



ANNUAL REPORT 2016

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This Annual Report is a translation of the original text in Swedish, which is the official version.

Attendo in brief



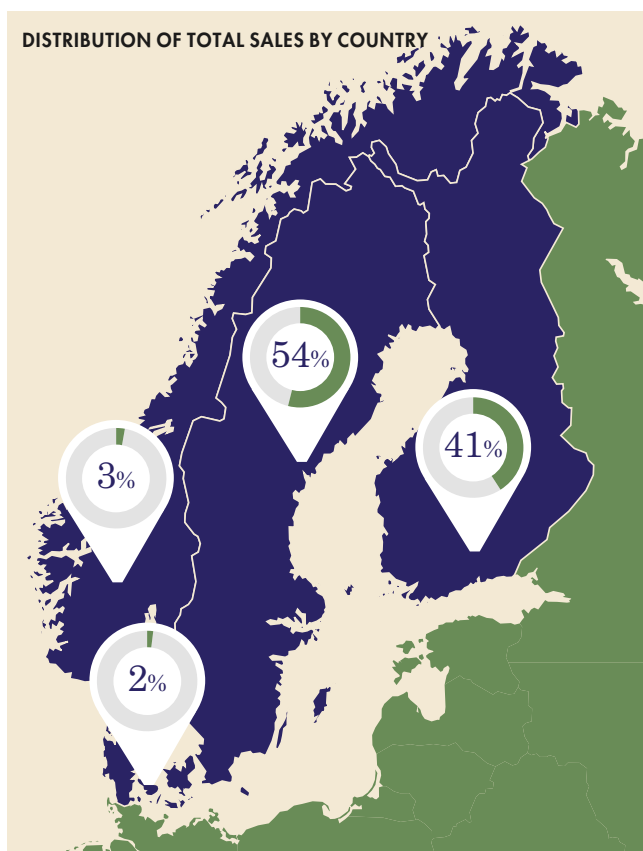
Vision

*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.*





The care leader in the Nordics

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

Focus on quality

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

>500
UNITS

>20,000
EMPLOYEES

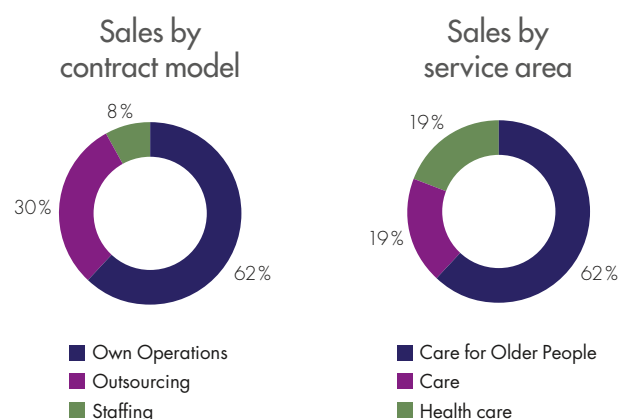
4
out of
5
FEMALE LEADERS

The year in brief

- Favourable growth was sustained in Own Operations, with a faster rate of establishment of new nursing homes and care homes.
- Net sales in Outsourcing declined slightly due to contracts lost in early 2016.
- Stable net sales in Staffing, adjusted for deconsolidation of subsidiaries.
- Attendo opened 770 new nursing home beds in Sweden and Finland during 2016. At year-end, there were 1,935 beds under construction in nursing homes and homes for people with disabilities.
- Attendo is opening more nursing homes than ever, helping to address major social challenges and making life better for tens of thousands of individuals.
- Quality improvement efforts continued to achieve good scores in internal and external surveys. Attendo’s quality index was 85 percent, which is unchanged from 2015.
- Attendo acquired ten companies during the year.
- The Board of Directors is proposing a dividend of SEK 1.22 per share.

Three-year review

SEKm	2016	2015	2014
Net sales	10,212	9,831	9,045
Operating profit (EBITA)	1,002	933	822
Operating margin (EBITA), %	9.8	9.5	9.1
Net profit for the year	649	286	263
Profit margin, %	6.4	2.9	2.9
Operating cash flow	805	765	700





Care for people and society

2016 was another good year for Attendo. We delivered high quality and customer satisfaction, which enabled us to begin establishing more nursing homes and care homes than ever in the company's history. The foundation of our favourable development is our commitment to making life better for tens of thousands of individuals while helping address major societal challenges.

