stations across Denmark as well as via mobile test units visiting company sites and educational institutions. In December, Danish Regions asked Falck to extend the test capacity to 50,000 people per day and make testing available for the public as part of the government test strategy.

It is Falck's firm belief that the market for healthcare services holds significant potential,

Financial highlights

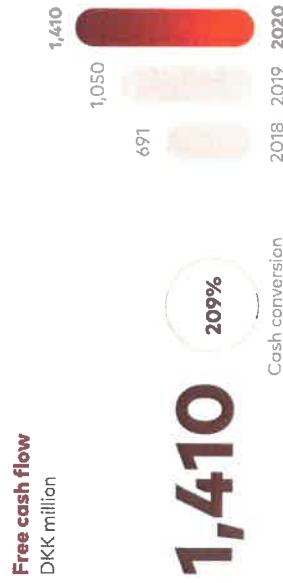
Despite a decline in revenue and operating profit driven by reduced activity levels, the profit margin, free cash flow and economic profit improved compared to 2019.



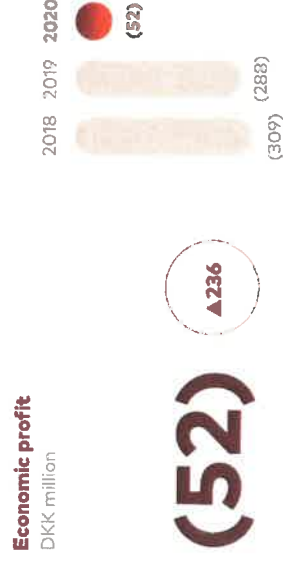
Revenue was 10.7% lower than in 2019, impacted by lower activity levels in the pay-on-use business as well as divestments and closure of non-core business activities.



Efficiency measures taken across the business offset the negative impact of lower revenues, and the EBITA margin improved by 0.2%-points to 5.5%.



Cash flow increased, driven by improved cash collection, government grants and restricted CAPEX spend.



Economic profit improved due to improved Net Operating Profit After Tax (NOPAT) and a reduction in net operating assets.



Net interest-bearing debt was reduced by DKK 1,177 million due to positive cash flow from operations.

Five-year summary

DKK million	2020	2019	2018	2017	2016	Comments	
Income Statement							
Revenue	12,348	13,824	13,988	15,071	14,942	See definitions of key figures and ratios in note 1.4 of the consolidated financial statements.	
EBITA ¹⁾	675	729	239	14	776		
Impairment of goodwill	-	(450)	-	(2,825)	-		
Operating profit (EBIT)	394	(129)	(8)	(3,177)	366		
Net financial items	(146)	(158)	(445)	(306)	(213)		
Profit/loss for the year from continuing operations	(178)	(546)	(550)	(3,621)	71		
Profit/loss for the year from discontinued operations	-	-	(398)	(55)	(28)		
Profit/loss for the year	(178)	(546)	(948)	(3,676)	43		
Statement of financial position							
Total assets	12,031	12,776	12,991	14,561	18,441		
Net operating assets	6,358	7,655	7,774	8,032	11,401		
Total equity	3,754	3,882	2,198	3,154	5,952		
Subordinated shareholder loans	-	-	2,220	2,008	944		
Net interest-bearing debt, including lease liabilities	2,605	3,782	5,623	5,404	5,045		
Cash flows and investments							
Cash flows from operating activities	1,311	764	784	512	580		
Free cash flow	1,410	1,050	691	317	300		
Investments in intangible assets and property, plant and equipment	(66)	(191)	(365)	(428)	(648)		
Key figures							
Economic profit	(52)	(288)	(309)	(418)	(599)		
EBITA margin (%)	5.5	5.3	1.7	0.1	5.2		
Cost of services (OPEX) ratio (%)	78.1	79.7	81.4	80.4	77.7		
Sales and administrative expenses (SG&A) ratio (%)	16.9	16.0	17.5	19.6	17.7		
Cash conversion rate (%)	208.9	144.0	289.1	2,264.3	38.7		
Equity ratio	31.2	30.4	34.0	35.5	37.4		
Net interest-bearing debt to EBITDA (leverage) ²⁾	1.81	2.46	3.33	3.45	4.08		
EBITDA	1,269	1,369	909	588	1,258		
FTEs	20,870	23,920	26,789	27,883	28,366		

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

²⁾ For 2019-2020 excluding lease liabilities from IFRS 16 implementation



Key events

COVID-19

The outbreak of COVID-19 in Q1 was a key event which impacted Falck in several ways. Falck met the challenge without compromising the quality of its services.

Falck has played a significant role in supporting healthcare systems' response to the pandemic by taking an active part in helping patients and containing the virus under challenging circumstances. However, it also led to a downturn in activity levels, changed our ways of working and put our frontline staff under pressure.

COVID-19 impact on Business Units

Most of Falck's Business Units saw a decrease in demand due to COVID-19. Ambulance was additionally affected by more difficult working conditions due to the need to disinfect vehicles and an increased level of sick leave. Community Healthcare in Colombia saw an increase in demand for home care and online services in order for patients to avoid leaving their homes. In Denmark, the government ordered a closedown of all physically delivered healthcare services. Across markets, fewer people used patient transport services to go to their doctor or to a hospital.

Adjusting the organisation to post-COVID-19 demand

In Q2, Falck announced the redundancies of 450 employees. The dismissals happened across all Business Units. Backoffice functions were adjusted and sales and marketing expenses were reduced by 10%. A range of efficiency-enhancing measures launched in June had the desired effect. As a result, profitability was restored in the third and fourth quarter.

Government grants

In several countries, government grants provided support to the business in times of great uncertainty and gave Falck time to assess and adjust to a new market situation. Falck has recognised a total of DKK 188 million in government grants in the US, Denmark, Sweden and Norway, which have had a positive impact on cost of services.

Antibody test of employees

In April, Falck initiated a research project to monitor the spreading of the virus among 4,000 employees in Denmark and Sweden via bi-weekly tests for antibodies. The project continues until March 2021 and is expected to give insights into the level of immunity among different employee groups depending on their job type and location as well as long-term physical and physiological effects.



COVID-19 antigen testing

In November, Falck Ambulance in Denmark started offering COVID-19 antigen tests, subject to a fee, to companies, institutions and private individuals. The antigen test provides a result within 15 minutes, and demand was immense from both companies and private individuals. In December, Danish Regions asked Falck to extend the test capacity to 50,000 people per day and to make testing available to the public as part of the government test strategy. At the end of the year, Falck had tested almost 600,000 people. 2.1% of these tested positive.

2.1%

of people tested by Falck tested positive



Key events

Other events

Q2

Divestment and restructuring of selected operations in the US

Falck in the US announced the sale and the restructuring of operations in order to improve profitability. In southern Florida, the American Ambulance operation was divested to MCT Express, an operator of ambulance services in the region under the name of Miami-Dade Ambulance. In California, the Falck Northern California Patient Transport Services (PTS) business was restructured, resulting in a smaller, more focused business.

Q2

Extension of long-term financing

In May, Falck extended its DKK 3,750 million Syndicated Financing Facility, originating back to 2011. The facility was extended for two years to June 2023.



Q4

New ambulance contract in San Diego

Falck in the US signed the formal contract with city officials for the 911 emergency ambulance service in San Diego, California. The new contract, which includes plans to adjust staffing and ambulance deployments across the city, is subject to approval by a new City Council in 2021. With approximately 1.4 million residents, San Diego is the eighth largest city in the US.



Q3

Falck won contracts in the Central Denmark Region

In October, Falck won three out of three tendered lots in competition with two other private suppliers for the provision of emergency medical services in the Central Denmark Region when the present tender period expires in November 2021. Falck will provide more than 40 ambulances to the Region. In the tender process, Falck offered the overall best price and quality among the three tenderers.

Q3

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 to the cities of Dresden and Leipzig. The contract covers 65,000 residents and runs for five years with the option of a two-year extension. With this contract, Falck continues to grow its business in Germany.





Strategy



**Mobilising the power
of people to save and
improve even more lives**



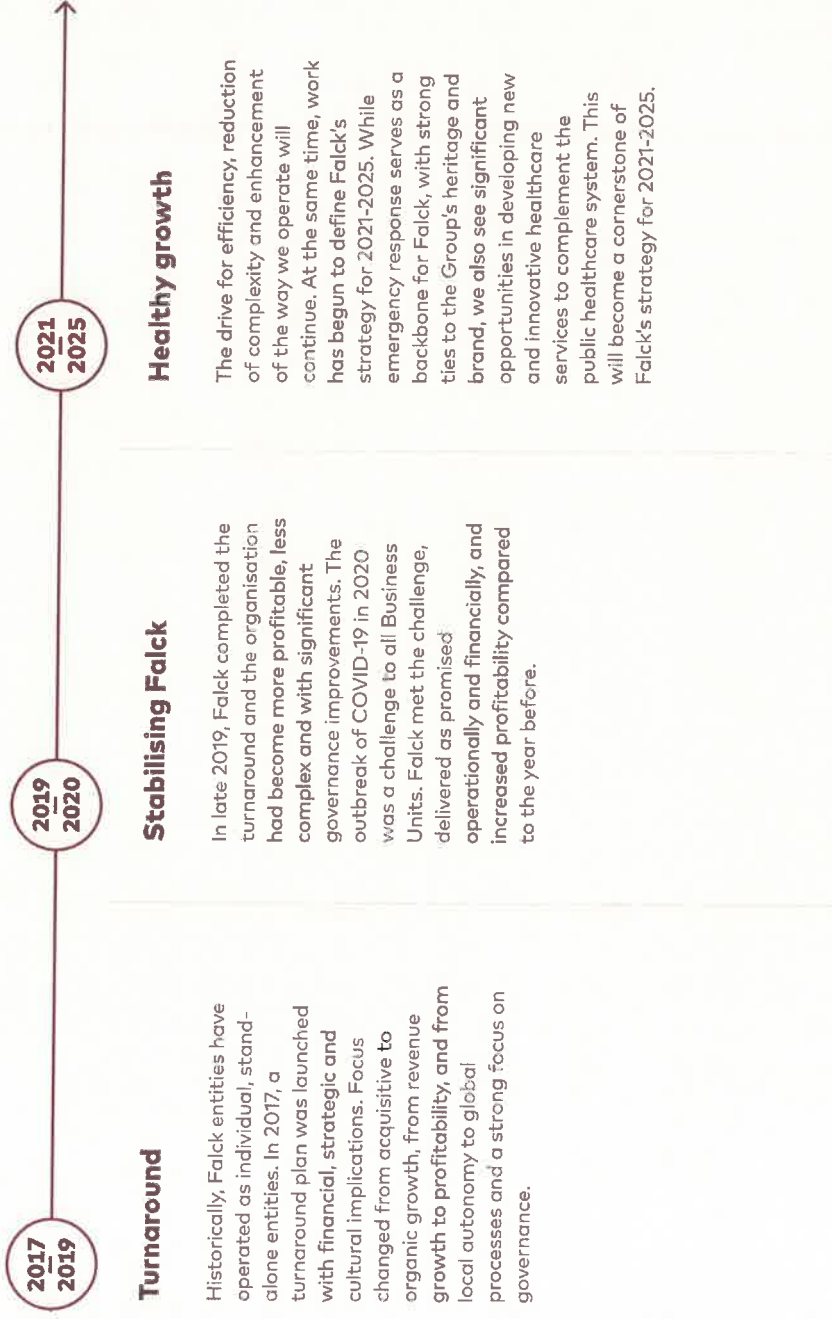


Healthy growth

Every day we mobilise the power of people to deliver efficient and reliable emergency response and healthcare to people in urgent need. We know that people's lives and well-being depend on our ability to turn care into action, efficiently and effectively. We therefore constantly seek to develop our services and push the boundaries for saving and improving lives.

Falck holds strong market positions in attractive markets. Falck wants to unleash the potential of these markets and to push the boundaries for saving and improving lives. To do that, our efforts are directed towards building a market-leading and financially sound emergency response and healthcare services provider that delivers quality care with high levels of transparency and compliance.

Events in recent years have paved the way for future growth:



2017
2019

Turnaround

Historically, Falck entities have operated as individual, stand-alone entities. In 2017, a turnaround plan was launched with financial, strategic and cultural implications. Focus changed from acquisitive to organic growth, from revenue growth to profitability, and from local autonomy to global processes and a strong focus on governance.

2019
2020

Stabilising Falck

In late 2019, Falck completed the turnaround and the organisation had become more profitable, less complex and with significant governance improvements. The outbreak of COVID-19 in 2020 was a challenge to all Business Units. Falck met the challenge, delivered as promised operationally and financially, and increased profitability compared to the year before.

2021
2025

Healthy growth

The drive for efficiency, reduction of complexity and enhancement of the way we operate will continue. At the same time, work has begun to define Falck's strategy for 2021-2025. While emergency response serves as a backbone for Falck, with strong ties to the Group's heritage and brand, we also see significant opportunities in developing new and innovative healthcare services to complement the public healthcare system. This will become a cornerstone of Falck's strategy for 2021-2025.



Business model

Key resources

People

We rely on our more than 27,000 highly skilled employees

Equipment

We use high-quality equipment enabling effective diagnostics and resolution

Partnerships

We partner with local communities to customise our global services to local needs

Innovations

We utilise new technology and explore new ways of working

Brand and reputation

We benefit from a strong brand and a solid reputation for being effective, reliable and caring in everything we do

Value created

Care and safety

We save lives, treat and transport patients, and care for the health and well-being of people

Customer value

We support healthy workplaces, offering prevention, treatment and rehabilitation of their employees and save property and valuables

Supporting societies

We support national healthcare systems with emergency response and healthcare services

A great place to work

We offer challenging and purposeful work with opportunities for personal and professional development

Shareholder value

We deliver value to shareholders



Ambulance

Emergency medical services and patient transport services



Healthcare

Occupational healthcare services and treatments to private businesses, insurance companies, pension funds and public organisations



Fire Services

Fire prevention and firefighting services for municipal and industrial customers



Community Healthcare

Doctors on call services to individual subscribers, insurance holders and companies



Assistance

Healthcare subscription, patient transportation and roadside assistance services





New ways of working

The COVID-19 pandemic led to increased demand for online consultations, and in response, Falck stepped up the digitalisation of certain services.



Launch of Falck Pulse

In Q4, Falck Healthcare launched Falck Pulse, a new digital platform combining large quantities of customer healthcare data with the extensive knowledge in our network of specialists, to the benefit of the individual user. The first customer, AP Pension, is already on board.

Digital treatments in Healthcare

Our Nordic occupational healthcare business delivers more and more of its healthcare services virtually. An increasing number of psychological treatments in Healthcare in Denmark are now delivered through video consultations. Digital treatments include psychotherapeutic counselling, consultations with a physiotherapist and digital exercises.

Paramedics in manned drones

Falck aims to make manned drones an integral part of its fire and emergency medical services by 2025. If flying by drone, a paramedic can arrive at an accident site and start treatment much faster than if going by ambulance and can also assess whether an ambulance is needed. Falck initiated its first test flights with unmanned drones in 2020 and is working to establish a partnership with a tech-partner with whom the Group can carry out manned drone flights.

Increased demand for online consultations in Community Healthcare

In Latin America, customers can now contact Falck's Community Healthcare business through an app, a webpage or by telephone. Customer service and medical attentions are provided through chat, video or telephone consultations and as medical attention in the home. The focus is to improve the customer experience and first-contact problem solving, whilst at the same time reducing response and waiting times. The service is also available for patients under 14 years of age who can now connect with a paediatrician online.

Four solution spaces to guide future innovation

Falck's Global Innovation Strategy sets out to guide the Group's innovation efforts with the goal of "saving and improving even more lives". The strategy uncovers and defines four solution spaces to focus future innovation projects:

1 Ease Critical Moments

We explore ways to alleviate the distress and negative impact of critical healthcare moments

2 Optimise Care Journeys

We explore ways to navigate and coordinate through targeted care pathways

3 Enable Equal Access

We explore ways to deliver accessible care to diverse populations

4 Build Resilient Communities

We explore ways to increase sustainable healthcare engagement in everyday life

Innovation projects within the solution spaces are already underway.



Financial review





Financial results

The EBITA margin increased to 5.5% as efficiency measures implemented during the year offset the impact of lower revenue. Strong cash flow led to a decrease in net interest-bearing debt.

Revenue was DKK 12,348 million (DKK 13,824 million in 2019). In fixed currencies, revenue decreased by 9.4%.

Divestments and closure of non-core business activities in Ambulance, Fire and Portfolio Business (Falck Global Assistance) had a negative impact of DKK 515 million. Excluding these, revenue decreased by 5.8% in fixed currencies.

The main driver of the decrease in revenue was the lower activity level in the pay-on-use business, which mostly affected Healthcare, Assistance and Falck Global Assistance (FGA). Healthcare was particularly affected by government orders to close down physically delivered healthcare services from mid-March due to COVID-19.

New contracts in Ambulance in the US, the UK and Poland as well as Fire Services in several countries had a positive impact of DKK 441 million which partially offset the negative impact of DKK 611 million from lost contracts in Ambulance, Assistance, Healthcare and Fire.

The number of subscribers in Community Healthcare in Latin America continued to increase, which 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.

Price management in Assistance and Fire Services contributed DKK 107 million to revenue.

Cost of services (OPEX) decreased to DKK 9,641 million (DKK 11,023 million).

Efficiency measures implemented in the second half of the year resulted in the OPEX ratio improving to 78.1% (79.7%) despite the decline in revenue. 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 closed down. Government grants of DKK 188 million received in the US, Denmark, Sweden and Norway had a positive impact.

Sales and administrative expenses (SG&A) decreased to DKK 2,087 million (DKK 2,207 million). The SG&A ratio increased to 16.9% (16.0%). In the first half of the year, the SG&A ratio was impacted by the decrease in revenue, coupled with bad debt provisions in the US and investments in the commercial organisation within Ambulance in the US. During the second half of the year, the ratio improved due to the adjustment of the organisation announced in June.

Operating profit (EBITA) decreased to DKK 675 million (DKK 729 million), driven by reduced activity levels following COVID-19 as well as contract expiries and decrease in the subscription portfolio.

Lower cost of services, lower SG&A as well as government grants offset the impact of lower revenues, and the EBITA margin increased to 5.5% (5.3%).

Profit for the year improved to negative DKK 178 million (negative DKK 546 million).

Profit for the year was negatively impacted by special items of DKK 233 million related to restructuring of the US Ambulance business and the overall adjustments to the Falck organisation as well as realised losses of DKK 306 million on divestments of which DKK 223 million relates to currency translations.

2019 was impacted by goodwill impairment in Healthcare and special items of DKK 223 million.

Free cash flow increased to DKK 1,410 million (DKK 1,050 million). Cash conversion was 209%. The strong cash flow was mainly driven by improved cash collection, less CAPEX and government grants, partly offset by other special items related to redundancy costs and close-down costs in the US.



Equity decreased by DKK 128 million to DKK 3,754 million (DKK 3,882 million at 31 December 2019). The decrease was driven by foreign exchange adjustments during the period and change in non-controlling interest, partly offset by profit for the period. The equity ratio was 31.2% compared with 30.4% at 31 December 2019.

Net interest-bearing debt (NIBD) decreased by DKK 1,177 million to DKK 2,605 million compared with DKK 3,782 million at 31 December 2019.

The decrease was due to the positive cash flow from operations.

The leverage ratio was 1.81 at 31 December 2020 (2.46 at 31 December 2019). Cash and cash equivalents amounted to DKK 1,111 million at 31 December 2020.

Economic profit increased to negative DKK 52 million (negative DKK 288 million) due to improved Net Operating Profit After Tax (NOPAT) and a reduction in net operating assets driven by an improvement in net working capital and an impairment of goodwill in 2019.

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

Financial outlook

Falck's full-year revenue in 2020 was within the expected range announced in Q3 2020 of DKK 12.0-12.5 billion. Due to a stronger-than-expected performance in Q4, the full-year EBITA of DKK 675 million came out slightly above guidance which was DKK 500-650 million.

At the beginning of 2021, the COVID-19 pandemic still entails considerable uncertainty in relation to the speed of recovery of the global economy. However, due to the restructuring of Falck's organisation as well as the efficiency-enhancing measures taken in 2020, Falck is now in a better position to manage the challenge.

Falck expects a full-year 2021 revenue of DKK 11.0-12.0 billion and an operating profit (EBITA) of DKK 650-750 million.

Focus in 2021 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. In addition, Falck expects to develop and launch new value-adding service concepts within Healthcare.



Business Unit highlights



Ambulance



Assistance



Healthcare



Community Healthcare



Fire Services



Portfolio Business



Revenue DKK million	6,490	Revenue DKK million	2,049	Revenue DKK million	1,830	Revenue DKK million	662	Revenue DKK million	1,150	Revenue DKK million	221
EBITA DKK million	402	EBITA DKK million	457	EBITA DKK million	(39)	EBITA DKK million	110	EBITA DKK million	61	EBITA DKK million	(41)
EBITA margin %	6.2	EBITA margin %	22.3	EBITA margin %	(2.1)	EBITA margin %	16.7	EBITA margin %	5.3	EBITA margin %	(18.6)
Free cash flow DKK million	802	Free cash flow DKK million	508	Free cash flow DKK million	10	Free cash flow DKK million	80	Free cash flow DKK million	(15)	Free cash flow DKK million	(7)



Operating profit and profit margin increased due to strong performance from existing contracts.

