

Attendo 

We are investing in tomorrow's care

ANNUAL REPORT 2017

*Our vision –
empowering the
individual*

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Events in 2017



Attendo is establishing more nursing homes than ever

By building new nursing homes, Attendo is helping to solve key challenges in society and to improve the lives of tens of thousands of individuals. In 2017, Attendo opened 1,886 new beds in nursing homes in Sweden and Finland. By the end of 2017, Attendo had 2,903 beds under construction in nursing homes and homes for people with disabilities.

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Attendo has a strong platform for continuing to develop care using innovative solutions.

Pertti Karjalainen, Acting CEO

Attendo is growing

54



new nursing homes during 2017

An acquisition-intensive year

This year's largest acquisition was Finnish Mikeva, which strengthens Attendo's activities in social psychiatry and care for people with disabilities, and geographically complements our offering in care for older people in Finland.

27

acquisitions in 2017



Satisfied customers

Attendo's quality work continued to produce good results in internal and external surveys. This year's quality index was 85 percent, which was in line with the previous year. Attendo's lifestyle homes are especially appreciated by Attendo's customers.

New aids in care for older people

Attendo works continuously to develop its care with new working methods and new technologies. New large-format (65 inch) computer tablets have been brought into use at a number of nursing homes in Finland. These enable Attendo's customers to initiate video calls with relatives and also use the internet or play games in a user-friendly and visually appealing way.

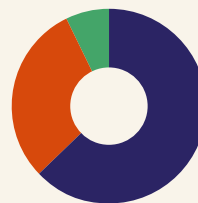


Care in new ways

Attendo is at the forefront of establishing activities that focus on the wishes of the individual. Attendo Örkelljunga LSS expanded its Bed & Breakfast activities in 2017 with an Inn. The aim is to provide participants in the day centre activities with meaningful work and contact with wider society, while satisfying the restaurant guests.

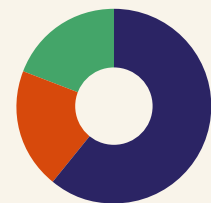


Financial overview



SALES BY CONTRACT MODEL

- Own operations, 63%
- Outsourcing, 30%
- Staffing, 7%



SALES BY SERVICE OFFERING

- Care for older people, 61%
- Care, 20%
- Health care, 19%

KEY FIGURES

SEKm	2017	2016
Net sales	11,157	10,212
Operating profit (EBITA)	1,084	1,002
Operating margin (EBITA), %	9.7	9.8
Net profit for the year	680	649
Profit margin, %	6.1	6.4
Operating cash flow	763	805

The care leader in the Nordics

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

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.



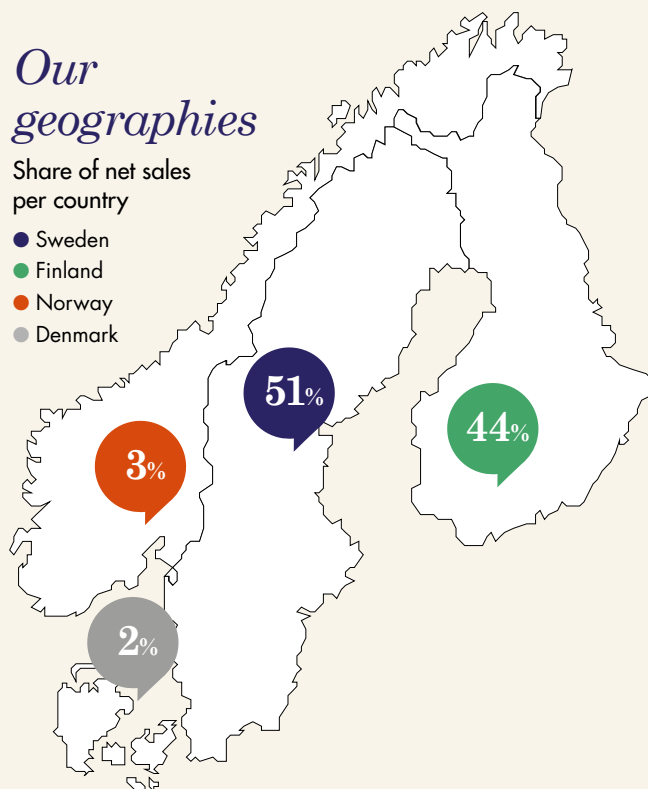
Care

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

Share of net sales per country

- Sweden
- Finland
- Norway
- Denmark



Health care

Attendo offers services within primary care, specialist care and dental care in Finland. In primary care, Attendo operates health centres and is responsible for certain units, such as acute and emergency care centres. Attendo offers staffing of medical personnel throughout Finland.



Vision

Our vision is “*empowering the individual*” and our work is always based on the individual’s needs and circumstances.

Values

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

Focus on quality

Since the company was founded more than 30 years ago, Attendo has been leading the development of quality and has worked constantly to deliver better care and a better customer experience. Much of what is currently taken for granted in Swedish care, such as social documentation, contact persons, and “own time”, is the results of Attendo’s development work. Today, we are developing the nursing homes of the future in order to meet society’s future needs.

How we work with sustainability

Sustainability is an integrated part of Attendo’s business strategy and our constant ambition is to generate benefit for society and our stakeholders. Sustainability at Attendo is focused on three main areas: development of society, quality of care and health care and our employees.

Development of society

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

Quality

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

Employees

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

>700
units

24,000
employees

4 out of 5
female leaders

85%
quality index 2017

We are investing in tomorrow's care

Attendo continued its stable positive development in 2017. At the same time, a record number of new own nursing homes were opened that improve everyday life for our customers around the Nordic region while helping to solve important challenges for the society. During the year, 54 new nursing homes were opened, and at the year-end, Attendo had more than 13,000 beds in own operations.

Ten years ago, Attendo made an important strategic choice to focus on establishing nursing homes in own operations. Since 2008, Attendo has begun the establishment of nearly 10,000 beds in approximately 240 units. The establishment rate has increased in recent years, and in 2017 more establishments than ever before were started, providing a solid foundation for growth in coming years.

One of the cornerstones of the successful efforts in our operations is the Attendo Model. The Attendo Model is the foundation of how we operate – with decentralised responsibility, value-driven operations and a shared toolbox where ideas and best practices are spread throughout the company.

In 2017, sales increased by 9.3 percent to more than SEK 11 billion, a function of both acquisitions and organic growth, primarily within Own operations. The largest acquisition was Finnish Mikeva, with approximately 2,900 care beds and 2,600 employees. Mikeva complements Attendo's offering in care for older people in Finland and strengthens the operations in social psychiatry and care for people with disabilities. After the acquisition of Mikeva, Attendo has over 13,000 beds in own operations, which is more than the three closest competitors combined. Sales in Outsourcing increased slightly in 2017 but decreased in Staffing.

Operating profit amounted to SEK 1,084 million, an increase of 8.2 percent, which corresponds to an operating margin (EBITA) of 9.7 percent (9.8). The margin is initially impacted negatively when Attendo opens more nursing homes, but this also builds the foundation for future growth.

Meaningful activities

The foundation for stable positive development for Attendo is the continued pursuit of creating value for customers and local authorities, and thus for society as a whole. With regard to improving the everyday lives of our customers, Attendo continued in 2017 to focus on activities and personalised care. Outdoor activities are always important at Attendo, and a large number of residents this year also participated in the Attendo Fitness Walk. Large-format computer tablets were introduced at a

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The foundation for stable positive development for Attendo is the continued pursuit of creating value for customers and local authorities, and thus for society as a whole.

number of our nursing homes in Finland, which make it easier for customers to use the internet and video chat with their relatives. We acquired the Unika day centre in Stockholm, where people with disabilities are able to express themselves through creative activities such as musical, theatrical and film production. Attendo was also involved in arranging a tournament as part of Funkis-festivalen, a song festival for people with disabilities.

Attendo places great value on its residents having an opportunity to participate in the local community. One way to create contact is to combine different activities such as nursing homes and preschools in the same building, with positive effects for both groups. In Norway, we opened a café and restaurant business at one of Attendo's nursing homes, also open to the public. In Örkelljunga, the successful Bed & Breakfast operations were expanded with an inn that gives the day centre participants meaningful work and contact with wider society.

Quality and continuous improvement

Customer satisfaction and the quality index were at stable and high levels. Despite good results in quality evaluations, Attendo actively works to continue to develop its care through new ways of working, new technology and better activities.

Quality is founded on systematic effort and best practice transfer between different units, but above all on the competence and commitment of our employees. Attendo attaches great importance to being an attractive employer and ensuring that its employees are satisfied with their work. These metrics also continue to show



high and stable results. When incidents arise in our operations, as they sometimes do, the causes are sought out within procedures and working methods to ensure that problems are not repeated.

Sustainability as part of the business model

At the same time as Attendo focuses on customer and employee needs, we help to solve major challenges for society. This is the focus of our sustainability work. Attendo's most important contribution to society is to help to remedy the major shortage of care beds, mainly in care for older people. Over the past five years Attendo has established every fourth new nursing home in Sweden and Finland, and in 2017 the rate of new establishment was further increased. Demographic forecasts clearly show that the need for care and health care will increase for many years to come in both Sweden and Finland.

Private providers have an important role to play

Many local authorities around the Nordic region are struggling with budget deficits that makes it very difficult to cope with the necessary investments. The conclusion is that if we are to afford to provide high-quality care in the future, private providers must be allowed to play their part. Unfortunately, this critical issue is still overshadowed in Sweden by discussions at the national political level on how to restrict freedom of choice in welfare services by making things difficult for private providers. The discussion should be about how to improve and assure quality, and how society gets the best possible care for their taxes. Attendo conducts systematic improvement work in all areas of the business with the

aim of offering high quality care at lower cost to the local authority. Experience shows that in cases where the local authority has taken back the operation of care activities from private providers, costs have risen by 15–25 percent.

The pragmatic attitude towards private providers in Finland stands in contrast to the situation in Sweden. The major care and health care reform, known as the SOTE reform, will contribute to greater freedom of choice for citizens and create more equal rules for public and private providers.

Strong platform for continued development

In summary, Attendo demonstrated good performance during 2017. We are establishing new nursing homes at a high rate. This helps local authorities to reduce waiting times in care for older people, provides more customers with access to modern homes with good care, and gives Attendo good opportunities to achieve its financial targets in the coming years. I want to thank Attendo's leaders and employees for their strong efforts during the year. I also would like to pay a special thanks to Henrik Borelius who, after 18 successful years at Attendo, left his position as CEO in the beginning of 2018. Finally I would like to thank all the local authorities, customers and shareholders that choose Attendo. Your trust is a key factor for our development.

Danderyd, March 2018

Pertti Karjalainen, Acting CEO

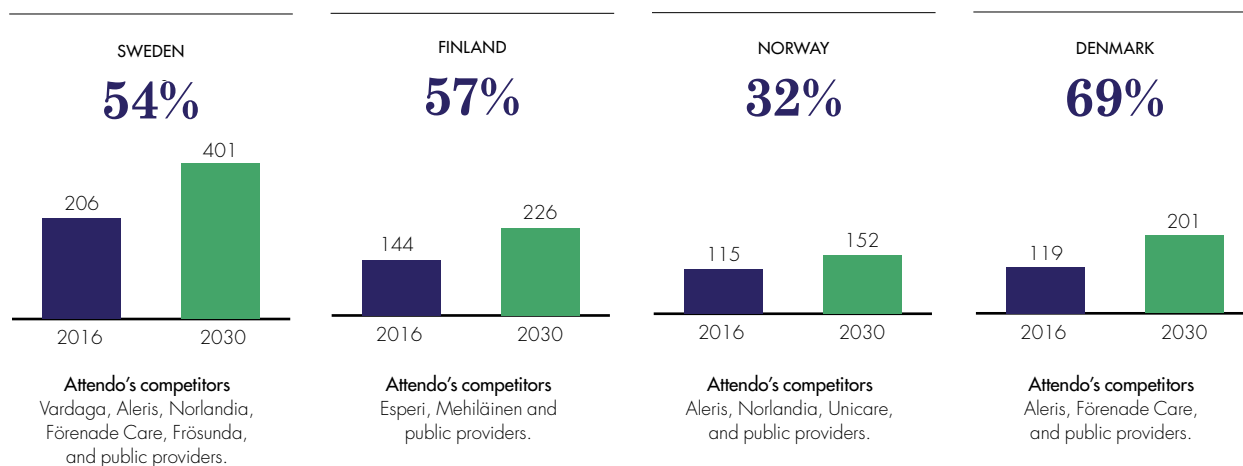
Drivers in Attendo's markets

Attendo is active in Sweden, Finland, Norway and Denmark. The same primary driving forces are seen throughout the Nordics and large parts of the rest of Europe – a growing population of older people and an increasing proportion of private providers.

Ageing population increases the need for care and health care services

Demographic trends towards a greater number of older people and rising life expectancy mean that the need and demand for care and health care services in society will rise, especially the demand for nursing homes and home care services.

Population growth 85+, 2016-2030 (thousands)



Europe



Attendo's competitors

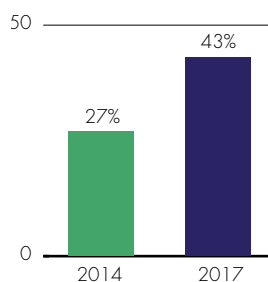
Korian, Orpea, Ambea, Domus Vi, Pro Seniore, Care UK, HC-One, Allohiem, Colisee, KOS, Armonea



Shortage of capacity in care for older people

There is already a significant shortage of nursing home beds. The public sector will find it difficult to meet investment needs on its own, and investment by private providers will therefore be of great importance. Sweden's National Board of Housing, Building and Planning estimates that 43 percent of municipalities in Sweden already have a deficit of nursing home beds.

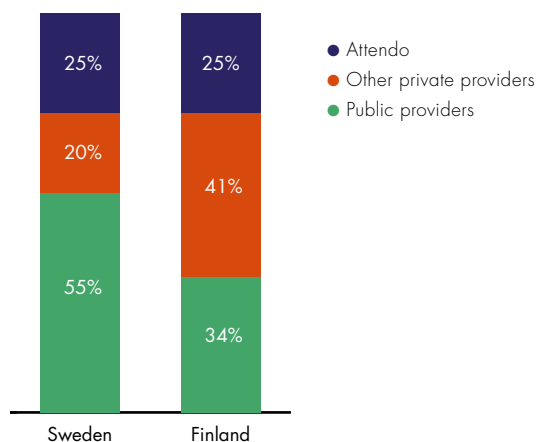
PROPORTION OF MUNICIPALITIES REPORTING A SHORTAGE OF BEDS IN NURSING HOMES, SWEDEN



Higher proportion of private providers of care and health care services

The private proportion of care and health care has historically increased. The proportion of privately provided care and health care varies between countries. In a number of European countries, the proportion of nursing homes run privately is higher than in the Nordic countries. Over the past five years, however, private providers in the Nordics have grown faster than the total market, which means that the proportion of nursing homes in the private sector has been increasing.

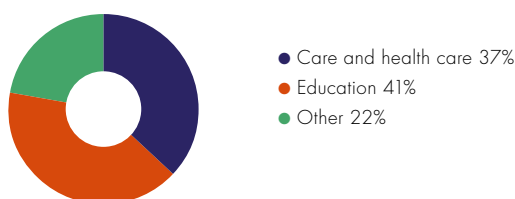
PROPORTION OF BEDS UNDER CONSTRUCTION 2013-2017



Shortage of public resources

Care and health care account for a large part of municipal budgets in the Nordic countries. The need for care services is expected to increase as the number of older people increases, which will put further pressure on municipal finances. Limited public finances require that care and health care be organised in the most effective way, and studies show that private providers can operate care and health care activities more efficiently than public providers.

CARE AND HEALTH CARE COSTS AS A PROPORTION OF THE TOTAL BUDGETS FOR SWEDISH LOCAL AUTHORITIES IN 2016



Greater interest in choice and increasing consumer demands

In a number of European countries, private providers and freedom of choice have been a natural element in care for older people for a long time. Older people have become more interested in being able to choose their own care in all Nordic countries. A large majority of citizens consider it important to choose their own nursing home and home care. Alongside rising standards of living, the behaviours of customers, patients and their relatives have changed. These days they are more active in their choices and are increasingly evaluating more care options before making a decision.

Higher quality standards and more frequent monitoring and supervision

As care and health care systems have evolved, so monitoring and quality issues have become increasingly important and more comprehensive. The smaller public and private providers find it more difficult to meet the quality standards and requirements set by authorities. Larger providers like Attendo can benefit from having solid methods for improving customer satisfaction, established quality processes and quality experts that smaller municipalities and companies often lack.

Social care services system

The Nordic social care services system rests on public funding, local municipal responsibility and a comprehensive regulatory framework for procurement and quality control. The system has gradually been opened to alternative providers. More information on how the system works in each market can be found on Attendo's website: www.attendo.com.

Nursing homes – private providers share of total market

Sweden

Sweden is Attendo's largest market, where the growth rate for private providers has been high over the last five years.

Finland

Finland is Attendo's second-largest market, which has demonstrated strong growth for private providers in the last five years and where the share of services delivered by private providers is higher than in Sweden.

Norway

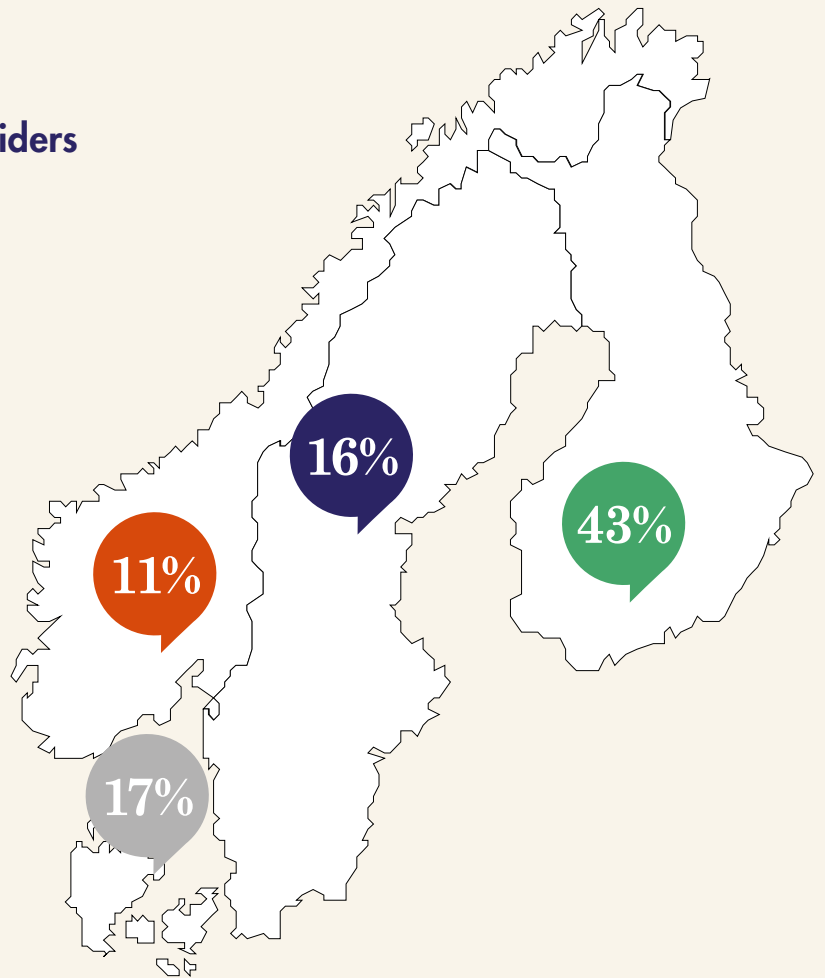
The share of services delivered by private providers in care for older people is very low in Norway and activity is low in the Norwegian market.

Denmark

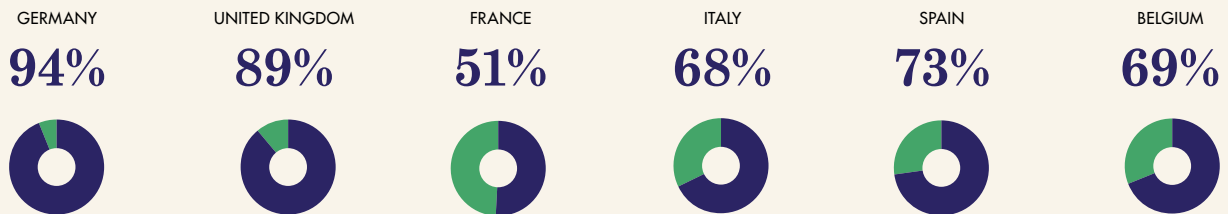
Activity in the Danish market is relatively low, but there is an ambition to increase the share of services delivered by private providers.

Europe

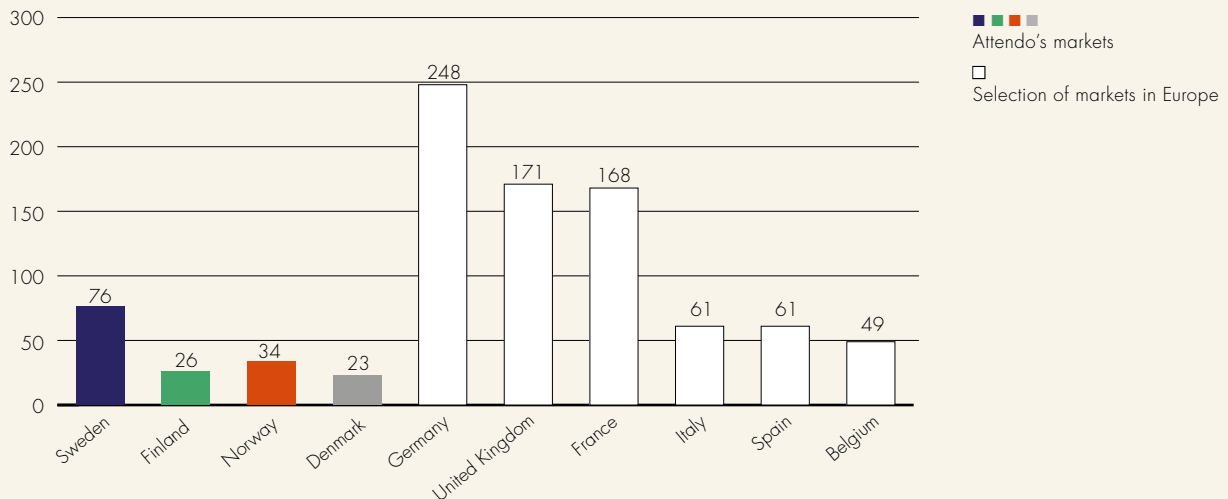
There is a positive demographic trend and a high share of services provided by private providers in most European markets.



Private share, main markets, Europe



NURSING HOMES – SIZE MARKET, SEK BN



Focus on quality and growth

For more than 30 years, Attendo has developed individualised and high-quality care and health care. Over the past ten years, the main strategy has been to establish own nursing homes. Since 2008, Attendo has begun the establishment of nearly 10,000 care beds in approximately 240 nursing homes.

*Our vision –
empowering the
individual*





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 and payors. We work systematically to recruit the best employees and leaders. Local managers at Attendo have 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 organisation 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 goals

- Be the most attractive choice and the most respected care and health care company in the Nordics.
- Be the largest private care provider in Europe in 2025.

Strategic focus

- No 1 in new own units.
- Leading in customer satisfaction.
- Best practice and simplification.

Financial targets

Growth and profitability

7%

Annual growth

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

Outcome 2017: 9.3%

9%

EBITA margin

Long-term, maintain the current EBITA margin of approximately 9%.

