



PRESS RELEASE | 22 JULY 2021

Attendo's report for the second quarter 2021 – Improvement driven by Finland

Attendo reports improved results for the second quarter of 2021. Organic growth was 5 percent, driven primarily by higher customer inflow in Finland and positive price effects. The pandemic continues to have negative impact on the Scandinavian operations, which however has seen a positive trend in sold beds during the quarter. External evaluations in the quarter has shown that the measures Attendo has taken to protect customers during the pandemic were effective overall.

Comments from Martin Tivéus, President and CEO

“We are continuing to deliver according to plan on our turnaround programme in Finland, and report good organic growth based on an increase in the number of sold beds and price adjustments that balance out costs arising from staffing requirements under the new law. While the pandemic has had very limited effect on our Finnish operations, the impact was comparatively more severe in Scandinavia. However, we are seeing a positive trend in the number of sold beds in Scandinavia, rising from a very low level in the first quarter. During the quarter, we have also thoroughly analysed our work during the pandemic in Sweden. This identified several lessons learnt but also showed that Attendo managed the pandemic well overall.

Turnaround programme in Finland continuing as planned

We are still delivering as planned on the long-term turnaround programme we initiated in Finland in 2019. The continued high sales rate combined with lower number of new openings is showing effect in both the occupancy trend and sales. Occupancy is now 85 percent, compared to 79 percent during the same period in 2020. Currency-adjusted net sales in Attendo Finland rose by about 15 percent in relation to the comparison quarter in 2020.

Lease adjusted operating profit (EBITA) in Finland amounted to SEK 0 million during the quarter, up by SEK 67 million in relation to the same quarter in 2020, driven by higher occupancy and positive price effects. The price effects arising from renegotiated contracts ahead of 2021 have mainly offset the higher costs to meet sharper staffing requirements under the new staffing law. We expect further negotiations in the next couple of years to fully compensate for costs related to the new staffing law up to 2023.

Gradual improvement of new sales in Sweden

Following the year of the pandemic that resulted in a historically low rate of new customer move-ins to nursing homes in Sweden, we are seeing a gradual improvement in the move-in rate in the second quarter. This is an effect of the vaccination programmes and a declining transmission rate in the country. Consequently, we can close the quarter with unchanged occupancy in Sweden compared to the first quarter, even though we opened more than 200 new beds during the quarter. We expect continued normalisation of the sales rate in the second half as the occupancy situation in municipal operations gradually improves. Occupancy is, however, significantly lower compared to last year, as evident in the results.

Net sales in Attendo Scandinavia declined by 4 percent as a consequence of the divestment of the Norwegian operations and lower occupancy in relation to the comparison quarter. Lease adjusted



EBITA amounted to SEK 74 million, slightly lower than last year, adjusted for the capital gain in the comparison quarter. Results of operations for the second quarter include non-recurring costs of SEK 15 million for additional recovery days for employees after the pandemic.

Improved overall results driven by Finland

Organic growth was 5 percent, driven primarily by higher customer inflow in Finland and positive price effects. Lease adjusted operating profit (EBITA) amounted to SEK 53 million for the second quarter, a clear underlying improvement driven by the performance in Finland.

Attendo still suffers from a negative financial impact from the Covid pandemic, which has been partially offset by government compensation for Covid-related additional costs that arose in 2020. In spite of the severe impact of the pandemic in both 2020 and 2021, we are following our strategic plan and are certain that we will deliver on our new financial targets for 2023.

Care that makes a difference

Our overall goal is to provide good care that will lead to higher satisfaction and better health for our customers. The ambition is to have the most satisfied customers at every location where we operate. Towards that end, we have spent the last year further developing our common working method – the Attendo Way – to ensure high-quality care based on shared principles while encouraging local engagement. We will continue developing the Attendo Way in 2021, when the focus will be on areas including culture and transparency, digital tools and employee engagement. We are also putting focus on taking the next step in quality, with the ambition to improve our performance in terms of quality of life and preventive health.