The best thing about the year was how we steadily made life better for our customers. We paid attention to older people's needs for exercise and outdoor recreation. The annual Attendo Fitness Walk, which set a new record with over 2,000 participants this year, is just one example. In Finland, we arranged the Sydämeni Tango, a very popular concert tour for old age pensioners and their families, with a total audience of more than 3,000. And in Örkelljunga, we opened a Bed & Breakfast that provides meaningful work to people with psychiatric disabilities. Our unique lifestyle homes, Outdoor & Garden, Culture & Entertainment and Sport & Spa, give people an opportunity to live an active and varied lifestyle focusing on their personal interests. Our establishment of a new nursing home in Eskilstuna is a good example, where we successfully created a beautiful living environment with a nice garden while relieving the strain on the local authority, which had a long queue for care for older people. In Pyttis, Finland, we have cut waiting times and lowered costs for the local authority while maintaining very high customer satisfaction.

WE ARE HELPING TO ADDRESS SOCIAL CHALLENGES

In parallel with our focus on the needs of the individual, we are also helping to address

major social challenges. Queue times for accessing care for older people are getting longer all over the Nordic region. Demographic forecasts are also clear: the population aged 85+ is going to increase significantly in the Nordic countries during the next decade, which will also bring a growing need for care.

Thus, there is great need to build new nursing homes. We estimate that we are going to need to build about 80,000 new nursing home beds in Sweden and Finland by 2030. This will require large investments and the contributions that Attendo and other private companies can make to reduce the queues will be essential. Private companies accounted for about half of all new production of nursing homes in Sweden and Finland in recent years and of the private providers Attendo produced the largest addition of new beds. We further increased the pace in 2016 and by the end of the year, there were 1,935 beds under construction – a new record for Attendo. We are planning to maintain a high rate of investment in new homes in the next few years.

SUSTAINABLE EARNINGS

Consistently generating value for customers and society is the most important platform for positive development for Attendo. Sales rose in 2016 by 6.5 percent to SEK 10.2bn adjusted for currency effects and deconsolidation of subsidi-

ary. Operating profit amounted to SEK 1002m, an increase by 7.4 percent compared to 2015. The operating margin was 9.8 percent. Stable surpluses are a prerequisite for our possibility to continue developing our business and generating value for all of our stakeholders: customers, payors, employees and shareholders.

The sales growth was driven primarily by the Own Operations segment through a combination of new nursing homes, high occupancy rates and acquisitions. Attendo's long-term ambition is to sustain strong growth in Own Operations. Net sales were stable in Outsourcing, a market in which Attendo is focusing on quality-based tenders. Sales in the Staffing segment were slightly higher year-on-year.

Our growth was mainly organic, but was further reinforced by ten acquisitions. The largest acquisitions were Samsa in Sweden and Onnentäyttymys and 247 Hoivakodit in Finland. Combined, these acquisitions brought about 200 additional beds in nursing homes, homes for people with disabilities (LSS homes) and specialist care homes (HVB homes). In addition, they will contribute to future growth through a significant number of ongoing establishments and rights to future projects.

WE DELIVER HIGH QUALITY AND ARE AIMING TO IMPROVE FURTHER

Quality remained high in 2016. The customer satisfaction index was 84 percent and the quality index was 85 percent. In several locations including Nacka, Uppsala, Växjö, and Tavastehus, Attendo received the highest customer satisfaction scores of all providers. Even though our quality evaluation results are good, we are working actively to continuously drive progress. A central element of this is that we increase our focus on service to relatives of customers and other stakeholders.

Our progress does not mean we can rest on our laurels. Looking ahead, we see that budget deficits among our payors may increase the demand for more cost-effective solutions in care delivery. At the same time, our customers and their families are constantly increasing their demands on the level of service and competition is intensifying. In order to respond effectively, we must steadily become more innovative and adaptable. Attendo is ensuring this through a systematic improvement project. We are developing new digital tools, working with knowledge transfer between units and countries and reducing the administrative workload for leaders and employees. The focus of the effort is to make more time available to our customers and reduce the time we spend on administration.

FINNISH REFORM SHOWING THE WAY FOR SWEDEN

Our operations in Sweden are being challenged by the investigation that has presented propos-

als for how diversity should be reduced in education, care and health care by limiting opportunities for private companies. The proposals stand in strong contrast to the reality we encounter locally. Every day, our colleagues around Sweden receive inquiries from family members and older people requesting beds in good nursing homes. They are not looking for a particular form of ownership; they are looking for good care for older people. It seems reasonable that the reality that customers, relatives, and payors are experiencing in their communities should count for more than national political rhetoric. Focusing on how quality should be measured, improved and assured would be a better way to improve Swedish welfare services.

In Finland, reality has won the battle. The forthcoming SOTE reform aims to enhance quality, freedom of choice and productivity. A cornerstone of SOTE is increasing the share of services delivered by private care and health care companies by creating equal rules of the game for public and private providers.