Outcome 2017: 9.7%

Capital structure

3.75x

Net debt/EBITDA

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

Outcome 2017: 3.9x

Dividend policy

30%

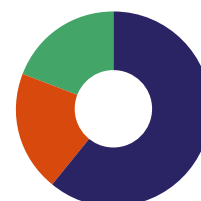
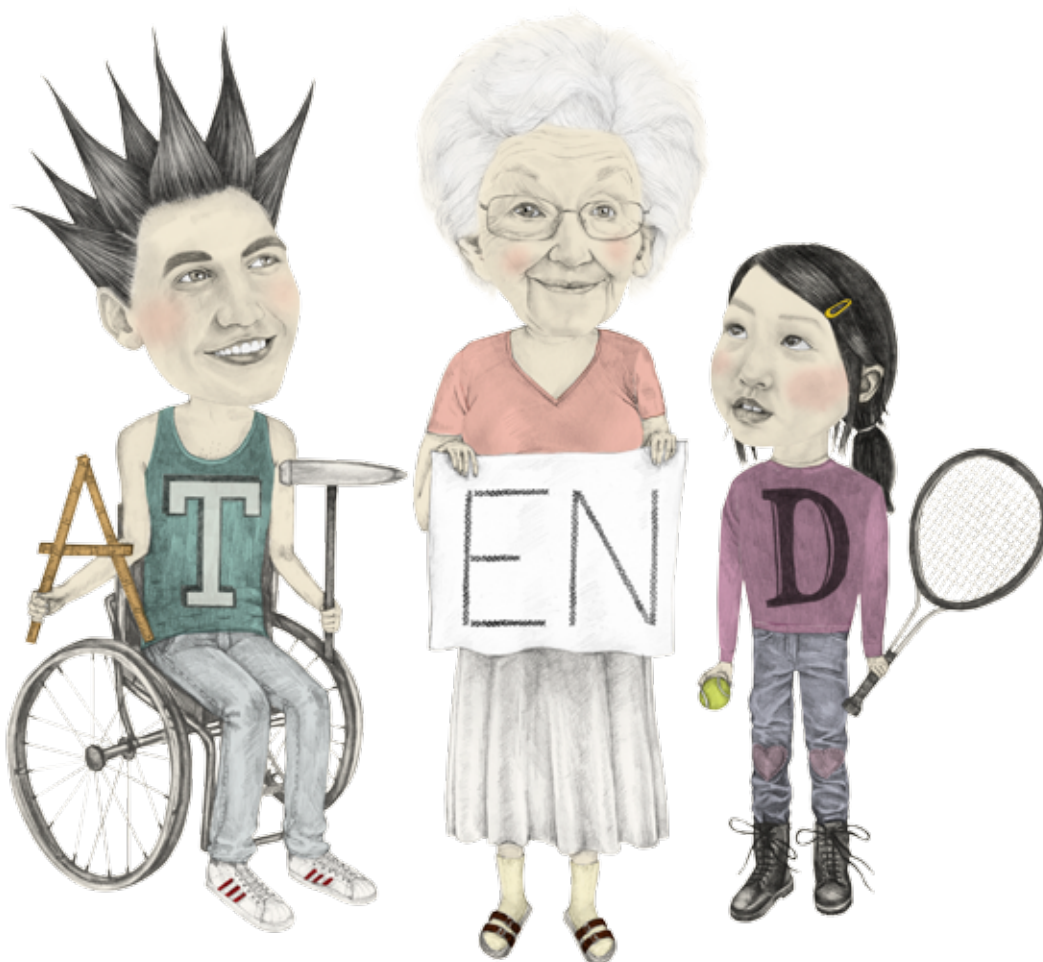
of net profit

Dividends based on investment opportunities and financial position.

Outcome 2017: 30%

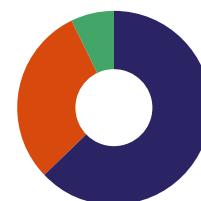
We address complex challenges in care and health care

Attendo offers care and health care services for older people, people with disabilities and individuals and families, as well as health care, dental care, and staffing. In partnership with our payors, we effectively address complex challenges in care and health care. Attendo's operations are divided into three contract models: Own Operations, Outsourcing, and Staffing.



SALES BY SERVICE AREA

- Care for older people, 61%
- Care, 20%
- Health care, 19%



SALES BY CONTRACT MODEL

- Own operations, 63%
- Outsourcing, 30%
- Staffing, 7%

Offering and contract model	Own operations	Outsourcing	Staffing
Care for older people	X	X	
Care	X	X	
Health care		X	X

Offering

Care for older people

Attendo provides care for older people in nursing homes and through home care services. Customers in our nursing homes live in their own apartments with access to common areas. The customer plans the day along with the contact person and the nurse in charge.

In the home services segment, Attendo offers a full-service commitment that covers everything from care and meal services to cleaning, laundry, and evening and night-time services. Many assignments also include home health care. Service delivery is planned jointly with the individual customer.

2,903

beds under construction 2017

Care

Care for people with disabilities

Attendo provides care services to people with disabilities. Our work is focused on making it possible for people with disabilities to live their lives as actively and as independently as possible. Attendo operates group homes for adults, homes for children with special needs, and short-term accommodation for adults and children. We also provide daytime activities, personal assistance, and companion services.

Individual and family care

Attendo provides individual and family care, such as consultant-supported family homes, crisis and emergency homes, addiction care, neuropsychiatric services for young people, and various forms of supportive housing.

Health care

Attendo provides primary care, specialist care and dental care services in Finland. Within primary care, we operate local medical centres and are responsible for specific units, such as Emergency rooms.

Flexible solutions have enabled Attendo to increase access, shorten waiting times, and improve quality in the health care system.

Staffing services

Attendo provides medical professionals in Finland, such as general practitioners, specialist consultants, dentists, and nurses.

Contract models

Own operations

Own operations accounts for the largest share of Attendo's net sales at 63 percent. It is also the contract model that has delivered the highest growth in recent years. At year-end 2017, Attendo's Own operations comprised of a total of 573 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. The homes are designed and built in partnership with construction companies and property companies, which also own the properties. Attendo leases the premises from the property owners, usually for a term of 10–15 years.

Attendo has many years of experience from planning, building and operating various care services operations. Own operations also ensure long-term cooperation between Attendo and the local authority, which brings peace of mind to customers and staff alike.

The model gives Attendo good opportunity to influence the care experience through, for example, lifestyle homes with unique concepts.

573

units total 2017

Outsourcing

Outsourcing operations generated 30 percent of net sales in 2017. At year-end 2017, Attendo provided outsourcing services in a total of 129 units in Sweden, Finland, Norway, and Denmark.

Attendo's local health centres, emergency units and dental care units provide care services to about 500,000 people in Finland.

Under outsourcing contracts, Attendo provides services as ordered by the payor. The employees 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. Local authorities have a challenging task in meeting growing needs for care and health care while also carefully managing taxpayers' money. Attendo is a partner that contributes innovative ideas and drives development forward.

In order to be competitive, Attendo must deliver high-quality services at an attractive price.

30%

of net sales 2017

Staffing

Staffing operations are represented in the health care sector nationwide in Finland, and generated 7 percent of Attendo's net sales in 2017. In 2017, approximately 2,600 doctors, medical students, and dentists were on staffing assignments for Attendo.

Through staffing, Attendo provides medical professionals such as general practitioners, specialists, dentists, and nurses in primary, emergency, and specialist care on long- or short-term contracts. A common staffing situation is when a customer has a temporary need for staff due to an employee on sick leave and needs to quickly find a replacement with the appropriate competence. Contracts may be either framework agreements or specific contracts. Tendered contracts normally have terms of two to four years.

Attendo's Staffing services help cut waiting times for patients and improve access to health care. We also supply qualified medical professionals to remote areas of Finland.

2,600

doctors, medical students and dentists

Sustainable care in practice



Sustainability at Attendo is focused on three main areas: development of society, quality in care, health care and our employees. These areas have been identified as the most important to Attendo and our stakeholders.

Stakeholder dialogue

Attendo engages in continuous dialogue with the company's stakeholders: customers and patients and their relatives, payors, employees, suppliers, investors, politicians and authorities. The stakeholder dialogue results in greater understanding of expectations and provides input for potential improvements.

Attendo tracks satisfaction among customers, patients and their relatives through regular surveys, as well as ongoing discussions in day-to-day operations. The company always seeks to base its actions on the needs and wishes of the customer or patient. Employee preferences and opinions are discovered by means including employee surveys and through performance and development dialogues.

Materiality analysis

Materiality analysis is used to identify the issues that are most important to Attendo and the company's stakeholders. The most recent materiality analysis was based on a list of about 30 sustainability issues within various topical areas. The significance of each issue to stakeholders and Attendo was assessed.

The process led to three areas being identified as most important to Attendo's future sustainability work: development of society, quality of care and health care and our employees. Overall targets were defined for each focus area and relevant key figures were identified to measure goal attainment.

Objectives

Several activities were carried out in 2017 to strengthen Attendo's position within each focus area. Key figures have been defined and implemented to enable quantitative follow-up.

As part of the development of society objective, Attendo's ambition is to lead the establishment of new nursing homes to address the needs for new nursing beds within care for older people. Attendo reports this area as the number of new beds under construction, as well as new beds in own operations.

In the area of quality of care and health care, Attendo is striving to maintain and 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 the 'our employees' focus area is that Attendo will offer a stimulating workplace for everyone who wants to make a difference. Employee job satisfaction and satisfaction with their managers is reported on the aggregate level.

Read more about the focus areas on the following pages or in our Quality and Sustainability Report.

Focus area	Objective	Key figures	Outcome
Development of society	Lead the establishment of new homes to address society's needs for new beds within care for older people.	Number of new beds under construction. New beds in own operations.	2,903 1,886
Quality of care and health care	Maintain and further improve Attendo's leading position in quality and customer satisfaction.	Outcome in the internal quality thermometer.	85%
Employees	A stimulating workplace for everyone who wants to make a difference.	Employee job satisfaction and satisfaction with their managers on aggregate level.	4.0 out of 5.0 3.9 out of 5.0

Development of society: *we are contributing to sustainable care*

Care and health care combined are the largest single expenditure item in all Nordic countries. The sector is extremely important to customers and patients and their relatives, employees and society as a whole. The public demand is that every individual must be offered the best possible care and health care, with security and quality of life. To make this possible, Attendo focuses on the following:

We are investing to address the capacity shortage

There is a significant shortage of nursing home beds for older people in Finland and Sweden. Statistics from the National Board of Housing, Building and Planning (Boverket) show that a full 43 percent of Swedish local authorities had a shortage of nursing home beds in 2017. Statistics compiled by the Swedish Health and Social Care Inspectorate (IVO) show that more than 5,000 older people had to wait more than three months for a bed in a nursing home.

The public sector will find it difficult to manage the level of investment required on their own. The new builds that Attendo and other private providers can contribute are thus extremely important to managing the capacity shortage.

Private providers accounted for about half of all new production of nursing homes in Sweden and even higher

share in Finland in recent years. Attendo alone has provided more than one out of four new nursing home beds.

Investments in new care homes also lead to several other positive impacts on society. Every new care home with 54 apartments creates about 50 jobs once up and running, as well as more than 30 annual jobs during the building phase. When a new building is built, older nursing homes can often be converted to ordinary housing and thus help alleviate the housing shortage.

New homes also contribute to urban development because care for older people is an important component of a vibrant city district. One example of this is when Attendo issued a letter of intent in 2017 to establish a nursing home in Täby to be co-located with a preschool to facilitate intergenerational encounters.

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.

In recent years, Attendo has picked up the pace in establishing nursing homes and care homes for people with disabilities in Sweden and Finland. A new record was set in 2017 when Attendo had 2,903 beds under construction at year-end. The company intends to maintain a high rate of investment in new 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. Within individual and family care, our assistance includes helping local authorities create a good life for unaccompanied refugee children.

In Finland, Attendo is helping to secure access to local care and health care in small and remote communities, which is a vital effort to ensure that everyone receives the care and health care they need. Many local authorities choose Attendo because this partnership helps improve quality of care while making costs to the local authority clear and transparent, which leads to more efficient use of tax funds.





We contribute to the economy

Attendo also contributes to the economy through tax on the company's profits and payroll-related taxes. In 2017, Attendo paid SEK 207 million in corporate tax, including SEK 116 million in Sweden and SEK 87 million in Finland. Attendo pays more tax than any other private care services provider in Sweden and Finland. Attendo always pays tax on the surplus reported for each operation in the country where the profit is generated.

We are a large employer

With more than 24,000 employees, Attendo is one of the largest employers in Scandinavia. 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.

Climate and environment

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. Attendo's environmental management system gives all employees access to expertise, procedures and processes to support them in their day-to-day work.

The company's ambition is to continuously develop environmental efforts primarily within:

- **Suppliers and purchasing:** Environmental aspects are considered in connection with purchasing products and services. For example, Attendo chooses energy-efficient products for new builds and is working actively to quality-assure consumption and reduce energy losses. Efforts with more systematic monitoring of environmental and social issues in relation to our suppliers continued during the year.

- **Transport and travel:** Attendo also takes climate and environmental aspects into consideration with regard to transport, shipments and business travel. Environmental aspects are always considered in decisions concerning vehicles used in operations, and consumption is regularly measured to control environmental impact. The usage of video conferencing and other technical aids is being increased to reduce travel in connection with meetings. Purchases are also planned from a limited number of suppliers in order to coordinate goods deliveries and thus reduce the number of transports to our operations.
- **Energy and water:** Attendo is committed to reducing the use of energy and water and to increasing the share of electricity from renewable sources. As leases normally stipulate that Attendo bears the cost of water and energy, there is also a clear financial incentive to reduce consumption. A detailed energy use survey was carried out during the year at all properties owned by Attendo.
- **Waste:** Attendo must ensure that all waste, including environmentally hazardous waste, is managed in a way that reduces negative environmental impact. All new own operations have eco-rooms adapted to modern and eco-friendly waste management.

Objective and outcome

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

2,903

number of new beds under construction

1,886

number of new beds opened

Quality: good results from systematic quality improvements

Attendo’s quality work goes further than required by law and customers. It gives us the opportunity to offer market-leading quality of care and to drive development in the sector. At Attendo, we are working systematically to continuously improve our quality efforts and we track the outcome of our work on an on-going basis.

Innovations that set the standard

Much of that currently considered generally accepted practice in the Swedish care sector, such as social documentation, contact persons and “personal time”, are the results of Attendo’s development work. At Attendo, we are convinced that quality of care and health care can be measured. We are constantly endeavouring to further elevate both technical and perceived quality.

Historically, our efforts have been oriented mainly towards the 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.

We evaluate both individual care and health care delivery and operations overall. Attendo has a quality management system in which processes and activities are defined, measured and followed up every month. 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.

Attendo’s quality model is based on three pillars:

Satisfied customers:

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

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.

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. Attendo has, for example, developed market-leading tools in lifestyle homes and culinary experiences, which are applied across the company.



Objective and outcome

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

85 out of 100
quality index 2017

Employees: *value-driven work with satisfied employees*

The competence, commitment and care of Attendo employees are critical to ensuring that our customers, patients and their relatives are satisfied with our efforts. People in various phases of life, of varying nationalities and with unique needs, benefit from Attendo's care and health care every day. That is why a diverse workforce is so important.

An effort based on clear values

Attendo's operations are based on a strong foundation of shared values. Our values – competence, commitment and care – guide us in our day-to-day efforts in order to fulfil the shared vision: Empowering the individual.

The work to spread and establish support for the vision and values throughout the organisation continued in 2017. The values project is being implemented with the help of 650 local values coaches combined with corporate introduction programmes and informational materials. Attendo's "values weeks" are one concrete example, which focus on the impact of the values in practice and include activities for employees and customers at participating operations. Values are also a recurring theme at the monthly workplace meetings in Attendo's operations, where both local and central themes may be addressed.

Satisfied employees

Attendo has more than 24,000 employees in Sweden, Finland, Norway and Denmark. We believe it is essential to be an attractive employer and that our employees should be satisfied with their personal work situation as well as with their employer and their immediate managers. That is why we continuously track employee opinion. This is accomplished mainly through annual appraisal interviews and day-to-day dialogue. We augment this by "taking the temperature" of our employees twice a year to keep tabs on our employees' job situations and how satisfied they are with their jobs and workplace. The results of these surveys are consistently very good and stable. The average employee satisfaction score in 2017 was 4.0 out of 5.0. Satisfaction with the nearest manager was 3.9 out of 5.0.

Competent employees

Attendo provides training to all employees to ensure high quality and continuous improvement. All employees are provided a thorough introduction, including supervised shifts and a mentor programme. All subsequent skills

development is based on individual plans. These may include local, corporate and online training programmes.

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 leaders. At Attendo, leadership is all about accountability, visibility and accessibility. Leaders must communicate clearly and transparently while remaining open to others' ideas. 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.

A good work environment

Attendo works actively, systematically and preventively to reduce risks and promote employee health and safety. Managers and employees are trained to assess risks and act in a manner that ensures safe and secure workplaces and prevents the risk of threats and violence. Sickness absences are followed up to help employees return to work as quickly as appropriate.

The implementation of Mobile Care continued in 2017. Mobile Care is a digital app that enhances the quality of care through more secure handovers while reducing stress for our employees.

Diversity

Every Attendo employee must be treated respectfully and given equal opportunities for career development. It is a fundamental precept that everyone should have equitable terms of employment and equal working conditions. We actively work against all forms of discrimination. Local managers are encouraged to maintain lively discussion of issues related to discrimination and harassment in connection with employee meetings and to



immediately handle or report to HR in cases of suspected violations.

People in various phases of life, with varying nationalities and needs, benefit from Attendo's care and health care every day. Cultural awareness and language skills from other countries are often an advantage in Attendo's operations.

Alleviate the shortage of nurses

Attendo works continuously to secure access to qualified employees. There is a severe shortage of nurses in the care and health care sector in Sweden. During 2017, Attendo had a central unit for marketing, recruitment and skills development for nurses. A project to recruit Filipina nurses is ongoing in Finland and Sweden. The Philippines are taught Finnish and Swedish and offered the opportunity to work for Attendo under contractually agreed conditions. During 2017, about 60 Filipina nurses were hired in Sweden and the company has decided to extend the project until 2019.

Active prevention of corruption and conflicts of interest

Attendo is a significant supplier to the public sector and it is therefore imperative that Attendo's employees comply with regulations and otherwise act to reduce the risk of corruption, conflicts of interest or improper business methods. Attendo has drafted a Code of Conduct that contains additional guidelines and support relating to

the challenges that can arise in day-to-day interactions with customers, employees, business partners and other stakeholders.

All Attendo employees are informed of their obligation to understand and comply with the Code upon initial employment and regularly thereafter. The Code of Conduct was carefully reviewed in the autumn of 2017.

Co-ownership of attendo

Attendo has been offering employees and managers the opportunity to become shareholders for a long time. In conjunction with the IPO in 2015, more than 800 employees subscribed for shares in the company, and the following year more than 500 employees joined the Attendo+ share savings programme, which ran until August 2017. A new edition of Attendo+ was launched in September 2017, which covers about 60 managers and key employees.

Objective and outcome

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

4.0 out of 5.0 **3.9 out of 5.0**
Employee job satisfaction Satisfaction with the nearest manager



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 individual area of operation. Attendo has established a group-wide function for managing risk assessment and internal control, which shall support the Business Area Directors in their work with risks, processes, and controls. The purpose of the internal control function is to take a structured approach to implementing good controls over critical processes based

on Attendo’s group-wide risk assessment. The work is identified through a risk assessment performed by Attendo’s Executive Management and other key employees. The risk assessment evaluates the significance of the risk based on the impact the event would have if it occurred and the probability that the event will occur.

Based on the risk assessment, the internal control function and the Business Areas have established common policies, instructions and control documentation aimed to manage the risks. Self-assessments are carried out annually, which ensure that the operation tests the implemented controls’ effectiveness and assesses whether they should be modified or improved. The internal control work is based on an annual plan approved by the Audit Committee.

A summary of identified risks and Attendo’s risk management is presented below:

Risk	Description of risk	Risk Management
EXTERNAL RISK		
Market risk	The care and health care market is characterised by competition between public and private providers of varying size, which implies risks with regard to both growth and price development. Public providers are currently not required to compete with the market’s best offering in a public procurement process and are not required to obtain permits for their operations. In order to conduct its operations successfully, Attendo needs to continuously develop its operations in order to offer the customers the best possible care and health care services in terms of quality, and at a price that is attractive to the payors.	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 innovative solutions improving quality, customer experience, and employee working conditions.

