Attendo

ANNUAL REPORT & SUSTAINABILITY REPORT | 2019

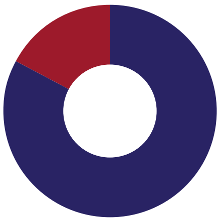
Compassionate care

Content

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

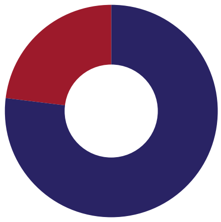
2019 in brief

Financial overview



Sales by contract model

- Own operations, 83%
- Outsourcing, 17%



Sales by service offering

- Care for older people, 77%
- Care, 23%

Key figures[1]	2019	2018
Net sales	11,935	10,987
Operating profit (EBITA)	812	1,008
Operating margin, (EBITA), %	6.8	9.2
Profit for the year	81	244
Operating cash flow[2]	196	593

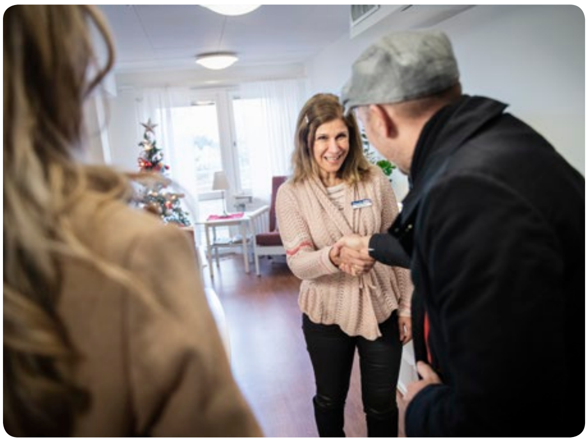
[1] Refers to continuing operations (excluding the divested healthcare operations in Finland).
[2] Refers to total operations.

Significant events during the year

- Sustained good growth in own operations: Attendo opened 57 new homes with 1,950 beds in Sweden, Finland and Denmark in 2019.
- A debate ensued in Finland in the spring of 2019 concerning quality and staffing in care for older people. This led to stricter staffing requirements, which, combined with a high rate of establishment and a weakening occupancy rate, squeezed profitability in Attendo's Finnish operations.
- Attendo launched a programme during the year aimed at meeting the stricter requirements and strengthening quality, employee commitment and customer satisfaction in Finland.
- Attendo's quality index was 84 percent, on par with 2018. The employee survey showed stable job satisfaction and satisfaction with the immediate manager.
- Attendo initiated several digitalisation projects in 2019 to improve planning, scheduling, quality improvement and communication. Attendo's mobile service and planning system was implemented at all nursing homes in Sweden.

SUSTANABILITY REPORTING IN ATTENDO

According to the Annual Accounts Act, Chapter 6 – Section 10, Attendo shall submit a sustainability report. On page 91, there is a table of where in this annual report the various parts of the sustainability report can be found. The sustainability report refers to Attendo AB with all its subsidiaries. More information about Attendo's sustainability work can also be found in the Quality and Sustainability Report and on www.attendo.com.



"Mystery Shoppers" puts reception in focus

Attendo's local operations in Sweden were visited by the Anonymous Relatives project in 2019. The aim is to measure and follow up how Attendo's operations, both nursing homes and home care services, treat outsiders when meeting them for the first time. Everything from how long it takes to make initial contact and the quality of the information provided to cleaning, customer care and follow-up is assessed and scored. The results were above expectations: more than 20 local operations were given a "Superb Service" rating by Better Business.

See page 6 of the Quality and Sustainability Report.

Local environmental targets widen Attendo's sustainability work

Attendo sets ambitious sustainability targets in the core areas of care. Attendo Scandinavia also set three overall sustainability targets in 2019: to serve at least one vegetarian meal per week, to reduce fuel usage per hour of home care by at least 3% and to use only renewable electricity.

See page 44 of the Quality and Sustainability Report.

100%

of operational electricity in own operations must come from renewable energy.

Decades of experience delivering quality of care

Attendo was founded in 1985 with a clear vision of delivering care that goes beyond that offered by public providers. Over the 35 years since then, Attendo has been behind several innovations and breakthroughs in care that have set a new standard.

See pages 46–47 of the Quality and Sustainability Report.

Attendo is building – for greater freedom of choice and diversity

In June 2019, Attendo opened its first new nursing home in Denmark, which is being offered as a "friplejehjem" - a free choice home. Up to 70 older people who need care can choose freely to get their care from Attendo here. The Danish home is only one of a total of 57 new care homes that opened their doors in 2019.

See pages 2–3 of the Quality and Sustainability Report.

57 **new care homes opened in 2019.**

A new organisation focused on values work

Attendo has been working extensively according to a clear vision – empowering the individual – based on our values of competence, commitment and care. Attendo restarted its values organisation in 2019 aimed at strengthening the conditions for active values work in every part of Attendo.

"Active values work will help employees feel more secure with our vision and our values. This is going to strengthen the image of Attendo," says Anders Berg, regional values coach for Attendo Individual and Family Care North.

See pages 24–25 of the Quality and Sustainability Report.

The care leader in the Nordics

Attendo is the leading private care provider in the Nordics. With operations in Sweden, Finland, Norway and Denmark. We are leaders of quality development and new methods in our sector. Attendo offers care for older people, care for people with disabilities, social psychiatry and individual and family care.

Vision

Our vision is *"empowering the individual"* and our work is always based on the individual's needs and preferences.

Values

Attendo's values – *competence, commitment, and care* – are expressed in every aspect of our day-to-day work.

Operational goal

- Attendo shall have the highest customer satisfaction in every location.
- Attendo shall stand for high and stable quality of care and be the leader and drive of quality improvement.
- Attendo shall be the provider that gives local authorities the most care for money spent.

Sustainability goals

Attendo strives to create benefits for the society and contribute to a sustainable development of the care sector. In addition to the mandatory areas; social sustainability, anti-corruption and human rights as well as environment and climate, Attendo's sustainability work focus on the following sustainability objectives established in close dialogue with ours stakeholders.

1. DEVELOPMENT OF SOCIETY

Goal: Attendo aims to lead the establishment of new nursing homes to meet society's needs for care services.

2. QUALITY

Goal: Attendo will strive to maintain and further improve its leading position in quality and customer satisfaction.

3. EMPLOYEES

Goal: Attendo shall offer a stimulating workplace for everyone who wants to make a difference.

READ MORE on the pages 14–23 and in our Quality and Sustainability Report

Our services

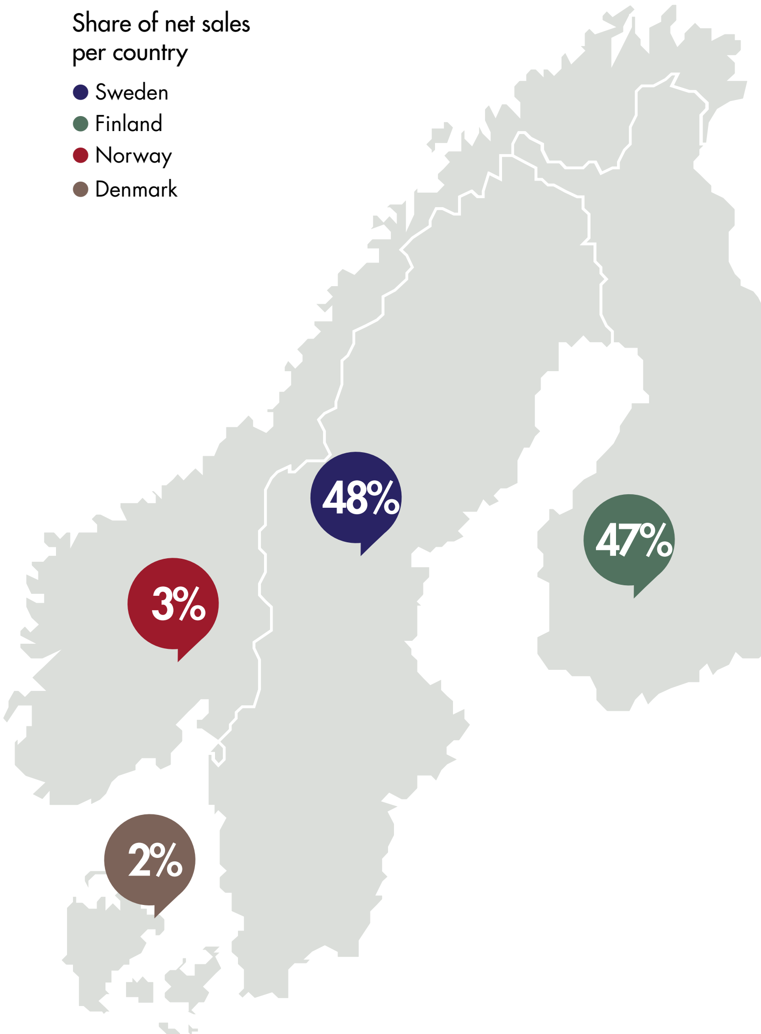
CARE FOR OLDER PEOPLE

Attendo offers care for older people in nursing homes and in home care. In nursing homes, customers live in their own apartments with access to common areas.

CARE

Attendo offers care services for people with disabilities, homes for children with special needs, consultant supported family home care, crisis and acute accommodations, substance abuse care, and care homes for people with neuropsychiatric conditions.

Our geographies



	Sweden	Finland	Norway	Denmark
Net sales (SEKm)	5,682	5,630	406	217
No. of employees (FTE)	8,012	7,662	511	314
No. of customers/beds*	16,866	13,848	419	1,164
No. of units	298	395	5	3

* Refers to nursing home beds and home care customers

Meeting the challenges of expansion

2019 was an expansionary year when Attendo opened many new beds, but also a challenging one with a significant fall in profits in our Finnish operations. Our focus is on restoring profitablity, strengthening customer satisfaction and further enhancing quality of care. Our operations is based on improving everyday life for tens of thousands of people while helping resolve major challenges to society.

Sales and profit

Sales in 2019 amounted to SEK 11.9 billion, an increase of approximately 9 percent, primarily due to newly opened homes and acquisitions. Operating profit was down 19% to SEK 812 million.

The rapid rate of establishment in Finland in recent years combined with stricter staffing requirements imposed by local authorities in 2019 had substantial impact on the entire Finnish operations. We are in a turnaround with a major transition in the next few years in order to restore occupancy and profitability.

The Scandinavian business was stable, where own operations and home care persistently showed positive development, while the outsourcing business and individual and family care were more challenging.

Delivering better, safer care to increasing numbers of people

We are facing a demographic development in which we are living longer and remaining active much later in life. The share of the population over 85 years of age is going to increase sharply in the next decade, which means that the need for care for older people is also going to rise. This must, however, be considered in the light of shrinking municipal budgets.

As a private care provider, we have a key role in supporting society by making new capacity available. We also aim to create better, more individualised care while offering local authorities more care for every tax money spent.

Achieving this requires a strong operational model in which we take advantage of competence and learning from various parts of the organisation. We embarked on a digitalisation journey in 2019 with the goal of improving planning, scheduling and quality improvement. We will continue the development of digital solutions in 2020, concentrating on further education of staff and improving communication, both internally and with the families of residents. Quality improvement is being bolstered with "competency lines" in selected areas such as dementia. We are also building further on our values-driven approach as an aspect of increasing employee commitment and strengthening our position as an employer.

Own operations – a strategic cornerstone

Attendo has been working strategically for more than ten years to establish care operations in own operations, i.e., where we deliver care in our own premises. The advantage is that we can build modern, purpose-built care homes that provide the conditions for providing good and safe care while ensuring resource-efficient operations.

The rate of establishment was stable during the period of 2006–2016 and Attendo delivered popular care homes that were quickly occupied. The rate of establishment in Finland increased significantly in 2016, resulting in a trebling of new bed openings in 2017 and 2018.

The logic behind the higher rate of expansion was that Attendo anticipated a great need to replace obsolete homes and meet increased demand from an ageing population while the local authorities were severely curtailing establishment on their own. However, competition for new establishments among private providers increased, while the closure of old care homes took longer than expected. This situation is expected to gradually improve as a consequence of higher demand combined with a lower rate of new establishment.

We decided in early 2019 to sharply reduce the rate of new establishment in order to achieve a better balance between growth and profitability, which will become apparent from mid-2020.

In Scandinavia, primarily Sweden and Denmark, we see continued opportunities to establish new care homes. In 2020, we will increase the number of beds opened in these markets. Demand for new beds is expected to rise and the option to choose their preferred home is popular among people who need care and their families.

The situation in Finland

A heated debate broke out in early 2019 in the political arena and in the media on care conditions, focused on staffing density and quality. The debate was initially oriented towards scrutinising private providers, but focus gradually shifted to conditions in the sector overall. Finland spends considerably less on care than do other Nordic countries.

Attendo launched an ambitious programme in Finland during the year aimed at meeting the stricter require-

ments and further strengthening quality, employee commitment and customer satisfaction. Programme features include more assistants on staff in local operations, expanded recruitment teams, quality improvement and skills development. In addition, we have reinforced executive management with a new business area director, Virpi Holmqvist, and the business area was reorganised during the year, which included increasing the number of area managers to improve operational management.

Public policy sets operational frameworks

Care in the Nordic countries is provided mainly under contracts with public payers. Consequently, Attendo is affected by policy decisions at the local and national level. We have seen various movements during the year. The Swedish government has declared an ambition to equalise conditions among various providers. At present, the same high standards imposed on privately provided care are not applied to publicly provided care. Equal conditions and healthy competition are prerequisites for citizens to enjoy genuine freedom of choice and high quality. The Finnish government has announced that it intends to raise staffing requirements in care for older people at the national level. Attendo welcomes higher staffing requirements, provided that providers are compensated for increased costs.

Satisfied customers come first

Our ambition is that Attendo should have the most satisfied customers in every location where we operate. That is a lofty goal, which means we constantly seek better ways to meet our customers' needs and preferences while meeting the local authorities' demands for efficiency. Attendo has been further developing care in the Nordic countries for 35 years. Developing new methods to ensure good, high-quality care is an important aspect of that endeavour.

During 2019, we implemented a mobile service planning and documentation system at nursing homes in Scandinavia as an aspect of further improving both quality and follow-up of care services. We also developed a new culinary concept in Scandinavia that involves a larger share of locally prepared food and reduced usage of ready meals. The first evaluations show that our residents have enjoyed a better culinary experience and food waste has been reduced.

Attendo has been a values-governed business for a long time and a new values organisation was established in 2019. Regional values coaches have been given responsibility for supporting, training and engaging local values coaches at the local operations.

Our employees are the key to success

In summary, society is facing large challenges in the care area, and I believe Attendo has an important role to play here. Our absolute ambition is to be on the forefront of improving quality of care, establishing new operations and helping local authorities across the Nordic region get the job done in a better way.

I would like to take this opportunity to thank all employees for your outstanding contributions during the year. Your commitment, competence and care are critical for us to succeed in our ambition to provide good care to all of our customers. The difference that makes a difference is found in these values.

Danderyd, 11 March 2020

Martin Tivéus
Chief Executive Officer

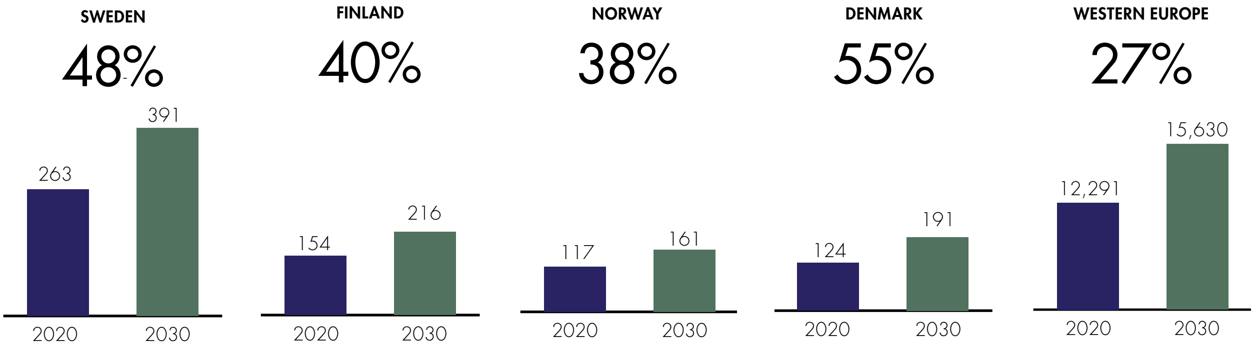
Drivers in Attendo's markets

Attendo has operations in Sweden, Finland, Norway and Denmark. The same drivers are seen in the Nordic countries as in the rest of Europe – an ageing population and a growing share of private providers.

An ageing population is increasing the need for care services

Due to the demographic trend towards a higher percentage of older people and rising life expectancy, demand and need for care services in society are going to increase – particularly demand for for nursing homes older people and home care.

GROWTH OF POPULATION AGED 85+ 2020–2030, THOUSANDS



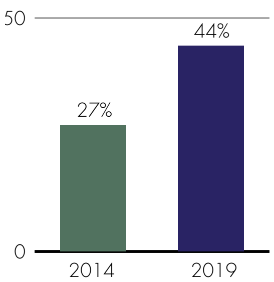
Sweden	Finland	Norway	Denmark	Western Europe
Attendo's competitors Ambea, Frösunda, Förenade Care, Norlandia and public providers.	**Attendo's competitors** Esperi, Mehiläinen and public providers.	**Attendo's competitors** Ambea, Norlandia, Unicare and public providers.	**Attendo's competitors** Ambea, Förenade Care and public providers.	**Attendo's competitors** Alloheim, Armonea, Care UK, Colisee, Domus Vi, HC-One, Korian, KOS, Orpea, Pro Seniore.

Source: national statistics

Capacity shortage in care for older people

There is already a significant shortage of beds in care for older people. The public sector is going to have difficulties coping with this investment need independently and investments by private care providers will become increasingly important. Surveys performed by the Swedish National Board of Housing, Building and Planning (Boverket) estimate that more than 40 percent of local authorities in Sweden already have a shortage of nursing home beds.

PERCENTAGE OF LOCAL AUTHORITIES REPORTING A SHORTAGE OF NURSING HOME BEDS, SWEDEN

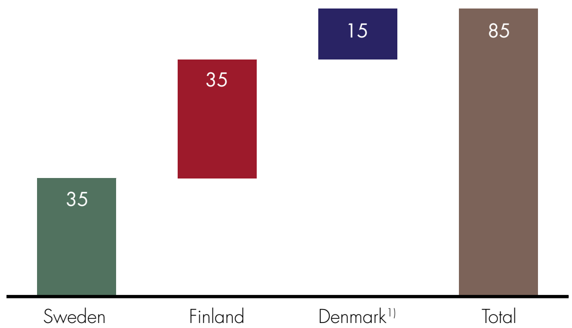


Source: Swedish National Board of Housing, Building and Planning (Boverket)

85,000 new beds are needed

Attendo has estimated the need of new nursing home beds in the markets where Attendo is establishing facilities in own operations. The need for new beds is calculated on the basis of the number of older people, the expected average care need and how many beds of the existing capacity needs to be replaced. The estimate takes into consideration that older people in the future will be more active and healthier later into life, which reduces and delays the need for care. In total, Attendo estimates that about 85,000 new beds in care for older people will be required during the period from 2020 to 2030 in Sweden, Finland and Denmark combined.

ANTICIPATED NEED FOR NURSING HOME BEDS 2020–2030, THOUSANDS



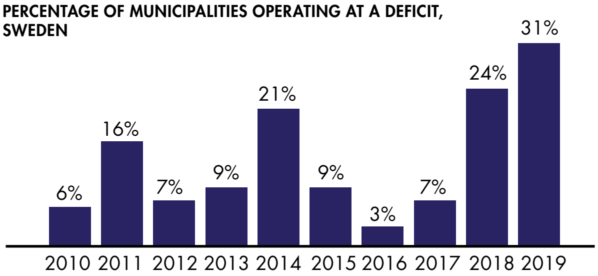
Source: Attendo

[1] Refers only to demographic demand.

Lack of public resources

Care accounts for a large share of public sector budgets in the Nordic countries, and a growing share of municipalities are already operating at a deficit. As care needs increase, municipal finances are further squeezed, which implies a need to organise care in the most efficient way possible. Studies show that private providers can run care operations more efficiently than public providers.

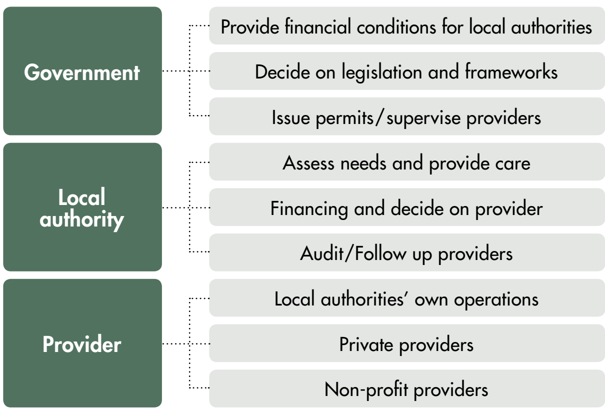
PERCENTAGE OF MUNICIPALITIES OPERATING AT A DEFICIT, SWEDEN



Source: Swedish Association of Local Authorities and Regions (SKR)

The care services system

The Nordic system for delivering social care services is based on public financing, municipal responsibility and comprehensive regulations governing public procurement and quality supervision. The system has gradually been opened to alternative providers. More information about the systems that apply in each market is available on Attendo's website: www.attendo.com.



Source: Attendo

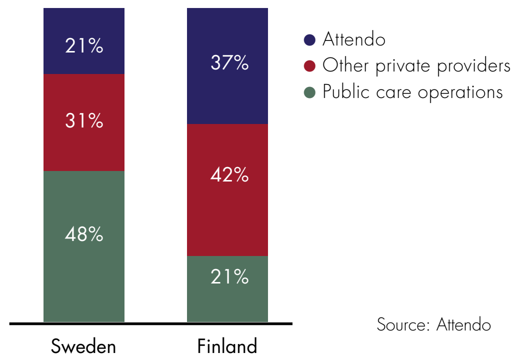
Higher quality standards and closer monitoring and supervision

As the care system has changed, considerations regarding control and quality have become more important and comprehensive. Meeting the increasing quality and regulatory requirements is difficult for smaller public and private providers. In this context, larger providers like Attendo may benefit from having effective methods for increasing customer satisfaction, well-established quality processes and quality experts that smaller local authorities and companies often lack.

Higher share of private providers of care services in care for older people

The share of care services delivered by private providers has successively increased. But the share of privately provided care varies widely from country to country. In several European countries, the share of nursing homes operated by private providers is larger than in the Nordic countries. However, the number of private providers in the Nordic countries has grown faster than public care operations in the past five years.

SHARE OF BEDS UNDER CONSTRUCTION 2015–2019

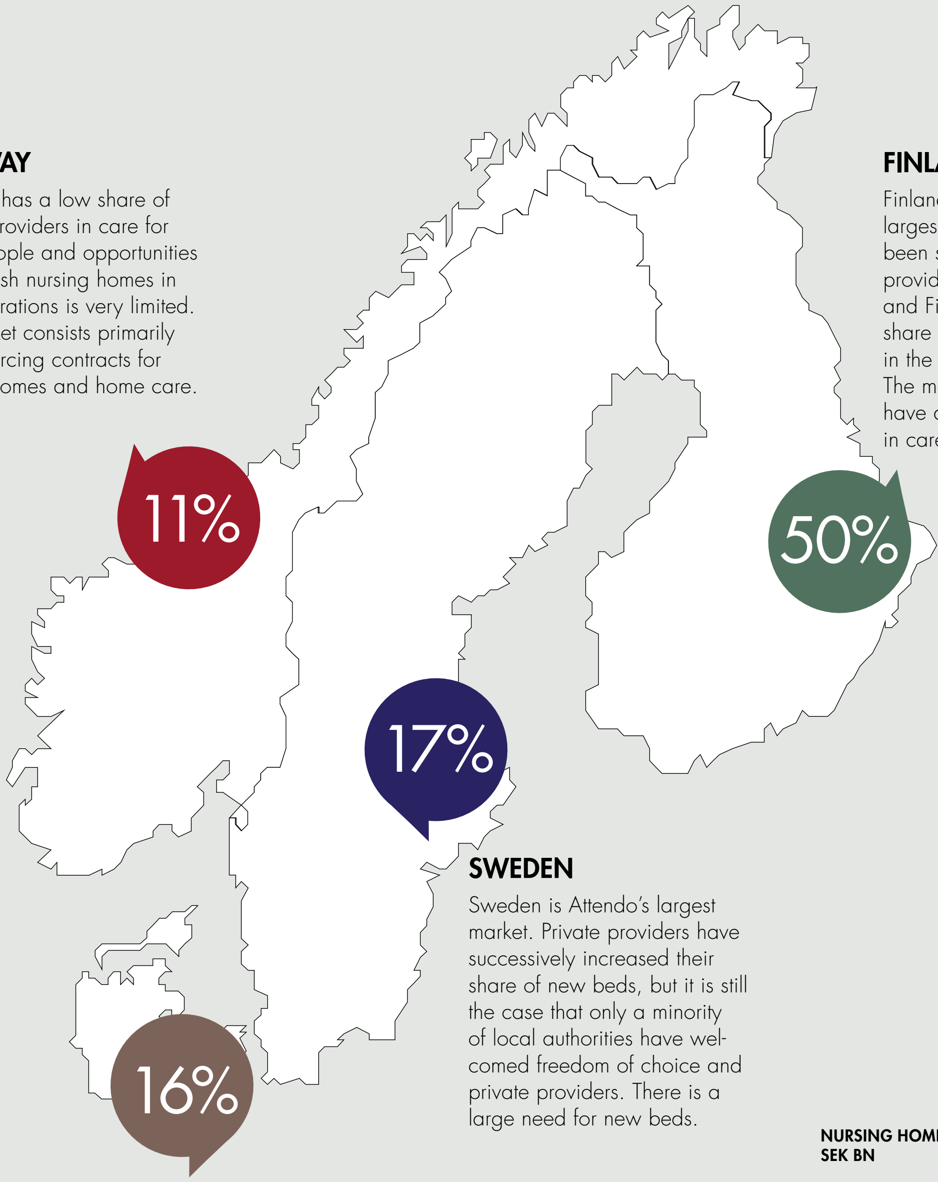


Source: Attendo

Greater interest in freedom of choice and rising consumer demands

Private providers and freedom of choice have been a self-evident element of care for older people in several European countries for a long time. Older people in all Nordic countries have become more interested in being able to choose care services for themselves. As living standards improve, the behaviour of customers and their families is changing. Today, they are more active in their choices and are more often evaluating several care options before deciding. Many local authorities have chosen to introduce freedom of choice systems or customer vouchers to increase the individual's opportunities to choose a provider. In 2019, 162 of 290 local authorities in Sweden had some form of freedom of choice system (LOV).

Nursing homes – private providers' share of the total market



NORWAY

Norway has a low share of private providers in care for older people and opportunities to establish nursing homes in own operations is very limited. The market consists primarily of outsourcing contracts for nursing homes and home care.

FINLAND

Finland is Attendo's second-largest market. There has been strong growth for private providers in the past five years and Finland has the highest share of private care provision in the Nordic countries by far. The majority of local authorities have allowed private providers in care for older people.

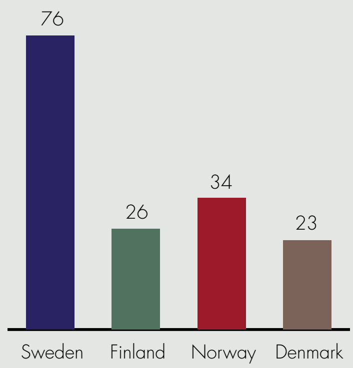
SWEDEN

Sweden is Attendo's largest market. Private providers have successively increased their share of new beds, but it is still the case that only a minority of local authorities have welcomed freedom of choice and private providers. There is a large need for new beds.

DENMARK

New legislation aimed at giving people freedom of choice through private alternatives was enacted a few years ago. The market for private providers is still small, but is expected to increase in the next few years.

NURSING HOMES – SIZE MARKET, SEK BN



Source: Attendo

Focus on quality and growth

Attendo has been developing individualised and high-quality care for 35 years. The main strategy over the past decade has been to establish care homes in own operations. Attendo has begun the establishment of approximately 14,000 beds in more than 350 homes since 2008.

The Attendo model

We work according to the Attendo model, which has been developed over many years.

The Attendo model has three cornerstones:

THE BEST PEOPLE IN A DECENTRALISED ORGANISATION

Attendo's organisation is decentralised, which means that decisions are taken faster and in closer proximity to customers, employees and payors. We work systematically to recruit the best employees and leaders. Local managers at Attendo enjoy significant personal responsibility for their units and thus an opportunity to shape how the operation is run. Responsibility is also delegated within the unit, which increases commitment.

A STRONG CULTURE

Attendo's corporate culture is based on the vision: Empowering the individual. Our values, competence, commitment and care, guide us in our day-to-day work to consistently fulfil the vision. Attendo's experience from a long and systematic building of the corporate culture is that it strengthens the organization and creates better conditions for everyone to work towards common goals.

A SHARED TOOLBOX AND CURIOSITY TO LEARN

Through many years of experience, Attendo has developed comprehensive expertise in a number of areas. This knowledge is spread continuously between operations, contract models, service offerings, and countries. In this way, local operations gain access to Attendo's collective talent pool and knowledge base. Over the decades, Attendo has developed several processes and models, including those for management development, systematic working environment improvements, quality control and development of new homes in own operations.

Strategic goal

- To be the most attractive choice and the most respected care provider in the Nordic countries.

Operational goals

- The highest customer satisfaction in every operational location
- High and stable quality of care and a leader in quality development
- The provider that gives local authorities the most care for the money spent

Sustainability goals

- Attendo aims to lead the establishment of new homes to meet society's needs for new nursing home beds
- Attendo will strive to maintain and develop the leading position in quality and customer satisfaction
- Attendo shall offer a stimulating workplace for everyone who wants to make a difference

Strategic direction

Leader in own operations
- Leading in establishing new nursing homes in the Nordic countries
- A proven model for identifying new business opportunities and offering high-quality operations
- The growth strategy is complemented by bolt-on acquisitions

Most satisfied customers
- Attractive care and service concepts such as lifestyle accommodation
- Industry-leading care planning and quality system
- Strong corporate culture with focus on customer needs

Best practice and simplification
- Sustainable, industry-leading margins
- Attractive, high-quality units with high occupancy
- A cost-effective organisation with continuous improvements in methods in all aspects of Attendo

Financial targets[1]

GROWTH AND PROFITABILITY

7%
Annual growth

Long-term 7% annual growth via organic growth and bolt-on acquisitions.

Performance 2019: 8.6%

9%
EBITA margin

Long-term EBITA margin of approxiomately 9%.

Performance 2019: 3.7%

CAPITAL STRUCTURE

3.75x
Net debt/EBITDA

Financial stability and the opportunity to execute long-term decisions.

Performance 2019: 3.6x

DIVIDEND POLICY

30%
of net profit

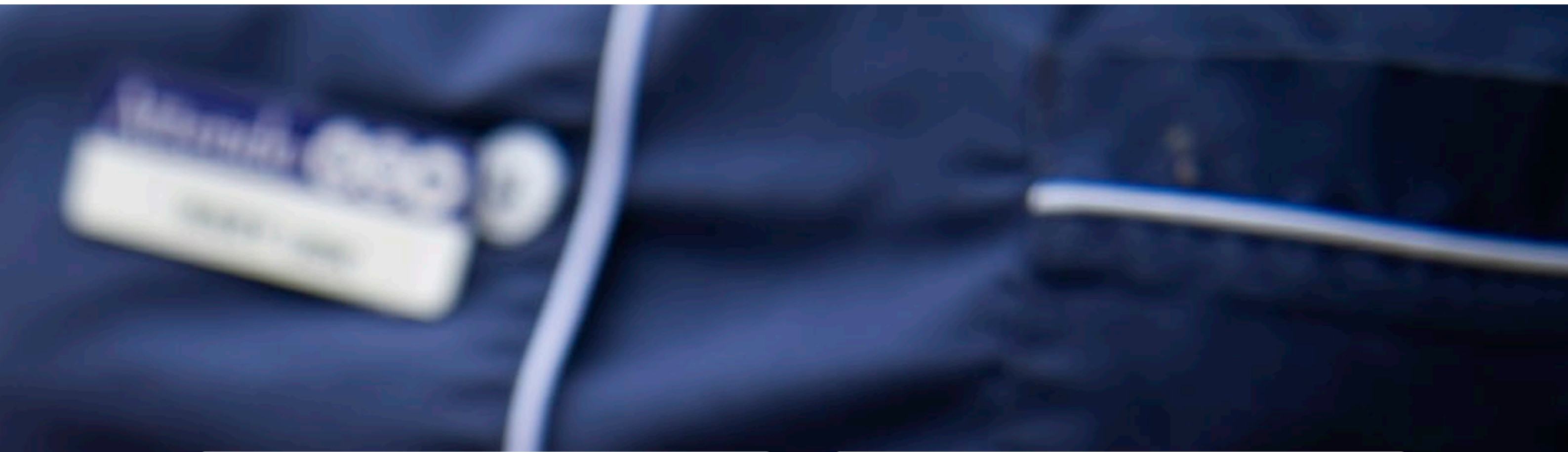
Distribution based on investment opportunities and financial position

Performance 2019: The Board of Directors propose no dividend

1) These key ratios are defined on the basis of the previously applied accounting standard IAS 17, which in Attendo's reporting is called "adjusted earnings". Attendo intends to revise its targets in 2020.

We address complex challenges in care

Attendo offers care services for older people, people with disabilities, social psychiatry and care for individuals and families. In partnership with local authorities, we effectively address complex care challenges. Most of our activities are run in own operations, but we also run outsourced operations for local authorities.



Service offerings

CARE FOR OLDER PEOPLE

Nursing homes

Attendo offers nursing homes for short-term stays or permanent residence. Residents of our nursing homes live in their own apartments with access to common areas and social interaction. The days are planned according to the resident's needs and preferences in close collaboration with the resident, their contact person and also the charge nurse.

Home care services

In the home care services segment, Attendo offers a complete undertaking that covers everything from care and meal services to cleaning, laundry and evening and night-time services. Many assignments also include home health care. Care provision is planned in partnership with the individual, based on the applicable municipal benefits assessment.

CARE FOR PEOPLE WITH DISABILITIES (LSS)

Group homes and supportive housing

Attendo offers homes for people with various kinds of disabilities and permanent needs for care. Life in each home is planned to make it possible for the residents to live their lives as actively and independently as possible.

