



Attendo



ANNUAL REPORT 2018

**We are investing
in tomorrow's
care**

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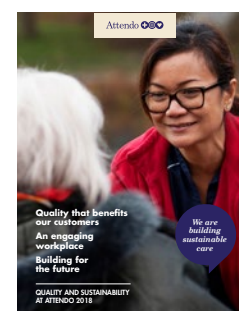
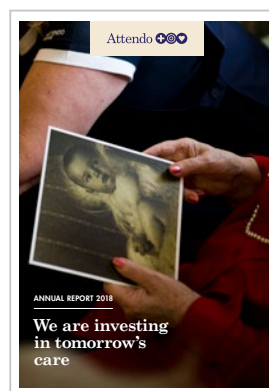
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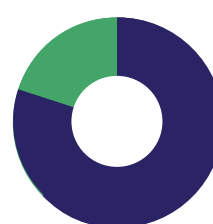
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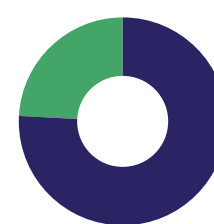
Attendo's reports for 2018 consist of this Annual Report and our Quality and Sustainability Report. Both reports are found at www.attendo.com.

Financial overview



Sales by contract model

- Own operations, 80%
- Outsourcing, 20%



Sales by service offering

- Care for older people, 76%
- Care, 24%

Key figures¹⁾

	2018	2017
Net sales	10,987	8,977
Operating profit (EBITA)	711	890
Operating margin (EBITA), %	6.5	9.9
Profit for the year	321	542
Operating cash flow ²⁾	709	763

¹⁾ Refers to continuing operations (excluding the divested healthcare operations in Finland).

²⁾ Refers to total operations.

Events in 2018

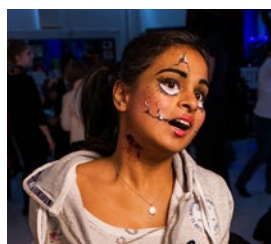


SAFE AT HOME – THE FOCUS OF ATTENDO HOME CARE

Efforts continued during 2018 with Attendo Safe and Secure, a multi-year project aimed at creating more secure lives for older people at home. The focus for 2018 was fire safety, and the goal was to improve fire safety for our home care customers. Attendo distributed 16,000 smoke detectors to its customers and local information initiatives were carried out in all locations where Attendo provides home care. The local Fire and Rescue Departments were also involved in several locations.

Attendo Unika nominated Employer of the Year

For the second year running, Attendo Unika was nominated Employer of the Year at Samhall's "Lead the Way" gala. Attendo Unika provides daily activities and homes for people with disabilities in the Stockholm area, with a special orientation towards culture and entertainment. In addition to the musical, Attendo Unika has its own TV show and arranges regular performances of various kinds.



RECORD NUMBER OF NEWLY OPENED APARTMENTS

Attendo has never before opened as many new nursing homes, and thus new apartments, in own operations. A total of 2,409 new beds were opened in 76 new homes during 2018, which are laying the foundation for future growth.

ATTENDO HAS SOLD THE HEALTH CARE OPERATIONS IN FINLAND

Attendo sold its Finnish health care operations in 2018 to Terveystalo, a private health care provider. The objective of the divestment is to focus on developing Attendo's care business in Finland and the other Nordic countries. Attendo will use the proceeds of EUR 233 million for future investments and acquisitions.

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Our absolute ambition is to be in the forefront of improving quality of care.

Martin Tivéus, CEO



Life Courses – a photographic exhibition with perspective on the various phases of life

The aim of the Life Courses photograph project, initiated by Attendo, is to find out whether the art of photography can create better understanding of the individual and thus contribute to dignified care for older people. The concept consists of old photographs paired with new photographs taken by internationally recognised photographers, along with a short story. The opening was held with great ceremony at the Swedish Parliament and the exhibition was later shown at Galleri Kontrast in Stockholm, at a photography festival in Norway and at several Attendo nursing homes.

First nurse from The Philippines has received her nursing licence

Attendo's initiative to recruit nurses from The Philippines has been successful. At present, 120 trainee nurses are working at Attendo's nursing homes in Sweden and in 2018, Muriel Dela Cruz was the first to receive her Swedish nursing licence.



The care leader in the Nordics

Attendo is the leading private 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, social psychiatry and also individual and family care.



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.

Quality in Focus

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 our employees.

1 DEVELOPMENT OF SOCIETY

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

2 QUALITY

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

3 EMPLOYEES

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

 **READ MORE** on the pages 16–23 or in our Quality and Sustainability Report.

Our services



CARE FOR OLDER PEOPLE

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



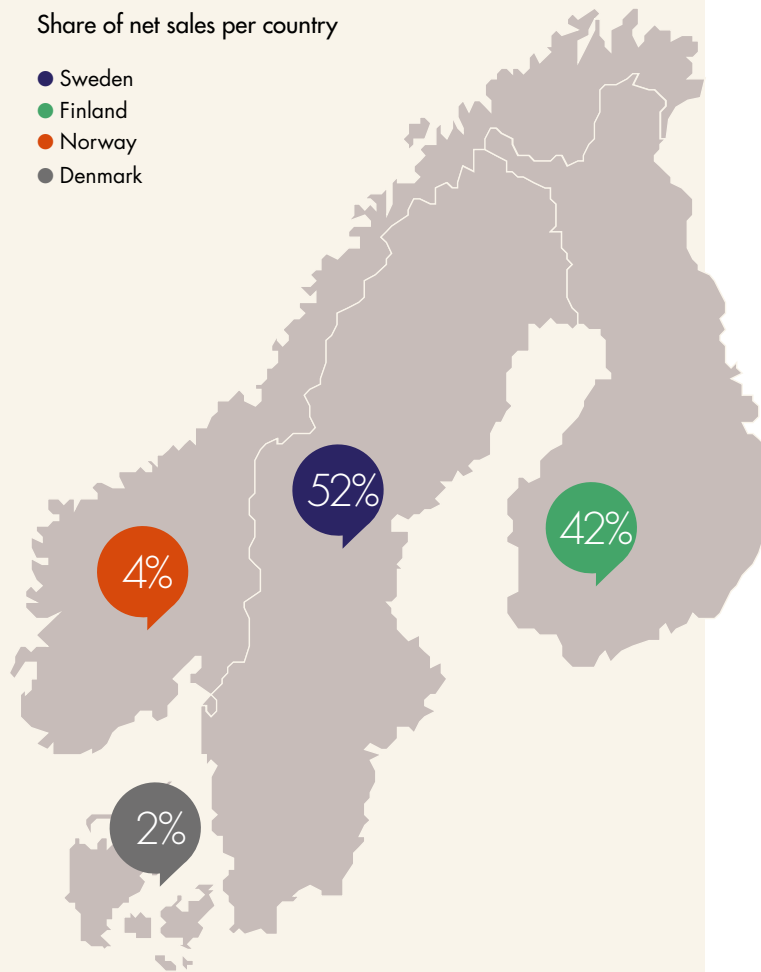
CARE

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

Our geographies

Share of net sales per country

- Sweden
- Finland
- Norway
- Denmark



~700
units

~24,000
employees

4 out of 5
female managers

84%
quality index 2018

Individualised care for an increasing number

Attendo is in an expansion phase – we are establishing more nursing homes than ever, giving customers access to modern, adapted nursing homes and supporting local authorities to reduce queues. Our vision, “empowering the individual”, guides us in our care work and means that all customers should be able to have care designed according to their preferences.

Continued investments to address future needs

We are facing a demographic trend that is basically very positive. More people are living longer and are becoming increasingly active far into older ages. There is going to be a steep rise in the percentage of the population aged 80+ in the near future, which means the need for care is going to increase. In Sweden, Finland and Denmark alone, we see ahead of us a need for about 100,000 new beds in care for older people over the next 15 years.

We have stepped up the pace of our expansion to meet coming needs. 2018 was a record year, one in which we opened 2,409 new nursing home beds and started construction on an additional 2,135. By the end of the year, Attendo had an impressive 15,684 beds in Own operations – an upturn of 20 percent compared to the year before. Sales increased by 22 percent, primarily due to newly opened homes and acquisitions. Profits and margins were, however, lower than during the preceding year as a consequence of the rapid expansion. When we establish new operations, we normally have a loss-making period before we build up occupancy. We are planning to maintain a high rate of establishment in the next few years because we see continued needs for additional care beds in both care for older people and care for people with disabilities.

Attendo's contribution to society

Attendo's contribution to society can be summarised in three areas – we are developing quality improvement in care; we are committed to creating an engaging workplace for people who want to make a difference and we are adding new nursing home beds.

In the area of quality improvement, we focused extensively on digital planning and follow-up of care services. We have been documenting home care services using mobile devices for a long time. We are now taking the step towards mobile documentation in nursing homes, which increases the certainty that all planned services will be delivered and eliminates the risk that informa-

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It is becoming apparent to a growing number of local authorities that private providers are needed to improve access and quality and to increase freedom of choice.

tion will be omitted in handovers between employees.

In the employee area, we expanded our initiatives to recruit nurses and to develop new online training courses for continuing education of employees in various roles. The project to recruit Philippine nurses to Sweden and Finland has been successful and we will be increasing the number of openings in the next few years. Within home care, we have further developed our dementia training programme and have established special dementia teams for customers with special needs.

As mentioned, 2018 was a record year for the number of openings. Over a ten-year period, Attendo has established more than 12,000 nursing home beds in the Nordic countries, which in Sweden and Finland corresponds to about one out of five new care homes. In doing this, we have supported many local authorities in their missions to make care available to everyone who needs it. We established a new type of apartments in 2018 for people who have extensive care needs but have not been assessed by the local authority as entitled to a bed in a nursing home. We are seeing that many older people are looking for apartments where they can feel more secure and gain greater social stimulation, but who do not qualify for nursing home care. With our new intermediate housing form, we hope to be able to give this category of customer's access to modern care homes while making it easier for the local authority to deliver on their care obligations.

Improved conditions on the political level

On the political level, the debate on care in Sweden is becoming more nuanced – with more focus on challenges and opportunities instead of discussing which type of provider that delivers the care. It is becoming apparent to a growing number of local authorities that private providers are needed to improve access and quality and to increase freedom of choice. There are still problems due to the fact that the same high standards imposed on private providers are not applied to public providers. Equal conditions and healthy competition are prerequisites for citizens to get access to freedom of choice.

Attendo's focus is providing better care to more people

We at Attendo want to contribute to increased access and improving methods of care delivery. Our strategy is based on three main objectives – we will offer personalised, high-quality care, establish new and modern care homes and, in so doing, increase access while offering local authorities more care for money spent.

Succeeding at this puts high demands on us as an organisation – we must ensure that we have a robust operational model in which we utilise expertise and learning from various parts of the organisation. At the same time, we must safeguard the decentralised model with operations that have a considerable degree of freedom and local managers with a mandate to make their own decisions. We have started several initiatives to reinforce our common model, including better IT support and clearer structures for how we work with marketing activities, planning and processes – to mention only a few areas.

Together, we have set up a number of customer promises and work accordingly.

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

When we attain these goals, I am convinced that we will also remain the provider with the capacity to establish the highest number of new care homes and, long-term, achieve the objective of being the most highly respected care provider.

In summary – Society is facing tremendous challenges that must be met in the care area, and I believe that Attendo has an important role to play. Our absolute ambition is to be in the forefront of improving quality of care, establishing new operations and to solve problems for local authorities across the Nordic region. I would like to take this opportunity to thank our employees for strong contributions during the year – your commitment is critical to succeeding in our ambition that our customers should live life to the full.

March 2019

Martin Tivéus,
President and CEO



Society is facing tremendous challenges that must be met in the care area, and I believe that Attendo has an important role to play here.

MARTIN TIVÉUS

Age: 48 years. Family: married, two children
CEO of Attendo since September 2018
Background: Chief Commercial Officer at Klarna, CEO of Avanza, Evidensia Djursjukvård and Globalnet. Martin Tivéus is Board member of Telia Company. He studied economics at Stockholm university and the Stockholm School of Economics.



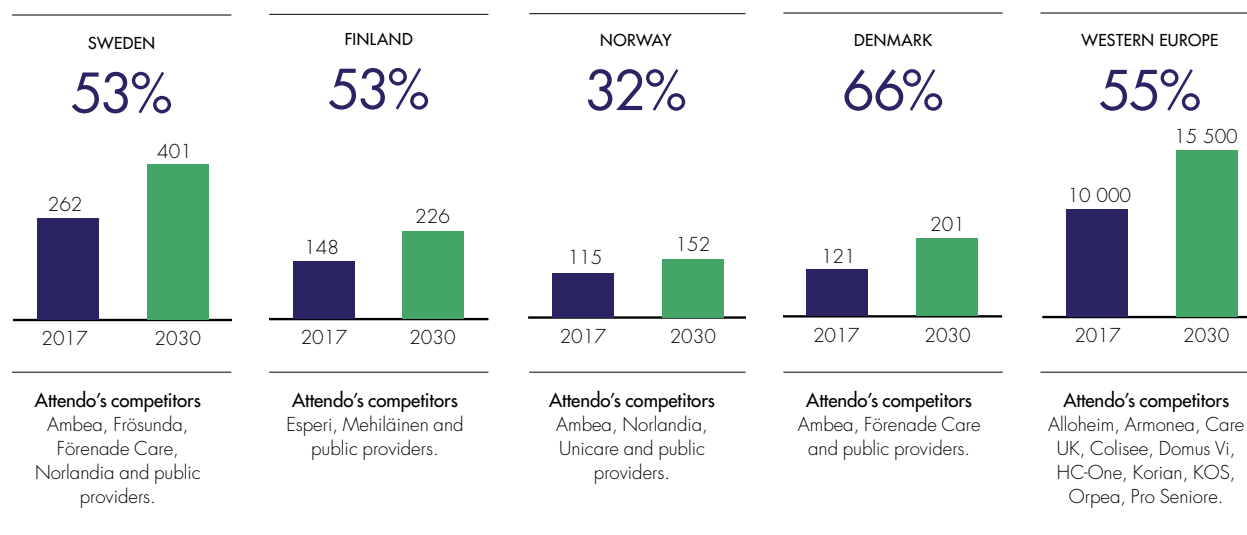
Drivers on Attendo's markets

Attendo operates in Sweden, Finland, Norway and Denmark. The same driving forces are seen in the Nordics and large part of the rest of Europe – an ageing population and a growing share of private providers.

An ageing population is increasing the need for care services

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

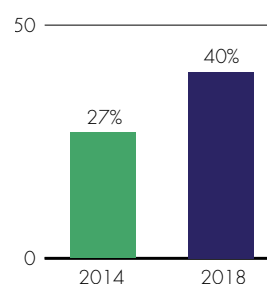
GROWTH OF POPULATION AGED 85+ 2017-2030, THOUSANDS



Capacity shortage in care for older people

There is already a shortage of nursing home beds. The public sector is going to have difficulties coping with this investment need independently and investments by private care providers will become very important. The Swedish National Board of Housing Building and Planning (Boverket) estimates that some 40 percent of local authorities in Sweden already have a shortage of nursing home beds.

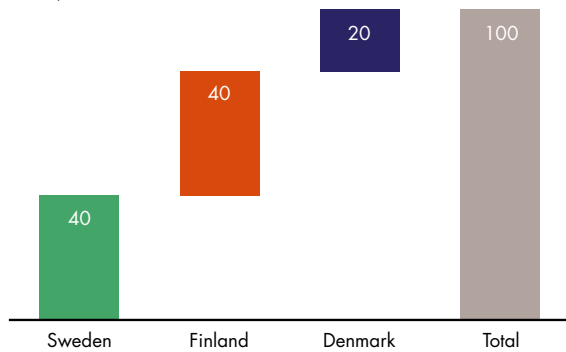
PERCENTAGE OF LOCAL AUTHORITIES REPORTING A SHORTAGE OF NURSING HOME BEDS, SWEDEN



100,000 new beds are needed

Attendo has estimated the need of new beds in the markets where Attendo is establishing nursing homes in own operations. The need for new beds is calculated on the basis of the number of older people, expected average care need and how many beds in existing capacity need to be replaced. The estimate takes into consideration that older people in the future will be more active and healthier later into life, which reduces the need for care and delays the needs. In total, Attendo estimates that about 100,000 new nursing home beds will be needed during the period of 2016 to 2030 in Sweden, Finland and Denmark combined.

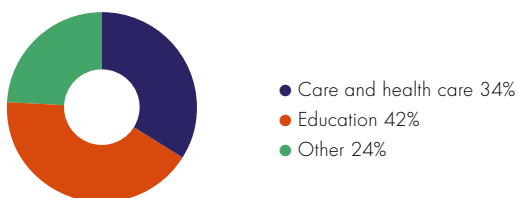
ANTICIPATED NEED FOR NURSING HOME BEDS
SWEDEN, FINLAND AND DENMARK



Shortage of public resources

Care and health care account for a large share of municipal budgets in the Nordic countries. Needs for care services are expected to increase in pace with the rising population of older people, which is putting additional pressure on municipal finances. Limited public finances requires care to be organised as efficiently as possible and studies show that private providers can deliver care more efficiently than public providers.

SWEDISH LOCAL AUTHORITIES' CARE AND HEALTH CARE
COSTS AS A PERCENTAGE OF THEIR TOTAL BUDGETS IN 2017



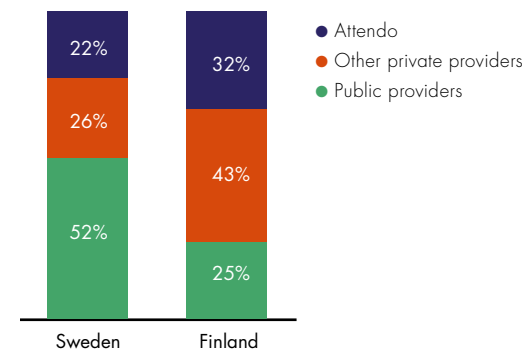
The care services system

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

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

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

SHARE OF BEDS UNDER CONSTRUCTION 2014–2018



Greater interest in freedom of choice and rising consumer demands

Private providers and freedom of choice have been a self-evident element of care for older people in several European countries for a long time. Older people in all Nordic countries have become more interested in being able to choose care services for themselves. As living standards improve, the behaviour of customers and their families is changing. Today, they are more active in their choices and more often evaluate several care options before deciding.

Higher quality standards and closer monitoring and supervision

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

Nursing homes – private providers' share of the total market

NORWAY

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

11%

16%

17%

SWEDEN

Sweden is Attendo's largest market. Private providers have gradually increased their share of new beds, but thus far only a minority of local authorities have welcomed freedom of choice and opened the market to private providers. There is a large need for new beds.