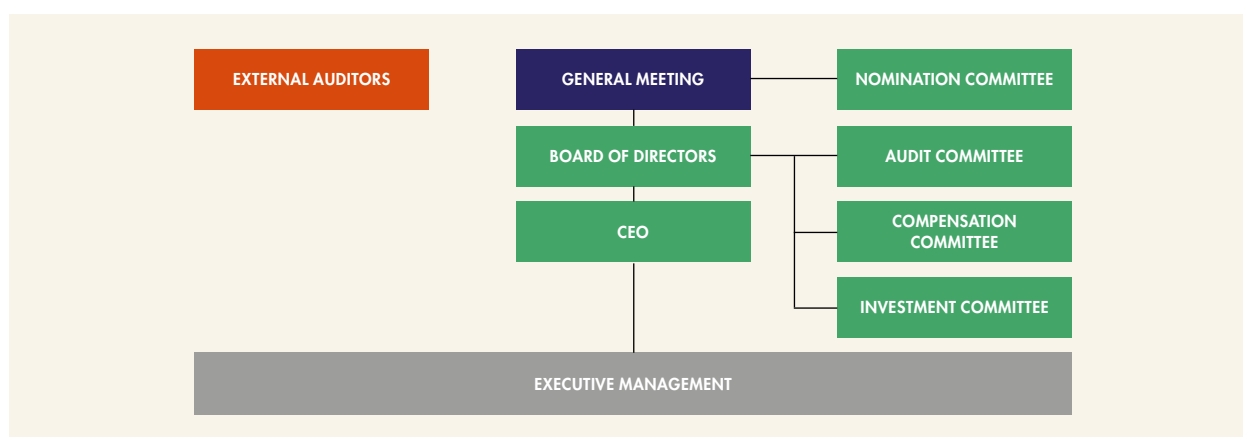
Risk	Description of risk	Risk Management
EXTERNAL RISK		
Reputational risk	<p>Reputational risk is the risk that Attendo's reputation will be damaged among customers and their relatives, or the general public. All operations conducted by private care and health care providers are monitored by the media, whose coverage from time to time is extensive. Media interest and coverage of Attendo increases as the company grows. Negative criticism can have consequences that are more serious than is justified under the circumstances. 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 contracts with local authorities and other payors.</p>	<p>Attendo takes a structured approach to offer superior care and health 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 and health care to customers and patients. These are important tools for reducing the risk of rumours and negative publicity.</p>
Political risk	<p>The majority of care and health care services in Attendo's markets are publicly funded and provided by local authorities. In accordance with national legislation, local authorities allow private providers to deliver care and health care services in order to create freedom of choice, improve quality and finances, and to create a change in the operations. The choice of production model is dependent on political decisions, at national as well as local level, which means that Attendo's potential for growth is dependent on politicians' views on how care and health care services should be delivered. Political decisions that result in changes to legislation could have significant impact on Attendo's operations.</p> <p>In early 2018, the Swedish government intends to present a bill to the Parliament related to the "welfare commission". If the proposals in the bill would be implemented, they would weaken freedom of choice and diversity in areas such as schools, healthcare and social care. The proposals have received strong criticism from both authorities and experts and are deemed to be violating current EU law. Attendo believes there is no parliamentary majority behind the proposal.</p> <p>The Finnish market is implementing a major health care reform (SOTE reform). The reform will create an entirely new administrative level in which 18 counties will be responsible for both health care and social care services. The objective is to increase freedom of choice for individuals while facilitating the use of private care and health care providers that will enhance quality and access to services while reducing the deficit in public finances. The government has decided that the first active care choices in primary care will be made in 2021. Details of the reform will be presented regularly, and will be submitted to the parliament for debate and a decision in the spring 2018.</p> <p>Both reforms could affect Attendo's operations, earnings, and financial position.</p>	<p>Attendo continuously monitors developments in relation to political decisions in order to manage the risks these might entail. There is ongoing dialogue with decision-makers and officials at the local and national levels. Attendo is working with various industry bodies, such as the Swedish Association of Private Care Providers, to help changing industry conditions for the better. The assessment is that the investigation of restrictions on freedom of choice and profit ban in Sweden lack parliamentary support. Regarding the planned SOTE reform in Finland, the company has a continued positive opinion about the opportunities that the reform provides for private actors.</p>
Legislation risk	<p>The regulatory frameworks and laws in the countries where Attendo operates sets requirement for, amongst other, quality and safety. These laws primarily govern social care, health care, and care for people with disabilities, but there are also a number of other laws and regulations applicable for Attendo's operations. If Attendo does not comply with these laws and rules or if new rules are instituted, this could lead to increased costs due to, for example, building modifications, increased staffing requirements, or fines. Furthermore, non-compliance could give payors the right to cancel contracts or demand that an operation is shut down.</p>	<p>The legislative process in the countries where Attendo operates is transparent, meaning that any legislative changes are normally announced well in advance of implementation. In addition, Attendo carefully monitors changing requirements in terms of quality and safety, nationally and internationally. 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-to-day operations to manage current laws and regulations and to monitor changes to legislation.</p>

Risk	Description of risk	Risk Management
OPERATIONAL RISK		
Acquisition risk	<p>Growth through acquisitions, large as well as small, is part of Attendo's strategy. This entails a risk that Attendo will not identify suitable acquisition targets, that the company will not successfully negotiate acceptable terms, or be able to finance the acquisitions.</p> <p>Growth through acquisition also entails 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.</p>	<p>Attendo has an experienced organisation for identifying and performing acquisitions in line with Attendo's strategy. The companies and units acquired operate in well-known areas. Over the years, Attendo has established and implemented a structured and systematic acquisition process that requires analysis, documentation and sufficient approval prior to each acquisition. In addition, Attendo establishes a detailed integration plan in connection with the acquisition decision so the risk of increased costs related to integration is reduced.</p>
Human capital risk	<p>Access to competent employees is critical to the company's business. Attendo's operations are highly labour intensive and the company has more than 20,000 employees in several occupational categories, including doctors, nurses, assistant nurses, and social workers. It is thus very important that Attendo can employ and retain qualified managers, doctors, nurses, and other care and health care personnel.</p>	<p>Attendo continually develops models for attracting, developing, and retaining skilled and dedicated employees. Recruitment of key employees is critical for Attendo and the company is highly experienced at recruiting employees in areas where there currently is a shortage. Examples of this are projects aimed at recruiting doctors in Finland and 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.</p>
Leasing risk	<p>Attendo provides its own operations in leased premises and nursing homes. Attendo leases most of these premises from external property owners, which entails a risk that the property owner will change the terms of the lease, as well as risk that the duration of the lease will not coincide with the duration of the payor contract, or that Attendo will not receive a payor contract for the planned operations.</p> <p>If a property owner, during the term of the contract or afterwards, should decide to terminate or not extend the lease, this could lead to lost sales for Attendo and that another private or public provider gains control over the premises. Changes to lease terms, lost leases, or lost control over premises could have significant negative impact on Attendo's operations.</p> <p>The terms of the majority of Attendo's leases are generally longer than its payor contracts, which implies a risk that Attendo will enter into more lease contracts, or leases for larger nursing homes and premises than can be fully occupied.</p>	<p>Providing care and health care in own operations is part of Attendo's core business. Managing these risks is thus a highly prioritised area, which is managed throughout the entire process for a new nursing home – from the project phase through construction and completion. Supply and demand in the relevant market are carefully analysed in the design and planning stage. Through the years, Attendo has developed models and processes to minimise the risk of entering into long-term leases in regions and areas where demand for Attendo's services is unfavourable.</p>
Pricing risk	<p>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 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 could imply a financial risk for the company.</p>	<p>Attendo's pricing model is based on internally developed and proven models and processes developed to minimise the risk of pricing errors. With regard to wage cost development, the risk is minimised for most payor contracts by connecting prices to a labour market index.</p>
Permit risk	<p>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. The conditions and rules relating to permits may change, which could imply increased requirements and thus increased costs. If permits are delayed, e.g. due to long processing times at the Swedish Health and Social Care Inspectorate (IVO) or the Finnish National Supervisory Authority for Welfare and Health (Valvira), or permits are not obtained, this could prevent Attendo from conducting operations as planned, temporarily or permanently.</p>	<p>Attendo has long experience running care and health care operations and is well-equipped to meet regulatory requirements concerning, for example, quality or building design. 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.</p>

Risk	Description of risk	Risk Management
FINANCIAL RISK		
Exchange rate risk	<p>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.</p> <p>Transaction risk is insignificant since purchasing and billing are mainly transacted in local currency.</p> <p>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.</p>	<p>Attendo's EUR/SEK exchange rate exposure is significant and investments in Finland have therefore been partially financed through borrowing in EUR. As exchange rate exposure in NOK and DKK is not significant, currency hedging has not been applied for these translation risks.</p> <p>As transaction risk is insignificant, no specific measures have been taken to manage this risk.</p>
Interest rate risk	<p>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.</p>	<p>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 2017. Given Attendo's current financing structure, if interest rates had been higher by one percentage point in 2017, with all other variables constant, profit after tax would have decreased by approximately SEK 41m.</p>
Credit risk	<p>Credit risk is the risk that outstanding trade receivables and non-invoiced services delivered to Attendo's payors will not be paid.</p>	<p>Attendo's payors are mainly local authorities, which are assessed to have very high credit ratings. The risk of bad debt losses within the group is therefore assessed as limited.</p>
Counterparty risk	<p>Counterparty risk is defined as risk exposure in the form of investments of surplus liquidity and derivative contracts with banks and financial institutions.</p>	<p>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.</p>
Liquidity and financing risk	<p>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).</p> <p>Financing risk is defined as the risk that financing of outstanding loans becomes impossible or more costly.</p>	<p>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.</p> <p>As of year-end 2017, 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.</p>

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 of long-term sustainable growth and to strengthen the corporate culture. The primary objective is to set a framework of rules, areas of responsibility, processes, and procedures that effectively protect the interests of shareholders and other stakeholders by minimising risks and creating the prerequisites for a secure expansion of Attendo's business.

Corporate governance at Attendo is based on external regulations such as the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rules 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 describe how the work of the board and its committees shall proceed. The rules of procedures, along with the CEO instruction adopted by the board, describes the allocation of responsibility between the board and the CEO.

The board is ultimately responsible for the company's organisation and management while the CEO is responsible for day-to-day management of the company's affairs in accordance with guidelines and instructions issued by the board. The board works according to a clear agenda for each board meeting, which is decided jointly by the chairman and the CEO. The CEO is further responsible for keeping the board well-informed concerning Attendo's progress and position. Board members regularly visit Attendo's various operational units in order to gain solid understanding of day-to-day operations and to meet managers and employees in their ordinary context.

During 2017, 14 board meetings were held at Attendo's units in Sweden, Finland, and Denmark.

Deviations from the Swedish Code of Corporate Governance

Attendo is reporting one deviation from the rules set out in the Code, which refers to the long-term incentive programme for senior executives that was implemented in conjunction with the stock market listing. Attendo deviates from point 9.7 of the Code in that warrants issued to Executive Management may be exercised during a period of two, three, and four years. The company deems that several strike dates is more consistent with Attendo's strategy and goals and provides better incentive for management to endeavour to create value for Attendo's shareholders for a total period of four years.

Shares and shareholders

Attendo was listed on Nasdaq Stockholm on 30 November, 2015 and is traded on the Large Cap list since January 2017. Attendo had 160,933,098 registered shares as of 31 December, 2017, and its shareholder base included both institutional shareholders 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 AGM 2017 authorised the board to issue new shares in Attendo, as needed, corresponding to a maximum of 10 percent of the total number of shares. As of 31 December, 2017, this mandate has not been utilised.

In accordance with the AGM decision, a total number of 325,000 shares have been repurchased for allotment to the participants in the share savings programme

Attendo+ and to cover social costs related to the programme. In total, Attendo owns 521,465 own shares as per 31 December 2017. Total shares outstanding increased by 933,098 during the year due to exercise of warrants in the 2015/2017 series directed at Executive Management of Attendo.

The largest owners are Nordstjernan AB with 16 percent, Pertti Karjalainen with 14 percent, Didner & Gerge Fonder with 9 percent, Swedbank Robur Fonder with 6 percent and Carve Capital with 5 percent. The ten largest shareholders hold about 65 percent of share capital and votes.

Nomination committee

An instruction for Attendo's Nomination Committee was adopted by the AGM 2017 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 2017 AGM the following members were elected (nominated shareholders): Tomas Billing (Nordstjernan AB), Anssi Soila (Pertti Karjalainen), Marianne Nilsson (Swedbank Robur Fonder) and Adam Nyström (Didner&Gerge Fonder) In addition to these four members, the Chairman 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 nominations process 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 Chairman 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 Corporate Governance 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 must also nominate candidates to the position of auditor and propose fees to the same. The Nomination Committee is obliged to safeguard the joint interests of all shareholders in matters that fall within its area of responsibility.

The Nomination Committee is required to meet as often as necessary to carry out its tasks and duties. The committee has met three times in preparation for the 2018 AGM. The Nomination Committee has based its proposal for the new Board of Directors on the results of the annual board evaluation and interviews/meetings with board members. Shareholders have had the opportunity to submit proposals and opinions concerning the work of the Nomination Committee prior to the 2018 AGM. The Nomination Committee's proposal to the 2018 AGM is stated in the notice of the meeting and has 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. Notice of the general meeting is made through advertisement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and Svenska Dagbladet and by publication of the notice on Attendo's website. The Annual General Meeting (AGM) must be held within six months of the end of the financial year. Under certain circumstances, the board may call for an Extraordinary General Meeting. The same applies if the company's auditor calls for extraordinary meetings to be held.

The AGM takes decisions on matters including, among other, the Articles of Association and elects board members, the Chairman of the Board, auditors, and resolves their fees. The AGM also adopts the income statement and balance sheet and resolves on the allocation of profit and discharge of the Board of Directors and the CEO from liability. The AGM also considers matters including remuneration and terms of employment for the CEO and Executive Management by approving the principles for remuneration for Executive Management as well as any long-term incentive programmes and permission to decide on issuance of new shares.

AGM 2017

The AGM 2017 was held on 6 April, 2017, at Danderydsgården in Danderyd, Sweden. Proposals for resolutions and the minutes of the AGM are available on Attendo's website: www.attendo.com.

AGM 2018

The AGM 2018 will be held on 12 April, 2018, Danderyds Gymnasium in Danderyd, Sweden. Please refer to page 80 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 board shall furthermore ensure that controls are in effect that ensure Attendo's compliance with laws and regulations applicable to its operations and to approve internal governing documents that promote regulatory compliance. The work of the board is governed by the Swedish 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 appoint one employee representative and one alternate member. The board is elected annually by the AGM for a term ending at the close of the following year's AGM. Apart from the CEO, none of the board members elected by general meetings are employed by Attendo.

Since the 2017 Annual General Meeting, the board has consisted of seven board members elected by the AGM, including the CEO. The trade union Kommunal has elected one employee representative and one alternate member. At the board meeting the CEO participates as a member and reciter, as well as other managers and employees. For a presentation of the board please refer to pages 28–29.

Rules of procedure for the board

The board has drafted rules of procedure that contain rules for the division of responsibilities among the board members, the duties of the Chairman of the Board, and a plan for the matters that fall within the board's area of responsibility. The rules of procedure are adopted annually. In addition, the board has drafted separate procedures for the board committees' work.

The work of the Board of Directors in 2017

The board held 14 meetings during 2017, 7 ordinary meetings, including the meeting following election, and 7 ad hoc meetings. The agenda for board meetings is approved in advance by the chairman and distributed to all board members along with documentation related to each item on the agenda, well in advance of each board meeting. Attendo's auditors participate in the board meeting in conjunction with the year-end close.

The board deals with matters related to the company's progress in the areas of quality and development, risk management and internal control, finance, payors and

Board composition and meeting attendance in 2017

Board	Title	Independent of Shareholders/ Company	Attendance			
			Board	Audit Committee	Compensation Committee	Investment Committee
Ulf Lundahl	Chairman of the Board and committee member	Yes/Yes	13/14	1/1	3/3	7/8
Erik Lautmann ¹⁾	Chairman of the Board and committee member	Yes/Yes	4/4	1/1	1/1	2/2
Mona Boström	Board member	Yes/Yes	12/14			
Catarina Fagerholm	Board and committee member	Yes/Yes	13/14	3/3		
Tobias Lönnevall	Board and committee member	No/Yes	14/14	3/3	4/4	10/10
Anssi Soila	Board and committee member	No/Yes	14/14			7/8
Jan Frykhammar ²⁾	Board and committee member	Yes/Yes	4/4		1/1	2/2
Anitra Steen	Board member	Yes/Yes	13/14			
Henrik Borelius	Board member and CEO	Yes/No	14/14			
Arja Pohjamäki	Employee representative	–	10/14			
Elizabeth Paller ³⁾	Alternate employee representative	–	–			
Marco Donoso ⁴⁾	Alternate employee representative	–	3/7			

¹⁾ Resigned as Chairman and committee member at the AGM on 6 April, 2017

²⁾ Resigned as board and committee member at the AGM on 6 April, 2017

³⁾ Resigned at the end of the term of office

⁴⁾ Elected Alternate Employee representative at the Union Kommunal's meeting on 29 May, 2017

growth, and managers and employees. In addition, the Board of Directors considers and decides on significant investments and acquisitions, financing, and other matters deemed outside the CEO's authority. In the autumn, the Board of Directors establishes the strategic direction and budget for the coming year. Other items considered by the board include the Audit Committee's report on the company's progress in risk management and internal control, as well as financial reporting and auditing, the Compensation Committee's proposal for remuneration to Executive Management, and Attendo's quality work and customer, payor and employee satisfaction. The board has also met without the presence of management, separately and with the company's auditors.

Chairman of the Board

The chairman is responsible for presiding over board meetings, allocating duties, organising the work of the board and ensuring that decisions are executed. The chairman 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.

Board evaluation

The Board of Directors regularly evaluates the performance of the CEO and conducts an annual board evaluation in which all board members and alternates evaluate the work of the board during the year. The board evaluation includes areas such as board composition, reporting, governance, and working methods. The board evaluation is presented and discussed at the board meeting in February.

Board committees

The board has established three committees: the Audit Committee, the Compensation Committee, and the Investment Committee. After each committee meeting, the Chairman 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 following presentation of the members of the committee refers to the composition after the Annual General Meeting 2017. Previous members are listed in parenthesis.

Audit committee

The Audit Committee consists of two members who are independent of the company and its management: Catarina Fagerholm (chairman) and Tobias Lönnevall (Ulf Lundahl and Erik Lautmann).

The CEO, CFO, Head of Corporate Control, and the Communications and IR Director attend meetings of the Audit Committee. The company's auditors attend as required. 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 four meetings during 2017.

Compensation committee

The Compensation Committee consists of two members that are independent of the company and its management: Chairman, Tobias Lönnevall and Ulf Lundahl (Erik Lautmann, Tobias Lönnevall and Jan Frykhammar). The CEO also attends meetings of the Compensation Committee, apart from when decisions are taken that directly affect his own remuneration. The Compensation Committee prepares matters relating to terms of employment and remuneration to Attendo's Executive Management. The Compensation Committee held four meetings during 2017.

Investment committee

The Investment Committee has three members: Chairman, Tobias Lönnevall, Ulf Lundahl and Anssi Soila (Erik Lautmann, Tobias Lönnevall and Jan Frykhammar). 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 ten meetings during 2017.

Auditor

The 2017 AGM elected PricewaterhouseCoopers AB (PwC) as Attendo's auditor for a term of one year, with Patrik Adolfson as lead auditor.

Attendo's internal committees

The quality committee

The Quality Committee governs and monitors quality work within Attendo. The committee members are the Business Development Director and Business Area Quality Managers. The Committee shall manage Attendo's quality management system, monitor quality improvement and facilitate joint decisions and joint development of quality improvement work among Attendo's Business Areas.

The investment committee

The Investment Committee evaluates and decides on investments within the framework of its authority. The Investment Committee also prepares matters involving investments and acquisitions for decision by the Board Investment Committee and ultimately the entire board. The internal Investment Committee members are the CEO and the CFO.

Board of Directors and auditors



Ulf Lundahl

Chairman, 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: Chairman of the Board Fidelio Capital AB, Handelsbanken region-bank Stockholm, and Ramirent Oy, and Board Member of Eltel AB, Holmen AB and Indutrade AB.

Previous positions: Vice President and Deputy CEO LE Lundbergföretagen AB 2004–2014, CEO Danske Securities 2001–2003, CEO Östgöta Enskilda Bank/Danske Bank Sweden 1992–2001.

Attendo holdings: 10,000 shares.



Henrik Borelius

Board Member

Born 1971. MSc from Stockholm School of Economics.

Elected: 2003

Position and Board Directorships: Board Member of The Association of Private Care Providers, Academic Work AB, AniCura AB.

Previous positions: CEO and President of Attendo AB 2003–2018, Business Area Director in Attendo Scandinavia 2000–2003, Head of Business Development Kunskapsskolan 1999–2000, Management Consultant McKinsey & Co 1996–1999.

Attendo holdings: 6,960,823 shares, 718,300 warrants.



Mona Boström

Board Member

Born 1952. BSc in Social Studies, Örebro University.

Elected: 2014

Positions and Board Directorships: Consultant within development and change. Board Member of Sätra Bruk AB.

Previous positions: National Swedish Coordinator for the development of quality register 2011–2012, County Council Director, Stockholm County Council 2007–2011, CEO of the Swedish national public transport provider 2006–2007, County Council Director, Halland County Council 2002–2006, Mayor Nacka Municipality 1991–2000.

Attendo holdings: 8,000 shares.



Catarina Fagerholm

Board Member, Chairman of the Audit Committee

Born 1963. MSc from Hanken School of Economics Helsinki.

Elected: 2016

Positions and Board Directorships: CEO of Instru Optiikka Oy, and Board Member of Restel Oy and Finnish Commerce Federation.

Previous positions: CEO of BSH Kodinkoneet Oy and Management Team Member of BSH Hausgeräte Northern Europe 1998–2006, managerial positions in Electrolux/AEG including Country Director AEG Household Appliances, Finland and Russia 1996–1998, and several positions within Amer Group Ltd 1987–1996.

Attendo holdings: 5,000 shares.



Tobias Lönnevall

Board Member, Chairman of the Investment Committee and the Compensation Committee, Board Member of the Audit Committee.

Born 1980. MSc from Stockholm School of Economics.

Elected: 2016

Positions and Board Directorships: Senior Investment Manager at Nordstjernan and Board Member of Ramirent Group.

Previous positions: Chairman of the Board of KMT Precision Grinding 2003–2016. Acting CEO of NH Logistics 2010, Finance Manager at Landic Property 2008–2009 and Management Consultant at Accenture 2006–2008.

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

Position and Board Directorships: Advisor IK Investment Partners, Board Member Norment Oy and Evac Oy.

Previous positions: Chairman of the Board Kemira Abp 2003–2007 and Sponda Abp 1999–2007. CEO Kone Corporation Oy 1995–1999, and other leading positions within Kone Corporation Oy 1973–1995.

Attendo holdings: 1,255,455 shares.



Anitra Steen

Board Member

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

Elected: 2016

Position and Board Directorships: Chairman of Akademiska hus AB and AFA Försäkring. Board Member of Oral Care Holding SWE and PostNord AB

Previous positions: CEO of Systembolaget AB 1999–2009, Director General of Skatteverket (the Swedish Tax Authority) 1996–1999, Undersecretary at Finansdepartementet (the Ministry of Finance) 1994–1995, Director General of Verket för högskoleservice (the Authority for Higher Education Services) 1992–1994 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.



Marco Donoso

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

Born 1955.

Elected: 2017

Attendo holdings: 0 shares.

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.

Other audit assignments: Nordstjärnan Investment AB, Securitas AB, AcadeMedia AB, and Pandox AB.

Attendo holdings: –

Executive Management



Pertti Karjalainen

Acting CEO and President, Business Area Director, Attendo Finland Care

Born 1969. M.D. from University of Helsinki, PhD Radiology from University of Helsinki.

Employed: 2007

Member of Executive Team: 2007

Previous positions: CEO and founder of MedOne Oy 2000–2007. Previously worked as a physician, 1996–2000.

Attendo holdings: 22,667,275 shares, 326,500 warrants.



Ammy Wehlin

Business Area Director, Attendo Scandinavia Care for Older People

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

Employed: 2000

Member of Executive Team: 2003

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

Attendo holdings: 1,723,679 shares, 326,500 warrants.



Cecilia Addamshill

Business Area Director, Attendo Scandinavia Care

Born 1965. BSc in Social Work and Welfare from Malmö University

Employed: 2000

Member of Executive Team: 2014

Previous positions: Regional Director Attendo 2006–2013, Deputy Regional Director Attendo 2003–2006, Regional Manager Attendo 2001–2002.

Attendo holdings: 100,000 shares, 222,510 warrants.



Fredrik Lagercrantz

Chief Financial Officer

Born 1977. MSc MSc from Stockholm School of Economics.

Employed: Starting 2018

Member of Executive Team: Starting 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: 0 Shares



Matias Pälve

Business Area Director, Attendo Finland Health Care

Born 1984. Master of Laws and BSc in Business Administration from Åbo University.

Employed: 2011

Member of Executive Management: 2016

Previous positions: Regional Director Attendo 2014–2016, General Counsel Attendo 2014–2016, Legal Counsel Attendo 2011–2014.

Attendo holdings: 8,774 shares.



Johan Spångö

Business Development Director

Born 1981. MSc in Industrial Engineering and Management, Institute of Technology at Linköping University.

Employed: 2014

Member of Executive Management: 2016

Previous positions: Business Developer Attendo 2014–2016, Business development manager Lernia 2011–2013, Management consultant Qvartz 2008–2010.

Attendo holdings: 9,269 shares.



Andreas Koch

Communications and IR Director

Born 1977. MSc from Stockholm School of Economics.

