

Press release, 10 February 2021

Attendo's year-end report for 2020 – In a challenging quarter, development remained positive in Finland and was stable in Scandinavia. Attendo presents new financial targets for 2023.

Attendo reports continued organic growth and a stable result during the fourth quarter of 2020. The Finnish operations continue to show a positive development following the ongoing action programme and Scandinavia has seen a stable development despite a strong second wave of the pandemic. In conjunction with this report, Attendo presents new financial targets, including adjusted earnings per share of SEK 4 or better by 2023.

President and CEO Martin Tivéus comments on the report

"We continued to sell more beds in the fourth quarter and are reporting organic growth of five percent. The action programme in Finland is progressing as planned and we maintained stable development in Sweden despite the strong second wave of the pandemic. During the Christmas holidays, we began vaccinating customers at nursing homes, which is a prerequisite for normalising operations. Vaccination of customers at nursing homes in Sweden, which has been hit the hardest by the pandemic, is largely complete and vaccination of employees is in progress. Over the next few years, we expect to continue regaining profitability, primarily through the action programme in Finland, operational improvements and organic growth. In conjunction with this report, we are presenting new financial targets, including adjusted earnings per share of SEK 4 or better by 2023.

Action programme in Finland progressing as planned

The positive effects of the action programme in Finland continued in the fourth quarter of 2020 as higher occupancy and price effects compensated for the sharper staffing requirements previously imposed. The combination of the planned low rate of opening new units and high sales pace improved the occupancy rate to 82 percent, up 1 percentage point over the preceding quarter. The second wave of the pandemic had limited impact on Attendo Finland. Net sales in Attendo Finland rose by about 9 percent in the fourth quarter compared to the comparison quarter in 2019. In parallel, EBITA rose to SEK 48 million, an improvement of SEK 68 million over the corresponding quarter in 2019.

We renegotiated parts of our framework contracts in Finland during the quarter with regard to 2021, resulting in an average price adjustment of about 10 percent. For Attendo Finland as a whole, this entailed positive price effects amounting to about 3 percent of net sales. However, as a result of underlying cost inflation combined with costs related to the new staffing law, the net effect of the price adjustment on the margin is expected to be limited in 2021.

Stable in Sweden despite the second wave

The second wave of the pandemic has affected Sweden more severely than the other Nordic countries. Notwithstanding, we have kept the infection out of most care homes in Sweden and the number of customers who have deceased of covid-19 has been significantly lower than during the first wave. Demand of nursing home beds have been subdued and the average occupancy is clearly lower in the beginning 2021 versus the first quarter of 2020.

Net sales in Attendo Scandinavia declined by 8 percent as a consequence of the sale of the Norwegian operations, lower occupancy in relation to the comparison quarter due to

concerns about the pandemic and discontinued home care operations. EBITA amounted to SEK 155 million, down 10 percent compared to the fourth quarter of 2019. Positive effects from outsourcing and home care operations have been offset by corona-related effects.

Stable results for the Group overall

In spite of the ongoing pandemic and weak customer inflow in Scandinavia, we delivered stable results overall. Organic growth was 4.8 percent during the quarter, driven primarily by more sold beds in Finland and positive price effects. In a clear improvement over 2019, EBITA for the fourth quarter amounted to SEK 193 million. Profit in Finland recovered due to higher customer inflow and price adjustments, but we are reporting somewhat lower profits in Scandinavia. The pandemic had significant negative financial impact on Attendo in the fourth quarter, but this has been fully offset for the quarter by government compensation for additional costs incurred earlier in the year. For the full year, the pandemic is estimated to have reduced profits by about SEK -120 million, including government compensation.

Moving into 2021, we expect continued effects on sales during the first quarter and we enter 2021 with low occupancy in the Swedish operations. As the vaccination programme progresses, we expect customer inflow to gradually normalise during the year. Extraordinary costs for PPE and other direct costs related to the pandemic are expected to be covered by government support schemes.