Daily activities, respite care and short-term accommodation

Attendo also runs a wide range of programmes to provide respite to families in daily life. We create meaningful everyday lives for young people and adults in daily activities programmes, offer support in the form of respite and companion services, as well as short-term accommodation when there is a temporary need.

INDIVIDUAL AND FAMILY CARE

Social psychiatry (HVB)

Attendo operates care homes and training programmes related to neuropsychiatric disabilities and psychosocial problems. All treatment is individualised based on the needs and abilities of the customer, with focus on strengthening what works and practising strategies for that which needs to be improved.

Emergency homes and family support homes

Attendo provides individual and family care, such as consultant-supported family homes, crisis and emergency homes, addiction care and various forms of supportive housing. Programmes are intended for young people and adults in need of support, protection or treatment, often as part of a long-term plan leading towards independent living.

Contract models

OWN OPERATIONS

Own operations represents the largest share of Attendo's net sales. At year-end 2019, Attendo's own operations included a total of 604 units in Sweden, Finland, Norway and Denmark.

In the own operations contract model, Attendo designs, builds, equips and staffs its own homes and offers care beds to local authorities. Attendo leases the premises from the property owners, usually for a term of 10–15 years.

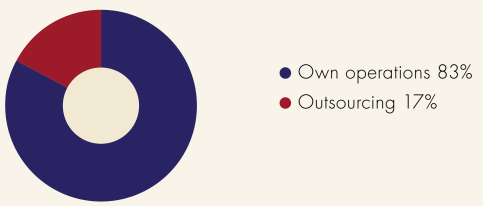
Attendo has many years of experience planning, building and operating various care services operations. Own operations also ensures long-term cooperation between Attendo and the local authority, which creates peace of mind for clients and employees. The model gives Attendo tremendous opportunity to influence the care experience through, for example, lifestyle homes with unique concepts.

OUTSOURCING

Under outsourcing contracts, Attendo provides services as ordered by the local authority. The staff are employed by Attendo for the duration of the contract, while the local authority is responsible for the premises where services are delivered. Contracts with local authorities normally have a term of four to seven years with an option to extend the contract.

Local authorities have a challenging task in meeting growing needs for care and health care while also saving taxpayers' money. Attendo is a partner that contributes systematic methods and tries out new ideas. In order to be competitive, Attendo must deliver high-quality services at an attractive price.

DISTRIBUTION BETWEEN CONTRACT MODELS



Sustainability strategy and targets

Attendo is working in a purposive manner to run sustainable operations that has positiv impact on the UN Sustainable Development Goals (SDGs). Our sustainability strategy and practical sustainability work are focused on three main areas: development of society, quality and employees.

Stakeholder dialogue and follow-up

Attendo's sustainability strategy is based on continuous dialogue with the company's stakeholders: customers and their relatives, local authorities, employees, suppliers, investors, politicians and government agencies. The stakeholder dialogue results in greater understanding of their expectations and provides input for areas of potential improvement. We track satisfaction among our customers and their relatives as well as decision-makers and contracting local authorities through regular surveys and ongoing discussions. We always seek to base our actions on the needs and wishes of the customer. Employee preferences and opinions are discovered by means including employee surveys, workplace meetings and performance and development dialogues.

Significance assessment

Significance assessments are used to identify the topics that are most important to Attendo and the company's stakeholders. We have identified about 30 sustainability topics in various subject areas, three of which have been identified as most important to Attendo's future sustainability work: development of society, quality of care and our employees. Overall targets and relevant key figures were defined for each focus area to measure goal attainment.

Objectives

In the area of development of society, Attendo's ambition is to lead the establishment of new homes to meet the needs of society for new beds in care homes. Attendo reports on this area through the number of new beds under construction as well as newly opened beds in own operations.

In the quality area, Attendo is striving to further improve its leading position in quality and customer satisfaction. The outcome is reported in the internal Quality Thermometer, which is an overall appraisal of the primary quality factors in all areas of Attendo.

The objective in employees focus area is that Attendo will offer a stimulating workplace for everyone who wants to make a difference. Employees' satisfaction with their jobs and their managers is reported here on the aggregated level.

Key figures and outcomes

Attendo's latest key figures for the company's sustainability targets are presented below. Selected indicators in other sustainability areas are presented on page 86–87: environment and climate, social sustainability and diversity and anti-corruption and human rights. There are no group-wide goals in these areas.

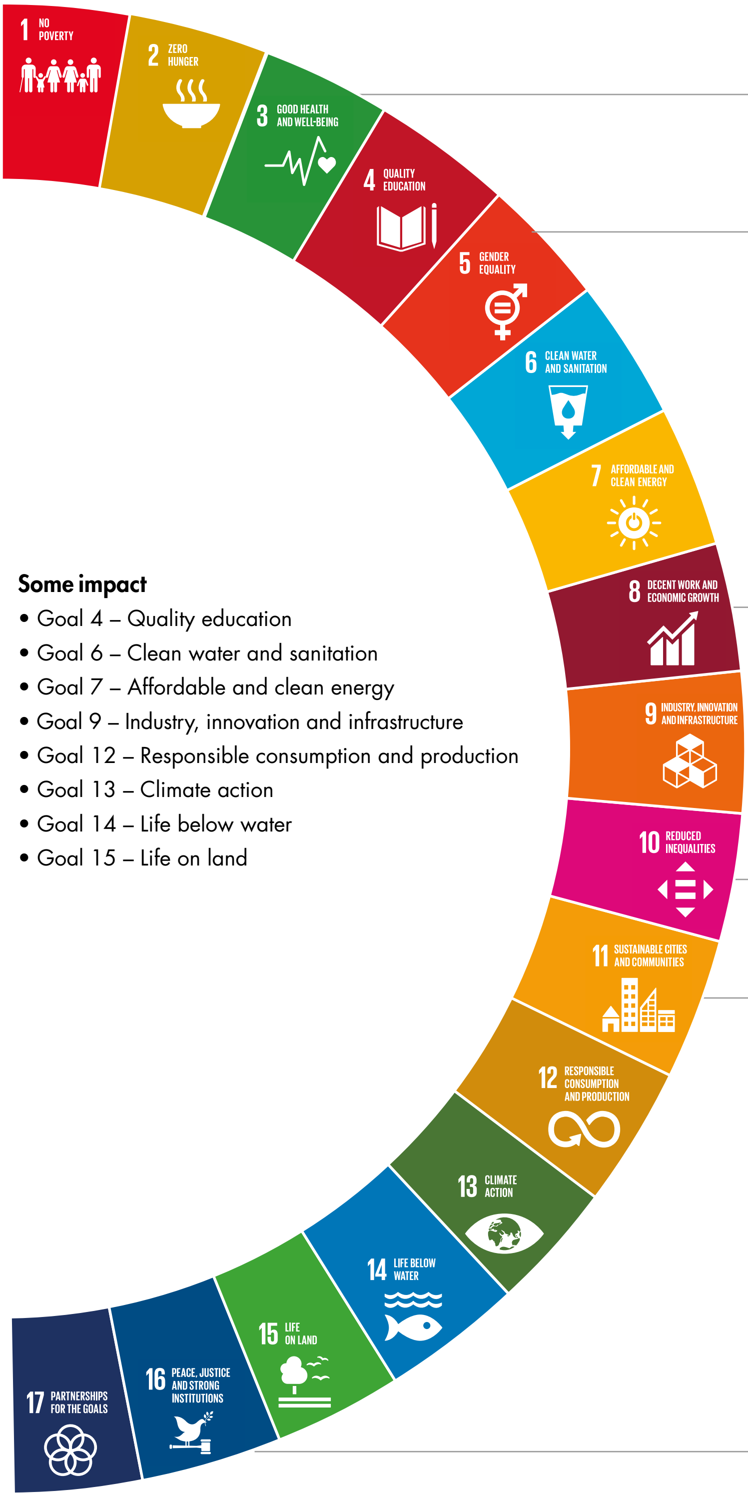
Sustainability goals

FOCUS AREA	OBJECTIVE	KEY FIGURES	OUTCOMES 2019 (2018)
Development of society	Lead the establishment of new homes to meet society's needs for new beds	New beds under construction New beds in own operations	**1,980 (2,462)** **1,950 (2,409)**
Quality of care	Maintain and develop the strong position in quality and customer satisfaction	Outcome of the internal Quality Thermometer	**84% (84)**
Employees	A stimulating workplace for everyone who wants to make a difference	Employee job satisfaction and satisfaction with managers at the aggregated level	**3.9 (3.9) of 5.0** **3.9 (3.9) of 5.0**

Attendo's contributions to attaining the UN Sustainable Development Goals

Attendo's operations are contributing to several UN Sustainable Development Goals under Agenda 2030. In 2019, Attendo actively contributed to getting closer to achieving six of the seventeen goals.

In addition, Attendo has some impact on another eight goals, while only three goals are assessed as unaffected by Attendo's business.



Some impact

- Goal 4 – Quality education
- Goal 6 – Clean water and sanitation
- Goal 7 – Affordable and clean energy
- Goal 9 – Industry, innovation and infrastructure
- Goal 12 – Responsible consumption and production
- Goal 13 – Climate action
- Goal 14 – Life below water
- Goal 15 – Life on land

ATTENDO IS CONTRIBUTING ACTIVELY TO SIX OUT OF SEVENTEEN SDGS

Goal 3 – Good health and well-being
Attendo's business concept is to contribute with innovative, high-quality care services, which helps promote good health and well-being for people of all ages.

Goal 5 – Gender equality
Attendo has a high proportion of women employees, including managers, which contributes to increasing women's influence and empowerment in business and in society as a whole.

Goal 8 – Decent work and economic growth
Attendo has a good and close relationship and cooperation with local unions and complies with valid collective agreements that offer employees good working conditions and benefits.

Goal 10 – Reduced inequalities
Attendo actively spreads best working methods throughout its operational geographies, which increases health and care equality for people who need care.

Goal 11 – Sustainable cities and communities
Attendo builds purpose-built facilities that contribute to urban development, make society inclusive, safe and sustainable and helps local authorities offer publicly financed care of high quality to more people who need care.

Goal 16 – Peace, justice and strong institutions
Attendo contributes to providing greater freedom of choice and influence over their care to older people and people with disabilities, which increases their participation in society.

SOCIETY:

We are contributing to sustainable care

Care is profoundly important to customers, families, employees and society as a whole. Society demands that every individual receives good care with peace of mind, independence and quality of life. Attendo is making a goal-oriented contribution to that effort.

We are investing to address the capacity shortage

There is a shortage of beds in care for older people in the Nordic countries. According to the National Board of Housing, Building and Planning (Boverket), 127 out of 290 local authorities in Sweden had a shortage of nursing homes in 2019 and more than 6 out of 10 local authorities had no available homes for people with disabilities.

All indications are that the need for care services is going to continue to grow over the long term. The demographic trend indicates a sharp increase in the population aged 85+ in the Nordic countries in the next 15 years.

In our assessment, there is a need to build about 85,000 new nursing home beds in Sweden, Finland and Denmark by 2030. The forecast is based both on added capacity and the need to replace existing homes that no longer meet the current high standards.

Private providers accounted for about half of all new production of nursing homes in Sweden and Finland in recent years. Attendo alone has provided more than one out of five new nursing home beds since 2008. Attendo also makes a substantial contribution when it comes to homes for people with disabilities.

Establishments of new care homes also lead to several positive impacts on society. Every new home with 54 beds creates about 50 jobs once up and running, as well as more than 30 annual jobs during the building phase.

When Attendo continuously builds new facilities, the company also supports local authorities with expertise in nursing home establishment, from the identification of suitable land to construction, staff recruitment and moving in of residents.

The pace of openings in the preceding year, however, led to growing difficulties to fully staff and occupy the new units, which has had negative impact on Attendo's profitability. In response, the number of new openings was reduced in 2019 and the new project rate was decelerated. The company intends to maintain a more sustainable rate of investment in new care homes in the next few years.

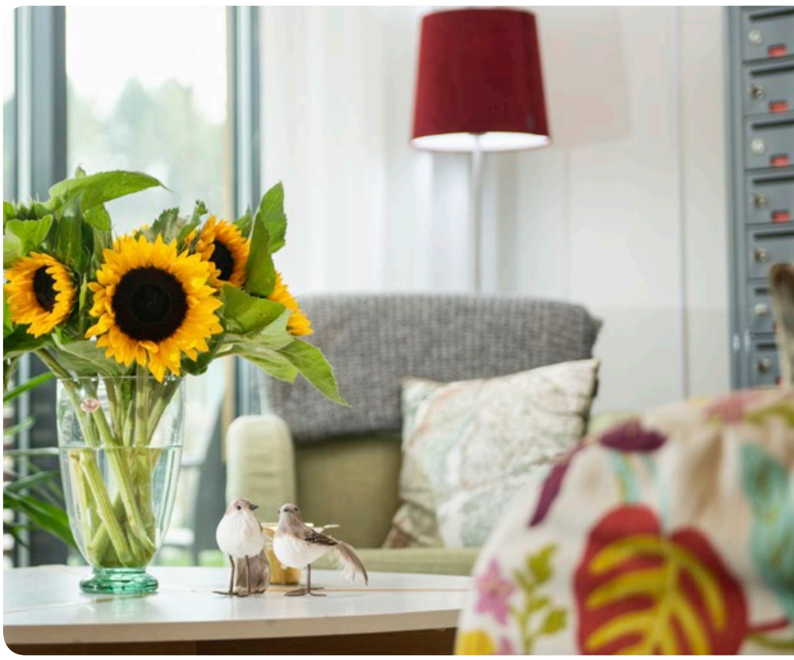
We address complex care and health care challenges

One of Attendo's primary strengths is its ability to address complex care and health care challenges. Our services include care and health care for individuals with multiple disabilities or especially complex diagnoses, such as Huntington's disease and Parkinson's disease. In the area of individual and family care, we are helping local authorities create qualified care and good lives for young people with a range of needs, by recruiting and certifying family care homes.

Attendo has strong expertise in several aspects of care for people with disabilities. We have, for example, established two of only three care homes in Sweden that specialise in Prader-Willi Syndrome, whose symptoms include uncontrollable appetite.

We offer meaningful activities for people with mental health variations and work actively to match individuals enrolled in daily activities programmes with work opportunities.

In Finland, we are helping to secure access to local care and health care in small and remote communities. Many local authorities choose to work with Attendo because this partnership helps improve quality of care while



making municipal costs clear and transparent, which leads to more efficient use of tax funds.

We are a significant taxpayer

Attendo pays more tax than any other private care services provider in Sweden and Finland. In addition to tax on the company's profits, Attendo also pays payroll taxes and fees, as well as VAT on its purchases.

In 2019, Attendo paid SEK 88 million in corporate tax, including SEK 86 million in Sweden. Taxation is based on the profits that our operations generate in each country. Attendo always pays taxes on profits in the country where they were generated.

We are a large employer

Attendo creates alternatives in care and health care and gives customers the opportunity to choose. With about 25,000 employees, Attendo is one of the largest employers in the Nordics. This facilitates greater opportunities for career development and more alternatives for employees in care and health care. Attendo also provides an important contribution to the labour market by offering people a gateway to their first jobs, especially for young people and recently arrived migrants.

OBJECTIVE AND OUTCOME

Attendo aims to lead the establishment of new homes to meet society's needs for new nursing home beds.

1,980
number of new beds under construction

1,950
number of new beds opened

QUALITY:

Proven results of systematic quality improvement

Attendo's quality improvement goes further than what lawmakers and contracting local authorities require. The ambition is to offer market-leading quality and drive the development of new methods and new technology in the industry. Attendo works systematically to constantly monitor and enhance quality improvement.

We are constantly striving for higher quality

At Attendo, we are convinced that quality of care can be measured. We are constantly endeavouring to further elevate both technical and perceived quality. Much of that currently considered industry praxis in the Nordic care sector, such as social documentation, contact persons and personal time, are the results of Attendo's development work.

Initially, the work was oriented mainly towards measured "technical" quality. We are now increasingly focused on further improving perceived quality: how satisfied our customers and their relatives are with the service Attendo delivers. Digitalisation and mobile documentation are examples of how we are working to ensure that customers always receive the care they have been granted by their local authority.

We aim to exceed legal and contractual requirements

Laws and regulations and the contract with the contracting authority, govern all care services, as well as matters including the work environment, information security, infectious disease prevention, food handling and fire prevention. National supervisory authorities share responsibility with the contracting local authority for ensuring that care is of good quality and for carrying out recurring quality audits of the operations of private providers.

Attendo documents and regularly evaluates individual care services as well as overall operations. Our industry-leading quality management system defines processes and activities that are subsequently measured and followed up on a monthly basis. The work is led by local quality coaches, who are supported by specialised quality functions.

Our constant endeavour is to develop and improve quality of care.

OBJECTIVE AND OUTCOME

Attendo will strive to maintain and further improve its leading position in quality and customer satisfaction.

84 out of 100 quality index 2019

Industry-leading quality improvement

Attendo's internal quality index – the Quality Thermometer – consists of eight aspects within three pillars. The results at the unit, regional, business area and group levels provide a comprehensive overall view of how quality improvement is working and the areas that need improvement. Central quality functions regularly carry out internal inspections and audits and provide training and support to local quality coordinators.

The Quality Wheel, on the right hand side on this page, is our model for systematic quality improvement. The four parts of the wheel – planning, implementation, evaluation and development – contain approaches and methods for the day-to-day work as well as tools for measuring, monitoring and improving our initiatives.

QUALITY SYSTEM (AQ19)

Attendo's quality system is based on three pillars:

1 Satisfied customers: Our efforts are always based on the needs and wishes of the customer. Attendo has been tracking satisfaction among customers and their relatives for a long time and we have observed a positive long-term trend.

2 Systematic improvements: We work in a systematic and carefully prepared manner with every aspect of planning, execution, monitoring and development. Systematic quality improvement must permeate everything we do. It ensures that we comply with laws and regulations and that we always identify and take advantage of opportunities for improvement in operations.

3 Best available knowledge: Attendo attaches great importance to knowledge transfer and has strategies and procedures for spreading the best available knowledge and evidence-based practice throughout the organisation. We compare units according to several different parameters to identify and spread optimal work procedures, for example.

QUALITY MODEL

Attendo's model for systematic quality improvement

Planning
Our quality improvement system is based on careful planning that gives us the time to do the extra little things to brighten people's days. The employees' work is planned digitally based on customers' implementation, health, care and rehabilitation plans, which are descriptions of the services the customer needs and how these should be delivered to meet the individual's needs and wishes.

Implementation
All quality improvement plans, procedures and systems are aimed at making the encounter with the individual as good as possible. Guidelines in the form of handbooks in the areas of quality, employees, activities and mealtimes provide help and support in the day-to-day work. Digital tools are used to ensure that no care services are inadvertently omitted.

Monitoring
We monitor quality on an ongoing basis using the Quality Thermometer, which is used to follow up operational quality. The Quality Thermometer measures and weighs eight quality parameters. Regular customer and employee surveys are an important component of quality monitoring.

Development
An effective quality improvement system can always be made even better. Based on the results of surveys, external audits, our own internal audit, etc., we prepare action plans in order to further improve the quality of everything we do. We aim to instil a culture that encourages quality improvements and ensures that employee's good ideas are spread and put into action. Employee skills development is a key component of all quality improvement efforts. The Quality Department monitors news, innovations and the latest research and regularly shares the information with the rest of the organisation.

EMPLOYEES:

Engaged employees with good values

People in various phases of life, with varying backgrounds and needs, benefit from Attendo's care and health care every day. The competence, commitment and care of Attendo employees are critical to ensuring that our customers and their families are satisfied with our efforts.

We base our efforts on clear values

Attendo is a large company with a workforce of many thousands. Our vision and our values are important working tools that bind us together. Our values – competence, commitment and care – function as signposts towards fulfilling the vision: Empowering the individual. Our constant ambition is to do our best for every customer, every day. Our clients should always feel safe, secure and independent. We put the individual's needs first and treat everyone with respect and warmth.

Attendo's values work is based on the individual unit and local situations. Aimed at addressing larger issues and challenging the local operation in its values discussions, there is a regional values organisation gathered under a national umbrella responsible for providing training, spreading information and developing practical tools to use in values work.

Attendo's Code of Conduct contains guidelines and support for the challenges that can arise in the day-to-day work. The Code covers business ethics as well as areas including human rights and discrimination, whistleblower protection for employees, employment conditions and health and safety.

All Attendo employees are informed of their obligation to understand and comply with the Code upon initial employment and regularly thereafter.

We focus on job satisfaction

Attendo has about 25,000 employees in Sweden, Finland, Norway and Denmark. We believe it is essential to be an attractive employer and that our employees should be happy with their personal work situation as well as with their employer and their immediate managers.

We continuously track employee opinion. This is accomplished through annual appraisal interviews, monthly workplace meetings and ongoing dialogue. This is augmented with "temperature readings" to keep tabs on our employees' job situations and how satisfied they are with their jobs and workplace. The average employee satisfaction score in 2019 was 3.9 out of 5.0. Satisfaction with the immediate manager was also 3.9 out of 5.0. Job satisfaction was somewhat higher in Scandinavia, while satisfaction with the closest manager was higher in Finland.

We promote continuous learning

Attendo provides ongoing training to ensure high quality and continuous improvement. New employees are provided a thorough introduction including supervised shifts and a mentor programme. All skills development is based on individual plans. In addition, employees can participate in local, central and web-based training.

The company's and the employee's objectives and how they fit together are discussed during annual appraisal interviews. We also promote continuous learning and encourage job rotation.

Attendo seeks leaders who want to make a difference and the company works systematically to recruit and develop the best managers. At Attendo, leadership is all about accountability, visibility and accessibility.

The organisation is flexible and decentralised. Local managers bear substantial personal responsibility for their operations and are expected to systematically delegate responsibility so that employees feel empowered.

We provide a good work environment

Attendo works actively, systematically and preventively to reduce risks and promote employee health and safety. We train managers and employees to assess risks and act in a manner that ensures safe and secure workplaces and prevents the risk of threats and violence. We follow up on sickness leave to help our employees return to work as quickly as appropriate.

All employees in care for older people transitioned to using Mobile Care in 2019. Mobile Care is a digital app that enhances the quality of care through more secure handovers for our employees.

OBJECTIVE AND OUTCOME

Attendo shall offer a stimulating workplace for everyone who wants to make a difference.

3.9 of 5.0
Employee job satisfaction

3.9 of 5.0
Satisfaction with the nearest manager

SOCIAL ISSUES:

A company that reflects society

The care sector is a mirror of diversity in society. Attendo is committed to diversity among our employees that makes it easier to meet our customers' needs. We are also helping to increase the percentage of women managers in business.

We are a diversity company

Attendo is made up of a diverse family of employees of various nationalities and backgrounds. This diversity is a prerequisite for providing care to customers by employees who understand their needs. Dementia care imposes particular demands that employees understand and can relate to people's linguistic and cultural backgrounds, as for many people, losing languages and cultural expressions learnt later in life is part of their condition.

Attendo's home care operations in Sweden provide care in at least one other language in addition to Swedish. Finnish is the most common and is offered at 26 out of 52 units. Employees of Attendo care homes also speak a wide variety of languages. There are Finnish-speaking employees at six out of ten care homes, according to the unit survey conducted by the Swedish National Board of Health and Welfare. All care homes also have employees who speak one or more additional foreign languages.

We have respect for people's differences

Attendo welcomes employees of various cultural and ethnic backgrounds. Every Attendo employee must be treated respectfully and given equal opportunities for career development. It is a fundamental principle that everyone should have equitable terms of employment and equal working conditions.

Attendo wants proud employees who uphold the principle of the equal dignity of all human beings. We actively work against all forms of discrimination – among employees, among customers, and between customers and employees. Managers discuss and regularly inform employees about Attendo's efforts to prevent discrimination. Employees are encouraged to report suspected discrimination to their immediate managers. A new tool introduced in 2019 has made it easier to anonymously report unsatisfactory conditions.

We are pomoting women in business

Most Attendo employees are women, which is reflected at all levels of the company. More than eight out of ten managers at Attendo are women, which is much higher than the average in the business sector. Many of the women who have advanced to prominent positions have worked for Attendo for a long time. Attendo is working actively and successfully to give talented employees the opportunity to advance to local manager and then further to regional or function manager at a higher level.

Attendo offers good opportunities for employees to advance within the company. Employees who retrain for occupations where there are shortages of employees can be offered study leave and a guaranteed pay rise after they finished their education.

We strive for a management with broad competence

Attendo's owners strive to have a Board of Directors representing a breadth of skills, professional backgrounds and perspectives. Directors are chosen based on their expertise and skill, but also for their ability to fully understand Attendo's operations. During 2019, the Board of Directors in Attendo AB consisted of five men and four women.

ANTI-CORRUPTION AND HUMAN RIGHTS:

Defending everyone's right to care based on their needs

People in need of care often have difficulty asserting their rights. Attendo works systematically to defend all customers' rights to care based on their needs and preferences. Our Code of Conduct reduces the risk of discrimination and improper business relationships.

We have an inclusive approach that promotes human rights
People who seek care from Attendo reflect the diversity of society. It is important that all human beings are respected, regardless of their cultural background, gender, sexual orientation or religious beliefs.

Attendo works actively to run an inclusive business that makes it possible for people in need of care to express their wishes and have their needs met. The image support tool Pict-O-Stat is used in care for people with disabilities to create empowerment. The Mobile Care tool is used in care for older people to individualise care while continuously documenting customers' needs and preferences.

Attendo is contributing to increasing respect for people's sexual orientation through actions including LGBTQ certification of operations and participation in Pride celebrations.

Attendo's anti-discrimination work is tracked through ongoing employee dialogues and through central follow-up of all reported cases of discrimination.

We aim to exceed legal and contractual requirements
Attendo is a significant supplier to the public sector. Failure to meet contractual or legal requirements not only entails a risk that good care will be jeopardised, it is also a business risk for Attendo and presents a risk of damage to our reputation and external brand.

Attendo has a comprehensive Code of Conduct that is available to the public on the group's website. The Code governs how the company and our stakeholders are expected to act towards contracting authorities, customers and their relatives, and each other. All employees and subcontractors must be aware of and meet the standards in the Code of Conduct. Violations of the Code can lead to a warning and/or termination of contracts for both employees and suppliers. No such cases were actualised in 2019.

We nurture good relationships with unions
Attendo aims to be a leading employer in the care sector. We endeavour to maintain good and close relationships with our employees' union representatives, to rapidly resolve labour conflicts and to comply with valid collective agreements as regards pay and other working conditions. All Attendo employees are covered by some form of collective agreement.

ENVIRONMENT AND CLIMATE:

Resource-efficient and sustainable care

The world is putting ever-higher demands on business to lead the transition to a sustainable society. Attendo is working actively to improve operational efficiency, conserve resources and make choices that reduce our climate impact.

We make smart and efficient choices for the environment
As a service company, Attendo's business has a relatively small environmental load compared to manufacturing companies of the same size. Attendo's environmental impact comes primarily from our buildings and vehicles. In addition, reduced use of disposable products and reduced food waste for example, can be both good for the environment and lead to more efficient operations for our contracting local authorities.

We strive for continuous improvement
Attendo bases its work on an environmental policy that guides us towards making green choices in the areas of purchasing, transport, energy and water consumption and waste management (including environmentally hazardous waste). The results include a travel policy in which rail is the preferred mode for trips of up to 500 km. Attendo has also switched to holding more virtual meetings by taking advantage of programs like Skype for Business and StarLeaf.

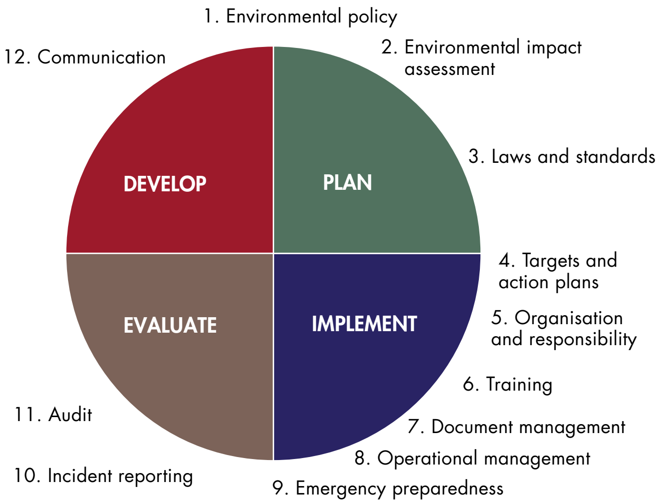
The company has an environmental management system according to the ISO 14001 standard to structure environmental efforts. The management system governs the initiatives we take, how they are carried out, the extent to which they are used and their results.

Improvements and new solutions are planned based on the conclusions. Of these, we select and implement measures and subsequently analyse the results. Thereafter, we go back to the drawing board and continue planning. In this way, Attendo's environmental work is developed and improved from one year to the next.

We make purchases that benefits the environment
Attendo coordinates all purchasing to achieve the greatest possible coordination advantages while ensuring environmental benefit. Suppliers that qualify to be included in Attendo's central purchasing system must be aware of and meet the requirements specified in Attendo's environmental policy.

Attendo's business areas also set their own environmental goals. Attendo Scandinavia worked towards three concrete goals in 2019: reduce fuel consumption in home care services by 3% per home care hour performed, offer at least one vegetarian meal per week and use only electricity from renewable sources in operations. Attendo Finland has been working actively for several years to reduce consumption of energy and water and reduce waste from operations. The effort has led to reductions of 4–6% in participating units.

ATTENDO'S ENVIRONMENTAL MANAGEMENT SYSTEM



Risks and risk management

All business requires companies to take risks in various forms and to various extent. Managing the risks associated with Attendo's operations is necessary in order for Attendo to pursue the strategy and achieve the company's goals.

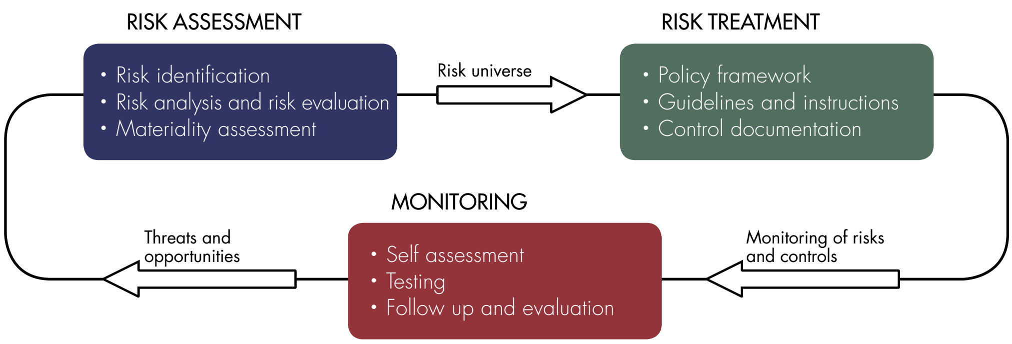
Risk management, defined as the work involved in identifying, managing, and monitoring risks, is an important part of Attendo's operations. Attendo takes a structured approach to managing risks, based on a framework that covers external risks, operational risks, and financial risks.

Risk management is well-integrated in Attendo's operations and the day-to-day measures required to manage risk are decided and monitored by the Business Area Directors, who are responsible for risk management within their areas of operation. Attendo has also established a group-wide function responsible for risk management, compliance and internal control, which supports the Business Area Directors and the various specialist functions within Attendo in their work with risks, processes, and controls. The purpose of the internal control function is to, based on a group wide risk assessment, take a structured approach in implementing various tools that, based on Attendo's strategic goals, creates good controls over critical processes. This work is based on a risk assessment performed together with Attendo's Executive Management and other key employees. The risk assessment evaluates the significance of the risk based on the impact it would have if triggered and the probability of such triggering event occurring.

Based on the risk assessment, the internal control function and relevant stakeholders establish common policies, guidelines, instructions and control documentation aimed to manage the risks. The risk assessment also has an impact on the company's business decisions and strategic plan. Furthermore, the continuous risk management processes include an annually recurring self-assessment , which ensures that the business tests the implemented controls' effectiveness and assess whether they should be modified or improved. The self-assessment is supported by testing and ongoing follow-up by the internal control function. In addition to the continuous processes, specific projects and initiatives to improve and strengthen Attendo's risk management and internal control are also carried out, based on the most critical needs according to the latest risk assessment. The annual plan for the overall work is prepared together with the Board's Audit Committee and the company's external auditors.

Risks and risk management 2019

2019 has been a very challenging year for Attendo, mainly related to the Finnish operations. Throughout the year, the company's work with risk assessment, management and follow-up has therefore been highly prioritized. Particular focus has been placed on risk areas that have been central during the year, i.e. the establishment rate (including market risk, political risk and occupancy risks) and higher staffing requirements (including regulatory risk and staffing and human capital risk). For further details on Attendo's work in relation to these and other risks, an overall summary of identified risk areas and how we work in managing these is presented below.