Employed: 2016

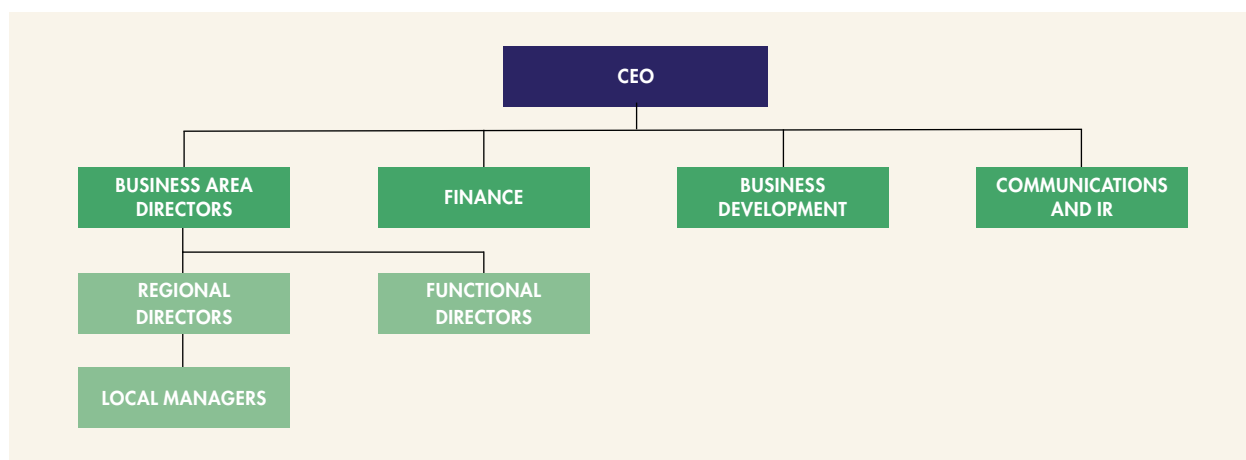
Member of Executive Management: 2016

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: 8,020 shares.

CEO and Executive Management

Attendo's organisation is founded on a common vision and strong values with clearly decentralised responsibility.



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. Operations are divided into four Business Areas, each of which is managed by a Business Area Director. The division of responsibility is based on geographical regions and service areas. All 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 33). The nature of services, payors, processes, and procedures for delivering services is similar across the group. Operations are divided into Business Areas primarily to create local ownership of

Attendo businesses. The Scandinavian business is divided into two Business Areas, Scandinavia Care for Older People and Scandinavia Care (refers to care for people with disabilities and individual- and family care). The Finnish business is divided into two business areas, one focused on care and one responsible for staffing and health care services. 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 20–23 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. Group corporate governance and policy documents are described in the Attendo Finance Manual, which contains all important internal policies and guidelines.

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 20–23.

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.

Danderyd, March 12, 2018
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 2017 on pages 24–33 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, March 12, 2018
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in Charge

Eva Medbrant
Authorised Public Accountant

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Board of Directors' Report

The Board of Directors and the Chief Executive Officer (CEO) of Attendo AB (publ), corporate ID no. 559026-7885, with its registered office in Danderyd, Sweden, hereby present the Annual Accounts and the Consolidated Accounts for the financial year 2017.

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, and outsourced health care in Finland. Attendo is a locally based company and has more than 700 units in operation and more than 24,000 employees. With the vision of empowering the individual Attendo provides services within care for older people, care for people with disabilities, individual and families and health care. Attendo provides care and health care through three contract models:

Own operations, where Attendo provides services in own controlled units/premises or provides home care in customer choice models. Attendo has own units within care for older people, people with disabilities, individuals and families, as well as dental care and occupational health care.

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 and health care.

Staffing, where Attendo provides medical personnel such as general practitioners, specialists, dentists and nurses for health care.

Local authorities (mainly municipalities) are Attendo's payors for a large majority of the service offerings, but contract types and duration of contracts vary depending on service model and service offering. Own operations are based on framework agreements and outsourcing operations are based on outsourcing contracts, following a tender process. The contract period is typically 2–5 years. Staffing operations are normally based on framework agreements or direct contracts with durations of up to 4 years.

Financial overview

Net sales and operating profit

Net sales amounted to SEK 11,157m (10,212), an increase of 9.3 percent. Adjusted for currency effects, the increase was 8.4 percent.

The growth is attributable to acquisitions, new units, contractually agreed price increases and higher occupancy in own homes that were under start-up during the comparison year.

Operating profit (EBITA) was SEK 1,084m (1,002), corresponding to an operating margin of 9.7 percent (9.8).

The profit increase is mainly explained by better planning and improved processes, including reduced administration, profits from acquired units as well as higher occupancy in own homes that were under construction during the comparison year. Changes in currency exchange rates had an effect on operating profit of SEK 9m compared to 2016.

Net financial items

Net financial items amounted to SEK –77m (–83), of which net interest was SEK –61m (–59).

Income tax

Income tax for the year was SEK –196m (–179), corresponding to a tax rate of 22.4 percent (21.6).

Profit for the year

Profit for the year was SEK 680m (649), corresponding to earnings per share basic of SEK 4.26 (4.06) and earnings per share diluted of SEK 4.24 (4.05).

FIVE-YEAR SUMMARY

SEK m	2017	2016	2015	2014	2013
Net sales	11,157	10,212	9,831	9,045	8,465
Operating profit (EBITA) ¹⁾	1,084	1,002	933	822	770
Operating margin (EBITA) (%)	9.7	9.8	9.5	9.1	9.2
Profit for the year	680	649	286	263	363
Profit margin (%)	6.1	6.4	2.9	2.9	4.3
Capital employed	10,657	8,217	7,828	7,796	7,387
Operating cash flow ¹⁾	763	805	765	700	723

¹⁾ Alternative Performance Measure, refer to page 79 for definitions.

For definitions of key figures, see page 79.

Cash flow

Cash flow from operating activities was SEK 899m (914). Cash flow from investing activities was SEK –2,117m (–646). Cash flow from financing activities was SEK 1,018m (–406). Total cash flow for the year was SEK –200m (–138). Cash and cash equivalents were SEK 475m (670) at year end.

Financial position

As of 31 December 2017, consolidated equity was SEK 5,369m (4,825), corresponding to SEK 33.44 (30.10) per share diluted. Net debt increased to SEK 4,813m (2,722). The increase is mainly explained by an increase of loans related to the acquisition of Mikeva.

FINANCIAL POSITION

SEK m	Dec 31, 2017	Dec 31, 2016
Interest-bearing liabilities	5,236	3,364
Provisions for post-employment benefits	52	28
Cash and cash equivalents ¹⁾	-475	-670
Net debt¹⁾	4,813	2,722

¹⁾ Alternative Performance Measure, refer to page 79 for definitions.

Interest-bearing liabilities, excluding provisions for post-employment benefits, were SEK 5,236m (3,364) as of 31 December 2017.

Attendo had SEK 1,004m (988) in unutilised credit facilities at the end of the year.

Financial performance by contract model

Own operations

Net sales in own operations amounted to SEK 7,097m (6,327), corresponding to an increase of 12.2 percent. The increase is mainly due to acquisitions, new homes and increased occupancy in homes that were under start up last year.

During the year, Attendo opened 54 new homes for older people, people with disabilities and social psychiatry with a total of 1,886 beds. At year-end, the number of beds under construction was 2,903.

UNITS, BEDS AND HOME CARE CUSTOMERS, 31 DECEMBER 2017

Own operations	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	573	219	343	3	8
Beds in operation ²⁾	13,262	3,707	9,332	163	60
Beds under construction ³⁾	2,903	684	2,147	-	72
Home care customers	12,370	10,080	-	130	2,160

¹⁾ All own units - including nursing homes, care homes, home care units and other units.

²⁾ Own nursing homes (CoP) and own care homes (care for people with disabilities, social psychiatry and individuals and families).

³⁾ Own nursing homes (CoP) and own care homes (care for people with disabilities and social psychiatry).

Outsourcing operations

Net sales in outsourcing operations amounted to SEK 3,315m (3,108), corresponding to an increase of 6.7 percent. The increase is mainly explained by two combination contracts that commenced in Finland in early 2017.

UNITS, BEDS AND HOME CARE CUSTOMERS, 31 DECEMBER 2017

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	129	86	37	5	1
Beds in operation ²⁾	3,678	2,754	586	310	28
Home care customers	1,390	750	640	-	-

¹⁾ All outsourced units including nursing homes, care homes and home care units and other units.

²⁾ Nursing homes (CoP) and care homes (care for people with disabilities, social psychiatry and individuals and families).

Staffing operations

Net sales in staffing operations amounted to SEK 745m (777), corresponding to a decrease of 4.1 percent.

Market

Demand was good in Attendo's own operations, with continued high interest from Swedish local authorities that need to increase the number of beds, mainly in care for older people. Attendo estimates that construction started on just over 1,900 beds in care for older people in Sweden and that private providers accounted for nearly half of these. Approximately 400 beds in homes for people with disabilities were built in 2017, with private providers accounting for almost 25 percent. Contracted volumes in the outsourcing market for care for older were slightly lower, due partially to uncertainty about new regulations and licensing requirements for private providers. Contracted volumes in care homes for people with disabilities rose slightly during the year, but there was a steep decline in volumes in individual and family care due to lower demand for integration services.

In early 2018, the Swedish Government presented a bill to the Parliament following the Welfare Services Inquiry. The proposals, if implemented, would have seriously impair conditions for private providers and would limit diversity in healthcare, social care and education. Attendo does not believe there is majority support in the Parliament for implementing the proposals.

Demand remained high in Finland for the own operations offering. Attendo estimates that construction began in 2017 of about 4,300 beds in care for older people, homes for people with disabilities and homes in social psychiatry. Private providers account for about 85 percent of these. Attendo was by far the largest private provider in 2017.

Activity in the Finnish outsourcing market remained low, but the market picked up towards the end of the year due to postponement of the major health and care reform programme, SOTE.

The timetable and structure of the Finnish SOTE reform were partially modified during the year. Care and health care will be provided/organised in 18 regions, where private and public providers will compete on equal terms. Freedom of choice for citizens will be introduced and, as of 2021, citizens will be allowed to choose their providers of primary care services.

Private providers that want to participate in SOTE will have to qualify by meeting high quality standards and having the capacity to offer multiple services in the same area. The company's assessment remains that, overall, the reform will enhance Attendo's opportunities to develop its operations in Finland, particularly in the health care segment.

Risks and uncertainties

Attendo is exposed to both external risks as operational and financial risks. The main risks and Attendo's handling of these are described on pages 20–23.

Seasonal variations

Attendo's profitability is subject to seasonal variations, weekend and holiday effects. For Attendo, public holidays and weekends have a negative effect on

profitability, mainly due to wage compensation for inconvenient working hours. For example, profitability in the first and second quarters is affected by the Easter holidays, depending on in which quarter Easter occurs, and the fourth quarter is affected by Christmas and New Year holidays.

Acquisitions and divestments

Acquisitions

The group completed the following major acquisitions during the year:

- On 1 September Humana's home care business with operations in some ten locations in Sweden was acquired
- On 1 November Mikeva, a leading provider of care in Finland was acquired. The acquisition strengthens Attendo's position in social psychiatry and care for people with disabilities and geographically complements Attendo's offering in care for older people in Finland.

For more information about all acquisitions during the year, see Note C26, Acquisitions and divestments.

Divestments

No divestments were made during the year.

Employees

The average number of full-time employees was 15,871 (14,824) of which women 12,873 (11,921). Attendo seeks to create good working conditions and the potential for personal development. This means that Attendo respects and complies with labour market legislation, agreements and safety requirements, and other regulations governing operations. For more information about Attendo's employees, see the section on Employees on page 18–19 and Note C5, Information on board members, senior executives and employees.

Organisational changes

On 27 September 2017, Tomas Björksjö left his role as CFO at Attendo after 10 years on the position. Rebecca Ericsson Birck, Head of corporate control, was appointed acting CFO until March 5, 2018 when the new CFO Fredrik Lagercrantz started the position.

In November CEO Henrik Borelius announced that he had decided to leave his role after 17 years at the company. The Board of Directors appointed Pertti Karjalainen, Business Area Director Attendo Finland Care, to acting CEO for Attendo as of March 1, 2018, until a permanent CEO is in place. Henrik Borelius will be at the disposal of the board during the remainder of his employment period until May 19, 2018 and he will remain as a board member until the Annual General Meeting 2018.

Principles for remuneration to Executive Management at Attendo

The remuneration to 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 the Executive Management comprises fixed salary, variable salary based on annual performance targets, long-term incentives and other benefits such as non-monetary benefits, pensions and insurances. To ensure that it is competitive, benchmarking is performed on a regular basis.

Fixed and variable remuneration

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

Executive Management is also entitled to variable salary in addition to the fixed salary. Variable salary is received if certain annual performance targets are fulfilled. The variable compensation to the CEO may amount to a maximum of 67 percent of the fixed annual salary and to the other members of executive committee between 45–50 percent of fixed annual salary. The variable compensation shall be based on the executive's performance on financial targets in combination with qualitative targets, set out by the board. Members of the Executive Management with an operational responsibility have targets related to for example quality and employee satisfaction.

Variable compensation is based on the financial performance for the Group, the performance for the respective business area and individual targets.

Long-term incentive plan

Attendo has a culture that promotes a long-term perspective and a spirit of ownership and responsibility. The board will propose a long-term share-based incentive plan to the AGM.

Non-monetary benefits

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

Post-employment benefits

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

Notice of termination and severance pay

The termination period for the CEO is 12 months with an additional 12-month severance pay if the employment is terminated by the company. The termination period for other members of the Executive Management is 6 months with an additional 6-month severance pay if the employment is terminated by the company.

Attendo's Executive Management has a non-compete and non-solicitation clause for the members of the Executive Management for 12 months after terminating the employment, where Attendo may be required to compensate for the months the executive is prohibited from accepting a competitive assignment.

Deviations from the remuneration guidelines

The Board of Directors can, under special circumstances, deviate from these guidelines.

Proposal to the Annual General Meeting 2018

The Board of Directors proposes that the principles for remuneration to Executive Management within Attendo, with minor adjustments, shall be adopted by the Annual General Meeting 2018.

Environmental impact

Attendo's environmental policy is the basis for how all employees shall relate to environmental concerns, something that our customers and payors appreciate and take an active part 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 deemed as the most important: purchasing, distribution and transportation, energy and water usage, 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 ambition is to generate benefit for society and our stakeholders. Read more about Attendo's sustainability work at www.attendo.com in Attendo's Quality and Sustainability report 2017.

Outlook for the coming financial years

The investment requirements in new nursing homes in the Nordics remain substantial. For Attendo, one of the leading operators in the care and health care services sector in the Nordics, this implies positive conditions for continued growth.

In recent years, an increasing number of Nordic municipalities have decided to introduce freedom of choice in care and health care services, which enabled private operators to enter the market. Attendo is well positioned to capitalise on the growth potential this system implies.

Attendo is one of the Nordic leaders in care and health care. Attendo is well equipped to maintain progress towards its long-term objective of being the most attractive choice and the most respected provider of care and health care in the Nordics, and the largest private player in care across Europe by 2025.

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 for Executive Management and board work, and external consultancy costs.

Financial information

The parent company's net sales were SEK 11m (12) in the year, and wholly consist of consulting services invoiced to subsidiaries. Loss after financial items was SEK -27m (-37). Cash and cash equivalents were SEK 0m (0) at year-end, shares in subsidiaries were SEK 6,494m (6,494) and non-restricted equity was SEK 6,250m (6,423).

Share information

The number of shares was 160,933,098 as of 31 December 2017. During 2017, the board decided to repurchase shares as part of assuring Attendo's undertaking in accordance with the Attendo+ share-savings programme. Following the purchases, Attendo's holdings of its own shares amounted to 521,465 at year-end and the number of shares outstanding was 160,411,633.

The two largest shareholders at year-end were Nordstjernan AB, which had 16 percent and Pertti Karjalainen, who had 14 percent of capital and voting rights of the parent company.

Proposed distribution of earnings

The board proposes that a dividend of SEK 1.27 (1.22) per share be paid to shareholders duly registered on the record date of 16 April 2018 and that the remaining part of non-restricted equity is retained in the parent company. The treasury shares held by the parent company are not entitled to receive a dividend. The board proposes that the profits be distributed as below (assuming unchanged treasury shares):

PROPOSED DISTRIBUTION OF EARNINGS

Proposed distribution of earnings	Amounts in SEK
Amount to be paid to the shareholders (SEK 1.27 per share)	203,725,221
Amount to be retained by the parent company	6,046,086,401
Total non-restricted equity in the parent company	6,249,811,622

The proposed record date for the right to receive dividends is 16 April 2018. The Board of Directors' proposed dividend is based on Chapter 18, § 4 of the Swedish Companies Act on the basis of the parent company's and the group's need to strengthen its Balance Sheet, liquidity, financial position and the ability to meet its obligations in the long term.

The group's equity/assets ratio is 42 percent and cash and cash equivalents amounts to SEK 475m. The Board of Directors has also considered the parent company's result and financial position, and the group's financial position in general. In this context, the Board of Directors has considered known circumstances that may be of significance to the parent company's and group companies' financial position. The proposed dividend does not limit the group's ability to make investments or raise funds, and the board considers that the proposed dividend is well-balanced considering the nature, scope and risk of operations as well as the parent company's and group's capital requirement, and business plans and financial performance in coming years. The consolidated and parent company income statements and balance sheets are subject to approval and adoption by the annual general meeting to be held 12 April 2018.

Refer to the following income statements, balance sheets, statements of cash flow 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, SEK m	Note	2017	2016
OPERATING INCOME			
Net sales	C3	11,157	10,212
Other operating income	C4	17	20
Total income		11,174	10,232
OPERATING COSTS			
Personnel costs	C5	–7,010	–6,533
Other external costs	C6, C7, C8	–2,926	–2,564
Depreciation and amortisation of tangible and intangible assets	C12, C13	–154	–133
Operating profit (EBITA)		1,084	1,002
Amortisation of acquisition-related intangible assets	C12	–131	–91
Operating profit (EBIT)		953	911
FINANCIAL ITEMS			
Financial income	C9	4	2
Financial expenses	C9	–81	–85
Net financial items		–77	–83
Profit before tax		876	828
Tax	C10	–196	–179
PROFIT FOR THE YEAR		680	649
Profit for the year attributable to parent company shareholders			
		680	649
Earnings per share, basic, SEK	C11	4.26	4.06
Earnings per share, diluted, SEK	C11	4.24	4.05
Average no. of shares, basic, thousands	C11	159,784	159,956
Average no. of shares, diluted, thousands	C11	160,544	160,405

Consolidated Statement of Comprehensive Income

January–December, SEK m	Note	2017	2016
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit pension plans, net of tax	C10, C20	2	–1
Items that may be reclassified to profit or loss			
Exchange rate differences on translation of foreign operations		50	83
Other comprehensive income for the year, net of tax		52	82
Profit for the year		680	649
Total comprehensive income for the year		732	731
Total comprehensive income attributable to parent company shareholders			
		732	731

Consolidated Balance Sheet

31 December, SEK m	Note	2017	2016
ASSETS			
Non-current assets			
Goodwill	C12	8,541	6,872
Other intangible assets	C12	717	591
Property, plant and equipment	C13	559	438
Deferred tax assets	C10	62	17
Other non-current assets	C14	47	61
Total non-current assets		9,926	7,979
Current assets			
Trade receivables	C15	1,204	955
Current tax assets		31	24
Other current assets	C16	380	300
Cash and cash equivalents		475	670
Total current assets		2,090	1,949
Assets held for sale	C17	786	–
TOTAL ASSETS		12,802	9,928
EQUITY AND LIABILITIES			
Equity			
	C18		
Share capital		1	1
Other contributed capital		4,377	4,321
Retained earnings		311	–146
Profit for the year		680	649
Total equity		5,369	4,825
Non-current liabilities			
Liabilities to credit institutions	C19	5,171	3,302
Deferred tax liabilities	C10	124	100
Provisions for post-employment benefits	C20	52	28
Provisions, non-current	C21	11	11
Other non-current liabilities	C22	7	12
Total non-current liabilities		5,365	3,453
Current liabilities			
Liabilities to credit institutions	C19	65	62
Provisions, current	C21	36	35
Trade payables		281	186
Current tax liabilities		21	20
Other current liabilities	C24	1,591	1,347
Total current liabilities		1,994	1,650
Liabilities held for sale	C17	74	–
TOTAL EQUITY AND LIABILITIES		12,802	9,928

Consolidated Statement of Cash Flow

January–December, SEK m	Note	2017	2016
Operating activities			
Profit before tax		876	828
Adjustments for items not included in cash flow	C25	303	244
Paid tax	C10	-207	-140
Cash flow from operating activities before changes in working capital		972	932
Cash flow from changes in working capital			
Changes in current receivables		-118	21
Changes in current liabilities		45	-39
Cash flow from operating activities		899	914
Investing activities			
Net change in assets and liabilities held for sale	C17	-647	-
Investments in subsidiaries (net of acquired cash)	C26	-1,262	-477
Investments in intangible assets	C12	-30	-27
Investments in tangible assets	C13	-237	-170
Divestments of intangible and tangible assets	C12, C13	59	28
Cash flow from investing activities		-2,117	-646
Financing activities			
Share issue		56	-
Dividends paid		-195	-86
Repurchase of own shares		-33	-16
Warrants		-25	-4
Borrowings raised	C19, C23	1,833	290
Borrowings repaid ¹⁾	C19, C23	-618	-590
Cash flow from financing activities		1,018	-406
CASH FLOW FOR THE YEAR		-200	-138
Opening balance, cash and cash equivalents		670	782
Exchange rate difference		5	26
Closing balance, cash and cash equivalents		475	670

¹⁾ SEK -582m of Borrowings repaid refers to the exercise of external loans related to acquisition of Mikeva.

For information about interest paid/received, see Note C25, Cash Flow Statement.

Consolidated Statement of Changes in Equity

SEK m	Share capital	Contributed capital	Retained earnings		Total equity
			Acc. translation differences	Other retained earnings	
Opening balance, 1 January 2016	1	4,321	-37	-66	4,219
Profit/loss					
Profit for the year	-	-	-	649	649
Other comprehensive income					
Re-measurements of defined benefit pension plans, net of tax	-	-	-	-1	-1
Exchange rate differences on translation of foreign operations	-	-	83	-	83
Total other comprehensive income	-	-	83	-1	82
Total comprehensive income	-	-	83	648	731
Transactions with shareholders					
Repurchase of own shares	-	-	-	-16	-16
Warrants	-	-	-	-24	-24
Share savings programme	-	-	-	1	1
Dividends paid	-	-	-	-86	-86
Total transactions with shareholders	-	-	-	-125	-125
Closing balance, 31 December 2016	1	4,321	46	457	4,825
Opening balance, 1 January 2017	1	4,321	46	457	4,825
Profit/loss					
Profit for the year	-	-	-	680	680
Other comprehensive income					
Re-measurements of defined benefit pension plans, net of tax	-	-	-	2	2
Exchange rate differences on translation of foreign operations	-	-	50	-	50
Total other comprehensive income	-	-	50	2	52
Total comprehensive income	-	-	50	682	732
Transactions with shareholders					
Share Issue	-	56	-	-	56
Repurchase of own shares	-	-	-	-33	-33
Warrants	-	-	-	-20	-20
Share savings programme	-	-	-	4	4
Dividends paid	-	-	-	-195	-195
Total transactions with shareholders	-	56	-	-244	-188
Closing balance, 31 December 2017	1	4,377	96	895	5,369

Notes to the Consolidated Financial Statements

C1 Critical 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 operations consist of 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 35–68 of the printed Annual Report. The consolidated financial statements will be subject to approval by the Annual General Meeting (AGM) on 12 April 2018.

Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from IFRIC, as endorsed by the European Union, and the Swedish Financial Reporting Board's Recommendation RFR 1 "Supplementary Accounting Rules for Groups," with associated interpretation statements 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 encompass the companies that comprise the group and have been prepared for the same reporting periods, and with consistently applied accounting policies. All intra-group balances, transactions, revenue and 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 accounting policies and disclosures

New and revised accounting policies and improvements that became effective in 2017 had no material impact on the consolidated financial statements for the financial year. The IFRIC also issued a number of new interpretation statements and amendments. These amendments and interpretation statements had no material impact on the consolidated financial statements for 2017.

Critical estimates and judgements

Preparing financial statements in accordance with IFRS requires the use of certain critical estimates for accounting purposes. Furthermore, management is required to make certain judgements when applying the group's 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, Critical estimates and judgements for accounting purposes.