The aftermath of the pandemic

As the largest private care provider in the Nordics, it is important to Attendo to evaluate our own efforts during the pandemic. We owe it to our customers and their relatives, as well as every Attendo employee and the local authorities that engage us. Attendo is a learning company and we want to contribute to increasing knowledge about the pandemic and care for older people in general.

To accomplish that end, we initiated a comprehensive internal project that includes all employees in which we are discussing and documenting lessons learnt from managing the pandemic.

We have also engaged outside experts for the evaluation in certain areas. For example, Sirona Health Solutions analysed excess mortality throughout the pandemic and at all nursing homes in municipalities where Attendo operates. This covers one third of all nursing homes in Sweden. The results show that excess mortality within Attendo was 19 percentage points lower than for other providers (private and public) during the period of March 2020-April 2021.

The pandemic has been an extraordinary challenge for Attendo's employees, our residents and their relatives, and there are many lessons to be learnt for the future. Nevertheless, the evaluations show that the measures Attendo has taken to protect our residents during the pandemic were effective overall."

Summary of the second quarter 2021

- Net sales amounted to SEK 3,207m (3,112). Organic growth amounted to 4.8 percent.
- Lease adjusted EBITA, i.e. EBITA according to the previous accounting standard, was SEK 53m (42), corresponding to a lease adjusted operating margin of 1.7 percent (1.3). The negative effects of the Covid pandemic on profits are estimated to SEK 40m (60), which has been partly offset by government compensation of SEK 23m for certain additional costs in 2020. The comparison quarter includes a capital gain of SEK 41m.



- Operating profit (EBITA) amounted to SEK 162m (153), corresponding to an operating margin of 5.1 percent (4.9).
- Impairments of goodwill and right-of-use assets were recognised in the second quarter of 2020, which reduced profit for the comparison quarter by SEK -971m.
- The loss for the period amounted to SEK -19m (-975). Diluted earnings per share were SEK -0.12 (-6.06). Adjusted earnings per share after dilution were SEK 0.19 (0.11).
- Free cash flow amounted to SEK 72m (198).

Summary of the January-June period

- Net sales amounted to SEK 6,269m (6,240). Organic growth amounted to 3.4 percent.
- Lease adjusted EBITA, i.e. EBITA according to the previous accounting standard, was SEK 128m (126), corresponding to a lease adjusted operating margin of 2.0 percent (2.0). The negative effects of the Covid pandemic on profits are estimated to SEK 90m (80), which has been partly offset by government compensation of SEK 73m for certain additional costs in 2020. The comparison period includes a capital gain of SEK 41m.
- Operating profit (EBITA) amounted to SEK 345m (335), corresponding to an operating margin of 5.5 percent (5.4).
- The loss for the period amounted to SEK -28m (-972). Diluted earnings per share were SEK -0.18 (-6.04). Adjusted earnings per share after dilution were SEK 0.45 (0.48).
- Free cash flow amounted to SEK 210m (424).
- The total number of beds in operation in Attendo homes was 20,858 (20,708) at the end of the period. Occupancy in homes was 83 percent (80).

Telephone conference

A telephone conference will be held on 22 July 2021 at 10.00 (CET) with Attendo's CEO Martin Tivéus and CFO Fredrik Lagercrantz. For participation please dial in on the following number:

SE: +46 8 505 583 53
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You can follow the presentation and the conference on the following page:
<https://tv.streamfabriken.com/attendo-q2-2021>

The quarterly report and related information material can be found on:
<https://www.attendo.com/>

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Attendo - the leading care company in the Nordics | For over 35 years, supporting and strengthening people with care needs has been the starting point of everything Attendo does. 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 facilities in around 300 municipalities in Sweden, Finland and Denmark. Every day Attendo has tens of thousands of encounters with its customers. These encounters manifest Attendo's shared values of care, commitment and competence.