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 was DKK 6,490 million (DKK 6,837 million). A number of loss-making businesses were closed down during the year. Divested and closed down businesses had a negative impact of DKK 408 million. Adjusted for these, revenue increased by 1.7% in fixed currencies.

The contract in Alameda in the US, which started in the second half of 2019, had a positive full-year impact of DKK 181 million. Other contracts which started up in 2019 and which now contribute for a full year are ambulance contracts in Poland, Sweden, Germany and the UK. The increased revenue from these contracts offset the decrease from expired or lost contracts in Slovakia, Poland and Denmark and lower activity levels in Denmark and Spain.

Late in the year, COVID-19 test activities offered to the Danish regions as well as companies, institutions and private individuals in Denmark contributed positively to revenue.

Cost of services (OPEX) was DKK 5,404 million (DKK 5,916 million). The OPEX ratio was 83.3% (86.5%). 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 contract start-up in Poland, higher COVID-19 related costs in

Key figures

DKK million	2020	2019
Revenue	6,490	6,837
EBITA	402	216
EBITA margin (%)	6.2	3.2
Free cash flow	802	192
Economic profit	183	(17)
FTEs	11,817	13,866

Revenue
6,490

DKK million

▼5.1%

6,837

6,490

2019 2020

EBITA
402

DKK million

▲86.1%

402

216

2019 2020

Free cash flow

802

DKK million

▲317.7%

802

192

2019 2020



Europe, and the negative impact of contracts with above-average OPEX ratios in the US.

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

Government grants in the US and Denmark of DKK 121 million given in order to mitigate the downturn in activity contributed positively.

Sales and administrative expenses (SG&A) were DKK 713 million (DKK 733 million).

Efficiency measures implemented in the second quarter as well as lower SG&A costs in Slovakia were partly offset by higher provision for bad debt in the US. The SG&A ratio increased slightly to 11.0% (10.7%) due to the lower revenue.

Operating profit (EBITA) increased to DKK 402 million (DKK 216 million) resulting in an EBITA margin of 6.2% (3.2%).

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

Lower central costs in 2020 impacted operating profit positively as the comparison figure in 2019 was negatively impacted by impairment of assets related to the roll-out of an IT-system.

Free cash flow increased to DKK 802 million (DKK 192 million). The increase was mainly due to the higher EBITA, improved cash collection in the US in 2020 compared to 2019, US prepaid grants and a more prudent approach to CAPEX combined with lower investment needs for contract start-ups.

Market characteristics

Customers

- Long-term contracts awarded in open public tenders on fixed or pay-on-use terms
- Unconsolidated market with many local operators. 75% of EMS market in-sourced by healthcare authorities or awarded to NGOs

The market

Growing market characterised by ageing population and limited public healthcare budgets

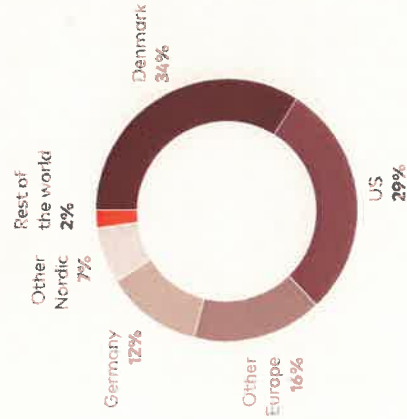
Services

- EMS (emergency medical services)
- PTS (patient transport services)

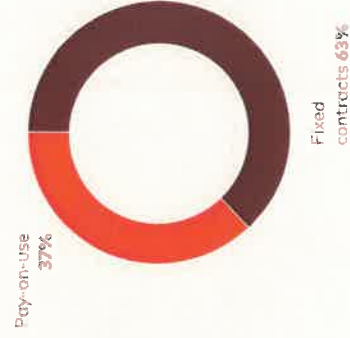
Leading market positions

Denmark, California, Stockholm, Barcelona, Hamburg and London

Revenue by geography



Revenue by contract type





Increased profit margin due to cost savings and efficiency measures.

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

Revenue decreased to DKK 2,049 million (DKK 2,400 million). In fixed currencies, revenue decreased by 13.7%.

Revenue was impacted negatively by a loss of subscribers in primarily roadside assistance, whereas the number of subscribers in patient

transport and healthcare services stabilised due to an increase in the last quarter of the year.

Revenue from pay-on-use services, mainly roadside assistance, was impacted by lower activity levels than normal in the winter season. The lower activity levels in society caused by COVID-19 as well as lower activities from insurance companies in Norway and Sweden also had a significant impact. This was only partly offset by price management.

Cost of services (OPEX) was DKK 1,172 million (DKK 1,407 million). Cost of services was lower due to the lower level of activities, a broad range of cost savings and efficiency measures as well as the contribution from governments' COVID-19 aid packages of DKK 12 million. The OPEX ratio decreased to 57.2% (58.6%).

Key figures

DKK million	2020	2019
Revenue	2,049	2,400
EBITA	457	494
EBITA margin (%)	22.3	20.6
Free cash flow	508	349
Economic profit	194	110
FTEs	1,071	1,237

Revenue ▼14.6%

DKK million

2,400

2,049



2019 2020

EBITA

457 ▼7.5%

DKK million

494

457



2019 2020

Free cash flow

508 ▲45.6%

DKK million

349



2019 2020



Sales and administrative expenses (SG&A) decreased to DKK 426 million (DKK 511 million). The decrease was due to efficiency measures, reduced IT, marketing and sales costs and reduced provisions for loss on debtors, which offset the impact of the lower revenue. The SG&A ratio improved to 20.8% (21.3%).

Operating profit (EBITA) was DKK 457 million (DKK 494 million). Tight cost control led to reduced OPEX and SG&A which offset the effect of lower subscription volumes and reduced activity levels, and the EBITA margin increased to 22.3% (20.6%).

Free cash flow was DKK 508 million (DKK 349 million), positively impacted by improved cash collection due to increased focus on overdue as well as improved accounts payables.

Market characteristics

Customers

- Subscription portfolio of more than 700,000 private BtC customers and 50,000 BtB customers
- Long-term contracts with insurance companies and public authorities awarded in tenders

Services

Roadside assistance, patient transport services, healthcare subscriptions, fire prevention and safety services

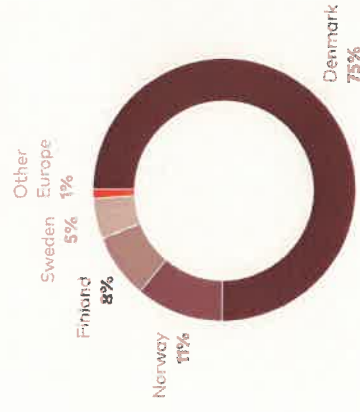
Leading market positions

The Nordic countries

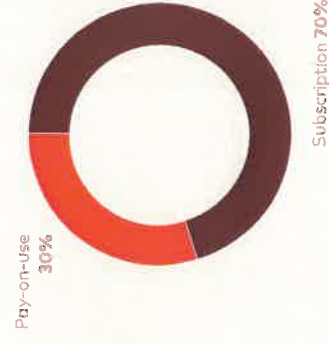
The market

- Growing market in healthcare characterised by ageing population
- Mature market in roadside assistance

Revenue by geography



Revenue by contract type





Healthcare

Revenue decreased due to lower activity levels and contract pruning. Activities picked up during the second half of the year but are at a lower level than before COVID-19.

Healthcare provides occupational healthcare services and treatments to private businesses, insurance companies, pension funds and public organisations. The major part of the business builds on pay-on-use contracts.

Revenue was DKK 1,830 million (DKK 2,355 million). In fixed currencies, revenue decreased by 22.1%.

Activity levels were negatively impacted by COVID-19 and especially the Danish government's orders to close down physical and

psychological treatments early in 2020.

During the second half of the year, activities began to pick up and returned to an estimated 85% by the end of the year compared to the end of 2019 on a like-for-like basis.

New contracts in Sweden contributed positively to revenue during the year. However, they did not offset the impact of contract expiries with insurance companies in Norway and Denmark.

Cost of services (OPEX) decreased to DKK 1,601 million (DKK 2,016 million) due to the lower level of activities. The OPEX ratio increased to 87.5% (85.6%) as costs have not been reduced at the same pace as activity levels. The exception is Norway where the OPEX ratio decreased due to the closure of less profitable contracts with two insurance companies. Government grants in Denmark, Sweden and Norway of DKK 55 million had a positive impact.

Key figures

DKK million	2020	2019
Revenue	1,830	2,355
EBITA	(39)	72
EBITA margin (%)	(2.1)	3.1
Free cash flow	10	96
Economic profit	(82)	(37)
FTEs	2,029	2,297

Revenue
▼ 22.3%

DKK million



EBITA
▼ 154.2%

DKK million



Free cash flow
▼ 89.6%

DKK million





Sales and administrative expenses (SG&A) were DKK 268 million (DKK 268 million). The SG&A ratio increased to 14.6% (11.4%). The efficiency measures initiated in the second quarter were offset by extraordinary expenses for IT and VAT in the fourth quarter, and did thereby not offset the effect of the decreasing activity levels and lower revenue.

Operating profit (EBITA) was negative DKK 39 million (DKK 72 million). Sending home employees on government grants in the first half of the year only partly offset the negative impact from closing down business and reduced activity levels. In addition, sales and administrative expenses could not be adjusted at the same pace as activity levels given the sudden change. Consequently, the EBITA margin decreased to negative 2.1% (3.1%).

Free cash flow was DKK 10 million (DKK 96 million). The decrease was due to the lower EBITA. Trade receivables contributed positively due to strong collection, especially in Previa in Sweden. **Free cash flow in 2019 was positively impacted by a prepayment from PensionDanmark, which was not received in 2020 as the contract was exited.**

Market characteristics

Customers

Private businesses, insurance companies, pension funds and public organisations

The market

Growing market in healthcare characterised by high labour costs and an ageing population

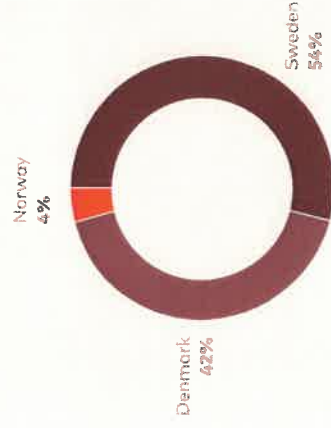
Services

- Physiological treatments
- Psychological treatments
- Occupational healthcare services
- Temporary assistance (staffing)

Leading market positions

Denmark and Sweden

Revenue by geography



Revenue by contract type





Community Healthcare

Continued increase in the number of subscribers as well as a shift towards online consultations.

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 was DKK 662 million (DKK 747 million). Devaluation of the local currency versus USD from Q4 2019 to Q4 2020 was 17% in Colombia and 23% in Uruguay. In fixed currencies, revenue increased by 1.7% from DKK 651 million to DKK 662 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 ("protected areas") due to the slowdown of society in Colombia from April to August 2020 during the COVID-19 pandemic.

The number of BtB/BtC subscribers increased by 5% compared to 2019 driven by customers' desire to gain access to home care and online services and thereby avoid visits to clinics and

hospitals as well as a digitalisation of sales processes and channels. The total number of subscribers in Colombia and Uruguay to the doctors on call service reached 484,000 by the end of the year.

Cost of services (OPEX) was DKK 406 million (DKK 466 million). Number of services delivered increased, but the OPEX ratio improved to 61.3% (62.4%), mainly due to increase in online consultations versus on-site visits. Cost of services was negatively affected by the impairment of a dispatch system used

Revenue
662

DKK million

▼11.4%

747

662

2019 2020

EBITA
110

DKK million

▼15.4%

130

110

2019 2020

Free cash flow

80

DKK million

▼26.6%

109

80

2019 2020

Key figures

DKK million	2020	2019
Revenue	662	747
EBITA	110	130
EBITA margin (%)	16.7	17.4
Free cash flow	80	109
Economic profit	39	47
FTEs	3,015	3,211



for planning of trips for patient transport services.

Sales and administrative expenses (SG&A) were DKK 147 million (DKK 152 million). The SG&A ratio increased to 22.2% (20.3%). The increase was due to increase in sales commissions in BtC and decrease in revenue from pay-on-use activities.

Operating profit (EBITA) was DKK 110 million (DKK 130 million), resulting in an EBITA margin of 16.7% (17.4%).

Free cash flow was DKK 80 million (DKK 109 million). The decrease was mainly driven by the lower EBITA, higher than usual recovery of receivables in 2019 and higher CAPEX.

Market characteristics

Customers

- Subscription portfolio of BtC and BtI customers
- BtC subscriptions are automatically renewed on an annual basis. BtI contracts have longer contract terms and are subject to periodical renegotiation
- BtB clients are incorporated through fixed price contracts

Services

- Doctors on call
- Virtual medical consultations
- Patient transport services
- Homecare

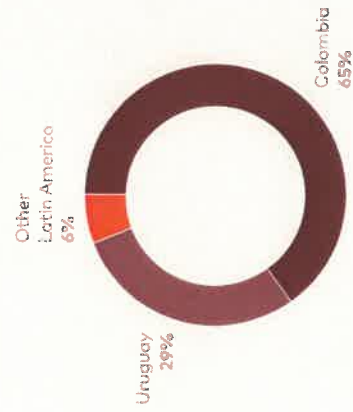
The market

Growing market for supplemental health plans designed to fill gaps in the public health system

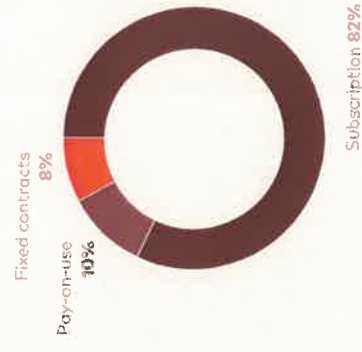
Leading market positions

Colombia and Uruguay

Revenue by geography



Revenue by contract type





Fire Services

New contracts and price management offset the impact from decrease in activities due to COVID-19.

Fire Services provides services to industrial customers like airports, petrochemical and power generation plants and other large or high-risk industries as well as to municipalities. In addition, Fire Services provides various pay-on-use activities such as fire-related consultancy, maintenance, training as well as on-site risk management. The majority of the business builds on fixed price contracts.

Revenue was DKK 1,150 million (DKK 1,154 million). In fixed currencies, revenue increased by 0.8%.

New contracts offset contract expiries and the divestment of C&T consultancy in April 2019. New contracts include aircraft rescue and firefighting services to the international airports in Glasgow, Aberdeen and Sao Paulo.

COVID-19 had a slight negative impact during the year as activity levels in airports were rescoped to support the customers' lower activity levels. Also, the consultancy and training businesses generated lower revenues. This was offset by price management.

Cost of services (OPEX) was DKK 1,005 million (DKK 1,015 million). The OPEX ratio decreased slightly to 87.4% (88.0%) due to efficiency measures which more than offset start-up costs of new contracts.

Sales and administrative expenses (SG&A) were DKK 89 million (DKK 83 million). The SG&A ratio was 7.7% (7.2%). The increase was due to increased central costs and the implementation of strategic initiatives to further develop the Fire Services business.

Key figures

DKK million	2020	2019
Revenue	1,150	1,154
EBITA	61	67
EBITA margin (%)	5.3	5.8
Free cash flow	(15)	111
Economic profit	9	10
FTEs	2,290	2,475

Revenue ▼0.3%

DKK million

1,154 1,150



2019 2020

EBITA ▼9.0%

DKK million

67 61



2019 2020

Free cash flow ▼113.5%

DKK million

111

(15)

(15)

2019 2020





Operating profit (EBITA) was DKK 61 million (DKK 67 million), and the EBITA margin decreased to 5.3% (5.8%), positively impacted by price management and negatively impacted by the higher SG&A expenses.

Free cash flow was negative DKK 15 million (DKK 111 million). The decrease was driven by lower prepayment in the Danish public fire segment, where 2020 payments were received in December 2019.

Market characteristics

Customers

- Variety of industrial customers, typically in high-risk industries, e.g. airports and petrochemical, power generation and manufacturing plants
- Municipal customers

The market

- Public fire services in Denmark
- Industrial fire services and consultancy

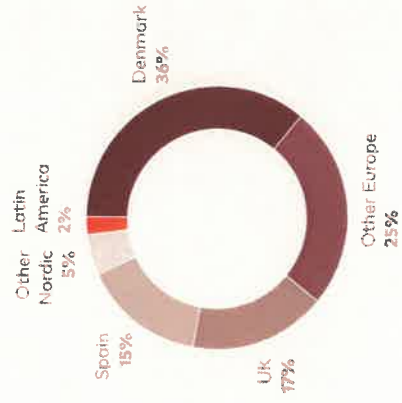
Services

- Safety policy, prevention, preparation, intervention and aftercare
- Long-term contracts for public firefighting
- On-demand services to support customers
- Consultancy on broad range of fire aspects

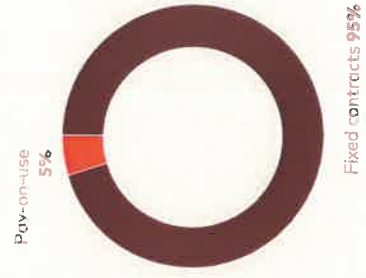
Leading market positions

Denmark, Spain, the UK and the Netherlands

Revenue by geography



Revenue by contract type





Portfolio Business

Falck Global Assistance was significantly impacted by the decline in global travelling.

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

Revenue decreased to DKK 221 million (DKK 417 million). In fixed currencies, revenue decreased by 45.8%.

FGA was significantly impacted by volatile demands in the business travel market following the COVID-19 pandemic. There was an increase in the demand for travel assistance in the first part of the year. Following the shutdown of non-critical travelling, demand dropped to close to zero.

Access on Time (AoT), part of FGA's business in the US, was successfully divested in June 2020, and activities in FGA China were closed down during the year. This divestment and closedown impacted revenue negatively by DKK 100 million.

Key figures

DKK million	2020	2019
Revenue	221	417
EBITA	(41)	33
EBITA margin (%)	(18.6)	8.0
Free cash flow	(7)	112
Economic profit	(36)	1.3
FTEs	336	528

Cost of services (OPEX) was reduced to DKK 155 million (DKK 298 million), and the OPEX ratio was 70.1% (71.5%). Cost of services decreased as a result of the divestment of AoT, the closedown of activities in FGA China, and a significant reduction in staff due to lower activity levels during the COVID-19 pandemic.

Sales and administrative expenses (SG&A) increased to DKK 106 million (DKK 86 million), and the SG&A ratio increased to 48.0% (20.6%), driven by lower activity and a reclassification of costs from cost of services to SG&A.

Also, cost of premises and other fixed costs could not be adjusted proportionally to the decline in revenue.

Operating profit (EBITA) decreased to negative DKK 41 million (DKK 33 million), resulting in a negative EBITA margin of 18.6% (8.0%).

Free cash flow declined to negative DKK 7 million (DKK 112 million) impacted by the lower activity levels as well as repayment of customer deposits.



Q4 financial results

Price increases, lower cost of services as well as COVID-19 antigen testing in Denmark lifted the EBITA margin to 8.0%.

Revenue was DKK 3,151 million (DKK 3,448 million). Divestments and closure of non-core business activities, mainly in Ambulance in the US, had a negative impact of DKK 152 million. Excluding these, revenue decreased by 1.9% in fixed currencies.

New contracts for Ambulance in Poland and Fire Services in the UK as well as price increases had a positive effect and offset the negative impact on revenue from lower activity levels in the pay-on-use business and the loss of subscribers in roadside assistance. COVID-19 antigen tests offered to companies, institutions and private individuals in Denmark also contributed positively.

Cost of services (OPEX) decreased to DKK 2,426 million (DKK 2,844 million), driven by divestments and closure of non-core and loss-making businesses in Ambulance, reduced pay-on-use activity in Healthcare and Assistance, efficiency measures implemented in the second half of the year and government grants. Consequently, the OPEX ratio improved to 77.0% (82.5%) despite the decline in revenue.

Sales and administrative expenses (SG&A) decreased to DKK 495 million (DKK 595 million) due to efficiency-enhancing measures implemented across all Business Units in the second half of 2020. The SG&A ratio improved to 15.7% (17.3%).

Operating profit (EBITA) increased to DKK 252 million (DKK 33 million) mainly driven by price increases, efficiency measures and COVID-19 antigen testing in Denmark. The comparison figure was impacted negatively by one-offs of DKK 130 million in 2019. The EBITA margin increased to 8.0% (1.0%).

Free cash flow decreased to DKK 105 million (DKK 330 million) due to increased trade receivables driven by higher activity levels as well as payment of postponed taxes.