Accounting policies for the consolidated financial statements

The financial statements include Attendo AB and all entities over which the parent company exerts a controlling influence. The group is deemed to have a controlling influence over a company when it is exposed to, or entitled to, variable returns generated by its holding in the company and is able to influence such returns as a result of its influence over the company. Subsidiaries are included in the finan-

cial statements from the date the controlling influence is transferred to the group. They are excluded from the financial statements from the date the controlling influence ceases.

The acquisition method

Attendo applies the acquisition method when reporting 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 calculating the fair value of the subsidiary's assets and liabilities on the acquisition date. The valuation includes any conditional purchase consideration or share option liability on the acquisition date. Ensuing valuations of the conditional purchase 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 are recognised under equity. However, there are no specific regulations governing the revaluation of share option liabilities in these holdings. Revaluations of share option liabilities in non-controlling interests are recognised as transactions under equity in the Consolidated Financial Statements. Accordingly, reporting conforms to other transactions for non-controlling interests. For each acquisition, a decision is made as to whether all non-controlling interests in the acquired company should be recognised at fair value or according to the holding's proportional share of the acquired operation's net assets.

Acquisition-related costs are recognised as costs as they arise. If the total purchase price 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 total purchase price, the difference is recognised directly in the income statement.

All intra-group transactions and balance sheet items, and intra-group profit and loss relating to the sale of fixed assets, are eliminated in the consolidated financial statements.

Revaluation and translation of foreign currency

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

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

Translation of foreign subsidiaries

The results of operations and financial positions of all group companies with a functional currency that differs from the reporting currency are translated to the group's reporting currency as follows:

Assets and liabilities in the consolidated balance sheet are translated at the rate of exchange ruling on the reporting date.

Income and expenses in the 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 assets and liabilities of the relevant operation and translated at the rate of exchange ruling on the reporting date. 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 divestments of subsidiaries are included net of acquired/divested liquid assets in cash flow from investment activities. Assets and liabilities held by acquired and divested businesses at the time of transaction are not included in the statement of changes neither in working capital or in changes in balance sheet items recognised in investing and financing activities.

Revenue recognition

Care and health care services are largely provided under operational agreements spanning several years on the basis of monthly invoicing. Revenue is linked to the number of customers, care days, beds, proximity care visits or similar services provided by the group. Revenue is recognised when underlying services have been provided in an agreed pricing structure and when amounts can be measured reliably and it is probable that the economic rewards associated with the transaction will flow to the group. Prices normally follow agreed indexation. Provisions for bad and doubtful debt are recognised immediately if the total costs are expected to exceed total revenue for the contract period.

Segment reporting

According to IFRS 8, operating segments are reported in a manner corresponding to internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the one responsible for the allocation of resources and judgements of the operating segments' results of operations. The Attendo group has identified the chief executive officer as the chief operating decision maker.

Attendo has defined four operating segments that are continuously monitored by the Chief Operating Decision Maker, who makes decisions regarding the allocation of resources, and judgements of the operating segment's performance.

In order to consolidate operating segments into a single reportable segment, the standard indicates that the segments should have similar financial characteristics and resemble each other in terms of the nature of the products and services, the nature of the production process, the customer categories using the product or service, how products are distributed or services provided and, where applicable, to what extent the operations are affected by various regulatory frameworks and risks.

Attendo is a care and health care services provider where the nature of the services provided and the customers utilising the services are comparable. The services provided and the applicable regulatory frameworks are comparable, as are Attendo's processes and procedures relating to service provision. Accordingly, operating segments are consolidated into a single reportable segment.

The segment is reported according to the same accounting policies as for the group.

Support and grants

Like other employers, Attendo is entitled to various government and municipality-funded staff-related support and grants. This support may take the form of training, employment or reduced working hours. All support and grants are recognised in the income statement as cost reductions in the period corresponding to the underlying cost.

Financial assets

Financial assets are recognised when the group becomes party to the contractual terms 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 benefits associated with ownership.

The group's financial assets largely consist of cash and cash

equivalents and trade receivables, and are classified in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The group classifies its financial assets in the following categories: Financial assets measured at fair value through profit or loss, and Loans and receivables.

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

Financial assets are initially stated at fair value plus additional transaction costs. An exception is made for financial assets measured at fair value through profit or loss, which are initially recognised at fair value excluding transaction costs. The fair value of listed financial assets corresponds to the asset's quoted price on the reporting date. Fair value of unlisted financial assets is determined by discounting estimated future cash flows according to current interest rates.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading purposes. A financial asset is classified in this category if the primary objective is to sell the asset in the near future. Derivatives are classified in this category if they are not defined as hedge instruments. Assets in this category are classified as current assets. Gains or losses arising from changes in fair value in this category are recognised in the income statement in the period in which they arise and are included in net financial items.

Loans and receivables

Loans and receivables are financial assets with determined or determinable payments that are not listed on an active market. Loans and receivables are initially stated at fair value and subsequently measured at amortised cost, applying the effective interest rate method. Trade receivables are stated at nominal value less appropriate allowances for estimated irrecoverable amounts. Bad and doubtful debts are recognised as operating costs.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances through the Group's cash pool. Cash and bank balances are categorised as Financial Assets, which means valuation at fair value. Unutilised overdraft facilities are not included in cash and cash equivalents.

Financial liabilities

Financial liabilities primarily consist of trade payables and loan payables. 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 acquisition value. When using the overdraft facility, the item is included in the financial liabilities. Financial liabilities denominated in foreign currency are translated at the rate of exchange ruling on the reporting date.

Borrowings

Borrowings are initially stated at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the amount due on settlement or redemption is recognised in the income statement over the term of the borrowing. See also Note C19, Liabilities to credit institutions.

Trade payables

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

Conditional purchase consideration

Earn-out liabilities are recognised at fair value based on the

estimated outcome of contractual clauses in the share purchase agreement at the acquisition date. At each reporting date, the financial liability is measured at fair value and any changes are recognised in the income statement.

Cash flow hedges

The effective part of the change in fair value of derivatives identified as cash flow hedges and that meet the requirements for hedge accounting, is recognised in OCI. The profit/loss attributable to the ineffective part is immediately recognised in the income statement as financial income or expense.

Accumulated amounts in equity are redirected to the income statement in the periods when the hedged item affects profit or loss (e.g. when the projected hedged sale takes place). The profit/loss attributable to the effective part of an interest rate swap that hedges borrowing at variable interest is recognised in the income statement as financial income or expense.

When a hedging instrument matures or is sold, or when the hedging no longer meets the criteria for hedge accounting and accumulated profits or losses relating to the hedging are recognised in equity, these profits/losses remain in equity and are recognised at the same time the projected transaction is finally recognised in the income statement. When a projected transaction is no longer expected to carry through, the accumulated profit/loss that is stated in equity is immediately transferred to the income statement as financial income or expense.

Leases

Leases are classified as either finance leases or operating leases in the consolidated financial statements.

Finance leases: Lease agreements that entail that risks and benefits associated with the ownership in all material respects are transferred to the group are classified as finance leases. When a leased asset is initially recognised it is valued at the lower of fair value or the present value of the minimum lease payments. Subsequently, the asset is recognised in accordance with the applicable accounting policies of the asset. The depreciation period must not, however, exceed the term of the lease.

Operating leases: Leases where a significant part of the risks and benefits associated with the ownership are maintained by the lessor are classified as operating leases, which means that the leased asset is not recognised in the balance sheet. Expenses attributable to operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives is recognised as a reduction in rental costs on a straight-line basis over the term of the lease.

Intangible assets

Goodwill

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

Goodwill from business combinations is allocated to the cash-generating units 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 cost of sales. An impairment loss is immediately recognised as an expense in the income statement and may not be reversed. More information on goodwill impairment is provided in Note C2, Critical accounting estimates and judgements and Note C12, Intangible assets.

Customer relationships

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

Customer relationships are deemed to have a finite useful life. These assets are recognised at fair value on the acquisition date and subsequently recognised at initially recognised amounts less accumulated amortisation and any impairment. Amortisation is effected according to the straight-line method 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 book value and the taxable value of intangible assets. The deferred tax liability is to be dissolved over the same period as the intangible assets are 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 are:

Asset	Number of years
Customer relationships	5–10

Impairment testing and the recognition of impairment for 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 or trademarks. Other acquired intangible assets are initially recognised at fair value at the acquisition date and subsequently recognised at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in the income statement according to the straight-line method over the estimated useful life of the asset. 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. The estimated useful lives of the assets are as follows:

Asset	Number of years
Customer contracts	6–10
Other intangible assets	3–5

Impairment testing and the recognition of impairment for other intangible assets are conducted in the same manner as for goodwill.

Property, plant and equipment

Property, plant and equipment are reported at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised using the straight-line method over the estimated useful life of the asset. In cases where part of property, plant and equipment consist of several components, where each component has an independent 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 useful life. The estimated useful lives are as follows:

Asset	Number of years
Buildings	5–50
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 the income statement.

Assets held for sale and discontinued operations

Assets held for sale and discontinued operations are reported in accordance with IFRS 5. The significance of a fixed asset (or disposal group) being classified as held for sale is that its reported value will be recovered mainly through sale and not through continued use in the business.

These assets or divestments shall be reported separately in the statement of financial position. Liabilities attributable to these assets or divestments shall be reported separately from other liabilities in the statement of financial position. At the time of reclassification, assets and liabilities are valued at the lower of fair value less selling expenses and book value. At that time, depreciation of the assets is no longer made. Gains and losses recognised during revaluation and divestment are reported in the income statement for the period.

Income taxes

Tax expenses comprise current and deferred tax. Taxes are recognised in the income statement, unless the underlying item is recognised in OCI or directly in equity. For such items, the related income tax is also recognised in OCI or equity.

Deferred tax is recognised as temporary differences between the book values of assets and liabilities and their tax value and for tax loss carry forwards. Deferred tax receivables are recognised only if it is probable that they will be utilisable against future taxable profits.

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 that is not a business combination and affects neither the recognised nor taxable profit at the transaction date.

Provisions

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

Bad and doubtful debt

A provision for bad and doubtful debt is recognised when the benefits that the group is expecting to receive from a customer contract are lower than the unavoidable cost of meeting the obligations of the contract.

Restructuring

A provision for restructuring is recognised when the group has a determined and explicit restructuring plan, which has either been initiated or publicly announced.

Salaries and compensation

Pensions

The Group companies have different pension plans which 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 reported as personnel costs in the income statement as they are due. 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 due to 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 minus 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 so-called projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the interest rate on first-class corporate bonds issued in the same currency as the repayments will be paid in, 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 staff turnover are reviewed annually.

Actuarial gains and losses resulting from experience-based adjustments and changes in actuarial assumptions are reported 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 compensation that employees earned through their employment in both current and previous periods.

Share savings programme – Attendo+

Attendo has launched two share savings programmes which allow employees to acquire shares in Attendo.

Costs related to Attendo+ are recognised as a personnel expense directly in equity during the qualification period, in accordance with IFRS 2. 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 fair value of matching shares and performance shares and recognised as a provision.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the regular retirement date or when an employee voluntarily accepts termination in exchange for such compensation. The group recognises such compensation at the termination of employment when it is proven that it is obligated to terminate employment according to a detailed formal plan without the possibility of withdrawal. If the company has presented an offer to encourage voluntary termination, calculation of severance pay is based on the number of employees that are estimated to accept the offer. Benefits that mature more than 12 months after the end of the reporting period are discounted at present value.

New or revised IFRS standards

A number of new standards and amendments to interpretation statements and current standards have not come into force for the fiscal year ending 31 December, 2017 and have not been applied in the preparation of the consolidated financial statements. Below is a description of these and the possible impact they will have on the Group's financial reports.

IFRS 9 Financial Instruments deals with classification, measurement and reporting of financial assets and liabilities and replaces the parts of IAS 39. IFRS 9 maintains a mixed valuation approach, but simplifies this approach in certain regards. There will be three valuation categories for financial assets: amortised cost, fair value in other comprehensive income (OCI) and fair value through profit or loss. The classification is determined at the first reporting date. IFRS 9 also introduces a new model for calculating credit loss provisions based on estimated credit losses reduces the requirement for hedge accounting by replacing the 80–125 criteria with requirements for a financial relationship between hedging instruments and hedged items and that the hedge ratio should be the same as that applied in risk management. The hedging documentation has also been amended to some extent compared to that presented under IAS 39. The standard is effective from 1 January, 2018. Early adoption is permitted. The standard will not have any impact on the Group's financial reports.

IFRS 15 Revenue from Contracts with Customers regulates the recognition of revenue. The core principles of IFRS 15 are intended to provide users of financial statements with useful information about the company's revenues. The increased disclosure requirements imply that information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer must be disclosed. According to IFRS 15, revenue is recognised when a customer takes control of a good or service. A customer takes control when it has the ability to direct the use of and obtain the benefits from a good or service. IFRS 15 replaces IAS 18 Income and IAS 11 Outsourcing, as well as applicable SIC and IFRIC statements. IFRS 15 is effective from 1 January 2018. Early adoption is permitted. Attendo has chosen not to adopt IFRS 15 early. The group's financial reporting will be affected by increased disclosure requirements but will otherwise have no further impact on the Group's financial reports.

IFRS 16 Leases was presented by IASB in January 2016. IFRS 16 is a new leasing standard that will replace IAS 17 Leases and associated interpretation statements IFRIC 4, SIC 15 and SIC 27. The standard was endorsed by EU on 9 November 2017. IFRS 16 requires that assets and liabilities attributable to all lease arrangements, with the exception of leases not exceeding 12 months and with lower value, are recognised in the balance sheet. This recognition is based on the view that the lessee is entitled to utilise an asset for a specific time period and simultaneously has an obligation to pay for this entitlement. Recognition for the lessor will essentially remain unchanged. The standard is effective from reporting periods beginning 1 January 2019 or later. Early adoption is permitted. Attendo does not plan to adopt IFRS 16 early. It is not possible to quantify the impact of IFRS 16, but the new standard will affect the groups' financial statements, as the group has operating leases. The leases which will have the greatest impact on the financial statements are the leases for premises. For information on the size of group current leases see Note C7, Operational leasing. The detailed evaluation of the impact of IFRS 16 will continue in 2018.

None of the IFRS or IFRIC interpretations that have not yet been adopted are expected to have any significant impact on the group.

Financial measures not defined in IFRS

The financial reports of the Attendo Group are prepared according to IFRS. According to IFRS there are only a few financial measures that are defined. 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 profit development, financial position or cash flow that is not defined or specified in IFRS. To support the Executive Managements' and other stakeholders analysis of the Group's development, Attendo presents some financial measures not defined in IFRS. 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 other companies' definitions. All definitions are included on page 79.

C2 Critical 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 test of goodwill

The group tests whether goodwill is impaired each year in accordance with the accounting policies stated in Note C1, Critical accounting policies. The impairment test includes measurements based on judgements and estimates. The estimates are based on critical assumptions such as growth, profit margins, investment requirements and the discount rate. The recent political and media debate in Sweden concerning private operators in the welfare sector and the position of alternative care providers has implied an increased political risk for Attendo that reflects the judgements employed. Political decisions that lead to legislative change could have significant impact on Attendo's operations and ultimately on Attendo's profits and financial position.

In November 2016, a committee of inquiry appointed by the Swedish government submitted a proposal that would result in limitations on freedom of choice in schools and in health and social care by restricting the opportunities for private providers. The committee's proposals include new methods to limit freedom of choice and diversity, regulate use of resources in private companies and limit possibilities to participate in public procurement processes. One of the proposals is a model for a profit cap. The model is based on the idea any operating profit exceeding an arbitrarily chosen percentage of the company's operating capital, under certain conditions, can be expropriated by the state. It is difficult to assess if all or part of the proposals will lead to bills to be decided by the Swedish parliament. Beyond that it is uncertain what parliamentary support these bills will receive. A majority in the Swedish parliament has announced its intention not to support any bill aiming at restricting freedom of choice and diversity. Legal investigations have shown that the profit cap proposed by the committee is not compatible with EU law. Impairment testing performed in 2017 was based on the current regulatory framework. Judgements different to those made by Attendo's management could result in an entirely different financial performance and future financial position. For more information, see Note C12, Intangible assets.

Assets and liabilities held for sale

Attendo has during 2017 in Finland started construction of properties, reported in own books. All assets and liabilities related to these projects are reported as assets and liabilities held for sale, in accordance with IFRS 5. These assets are reported at the lower of carrying amount and fair value less selling expenses. Attendo has entered into an agreement with external property owners to sell the properties after completion. If the agreement is not completed and the sale does not take place, the assets and liabilities will be reclassified in accordance with other assets and liabilities in the balance sheet.

Provisions for onerous contracts

The group's sales are mainly derived from customer contracts. Management evaluates factors such as the presence 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 results, including index adjustments, during the assessed contract term. If contract losses arise, a provision is immediately recognised based on the estimated loss. As of 31 December 2017, total provisions for onerous contracts were SEK 30m (28), of which SEK 2m (7) were recognised as non-current 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 2017, the group recognised income tax expenses of SEK -196m (-179).

Deferred tax receivables and liabilities are recognised as temporary differences and unutilised tax loss carry forwards. The valuation of tax loss carry forwards is based on management's estimates of future taxable income in the respective tax areas. The value of deferred tax receivables amounted to SEK 62m in 2017 (17). 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. As of 31 December 2017, the defined-benefit obligations for pensions, net amounted to SEK 52m (28). 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 current calculations. For more information on pensions, see Note C20 Pension provisions.

The effect on the Group's financial position regarding ongoing disputes and the valuation of contingent liabilities

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 additional purchase consideration. Companies within the Group are also involved in a few other legal processes and tax audits that have arisen in the business. The recognition of disputes, legal processes and tax audits is subject to critical estimates and assessments.

C3 Segment reporting

Operating segments

Attendo has defined four operating segments which are regularly reviewed by the Chief Operating Decision Maker on allocation of resources, and judgements of the operating segments performance.

In accordance with IFRS 8, paragraph 12, Attendo aggregates these segments into a single reportable segment, since the operating segments have similar financial characteristics and are similar in terms of customers (payers), the nature of services and how they are provided, the nature of the production process and the extent to which operations are affected by various regulations and risks. For this reason, no information on segments is recognised because the consolidated income statement and balance sheet relate to the reportable segment. Attendo primarily uses operating profit when deciding on the allocation of resources and performance analysis of Attendo's four operating segments.

Payors

Attendo has one payor for which revenue exceeds 10 percent of the company's total revenue. In 2017, revenue from this payor was SEK 1,178m (1,067). Attendo's payors essentially consist of municipalities in the Nordics.

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

Information by geographical area

Net sales by country

SEK m	2017	2016
Sweden	5,664	5,481
Finland	4,927	4,185
Norway	359	323
Denmark	207	223
Total	11,157	10,212

Non-current assets by country

SEK m	2017	2016
Sweden	4,905	4,708
Finland	4,813	3,203
Norway	131	33
Denmark	15	18
Total	9,864	7,962

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, and assets relating to post-employment benefits in accordance with IFRS 8, paragraph 33.

C4 Other operating income

Other operating income

SEK m	2017	2016
Gains on sales of non-current assets	5	6
Other	12	14
Total	17	20

C5 Information on board members, senior executives and employees

Compensation to the Board of Directors

At the end of the year, the parent company's Board of Directors consisted of seven regular board members, of whom three were women. The AGM 2017 adopted a resolution that entitled the chairman of the board to a fee of SEK 800,000. Regular board members elected by the AGM were entitled to fees of SEK 325,000 each. No board members' fees are payable to board members employed by Attendo. According to the AGM 2017, an additional fee of SEK 225,000 (of which SEK 150,000 to the chairman) is payable to members of the Audit Committee, SEK 300,000 (of which SEK 150,000 to the chairman) to members of the Investment Committee and SEK 150,000 (of which SEK 100,000 to the chairman) to members of the Compensation Committees.

Compensation resolved by the AGM 2017 is presented in the following table.

Board members	Board remuneration	Remuneration for committee work	Total remuneration
Chairman			
Ulf Lundahl	800	125	925
Board members			
Henrik Borelius	–	–	–
Mona Boström	325	–	325
Catarina Fagerholm	325	150	475
Tobias Lönnevall	325	325	650
Anssi Soila	325	75	400
Anitra Steen	325	–	325
Employee representative			
Arja Pohjamäki	–	–	–
Marco Donoso	–	–	–
Total	2,425	675	3,100

For more information about board and committee work, please refer to Attendo's Corporate Governance Report, page 24.

Compensation to the CEO and Executive Management

The company's costs for compensation to Executive Management are recognised in the income statement. 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 comprise variable compensation, disbursed during the year after the vesting period. The table below refers to the group's costs of compensation to Executive Management in the financial year.

Costs of compensation to the CEO and the Executive Management (EM)

SEKk	CEO 2017	CEO 2016	EM 2017 ¹⁾	EM 2016 ²⁾	Total 2017	Total 2016
Salaries and other compensation	6,380	7,161	16,193	22,510	22,573	29,671
Pension costs	1,914	2,089	4,246	5,013	6,160	7,102
Social costs	2,572	2,798	5,068	5,415	7,640	8,213
Total	10,866	12,047	25,507	32,938	36,373	44,985

¹⁾ On 27 September, 2017 CFO Tomas Björksjö left Attendo and was replaced by Rebecca Ericsson Birck, Head of corporate control, who took over the role as Acting CFO. The compensation presented above only includes the remuneration the person received as a member of Executive Management.

²⁾ Executive Management consisted of CEO and seven members. Three regular members left the Executive Management and three new members were appointed during 2016. The new IR and Communications Director replaced the former co-opted IR director. The compensation presented above only includes the remuneration the person received as a member of Executive Management. Salaries and other compensation to EM in 2016 include remuneration to the co-opted IR director invoiced through her own company.

Terms of employment of Executive Management

Executive Management has eight regular members, of whom three are women. The Executive Management team is made up of the CEO and seven other senior executives: CFO, Business Development Director, Communications and IR Director, and four Business Area Directors. During parts of 2016, the IR Director was a co-opted member of Executive Management.

Terms of employment of the CEO

The CEO receives fixed salary, variable salary based on annual targets, pension benefits and participates in Attendo's long-term incentive programme aimed at senior executives. The Board of Directors determines remuneration annually on the basis of principles governing remuneration to senior executives. Fixed annual salary for 2017 was SEK 4.4m. Variable remuneration is based on

targets relating to growth and profit, as well as personal targets, and was subject to a cap of 67 percent of annual fixed salary in 2017. Salary and other remuneration include the cost of variable remuneration, which for the CEO totalled SEK 1.9m (2.4). The CEO is entitled to a premium-based pension policy of his choice corresponding to 30 percent of salary. Attendo has no other pension obligations regarding the CEO. Upon termination, a mutual notice period of 12 months shall apply. Upon termination by the company, the CEO is entitled to an additional severance pay corresponding to 12 months' salary.

Employment terms of other members of Executive Management

Other members of Attendo's Executive Management receive fixed and variable salary and pension benefits according to the relevant practice in each country. Swedish members of Executive Management are included in the ITP plan and the plan's alternative rule. All members of Executive Management are included in Attendo's long-term incentive programme. Variable remuneration is subject to a cap of 45–50 percent of annual fixed salary and is based on principles similar to those applying to the CEO. Total variable remuneration to senior executives amounted to SEK 2.9m in 2017 (4.3). Other senior executives are subject to a mutual notice period of six months. Upon termination by the company, other senior executives are entitled to an additional severance pay corresponding to six months' salary.