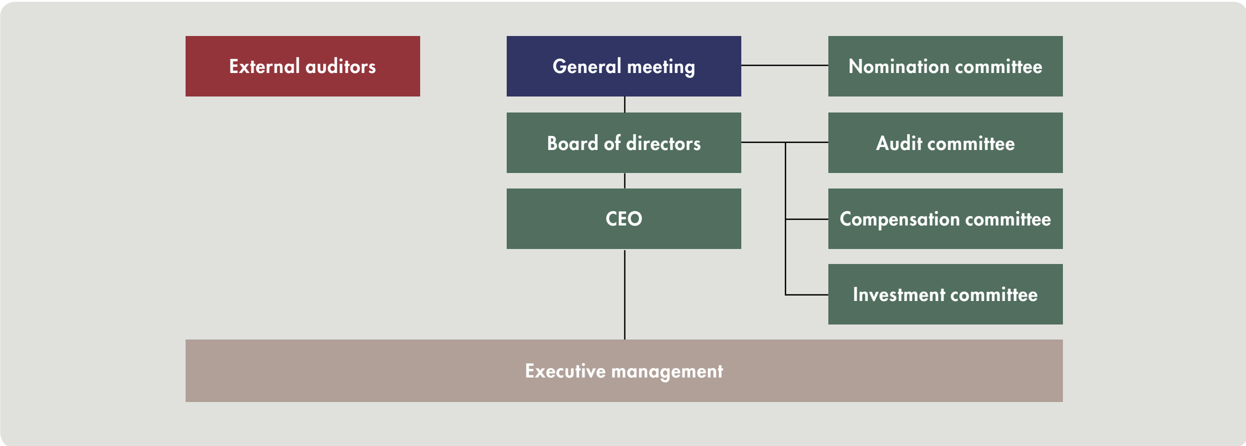
Risk	Description of risk	Risk Management
EXTERNAL RISK		
Market risks and political risk	The care and health care market is characterised by competition between public and private providers of varying size on a market affected by demographic development and access to public funds. The ability for private providers to conduct care business is dependent on political decisions on national and municipal level. In addition, political decisions that leads to regulatory changes or changes in political willingness to engage private providers may have a significant impact on Attendo's operations and financials.	Attendo has many years of experience of conducting care and health care services in the Nordic markets. For more than 30 years, Attendo has developed the business in a manner that has enhanced the company's competitive offering, which upholds high quality services for customers at a price that is attractive to the payor. Part of this work is Attendo's continuous efforts to create a service offering based on quality and innovative solutions improving customer experience and employee working conditions. Attendo carefully follows the political development in order to manage and prepare the operations for changed regulations or conditions. Attendo also collaborates in different industry bodies, for example Vårdföretagarna in Sweden and Hali in Finland, to influence the conditions in the industry for the better.
Reputational risk	Reputational risk is the risk that Attendo's reputation among customers and their relatives or the general public is damaged due to negative media attention. Operations conducted by private care and health care providers are often heavily monitored by the media, whose coverage from time to time is extensive. Negative publicity concerning Attendo, one of our competitors, or the industry as a whole may have negative impact on Attendo's reputation and thus reduce the ability to receive or renew customer contracts, attract employees or lead to increased surveillance costs.	Attendo takes a structured approach to offer superior care with high quality, characterised by transparency, both internally and towards the media. The company also strives to offer employees an attractive and stimulating workplace. Attendo's efforts to spread and anchor the vision and values throughout the organisation are important to create a positive culture that encourages providing good care to customers and patients. These are important tools for reducing the risk of negative publicity.
Regulatory risk	The formal starting point for high quality and safety in Attendo's operations is based on applicable external and internal regulations and requirements in permits and customer agreements. If Attendo does not comply with requirements or if new rules or requirements are introduced or if the application/interpretation of these are changed, this could lead to changes in the conditions for the operations, e.g. increased costs. Furthermore, severe non-compliance can give payors the right to cancel contracts or demand that an operation is shut down. The principles for quality control and regulatory enforcement from authorities and payors vary and the consequences for Attendo may therefore be hard to project.	The legislative process in the countries where Attendo operates is transparent, meaning that regulatory changes are normally announced well in advance of implementation and that Attendo can adapt its operations thereafter. In addition, Attendo carefully monitors changing requirements in terms of quality and safety. Ensuring regulatory compliance is an area of high importance in which Attendo spends substantial effort and resources. Attendo has a well-defined system of policies, procedures, guidelines, and documentation implemented in the day-today operations. On Group level, Attendo takes a structured approach to participation and collaboration in various discussion forums relevant for the regulations that apply to Attendo's business, including that Attendo participates as a consultation body or with its expertise to support the to regulatory development within the area.
OPERATIONAL RISK		
Occupancy and lease agreement risk	Attendo is exposed to financial risks associated with the occupancy levels in the units. This is primarily a result of Attendo's operations under own management being conducted in facilities owned by external facility owners, which Attendo enters into lease agreements with. If Attendo does not obtain a customer contract for a planned unit, but has a signed lease agreement for the facility, significant costs arise wich are not matched against any revenues. Since the lease agreements normally have longer maturities than the customer contracts, the company has to estimate future supply and demand already when lease agreements are entered into without having binding customer contracts for the entire lease period. If Attendo operates more units than needed with respect to demand, and cannot modify the operations to other use in non-occupied units, this may have a significant negative impact on Attendo's business, financial result or financial position.	Conducting care in own care units is part of Attendo's core business. Managing these risks is hence a highly prioritized area, and managed throughout the process for new units – from project phase to construction and completion. A thorough analysis of the supply and demand on the applicable market is done during the initial project phase. Throughout the years, Attendo has developed models and processes to minimize the risk that long-term lease agreements are entered into in areas where the demand for Attendo's services is to be considered unfavourable.
Staffing and human capital risk	Access to competent employees is critical to the company's business. Attendo's operations are highly labour intensive and the company has around 25,000 employees in several occupational categories, including nurses, assistant nurses, and social workers. The decentralized organization within the company also means that local and regional managers have extensive responsibilities and mandates and are central in carrying out Attendo's strategy and goals. It is thus very important that Attendo can employ and retain qualified executives, managers, nurses, and other care and health care personnel.	Attendo continually develops and strengthens its models for attracting, developing, and retaining skilled and dedicated employees. This includes for instance to have well balanced HR functions to support the operations, to continuously evaluate the regional and local organization and to work actively with Attendo's vision and values. Recruitment of key employees is critical for Attendo and the company is highly experienced in recruiting employees in areas where there currently is a shortage. Examples of this are projects aimed at recruiting nurses in both Finland and Sweden. Attendo is taking various actions to retain key employees through incentive programmes as well as opportunities for competence development and job rotation.

Risk	Description of risk	Risk Management
Pricing risk	Attendo's pricing is based on a number of assumptions regarding future conditions. In addition, Attendo's contracts with payors span over several years and Attendo receives payment based on occupancy. Since the payor contracts usually do not include guaranteed service volumes it means that Attendo is dependent on making accurate forecasts of future supply and demand in its pricing models. As wages are Attendo's largest cost, significant wage increases or changed staffing requirement imply a financial risk for the company.	Attendo's pricing is based on careful models and processes developed throughout the years. The risk of loss in profitability due to increased wages is minimised for most payor contracts by connecting prices to a labour market index. Attendo strive to proactively follow and renegotiate prices, e.g. as a result of increased staffing requirements.
Permit risk	A significant proportion of Attendo's operations require permits and many of its operations require dedicated permits. Permits can only be obtained when operations satisfy stipulated quality and safety requirements and other demands. These requirements, as well as conditions and processes relating to obtaining permits may change, which may have an ffect on Attendo's operations. By example, long permit processing times may lead to delayed start of new operations, changes in the direction of operations or change of local manager. Since operations cannot be conducted or changed without permit, such lead times may result in occupancy challenges and loss in revenues.	Attendo has long experience running care and health care operations and is well-equipped to meet regulatory requirements. When a new unit is planned, the risk that a permit cannot be obtained within a reasonable time frame is always taken into account and is thus included in the estimated start-up costs.
Acquisition risk	Acquisition risk entails that Attendo may not identify suitable acquisition targets, that the company will not successfully negotiate acceptable terms, or be able to finance the acquisitions, or that overly optimistic assumptions support acquisitions that otherwise would not have been made. Acquisitions also entails the risk that Attendo will be exposed to unknown obligations in the acquired company or that the costs of acquisition will be higher than expected. In addition, acquisitions of less profitable businesses may have negative impact on Attendo's margins and there is a risk that it might not be possible to integrate the acquired operations as planned, thus incurring higher costs.	Over the years, Attendo has established and implemented a structured and systematic acquisition process that requires analysis, documentation and sufficient approval prior to each specific acquisition. In addition, Attendo establishes a detailed integration plan in connection with the acquisition decision.
FINANCIAL RISK		
Liquidity and financing risk	Liquidity risk is defined as the risk that Attendo will be unable to meet its payment obligations. Attendo manages liquidity risk by maintaining a liquidity reserve (cash, bank balances, and the unutilised portion of existing credit lines). Financing risk is defined as the risk that financing of outstanding loans becomes impossible or more costly.	Attendo's central treasury department seeks to maintain agreements on available lines of credit and conducts ongoing aggregate cash flow forecasts and rolling forecasts to ensure adequate liquidity for operations. As of year-end 2019, Attendo has two financial covenants (net debt/EBITDA and interest coverage ratio) linked to the group's loan facilities. The central treasury department analyses compliance with the financial covenants on an ongoing basis.
Exchange rate risk	Attendo's business is multinational and thus entails various currency exposures, primarily against the euro (EUR), but also the Norwegian krona (NOK) and Danish krona (DKK). Exchange rate risk is divided into transaction risk and translation risk. Transaction risk is insignificant since purchasing and billing are mainly transacted in local currency. The group's result is affected by the translation of the income statements of foreign subsidiaries at the average rate for the financial year. If the local currency of a foreign subsidiary fluctuates against SEK, recognised net sales and profit for the group will be affected when converted to SEK. Exchange rate risk also arises through translation of recognised assets and liabilities in foreign operations.	Attendo's EUR/SEK exchange rate exposure is managed by financing being partially financed through borrowing in EUR. As exchange rate exposure in NOK and DKK is not significant, currency hedging is not applied for these translation risks. As transaction risk is insignificant, no specific measures is taken to manage this risk.

Risk	Description of risk	Risk Management
Interest rate risk	The group's interest rate risk primarily relates to Attendo's long-term borrowing and bank balances with Nordic merchant banks. At the end of the reporting period, 100 percent of the group's borrowings were variable rate loans and Attendo is thus exposed to interest rate changes.	Attendo's interest rate risk is managed by the central treasury department, which continuously analyses the group's exposure to interest rate changes by means of ongoing sensitivity analyses. In order to reduce the risk associated with variable-rate borrowing, the group enters into swap agreements from time to time on a proportion of future interest payments. However, no interest rate hedging was implemented during 2019. Given Attendo's current financing structure, if interest rates had been higher by one percentage point in 2019, with all other variables constant, profit after tax would have decreased by approximately SEK 22m.
Credit risk	Credit risk is the risk that outstanding trade receivables and non-invoiced services delivered to Attendo's payors will not be paid	Attendo's payors are mainly local authorities, which are assessed to have very high credit ratings. The risk of bed debt losses within the group is therefore assessed as limited.
Counterparty risk	Counterparty risk is defined as risk exposure in the form of investments of surplus liquidity and derivative contracts with banks and financial institutions.	Attendo has implemented a finance policy that specifies the securities in which the company is permitted to invest any surplus liquidity. For example, cash and cash equivalents are invested exclusively in government bonds or with banks with a high official credit rating. Derivative contracts are made only with banks with a minimum credit rating of A1/P1 and with which Attendo has a long-term relationship, which is deemed to mitigate the risk
SUSTAINABILITY RISK		
Social conditions and human rights	Risks include lost contracts, legal sanctions and/or that the Attendo brand is scrutinised or damaged if Attendo fails to provide social care without discrimination based on factors including religion, gender and sexual orientation and to provide social care that ensures human dignity and meets people's needs, regardless of the situation.	Attendo complies with applicable collective agreements and pursues active values initiatives through local managers and/or local values coaches in all workplaces, with regular discussions of values among managers and employees. The Attendo Code of Conduct imposes clear demands on employees, partners and suppliers in relation to social conditions and respect for human rights.
Employees	Access to competent employees is critical to Attendo's business. The competence, commitment and care of Attendo employees are critical to ensuring that our customers and their families and public purchasers are satisfied with our efforts. If Attendo's employees are unhappy or are no longer committed, there is risk they will resign or go out on sick leave. If the employer brand is damaged, there is also risk that it will be more difficult for Attendo to attract new employees. Attendo also shares the general risk within the sector that there is lack of competences that are necessary to conduct the care related work Attendo has committed to.	Attendo regularly measures employee job satisfaction, monitors local sickness absence rates and employee turnover and, as needed, assists local managers with action plans. Employees are offered opportunities to build their skills by means including web-based training. Further training to obtain managerial or specialist skills is encouraged. Central functions support local recruitment, with specialists teams oriented towards occupations where there are shortages of qualified prospective employees, such as nurses, where projects are conducted to recruit nurses from other countries. Work environment management is pursued systematically to ensure a safe and secure work environment. Analyses and actions are regularly discussed at workplace meetings. In addition to regional monitoring, random checks are carried out in which the work environment is audited and managers and employees are interviewed. Action plans are prepared as necessary.
Anti-corruption	There are risks associated with tenders from procuring municipality as well as procurement of suppliers, in connection with new construction and strategic purchases, for example. Potential effects include legal ramifications and negative impact on the brand.	The Attendo Code of Conduct contains clear guidelines for how employees, partners and suppliers are permitted to act in procurement situations and in relation to ongoing contracts. Attendo does not accept gifts to/from customers, customers or suppliers. Departures from the Code may lead to warnings and/or contract termination.
Environment	Environmental risks are primarily related to the buildings in which Attendo operates and the company's vehicle fleet. According to the Swedish Environmental Regulation, operators are responsible for any pollution or other environmental damage and for remediation. There are also risks related to climate change, such as higher risk of floods, collapses, landslides, erosion and heat waves, where the health of customers and employees may be affected.	Attendo is working to establish higher concern for the environment in all operations. Efforts are ongoing in accordance with the company's environmental policy, which dictates how operations must be run with care and concern for the environment and how employees, partners and suppliers are expected to act. All leaders are responsible for ensuring that operations comply with the environmental laws that apply and take environmental aspects into consideration with regard to products and services, transport, energy and water use and waste management.

Corporate Governance Report

Attendo AB (publ) is a Swedish public limited company (corporate identity number 559026-7885). The company's shares are traded on the Nasdaq Stockholm Large Cap list. Attendo's registered office is in Danderyd. The address of the head office is Vendevägen 85, 182 91, Danderyd.



Good corporate governance is important for supporting Attendo's vision, to reach the strategic goals and to strengthen the corporate culture.

Corporate governance at Attendo is based on external regulations such as the Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rulebook for Issuers, and the Swedish Code of Corporate Governance (the Code), as well as other applicable Swedish and foreign laws and regulations. As a complement to the external regulations, the Board of Directors of Attendo has adopted rules of procedures that govern the work of the Board and its committees, as well as instructions for the CEO and the operations. This Corporate Governance reporthas been prepared in accordance with the Annual Accounts Act and the Code and aims to describe the corporate governance in Attendo during the year 2019.

Deviations from the Code

During the years 2015–2019, Attendo had a long-term incentive program under which Executive management had the ability to exercise warrants to acquire shares during a period of two to four years. Attendo has accordingly reported a deviation from point 9.7 of the Code, with the explanation that it has been deemed that several exercise periods better align with Attendo's strategy and goals and that a two-four year exercise period provides better incentive for management to continuously during a total of four years endeavour to create value for Attendo's shareholders. The warrants were issued in three separate series whereof the last one expired in December 2019.

Shares and shareholders

Attendo was listed on Nasdaq Stockholm on 30 November, 2015 and is traded on the Large Cap list. Attendo had 161,386,592 registered shares as of 31 December, 2019 and the shareholders include both institutional shareholders, Attendo's management and a large number of private investors. Each share represents one vote at the Annual General Meeting (AGM) and an equal right to a share in the company's assets and profits. The largest owners as per December 31 2019 are Nordstjernan AB (19 percent), Pertti Karjalainen (14 percent), Incentive AS (7 percent), Swedbank Robur Fonder (6 percent) and Carve Capital AB (4 percent). The ten largest shareholders hold about 65 percent of share capital and votes. In total, Attendo owns 496,136 own shares as per December 31 2019. During the year, the last exercise period in Attendo's warrants programme was completed without any exercise.

The 2019 AGM authorised the Board to issue new shares in Attendo corresponding to a maximum of 10 percent of the total number of shares. And to resolve on the repurchase of shares, either to assign to the participants in the Attendo+ share programme or to adapt the company's capital structure, or to finance company acquisitions. As of 31 December, 2019, this mandate has not been utilised. The 2020 AGM is proposed to authorize the Board with a corresponding mandate.

Nomination committee

Instructions for Attendo's Nomination Committee were adopted by the 2017 AGM and describe the composition of the Nomination Committee and how its work must proceed. According to these instructions, the Nomination Committee must consist of four members who are elected directly by the AGM. At the 2019 AGM the following members were elected (nominating shareholders within brackets): Tomas Billing (Nordstjernan AB), Anssi Soila (Pertti Karjalainen), Marianne Nilsson (Swedbank Robur Fonder) and Adam Gerge (Didner&Gerge Fonder). Chair of the Board, Ulf Lundahl, shall be a co-opted member of the Nomination Committee.

The Nomination Committee has judged that there are no conflicts of interest that affect the members' involvement in Attendo's nomination committee and that the composition of the committee is consistent with the rules set out in the Code. The main duties of the Nomination Committee are to nominate candidates to the position of Chair of the Board and other Board members and to propose fees and other remuneration to individual Board members. The Nomination Committee applies Rule 4.1 of the Code regarding the Diversity Policy of the Company's Board of Directors. The Nomination Committee also takes into account the need to ensure that the independent requirements are met.

The Nomination Committee's complete proposal to the 2020 AGM, including updated instructions for the Nomination Committee, are included in the notice of the meeting and available been posted on Attendo's website.

General meeting

The general meeting, which is the group's highest decision-making body, is the forum in which shareholders exercise their influence.

The general meeting may resolve on all matters related to the company that do not fall within the exclusive area of responsibility of another company body. All shareholders that are recorded in the share register and that have notified the company, prior to the deadline, of their intention to attend are entitled to participate at the general meeting and vote for their total holdings of shares. Shareholders unable to personally attend are entitled to appoint proxies if they notify the company in time prior to the general meeting. Individual shareholders who wish to have a matter considered at a general meeting must, well in advance of the meeting, notify the Board of Directors of Attendo through the address stated on Attendo's website.

Documentation from general meetings including minutes from the meetings are available on Attendo's website, www.attendo.com.

AGM 2019

The AGM 2019 was held on 11 April, 2019, at Restaurant Bra Mat in Danderyd, Sweden.

AGM 2020

The AGM 2020 will be held on 15 April, 2020, at Restaurant Bra Mat in Danderyd, Sweden. Please refer to page 92 for further information.

Board of directors

The Board of Directors, which is the highest governing body after the general meeting, bears ultimate responsibility for Attendo's organisation and management as well as control of the company's financial conditions. The duties of the Board include appointing, evaluating and, if necessary, dismissing the CEO and ensuring that systems exist for monitoring and controlling operations, taking into consideration the risks to which Attendo is exposed. The work of the Board is governed by the Companies Act, the Articles of Association, the Code and the rules of procedures for the Board, among else. According to Attendo's Articles of Association, the Board must have a minimum of three and a maximum of ten Board members. In addition to Board members elected by general meetings, trade unions my appoint employee representatives to the Board.

Since the AGM 2019, the Board has consisted of six Board members elected by the AGM. The trade union Kommunal has elected two employee representatives and one alternate member. At Attendo's Board meetings the CEO and CFO participates, as well as the general counsel who is Board secretary. Other member of group management and other employees are participating if necessary. For a presentation of the Board please refer to pages 32–33.

Rules of procedure for the Board

The Board follows written rules of procedure which are reviewed yearly and adopted by the Board meeting following election each year. The rules of procedure regulate matters including Board practice, functions and the segregation of duties between Board and the CEO, and between the Board and the Board committees. At the statutory Board meeting following the AGM, the Board also approves instructions for the CEO, which include instructions of financial reporting. The Board of Directors meet according to a plan set each year. In addition to regular Board meetings, further meetings may be convened to resolve on matters that cannot be referred to a scheduled meeting. In addition to the Board meetings, the Chair and CEO have a continuous dialogue regarding the operations of the company.

The work of the Board of directors in 2019

The Board held 13 meetings during 2019, including the constituent meeting. The attendance among Board members is presented below. Since June 2019, Attendo's General Counsel is Board secretary. Board members obtain the agenda and documentation related to each item on the agenda in advance of the meeting. The agenda includes a recurring item for Board own time without management present.

The Board deals with matters related to the company's progress in the areas of quality and business development, finance and budget, risk management, compliance, internal control, payors and strategy, and managers and employees. The Board of Directors considers and decides on financial reports, and follows the financial development and value creation and action plans. During 2019, the Board has dealt with the challenging situation in Finland, with focus on actions to turn around the negative financial development, improve quality, strengthen internal control as well as external communication. The Board has also focused on business development, long term profitability and growth and to ensure the new long term financing agreement that was finalized during the end of the year.The Board has also met with the company's auditors without the presence of management (in addition to the auditor regularly attending the audit committee meetings).

Chair of the Board

The Chair of the Board is responsible for presiding over Board meetings, allocating duties, organising the work of the Board and ensuring that decisions are executed. The Chair continuously monitors operations through regular contact with the CEO and is responsible for ensuring that all Board members receive the information and documentation they require.

Evaluation of Board and CEO

The Board of Directors conducts an annual Board evaluation in which all Board members evaluate the work of the Board during the year. The Board evaluation includes areas such as Board composition, reporting, governance, and working methods as well as what items should be focused on. The Board evaluates the CEO's work continuously by following the businesses development. A formal evaluation is performed annually.

Board committees

The Board had three committees during 2019: the Audit Committee, the Compensation Committee, and the Investment Committee. After each committee meeting, the Chair of each committee presents a report to the entire Board. All minutes recorded at committee meetings are distributed to the Board and the auditor. The

Board composition and meeting attendance in 2019

			Attendance			
Board member	Title	Independent of shareholders/ company	Board	Audit committee	Compensation Committee	Investment Committee
Ulf Lundahl	Chair and committee member	Yes/Yes	12/13	–	5/5	4/5
Catarina Fagerholm	Board and committee member	Yes/Yes	13/13	7/7	–	–
Alf Göransson	Board and committee member	Yes/Yes	12/13	5/5	3/3	–
Tobias Lönnevall	Board and committee member	No/Yes	13/13	7/7	5/5	5/5
Anssi Soila	Board and committee member	No/Yes	13/13	–	–	4/5
Anitra Steen	Board member	Yes/Yes	11/13	–	–	–
Arja Pohjamäki	Employee representative	–	9/13	–	–	–
Robin Filipsson [1]	Employee representative	–	3/6	–	–	–
Faya Lahdou [1]	Employee representative, alternate	–	4/6	–	–	–

[1] Elected by the Swedish Municipal Workers' Union (Kommunal) in September 2019.

following presentation of the members of the committee refers to the composition after the Annual General Meeting 2019.

Audit committee

The Audit Committee consists of three members who are independent of the company and its management: Catarina Fagerholm (Chair),Tobias Lönnevall and Alf Göransson.

The CEO, CFO, General Counsel, and the Communications and IR Director attend meetings of the Audit Committee. The company's auditors regularly attend. The Audit Committee prepares matters related to Attendo's risk management and internal control, as well as accounting, financial reporting and auditing. The Audit Committee held 7 meetings during 2019.

Compensation committee

The Compensation Committee consists of three members who are independent of the company and its management: Tobias Lönnevall (Chair), Ulf Lundahl and Alf Göransson. The CEO, CFO and General Counsel also attends meetings of the Compensation Committee, apart from when decisions are taken that directly affect own remuneration. The Compensation Committee prepares matters relating to terms of employment and remuneration to Attendo's Executive Management. The Compensation Committee held 5 meetings during 2019.

Investment committee

The Investment Committee has three members: Tobias Lönnevall (Chair), Ulf Lundahl and Anssi Soila. The CEO and CFO also attend meetings of the Investment Committee. The Investment Committee prepares and decides on matters relating to investments and acquisitions. The Investment Committee held 5 meetings during 2019. The committee was abolished during the later part of the year.

Auditor

The 2019 AGM elected PricewaterhouseCoopers AB (PwC) as Attendo's auditor for a term of one year, with Patrik Adolfson as lead auditor.

Board of Directors and auditors

Ulf Lundahl

Chair of the Board, Member of the Compensation Committee and Investment Committee

Born 1952. B.L. and MSc in Business and Administration from Lund University

Elected: 2014

Position and Board Directorships: Chair of the Board of Fidelio Capital AB, Handelsbanken regionbank Stockholm, and Board Member of Eltel AB, Holmen AB, Indutrade AB and Nordstjernan Kredit AB.

Previous positions: Vice President and Deputy CEO LE Lundbergföretagen AB, CEO Danske Securities, CEO Östgöta Enskilda Bank/Danske Bank Sweden.

Attendo holdings: 20,000 shares.

Catarina Fagerholm

Board Member, Chair of the Audit Committee

Born 1963. MSc from Hanken School of Economics Helsinki.

Elected: 2016

Positions and Board Directorships: Board Member of Restel Oy and CapMan Oyj.

Previous positions: CEO of Instru Optiikka Oy, CEO of BSH Kodinkoneet Oy and Management Team Member of BSH Hausgeräte Northern Europe, managerial positions in Electrolux/AEG including Country Director AEG Household Appliances, Finland and Russia, and several positions within Amer Group Ltd.

Attendo holdings: 10,000 shares.

Alf Göransson

Board Member, Member of Audit Committee and Compensation Committee

Born 1957. International BSc in Economics and Business Administration from University of Gothenburg.

Elected: 2018

Positions and Board Directorships: Chair of the Board of Loomis AB and Axfast AB and Board Member of Hexpol AB, Sweco AB, Melker Schörling AB, NCC AB and Sandberg Development Group.

Previous positions: CEO and president of Securitas AB, CEO and president of NCC AB, CEO and president of Svedala Industri AB.

Attendo holdings: -

Tobias Lönnevall

Board Member, Chair of the Compensation Committee and the Investment Committee, Member of the Audit Committee

Born 1980. MSc from Stockholm School of Economics

Elected: 2016

Positions and Board Directorships: Senior Investment Manager at Nordstjernan.

Previous positions: Chair of the Board of Ramirent Group and KMT Precision Grinding. Acting CEO of NH Logistics 2010, Finance Manager at Landic Property and Management Consultant at Accenture.

Attendo holdings: 6,000 shares.

Anssi Soila

Board Member, Board Member of the Investment Committee

Born 1949. MSc from Helsinki University of Technology and MSc from Hanken School of Economics

Helsinki. Elected: 2007

Positions and Board Directorships: Advisor IK Investment Partners, Chair of the Board of Orox Oy and Sopix Oy and Board Member of Ankkalampi Oy, Finlands Trafikkmedicinska Förening and Stödstiftelsen för Finlands Flygförbund.

Previous positions: Chair of the Board of Kemira Abp and Sponda Abp. CEO Kone Corporation Oy, and other leading positions within Kone Corporation Oy.

Attendo holdings: 1,255,455 shares.

Anitra Steen

Board Member

Born 1949. BSc in Behavioral and Social Sciences from Uppsala University

Elected: 2016

Positions and Board Directorships: Chair of the Board of AFA Försäkring, Akademiska hus AB and Teracom Group, and Board Member of Oral Care Holding SWE and Baven AB.

Previous positions: Chair of the Board in Svenska Spel AB, Telje Inköp AB and Iris Sverige AB. Board Member of PostNord AB, Stockholms Sjukhem and Lantmännen Ekonomisk Förening among others. CEO of Systembolaget AB, Director General of Skatteverket (the Swedish Tax Authority) , Undersecretary at Finansdepartementet (the Ministry of Finance) , Director General of Verket för högskoleservice (the Authority for Higher Education Services) and various additional positions within the Swedish public sector.

Attendo holdings: 10,900 shares.

Arja Pohjamäki

Union Representative from the Swedish Municipal Workers' Union (Kommunal)

Born 1958.

Elected: 2007

Attendo holdings: 67 shares.

Robin Filipsson

Union Representative from the Swedish Municipal Workers' Union (Kommunal)

Born 1989.

Elected: 2019

Attendo holdings: -

Faya Lahdou

Deputy Union Representative from the Swedish Municipal Workers' Union (Kommunal)

Born 1983.

Elected: 2019

Attendo holdings: -

Auditors

PricewaterhouseCoopers AB

Patrik Adolfson

Auditor in Charge

Born 1973. Authorised Public Accountant and member of Far, The Institute for the Accountancy Profession in Sweden.

Auditor in charge for Attendo AB since 2015.

Other audit assignments: AcadeMedia AB (publ), Bonava AB (publ), Nordstjernan AB, Pandox AB (publ), Securitas AB (publ) och SHH Bostad AB (publ).

Attendo holdings: –

Executive management

Martin Tivéus

CEO and President

Born, 1970. BSc, Stockholm University

Employed: 2018

Positions and Board Directorships: Board Member of Telia Company.

Member of Executive Management: 2018

Previous positions: CEO and president at Avanza, Chief Commercial Officer Nordics at Klarna and CEO at Evidensia and Glocalnet.

Attendo holdings: 45,695 shares, 1,083,892 call options.

Virpi Holmqvist

Managing Director, Attendo Finland

Born 1970. MSc in Economics and Business Administration, Hanken School of Economics

Employed: 2019

Member of Executive Management: 2019

Previous positions: CEO Touhola Group, SVP Primary and Social Care and CFO at Pihlajalinna. Virpi worked at Attendo between the years 2008-2015.

Attendo holdings: 123,287 call options.

Ammy Wehlin

Managing Director, Attendo Scandinavia

Born 1962. BSc in Social Work and Welfare from Malmö University

Employed: 2000

Member of Executive Management: 2003

Previous positions: Regional Director Attendo 2000–2003, Assessor Director Malmö Municipality, 1998–2000.

Attendo holdings: 1,535,440 shares.

Andreas Koch

Communications and IR Director

Born 1977. MSc from Stockholm School of Economics

Employed: 2016

Member of Executive Management: 2016

Previous positions: Head of Investor Relations at SSAB 2013–2016. Head of Communications at Carnegie 2007–2013. Head of Investor Relations at SCA 2005–2007, Business Analyst at SCA 2002–2005.

Attendo holdings: 24,402 shares, 68,493 call options.

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Fredrik Lagercrantz

Chief Financial Officer

Born 1977. MSc from Stockholm School of Economics

Employed: 2018

Member of Executive Management: 2018

Previous positions: Senior Vice President Business Control Swedish Match 2013-2017, Vice President Group Business Control Swedish Match 2009–2013, Management consultant McKinsey & Co 2004–2009.

Attendo holdings: 10,000 shares, 240,934 call options.

Eric Wåhlgren

Business Development Director

Born 1979. Civil Engineer from Linköping University

Employed: 2020

Member of Executive Management: 2020

Previous positions: Vice President & Head of Group Strategy at Elekta 2017–2020, Management Consultant The Boston Consulting Group 2005–2017.

Attendo holdings: -

During the year, the following members have been a part of the Executive Management:

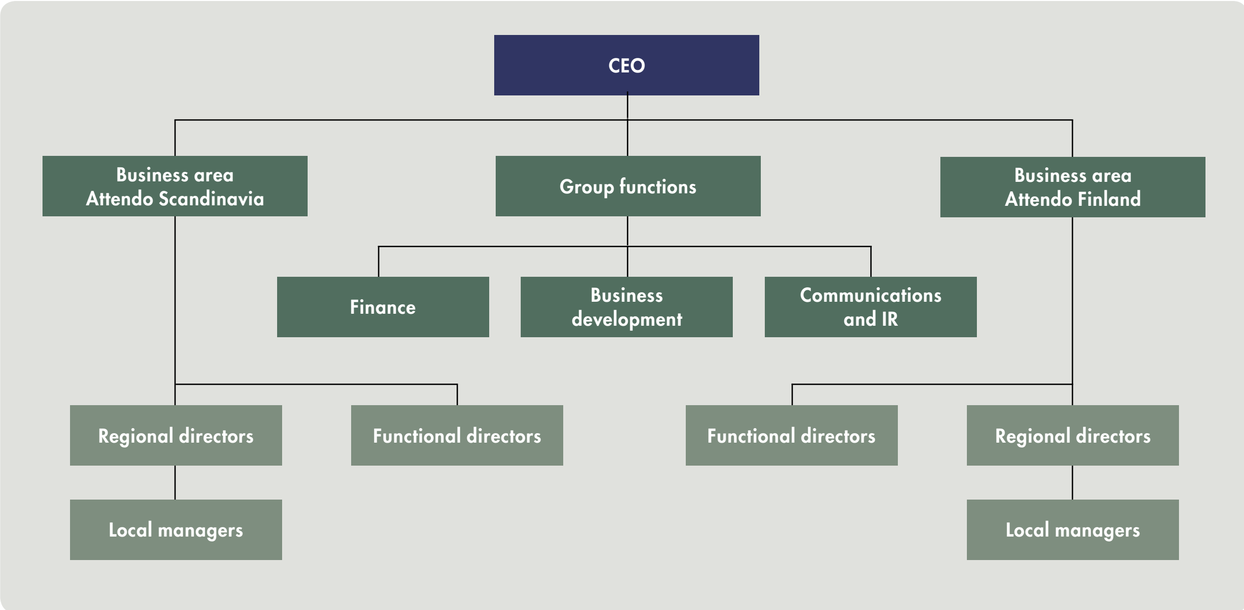
Pertti Karjalainen
Member of Executive Management: 2007–2020

Previous Business Area Director Pertti transitioned to a role as Director of Sales and Public Affairs in November 2019. Pertti left the Executive Management in February 2020.

Johan Spångö
Member of Executive Management: 2016–2020

Previous Business Development Director Johan left Attendo and the Executive Management in March 2020 to take on new challenges.

CEO and Executive Management



Attendo's organisation is founded on a common vision and strong values, but with decentralised responsibility for retaining an entrepreneurial spirit and local anchoring. The CEO has general responsibility for day-to-day management of the company's affairs in accordance with Board directives. Since 2018 operations are divided into two Business Areas, each of which is managed by a Business Area Director. The division of responsibility is based on geographical regions. Both Business Area Directors report to the CEO. In addition, there are three group functions: Finance, Business Development, and Communication and Investor Relations, which all report directly to the CEO. Executive Management meets regularly and deals with matters including the company's financial performance and position, strategy and business plans, group quality improvement work, human resources, and organisational matters.

Business areas

The Business Area Directors are responsible for monitoring operations and financial performance in their Business Areas. These are reported monthly to the CEO and the group functions (see also "Internal control over financial Reporting" on page 37). The nature of services, payors, processes, and procedures for delivering services is similar across the group. Operations are divided into Business area primarily to create local ownership of Attendo businesses. During 2019, Virpi Holmqvist was appointed as Business Area Director in Attendo Finland. Prior Business Area Director Pertti Karjalainen transitioned to a new role as Director of Sales and Public Affairs in Attendo Finland. At present, Attendo operates more than 700 units in the Nordics. The units are backed up by a number of support functions including Marketing, Real-Estate Development and HR.

Group functions

The group functions are responsible for all group-wide matters within Attendo, such as issuing policies, procedures, and processes. The group functions are also responsible for supporting the CEO and Executive Management with expertise in their respective fields. These include business development, accounting, controlling and reporting, risk management, internal control, finance, insurance, legal matters, external communications and investor relations.

Internal control over financial reporting

Internal control over financial reporting is intended to provide reasonable assurance of the accuracy of financial reporting, and to ensure that external financial reporting complies with applicable laws and accounting standards. The Board of Directors is ultimately responsible for internal control and continuously evaluates risk management and internal control at Attendo via the Audit Committee. Please refer to pages 24–27 for further information about risks and risk management. Internal control at Attendo is based on principles drafted by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Areas of responsibility

Attendo has a function responsible for risk management and internal control, which supports the Business Areas in their internal control work. The function works continuously to develop and improve internal control over financial reporting by means of preventative measures and annual reviews, which are reported continuously to the Audit Committee. The function works according to an annual plan approved by the Audit Committee. Based on the work of the internal control function together with the external audit, Attendo assesses that its financial reporting has achieved sufficient accuracy without the need for an independent internal audit function. The Board of Directors regularly evaluates the need for an internal audit function.