The comparison figure was impacted by significant prepayments received in December 2019.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	3,151	3,448
EBITA	252	33
EBITA margin (%)	8.0	1.0
Free cash flow	105	330
FTEs	19,803	23,521

Q4



Ambulance

Revenue was DKK 1,654 million (DKK 1,750 million). Divested and closed down businesses had a negative impact of DKK 108 million. Excluding these, revenue increased by 3.5% in fixed currencies. The continuing business in the US contributed positively to revenue impacted by price increases. A new contract in Poland started in 2020 and increased activity levels in Sweden and Denmark offset the impact from the loss of contracts in Denmark and Slovakia and lower activity levels in Germany, the UK and Spain. COVID-19 antigen tests offered to companies, institutions and private individuals in Denmark in November and December contributed positively to revenue.

Cost of services (OPEX) was DKK 1,316 million (DKK 1,579 million). The OPEX ratio was 79.6% (90.2%). The improvement of OPEX ratio was due to the closure in Slovakia, the closure of

loss-making businesses in the US partly offset by start-up costs related to the new contract in Poland. Government grants of DKK 45 million contributed positively. Lower central costs had a positive impact as 2019 was affected by impairment of assets related to the roll-out of an IT-system.

Sales and administrative expenses (SG&A) were DKK 141 million (DKK 194 million). The SG&A ratio decreased to 8.5% (11.1%), driven by the closure in Slovakia, cost savings in the Central Ambulance function and lower SG&A costs in Germany, partly offset by higher provisions for bad debt in the US.

Operating profit (EBITA) increased to DKK 214 million (negative DKK 4 million). The EBITA margin increased to 13.0% (negative 0.2%), impacted positively by increased earnings in the continuing businesses in the US, Poland, Denmark and the UK, which more than offset the lower profit contribution from Spain and discontinued operations. COVID-19 antigen testing in Denmark contributed positively.

Free cash flow increased to DKK 180 million (DKK 14 million) driven by the higher EBITA and improved collection in the US.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	1,654	1,750
EBITA	214	(4)
EBITA margin (%)	13.0	(0.2)
Free cash flow	180	14
FTEs	11,218	13,572

Q4



Assistance

Revenue decreased to DKK 508 million (DKK 560 million). In fixed currencies, revenue decreased by 8.3%. Revenue was impacted negatively by the loss of subscribers in primarily roadside assistance and lower revenue from pay-on-use services caused by COVID-19. This was only partly offset by price management.

Cost of services (OPEX) decreased to DKK 308 million (DKK 330 million). The decrease was due to the lower level of activities as well as efficiency measures. The OPEX ratio increased to 60.6% (58.9%).

Operating profit (EBITA) was DKK 87 million (DKK 82 million). Tight cost control led to reduced OPEX and SG&A which offset the effect of lower subscription volumes and reduced activity levels. The EBITA margin increased to 17.1% (14.7%).

Sales and administrative expenses (SG&A) decreased to DKK 115 million (DKK 147 million).

The decrease was mainly due to efficiency measures implemented during the year and lower IT costs compared to 2019. The SG&A ratio improved to 22.6% (26.3%).

Free cash flow was DKK 122 million (negative DKK 60 million), positively impacted by the increase in EBITA, improved cash collection as well as negative one-offs in the comparison quarter in 2019.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	508	560
EBITA	87	82
EBITA margin (%)	17.1	14.7
Free cash flow	122	(60)
FTEs	1,070	1,181

Q4



Healthcare

Revenue was DKK 538 million (DKK 591 million). In fixed currencies, revenue decreased by 9.7%.

The decrease was driven by lower activity levels, partly due to contract expiries with insurance companies in Denmark and Norway, and partly due to COVID-19. An increase in the portfolio in Previa in Sweden contributed positively.

Cost of services (OPEX) decreased to DKK 449 million (DKK 500 million) mainly driven by efficiencies in Previa and the closing of a less profitable contract in Norway. The OPEX ratio decreased to 83.5% (84.6%). Government grants in Sweden of DKK 10 million had a positive impact.

Sales and administrative expenses (SG&A) increased to DKK 90 million (DKK 75 million), driven by extraordinary expenses for IT as well as VAT in the quarter. The SG&A ratio increased to 16.7% (12.7%).

Operating profit (EBITA) was negative DKK 1 million (DKK 16 million). The impact on revenue from lost contracts and lower activity levels was only partly offset by the decrease in cost of services, and the EBITA margin decreased to negative 0.2% (2.7%).

Free cash flow was negative DKK 86 million (DKK 123 million). In 2020, no prepayments were received during the month of December, whereas cash flow in 2019 was positively impacted by prepayments from a Danish insurance company received in December 2019.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	538	591
EBITA	(1)	16
EBITA margin (%)	(0.2)	2.7
Free cash flow	(86)	123
FTEs	1,966	2,238

Q4



Community Healthcare

Revenue was DKK 160 million (DKK 181 million). Devaluation of the local currency versus USD from Q4 2019 to Q4 2020 was 17% in Colombia and 23% in Uruguay. In fixed currencies, revenue increased by 4.6% from DKK 153 million to DKK 160 million.

In Colombia, 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 ("protected areas") due to the closure of society during the COVID-19 pandemic. In Uruguay, the development was flat.

Cost of services (OPEX) was DKK 101 million (DKK 111 million). The OPEX ratio increased to 63.1% (61.3%) mainly due to lower revenue.

Sales and administrative expenses (SG&A) were DKK 36 million (DKK 37 million). The SG&A ratio increased to 22.5% (20.4%) due to increased sales commissions in BtC and decreased revenue from pay-on-use activities.

Operating profit (EBITA) was DKK 24 million (DKK 33 million), resulting in an EBITA margin of 15.0% (18.4%).

Free cash flow was DKK 32 million (DKK 30 million). The increase was driven by the improved collection.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	160	181
EBITA	24	33
EBITA margin (%)	15.0	18.4
Free cash flow	32	30
FTEs	2,977	3,088



Q4



Fire Services

Revenue was DKK 291 million (DKK 298 million). In fixed currencies, revenue decreased by 0.7%.

Discontinued contracts in Belgium, Brazil and Slovakia and a reduced level of training activities in Brazil impacted revenue negatively. This was partly offset by contract wins in the UK as well as price management.

Cost of services (OPEX) was DKK 252 million (DKK 267 million). The OPEX ratio decreased to 86.6% (89.6%). The improvement in OPEX ratio was mainly due to efficiency measures in Denmark.

Sales and administrative expenses (SG&A) were DKK 26 million (DKK 27 million). The SG&A ratio was 8.9% (9.1%).

Operating profit (EBITA) was DKK 13 million (DKK 6 million), and the EBITA margin increased to 4.5% (1.9%) positively impacted by the improvement in OPEX.

Free cash flow was negative DKK 21 million (DKK 77 million). Cash flow was mainly impacted by payments of VAT and social security deferred earlier in the year as part of governments' COVID-19 support packages. The comparison quarter in 2019 was positively impacted by 2020 prepayment in the Danish public fire segment. Lower CAPEX contributed positively to cash flow compared to the fourth quarter of 2019 where investments were made in vehicles in Denmark.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	291	298
EBITA	13	6
EBITA margin (%)	4.5	1.9
Free cash flow	(21)	77
FTEs	2,132	2,293

Q4



Portfolio Business

Revenue decreased to DKK 21 million (DKK 85 million). In fixed currencies, revenue decreased by 73.8%.

The decrease in revenue was mainly due to the COVID-19 impact on the travel industry which led to a significant decrease in activity levels. The divestment of AoT in the US also impacted revenue negatively.

Cost of services (OPEX) decreased to DKK 22 million (DKK 68 million) following the divestment of Access on Time (AoT) and a reduction in staff due to the lower activity levels. The OPEX ratio was 104.8% (80.0%).

Sales and administrative expenses (SG&A) increased to DKK 34 million (DKK 14 million) due to a reclassification of costs. The SG&A ratio increased to 161.9% (16.5%) due to the cost of premises and other fixed costs, which could not be adjusted proportionally to the decline in revenue.

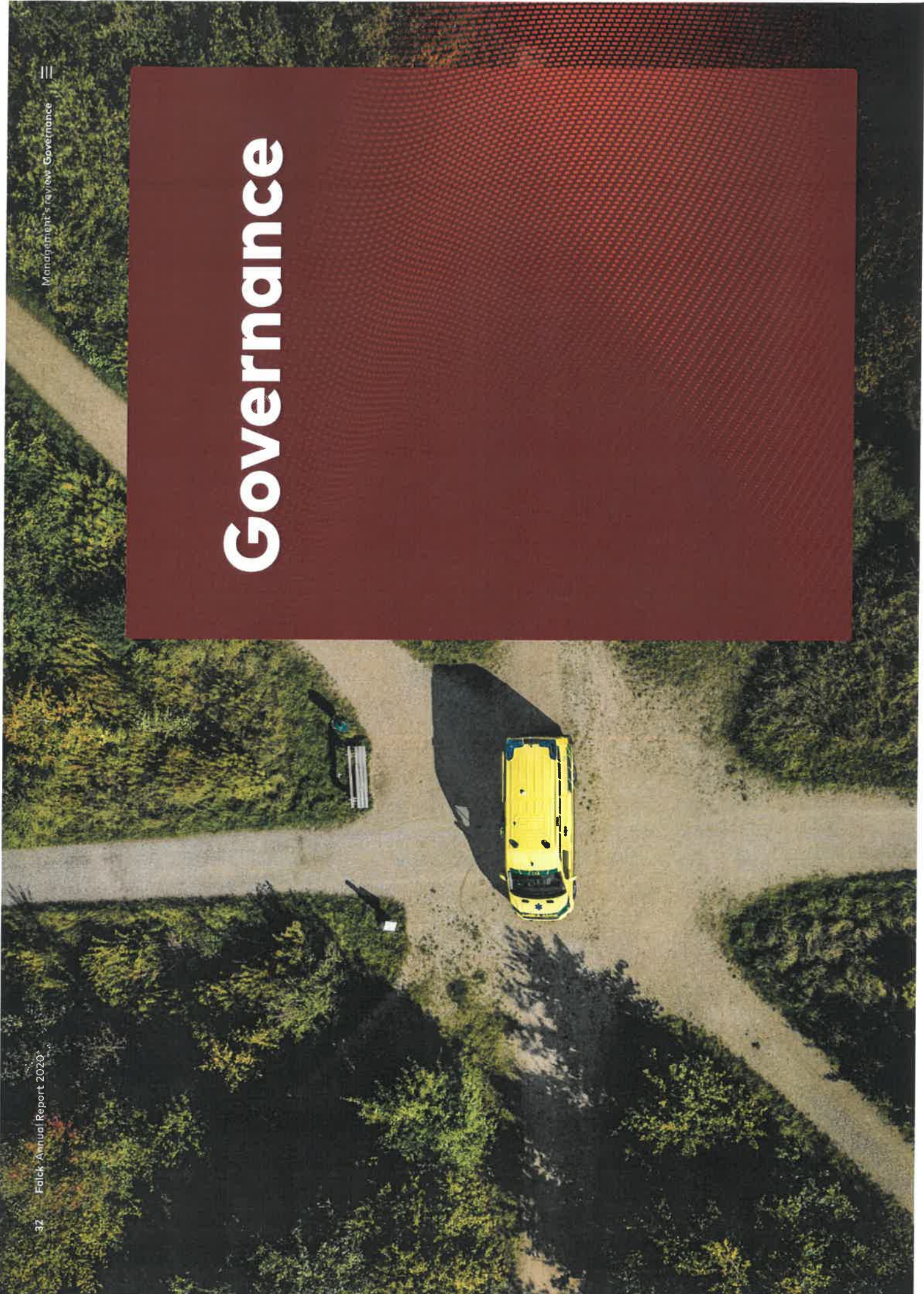
Operating profit (EBITA) decreased to negative DKK 35 million (DKK 3 million).

Free cash flow declined to negative DKK 42 million (DKK 50 million) impacted by the lower activity levels as well as the repayment of customer deposits.

Key figures

DKK million	Q4 2020	Q4 2019
Revenue	21	85
EBITA	(35)	3
EBITA margin (%)	(167.1)	3.1
Free cash flow	(42)	50
FTEs	145	542

Governance



Risk management

Mitigating risks to safeguard our business

The Enterprise Risk Management process is a critical tool for ensuring Falck's current ability to deliver on promises and safe-guard the interests of its stakeholders as well as its future profitability.

Falck defines risk as: "Any threat to current or future business models or the ability to deliver on strategy". Risk management is focused on near to medium-term risks, i.e. threats that may jeopardise Falck's operations and profitability on a 12 to 24-month horizon, and long-term threats where actions are required in the near-term to mitigate future threats.

In 2020, Falck introduced an updated risk policy including outside-in risks. In 2019, a risk assessment programme was implemented where operational risks and mitigations are documented digitally. The policy and the risk assessment programme are the two pillars of the Enterprise Risk Management process in Falck.

The responsibility for the operational risk assessment is consolidated in Business Quality & Risk Management, while the responsibility for the outside-in risk assessment is anchored in Global Audit & Compliance.

The outside-in risks are systematically discussed by a newly-established Risk Board, which is made up of employees from Audit, Quality, Legal, Insurance and External Reporting. The top five risks and mitigating actions are presented to the Audit Committee and the Board of Directors and reviewed at least three times annually along with progress made on any mitigating actions.

Mitigating top five enterprise risks

The top five enterprise risks defined in 2019 have all moved down the list in 2020 in terms of likelihood and potential impact due to the following mitigating actions taken during the year:

A. GDPR compliance

Falck strengthened its GDPR organisation, and GDPR transitioned from being a project to being an integral part of operations. Global certification in GDPR/IT security (ISO 27701 and ISO 27001/2) is pending approval.

B. Failure to implement IT operating model, including cyber risk

Business Unit strategies and IT strategies were aligned, and business critical digital needs were prioritised. A cyber security programme has been initiated and back-up processes have been established with our IT provider.

C. Loss of contract volume

Bid and Commercial Excellence units were established at Group level. In the US, the commercial organisation within Ambulance was strengthened.

D. Failure to retain key employees and develop competencies

Succession planning was established for key positions at Group level as well as setups for on-boarding and off-boarding, feedback and performance management. A global line manager training programme was initiated.

E. Regulatory compliance

Dedicated compliance assessment and training of personnel is ongoing in relevant areas and where customers are involved, organised by Falck's legal department.

Following the mitigating actions, the top five enterprise risks for Falck for 2021 have been redefined. Compliance risks are merged under one headline covering compliance breach in general. Despite many IT-related initiatives in 2020, cyber security attacks continue to constitute a significant risk. Three new risk areas have moved up among the top five as shown on the following page.

COVID-19

In 2020, the COVID-19 pandemic caused major disruptions of societies worldwide. This was not identified as a risk during our 2019 risk process. This is a reminder that not all risks or unforeseen events ("black swans") are easily identified in an enterprise risk management process. The Executive Management and the Board of Directors have discussed potential "black swans" for 2021 and will monitor any indication of the likelihood of such risks materialising. For more information on how COVID-19 has impacted Falck, please refer to page 7.

Risk management

Top five risks identified for 2021

A

Compliance breach

What is the risk?

Due to the nature of Falck's business, the Group is exposed to various compliance risks. Especially compliance with business ethics, competition laws and GDPR are considered high-risk areas. Not complying with these laws and regulations may result in fines and reputational damage that could jeopardise Falck's license to operate.

B

Increased churn in subscription business

An important part of Falck's ability to grow the business long term is to maintain a healthy subscription base for various services within its Business Units. It is considered a risk for Falck's future performance that the annual loss of subscriptions is higher than the increase.

C

Changes in the payer environment in the US

It is considered a risk that a healthcare reform or changes to the payer environment in the US can jeopardise the profitability of Falck's contracts if bid prices and ramp-up costs are not accurately calculated. Contract terms with uncapped liability are also considered a risk which can expose Falck to litigation and financial risk.

D

Medical malpractice

Falck is highly dependent on the brand being strongly connected with high quality. Medical malpractice events could potentially put Falck's reputation at risk. Especially within new business areas or product lines, the risk of medical malpractice is considered to be significant because of novelty.

E

Severe cyber security attack

Falck's IT landscape is complex and, whilst the outsourcing of the IT infrastructure to a professional partner is largely done, the transformation to a global IT operating model is not yet complete. The increasing number of cyber attacks targeting global companies is a significant risk in the current IT setup.

Planned mitigating actions

Existing governing bodies and functions within Falck monitor changes and train the organisation to ensure compliance. Independent audits are conducted to provide assurance to the Management on the compliance level across the global organisation.

More focus is directed towards the development of new and innovative service concepts offered via subscription across markets which can improve profitability.

This risk is addressed by strengthening the focus on commercial competences and by developing a strong operating model where current know-how and experience are documented and maintained within Falck.

Falck has established a strong quality system where non-conformities are followed up on and corrected. Awareness and training are continuously in focus and prioritised on an ongoing basis.

An updated IT operating model has been developed and is being implemented. Focus is on simplifying the IT landscape and supporting the business strategy with efficient, standardised IT solutions. A cyber security programme has been implemented to protect against cyber attacks.

Corporate Governance

Falck's Management consistently monitors corporate governance with a view to ensuring that the Group is managed in a manner compliant with national and international legislation, and that it meets the expectations of its stakeholders and applies high levels of transparency and compliance.

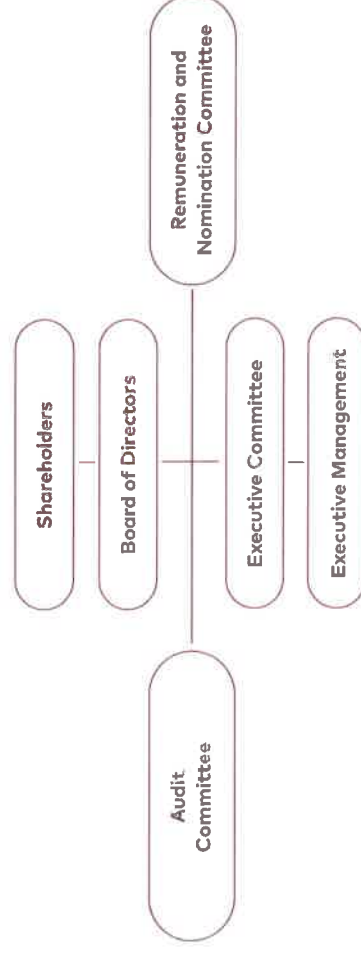
The ultimate authority of Falck lies with the shareholders who exercise their rights at the Annual General Meeting. Here, the shareholders elect members to the Board of Directors and appoint the independent auditors. Falck has a two-tier management system consisting of a Board of Directors and an Executive Committee. The two bodies do not have overlapping members.

The Board of Directors and the Executive Committee strive to ensure transparency and accountability by building trusting relationships with shareholders, customers, suppliers, employees and the local communities in which Falck operates.

The Board of Directors

The Board of Directors is responsible for the overall management and strategic direction of the Group and appoints the members of the Executive Committee. The Board of Directors guides and supervises Falck's activities, development, management and organisation.

Governance structure



The Audit Committee and the Remuneration and Nomination Committee are established by the Board of Directors and are responsible for preparing decisions and recommendations for consideration and approval by the Board of Directors. The Executive Committee has established an Executive Management team which is responsible for the day-to-day management of the Group.

beneficial effect of board diversity with respect to experience, cultural and educational backgrounds and gender. Shareholder-elected Board members serve for terms of one year and are up for election at the following annual general meeting, whereas employee-elected members are elected for terms of four years.

The most recent election of employee representatives for the Board of Directors was held in April 2017, which means that a new election of employee representatives is to be held in the beginning of 2021.

Lundbeckfonden is represented on the Board of Directors by Peter Schütze (Chairman) and Lene Skole (Vice Chairman) while KIRKBI is represented by Thomas Lau Schleicher. The other three shareholder-elected members are considered independent whereas none of the employee-elected members are considered independent as defined by the Danish Recommendations on Corporate Governance.

Board evaluation process

In 2020, the Board of Directors conducted the annual board self-assessment and review of the Board's performance, using external assistance. The review included the effectiveness of the Board, the processes supporting its work, individual board members' contributions, the Chairman's performance and the cooperation with the Executive Committee.

The assessment was conducted by way of each individual board member and member of

The Board of Directors acts in compliance with applicable legislation and meets at least six times a year or as required by special circumstances.

The Board of Directors currently has nine members. Six members are elected by the shareholders and three are elected by the employees in Denmark. At the Annual General Meeting held in March 2020, Thomas Lau Schleicher was elected as a new member of the Board of Directors when Søren Thorup Sørensen resigned.

All members of the Board of Directors hold equal rights and obligations. The Board of Directors believes that members should be chosen on the basis of their overall competencies and recognises the importance and



The Board of Directors reviews the Group's capital structure on an ongoing basis. The Board believes the present capital and share structure serve the best interests of both the shareholders and Falck as it gives Falck potential to pursue strategic goals that support long-term shareholder value.

The Board committees

The Board of Directors has established two committees to support the Board of Directors in its decision-making: An Audit Committee and a Remuneration and Nomination Committee. These committees are responsible for preparing decisions and recommendations for consideration and approval by the Board of Directors.