Number of employees, salaries and other compensation

No. of employees	2017			2016		
	Women	Men	Total	Women	Men	Total
Sweden	6,968	1,836	8,804	6,967	1,812	8,779
Finland	5,147	1,039	6,186	4,235	983	5,218
Norway	341	73	414	381	73	454
Denmark	417	50	467	338	35	373
Total	12,873	2,998	15,871	11,921	2,903	14,824

Employee costs

SEKk	2017	2016
Salaries and wages	5,299	4,916
Pension costs	584	521
Social costs	1,071	1,053
Total	6,954	6,490

Other compensation

A proportion of the compensation received by some employees is variable. In order for variable compensation to be payable, specific objectives must be met. These objectives can be linked to parameters such as quality, customer satisfaction, employee satisfaction and financial targets.

Incentive programme

During 2015 it was resolved to implement two incentive programmes – a warrant programme for Attendo's Executive Management and a share savings programme for other leaders and employees. The purpose of introducing the incentive programmes is to encourage and maintain strong commitment to Attendo and to contribute 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 Attendo's 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. During the year, one regular member left the Executive Management. As a result, Attendo used its right to repurchase warrants which affected the consolidated equity of SEK 20m. Warrants were issued in three separate series, of which the first series expired in December 2017.

Series 2015/2018 has 1,725,020 warrants, of which participants have acquired 825,554 warrants that may be exercised in the period 1 January–31 December 2018. The exercise price of series 2015/2018 is SEK 62.50.

Series 2015/2019 has 1,605,280 warrants, of which participants have acquired 768,256 warrants that may be exercised in the period 1 January–31 December 2019. The exercise price of series 2015/2019 is SEK 65.

The following table shows holdings of warrants in Attendo AB by members of Executive Management.

Warrants ¹⁾	Number
CEO	
Henrik Borelius	718,300
Other Executive Management	
Cecilia Addamshill	222,510
Pertti Karjalainen	326,500
Ammy Wehlin	326,500
Total	1,593,810

¹⁾ Refers to warrants where no decision on repurchase has been made.

Market value by series, SEK

2015/2018	2.95
2015/2019	3.17

Valuation assumptions

Share price	SEK 50 (IPO price)
Volatility	22.5% (based on Black & Scholes)
Risk-free interest	-0.43%, -0.31% and -0.13% respectively

Share savings programme – Attendo+

In August 2016 a share savings programme, Attendo+, was introduced which allows employees to acquire shares in Attendo. The participants invest in Attendo shares during a twelve months period and if the employee remains employed in Attendo, matching shares will be allotted at the end of the period. Investments are made at market value. In addition, performance shares can be allotted to some participants, provided that certain predetermined goals are achieved during the qualification period.

The AGM 2017 decided to adopt a new share savings programme, Attendo+ 2017. The programme is aimed at 63 key employees. When they invest in savings shares and remain employed by the company, a maximum of 3-5 matching performance based shares will be allotted at the end of the 12-month period. The shares can be allotted provided that certain predetermined goals are achieved during the qualification period. The board determines a range of development of the groups accumulated EBITA during the time period 2017–2019. Members of the Executive Management who hold warrants were not invited to participate in the share savings programme. To ensure Attendo's commitment to deliver shares and pay social security contributions Attendo has repurchased own shares. As of 31 December 2017 Attendo holds 521,465 shares.

Share awards

The following table shows allotted outstanding shares, deferred and utilised within Attendo +

Shares	2017		2016
	Attendo + 2017	Attendo + 2016	Attendo + 2016
As of 1 January	–	36,454	–
Granted	65,404	75,840	36,544
Forfeited	–	10,906	90
Exercised	–	3,535	–
As of 31 December	65,404	97,853	36,454

Assuming that the performance target is completely met, the total cost for Attendo + is estimated at SEK 37m, of which SEK 5m was expensed during 2017. SEK 1m is related to members of Executive Management. Maximum dilution is expected to approximately 0.2 percent of total outstanding shares in Attendo.

C6 Other external costs

Other external costs

SEKm	2017	2016
Care and health care services	908	796
Consumables	410	390
Operating leases	885	719
Other property costs	209	171
External services	56	54
Other	458	434
Total	2,926	2,564

C7 Operating leases

During the period, lease payments amounted to SEK 885m (719). Of the lease payments, SEK 846m (682) relates to rent for premises. Other lease payments relate to assets of less value.

The nominal amount of contractual future lease payments is distributed as follows:

SEKm	2017	2016
Due within 1 year	751	733
Between 1–5 years	2,729	2,876
Later than 5 years	5,293	4,525

C8 Audit fees

Audit fees

SEKm	2017	2016
PwC		
Audit fees	7	5
<i>Of which to the parent company auditors</i>	4	3
Other audit assignments ¹⁾	0	1
Tax advice ¹⁾	0	1
Other services ¹⁾	1	1
Total	8	8

¹⁾ The amounts are primarily attributable to the parent company's statutory auditor. The services refer mainly to work related to tax return preparation, transfer pricing, compliance with tax law and technical accounting consultations pertaining to IFRS 16.

SEKm	2017	2016
Other Companies		
Tax advice	0	–
Other services	2	–
Total	2	–

Audit fees refer to fees for statutory auditing, that is, such work necessary to issue the Auditor's Report, as well as audit advice provided in connection with the audit assignment. The above amount includes SEK 1 m in VAT. Other services refer to advisory of various kinds

C9 Financial income and expenses

Financial income

SEKm	2017	2016
Interest income	1	2
Exchange rate gains	3	–
Total financial income	4	2

Financial expenses

SEKm	2017	2016
Interest expenses on borrowings	–62	–62
Depreciation of capitalised financing costs	–6	–6
Interest expenses on finance leases	–1	–1
Interest expenses on post-employment benefits	–4	–3
Exchange rate losses	–	–8
Other financial expenses	–8	–5
Total financial expenses	–81	–85
Financial net	–77	–83

Exchange rates against SEK, 31 December/Jan–Dec

	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
EUR	9.850	9.633	9.567	9.470
NOK	1.001	1.033	1.054	1.020
DKK	1.323	1.295	1.287	1.272

C10 Taxes

Income tax recognised in the income statement

SEKm	2017	2016
Current tax	–224	–181
Deferred tax	28	2
Total	–196	–179

The effective tax rate amounts to 22.4 percent.

A reconciliation between this year's recognised tax expenses and the tax expenses that would arise if the Swedish tax rate of 22 percent had been applied on the profit before tax is presented below.

Reconciliation of effective tax

SEKm	2017	2016
Tax according to the Swedish tax rate	–193	–182
Effect of foreign tax rates	9	8
Tax effect of non-deductible items	–7	–10
Tax effect of non-taxable income	4	4
Tax attributable to previous years	0	0
Change in temporary differences	10	–
Revaluation of tax loss carry forwards	–22	1
Other	3	0
Tax expense	–196	–179

Deferred tax assets and liabilities

Tax effect of temporary differences, including unutilised tax loss carry forwards, has resulted in deferred tax receivables and deferred tax liabilities as follows.

Deferred tax assets

SEKm	2017	2016
Tax loss carry forwards	35	8
Provisions for post-employment benefits	13	7
Other provisions	4	–
Other	10	2
Total	62	17

Changes in deferred tax assets

SEKm	2017	2016
Opening balance, 1 January	17	32
Tax loss carry forwards	27	–14
Provisions for post-employment benefits	6	–3
Provisions	4	0
Exchange rate differences	0	1
Other	8	1
Closing balance, 31 December	62	17

Deferred tax liabilities

SEKm	2017	2016
Intangible assets	118	97
Other temporary differences	6	3
Total	124	100

Deferred tax liabilities consist of tax on customer relationships of SEK 112m, customer contracts of SEK 0m, trademarks of SEK 6m and a number of minor deferred tax liabilities of SEK 6m total.

Changes in deferred tax liabilities

SEKm	2017	2016
Opening balance, 1 January	100	38
Untaxed reserves	1	0
Customer contracts	0	2
Customer relationships	18	57
Exchange rate differences	2	1
Other	3	2
Closing balance, 31 December	124	100

Deferred tax, Other Comprehensive Income**Tax attributable to OCI**

SEKm	2017	2016
Deferred tax on revaluation of provisions for post-employment benefits	0	0
Deferred tax on cash flow hedging	–	–
Deferred tax on OCI	0	0

Tax loss carry forwards

SEKm	2017	2016
Sweden	7	2
Finland	157	2
Norway	6	3
Denmark	115	27

The total recognised value of the tax loss carry forwards amounts to SEK 60 m (8).

C11 Earnings per share**Earnings per share, basic and diluted**

SEK	2017	2016
Basic	4.26	4.06
Diluted	4.24	4.05

The calculation of the numerators and denominators used in the calculation of earnings per share is presented below:

Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent company by the weighted average of outstanding shares in the period, excluding treasury shares.

Basic	2017	2016
Profit attributable to holders of ordinary shares in the parent company	680	649
Weighted average of outstanding shares in the year, basic	159,783,772	159,955,644

Diluted

In the calculation of diluted earnings per share, the weighted average of outstanding shares is adjusted for the effect of dilution from all outstanding share based incentive programmes.

Diluted	2017	2016
Profit attributable to holders of ordinary shares in the parent company	680	649
Weighted average of outstanding shares in the year, basic	159,783,772	159,955,644
Adjustment for:		
Warrants	735,437	446,071
Attendo+	24,331	3,478
Weighted average number of outstanding ordinary shares in the year, diluted	160,543,540	160,405,193

C12 Intangible assets**Intangible assets 2017**

SEKm	Goodwill	Customer relationships	Customer contracts	Other assets	Total
Opening balance	6,872	468	5	118	7,463
Acquisitions	1,568	245	–	13	1,826
Investments	–	–	–	30	30
Sales and obsolescence	0	–3	–	–2	–5
Other	–2	–	–	–11	–13
Amortisation	–	–129	–2	–32	–163
Exchange rate differences	103	14	1	2	120
Closing balance	8,541	595	4	118	9,258

Intangible assets 2016

SEKm	Goodwill	Customer relationships	Customer contracts	Other assets	Total
Opening balance	6,472	190	7	107	6,776
Acquisitions	285	356	–	9	650
Investments	–	–	–	27	27
Sales and obsolescence	–	–	–	–1	–1
Amortisation	–	–89	–2	–28	–119
Exchange rate differences	115	11	0	4	130
Closing balance	6,872	468	5	118	7,463

Impairment test of goodwill

Attendo tests whether goodwill is impaired each year by measuring the value in use of the cash-generating units to which the goodwill item is allocated.

There are four operating segments within Attendo. Since Attendo's legal structure is not based on the four operating segments, Attendo has in accordance with IAS 36, paragraph 82 chosen to conduct the impairment test on the basis of three cash-generating units, since these reflect how Attendo conducts its operations. In addition, these three cash-generating units, correspond to the lowest level of monitoring of financial position. The three cash-generating units are Attendo Scandinavia Care for Older People (ASO), Attendo Scandinavia Care (ASC) and Attendo Finland (AF).

The key assumptions in the impairment test for the current year relate to growth rates, profit margins, investment requirements and the discount rate. The discount rate is set with respect to current interest rates and the specific risk of the cash-generating unit and is calculated before tax. The differences in discount rates between the cash-generating units are primarily linked to the increased political risk mainly affecting the Swedish operations, ASO and ASC. The discount rates applied for 2017 are slightly higher than those used in 2016, as a result of a slightly higher risk-free interest. For more information on the political risk, see Note C2, Critical accounting estimates and judgements.

Assumptions for impairment testing

	ASO	ASC	AF
WACC before tax 2017, %	8.4	8.4	7.9
WACC before tax 2016, %	8.3	8.3	7.9

The growth rate in the budget and the five-year forecast is based on sector data, expected changes in the market and management's experience from similar markets, and Attendo's strategy. Attendo estimates future cash flows based on the latest budget approved by the Board of Directors and management for the up-

coming financial year, and thereafter on detailed forecasts covering a five-year period. For the subsequent period, a long-term growth rate of 2 percent (2) has been adopted. It does not exceed average long-term growth rates for the sector as a whole and is based on sector data, expected changes in the market, and the experience of the Board of Directors and management from similar markets.

The Board of Directors and management have made assumptions based on historical outcomes and their expectations for market development. The applied weighted average growth rate corresponds with forecasts in industry reports. The discount rates used are set before tax and reflect the specific risk for the identified cash-generating unit. Impairment tests related to goodwill show no impairment. Sensitivity analyses on the calculation of the value in use coincident with the impairment assessment have been conducted, where the organic sales growth was reduced by 2.0 percentage points in the forecast period, the operating margin was reduced by 2.0 percentage points, the discount rate was increased by 2.0 percentage points, and the growth rate after the forecast period was reduced by 2.0 percentage points. The sensitivity analysis showed that none of the adjustments individually caused any impairment.

Distribution of goodwill in the group

SEKm	ASO	ASC	AF	Total
Goodwill as of December 31, 2017	3,841	706	3,994	8,541
Goodwill as of December 31, 2016	3,756	574	2,542	6,872

C13 Property, plant and equipment

Property, plant and equipment 2017

SEKm	Property and plant	Equipment and vehicles	Total
Opening balance	103	335	438
Acquisitions	20	62	82
Investments	13	224	237
Disposals and divestments	-6	-51	-57
Reclassification	-6	-19	-25
Depreciations	-5	-117	-122
Exchange rate differences	1	5	6
Closing balance	120	439	559

Property, plant and equipment 2016

SEKm	Property and plant	Equipment and vehicles	Total
Opening balance	90	292	382
Acquisitions	-	9	9
Investments	19	151	170
Disposals and divestments	-2	-21	-23
Depreciations	-4	-101	-105
Exchange rate differences	0	5	5
Closing balance	103	335	438

Finance leasing objects are included in Equipment and vehicles in the following amounts:

Finance leasing objects

SEKm	2017	2016
Acquisition costs	146	141
Accumulated depreciation	-50	-52
Recognised value	96	89

The item consists of finance leases relating to vehicles.

C14 Other non-current receivables

Other non-current receivables

SEKm	2017	2016
Deposits, rent for premises	35	50
Financing of own operations projects	1	3
Deposits, guarantees	4	4
Other	7	4
Total	47	61

C15 Trade receivables

Trade receivables

SEKm	2017	2016
Trade receivables	1,208	958
Allowance for doubtful debts	-4	-3
Trade receivables, net	1,204	955

Maturity structure

SEKm	2017	2016
Not past due	993	866
Past due 1-30 days	196	83
Past due 31-60 days	6	3
Past due 61-90 days	1	1
Past due over 90 days	12	5
Trade receivables, gross	1,208	958

Trade receivables refer in all material respects to municipalities in the Nordics, which are deemed to have a good credit rating.

Changes in allowance for doubtful debts

SEKm	2017	2016
Opening balance	-3	-1
Provisions for doubtful debts for the year	-4	-3
Confirmed trade losses	4	1
Exchange rate differences	0	0
Recovered doubtful debt	-1	0
Closing balance	-4	-3

Recognised amounts, per currency, for the group's trade receivables, are shown below.

Trade receivables in each currency

Millions	2017	2016
SEK	622	543
EUR	52	38
NOK	55	29
DKK	14	16

C16 Other current receivables

Other current receivables

SEKm	2017	2016
Other receivables	46	27
Prepaid rent	129	118
Accrued income	144	117
Other prepaid expenses and accrued income	61	38
Total	380	300

C17 Assets and liabilities held for sale and discontinued operations

Attendo has during 2017 in Finland started construction of properties, reported in own books. Attendos' intention is after completion to sell the properties to external property owners. Therefore, all assets and liabilities related to these projects are reported as Assets and liabilities held for sale, in accordance with IFRS 5. These assets are reported at the lower of carrying amount and fair value less selling expenses. The business does not generate any significant earnings.

The effect on the income statement of the sale of assets and liabilities held for sale in 2017 amounts to SEK 1m.

The cash-flow effect of assets and liabilities held for sale is attributable entirely to cash flow from investing activities. See page 42 for the Group's cash flow statement.

SEKm	31 Dec 2017	31 Dec 2016
ASSETS		
Non-current assets		
Goodwill	13	–
Other intangible assets	62	–
Property, plant and equipment	711	–
Total non-current assets	786	–
Total assets held for sale	786	–
LIABILITIES		
Deferred tax liabilities	12	–
Total non-current liabilities	12	–
Current liabilities		
Trade payables	61	–
Other current liabilities	1	–
Total current liabilities	62	–
Total liabilities attributable to assets held for sale	74	–
Net assets held for sale	712	–

Change in net assets held for sale

SEKm	Net assets held for sale
Opening balance 2017	–
Investments	678
Sales	–2
Exchange rate differences	36
Closing balance 2017	712

C18 Equity

Share capital

Share capital was SEK 882,066 at 31 December 2017. The number of shares is 160,933,098. The quota value is SEK 0.005 and all shares confer the same voting rights.

Contributed capital

Relates to payments made by shareholders. This includes share premiums paid coincident with share issues.

Retained earnings

Retained earnings, including profit or loss for the year, include profits and losses earned in the parent company and in the subsidiaries.

Retained earnings also comprise the following:

Re-measurements of defined benefit pension plans

Actuarial gains and losses on defined-benefit pension plans.

Cash flow hedges

Cash flow hedges comprise the effective portion of the accumulated net change in fair value of cash flow hedging instruments attributable to hedged transactions that have not yet occurred.

Exchange rate differences on translating foreign operations

Exchange rate differences arising from the translation of the financial reports of foreign subsidiaries, changes relating to the translation of surplus values in local currency and revaluation of liabilities hedging the net investment in a foreign subsidiary.

C19 Liabilities to credit institutions

Liabilities to credit institutions

SEKm	2017	2016
Liabilities to credit institutions	5,162	3,297
Liabilities related to finance leasing	96	89
Less capitalised financing costs	–22	–22
Total	5,236	3,364

Changes in liabilities to credit institutions

SEKm	2017	2016
Opening balance	3,364	3,580
Cash flow items		
Borrowings and acquired loans	1,833	290
Borrowings paid	–36	–590
Changes in liabilities relating to finance leasing	6	2
Non-Cash flow items		
Exchange rate differences	68	79
Changes in liabilities relating to finance leasing	1	0
Changes of capitalised financing costs	0	3
Closing balance	5,236	3,364

The carrying amount is in all material respects deemed to correspond to fair value.

Loans to credit institutions as of 31 December 2017 are distributed among the following currencies:

	Local currency	SEKm
EUR	342	3,370
SEK	1,887	1,887

Effective interest rate on the balance sheet date

	2017	2016
Bank loan, %	1.7	1.7
Overdraft facility, %	1.7	1.7

Liabilities to credit institutions are subject to covenants that the group is obliged to honour under credit agreements with its lenders. Attendo continuously monitors these covenants and reports to its lenders on a quarterly basis. The covenants comprise a net debt/EBITDA covenant and an interest cover covenant. None of these covenants were breached in 2016 or 2017.

C20 Pension provisions

Sweden

Employees employed under collective agreements are covered by the SAF/LO plan which is a defined-contribution pension plan based on collective agreements and comprises several employers within several different sectors. Civil servants are covered by the ITP plan which is also based on collective agreements and comprises several employers within several different sectors. According to a statement from the Swedish Financial Reporting Board (UFR 10), the ITP plan is a defined-benefit plan which comprises several employers. Alecta, which insures the ITP plan, has not been able to provide Attendo, or other Swedish companies, with sufficient information to be able to determine Attendo's share of the ITP plan's total assets and liabilities. The ITP plan is therefore recognised as a defined-contribution plan. The cost of the ITP2 plan 2017 amounts to SEK 127m (127). Expected cost for the ITP2 plan in 2018 amounts to SEK 126m. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation as of 31 December 2017 was 154 percent (149). The level of consolidation is stated at the fair value of plan assets as a percentage of the obligations calculated based on Alecta's actuarial assumptions.

Norway

As from 2012, the group's employees in Norway were primarily covered by defined-contribution pension plans, with the exception of certain occupational categories covered by defined-benefit pension plans. The defined-benefit pension plans are partly secured by the Norwegian companies' membership in a mutual pension scheme. Employees in Norway are also covered by an AFP plan. The AFP plan is a funded plan comprising several employers. As Attendo does not have the opportunity to determine its share of the AFP plan's total assets and liabilities, the AFP fund 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	2017	2016
Sweden	188	186
Finland	369	313
Norway	10	6
Denmark	13	13
Total	580	518

Defined-benefit pension plans

Since the group only recognises defined-benefit pension plans in Norway, all information refers to the group's operations in Norway. The table below presents the total cost of Attendo's defined-benefit plans.

Recognised in the consolidated income statement

SEKm	2017	2016
Service costs for the current year	-16	-12
Interest expenses	-4	-3
Expected return on assets under management	3	2
Management costs	-1	0
Costs of defined-benefit pension plans	-18	-13

Recognised in the consolidated statement of comprehensive income

SEKm	2017	2016
Actuarial gains (+)/losses(-) pension obligations	-1	-1
Actuarial gains (+)/losses(-) plan assets	4	0
Deferred tax	-1	0
Total	2	-1

Significant actuarial assumptions

	2017	2016
Average discount rate, %	2.4	2.6
Long-term inflation assumption, %	1.5	1.5
Long-term salary increase assumption, %	2.5	2.5
Increase in income base, %	2.3	2.2
Upward adjustment of pensions, %	1.5	1.5
Average remaining years of employment	11	15

Sensitivity analysis assumptions

Assumptions

	Change	Increased obligations	Decreased obligations
Discount rate, %	0.5	10.0	9.1
Salary increases, income base and indexation of pensions, %	0.5	10.0	9.1

Assumptions of long-term salary increases, the income base amount and upward adjustments of pensions are according to the pension scheme interdependent. Changes in these assumptions are therefore recognised collectively. Any change in these assumptions entails 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 on a change in one assumption while the other assumption remains constant. It is unlikely that this would occur in practice and changes in some assumptions may be correlated. When estimating the sensitivity of pension obligations to changes in significant assumptions, the same method has been used to estimate the pension obligation as was used for the recognised pension obligation. The method is described in more detail under Note C1, Critical accounting policies.

Net change in present value of defined-benefit pension obligations

SEKm	2017			2016		
	Present value of defined benefit pension obligations	Present value of plan assets	Total	Present value of defined benefit pension obligations	Present value of plan assets	Total
Present value of the obligation at 1 January	131	-103	28	109	-80	29
Service costs for the current year	16	-	16	12	-	12
Interest expenses	4	-3	1	3	-2	1
Management costs	-	1	1	-	0	0
Payments to pension scheme	-	-9	-9	-	-14	-14
Indemnification	-	0	0	-	3	3
Paid benefits	-5	-	-5	-4	-	-4
Curtailements and settlements/ plan amendments	-	-	-	0	-3	-3
Acquisitions	80	-57	23	-	-	-
Actuarial gains (+)/ losses (-)	2	-4	-2	1	-	1
Exchange rate differences	-7	6	-1	10	-7	3
Present value of pension obligation at 31 December	221	-169	52	131	-103	28

Allocation of plan assets

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

Plan assets

SEKm	2017	Of which unlisted (%)	2016	Of which unlisted (%)
Shares	31	13	21	13
Real estate	21	100	13	100
Bonds	77	71	49	71
Money market	12	88	12	88
Other	28	100	8	100
Total	169		103	

C21 Provisions

Provisions

SEKm	2017	2016
Provisions for onerous contracts	30	28
Provisions for construction	6	10
Other provisions	11	8
Closing balance	47	46
Of which short-term provisions	36	35
Of which long-term provisions	11	11

Change in provisions

SEKm	2017	2016
Opening balance	46	46
New/extended provisions	36	21
Exchange rate differences	0	1
Utilised provisions	-35	-22
Closing balance	47	46

C22 Other non-current liabilities

Other non-current liabilities

SEKm	2017	2016
Additional purchase consideration	2	8
Other liabilities	5	4
Total	7	12

Changes in other non-current liabilities

SEKm	2017	2016
Opening balance	12	24
Additional purchase consideration	-6	-13
Exchange rate differences	0	0
Change in other non-current liabilities	1	1
Closing balance	7	12

C23 Financial risk management and financial instruments

In its operations, the group is exposed to a number of financial risks such as exchange rate risk, interest rate risk, liquidity and financing risk and credit/financial counterparty risk. The group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential unfavourable effects on the group's financial performance. The group's risk management is handled by the central treasury department according to established principles.