MARKET LISTING IS BRINGING NEW OPPORTUNITIES

2016 was our first full year as a listed company. The initial public offering and new ownership structure have given us access to capital and thus strengthened our capacity to make acquisitions. Our ambition is to leverage that strength to step up the pace of our expansion within and outside of Scandinavia.

I am also pleased that so many employees have become shareowners of the company, partly in connection with the IPO and partly through the Attendo+ share savings programme that we launched during the year. More than 500 employees participated in the programme and by year-end, more than 1,000 colleagues were shareholders in Attendo. I am convinced that the widespread participation further strengthens employee commitment to Attendo's progress.

I want to thank Attendo's leaders and employees for their outstanding efforts during the year. The competence, commitment and care of our colleagues is absolutely critical to Attendo's continued success. We intend to achieve that success by delivering increasingly higher quality at a competitive price and thus continuing to generate value for our customers and society as a whole.

Danderyd, March 2017



Henrik Borelius
Chief Executive Officer

BUSINESS ENVIRONMENT

+80,000

New beds in nursing homes needed in Sweden and Finland until 2030

38%

Proportion of local authorities that have an assessed shortage of nursing home beds

ATTENDO 2016

904

New nursing home beds in own operations

NET SALES

+7%

SEK 10,212m

QUALITY INDEX

85%

CUSTOMER SATISFACTION

84%

Empowering the individual

VISION

Empowering the individual.

STRATEGIC GOALS

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

STRATEGIC FOCUS

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

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, a strong culture and a shared toolbox and curiosity to learn.

The best people in a decentralised organisation

Attendo's organisation is decentralised, which means that decisions are taken faster and in closer proximity to customers and payors. We work systematically to recruit the best employees and leaders. Local managers at Attendo have significant personal responsibility for their units and thus an opportunity to shape how the operation is run. Responsibility is also delegated within the unit, which increases commitment.

A strong culture

Attendo's corporate culture is based on the vision: Empowering the individual. Our values, competence, commitment, and care, guide us in our day-to-day work to consistently fulfil the vision. Attendo's experience from a long and systematic building of the corporate culture is that it strengthens the organisation and creates better conditions for everyone to work towards common goals.

A shared toolbox and a 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, development of new homes in own operations, and financial management.

FINANCIAL TARGETS

GROWTH AND PROFITABILITY

7%

ANNUAL GROWTH

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

9%

EBITA MARGIN

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

CAPITAL STRUCTURE

3,75×

NET DEBT/EBITDA

Financial stability and the opportunity to execute long-term decisions

DIVIDEND POLICY

30%

OF NET PROFIT

Dividends based on investment opportunities and financial position

Drivers on Attendo's markets

Attendo operates in Sweden, Finland, Norway, and Denmark. The same primary drivers are seen in the Nordics and much of Europe – an ageing population and a growing share of services delivered by private providers.

RISING DEMAND FOR CARE AND HEALTH CARE DUE TO AN AGEING POPULATION

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

CAPACITY SHORTAGE IN CARE FOR OLDER PEOPLE

There is already a significant shortage of nursing home beds. Attendo estimates that we are going to need to build about 80,000 new beds in homes for older people in Sweden and Finland by 2030. The public sector will have difficulties coping with the investments required on their own, and thus investments by private care providers will be crucial.

INCREASED SHARE OF SERVICES DELIVERED BY PRIVATE CARE AND HEALTH CARE PROVIDERS

The private share of care and health care has historically increased. The share of care and health care services provided by private entities varies from country to country. In several European countries, the share of nursing homes operated by private providers is larger than in the Nordic countries. In the last five years, the private segment has grown faster than the market as a whole in the Nordic countries, meaning that the share of privately operated nursing homes has been increasing.

INCREASING CONSUMER DEMANDS

As living standards improve, the behaviour of customers, patients and their relatives is changing. Today, people are more active in their choices and are more likely to evaluate several care options before making a decision.

FROM HOSPITALS AND INSTITUTIONS TO HOME CARE SERVICE AND MODERN NURSING HOMES

There is increasing understanding that hospitals and similar environments, such as institutional care, are poor care settings. The reality

is that customers often receive care for several years. Furthermore, limited public financing requires the most efficient organisation of care and health care possible and a hospital bed is more expensive than a bed in a nursing home. For a company like Attendo that operates home-like nursing and care homes, the shift from institutions to smaller units is increasing demand for the company's services.

INCREASED INTEREST IN FREEDOM OF CHOICE

Private providers and freedom of choice have been a common 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 choosing the health care and care services they want. A large majority of citizens consider it as important to be able to choose their own nursing home and home care services.