The Audit Committee assists the Board of Directors in monitoring Falck's financial reporting process, accounting policies, statutory audit of the annual report, assessment of quarterly reports, effectiveness of internal control and risk management systems, tax and treasury governance, compliance and whistleblower systems, IT security and the independence of the external auditors. The Audit Committee makes recommendations on these topics to the Board of Directors and, on behalf of the Board of Directors, follows up on the implementation of initiatives taken by the Executive Committee.

The Board of Directors appoints the Audit Committee members from among its members for one-year terms. One member is designated as Committee Chairman. As Søren Thorup Sørensen resigned from the Board of Directors in March 2020, Lene Skole was

appointed Chairman of the Audit Committee. The Audit Committee meets at least four times a year. The Committee's work and responsibilities are established in a charter.

The Remuneration and Nomination Committee

assists the Board of Directors in overseeing the remuneration of members of the Board of Directors, members of board committees and members of the Executive Committee, including the determination of remuneration levels and incentive programmes. In addition, the Remuneration and Nomination Committee is responsible for the Remuneration Report and Remuneration Policy, including the general guidelines governing incentive programmes for members of the Executive Committee.

The Remuneration and Nomination Committee is responsible for assisting the Board of Directors in performing its duties in terms of ensuring that the Board of Directors and the Executive Committee always have the necessary professional competencies and experience, and that they both have an appropriate number of members, for nominating members to the Board of Directors and the Executive Committee, and for regularly reviewing the performance of the Board of Directors and the Executive Committee.

Remuneration and Nomination Committee members are appointed by the Board of Directors from among its members for one-year terms. As Søren Thorup Sørensen resigned from the Board of Directors in March 2020, Dorthe Mikkelsen was appointed as a member of the Committee. One member is designated as Committee Chairman. The Remuneration and Nomination Committee

meets at least four times a year. The Committee's work and responsibilities are established in a charter.

The Executive Committee and Executive Management team

The Executive Committee is responsible for the day-to-day management and operation of Falck in accordance with the guidelines and recommendations as set out by the Board of Directors and with the primary focus on developing and implementing strategies and significant initiatives. Moreover, the Executive Committee is responsible for ensuring that the Board of Directors is informed of all material matters and that proposals and recommendations concerning the Group's overall strategy and objectives are submitted to the Board of Directors. The Executive Committee consists of the Group CEO and the Group CFO, Jakob Bomholt, formerly EVP Ambulance, who previously served on the Executive Committee, left Falck in May 2020, and the position on the Executive Committee was not filled.

The Executive Committee has established an Executive Management team which is responsible for the day-to-day management of the Group. In addition to the Executive Committee members, the Executive Management team consists of the EVP Assistance, the SVP Community Healthcare and US Ambulance, the SVP Ambulance Europe and Fire, the SVP Healthcare, the SVP Commercial, Ambulance and Fire, the SVP Global HR and the VP Strategy, Communication and Executive Office.

Three new members joined the Executive Management team: In November 2020, Lars Tue Toftild, SVP Ambulance Europe, was appointed SVP Ambulance Europe and Fire and member of the Executive Management team. Also in November 2020, Camilla Krohn, Director of the Executive Office, was appointed VP Strategy, Communications and Executive Office and member of the Executive Management team. In December 2020, Falck appointed Lars Dam Jensen SVP Commercial, Ambulance and Fire and member of the Executive Management team starting 1 February 2021. Miguel Buxó, General Counsel and SVP Legal, and Kaspar Bach Habersaat, VP Global Branding & Communications both stepped down from the Executive Management team in November 2020.

Remuneration

Remuneration of the members of the Board of Directors and Executive Committee is governed by Falck's Remuneration Policy, which complies with the Danish Recommendations on Corporate Governance. The Remuneration Policy for the Board of Directors and for the Executive Committee as well as further details can be found in the Remuneration Report which is available at www.falck.com/about-us/corporate-governance/remuneration.

Internal controls

The overall responsibility for Falck's internal control environment lies with the Board of Directors and the Audit Committee, which monitor the effectiveness of internal controls. The Executive Committee is in charge of implementing and monitoring the appropriate internal control environment.



Falck requires that business procedures and internal controls are laid down and complied with by all entities of the Group. Business procedures and internal controls include standardised requirements with respect to the segregation of duties, authorisations, approval procedures and documentation. Internal financial controls have been implemented to ensure the quality of the annual reporting. The financial controls are defined by External Reporting & Consolidation and are designed to ensure that entities comply with the accounting policies and report accurate numbers to the Group.

Global Audit & Compliance audits entities of the Group as well as the global functions to ensure compliance with the requirements set forth in policies and procedures based on a risk-based approach. Reports are submitted to local and Group management. The Audit Committee receives a quarterly update on the audits performed and any special focus areas, as well as a risk-based list of entities and functions where audits are planned during the following period. In 2020, Global Audit & Compliance conducted audits of 13 business entities in eight countries in accordance with the audit plan.

Local management is in charge of addressing all findings and Global Audit & Compliance performs a formal follow-up in accordance with agreed deadlines. For each quarter, local business finance is required to perform a sign-off on the quality and compliance with global requirements in respect of the financial reporting and the internal control environment.

Compliance

Falck's Code of Conduct applies to all employees as well as to Falck's business partners. It informs employees of their rights and responsibilities and how to make the best decisions, covering 13 areas, including anti-bribery, competition compliance, facilitation payments, gifts & hospitality and conflicts of interest.

An information campaign was launched in 2019 to build trust among employees, create an open speak-up culture without fear of retaliation, and to train all employees globally in the Code of Conduct and the Falck Alert whistleblower system. In 2020, 245 reports were received through Falck Alert (257 in 2019). Anonymous reports accounted for 55% (53% in 2019).

To further strengthen the compliance culture, in 2020 Falck anchored the responsibility for the Code of Conduct with Business Quality Management, whose focus is on awareness, training and providing guidance to the organisation. The responsibility for assessing the level of compliance in the organisation lies with the Global Audit & Compliance function, which provides assurance by conducting audits in the various entities. Global Audit & Compliance reports directly to the Board of Directors.

Sustainability

Falck is mindful of how the business impacts a socially, environmentally and economically sustainable development. Falck also places particular focus on the access to healthcare for its customers and its impact on the communities in which it operates, the people

it employs, climate and the environment, and the trust of employees, customers and other stakeholders. Falck mitigates any adverse impact and aims to go beyond its own operations in order to add shared value to the business of Falck and its partners and to society at large.

Falck's compliance and sustainability activities are further elaborated upon in the separate publication Sustainability Report 2020. The Sustainability Report serves as the baseline for Falck's annual Communication on Progress to the UN Global Compact, and as the statutory statement on social responsibility and the underrepresented gender in accordance with sections 99a and 99b of the Danish Financial Statements Act.

Falck's Sustainability Report 2020 is available at www.falck.com/about-us/sustainability.



Board of Directors



Peter Schütze, Chairman

Board member since
Current term
Considered independent

2015
 2020-2021
 No

Nationality
Born

Danish
 1948

Profession

Professional board member

Competencies

Executive management, financial and economic expertise, IT and risk management, strategy, M&A, organisational development and communication in international companies

Board positions

- SimCorp A/S (chairman)
- Nordea-fonden and Nordea Bank-fonden (chairman)
- DSB SOV (chairman)
- The Danish SDG Investment Fund (chairman)
- Lundbeckfonden and Lundbeckfond Invest A/S (vice chairman)
- Industrial Board Axel and Axel Future
- Member of The Systemic Risk Council
- Gøsta Enboms Fond
- Dronning Margrethe II's Arkæologiske Fond (chairman)



Lene Skole, Vice Chairman

2015
 2020-2021
 No

Danish
 1959

CEO of Lundbeckfonden and Lundbeckfond Invest A/S. Directorship in one subsidiary

Executive management, financial and economic expertise, risk management, strategy, M&A, organisational development and communication in international companies

- H. Lundbeck A/S (vice chairman)
- ALK-Abelló A/S (vice chairman)
- Ørsted A/S (vice chairman)
- Tryg A/S and Tryg Forsikring A/S



Lars Frederiksen

2014
 2020-2021
 Yes

Danish
 1958

Professional board member

Executive management, financial and economic expertise, risk management, strategy, organisational development and communication in international companies

- Matas A/S (chairman)
- Danish Committee on Corporate Governance (chairman)
- Hedorf Foundation (chairman)
- Atos Medical AB (chairman)
- Augustinus Industri A/S
- Hedorf A/S
- PAI Partners SA (supervisory board member)
- Tate & Lyle PLC



Board of Directors



Dorthe Mikkelsen

Board member since
Current term
Considered independent

2014
 2020-2021
 Yes

Nationality
Born

Danish
 1967

Profession

President Asia Pacific, MSD

Competencies

Executive management, financial and economic expertise, risk management, strategy, organisational development, sales and marketing and communication in international companies

Board positions

- One wholly-owned subsidiary of MSD (chairman)
- US-ASEAN Business Council



Thomas Lau Schleichner

2020
 2020-2021
 No

Danish
 1973

Chief Investment Officer, KIRKBI A/S

Executive management, financial reporting, risk management and capital markets expertise, strategy and M&A

- Våløge Group AB (chairman)
- Adapture Renewables Inc (chairman)
- Nilfisk A/S
- Boston Holding A/S
- KIRKBI Burbo Extension Holding (UK) Limited, a fully-owned subsidiary of KIRKBI A/S



Niels Smedegaard

2016
 2020-2021
 Yes

Danish
 1962

Professional board member

Executive management, financial expertise, M&A and integration experience, IT and risk management, strategy, organisational development and communication in international companies

- Norwegian (chairman)
- The Bikuben Foundation (chairman)
- Abacus Medicine (chairman)
- DSV
- Royal Greenland
- UK P&I
- TT Club
- Frederiksberg Fonden
- Nikolai og Felix Fonden
- Board Leadership Society



Board of Directors



Henrik Villsen Andersen

Board member since 2013
Current term 2017-2021
Considered independent No, elected by the employees

Nationality Danish
Born 1969

Profession Rescue Officer, Falck Danmark A/S

Competencies General management, business development and customer relations management. Experience and broad knowledge of how the Company works, ability to balance employee and business perspective and ability to advise on appropriate forms of communication between the Company and employees

Board positions

- Lundbeckfonden and Lundbeckfond Invest A/S (elected by the employees)
- Falck Danmark A/S (elected by the employees)
- Jøkst ApS



Vagn Flink Møller Pedersen

Board member since 2005
Current term 2017-2021
Considered independent No, elected by the employees

Nationality Danish
Born 1957

Profession Roadside Assistance Rescuer, Falck Danmark A/S

Competencies General management, business development and customer relations management. Experience and broad knowledge of how the Company works, ability to balance employee and business perspective and ability to advise on appropriate forms of communication between the Company and employees

Board positions

- Lundbeckfonden and Lundbeckfond Invest A/S (elected by the employees)
- Falck Danmark A/S (elected by the employees)



Allan Rensgaard

Board member since 2013
Current term 2017-2021
Considered independent No, elected by the employees

Nationality Danish
Born 1978

Profession Emergency Manager & Fire Station Manager, Falck Danmark A/S

Competencies General management, business development and customer relations management. Experience and broad knowledge of how the Company works, ability to balance employee and business perspective and ability to advise on appropriate forms of communication between the Company and employees

Board positions

- Lundbeckfonden and Lundbeckfond Invest A/S (elected by the employees)
- Falck Danmark A/S (elected by the employees)

Executive Management



Jakob Riis
President and CEO

2017
Danish
1966

MSc and PhD, Forestry and Econometrics,
Faculty of Science, University of Copenhagen

Prior to joining Falck, Jakob had a 20-year career with Novo Nordisk in commercial roles, i.a. as Executive Vice President North America, Executive Vice President China, Pacific & Marketing and Senior Vice President Global Marketing. He is a member of Falck's Executive Committee.

- ALK-Abelló A/S
- Danish Business Promotion Board (chairman)
- Subsidiaries of Falck Group



Tor Magne Lønnum
CFO

2017
Norwegian
1967

BSc in Accounting & Finance, BI Norwegian School of Management. Master in Accounting, Norwegian School of Economics. Diploma from École nationale des ponts et chaussées

Tor joined Falck from a position as CFO at Aimia Inc. Prior to that he was CFO and member of the executive management at Tryg and deputy CEO and CFO at Gjensidige Forsikring. Tor has also held a number of board positions. He is a member of Falck's Executive Committee.

- Gjensidige ASA
- Recover Nordic as
- Subsidiaries of Falck Group



Michala Fischer-Hansen
EVP, Assistance

2019
Danish
1974

MSc in International Business, Copenhagen Business School. Executive Programme at Wharton Business School, University of Pennsylvania. Novo Nordisk Strategy Execution Programme, Harvard Business School

Michala joined Falck following a 19-year commercial career at Novo Nordisk, i.a. as VP and General Manager Novo Nordisk Australia and New Zealand, Corporate Vice President HQ Marketing and Senior Director Commercial Effectiveness at Novo Nordisk Inc. in the US.

- Subsidiaries of Falck Group

Joined Falck Nationality Born

Education

Career

Board positions



Executive Management



Anette Damgaard
SVP, Healthcare

Joined Falck
Nationality
Born

2018
Danish
1968

Master in Law, University of Copenhagen

Career

Anette joined Falck from a position as Chief Development Officer at Private Hospital Mølholm. Prior to that she was Managing Director at Private Hospital Heart Centre Varde and Head of Health Policy at The Danish Chamber of Commerce. She has also held management positions at the insurance companies Skandia, PFA and Pension Danmark.

Board positions

- Subsidiaries of Falck Group



Yann Hedoux
SVP Community Healthcare and US Ambulance

2011
French
1974

International commercial executive, Firm France

Prior to joining Falck, Yann held directive positions within marketing, organisation, operational excellence and core operations at Carrefour in France and Spain. In 2007, he joined the private equity fund Tribeca to become president of Grupo emi, which was acquired by Falck in 2011 whereby Yann became CEO of Falck Latam. In January 2020 he joined the Executive Management Team as SVP Community Healthcare. In November 2020 he was appointed SVP Community Healthcare and US Ambulance.

- Subsidiaries of Falck Group



Lars Tue Toftild
SVP Ambulance Europe and Fire

2017
Danish
1972

Education: BSc in International Business (HD(U)) at Copenhagen Business School, Executive Master of Business Administration, RSM Erasmus University, Rotterdam

Lars joined Falck as Managing Director of Falck Rettungsdienst GmbH in Germany. Prior to that he held various director positions in AP Møller-Maersk, DFDS and Blue Water Shipping in Denmark, Sweden, the Netherlands, Belgium, Italy and Brazil. In November 2020, he was appointed SVP Ambulance Europe and Fire.

- Subsidiaries of Falck Group



Executive Management



Elisabeth Milton
SVP, Global HR



Camilla Krohn
VP Strategy, Communication
and Executive Office

Joined Falck Nationality Born

2019
Swedish
1967

2018
Danish
1972

Education

Master of Business Administration and Economics, International Business Program, Uppsala University. Executive Board Program, Copenhagen Business School

Master in Law, University of Copenhagen. Executive MBA, Middlesex University

Career

Elisabeth joined Falck from a position as Vice President Sales & Distribution, Air Italy. Prior to that, she was Chief Commercial Officer, Tivoli, following a 20-year executive career with SAS, both in head office positions and 10 years abroad in the international organisation.

Camilla joined Falck from a similar position in COWI, which she held for 10 years. Prior to this, Camilla held, among other positions, a position as Head of Division in the Danish IT and Telecom Agency.

Board positions

- Sport Event Denmark

Consolidated financial statements

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Income statement

1 January - 31 December

Statement of comprehensive income

1 January - 31 December

DKK million	Note	2020	2019	DKK million	Note	2020	2019
Revenue	2.1	12,348	13,824	Profit/loss for the year		(178)	(546)
Cost of services	2.2, 3.1, 3.3, 3.4	(9,640)	(11,023)	Actuarial adjustment of pension provisions		1	1
Gross profit		2,708	2,801	Items that will not be reclassified to the income statement		1	1
Sales and administrative expenses	2.2, 2.7, 3.1, 3.3, 3.4	(2,087)	(2,207)	Foreign currency translation adjustment		98	25
Other operating income and expenses	2.4	54	135	Fair value adjustment of currency hedging instruments		-	4
Operating profit before special items (EBITA)¹⁾		675	729	Fair value adjustment of interest hedging instruments		-	9
Special items	2.5	(233)	(223)	Tax on other comprehensive income	2.6	15	(12)
Amortisation of customer contracts	3.1	(48)	(185)	Items that will be reclassified to the income statement		113	26
Impairment of goodwill	3.1, 3.2	-	(450)	Other comprehensive income		114	27
Operating profit (EBIT)		394	(129)	Total comprehensive income		(64)	(519)
Gains/losses from divestments of enterprises	4.1	(306)	(30)	Total comprehensive income attributable to:			
Income after tax from associates and joint arrangements		-	1	Shareholders in Falck A/S		(54)	(343)
Financial income	5.3	49	55	Non-controlling interests		(10)	(176)
Financial expenses	5.3	(195)	(213)	Total comprehensive income		(64)	(519)
Profit/loss before tax		(58)	(316)				
Income taxes	2.6	(120)	(230)				
Profit/loss for the year		(178)	(546)				
Profit/loss for the year attributable to:							
Shareholders in Falck A/S		(148)	(370)				
Non-controlling interests		(10)	(176)				
Profit/loss for the year		(178)	(546)				

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

Statement of cash flows

1 January - 31 December

	DKK million	Note	2020	2019	DKK million	Note	2020	2019
Operating profit (EBIT)			394	(129)			(3)	1
Depreciation, amortisation and impairment		3.1, 3.3, 3.4	645	640	Transactions with shareholders	6.2	(3)	(59)
Amortisation of customer contracts		3.1	48	185	Transactions with non-controlling interests	5.7	(96)	150
Impairment of goodwill		3.1, 3.2	-	450	Interest-bearing debt raised	5.2	552	(1,279)
Change in net working capital		5.6	542	77	Repayment of interest-bearing debt, including lease liabilities	5.2	(1,664)	(1,187)
Transactions with associates			-	(18)	Cash flows from financing activities		(1,211)	(116)
Reclassification of gain on non-current assets, net			(13)	(97)	Cash flows from continuing operations		80	(47)
Interests paid			(189)	(169)	Cash flows from discontinued operations		-	(69)
Interests received			49	58	Change in cash and cash equivalents		80	(69)
Income tax paid		2.6	(165)	(233)	Cash and cash equivalents at 1 January		1,071	1,142
Cash flows from operating activities			1,311	764	Foreign currency translation adjustment		(40)	(2)
Purchase of property, plant and equipment		3.3	(37)	(142)	Change in cash and cash equivalents		80	(69)
Sale of property, plant and equipment			25	384	Cash and cash equivalents at 31 December	5.5	1,111	1,071
Purchase of intangible assets		3.1	(29)	(49)				
Divestment of subsidiaries and operations		4.1	16	106				
Divestment of associated companies			5	-				
Cash flows from hedging of net investments			-	8				
Cash flows from investing activities			(20)	307				

Statement of financial position

At 31 December

DKK million	Note	2020	2019	DKK million	Note	2020	2019
Assets				Equity and liabilities			
Goodwill	3.1, 3.2	5,813	5,923	Share capital		133	133
Other intangible assets	3.1	650	773	Other reserves		(248)	(361)
Property, plant and equipment	3.3	912	1,088	Retained earnings		3,686	3,858
Right-of-use assets	3.4	1,122	1,515	Equity attributable to Falck A/S		3,571	3,630
Investments in associates and joint ventures		1	9	Non-controlling interests		183	252
Deferred tax assets	3.5	111	78	Total equity	5.1	3,754	3,882
Other receivables	3.9	40	39	Loans	5.2	2,590	3,352
Total non-current assets		8,649	9,425	Lease liabilities	5.2	821	1,085
Inventories		53	26	Deferred tax	3.5	52	70
Contract assets	3.6	506	396	Provisions	3.11	71	88
Trade receivables	3.8	1,238	1,534	Contract liabilities	3.7	36	72
Income tax receivable		37	57	Other payables	3.10	2	108
Other receivables	3.9	437	267	Total non-current liabilities		3,696	4,775
Cash and cash equivalents	5.5	1,111	1,071	Loans	5.2	16	48
Total current assets		3,382	3,351	Lease liabilities	5.2	289	368
Total assets		12,031	12,776	Trade payables		794	685
				Income taxes		181	210
				Provisions	3.11	195	83
				Contract liabilities	3.7	1,158	1,191
				Other payables	3.10	2,072	1,534
				Total current liabilities		4,581	4,119
				Total liabilities		8,277	8,894
				Total equity and liabilities		12,031	12,776

Notes

Note 1

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Note 1 Basis of reporting

Note 1.1 Accounting policies

This note sets out the accounting policies applied to the consolidated financial statements as a whole. Where an accounting policy is specific to a financial statement item, the policy is described in the related note.

Falck A/S is a limited liability company domiciled in Denmark. The Annual Report 2020 includes both the consolidated financial statements of Falck A/S and its subsidiaries (Falck) and separate financial statements of the parent company.

The annual report of Falck is presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and additional Danish disclosure requirements for the annual reports of large reporting class C entities.

The annual report has been prepared under the historical cost convention. The accounting policies have been applied consistently to the financial year and for the comparative figures.