Control environment

Attendo's vision and values are the foundation of the company culture and control environment. The Board of Directors has overall responsibility for group internal control. This is executed through written instructions and working plans, which define the Board's responsibilities and the allocation of duties among Board members, Board committees and the CEO. Internal control is based on group policies, procedures, and instructions, which are communicated within the group, along with the implemented structure of responsibility and authority.

The Audit Committee has a particular duty to represent the Board of Directors in matters concerning the consolidated accounts, taxation, risk management, internal control, external reporting, and auditing. The Audit Committee is also to regularly review and monitor the independence and impartiality of the auditor and support the AGM in connection with appointment of auditors. Responsibility for maintaining good internal control has been delegated to the CEO.

Risk assessment

Attendo's risk management process is monitored by the Audit Committee and implemented by the internal control function. Risk assessment proceeds from the degree of risk; that is, the impact on financial reporting and the likelihood that misstatements will occur. The control measures Attendo has implemented to manage the risk are also considered. The risk assessment is updated annually and the results are reported to the Audit Committee. For further information about Attendo's risks and risk management process, please refer to pages 24–27.

Control activities

The Business Area Directors and their organisations are responsible for internal control in their Business Areas. Attendo has based its control environment on the risks identified during the risk assessment process. The internal control function has devised a number of common controls for critical processes to ensure a consistent control environment. The Business Areas are responsible for ensuring that these controls are implemented. Attendo has several activities for following up financial reporting and ensuring that any misstatements are discovered and corrected, as described below.

Information and communications

Attendo's framework and policies are made available to all employees via the intranet and other appropriate communication channels. Other information, such as guidelines and instructions concerning financial reporting, is contained in the Attendo Finance Manual and Accounting Manual, which are communicated to the employees concerned.

Attendo's Group Accounting Department is responsible for legal accounting and for implementing and communicating group-wide accounting policies. Communication with the Audit Committee occurs through the internal control function and the CFO. At the beginning of the year, a plan for internal control is presented. The internal control function reports status to the Audit Committee throughout the year through written reports and presentations.

Monitoring

The group's internal control function reviews compliance with group control activities based on the internal control plan approved by the Audit Committee each year. Attendo works in several ways to ensure that internal control meets group standards, such as self-assessment, internal reviews, and with the assistance of the company's external auditors.

Internal control in 2019

2019 was a challenging year for Attendo, mainly related to the Finnish operations. During the year, the work around risk assessment and monitoring, including internal control, has been highly prioritized. The work has focused on risks which were central during the year (see also page 24), including the control environment and activities related to occupancy (such as tendering and price adjustments) and external reporting, mainly with regard to IFRS 16.

Danderyd, 11 March 2020
Attendo AB (publ)

Board of Directors

Auditor's Report on the Corporate Governance Report

To the annual meeting of the shareholders of Attendo AB (publ), corporate identity number 559026-7885

It is the Board of Directors who is responsible for the Corporate Governance Report for the year 2019 on pages 28–37 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with international standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm 16 March 2020
PricewaterhouseCoopers AB

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Contents financial reports

Board of directors' report

The Board of Directors and the Chief Executive Officer of Attendo AB (publ), corporate ID no. 559026-7885, with its registered office in Danderyd, Sweden, hereby present the annual accounts and consolidated accounts for the financial year 2019.

All figures are reported according to the new IFRS 16 reporting standard unless otherwise specified and previously reported figures have been restated according to the new standard. Attendo streamlined the business in 2018 by divesting the Finnish health care operations and merging two business areas in Scandinavia into one. As a result,Attendo applies segment reporting as of 2019 based on two business areas: Attendo Scandinavia and Attendo Finland.

Operations

Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland, Norway and Denmark. Attendo is the largest private provider of care for older people in Sweden and Finland. Attendo is a locally based company and has more than 700 units in operation and about 25,000 employees. With the vision of empowering the individual, Attendo provides services within care for older people, care for people with disabilities and care for individuals and families.

Attendo conducts business through two business areas, Attendo Scandinavia and Attendo Finland.

Attendo provides care and health care under two contract models:

*Own operations,*where Attendo provides services in units/premises controlled by the company or provides home care in customer choice models. Attendo has own units within care for older people, people with disabilities, social psychiatry and care for individuals and families.

Outsourcing operations, where Attendo provides services in publicly controlled units/premises or provides home care services based on outsourcing contracts. Attendo has outsourced units for care for older people, people with disabilities, individuals and families.

Municipalities are usually Attendo's contracting authorities, but contract types and duration of contracts vary depending on the contract model and service offering. Own operations are normally based on framework agreements and outsourcing operations are based on outsourcing contracts, following a tender process. The contract term is typically two to five years.

Financial overview

Net sales and operating profit

Net sales increased by 8.6 percent to SEK 11,935m (10,987) during the year. Adjusted for currency effects, net sales increased by 6.9 percent. Acquired growth accounted for 4.8 percent and organic growth for 2.1 percent. Homes in own operations demonstrated sustained strong growth, driven primarily by homes opened in Finland in 2019 and 2018. Growth was negatively affected by discontinued units, primarily in outsourcing, but also in home care and individual and family care. Attendo has also discontinued a number of units in own operations, with most residents having been moved to modern Attendo homes.

Operating profit (EBITA) amounted to SEK 812m (1,008). Operating profit adjusted for currency effects was SEK 809m. The financial year was affected by a capital gain of SEK 31m, while non-recurring costs of SEK 133m in the Attendo Scandinavia business area had negative effect on the profit in the comparison year. Adjusted for these effects of a non-recurring nature, operating profit (EBITA) amounted to SEK 781m (1,141), corresponding to an operating margin of 6.5 percent (10.4). Excluding these items, profit decreased in both business areas.

Adjusted EBITA (EBITA according to the earlier accounting standard) was SEK 441m (711). As mentioned above, profit during the financial year was affected by a capital gain of SEK 31m, while non-recurring items of SEK 133m in the Attendo Scandinavia business area had a negative impact on the profit in the comparison year.

A debate broke out in Finland in the spring of 2019 concerning quality and staffing in care for older people. This led to stricter staffing requirements, which, combined with a high rate of establishment and a weakening occupancy rate, squeezed profitability in the Finnish operations. Attendo launched a programme during the year aimed at meeting the stricter requirements and strengthening quality, employee commitment and customer satisfaction in Finland.

Operating profit was negatively affected by sharply increased costs in the Attendo Finland business area arising from stricter staffing requirements, new homes in own operations started in 2019 and 2018 where initial occupancy is low, and the loss of profits from discontinued units, primarily in outsourcing in Attendo Scandinavia. Operating profit was positively affected by higher occupancy in homes in own operations that opened in 2017 as well as improved profits in home care in Attendo Scandinavia, mainly attributable to acquisitions.

Attendo opened 57 homes in 2019 with 1,950 beds and began construction of 34 homes with 1,392 beds. Attendo won new contracts during the year with estimated annual revenues of approximately SEK 56m and lost contracts with annual revenues of approximately SEK 56m.

Net Financial items
Net financial items amounted to SEK –565m (–540), including net interest expense of SEK –57m (–117). Interest expense related to the lease liability for land and buildings in accordance with IFRS 16 amounted to SEK –473m (–394).

Income tax
Income tax for the year amounted to SEK –26 (–82), corresponding to a tax rate of 24.3 percent (25.2).

Profit and earnings per share
Profit for the year amounted to SEK 81m (244), corresponding to basic and diluted earnings per share of SEK 0.51 (1.52) for continuing operations. Basic earnings per share for divested operations were SEK 0.0 (4.43) and diluted earnings per share were SEK 0.0 (4.42). Basic earnings per share for total operations were SEK 0.51 (5.95) and diluted earnings per share for total operations were SEK 0.51 (5.94).

FIVE-YEAR SUMMARY

SEKm	2019	2018	2017[2,3]	2016[2,3]	2015[2,3]
Net sales	11,935	10,987	8,977	10,212	9,831
Operating profit (EBITA)[1]	812	1,008	890	1,002	933
Operating margin (EBITA), %	6.8	9.2	9.9	9.8	9.5
Profit for the year	81	955	542	649	286
Profit margin, %	0.7	8.7	6.0	6.4	2.9
Capital employed [4]	18,186	19,063	10,657	8,217	7,828
Free cash flow [1,4]	196	593	691	473	408

1) See page 90 for definitions of alternative performance measures.
2) Including divested operations
3) Figures for the comparison years 2017–2015 have not been restated according to IFRS 16.
4) Including divested operations 2018–2015.

Cash flow
Free cash flow was SEK 196m (593), whereof changes in working capital amounted to SEK –60m (–30). The lower cash flow compared with the preceding year is mainly attributable to lower operating profits.

Cash flow from operating activities was SEK 1,227m (1,515). Cash used for net investments in non-current assets was SEK –241m (–226) and cash flow from assets and liabilities held for sale was SEK 260m (322). Business acquisitions reduced cash flow by SEK –239m (–499). Sale of a subsidiary made a positive contribution to cash flow of SEK 87m (2,235). Cash used in investing activities thus amounted to SEK –133m (1,832). Cash used in financing activities was SEK –3,485m (–936). Financing activities include loan repayments of SEK –5,388m (–213) and new borrowings of SEK 2,789m (200), Total cash used was SEK –2,391m (2,411).

Financial position
Consolidated equity at 31 December 2019 amounted to SEK 5,831m (5,801), corresponding to diluted equity per share of SEK 36.24 (36.10). Net debt amounted to SEK 11,831m (10,366). Adjusted net debt, excluding lease liability for land and buildings, amounted to SEK 2,360m (2,496).

FINANCIAL POSITION

SEKm	31 Dec 2019	31 Dec 2018
Interest-bearing liabilities	12,339	13,219
Provisions for post-employment benefits	15	43
Cash and cash equivalents	–523	–2,896
Net debt[1]	**11,831**	**10,366**
Lease liability real estate[2]	–9,471	–7,870
Adjusted net debt	**2,360**	**2,496**

1) Alternative performance measure. Refer to page 90 for definitions.
2) In the comparison year, adjustments for the residual value of cars in the amount of SEK –43m are included in addition to land and buildings.

Interest-bearing liabilities at 31 December 2019 amounted to SEK 12,339m (13,219). Cash and cash equivalents at 31 December 2019 amounted to SEK 523m (2,896) and Attendo had SEK 1,575m (969) in unutilised credit facilities.

Attendo tested whether there was a need to impair recognised goodwill during the year. Impairment testing was done separately for Attendo Scandinavia and Attendo Finland. Testing showed that there is no impairment need, but that the margin to a possible impairment of goodwill in Finland is significantly smaller than in previous years.

Financial performance by business area
Scandinavia

SEKm	Jan–Dec 2019	Jan–Dec 2018
Net sales	6,305	6,367
Operating profit (EBITA)	715	569
Operating margin (EBITA), %	*11.3*	*8.9*
Adjusted EBITA	555	426
Adjusted EBITA margin, %	*8.8*	*6.7*

Net sales in Attendo Scandinavia amounted to SEK 6,305m (6,367), corresponding to negative growth of –1.0 percent. Adjusted for currency effects, growth was –1.1 percent. Acquisitions and higher occupancy in own operations contributed to growth, but could not compensate for the loss from discontinued units in outsourcing. Attendo has discontinued a number of home care and individual and family care operations that lacked the conditions for long-term profitability, which has had negative impact on organic growth.

Operating profit (EBITA) amounted to SEK 715m (569). Adjusted for currency effects, operating profit (EBITA) was SEK 717m. Profit during the financial year was affected positively by a capital gain of SEK 31m on the sale of real estate, while profit in the comparison year was reduced by non-recurring items of SEK 133m, comprised of provisions of SEK 60m, costs of SEK 53m related to the discontinuation of a number of units in individual and family care and SEK 20m in write-down of real estate. Adjusted for these non-recurring items, operating profit (EBITA) amounted to SEK 684m (702), corresponding to an operating margin of 10.8 percent (11.0).

Adjusted EBITA amounted to SEK 555m (426). Excluding non-recurring items as above, adjusted EBITA amounted to SEK 524m (559), corresponding to an operating margin of 8.3 percent (8.8).

Adjusted for non-recurring items, profit decreased compared to the preceding year. Ended units and weak development in outsourcing operations had a generally negative effect in relation to the comparison year. Higher profits in home care due to acquisitions and improved planning and processes made a positive contribution to profit. Start-up costs for units opened in 2018 and 2019 were offset by increased profits from homes in own operations that opened in 2017 and 2018.

Finland

SEKm	Jan-Dec 2019	Jan-Dec 2018
Net sales	5,630	4,620
Operating profit (EBITA)	163	501
Operating margin (EBITA), %	*2.9*	*10.8*
Adjusted EBITA	–48	347
Adjusted EBITA margin, %	*–0.9*	*7.5*

Net sales in Attendo Finland amounted to SEK 5,630m (4,620) corresponding to growth of 21.9 percent. Adjusted for currency effects, net sales increased by 18.1 percent. The increase in net sales is primarily attributable to new homes in own operations that were opened in 2019 and 2018 and to acquisitions. Subsequent to the preceding year, Attendo Finland has closed down a number of units with non-adequate standards and the majority of residents were moved to new Attendo homes, but a couple of units were discontinued entirely.

Operating profit (EBITA) amounted to SEK 163m (501) and the operating margin (EBITA) was 2.9 percent (10.8). Adjusted for currency effects, operating profit (EBITA) was SEK 158m. Adjusted EBITA amounted to SEK –48m (347).

Profits were negatively affected by cost increases due to higher staffing requirements in 2019 and new homes in own operations, where occupancy is initially low. In order to meet higher staffing requirements and assure high customer satisfaction, Attendo has increased staffing in many local operations. Price increases during the year were low and did not offset customary cost increases. Administrative expenses rose due to the action programme that is aimed at reinforcing the organisation and improving sales.

Market

Demand was good in Attendo's own operations, with continued high interest from Swedish local authorities needing to increase the number of beds, mainly in care for older people. Attendo estimates that construction started on about 2,400 beds in care for older people in Sweden during 2019 and that private providers accounted for about 60 percent of these.

Contracted volumes in the outsourcing market for care for older people decreased by about 30 percent compared to 2018, a year in which large existing volumes were renegotiated. Contracted volumes in the outsourcing market for care homes for people with disabilities were slightly lower compared to 2018.

Good demand for Attendo's offering in own operations persisted in Finland, but the market was characterised by significant uncertainty during the year in the aftermath of stricter staffing requirements imposed by the regulatory authorities and a shortage of staff required to receive new residents. The number of new projects declined during the year. Attendo estimates that construction began in 2019 of about 2,150 beds in care for older people, homes for people with disabilities and homes in social psychiatry. Private providers accounted for about 95 percent of these. Attendo was by far the largest private provider in 2019. The number of new projects is expected to continue to decrease in the next few years.

Risks and uncertainties

Attendo is exposed to external risks, business risks and financial risks. The primary risks are the conditions for private provides to run care operations, exposure to political decisions and regulatory conditions, as well as access to competent personnel and occupancy at Attendo's homes. Identified risk areas and how Attendo manages these risks is described in detail on pages 24–27.

Seasonal variations

Attendo's profitability is affected by factors including seasonal variations, weekends and national public holidays. For Attendo, public holidays and weekends have a negative effect on profitability mainly due to wage compensation for unsocial working hours. For example, profitability is affected by Easter in either the first or second quarter, depending on the quarter in which Easter falls, while the first and fourth quarters are affected by the Christmas and New Year's holidays.

Acquisitions and divestments

Acquisitions

The group completed a number of minor acquisitions during the year.

The group also acquired nursing homes and, in some cases local medical centres from local authorities in Finland during the year. These transactions were aimed at acquiring nursing homes in attractive locations with existing customers and employees.

Refer to Note C30 Divested operations and Note C27 Acquisitions, for more information about all acquisitions and divested operations during the year.

Divestments

Attendo has had a legal dispute with the former owners of Nøstret Bo og Omsorgssenter and Nøstret Kroksund AB. The parties agreed in early 2019 that the former owners will buy back the businesses for the same consideration paid by Attendo, plus interest. The transaction was executed on 1 June 2019. Annual sales for the operations amount to about SEK 65m and generate a very limited contribution to profit.

Employees

The average number of full-time equivalent employees was 16,499 (16,745), of whom 13,795 (14,695) women. Attendo seeks to offer good working conditions and the potential for personal development. This means that we respect and comply with labour market legislation, agreements, safety requirements and other regulations governing operations. For more information about Attendo's employees, see the section on Employees on page 20 and in Note C5, Information on directors, senior executives and employees.

Organisational changes

On 1 November, Attendo appointed Virpi Holmqvist as the new business area director of the Finnish operations a member of executive management. When Holmqvist took over, the current business area director for Attendo Finland, Pertti Karjalainen, transitioned to a role responsible for sales, business development, property development and public affairs. As of February 13, Pertti Karjalainen is no longer a member of the executive managment.

Attendo's business development director Johan Spångö is leaving Attendo and his position in executive management effective March 2020. He will be succeeded by Eric Wåhlgren of Attendo, who was appointed the new business development director on 13 January 2020.

Policy for remuneration to senior executives in 2019

The following policy for remuneration to executive executives was adopted by the 2019 annual general meeting.

Remuneration to members of executive management shall be market-based to ensure that Attendo can attract and retain competent executives. Remuneration shall be based on the individual's position, responsibilities and performance. Total remuneration to executive management comprises fixed salary, variable pay based on annual performance targets, long-term incentives and other benefits such as non-monetary benefits, pensions and insurance policies. Remuneration within Attendo shall be competitive but not market-leading. To ensure that it is competitive, benchmarking is performed on a regular basis.

Fixed and variable pay

Fixed salary shall be competitive and based on the executive's responsibilities.

Members of executive management are also eligible for variable pay in addition to fixed salary. The employee may receive variable pay if certain annual performance targets are met. Long-term incentive plans excepted, variable pay is limited to a maximum of 75 percent of fixed annual salary for the CEO and 45–50 percent of fixed annual salary for other members of executive management. Variable pay shall be based on the executive's performance as regards financial targets combined with qualitative targets set by the Board. Members of executive management with operational responsibility have targets related to factors including quality, customer satisfaction and employee job satisfaction. Variable pay is based on the financial performance of the group, financial performance of the respective business area and individual qualitative targets.

Long-term incentive programmes

Attendo has a culture that promotes a long-term perspective and a spirit of personal responsibility and share ownership. The Board will propose a long-term share-based incentive programme to the AGM. As previously decided, Attendo will also be able to distribute cash compensation to executives connected to the long-term acquisition of shares or equity related instruments. During a three-year period ending 31 December 2021, Attendo will thus be able to distribute cash compensation related to such acquisitions in addition to the maximum variable pay. This compensation is limited to 25 percent of the employee's fixed salary for the period.

Non-monetary benefits

Non-monetary benefits, such as a car or health insurance, can be provided in accordance with customary practice in the respective country. These benefits shall not be a significant part of total remuneration.

Post-employment benefits

Pension benefits shall be competitive and reflect customary practice and accepted levels in the country where the executive is employed.

Notice of termination and severance pay

The period of notice of termination or resignation is six months for the CEO. If employment is terminated by the company, the CEO is entitled to severance pay for an additional six months. The period of notice of termination or resignation is six months for other members of executive management. If employment is terminated by the company, the employee is entitled to severance pay for an additional six months.

Non-compete and non-solicitation clauses apply to all members of Attendo's executive management for twelve months after employment ends. In that connection, Attendo may be required to compensate for the months the executive is prohibited from accepting a competing assignment.

Deviations from the remuneration policy

Under special circumstances, the Board of Directors may deviate from the remuneration policy.

Proposal to the 2020 annual general meeting on an updated policy for remuneration to senior executives

By reason of the new rules taking effect in 2019–2021, the Board of Directors has proposed that the 2020 annual general meeting adopt an updated policy for remuneration to senior executives. The complete proposal is presented in the notice to attend the general meeting and is available on Attendo's website. The updated policy clarifies the link between remuneration paid by Attendo to senior executives and the company's business strategy, long-term interests and sustainability. The forms in which remuneration can be paid (fixed cash salary, variable cash compensation, pension benefits and other benefits) as well as the criteria for variable cash compensation are unchanged in all material respects compared to the preceding year. The general meeting may in addition –

and independently of the policy – decide on matters such as share-based payments and share-price based remuneration. The updated policy will be applied to future contractually agreed remuneration and changes made to previously contractually agreed remuneration after the policy has been adopted by the 2020 general meeting.

Environmental impact

Attendo's environmental policy is the basis for how all employees should relate to environmental matters, something that our customers and contracting local authorities value highly and are keen to be actively involved in.

Attendo strives to protect the environment as far as technologically possible and economically feasible. The objective is to minimise Attendo's environmental footprint and continuously develop the environmental initiatives, with focus on the areas assessed as most significant to the business: purchasing, distribution and transportation, energy/water use and waste management.

Attendo does not conduct any operations that require permits or registration under the Swedish Environmental Code.

Sustainability

Sustainability is an integral part of Attendo's business strategy and our constant endeavour is the generate benefit for society and our stakeholders. In accordance with chapter 6, section 11 of the Swedish Annual Accounts Act, Attendo has chosen to submit a sustainability report as part of the Board of the Directors' report. Information about sustainability reporting see Matrix for Attendo's sustainability report on page 91. The sustainability report refers to Attendo AB with all the subsidiaries. Additional information about Attendo´s sustainability work can be found in Quality and Sustainability report 2019 as well at www.attendo.com

Outlook

Investment requirements in new nursing and care homes in the Nordics remain substantial. For Attendo, one of the leading care providers in the Nordic region, this implies favourable conditions for continued growth.

A growing number of local authorities in Finland, Sweden and Denmark have chosen to introduce customer choice systems or other forms of public procurement of care delivery by private providers. As the leading private provider in the Nordics, Attendo is well-positioned to take advantage of growth opportunities when local authorities opt to open the market to private alternatives.

The Finnish market was characterised by profound uncertainty in 2019 in the aftermath of a stricter application of existing legislation by the regulatory authorities, which resulted in more rigorous staffing requirements. The combination of the overly high rate of establishment in the market and strict staffing requirements will have negative impact on the establishment of new units in the next few years. Attendo considers Finland an attractive market for care services in the long term.

Parent company

The parent company's operations consist of providing consultancy services and managing shares in subsidiaries. The company's costs include parent company costs including costs for executive management and the Board, as well as external consultancy costs.

Financial information

Net sales for the year amounted to SEK 13m (11), and were entirely related to services provided to subsidiaries. The loss after net financial items was SEK –31m (–31). At the end of the year, cash and cash equivalents amounted to SEK 0m (0), shares in subsidiaries to SEK 6,494m (6,494), and non-restricted equity to SEK 5,992m (6,074).

Share information

The total number of shares outstanding is 161,386,592. Attendo's holding of treasury shares amounts to 496,136, which means the number of shares outstanding at 31 December 2019 was 160,890,456.

The two largest shareholders at year-end were Nordstjernan AB, with 19 percent of registered shares, and Pertti Karjalainen, with 11 percent.

Proposed distribution of profits

Attendo's dividend policy was established in connection with the IPO in 2015. The policy states that decisions on dividends must be based on Attendo's investment opportunities and financial position. It furthermore establishes that the company will distribute 30 percent of net profit.

2019 was a very challenging year for Attendo and characterised by the situation in Finland. As a consequence of the weak result, the company's financial ratio measured as net debt in relation to profit (EBITDA) is higher than it has been historically. Furthermore, a renegotiation of the company's loans was carried out at the end of 2019.

In the light of these circumstances, the Board of Directors is, therefore, proposing, ahead of the 2020 annual general meeting, that no dividend should be distributed for the 2019 financial year and that profits for the year be retained.

A dividend of SEK 0.60 per share was distributed for the 2018 financial year.

PROPOSED DISTRIBUTION OF PROFITS

Proposed distribution of profits in the company	Amounts in SEK
To be retained	5,992,151,689
Total non-restricted equity in the parent company	5,992,151,689

Refer to the following income statements, balance sheets, statements of cash flow, remarks and notes to the accounts concerning the financial performance and position of the company and the group in other respects.

Consolidated income statement

January–December, SEKm	Note	2019	2018
CONTINUING OPERATIONS			
Operating income			
Net sales	C3	11,935	10,987
Other operating income	C4	110	24
Total revenue		**12,045**	**11,011**
Operating costs			
Personnel costs	C5	–8,133	–7,275
Other external costs	C6, C7	–1,972	–1,737
Operating profit before depreciations and amortisation (EBITDA)		**1,940**	**1,999**
Amortisation and depreciation of tangible and intangible assets	C11, C12, C13	–1,128	–991
Operating profit after depreciation (EBITA)		**812**	**1,008**
Amortisation of acquisition related intangible assets	C11	–140	–142
Operating profit (EBIT)		**672**	**866**
Profit after Financial items			
Financial income	C8	5	1
Financial expenses	C8	–570	–541
Net financial items		**–565**	**–540**
Profit before tax		**107**	**326**
Income tax	C9	–26	–82
Profit for the year from continuing operations		**81**	**244**
DIVESTED OPERATIONS			
Profit for the year from divested operations	C30	–	711
Profit for the year[1]		**81**	**955**
Profit for the year attributable to parent company shareholders[1]		**81**	**955**
Basic earnings per share, SEK	C10	0.51	5.95
Diluted earnings per share, SEK	C10	0.51	5.94
Basic earnings per share, continuing operations, SEK	C10	0.51	1.52
Diluted earnings per share, continuing operations, SEK	C10	0.51	1.52
Basic earnings per share, divested operations, SEK	C10	–	4.43
Diluted earnings per share, divested operations, SEK	C10	–	4.42
Average basic shares outstanding, thousands	C10	160,877	160,455
Average diluted shares outstanding, thousands	C10	160,899	160,702

[1] Including divested operations

Consolidated statement of comprehensive income

January–December, SEKm	Note	2019	2018
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans, net of tax	C9, C21	–3	6
Items that may be reclassified to profit or loss			
Exchange rate differences on translation of foreign operations		47	–11
Other comprehensive income for the year, net of tax		**44**	**–5**
Profit for the year		81	955
Total comprehensive income for the year		**125**	**950**
Total comprehensive income attributable to the Parent company shareholders		**125**	**950**

Consolidated balance sheet

31 December, SEKm	Note	31 Dec 2019	31 Dec 2018	Opening balance 1 January 2018 adjusted for IFRS 16
ASSETS				
Non-current assets				
Goodwill	C11	7,446	7,339	8,541
Other intangible assets	C11	564	673	717
Property, plant and equipment	C12	874	606	477
Right-of-use assets	C13	8,856	7,533	5,664
Deferred tax assets	C9	293	199	146
Other non-current receivables	C14	38	43	47
Total non-current assets		**18,071**	**16,393**	**15,592**
Current assets				
Trade receivables	C15	1,090	1,050	1,204
Current tax assets		80	108	31
Other current receivables	C16	320	329	282
Cash and cash equivalents		523	2,896	475
		2,013	**4,383**	**1,992**
Assets held for sale	C17	186	446	786
Total current assets		**2,199**	**4,829**	**2,778**
TOTAL ASSETS		**20,270**	**21,222**	**18,370**
EQUITY AND LIABILITIES	C18			
Equity				
Share capital		1	1	1
Other contributed capital		4,405	4,405	4,377
Retained earnings		1,344	440	–17
Profit for the year		81	955	680
Total equity		**5,831**	**5,801**	**5,041**
Non-current liabilities				
Liabilities to credit institutions	C19	2,836	3,158	5,108
Long-term lease liabilities	C13, C20	8,640	7,196	5,338
Deferred tax liabilities	C9	88	128	124
Provisions for post-employment benefits	C21	15	43	52
Other provisions	C22	142	54	11
Other non-current liabilities	C23	63	34	7
Total non-current liabilities		**11,784**	**10,613**	**10,640**
Current liabilities				
Liabilities to credit institutions	C19	2	2,120	46
Short-term lease liabilities	C13, C20	862	745	640
Short-term provisions	C22	85	193	36
Trade payables		256	259	281
Current tax liabilities		19	21	21
Other current liabilities	C25	1,412	1,443	1,591
		2,636	**4,781**	**2,615**
Liabilities held for sale	C17	19	27	74
Total current liabilities		**2,655**	**4,808**	**2,689**
TOTAL EQUITY AND LIABILITIES		**20,270**	**21,222**	**18,370**

Consolidated statement of cash flow

January–December, SEKm	Note	2019	2018[1]
Operating activities			
Profit before tax		107	1,071
Adjustments for items not included in cash flow	C26	1,268	700
Paid income tax	C9	–88	–226
Cash flow from operating activities before changes in working capital		**1,287**	**1,545**
Cash flow from changes in working capital			
Changes in current receivables		–5	–59
Changes in current liabilities		–55	29
Cash flow from operating activities		**1,227**	**1,515**
Investing activities			
Net change in assets and liabilities held for sale	C17	260	322
Investments in subsidiaries (net of acquired cash)	C27	–239	–499
Divestment of subsidiaries	C30	87	2,235
Investments in intangible assets	C11	–18	–44
Investments of tangible assets	C12	–327	–240
Divestment of tangible and intangible assets	C11, C12	104	58
Cash flow from investing activities		**–133**	**1,832**
Financing activities			
Repayment of lease liabilities		–790	–696
Share issue		–	28
Dividends paid		–96	–204
Warrants		–	–29
New borrowings	C19, C24	2,789	200
Repayment of loans	C19, C24	–5,388	–235
Cash flow from financing activities		**–3,485**	**–936**
CASH FLOW FOR THE YEAR			
Cash and cash equivalents at the beginning of the period		2,896	475
Effect of exchange rate changes on cash		18	10
Cash and cash equivalents at the end of the period		**523**	**2,896**

[1] Cash flow refers to total operations. See Note C30, Divested operations.

See Note C26 Cash flow adjustments for information about interest received/paid.

Consolidated statement of changes in equity

			Retained earnings		
SEKm	Share capital	Capital contributions	Accumulated translation differences	Other retained earnings	Total equity
Opening balance, 1 January 2018	1	4,377	96	895	5,369
Adjustments upon transition to IFRS 16	–	–	–	–328	–328
Adjusted opening balance, 1 January 2018	1	4,377	96	567	5,041
Profit					
Profit for the year	–	–	–	1,032	1,032
Adjustments upon transition to IFRS 16	–	–	–	–77	–77
Adjusted profit, 1 January 2018	–	–	–	955	955
Other comprehensive income					
Re-measurements of defined benefit pension plans, net of tax	–	–	–	6	6
Exchange rate differences on translation of foreign operations[1]	–	–	–11	–	–11
Total other comprehensive income	–	–	–11	6	–5
Total comprehensive income	–	–	–11	961	950
Transactions with shareholders					
Share issue	–	28	–	–	28
Warrants	–	–	–	–15	–15
Share savings programme	–	–	–	1	1
Dividends paid	–	–	–	–204	–204
Total transactions with shareholders	–	28	–	–218	–190
Closing balance, 31 December 2018	1	4,405	85	1,310	5,801
Opening balance, 1 January 2019	1	4,405	85	1,310	5,801
Profit					
Profit for the year	–	–	–	81	81
Other comprehensive income					
Re-measurements of defined benefit pension plans, net of tax	–	–	–	–3	–3
Exchange rate differences on translation of foreign operations	–	–	47	–	47
Total other comprehensive income	–	–	47	–3	44
Total comprehensive income	–	–	47	78	125
Transactions with shareholders					
Vested shares	–	–	–	2	2
Share savings programme	–	–	–	–1	–1
Dividends paid	–	–	–	–96	–96
Total transactions with shareholders	–	–	–	–95	–95
Closing balance, 31 December 2019	1	4,405	132	1,293	5,831

1) SEK –117m refers to divested operations and SEK111m refers to continuing operations.

Notes to the Consolidated financial statements

C1 Significant accounting policies

Attendo AB (publ), corporate ID no. 559026-7885, with its registered office in Danderyd, Sweden is the parent company of a group that includes the subsidiary Attendo International AB. In turn, Attendo International AB owns companies whose business is to own companies and manage shares in companies whose primary business is providing care and health care services in the Nordic countries.

Attendo's head office is located at Vendevägen 85, 182 91 Danderyd, Sweden.

The financial statements are on pages 39–77 of the printed annual report. The consolidated financial statements will be subject to adoption by the Annual General Meeting (AGM) on 15 April 2020.

Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations, as endorsed by the European Union, and the Swedish Financial Reporting Board's Recommendation RFR 1 "Supplementary Accounting Rules for Groups," with associated interpretations issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The consolidated financial statements are presented in millions of Swedish kronor (SEKm). These financial statements have been prepared in accordance with the cost method, except specific financial assets and liabilities, such as derivatives, financial assets held for sale and pension assets attributable to defined benefit pension plans, which are measured at fair value.

The financial statements cover the companies that comprise the group and have been prepared for the same reporting periods and with consistently applied accounting policies. All intragroup dealings, transactions, revenues, costs and profit and losses have been eliminated.

The most significant accounting policies applied to the preparation of the financial statements are stated below.

Amendments to this year's accounting policies and disclosures

IFRS 16 Leases is a new accounting standard that took effect on 1 January 2019. The new standard has had a material impact on the consolidated financial statements for the financial year. Attendo has opted to apply IFRS 16 retrospectively and thus to restate the financial reporting presented for earlier periods.

The transition to IFRS 16 led to an increase in total assets at 31 December 2018 of SEK 7,460 million, an increase in EBITA of SEK 297 million and a decrease in profit for the year of SEK –77m. See the 2019 Annual Report, Note C30, for further information about the effects of the transition to IFRS 16 in other respects.

IFRIC 23 Uncertainty over Income Tax Treatments is to be applied to all annual reporting periods beginning on or after 1 January 2019.

The interpretation provides guidance on how transactions should be reported when there are uncertainties regarding how tax law should be interpreted.

IFRIC has also issued a number of additional interpretations and amendments. Implementation of these has not led to any restatement of earlier accounts but has led to certain changes in disclosure requirements.

Significant estimates and judgements

Preparing financial statements in accordance with IFRS requires the use of certain key accounting estimates. Furthermore, management is required to make certain judgements when applying the accounting policies. Areas that involve extensive judgements, that are complex or where assumptions and estimates are of material significance to reporting are stated in Note C2, Key accounting estimates and judgements.

Accounting policies for the consolidated financial statements

The financial statements include Attendo AB and all entities that the parent company controls. The group controls an investee when it has exposure, or rights, to variable returns from its involvement with the investee and is able to use its power over the investee to affect the amount of the group's returns. Subsidiaries are included in the financial statements from the date the group gains control over the subsidiary. They are excluded from the financial statements from the date it ceases to control the subsidiary.