FINLAND

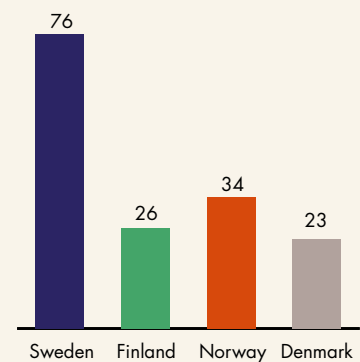
Finland is Attendo's second-largest market. There has been strong growth among private providers in the past five years and Finland has the highest share of private care provision in the Nordic countries by far. The majority of local authorities have opened the market to private providers in care for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

50%

DENMARK

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

NURSING HOMES – SIZE MARKET, SEK BN



Focus on quality and growth

For more than 30 years, Attendo has developed individualised and high-quality care. Over the past ten years, the main strategy has been to establish nursing homes in own operations. Since 2008, Attendo has begun the establishment of more than 12,000 care beds in approximately 300 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 organization and creates better conditions for everyone to work towards common goals.

A SHARED TOOLBOX AND CURIOSITY TO LEARN

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

Strategic goal

- Be the most attractive choice and the most respected care company in the Nordics.

Strategic focus

- Highest customer satisfaction in every operational location.
- Be the provider that gives local authorities the most care for money spent.
- Attendo will stand for high and stable quality of care and be the leader of quality development.

Financial targets¹

GROWTH AND PROFITABILITY

7%

Annual growth

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

Outcome 2018: 22%

9%

EBITA margin

Long-term, achieve an EBITA margin of approximately 9%.

Outcome 2018: 7.7%²

CAPITAL STRUCTURE

3.75x

Net debt/EBITDA

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

Outcome 2018: 2.7x

DIVIDEND POLICY

30%

of net profit

Dividends based on investment opportunities and financial position.

Outcome 2018: 30%

1) Refers to accounting in accordance with accounting standards IAS 17. Attendo will review the financial targets in 2019.

2) Adjusted for non-recurring items.

Sustainability goals

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.	2,462 2,409
Quality of care	Maintain and further improve Attendo's leading position in quality and customer satisfaction.	Outcome in the internal quality thermometer.	84%
Employees	A stimulating workplace for everyone who wants to make a difference.	Employee job satisfaction and satisfaction with their managers on aggregate level.	3.9 out of 5.0 3.9 out of 5.0

We address complex challenges in care

Attendo offers care services for older people, people with disabilities, social psychiatry and care for individuals and families. In partnership with our payors, we effectively address complex challenges in care. Attendo's operations are divided into two contract models: Own Operations and Outsourcing.



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

76%
share of net sales

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.

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.

24%
share of net sales



Contract models

OWN OPERATIONS

Own operations accounts for the largest share of Attendo's net sales at 80 percent. It is also the contract model that has delivered the highest growth in recent years. At year-end 2018, Attendo's own operations comprised of a total of 585 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.

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

80%
share of net sales

585
units total 2018

OUTSOURCING

Outsourcing operations generated 20 percent of net sales in 2018. At year-end 2018, Attendo provided outsourcing services in a total of 96 units in Sweden, Finland, Norway, and Denmark.

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.

20%
share of net sales

96
units total 2018

Clear strategy for increased sustainability

Attendo's sustainability strategy and practical sustainability work are focused on three main areas: social development, quality and employees. Through its operations, Attendo is also contributing actively to 6 of the 17 global UN Sustainable Development Goals.

Stakeholder dialogue and follow-up

Attendo's sustainability strategy is based on ongoing dialogue with the company's stakeholders: customers and their relatives, local authorities, employees, suppliers, investors, politicians and government agencies. The stakeholder dialogue results in greater understanding of their expectations and provides input for areas of potential improvement.

We track satisfaction among our customers and their relatives as well as decision-makers and contracting local authorities through regular surveys and ongoing discussions. We always seek to base our actions on the needs and wishes of the customer. Employee preferences

and opinions are discovered by means including employee surveys, workplace meetings and performance and development dialogues.

Significance assessment

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

Objectives

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

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

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

Key figures for sustainability

Attendo reports key figures for these objectives, as well as selected indicators in the other sustainability areas: environment and climate, diversity and anti-corruption and human rights.

Indicators for sustainability, see page 83–84.



Attendo's contributions to the global UN sustainable development goals

During 2018, Attendo surveyed its contributions to the global UN Sustainable Development Goals, i.e., the Agenda 2030 goals. The analysis was divided into three levels: goals to which Attendo is actively contributing, goals that Attendo has material impact on and goals that are not affected by Attendo's business. The survey shows that in its operations, Attendo is actively contributing to achieving six of the UN's seventeen goals. In addition, Attendo has some impact on another eight goals, while only three goals are assessed as unaffected by Attendo's business.

Attendo is contributing actively to six out of seventeen Sustainable Development Goals

Goal 3 – Good health and well-being

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

Goal 5 – Gender equality

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

Goal 8 – Decent work and economic growth

Attendo has a good and close relationship and cooperation with local unions and complies with applicable collective agreements that offer employees good working conditions and benefits.

Goal 10 – Reduced inequalities

Attendo actively spreads best working methods over its entire operational geographies, which increases health and care equality for people who need care.

Goal 11 – Sustainable cities and communities

Attendo builds care and nursing homes that contribute to urban development, make society inclusive, safe and sustainable and help local authorities offer publicly financed care of high quality to more people who need care.

Goal 16 – Peace, justice and strong institutions

Attendo contributes to providing greater freedom of choice and influence over their care to older people and people with disabilities, which promotes social empowerment.



Society:

We are contributing to sustainable care

The care sector is highly important to customers, relatives, employees and society as a whole, and is one of the largest spending items in the Nordic countries. Society demands that every individual must be offered the best possible care, with safety, independence and quality of life. Attendo is making a goal-oriented contribution to that effort.

We are investing to address the capacity shortage

There is a growing shortage of beds in care for older people in the Nordic countries. According to the National Board of Housing, Building and Planning (Boverkets), 116 out of 290 local authorities in Sweden had a shortage of nursing homes in 2018 and more than 6 out of 10 local authorities lack beds in homes for people with disabilities.

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

In our assessment, we are going to need to build about 100,000 new nursing home beds in Sweden, Finland and Denmark by 2030. The forecast is based both on added capacity and the need to replace existing homes that no longer meet the current high standards.

Private providers accounted for about half of all new production of nursing homes in Sweden and Finland in recent years. Attendo alone has provided more than one out of five new nursing home beds since 2008. Attendo also makes a substantial contribution when it comes to homes for people with disabilities. A new record for the total number of new openings was set in 2018, while we continued to initiate new projects that add capacity. The company intends to maintain a high rate of investment in new homes over the next few years.

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

Care for older people is a natural element of a vibrant city district. Attendo aims to build new nursing homes adjacent to new urban developments; for example, Attendo opened a home in the new Bredsand neighbourhood outside Enköping in 2018.

As 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.

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 young people with various needs.

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

We offer meaningful activities for people with mental health variations and work actively to match individuals enrolled in daily activities programmes with work opportunities. A new group home that also offers a B&B was opened in 2018 at Kaptensgården in Åsljunga. In Finland, we are helping secure access to local care and health care in small and remote communities. Many local authorities choose to work with Attendo because

OBJECTIVE AND OUTCOME

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

2,462

number of new beds under construction

2,409

number of new beds opened



100,000

It will have to be built about 100,000 new nursing home beds in Sweden, Finland and Denmark by 2030.

24,000

With around 24,000 employees, Attendo is one of the largest employers in the Nordic region.

this partnership helps improve quality of care while making municipal costs clear and transparent, which leads to more efficient use of tax funds.

Tax

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

In 2018, Attendo paid SEK 226 million in corporate tax, including SEK 94 million in Sweden and SEK 126 million in Finland. Taxation is based on the profits reported by each operation in all countries. Attendo always pays taxes on profits in the country where they were generated.

We are a large employer

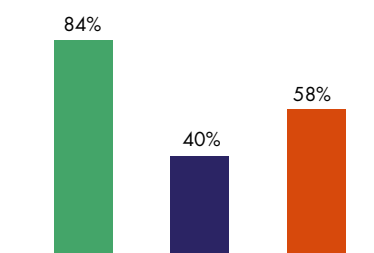
Attendo creates alternatives in care and health care and gives customers the opportunity to choose. With around 24,000 employees, Attendo is one of the largest employers in the Nordic region. This facilitates greater opportunities for career development and more alternatives for employees in care and 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.

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

Percentage of Swedish municipalities with a shortage of care homes

■ Homes, general ■ Nursing homes ■ Group homes



Source: Housing Market Survey 2018 from Swedish National Board of Housing, Building and Planning



Quality:

Good results of systematic quality improvement

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

Innovations that set the standard

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. Much of that currently considered industry praxis in the Nordic care sector, such as social documentation, contact persons and personal time, are the results of Attendo's development work.

Historically, the effort has been oriented mainly towards the measured "technical quality", but we are now increasingly focused on further improving "perceived quality":

how satisfied our customers and their relatives are with the service Attendo delivers. Attendo has also worked deliberately to digitalise the work, aimed in part at ensuring that customers always receive the care they have been granted by their local authority.

Laws and regulations govern care and health care providers with regard to things such as care and health care services, employee health and safety, information security, infection control, food production and fire prevention. As the contracting authority, the local authority is also responsible for ensuring that care is of good quality and for carrying out recurring quality audits of the operations of private providers.

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.

OBJECTIVE AND OUTCOME

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

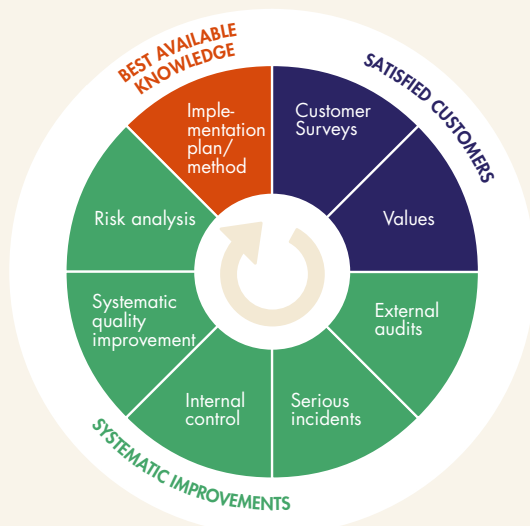
84 out of 100 quality index 2018

Industry-leading quality work

Attendo's own quality index, the "Quality Thermometer" below, consists of nine components within the three pillars that can be adapted to local operations. The results at the unit, regional and group level give us a comprehensive view of how well quality improvement is working and what needs to be done to further enhance quality. Central quality functions regularly carry out comprehensive internal inspections and audits and provide training and support to local quality coordinators.

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

QUALITY SYSTEM (AQ18)



Attendo's quality system is based on three pillars:

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

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

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

QUALITY MODEL



Attendo's model for systematic quality improvement

Planning

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

Implementation

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

Monitoring

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

Development

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

Employees:

Value-driven work with satisfied employees

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

An effort based on clear values

Attendo's operations are based on a strong foundation of shared values. Our values – competence, commitment and care – guides us in our day-to-day efforts in order to fulfil the vision: Empowering the individual. Our customers should always feel safe, secure and independent. We put the individual's needs first and treat everyone with respect and warmth.

With focus on local needs, our operations discuss values based on events, either as part of ongoing operations or in connection with workplace meetings. Attendo's central functions provide extensive materials for leading and drawing conclusions about values efforts.

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

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

Satisfied employees

Attendo has around 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 happy 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 inter-

views, monthly workplace meetings and day-to-day dialogue. We augment this by "taking the temperature" of our employees once 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 have been good and stable over time. The average employee satisfaction score in 2018 was 3.9 out of 5.0. Employee satisfaction with their immediate managers was also 3.9 out of 5.0.

Competent employees

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

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. We train managers and employees to assess risks and act in a manner that ensures safe and secure workplaces and prevents the risk of threats and violence. We follow up on sickness leave to help our employees return to work as quickly as appropriate.

The implementation of Mobile Care continued in 2018. Mobile Care is a digital app that enhances the quality of care through more secure handovers while reducing stress for our employees.

OBJECTIVE AND OUTCOME

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

3.9 out of 5.0 3.9 out of 5.0

Employee job satisfaction

Satisfaction with the nearest manager

Diversity and gender equality:

A company that reflects society

The care sector is characterised by people of many different nationalities and backgrounds. The diversity among our employees reflects the needs of our customers, and we are contributing actively to increasing the proportion of women managers in the business sector.

Diversity is a key aspect of Attendo

For Attendo, the concept of diversity also means that all customers must be provided care by employees who understand their needs. Dementia care in particular imposes special demands that employees understand and can relate to the customers' linguistic and cultural background because for many people, losing languages learnt later in life is part of the condition. Cultural awareness and language skills from other countries are often an advantage in Attendo's operations.

All of Attendo's home care operations in Sweden provide care in at least one other language in addition to Swedish. Finnish is the most common and is offered at 20 out of 39 units. Employees of Attendo care homes also speak a wide variety of languages. There are Finnish-speaking employees at 6 out of 10 care homes, according to the unit survey conducted by the Swedish National Board of Health and Welfare. All care homes also have employees who speak one or more additional foreign languages.

Respect for employees and among employees

Attendo welcomes employees from various cultural and ethnic backgrounds. 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.

Attendo wants proud employees who uphold the principle of the equal dignity of all human beings. We actively work to prevent all forms of discrimination - among employees, among customers, and between customers and employees. Managers discuss and regularly inform employees about Attendo's efforts to counteract discrimination. Employees are encouraged to report suspected discrimination to their immediate managers.

Career development and gender equality

A significant proportion of Attendo's employees are women, which is reflected at all levels of the business. More than 8 out of 10 managers at Attendo are women, which is much higher than the average in the business sector. Many of the women who have advanced to promi-



nent positions have worked for Attendo for a long time. Attendo works actively to reward talented managers through advancement from local manager to regional or departmental manager at a higher level.

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

A gender-equal Board of Directors

Attendo's owners strive to have a Board of Directors representing a breadth of skills, professional backgrounds and perspectives. Directors are chosen based on their expertise and skill, but also to fully reflect Attendo's operations. During 2018, the Board of Directors consisted of four men and three women.

Anti-corruption and human rights:

Everyone has the right to get individualised care

People who need social care are often in a position where it is difficult for them to assert their rights. Attendo works systematically to safeguard all customers' right to care based on their needs and preferences. We work actively to prevent discrimination and dubious business relationships.

An inclusive approach that safeguards human rights

People who seek care from Attendo reflect the diversity of society. It is important that all human beings are respected, regardless of cultural background, gender, sexual orientation or religious beliefs. Attendo works actively to run an inclusive business that makes it possible for people in need of care to express their wishes and have their needs met.

Pict-O-Stat is used in care for people with disabilities to create empowerment. This digital tool makes it possible to communicate using pictures, and it is used both in daily activities programmes and when customer surveys are performed.

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

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

We aim to exceed legal and contractual requirements

Attendo is a significant supplier to the public sector. Failure to meet contractual or legal requirements not

only entails a risk that good care will be jeopardised, it is also a business risk for Attendo and a risk that our reputation and external brand will be damaged.

Attendo has a carefully drafted Code of Conduct that governs how the company and individual employees are expected to act towards contracting local authorities, customers and their families, and each other. All suppliers must meet the requirements laid out in the Code of Conduct as an aspect of the central purchasing procedure. Violations of the Code can lead to a warning and/or termination for both employees and suppliers. In 2018, no such violations were reported.

Relationships with union representatives

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



Photo: Tuva F. Stensrud

Environment and climate:

Resource-efficient and sustainable care

Demands that business should lead the transition to a sustainable society are increasing with every year that passes. Attendo is working actively to improve efficiency, conserve resources and make choices that reduce the climate impact of our operations.

Smart and efficient choices for the environment

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

Environmental policy and environmental management system for continuous improvement

Attendo bases its work on an environmental policy that guides us towards making green choices in the areas of purchasing, transport, energy and water consumption and waste management (including environmentally hazardous waste). The results include a travel policy that makes rail the preferred mode for trips of up to 500 km. Attendo has also switched to holding more virtual meetings, using programs like Microsoft Lync.

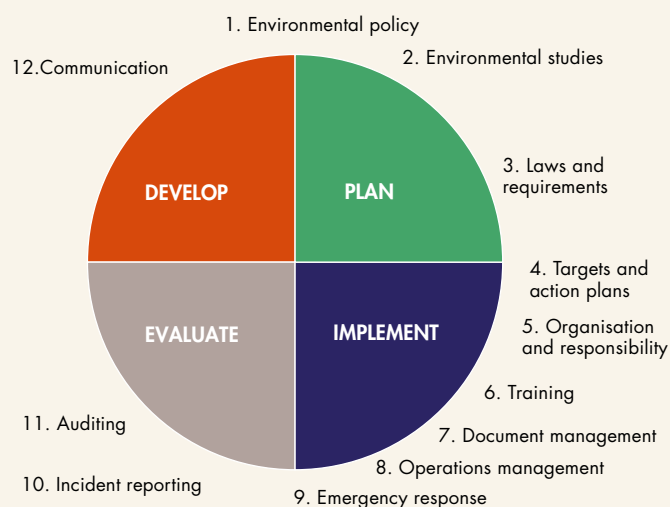
The company has an environmental management system according to the ISO 14001 standard to structure environmental efforts. The management system governs the initiatives we take, how they are carried out, the scope of application and their results.

Improvements and new solutions are planned based on the conclusions. Of these, we select and implement measures and subsequently analyse the results. Thereafter, we go back to the drawing board for more planning – and that is how Attendo's environmental work is developed and improved from year to year.

Purchasing that benefits the environment

Attendo coordinates all purchasing to achieve the greatest possible coordination advantages while ensuring environmental benefit. Suppliers that qualify to be included in Attendo's central purchasing system must meet the requirements specified in Attendo's environmental policy.

ATTENDO'S ENVIRONMENTAL MANAGEMENT SYSTEM



Attendo also makes specific green choices in connection with purchasing. For example, a new agreement on purchased electricity for Attendo Scandinavia was entered into in 2018, according to which all electricity that Attendo uses comes from renewable sources (mainly through hydropower). In addition, consumption in buildings where Attendo operates is under constant review, where the objectives include reducing consumption of electricity, heat and water and ensuring efficient waste management.

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.
Reputational risk	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.	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.

