

Press release, 23 October 2020

Attendo's report for the third quarter of 2020 – Positive trend in Finland but Scandinavia impacted by pandemic-related worries

Attendo reports a stable result for the third quarter of 2020. During the quarter, there have been improvements in the Finnish operations following the turn-around programme initiated in 2019. Meanwhile, demand in the Scandinavian business remains hampered by worries for the Corona-pandemic.

President and CEO Martin Tivéus comments on the report

"The action programme we launched for the Finnish operations in mid-2019 shows favourable progress. After mid-year, we lowered the rate of opening of new units, as planned, while gradually adjusting prices following the sharper staffing requirements. Since the ban on nursing home visits was lifted in Finland in early summer, the inflow of new customers has also resumed, as evident in the results of operations. Our Scandinavian operations were clearly still impacted by the ongoing pandemic. Although our nursing homes, with a few exceptions, have been free of infection since the beginning of the third quarter, concerns about the pandemic have clearly lowered the demand for nursing home beds on the Swedish market.

Action programme in Finland proceeding as planned

We see continued positive effects of the action programme in Finland during the third quarter. We are seeing positive effects of the negotiations ahead of 2020, which partly compensated for costs related to previously stricter staffing requirements.

A low opening pace, in combination with a normalisation of customer inflow and the fact that we closed down a number of beds, led to an improvement in the occupancy rate of three percentage points versus third quarter last year. We have continued to strengthen management and quality work at both central and local level in Finland.

Net sales in Attendo Finland rose by about 10 percent in the third quarter compared to the comparison quarter in 2019. Compared to 2019, EBITA doubled to SEK 121 million, linked to more sold beds and positive price effects.

Demand in Sweden slowed by covid-19

From a Nordic perspective, Sweden has been hit the hardest by the pandemic, particularly in the capital area of Stockholm, where 37 nursing homes and 17 home care districts generate a significant share of our Scandinavian revenues. The ban on nursing home visits that was in effect in Sweden for the entire quarter, combined with worry about the pandemic, markedly slowed demand during the quarter, as many local authorities have available capacity and many older people who have been granted beds have chosen not to move in. The low demand in combination with a high number of opened units have reduced occupancy by as much as 13 percentage points compared with the previous year.

Net sales in Scandinavia decreased by 11 percent as a consequence of the sale of the Norwegian business and the low occupancy. EBITA was down 26 percent compared to the third quarter of 2019 (excluding the capital gain in the comparison quarter), primarily due to low occupancy in mature units, but also an increase in the number of beds in the start-up phase as we have opened several new care units in Sweden during the year. Towards the

end of the third quarter and at the beginning of the fourth, we have seen a stabilization of occupancy, even though the inflow of new customers has continued to be lower than normal.

Stable results for the Attendo Group overall

In spite of the ongoing pandemic and weak customer inflow in Scandinavia, we managed to deliver stable results overall. Organic growth was 3 percent during the quarter, driven by higher occupancy in Finland and positive price effects. Although organic growth was good, total sales decreased by 1 percent, a consequence of divesting the Norwegian operations and negative currency effects.

EBITA amounted to SEK 269 million for the third quarter, a slight improvement compared to last year (excluding the capital gain in the comparison quarter). Profit rose in Finland due to higher occupancy and price adjustments, while we reported lower profit in Scandinavia due to low customer inflow, resulting in more vacant beds.

The effects of the corona pandemic reduced operating profit by about SEK 40 million, entirely attributable to Scandinavia. Although it is difficult to predict the continued development of the pandemic and its impact on the rate of new customers moving in, occupancy in our Swedish operations is significantly lower as we move into the fourth quarter. Attendo's assessment is that this effect on profits amounts to approximately SEK -20 million per month for the remainder of the year.

Attendo has applied for compensation from the Swedish state for certain direct costs related to the pandemic during the period up to August, but it is still uncertain when and to what extent compensation will be provided.