The acquisition method

Attendo applies the acquisition method to accounting for business combinations. This means that an acquisition of a subsidiary is viewed as a transaction in which the group indirectly acquires the subsidiary's assets and assumes its liabilities. The value of the acquisition is determined by measuring the fair value of the subsidiary's assets and liabilities on the acquisition date. The measurement includes any additional consideration or share option liability on the acquisition date. Subsequent remeasurements of the additional consideration or share option liability are recognised at fair value through profit or loss and under equity, respectively.

According to IFRS, transactions involving non-controlling interests (NCI) are accounted for as equity transactions. However, there are no specific rules governing the remeasurement of share option liabilities to these NCI. Remeasurements of share option liabilities in NCI are accounted for as equity transactions in the consolidated financial statements. Accordingly, accounting conforms to other transactions with NCI. For each acquisition, a decision is made as to whether all NCI in the acquiree should be measured at fair value or the NCI's proportionate share of the net assets of the acquiree.

Acquisition costs are expensed as they arise. If the aggregate value of the consideration transferred exceeds the fair value of the acquired net assets or other identifiable assets, the surplus is recognised as goodwill. If the fair value of the acquired net assets exceeds the aggregate value of the consideration transferred, the difference is recognised directly in profit or loss.

All intra-group transactions and balance sheet items and intra-group gains and losses from the sale of non-current assets are eliminated in the consolidated financial statements.

Revaluation and translation of foreign currency

The financial statements of all subsidiaries are denominated in local currency. The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional and presentation currency.

Foreign currency transactions have been translated at the spot conversion rate on the date of the transaction. Exchange rate gains and losses arising upon payment for such transactions and upon the conversion of monetary assets and liabilities denominated in foreign currency at the closing rate are recognised in profit or loss. The exception is cases where transactions satisfy the conditions for hedge accounting of cash flows or net investments, when gains/losses are recognised in Other Comprehensive Income (OCI).

Translation of foreign subsidiaries

The results of operations and financial positions of all group companies whose functional currency differs from the presentation currency are translated to the group's presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

Income and expenses for each income statement are translated at the average rate of exchange.

Exchange rate differences are recognised in OCI.

Goodwill and fair value adjustments arising from acquisitions of foreign operations are treated as part of the assets and liabilities of the foreign operation and translated at the closing day rate. Exchange rate differences are recognised in OCI.

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. The changes for the year in operating assets and operating liabilities have been adjusted for currency effects. Acquisitions and/or disposals of subsidiaries are reported net of cash and cash equivalents acquired or disposed of liquid assets in cash flow from investing activities. Assets and liabilities held by acquired and disposed businesses at the transaction date are not included in the statement of changes in working capital or in changes in balance sheet items presented in investing or financing activities.

Revenue recognition

Attendo's care and health care services are based mainly on multi-year contracts. Compensation is linked to the number of care days, hours performed or services granted by the local authority. Attendo is normally paid rental income by the residents of Attendo's own homes.

Own operations

In Own operations, Attendo operates in premises controlled by the company. Attendo also provides home care services in customer choice models. Own operations includes care for older people, people with disabilities, social psychiatry and care for individuals and families. Attendo has a lease with the property owner. Attendo owns a very limited number of properties. In the care home business, Attendo is normally compensated for care provision, meal provision and rent. In a typical care home in Own operations, Attendo is compensated by the local authority for care provision, and in many contracts also for meal provision. The customer normally pays rent to Attendo and, in several operations, for meals. Compensation models vary among the local authorities. In Finland, some customers pay for a portion of care services. Compensation for care service and meals is based on care days, while the rent is a monthly charge.

In home care services under the Own operations contract model, Attendo is compensated for hours performed or services granted by the local authority.

Outsourcing

In Outsourcing operations, Attendo provides services in publicly controlled units/premises or provides home care services based on outsourcing contracts. Outsourcing operations include care for older people, people with disabilities, social psychiatry and care for individuals and families. The premises are the responsibility of the local authority.

In the care home business, Attendo is normally compensated by the local authority for care provision and meals. Compensation models vary among the local authorities.

In home care services under the Outsourcing contract model, Attendo is compensated for hours performed or services granted by the local authority.

When revenue is recognised

Revenue is recognised when the services have been rendered and in accordance with agreed prices, by reference to the stage of completion. The revenue is billed monthly. Terms of payment are normally Net 30 Days in Sweden and Net 14 Days in Finland.

Price increases

Price increases are regulated in the absolute majority of contracts and are usually linked to some form of an index. The indices are linked to labour cost increases and/or general price increases.

Price increases in Attendo's rental agreements with customers are linked to local negotiation between market partners or general cost increases.

No performance obligations have been identified that must be reported as the company does not have contracts of that nature.

Segment reporting

Attendo streamlined the business in 2018 by divesting the Finnish health care operations and merging two business areas in Scandinavia into one. Attendo has previously defined two operating segments that are continuously monitored by the chief operating decision maker, who makes decisions about the allocation of resources and assesses the operating segment's performance. However, as permitted under IFRS 8.12, Attendo has opted to report these segments on an aggregated level as one reportable segment because the segments have similar economic characteristics and are similar in terms of the customers (the contracting authorities) using the services, the nature of the services and the methods used to provide the services, the nature of the production processes and the extent to which operations are affected by various regulatory environments and risks. Consequent upon the change in operations, Attendo will be reporting two operating segments from 2019, based on the two business areas, Attendo Scandinavia and Attendo Finland.

"Other and eliminations" in the segment tables covers costs for the head office and group eliminations.

Aid and grants

Like other employers, Attendo is entitled to various state and municipal employee-related aid and grants. This aid may, for example, be related to training, employment or reduced working hours. All aid and grants are recognised in profit or loss as cost reductions in the period as the underlying cost.

Financial assets

Financial assets are recognised when the group becomes party to the contractual provisions of an instrument. Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument expires or is transferred and the group transfers all significant risks and rewards of ownership.

The group's financial assets largely consist of cash and cash equivalents and trade receivables, and are classified in accordance with IFRS 9 Financial Instruments:

Attendo classifies its financial assets in the following three categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at fair value through other comprehensive income

The classification is based on the group's purpose in holding the financial instruments. The classification of financial assets is determined at initial recognition.

Financial assets at fair value through profit or loss

Financial assets measured at fair value are financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets measured at fair value are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method

Trade receivables, which are a component of financial assets in this category, are recognised in the amounts at which they are expected to be paid. Attendo has devised a collective model for accounting for credit losses attributable to trade receivables because the company's trade receivables are regarded as having the same credit characteristics. The model is tested every year to determine whether any changes are necessary. Expected and incurred credit losses are recognised as operating costs. For further information, see Note C15.

Financial assets measured at amortised cost
Cash and bank balances are measured at amortised cost.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances through the group's cash pool. Unutilised overdraft facilities are not included in cash and cash equivalents. For further information, see Note C24.

Financial assets measured at fair value through other comprehensive income
The group has no financial assets measured at fair value through other comprehensive income.

Financial liabilities
Financial liabilities primarily consist of trade payables and loan liabilities The financial liabilities that are not included in hedge accounting are measured and recognised at amortised cost, applying the effective interest rate method. The direct cost of borrowing is included in the cost. When the overdraft facility is used, the item is included in financial liabilities. Financial liabilities denominated in foreign currency are translated at the closing day rate.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost and any difference between the proceeds (net of transaction costs) and the amount due on settlement is recognised in profit or loss allocated across the term of the loan, using the effective interest rate method See also Note C19, Liabilities to credit institutions.

Trade payables
Trade payables are initially measured at fair value and subsequently at amortised cost, using the effective interest rate method.

Lease liabilities
At the date the lease was entered into, the company measured lease liability at the present value of the lease payments that had not been paid as of that date. Lease payments are discounted using property yields. Changes in the discount rate affect the size of the liability and interest expenses attributable to the liability. A new discount rate is set when a new lease is added when an extension option is used and when there is a change in the scope of the lease.

Contingent consideration
Contingent consideration is measured at fair value based on the estimated outcome of contractual clauses in share transfer agreements at the acquisition date. At each reporting date, the financial liability is measured at fair value and any changes are recognised in profit or loss under "Other external expenses".

Cash flow hedges
The effective portion of the change in fair value of net investments in subsidiaries identified as cash flow hedges and that meet the criteria for hedge accounting, is recognised in OCI. The profit or loss attributable to the ineffective portion is immediately recognised in profit or loss as financial income or expense.

When a hedging instrument expires or is sold or when the hedge no longer meets the criteria for hedge accounting and the cumulative gain or loss on the hedging instrument is reserved, the gain or loss remains in equity and is recognised when the highly probable forecast transaction is finally recognised in profit or loss. When a highly probable forecast transaction is no longer expected to occur, the cumulative gain or loss reserved in equity is immediately reclassified to profit or loss.

Leases
IFRS 16 Leases became effective from 1 January 2019 and superseded IAS 17 Leases and associated interpretations IFRIC 4, SIC-15 and SIC-27. A lease under IFRS 16 Leases is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Attendo's analysis shows that the majority of the contracts classified as leases under IFRS 16 refer to premises where Attendo runs own operations, cars used in home care operations and a few other assets. Attendo has taken advantage of the exemption permitting the exclusion of leases of assets of low value, below SEK 50,000, and leases with terms of less than twelve months. The leases related to land and buildings usually have terms of 10–15 years and those for cars have terms of 3 years. Leases for land and buildings also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not cover the calculation of the extension option until a decision to continue the operation is made. Variable costs, such as property tax, VAT and other variable property costs, such as the costs of maintenance, electricity, heat and water, etc., are excluded from the lease liability calculation to the extent the costs can be separated from the cost of rent. Attendo provides care services through two contract models: own operations and outsourcing. In the own operations contract model, Attendo provides care services on Attendo's own premises, i.e., premises that Attendo in most cases rents from external property owners. In outsourcing, Attendo provides care services on local authority premises and thus has no rental agreements for these premises.

The yield for public properties is used as the discount rate to calculate the lease liability (the present value of future lease payments) in order to reflect the implicit interest rate. The yield requirement differs among geographical areas and Attendo's leases have consequently been categorised based on their geographical location. Yield is provided annually by an external party, NewSec, as the basis for the discount rate.

The majority of Attendo's leases contain some form of annual indexation, usually based on the consumer price index. There are leases in Finland where indexation is based on occupancy. According to IFRS 16, recognised right-of-use (ROU) assets include only the value of the discounted leases for assets in use. The obligations must also extend for more than 12 months and have a fixed rent, as opposed to variable rent.

Intangible assets
Goodwill
Goodwill arises from business combinations and is measured as the surplus by which the consideration transferred exceeds Attendo's share in the fair value of identifiable assets, liabilities and contingent liabilities in the acquiree and the fair value of non-controlling interests in the acquiree.

Goodwill from business combinations is allocated to the cash-generating unit in the group expected to benefit from the synergies of the combination.

Goodwill is tested for impairment annually or more frequently if there are indications that the unit may be impaired. An impairment loss is recognised if the carrying amount exceeds the recoverable amount, which is the higher of the value in use and fair value, less costs of disposal. An impairment loss is immediately recognised as an expense in profit or loss and may not be reversed. More information on goodwill impairment is provided in Note C2, Key accounting estimates and judgements and Note C11, Intangible assets.

Customer relationships
Customer relationships are recognised in conjunction with business combinations when the customer base is a significant part of the combination.

Customer relationships are estimated to have a finite useful life. These assets are carried at fair value on the acquisition date and subsequently carried at cost less accumulated amortisation and any impairment losses. Assets are amortised on a straight-line basis over the estimated useful lives of customer relationships.

The value of deferred tax liabilities is estimated on the basis of the local tax rate as the difference between the carrying amount and the tax value of the intangible asset. The deferred tax liability is to be dissolved over the same period as the intangible asset is amortised, which means that the effect of the amortisation of the intangible assets is neutralised regarding the full tax rate concerning profit after tax.

The estimated useful lives of the assets are as follows:

Asset	Years
Customer relationships	5–10

Impairment testing and the recognition of impairments on customer relationships are conducted in the same manner as for goodwill.

Other intangible assets

These assets primarily consist of acquired customer contracts, but also other acquired intangible assets such as licenses and trademarks. Other acquired intangible assets are initially carried at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset, provided that such useful lives are not indefinite. The useful life of an asset is subject to annual review and when required. Amortisable intangible assets are amortised from the date they become available for use. During 2019 Attendo has acqiured nursing homes and, in some cases, local medical centres from local authorities in Finland. These transactions were aimed at acquiring nursing homes in attractive locations with existing customers and employees. The transactions are reported as required under IFRS 3 Business Combinations. Land, buildings and customer relationships acquired in these transactions are carried at fair value and depreciated/amortised over the useful life of the asset. Liabilities are also measured at fair value. Any surplus value is reported as goodwill. The estimated useful lives of the assets are as follows:

Asset	Years
Customer contracts	6–10
Other intangible assets	3–5

In some cases, the acquired leases have terms of up to 20 years. Amortisation is recognised in profit or loss on a straight-line basis over the term of the contract. Impairment testing and the recognition of impairments on other intangible assets are conducted in the same manner as for goodwill.

Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses.

Depreciation is recognised on a straight-line basis over the estimated useful life of the asset. In cases where part of property, plant and equipment consist of several components, where each component its own cost and estimated useful life that differs significantly from the item as a whole, each component is depreciated individually on the basis of the component's estimated useful life. The estimated useful lives of the assets are as follows:

Asset	Years
Buildings	5–50
Machinery and equipment	3–10
Vehicles	5

Impairment testing, as well as the recognition of impairment, is conducted in the same manner as for intangible assets.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss as other operating income or expense.

Right-of-use assets

Right-of-use assets are recognised at cost at the date of the lease. After acquisition date, the right-of-use is recognised at the discounted value. Depreciation is recognised on a straight-line basis over the life of the lease.

The estimated useful lives of the assets are as follows:

Asset	Years
Land and buildings	1–20
Vehicles	3

Impairment testing, as well as the recognition of impairments, is conducted in the same manner as for tangible assets.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss as other operating income or expense.

Assets held for sale and discontinued operations

Assets held for sale and discontinued operations are reported as required under IFRS 5. The implications of classification of a non-current asset (or disposal group) as held for sale is that the carrying amount of the asset will be recovered mainly through sale and not through continued use in operations.

These assets or disposal groups must be presented separately in the statement of financial position.

Liabilities associated with these assets or disposal groups must be presented separately from other liabilities in the statement of financial position.

Upon reclassification, assets and liabilities are measured at the lower of carrying amount and fair value less costs to sell. As of that point, the assets are no longer depreciated. Gains and losses recognised in connection with remeasurement and disposal are reported in profit or loss for the period. The Finnish health care operations, that was sold 2018, are presented as divested operations previous year. All items on the income statement are reported on the line "Profit (–loss) for the period from divested operations. Specifications are provided in Note C30.

Income taxes

Tax expense for the year comprises current and deferred tax. Taxes are recognised in profit or loss except when the tax refers to items recognised in OCI or directly in equity. In such cases, the tax is also reported in OCI or equity.

Deferred tax is recognised as temporary differences between the tax base and the carrying amounts of assets or liabilities, and for loss carryforwards. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax liabilities are, however, not recognised if they arise as a result of the initial recognition of goodwill. Nor are deferred taxes recognised if they arise as a result of a transaction that constitutes the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit.

Provisions and impairments of right-of-use assets

A provision is a liability of uncertain timing or amount. A provision is recognised when the group has an existing legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be necessary to settle the obligation, and the amount can be estimated reliably. Provisions are measured as the present value of the estimated expenditure required to settle the obligation. When the effect of the timing of the settlement is material, provisions are calculated on the basis of discounting estimated future cash flows.

Right-of-use assets are impaired when the economic rewards are lower than the recognised value of the right-of-use asset. The value in use is defined as the estimated future cash flows derived from continued use of the asset until its final disposal. Value in use is calculated through discounting future cash flows.

Onerous contracts
A provision for an onerous contract is recognised when unavoidable costs of meeting the obligations under the contract with the customer exceed the economic benefits that the group expects to receive under it.

Restructuring
A provision for restructuring is recognised when the group has adopted a detailed formal restructuring plan whose implementation has started or which has been announced to those affected. In these cases, provisions are made for outstanding rents, closing costs and any staff costs.

Right-of-use assets
An impairment of a right-of-use asset is recognised when the group has determined that the economic rewards expected to be derived from the contract are lower than the carrying amount of the right-of-use asset. When profit generation in a unit does not suffice to cover the rights, the right-of-use asset must be impaired.

Employee remuneration
Pensions
Group companies have different pension plans that are classified as either defined contribution or defined benefit pension plans.

For the defined contribution pension plans, the Group's commitment is limited to fixed fees paid to a separate legal entity. These are recognised as personnel costs in profit or loss as they fall due for payment. The group has no obligation to pay additional fees if the assets of the pension fund prove to be insufficient. A defined benefit pension plan specifies a pension amount that the employee receives upon retirement, usually depending upon one or more factors such as age, number of years of service and salary. The liability recognised in the balance sheet regarding defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets and unrecognised expenses for service in previous periods. The defined benefit pension obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the yield on investment-grade bonds issued in the same currency as the benefits will be paid, with maturities comparable to the current pension obligation. The discount rate is reviewed quarterly, which affects net debt. Other assumptions, such as retirement age, mortality and employee turnover are reviewed annually.

Actuarial gains and losses resulting from experience-based adjustments and changes in actuarial assumptions are recognised in other comprehensive income during the period in which they arise.

The group's net liability for defined benefit pension plans in Norway is calculated separately for each plan by estimating the future benefits that employees have earned through their employment in both current and previous periods.

Share-based incentive programmes
Attendo has launched two share savings programmes which allow employees to acquire shares in Attendo.

In accordance with IFRS 2, costs related to the share savings programme are expensed as a personnel expense during the vesting period and recognised directly in equity. The social insurance fees that are expected to arise due to Attendo+ are accounted for in accordance with the recommendation from the Swedish Financial Reporting Board's Recommendation, UFR 7. The calculation is based on the change in value of matching shares and performance-based shares and is recognised as a provision.

Termination benefits
Termination benefits are payable when employment is terminated by the group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for such termination benefits. The group recognises severance pay when it is demonstrably committed to a termination when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal. If the company has presented an offer to encourage voluntary redundancy, severance pay is calculated based on the number of employees that are estimated to accept the offer. Benefits that fall due more than 12 months after the end of the reporting period are discounted to present value.

New or revised IFRS standards
A number of new standards and amendments to interpretations and current standards have not yet become effective for the financial year ending 31 December 2019 and have not been applied in the preparation of the consolidated financial statements. A description of these standards and interpretations follows, including a description of their potential impact on the consolidated financial statements.

IFRS 17 Insurance Contracts The IASB published a new accounting standard regarding insurance contracts in May 2017. The standard affects all companies with insurance contracts that apply IFRS. The standard is applicable to annual reporting periods beginning on or after 1 January 2022. IFRS 17 is not estimated to have any impact on the company's financial statements.

Financial measures not defined in IFRS
The Attendo Group's consolidated financial statements are prepared according to IFRS. Only a few financial measures are defined according to IFRS. As from 2016, Attendo has applied ESMA's (European Securities and Markets Authority) new guidelines for Alternative Performance Measures. An Alternative Performance Measure is, in short, a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in IFRS. Attendo presents certain financial measures not defined in IFRS in order to support executive management and other stakeholders in their analysis of the group's performance. Executive management believes this information facilitates analysis of the group's financial performance. This information is complementary information to IFRS and does not replace financial measures defined in IFRS. Attendo's definitions of financial measures not defined in IFRS can differ from those applied by other companies. All of the definitions applied by Attendo are presented on page 90.

C2 Key accounting judgements, estimates and assumptions

The consolidated financial statements are prepared in accordance with IFRS. The preparation of financial reports and the application of accounting policies are often based on the management's judgements and estimates, and on assumptions that are considered reasonable and balanced at the time of such judgements. However, the outcome could be different given other judgements, assumptions and estimates, and events may occur that could require a significant restatement of the carrying amount of an asset or liability.

Significant areas where judgements and assumptions have been made and which are considered to have the greatest impact on the consolidated financial statements are listed below.

Impairment testing of goodwill

Goodwill

The group tests whether goodwill is impaired each year in accordance with the accounting policies stated in Note C1, Significant accounting policies. The impairment test includes measurements based on judgements and estimates. The estimates are based on critical assumptions such as growth rate, profit margins, investment requirements and the discount rate. Political decisions that lead to legislative change could have significant impact on Attendo's operations and financial performance.

Attendo tested whether there was a need to impair recognised goodwill during the year. As in previous years, impairment testing was done separately for Attendo Scandinavia (AS) and Attendo Finland (AF). As a consequence of the implementation of IFRS 15, Attendo has large recognised asset values related to long-term leases, usually with terms of more than 10 years. In addition, future demographic changes are expected to lead to further increases in the need for the group's services after year 5 in the forecast period. Attendo has therefore used a 10-year forecast period for impairment testing in 2019.

Testing showed that there is no impairment need, but that the margin to a possible impairment of goodwill is significantly narrower than in previous years.

There is a wide margin in Attendo Scandinavia before any impairment need would arise. Further information is provided in Note C11 Intangible assets.

Right-of-use assets

An impairment of a right-of-use asset is recognised when the group has determined that the economic rewards expected to be derived from the contract are lower than the carrying amount of the right-of-use asset. When profit generation in a unit does not suffice to cover the rights, the right-of-use asset must be impaired.

Assets and liabilities held for sale

Attendo builds properties in own operations. All assets and liabilities related to these projects are recognised as assets and liabilities held for sale in accordance with IFRS 5. These assets are recognised at the lower of the carrying amount and fair value less costs to sell. Attendo has entered into contracts with external property owners to sell the properties after completion. If the contract is not fulfilled and the sale of the properties does not occur, assets and liabilities are reclassified in accordance with other assets and liabilities on the balance sheet.

Provisions for onerous contracts

The group's sales are mainly derived from customer contracts. Management evaluates factors such as the existence of contract losses in order to determine the income and expense items to be recognised in each period. The existence of onerous contracts is reviewed individually on the basis of estimated profit and loss, including index adjustments, during the estimated life of the contract. If an onerous contract is judged to exist, a provision is immediately recognised based on the estimated loss. At 31 December 2019, total provisions for onerous contracts were SEK 113m (195). For more information about provisions, see Note C22, Provisions.

Taxes

The recognition of income tax, value added tax and other taxes is based on current regulations, including practice, directions and legislation in the countries where the group has its operations. Due to the overall complexity of these issues, the application of these regulations and tax accounting are in some cases based on interpretations, estimates and assessments of possible outcomes In complex issues, the group solicits advice from external experts to assess possible outcomes on the basis of current practice and interpretations of existing regulations. In 2019, the group recognised income tax expenses of SEK –26m (–82).

Deferred tax assets and liabilities are recognised as temporary differences and unutilised tax loss carryforwards. The valuation of tax loss carryforwards is based on management's estimates of future taxable income in the respective tax areas. At 31 December 2019, the value of deferred tax assets amounted to SEK 293m (199). More detailed information on taxes is found in Note C10, Taxes.

Pensions

The group has pension obligations for defined benefit pension plans where present value is based on actuarial computations. These calculations are based on significant estimates of factors such as the discount rate, expected inflation, future salary increases and expected returns on plan assets. Under current accounting standards, assumptions for discount rates are based on market interest rates for first-rate corporate bonds with maturities as similar as possible to the group's maturities. At 31 December 2019, the net defined benefit pension obligations amounted to SEK 15m (43). Development of pension expenses depends largely on current agreements such as collective agreements, as well as laws and regulations, and may thereby increase or decrease depending on future events that are presently unknown and that accordingly cannot be included in actuarial calculations. For more information on pensions, see Note C21 Pension provisions.

Extension options

Leases for land and buildings also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not cover the calculation of the extension option until a decision to continue the operation is made.

Discount rate

Attendo's leases were categorised based on their geographical location for the calculation of the lease liability (the present value of future lease payments). Changes in the discount rate affect the size of the liability and interest expenses attributable to the liability. A new discount rate is set when a new lease is added when an extension option is used and when there is a change in the scope of the lease. The basis for the discount rate is obtained from an external party on an annual basis.

The effect of ongoing disputes and measurement of contingent liabilities on the group's financial position.

Over the years, the Group has made a number of acquisitions. As a consequence of such acquisitions, certain contingent liabilities related to the acquired operations have been taken over as well as certain issues regarding purchase consideration and contingent consideration. Companies within the Group are also involved in a few other legal processes and tax audits that have arisen in the business. Reporting of disputes, legal processes and tax audits is subject to critical estimates and assessments.

C3 Segment reporting and income

Attendo streamlined the business in 2018 by divesting the Finnish health care operations and merging two business areas in Scandinavia into one. Attendo has previously defined two operating segments that are continuously monitored by the chief operating decision maker, who makes decisions about the allocation of resources and assesses the operating segment's performance. Consequent upon the change in operations, Attendo will be reporting two operating segments from 2019, based on the two business areas, Attendo Scandinavia and Attendo Finland.

Information and income by geographical area

2019	Scandinavia	Finland	Group
Net sales by contract model	6,305	5,630	11,935
Own operations	4,497	5,460	9,957
Outsourcing	1,808	170	1,978

2018	Scandinavia	Finland	Group
Net sales by contract model	6,367	4,620	10,987
Own operations	4,315	4,444	8,759
Outsourcing	2,052	176	2,228

In all material respects, the company's revenues refer to services rendered over time. This has not changed since the preceding year. At the end of the year, Attendo had 95 outsourcing contracts. Average annual sales in Sweden for outsourced units are SEK 31m for nursing homes and SEK 11m for homes for people with disabilities. The main customers are local authorities. In all material respects, all contracts are dependent upon customer demand for Attendo's services, and revenues therefore fluctuate. Provided that occupancy remains good, Attendo estimates that total revenues for the outsourcing contracts up to the termination date amount to approximately SEK 8.9bn. Of these, an estimated 22 percent will be generated next year and a further 20 percent in the year after next.

"Other and eliminations" in the segment tables below covers costs for the head office and group eliminations.

	2019				2018			
Operating income	Scandinavia[3]	Finland	Other and eliminations	Group	Scandinavia[3]	Finland	Other and eliminations	Group
Net sales	6,305	5,630	–	11,935	6,367	4,620	–	10,987
Other operating income	62	48	–	110	17	7	–	24
Total revenue	**6,367**	**5,678**	**–**	**12,045**	**6,384**	**4,627**	**–**	**11,011**
Operating costs								
Personnel costs	–4,381	–3,706	–46[1]	–8,133	–4,437	–2,798	–40[1]	–7,275
Other external costs	–787	–1,165	–20[2]	–1,972	–900	–815	–22[2]	–1,737
Operating profit before depreciations and amortisation (EBITDA) *	**1,199**	**807**	**–66**	**1,940**	**1,047**	**1,014**	**–62**	**1,999**
Amortisation and depreciation of tangible and intangible assets	–484	–644	–	–1,128	–478	–513	–	–991
Operating profit after depreciation (EBITA)	**715**	**163**	**–66**	**812**	**569**	**501**	**–62**	**1,008**
Amortisation of acquisition related intangible assets	–25	–115	–	–140	–29	–113	–	–142
Operating profit (EBIT)	**690**	**48**	**–66**	**672**	**540**	**388**	**–62**	**866**
Financial items								
Financial income				5				1
Financial expenses				–570				–541
Net financial items				**–565**				**–540**
Profit (–loss) before tax				**107**				**326**
Income tax				–26				–82
Profit for the year from continuing operations				**81**				**244**
Operations held for sale								
Profit or loss for the period for operations held for sale				–				711
NET PROFIT FOR THE YEAR*				81				955

1) Other, i.e., the cost of the head office, amounts to SEK 45m (38). Eliminations amount to SEK 1m (2).
2) Other, i.e., the cost of the head office, amounts to SEK 20m (22).
3) Net sales for Scandinavia are distributed as follows: Sweden, SEK 5,682.m (5,736), Norway SEK 406m (424) and Denmark SEK 217m (207).

	2019				2018			
Other segment information	Scandinavia	Finland	Head office balance sheet	Group	Scandinavia	Finland	Head office balance sheet	Group
Assets	9,070	10,984	216	**20,270**	9,027	10,014	2,181	**21,222**
Liabilities	4,402	7,226	2,811	**14,439**	4,275	5,797	5,349	**15,421**
Investments in tangible and intangible assets	60	280	4	**345**	75	187	2	**264**

Transaction prices allocated to remaining performance obligations, SEKm	2020	2021	Total
Aggregated expected revenues related to outsourcing contracts:	2,000	1,800	8,900

Non-current assets by country

2019	Sweden	Denmark	Norway	Finland	Head office	Total
Intangible non-current assets	4,670	0	28	3,309	3	8,010
Property, plant and equipment	144	13	4	713	0	874
Right-of-use assets	2,928	116	39	5,773	0	8,856
Non-current receivables	7	6	0	25	0	38
Total	7,749	135	71	9,820	3	17,778

2018	Sweden	Denmark	Norway	Finland	Head office	Total
Intangible assets	4,655	0	115	3,238	4	8,012
Property, plant and equipment	182	8	15	401	0	606
Right-of-use assets	2,884	5	60	4,584	0	7,533
Non-current receivables	10	6	0	27	0	43
Total	7,731	19	190	8,250	4	16,194

Contracting local authorities

Attendo had no contracting local authorities for which revenue exceeds 10 percent of the group's total revenue.

Net sales from external customers refers to care and health care services.

The information relating to non-current assets is based on geographical areas grouped on the basis of where the assets are located. Non-current assets do not include financial instruments, deferred tax assets or assets relating to post-employment benefits in accordance with IFRS 8, paragraph 33.

C4 Other operating income

Other operating income

SEKm	2019	2018
Gains on sales of non-current assets	61	9
Gains on sales of assets held for sale	4	2
Other	45	12
Total	110	24

C5 Information on Board members, senior executives and employees

Compensation to Board of Directors

The Board of Directors of the parent company was composed of six regular directors at the end of the year, of whom two women. The 2019 AGM adopted a resolution that entitled the Chair of the Board to a fee of SEK 1,000,000. Regular Board members elected by the annual general meeting were entitled to fees of SEK 350,000 each. As resolved by the 2019 AGM, an additional fee of SEK 370,000 (of which SEK 200,000 to the chair) is payable to members of the Audit Committee, SEK 300,000 (of which SEK 150,000 to the chair) to members of the Investment Committee and SEK 200,000 (of which SEK 100,000 to the chair) to members of the Compensation Committees.

Compensation resolved by the 2019 AGM is presented in the following table and the previous year's resolved fees within brackets.

Board members	Board remuneration	Remuneration for committee work	Total fee
Chair of the Board			
Ulf Lundahl	1,000 (900)	125 (125)	1,125 (1,025)
Board members			
Catharina Fagerholm	350 (335)	200 (150)	550 (485)
Tobias Lönnevall	350 (335)	335 (325)	685 (660)
Alf Göransson	350 (335)	135 (–)	485 (335)
Anssi Soila	350 (335)	75 (75)	425 (410)
Anitra Steen	350 (335)	– (–)	350 (335)
Employee representatives			
Robin Filipsson	– (–)	– (–)	– (–)
Arja Pohjamäki	– (–)	– (–)	– (–)
Faya Lahdou, alternate	– (–)	– (–)	– (–)
Total	2,750 (2,515)	870 (675)	3,620 (3,250)

For further information about the work of the Board of Directors and board committees, please refer to Attendo's Corporate Governance Report on page 28.

Compensation to the CEO and Executive Management

The company's cost for compensation to Executive Management are recognised in profit and loss. Costs recognised during a financial year are not always paid in full by the company at the end of the financial year, because costs could include variable pay that is disbursed the year after the vesting period. The table below refers to the group's employee benefits expenses for Executive Management in the financial year.

Costs of compensation tor the CEO and other members of Executive Management

SEKk	Fixed salary[3] 2019	Fixed salary[3] 2018	Variable salary[4] 2019	Variable salary[4] 2018	Sharebased compensation[5] 2019	Sharebased compensation[5] 2018	Other remuneration and benefits[6] 2019	Other remuneration and benefits[6] 2018	Pension cost 2019	Pension cost 2018	Total 2019	Total 2018
CEO												
Martin Tivéus	7,548	2,936	1,203	735	99	–	117	0	2,100	750	11,067	4,421
Pertti Karjalainen	–	1,653	–	418	–	–	–		–	310	–	2,381
Henrik Borelius	–	756	–	0	–	–	–	42	–	823	–	1,621
Other members of Executive Management[1, 2]	10,408	12,044	1,246	2,255	117	447	542	547	3,288	3,906	15,601	19,199
Total	**17,956**	**17,389**	**2,449**	**3,408**	**216**	**447**	**659**	**589**	**5,388**	**5,789**	**26,668**	**27,622**
Of which divested operations												
Executive Management	–	1,967	–	236	–	82	–	70	–	436	–	2,791

[1)] Other members of Executive Management (excluding the CEO) comprised six individuals at year-end 2019.
[2)] Virpi Holmqvist replaced Pertti Karjalainen as the Business Area Director for Finland on 7 October, whereupon she became a member of Executive Management. Karjalainen continued to serve on the Executive Management team until February 12, 2020.
[3)] Fixed salary includes the cost of annual leave pay.
[4)] Variable pay includes both the accrued cost of short-term variable pay and vested subsidies for call options.
[5)] Share-based payments refers to the forecasted outcome of long-term incentive programmes, calculated in accordance with IFRS 2 and expensed during 2019.
[6)] Other remuneration and benefits refer mainly to company cars.

Composition of Executive Management

At the end of 2019, there were seven regular members of the Executive Management, of whom two are women. The Executive Management team is composed of the CEO and six other executives: the CFO, the Communications and IR Director, Business and Development Director and the two Business Area Directors.

Terms of employment of the CEO

The CEO is paid fixed salary, variable pay based on annual targets and pension benefits. The CEO also participates in Attendo's long-term incentive programme for senior executives. Remuneration is determined annually by the Board of Directors in accordance with the established policy for remuneration to Executive Management. Variable salary is based on targets related to growth and profits as well as personal targets and is subject to a cap of 67 percent of annual salary in the 2019 financial year. As previously decided, Attendo will also be able to distribute cash compensation connected to the long-term acquisition of shares or equity-related instruments during a three-year period (ending 2021). The CEO is entitled to a premium-based pension plan of his choice corresponding to 30 percent of the fixed salary. Attendo has no other pension obligations to the CEO. Upon termination, a mutual notice period of six months shall apply. Upon termination by the company, the CEO is entitled to severance pay corresponding to twelve months' salary.

Terms of employment for other members of executive management

Other members of executive management receive a fixed salary, variable pay and pension benefits as customary in each country. Swedish members of Executive Management are included in the ITP plan and the plan's alternative rule. All other members of Executive Management are included in Attendo's long-term incentive programme. Variable salary is subject to a cap of 45–50 percent of annual fixed salary and is based on policies similar to those that apply to the CEO. As previously decided, Attendo will also be able to distribute cash compensation connected to the long-term acquisition of shares or equity-related instruments during a three-year period (ending 2021). Upon termination, a mutual notice period of six months shall apply. Upon termination by the company, other senior executives are entitled to severance pay corresponding to an additional six months' salary.