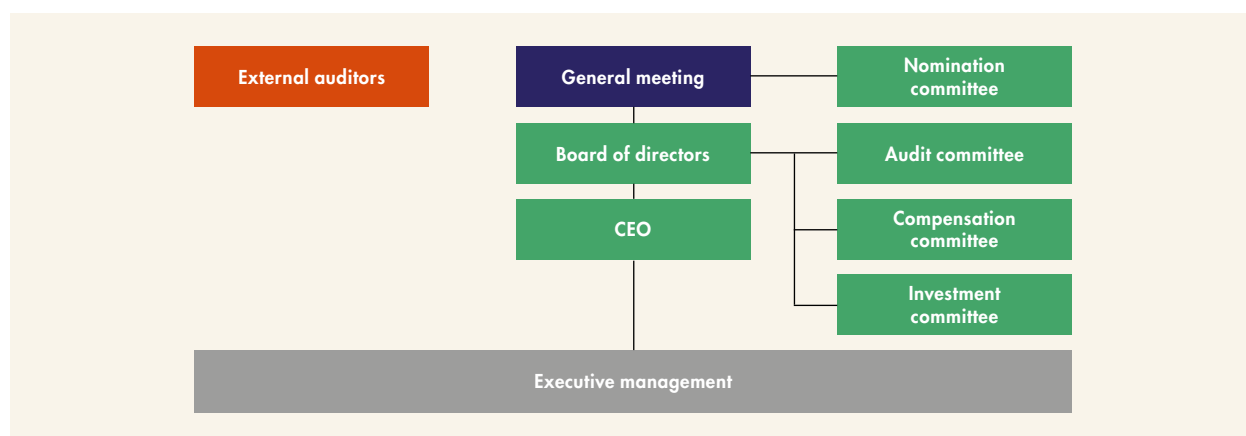
Risk	Description of risk	Risk Management
EXTERNAL RISK		
Political risk	<p>The majority of care and health care services in Attendo's markets are publicly funded and provided by local authorities. In accordance with national legislation, local authorities allow private providers to deliver care and health 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>The bill that was presented to the Swedish Parliament in June 2018 regarding profit limitations for private companies in the welfare sector was voted down. There is therefore no proposals for restrictions on profits for private providers of care in Sweden.</p> <p>The Finnish market is preparing to implement 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. There is still uncertainty about the implementation and design of the reform.</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.</p> <p>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>
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 around 24,000 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 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>

Risk	Description of risk	Risk Management
OPERATIONAL RISK		
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>
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 2018. Given Attendo's current financing structure, if interest rates had been higher by one percentage point in 2018, with all other variables constant, profit after tax would have decreased by approximately SEK 54m.</p>

Risk	Description of risk	Risk Management
FINANCIAL RISK		
Credit risk	Credit risk is the risk that outstanding trade receivables and non-invoiced services delivered to Attendo's payors will not be paid	Attendo's payors are mainly local authorities, which are assessed to have very high credit ratings. The risk of bad debt losses within the group is therefore assessed as limited.
Counterparty risk	Counterparty risk is defined as risk exposure in the form of investments of surplus liquidity and derivative contracts with banks and financial institutions.	Attendo has implemented a finance policy that specifies the securities in which the company is permitted to invest any surplus liquidity. For example, cash and cash equivalents are invested exclusively in government bonds or with banks with a high official credit rating. Derivative contracts are made only with banks with a minimum credit rating of A1/P1 and with which Attendo has a long-term relationship, which is deemed to mitigate the risk
Liquidity and financing risk	Liquidity risk is defined as the risk that Attendo will be unable to meet its payment obligations. Attendo manages liquidity risk by maintaining a liquidity reserve (cash, bank balances, and the unutilised portion of existing credit lines). Financing risk is defined as the risk that financing of outstanding loans becomes impossible or more costly.	Attendo's central treasury department seeks to maintain agreements on available lines of credit and conducts ongoing aggregate cash flow forecasts and rolling forecasts to ensure adequate liquidity for operations. As of year-end 2018, 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..
SUSTAINABILITY RISK		
Social conditions and human rights	Risks include lost contracts, legal sanctions and/or that the Attendo brand is scrutinised or damaged if Attendo fails to provide social care without discrimination based on factors including religion, gender and sexual orientation and to provide social care that ensures human dignity and meets people's needs, regardless of the situation.	Attendo complies with applicable collective agreements and pursues active values initiatives through local managers and/or local values coaches in all workplaces, with regular discussions of values among managers and employees. The Attendo Code of Conduct imposes clear demands on employees, partners and suppliers in relation to social conditions and respect for human rights.
Employees	Access to competent employees is critical to Attendo's business. The competence, commitment and care of Attendo employees are critical to ensuring that our customers, patients and their families are satisfied with our efforts. If Attendo's employees are unhappy or are no longer committed, there is risk they will resign or go out on sick leave. If the employer brand is damaged, there is also risk that it will be more difficult for Attendo to attract new employees.	Attendo regularly measures employee job satisfaction, monitors local sickness absence rates and employee turnover and, as needed, assists local managers with action plans. Employees are offered opportunities to build their skills by means including web-based training. Further training to obtain managerial or specialist skills is encouraged. Central functions support local recruitment, with specialists teams oriented towards occupations where there are shortages of qualified prospective employees, such as nurses. Work environment management is pursued systematically to ensure a safe and secure work environment. Analyses and actions are regularly discussed at workplace meetings. In addition to regional monitoring, random checks are carried out in which the work environment is audited and managers and employees are interviewed. Action plans are prepared as necessary.
Anti-corruption	There are risks associated with tenders as well as procurement of suppliers, in connection with new construction, for example. Potential effects include legal ramifications and negative impact on the brand.	The Attendo Code of Conduct contains clear guidelines for how employees, partners and suppliers are permitted to act in procurement situations and in relation to ongoing contracts. Attendo does not accept gifts to/from customers, customers or suppliers. Departures from the Code may lead to warnings and/or contract termination.
Environment	Environmental risks are primarily related to the buildings in which Attendo operates and the company's vehicle fleet. According to the Swedish Environmental Regulation, operators are responsible for any pollution or other environmental damage and for remediation. There are also risks related to climate change, such as higher risk of floods, collapses, landslides, erosion and heat waves.	Attendo is working to establish higher concern for the environment in all operations. Efforts are ongoing in accordance with the company's environmental policy, which dictates how operations must be run with care and concern for the environment and how employees, partners and suppliers are expected to act. All leaders are responsible for ensuring that operations comply with the environmental laws that apply and take environmental aspects into consideration with regard to products and services, transport, energy and water use and waste management. Attendo's environmental management system gives all employees access to expertise, procedures and processes to support them in their day-to-day work.

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.

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 161,386,592 registered shares as of 31 December, 2018. At the time of listing 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 2018 AGM 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 well as repurchase of shares, either to assign to the participants in the Attendo+ share programme or to adapt the company's capital structure or to finance company acquisitions. As of 31 December, 2018, this mandate has not been utilised. In total, Attendo owns 519,400 own shares as per 31 December 2018. During the year, the second exercise period in Attendo's warrants programme was completed and a total of 453,494 warrants were exercised to subscribe of the same number of Attendo shares.

The largest owners are Nordstjernan AB with 16 percent, Pertti Karjalainen (Managing Director Attendo Finland) 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

Instructions for Attendo's Nomination Committee were adopted by the 2017 AGM and describe the composition of the Nomination Committee and how its work must proceed. According to these instructions, the Nomination Committee must consist of four members who are elected directly by the AGM. At the 2018 AGM the following members were elected (nominating 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 2 times in preparation for the 2019 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 2019 AGM. The

Nomination Committee's proposal to the 2019 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 2018

The AGM 2018 was held on 12 April, 2018, at Danderyds Gymnasium in Danderyd, Sweden. Proposals for resolutions and the minutes of the AGM are available on Attendo's website: www.attendo.com.

AGM 2019

The AGM 2019 will be held on 11 April, 2019, at Restaurant Bra Mat in Danderyd, Sweden. Please refer to page 88 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 sys-

tems 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 AGM 2018, the Board has consisted of six Board members elected by the AGM.

At the AGM, the Nomination committee proposed Alf Göransson as a Board member, who will contribute with valuable experience and expertise. The proposal was elected by the AGM. Both Henrik Borelius and Mona Boström chose not to stand for re-election. 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 32–33.

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 2018

The board held 12 meetings during 2018, 7 ordinary meetings, including the meeting following election, and 5 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 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,

Board composition and meeting attendance in 2018

Board	Title	Independent of shareholders/company	Attendance			
			Board	Audit Committee	Compensation Committee	Investment Committee
Ulf Lundahl	Chairman and committee member	Yes/Yes	12/12		5/5	11/12
Mona Boström ¹⁾	Board member	Yes/Yes	3/3			
Catarina Fagerholm	Board and committee member	Yes/Yes	12/12	6/6		
Alf Göransson ²⁾	Board member	Yes/Yes	7/9			
Tobias Lönnevall	Board and committee member	No/Yes	12/12	6/6	5/5	12/12
Anssi Soila	Board and committee member	No/Yes	12/12			11/12
Anitra Steen	Board member	Yes/Yes	12/12			
Henrik Borelius ³⁾	CEO and Board member	Yes/No	3/3			
Arja Pohjamäki	Employee representative	–	7/12			
Marco Donoso	Employee representative, deputy	–	4/12			

¹⁾ Resigned as Board member at the AGM on 12 April, 2018

²⁾ Elected as Board member at the AGM on 12 April, 2018

³⁾ Resigned as CEO 1 March, 2018 and resigned as Board member at the AGM on 12 April, 2018.

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, payer and employee satisfaction. During 2018, the Board appointed a new CEO. 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 January.

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 2018.

Audit committee

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

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 6 meetings during 2018.

Compensation committee

The Compensation Committee consists of two members that are independent of the company and its management: Chairman, Tobias Lönnevall and Ulf Lundahl. 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 5 meetings during 2018.

Investment committee

The Investment Committee has three members: Chairman, Tobias Lönnevall, Ulf Lundahl and Anssi Soila. The CEO and CFO also attend meetings of the Investment Committee. The Investment Committee prepares and decides on matters relating to investments and acquisitions. The Investment Committee held 12 meetings during 2018.

Auditor

The 2018 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 regionbank Stockholm, and Ramirent Oy, and Board Member of Eltel AB, Holmen AB, Indutrade AB and Nordstjernan Kredit 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.



Catarina Fagerholm

Board Member, Chairman of the Audit Committee

Born 1963. MSc from Hanken School of Economics Helsinki.

Elected: 2016

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

Previous positions: CEO of Instru Optiikka Oy, CEO of BSH Kodinkoneet Oy and Management Team Member of BSH Hausgeräte Northern Europe 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.



Alf Göransson

Board member

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

Elected: 2018

Positions and Board Directorships: Chairman of the Board in Loomis AB and board member of Hexpol AB, Sweco AB, Axfast AB, Melker Schörling AB, Axel Johnson Inc, USA and Sandberg Development Group.

Previous positions: CEO and president of Securitas AB, CEO and president of NCC AB, CEO and president of Svedala Industri AB, Business Area Manager in Cardo Rail and CEO of Swedish Rail Systems AB.

Attendo holdings: 0 shares.



Tobias Lönnevall

Board Member, Chairman of the Compensation Committee and the Investment 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

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

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

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

Previous positions: Board Member of PostNord AB, 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.

Auditors

PricewaterhouseCoopers AB

Patrik Adolfson

Auditor in Charge

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

Auditor in charge for Attendo AB since 2015.

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

Attendo holdings: –

Executive Management



Martin Tivés

CEO and President

Born, 1970. BSc, Stockholm University

Employed: 2018

Positions and Board Directorships: Board Member of Telia Company.

Member of Executive Team: 2018

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

Attendo holdings: 535,947 call options.



Pertti Karjalainen

Managing director, Attendo Finland

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: 22,836,395 shares, 157,380 warrants.



Ammy Wehlin

Managing director, Attendo Scandinavia

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: 1,532,529 shares, 157,380 warrants.



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: 15,895 shares.



Fredrik Lagercrantz

Chief Financial Officer

Born 1977. MSc from Stockholm School of Economics

Employed: 2018

Member of Executive Team: 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: 117,647 call options.



Johan Spångö

Business Development Director

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

Employed: 2014

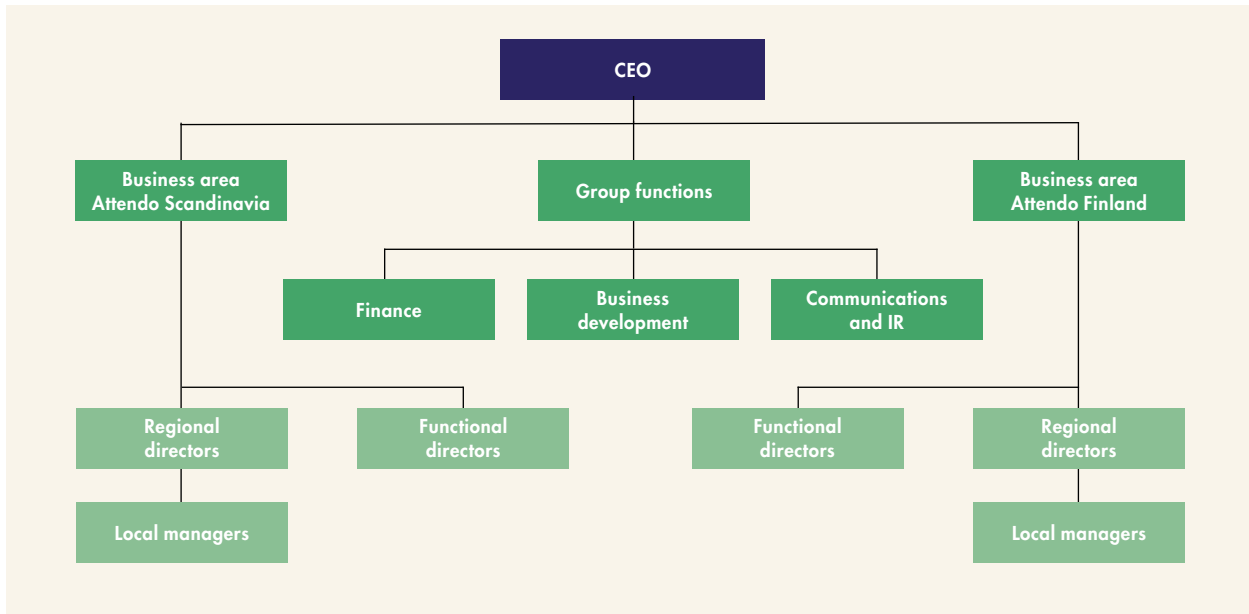
Member of Executive Management: 2016

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

Attendo holdings: 10,914 shares, 91,503 call options.

Cecilia Addamshill was a member of executive management during the year.

CEO and Executive Management



Attendo's organisation is founded on a common vision and strong values, but with decentralised responsibility for retaining an entrepreneurial spirit and local anchoring. The CEO has general responsibility for day-to-day management of the company's affairs in accordance with board directives. Since 2018 operations are divided into two Business Areas, each of which is managed by a Managing director. The division of responsibility is based on geographical regions. All Managing 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 Managing directors are responsible for monitoring operations and financial performance in their Business Areas. These are reported monthly to the CEO and the group functions (see also "Internal control over financial Reporting" on page 37). The nature of services, payors, processes, and procedures for delivering services is similar across the group. Operations are divided into Business Areas primarily to create local ownership of Attendo businesses. During 2018, with aim for greater clarity and

improved coordination, all operations in Scandinavia have been concentrated in the new business area Attendo Scandinavia. The prior business area director for Attendo Scandinavia Care for Older People, Ammy Wehlin, is now Managing director for the new business area, supported by Cecilia Addamshill as deputy Managing director. In conjunction with Attendo's divestment of the Finnish health care operations, there is also only one business area in Finland, Attendo Finland, with Pertti Karjalainen as Managing director.

At present, Attendo operates more than 700 units in the Nordics. The units are backed up by a number of support functions including Marketing, Real-Estate Development, and HR.

Group functions

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

Internal control over financial reporting

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

Areas of responsibility

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

Control environment

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

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

Control activities

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

Information and communications

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

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

Monitoring

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

Danderyd, 11 March 2019
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 2018 on pages 28–37 and that it has been prepared in accordance with the Annual Accounts Act.

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

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

Stockholm, March 11 2019
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 of Attendo AB (publ), corporate ID no. 559026-7885, with its registered office in Danderyd, Sweden, hereby present the annual accounts and consolidated accounts for the financial year 2018.

Operations

Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland, Norway and Denmark. Attendo is the largest private provider of care for older people in Sweden and Finland. Attendo is a locally based company and has more than 700 units in operation and about 24,000 employees. With the vision of empowering the individual Attendo provides services within care for older people, care for people with disabilities and care for individuals and families.

The health care operations in Finland were sold during the year. The outcome of the transaction is reported under "Sold operations." All figures and comments thus refer to continuing operations unless otherwise specified.

Attendo provides care and health care under two 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, social psychiatry and care for individuals and families.

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

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

Financial overview

Net sales and operating profit

Net sales increased by 22.4 percent to SEK 10,987m (8,977). Adjusted for currency effects, the increase was 19.0 percent. The growth is attributable mainly to acquisitions, but also to new homes in Own operations, higher occupancy in own homes that were in a start-up phase during the comparison period and contractually agreed price increases.

Operating profit (EBITA) decreased to SEK 711m (890) and the operating margin decreased to 6.5 percent (9.9). Profits for the full year were reduced by non-recurring costs of SEK 133m. The costs refer to provisions for onerous contracts (SEK 60m), depreciation of land and buildings and costs of discontinuing operations amounting to SEK 73m.

EBITA excluding provisions and non-recurring costs amounted to SEK 844m, corresponding to an operating margin of 7.7 percent. Attendo is in an expansion phase

with considerably more beds opened than historically, which entails initial reductions in profits but enables future profit growth. Due to the historically large number of openings and longer start-up periods, the negative effects of new units are greater than the profit increases from units that were in the start-up phase during the comparison period. Profits were thus negatively impacted by a high number of new units in own operations, but also by lower profit within outsourcing operations, primarily due to that the loss of profits from ended outsourcing contracts was larger than profits from new outsourcing units. Individual and family care, including discontinued integration services, delivered lower profits in 2018 compared to previous years. Calendar effects had negative impact on the full year.

Profits from acquired units, higher occupancy in units that were in the start-up phase during the comparison period and improved profits in home care operations provided positive contributions to profit.

Changes in exchange rates had an overall positive effect on EBITA of SEK 19m compared to 2017.

Net financial items

Net financial items amounted to SEK -146m (-77), including net interest expense of SEK -117m (-61).