Continuing the effort towards better care

Our entire organisation has devoted huge effort during the ongoing pandemic to protect our customers, many of whom are in the high-risk group for covid-19. As the situation has unfolded, we have gathered data and experiences from the pandemic that we are now using to be prepared in the event that infection increases in the community again. This entails ongoing preparedness with strict procedures for preventing the entry of infection, which includes the wearing of masks when providing care services.

As the largest Nordic provider, we consider it our social responsibility to share our experiences with public authorities and politicians and have held several meetings during the summer and early autumn.

We are also continuing our efforts to further develop Attendo in the wake of the pandemic. We launched our new "Nära" ("Close") app for relatives of our residents at nursing homes during the quarter, aimed at improving and simplifying contacts and involvement with their relatives and providing greater peace of mind to our residents and their relatives.

I would like to conclude by expressing heartfelt thanks to all of our incredible employees, who have made life-and-death contributions in extremely challenging circumstances since the outbreak of the pandemic."

Summary of the third quarter 2020

- Net sales decreased by 1 percent to SEK 2,983m (3,013). Adjusted for currency effects, net sales increased by 1 percent. The divestment of the Norwegian operations has reduced sales by approximately SEK 100m. Organic growth amounted to 3%.
- Operating profit (EBITA)* amounted to SEK 269m (294), corresponding to an operating margin of 9.0 percent (9.8). The financial impact of the coronavirus pandemic during the

quarter is estimated to SEK -40m. A capital gain of SEK 31m on the sale of properties in the Attendo Scandinavia business area had a positive impact on the comparison quarter.

- Adjusted EBITA, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 162m (204), corresponding to an adjusted operating margin of 5.4 percent (6.8).
- Profit for the period amounted to SEK 64m (94). Diluted earnings per share were SEK 0.40 (0.58). Adjusted earnings per share* after dilution were SEK 0.64 (0.90).
- Free cash flow amounted to SEK -128m (51).
- The total number of beds in operation in Attendo's own homes was 17,485 (16,470), an increase by 6 percent. Occupancy in own homes was 79 percent (80).
- The Attendo Scandinavia business area will continue to be affected by the corona situation during the fourth quarter as concerns about the pandemic has led to low demand for beds. Attendo's assessment is that this profit effect amounts to approximately SEK -20m per month for the remainder of the year. Given the uncertainty about how the corona pandemic will develop, there is significant uncertainty about the estimate.

Summary of the period January–September 2020

- Net sales increased by 4 percent, before and after currency effects, to SEK 9,223m (8,881).
- Operating profit (EBITA)* amounted to SEK 604m (673), corresponding to an operating margin of 6.5 percent (7.6). The financial impact of the pandemic is estimated to SEK -120m. In relation to the comparison period, capital gains on the sale of real estate had a net positive effect on profit of SEK 10m.
- Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 288m (406), corresponding to an adjusted operating margin of 3.1 percent (4.6).
- Attendo is reporting a loss of SEK -908m (121) for the period. Impairment losses were taken in the second quarter on goodwill and on right-of-use assets, which reduced profit for the period by SEK -961m. Diluted earnings per share were SEK -5.65 (0.75). Adjusted earnings per share* after dilution were SEK 1.12 (1.66).
- Free cash flow amounted to SEK 296m (55).

* Excluding items affecting comparability

Invitation to teleconference

Investors, analysts and journalists are invited to participate in a teleconference at 10:00 am (CET) hosted by Attendo's CEO Martin Tivéus and CFO Fredrik Lagercrantz. To participate in the conference, please dial in on any number below:

SE: +46 8 50 55 83 53
FI: +358 98 17 10 521
UK: +44 33 33 00 90 34

You can follow the presentation and the conference on the following page:

<https://tv.streamfabriken.com/attendo-q3-2020>

The report and related information material is available on:

<https://www.attendo.com/>



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Attendo - the leading care company in the Nordics

Attendo is the leading private provider of publicly financed care services in the Nordic region. The company was founded in 1985 and was first to provide outsourced care for older people in Sweden. In addition to care for older people, Attendo provides care for people with disabilities and social care for individuals and families. Attendo has approximately 25,000 employees and is locally anchored with more than 700 operations in around 300 municipalities in Sweden, Finland and Denmark. www.attendo.com