HIGHER QUALITY STANDARDS AND MORE FREQUENT MONITORING AND SUPERVISION

As the care and health care system has changed, control and quality considerations have become more important and comprehensive. It can be difficult for small public and private providers to meet the rising quality standards and regulatory requirements. Larger providers like Attendo may benefit from having effective methods for increasing customer satisfaction, well-established quality processes and quality experts, which smaller local authorities and companies more often lack.

THE CARE AND HEALTH CARE SYSTEM

The Nordic system for delivering social care services is based on public financing, local authority 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: attendo.com.

Market data in Care for Older People

NURSING HOMES – TOTAL MARKET SIZE AND PRIVATE SHARE (PERCENTAGE)

SWEDEN

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

Total market size SEK 76 billion

FINLAND

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

Total market size SEK 26 billion

NORWAY

The share of services delivered by private providers in Care for Older People is very low in Norway and activity is low in the Norwegian market.

Total market size SEK 34 billion

DENMARK

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

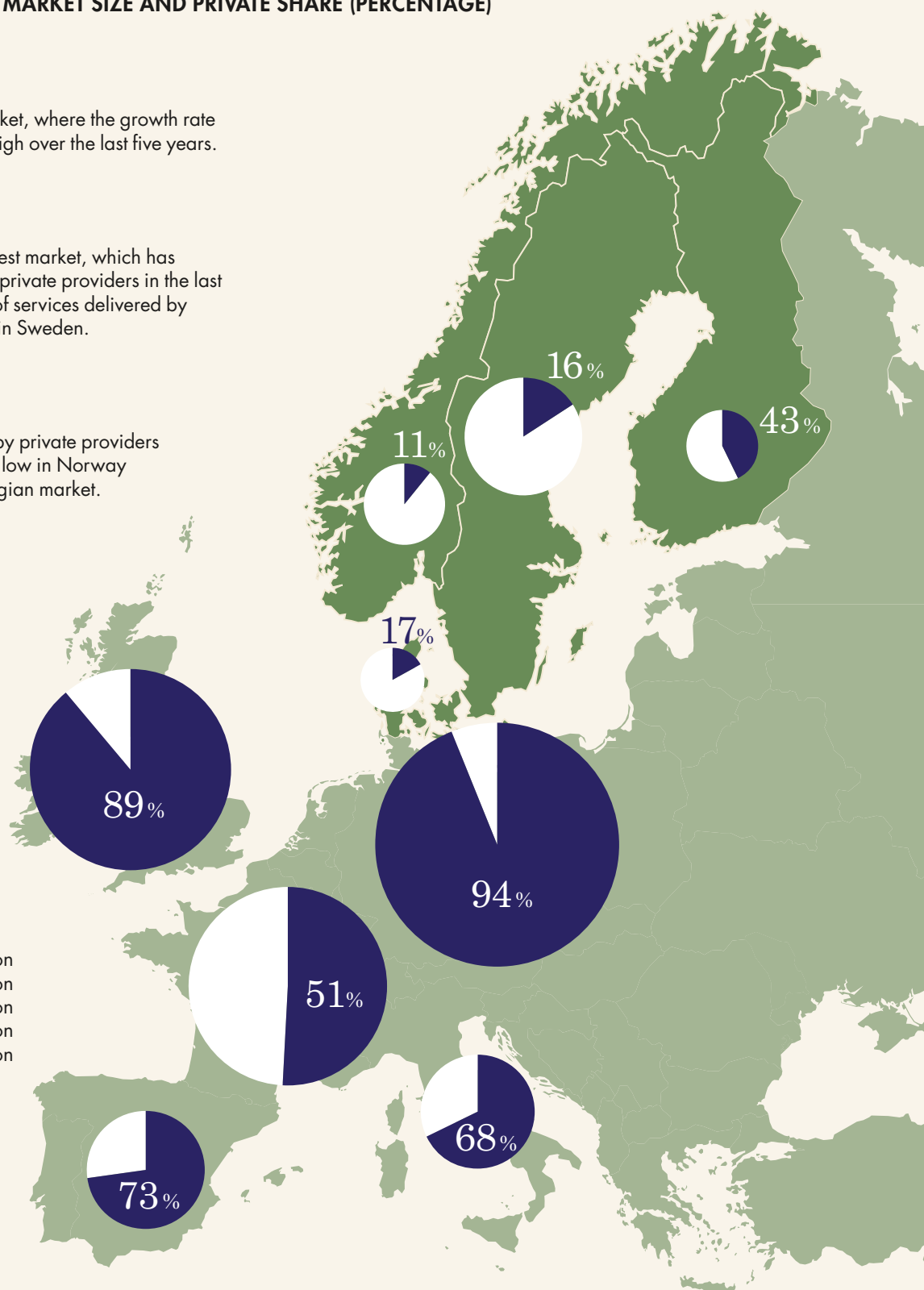
Total market size SEK 23 billion

EUROPE

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

Total market size

France	SEK 168 billion
Italy	SEK 61 billion
Spain	SEK 61 billion
United Kingdom	SEK 171 billion
Germany	SEK 248 billion