The annual report is presented in Danish kroner (DKK) rounded to the nearest million. Danish kroner is the presentation currency of Falck's activities and the functional currency of the parent company.

Basis of consolidation

The consolidated financial statements include the parent company, Falck A/S, and its subsidiaries. Subsidiaries are entities controlled by Falck. Control means that Falck controls the company, i.e., that Falck is exposed to, or has rights to, variable returns from the company and has the ability to affect the size of those returns through its power over the company. Control is usually achieved by directly or indirectly holding or controlling more than 50% of the voting rights or other rights such as agreements on management control. The consolidated financial statements are prepared on the basis of the financial statements of Falck A/S and subsidiaries by adding items of similar nature.

The financial statements used for consolidation have been prepared in accordance with Falck's accounting policies. On consolidation, investments in subsidiaries, intra-group income and expenses, intragroup balances and dividends and realised and unrealised gains and losses on transactions between Falck entities are eliminated. The line items of the financial statements of subsidiaries have been fully consolidated in the consolidated financial statements. Profit for the year and equity attributable to non-controlling interests in subsidiaries that are not wholly owned have been included in the consolidated profit and equity, respectively, but as separate line items.

Foreign currency translation

A functional currency is determined for each of the reporting entities of Falck. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies. On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and at the date of payment have been recognised in the income statement as financial income or expenses.

Receivables, payables and other monetary items in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The difference between the exchange rate at the reporting date and at the date of which the receivable or payable arose or the exchange rate applied in the most recent financial statements has been recognised in the income statement under financial income or financial expenses.

On recognition in the consolidated financial statements in other subsidiaries with another functional currency than DKK, the income statement is translated at the exchange rates at the transaction date and the statement of financial position is translated at the exchange rates at the reporting date. Average exchange rates for the month are used as the exchange rate at the transaction date to the

extent that this does not significantly change the presentation of the underlying transactions. Exchange rate differences arising on the translation of the equity of these subsidiaries at the beginning of the year to the exchange rates at the reporting date; and on the translation of the income statement from the exchange rate at the transaction date to the exchange rate at the reporting date are recognised directly in other comprehensive income and classified in equity in a separate currency translation reserve. Exchange rate differences are allocated between the parent company's and the non-controlling interests' shares of equity.

On full or partial divestment of foreign subsidiaries, where Falck ceases to have control, foreign exchange adjustments accumulated in equity through other comprehensive income and which can be attributed to entities are recirculated from the "Currency translation reserve" to the income statement together with any gain or loss from the divestment.

Note 1.2**Significant accounting estimates and management judgements**

In preparing Falck's consolidated financial statements, Management makes a number of accounting estimates and judgements on complex areas of accounting. The assessments are based on assumptions concerning future developments and may have a significant effect on recognised assets and liabilities, as well as income and expenses. As a consequence of their complex nature and their effect on the consolidated financial statements, these assessments receive close attention from Management throughout the year. Thus, all estimates and judgement assumptions are regularly reassessed as more detailed information based on historical data, experience, the financial situation, market situation and other external factors become available.

The level of impact on Falck from this combination of estimates, judgements and assumptions is described in the following table.

Note	Accounting policies	Accounting estimates and judgements by Falck	Estimate/ judgement	Impact from estimates and management judgements	
2.1	Revenue	Future collectability of revenue by Ambulance in the US (other than cash accounting) is estimated using actual collection percentage to revenue from last year's comparison period (half year) as a proxy for what is expected to be collected in the future.	Estimate	●●●○	
3.1, 3.2	Intangible assets / Impairment tests	Estimates are applied in the assessment of future revenues, gross profits, operating margins, discount rates and growth expectations in the terminal period in the impairment testing (value-in-use calculation). These are based on an assessment of current and future developments in the cash-generating units and on historical data and assumptions of expected future developments.	Estimate	●●●●	
3.4	Right-of-use assets	In accounting for lease contracts, various estimations are applied in determining right-of-use assets and lease liabilities. Estimates include assessment of lease periods, utilisation of extension options and applicable discount rates.	Estimate	●●●○	
3.5	Deferred tax	Estimates are applied in valuation of deferred tax assets and liabilities. Management evaluates the tax treatment of transactions and balances including future use of deferred tax assets based on estimated future taxable income.	Estimate	●●●○	
3.6, 3.8	Contract assets / Trade receivables	Estimates are applied when assessing input to the expected credit loss model. Management evaluates the expected losses and the nature of the receivables. Judgements are applied in determining credit risk characteristics of the customer category.	Estimate/ judgement	●●●○	
Definition					
●●●●	High impact from estimates / management judgement	●●●○	Medium impact from estimates / management judgement	●●●○	Low impact from estimates / management judgement
●●●○	Limited impact from estimates / management judgement				

**Note 1.3****New accounting standards, amendments and interpretations****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"
- Amendment to "References to the Conceptual Framework in IFRS Standards"
- Interest rate benchmark reform (Amendment to IFRS 9, IAS 39 and IFRS 7)

The implementation has not had a significant impact on recognition, measurement or disclosures in the Annual Report 2020 and is not expected to have significant impact on the financial reporting for future periods.

New standards and interpretations, not yet adopted

IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2020. Falck expects to adopt the accounting standards and interpretations when they become mandatory.

None of the new or amended standards or interpretations are expected to have an impact on the consolidated financial statements.



Note 1.4 Definitions of key figures and ratios

Falck calculates several key figures and financial ratios to provide useful information to stakeholders. The definitions of the ratios are stated below.

Economic profit	Means the value created in excess of the required return to investors. Economic profit is calculated as follows: NOPAT - (NOA x WACC) For Economic profit, WACC is set at a simplified rate of 8% (2019: 8%).	EBITDA	Operating profit before special items, amortisation of customer contracts and impairment of goodwill.
EBITDA margin (%)	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$	EBITDA	EBITDA adjusted for depreciation, amortisation and impairment.
Cash conversion rate (%)	$\frac{\text{Free cash flow} \times 100}{\text{EBITDA}}$	Net Operating Profit After Tax (NOPAT)	EBIT adjusted for non-recurring items and tax. Tax rate is set at 22% (2019: 22%).
Equity ratio (%)	$\frac{\text{Total equity} + \text{subordinated shareholder loans} \times 100}{\text{Total assets}}$	Net operating assets (NOA)	Include intangible assets, property, plant and equipment, working capital, operating provisions, receivables from associates and taxes, net.
Net interest-bearing debt to EBITDA (leverage)	$\frac{\text{Net interest-bearing debt} - \text{subordinated shareholder loans}}{\text{EBITDA normalised for non-recurring costs}}$	Working capital	Include inventories + contract assets + trade receivables + other operating assets - provisions - contract liabilities - trade payables - other operating liabilities.
Cost of services ratio	$\frac{\text{Cost of services} \times 100}{\text{Revenue}}$	Free cash flow	Cash flow from operating activities + net interest paid - purchase of property, plant and equipment + sale of property, plant and equipment - purchase of intangible assets.
Sales and administrative expenses ratio	$\frac{\text{Sales and administrative expenses} \times 100}{\text{Revenue}}$	FTEs	Full-time Equivalents (FTEs) is the average number of employees calculated as total hours worked divided by full-time working hours per person for the year.
	Sales and administrative expenses include costs for administrative staff, facilities, depreciation and other administrative items.		

Note 1.5 Income statement by function











DKK million	2020	2019
Revenue	12,348	13,824
Cost of services	(9,863)	(11,208)
Gross profit	2,485	2,616
Sales and administrative expenses	(2,145)	(2,207)
Other operating income and expenses	54	135
Operating profit before special items (EBITA)	394	544
Special items	-	(223)
Impairment of goodwill	-	(450)
Operating profit (EBIT)	394	(129)
In the above income statement, amortisation of customer contracts and special items have been allocated to the following functions:		
Cost of services	(184)	(185)
Sales and administrative expenses	(97)	(185)
Total	(281)	(185)

Falck classifies the income statement by the function of expense. As management uses "Operating profit before special items" (EBITA) as a measure of profit for internal purposes, special items, the amortisation of customer contracts and impairment of goodwill are separated from the individual functions and presented separately. This table shows how these items would have been presented if they were not recognised as special items.

In 2019, special items and impairment of goodwill could not be allocated to individual function of expenses.

Note 2 Operating profit and tax

Note 2.1 Segment and revenue information

2020 Business Units	 Ambulance	 Assistance	 Healthcare	 Community Healthcare	 Fire Services	Portfolio Business	Group and eliminations	Total	Comments
Income statement									
Revenue	6,490	2,049	1,830	662	1,150	221	(54)	12,348	As stated below under Accounting policies segment, there have been changes in the segments in 2020. Comparative numbers have been adjusted.
Depreciation, amortisation and impairment	(218)	(38)	(13)	(15)	(16)	(3)	(342)	(645)	
Operating profit before special items (EBITA)	402	457	(39)	110	61	(41)	(275)	675	
Statement of financial position									Management has defined Falck's business segments based on reporting presented to the Group Executive Management, which forms the basis for the Management's strategic decisions.
Total assets	3,601	3,383	1,446	687	895	230	1,789	12,031	The performance of the business segments is evaluated based on operating profit before special items (EBITA).
Investments in intangible assets, property, plant and equipment	35	7	6	6	10	-	2	66	
Key ratios									Falck's business segments are Ambulance, Assistance, Healthcare, Community Healthcare, Fire Services and Portfolio Businesses.
EBITA margin (%)	6.2%	22.3%	(2.1%)	16.7%	5.3%	(18.6%)		5.5%	Group and eliminations include Group staff functions neither directly nor indirectly attributable to the business segments and eliminations.
2019 Business Units	 Ambulance	 Assistance	 Healthcare	 Community Healthcare	 Fire Services	Portfolio Business	Group and eliminations	Total	
Income statement									
Revenue	6,837	2,400	2,355	747	1,154	417	(86)	13,824	
Depreciation, amortisation and impairment	(238)	(49)	(12)	(12)	(19)	(10)	(300)	(640)	
Operating profit before special items (EBITA)	216	494	72	130	67	33	(283)	729	
Statement of financial position									
Total assets	3,537	3,361	1,532	850	940	442	2,114	12,776	
Investments in intangible assets, property, plant and equipment	152	5	2	5	21	-	6	191	
Key ratios									
EBITA margin (%)	3.2%	20.6%	3.1%	17.4%	5.8%	8.0%		5.3%	

Note 2.1 Segment and revenue information (continued)

Revenue and non-current assets are presented by geographical region. The geographical breakdown of revenue is based on the location of the activity or the location where the service is delivered.

No single customer accounts for 10% or more of revenue. More than 98% of Falck's revenue is recognised over time, as the customers receive the benefits of the service Falck delivers over time.

Falck is entitled to a consideration that corresponds to the work performed if a customer terminates a contract before the original contract expiry. Therefore, Falck has used the permitted clause in IFRS 15 and does not disclose the transaction price allocated to unsatisfied performance obligations.

Accounting policies revenue
Revenue includes services and goods delivered together with invoiced subscriptions attributable to the financial period. Revenue is recognised in the income statement if the control of the services or goods are transferred to the customer. Services are recognised over time when the customer receives and consumes the benefits as the service is delivered by Falck.

For contracts with predetermined price reductions, the transaction price will be recalculated to an average price covering the total contract period.

For contracts where Falck acts as an agent (mainly claims handling), the revenue is recognised as the net amount that Falck is entitled to retain in return for its services as agent. For contracts where Falck acts as a

principal, the revenue is recognised as the gross amount to which Falck expects to be entitled.

Revenue is measured at the fair value of the agreed consideration excluding VAT and other taxes collected on behalf of third parties. All discounts granted are recognised in revenue.

Contracts with variable considerations are measured using the most likely amount and re-measured on a monthly basis.

Accounting policies segment

To increase the clarity on Business Unit performance, two additional Business Units, Community Healthcare and Fire Services, are presented in the segment reporting in the 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.

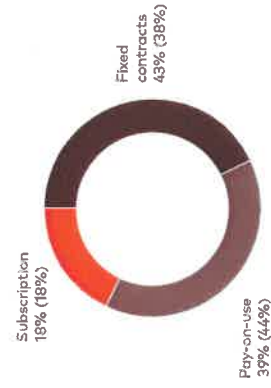
The segments reflect the structure in the internal management reporting.

Non-current assets in a segment comprise non-current assets used directly in the operation of the segment, including intangible assets, property, plant and equipment and investments in associates.

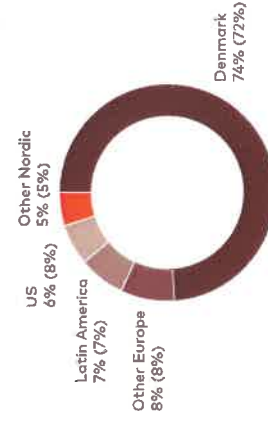
Current assets in a segment comprise current assets used directly in the operation of the segment, including inventories, trade receivables, other receivables, prepaid expenses and cash.

Transactions between segments or entities are made on an arm's length basis.

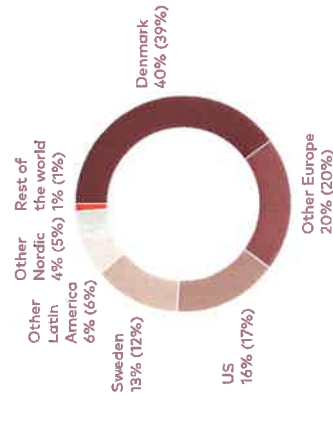
Revenue by contract type 2020 (2019)



Non-current assets excluding deferred tax assets 2020 (2019)



Revenue by geography 2020 (2019)



Note 2.2 Staff costs

DKK million	2020	2019	Comments
Wages, salaries and remuneration	(6,340)	(6,860)	Please refer to note 2.3 for remuneration of the Board of Directors and the Executive Management.
Defined contribution pension plans	(346)	(367)	
Other social security costs	(771)	(866)	
Other staff costs	(368)	(493)	Pension plans The Group contributes to pension plans which cover employees in various companies of the Group. The pension plans are typically defined contribution plans.
Total staff costs	(7,825)	(8,586)	
Number of employees at 31 December	27,340	33,306	
Average full-time equivalents (FTEs)	20,870	23,920	

Average number of employees
Average number of employees (full-time equivalents) decreased by 3,050 due to COVID-19 and the continued implementation of the new Group strategy with a focus on restoring profitability by closing down certain unprofitable business activities. The close-down of unprofitable business activities involved a number of redundancies.

Staff costs are included in the following line items in the income statement.

	2020	2019
Cost of services	(6,700)	(7,334)
Sales and administrative expenses	(1,042)	(1,252)
Special items	(83)	-
Total staff costs	(7,825)	(8,586)



Note 2.3 Remuneration of the Board of Directors and the Executive Management

DKK '000	Executive Committee ^{1),2)}		Other members of Executive Management ³⁾		Board of Directors		Total remuneration	
	2020	2019	2020	2019	2020	2019	2020	2019
Salaries	16,218	17,891	12,688	8,173	4,263	4,400	33,169	30,464
Pension	-	-	1,364	935	-	-	1,364	935
Short-term incentive plan ⁴⁾	(592)	9,609	288	2,601	-	-	(304)	12,210
Long-term incentive plan ⁴⁾	9,073	11,983	6,196	4,470	-	-	15,269	16,453
Social security	21	23	60	31	-	-	81	54
Severance payment	-	-	-	5,072	-	-	-	5,072
Total remuneration	24,720	39,506	20,596	21,282	4,263	4,400	49,579	65,188

1) The members of the Executive Committee are: CEO, Jakob Riis and CFO, Tor Magne Lønnum. Based on the accounting approach, utilised in the table above, the total remuneration of the individual members in 2020 (2019) was: Jakob Riis DKK 14,555,000 (DKK 20,177,000) and Tor Magne Lønnum DKK 8,606,000 (DKK 10,107,000). The above remuneration also includes Jakob Børnholt, who left the Executive Committee following his resignation from Falck in July 2020, with the amount of DKK 1,559,000 (DKK 9,222,000). The accounting approach utilised in the table above included the target value of the short- and long-term incentive in the given year and the difference between accrued and actual pay-out from the previous year.

2) Based on a fair-value approach the total remuneration of the individual members of the Executive Committee in 2020 was: Jakob Riis DKK 16,175,000, Tor Magne Lønnum DKK 9,134,560 and Jakob Børnholt DKK 2,526,881. The fair-value is based on the base salary, the short-term incentive based on the 2020 performance and the long-term incentive based on the 2020 performance.

3) The other members of the Executive Management are: Anette Damgaard (appointed 5 August 2019), Elisabeth Milton (appointed 19 August 2019), Michala Fischer-Hansen (appointed 1 September 2019), Yann Hedoux (appointed 1 January 2020) and as per 6 November 2020 also Camilla Krohn and Lars Tue Toftild. Former EVP Lars Vester Pedersen stepped down 11 March 2019, former SVP Peter Agergaard stepped down 16 August 2019 and at 6 November 2020 Kasper Bach Habetsaat and Miguel Buxó stepped down too.

4) The values of the short-term programme and the long-term programme are based on the best estimate of the 2020 programmes and adjustments of the accrued amounts, for the 2019 programmes.

Comments

Remuneration of the Board of Directors and Executive Committee is governed by Falck's Remuneration Policy, which complies with the Danish Recommendations on Corporate Governance.

Remuneration of the Board of Directors

The remuneration package for the members of the Board of Directors comprises an annual fixed fee and an annual committee membership fee. Members of the Board of Directors are not eligible for any variable pay programmes. However, employee-elected members of the Board of Directors may be eligible for general incentive schemes applicable to Falck's employees.

Total fees to the Board of Directors amounted to DKK 4,263 thousand in 2020 and DKK 4,400 thousand in 2019.

Remuneration of the Executive Committee

The remuneration of the members of the Executive Committee consists of three key components: base salary, a short-term incentive plan and a long-term incentive plan.

Upon termination of employment by the Company, for any reason, including a change in control of the Company, the members of the Executive Committee are not entitled to receive any severance payment except ordinary remuneration as per their employment contracts during their respective notice periods.



Note 2.4 Other operating income and expenses, net

DKK million	2020	2019
Gain from sale of assets	28	99
Other operating income	42	51
Loss from sale of assets	(14)	(2)
Other operating expenses	(2)	(13)
Other operating income and expenses, net	54	135

Comments

Other operating income consists of compensation received, income from the sub-leasing of premises and other non-primary income.

Note 2.5 Special items

DKK million	2020	2019
Settlement cost, legal fees and fines	-	(223)
Redundancy and restructuring costs, etc.	(181)	-
Impairment of non-current assets	(52)	-
Special items	(233)	(223)

Comments

Special items of DKK 233 million were recognised in the income statement below EBITA, covering restructuring and reorganisation costs for closing down activities in the US and the overall adjustments to the Falck organisation.

In 2019 special items of DKK 223 million related to settlement costs, legal fees and the fine following the ruling by the Danish Competition Council and Falck's self-cleaning programme.

Accounting policies

Special items consist of non-recurring income and expenses that Falck does not consider to be part of its ordinary operations including restructuring projects. The use of special items entails management judgement in the separation from the ordinary operations of Falck. When using special items, it is essential that these constitute items that cannot be attributed directly to Falck's ordinary operating activities.

Note 2.7 Government grants

Government grants in 2020 related to COVID-19 relief packages, where Falck made use of certain relief and support measures available from governments in different countries to mitigate the effects of COVID-19. Falck has recognised DKK 188 million in the cost of services line in the income statement in 2020.

The grants primarily relate to reimbursement of salaries to employees, compensation of costs and negative effect from lost revenue. During 2020, Falck has in total received DKK 309 million, mainly in Denmark, Sweden and the US. For some of the received grants the usage and obligations are uncertain as per 31 December 2020, and accordingly Falck has only recognised the portion of the grants, which is expected to meet the terms and conditions relating to receiving the grants. The portion not expected to meet the terms and conditions amounts to DKK 121 million, which is recognised as other payables.

Accounting policy

Government grants are recognised in the income statement 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 income statement when there is reasonable assurance that Falck will comply with the conditions attached to them.



Section 3 Net operating assets

Note 3.1 Intangible assets

2020 DKK million	Goodwill	Customer contracts	Brands	Software and other intangible assets	Total intangible assets	Comments
Cost at 1 January 2020	9,144	2,995	514	1,013	13,666	
Foreign currency translation adjustment	(173)	(44)	-	(8)	(225)	The acquisitions of goodwill and customer contracts have primarily been made to achieve synergies with existing Business Units, to further develop existing markets and to establish a presence on new markets. Except for goodwill and the value of brands at the amount of DKK 514 million, all intangible assets are deemed to have a definite life.
Additions	-	-	-	29	29	
Disposals on divestments	(4)	(22)	-	(15)	(41)	
Disposals and reclassifications	(1)	(60)	-	(104)	(165)	
Cost at 31 December 2020	8,966	2,869	514	915	13,264	The Falck brand is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the brand is expected to generate net cash inflows.
Impairment and amortisation at 1 January 2020	(3,221)	(2,920)	-	(829)	(6,970)	
Foreign currency translation adjustment	68	45	-	6	119	
Disposals on divestments	-	20	-	13	33	
Disposals and reclassifications	-	60	-	83	143	Software and other intangible assets are mainly related to operational systems in Assistance and dispatch, planning and vehicle maintenance systems in Ambulance.
Impairment and amortisation	-	(48)	-	(78)	(126)	
Impairment and amortisation at 31 December 2020	(3,153)	(2,843)	-	(805)	(6,801)	
Carrying amount at 31 December 2020	5,813	26	514	110	6,463	In 2020, impairment and amortisation of software include impairment of DKK 20 million related to a planning system within Ambulance.