Exchange rate and interest rate risk

The group operates internationally and is thereby exposed to exchange rate risk towards various currencies, primarily concerning EUR, but also NOK and DKK. Since Attendo's purchasing and billing are mainly conducted in the relevant country's local currency, the company's transaction risk is insignificant. Consolidated profit/loss is affected by translation of the income statements of foreign subsidiaries at the average rate of exchange for the financial year. Exchange rate risk also arises through translation of recognised assets and liabilities in foreign operations. The group's EUR exposure is significant, so investments in Finland have been part-financed through borrowing in EUR. Since the exchange rate exposure in NOK and DKK is insignificant, no exchange rate hedging has been conducted 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 reporting period, 100 percent of the group's borrowings were variable rate loans. The central treasury department continuously analyses group exposure to interest rate risk by simulating interest rate fluctuations. Given Attendo's current financing structure, if interest rates had been higher by one basis point in 2017, with all other variables constant, profit after tax would have decreased by approximately SEK 41 m.

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 Attendo's financing of outstanding loans will become impossible or more costly. The central treasury department seeks to maintain agreements on lines of credit and conducts aggregate cash flow forecasts and rolling forecasts to ensure a continuous supply of liquidity. In addition, central treasury department analyses whether the group satisfied critical key ratios or financial covenants linked to the group's borrowing. The Key Performance Indicators are Net debt/EBITDA and the interest coverage ratio.

Maturity analysis concerning contractual payments of financial liabilities

2017, SEKm	<3 months	3-12 months	2-3 years	4-5 years	> 5 years	Total
Liabilities to credit institutions	17	12	5,111	–	–	5,140
Liabilities for finance leasing	7	21	68	–	–	96
Trade payables	281	–	–	–	–	281
Additional purchase consideration	25	83	24	–	–	132
Liabilities held for sale	61	13	–	–	–	74
Total	391	129	5,203	–	–	5,723

Credit/counterparty risk

Credit risk is defined as exposure to receivables in the form of trade receivables and investments of surplus liquidity. Attendo's customers are mainly municipalities, which have very high credit ratings. This implies that the group's risk exposure to customer credit losses is 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	2017	2016
Trade receivables	1,204	955
Cash and cash equivalents	475	670
Other non-current receivables	47	61
Other current receivables	46	27
Total	1,772	1,713

For credit risk in trade receivables please refer to note C.15 Trade Receivables

Financial assets and liabilities

SEKm	Level	2017	2016
ASSETS			
Loans and receivables			
Trade receivables		1,204	955
Cash and cash equivalents		475	670
Total financial assets		1,679	1,625
Liabilities			
Financial liabilities at fair value through profit or loss			
Contingent considerations	3	132	122
Other financial liabilities			
Borrowings/financial leasing		5,236	3,364
Trade payables		281	186
Total financial liabilities		5,649	3,672

Attendo has not entered into any interest rate swap agreements during the year.

No financial assets or financial liabilities have been reclassified between the valuation categories in the financial year.

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

Level 1: Based on prices listed on an active market for the same instrument.

Level 2: Based on directly or indirectly observable market data not included in level one.

Level 3: Based on data that is not observable on the market.

Additional purchase consideration

SEKm	2017	2016
Opening balance	122	43
Acquisitions	90	105
Payments	-76	-18
Exchange rate differences	3	3
Revaluation	-7	-11
Closing balance	132	122

The fair value of the additional purchase consideration is based on estimated results in agreed clauses of share purchase agreements, which implies that these have been determined according to level 3. The expected value is calculated based on forecasts regarding the acquired company's future earnings.

All financial assets and liabilities, unless otherwise stated, are considered to have carrying amounts that materially correspond to fair value.

Sensitivity analysis, market risk, percentage point

2017	Change	Effect on profit/loss	Effect on equity
Market interest ¹⁾	+/- 1% unit	41	41
Exchange rates ¹⁾			
EUR/SEK	+/- 10%	33	85

¹⁾ Sensitivity analysis based on Attendo's borrowing as per December 31, 2017.

C24 Other current liabilities**Other current liabilities**

SEKm	2017	2016
Personnel-related liabilities	1,128	954
Other liabilities ¹⁾	229	174
Accrued interest rate costs	13	11
Other accrued costs and prepaid expenses	221	208
Total	1,591	1,347

¹⁾ SEK 130m (114) relates to additional purchase consideration.

C25 Cash flow statement

In 2017, interest paid amounted to SEK 73m (62) and interest received amounted to SEK 1m (2).

Cash flow adjustments

SEKm	2017	2016
Depreciation and amortisation	285	224
Depreciation of capitalised financing costs	6	6
Deferred non-paid interest	2	10
Exchange rate difference	-3	7
Gains from divestments of non-current assets	-5	-6
Provisions	13	1
Other items	5	2
Total	303	244

For a reconciliation of liabilities related to financing activities see note C19.

C26 Acquisitions and divestments

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

Acquisitions during the year

The following acquisitions were completed in 2017:

- On 1 February, Attendo acquired Unika Sverige AB that operates five daily activity centres and two short-term homes for people with disabilities. All units are located in Stockholm.
- On 1 February, Attendo acquired Imatran Palvelukoti Oy. The company is active in social psychiatry and rehabilitation in Imatra, eastern Finland.
- On 1 February, Attendo acquired AB Vårdproffsen i Stockholm's home care operations in Täby through an asset deal.
- On 21 February, Attendo acquired Omsorgshuset i Stockholm's home care operations in Stockholm City through an asset deal.
- On 1 March, KBT Beate & Daniel Aktiebolag was acquired. The company is based in Dalarna and offers family home care.
- On 1 March, Tapiokoti Oy was acquired. The Company has a social psychiatry care home unit in Lappeenranta, eastern Finland.
- On 1 March, Attendo acquired MICA Omsorg i Stockholm's home care operations in Solna City and Sundbyberg through an asset deal.
- On 1 March, Attendo acquired AKTA Assistans AB's home care operations in Stockholm City through an asset deal.
- On 1 March, Attendo acquired V.I.S.K.O.S AB a provider of home care through an asset deal.
- On 27 March, Attendo acquired 1:a Hemtjänstkompaniet AB:s home care operations in Sollentuna through an asset deal.
- On 1 April, Treklövern i Falköping AB operating one social psychiatry care home was acquired.
- On 1 April, Ab Tandklinik BG Dahlbacka Hammasklinikka Oy and Tandklinik Hammasklinikka Anders Virtanen Ab Oy were acquired through an asset deal.
- On 1 May, Mikkelin Palvelukoti Oy operating social psychiatry in S:t Michel, Finland, was acquired.
- On 1 June, Stradivarius HVB AB that provides care for young adults in Skellefteå, was acquired.
- On 1 June, Lilla Ro-Hemmet AB that operates a care home in Parainen, Finland, was acquired.
- On 1 September, Nøstret Bo og Omsorgssenter, and Nøstret Kroksund AB that provide social psychiatry care homes in Hole, Norway, were acquired.
- On 1 September Humana's home care business with operations in some ten locations in Sweden was acquired.
- On 1 September Ikihyvä Oy, which operates nursing homes in S:t Michel, Finland was acquired.
- On 1 September Liisankoti Oysom, which operates nursing homes in Kauhava, Finland was acquired.
- On 1 September Hoitokoti Piriitta Oy, which operates nursing homes in Joensuu, Finland was acquired.
- On 1 October Kärlandagården AB operating one home for people with disabilities in Lessebo Sweden was acquired.
- On 1 November Ann Stahlins hemtjänst AB conducting home care in Täby, Sweden was acquired.
- On 1 November Sisu home care AB conducting home care in Stockholm, Sweden was acquired.
- On 1 November Mikeva, a leading provider of care in Finland was acquired. The acquisition strengthens Attendo's position in social psychiatry and care for people with disabilities and geographically complements Attendo's offering in care for older people in Finland.

- On 1 December LSS Omsorgen operating three homes for people with disabilities in Västerås, Härryda and Surte, Sweden as well as a daily activity center in Härryda Sweden, was acquired. The acquisition includes three companies; Göteborgsvägen AB, LSS Omsorgen Katrineforsliden AB and LSS Omsorgen Park AB
- On 1 December Selman Koti Oy operating intensive care for elderly in Villmanstrand, Finland, was acquired.
- On 1 December HoivaHovi Oy operating intensive care for elderly in S:t Michel, Finland was acquired through an asset acquisition.

Unless otherwise indicated, all acquisitions refer to a 100 percent acquisition of shares.

Acquisitions after the end of the financial year

The following acquisitions have been made after the end of the financial year:

- On 1 January 2018, Attendo acquired Kaijankoti Oy, a provider of care for older people in Savitaipale, Finland.
- On 1 February 2018, Juuan Hoito ja Hoiva Oy, a provider of care for older people and social psychiatric care in Juuka, Finland, was acquired.
- On 1 February 2018, Pielisen - Karjalan Dementiakoti Oy, a provider of care for older people and social psychiatric care in Nurmes, Finland, was acquired.
- On 1 February, 2018, Arken HVB AB that provides care for young adults in Vårgårda, Sweden, was acquired.
- On 1 March Hoitokoti Omena Oy was acquired. Hoitokoti Omena Oy offers care for elderly in Ilomants, Finland.

Goodwill

The goodwill value of SEK 1,568m that arose through the acquisitions is attributable to personnel, market and synergy effects expected to arise through the merger of the group's and the acquired companies' operations. Goodwill arises when the purchase consideration exceeds the fair value of the acquired net assets. The purchase consideration is calculated based on the enterprise value with subtraction of net debt or addition of net cash. Final amount will be determined no later than one year after the transaction date.

Preliminary purchase price allocations

Fair value of acquired assets

mkr	Mikeva		
	2017	All other acquisitions	
	2017	2017	2016
Purchase consideration at date of acquisition			
Purchase consideration paid	892	359	489
Conditional purchase consideration	0	77	105
Total estimated purchase consideration	892	436	594
Identifiable acquired assets and liabilities			
Cash and cash equivalents	22	58	31
Property, plant and equipment	47	35	9
Customer relationships	153	92	356
Intangible assets	13	0	9
Deferred tax assets	30	8	0
Trade receivables ¹⁾ and other receivables	110	71	33
Trade payables and other liabilities	-708	-120	-55
Deferred tax liabilities	-30	-21	-74
Total identifiable net assets	-363	123	309
Goodwill ²⁾	1,255	313	285

¹⁾ No doubtful trade receivables were acquired.

²⁾ No part of the recognised goodwill is expected to be deductible for income tax purposes.

Definitive purchase price allocation will be determined no later than one year after the transaction date

Acquisition-related expenses in the year amounted to SEK 8.9m (5.8) and are included in other costs in the consolidated income statement. The fair value of the acquisition-related agreement on contingent purchase consideration was SEK 77m (105).

Net sales from the acquired companies included in the consolidated income statement since the acquisition date totals SEK 329m. The acquired companies contributed profit of SEK 17m in the same period.

The largest acquisition during the year, Mikeva, had in 2017 net sales amounting to 113.5 MEUR and an operating profit (EBITA) of 3.7 MEUR. During the period 1 November – 31 December, net sales amounted to 19 MEUR and EBITA to 0.7 MEUR. At the end of 2017 Mikeva had approximately 2 900 beds in operation.

Divestments

No divestments were made during the year.

C27 Pledged assets

Pledged assets

SEKm	2017	2016
Floating charges	–	1
Cash and cash equivalents and blocked funds	48	68
Vehicles (assets through finance leasing)	83	89
Other pledged assets	2	1
Total	133	159

C28 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.

Attendo has also initiated discussions on purchase price consideration and adjustment of acquisition price for one of the acquisitions carried out during the year

C29 Transactions with related parties

Attendo's related parties refer to the board members in Attendo's parent company, the Executive Management and close relatives of these individuals. Companies in which a significant share of capital or votes are held by those individuals, or in which those individuals can exercise a significant influence, are also considered as related parties.

Attendo has transactions with two related parties, which in all material aspects consist of Attendo leasing properties from companies in which these parties are shareholders. The related party transactions had a value of SEK 11m (10) during 2017. All related party transactions took place on market terms.

C30 Events after the reporting date

Organisational changes

On February 15, 2018 the board appointed Pertti Karjalainen, Business Area Director Attendo Finland Care, to acting CEO for Attendo as of March 1, 2018, until a permanent CEO is in place. Henrik Borelius will be at the disposal of the board during the remainder of his employment period until May 19, 2018 and he will remain as a board member until the Annual General Meeting 2018.

On March 5 Fredrik Lagercrantz took on the role as CFO for Attendo. Fredrik Lagercrantz will at the same time become a part of the Executive Management.

C31 Reconciliations of alternative performance measures

Return on capital employed

SEKm	2017	2016
Operating profit (EBIT) Rolling 12 months	953	911
Average capital employed		
Opening balance		
Equity	4,825	4,219
Long-term interest-bearing liabilities	3,330	3,583
Short-term interest-bearing liabilities	62	26
Capital employed at the beginning of the period	8,217	7,828
Closing balance		
Equity	5,369	4,825
Long-term interest-bearing liabilities	5,223	3,330
Short-term interest-bearing liabilities	65	62
Capital employed at the end of the period	10,657	8,217
Average capital employed	9,437	8,023
Return on capital employed (%)	10.1	11.4

Operating Cash flow

SEKm	2017	2016
Cash flow from operating activities	899	914
Investments in tangible assets	-267	-197
Divestments of intangible and tangible assets	59	28
Interest received/paid	72	60
Operating Cash flow	763	805

Organic growth

%	2017	2016
Net sales growth	9.3	3.9
Acquired growth	-6.0	-1.7
Change in currencies	-0.9	-0.5
Organic growth	2.4	1.7

Working Capital

SEKm	2017	2016
Current assets	2,090	1,949
Cash and cash equivalents	-475	-670
Current liabilities	1,994	1,650
Liabilities to credit institutions	-65	-62
Working Capital	-314	-309

Definitions of the alternative performance measures are found on page 79.

Parent Company Income Statement

January–December, SEKm	Note	2017	2016
Net sales	P2	11	12
Personnel costs	P3	-24	-21
Other external costs	P4, P5	-10	-26
Operating profit		-23	-35
Net financial items		-4	-2
Profit After Financial Items		-27	-37
Group contributions		25	110
Profit before tax		-2	73
Tax	P6	-	-16
PROFIT FOR THE YEAR		-2	57

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

Parent Company Balance Sheet

31 December, SEKm	Note	2017	2016
ASSETS			
Non-current assets			
Shares in subsidiaries	P7	6,494	6,494
Deferred tax assets	P6	–	–
Total non-current assets		6,494	6,494
Current assets			
Receivables from Group companies		28	114
Other current receivables		1	2
Cash and cash equivalents		0	0
Total current assets		29	116
TOTAL ASSETS		6,523	6,610
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	P8	1	1
Total restricted equity		1	1
Non-restricted equity			
Share premium reserve		6,574	6,518
Retained earnings		–322	–152
Profit for the year		–2	57
Total non-restricted equity		6,250	6,423
TOTAL EQUITY		6,251	6,424
LIABILITIES			
Current liabilities			
Liabilities to group companies		256	165
Other current liabilities		16	21
Total current liabilities		272	186
TOTAL LIABILITIES		272	186
TOTAL EQUITY AND LIABILITIES		6,523	6,610

Parent Company Statement of Changes in Equity

SEKm	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Profit/loss brought forward	
Opening balance 1 January 2016	1	6,517	-46	6,472
Repurchase of own shares	-	-	-16	-16
Dividends paid	-	-	-86	-86
Other items	-	-	-3	-3
Profit for the year	-	-	57	57
Closing balance, 31 December 2016	1	6,517	-94	6,424
Opening balance 1 January 2017	1	6,517	-94	6,424
Repurchase of own shares	-	-	-33	-33
Dividends paid	-	-	-195	-195
Share issues	0	56	-	56
Profit for the year	-	-	-2	-2
Closing balance, 31 December 2017	1	6,574	-324	6,251

Parent Company Statement of Cash Flow

January–December, SEKm	2017	2016
Operating activities		
Profit before tax	-2	73
Adjustments for items not included in cash flow	-24	-110
Cash flow from operating activities before changes in working capital	-26	-37
Cash flow from changes in working capital		
Changes in current receivables	1	1
Changes in current liabilities	197	138
Cash flow from operating activities	198	102
Financing activities		
Share issue	56	-
Dividends paid	-195	-86
Repurchase of own shares	-33	-16
Cash flow from financing activities	-172	-102
CASH FLOW FOR THE YEAR	0	0
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 Critical accounting policies

The parent company, Attendo AB (publ), applies the 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 39 with the exception of recognising financial guarantees due on subsidiaries. Reference is made to the accounting policies applied by the Group for recognition and measurement of financial instruments in Note C23.

Basis of preparation of the financial statements

The parent company financial statements are presented in 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 income. 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 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 book value of investments exceeds replacement value.

P2 Net sales

Parent company revenue relates to intragroup services amounting to SEK 11m (12).

P3 Salaries and other remuneration

Salaries and other remuneration

SEKm	2017	2016
CEO		
Salaries and other remuneration	6	7
Pension costs	2	2
Social costs	3	3
Total	11	12
Other employees		
Salaries and other remuneration	6	6
Pension costs	1	1
Social costs	3	2
Total	10	9
Total	21	21

Average number of full-time employees

	2017	2016
Women	–	–
Men	4	4
Total	4	4

For more information about remuneration to senior executives, see Note C5, Salaries, other remuneration and social insurance expenses.

P4 Other external costs

Other external costs

SEKm	2017	2016
External services	3	19
Board remuneration	4	5
Other	3	2
Total	10	26

P5 Audit fees

Audit fees

SEKm	2017	2016
PwC		
Audit fees	1	1
Other audit assignments	–	0
Tax advice	0	1
Other services	1	0
Total	2	2

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	2017	2016
Profit before tax	–2	73
Tax according to the Swedish tax rate	–	–16
Tax expense	–	–16

Attendo AB's tax deficit amounted to SEK 0m (0) as of 31 December 2017.

P7 Shares and participations

Shares in group companies

SEKm	2017	2016
Opening book value	6,494	6,494
Closing book value	6,494	6,494

Shares held directly by parent company	Corp. ID no.	Registered office	No. of shares	Proportion of capital and votes, %	Book value, SEK m
Attendo International AB	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 as of 31 December 2017 amounted to SEK 882,066 (876,951) and the number of shares was 160,933,098 (160,000,000). Quota value was SEK 0.005 (0.005). All shares confer equal voting rights.

Distribution of earnings

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

Distribution of earnings	Amounts in SEK
At the disposal of the AGM:	
Retained earnings	6,251,847,835
Profit for the year	-2,036,213
Total	6,249,811,622

Allocated as follows:

Amount to be paid to the registered share-holders (SEK 1.27 per share) ¹⁾	203,725,221
Amount to be retained by the parent company	6,046,086,401
Total non-restricted equity in the parent company	6,249,811,622

¹⁾ Calculated on shares outstanding as of 15 February 2018.

P9 Events after the reporting date

President and CEO Henrik Borelius announced in November that he will be stepping down after 17 years with the company. The Board of Directors has appointed Pertti Karjalainen, Business Area Director for Attendo Finland Care, acting CEO effective 1 March 2018 and until a permanent CEO commences his or her employment.

Board of Directors' declaration

The Board of Directors and the CEO hereby certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as endorsed by the European Union, and that they give 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 give a true and fair view of

the parent company's financial position and results of operations. The Administration Report of the group and parent company give a true and fair view of the progress of the group's and parent company's operations, financial position and results of operations, and states significant risks and uncertainty factors facing the parent company and group companies. The undersigned hereby also give Attendo's sustainability report for 2017.

Danderyd, Sweden, 12 March 2018

Ulf Lundahl
Chairman

Pertti Karjalainen
Acting CEO and President

Henrik Borelius
Board member

Mona Boström
Board member

Catarina Fagerholm
Board member

Tobias Lönnevall
Board member

Arja Pohjamäki
Board member
Employee representative

Anssi Soila
Board member

Anitra Steen
Board member

Our Audit Report was submitted on 12 March 2018

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant
Auditor in Charge

Eva Medbrant
Authorised Public Accountant

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 of Attendo AB (publ), corporate identity 559026-7885

Opinions

We have audited the annual accounts and consolidated accounts of Attendo AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 36-68 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates. Our audit can be summarised as follows:

- For the most significant entities in Sweden, Finland, Norway and Denmark including the parent company and the consolidation, the audit has encompassed an audit of the year-end closing, a limited review of the interim report per 30 September, and an assessment of key controls related to financial reporting according to Attendo' framework; and
- For other reporting units, other analytical audit procedures are performed as part of the audit of the consolidation. In addition to this, statutory audit procedures are performed. The statutory audit has in most cases not been finalized prior to signing the audit opinion for the group. The outcome of the statutory audits is reported separately to Attendo during the fall. Those units are not deemed significant and therefore not used as support in the year-end audit of the group. The outcome of the statutory audit is used in planning of the audit and to follow up on any significant matters noted for any reporting unit regarding financial reporting or internal control.

The auditor in charge and members of the audit team has during the year visited the Finish entities in order to achieve an understanding of the operations in the country, perform an overall review of the financial reporting based on the group's accounting principles, and evaluate the compliance to Attendo' framework for internal control. Furthermore a member of the group audit team visited the Finish units to participate in the audit of openings balances relating to the acquisition of Mi-Hoiva OY ("Mikeva")

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the

nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

– Acquisition and purchase price allocation of Mi-Hoiva (“Mikeva”) and subsequent consolidation in Attendos consolidated accounts.

We refer to Note K2 Critical accounting judgements, estimates and assumption, Note K26 Acquisitions and divestments.

The acquisition of Mikeva was the most significant event affecting Goodwill in 2017. Mikeva is the largest acquisition that Attendo has made in many years, therefore the acquisition and the purchase price allocation have been identified as a key audit matter for the 2017 audit.

The purchase price allocation prepared by Attendo contains a significant amount relating to goodwill of SEK 1,255m and other intangible assets of SEK 153m. There is a risk that the identified assets in the purchase price allocation have not been correctly recognised at fair value on the acquisition date.

How our audit addressed the Key audit matter

In addition to audit procedures performed on the valuation of goodwill and other intangible assets, we have performed, among others, the following procedures:

- The Group audit team, together with the local audit team in Finland, have visited Mikeva to audit the financial reporting including opening balances as of acquisition date in order to assess the purchase price allocation.
- Based on the audit of Mikevas year-end closing 2017 and audit of openings balances, we have assessed if the accounts have been correctly consolidated in Attendos group consolidation in accordance with IFRS.
- We have also assessed if the model used by Attendo for the valuation of the acquired assets is in compliance with IFRS. For this purpose we have used PwC valuation specialists. We have assessed the significant assumptions used in the purchase price allocation. We have also audited significant elements in the purchase price allocation based on underlying documentation and the reasonableness of the assumptions. This includes foremost assumptions on growth of revenues, margins and the discount rate used. (WACC).

The assumptions used in the valuation of intangible assets subject to amortization are deemed to be within an acceptable range. The purchase price allocation is still preliminary until 31 October 2018 and therefore may be adjusted.

Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee

Key audit matter**– Routines and processes including accounting of employee related expenses**

We refer to Note K2 Critical accounting judgements, estimates and assumption, Note K5 Remuneration to the Board of Directors, senior management and employees, Note K20 Provisions for post-employment benefits and Note K24 Other current liabilities

Attendo employs more than 24,000 employees in its subsidiaries. The personnel related expenses amounts to some 70% of the operating costs. This is thus the most significant cost item in Attendos consolidated income statement. The personnel related costs consist of both salaries and other remunerations, including variable compensation and directly related taxes and social charges. The risk partly regards completeness of these items, that they are properly calculated, correctly accrued for and correctly valued. There is also an inherent complexity in processing payrolls, which is related to the fact that various groups of employees are under different employment contracts and collective agreements, which gives rise to differences in how the salaries, other remunerations and benefits should be calculated.

Attendos internal control framework includes specific controls on processing of payroll and personnel costs to ensure that proper salaries and remunerations and attributable taxes and charges are paid. This is described on page 33 in the Consolidated Financial Statements.

How our audit addressed the Key audit matter

In order to be able to pay salaries to 24 000 employees on a monthly basis, or in some cases more frequently, there must be well functioning routines and processes in order to calculate and control the salaries and remunerations to be paid.

Our audit is based on both an evaluation of the internal controls in place, detailed testing of salaries and analytical review including computer based analysis of certain balance sheet and income statement items for selected significant subsidiaries. The basis for the evaluation of internal controls has been Attendos internal control framework. The performed test of controls and audit of balance sheet and income statement items have been performed on a sample basis. Our audit has also included for example;

- Agreeing of significant accruals and/or provisions including holiday pay liabilities, accrued salaries, taxes and social charges to system-generated support, and calculations and estimates by management.
- Audited employee related costs using analytical procedures with regards to change in costs in the income statement, accruals and provisions compared to our knowledge and understanding and use of computer based transaction analysis.

Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee. Our overall conclusion is that there are appropriate processes and controls in place to process and account for employee related expenses.

Key audit matter

– Audit of impairment testing of goodwill and other acquisition related intangible assets

We refer to Note K2 Critical accounting judgments, estimates and assumptions and Note K 12 Intangible assets

Goodwill and other acquisition related intangible assets, including customer relations, amount to SEK 8,541m per December 31, 2017 corresponding to 67% of the total assets. The balance is subject to management judgements and estimates and due to the significance of the single item it is assessed to be a key audit matter.

The management and the Board of Directors perform annual testing of the amount of goodwill for impairment. This annual impairment test aims to conclude if there are any need for impairment, in other words to evaluate if book values exceeds the fair value according to the test.

The impairment test is based on, by the Board of Directors, approved forecast and budgets for the coming five years. Cash flows for the period thereafter is extrapolated based on the business plan. The process is thus dependent on assumption which significantly impacts the impairment test such as sales growth, development of margins and the discount rate (WACC).

The fair value according to the impairment test is based on the cash flows from the identified cash generating units. As Attendos legal organisation is not structured based on the four operating segments, the impairment test is performed in accordance with IAS 36 p 82 based on how Attendo manage the operations. Thereby, three cash generating units exists.

Even if a cash generating unit pass the impairment test, future developments can lead to departures from the assumptions made in the test whereby a need for impairment can arise. The valuation of the company's future cash flow is most sensitive relating to the Swedish operations. This is due to the political uncertainty resulting from the proposal of new laws regarding profit in welfare operations as disclosed in note K2 Critical accounting judgment, estimates and assumptions.

Other acquisition-related intangible assets are subject to ongoing amortization. These assets are tested if there is any indication that the value of the assets has decreased so that an impairment may have arisen.

Attendos conclusion, based on the best available information by the time of preparing the impairment test, is that no impairment of goodwill existed by year-end 2017.

How our audit addressed the Key audit matter

When testing for impairment of goodwill and other acquisition-related intangible assets, in order to ensure primarily the valuation and accuracy, we have performed audit procedures including:

- With regards to the assessment of the assumptions as disclosed in note K 12 Intangible assets as well as that the model used are in accordance with IFRS, we used PwC valuation experts to test and evaluate the models and methodology used, as well as significant assumptions.
- On a sample basis we have tested, verified, evaluated and challenged the data used in the calculation versus the Attendos's long term plans and where possible external information. We have focused on assessed growth rates, margin developments and discount rate applied per cash generating unit. We also followed-up the accuracy and inherent quality of the company's process to prepare business plans and financial plans based on the historical outcome.
- Examined the sensitivity in the valuation for negative changes in key assumptions, that either individually or collectively could imply an impairment of goodwill.
- Assessed that the disclosures provided in the financial statements are correct based on the impairment test performed, particularly for information on the sensitivity in the valuations.
- Compared the disclosures in the annual report to the requirement of IAS 36 and found them to be consistent in all material aspects.
- Reviewed Attendos assessment of the political risk and related possible limitations of future profits in welfare operations as described in the section Risks and risk management in the management report and Note K2 Significant judgments, estimates and assumptions for accounting purposes

Based on our audit we have not reported any significant matters to the audit committee.

Key audit matter

– Management's assessment regarding provisions for loss-making contracts

Refer to Note K2 Critical judgements, estimates and assumptions and Note K21 Provisions

Several balances in Attendo's financial reporting including provisions for loss-making contracts are based on assumptions and estimates. In addition to goodwill as described above, we deem that the most significant item subject to critical assumptions is the provision for loss-making contracts. The reason for this is that the start-up of a new unit can be costly. In cases where a contract is expected to result in future losses, a provision for the losses expected to arise after the financial statements is required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Attendo monitors all units every month and makes judgments and forecasts for the future. Based on these estimates Attendo assesses if any provision is required. In note K21 Provisions Attendo disclosed that SEK 30 million has been reserved for such losses. Although this balance in itself is not significant in relation to Attendo's result, it is our assessment that the underlying accounting estimates is a key audit matter of our audit.

How our audit addressed the Key audit matter

In our audit, we have particularly focused on the review of management's assessment of loss-making contracts to ensure the completeness, accuracy and valuation and among others performed the following audit procedures:

- Examined Attendo monitoring and financial closing procedures to ensure that controls are in place to report provisions for loss-making contracts in case it is required in accordance with IAS 37 Provisions.
- Examined on a sample basis Attendo calculation basis and agreed those to internal reports.
- Followed up earnings, forecast and projections regarding nursing homes and other units in internal reports with responsible at Attendo.
- Assessment of Attendo principles to make provisions for potential losses related to customer contracts to the requirements in IAS 37 Provisions

Based on our audit, we conclude that Attendo's assumptions underlying the provision for loss-making contracts are within an acceptable range.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-23 and pages 75-80. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors

and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is 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 also audited the administration of the Board of Directors and the CEO of Attendo AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other

matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

PricewaterhouseCoopers AB, with Patrik Adolfson as the auditor in charge, was appointed auditor of Attendo AB (publ) by the general meeting of the shareholders on the 6th April 2017 and has been the company's auditor since the 27th October 2015

Stockholm 12 March 2018

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised public
accountant
Auditor in charge

Eva Medbrant
Authorised public
accountant

The Attendo Share

The Attendo share has been quoted on Nasdaq Stockholm since 30 November 2015, when the listing price was SEK 50. The share is categorised in the Large Cap and Healthcare segment and is traded under the ticker symbol ATT.

SHARE PRICE PERFORMANCE AND TURNOVER

SEK	2017	2016
Closing price 29 (30) December	87.95	78.75
Market capitalisation 29 (30) December, SEKbn	14.2	12.6
Share price performance during the year, %	12	12
Highest price paid 21 Jun (28 Aug)	110.5	92
Lowest price paid 4 Jan (9 Feb)	75	62.50

Shares in Attendo were traded during 2017 to a value of SEK 3.7 bn, corresponding to a daily average of SEK 15m. The volume traded in 2017 corresponds to 25 percent of the average number of shares outstanding. Of the total volume of shares traded, 82 percent was traded on Nasdaq Stockholm. The Attendo share is also traded on multilateral trading facilities (MTF) including Bats, BOAT and LSE.

Share capital

The total number of shares in Attendo is 160,933,098, which was increased during the year. All shares confer equal voting rights and equal rights to a share in the company's assets.

During 2017, the Board of Directors of Attendo resolved to repurchase own shares in a buyback programme, supported by the authorisation of the 2017 AGM. The aim of the buyback programme is to secure Attendo's commitments to deliver shares and pay social insurance fees in accordance with Attendo's share savings programme, Attendo+. A total of 325,000 shares worth SEK 33m were repurchased in 2017.

Dividend

Decisions on dividends must be based on Attendo's investment potential and financial position. The dividend policy is to distribute 30 percent of net profit. The Board of Directors has decided to propose a dividend of SEK 1.27 per share to the AGM 2017.

Investor relations

The Attendo share is covered by six investment banks. For current information about the analysts covering the share, refer to Attendo's website:

www.attendo.com/content/analysts-0

The company provides web-based presentations of interim reports. Presentations and investor meetings are held in Sweden and selected countries in Europe, primarily Finland and the United Kingdom, in conjunction with the publication of interim reports.

SHAREHOLDER

Name	No. of shares	% of shares and votes
Nordstjernan AB	25,600,000	15.96
Pertti Karjalainen	22,667,275	14.13
Didner & Gerge Fonder Aktiefbolag	14,384,054	8.97
Swedbank Robur Fonder	9,946,074	6.20
Carve Capital AB	8,265,036	5.15
Henrik Borelius	6,960,823	4.34
Elo Mutual Pension Insurance Company	4,800,000	2.99
SEB Investment Management	4,198,849	2.62
CBNY - Norges bank	4,186,225	2.61
Ilmarinen Mutual Pension Company	4,050,000	2.52
Antti Ylikorkala	3,192,952	1.99
BPSS LUX/Client assets	2,885,952	1.80
Andra AP fonden	2,435,253	1.52
Tredje AP fonden	2,185,666	1.36
Handelsbanken fonder	2,092,485	1.30
Ammy Wehlin	1,723,679	1.07
JP Morgan Chase	1,433,760	0.89
Anssi Soila	1,255,455	0.78
JP Morgan Bank Luxemburg	1,254,242	0.78
Nordea Bank, Norge	1,238,735	0.77
Total, 20 largest shareholders	124,756,515	77.77
Other shareholders	35,655,118	22.23
Total shares outstanding	160,411,633	100.0

Source: Euroclear Sweden AB as of 29 December 2017.

SHARE DISTRIBUTION

Holding	No. of share-holders	No. of shares outstanding
1-500	7,680	977,980
501-1 000	655	486,464
1 001-2 000	412	950,454
2 001-5 000	92	687,651
5 001-10 000	39	493,250
10 001-20 000	28	487,113
20 001-	217	156,850,186
Total	9,123	160,933,098

PER SHARE DATA

SEK	31 Dec 2017	31 Dec 2016
Equity per share	33.60	30.19
Earnings per share basic	4.26	4.06
Dividend per share	1.27	1.22
Dividend as a percentage of earnings per share, %	30	30
Dividend yield, % ¹⁾	1.4	1.5
P/E ratio ²⁾	21	19

¹⁾ Divided by share price at year-end.

²⁾ Share price at year-end divided by earnings per share.

Source: Euroclear Sweden AB as of 29 December 2017.

SHARE PRICE 2015-2017



GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AT 29 DECEMBER 2017



- Sweden 50%
- Finland 26%
- Great Britain 10%
- United States 7%
- Rest of the world 7%

Source: Euroclear Sweden AB

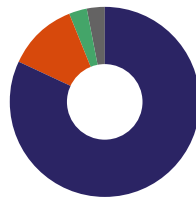
SHAREHOLDERS BY CATEGORY AT 29 DECEMBER 2017 percentage of share capital



- Foreign owners 50%
- Swedish owners 50%
 - of which:
 - Institutions 25%
 - Equity funds 22%
 - Private investors 3%

Source: Euroclear Sweden AB

TRADING ON STOCK EXCHANGES AND MTFs 2017



- Nasdaq Stockholm 82%
- Cboe CXE 12%
- Cboe BXE 3%
- Turquoise 3%

Source: Fidessa

Five-year summary

	2017	2016	2015	2014 ¹⁾	2013 ¹⁾
Total net sales	11,157	10,212	9,831	9,045	8,465
Growth, %	9.3	3.9	8.7	6.9	7.3
– Net sales Sweden	5,664	5,481	5,126	4,875	4,760
– Net sales Finland	4,927	4,185	4,225	3,737	3,332
– Net sales Norway	359	323	264	292	300
– Net sales Denmark	207	223	216	141	73
Operating profit (EBITA) ²⁾	1,084	1,002	933	822	770
Operating margin (EBITA), %	9.7	9.8	9.5	9.1	9.2
Operating profit (EBIT) ²⁾	953	911	887	807	738
Operating margin (EBIT), %	8.5	8.9	9.0	8.9	8.7
Profit for the year	680	649	286	263	363
Profit margin, %	6.1	6.4	2.9	2.9	4.3
Return on capital employed, % ^{2) 3)}	10.1	11.4	11.4	11.7	10.0
Capital employed	10,657	8,217	7,828	7,796	7,387
Operating cash flow	763	805	765	700	723
Working capital	–314	–309	–130	–293	–259
Equity/assets ratio	42	49	45	26	25
Net investments	208	169	165	164	140
Earnings per share, basic, SEK ⁴⁾	4.26	4.06	1.79	1.64	2.27
Earnings per share, diluted, SEK ⁴⁾	4.24	4.05	1.79	1.64	2.27
Equity per share, basic, SEK ⁴⁾	33.60	30.19	26.37	16.06	14.43
Equity per share, diluted, SEK ⁴⁾	33.44	30.10	26.36	16.06	14.43
Average no. of outstanding shares basic, thousands ⁴⁾	159,784	159,956	160,000	160,000	160,000
Average no. of outstanding shares diluted, thousands ⁴⁾	160,544	160,405	160,083	160,000	160,000
No. of outstanding shares at end of period, thousands ⁴⁾	160,412	159,800	160,000	160,000	160,000
Average no. of employees	15,871	14,824	14,512	14,214	13,575
Total net sales	11,157	10,212	9,831	9,045	8,465
– own operations	7,097	6,327	5,589	4,829	4,103
– outsourcing operations	3,315	3,108	3,236	3,149	3,288
– staffing operations	745	777	1,006	1,067	1,074

¹⁾ Financial information for the years 2013–2014 is based on Attendo's combined financial reports.

²⁾ Alternative Performance Measure, refer to page 79 for definitions

³⁾ From 2016 return on capital employed is calculated based on EBIT. To improve comparison, the comparable periods previously calculated on EBITA have been restated.

⁴⁾ See page 53 for the calculation of average number of shares in the calculation of Earnings per share.

Quarterly summary

Amounts in SEKm	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net sales	3,011	2,741	2,744	2,661	2,647	2,568	2,525	2,472
Other operating income	6	2	6	3	6	4	6	4
Total revenue	3,017	2,743	2,750	2,664	2,653	2,572	2,531	2,476
OPERATING COSTS								
Personnel costs	-1,914	-1,667	-1,759	-1,670	-1,700	-1,573	-1,629	-1,631
Other external costs	-818	-702	-726	-680	-676	-626	-645	-617
Amortisation, depreciation and impairment of tangible and intangible assets	-45	-37	-37	-35	-36	-33	-33	-31
Operating profit (EBITA)¹⁾	240	337	228	279	241	340	224	197
Operating profit (EBITA margin)	8.0	12.3	8.3	10.5	9.1	13.2	8.9	8.0
Amortisation and impairment of acquisition-related intangible assets	-35	-32	-33	-31	-31	-30	-17	-13
Operating profit (EBIT)¹⁾	205	305	195	248	210	310	207	184
Operating margin (EBIT margin)	6.8	11.1	7.1	9.3	7.9	12.1	8.2	7.4
Net financial items	-23	-21	-16	-17	-16	-25	-21	-21
Profit before tax	182	284	179	231	194	285	186	163
Tax	-47	-61	-38	-50	-43	-61	-40	-35
Profit for the period	135	223	141	181	151	224	146	128
Profit margin, %	4.5	8.1	5.1	6.8	5.7	8.7	5.8	5.2
Tax rate, %	-25.8	-21.5	-21.2	-21.6	-22.2	-21.4	-21.5	-21.5
Earnings per share, basic, SEK ²⁾	0.84	1.40	0.88	1.13	0.94	1.40	0.91	0.80
Earnings per share, diluted, SEK ²⁾	0.84	1.39	0.88	1.13	0.94	1.39	0.91	0.80
Average number of shares, basic ²⁾ , thousands	159,816	159,719	159,801	159,800	159,824	160,000	160,000	160,000
Average number of shares, diluted ²⁾ , thousands	160,477	160,629	160,763	160,466	160,279	160,842	161,323	160,934
Net sales per contract model								
Net sales, own operations	1,987	1,729	1,733	1,648	1,656	1,603	1,557	1,511
Net sales, outsourcing	834	832	824	825	787	777	775	769
Net sales, staffing	190	180	187	188	204	188	193	192
Net sales by country								
Net sales Sweden	1,437	1,432	1,419	1,376	1,388	1,392	1,369	1,332
Net sales Finland	1,432	1,167	1,183	1,145	1,114	1,038	1,024	1,009
Net sales Norway	105	85	84	85	86	82	78	77
Net sales Denmark	37	57	58	55	59	56	54	54
Own operations								
Units in operation	573	459	425	409	391	382	362	358
Beds in operation	13,262	10,378	9,550	9,249	9,280	9,012	8,932	8,807
Beds under construction	2,903	2,757	2,378	2,159	1,935	1,716	1,469	737
Home care customers	12,370	13,370	11,880	11,600	11,330	11,160	11,650	11,150
Outsourcing								
Units in operation	129	133	128	126	122	128	129	127
Beds in operation	3,678	3,777	3,739	3,744	3,656	3,706	3,717	3,703
Home care customers	1,390	1,330	1,150	1,140	1,060	1,050	1,070	1,070
Growth								
Organic growth ¹⁾	0.8	3.0	2.2	2.9	-1.5	1.8	3.7	3.1
Acquired growth	12.9	3.6	4.3	3.5	2.4	2.4	1.0	0.9
Changes in currencies	0.1	0.1	2.2	1.2	2.3	0.4	-0.4	-0.6

¹⁾ Alternative Performance Measure, refer to page 79 for definitions

²⁾ See page 53 for the calculation of average number of shares in the calculation of Earnings per share.

Definitions of key figures and alternative performance measures

Financial ratios

Acquired growth

Increase in net sales related to companies or operations acquired the last 12 months.

Capital employed

Equity plus interest-bearing liabilities.

Earnings per share

Profit for the period in relation to the average number of shares outstanding.

Equity/asset ratio

Equity as a percentage of total assets.

Equity per share

Equity in relation to the average number of shares outstanding.

Liquid funds

Cash/cash equivalents, short term investments and derivatives with a positive fair value.

Net debt (alternative performance measure)

Net debt is a way to describe the Group's indebtedness and its ability to repay its debt with cash if all debts were cancelled today. Net debt is defined as interest bearing liabilities and provisions for post-employment benefits less liquid funds. See page 37 for a reconciliation of net debt.

Net debt to equity ratio

Net debt as a percentage of total equity.

Net investments

Net of investments and disposals of intangible and tangible assets excluding acquisition related assets. Investments and disposals of assets held for sale are not included in Net investments

Number of shares

In order to facilitate comparisons, all key measures in the comparable periods have been calculated based on the number of shares after the listing.

Operating cash flow (alternative performance measure)

Operating cash flow is a measure of the cash generated by the Group in its ongoing operations. The measurement is defined as cash flow from operating activities with adjustment from investments and divestments of intangible and tangible assets and paid and received interest. See note C31 for a reconciliation of the measure.

Operating margin (EBIT)

Operating profit (EBIT) as a percentage of net sales.

Operating margin (EBITA)

Operating profit (EBITA) as a percentage of net sales

Operating profit (EBIT) (alternative performance measure)

Attendo uses operating profit (EBIT) as an internal key figure as it shows the development of the ongoing operations regardless of funding. It is defined as profit before net financial items and income tax. See the consolidated income statement for a reconciliation of EBIT.

Operating profit (EBITA) (alternative performance measure)

Operating income (EBITA) is used as a key figure since it shows the development of the ongoing operations without influence from depreciation and amortization of intangible assets from acquisitions and regardless of funding. Operating profit (EBITA) is defined as profit before amortisation of acquisition-related intangible assets, net financial items and income tax. See the consolidated income statement for a reconciliation of EBITA.

Organic growth (alternative performance measure)

To show the underlying development of sales cleared for acquisitions and currency effects organic growth has been reported. The measurement is defined as increase of net sales excluding acquisitions and currency effects. See note C31 for a reconciliation of Organic growth.

Profit for the period

Profit/loss for the period attributable to parent company shareholders.

Profit margin

Profit for the period as a percentage of net sales.

Return on capital employed (alternative performance measure)

Attendo has chosen to report the return on capital employed as it shows profitability after taking into account the amount of capital used. Operating profit (EBIT) is defined as Operating profit (EBIT) rolling 12 months as a percentage of average capital employed. See note C31 for a reconciliation of the ratio.

Working capital (alternative performance measure)

Working capital is an important key to optimizing cash generation. It is defined as current assets less liquid funds and interest-bearing assets, less short-term liabilities and non-interest-bearing provisions. Assets and liabilities held for sale are excluded from the working capital. See note C31 for a reconciliation of Working Capital.

Terminology relating to operations

Existing unit

Unit in operation >12 months.

New unit

Unit in operation <12 months.

Sustainability definitions

Code of Conduct

Formal guidelines for how a company's values must be implemented in practice.

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.

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.

Stakeholders

Groups of people who are involved in and/or have a financial interest in a business.

Stakeholder dialogue

Dialogue with stakeholders within and outside the company aimed at identifying the expectations of various groups concerning the business.

Annual General Meeting

Attendo's AGM will be held at 5.00 p.m. on Thursday, 12 April 2018 at Danderyds Gymnasium, Danderyd, Sweden.

Participation

Shareholders that wish to participate in the AGM should be entered in the share register maintained by Euroclear Sweden AB by Friday, 6 April 2018 and secondly notify the company by no later than Friday, 6 April 2018.

Notification

Notification to the AGM is possible via:

- Attendo's website: Attendo.com
- Telephone: +46 (0)771 24 64 00
- Mail: Computershare AB "Attendo AB's annual general meeting", Box 610, 182 16 Danderyd, Sweden.

In their notifications, shareholders must state their name, personal or corporate identity number, address, phone number, and any assistants. If participation is via proxy, this should be submitted in good time prior to the meeting. Proxy forms are available in Swedish and English on the group's website: attendo.com.

Nominee-registered shares

In order to participate at the meeting, in addition to notifying the company of their participation in the meeting, shareholders with nominee-registered holdings must temporarily register in the share register in their own names (known as voting right registration) in order for this registration process to be complete on 6 April 2018, shareholders should contact their bank or nominee in good time prior to this date.

Dividends

Attendo's dividend policy is to pay dividends of 30 percent of net profit.

The Board of Directors proposes a dividend of SEK 1.27 per share for the financial year 2017, which corresponds to a dividend of SEK 204m. The proposed dividend corresponds to approximately 30 percent of net profit. The record date for the dividends is proposed to be 16 April, 2018. The dividend is scheduled for payment on 19 April, 2018.

Financial calendar 2018

12 April 2018	Annual General Meeting
4 May 2018	Interim Report January–March
26 July 2018	Interim Report April–June
9 November 2018	Interim Report July–September

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Attendo 
Care your way