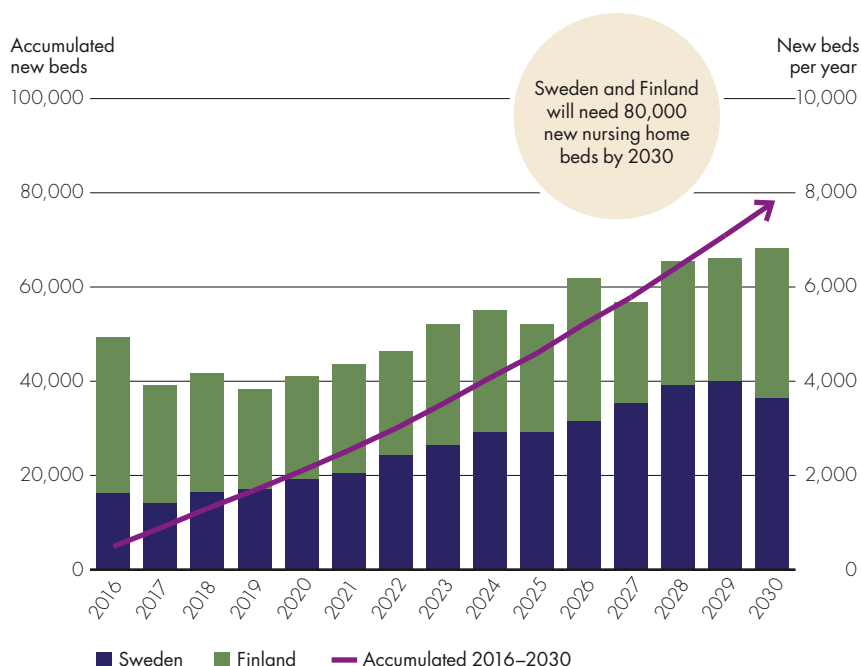
● Total market size of country

■ Share of private providers

Source: Attendo

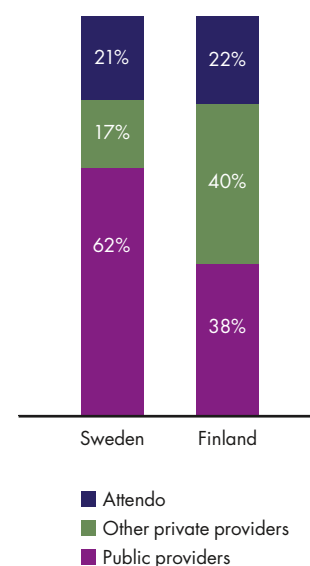
ANTICIPATED NEED FOR NURSING HOME BEDS

Sweden and Finland



ESTIMATED SHARE OF NEW CAPACITY OF NURSING HOME BEDS 2012-2016

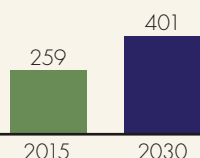
Sweden and Finland



POPULATION GROWTH 85+, 2015-2030 (THOUSANDS)

SWEDEN

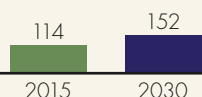
+55%



ATTENDO'S COMPETITORS
Vardaga, Aleris, Norlandia, Förenade Care, Humana, Nytida, Solhaga, Frösunda, and public providers.

NORWAY

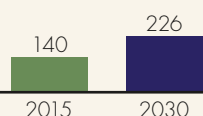
+33%



ATTENDO'S COMPETITORS
Aleris, Norlandia, Unicare, and public providers.

FINLAND

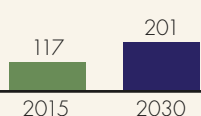
+61%



ATTENDO'S COMPETITORS
Esperi, Mikeva, Mehiläinen, Coronaria Hoitoketju, Terveystalo, Diacor, Oral hammaslääkärit, PlusTerveys, Pihlajalinna, and public providers.

DENMARK

+72%



ATTENDO'S COMPETITORS
Aleris, Förenade Care, and public providers.

EUROPE

+63%
Germany

+74%
United Kingdom

+24%
France

+49%
Italy

+31%
Spain

ATTENDO'S COMPETITORS

Korian, Orpea, BUPA, Ambea, Domus Vi, Barchester, Pro Seniore, Care UK, HC-One, Kursana.