Income tax

Income tax for the year amounted to SEK -102m (-161), corresponding to a tax rate of 24.1 percent (22.9).

Profits

Profit for the year from continuing operations was SEK 321m (542), representing basic earnings per share of SEK 2.00 (3.39) and diluted earnings per share of SEK 2.00 (3.38). Profit from the discontinued Finnish health care operations amounted to SEK 711m, including a capital gain of SEK 579m realised from the sale.

FIVE-YEAR REVIEW

SEKm	2018	2017	2016 ²⁾	2015 ²⁾	2014 ²⁾
Net sales	10,987	8,977	10,212	9,831	9,045
Operating profit (EBITA) ¹⁾	711	890	1,002	933	822
Operating margin (EBITA), %	6.5	9.9	9.8	9.5	9.1
Net profit for the year	321	542	649	286	263
Profit margin, %	2.9	6.0	6.4	2.9	2.9
Capital employed ²⁾	11,603	10,657	8,217	7,828	7,796
Operating cash flow ^{1,2)}	709	763	805	765	700

¹⁾ See page 87 for definitions of alternative performance measures.

²⁾ Including divested operations.

See page 87 for definitions of key figures.

Cash flow

Cash flow from operating activities was SEK 819m (899). Cash flow from investing activities was SEK 1,832m (–2,117). Cash flow from financing activities was SEK –240m (1,018). Total cash flow for the year was SEK 2,411m (–200). Cash and cash equivalents were SEK 2,896m (475) at year-end.

Financial position

As of 31 December 2018, consolidated equity was SEK 6,211m (5,369), corresponding to diluted equity per share of SEK 38.65 (33.44). Net debt decreased to SEK 2,496m (4,813) in 2018. The decrease is attributable to the sale of the Finnish health care operations.

FINANCIAL POSITION ¹⁾

SEKm	31 Dec 2018	31 Dec 2017
Interest-bearing liabilities	5,349	5,236
Provisions for post-employment benefits	43	52
Cash and cash equivalents	–2,896	–475
Net debt²⁾	2,496	4,813

¹⁾ Refers to total operations.

²⁾ Alternative Performance Measure; see page 87 for definitions.

Interest-bearing liabilities excluding provisions for post-employment benefits were SEK 5,349m (5,236) as of 31 December 2018.

Attendo had SEK 969m (1,004) in unutilised credit facilities at year-end. Attendo repaid external loans corresponding to approximately SEK 2bn after the reporting date.

Financial performance by contract model

Own operations

Net sales in Own operations amounted to SEK 8,759 (6,764), corresponding to an increase of 29.5 percent. The increase is mainly due to acquisitions and new units in Own operations.

Attendo opened 76 homes in 2018 with 2,409 beds and began construction of 57 homes with 2,135 beds.

UNITS, BEDS AND HOME CARE CUSTOMERS, 31 DECEMBER 2018

Own operations	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	585	203	372	2	8
Beds in operation ²⁾	15,684	3,772	11,693	159	60
Beds under construction ³⁾	2,462	828	1,562	–	72
Home care customers	10,500	8,830	–	–	1,670

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⁾ Nursing homes (CoP) and own care homes (for people with disabilities and social psychiatry).

Outsourcing operations

Net sales in Outsourcing operations amounted to SEK 2,228m (2,213), corresponding to an increase of 0.7 percent. The increase in net sales is mainly explained by currency effects and contractually agreed price increases.

In 2018, Attendo won new contracts with estimated annual revenue of approximately SEK 240m and lost contracts with annual revenue of approximately SEK 240m.

UNITS, BEDS AND HOME CARE CUSTOMERS, 31 DECEMBER 2018

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	96	81	10	4	1
Beds in operation ²⁾	2,995	2,328	304	335	28
Home care customers	1,020	840	180	–	–

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

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

Market

Demand was good in Attendo's Own operations, with continued high interest from Swedish local authorities needing to increase the number of beds, mainly in care for older people. Attendo estimates that construction started on about 1,900 beds in care for older people in Sweden during 2018 and that private providers accounted for about 60 percent of these.

Contracted volumes in the outsourcing market for care for older people increased by approximately 25 percent in 2018, due partially to less uncertainty about new regulations and licensing requirements for private providers implemented in 2017. Contracted volumes in outsourced homes for people with disabilities rose steeply compared to 2017, although 2017 was a very weak year.

Demand remained high in Finland for the Own operations offering. Attendo estimates that construction began in 2018 of about 3,800 beds in care for older people, homes for people with disabilities and homes in social psychiatry. Private providers accounted for about 80 percent of these. Attendo was by far the largest private provider in 2018.

The major SOTE health and care reform in Finland has been postponed. The effects of the reform include that care and health care will be provided/organised in 18 regions, where private and public providers will compete on equal terms. The company's assessment is that the reform overall is favourable to Attendo's opportunities to develop its care operations in Finland.

Risks and uncertainties

Attendo is exposed to external risks, operational risks and financial risks. The main risks and how Attendo manages risks are described on pages 24–27.

Seasonal variations

Attendo's profitability is subject to seasonal variations and weekend and holiday effects. For Attendo, public holidays and weekends have a negative effect on profitability mainly due to wage compensation for unsocial working hours. For example, profitability is affected by Easter in either the first or second quarter, depending on when the holiday falls and the fourth quarter is affected by the Christmas/New Year's holidays.

Acquisitions and divestments

Acquisitions

The group completed a number of minor acquisitions during the year. The group also acquired nursing homes and, in some cases, local medical centres from local authorities in Finland during the year. These transactions were

aimed at acquiring nursing homes in attractive locations with existing customers and employees.

Refer to Note C26, Acquisitions and divestments for more information about all acquisitions during the year.

Divestments

The health care operations in Finland were sold in December to Terveystalo, a leading Finnish health care provider. The health care operations were part of Attendo's Finnish business and included staffing services, primary care, dental care, occupational health care and turnkey outsourcing contracts in care and health care. The business comprised about 100 operational units with about 1,600 full-time employees. Net sales in 2017 were approximately EUR 230m and contributed about EUR 20m to Attendo's operating profit (EBITA). The consideration paid was EUR 233m on a cash- and debt-free basis (enterprise value). These operations are reported in the annual report as "Sold operations" and are thus not included in the summarising remarks.

Employees

The average number of full-time equivalent employees was 16,745 (14,341), of whom 14,695 women (11,698). Attendo seeks to offer good working conditions and the potential for personal development. This means that we respect and comply with labour market legislation, contractual agreements, safety requirements and other regulations governing operations. For more information about Attendo's employees, see the "Employees" section on pages 54–56 and Note C5, Information on directors, senior executives and employees.

Organisational changes

Fredrik Lagercrantz began serving as Chief Financial Officer of Attendo on 5 March 2018, when he also became a member of Attendo's executive management team.

Pertti Karjalainen succeeded Henrik Borelius as CEO on 1 March 2018.

Martin Tivéus took over as CEO on 1 September 2018.

As a consequence of the reorganisation of Attendo Scandinavia, former business area director Cecilia Addamshill left Attendo's executive management team after the reporting date. Addamshill remains the deputy business area director of Attendo Scandinavia.

Business area director Matias Pälve has also left the executive management team in conjunction with Attendo's divestment of the Finnish health care operations.

Policy for remuneration to executive management

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 executive management comprises fixed salary, variable pay based on annual performance targets, long-term incentives and other benefits such as non-monetary benefits, pensions and insurance policies. Remuneration within Attendo shall be competitive but not market-leading. To ensure that it is competitive, benchmarking is performed on a regular basis.

Fixed and variable remuneration

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

Members of executive management are eligible for variable remuneration in addition to fixed salary. The employee may receive variable remuneration if certain annual performance targets are met. Variable remuneration is limited to a maximum of 67 percent of fixed annual salary for the CEO and 45-50 percent of fixed salary for other members of executive management. As previously decided, Attendo will also be able to distribute cash compensation linked to the long-term acquisition of shares or equity related instruments during a three-year period (ending 31 December 2021). Variable remuneration shall be based on the executive's performance as regards financial targets combined with qualitative targets set by the board. Members of executive management with operational responsibility have targets related to factors including quality and employee job satisfaction.

Variable remuneration is based on the financial performance of the group, financial performance of the respective business area and individual qualitative targets.

Long-term incentive plan

Attendo has a culture that promotes a long-term perspective and a spirit of personal responsibility and share ownership. The board will propose a long-term share-based incentive 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 total remuneration.

Post-employment benefits

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

Notice of termination and severance pay

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

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

Deviations from the remuneration policy

Under special circumstances, the board of directors may deviate from the remuneration policy.

Proposal to the Annual General Meeting 2019

The board of directors proposes that the above policy concerning remuneration to the CEO and executive management be adopted by the 2019 Annual General Meeting. The policies have not changed compared to the preceding year.

Environmental impact

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

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

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

Sustainability

Sustainability is an integral part of Attendo's business strategy and our constant endeavour is to generate benefit for society and our stakeholders. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Attendo has chosen to prepare the sustainability report as a report separate from the annual report. Read more about Attendo's sustainability work in the Quality and Sustainability Report 2018, available on www.attendo.com.

Outlook

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

In recent years, an increasing number of Nordic local authorities have decided to introduce freedom of choice in care and health care services, which has brought new opportunities for private providers 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 and 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.

Parent company

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

Financial information

The parent company's net sales were SEK 11m (11) and consisted entirely of consultancy services billed to subsidiaries. The loss after net financial items was SEK -31m

(-27). At year-end, cash and cash equivalents were SEK 0m (0), shares in subsidiaries were SEK 6,494m (6,494) and non-restricted equity was SEK 6,074m (6,250).

Share information

The total number of shares was 161,386,592 as of 31 December 2018. The board of directors decided during the year to buy back shares, as authorised by the annual general meeting, to assure delivery for the Attendo+ share savings programme. As of 31 December 2018, Attendo held 519,400 treasury shares and the number of shares outstanding was 160,867,192.

The two largest shareholders at year-end were Nordstjernan AB, with 16 percent of registered shares, and Pertti Karjalainen, with 14 percent.

Proposed distribution of profits

The board proposes that a dividend of SEK 0.60 (1.27) per share be distributed to shareholders duly registered on the record date (15 April 2019) and that the remaining portion of non-restricted be retained in the parent company. No dividends are paid on treasury shares held by the parent company. The board of directors proposes distribution of profits as below (assuming no change in the holding of treasury shares):

PROPOSED DISTRIBUTION OF PROFITS

Proposed distribution of profits in the company	Amounts in SEK
To be distributed to registered shareholders (SEK 0.60 per share)	96,520,315
To be retained	5,977,509,145
Total non-restricted equity in the parent company	6,074,029,460

The proposed record date for the right to dividends is 15 April 2019. The board of directors based its dividend proposal on its assessment of the parent company and the group's need to strengthen its balance sheet, liquidity, financial position in general and its long-term capacity to meet its obligations, as required under chapter 18, section 4 of the Swedish Companies Act.

The consolidated equity/assets ratio is 45 percent and cash and cash equivalents amount to SEK 2,896m. The board of directors has also considered the parent company's results of operations 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 significant to the financial position of the parent company and the group. The proposed dividend does not limit the group's ability to make investments or raise funds, and the board considers the proposed dividend well-balanced considering the nature, scope and risks associated with operations, the parent company and the group's capital requirements, 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 11 April 2019.

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

Consolidated Income Statement

January–December, SEK m	Note	2018	2017
THE CONTINUING OPERATIONS			
Operating income			
Net sales	C3	10,987	8,977
Other operating income	C4	24	17
Total income		11,011	8,994
Operating costs			
Personnel costs	C5	-7,275	-6,039
Other external costs	C6, C7, C8	-2,818	-1,931
Depreciation and amortisation of tangible and intangible assets	C12, C13	-207	-134
Operating profit (EBITA)		711	890
Amortisation of acquisition-related intangible assets	C12	-142	-110
Operating profit (EBIT)		569	780
Financial items			
Financial income	C9	1	4
Financial expenses	C9	-147	-81
Net financial items		-146	-77
Profit before tax		423	703
Tax	C10	-102	-161
Profit for the period from continuing operations		321	542
DIVESTED OPERATIONS			
Profit for the period from divested operations	C29	711	138
Profit for the year¹		1,032	680
Profit for the year attributable to parent company shareholders¹		1,032	680
Earnings per share, basic, SEK	C11	6.43	4.26
Earnings per share, diluted, SEK	C11	6.42	4.24
Basic earnings per share, continuing operations, SEK	C11	2.00	3.39
Diluted earnings per share, continuing operations, SEK	C11	2.00	3.38
Basic earnings per share, divested operations, SEK	C11	4.43	0.87
Diluted earnings per share, divested operations, SEK	C11	4.42	0.86
Average no. of shares, basic, thousands	C11	160,455	159,784
Average no. of shares, diluted, thousands	C11	160,702	160,544

¹ Includes divested operations.

Consolidated Statement of Comprehensive Income

January–December, SEK m	Note	2018	2017
Items that will not be reclassified to profit or loss			
Re-measurements of defined benefit pension plans, net of tax	C10, C20	6	2
Items that may be reclassified to profit or loss			
Exchange rate differences on translation of foreign operations		-6	50
Other comprehensive income for the year, net of tax		0	52
Profit for the year		1,032	680
Total comprehensive income for the year		1,032	732
Total comprehensive income attributable to parent company shareholders		1,032	732

Consolidated Balance Sheet

31 December, SEK m	Note	2018	2017 ¹
ASSETS			
Non-current assets			
Goodwill	C12	7,339	8,541
Other intangible assets	C12	673	717
Property, plant and equipment	C13	677	559
Deferred tax assets	C10	94	62
Other non-current assets	C14	43	47
Total non-current assets		8,826	9,926
Current assets			
Trade receivables	C15	1,050	1,204
Current tax assets		108	31
Other current assets	C16	436	380
Cash and cash equivalents		2,896	475
		4,490	2,090
Assets held for sale	C17	446	786
Total current assets		4,936	2,876
TOTAL ASSETS		13,762	12,802
EQUITY AND LIABILITIES			
	C18		
Equity			
Share capital		1	1
Other contributed capital		4,405	4,377
Retained earnings		773	311
Profit for the year		1,032	680
Total equity		6,211	5,369
Non-current liabilities			
Liabilities to credit institutions	C19	3,211	5,171
Deferred tax liabilities	C10	128	124
Provisions for post-employment benefits	C20	43	52
Provisions, non-current	C21	54	11
Other non-current liabilities	C22	34	7
Total non-current liabilities		3,470	5,365
Current liabilities			
Liabilities to credit institutions	C19	2,138	65
Provisions, current	C21	193	36
Trade payables		259	281
Current tax liabilities		21	21
Other current liabilities	C24	1,443	1,591
Total current liabilities		4,054	1,994
Liabilities held for sale	C17	27	74
TOTAL EQUITY AND LIABILITIES		13,762	12,802

¹ Attendo began applying IFRS 9 and IFRS 15 on 1 January 2018. The application of these new accounting standards did not require any changes or restatements in the accounts. Application of these new accounting standards as of 1 January 2018 did not result in any changes in reporting on the consolidated balance sheet compared to reporting under the earlier standards as of 31 December 2017.

Consolidated Statement of Cash Flow

January–December, SEK m	Note	2018	2017
Operating activities			
Profit before tax		1,167	876
Adjustments for items not included in cash flow	C25	-83	303
Paid tax	C10	-226	-207
Cash flow from operating activities before changes in working capital		858	972
Cash flow from changes in working capital			
Changes in current receivables		-68	-118
Changes in current liabilities		29	45
Cash flow from operating activities		819	899
Investing activities			
Net change in assets and liabilities held for sale		322	-647
Investments in subsidiaries (net of acquired cash)	C17	-499	-1,262
Divestment of subsidiaries	C26	2,235	-
Investments in intangible assets	C12	-44	-30
Investments in tangible assets	C13	240	-237
Divestments of intangible and tangible assets	C12, C13	58	59
Cash flow from investing activities		1,832	-2,117
Financing activities			
Share issue		28	56
Dividends paid		-204	-195
Repurchase of own shares		-	-33
Warrants		-29	-25
Borrowings raised	C19, C23	200	1,833
Borrowings repaid ¹⁾	C19, C23	-235	-618
Cash flow from financing activities		-240	1,018
CASH FLOW FOR THE YEAR			
Opening balance, cash and cash equivalents		475	670
Exchange rate difference		10	5
Closing balance, cash and cash equivalents		2,896	475

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 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	–	–	65	–	65
Exchange rate differences on translation of net investments in subsidiaries	–	–	–15	–	–15
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
Opening balance, 1 January 2018	1	4,377	96	895	5,369
Profit/loss					
Profit for the year	–	–	–	1,032	1,032
Other comprehensive income					
Re-measurements of defined benefit pension plans, net of tax	–	–	–	6	6
Exchange rate differences on translation of foreign operations ¹⁾	–	–	–6	–	–6
Total other comprehensive income	–	–	–6	6	0
Total comprehensive income	–	–	–6	1,038	1,032
Transactions with shareholders					
Share Issue	–	28	–	–	28
Repurchase of own shares	–	–	–	–	–
Warrants	–	–	–	–15	–15
Share savings programme	–	–	–	1	1
Dividends paid	–	–	–	–204	–204
Total transactions with shareholders	–	28	–	–218	–190
Closing balance, 31 December 2018	1	4,405	90	1,715	6,211

¹⁾ SEK -117m refers to divested operations
SEK 111m refers to continuing operations

Notes to the Consolidated Financial Statements

C1 Significant accounting policies

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

Attendo's head office is located at Vendevägen 85, 182 91 Danderyd, Sweden. The financial statements are presented on pages 39–74 of the printed annual report. The consolidated financial statements will be subject to approval by the Annual General Meeting (AGM) on 11 April 2019.

Basis of preparation of financial statements

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

The consolidated financial statements are presented in millions of Swedish kronor (SEKm). The consolidated financial statements were prepared in accordance with the purchase method with the exception of certain assets and liabilities, such as derivatives, financial assets available for sale and pension assets attributable to defined-benefit pension plans, which are measured at fair value.

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

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

Amendments to accounting policies and disclosures

New and revised accounting policies and improvements that took effect on 1 January 2018 are IFRS 9 Financial Instruments and IFRS 15 Revenues from Contracts with Customers. The new standards have had no material impact on the consolidated financial statements for the financial year. IFRIC has also issued a number of new interpretations and amendments. Implementation of the new standards has not required any restatement of earlier accounts, but has led to certain changes in disclosure requirements.

Significant assessments and judgments

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

Accounting policies for the consolidated financial statements

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

entity. They are excluded from the financial statements from the date it ceases to control the entity.