Note 3.1
Intangible assets (continued)

2019 DKK million	Goodwill	Customer contracts	Brands	Software and other intangible assets	Total intangible assets
Cost at 1 January 2019	9,184	2,989	514	997	13,684
Foreign currency translation adjustment	22	11	-	(1)	32
Additions on acquisitions	-	1	-	-	1
Additions	-	-	-	49	49
Disposals on divestments	(62)	(2)	-	(3)	(67)
Disposals and reclassifications	-	(4)	-	(29)	(33)
Cost at 31 December 2019	9,144	2,995	514	1,013	13,666
Impairment and amortisation at 1 January 2019	(2,760)	(2,731)	-	(761)	(6,252)
Foreign currency translation adjustment	(13)	(10)	-	1	(22)
Disposals on divestments	2	2	-	3	7
Disposals and reclassifications	-	4	-	29	33
Impairment and amortisation	(450)	(185)	-	(101)	(736)
Impairment and amortisation at 31 December 2019	(3,221)	(2,920)	-	(829)	(6,970)
Carrying amount at 31 December 2019	5,923	75	514	184	6,696
				2020	2019
Cost of services				(14)	(50)
Sales and administrative expenses				(54)	(51)
Amortisation of customer contracts				(48)	(185)
Impairment of goodwill				-	(450)
Special items				(10)	-
Total impairment and amortisation				(126)	(736)

Impairment and amortisation are included in the following line items in the income statement.



Note 3.1 Intangible assets (continued)

Accounting policies Intangible assets

Goodwill is recognised in the statement of financial position at cost on initial recognition. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortised.

Intangible assets acquired are measured upon acquisition at cost. Acquired intangible assets are amortised over the expected economic life, estimated to be 3 to 10 years.

Other intangible assets are measured at costs less accumulated impairment and amortisation.

Costs include the purchase price and costs directly or indirectly attributable to bringing the asset to its intended use.

Customer contracts are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis on their estimated useful lives.

Other intangible assets mainly relate to software. Software is amortised on a straight-line basis over the expected economic life, estimated to be 3 to 5 years.

Goodwill and other intangible assets with indefinite lives are tested for impairment annually or whenever there is an indication of impairment, while intangible assets with finite lives are tested when there is an indication of impairment.

If a write-down is required, the carrying amount is written down to the higher of the net selling price and the value-in-use. The value-in-use is calculated based on the estimated future cash flows, discounted by using a pre-tax discount rate.

Note 3.2 Impairment tests

Comments Goodwill

The impairment test for 2020 shows headroom from value in use to the carrying amount.

In 2019, an impairment loss of DKK 450 million was recognised related to Healthcare. The impairment loss within Healthcare was primarily related to top-line pressure due to the loss of large clients in Denmark and Norway.

Falck's cash-generating units (CGUs)

Impairment tests are generally carried out per business segment which is the lowest level of cash-generating units (CGUs) to which the carrying amount of intangibles, i.e. goodwill, customer contracts and brands, can be allocated and monitored with any reasonable certainty.

Impairment tests are carried out on the business segments Ambulance, Assistance, Healthcare, Community Healthcare, Fire Services and Portfolio business following the changes in the segment structure in 2020 as described in note 2.1. The goodwill has been reallocated in 2020 to the new business segments.

The carrying amounts and the key assumptions are not directly comparable with 2019.

Key assumptions in the impairment test

Goodwill is tested for impairment at least once a year, and more frequently if there are indications of impairment. The recoverable amounts for the CGUs are determined on the basis of the value-in-use. In the impairment tests, the discounted values of the future net cash flows of each of the CGUs value-in-use are compared with their carrying amounts.

The value in use is calculated using certain key assumptions for the expected future cash flows and applied discount factor. The cash flow projections are based on financial budgets and business plans approved by management. In nature, these projections are subject to judgement and estimates that are uncertain, though based on experience. The discount rates applied reflect the time value of money as well as the specific risks related to the underlying cash flows, i.e. project and/or country-specific risk premium. Further, any uncertainties reflecting past performance and possible variations in the amount or timing of the projected cash flows are generally reflected in the discount rates.

Value-in-use cash flow projections are based on financial forecasts and business plans approved by the Management.

The value-in-use calculation comprises of the following key assumptions:

- Revenue growth in the forecast period
- EBITA margin
- Development in net working capital
- Discount rates
- Growth rate in terminal period



Note 3.2 Impairment tests (continued)

Revenue growth

Revenue growth projections in the financial forecast for 2021 are estimated on the basis of current operations and the expected market development for the individual CGUs. For Ambulance a slight decrease in 2021 is expected, but then growth is expected to be reestablished. Assistance is expected to maintain the revenue at 2020 level, with a minor growth rate. The revenue growth rate has been positively impacted by the PTS business, which were reallocated to the Assistance CGU in 2020. Healthcare is expecting a slight increase in the revenue from 2021 to 2025. Based on the expected number of subscribers Community Healthcare expects revenue in 2021 to be at 2020 level, and then it is expected that revenue will increase. Fire Services and Portfolio Business expects overall growth in the forecasting period.

EBITA margin

When estimating the CGU's EBITA margin in the financial forecast for 2021, past experience are taken into consideration. EBITA margin in both Ambulance and Assistance improved in 2020, compared to last year, and it is expected to maintain the level in the forecast period. In 2020 Healthcare has been severely impacted by COVID-19, but it is expected that the business will get back to a positive margin in 2021 and forward. Community Healthcare expects to maintain the 2020 EBITA margin throughout the forecast period. Fire Services expects a minor improvement in the margin compared to 2020. Portfolio Business forecast a low but positive EBITA margin in the forecasting period.

Discount rates and terminal growth

The discount rates applied are generally based on the cost of capital applicable for Falck, but interest premiums have been added to reflect different market risks within the countries in which the CGUs operate. The market risk premium is based on observed market data and is calculated as the average of the equity risk premiums and country risk premiums and the global split of revenue within the CGUs. Terminal growth rates do not exceed the expected long-term rate for inflation based on a weighted average for the countries in which the CGU operates.



Note 3.2 Impairment tests (continued)

Carrying amounts and key assumptions

The carrying amount of goodwill, customer contracts and brands, and the key assumptions used in the impairment testing at 31 December are presented below for each CGU:

2020 DKK million	Carrying amount			Forecasting period		Terminal period		Applied discount rate	
	Goodwill	Customer contracts	Brands	Total growth (avg.)	Margin (avg.)	Growth	EBITA margin	After tax	Pre-tax
Ambulance	1,053	25	514	2.5%	6.7%	0.8%	8.4%	6.5%	8.6%
Assistance	2,814	-	-	1.6%	19.9%	0.6%	21.1%	6.2%	7.8%
Healthcare	727	-	-	4.5%	2.2%	0.6%	3.4%	6.2%	7.4%
Community Healthcare	541	-	-	4.8%	19.2%	4.6%	20.8%	10.4%	12.9%
Fire Services	580	1	-	8.7%	7.6%	0.7%	9.6%	6.9%	8.7%
Portfolio Business	98	-	-	9.3%	1.1%	1.0%	12.8%	6.5%	7.7%
Total	5,813	26	514	6,353					

2019 DKK million	Carrying amount			Forecasting period		Terminal period		Applied discount rate	
	Goodwill	Customer contracts	Brands	Total growth (avg.)	Margin (avg.)	Growth	EBITA margin	After tax	Pre-tax
Ambulance	1,993	74	514	1.8%	4.8%	1.8%	4.8%	7.7%	10.6%
Assistance	2,721	-	-	(5.0%)	17.7%	0.5%	17.7%	7.0%	9.3%
Healthcare	724	1	-	0.2%	2.5%	1.9%	3.2%	7.2%	9.2%
Industrial Fire Services	382	-	-	1.9%	7.1%	1.9%	7.8%	8.2%	10.8%
Global Assistance	103	-	-	2.1%	5.4%	2.1%	5.4%	7.5%	9.6%
Total	5,923	75	514	6,512					

Impairment of goodwill

DKK million

2020 2019

Impairment losses identified in impairment tests, Healthcare

- 450

Impairment of goodwill

- 450

Note 3.2 Impairment tests (continued)

	Forecasting period						Terminal period						Discount rate (after tax)
	Growth		Margin		Growth		Margin		Growth		Margin		
	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied long-term rate	Allowed decrease	Applied rate	Allowed increase	
2019	1.8%	8.0%	4.8%	1.9%	1.8%	4.7%	4.8%	4.8%	2.3%	7.7%	3.1%		
Ambulance Assistance	(5.0%)	11.5%	17.7%	8.5%	0.5%	14.8%	17.7%	12.0%	12.0%	7.0%	7.3%		
Healthcare	0.2%	0.0%	2.5%	0.0%	1.9%	0.0%	3.2%	0.0%	0.0%	7.2%	0.0%		
Industrial Fire Services	1.9%	0.3%	7.1%	2.1%	1.9%	3.0%	7.8%	2.6%	4.8%	8.2%	2.2%		
Global Assistance	2.1%	10.6%	5.4%	4.0%	2.1%	27.0%	5.4%	4.8%	10.8%	7.5%	10.8%		

Comments

A sensitivity analysis covering the key assumptions in the impairment testing is presented in the table for 2019.

The allowed change represents the percentage points by which the value assigned to the key assumption may change, all other things being equal, before the CGUs recoverable amount equals its carrying amount.

Note 3.3**Property, plant and equipment**

2020 DKK million	Land and buildings	Leasehold improvements	Fixtures, fittings, tools and equipment	Total property, plant and equipment
Cost at 1 January 2020	776	246	2,263	3,285
Foreign currency translation adjustment	12	(11)	(84)	(83)
Additions	1	7	29	37
Disposals on divestments	-	(4)	(33)	(37)
Disposals and reclassifications	(12)	(20)	(169)	(195)
Cost at 31 December 2020	783	218	2,006	3,007
Impairment and depreciation at 1 January 2020	(165)	(164)	(1,868)	(2,197)
Foreign currency translation adjustment	(13)	10	77	74
Disposals on divestments	-	2	29	31
Disposals and reclassifications	3	21	170	194
Depreciation	(27)	(17)	(153)	(197)
Impairment and depreciation at 31 December 2020	(202)	(148)	(1,745)	(2,095)
Carrying amount at 31 December 2020	581	70	261	912
Hereof assets under construction	1	-	-	1

Accounting policies**Property, plant and equipment**

Land and buildings are measured at cost, less accumulated depreciation and impairment of buildings. Cost includes direct costs related to the asset, and the initial estimate of the costs related to dismantling and removing the item and restoring the site on which it is located if the costs meet the definition of a liability. Where items of property, plant and equipment have different useful lives, they are accounted for as separate items.

Property, plant and equipment are tested when there is an indication of impairment. If a write-down is required, the carrying amount is written down to the higher of the net selling price and the value-in-use. The value-in-use is calculated based on estimated future cash flows, discounted by using a pre-tax discount rate.

Depreciation of buildings is calculated on a straight-line basis over the expected useful lives of the assets, estimated to be between 10 and 33 years.

Leasehold improvements are depreciated on a straight-line basis over the term of the lease. Other fixtures and fittings, tools and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets.

The expected useful lives in years are:

Vehicles	5-12
Medical equipment	3-10
IT equipment	3-5
Fire extinguishers and similar equipment installed at customer locations	3-5

Note 3.3 Property, plant and equipment (continued)

2019 DKK million	Land and buildings	Leasehold improvements	Fixtures, fittings, tools and equipment	Total
Cost at 1 January 2019	1,241	269	2,736	4,246
Foreign currency translation adjustment	-	(1)	13	12
Additions on acquisitions	-	4	-	4
Additions	6	7	129	142
Disposals on divestments	-	(19)	(46)	(65)
Disposals and reclassifications	(13)	(14)	(169)	(196)
Transferred to right-of-use assets	(458)	-	(400)	(858)
Cost at 31 December 2019	776	246	2,263	3,285
Impairment and depreciation at 1 January 2019	(149)	(170)	(2,080)	(2,399)
Foreign currency translation adjustment	-	1	(8)	(7)
Disposals on divestments	-	11	41	52
Disposals and reclassifications	11	13	153	177
Impairment and depreciation	(27)	(19)	(176)	(222)
Transferred to right-of-use assets	-	-	202	202
Impairment and depreciation at 31 December 2019	(165)	(164)	(1,868)	(2,197)
Carrying amount at 31 December 2019	611	82	395	1,088
Hereof assets under construction	1	-	1	2
Hereof assets held under finance leases	458	-	198	656

Impairment and depreciation are included in the following line items in the income statement.

	2020	2019
Cost of services	(167)	(204)
Sales and administrative costs	(17)	(18)
Special items	(13)	-
Total impairment and depreciation	(197)	(222)

In 2019, IFRS 16 replaced IAS 17 with effect from 1 January 2019. Falck as a lessee then had to recognise all types of leases as right-of-use assets and a related lease liability in the statement of financial position with a few exceptions (low-valued assets and leases of less than 12 months). The change in accounting treatment resulted in the reclassification of a carrying amount of DKK 656 million in the opening balance to right-of-use assets.

Gains and losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less dismantling, selling and re-establishing costs and the carrying amount. Gains and losses are recognised in the income statement as other operating income and other operating expenses, respectively.

Note 3.5**Deferred tax**

DKK million	2020	2019	2019 DKK million	Deferred tax 1 January 2019	Exchange difference	Net addition on acquisitions and divestments	Prior year adjustments	Change in other ¹⁾	Changes during the year	Deferred tax 31 December 2019
Deferred tax liabilities at 1 January	(8)	76	Intangible assets	223	-	-	1	-	(36)	188
Foreign currency translation adjustment	2	(1)	Property, plant and equipment	74	-	-	(1)	-	(34)	39
Net addition on acquisitions and divestments	-	5	Current assets	(25)	-	3	14	-	6	(5)
Change in deferred tax for the year	(28)	(9)	Non-current liabilities and provisions	(15)	-	-	(33)	-	34	(14)
Change in deferred tax for prior years	(5)	(9)	Current liabilities	(13)	-	-	1	-	-	(12)
Change in other	(20)	(70)	Tax losses carried forward	(132)	-	5	(44)	(70)	40	(201)
Deferred tax (assets)/liabilities at 31 December	(59)	(8)	Other	(36)	(1)	-	53	-	(19)	(3)
Deferred tax assets	(111)	(78)	Net deferred tax	76	(1)	5	(9)	(70)	(9)	(8)
Deferred tax liabilities	52	70								
Net deferred tax (assets)/liabilities at 31 December	(59)	(8)								

1) The significant part of the amount is included in corporation tax payables in relation to the joint taxation arrangement with Lundbeckfonden.

2020 DKK million

	Deferred tax 1 January 2020	Exchange difference	Prior year adjustments	Change in other	Changes during the year	Deferred tax 31 December 2020
Intangible assets	188	-	39	(5)	(18)	204
Property, plant and equipment	39	1	(31)	(1)	-	8
Current assets	(5)	-	(2)	-	4	(3)
Non-current liabilities and provisions	(14)	-	(13)	2	1	(24)
Current liabilities	(12)	1	5	3	(13)	(16)
Tax losses carried forward	(201)	-	-6	(19)	(2)	(228)
Other	(3)	-	3	-	-	-
Net deferred tax	(8)	2	(5)	(20)	(28)	(59)

Comments

At 31 December 2020, Falck recognised deferred tax assets net of DKK 59 million (deferred tax assets DKK 8 million), primarily related to the net of deferred tax on intangible assets (liabilities) and tax losses carried forward (assets).

Unrecognised deferred tax assets from tax losses were DKK 228 million, with DKK 137 million of this related to the US as a part of the US tax losses has been recognised in 2020. The Deferred tax assets are recognised, if there is convincing evidence to support future taxable income against which the Group can utilize those tax losses. Unrecognised tax losses may, in the majority of cases, be carried forward indefinitely in the relevant individual countries.

Accounting policies

Deferred tax arises from timing differences between the accounting and the taxable value of assets and liabilities, and from realisable tax losses carried forward.

The tax value of tax losses carried forward are included in deferred tax assets to the extent that these are expected to be utilised in future taxable income. When alternative tax rules can be applied, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised under other non-current assets at the expected value at the point of their utilisation, either as an offset against tax on future income or as an offset against deferred tax liabilities. Deferred tax assets and liabilities are offset within the same legal tax entity or jurisdiction.

Note 3.5**Deferred tax (continued)**

Deferred tax is measured using the tax rate expected to apply when timing differences are reversed. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

The Group operates in a multi-national tax environment. Complying with tax rules can be complex as the interpretation of legislation

and case law may not always be clear or may change over time. In addition, transfer pricing disputes with tax authorities may occur.

Uncertain tax positions are recognised under corporation tax payable and corporation tax receivable. The actual obligation may differ from the provision made and depends on the outcome of litigation and settlements with the relevant tax authorities.

Note 3.6**Contract assets**

DKK million

Contract assets (not invoiced)	521	415
Impairment of contract assets	(15)	(19)
Total contract assets	506	396
Expected loss rate	3%	5%

Comments

Contract assets relate to Falck's right to considerations for completed services which have not been invoiced at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional.

Accounting policies

Contract assets are recognised at amortised cost.

Impairments for lifetime expected credit losses (ECL) are recognised in the income

Note 3.7**Contract liabilities**

DKK million

Stepped-pricing contracts	54	72
Prepayments	1,140	1,191
Total contract liabilities	1,194	1,263
Classification of contract liabilities by expected maturity		
Within 1 year	1,158	1,191
More than 1 year	36	72
Total contract liabilities	1,194	1,263

Revenue recognised in the period from amounts included in contract liabilities at the beginning of the period

Revenue recognised in the year from performance obligations satisfied in previous years

	1,021	966
	(16)	(31)

Accounting policies**Stepped-pricing contracts**

Where the service is transferred over time, predetermined price reductions are recalculated in the transaction price and are recognised at the same average consideration over the term of the contract.

Prepayments

When a customer pays a consideration in advance before the transfer of services, the amount received is recognised under prepayments in contract liabilities. The prepayments mainly include accrued subscriptions and prepayment according to contracts.

statement upon initial recognition of the receivable. The expected credit losses are calculated according to the portfolio of receivables and are grouped by credit risk characteristics. A provision matrix is established based on the historical development in contract assets and historical credit losses, and adjusted for forward-looking factors specific to the debtors and the economic environment.

The expected credit losses are recognised in sales and administrative expenses.

Note 3.8 Trade receivables

DKK million	2020			2019		Comments
	Expected loss rate %	Trade receivables	Expected loss	Total	Total	
Not due	1%	813	(10)	803	778	<p>Accounting policies Trade receivables are recognised at amortised cost.</p> <p>Impairments for lifetime expected credit losses (ECL) are recognised in the income statement upon initial recognition of the receivable. The expected credit losses are calculated according to the portfolio of receivables and are grouped by shared credit risk characteristics. A provision matrix is established based on the historical development in trade receivables and historical credit losses, and adjusted for forward-looking factors specific to the debtors and the economic environment.</p> <p>The expected credit losses are recognised in sales and administrative expenses.</p>
Overdue 1 to 30 days	5%	185	(9)	176	309	
Overdue 31 to 90 days	6%	123	(7)	116	252	
Overdue 91 to 180 days	16%	100	(16)	84	137	
Overdue more than 181 days	57%	139	(80)	59	58	
Total trade receivables	9%	1,360	(122)	1,238	1,534	
				2020	2019	
DKK million				260	220	
Impairments at 1 January				(19)	5	
Foreign currency translation adjustments				(32)	164	
Impairment adjustments				(75)	(129)	
Losses recognised				(12)	5	
Reversal of unused impairments						
Total impairments at 31 December				122	260	

Note 3.9 Other receivables

DKK million	2020	2019
Prepaid expenses	208	143
Rent deposits	34	35
Receivables from sale of companies	30	29
Employee-related receivables	12	13
Reimbursement costs	46	43
Other receivables	147	43
Total other receivables	477	306
Classification of other receivables by expected maturity		
Within 1 year	437	267
More than 1 year	40	39
Total other receivables	477	306

Comments

Other receivables increased by DKK 171 million from DKK 306 million at 31 December 2019, primarily due to increased VAT receivable.

Note 3.10 Other payables

DKK million	2020	2019
Holiday pay, wages, etc.	855	889
Employee taxes, etc.	413	156
VAT	311	127
Deposits from customers	84	172
Put options	173	215
Other	238	83
Total other payables	2,074	1,642
Classification of other payables by expected maturity		
Within 1 year	2,072	1,534
More than 1 year	2	108
Total other payables	2,074	1,642

Comments

Other payables increased by DKK 432 million from DKK 1,642 million at 31 December 2019. The main reason was an increase in employee liabilities in Denmark and government grants in the US, please refer to note 2.7 Government grants for further information.