Attendo's service offering

Attendo offers care and health care services for older people, people with disabilities and individuals and families, as well as health care, dental care, and staffing. In partnership with our payors, we effectively address complex challenges in care and health care.

Attendo offers a range of care services, which are always based on the needs and capacities of the individual.

CARE FOR OLDER PEOPLE

Attendo provides care for older people in nursing homes and via home care services. Customers in our nursing homes live in their own apartments with access to common areas. The individual plan their days along with their contact person and the nurse in charge. In the home services segment, Attendo offers a full-service commitment that covers everything from care and meal services to cleaning, laundry, and evening and night-time services. Many assignments also include home health care. Service delivery is planned jointly with the individual customer.

CARE

Care for people with disabilities

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

Individual and family care

Attendo provides individual and family care, such as consultant-supported family homes, crisis and emergency homes, addiction care, neuropsychiatric services for young people, and various forms of supportive housing. We also operate various types of accommodation for asylum seekers and people who have been granted residency in Sweden.

HEALTH CARE

Attendo provides primary care, specialist care and dental care services in Finland. Within primary care, we operate local medical centres and are responsible for specific units, such as Emergency rooms. Flexible solutions have enabled Attendo to increase access, shorten waiting times, and improve quality in the health care system.

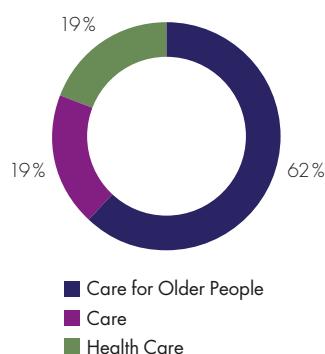
Staffing services

Attendo provides medical professionals in Finland, such as general practitioners, specialist consultants, dentists, and nurses. There is a shortage of health care professionals in many Finnish municipalities and Attendo is helping to improve access to health care.

SOLUTIONS TAILORED TO THE PAYOR

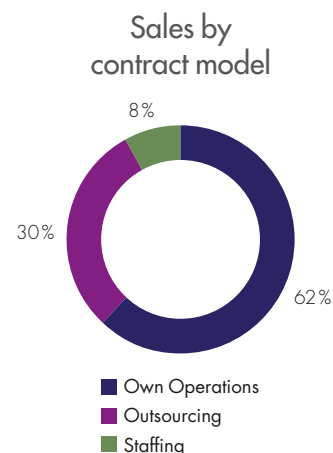
Attendo operates more than 500 units. The payor is usually a local authority and operations are divided into three different contract models: Own Operations, Outsourcing and Staffing.

Sales by service area



Contract models

Attendo's operations are divided into three contract models: Own Operations, Outsourcing, and Staffing.



Own Operations

Own Operations accounts for the largest share of Attendo's net sales at 62 percent. It is also the contract model that has delivered the highest growth in recent years. At year-end 2016, Attendo's Own Operations comprised of a total of 391 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. This has provided invaluable knowledge about how care homes should be optimally designed for their purpose. Own Operations also ensure long-term cooperation between Attendo and the local authority, which brings peace of mind to customers and staff alike.

The model gives Attendo an opportunity to influence the care experience through, for example, our lifestyle homes with unique concepts (Outdoor & Garden, Culture & Entertainment and Sport & Spa). At the same time, Attendo assumes a financial risk by building in Own Operations. The Own Operations business is conducted mainly through framework agreements that do not include guaranteed volumes, which imposes particular demands on Attendo to deliver excellent, high-quality service to customers and payors.

Outsourcing

Outsourcing operations generated 30 percent of net sales in 2016. At year-end 2016, Attendo provided Outsourcing services in a total of 122 units in Sweden, Finland, Norway, and Denmark.

Attendo's local health centres, emergency units and dental care units provide care services to about 500,000 people in Finland. Under Outsourcing contracts, Attendo provides services as ordered by the payor.

The employees are employed by Attendo, while the local authority is responsible for the premises where services are delivered. Contracts with local authorities normally have a term of four to seven years, with an option to extend the contract. Local authorities have a challenging task in meeting growing needs for care and health care while also carefully managing taxpayers' money. Attendo is a partner that contributes innovative

ideas and drives development forward. At the same time, customers benefit from greater freedom of choice and improved quality of care.

Attendo has extensive experience taking over operations on an outsourcing basis and applies a systematic process to make the transition as smooth as possible for customers and employees. In order to be competitive, Attendo must deliver high-quality services at an attractive price.