Number of employees, salaries and other remuneration

Number of employees	2019 Women	2019 Men	2019 Total	2018 Women	2018 Men	2018 Total
Scandinavia	6,956	1,881	8,837	7,815	2,004	9,819
Finland	6,839	823	7,662	7,241	1,209	8,450
Total	**13,795**	**2,704**	**16,499**	**15,056**	**3,213**	**18,269**
Of which divested operations						
Finland	–	–	–	1,163	361	1,524

Costs of remuneration to employees

SEKm	2019	2018
Salaries and wages	6,304	6,437
Social costs	1,052	1,106
Pension costs	741	788
Total	**8,097**	**8,331**
Of which divested operations		
Salaries and wages	–	875
Social costs	–	7
Pension costs	–	141
Total	**–**	**1,023**

Other remuneration

Part of the remuneration paid to some employees is variable. Variable pay is conditional upon meeting certain targets. The targets may be linked to parameters such as quality, customer satisfaction, employee satisfaction and financial performance.

Incentive programmes

The general meeting resolved in 2015 to implement long-term incentive programmes aimed at encouraging and maintaining strong commitment to Attendo and to contributing to long-term shareholder value as the goals of Attendo's Executive Management and employees are aligned with those of shareholders.

Warrants

Warrants were issued coincident with the general meeting of Attendo AB's subsidiary Attendo Intressenter AB, from which members of Executive Management acquired warrants at market value. A total of

5,280,030 warrants were issued and warrants not acquired by current participants may be offered to additional senior executives or key staff in the future. The warrants were issued in three separate series, of which the last expired in December 2019. As the exercise price was SEK 65, no warrants in series 2015/2019 were subscribed.

Call options through Nordstjernan

Attendo's principal shareholder Nordstjernan issued call options during 2018 to a few senior executives and other key individuals at Attendo. Participants in the programme subscribed for a total of 875,815 call options. The call options can be exercised between three and five years after subscription. Attendo has chosen to subsidise 120 percent of the investment before tax through additional variable pay of a maximum of SEK 4.7m that will be paid 24 and 36 months after the subscription date, respectively.

Share savings programme Attendo+

The first share savings programme directed at all employees of Attendo, Attendo+, was introduced in August 2016. The participants invest in Attendo savings shares during a period of twelve months if the employee remains employed by Attendo, a right to matching shares will be granted at the end of the qualification period. Investments are made at market value. In addition, performance shares can be granted to some participants, provided that certain predetermined goals are met during the qualification period. The predetermined goals were improvement in the quality index compared to 2015 and in the Attendo Group's accumulated EBITA with a threshold of SEK 3,146m, corresponding to an average annual growth of approximately 7 percent. The Board of Directors has determined that the outcome of the performance criteria is 0 percent. Matching shares were allotted for the first time in December 2019 and quarterly grants will continue until the end of September 2020.

The 2017 AGM resolved to adopt a new share savings programme, Attendo+ 2017. The programme is aimed at certain key employees. When they invest in savings shares during a period of twelve months and remain employed by the company, a maximum of 3–5 matching performance shares will be allotted at the end of the 12-month period. Allotment of performance shares is dependent on the outcome of a range of predetermined goals of the Attendo Group's accumulated EBITA during the period of 2017–2019 with a threshold of SEK 3,097m, corresponding to average annual growth of approximately 6 percent. The Board of Directors has determined that the outcome of the performance target is 0 percent.

The 2018 AGM resolved to adopt a new share savings programme, Attendo+ 2018. The programme is aimed at certain key employees that invest in savings shares and through remained employment by the company, can receive a maximum of 3–5 performance shares at the end of the qualification period if certain predetermined goals are achieved. The Board determines a range of development of the groups accumulated EBITA during the time period 2018–2020.

The 2019 AGM resolved to adopt a new share savings programme Attendo+ 2019. The programme is aimed at certain key employees that invest in savings shares and through remained employment by the company, can receive 0.5 matching share and a maximum of 5 performance shares at the end of the qualification period. The allottment of performance shares are dependent on the acheivement of certain predetermined goals related to the groups accumulated EBITA during the time period 2019–2021.

To ensure Attendo's commitment to deliver shares and pay social security contributions Attendo has repurchased own shares. At 31 December 2019, Attendo held 496,136 shares.

Outstanding share rights

The following table shows granted share rights forfeited and exercised within Attendo+. The performance shares in Attendo+ 2016 and Attendo+ 2017 are considered forfeited. Participants who left the company in conjunction with divestment of the Finnish health care operations received matching shares in 2019 in accordance with Attendo+ 2016.

Assuming that the performance targets in Attendo+ 2018 and Attendo+ 2019 completely met, the total cost for Attendo+ is estimated at SEK 33m. Maximum dilution for Attendo+ is estimated at 0.3 percent of total outstanding shares.

	2019				2018		
Matching and Performance Shares	**Attendo+ 2019**	**Attendo+ 2018**	**Attendo+ 2017**	**Attendo+ 2016**	**Attendo+ 2018**	**Attendo+ 2017**	**Attendo+ 2016**
At 1 January	**–**	**146,198**	**261,270**	**59,809**	**–**	**65,404**	**97,853**
Granted (Recognised)	270,023	–	–	–	146,198	213,028	–
Forfeited	–	9,124	261,270	7,349	–	17,162	35,979
Exercised (Allotted)	–	–	–	26,516	–	–	2,065
At 31 December	**270,023**	**137,074**	**–**	**25,944**	**146,198**	**261,270**	**59,809**

C6 Other external costs

Other external costs

SEKm	2019	2018
Care and health care services	181	157
Consumables	512	472
Rent costs	213	193
Other property costs	471	366
External services	20	99
Other	575	450
Total	**1,972**	**1,737**

C7 Audit fees

Audit fees

SEKm	2019	2018
PwC		
Audit fees	8	8
Of which to parent company auditors	*5*	*4*
Fees, audit-related	0	0
Of which to parent company auditors	*0*	*0*
Fees, tax matters	1	1
Of which to parent company auditors	*0*	*0*
Other fees	1	0
Of which to parent company auditors	*0*	*0*
Total	**10**	**9**

SEKm	2019	2018
Other companies		
Audit fees	–	0
Fees, audit-related	–	–
Fees, tax matters	–	0
Other fees	0	1
Total	0	1

Audit fees refer to fees for the statutory audit, i.e., the work required to issue the auditor's report as well as audit advice provided in connection with the audit assignment.

Other services in 2019 consisted of various advisory services, as in the preceding year.

C8 Financial income and expenses

Financial income

SEKm	2019	2018
Interest income	1	1
Exchange rate gains	4	–
Total financial income	5	1

Financial expenses

SEKm	2019	2018
Interest expenses on borrowings	–59	–119
Depreciation of capitalised financing costs	–7	–6
Impairment of capitalised financing costs	–8	–
Interest expenses related to IFRS 16	–473	–1
Correction based on the new lease accounting standard, interest expenses related to finance leases	–	–394
Interest expenses on post-employment benefits	–5	–6
Exchange rate losses	–3	–6
Other financial expenses	–15	–9
Total financial expenses	–570	–541
Net financial items	–565	–540

C9 Taxes

Income taxes recognised in profit and loss

SEKm	2019	2018
Current tax	–123	–115
Deferred tax	97	33
Total	–26	–82

The effective tax rate is 24.3 percent.

A reconciliation between this year's recognised tax expense and the tax expense that would arise if the Swedish tax rate of 21.4 percent was applied to profit before tax is shown below.

Reconciliation of effective tax

SEKm	2019	2018
Tax according to Swedish tax rate	–23	–93
Tax effect of the new standard, IFRS 16 Leases	–	20
Effect of foreign tax rates	–4	4
Tax effect of non-deductible items	–3	–11
Tax effect of non-taxable income	6	6
Tax effect of changed tax rate	–1	0
Tax attributable to previous years	–2	–1
Change in temporary differences	–4	2
Revaluation of tax loss carry forwards	9	–12
Other	–4	3
Tax expense	–26	–82

Deferred tax assets and tax liabilities

The tax effect of timing differences including unutilised tax loss carryforwards has resulted in deferred tax assets and deferred tax liabilities as shown below:

Deferred tax assets

SEKm	2019	2018
Tax loss carryforwards	81	27
Provisions for post-employment benefits	4	10
Other provisions	63	28
Deferred tax, IFRS 16	125	105
Other	20	29
Total	293	199

Changes in deferred tax assets

SEKm	2019	2018
Opening balance, 1 January	199	62
Tax loss carryforwards	54	–8
Provisions for post-employment benefits	–6	–3
Provisions	35	24
Deferred tax, IFRS 16	0	2
Exchange rate differences	20	105
Other	–9	17
Closing balance, 31 December	293	199

Deferred tax liabilities

SEKm	2019	2018
Intangible assets	85	120
Other timing differences	3	8
Total	88	128

Deferred tax liabilities consist of tax on customer relationships of SEK 79m, tax on brands of SEK 6m and a number of minor deferred tax liabilities totalling SEK 3m.

Changes in deferred tax liabilities

SEKm	2019	2018
Opening balance, 1 January	128	124
Customer contracts	–	–
Customer relationships	–35	2
Exchange rate differences	2	2
Other	–7	0
Closing balance, 31 December	88	128

Deferred tax, Other Comprehensive Income

Tax items attributable to OCI

SEKm	2019	2018
Deferred tax on revaluation of provisions for pensions	–1	2
Deferred tax on OCI	–1	2

Tax loss carryforwards

SEKm	2019	2018
Sweden	194	–
Finland	362	131
Norway	6	3
Denmark	234	167

Total tax loss carryforwards at 31 December 2019 amounted to SEK 166m (64). The loss carryforwards are measured at SEK 115m and are found in Sweden, Finland and Norway. Retaxation of SEK 254m on measured loss carryforwards in Sweden was carried out in 2019.

C10 Earnings per share

Basic and diluted EPS

SEK	2019	2018
Basic, total operations	0.51	5.95
Diluted, total operations	0.51	5.94
Basic, continuing operations	0.51	1.52
Diluted, continuing operations	0.51	1.52
Basic, divested operations	–	4.43
Diluted, divested operations	–	4.42

Basic earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders in the parent company by the weighted average shares outstanding during the period excluding repurchased shares.

Basic earnings per share	2019	2018
Profit attributable to holders of ordinary shares in the parent company (SEKm)	81	955
Weighted average of outstanding shares in the year, basic	160,876,525	160,454,518

Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average shares outstanding for the dilutive effect of all warrant agreements.

Diluted earnings per share	2019	2018
Profit attributable to holders of ordinary shares in the parent company (SEKm)	81	955
Weighted average of outstanding shares in the year, basic	160,876,525	160,454,518
Adjusted for:		
Warrants	–	210,656
Attendo+	22,775	36,512
Weighted average number of outstanding ordinary shares in the year, diluted	160,899,299	160,701,686

C11 Intangible assets

Intangible assets 2019

SEKm	Goodwill	Customer relation-ships	Customer contracts	Other assets	Total
Opening balance	7,339	563	2	108	8,012
Acquisitions	148	87	0	0	235
Investments	–	–	–	18	18
Sales and obsolescence	–83	–21	0	–4	–108
Reclassifications	–5	–5	–	–31	–41
Amortisation	–	–139	–1	–24	–164
Exchange rate differences	47	9	0	2	58
Closing balance	7,446	494	1	69	8,010

Intangible assets 2018

SEKm	Goodwill	Customer relation-ships	Customer contracts	Other assets	Total
Opening balance	8,541	595	4	118	9,258
Acquisitions	379	152	–	2	533
Investments	–	–	–	44	44
Sales and obsolescence	–1,758	–42	–	–24	–1,824
Reclassifications	–	–	–	4	4
Amortisation	–	–164	–1	–39	–204
Exchange rate differences	177	22	–1	3	201
Closing balance	7,339	563	2	108	8,012

Impairment testing of goodwill

Each year, Attendo tests whether there is any indication that goodwill may be impaired by calculating the value in use for cash-generating units to which the goodwill item is allocated. There are two operating segments within Attendo. Attendo has chosen, in accordance with IAS 36.82, to perform impairment testing based on two cash-generating units, as these reflect the way Attendo manages its operations. In addition, these two cash generating units correspond to the lowest level at which financial position is monitored. The two cash-generating units are designated Attendo Scandinavia (AS) and Attendo Finland (AF). The key assumptions used in impairment testing during the current year are related to growth rate, profit margins, investment requirements and the discount rate. The discount rate is set with consideration given to the prevailing interest rate situation and the specific risk in the cash-generating unit and is calculated before tax.

Assumptions in relation to need for impairment

	AS	AF
WACC before tax 2019, %	8.6	9.3
WACC before tax 2018, %[1]	9.1	8.6

[1] The discount rate in 2018 was calculated in accordance with IAS 17

Up to 2019, Attendo calculated future cash flows based on the most recent budget approved by the Board of Directors and management for the next financial year and subsequent detailed forecasts covering a five-year period. See the 2018 Annual Report Note C12 for a detailed description of the need for impairment of goodwill up to 2019.

As a consequence of the implementation of IFRS 15, Attendo has large recognised asset values related to long-term leases, usually with terms of more than 10 years. In addition, future demographic changes are expected to lead to further increases in the need for the group's services after year five in the forecast period. Attendo has therefore used a ten-year forecast period for impairment testing in 2019. The growth rate in the budget and ten-year forecast is based on industry data, expected changes in the market and management's experience from similar markets and Attendo's strategy. The budget and ten-year forecast are used for operational management and are intended to ensure that financial targets are met over time. Attendo takes a conservative approach to its estimates to determine value in use, which means that financial targets are the basis for estimates when they are lower than budgeted and forecast outcomes. A long-term growth rate of 2 percent (2) was assumed for the period thereafter. This does not exceed the average long-term growth rate for the sector as a whole and is based on industry data, expected changes in the market and management and the Board of Directors' experience from similar markets. The Board of Directors and management have determined the assumptions based on historical outcomes and their expectations for market development. The weighted average growth rate used is consistent with forecasts issued in industry reports. The discount rates used are stated before tax and reflect the specific risk for the identified cash-generating unit.

Testing showed that there is no impairment need, but that the margin to a possible impairment of goodwill is significantly narrower than in previous years. In connection with impairment testing of goodwill in Attendo Finland, carried at SEK 2,841m, the assessment was based in part on the business and action plan for future years and a long-term profitability level equal to at least 7 percent of the adjusted EBITA margin (the EBITA margin in accordance with the earlier accounting standard, not including IFRS 16) at the end of the forecast period. For the cost of capital, 11.7 percent was used for required return on equity and interest expense of 3.3 percent before tax on interest-bearing liabilities. The required return on equity has been significantly adjusted upwards compared to testing in previous years based on a higher risk premium. These assumptions would return 8 percent WACC (net of tax) according to the previous accounting standard and 7.3 percent (net of tax) under IFRS 16. The reason for the difference is that IFRS 16 results in a significantly higher liability component in the capital structure.

The test is sensitive to certain assumptions. A sensitivity analysis shows that a long-term adjusted EBITA margin of 6 percent or lower for Attendo Finland would indicate a need for impairment, as would a weighted average cost of capital (WACC) that is higher by 0.5 percentage points or more according to this sensitivity analysis. Furthermore, a decrease in the margin of 0.75 percentage points in the respective period in the impairment test would indicate a need for impairment.

There is a wide margin in Attendo Scandinavia before any impairment need would arise.

Distribution of goodwill in the group

SEKm	AS	AF[1]	Total
Goodwill at 31 Dec 2019	4,605	2,841	7,446
Goodwill at 31 Dec 2018	4,635	2,704	7,339

[1] The difference between the periods is due to the divestment of the Finnish operations. Divested goodwill amounts to SEK 1,761m.

C12 Property, plant and equipment

Property, plant and equipment 2019

SEKm	Buildings and land	Equipment and vehicles	Total
Opening balance	163	443	606
Acquisitions	125	3	128
Investments	2	325	327
Disposals and divestments	–47	–18	–65
Reclassifications	10	31	41
Depreciation and impairments	–18	–147	–165
Exchange rate differences	0	2	2
Closing balance	235	639	874

Property, plant and equipment 2018

SEKm	Buildings and land	Equipment and vehicles	Total
Opening balance	120	439	559
Acquisitions	96	40	136
Investments	2	238	240
Disposals and divestments	–16	–62	–78
Reclassifications	0	–4	–4
Depreciation	–40	–145	–185
Exchange rate differences	1	8	9
Correction based on the new lease accounting standard, IFRS 16	–	–71	–71
Closing balance	163	443	606

C13 Leases

Right-of-use assets 2019

SEKm	Premises	Vehicles	Total
Opening balance	7,504	29	7,533
New leases and index adjustments	2,612	31	2,643
Sales	–348	–4	–352
Depreciation	–913	–27	–940
Impairments	–85	–	–85
Exchange rate differences	57	0	57
Closing balance	8,827	29	8,856

Right-of-use assets 2018

SEKm	Premises	Vehicles	Total
Opening balance	5,624	36	5,660
New leases and index adjustments	2,541	10	2,551
Sales	–11	–9	–20
Depreciation	–776	–8	–784
Impairments	–	–	–
Exchange rate differences	126	–	126
Closing balance	7,504	29	7,533

Amount recognised in income statement

	2019	2018
Costs attributable to short-term leases	48	48
Costs attributable to low-value leases	39	47
Costs attributable to variable lease payments not included in the lease liability	126	98
Total	213	193
Interest expense attributable to right-of-use assets	473	394

Lease liabilities

	2019	2018
<12 months	856	743
2–5 years	2,973	2,592
6–10 years	3,080	2,584
>10 years	2,593	2,022
Total	9,502	7,941

Discount rate

Attendo's leases were categorised based on their geographical location to calculate the lease liability (the present value of future lease payments). For leases in Sweden, an interest rate between

3.75—5.50 percent is used for 2019 (4.0–5.75), for Finland 4.1–5.7 percent (4.1–5.6), for Denmark 4,75–7 percent (4.75–7) and for Norway 4.15–5.3 percent (4.0–5.25). The discount rate for Attendo's leased cars are based on the interest rate for each lease in Sweden and in Denmark on the interest rate implicit borrowing rate in the lease, which was 2.16 percent in 2019.

Indexation

Variable lease payments tied to an index or price are included in the value of the right-of-use and the lease liability. These variable lease payments include, for example, payments linked to the consumer price index, benchmark interest rate or changes in market rents. The majority of Attendo's leases include an indexation clause, where the CPI is the most common index applied, which is adjusted in October. The index used must be updated as of the starting date of the change in rent or when it changes.

Extension options

Leases for land and buildings also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not cover the calculation of the extension option until a decision to continue the operation is made.

Variable costs

Variable costs, such as property tax, VAT and other variable property costs, such as the costs of maintenance, electricity, heat and water, etc., are excluded from the lease liability calculation to the extent the costs can be separated from the cost of rent. VAT is not included because it is a levy recognised in accordance with IFRIC 21 Levies.

Cash flow

Total cash flow related to leases was SEK 1,263m (1,090).

Leases entered into that have not yet begun to apply

Disclosures regarding leases that have been entered into but have not yet begun to apply and are thus not included in the asset or liability for its rights-of-use before the lease begins are found under contingent liabilities, see Note C29.

Estimated expected lease payments regarding guaranteed residual values

The group initially estimates amounts related to guaranteed residual values that the company expects to be obligated to pay and recognises them as part of the lease liability. The amounts are assessed and adjusted if appropriate to do so at the end of each reporting period. At the end of this financial year, guaranteed residual values included in lease liabilities amounted to SEK 44m (43). These are not expected to be paid. Attendo operates under two contract models: own operations and outsourcing. How leases are used and how they are applicable is described below.

Own operations

Attendo provides care services in its own or leased premises where Attendo controls the lease and the unit. Attendo designs, builds, equips and staffs homes in own operations and offers care beds to local authorities. The homes are designed and built in partnership with construction and real estate companies, which also own the properties. Attendo enters into leases with the property owners, usually for a term of 10–15 years with an option to extend the lease. In the own operations contract model, Attendo subleases rooms/apartments to individual customers. Each room has an individual lease with each customer, who pays rent on a separate invoice. Attendo must provide notice of termination of the lease of three to six months. Customers must provide notice of termination of the lease of seven days to one month, depending on the country and contract. Since the cancellable lease term on the day the lease commences is a maximum of six months, the lease will be classified as a short-term lease and recognised as an operating lease that is thus not included as a right-of-use asset under IFRS 16.

Attendo sold properties in the Scandinavia business area in 2019, which were subsequently leased back. The sale generated a capital gain of SEK 31m.

Outsourcing

Under outsourcing contracts, Attendo provides services as ordered by the customer. The staff are employed by Attendo, while the local authority is responsible for the premises where services are delivered. Contracts with local authorities normally have a term of four to seven years with an option to extend the contract. The premises are owned or leased by the local authority, which also controls use of the premises.

C14 Other non-current receivables

Other non-current receivables

SEKm	2019	2018
Deposits, rent for premises	27	34
Financing of own operations projects	1	1
Deposit guarantees	6	6
Other	4	2
Total	**38**	**43**

C15 Trade receivables

Trade receivables

SEKm	2019	2018
Trade receivables	1,096	1,054
Allowance for doubtful debts	–6	–4
Trade receivables, net	**1,090**	**1,050**

Maturity structure

SEKm	2019	2018
Not past due	992	868
Past due 1–30 days	58	170
Past due 31–60 days	13	0
Past due 61–90 days	6	6
Past due more than 90 days	27	10
Trade receivables, gross	**1,096**	**1,054**

Trade receivables refer in all material respects to local authorities in the Nordic region, which are assessed as having high credit ratings.

Changes in allowance for doubtful debts

SEKm	2019	2018
Opening balance	–4	–4
Provisions for doubtful debts for the year	–3	0
Confirmed trade losses	0	0
Recovered doubtful debt	1	0
Closing balance	**–6**	**–4**

Recognised amounts, per currency, for the group's trade receivables

Trade receivables by currency

SEK	2019	2018
SEK	566	590
EUR	45	39
NOK	35	34
DKK	12	15

The company has chosen to create a collective model for accounting for credit losses attributable to trade receivables. The company's trade receivables are comprised mainly of receivables due from local authorities and the receivables are regarded as having the same credit characteristics, regardless of local authority.

The new model for accounting for expected credit losses was developed using a matrix and a fixed percentage of the loss allowance depending on how many days a receivable is outstanding. This is based on a three-step analysis. In the first step, sales and related credit losses were defined during a specific period. In step two, a payment pattern was calculated for the customers. In the third step, a historical credit percentage for the loss level was calculated through ageing based on the results from steps one and two.

The model is tested every year to determine whether any changes are necessary.

2019	Current (<30 days)	Past due 31–60 days	Past due 61–90 days	Past due 90+ days	Total
Expected loss level, %	0.02	0.16	1.07	22.22	
Recognised amounts of trade receivables – gross (SEKm)	58	13	6	27	104
Credit loss reserve	0	0	0	6	6
1 January 2019					
Expected loss level, %	0.02	0.13	1.62	27.31	
Recognised amounts of trade receivables – gross (SEKm)	170	0	6	10	186
Credit loss reserve	0	0	1	3	4

C16 Other current receivables

Other current receivables

SEKm	2019	2018
Other receivables	22	33
Prepaid rent	152	134
Accrued income	193	191
Other prepaid expenses and accrued income	55	78
Prepaid rent IFRS 16	–102	–107
Total	320	329

C17 Assets and liabilities classified as held for sale

Attendo builds properties in own operations. Attendo's intention is to sell the properties after completion to an external property owner. All assets and liabilities related to these projects are therefore recognised as assets and liabilities held for sale in accordance with IFRS 5. These assets are recognised at the lower of the carrying amount and fair value less costs to sell. These activities generate no material effects on profit and loss.

The effect of the sale on profit and loss in 2019 amounts to SEK 4m (2).

The effect on cash flow of assets and liabilities held for sale is attributable entirely to cash flow from investing activities. See the consolidated statement of cash flow on page 47.

SEKm	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Goodwill	0	9
Other intangible assets	12	60
Property, plant and equipment	174	377
Total non-current assets	186	446
Total assets held for sale	186	446
LIABILITIES		
Deferred tax liabilities	0	9
Total non-current liabilities	0	9
Current liabilities		
Trade payables	13	17
Other current liabilities	6	0
Total current liabilities	19	17
Total liabilities attributable to assets held for sale	19	27
Net assets held for sale	167	419

Change in net assets held for sale

SEKm	2019	2018
Opening balance	419	712
Investments	468	996
Sales	–731	–1,320
Other	11	31
Closing balance	167	419

C18 Equity

Share capital

Share capital amounted to SEK 884,551 on 31 December 2019. 161,386,592 shares were outstanding. The quotient value is SEK 0.005 and each share carries equal voting rights.

Capital contributions

Refers to equity contributed by shareholders. This includes profits earned in the parent company and its subsidiaries.

Retained earnings

Retained earnings, including profit for the year, are included in profits earned in the parent company and its subsidiaries.

Retained earnings also includes the following

Remeasurement of pension provisions
Actuarial gains and losses on defined benefit pension plans

Exchange rate differences on translating foreign operations
Exchange rate differences that arise upon restatement of the financial statements of foreign subsidiaries, changes related to restatement of surplus values in local currency and restatement of liabilities incurred as hedging instruments of a net investment in a foreign subsidiary.

C19 Liabilities to credit institutions

Liabilities to credit institutions

SEKm	2019	2018
Liabilities to credit institutions	2,852	5,293
Less capitalised financing costs	–14	–15
Total	2,838	5,278

Change in liabilities to credit institutions

SEKm	2019	2018
Opening balance	5,278	5,144
Cash flow items		
Borrowings and acquired loans	2,789	200
Borrowings paid	–5,388	–213
Non-Cash flow items		
Exchange rate fluctuations	160	154
Change in capitalised financing costs	–1	–7
Closing balance	2,838	5,278

The carrying amount has been assessed as corresponding to fair value in all material respects.

Liabilities to credit institutions at 31 December 2019 were distributed among the following currencies:

	Local currency	SEK
EUR	125	1,324
SEK	1,475	1,475

Effective interest rate at the reporting date

	2019	2018
Bank loans, %	1.83	2.25
Bank overdraft facility, %	1.83	2.25

Attendo refinanced its outstanding external credit facilities during the year. In the fourth quarter, Attendo entered into a new financing agreement with a consortium of three Scandinavian banks. The previous outstanding loans were repaid when the new loans were raised. The new financing agreement has a term of three years with an option to extend the term by up to two years. The agreement is based mainly on the same documentation as previous agreements, by which the group remains committed to two financial covenants linked to the group's loan facilities: net debt/EBITDA and interest coverage ratio.

C20 Lease liabilities

SEKm	2019	2018
Lease liability	9,502	71
Opening balance, adj. lease liability	–	7,870
Total	9,502	7,941

Change in lease liabilities

SEKm	2019	2018
Opening balance	7,941	93
Opening balance, adj. lease liability	–	5,896
Adjusted opening balance	7,941	5,989
Cash flow items		
Change in lease liabilities	–1,263	–1,090
Non-Cash flow items		
Exchange rate differences	66	137
Change in lease liabilities	2,758	2,905
Closing balance	9,502	7,941

C21 Pension provisions

Sweden

Manual workers are covered by the SAF/LO plan, which is a defined contribution pension plan based on collective agreements and covers employers in several different industries. Non-manual workers are covered by the ITP plan, which is also based on collective agreements and covers employers in several different industries. According to an opinion issued by the Swedish Financial Reporting Board (UFR 10), the ITP plan is a defined benefit plan that covers multiple employers. Alecta, which insures the ITP plan, has been unable to provide Attendo or other Swedish companies with sufficient information to determine Attendo's share of the total assets and liabilities of the ITP plan. For this reason, the ITP plan is recognised as a defined contribution plan. The cost for the ITP2 plan in 2019 amounts to SEK 119m (132). The expected cost for the ITP2 plan in 2020 is SEK 111m. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's preliminary consolidation level at 31 December 2019 was 148 percent (142). The consolidation ratio is calculated as the fair value of plan assets as a percentage of the obligations calculated according to the actuarial assumptions applied by Alecta.

Norway

Employees of the group in Norway are covered mainly by defined contribution pension plans, other than certain occupational categories that are covered by defined benefit pension plans. The defined benefit pension plans are secured in part through the Norwegian companies' membership in a mutual pension scheme. Employees in Norway are also covered by a contractual early retirement (AFP) plan. The AFP plan is a funded plan that covers multiple employers. As Attendo cannot determine its share of the plan's total assets and liabilities, the AFP plan is recognised as a defined contribution plan.

Other countries

Pension plans in Finland and Denmark are classified as defined contribution plans.

Defined contribution pension plans

SEKm	2019	2018
Sweden	182	198
Finland	534	553
Norway	7	8
Denmark	13	12
Total	736	580

Defined benefit pension plans

As the group reports only defined benefit pension plans in Norway, all information refers to the group's operations in Norway. The table below shows the total cost of Attendo's defined benefit plans

Recognised in the consolidated income statement

SEKm	2019	2018
Service costs for the current year	–16	–19
Interest expenses	–5	–5
Expected return on assets under management	4	4
Management costs	–1	–1
Effects of reductions and regulations/changes in plans	8	4
Cost of defined benefit pension plans	–10	–17

Recognised in the consolidated statement of comprehensive income

SEKm	2019	2018
Actuarial gain (+)/loss (–) pension obligations	–5	8
Actuarial gain (+)/loss (–) plan assets	1	–1
Deferred tax	1	–1
Total	–3	6

Significant actuarial assumptions

SEKm	2019	2018
Average discount rate, %	2.0	2.4
Long-term inflation assumption, %	1.5	1.5
Long-term salary increase assumption, %	2.25	2.5
Increase in income base, %	2.0	2.3
Upward adjustment of pensions, %	1.2	1.5
Average remaining years of employment	11.0	11.0

Sensitivity analysis

Assumption

	Change	Increase obligation	Decrease obligation
Discount rate, %	0.5	9.9	9.1
Salary increases, income base and indexation of pensions, %	0.5	9.9	9.1

According to the pension scheme, the wage increase assumption, income base amount and indexation of pensions are interdependent. Changes in these assumptions are therefore recognised collectively. Any change in these assumptions has the same effect as a change in the discount rate.

Assumptions of life expectancy

	Increase by 1 year	Decrease by 1 year
Obligation increases (+) / decreases (–) by, %	3.1	–3.2

The sensitivity analysis above is based one a change in one assumption while the other assumptions remain constant. In practice, it is unlikely that this will occur and changes in certain assumptions may be correlated. When estimating the sensitivity of pension obligations to changes in significant assumptions, the same method was used to calculate the pension obligation and the recognised pension obligation. The method is described in greater detail in Note C1 Significant accounting policies.

Net change in the present value of defined benefit obligations

	2019			2018		
SEKm	Present value, defined benefit pension obligations	Present value of plan assets	Total	Present value, defined benefit pension obligations	Present value of plan assets	Total
Present value of the obligation at 1 January	231	–189	42	221	–169	52
Service costs for the current year	16	–	16	19	–	19
Interest expenses	5	–4	1	6	–4	2
Management costs	–	1	1	–	1	1
Payments to the pension scheme	–	–19	–19	–	–18	–18
Indemnification	–	6	6	–	5	5
Paid benefits	–9	–	–9	–7	–	–7
Curtailments and settlements/plan amendments	–7	–	–7	–4	–	–4
Divestments	–87	67	–20	–	–	–
Actuarial gains (–)/losses (+)	5	–2	3	–8	1	–7
Exchange rate differences	7	–6	1	4	–5	–1
Present value of pension obligations at 31 December	161	–146	15	231	–189	43

Allocation of plan assets

The plan assets allocated to meet estimated obligations are distributed as follows:

Plan assets

SEKm	2019	Of which unlisted (%)	2018	Of which unlisted (%)
Shares	28	18	37	17
Real estate	17	100	23	100
Bonds	65	68	85	67
Money market	7	94	11	93
Other	29	100	33	100
Total	146		189	

C22 Provisions

Provisions

SEKm	2019	2018
Provisions for onerous contracts	113	195
Provisions for construction	0	7
Other provisions	114	45
Closing balance	227	247
Of which long-term provisions	142	54
Of which short-term provisions	85	193

Change in provisions

SEKm	2019	2018
Opening balance	247	47
New/extended provisions	114	253
Exchange rate differences	1	1
Reclassifications to impairments of right-of-use asset	–85	–
Utilised provisions	–50	–54
Closing balance	**227**	**247**

C23 Other non-current liabilities

Other non-current liabilities

SEKm	2019	2018
Additional purchase consideration	0	0
Other liabilities[1]	63	34
Total	**63**	**34**

Change in other non-current liabilities

SEKm	2019	2018
Opening balance	34	7
Additional purchase consideration	0	–2
Exchange rate differences	0	0
Change in other non-current liabilities	29	29
Closing balance	**63**	**34**

[1] Other liabilities include SEK 58m (34) related to the commitment to assume financial liabilities in an acquired business. The financial liability had not been transferred to Attendo as of acquisition date.

C24 Financial risk management and financial instruments

Through its business, the group is exposed to several financial risks, such as currency risk, interest rate risk, liquidity and financing risk and credit/counterparty risk. The group's corporate risk management policy focuses and the unpredictability of the financial markets and seeks to minimise potential adverse effects on the group's financial performance and position. Risk management is handled by a central treasury department according to established policies.

Currency and interest rate risk

The group operates internationally and is thereby exposed to currency risks arising from currency exposures, primarily with regard to EUR, but also NOK and DKK. As billing and purchasing are mainly conducted in the local currency of each country, transaction risk exposure in Attendo is insignificant. Consolidated profit/loss is affected by the translation of the income statements of foreign subsidiaries at the average rate for the financial year. Exchange rate risk also arises through translation of recognised assets and liabilities in foreign operations. The translation risk in EUR/SEK is in this respect significant and investments in Finland have therefore been part-financed through borrowing in EUR. As currency exposure in NOK and DKK is not significant, currency hedging has not been applied for these translation risks.

The group's interest rate risk primarily relates to Attendo's long-term borrowing and bank balances with Nordic merchant banks. At the end of the accounting period, 100 percent of borrowings were variable rate loans. The group's central treasury department continuously analyses the group's exposure to interest rate risk by simulating interest rate changes. Given Attendo's current financing structure, had interest rates been one basis point higher in 2019, with all other variables constant, profit after tax would have decreased by approximately SEK 17m.

Liquidity and financing risk

Liquidity risk is defined as the risk that Attendo will be unable to meet its payment obligations. Attendo manages liquidity risk by maintaining a liquidity reserve (cash, bank balances and the unutilised portion of existing credit lines).