Value creation model and new financial targets

Attendo's value creation model is built on three fundamental principles: a scalable platform and common tools, an operational model for the best methods at the local level and a values-driven culture among leaders and employees. We further developed our operational model in 2020 under the name "Attendo Way" to provide support to local operations in their work to ensure high-quality care while encouraging local commitment. As an aspect of Attendo Way, we have launched several digital tools to strengthen internal communication, planning and documentation and dialogue with relatives to our customers. In so doing, we have strengthened the company's capacity to increase customer satisfaction, quality and occupancy.

The next few years will be a period of profit growth linked to the changes in Finland, an improved operational model, organic growth within current and planned capacity and minor acquisitions. The target is adjusted earnings per share of SEK 4 or better by 2023.

Our greatest asset

Satisfied, committed employees are our greatest asset and in 2020, the year of the pandemic, it became more important than ever to show our employees how much we appreciate them and to strengthen our efforts with leadership, values and internal communication. As part of this work, we are putting the spotlight on talented Attendo employees who are making a difference. We celebrated Attendo's Care Hero of the Year in the fourth quarter and launched a magazine in which we highlight the extraordinary efforts of our employees during the pandemic. The result was a marked increase in employee satisfaction and commitment in 2020. The greatest improvement is shown in the employee net promoter score. It is also gratifying to see that we have increased customer satisfaction in all Attendo markets, despite the pandemic.

Finally, I would like to express my sincere thanks to our employees and customers. I am proud of the efforts of all employees during the pandemic to provide good, safe care to our customers and spread joy. As well, I am deeply grateful to our customers and their families for the support they have shown during a challenging time."

Summary of the fourth quarter 2020

- Net sales amounted to SEK 3,065m (3,054). Adjusted for currency effects, net sales increased by 2 percent. The divestment of the Norwegian operations reduced sales by approximately SEK 100m. Organic growth amounted to 5 percent.
- Operating profit (EBITA)* amounted to SEK 193m (139), corresponding to an operating margin of 6.3 percent (4.6). The estimated financial impact of the pandemic during the quarter is SEK +/- 0m.
- Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 87m (35), corresponding to an adjusted operating margin of 2.8 percent (1.1).
- Profit for the period amounted to SEK 4m (-40). Diluted earnings per share were SEK 0.02 (-0.25). Adjusted diluted earnings per share were SEK 0.31 (0.04).
- Free cash flow amounted to SEK 132m (141).
- The total number of beds in operation in Attendo's own homes was 17,668 (16,618), an increase by 6 percent. Occupancy in own homes was 80 percent (80).
- Attendo is presenting updated financial targets, where growth and margin targets have been replaced by a target of adjusted earnings per share of SEK 4 or better in 2023, driven by operational improvements and organic growth.

Summary of January–December 2020

- Net sales increased by 3 percent to SEK 12,288m (11,935). Adjusted for currency effects, net sales increased by 4 percent. The divestment of the Norwegian operations reduced sales by approximately SEK 200m
- Operating profit (EBITA)* amounted to SEK 797m (812), corresponding to an operating margin of 6.5 percent (6.8). The financial impact of the pandemic is estimated to SEK -120m.
- Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 375m (441), corresponding to an adjusted operating margin of 3.1 percent (3.7).
- The loss for the period amounted to SEK -904m (81). Impairment losses were taken in the second quarter on goodwill and right-of-use assets, which reduced profit for the period by SEK -955m. Diluted earnings per share were SEK -5.63 (0.51). Adjusted diluted earnings per share were SEK 1.43 (1.71).
- Free cash flow amounted to SEK 428m (196).
- The board of directors is proposing no dividend for the 2020 financial year.

* *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 8 505 583 51
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You can follow the presentation and the conference on the following page:
<https://tv.streamfabriken.com/attendo-q4-2020>

The quarterly report and other information material will be made public 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