Staffing operations

Staffing operations are represented in the health care sector nationwide in Finland, and generated 8 percent of Attendo's net sales in 2016. In 2016, approximately 2,000 doctors, medical students, and dentists were on staffing assignments for Attendo.

Through Staffing, Attendo provides medical professionals such as general

practitioners, specialists, dentists, and nurses in primary, emergency, and specialist care on long- or short-term contracts. A common staffing situation is when a customer has a temporary need for staff due to an employee on sick leave and needs to quickly find a replacement with the appropriate competence. Contracts

may be either framework agreements or specific contracts. Tendered contracts normally have terms of two to four years.

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

Sustainability

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

STAKEHOLDER DIALOGUE

Attendo engages in dialogue with the company's stakeholders, ie. customers, patients, their relatives, local authorities, employees, suppliers, investors, politicians, and government bodies. The stakeholder dialogue improves our understanding of their expectations and provides input for potential improvements.

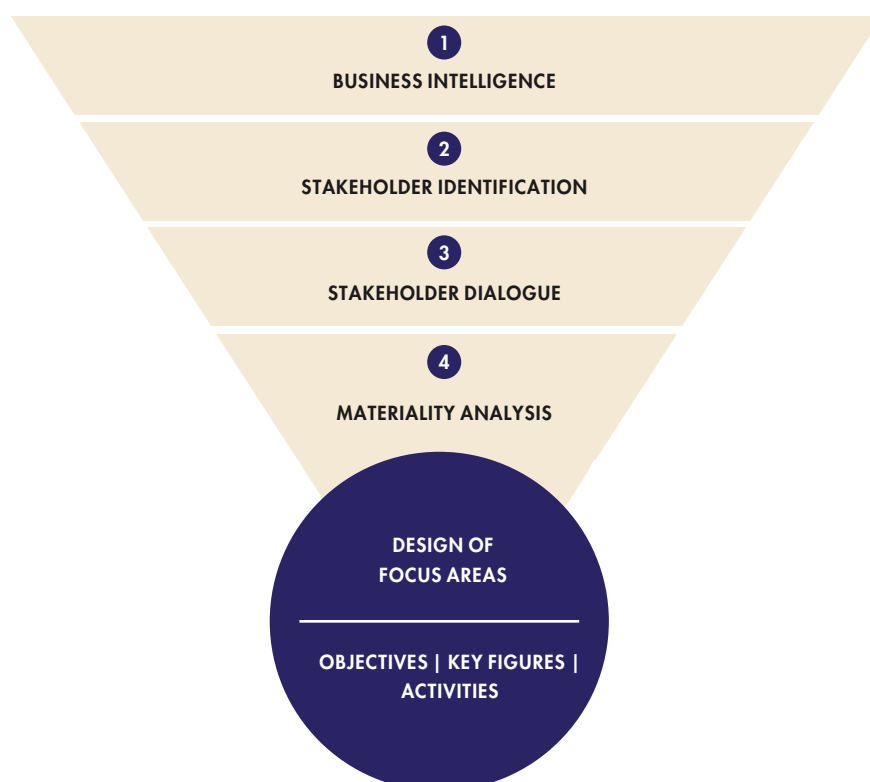
We track satisfaction among customers, patients and their families through periodical surveys as well as ongoing discussions in day-to-day operations. We strive to always base our actions on the needs and wishes of the customer or patient. Employee preferences and opinions are discovered by means including employee surveys and appraisal interviews.

MATERIALITY ANALYSIS

Materiality analysis is used to identify the issues that are most important to Attendo and the company's stakeholders. We performed a materiality analysis during 2016 based on a list of about 30 sustainability issues in various areas. For each issue, an assessment of its importance to stakeholders and to Attendo was made. The process led to the identification of three areas that were deemed the most important to Attendo's future sustainability efforts: development of society, our employees, and quality of care and health care. Overall objectives were defined for each focus area and relevant key figures were identified to measure goal attainment.

DEVELOPMENT OF ATTENDO'S SUSTAINABILITY PROGRAMME

Three main areas were identified for Attendo's sustainability efforts in 2016 through a process that included business intelligence, stakeholder dialogue, and materiality analysis. Objectives and result indicators were set for each area to enable tracking of sustainability efforts over time.



Focus areas

OBJECTIVES

Attendo divides sustainability work into three focus areas: development of society, our employees and quality of care and health care. As part of the society development objective, Attendo's ambition is to lead the establishment of new homes to meet the needs of society for new nursing home beds. The objective for the focus area 'our employees' is for Attendo to offer a stimulating workplace for everyone who wants to make a difference. In the quality area, Attendo is striving to maintain and further improve its leading position in quality and customer satisfaction.