Financing risk is defined as the risk that financing of outstanding loans cannot be carried out or becomes more costly. The treasury department seeks to maintain agreements on lines of credit.

The group's central treasury department conducts aggregated cash flow forecasts and rolling forecasts to secure adequate continuity of sufficient liquidity in the business. The group has two financial covenants (net debt/EBITDA and interest coverage ratio) linked to the group's loan facilities. The group's central treasury department monitors and analyses these key performance indicators on an ongoing basis.

Cash and cash equivalents include cash and bank balances through the group's cash pool. Unutilised overdraft facilities are not included in cash and cash equivalents and amount to SEK 1,575m (969).

Maturity analysis of contractual payments of financial liabilities

2019, SEKm	1–12 months	2–5 years	6–10 years	>10 years	Total	Carrying amount receivables/ liabilities
Liabilities to credit institutions	–	2,838	–	–	2,838	2,838
Liabilities related to IFRS 16	1,340	4,524	4,206	3,100	13,170	9,502
Trade payables	256	–	–	–	256	256
Additional purchase consideration	–	–	–	–	0	0
Total	**1,596**	**7,362**	**4,206**	**3,100**	**16,264**	**12,596**

Credit/counterparty risk

Credit risk refers to the exposure to receivables in the form of trade receivables and investments of surplus liquidity. The majority of the group's trade receivables are due from municipalities, which are assessed as having high credit ratings. The risk of credit losses within the group is therefore assessed as limited. Cash and cash equivalents are invested exclusively in government bonds or with banks with a high official credit rating. Derivative contracts are made only with banks with a minimum credit rating of A1/P1 and with which Attendo has a long-term relationship.

Maximum exposure to credit risk

SEKm	2019	2018
Trade receivables	1,090	1,050
Cash and cash equivalents	523	2,896
Other non-current receivables	38	43
Other current receivables	22	33
Total	**1,673**	**4,022**

See Note C15 Trade receivables regarding risk in trade receivables.

Financial assets and liabilities

SEKm	Level	2019	2018
Assets			
Financial assets at fair value			
Trade receivables		1,090	1,050
Cash and cash equivalents		523	2,896
Total financial assets		1,613	3,946
Liabilities			
Financial liabilities at fair value through profit or loss			
Contingent considerations	3	0	95
Financial liabilities at amortised cost			
Borrowings		2,838	5,278
Lease liabilities		9,502	7,941
Trade payables		256	259
Total financial liabilities		12,596	13,573

The new classifications in accordance with IFRS 9 have had no material impact on the measurement of financial assets and liabilities. Assets and liabilities previously recognised effectively through profit or loss in accordance with IAS 39 are treated the same way under IFRS 9.

Attendo did not enter into any derivative contracts during the year No financial assets or financial liabilities were reclassified between the measurement categories during the financial year.

The following tables provide information about how fair value was determined for the financial instruments measured at fair value in the balance sheet. The determination of fair value is categorised at the following three levels:

Level 1: Based on prices listed in an active market for the same instrument.
Level 2: Based on directly or indirectly observable market inputs not included in Level 1.
Level 3: Based on non-observable market inputs.

Additional purchase consideration

SEKm	2019	2018
Opening balance	95	132
Acquisitions	0	13
Payments	–74	–49
Exchange rate differences	3	5
Revaluation	–24	–6
Closing balance	0	95

The fair value of additional purchase consideration is based on the estimated outcome of contractual clauses in share transfer agreements, which is consequently determined according to Level 3. The expected value is calculated based on forecasts of the acquired company's future earnings.

Unless otherwise specified, the carrying amounts of all financial assets and liabilities is deemed to correspond to fair value in all material respects.

Sensitivity analysis of market risks

2019	Change	Effect on profit/loss	Effect on equity
Market interest rates[1]	±1% point	22	22
Exchange rates[1]			
– EUR/SEK	10%	2	117

[1] The sensitivity analysis is based on Attendo's financing at 31 December 2019.

Equity

Equity is defined by Attendo as shareholders' equity including non-controlling interests in accordance with that shown on the balance sheet. On that basis, equity amounted to SEK 5,831m (5,801) on 31 December 2019. Attendo's target is an equity structure that results in an efficient, weighted cost of equity and a credit rating that takes into account the needs of operations and future acquisitions.

In monitoring the equity structure, Attendo uses key data, such as present and forecast equity/assets ratio and liquidity. Attendo reviews the equity structure and institutes changes when financial circumstances change. In order to maintain or change the equity structure, the Board of Directors of Attendo may propose adjusting the level of dividends to shareholders, distributing an extraordinary dividend, repurchasing own shares, issuing shares or selling assets to reduce the debt.

C25 Other current liabilities

Other current liabilities

SEKm	2019	2018
Personnel-related liabilities	1,218	1,053
Other liabilities	33	78
Contingent considerations	0	95
Accrued interest rate costs	5	28
Other accrued costs and prepaid expenses	156	189
Total	1,412	1,443

C26 Cash flow statement

Interest paid in 2019 amounted to SEK 59m (117) and interest received amounted to SEK 1m (1).

Cash flow adjustments

SEKm	2019	2018
Depreciation and amortisation	329	390
Depreciation of right-of-use assets	940	784
Depreciation of capitalised financing costs	7	8
Impairments of financing costs	8	–
Deferred non-paid interest	–20	22
Gains from divestment of subsidiaries	–3	–579
Gains from divestments of non-current assets	–41	–10
Provisions	47	75
Other items	1	10
Total	1,268	700

See Notes C19 and C20 for a reconciliation of liabilities relating to financing activities. Attendo has chosen to split the cash items in Notes C19 Liabilities to credit institutions and C20 Lease liabilities because the lease liabilities have a significant impact on the company's financial position.

C27 Acquisitions

Attendo regularly acquires small and medium-sized enterprises within or closely related to existing core operations in order to expand and strengthen its geographical presence and contribute to creating economic value in prioritised segments.

Acquisitions during the year

The following acquisitions were made during the year:

- Telkän Hoiva Oy, which provides home care and operates four nursing homes in Jyväskyla, Finland, was acquired on 1 January 2019.
- Enckelinpuiston Palvelukeskus Oy, which operates a nursing home in Kurikka, Finland, was acquired on 1 February 2019.
- An asset acquisition agreement was signed on 28 February 2019, by which Attendo will acquire Upplands Nursing Resurs AB's home care and home health care operations in Uppsala The estimated date of takeover was 1 April 2019.
- 1:a Hemtjänstkompaniet AB, which provides home care services in Greater Stockholm, was acquired on 1 March 2019.
- Pielaveden Palvelukoti Ky, a provider of social psychiatry services in Pielavesi, Finland, was acquired on 1 March 2019.
- An asset acquisition agreement was signed on 18 March 2019, by which Attendo will acquire the assets and liabilities of Debora Oy Cop Services, which operates a nursing home in Helsinki, Finland. The takeover is expected to close on 1 August 2019.
- The emergency shelter and family support operations of Aktiebolaget Vårljus in Stockholm were acquired through an asset acquisition on 1 April 2019.
- On 18 April 2019, Attendo acquired the Hemstyrkan home care operations in Stockholm through an asset acquisition.
- The home care operations of AB Maria Rebecca Omsorg in Täby and Solna were acquired through an asset acquisition on 2 May 2019.
- On 17 June 2019, Attendo acquired the home care operations of P&K Omsorg in Stockholm through an asset acquisition.
- On 1 August 2019, Attendo acquired the nursing home operations of Debora Oy in Helsinki through an asset acquisition.

Unless otherwise specified, all acquisitions refer to a 100 percent equity share.

Goodwill

The goodwill of SEK 148m (379) that arose through acquisitions is attributable to personnel, market and synergy effects expected to arise through amalgamation of the operations of the group and the acquired companies. Goodwill arises when the purchase consideration exceeds the fair value of acquired net assets. The purchase consideration is calculated based on enterprise value minus net debt or plus net cash. Final amounts are determined no later than one year after the transaction date.

Preliminary purchase price allocations

Fair value of acquired assets

SEKm	2019	2018
Purchase consideration at acquisition date		
Purchase consideration paid	254	467
Conditional purchase consideration	0	13
Total estimated purchase consideration	**254**	**480**
Identifiable acquired assets and liabilities		
Cash and cash equivalents	13	20
Property, plant and equipment	274	136
Customer relationships	86	152
Intangible assets	1	0
Deferred tax assets	16	31
Trade receivables [1] and other receivables	18	30
Trade payables and other liabilities	–319	–238
Deferred tax liabilities	17	–30
Total identifiable net assets	**106**	**101**
Goodwill [2]	**148**	**379**

[1] No doubtful trade receivables were acquired.
[2] No part of recognised goodwill is expected to be deductible against income tax.

The acquisition analysis is preliminary and will be finalised no later than one year after transaction date. Acquisition-related costs amounted to SEK 5.8m (7.1) during the year and are included in other costs in the consolidated income statement. Additional purchase consideration paid during the year amounted to SEK 74m (49). Other acquired companies would have contributed SEK 90m (249) in net sales and reduced profit for the year by SEK –5m (13) if they had been acquired on 1 January 2019.

Income from the acquired companies included in the consolidated income statement since acquisition date amounts to SEK 88m (184). The acquired companies reduced profit by SEK –5m (10) for the same period.

Attendo acquired nursing homes and, in some cases, local medical centres from local authorities during the year. These transactions were aimed at acquiring nursing homes in attractive locations with existing customers and employees. The transactions are reported as required under IFRS 3 Business Combinations. Land, buildings and customer relationships acquired in these transactions are carried at fair value and depreciated/amortised over the useful life of the asset. Any surplus value is reported as goodwill. Recognised goodwill attributable to these acquisitions amounts to SEK 31m (112) and customer relationships to SEK 62m (93). The total consideration transferred for these transactions amounted to SEK 123m (240) in 2019.

C28 Pledged assets

Pledged assets

SEKm	2019	2018
Cash and cash equivalents and blocked funds	42	43
Vehicles	30	71
Other pledged assets	0	1
Total	**72**	**115**

C29 Contingent liabilities

Entities in the group are involved in tax reviews and other legal proceedings which arose in operating activities. Any potential obligation to pay damages in connection with these legal proceedings is not assessed as having a material effect on the group's operations or financial position.

Contingent liabilities during the year amounted to SEK 5,040m (5,675).

Leases of assets not yet in use are reported as contingent liabilities. Contingent liabilities also include a potential outflow of resources among other things to complete acquisitions of real estate and operations from a few local authorities in Finland.

SEKm	2019	2018
Leases	4,838	5,490
Other	202	185
Total	**5,040**	**5,675**

C30 Divested operations

Attendo has had a legal dispute with the former owners of two acquired companies. Attendo and the former owners agreed in early 2019 that the former owners will buy back the businesses for the same consideration paid by Attendo, plus interest. The transaction was executed on 1 June 2019. Annual sales for the operations amount to about SEK 65m and consist mainly of currency effects and thus generate a very limited contribution to profit.

Financial information pertaining to the sold operation for years prior to the date of divestment is provided below.

Income statement, SEKm	2019	2018
Net sales	–	2,316
Other operating income	–	1
Total revenue	**–**	**2,317**
Personnel costs	–	–1,077
Other external costs	–	–1,035
Amortisation and depreciation of tangible and intangible assets	–	–17
Operating profit (EBITA)	**–**	**188**
Amortisation of acquisition-related intangible assets	–	–23
Operating profit (EBIT)	**–**	**165**
Net financial items	–	–
Profit before tax	**–**	**165**
Income tax	–	–33
Profit for the period from divested operations	**–**	**132**
Capital gain or loss	–	579
Profit for the period from divested operations (total effect)	**–**	**711**
Translation differences in foreign subsidiaries[1]	–	–117
Comprehensive income from divested operations	**–**	**594**

[1] Currency effects related to closed hedge accounting are included in the amount of SEK –123m in the comparison period.

Cash flow statement, SEKm	2019	2018
Cash flow from operating activities	–	164
Cash flow from investing activities	–	–27
Cash flow from financing activities	–	0
Total cash flow from divested operations	**–**	**137**

Cash flows from operations held for sale are included in reported consolidated cash flows in the amounts specified above.

The divestment in 2018 generated a capital gain of SEK 579m.

C31 Related-party transactions

Directors of the parent company, group executives and their family members are considered related parties. Companies in which a significant share of voting rights are held directly or indirectly by the aforementioned persons or companies in which such persons can exert controlling influence are also considered related parties.

Transactions with related parties had a value of SEK 0.6m (1.0) during the year. All related-party transactions take place on market terms.

C32 Events after the reporting date

Changes in Attendo's executive management

On 13 January 2020, Attendo appointed Eric Wåhlgren as the new Business Development Director and member of executive management. Wåhlgren succeeds the previous Business Development Director Johan Spångö. Effective 13 February 2020, Karjalainen will no longer serve in that capacity.

Outbreak of Corona virus

Early in March 2020, the spread of the so called Corona virus (Covid-19) increased in Northern Europe. Until March 10, a total of 570 cases were reported in the countries where Attendo operate. In order to prevent the spread of the infection, Attendo introduced stricter hygiene routines as well as quarantine and visitation rules according to existing routines, and a special organisation to handle a possible outbreak was created. However, it is not possible to make an assessment of the wider effects on the business at this time.

C33 Reconciliations of alternative Performance measures

Return on capital employed

SEKm	2019	2018
Operating profit (EBIT) Rolling 12 months	672	866
Average capital employed		
Opening balance		
Equity	5,801	5,041
Long-term interest-bearing liabilities	10,397	10,498
Short-term interest-bearing liabilities	2,865	686
Capital employed at the beginning of the period	**19,063**	**16,225**
Closing balance		
Equity	5,831	5,801
Long-term interest-bearing liabilities	11,491	10,397
Short-term interest-bearing liabilities	864	2,865
Capital employed at the end of the period	**18,186**	**19,063**
Average capital employed	**18,625**	**17,644**
Return on capital employed (%)	**3.6**	**4.9**

Free cash flow

SEKm	2019	2018
Cash flow from operating activities	1,227	1,515
Investments in tangible assets	–345	–284
Divestments of intangible and tangible assets	104	58
Amortisation of lease liability	–790	–696
Free cash flow	**196**	**593**

Organic growth

%	2019	2018
Net sales growth	8.6	22.4
Acquired growth	4.8	15.4
Change in currencies	1.7	3.4
Organic growth	**2.1**	**3.6**

Working capital

SEKm	2019	2018
Current assets	2,013	4,383
Cash and cash equivalents	–523	–2,896
Current liabilities	2,636	4,781
Liabilities to credit institutions	–863	–2,865
Working capital	**–283**	**–429**

See page 90 for definitions of key data and performance measures.

Adjusted EBITDA/Adjusted EBITA

	2019			2018		
SEKm	Reported	IFRS 16 effect	Excl. IFRS 16 effect[1]	Reported	IFRS 16 effect	Excl. IFRS 16 effect[1]
Net sales	11,935	–	11,935	10,987	–	10,987
Other operating income	110	–21	89	24	–	24
Total revenue	**12,045**	**–21**	**12,024**	**11,011**	**–**	**11,011**
Personnel costs	–8,133	–	–8,133	–7,275	–	–7,275
Other external costs	–1,972	–1,263	–3,236	–1,737	–1,081	–2,818
Operating profit before depreciations and amortisation (EBITDA)	**1,940**	**–1,284**	**655**	**1,999**	**–1,081**	**918**
Amortisation and depreciation of tangible and intangible assets	–1,128	913	–215	–991	784	–207
Operating profit after depreciation (EBITA)	**812**	**–371**	**441**	**1,008**	**–297**	**711**

1) This column shows adjusted EBITDA and adjusted EBITA.

Adjusted net debt

SEKm	31 Dec 2019	31 Dec 2018
Interest-bearing liabilities	12,339	13,219
Provisions for post-employment benefits	15	43
Cash and cash equivalents	–523	–2,896
Net debt	**11,831**	**10,366**
Lease liability real estate[1]	–9,471	–7,870
Adjusted net debt	**2,360**	**2,496**

1) In the comparison period, adjustments for the residual value of cars in the amount of SEK –43m are included in addition to land and buildings.

Parent company income statement

January–December, SEKm	Note	2019	2018
Net sales	P2	13	11
Personnel costs	P3	–26	–22
Other external costs	P4, P5	–9	–11
Operating profit		**–22**	**–22**
Net financial items		–9	–9
Profit after financial items		**–31**	**–31**
Group contributions		48	31
Profit before tax		**17**	**0**
Income tax	P6	–4	0
PROFIT FOR THE YEAR		**13**	**0**

Profit for the year corresponds to comprehensive income for the year.

Parent company balance sheet

31 December, SEKm	Note	2019	2018
ASSETS			
Non-current assets			
Shares in subsidiaries	P7	6,494	6,494
Total non-current assets		6,494	6,494
Current assets			
Receivables from group companies		49	35
Other receivables		1	1
Prepaid expenses and accrued income		0	8
Cash and cash equivalents		0	0
Total current assets		50	44
TOTAL ASSETS		6,544	6,538
EQUITY AND LIABILITIES			
EQUITY	P8		
Restricted equity			
Share capital		1	1
Total restricted equity		1	1
Non-restricted equity			
Share premium reserve		6,602	6,602
Retained earnings		–623	–528
Profit for the year		13	0
Total non-restricted equity		5,992	6,074
TOTAL EQUITY		5,993	6,075
LIABILITIES			
Current liabilities			
Liabilities to group companies		538	450
Current tax liabilities		1	0
Other current liabilities		3	3
Accrued expenses and prepaid income		9	10
Total current liabilities		551	463
Total liabilities		551	463
Total equity and liabilities		6,544	6,538

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
SEKm	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance, 1 January 2018	1	6,574	–324	6,251
Dividends paid	–	–	–204	–204
Share issues	0	28	–	28
Other comprehensive income	–	–	–	–
Closing balance, 31 December 2018	1	6,602	–528	6,075
Opening balance, 1 January 2019	1	6,602	–528	6,075
Dividends paid	–	–	–96	–96
Vested shares	–	–	2	2
Other comprehensive income	–	–	13	13
Closing balance, 31 December 2019	1	6,602	–610	5,993

Parent company statement of cash flow

January–December, SEKm	2019	2018
Operating activities		
Profit before tax	17	0
Adjustments for items not included in cash flow	–47	–31
Cash flow from operating activities before changes in working capital	**–30**	**–31**
Cash flow from changes in working capital		
Change in current receivables	8	–9
Change in current operating liabilities	118	216
Cash flow from operating activities	**126**	**176**
Financing activities		
Share issue	–	28
Dividends paid	–96	–204
Cash flow from financing activities	**–96**	**–176**
CASH FLOW FOR THE YEAR		
Opening balance, cash and cash equivalent 1 January	0	0
Closing balance, cash and cash equivalent 31 December	**0**	**0**

Notes to the parent company financial statements

P1 Significant accounting policies

The parent company, Attendo AB (publ), applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 requires the parent company to adopt the same accounting policies as the group (IFRS) where applicable and with the exception of the instances indicated below. The parent company applies IAS 9 as of 2018. IFRS 16 is not applied in the parent company. Reference is made to the accounting policies applied by the group for recognition and measurement of financial instruments in Note C24.

Basis of preparation of financial statements

The parent company financial statements are presented in millions of Swedish kronor (SEKm). The financial statements have been prepared according to the cost method, which means that investments are recognised at cost and dividends are recognised in profit and loss. Impairment tests are conducted annually and impairment losses are recognised if the reduction in value is assumed to be of a permanent nature.

Shares and participations

Shares in subsidiaries are recognised at cost less any impairment. Cost includes acquisition-related expenses and any additional purchase consideration. The need for impairment of investments is tested annually or when there is a risk that the carrying amount of investments exceeds recoverable amount.

P2 Net sales

Parent company revenue relates to intragroup services in the amount of SEK 13m (11).

P3 Salaries and other remuneration

Salaries and other remuneration

SEKm	2019	2018
CEO		
Salaries and other remuneration	10	6
Pension costs	2	2
Social costs	4	2
Total	**16**	**10**
Other employees		
Salaries and other remuneration	6	5
Pension costs	2	1
Social costs	2	2
Total	**10**	**8**
Total	**26**	**18**

Average number of full-time employees

	2019	2018
Women	–	–
Men	4	4
Total	**4**	**4**

See Note C5 for further information on remuneration of senior executives.

P4 Other external costs

Other external costs

SEKm	2019	2018
External services	2	5
Board remuneration	4	4
Other	3	2
Total	**9**	**11**

P5 Audit fees

Audit fees

SEKm	2019	2018
PwC		
Audit fees	2	1
Other audit assignments	0	–
Tax advice	0	1
Other services	0	0
Total	**2**	**2**

Other companies	2019	2018
Other services	0	0
Total	**0**	**0**

Audit fees relate to statutory reporting, that is, the work associated with preparing the Audit Report, as well as audit advisory services provided in connection with the audit assignment.

P6 Tax

Reconciliation of effective tax

SEKm	2019	2018
Profit before tax	17	0
Tax according to the Swedish tax rate	–4	0
Tax expense	**–4**	**0**

Attendo AB's tax loss carryforwards amounted to SEK 0m (0) at 31 December 2019.

P7 Shares and participations

Shares in group companies

SEKm	2019	2018
Opening book value	6,494	6,494
Closing book value	**6,494**	**6,494**

Shares owned directly by the parent company	Corp. ID no.	Registered office	Number of shares	Proportion of capital and votes, %	Book value, SEK m
Attendo International AB (publ)	556932-5342	Danderyd	66,669,379	100	6,494

There are also a number of indirectly owned subsidiaries. A detailed list of group companies can be ordered from Attendo AB, Investor Relations.

P8 Equity

Share capital

Share capital amounted to SEK 884,551 on 31 December 2019 (884,551). There were 161,386,592 shares outstanding (161,386,592). The quotient value per share is SEK 0.005 (0.005).

Proposed distribution of profits

The following profits in the parent company are at the disposal of the AGM:

Distribution of earnings	Amounts in SEK
At the disposal of the AGM:	
Retained earnings	5,979,126,801
Profit for the year	13,024,888
Total	**5,992,151,689**
Allocated as follows:	
Amount to be retained by the parent company	5,992,151,689
Total non-restricted equity in the parent company	**5,992,151,689**

P9 Events after the reporting date

There were no significant events outside regular operations after the end of the financial year.

Assurance

The Board of Directors and the CEO hereby certify that the consolidated accounts have been prepared in accordance with International Financial Accounting Standards, IFRS, as adopted by the EU, and provide a true and fair view of the group's financial position and results of operations. The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the parent company's financial position and results of operations. The Board of Directors' report for the group and the parent company provides a true and fair view of the progress of group and parent company operations, financial position and results of operations and describe significant risks and uncertainties facing the parent company and companies included in the group. We hereby also submit the Attendo Sustainability Report for 2019.

Danderyd, March 11 2020

Ulf Lundahl
Chairman

Catarina Fagerholm
Director

Alf Göransson
Director

Tobias Lönnevall
Director

Arja Pohjamäki
Director
Employee representative

Robin Filipsson
Director
Employee representative

Anssi Soila
Director

Anitra Steen
Director

Martin Tivéus
President and
Chief Executive Officer

Our audit report was submitted on March16 2020.

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in charge

Auditor's Report

(This is a translation of the Swedish original. For any interpretation the Swedish version prevail)

To the general meeting of the shareholders in Attendo AB (publ), corporate registration number 559026-7885.

Opinions

We have audited the annual accounts and consolidated accounts of Attendo AB (publ) for the 2019 financial year. The company's annual accounts and consolidated accounts are presented on pages 39–77 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the contents of the additional report provided to the Board of Directors of the parent company and the group, in accordance with Audit Regulation (EU) No 537/2014, Article 11.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's Responsibilities section of our report. We are independent of the parent and the group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects per these requirements. This means that, to the best of our knowledge and conviction, no prohibited services as referred to in Audit Regulation (EU) No 537/2014, Article 5 (1) have been provided to the audited entity or, as applicable, its parent undertaking or its controlled undertakings within the European Union.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our Approach to the Audit

Scope and direction of the audit

We designed our audit by establishing the level of materiality and assessing the risk of material misstatements in the financial statements. We particularly considered the areas in which the CEO and the Board of Directors have made subjective judgements, such as key accounting estimates made on the basis of assumptions and forecasts concerning future events, which are by nature uncertain. As in all audits, we have also considered the risk that the Board of Directors and the CEO have disregarded internal control procedures and have, inter alia, considered whether there is evidence of systematic departures that have given rise to a risk of material misstatement due to irregularities.

We adapted our audit to perform an appropriate examination to enable us to express an opinion on the financial statements as a whole, with consideration given to the group's structure, accounting processes and internal reviews and the industry within which the group operates. Our audit included, inter alia, the following:

- For the largest reporting entities in Sweden, Finland, Norway and Denmark, including the parent company and consolidation, we have examined the annual accounts, reviewed the interim report dated 30 September 2019 and assessed key controls related to financial reporting based on Attendo's framework; and
- For other entities, we conducted analytical procedures in connection with examination of consolidation and the statutory audit. In most cases, the statutory audit was not completed before the auditor's report was endorsed for the group. The outcome of this audit was reported separately to Attendo as part of our audit during the autumn of the following year as these entities were not deemed material and thus do not constitute input material for the audit of the consolidated annual accounts. The outcome of the statutory audit was used in planning the audit and to follow up whether any key audit matter concerning financial reporting or internal control was observed at any entity.

In addition to that described above, the auditor in charge and co-auditor visited the Finnish operations during the year aimed at gaining an understanding of operations in the country and financial reporting and the status of the ongoing turnaround programme, as well as an understanding of procedures and internal controls. In connection with this visit, the management of acquisitions and the impact of acquisition analyses and the implementation of IFRS 16 Leases were also discussed and examined. In addition, financial reporting was reviewed based on the accounting policies applied by the group.

Materiality

The scope and direction of the audit is influenced by our materiality assessment. An audit is designed to achieve reasonable assurance as to whether the financial statements contain any material misstatements. Misstatements may arise due to irregularities or error. Misstatements are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based upon professional judgement, we established certain quantitative materiality levels, including for overall financial reporting. Using these and qualitative deliberations, we established the direction and scope of the audit and the nature, timing and scope of our audit checks, and assessed the impact of misstatements, individually and in the aggregate, on the financial statements as a whole.

Key Audit Matters

Key Audit Matters are those matters which, in our professional judgement, were of most significance in our audit of the annual accounts and consolidated accounts for the relevant reporting period. These matters were addressed in the context of our audit of the annual accounts and consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of goodwill and other acquisition-related intangible assets

Key Audit Matter

We refer to notes C2 Critical accounting estimates and judgements and C11 Intangible assets.

Goodwill constitutes a significant portion of the total assets of the Attendo group and amounted to SEK 7,446 million at 31 December 2019 (37% of total assets). The item is subject to management's judgements and assumptions and, due to its materiality, has been assessed as a Key Audit Matter.

Management and the Board of Directors prepare an annual impairment test of the value of goodwill. The test is aimed at assessing whether there is any indication of impairment, i.e. whether the carrying amount exceeds the assessed fair value in accordance with the impairment test.

The estimated value is based on future budgets and forecasts for the next ten years approved by the Board of Directors. A forecast period of ten years was applied because, subsequent to the implementation of IFRS 16 Leases in 2019, Attendo is carrying large asset values related to long-term leases. The terms of these leases are typically longer than ten years. Cash flows from the years beyond the next ten years are extrapolated based on the last year of the forecast. The process thus includes assumptions that have material impact on the impairment test. This includes the assumptions on sales growth, margin development and the discount rate (WACC).

The value that arises in accordance with the test corresponds to the value of discounted cash flows for identified cash-generating units. Even if a cash-generating unit passes the impairment test, a future development that diverges adversely from the assumptions and estimates upon which the test was based may lead to an Indication of impairment.

The impairment testing performed by Attendo showed that there is no Indication of impairment, but that the margin to a possible impairment of goodwill in Finland is significantly narrower than in previous years, as described in Note C11 Intangible assets.

How our audit addressed the Key Audit Matter

When examining whether there is a need to impair goodwill and other acquisition-related intangible assets and, primarily, to verify the measurement and accuracy, we performed the following audit procedures:

- In connection with evaluation of the assumptions detailed in Note C11 Intangible assets, and in the process of verifying that the model used is consistent with IFRS, we engaged valuation experts from PwC to test and evaluate the models and methods used as well as material assumptions.
- On a random basis, we evaluated and challenged information used in the calculations vis-à-vis Attendo's financial plan and, where possible, external information. In that context, we focused on assumed growth figures, margin development and the discount rate per cash-generating unit. We also followed up the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes.
- We checked the sensitivity of the measurement to negative changes in significant parameters that could, individually or in the aggregate, indicate that a need for impairment exists.
- We assessed that the disclosures provided in the annual accounts are accurate based on the measurement test performed, particularly based on information about the sensitivity in the measurements.
- We compared the information provided in the annual accounts against the requirements in IAS 36 Impairment of Assets and found that they had been met in all material respects.
- We evaluated Attendo's judgements regarding the risks attributable to higher staffing requirements in Finland and impaired profitability that may affect the business, as disclosed in the Board of Directors' report and Note C2 Critical accounting judgements, estimates and assumptions.

In the light of our observations during the audit, we reported to the Board audit committee the importance of providing clear disclosures about the sensitivity in the measurement of goodwill. We therefore wish to draw attention to the disclosures concerning the impairment testing of goodwill provided in Note 11 to these annual accounts. Note 11 describes that Attendo has tested goodwill to determine whether there is any indication of impairment and that the testing is sensitive to certain specific assumptions. A change in these assumptions in the manner described by the company would mean that a need for impairment attributable to Attendo Finland would exist.

Implementation of IFRS 16 Leases and application of IFRS 16 Leases during the financial year

Key Audit Matter

We refer to notes C1 Significant accounting policies, C2 Critical accounting estimates and judgements and C13 Leases.

IFRS 16 Leases took effect on 1 January 2019 and superseded earlier accounting standards. Implementation of the standard means that essentially all leases will be recognised on the balance sheet, as there is no longer any distinction made between operating leases and finance leases. IFRS 16 requires all assets and liabilities attributable to leases, unless the lease term is twelve months or less or the underlying asset is of low value, to be recognised as assets and liabilities on the balance sheet. Attendo has elected to apply the new accounting standard retroactively and has accordingly restated earlier reporting periods.

As a result of the implementation of IFRS 16 Leases, right-of-use assets of SEK 5,664 million and lease liabilities of SEK 5,978 million were recognised in the opening balance on 1 January 2018. This, and the effects of this recognition in 2019, are further described in the notes specified above.

Accounting in accordance with IFRS 16 has nearly doubled total assets, has material impact on the income statement and is based on a number of material estimates concerning matters including discount rates, lease terms (and related management of extension clauses) and vacant space. In consideration of the material impact on Attendo's accounts and the critical judgements upon which the accounts are based, the implementation of IFRS 16 and accounting in accordance with the standard constitute a Key Audit Matter.

How our audit addressed the key audit matter

In our audit during 2019, we maintained special focus on the implementation of IFRS 16 Leases and the subsequent accounting to verify the application of the new accounting standard. Among else, we performed the following audit procedures (regarding opening balance, the 2018 comparison year and the 2019 financial year):

We formed an understanding of Attendo's process for implementing IFRS 16 as of the opening balance date and subsequent accounting.

On a random basis, we examined and checked calculations used to support the recognition of right-of-use assets and lease liabilities.

We reconciled input data in calculations against leases or other supporting data.

We ascertained Attendo's judgements, including the discount rates used and application of option clauses in leases, and examined the same.

In addition to the above, our procedures included:

- Examination of the accounting policies introduced and verification against IFRS 16 Leases.
- Examination of the restated opening balance and comparative information for 2018, including disclosures provided in the notes to the accounts.
- Examination of accounting in 2019 and verification against implemented accounting policies.
- Examination of procedures and internal controls implemented in 2019 to verify correct handing of accounting under IFRS 16 Leases.

An assessment of Attendo's policies for posting impairment losses for any indication of impairment of recognised right-of-use assets is described below under the Key Audit Matter "Management's judgements concerning provisions for onerous contracts and impairment of right-of-use assets".

In our audit, we have, inter alia, reported to the Board audit committee that Attendo is one of the few Swedish companies to have implemented IFRS 16 Leases retroactively. This has required tremendous effort on the part of the group and was carried out in a structured manner. The applied assumptions upon which the accounting was based were found to be within acceptable ranges overall.

Management's judgements concerning provisions for onerous contracts and impairment of right-of-use assets

Key Audit Matter
We refer to notes C2 Critical accounting estimates and judgements and C13 Leases and C22 Provisions, as well as to the Board of Directors' report.

Several balance sheet items in Attendo's accounts are based on assumptions and judgements, including onerous contracts and the potential need to impair right-of-use assets. In addition to goodwill and right-of-use assets described above, we find that the most material judgement-based items are provisions for onerous contracts and indication of impairment of right-of-use assets. The reason for this is that Attendo opened homes with a total of 1,950 beds during the year. Starting a care home or unit can be costly, as it can take time to fill the beds. This affected consolidated profit during 2019 as described in the Board of Directors' report. If a contract is going to lead to future losses, IAS 37 Provisions, Contingent Liabilities and Contingent Assets requires a provision for the losses expected to arise after the reporting date and, if this is related to right-of-use assets, impairment of those assets. Attendo monitors all care homes and units on a monthly basis and makes judgements and forecasts for the future. Based on these, Attendo determines whether a provision or impairment is required. According to the notes above, there were provisions for onerous contracts in the amount of SEK 113 million and for impairments of right-of-use assets of SEK 85 million at 31 December 2019. Although these items are not significant in relation to Attendo's profits, we find that the reporting of underlying judgements is a Key Audit Matter.

How our audit addressed the Key Audit Matter
In our audit, we focused in particular on examining management's assessments of onerous contracts in order to verify completeness, accuracy and measurement and the audit procedures performed included the following:

- We examined Attendo's monitoring and closing accounts procedures to verify that internal controls are in place to account for provisions for onerous contracts if required under IAS 37 Provisions, Contingent Liabilities and Contingent Assets and that right-of-use assets have been impaired if a permanent decline in value is found to exist.
- On a random basis, we examined Attendo's basis for calculation compared to internal reports.
- We followed up profit and loss outcomes and future forecasts pertaining to care homes and units compared to internal reports, jointly with the responsible individuals at Attendo.
- We evaluated Attendo's policies for making provisions against potential losses attributable to contracts with customers against the requirements found in IAS 37 Provisions, Continent Liabilities and Contingent Assets and the same with regard to the need to impair right-of-use assets against the requirements found in IAS 36 Impairment of Assets.