Acquisition method

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

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

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

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

Revaluation and translation of foreign currency

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

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

Translation of foreign subsidiaries

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

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

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

Exchange rate differences are recognised in OCI.

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

Cash flow statement

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

Revenue recognition

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

Own operations

In Own operations, Attendo operates in premises controlled by the company. Attendo also provides home care services in customer choice models. Own operations includes care for older people, people with disabilities, social psychiatry and care for individuals and families. Attendo has a lease with the property owner. Attendo owns a very limited number of properties.

In the care home operations, Attendo is normally compensated for care services, meal provision and rent. In a typical care home in Own operations, Attendo is compensated by the local authority for care services and in many contracts also for meal provision. The customer normally pays rent to Attendo and, in several operations, for meals. Compensation models vary among the local authorities. In Finland, some customers pay for a portion of their care services. Compensation for care service and meals is based on care days, while the rent is a monthly charge.

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

Outsourcing

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

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

In home care services provided in Outsourcing operations, Attendo is compensated for hours performed or services granted by the local authority.

When revenue is recognised

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

Price increases

Price increases are regulated in nearly all contracts and are usually linked to some form of index. The indices are linked to labour cost increases and/or general price increases.

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

No performance obligations requiring allocation have been identified in cases where the company has contracts that are not of that nature.

Segment reporting

According to IFRS 8, operating segments are reported in a manner corresponding to internal management reports submitted to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources to and assessing the performance of the operating segment. 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 about the allocation of resources and assesses the operating segment's performance.

In order to aggregate operating segments into a single reportable segment, the standard indicates that the segments should have similar economic characteristics and be similar in terms of the nature of the products and services, the nature of the production processes, the type or class of customer using the product or service, the methods used to distribute the products or provide the services and, if applicable, the extent to which operations are affected by various regulatory environments and risks.

Attendo is a care and health care services provider where the nature of the services provided and the customers using the services are similar. The services provided and the applicable regulatory environments are similar, as are Attendo's processes and procedures relating to rendering the services. Accordingly, operating segments are aggregated into a single reportable segment. The segment is reported according to the same accounting policies as for the group.

Government aid and grants

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

Financial assets

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

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

As of 2018, Attendo classifies its financial assets in the following three categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at fair value through OCI

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

Financial assets at fair value through profit or loss

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

Trade receivables, which comprise a portion of assets in this category, are measured at the amounts at which they are expected to be paid. Attendo has devised a collective model for accounting for credit losses attributable to trade receivables because the company's trade receivables are regarded as having identical

credit characteristics. The model is tested every year to determine whether any changes are necessary. Expected and incurred credit losses are recognised as operating costs. For further information, see Note 15.

Financial assets measured at amortised cost

Cash and bank balances are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances through the group's cash pool. Unutilised overdraft facilities are not included in cash and cash equivalents. For further information, see Note 24.

Financial assets measured at fair value through OCI

The group has no financial assets measured at fair value through OCI.

Up to and including 31 December 2017, the group classified its financial assets in the following two categories:

- Financial assets measured at fair value through profit or loss
- Loans and trade receivables

Please refer to the 2017 Annual Report for further disclosures concerning the accounting policies applied in 2017.

Financial liabilities

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

Borrowings

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

Trade payables

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

Contingent consideration

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

Cash flow hedges

The effective portion of the change in fair value of net investments in subsidiaries identified as cash flow hedges and which meet the criteria for hedge accounting is recognised in OCI.

The profit or loss attributable to the ineffective portion is immediately recognised in profit or loss as financial income or expense.

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

Leases

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

Finance leases: A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the group. At initial recognition, a leased asset is measured at the lower of fair value or the present value of the minimum lease payments. Subsequently, the asset is recognised in accordance with the accounting policies applicable to the asset. The depreciation period must not, however, exceed the term of the lease.

Operating leases: A lease is classified as an operating lease when the lessor retains a substantial portion of the risks and rewards incidental to ownership of the underlying asset, which means that the leased asset is not recognised in the balance sheet. Costs attributable to operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. The aggregate benefit of incentives is recognised as a portion of the total lease cost allocated 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 consideration transferred exceeds Attendo's share in the fair value of identifiable assets, liabilities and contingent liabilities in the acquiree and the fair value of non-controlling interests in the acquiree.

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

Goodwill is tested for impairment annually or more frequently if there are indications that the unit may be impaired. An impairment loss is recognised if the carrying amount exceeds the recoverable amount, which is the higher of the value in use and fair value less costs of disposal. An impairment loss is immediately recognised as an expense in profit or loss and cannot be reversed. More information on goodwill impairment is provided in Note C2 Key accounting estimates and judgments and Note C12 Intangible assets.

Customer relationships

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

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

A deferred tax liability must be calculated based on the local tax rate for the difference between the carrying amount and the tax base of the intangible asset. The deferred tax liability is to be reversed over the same period as the intangible asset is amortised, which means that the effect of the amortisation of the intangible assets is neutralised regarding the full tax rate applicable to profit after tax.

The estimated useful lives of the assets are as follows:

Asset	Years
Customer relationships	5–10

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

Other intangible assets

These assets primarily consist of acquired customer contracts, but also include other acquired intangible assets such as licenses and

trademarks. Other acquired intangible assets are initially recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and any impairment losses.

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

The estimated useful lives of the assets are as follows:

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

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

Tangible assets

Tangible non-current assets are recognised at cost less accumulated depreciation and any impairment losses.

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 a separate cost and estimated useful life that differs significantly from the item as a whole, the components are depreciated individually on the basis of their estimated useful lives. The estimated useful lives of the assets are as follows:

Asset	Years
Buildings	5–50
Equipment	3–10
Vehicles	5

Impairment testing and recognition of impairments are 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 consideration transferred and the carrying amount of the asset and is recognised in profit or loss as other operating income or other operating costs.

Assets held for sale and discontinued operations

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

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

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

Upon reclassification, assets and liabilities are measured at the lower of carrying amount and fair value less costs to sell. As of that point, the assets are no longer depreciated. Gains and losses recognised in connection with remeasurement and disposal

are recognised in profit or loss for the period. The Finnish health care operations are presented as divested operations. All items on the income statement are reported on the line “Profit (loss) for the period from divested operations”. Specifications are provided in Note C29.

Income taxes

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

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

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

Provisions

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

Onerous contracts

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

Restructuring

A provision for restructuring is recognised when the group has adopted a detailed formal restructuring plan whose implementation has started or which has been announced to those affected.

Salaries and compensation

Pensions

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

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

net debt. Other assumptions, such as retirement age, mortality and employee turnover are reviewed annually.

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

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

Share-related incentive programmes

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

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

Termination benefits

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

New or revised IFRS standards

A number of new standards and amendments to interpretations and current standards have not become effective for the annual reporting period ending 31 December 2018 and have not been applied in the preparation of the consolidated financial statements. A summary of these standards and interpretations follows, including a description of their potential impact on the consolidated financial statements.

IFRIC 23 clarifies the reporting and measurement requirements in accounting for uncertainties in income taxes. That which determines whether or not something should be reported as an uncertain tax position is whether the company concludes that it is probable, i.e., is more likely than not.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Entities may choose to apply the interpretation either retrospectively, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, or through a modified retrospective approach in which comparison figures are not restated.

The IFRIC Interpretation will have no impact on the consolidated financial statements.

IFRS 16 Leases. The IASB published a new lease standard in January 2016 that will supersede IAS 17 Leases and the associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard was adopted by the EU on 9 November 2017. The standard is applicable to annual reporting periods beginning on or after 1 January 2019. Early application is permitted, but Attendo has elected not to adopt IFRS 16 early. The company applies the full retrospective approach in the transition to the standard and the comparison period is therefore restated.

Accounting according to IFRS 16 is based on the perspective that the lessee has a right to use an asset during a specific time period and a concurrent obligation to pay for that right. Leases must be recognised as right-of-use assets with corresponding liabilities as

of the date the leased asset is available for use by the group. Lease payments are allocated between amortisation of the lease liability and a financial expense. The financial expense must be allocated across the term of the lease so that an amount equal to a fixed interest rate for the liability that is recognised in each accounting period is charged to that period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset and the term of the lease. IFRS 16 requires all assets and liabilities attributable to leases, unless the lease term is twelve months or less or the underlying asset is of low value, to be recognised as assets and liabilities in accordance with the standard.

For further information, see Note C30.

Financial measures not defined in IFRS

The Attendo Group's consolidated financial statements are prepared according to IFRS, under which only a few financial measures 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 financial performance, financial position or cash flows, other than a financial measure defined or specified in IFRS. Attendo presents certain financial measures not defined in IFRS in order to support executive management and other stakeholders in their analysis of the group's performance. Executive management believes this information facilitates analysis of the group's financial performance. This information is complementary information to IFRS and does not replace financial measures defined in IFRS. Attendo's definitions of financial measures not defined in IFRS can differ from those applied by other companies. All definitions applied by Attendo are presented on page 87.

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. Political decisions that lead to legislative change could have significant impact on Attendo's operations and ultimately on Attendo's profits and financial position.

The major SOTE health and care reform in Finland has been postponed. The effects of the reform include that care and health care will be provided/organised in 18 regions, where private and public providers will compete on equal terms. The overall assessment is that the reform will be favourable to Attendo's opportunities to develop its care operations in Finland. 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 2018, total provisions for onerous contracts were SEK 195m (30), of which SEK 152m (2) 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 2018, the group recognised income tax expenses of SEK -102m (-161).

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 94m in 2018 (62). 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 2018, the defined-benefit obligations for pensions, net amounted to SEK 43m (52). 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 two 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 (payors), 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 operating segments.

Payors

Attendo has one payor for which revenue exceeds 10 percent of the company's total revenue. In 2018, revenue from this payor was SEK 1,245m (1,178). 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

2017	Sweden	Finland	Norway	Denmark	Total
Net sales service area	5,664	2,747	359	207	8,977
Care for older people	4,061	2,185	339	207	6,792
Care	1,603	562	20	-	2,185
Net sales contract model	5,664	2,747	359	207	8,977
Own operations	3,868	2,601	110	185	6,764
Outsourcing	1,796	146	249	22	2,213

2018	Sweden	Finland	Norway	Denmark	Total
Net sales service area	5,736	4,620	424	207	10,987
Care for older people	4,276	3,470	366	207	8,319
Care	1,460	1,150	58	-	2,668
Net sales contract model	5,736	4,620	424	207	10,987
Own operations	3,998	4,444	145	172	8,759
Outsourcing	1,738	176	279	35	2,228

In all material respects, the company's revenues refer to services rendered over time. This has not changed since the preceding year.

At the end of the year, Attendo had 84 outsourcing contracts. Average annual sales in Sweden for outsourced units are SEK 35m for nursing homes and SEK 12m for homes for people with disabilities. The largest outsourcing contract generated approximately 0.9 percent of Attendo's net sales in 2018. The customers are mainly local authorities.

In all material respects, all contracts are dependent upon customer demand for Attendo's services, and revenues therefore fluctuate.

Provided that occupancy remains good, Attendo estimates that total revenues for the outsourcing contracts up to the termination date amount to approximately SEK 8,600m. Of these, an estimated 20 percent will be generated next year and a further 20 percent in the year after next.

Transaction prices allocated to remaining performance obligations, SEK m	2019	2020	Total
Aggregated expected revenues related to outsourcing contracts:	1,800	1,700	8,600

Non-current assets by country

SEK m	2018	2017
Sweden	4,921	4,905
Finland	3,667	4,813
Norway	130	131
Denmark	14	15
Total	8,732	9,864

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	2018	2017
Gains on sales of non-current assets	9	5
Gains from divestments of assets held for sale	2	–
Other	12	12
Total	24	17

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 six regular board members, of whom two were women. The AGM 2018 adopted a resolution that entitled the chairman of the board to a fee of SEK 900,000. Regular board members elected by the AGM were entitled to fees of SEK 335,000 each.

No board members' fees are payable to board members employed by Attendo. According to the AGM 2018, 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 2018 is presented in the following table.

Board members	Board remuneration	Remuneration for committee work	Total remuneration
Chairman			
Ulf Lundahl	900	125	1,025
Board members			
Catarina Fagerholm	335	150	485
Tobias Lönnevall	335	325	660
Alf Göransson	335	–	335
Anssi Soila	335	75	410
Anitra Steen	335	–	335
Employee representative			
Arja Pohjamäki	–	–	–
Marco Donoso	–	–	–
Total	2,575	675	3,250

For more information about board and committee work, please refer to Attendo's Corporate Governance Report, page 28.

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.

Composition of Executive Management

Executive Management has seven regular members, of whom two are women. The Executive Management team is made up of the CEO and six other senior executives: CFO, Business Development

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

SEKk	Fixed salary ³		Variable salary		Sharebased compensation ⁴		Other remuneration and benefits ⁵		Pension cost		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Chief Executive Officer¹												
Martin Tivéus	2,936	–	735	–	–	–	–	–	750	–	4,421	–
Pertti Karjalainen	1,653	–	418	–	–	–	–	–	310	–	2,381	–
Henrik Borelius	756	4,417	–	1,866	–	–	42	97	823	1,914	1,621	8,294
Other members of Executive management²	12,044	12,756	2,255	2,944	447	1,005	547	493	3,906	4,246	19,199	21,444
Total	17,389	17,173	3,408	4,810	447	1,005	589	590	5,789	6,160	27,622	29,738

Of which divested operations

Executive Management	1,967	1,803	236	530	82	241	70	0	436	417	2,791	2,991
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¹ Henrik Borelius was the CEO during the period of January-March and Pertti Karjalainen served as CEO during the period of March-September, after which he was succeeded by Martin Tivéus.

² Other members of the executive management (excluding the CEO) consisted of seven individuals at the end of 2018. During the period of March-September 2018, executive management was made up of six other senior executives because Pertti Karjalainen was serving as the CEO. Remuneration to senior executives includes remuneration to Acting CFO Rebecca Ericsson Birck through the end of February and thereafter to CFO Fredrik Lagercrantz. The executive management team comprised seven individuals in 2017. Former CFO Tomas Björksjö left Attendo on 28 September and was succeeded by Rebecca Ericsson Birck as Acting CFO.

³ Fixed salary includes cost for holiday allowance.

⁴ The share-based compensation correspond to the estimated cost of the long-term incentive programme reported in accordance with IFRS 2.

⁵ Other remuneration and benefits refer mainly to company cars.

Director, Communications and IR Director, and four Business Area Directors.

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. 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 2018. As previously decided, Attendo will also be able to distribute cash compensation connected to the long-term acquisition of shares or equity related instruments during a three-year period (ending 2021). The CEO is entitled to a premium-based pension policy of his choice corresponding to 30 percent of fixed salary. Attendo has no other pension obligations regarding the CEO. Upon termination, a mutual notice period of six months shall apply. Upon termination by the company, the CEO is entitled to severance pay corresponding to 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 other 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. As previously decided, Attendo shall during a three-year period (ended 2021) be able to pay remuneration in cash to Executives related to long-term acquisitions of shares and share-related instruments. 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	2018			2017		
	Women	Men	Total	Women	Men	Total
Sweden	7,060	1,882	8,942	6,968	1,836	8,804
Finland	7,241	1,209	8,450	5,147	1,039	6,186
Norway	474	94	568	341	73	414
Denmark	281	28	309	417	50	467
Total	15,056	3,213	18,269	12,873	2,998	15,871
Whereof divested operations						
Finland	1,163	361	1,524	1,175	355	1,530

Employee costs

SEKm	2018	2017
Salaries and wages	6,437	5,299
Social costs	1,106	1,071
Pension costs	788	584
Total	8,331	6,954
Whereof divested operations		
Salaries and wages	875	806
Social costs	7	36
Pension costs	141	126
Total	1,023	968

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 15m. Warrants were issued in three separate series, of which the first serie expired in December 2017 and the second serie in December 2018.

Series 2015/2019 has 1,605,280 warrants, of which participants have acquired 422,016 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
Other Executive Management	
Cecilia Addamshill	107,256
Pertti Karjalainen	157,380
Ammy Wehlin	157,380
Total	422,016

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

Market value by series, SEK

2015/2019	3.17
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Valuation assumptions

Share price	3.17
Volatility	22.5% (based on Black & Scholes)
Risk-free interest	-0.13%

Call options through Nordstjernen

Attendo's principal shareholder Nordstjernen issued call options during 2018 to a few senior executives and other key individuals at Attendo. Participants in the programme subscribed for a total of 875,815 call options. The call options can be exercised between three and five years after subscription. Attendo has chosen to subsidise 120 percent of the investment before tax through additional variable remuneration corresponding to SEK 5.8m that will be paid 24 and 36 months after subscription date, 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 predetermined goals were improved quality index compared to 2015 and the Groups accumulated EBITA during the period 2016–2018 with a threshold of SEK 3,146m, corresponding to an average annual growth of approximately 7%. The Board has determined that the outcome of the performance criteria is 0%.

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. The AGM 2018 decided to adopt a new share savings programme, Attendo+ 2018. The programme is aimed at certain key employees that invest in savings shares and through remained employment by the company, can receive a maximum of 3–5 performance shares at the end of the qualification period if certain predetermined goals are achieved. The board determines a range of development of the groups accumulated EBITA during the time period 2018–2020. To ensure Attendo's commitment to deliver shares and pay social security contributions Attendo has repurchased own shares. As of 31 December 2018 Attendo holds 519,400 shares.

Share awards

The following table shows allotted outstanding shares, deferred and utilized within Attendo+. The performance shares in Attendo+ 2016 are considered as forfeited.

Assuming that the performance targets in Attendo+ 2017 and Attendo+ 2018 are completely met, the total cost for Attendo+ is estimated at SEK 37m, of which SEK 3.2m was expensed during 2018. Maximum dilution is expected to approximately 0.3 percent of total outstanding shares.

Matching and Performance Shares	2018			2017	
	Attendo+ 2018	Attendo+ 2017	Attendo+ 2016	Attendo+ 2017	Attendo+ 2016
As of January 1st	–	65,404	97,853	–	36,454
Granted (Recognized)	146,198	213,028	–	65,404	75,840
Forfeited	–	17,162	35,979	–	10,906
Exercised (Allotted)	–	–	2,065	–	3,535
As of December 31st	146,198	261,270	59,809	65,404	97,853

C6 Other external costs**Other external costs**

SEKm	2018	2017
Care and health care services	157	148
Consumables	472	363
Operating leases	1,274	854
Other property costs	366	203
External services	99	56
Other	450	307
Total	2,818	1,931

C7 Operating leases

During the period, lease payments amounted to SEK 1,274m (854). Of the lease payments, SEK 1,235m (820) 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	2018	2017
Due within 1 year	1,512	1,185
Between 1–5 years	5,191	4,255
Later than 5 years	9,544	6,762
Total	16,247	12,202

C8 Audit fees**Audit fees**

SEKm	2018	2017
PwC		
Audit fees	8	7
<i>Of which to the parent company auditors</i>	4	4
Fees, audit-related	0	0
<i>Of which to the parent company auditors</i>	0	0
Fees for tax matters	1	0
<i>Of which to the parent company auditors</i>	0	0
Other fees	0	1
<i>Of which to the parent company auditors</i>	0	0
Total	9	8

SEKm	2018	2017
Other Companies		
Audit fees	0	0
Tax advice	0	–
Other services	1	2
Total	1	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. Other services 2018 refer to advisory of various kinds.