Note 3.11 Provisions

2020 DKK million	Outstanding considerations and earn-outs	Occupational injuries	Pension obligations	Other	Total provisions
Provisions at 1 January 2020	22	16	7	126	171
Foreign currency translation adjustment	-	(1)	-	(6)	(7)
Provisions added	-	21	1	149	171
Provisions used	-	-	(2)	(28)	(30)
Unused provisions, reversed	-	(14)	(2)	(23)	(39)
Reclassified to and from the statement of financial position	(15)	-	-	15	-
Provisions at 31 December 2020	7	22	4	233	266
Classification of provisions by expected maturity					
Within 1 year	-	12	-	183	195
Between 1 and 5 years	7	10	-	44	61
More than 5 years	-	-	4	6	10
Provisions at 31 December 2020	7	22	4	233	266

Comments

Provisions increased by DKK 95 million from DKK 171 million at 31 December 2019, primarily due to additional provisions relating to premises (make-good) and legal cases.



Note 3.11 Provisions (continued)

	Outstanding considerations and earn-outs	Occupational injuries	Pension obligations	Other	Total provisions
2019 DKK million					
Provisions at 1 January 2019	83	24	11	90	208
Foreign currency translation adjustment	1	1	-	2	4
Provisions added	14	6	-	69	89
Provisions used	(76)	(3)	(2)	(18)	(99)
Unused provisions, reversed	-	(12)	(1)	(25)	(38)
Dividends paid and other adjustments	-	-	(1)	-	(1)
Reclassified to and from the statement of financial position	-	-	-	8	8
Provisions at 31 December 2019	22	16	7	126	171
Classification of provisions by expected maturity					
Within 1 year	15	5	-	63	83
Between 1 and 5 years	7	11	-	53	71
More than 5 years	-	-	7	10	17
Provisions at 31 December 2019	22	16	7	126	171

Accounting policies

Occupational injuries

Provisions for retained risks related to occupational injuries are recognised at the time of the claim and include an estimate of claims incurred but not reported based on actuarial calculations.

Other provisions

Other provisions mainly consist of provisions for re-establishment of leased premises, injuries in connection with accidents and restructuring.

Provisions are recognised when, as a consequence of an event occurring before or on the reporting date, the Group has a legal or constructive obligation and it is probable that

an outflow of resources will be required to settle the obligation. The amount recognised as a provision is Management's best estimate of the present value of expenses required to settle the obligation.

Provisions for restructuring are recognised when a detailed, formal plan for the restructuring has been made before or on the reporting date and has been announced to the parties involved.

A provision for onerous contracts is made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting obligations under the contract.

Note 4 Divestments

Note 4.1 Divestments

Gains/losses from divestments of enterprises

DKK million	2020	2019
Assets		
Goodwill	4	60
Other intangible assets	8	-
Property, plant and equipment	6	12
Other non-current assets	-	30
Deferred tax	-	5
Current assets	93	47
Cash and cash equivalents	6	20
Equity and liabilities		
Current liabilities	(15)	(23)
Net assets divested	102	151
Recirculation of exchange rate adjustments from divestments	226	-
Gain/(loss) from divestment of businesses, net	(298)	(15)
Sales price	30	136
Adjustment for cash and cash equivalents divested	(6)	(20)
Sales price received related to prior years	-	5
Transaction costs	(8)	(15)
Cash flow from divestment of subsidiaries and operations	16	106

Comments

In 2020, Falck divested its shares in a number of entities, including entities in US, Sweden and Venezuela. A total loss on the divestment of enterprises of DKK 306 million was recognised in the income statement. This included transaction costs and recycling of foreign exchange reserves relating to divested entities.

In 2019, the divestments resulted in a total loss of DKK 30 million.

Accounting policies

Companies divested or discontinued are recognised in the income statement until the date of divestment or discontinuation.

Gains or losses on divestments or winding up of subsidiaries and associates are stated as the difference between the sales or disposal amount and the carrying amount of the net assets, including goodwill at the time of sale, accumulated foreign exchange adjustments recognised in other comprehensive income and anticipated disposal costs. The disposal amount is measured as the fair value of the consideration received. In addition, any retained non-controlling interests are measured at fair value. Gains or losses on the disposal and the effect of renewed measurement of any retained non-controlling interests are recognised in the income statement.

Note 5 Capital structure, financial items and cash flows

Note 5.1 Equity

Comments

Share capital

The share capital is divided into 133,292,060 shares (133,292,060 shares) with a nominal value of DKK 1.00 each. In March 2019, the share capital increased by DKK 51,846,105 when subordinated shareholder loans were converted to equity.

No shares are subject to special rights or restrictions on voting rights. The shares are fully paid up and are not divided into classes. Falck is generally not subject to any capital requirements other than the usual statutory requirements.

Falck monitors and manages its capital structure with a view to ensure that it can meet its financing obligations. No changes have been made to Falck's management of capital compared with 2019.

Treasury shares

The portfolio of treasury shares was acquired in connection with the purchase of shares from former employees/minority shareholders.

Capital management

As at 31 December 2020, Falck was mainly funded by equity totalling DKK 3,754 million (DKK 3,882 million) and syndicated loan of DKK 2,164 million (DKK 2,898 million).

In 2019, the subordinated shareholder loans, including interest, were converted to equity.

Treasury shares	Number of shares		Nominal value DKK thousand		% of share capital	
	2020	2019	2020	2019	2020	2019
Treasury shares at 1 January	15,116	13,352	15	13	0.011	0.010
Additions	66,025	1,764	66	2	0.050	0.001
Treasury shares at 31 December	81,141	15,116	81	15	0.061	0.011



Note 5.2 Loans

	2020	2019
DKK million		
Non-current liabilities		
Syndicated loan	2,164	2,898
Mortgage loans	419	440
Lease liabilities	821	1,085
Other non-current loans	7	14
Total	3,411	4,437
Current liabilities		
Mortgage loans	13	15
Lease liabilities	289	368
Other current loans	3	33
Total	305	416
Total loans	3,716	4,853
Interest reset periods		
Within 3 months	2,173	2,952
Between 3 and 12 months	43	60
After 12 months	1,500	1,841
Total	3,716	4,853

Comments

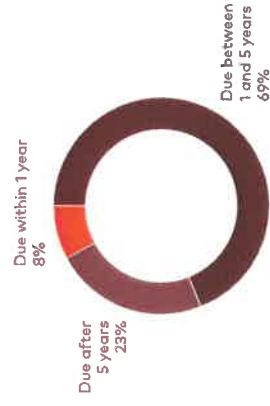
Falck's primary debt financing is a syndicated bank loan facility of DKK 2,164 million (DKK 2,898 million) which will expire in June 2023.

The syndicated bank loan facility was refinanced in 2018 and extended 2 years in May 2020 to new maturity in 2023. It includes covenants requiring certain financial performance indicators to be met (net interest-bearing debt to EBITDA and EBITDA to interest expense).

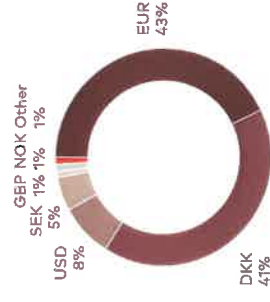
Accounting policies

Loans
Debt to credit institutions, etc., is recognised at the time of obtaining the loan at fair value

Breakdown by maturity 2020



Breakdown by currency 2020



less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost.

Lease liabilities

Falck recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The following is included in the lease payments:

- Fixed payments
- Variable payments that depend on index or a rate
- The exercise price of purchase options reasonably certain to be exercised
- Payments related to periods covered by an

extension option reasonably certain to be exercised

- Penalty payments in connection with termination options reasonably certain to be exercised

Falck has chosen to exclude any service component from lease payments. Falck determines the lease term based on the

non-cancellable lease period identified in the contract together with any periods covered by an extension option reasonably certain to be exercised or any periods covered by a termination option reasonably certain not to be exercised. After the commencement date, Falck reassesses the lease term if there is a

significant event or change in circumstances that is within Falck's control and affects its ability to exercise (or not to exercise) the options.

When discounting the lease payments to present value, Falck uses the incremental borrowing rate. Falck estimates the incremental borrowing rate by using a market interest rate that reflects the currency and average term of the leases plus a credit margin.

Note 5.2 Loans (continued)

Breakdown of liabilities from financing activities

DKK million	2019	Non-cash changes			2020
		Cash flows	New leases and re-measurement	Foreign exchange movement	
Long-term borrowings	3,352	(728)	-	(5)	2,590
Short-term borrowings	48	(31)	-	-	16
Lease liabilities	1,453	(353)	43	(33)	1,110
Total liabilities from financing activities	4,853	(1,112)	43	(38)	3,716

Lease liabilities

In 2020, Falck paid DKK 382 million for lease agreements of which interest expenses amounted to DKK 29 million.

Financing activities

In 2020, the syndicate Financing Agreement with Falck's core banking group was amended and extended two years to June 2023. Excess cash have continuously throughout 2020 been used to repay on loan drawdown on the revolving credit facility tranche, with total net repayments of DKK 732 million.

Note 5.3**Financial income and expenses**

DKK million	2020	2019
Financial income		
Interest on deposits measured at amortised cost	2	22
Foreign exchange gains	47	16
Other financial income	-	17
Total financial income	49	55
Financial expenses		
Interest on loans measured at amortised cost	(80)	(104)
Interest element on discounted liabilities	(29)	(36)
Interest on shareholder loans measured at amortised cost	-	(50)
Foreign exchange losses	(70)	(15)
Other financial expenses	(16)	(8)
Total financial expenses	(195)	(213)

Accounting policies**Financial income and expenses**

Financial income and expenses represent interest income and interest expenses, realised and unrealised capital gains and losses, and amortisation related to financial assets and liabilities. Dividends to capital holders who have received put options in connection with business combinations are recognised as a financial expense in cases where the option price is independent of dividend payments. Financial income and expenses are recognised at the amounts related to the year. Furthermore, realised and unrealised gains and losses on derivative financial instruments, which cannot be classified as hedging arrangements are included.

Note 5.4**Financial instruments**

Comments	2020	2019
Financial risks		
As a consequence of its operations, investments and financing, Falck is exposed to a number of financial risks, including liquidity risk, market risk (foreign exchange and interest rate risk) and credit risk. Financial risks are managed in accordance with the Treasury Policy, which is reviewed and approved by the Board of Directors. Falck's policy is not to speculate in financial risks. Accordingly, Falck's financial risk management exclusively involves the management and mitigation of financial risks that arise as a direct consequence of Falck's operations, investments and financing.		

Liquidity risk

Falck aims to, at all times, have sufficient available liquidity to meet all its obligations. This is ensured via a solid liquidity buffer, consisting of committed credit facilities and cash, as well as continuously monitoring the liquidity situation and utilising cash concentration of Group cash and long-term committed credit facilities provided by core banks.

Foreign exchange risk

Falck's subsidiaries revenues and most of the costs of the individual subsidiaries are denominated in their respective reporting currency, thus natural hedges are in place and exposure to exchange gain/losses from transactions are limited.

The main exchange rate exposure faced by Falck relates to the translation of the financial results and the equity of foreign subsidiaries into Danish kroner.

Falck's business was for a large part denominated in Danish kroner (DKK). Other currencies that accounted for a significant share are Colombian Peso (COP), Euro (EUR), US Dollar (USD), British Pound Sterling (GBP) and Swedish Kronor (SEK).

Sensitivity: Impact on EBITA from 5% change in key exchange rates.

DKK million	Increase in foreign exchange rates ¹⁾	Delta impact on EBITA
COP	5%	4.43
USD	5%	3.18
GBP	5%	1.72
SEK	5%	1.78

1) Due to the European Exchange Rate Mechanism (ERM 2) resp. a fluctuation bank for EUR/DKK of +/- 2.25% around a central rate of 7.46038, we don't consider exposures in EUR as a risk.

Note 5.4 Financial instruments (continued)

Interest rate risk

Falck's interest rate risk is composed of interest on Falck's corporate debt. Falck's interest rate risk mainly stems from its debt portfolio and cash management activities. Falck's debt portfolio consist of both floating and fixed interest rates. Falck is hereby exposed to interest fluctuations, either via increased interest (cash flow) expenses or fair value adjustment. Falck continuously monitors and hedges the exposure were deemed significant in accordance with the Treasury Policy.

Sensitivity

A change in relevant interest rates of 1%-point will, all other things being equal, increase our interest expenses by DKK 15 million (2019: DKK 23 million), calculated as 1% of net interest-bearing debt excluding lease liabilities.

Credit risk

Falck is exposed to credit risk from its operating activities (mainly contract assets and trade receivables) and from its financing activities with respect to deposits with banks and financial institutions.

Banks and other trading partners are monitored regularly to assess that the credit risk is considered acceptable. The credit risk against Falck's main banking partners is monitored regularly and mitigated by only using counterparties with a solid credit rating. The Group's maximum credit risks, including both commercial and financial contracts, amounted to DKK 2,181 at 31 December 2020 (2019: 2,197).

The credit risk originating from subsidiaries having funds in smaller local banks is partly mitigated by seeking to have low cash positions and deposits in subsidiaries.

Falck is not exposed to significant credit risks concerning material customers or business partners. When entering into significant contracts, Falck makes a credit assessment of the customer in order to reduce the potential credit risk. Falck's credit exposure is generally considered low as Falck's large customers are mainly public authorities in countries with stable economies.

Note 5.4**Financial instruments (continued)**

	Contractual cash flows				Market value
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	
2020 DKK million				Total	
Financial liabilities				Total carrying amount	
Loans	67	2,242	443	2,752	2,606
Lease liabilities	300	583	264	1,147	1,110
Trade payables	794	-	-	794	794
Other payables	2,072	2	-	2,074	2,074
Financial liabilities measured at amortised cost	3,223	2,812	707	6,742	6,588
Total financial liabilities	3,223	2,812	707	6,742	6,588

	Contractual cash flows				Market value
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total	
2019 DKK million				Total	
Financial liabilities				Total carrying amount	
Loans	90	2,996	403	3,489	3,400
Lease liabilities	391	973	154	1,518	1,453
Trade payables	685	-	-	685	685
Other payables	1,534	108	-	1,642	1,642
Financial liabilities measured at amortised cost	2,700	4,077	557	7,334	7,180
Total financial liabilities	2,700	4,077	557	7,334	7,180

Note 5.4**Financial instruments (continued)****Accounting policies****Fair value measurement**

Falck uses the fair value convention for certain disclosure requirements and for the recognition of financial instruments. Fair value is defined as the amount that would be received by selling an asset or would be paid to transfer a liability, respectively, in an orderly transaction between market participants.

Fair value is based on the primary market. If no primary market exists, fair value will be based on the most advantageous market, defined as the market that maximises the price of the asset or liability less transaction and transport costs.

In the determination of fair value, Falck uses, to the widest possible extent, observable prices in active markets for identical instruments (level 1). Alternatively, other observable inputs are used, such as similar instruments in active markets or identical instruments in markets that are not active, or a valuation model based on other observable market data (level 2).

To the extent that observable information is not available or cannot be used without material modifications, Falck uses generally accepted valuation methods based on all other inputs.

Methods and assumptions for the determination of market values

The portfolio of listed securities is measured at officially quoted prices or price quotes. The market value of mortgage debt is measured on the basis of the market value of the underlying bonds. The market value of credit institutions is measured by discounting based on market expectations.

Forward exchange contracts and interest rate swaps are measured using generally accepted valuation techniques based on relevant observable swap curves and exchange rates.

Measurement of the fair value of financial instruments is categorised as level 2 in the fair value hierarchy, as measurement is based on observable input.

Categories of financial instruments

Securities and derivatives are measured at fair value through the income statement, whereas the rest of Falck's financial assets are measured at amortised cost, including trade receivables, other receivables, cash etc.

Falck's financial liabilities, including debt portfolio, trade payables and other payables, are measured at amortised cost.

Note 5.5**Cash and cash equivalents**

DKK million

Cash can be specified as follows:

Cash, available

Bank overdrafts that are part of the ongoing cash management

Cash and cash equivalents at 31 December

	2020	2019
	1,115	1,080
	(4)	(9)
	1,111	1,071

Accounting policies

The cash flow statement is presented according to the indirect method and shows how income and changes in the statement of financial position items affect cash and cash equivalents. The cash flow statement includes cash flows from companies acquired as from the date of acquisition, and cash flows from companies divested until the date of divestment.

Cash flows from operating activities convert income statement items from an accounting basis to a cash basis. Further, the change in working capital is stated as it shows the development in cash tied up in the statement of financial position.

Cash flows from investing activities include cash flows related to purchase and sale of Falck's long-term investments. This includes acquisitions and divestments of companies, non-controlling interests and operations, together with the purchase and sale of intangible assets, property, plant and equipment and other non-current assets and the purchase and sale of securities not included in cash and cash equivalents.

Cash flows from financing activities include cash flows from changes in share capital and related costs, purchases and sales of treasury shares together with cash flows from dividends and interest-bearing debt raised and repayment thereof.

Cash and cash equivalents comprise cash offset by short-term bank loans together with marketable securities with a term of three months or less at the time of acquisition. Cash flows in currencies other than the functional currency are translated at average exchange rates unless these differ materially from the exchange rate at the transaction date.

Note 5.6**Change in net working capital**

DKK million	2020	2019	Subsidiaries with significant non-controlling interests	Primary place of business	Segment	Non-controlling interests' ownership interest
Change in inventories	(27)	(7)	Falck Health Care Holding A/S - sub-group	Denmark	Healthcare	46.8% (46.8%)
Change in contract assets	(120)	80				
Change in trade receivables	197	(113)				
Change in other receivables	(186)	19				
Change in provisions	120	22				
Change in contract liabilities	(69)	66				
Change in trade payables	132	(132)				
Change in other payables	495	142				
Change in net working capital	542	77				

Comments:

Change in trade receivables of DKK 197 million was mainly related to improvements in the cash collection, as well as a decrease due to the lower activity in Falck compared to last year. Change in other receivables of negative DKK 186 million and trade payables of DKK 132 million was mainly due to timing. The positive change in other payables of DKK 495 million was mainly caused by increase in employee liabilities including holiday pay as well as postponement of payments to tax authorities and received relief packages in the US.

Note 5.7**Non-controlling interests**

DKK million	2020	2019
Revenue	1,404	1,860
Profit/loss before financial items	(84)	(386)
Profit/loss for the year	(75)	(421)
Non-controlling interests' share of profit/loss before financial items	(40)	(183)
Non-controlling interests' share of profit/loss for the year	(35)	(198)
Non-current assets	733	729
Current assets	580	707
Non-current liabilities	(499)	(515)
Current liabilities	(522)	(583)
Net assets	292	338
Non-controlling interests' share of net assets	137	159
Cash flows from operating activities	(98)	51
Cash flows from investing activities	(5)	(2)
Cash flows from financing activities	62	(251)
Change in cash and cash equivalents	(41)	(202)

Financial information summed up for the Falck Health Care Holding group.

Comments

In legal terms, non-controlling interests hold 46.8% of Falck Health Care Holding A/S. As Falck Health Care Holding A/S holds treasury shares (1%) for accounting purposes, the ownership interest of non-controlling interests in Falck Health Care Holding A/S is 47.0%.

Note 5.7 Non-controlling interests (continued)

DKK million	2020	2019	Accounting policies
Dividend to non-controlling interests recognised in equity	-	(8)	Non-controlling interests
Acquisition of non-controlling interests	(96)	(51)	The proportionate shares of the profits and equity of subsidiaries attributable to non-controlling interests are recognised as a separate item under equity.
Total transactions with non-controlling interests	(96)	(59)	On initial recognition, non-controlling interests are measured either at fair value (including the fair value of goodwill related to non-controlling interests in the acquiree) or as the non-controlling interests' proportionate share of the acquiree's identifiable assets, liabilities and contingent liabilities as measured at fair value (excluding the fair value of goodwill related to non-controlling interests' share of the acquiree). The measurement basis for non-controlling interests is selected for each individual transaction.
			Acquisition and divestment of non-controlling interests
			Increases and reductions of non-controlling interests are accounted for as transactions with shareholders, in their capacity as shareholders. As a result, any differences between adjustment to the carrying amount of non-controlling interests and the fair value of the consideration received or paid are recognised directly in equity.
			When put options are issued as part of the consideration for business combinations, the non-controlling interests receiving put options are considered to have been redeemed on the acquisition date. The non-controlling interests are eliminated and a debt obligation is recognised. The liability is determined as the present value of the expected exercise price of the option.
			Any subsequent dividend payments to the option holders reduce the liability as the option price is adjusted for dividend payments.

Note 6 Other disclosures

Note 6.1 Contingent liabilities and collateral securities

Comments

With respect to pending litigations and claims to which Falck is a party, it is expected that the rulings in these matters will have no material impact on Falck's financial position.

As part of Falck's activities, usual supplier agreements have been entered into. Usual representations and warranties are made in connection with the divestment of companies and operations. There are currently no significant outstanding claims that are not sufficiently recognised in the statement of financial position.