In our audit, we reported observations to the Board audit committee regarding the accounting of onerous contracts and impairments of right-of-use assets. Apart from that the measurement of these items is afflicted with intrinsic uncertainty when accounting is based partly on assumptions that may change, we find that Attendo's assumptions upon which the provisions for onerous contracts and need for impairment of right-of-use assets are based are within acceptable ranges.

Procedures and processes and accounting for personnel-related costs

Key Audit Matter
We refer to notes C2 Critical accounting estimates and judgements, C5 Information on directors, senior executives and employees, C21 Pension provisions and C25 Other current liabilities.

Attendo has about 25,000 employees in its subsidiaries. Personnel costs account for approximately 70% of Attendo's operating costs and are thus the most significant cost item in Attendo's consolidated income statement. Personnel-related costs consist of salaries and other remuneration including variable pay, as well as directly attributable taxes and social insurance contributions. The risk in these items is related to whether they are complete, accurately calculated, correctly allocated over time and accurately measured. There is also an intrinsic complexity in payroll management, as different employee categories are covered by different employment contracts and collective agreements, which, in and of itself, creates differences in how salaries, other remuneration and benefits should be calculated.

To assure correct accounting for personnel costs, Attendo has implemented a framework for internal control and has a robust reporting structure to ensure that reporting is correct and complete in accordance with Attendo's policies. This is described on page 37 of the annual report.

How our audit addressed the Key Audit Matter
To be able to pay salaries to 25,000 employees ever month, or in some cases more often, effective procedures and processes must exist to calculate and check the salaries and other remuneration that are to be paid.

Our audit was based both on evaluating internal controls and substantive auditing tests and other analytical procedures, including data-based transaction analyses of certain balance sheet and profit and loss items for significant subsidiaries, on a random basis.

The evaluation of procedures and processes was based on Attendo's framework for internal control of financial reporting. We examined controls and auditing of profit and loss and balance sheet items on a random basis. The other audit procedures we performed included the following:

- Reconciliation of significant accrued expenses and/or reserves pertaining to e.g., annual leave pay liability, payroll liabilities, taxes and social insurance contributions against information derived from payroll systems and management's estimates and judgements.
- Examination of personnel costs by means of analytical audit procedures covering changes of costs in the income statement, accrued expenses and reserves based on our knowledge and through the use of data-based transaction analyses.

Nothing material emerged in these audit procedures that required reporting to the Board audit committee. Our general conclusion is that , in all material respects, effective processes for payroll management and accounting for personnel costs are found within Attendo.

Information Other than the Annual Accounts and Consolidated Accounts and the Auditor's Report Thereon

This document also contains information other than the annual accounts and consolidated accounts and is found on pages 1–27 and 84–93. The Board of Directors and the CEO are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and consider whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that conclusion. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and for their fair presentation in accordance with the Annual Accounts Act and, in respect of the consolidated accounts, in accordance with IFRSs, as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as management determines is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern assumption is, however, not applied if the Board of Directors and the CEO intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The duties of the Board audit committee include monitoring the company's financial reporting, which must not affect the duties and tasks of the Board of Directors otherwise.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated 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 generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from irregularities or error and are considered material if, individually or in the aggregate, they could be reasonably expected to influence the financial decisions of users taken on the basis of these annual accounts and consolidated accounts.

A more detailed description (in Swedish) of our responsibility for the audit of the annual accounts and consolidated accounts is provided on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the auditor's report.

Report on Other Legal and Regulatory Requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have conducted an audit of the management of Attendo AB (publ) by the Board of Directors and the CEO in 2019 and the proposal on disposition of the company's profit or loss.

We recommend to the annual meeting of shareholders that the profit be disposed in accordance with the proposal in the Board of Directors' report and that directors and the CEO be discharged from liability for the financial year.

Basis for Opinion

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's Responsibilities section of our report. We are independent of the parent and the group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects per these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed disposition of the company's profit or loss. In connection with a proposed dividend, this involves, among else, assessment of whether the dividend is justifiable with consideration given to the demands with respect to the size of equity in the parent company and the group imposed by the nature, scope and risks associated with operations and the group's consolidation requirements, liquidity and financial position in general.

The Board of Directors is responsible for the company's organisation and for management of the company's affairs. Among else, this includes regular assessment of the company's and the group's financial position and ensuring that the company's organisation is structured in such a manner that accounting, management of funds and the company's financial affairs in general are monitored in a satisfactory manner.

The CEO shall attend to the day-to-day management of the company pursuant to guidelines and instructions issued by the Board of Directors and, among else, take the measures necessary to ensure that the company's accounting records are prepared and maintained pursuant to law and that management of funds is conducted in a sound manner.

Auditor's Responsibilities

Our objective regarding the audit of management, and thus our opinion concerning discharge of liability, is to obtain audit evidence sufficient to assess, with reasonable assurance, whether any director or the CEO in any material respect has:

- undertaken any action or committed a negligent breach that may result in liability to the company, or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding audit of the proposed disposition of the company's profit or loss, and thus our opinion on the proposal, is to assess with reasonable assurance whether the proposal is consistent with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect measures or negligence that might result in liability to the company or that a proposed disposition of the company's profit or loss is inconsistent with the Companies Act.

A more detailed description (in Swedish) of our responsibility for the audit of the management of the company is provided on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the auditor's report.

PricewaterhouseCoopers AB, with Patrik Adolfson as auditor in charge, was appointed auditor for Attendo ABs (publ) by the annual general meeting held 11 April 2019 and has been the company's auditor since 27 October 2015

Stockholm March 16 2020
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

The Attendo share

Attendo stock has been quoted on Nasdaq Stockholm since November 2016, when the listing price was SEK 50 per share. The stock is categorised in the Healthcare segment of the Large Cap list. Shares in Attendo are traded under the stock ticker ATT.

SHARE PRICE PERFORMANCE AND TURNOVER

SEK	2019	2018
Closing price 31 December	53.95	78.70
Market capitalisation 31 December, SEKbn	8.7	12.7
Share price performance during the year,%	–31	–11
Highest price paid 9 Jan (9 Jan)	82.30	91.70
Lowest price paid 15 Aug (26 Jul)	38.70	72.45

Shares in Attendo were traded on Nasdaq Stockholm in 2019 to a value of SEK 6.4bn, corresponding to average daily turnover of approximately SEK 26m. The volume traded in 2019 corresponds to about 80 percent of the average number of shares outstanding. Approximately 80 percent of the total volume was traded on Nasdaq Stockholm. Shares in Attendo are also traded on multilateral trading facilities (MTF) such as Cboe and Aquis.

Share capital

There was a total of 161,386,592 shares outstanding at year-end (161,386,592). Attendo holds 496,136 treasury shares and the total number of shares outstanding at 31 December 2019 was 160,890,456. All shares carry equal voting rights and equal rights to a share in the company's assets.

Dividends

Decisions concerning dividends must be based on Attendo's investment opportunities and financial position. The dividend policy is to distribute 30 percent of net profit.

The Board of Directors is proposing to the 2020 AGM that no dividend for the 2019 financial year be distributed due to weak financial performance in 2019 and the company's recent renegotiation of loans.

Investor relations

Attendo stock is covered by six investment banks. For current information about analysts that cover the stock, see Attendo's website, www.attendo.com/en/investor-relations/the-attendo-share/analysts/. The company presents webcasts of its interim reports. Presentations and investor meetings are held in Sweden and selected countries in Europe, mainly Finland and the United Kingdom, in conjunction with publication of interim reports.

SHAREHOLDERS

Name	Number of shares	% of equity and voting rights
Nordstjernan AB	29,821,930	18.5
Pertti Karjalainen via companies[1]	18,039,265	11.2
Incentive AM[1]	11,582,983	7.2
Swedbank Robur Fonder	9,628,240	6.0
Carve Capital AB[1]	6,274,970	3.9
Öresund	6,136,824	3.8
Henrik Borelius via companies	6,040,293	3.8
Gladiator	5,430,000	3.4
Elo Mutual Pension Insurance Company	4,800,000	3.0
Third Swedish National Pension Fund	3,750,108	2.3
SEB Stiftelsen	3,500,000	2.2
Norges Bank	2,068,187	1.3
Confederation of Swedish Enterprise	2,000,000	1.2
Pareto Global	1,555,903	1.0
Ammy Wehlin[1]	1,535,440	0.9
Anssi Soila	1,255,455	0.8
Per Josefsson Invest AB	1,200,550	0.7
SEB Investment Management	1,180,449	0.7
Nordea Investment Funds	708,155	0.4
Andra AP-fonden	586,746	0.4
Total, 20 largest shareholders	**117,095,498**	**72.8**
Total, other	43,794,958	27.2
Total shares outstanding	**160,890,456**	**100.0**

Source: Euroclear Sweden AB as of 31 Dec 2019.

[1] Information from owner.

SHARE DISTRIBUTION

Holding	No. of shareholders	No. of shares outstanding
1 – 500	7,701	984,149
501 – 1,000	910	705,614
1,001 – 5,000	771	1,783,862
5,001 – 10,000	139	1,046,909
10,001 – 15,000	52	663,952
15,001 – 20,000	48	886,869
20,001 –	177	155,315,237
Total	**9,798**	**161,386,592**

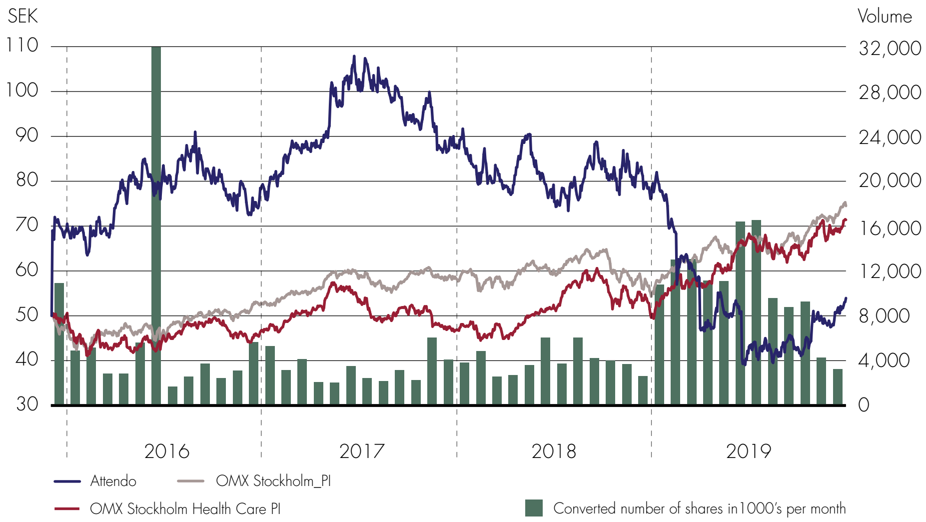
Source: Euroclear Sweden AB as of 31 Dec 2019.

PER SHARE DATA

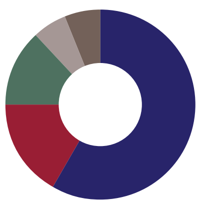
SEK	31 Dec 2019	31 Dec 2018
Equity per share[1]	36.24	36.15
Earnings per share[1]	0.51	1.52
Dividend per share	–	0.60
Dividend as a percentage of EPS	–	39
Dividend yield, %[2]	–	0.8
P/E ratio[3]	106	52

[1] Basic EPS
[2] Dividend divided by the share price at year-end.
[3] Share price at year-end divided by EPS.

SHARE PRICE PERFORMANCE 2015–2019



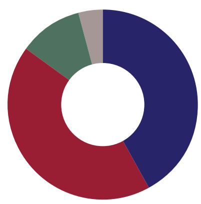
GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AT 31 DEC 2019



- Sweden 59%
- Finland 17%
- United Kingdom 13%
- USA 6%
- Rest of the world 6%

Source: Euroclear Sweden AB

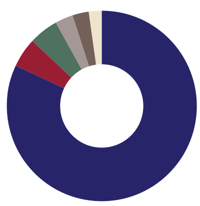
SHAREHOLDERS BY CATEGORY AT 31 DECEMBER 2019
Share capital, %



- Foreign owners 42%
- Swedish owners 59%
- – of which:
- – Institutions 43%
- – Equity funds 11%
- – Retail investors 4%

Source: Euroclear Sweden AB

TRADING ON STOCK EXCHANGES AND MTFS FULL YEAR 2019



- Nasdaq Stockholm 82%
- Cboe CXE 5%
- Aquis 5%
- Cboe BXE 3%
- Cboe Periodic 3%
- Other 2%

Source: Fidessa

Sustainability indicators 2019

Attendo seeks to follow Nasdaq's guidelines for reporting Environmental, Social and Governance (ESG) sustainability indicators. The reported indicators consist of actual performance or estimations, which must as far as possible reflect actual conditions within Attendo as a whole.

Environment and climate:

Focus area	Environmental metrics	2019	2018
Use of land and buildings[1,2]	Gross floor space controlled by local Attendo units[1], m^2	989,000	948,000
Energy usage (2, 3)	Direct energy consumption, kWh per m^2	115	116
	Direct energy consumption, KWh/FTE	6,900	6,500
	Total direct energy consumption, MWh	113,700	109,600
	Indirect energy consumption (purchased mains electricity), MWh	48,400	46,200
Greenhouse gas emissions	Direct GHG emissions from buildings and travel (Scope 1), t	3,650	3,600
	Indirect GHG emissions from purchased electricity (Scope 2), t	6,600	6,400
	Indirect GHG emissions from other purchases (Scope 3), t	–	–
	Emissions per EUR revenue, g	9.1	9.4
Energy mix, purchased mains electricity[3]	Renewable	53%	50%
	Nuclear	26%	27%
	Fossil fuel/peat	21%	23%
Water usage[4]	Thousands m^3	866	819
Waste management and recycling[4,5]	Total waste produced, t	10,100	9,700
	Of which hazardous waste, t	0.81	0.97
	Of which recycled waste, t	3,400	3,200

[1] Gross floor area is calculated based on the average area per bed per available data (Finland), adjusted for the size of a standard apartment and secondary space in each country.

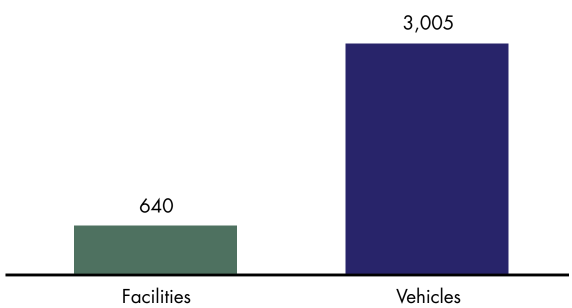
[2] Direct energy consumption refers to building-related energy usage (excluding mains electricity), calculated based on available data (Finland). Note that base rent (rent excluding heating and water) applies to the majority of leases in Finland.

[3] Indirect energy consumption and energy mix refer to purchased mains electricity as per agreement (Sweden) or the grid energy mix (Finland).

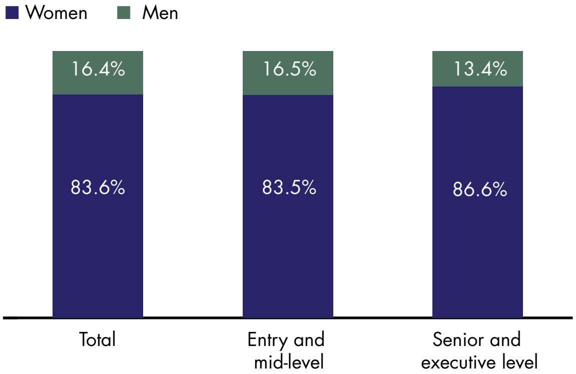
[4] Water usage and waste are calculated based on average water usage and waste produced per bed based on available data (Finland).

[5] Recycled waste refers to waste sorted into categories and weighed (Finland).

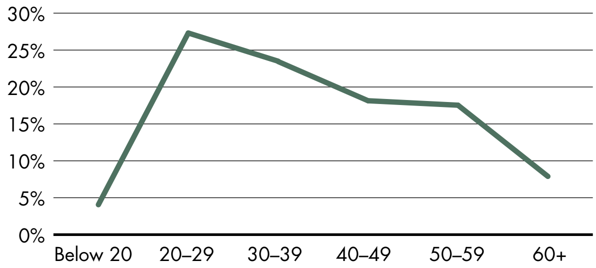
DIRECT GHG EMISSIONS, T



EMPLOYEE GENDER DIVERSITY



EMPLOYEE AGE DISTRIBUTION



Social metrics

Focus area	Metrics	2019	2018
Employee gender diversity	Number of total full-time employees (FTE)	16,499	16,785
	Of whom women	13,795	14,695
	Percentage women	84%	88%
Diversity in entry and mid-level positions	Number of employees	15,780	16,158
	Of whom women	13,172	14,157
	Percentage of women in entry and mid-level positions	84%	88%
Gender diversity, managerial and executive levels [1]	No. of managers	719	627
	Of whom women	623	538
	Percentage of women in senior and executive positions	87%	86%
Age distribution	Average age	39	39
Language	Number of languages spoken in care for older people	57	57
CEO compensation	Total pay and benefits including pension and social insurance fees	11,533,000 / 1,089,150	8,423,000 / 821,195
Employee compensation [2]	Median pay and benefits including social insurance fees	445,845 / 42,105	434,912 / 42,401
	CEO/employee pay ratio	0.04:1	0.051
Gender pay gap men/women	Median salary, men	452,644 / 42,747	434,501 / 42,361
	Median salary, women	444,513 / 41,979	434,971 / 42,407
	Pay gap, women/men	–1.82%	+0.11%
Serious incidents	Number of serious incidents reported and critical observations by regulatory authorities [3]	31 / 20	33 / 7
	Number of incidents per 1,000 employees	2	2

(1) Senior and executive-level employees include all local managers, regional managers and function managers.
(2) Median pay and benefits to employees refers to the total cost of compensation per FTE.
[3] Refers to the number of investigated and reported incidents under Lex Sarah/Lex Maria and official matters handled (Finland).

Corporate governance

Focus area	Governance metrics	2019	2018
Board diversity	Number of directors	9	7
	Of whom women	4	3
	Percentage women directors	44%	43%
Board independence	Number of independent directors [1]	7	5
	Number of union representative directors	3	1
	Percentage independent directors	78%	71%
Board committees	Number of committees	3	3
	Number of committees chaired by women	1	1
	Percentage of committees chaired by women	33%	33%
Collective bargaining	Percentage of FTE covered by collective bargaining agreements	100%	100%
UN Sustainable Development Goals	Direct material impact	6	6
	Some material impact	8	8
	No impact	3	3

[1] Independent in relation to the company and/or owners.

Five-year summary

	2019	2018	2017[4]	2016[4]	2015[4]
Total net sales	11,935	10,987	8,977	10,212	9,831
Growth, %	8.6	22.4	8.9	3.9	8.7
– Net sales, Attendo Scandinavia	6,305	6,367	5,664	5,481	5,126
– Net sales, Attendo Finland	5,630	4,620	2,747	4,185	4,225
Operating profit (EBITDA)[1]	1,940	1,999	1,024	1,135	1,077
Operating margin (EBITDA)[1], %	16.3	18.2	11.4	11.1	11.0
Operating profit (EBITA)[1]	812	1,008	890	1,002	933
Operating margin (EBITA)[1], %	6.8	9.2	9.9	9.8	9.5
Operating profit (EBIT)[1]	672	866	780	911	887
Operating margin (EBIT)[1], %	5.6	7.9	8.7	8.9	9.0
Profit for the year	81	955	542	649	286
Profit margin, %	0.7	8.7	6.0	6.4	2.9
Return on capital employed*,[2]	3.6	4.9	10.1	11.4	11.4
Capital employed*	18,186	19,063	10,657	8,217	7,828
Free cash flow*,[1]	196	593	691	745	473
Working capital*,[1]	–283	–429	–314	–309	–130
Equity/assets ratio*	29	27	42	49	45
Net investments	241	205	193	169	165
Basic earnings per share, SEK[3]	0.51	1.52	3.39	4.06	1.79
Diluted earnings per share, SEK[3]	0.51	1.52	3.38	4.05	1.79
Basic equity per share, SEK*,[3]	36.24	36.15	33.60	30.19	26.37
Diluted equity per share, SEK*,[2]	36.24	36.10	33.44	30.10	26.36
Average basic shares outstanding, thousands[3]	160,877	160,455	159,784	159,956	160,000
Average diluted shares outstanding, thousands[3]	160,899	160,702	160,544	160,405	160,083
Shares outstanding at the end of the period, thousands[3]	160,890	160,867	160,412	159,800	160,000
Average number of employees (annualised)	16,499	16,745	14,341	14,824	14,512
Total net sales	11,935	10,987	8,977	10,212	9,831
– Own operations	9,957	8,759	6,764	6,327	5,589
– Outsourcing	1,978	2,228	2,213	3,108	3,236
– Staffing	–	–	–	777	1,006

* Including operations for sale

[1] Alternative Performance Measure. Refer to page 90 for definitions.
[2] Effective 2016 return on capital employed is calculated based on EBIT. Comparison periods previously calculated based on EBITA have been restated for improved comparability.
[3] See the calculation of average number of shares in the calculation of basic and diluted EPS on page 60.
[4] The periods are not restated according to IFRS 16.

Quarterly summary

Amounts in SEKm	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net sales	3,054	3,013	2,990	2,878	2,818	2,802	2,743	2,624
Other operating income	20	47	25	18	12	4	3	5
Total revenue	**3,074**	**3,060**	**3,015**	**2,896**	**2,830**	**2,806**	**2,746**	**2,629**
OPERATING COSTS								
Personnel costs	–2,127	–1,968	–2,114	–1,924	–1,862	–1,781	–1,871	–1,761
Other external costs	–512	–508	–506	–446	–535	–396	–434	–372
Operating profit before depreciations and amortisation (EBITDA)[1]	**435**	**584**	**395**	**526**	**433**	**629**	**441**	**496**
Operating profit (EBITDA margin)[1], %	**14.2**	**19.4**	**13.2**	**18.3**	**15.4**	**22.4**	**16.1**	**18.9**
Amortisation and depreciation of tangible and intangible assets	–296	–290	–274	–268	–257	–254	–242	–238
Operating profit after depreciation (EBITA)[1]	**139**	**294**	**121**	**258**	**176**	**375**	**199**	**258**
Operating profit (EBITA margin)[1], %	**4.6**	**9.8**	**4.0**	**9.0**	**6.2**	**13.4**	**7.3**	**9.8**
Amortisation of acquisition related intangible assets	–35	–34	–35	–36	–36	–37	–36	–33
Operating profit (EBIT)[1]	**104**	**260**	**86**	**222**	**140**	**338**	**163**	**225**
Operating margin (EBIT margin)[1], %	**3.4**	**8.6**	**2.9**	**7.7**	**5.0**	**12.1**	**5.9**	**8.6**
Net financial items	–156	–137	–137	–135	–144	–141	–134	–121
Profit (–loss) before tax	**–52**	**123**	**–51**	**87**	**–4**	**197**	**29**	**104**
Income tax	12	–29	12	–21	0	–48	–8	–26
Profit (–loss) for the year from continuing operations	**–40**	**94**	**–39**	**–66**	**–4**	**149**	**21**	**78**
Divested operations								
Profit for the year from divested operations	–	–	–	–	605	38	31	37
PROFIT (–LOSS) FOR THE YEAR	**–40**	**94**	**–39**	**66**	**601**	**187**	**52**	**115**
Profit margin, %	–1.3	3.1	–1.3	2.3	–0.1	5.3	0.8	3.0
Tax rate, %	–23.1	–23.6	–23.5	–24.1	0.0	–24.4	–27.6	–25.0
Basic earnings per share, SEK[2]	–0.25	0.58	–0.24	0.41	–0.02	0.93	0.13	0.49
Diluted earnings per share, SEK[2]	–0.25	0.58	–0.24	0.41	–0.02	0.93	0.13	0.49
Average basic shares outstanding[2], thousands	160,882	160,879	160,877	160,868	160,577	160,414	160,414	160,413
Average diluted shares outstanding[2], thousands	160,904	160,910	160,909	160,897	160,736	160,592	160,722	160,748
Net sales by contract model								
Net sales, Own operations	2,555	2,521	2,499	2,382	2,302	2,233	2,168	2,056
Net sales, Outsourcing	499	492	491	496	516	569	575	568
Net sales by business area,								
Net sales, Scandinavia	1,596	1,584	1,588	1,537	1,563	1,601	1,610	1,594
Net sales, Finland	1,458	1,429	1,402	1,341	1,255	1,201	1,133	1,030
Own operations								
Units in operation[3]	604	604	599	598	585	584	583	557
Beds in operation[4]	16,618	16,470	16,216	15,923	15,288	14,889	14,536	13,216
Beds under construction[4]	1,980	2,094	2,335	2,401	2,462	2,519	2,463	2,828
Beds opened (r12)[4]	1,950	1,867	1,752	2,282	2,409	2,486	2,885	2,134
Occupancy in own homes[4]	80	80	79	81	82	81	79	82
Growth	8.4	7.5	9.0	9.7	14.7	26.2	25.3	24.3
Organic growth[1]	3.6	1.6	1.4	1.8	4.5	4.1	2.9	2.9
Acquired growth	3.2	4.6	6.2	5.4	7.2	17.3	18.8	19.3
Changes in currencies	1.6	1.3	1.4	2.5	3.0	4.8	3.6	2.2

1) Alternative Performance Measure. Refer to page 90 for definitions.
2) See the calculation of average number of shares in the calculation of basic and diluted EPS on page 60.
3) Refers to all units in Own operations.
4) Nursing homes and homes for people with disabilities and social psychiatry.

Definitions of key data and alternative performance measures (APM)

Explanations of financial performance measures

Return on capital employed (APM)
Attendo reports return on capital employed because it shows profits in relation to the capital used in operations. The definition of return on capital employed is operating profit (EBIT) for the past 12 months divided by average capital employed. See Note C33 for a reconciliation of the performance measure.

Free cash flow (APM)
Free cash flow is a measure of the cash and cash equivalents the group generates in operating activities and investing activities. The performance measure is defined as operational cash flow after changes in working capital, cash flow from investments in and divestments of tangible and intangible assets, as well as received/paid interest, interest expense for lease liabilities of real estate and repayment of lease liabilities according to IFRS 16. See the Consolidated cash flow table for reconciliation.

See Note C33 for a reconciliation of free cash flow.

Equity per share
Equity divided by average shares outstanding.

Acquired growth
The increase in the company's net sales from businesses and operations acquired during the past 12 months.

Adjusted EBITA
See the definition of operating profit (EBITA) below. Adjusted operating profit (EBITA) is operating profit according to the previous reporting standard IAS 17, i.e. excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.

Adjusted EBITDA (APM)
See the definition of operating profit (EBITDA) below. Adjusted operating profit (EBITDA) is operating profit according to the previous accounting standard IAS 17, i.e., excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.

Adjusted net debt (APM)
See the definition of net debt below. Adjusted net debt is net debt according to the previous reporting standard IAS 17, i.e., excluding the IFRS 16 effect on lease liabilities attributable to right-of-use assets for real estate. See the table showing net debt calculation for more information.

Adjusted operating margin (EBITA) (APM)
Adjusted operating profit (EBITA) divided by net sales.

Adjusted operating margin (EBITDA) (APM)
Adjusted operating profit (EBITDA) divided by net sales.

Items affecting comparability
Operating profit (EBITA) adjusted for items affecting comparability such as impairments and restructuring costs.

Cash and cash equivalents
Cash and bank balances, short-term investments and derivatives with a positive fair value.

Net investments
The net of investments in and divestments of tangible and intangible assets, excluding acquisitions and divestment of operations as well as investments in and divestments of assets held for sale.

Net debt (APM)
Net debt is a way of describing the group's indebtedness and its ability to repay its debt with cash and cash equivalents if all debts were to be due for payment today. Net debt is defined as interest-bearing liabilities plus provisions for post-employment benefits minus cash and cash equivalents. Net debt is presented both including and excluding lease liabilities attributable to right-of-use assets for real estate. See the section Financial position in this report for a reconciliation of net debt.

Organic growth (APM)
Attendo reports organic growth as a performance measure to show underlying sales development excluding acquisitions and currency effects. The performance measure is calculated as sales growth excluding acquisitions and changes in exchange rates. See Note C33 in the 2018 annual report for a reconciliation of the performance measure on a full year basis. See Note C33 for a reconciliation of the performance measure.

Net profit or loss for the year
Profit or loss for the year attributable to parent company shareholders.

Earnings per share
Profit or loss for the year divided by average shares outstanding.

Working capital (APM)
Working capital is a key performance measurement for optimising cash generation. The performance measure is defined as current assets excluding cash and cash equivalents and current interest-bearing assets minus current non-interest-bearing liabilities and provisions. Assets and liabilities held for sale are not included in working capital. See Note C33 for a reconciliation of the performance measure.

Operating margin (EBIT margin)
Operating profit or loss (EBIT) divided by net sales.

Operating margin (EBITA margin)
Operating profit (EBITA) divided by net sales.

Operating margin (EBITDA margin) (APM)
Operating profit (EBITDA) divided by net sales.

Operating profit (EBIT) (APM)
Attendo has opted to report operating profit (EBIT) as a performance measure because it shows the development of operating activities independent of financing. Operating profit (EBIT) refers to profit before financial items and tax. See the consolidated income statement for a reconciliation of EBIT.

Operating profit (EBITA) (APM)
Operating profit (EBITA) is used as a performance measure because it shows the development of operating activities without the effect of amortisation and impairments of intangible assets from acquired companies and independently of financing. Operating profit (EBITA) refers to profit before amortisation of acquisition-related intangible assets, financial items and tax See the consolidated income statement for a reconciliation of EBIT.

Operating profit (EBITDA) (APM)
Attendo reports operating profit (EBITDA) as a performance measure because it shows the development of operating activities

independent of financing and investments. Operating profit (EBITDA) refers to profit or loss before depreciation, amortisation and impairments. See the Consolidated income statement for a reconciliation of EBITDA.

Net debt to equity ratio
Net debt divided by equity.

Equity/assets ratio
Equity divided by total assets.

Capital employed
Equity plus interest-bearing liabilities

Profit margin
Profit or loss for the year divided by net sales.

Definitions of operational terms

Occupancy
The number of occupied beds divided by the number of available beds. Occupancy is a weighted average in the last month of each reporting period.

Mature units
Units opened in the 2017 calendar year or earlier, excluding units from the acquisition of Mikeva.

Sustainability definitions

Stakeholders
Groups of people who are involved in and/or have a financial interest in a business.

Stakeholder engagement
Engagement with stakeholders within and outside the company aimed at identifying the expectations of various groups concerning the business.

Environmentally hazardous waste
Waste that must, according to national law, be managed by an authorised waste management firm.

Environmental management system
A structured approach to improving and streamlining the company's environmental work.

Human rights
Human rights are enshrined in public international law and originate in international agreements. These agreements govern the relationship between the state and individuals and establish that all people, regardless of country, culture and context, are born free and equal in dignity and rights.

Code of Conduct
Formal guidelines for how a company's values must be implemented in practise.

Significance assessment
Identification of the company's most significant issues from the social, financial and environmental perspectives. The most significant issues are those concerning which stakeholders have the highest expectations and those where the business has the greatest impact on others.

Matrix for Attendo's statutory sustainability report

	Disclosure according to Annual Accounts Act	General information	Contribution to society	Quality	Employees and social issues	Anti-corruption and human rights	Environment and climate
Business Model	Description of business model	Attendo in short (p.2) Vision, strategy and goals (p.10) Service offering (p.12)					
Policy	Description of sustainability policy and review procedure	Sustainability (p. 14)	Society (p.16)	Quality (p.18)	Employees (p. 20) Social issues (p. 21)	Anti-corruption and human rights (p.22)	Environment and climate (p. 23)
Policy documents	Description of relevant policy documents			Guideline for quality work Quality index	Code of Conduct	Code of Conduct	Environmental policy Purchasing policy Guideline for travel and lodging
Results of policy	Description of results	Sustainability (p. 14) Sustainability indicators (p. 86)	Society (p.16)	Quality (p.18)	Employees (p. 20) Social issues (p. 21)	Anti-corruption and human rights (p.22)	Environment and climate (p. 23)
Significant risks	Description of operational risks and possible negative consequences	Risks and risk management (p. 24)			Risks and risk management (p. 27)	Risks and risk management (p. 27)	Risks and risk management (p. 27)
Risk management	Description of risk management	Risks and risk management (p. 24)			Risks and risk management (p. 27)	Risks and risk management (p. 27)	Risks and risk management (p. 27)
KPI's	Relevant performance indicators	Sustainability (p. 14)	Society (p.16)	Quality (p.18)	Sustainability indicators (p. 86)	Sustainability indicators (p. 86)	Sustainability indicators (p. 86)

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Attendo AB (publ) corporate identity number 559026-7885

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability report for the year 2019 according to matrix on page 91 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.

Stockholm 16 March 2020
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Annual general meeting

The annual general meeting of shareholders in Attendo will be held at 17:00 CET on Thursday, 15 April 2020 at Restaurang Bra Mat, Danderyd, Sweden.

Participation
Shareholders that wish to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB by 7 April 2020 and must notify the company of their intention to attend the meeting no later than 7 April 2020.

Notice of attendance
Shareholders may notify the company that they intend to attend the AGM via:

- Attendo's website: www.attendo.com
- Telephone: +46 (0) 771 24 64 00
- Post: Computershare AB
  Attn: AGM of Attendo AB
  Box 5267, 102 46 Stockholm, Sweden

The notice must state the shareholder's name, civic or corporate identity number, address, telephone number and any assistants. If participation is by proxy, the proxy form should be submitted to the company in good time before the meeting. Proxy forms are available in Sweden and English on the group's website, www.attendo.com.

Nominee-registered shares
To be eligible to participate in the meeting, shareholders whose shares are nominee-registered through a bank or securities institution must re-register the shares in their own name ("voting rights registration"). Such registration, which may be temporary, must have been effected by Euroclear Sweden AB by Tuesday, 7 April 2020. Consequently, shareholders must instruct their nominees in good time prior to that that date.

Dividend 2019
Attendo's dividend policy was established in connection with the IPO in 2015. The policy states that decisions on dividends must be based on Attendo's investment opportunities and financial position. It furthermore establishes that the company will distribute 30 percent of net profit. 2019 was a financially challenging year for Attendo characterised by the situation in Finland. Consequent upon weak profits, the company's financial performance measure of net debt in relation to profits (EBITDA) is at a high level. In addition, loans were renegotiated in late 2019. In the light of these circumstances, the Board of Directors is therefore proposing to the 2020 annual general meeting that no dividend should be distributed for the 2019 financial year.

Financial calendar 2020

15 April 2020	Annual General Meeting
6 May 2020	Interim report January – March
23 July 2020	Interim report January – June
23 October 2020	Interim report January – September

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NARVA

Attendo

Care your way

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