C9 Financial income and expenses

Financial income

SEKm	2018	2017
Interest income	1	1
Exchange rate gains	–	3
Total financial income	1	4

Financial expenses

SEKm	2018	2017
Interest expenses on borrowings	–119	–62
Depreciation of capitalised financing costs	–6	–6
Interest expenses on finance leases	–1	–1
Interest expenses on post-employment benefits	–6	–4
Exchange rate losses	–6	–
Other financial expenses	–9	–8
Total financial expenses	–147	–81
Financial net	–146	–77

Exchange rates against SEK, 31 December/Jan–Dec

	2018		2017	
	Closing rate	Average rate	Closing rate	Average rate
EUR	10.275	10.257	9.850	9.633
NOK	1.024	1.069	1.001	1.033
DKK	1.376	1.376	1.323	1.295

C10 Taxes

Income tax recognised in the income statement

SEKm	2018	2017
Current tax	–115	–186
Deferred tax	13	25
Total	–102	–161

The effective tax rate amounts to 24.1 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	2018	2017
Tax according to the Swedish tax rate	–93	–155
Effect of foreign tax rates	4	6
Tax effect of non-deductible items	–11	–7
Tax effect of change tax rate	6	4
Tax effect of non-taxable income	0	–
Tax attributable to previous years	–1	0
Change in temporary differences	2	10
Revaluation of tax loss carry forwards	–12	–22
Other	3	3
Tax expense	–102	–161

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	2018	2017
Tax loss carry forwards	27	35
Provisions for post-employment benefits	10	13
Other provisions	28	4
Other	29	10
Total	94	62

Changes in deferred tax assets

SEKm	2018	2017
Opening balance, 1 January	62	17
Tax loss carry forwards	–8	27
Provisions for post-employment benefits	–3	6
Provisions	24	4
Exchange rate differences	2	0
Other	17	8
Closing balance, 31 December	94	62

Deferred tax liabilities

SEKm	2018	2017
Intangible assets	120	118
Other temporary differences	8	6
Total	128	124

Deferred tax liabilities consist of tax on customer relationships of SEK 114m, customer contracts of SEK 0m, trademarks of SEK 6m and a number of minor deferred tax liabilities of SEK 8m total.

Changes in deferred tax liabilities

SEKm	2018	2017
Opening balance, 1 January	124	100
Untaxed reserves	–	1
Customer contracts	–	0
Customer relationships	2	18
Exchange rate differences	2	2
Other	0	3
Closing balance, 31 December	128	124

Deferred tax, Other Comprehensive Income

Tax attributable to OCI

SEKm	2018	2017
Deferred tax on revaluation of provisions for post-employment benefits	2	0
Deferred tax on OCI	2	0

Tax loss carry forwards

SEKm	2018	2017
Sweden	–	7
Finland	131	157
Norway	3	6
Denmark	167	115

The total recognised value of the tax loss carry forwards amounts to SEK 64m (60). SEK 27m (35) of the loss carryforwards is measured. The loss carry forwards are related to Finland and Norway.

C11 Earnings per share

Earnings per share, basic and diluted

SEK	2018	2017
Basic, total operations	6.43	4.26
Diluted, total operations	6.42	4.24
Basic, continuing operations	2.00	3.39
Diluted, continuing operations	2.00	3.38
Basic, divested operations	4.43	0.87
Diluted, divested operations	4.42	0.86

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	2018	2017
Profit attributable to holders of ordinary shares in the parent company	1,032	680
Weighted average of outstanding shares in the year, basic	160,454,518	159,783,772

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	2018	2017
Profit attributable to holders of ordinary shares in the parent company	1,032	680
Weighted average of outstanding shares in the year, basic	160,454,518	159,783,772
Adjustment for:		
Warrants	210,657	735,437
Attendo +	36,512	24,331
Weighted average number of outstanding ordinary shares in the year, diluted	160,701,686	160,543,540

C12 Intangible assets

Intangible assets 2018

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

Intangible assets 2017

SEKm	Goodwill	Customer relation- ships	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

Impairment test of goodwill

Each year on 30 September, Attendo tests whether there is any indication that goodwill may be impaired by calculating the value in use for cash generating units to which the goodwill is allocated.

There are two operating segments within Attendo. As Attendo's legal organisation is not based on the two operating segments, Attendo has chosen, in accordance with IAS 36.82, to perform impairment testing based on two cash generating units, as these reflect the way Attendo manages its operations. In addition, these two cash generating units correspond to the lowest level at which financial position is monitored. The two cash generating units are designated Attendo Scandinavia (AS) and Attendo Finland (AF).

The key assumptions 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, AS. The discount rates applied for 2018 are slightly higher than those used in 2017, as a result of a slightly higher risk-free interest and higher debt financing costs. For more information on the political risk, see Note C2, Critical accounting estimates and judgements.

Assumptions for impairment testing

	AS	AF
WACC before tax 2018, %	9.1	8.6
WACC before tax 2017, %	8.4	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 upcoming financial year, and thereafter on detailed forecasts covering a five-year period. Attendo uses a conservative approach in its estimates to determine the value in use, which means that the financial targets form the basis for estimates when these are lower than budgeted and forecast. 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	AS	AF ¹	Total
Goodwill as of December 31 2018	4,635	2,704	7,339
Goodwill as of December 31 2017	4,547	3,994	8,541

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

C13 Property, plant and equipment

Property, plant and equipment 2018

SEKm	Property and plant	Equipment and vehicles	Total
Opening balance	120	439	559
Acquisitions	96	40	136
Investments	2	238	240
Disposals and divestments	-16	-62	-78
Reclassification	0	-4	-4
Depreciations	-40	-145	-185
Exchange rate differences	1	8	9
Closing balance	163	514	677

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

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

SEKm	2018	2017
Acquisition costs	112	146
Accumulated depreciation	-41	-50
Recognised value	71	96

The item consists of finance leases relating to vehicles..

C14 Other non-current receivables

Other non-current receivables

SEKm	2018	2017
Deposits, rent for premises	34	35
Financing of own operations projects	1	1
Deposits, guarantees	6	4
Other	2	7
Total	43	47

C15 Trade receivables

Trade receivables

SEKm	2018	2017
Trade receivables	1,054	1,208
Allowance for doubtful debts	-4	-4
Trade receivables, net	1,050	1,204

Maturity structure

SEKm	2018	2017
Not past due	868	993
Past due 1-30 days	170	196
Past due 31-60 days	0	6
Past due 61-90 days	6	1
Past due over 90 days	10	12
Trade receivables, gross	1,054	1,208

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	2018	2017
Opening balance	-4	-3
Provisions for doubtful debts for the year	0	-4
Confirmed trade losses	0	4
Recovered doubtful debt	0	-1
Closing balance	-4	-4

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

Trade receivables in each currency

SEKm	2018	2017
SEK	590	622
EUR	39	52
NOK	34	55
DKK	15	14

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

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

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

	Not past due (<30 days)	Past due 31-60 days	Past due 61-90 days	Past due 90 days	Total
2018					
Expected loss level, %	0.02	0.13	1.62	27.31	
Recognised amounts of trade receivables - gross (m)	170	0	6	10	186
Credit loss reserve	0	0	1	3	4
January 1 2018					
Expected loss level, %	0.02	0.13	1.62	27.31	
Recognised amounts of trade receivables - gross (m)	196	6	1	12	215
Credit loss reserve	0	0	0	4	4

C16 Other current receivables

Other current receivables

SEKm	2018	2017
Other receivables	33	46
Prepaid rent	134	129
Accrued income	191	144
Other prepaid expenses and accrued income	78	61
Total	436	380

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 2018 amounts to SEK 2m (1).

The cash-flow effect of assets and liabilities held for sale is attributable entirely to cash flow from investing activities. See page 46 for the Group's cash flow statement.

SEKm	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Goodwill	9	13
Other intangible assets	60	62
Property, plant and equipment	377	711
Total non-current assets	446	786
Total assets held for sale	446	786
LIABILITIES		
Deferred tax liabilities	9	12
Total non-current liabilities	9	12
Current liabilities		
Trade payables	17	61
Other current liabilities	0	1
Total current liabilities	17	62
Total liabilities attributable to assets held for sale	27	74
Net assets held for sale	419	712

Change in net assets held for sale

SEKm	2018	2017
Opening balance	712	-
Investments	996	678
Sales	-1,320	-2
Other	31	36
Closing balance	419	712

C18 Equity**Share capital**

Share capital was SEK 884,551 at 31 December 2018. The number of shares is 161,386,592. 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.

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	2018	2017
Liabilities to credit institutions	5,290	5,162
Liabilities related to finance leasing	74	96
Less capitalised financing costs	-15	-22
Total	5,349	5,236

Changes in liabilities to credit institutions

SEKm	2018	2017
Opening balance	5,236	3,364
Cash flow items		
Borrowings and acquired loans	200	1,833
Borrowings paid	-213	-36
Changes in liabilities relating to finance leasing	-22	6
Non-Cash flow items		
Exchange rate differences	154	68
Changes in liabilities relating to finance leasing	1	1
Changes of capitalised financing costs	-7	0
Closing balance	5,349	5,236

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

Liabilities to credit institutions as of 31 December 2018 are distributed among the following currencies:

	Local currency	SEKm
Euro	338	3,475
SEK	1,889	1,889

Effective interest rate on the balance sheet date

	2018	2017
Bank loan, %	2.25%	1.7%
Overdraft facility, %	2.25%	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 2017 or 2018.

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 2018 amounts to SEK 132m (127). Expected cost for the ITP2 plan in 2019 amounts to SEK 127m. 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 2018 was 142 (154) percent. 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

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	2018	2017
Sweden	198	188
Finland	412	243
Norway	8	10
Denmark	12	13
Total	630	454

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	2018	2017
Service costs for the current year	-19	-16
Interest expenses	-5	-4
Expected return on assets under management	4	3
Management costs	-1	-1
Effects of reductions and regulations/changes in plans	4	-
Costs of defined-benefit pension plans	-17	-18

Recognised in the consolidated statement of comprehensive income

SEKm	2018	2017
Actuarial gains (+)/losses(-) pension obligations	8	-1
Actuarial gains (+)/losses(-) plan assets	-1	4
Deferred tax	-1	-1
Total	6	2

Significant actuarial assumptions

	2018	2017
Average discount rate, %	2.7	2.4
Long-term inflation assumption, %	1.5	1.5
Long-term salary increase assumption, %	2.8	2.5
Increase in income base, %	2.5	2.3
Upward adjustment of pensions, %	1.7	1.5
Average remaining years of employment	10.0	11

Sensitivity analysis assumptions**Assumptions**

	Change	Increased obligations	Decreased obligations
Discount rate, %	0.5	9.6	9.2
Salary increases, income base and indexation of pensions, %	0.5	9.6	9.2

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	2018			2017		
	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	221	-169	52	131	-103	28
Service costs for the current year	19	-	19	16	-	16
Interest expenses	6	-4	2	4	-3	1
Management costs	-	1	1	-	1	1
Payments to pension scheme	-	-18	-18	-	-9	-9
Indemnification	-	5	5	-	0	0
Paid benefits	-7	-	-7	-5	-	-5
Curtailements and settlements/plan amendments	-4	-	-4	-	-	0
Acquisitions	-	-	-	80	-57	23
Actuarial gains (+)/ losses (-)	-8	1	-7	2	-4	-2
Exchange rate differences	4	-5	-1	-7	6	-1
Present value of pension obligation at 31 December	231	-189	42	221	-169	52

Allocation of plan assets

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

Plan assets

SEKm	2018	Of which unlisted (%)	2017	Of which unlisted (%)
Shares	37	17	31	13
Real estate	23	100	21	100
Bonds	85	67	77	71
Money market	11	93	12	88
Other	33	100	28	100
Total	189		169	

C21 Provisions

Provisions

SEKm	2018	2017
Provisions for onerous contracts	195	30
Provisions for construction	7	6
Other provisions	45	11
Closing balance	247	47
Of which short-term provisions	54	11
Of which long-term provisions	193	36

Change in provisions

SEKm	2018	2017
Opening balance	47	46
New/extended provisions	253	36
Exchange rate differences	1	0
Utilised provisions	-54	-35
Closing balance	247	47

C22 Other non-current liabilities

Other non-current liabilities

SEKm	2018	2017
Additional purchase consideration	0	2
Other liabilities	34	5
Total	34	7

Changes in other non-current liabilities

SEKm	2018	2017
Opening balance	7	12
Additional purchase consideration	-2	-6
Exchange rate differences	0	0
Change in other non-current liabilities	29	1
Closing balance	34	7

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

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 2018, with all other variables constant, profit after tax would have decreased by approximately SEK 42m.

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.

Cash and cash equivalents include cash and bank balances through the group's cash pool. Unutilised overdraft facilities are not included in cash and cash equivalents and amount to SEK 969m (1,004).

Maturity analysis concerning contractual payments of financial liabilities

2018, SEKm	<3 months	3-12 months	2-3 years	4-5 years	> 5 years	Total
Liabilities to credit institutions	-1,947	-12	-3,316	-	-	-5,275
Liabilities for finance leasing	-5	-16	-54	-	-	-75
Trade payables	-259	0	0	-	-	-259
Additional purchase consideration	-63	-32	-	-	-	-95
Liabilities held for sale	-61	-13	-	-	-	-74
Total	-2,335	-73	-3,370	-	-	-5,778

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	2018	2017
Trade receivables	1,050	1,204
Cash and cash equivalents	2,896	475
Other non-current receivables	43	47
Other current receivables	33	46
Total	4,022	1,772

For credit risk in trade receivables please refer to note C15 Trade Receivables.

Financial assets and liabilities

SEKm	Level	2018	2017
Assets			
Loans and receivables (2017)/ Financial assets measured at fair value (2018)			
Trade receivables		1,050	1204
Cash and cash equivalents		2,896	475
Total financial assets		3,946	1,679
Liabilities			
Financial liabilities at fair value through profit or loss			
Contingent considerations	3	95	132
Other financial liabilities(2017) / Financial liabilities measured at amortised cost (2018)			
Borrowings/financial leasing		5,349	5,236
Trade payables		259	281
Total financial liabilities		5,703	5,649

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

Attendo 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	2018	2017
Opening balance	132	122
Acquisitions	13	90
Payments	-49	-76
Exchange rate differences	5	3
Revaluation	-6	-7
Closing balance	95	132

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

2018	Change	Effect on profit/loss	Effect on equity
Market interest ¹⁾	±1% unit	42	42
Exchange rates ¹⁾			
EUR/SEK	±10%	16	21

¹⁾ Sensitivity analysis based on Attendo's borrowing as per December 31, 2018.

Equity

Equity is defined by Attendo as shareholders' equity including non-controlling interests as presented on the balance sheet. On that basis, equity as of 31 December 2018 amounted to SEK 6,211 m (5,369). Attendo's target is an equity structure that results in an efficient, weighted cost of equity and a credit rating that considers the needs of operations and future acquisitions.

In monitoring the equity structure, Attendo uses key data including present and forecast equity/assets ratio and liquidity. Attendo reviews the equity structure when financial circumstances change and modifies the structure as necessary. In order to maintain or modify the equity structure, the board of directors of Attendo may propose adjusting the level of dividends to shareholders, distributing an extraordinary dividend, repurchasing own shares, issuing new shares or selling assets to reduce the debt.

C24 Other current liabilities

Other current liabilities

SEKm	2018	2017
Personnel-related liabilities	1,053	1,128
Other liabilities	78	99
Contingent considerations	95	130
Accrued interest rate costs	28	13
Other accrued costs and prepaid expenses	189	221
Total	1,443	1,591

C25 Cash flow statement

In 2018, interest paid amounted to SEK 117m (73) and interest received amounted to SEK 1m (1).

Cash flow adjustments

SEKm	2018	2017
Depreciation and amortisation	390	285
Depreciation of capitalised financing costs	8	6
Deferred non-paid interest	22	2
Exchange rate difference	–	–3
Gains from divestment of subsidiaries	–579	–
Gains from divestments of non-current assets	–10	–5
Provisions	75	13
Other items	11	5
Total	–83	303

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

C26 Acquisitions

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 2018:

- Kaijankoti Oy, a provider of care for older people in Savitaipale, Finland, was acquired on 1 January 2018.
- Juan Hoito ja Hoiva Oy, a provider of care for older people and social psychiatry in Juuka, Finland, was acquired on 1 February 2018.
- Pielisen Karjalan Dementiakoti Oy, a provider of care for older people and social psychiatry in Nurmes, Finland, was acquired on 1 February 2018.
- Arken, a provider of care for young adults in Vårgårda, Sweden was acquired on 1 February, 2018.
- Kreativ Omsorg & Utbildning i Motala AB was acquired on 1 March 2018.
- Haitokoti Omena Oy, a provider of care for older people in Ilomantsi, Finland, was acquired on 1 March 2018.
- Ektorpsgården Lidingö AB, a provider of care for older people in Lidingö, Sweden, was acquired on 1 April 2018.
- Vällingbygården i Stockholm AB, a provider of care for older people in Vällingby, Sweden, was acquired on 1 April 2018.
- Joen Hoiva Oy, a provider of care for older people in Joensuu, Finland, was acquired on 1 May 2018.
- Hoivakoti Majakka Oy, a provider of care for older people in Kokkola, Finland, was acquired on 1 May 2018.
- Hoivakoti Mäntytuuli Oy, a provider of care for older people in Alajärvi, Finland, was acquired on 1 July 2018.
- Seniorikoti Kultaharju Oy, a provider of care for older people in Lappeenranta, Finland, was acquired on 1 July 2018.
- Hämeenkoski, a provider of care for older people in Hollola, Finland, was acquired on 1 September 2018.
- GG-Hoiva Oy, a provider of care for older people in Kaavi, Finland, was acquired on 1 October 2018.
- Athena Omsorg, a provider of home care services in Umeå was acquired through an asset acquisition on 1 November 2018.
- Splendida hemtjänst, a provider of home care services in Stockholm was acquired through an asset acquisition on 1 November 2018.
- FSB Finsk Omsorg, a provider of home care services in Stockholm was acquired through an asset acquisition on 6 December 2018.