Joint taxation

Falck A/S and the Group's Danish subsidiaries are included in national joint taxation with Lundbeckfonden (Lundbeckfond Invest A/S) as the administration company. Pursuant to the Danish Corporation Tax Act, the companies are liable for income taxes etc. for the jointly taxed companies and, from and including 1 July 2012, also for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

DKK million

	2020	2019
Collateral security		
The shares in the subsidiaries Falck Danmark A/S, Falck Global A/S, Falck Assistance A/S, Falck Global Assistance A/S and Falck Health Care Holding A/S have been pledged as collateral for Falck's debt to the syndicated loan facility lenders.		
Carrying amount of Falck's properties that have been mortgaged in security of loans	293	582
Mortgages issued and used as collateral for credits	432	456
Unused bearer mortgages	-	7



Note 6.2 Related parties

The following investors have reported holdings of more than 5% of Falck A/S' share capital

	2020	2019
Lundbeckfond Invest A/S, Copenhagen	59.2%	59.2%
KIRKBI Invest A/S, Billund	28.6%	28.6%
TryghedsGruppen smba, Virum	11.9%	11.9%
Transactions with shareholders were as follows (DKK million):		
Capital injection	-	1
Interest on loan	-	50
Paid tax to Lundbeckfond Invest A/S	96	123
Conversion of subordinated shareholder loan	-	2,270

Comments

Related party that has control over the Group comprises Falck A/S' principal shareholder, Lundbeckfond, Scherfigsvej 7, DK-2100 Copenhagen Ø, Denmark.

Related party with a significant influence includes KIRKBI Invest A/S.

Falck A/S is 59.2% owned by Lundbeckfond Invest A/S and is included in the consolidated annual report of Lundbeckfond, which is the ultimate parent company of Falck A/S.

In March 2019, subordinated shareholder loans of DKK 2,270 million were converted into equity.

Besides transactions related to the joint taxation with Lundbeckfond Invest A/S, as described in note 2.6, no material transactions other than the one stated above were completed with the related party during the year.

Transactions with related parties are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.

Management

Other related parties comprise Falck's Executive Committee and Executive Management, the Board of Directors, companies in which the principal shareholder exercises control, and such companies' subsidiaries, in this case H. Lundbeck A/S and ALK-Abelló A/S and their subsidiaries.

Transactions with key management personnel consisted of remuneration; please see note 2.3.

Apart from the remuneration paid to the key management personnel, Falck had no transactions with the Executive Committee and Executive Management, Board of Directors, major shareholders or other related parties.

Associates

The related parties of Falck also include associates and joint ventures in which the Group has significant influence. Please refer to note 6.5 for an overview of Group companies. Receivables from and payables to associates are shown in notes 3.9 and 3.10. Trading activities with associates and joint ventures are insignificant.

Note 6.3**Fees to auditors**

DKK million	2020	2019
Statutory audit	(8)	(8)
Other assurance engagements	-	(1)
Tax advisory services	-	(1)
Other services	(1)	(3)
Total fees to PwC (2019: Deloitte)	(9)	(13)

Comments

PwC is Falck's auditor as appointed at the Annual General Meeting. PwC audits the consolidated financial statements of Falck and a majority of the subsidiaries' financial statements. In addition, PwC provides consultancy services and performs other audit-related tasks.

Note 6.4**Events after the reporting date**

No events have occurred after the reporting date affecting Falck's financial position at 31 December 2020.

Note 6.5 Group companies

The list below shows the Group's subsidiaries and associates by business unit at 31 December.

Ambulance	Country	Equity interest	Ambulance (continued)	Country	Equity interest
Falck (Victoria) Pty. Ltd.	Australia	100.0%	Falck Emergency AS	Slovakia	100.0%
Falck Pty. Ltd.	Australia	100.0%	Falck SK a.s.	Slovakia	100.0%
Falck Emergency a.s.	Czech Republic	100.0%	Falck Záchraná a.s.	Slovakia	100.0%
Falck Danmark A/S	Denmark	100.0%	Falck VL Servicios Sanitarios, S.L.	Spain	75.0%
Falck Fire Services A/S	Denmark	100.0%	Falck Lanka (Pvt) Ltd.	Sri Lanka	50.0%
Falck Global A/S	Denmark	100.0%	Falck Ambulans AB	Sweden	100.0%
Global Life Care A/S	Denmark	100.0%	Falck Services AB	Sweden	100.0%
Life Care One A/S	Denmark	100.0%	Falck Sverige Holding AB	Sweden	100.0%
Response A/S	Denmark	100.0%	Svensk Sjöambulans AB	Sweden	50.0%
Falck Arbeitsgemeinschaft	Germany	100.0%	Falck EMS UK Limited	UK	100.0%
Rettungsdienst Plauen GmbH & Co. oHG	Germany	100.0%	Falck India Limited	UK	100.0%
Falck Notfallrettung und Krankentransport Cuxhaven GmbH	Germany	100.0%	Falck UK Ambulance Service Limited	UK	100.0%
Falck Notfallrettung und Krankentransport Dartmund GmbH	Germany	100.0%	Falck UK Limited	UK	100.0%
Falck Notfallrettung und Krankentransport GmbH	Germany	100.0%	Hospital & Healthcare Cars Ltd.	UK	100.0%
Falck Notfallrettung und Krankentransport Spree-Neiße GmbH	Germany	100.0%	Falck Mobile Health Corp.	USA	100.0%
Falck Rettungsdienst GmbH	Germany	100.0%	Falck Northern California Corp.	USA	100.0%
Falck Rettungsdienst Hanse GmbH	Germany	100.0%	Falck Northwest Corp.	USA	100.0%
G.A.R.D. Gemeinnützige Ambulanz und Rettungsdienst GmbH	Germany	100.0%	Falck Rocky Mountain, Inc.	USA	100.0%
G.A.R.D. Verwaltungsgesellschaft für Ambulanz und Rettungsdienst mbH	Germany	100.0%	Falck Southeast II Corp.	USA	100.0%
Promedica Rettungsdienst GmbH	Germany	100.0%	Falck USA Inc.	USA	100.0%
Falck Services Limited	Mauritius	100.0%	FCA Corp.	USA	90.0%
Falck Eurasia B.V.	Netherlands	100.0%	Lifestar Response Corporation	USA	100.0%
Falck Holding B.V.	Netherlands	100.0%	Lifestar Response of Alabama, Inc.	USA	100.0%
Falck Medycyna Sp. z o.o.	Poland	100.0%	Lifestar Response of Maryland, Inc.	USA	100.0%

Note 6.5 Group companies (continued)

	Country	Equity interest	Community Healthcare	Country	Equity interest
Assistance					
Falck Assistance A/S	Denmark	100.0%	Falck Brasil 747 Participações Ltda.	Brazil	100.0%
Falck Autoabi OÜ	Estonia	100.0%	BHM Soluciones Integrales de Logístico en Salud S.A.S.	Colombia	100.0%
Falck Oy	Finland	100.0%	Empresa de Medicina Integral EMI		
UAB Falck Lietuva	Lithuania	100.0%	S.A. Servicio de Ambulancia Prepagada - Grupo EMI S.A.	Colombia	100.0%
Falck Redning AS	Norway	100.0%	Haces Inversiones y Servicios S.A.S.	Colombia	100.0%
Falck Försäkringsaktiebolag	Sweden	100.0%	EMI Ecuador S.A. - Emergencia Medica Integral	Ecuador	100.0%
Falck Investment Sverige AB	Sweden	100.0%	EMI El Salvador S.A. de C.V.	El Salvador	100.0%
Falck Räddningskår AB	Sweden	100.0%	EMI Central America Holding S.A.	Panama	80.0%
			EMI Holdings Management S.A.	Panama	100.0%
			EMI Panama S.A.	Panama	100.0%
			Luvtel S.A.	Uruguay	100.0%
			Portavenus S.A.	Uruguay	15.5%
			UCM Uruguay S.A.	Uruguay	100.0%
Healthcare					
ActivCare A/S	Denmark	100.0%			
ActivCare Privat A/S	Denmark	100.0%			
Falck Health Care Holding A/S	Denmark	52.2%			
Falck Healthcare A/S	Denmark	100.0%	Fire Services		
Falck Helse AS	Norway	100.0%	Falck Fire Services BE NV	Belgium	100.0%
AB Previa	Sweden	100.0%	Falck Fire & Safety do Brasil S.A.	Brazil	65.0%
Alviva AB	Sweden	100.0%	Falck France SAS	France	65.0%
Doc Care AB	Sweden	100.0%	Falck Fire Services DE GmbH	Germany	100.0%
Falck Hälsopartner AB	Sweden	100.0%	Falck Operations Services DE GmbH	Germany	100.0%
Falck Health Care Holding AB	Sweden	100.0%	Falck Servizi Industriali di Emergenza S.r.l.	Italy	65.0%
Falck Healthcare AB	Sweden	100.0%	Falck Brann og Redningstjeneste AS	Norway	100.0%
Ofelia Vård AB	Sweden	100.0%	Falck Fire Services Polska Sp. z o.o.	Poland	100.0%
Standinovisk Hälsovård AB	Sweden	100.0%	Falck SCI Portugal - Seguranga Contra Incêndios, SA.	Portugal	100.0%
Svensk Närsjukvård AB	Sweden	100.0%	Falck Fire Services S.R.L.	Romania	100.0%
			Falck Fire Services a.s.	Slovakia	100.0%
			Falck Emergency Spain, S.L.	Spain	65.0%
			Falck SCI, S.A.	Spain	65.0%
			Falck Räddningstjänst AB	Sweden	100.0%
			Falck Fire Consulting Limited	UK	100.0%
			Falck Fire Services UK Limited	UK	100.0%



Note 6.5 Group companies (continued)

Portfolio Business	Country	Equity interest	Group	Country	Equity interest
Falck Global Assistance (China) Limited	China	100.0%			
Falck Global Assistance A/S	Denmark	100.0%	Falck Properties A/S	Denmark	100.0%
Falck Global Assistance Oy	Finland	100.0%	Falck Treasury A/S	Denmark	100.0%
Falck India Pvt. Ltd. (India)	India	100.0%			
Falck Services Pvt. Ltd. (India)	India	100.0%			
Falck Global Assistance Norway AS	Norway	100.0%			
Falck Global Assistance Singapore Pte. Ltd.	Singapore	100.0%			
Falck Global Assistance Spain S.L.	Spain	100.0%			
Falck Global Assistance AB	Sweden	100.0%			
Falck Global Assistance (Thailand) Ltd.	Thailand	49.0%			
Falck Global Assistance Ltd.	Thailand	100.0%			
Falck Saglik AS	Turkey	100.0%			
Falck Transition Services, Inc.	USA	100.0%			
Falck Global Assistance, LLC	USA	100.0%			

Parent company financial statements

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Income statement

1 January - 31 December

Statement of financial position

At 31 December

DKK million	Note	2020	2019	DKK million	Note	2020	2019
Other operating income	1	5	8	Assets			
Other external costs		(1)	(2)	Investments in subsidiaries	7	5,804	5,778
Staff costs	3	(20)	(44)	Receivables from Group companies		3,072	3,609
Operating profit		(16)	(38)	Deferred tax assets	8	113	103
Financial income	4	123	2,893	Total non-current assets		8,989	9,490
Financial expenses	5	(71)	(178)	Other receivables	10	10	8
Profit/loss before tax		36	2,677	Cash and cash equivalents		-	28
Income taxes	6	3	14	Total current assets		10	36
Profit/loss for the year	9	39	2,691	Total assets		8,999	9,526
				Equity and liabilities			
				Share capital	9	133	133
				Hedging reserve		-	33
				Retained earnings		6,364	6,328
				Total equity		6,497	6,494
				Loans	10	2,164	2,898
				Provisions	7	7	7
				Total non-current liabilities		2,171	2,905
				Cash pool		269	-
				Trade payables		1	1
				Income taxes		30	80
				Other payables		31	46
				Total current liabilities		331	127
				Total equity and liabilities		8,999	9,526



Statement of changes in equity

1 January - 31 December

2020 DKK million	Share capital	Hedging reserve	Retained earnings	Total equity	2019 DKK million	Share capital	Hedging reserve	Retained earnings	Total equity
Equity at 1 January 2020	133	33	6,328	6,494	Equity at 1 January 2019	81	26	1,418	1,525
Changes in equity in 2020					Changes in equity in 2019				
Profit/loss for the year	-	(33)	39	6	Capital increase	52	-	2,219	2,271
Purchase and sale of treasury shares, warrants, etc.	-	-	(3)	(3)	Fair value adjustment of interest hedging instruments	-	9	-	9
Total changes in equity in 2020	-	(33)	36	3	Tax on changes in equity	-	(2)	-	(2)
Total equity at 31 December 2020	133	-	6,364	6,497	Profit/loss for the year	-	-	2,691	2,691
					Total changes in equity in 2019	52	7	4,910	4,969
					Total equity at 31 December 2019	133	33	6,328	6,494

Note 1**Other operating income**

DKK million	2020	2019	DKK million	2020	2019
Management fee from Group companies	5	8	Foreign exchange gains	7	-
Total other operating income	5	8	Interest from Group companies	80	88
			Reversal of impairment of investments in subsidiaries	-	2,805
			Other financial income	36	-
			Total financial income	123	2,893

Note 2**Fees to auditors**

Refer to note 6.3 in the consolidated financial statements.

Note 3**Staff costs**

DKK million	2020	2019	DKK million	2020	2019
Wages, salaries and remuneration	(23)	(43)	Interest on loans	(71)	(54)
Other staff costs	3	(1)	Foreign exchange losses	-	(1)
Total staff costs	(20)	(44)	Interest on shareholder loans	-	(50)
Remuneration to the Executive Management Committee	(23)	(17)	Impairment of investments in subsidiaries	-	(73)
Reversal of incentive programme bonus prior year	20	-	Total financial expenses	(71)	(178)
Global incentive programme bonus	(10)	(22)			
Remuneration to the Board of Directors	(4)	(4)			
Other	(3)	-			
FTEs	2	2			

Comments

Remuneration to the Executive Committee includes both a fixed salary and variable remuneration. The variable remuneration is fixed on the basis of the Group's performance. The

members of the Executive Committee and the Board of Directors do not receive contributions to pension plans. Please see note 2.3 in the consolidated financial statements.

Note 4
Financial income**Note 5**
Financial expenses



Note 6 Income taxes

DKK million	2020	2019
Current tax	-	16
Change in deferred tax for the year	-	(4)
Prior year taxes	3	2
Total income taxes	3	14
Tax on other comprehensive income	-	(2)
Total tax	3	12
Breakdown of tax rate		
Total income taxes	3	14
Profit/loss before tax	36	2,677
Tax base for the year	36	2,677
Danish tax rate	22.0%	22.0%
Non-deductible costs and tax-exempt income	-	(22.4%)
Other adjustments including adjustments relating to prior years	(30.3%)	(0.1%)
Effective tax rate	(8.3%)	(0.5%)
Tax on other comprehensive income		
Tax on fair value adjustment of interest hedging instruments	-	(2)
Total tax on other comprehensive income	-	(2)

Note 7 Investments in subsidiaries

DKK million	2020	2019
Cost at 1 January	6,308	6,370
Additions	26	10
Disposals	-	(72)
Cost at 31 December	6,334	6,308
Value adjustments at 1 January	(530)	(3,262)
Impairment losses	-	(73)
Reversal of impairment losses	-	2,805
Value adjustments at 31 December	(530)	(530)
Carrying amount at 31 December	5,804	5,778

Comments

Investments in subsidiaries represent 100% of the share capital of Falck Danmark A/S, Falck Global A/S and Falck Global Assistance A/S and 52.2% of the share capital of Falck Health Care Holding A/S.

Management has tested investments in subsidiaries for impairment by comparing the expected future income in the individual subsidiary with the carrying value of the individual subsidiary.

The impairment test for 2020 identified no need for impairment of investments in subsidiaries.

The impairment test for 2019 identified a need for an impairment of investments in subsidiaries of DKK 73 million related to Falck Health Care Holding A/S.

Additionally, in 2019 the impairment test showed that there was no longer a need for impairment of the investment in Falck Danmark A/S, and therefore the impairment of DKK 2,805 million made in 2017 on this investment was reversed.



Note 8 Deferred tax

	DKK million	
	2020	2019
Deferred tax at 1 January	103	66
Prior year taxes	10	-
Change in tax losses for the year ¹⁾	-	41
Change in deferred tax	-	(4)
Deferred tax at 31 December	113	103
Breakdown of deferred tax		
Non-current liabilities and provisions	10	-
Tax losses carried forward	103	103
Deferred tax at 31 December	113	103

1) The amount is included in corporation tax payables in relation to the joint taxation arrangement with Lundbeckfonden.

Note 9 Equity

Comments

The share capital is divided into 133,292,060 shares (133,292,060 shares) with a nominal value of DKK 1.00 each. In March 2019, the share capital increased by DKK 51,846,105 when subordinated shareholder loans were converted to equity.

DKK million

Profit for the year

Attributable to:

Retained earnings

	2020	2019
	39	2,691
	39	2,691

Note 10 Loans

	DKK million	
	2020	2019
Non-current loans	2,164	2,898
Total loans	2,164	2,898
Attributable to:		
Loans	2,164	2,898
Total loans	2,164	2,898

Note 11

Contingent liabilities, lease obligations and collateral security

	DKK million	
	2020	2019
Warranty and guarantee commitments	21	32

Comments

Falck A/S has issued guarantees covering the rental obligations of certain subsidiaries. The amount above relates to this.

including 1 July 2012, also for any obligations to withhold tax at source on interest, royalties and dividends from the jointly taxed companies.

Joint taxation

Falck A/S is included in national joint taxation with Lundbeckfonden (Lundbeckfond Invest A/S) as the administration company.

Collateral security

The shares in the subsidiaries Falck Danmark A/S, Falck Global A/S, Falck Global Assistance A/S and Falck Health Care Holding A/S have been provided as collateral for Falck A/S' debt.

Note 12**Related parties****Comments**

For a description of related parties, please see note 6.2 of the consolidated financial statements. Remuneration for the Board of Directors and the Executive Management is

disclosed in note 2.3 of the consolidated financial statements. Related party transactions are made on arm's length basis.

	2020	2019
DKK million		
Transactions with other Group companies were as follows:		
Management fee received	5	8
Interest paid	-	50
Interest received	80	88
Received tax from subsidiaries	28	164
Paid tax to Lundbeckfond Invest A/S	97	123
Conversion of subordinated shareholder loan	-	2,270

Note 13**Events after the reporting date**

No events have occurred after the reporting date affecting Falck's financial position at 31 December 2020.

Note 14**Accounting policies**

The financial statements for the parent company are presented in accordance with the Danish Financial Statement Act of large, reporting class C companies.

The parent company applies the same accounting policies for recognition and measurement as the Group, except from the following:

Other operating income

Other operating income includes management fees from Group companies, which is recognised concurrently with the supply of those services.

Dividend from Group companies

Distributions of retained earnings in subsidiaries are recognised as financial income in the income statement of the parent company in the year in which the dividend is declared. An impairment test is made if more than the comprehensive income of a subsidiary is distributed.

Investments in subsidiaries

Investments in subsidiaries are measured at cost in the parent Company's financial statements. Cost includes the consideration at fair value plus direct acquisition costs.

If there is an indication of impairment need, an impairment test is performed as described in the accounting policies applying to the consolidated financial statements.

Where the carrying amount exceeds the recoverable amount, the investments are written down to this lower value.

In the event of distribution of reserves other than retained earnings in a subsidiary, such distribution will be deducted from the acquisition price if the distribution is in the nature of repayment of the parent company's investment.

Statement of cash flows

A separate statement of cash flows for the parent company has not been prepared. Reference is made to the consolidated statement of cash flows.



Management's statement

The Board of Directors and the Executive Committee have today considered and approved the annual report of Falck A/S for 2020.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards which have been adopted by the EU and additional requirements under the Danish Financial Statements Act.

The parent Company's financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent Company's financial statements give a true and fair view of the Group's and the parent Company's assets, liabilities and financial position at 31 December 2020, and of the results of the Group's operations, and the parent

Company's operations and the Group's cash flows for the financial period 1 January – 31 December 2020.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the Group and the parent Company, the financial results for the year and the Group's and the parent Company's financial position, as well as a description of the most

significant risks and elements of uncertainty facing the Group and the parent Company.

We recommend that the annual report is approved at the Annual General Meeting.

Copenhagen, 25 January 2021

Executive Committee:


Jakob Riis
President and CEO


Tor Magne Lønnum
CFO

Board of Directors:


Peter Schütze
Chairman


Lene Skole
Vice Chairman



Lars Frederiksen


Dorthe Mikkelsen


Allan Rensgaard
Employee representative


Thomas Lau Schleicher


Henrik Villsen Andersen
Employee representative


Vagn Flink
Employee representative


Niels Smedegaard



Independent auditor's report

To the shareholders of Falck A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2020 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2020 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Falck A/S for the financial year 1 January - 31 December 2020, which comprise Income statement, Statement of financial position, Statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as Statement of comprehensive income and Statement of cash flows for the Group ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities section of the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control environment.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 25 January 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

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