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 2019, Attendo acquired Telkän Hoiva Oy. A provider of home care operations and four nursing homes in Jyväskylä, Finland.
- On 1 February 2019, Attendo acquired Enckelinpuiston Palvelukeskus Oy. A provider of care for older people in Kurikka, Finland.
- On 1 March 2019, Attendo acquired 1:a Hemtjänstkompaniet AB, a provider for home care services in Stockholm with surrounding.

Goodwill

The goodwill value of SEK 379m 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 ex-

ceeds 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

SEKm	2018	2017
Purchase consideration at date of acquisition		
Purchase consideration paid	467	1,251
Conditional purchase consideration	13	77
Total estimated purchase consideration	480	1,328
Identifiable acquired assets and liabilities		
Cash and cash equivalents	20	80
Property, plant and equipment	136	82
Customer relationships	152	245
Intangible assets	0	13
Deferred tax assets	31	38
Trade receivables ¹⁾ and other receivables	30	181
Trade payables and other liabilities	-238	-828
Deferred tax liabilities	-30	-51
Total identifiable net assets	101	-240
Goodwill ²⁾	379	1,568

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 7.1 m (8.9) 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 49m (77).

Other acquired companies had contributed SEK 249m in net sales and SEK 13m in profit for the year if they had been acquired on January 1, 2018.

Net sales from the acquired companies included in the consolidated income statement since the acquisition date totals SEK 184m. The acquired companies contributed profit of SEK 10m in the same period. Acquisition analysis for Mikeva has been completed during the year and has resulted in goodwill of SEK 85m and customer relationships of SEK 9m being booked. Acquired net assets have decreased by SEK 92m.

Attendo acquired nursing homes and, in some cases, local medical centres from local authorities during the year. These transactions were aimed at acquiring nursing homes in attractive locations with existing customers and employees. The transactions are reported as required under IFRS 3 Business Combinations. Land, buildings and customer relationships acquired in these transactions are carried at fair value and depreciated/amortised over the useful life of the asset. Any surplus value is reported as goodwill. Recognised goodwill attributable to these acquisitions amounts to SEK 112m and customer relationships to SEK 93m. The total consideration transferred for these transactions amounted to SEK 240m in 2018.

C27 Pledged assets

Pledged assets

Mkr	2018	2017
Cash and cash equivalents and blocked funds	43	48
Vehicles (assets through finance leasing)	71	83
Other pledged assets	1	2
Total	115	133

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 2017.

Contingent liabilities amount to SEK 185m. The commitment have arisen in Finland in connection with the acquisition of care for older people and health care centers from municipalities.

C29 Divested operations

Attendo announced on 17 May 2018 that a binding agreement had been made with Terveystalo regarding the sale of the Finnish health care operations. The sale closed on 28 December 2018, following the approval of the Finnish Competition and Consumer Authority. The sale resulted in a capital gain in the fourth quarter of SEK 579m after transaction and separation costs. The capital gain includes a reversal of exchange rate differences of SEK 117m previously recognised in other comprehensive income. The reversal of exchange rate differences had no effect on total equity. The divested operations have been reported as operations held for sale since the second quarter of 2018 on the 2017 and 2018 income statements and on the balance sheet as of the second quarter of 2018.

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

Income statement, SEKm	2018	2017
Net sales	2,316	2,180
Other operating income	1	0
Total revenue	2,317	2,180
Personnel costs	-1,077	-971
Other external costs	-1,035	-995
Amortisation and depreciation of tangible and intangible assets	-17	-20
Operating profit (EBITA)	188	194
Amortisation of acquisition-related intangible assets	-23	-21
Operating profit (EBIT)	165	173
Net financial items	-	-
Profit before tax	165	173
Income tax	-33	-35
Profit for the period for divested operations	132	138
Capital gain or loss	579	-
Profit for the period for divested operations (total effect)	711	138
Translation differences in foreign subsidiaries ¹⁾	-117	-46
Comprehensive income from divested operations	594	92

¹⁾ Currency effects related to closed hedge accounting are included in the amount of SEK -123m (-105).

Cash flow statement	2018	2017
Cash flow from operating activities	164	134
Cash flow from investing activities	-27	-17
Cash flow from financing activities	0	0
Total cash flow from operations held for sale	137	117

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

Balance sheet, SEKm	2018	2017
Assets in operations held for sale		
Intangible non-current assets	-	-
Tangible non-current assets	-	-
Financial non-current assets	-	-
Current assets	-	-
Total assets	-	-
Liabilities in operations held for sale		
Non-current liabilities	-	-
Provisions	-	-
Trade payables and other liabilities	-	-
Total liabilities	-	-

C30 IFRS 16

Attendo provides care services through two contract models: own operations and outsourcing. In the Own operations contract model, Attendo provides care services on Attendo's own premises, i.e., premises that Attendo in most cases rents from external property owners. In Outsourcing, Attendo provides care services on local

authority premises and thus has no rental agreements for these premises. A lease under IFRS 16 is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Attendo's analysis shows that the majority of the contracts classified as leases under IFRS 16 refer to premises where Attendo runs own operations, cars used in home care operations and a few other assets.

As of 31 December 2018, Attendo had approximately 600 rental agreements related to premises that will be recognised in the balance sheet in accordance with IFRS 16. These comprise the majority of the leased assets and liabilities. The rental agreements related to real estate usually have terms of 10–15 years and those for cars have terms of 3 years. Leases for real estate also normally include one or more extension options. Because exercise of an extension option requires a new investment decision, IFRS 16 does not cover the calculation of the extension option until a decision to continue the operation is made.

Variable costs, such as property tax, VAT and other variable property costs, such as the costs of maintenance, electricity, heat and water, etc., are excluded from the lease liability calculation to the extent the costs can be separated from the rental cost. The yield for public properties is used as the discount rate to calculate the lease liability (the present value of future lease payments). The yield requirement differs among geographical areas and Attendo's leases have consequently been categorised based on their geographical location. For 2018, an interest rate of 4.0–5.75 percent is used for leases in Sweden, 4.1–5.6 percent in Finland, 4.75–7 percent in Denmark and 4.0–5.25 percent in Norway. The discount rate for Attendo's leased cars in Sweden is based on the interest rate specified in the respective lease, and in Denmark on the interest rate implicit in the lease, which was 2.16 percent in 2018.

The majority of Attendo's leases contain some form of annual indexation, usually based on the consumer price index. There are leases in Finland where indexation is based on occupancy. Attendo has taken advantage of the exemption permitting the exclusion of

Restated balance sheet under IFRS 16

	Opening balance 1 Jan 2018	IFRS 16 adjustment	Opening balance 1 Jan 2018 restated	31 Dec 2018, reported	IFRS 16 adjustment	31 Dec 2018 restated
ASSETS						
Non-current assets						
Equipment	559	-82	477	677	-71	606
Right to control use	-	5,664	5,664	-	7,533	7,533
Financial assets	109	84	193	137	105	242
Total non-current assets	9,926	5,666	15,592	8,826	7,567	16,393
Other current assets	411	-98	313	544	-107	437
Total current assets	2,876	-98	2,778	4,936	-107	4,829
TOTAL ASSETS	12,802	5,568	18,370	13,762	7,460	21,222
EQUITY AND LIABILITIES						
Equity	5,369	-328	5,041	6,211	-410	5,801
Non-current liabilities						
Long-term borrowings	5,171	-63	5,108	3,211	-53	3,158
Non-current lease liabilities	-	5,338	5,338	-	7,196	7,196
Total non-current liabilities	5,365	5,275	10,640	3,470	7,143	10,613
Current liabilities						
Short-term borrowings	65	-19	46	2,138	-18	2,120
Current lease liabilities	-	640	640	-	745	745
Total current liabilities	2,068	621	2,689	4,081	727	4,808
TOTAL EQUITY AND LIABILITIES	12,802	5,568	18,370	13,762	7,460	21,222

leases of assets of low value, below SEK 50,000, and leases with terms of less than twelve months.

Right-of-Use assets reported in accordance with IFRS 16 comprise only the value of discounted leases for assets that are in use. Moreover, the obligations refer to leases that have a term that is longer than 12 months and are at fixed rent, as opposed to variable rent. This entails a difference from current disclosures on future lease payments in Note C7.

The difference between the paid lease payments and the reversed rent adjustments in accordance with IFRS 16 amounts to SEK 193m and is related to leases where the underlying asset has a low value, leases where the term is 12 months or less and leases at variable rent.

As Attendo has chosen to apply the full retrospective approach, the transition to IFRS 16 will occur on 1 January 2018 and all balance sheets and income statements as of that date and thereafter have been restated. The income statement and balance sheet items affected by the transition to IFRS 16 upon implementation, i.e., the opening balance on 1 January 2018 and the full year 2018, are shown below.

Restated income statement under IFRS 16

SEKm	Jan-Dec 2018 reported	IFRS 16 adjustment	Jan-Dec 2018 restated
OPERATING COSTS			
Other external costs	-2,818	1,081	-1,737
Depreciation, amortisation and impairments of tangible and intangible assets	-207	-784	-991
Operating profit (EBITA)	711	297	1,008
NET FINANCIAL ITEMS			
Financial expenses	-146	-394	-540
Profit before tax	423	-97	326
Income tax	-102	20	-82
Profit for the year from continuing operations	321	-77	244
Divested operations			
Profit for the year from divested operations	711	-	711
Net profit for the year	1,032	-77	955
Profit for the year attributable to parent company shareholders	1,032	-77	955

C31 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 had transactions with two related parties, which in all material respects consisted of Attendo leasing properties from companies in which these parties are shareholders. These transactions do not exist during the full year 2018 but are reported as part of the comparable period below.

Related party transactions had a value of SEK 1m (11) during the year. All related-party transactions take place on market terms.

C32 Events after the reporting date

The board of directors announced on 14 February that Cecilia Addamshill would be leaving Attendo's executive management. Addamshill remains the deputy business area director of Attendo Scandinavia.

C33 Reconciliations of alternative performance measures

Return on capital employed¹⁾

SEKm	2018	2017 ¹⁾
Operating profit (EBIT) Rolling 12 months	734	953
Average capital employed		
Opening 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 beginning of the period	10,657	8,217
Closing balance		
Equity	6,211	5,369
Long-term interest-bearing liabilities	3,254	5,223
Short-term interest-bearing liabilities	2,138	65
Capital employed at the end of the period	11,603	10,657
Average capital employed	11,130	9,437
Return on capital employed (%)	6.6	10.1

Operating Cash flow¹⁾

SEKm	2018	2017 ¹⁾
Cash flow from operating activities	819	899
Investments in tangible assets	-284	-267
Divestments of intangible and tangible assets	58	59
Interest received/paid	116	72
Operating Cash flow	709	763

Organic growth

%	2018	2017
Net sales growth	22.4	8.9
Acquired growth	15.4	7.4
Change in currencies	3.4	0.6
Organic growth	3.6	0.9

Working Capital¹⁾

SEKm	2018	2017 ¹⁾
Current assets	4,490	2,090
Cash and cash equivalents	-2,896	-475
Current liabilities	4,054	1,994
Liabilities to credit institutions	-2,138	-65
Working Capital	-322	-314

¹⁾ Including divested operations in comparison year.

Definitions of the alternative performance measures are found on page 87.

Parent Company Income Statement

January–December, SEKm	Note	2018	2017
Net sales	P2	11	11
Personnel costs	P3	-22	-24
Other external costs	P4, P5	-11	-10
Operating profit		-22	-23
Net financial items		-9	-4
Profit After Financial Items		-31	-27
Group contributions		31	25
Profit before tax		0	-2
Tax	P6	0	-
PROFIT FOR THE YEAR		0	-2

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

Parent Company Balance Sheet

31 December, SEKm	Note	2018	2017
ASSETS			
Non-current assets			
Shares in subsidiaries	P7	6,494	6,494
Total non-current assets		6,494	6,494
Current assets			
Receivables from Group companies		35	28
Other current receivables		9	1
Cash and cash equivalents		0	0
Total current assets		44	29
TOTAL ASSETS		6,538	6,523
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	P8	1	1
Total restricted equity		1	1
Non-restricted equity			
Share premium reserve		6,602	6,574
Retained earnings		-528	-322
Profit for the year		0	-2
Total non-restricted equity		6,074	6,250
TOTAL EQUITY		6,075	6,251
LIABILITIES			
Current liabilities			
Liabilities to group companies		450	256
Other current liabilities		13	16
Total current liabilities		463	272
TOTAL LIABILITIES		463	272
TOTAL EQUITY AND LIABILITIES		6,538	6,523

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 2017	1	6,517	-94	6,424
Repurchase of own shares	-	-	-33	-33
Dividends paid	-	-	-195	-195
Other items	0	56	-	56
Other comprehensive income	-	-	-2	-2
Closing balance, 31 December 2017	1	6,574	-324	6,251
Opening balance 1 January 2018	1	6,574	-324	6,251
Repurchase of own shares	-	-	-	-
Dividends paid	-	-	-204	-204
Share issues	0	28	-	28
Other comprehensive income	-	-	-	-
Closing balance, 31 December 2018	1	6,602	-528	6,075

Parent Company Statement of Cash Flow

January–December, SEKm	2018	2017
Operating activities		
Profit before tax	0	-2
Adjustments for items not included in cash flow	-31	-24
Cash flow from operating activities before changes in working capital	-31	-26
Cash flow from changes in working capital		
Changes in current receivables	-9	1
Changes in current liabilities	216	197
Cash flow from operating activities	176	198
Financing activities		
Share issue	28	56
Dividends paid	-204	-195
Repurchase of own shares	-	-33
Cash flow from financing activities	-176	-172
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 applied IAS 39 in 2017 and applies IFRS 9 as of 2018. 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 (11).

P3 Salaries and other remuneration

Salaries and other remuneration

SEKm	2018	2017
CEO		
Salaries and other remuneration	6	6
Pension costs	2	2
Social costs	2	3
Total	10	11
Other employees		
Salaries and other remuneration	5	6
Pension costs	1	1
Social costs	2	3
Total	8	10
Total	18	21

Average number of full-time employees

	2018	2017
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	2018	2017
External services	5	3
Board remuneration	4	4
Other	2	3
Total	11	10

P5 Audit fees

Audit fees

SEKm	2018	2017
PwC		
Audit fees	1	1
Other audit assignments	–	–
Tax advice	1	0
Other services	0	1
Total	2	2

Other companies	2018	2017
Other services	0	0
Total	0	0

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

P6 Tax

Reconciliation of effective tax

SEKm	2018	2017
Profit before tax	0	–2
Tax according to the Swedish tax rate	0	–
Tax expense	0	–

Attendo AB's tax deficit amounted to SEK 0m (0) as of 31 December 2018.

P7 Shares and participations

Shares in group companies

SEKm	2018	2017
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 (publ)	556932-5342	Danderyd	66,669,379	100%	6,494

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

P8 Equity

Share capital

Share capital as of 31 December 2018 amounted to SEK 884,551 (882,066) and the number of shares was 161,386,592 (160,933,098). 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	-6,074,427,205
Profit for the year	397,745
Total	-6,074,029,460

Allocated as follows:

Amount to be paid to the registered share-holders (SEK 0.60 per share) ¹⁾	96,520,315
Amount to be retained by the parent company	5,977,509,145
Total non-restricted equity in the parent company	-6,074,029,460

¹⁾ Calculated on shares outstanding as of 14 February 2019. In accordance with Attendo's dividend policy, the dividend corresponds to 30 percent of net profit from continuing operations.

P9 Events after the reporting date

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

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 2018.

Danderyd, Sweden, 11 March 2019

Ulf Lundahl
Chairman

Catarina Fagerholm
Board member

Alf Göransson
Board member

Tobias Lönnevall
Board member

Arja Pohjamäki
Board member
Employee representative

Anssi Soila
Board member

Anitra Steen
Board member

Martin Tivéus
Extern CEO and President

Our Audit Report was submitted on 11 March 2019

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.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Attendo AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 40-74 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 2018 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 2018 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.

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

Our opinions in this report on the 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.

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 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's 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.

During the year, the auditor in charge and members of the audit team has visited the Finish operations in order to achieve an understanding of the operations in the country, impact of the divestment of the health care business, and evaluate the compliance to Attendo's framework for internal control. Furthermore, during the visit accounting of acquisitions and purchase price allocations were discussed and tested and a brief review of the

financial reporting based on group reporting principles was performed.

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.

Accounting of the divestment of the Finnish health care business

Key audit matter

We refer to Note K1 Significant accounting policies, and K29 Divested operations.

On May 17, Attendo entered into an agreement to divest the Finnish health care operations to Terveystale, a leading Finnish healthcare company. The health care operation was a significant part of Attendo's Finnish operations. The acquisition price is 233 MEUR.

This transaction is the transaction which has, individually, had the greatest impact on Attendo's accounting. Among other events, the divested operations have been transferred to separate entities, consolidated financial statements have been recalculated, so that the divested operations are presented on a line in the income statement, "Profit for the period from divested operations", in accordance with applicable accounting standards. Furthermore, in connection with the calculation of the capital gain a number of assessments have been required as regards which assets and liabilities that, from a Group perspective, should be allocated to the divested operations, as these items have occurred in combination with the remaining operations through previous acquisitions and other transactions.

Based on the significant impact of the divestment of the Finnish healthcare business on the consolidated financial statements, the audit of the divestment has comprised a key audit matter.

How our audit addressed the Key audit matter

In our audit we have performed, among others, the following procedures:

- Taken part of the agreement that regulates the divestment, in order to ensure that the effect thereof is applied fairly in the consolidated financial reports
- Reviewed Attendo's recalculation of the account in accordance with IFRS 5, in order to ensure that items recognized as divested operations comprise the divested business, and that reasonable assessments have been made regarding items common with the remaining operations.
- Reviewed the calculation of the capital gain, with a specific focus on assessing if items are deducted from the capital gain in a fair way.
- Compared information presented in the Annual Report and the presentation in the income statement to the requirements of IFRS 5, and found them to be, in all material aspects, in compliance.

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

Management's assessment regarding provisions for loss-making contracts

Key audit matter

Refer to Note K2 Critical judgements, estimates and assumptions and Note K21 Provisions and to the Board of Directors Report.

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 below, we deem that the most significant item subject to critical assumptions is the provision for loss-making contracts. The reason for this is that Attendo has during the year opened new homes with more than 2 390 beds. Start-up of a new unit can be costly as it may take time to occupy a new home. This has affected the 2018 consolidated result which is described in the Management report.

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 make judgments and forecast for the future. Based on these estimates Attendo assesses if any provision is required.

As described in the Managements Report, the result in the fourth quarter has been charged with increased provisions of MSEK 60, referring to discontinuing operations and operations that are expected to be loss-making in coming periods.

In note K21 Provisions Attendo disclosed that that MSEK 195 has been reserved for such losses. Although this balance in itself is not significant in relation to Attendo 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's 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's calculation basis and agreed those to internal reports.
- Followed up earnings, forecasts and projections regarding nursing homes and other units in internal reports with responsible at Attendo.
- Assessed Attendo's principles to make provisions for potential losses related to customer contracts to the requirements in IAS 37 Provisions.

Irrespective of the fact that the valuation for loss-making contracts is effected by an inherent uncertainty, as the valuation is, partly, based on assumptions that might change, we conclude that Attendo assumptions underlying the provision for loss-making contracts are within an acceptable range.

Routines and processes including accounting of employee related expenses

Key audit matter

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 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.

Attendo's 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 37 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 reported 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.

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

Key audit matter

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 MSEK 7,339 per December 31, 2018 corresponding to 53% 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 is 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, approved forecast and budgets, by the board of directors, for the coming five years. Cash flows for the period thereafter are extrapolated based on the business plan. The process is thus dependent on assumptions 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. Up and until July 2018, Attendo's operations have been organised in four operating segments. As operations in Scandinavia have been combined, there are subsequently two cash generating units, Scandinavia and Finland, respectively. For 2018, Attendo will, therefore, in accordance with IAS 36, perform the impairment test based on two cash generating units, as these reflect how Attendo runs its operations.

Even if a cash generating unit passes the impairment test, future developments can lead to departures from the assumptions made in the test whereby a need for impairment can arise.

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.

Attendo's 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 2018.

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 Attendo'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 Attendo's assessment of risks that might impact 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, no significant observations have been reported to the audit committee.

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 1-27 and pages 81-86. 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.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect 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 12th April 2018 and has been the company's auditor since the 27th October 2015.

Stockholm 11 March 2019

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	2018	2017
Closing price 31 December	78.70	87.95
Market capitalisation 31 December, SEKbn	12.7	14.2
Share price performance during the year, %	-11	12
Highest price paid 9 Jan (21 Jun)	91.70	110.50
Lowest price paid 26 Jul (4 Jan)	72.45	75

Shares in Attendo were traded during 2018 to a value of SEK 3.9 bn, corresponding to a daily average of SEK 16m. The volume traded in 2018 corresponds to 30 percent of the average number of shares outstanding. Of the total volume of shares traded, approximately 80 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 was 161,386,592 by the end of the year (160,933,098). The increase from the previous year relates to the exercise of warrants in the option program 2015/2018, read more in note 5 on page 54–56. Attendo's holdings of own shares amounted to 519,400 shares at year-end, which is why the number of outstanding shares as of December 31, 2018 amounted to 160,867,192. All shares confer equal voting rights and equal rights to a share in the company's assets.

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 0.60 per share to the AGM 2019, which corresponds to 30 percent of net profit excluding profit and capital gain from the healthcare operations in Finland.

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.

SHAREHOLDERS

Name	No. of shares	% of shares and votes
Nordstjernan AB	25,600,000	15.9
Pertti Karjalainen	22,836,395	14.2
Didner & Gerge Funds	14,131,306	8.8
Swedbank Robur Funds	10,407,999	6.5
Carve Capital AB	8,265,036	5.1
Henrik Borelius	6,040,293	3.8
Elo Mutual Pension Insurance Company	4,800,000	3.0
Norges Bank	3,996,678	2.5
AP2 Fund	3,905,830	2.4
AP3 Fund	2,824,292	1.8
Pareto Global	1,753,288	1.1
Ammy Wehlin	1,526,440	0.9
SEB Investment Management	1,279,590	0.8
Anssi Soila	1,255,455	0.8
Gladiator	1,200,000	0.7
Op Funds	1,195,068	0.7
Catella	1,120,622	0.7
Nordea Investment Funds	759,194	0.5
AMF	724,036	0.5
Handelsbanken Funds	599,000	0.4
Total, 20 largest shareholders	114,220,522	71.0
Other shareholders	46,646,670	29.0
Total shares outstanding	160,867,192	100.0

Source: Euroclear Sweden AB as of 31 December 2018

SHARE DISTRIBUTION

Holding	No. of share-holders	No. of shares outstanding
1 – 500	8,019	893,560
501 – 1,000	643	483,715
1,001 – 5,000	508	1,176,577
5,001 – 10,000	105	769,086
10,001 – 15,000	39	491,161
15,001 – 20,000	30	546,606
20,001 –	180	157,025,887
Total	9,524	161,386,592

Source: Euroclear Sweden AB as of 31 December 2018.

PER SHARE DATA

SEK	31 Dec 2018	31 Dec 2017
Equity per share	38.71	33.60
Earnings per share basic	2.00	4.26
Dividend per share	0.60	1.27
Dividend as a percentage of earnings per share, %	30	30
Dividend yield, % ¹⁾	0.8	1.4
P/E ratio ²⁾	39	21

¹⁾ Divided by share price at year-end.

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

SHARE PRICE 2015–2018



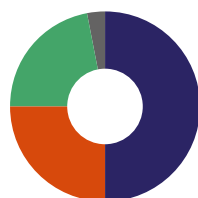
GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AT 31 DECEMBER 2018



- Sweden 48%
- Finland 22%
- Great Britain 12%
- USA 7%
- Rest of the world 11%

Source: Euroclear Sweden AB

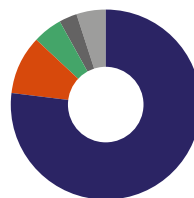
SHAREHOLDERS BY CATEGORY AT 31 DECEMBER 2018
percentage of share capital



- 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 2018



- Nasdaq Stockholm 77%
- Cboe CXE 10%
- Cboe BXE 5%
- Cboe BXE 3%
- Other 5%

Source: Fidessa

Sustainability indicators 2018

Attendo seeks to follow the Nasdaq ESG Reporting Guide for reporting of ESG performance indicators. The reported indicators represent actual performance or estimations, which must as far as possible reflect actual conditions within Attendo as a whole.

Environmental metrics

Focus area	Indicators	Performance 2018
Facilities use ^{1,2)}	Gross floor space controlled by Attendo's local operations, m ² ¹⁾	948,000
Energy usage ^{2,3)}	Direct energy consumption, kWh/m ²	116
	Direct energy consumed annually per FTE, kWh/FTE	6,500
	Total direct energy consumption, MWh	109,600
Greenhouse gas emissions	Indirect energy consumption (purchased mains electricity), MWh	46,200
	Direct GHG emissions from facilities and vehicles (Scope 1), t	3,600
	Electricity indirect GHG emissions (Scope 2), t	6,400
	Other indirect GHG emissions (Scope 3), t	–
Energy mix, purchased mains electricity ³⁾	Emissions per EUR revenue, g	9.4
	Renewable	50 %
	Nuclear	27 %
	Fossil fuel/peat	23 %
Water usage ⁴⁾	Thousands m ³	819
Waste management and recycling ^{4,5)}	Total waste produced, t	9,700
	of which hazardous waste, t	0.97
	of which recycled waste, t	3,200

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

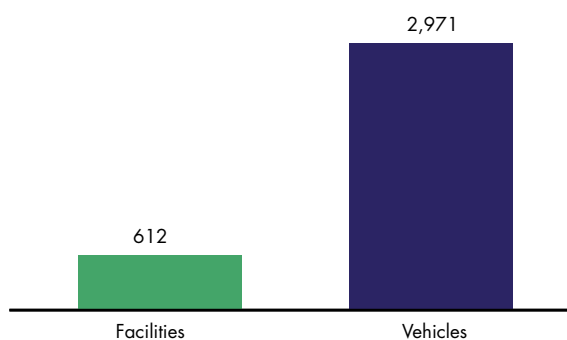
²⁾ Direct energy consumption refers to building-related energy usage (excluding mains electricity), calculated based on available data (Finland). Note that base rent (rent excluding heating and water) applies to the majority of leases in Finland.

³⁾ Indirect energy consumption and energy mix refer to purchased mains electricity as contractually agreed (Sweden) or the grid energy mix (Finland).

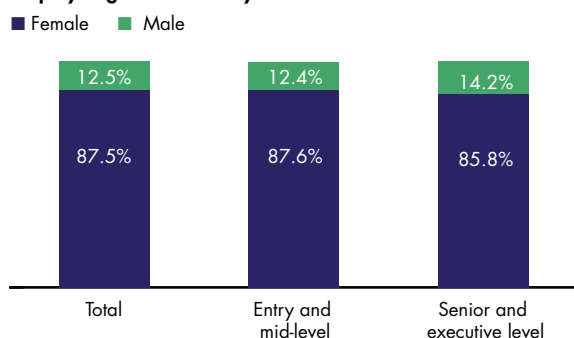
⁴⁾ Water usage and waste are calculated based on average water usage and waste produced per bed based on available data (Finland).

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

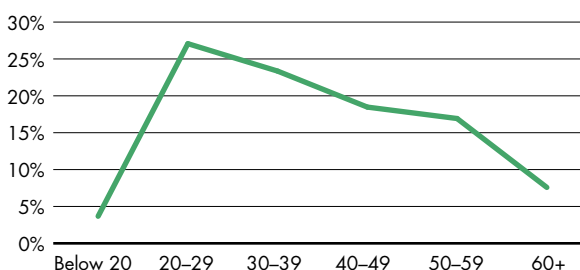
Direct GHG emissions, tonnes



Employee gender diversity



Employee age distribution



Social metrics

Focus area	Indicator	Performance 2018
Employee gender diversity	Total full-time employees (FTE)	16,785
	Number of female workers	14,695
	Percentage female workers	88 %
Gender diversity in entry and mid-level positions	Number of total workers	16,158
	Number of female workers	14,157
	Percentage of female workers	88 %
Gender diversity in senior and executive-level positions ¹⁾	Number of total workers	627
	Number of female workers	538
	Percentage of female workers	86 %
Age distribution	Average age	39
Language	Number of languages spoken in care for older people	57
CEO compensation ²⁾	Total pay and benefits including pension and social insurance fees	8,423,000 SEK/ 821,195 EUR
Compensation of full-time employees ³⁾	Mean pay and benefits including social insurance fees	434,912 SEK/ 42,401 EUR
	CEO/employee pay ratio	0.05:1
Gender pay ratio	Mean male salary	434,501 SEK/ 42,361 EUR
	Mean female salary	434,971 SEK/ 42,407 EUR
	Pay ratio, female/male	+0.11 %
Serious incidents	Number of reports under Lex Sarah/Lex Maria and critical observations from regional administrations (Finland)	33/7
	Number of incidents per 1,000 employees	2

¹⁾ Senior and executive-level employees include all local managers, regional managers and function managers.

²⁾ The CEOs during the year were Henrik Borelius (until 28 February), Pertti Karjalainen (1 March-30 August) and Martin Tivés (from 1 September). The key figure refers to the total cost of CEO compensation.

³⁾ Mean pay and benefits to employees refers to the total cost of compensation per FTE.

Corporate governance metrics

Focus area	Indicator	Performance 2018
Board diversity	Number of Directors	7
	Board seats occupied by women	3
	Percentage female directors	43 %
Board independence	Board seats occupied by independents	5
	Board seats occupied by union representatives	1
	Percentage independent directors	71 %
Board committees	Number of committees	3
	Total committee chairs occupied by women	1
	Percentage of committee chairs occupied by women	33 %
Collective bargaining	Percentage of FTE covered by collective bargaining agreements	100 %
UN Sustainable Development Goals	Direct material impact	6
	Some material impact	8
	No impact	3

Five-year summary

	2018	2017	2016 [*]	2015 [*]	2014 ^{*,1)}
Total net sales	10,987	8,977	10,212	9,831	9,045
Growth, %	22.4	8.9	3.9	8.7	6.9
– Net sales Sweden	5,736	5,664	5,481	5,126	4,875
– Net sales Finland	4,620	2,747	4,185	4,225	3,737
– Net sales Norway	424	359	323	264	292
– Net sales Denmark	207	207	223	216	141
Operating profit (EBITA) ²⁾	711	890	1,002	933	822
Operating margin (EBITA), %	6.5	9.9	9.8	9.5	9.1
Operating profit (EBIT) ²⁾	569	780	911	887	807
Operating margin (EBIT), %	5.2	8.7	8.9	9.0	8.9
Profit for the year	321	542	649	286	263
Profit margin, %	2.9	6.0	6.4	2.9	2.9
Return on capital employed, % ^{*,3)}	6.6	10.1	11.4	11.4	11.7
Capital employed ^{*1)}	11,603	10,657	8,217	7,828	7,796
Operating cash flow ^{*,2)}	709	763	805	765	700
Working capital ^{*,2)}	–322	–314	–309	–130	–293
Equity/assets ratio ^{*1)}	45	42	49	45	26
Net investments	205	193	169	165	164
Earnings per share, basic, SEK ⁴⁾	2.00	3.39	4.06	1.79	1.64
Earnings per share, diluted, SEK ⁴⁾	2.00	3.38	4.05	1.79	1.64
Equity per share, basic, SEK ^{*,4)}	38.71	33.60	30.19	26.37	16.06
Equity per share, diluted, SEK ^{*,4)}	38.65	33.44	30.10	26.36	16.06
Average no. of outstanding shares basic, thousands ⁴⁾	160,455	159,784	159,956	160,000	160,000
Average no. of outstanding shares diluted, thousands ⁴⁾	160,702	160,544	160,405	160,083	160,000
No. of outstanding shares at end of period, thousands ⁴⁾	160,867	160,412	159,800	160,000	160,000
Average no. of employees	16,745	14,341	14,824	14,512	14,214
Total net sales	10,987	8,977	10,212	9,831	9,045
– own operations	8,759	6,764	6,327	5,589	4,829
– outsourcing operations	2,228	2,213	3,108	3,236	3,149
– staffing operations	–	–	777	1,006	1,067

* Including divested operations

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

²⁾ Alternative Performance Measure, refer to page 87 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 58 for the calculation of average number of shares in the calculation of Earnings per share.

Quarterly summary

Amounts in SEKm	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	2,818	2,802	2,743	2,624	2,457	2,220	2,189	2,111
Other operating income	12	4	3	5	6	2	6	3
Total revenue	2,830	2,806	2,746	2,629	2,463	2,222	2,195	2,114
OPERATING COSTS								
Personnel costs	-1,862	-1,781	-1,871	-1,761	-1,668	-1,443	-1,511	-1,417
Other external costs	-821	-682	-696	-619	-567	-470	-466	-428
Amortisation, depreciation and impairment of tangible and intangible assets	-49	-46	-51	-61	-40	-32	-32	-30
Operating profit (EBITA)¹⁾	98	297	128	188	188	277	186	239
Operating profit (EBITA margin)	3.5%	10.6%	4.7%	7.2%	7.7%	12.5%	8.5%	11.3%
Amortisation and impairment of acquisition-related intangible assets	-36	-37	-36	-33	-30	-27	-28	-25
Operating profit (EBIT)¹⁾	62	260	92	155	158	250	158	214
Operating margin (EBIT margin)	2.2%	9.3%	3.4%	5.9%	6.4%	11.3%	7.2%	10.1%
Net financial items	-38	-35	-39	-34	-23	-21	-16	-17
Profit before tax	24	225	53	121	135	229	142	197
Tax	-6	-54	-13	-29	-37	-50	-31	-43
Profit for the period from continuing operations	18	171	40	92	98	179	111	154
Divested operations								
Profit for the period from divested operations	605	38	31	37	37	44	30	27
NET PROFIT FOR THE YEAR*	623	209	71	129	135	223	141	181
Profit margin, %	0.6	6.1	1.5	3.5	4.0	8.1	5.1	7.3
Tax rate, %	-25.0	-24.0	-24.5	-24.0	-27.4	-21.8	-21.8	-21.8
Earnings per share, basic, SEK ²⁾	0.11	1.07	0.25	0.57	0.61	1.12	0.69	0.96
Earnings per share, diluted, SEK ²⁾	0.11	1.06	0.25	0.57	0.61	1.11	0.69	0.96
Average number of shares, basic ²⁾ , thousands	160,577	160,414	160,414	160,413	159,816	159,719	159,801	159,800
Average number of shares, diluted ²⁾ , thousands	160,736	160,592	160,722	160,748	160,477	160,629	160,763	160,466
Net sales per contract model								
Net sales, own operations	2,302	2,233	2,168	2,056	1,901	1,661	1,646	1,557
Net sales, outsourcing	516	569	575	568	556	559	543	554
Net sales by country								
Net sales Sweden	1,396	1,441	1,452	1,448	1,437	1,432	1,419	1,376
Net sales Finland	1,255	1,201	1,133	1,030	878	646	628	595
Net sales Norway	112	109	106	97	105	85	84	85
Net sales Denmark	55	51	52	49	37	57	58	55
Own operations								
Units in operation	585	584	583	557	534	422	388	373
Beds in operation	15,684	15,343	15,064	13,812	13,262	10,378	9,550	9,249
Beds under construction	2,462	2,519	2,463	2,828	2,903	2,757	2,378	2,159
Home care customers	10,500	10,490	10,610	11,350	12,370	13,370	11,880	11,600
Outsourcing								
Units in operation	96	99	99	103	102	106	101	100
Beds in operation	2,995	3,247	3,301	3,420	3,396	3,495	3,457	3,462
Home care customers	1,020	980	960	970	920	960	670	670
Growth								
Organic growth ¹⁾	4.5	4.1	2.9	2.8	-0.7	1.7	1.2	1.5
Acquired growth	7.2	17.3	18.8	19.3	15.8	4.2	5.1	4.2
Changes in currencies	3.0	4.8	3.6	2.2	0.0	0.1	1.6	1.0

¹⁾ Alternative Performance Measure, refer to page 87 for definitions.

²⁾ See page 58 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 41 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, 11 April 2019 at Restaurant Bra Mat, 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, 5 April 2019 and secondly notify the company by no later than Friday, 5 April 2019.

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 5 April 2019, 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 0.60 per share for the financial year 2018, which corresponds to a dividend of SEK 97m. The proposed dividend corresponds to approximately 30 percent of net profit. The record date for the dividends is proposed to be 15 April 2019. The dividend is scheduled for payment on 18 April 2019.

Financial calendar 2019

11 April 2019	Annual General Meeting
3 May 2019	Interim Report January–March
19 July 2019	Interim Report April–June
24 October 2019	Interim Report July–September

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Attendo 
Care your way