Several activities will be carried out in 2017 to strengthen Attendo's already good position in each area. Result indicators will be defined and implemented to enable monitoring.

ACTIVITIES IN 2016

In 2016, Attendo opened 20 nursing homes and care home for people with disabilities and within social psychiatry, totalling 770 beds.

As before, the activities were characterised by innovation and new ways to work in all focus areas. We put digital technology to work in order to develop modern methods in care for older people, such as movement sensors to

measure customers', activity, virtual cycle rides, interactive video games, and specially adapted TV channels. We sharpened our focus on activities to meet the needs of older people for exercise and outdoor recreation. Attendo also maintained its concerted efforts to listen to stakeholder groups at the unit, local, regional and national levels and adapt operational activities accordingly. Attendo also maintained focus on facilitating the path to the labour market for recent arrivals to Sweden and people with disabilities.

In Örkelljunga, we opened a Bed & Breakfast that provides meaningful work to people with mental disabilities. Furthermore, a number of additional operations were LGBTQ-certified. Projects are ongoing in Finland and Sweden in which nurses from The Philippines are learning Finnish or Swedish. During the year the effort to spread and establish support for the company values throughout the organisation continued and a pilot project called "A health-promoting workplace" was launched with the aim of reducing the number of sick leave hours. All new managers in Sweden were trained in practical leadership and we initiated an online training course that will result in a "competence license".

“Sustainability is an integral part of Attendo's business strategy and our constant ambition is to generate benefit for society and our stakeholders. We are accomplishing this in a variety of ways, including establishing new nursing homes that reduces the capacity shortage in the local authorities, by constantly working to make customers, patients, and their families even more satisfied, and by making sure our employees have the right tools to keep developing working methodology in order to ensure good care.”

HENRIK BORELIUS, CEO



Every new nursing home with 54 apartments creates approximately 50 jobs once up and running as well as more than 30 full time employments during the building phase.

Attendo has 31 lifestyle homes that give our residents an opportunity to continue living active lives.



New nursing homes contribute to urban development because care for older people is an important feature of a vibrant urban community.

Attendo is alleviating the capacity shortage in care for older people across the Nordics.

Attendo provides many people with a gateway to their first jobs, especially young people and recent immigrants.

Attendo helps solve many critical social problems. One long-term problem is that the public sector have difficulties managing the large investments required as an ageing population increases the need for care and health care services.

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

WE ARE INVESTING TO ADDRESS THE CAPACITY SHORTAGE

There is a significant shortage of nursing home beds in Finland and Sweden. Statistics from the National Board of Housing, Building and Planning (Boverket), show that 38 percent of Swedish municipalities had a shortage of nursing home beds in 2016. The Swedish Municipal Workers' Union presented a report during the year that shows that a declining number of people aged 80+ are being

granted beds in nursing homes. And everything indicates to an increase in the need for care services in the long run. The demographic trend indicates a sharp increase in the population aged 85+ in the Nordic countries in the next 15 years.

In addition to the problems that the shortage of beds in residential homes entail for older people and their families, the shortage also generates high costs in other parts of the health care system. The Swedish National Board of Health and Welfare has estimated that older patients who are ready for discharge are remaining in hospital for about 450,000 days in total annually because there are no nursing home beds available.

The conclusion is that there is a strong need to build new nursing homes and refurbish those that already exist. We estimate that we are going to need to build about 80,000 new nursing home beds in

Sweden and Finland by 2030. The public sector will have difficulty managing the level of investment required and, accordingly, the contributions that Attendo and other private companies can make to alleviate the capacity shortage are crucial. Private providers have accounted for about half of all new production of nursing homes in Sweden and Finland in recent years.

Investments in new homes also lead to several other positive social impacts. Every new home with 54 apartments creates about 50 jobs once up and running as well as more than 30 full time employments during the building phase. When a new building is built, older nursing homes can often be converted to housing and thus help alleviate the housing shortage. This was the case, for example, when Attendo Lindhovshemmet nursing home in Botkyrka moved into new premises in 2016, which freed up space for 75 new residential rental units. New nursing homes also contribute to urban development because care for older people is an important feature of a vibrant city district. When Attendo continuously builds new facilities, the company also supports local

1,935

During 2016, we started construction of 1,935 new beds in nursing homes and homes for people with disabilities.

9

Attendo has nine homes that are LGBTQ-certified, including one nursing home.

OBJECTIVES

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



Attendo is providing opportunities for career development and more alternatives for care and health care staff.

We are creating highly qualified care services and good lives for older people, people with disabilities and unaccompanied children.

Attendo's unique Outdoor & Garden lifestyle homes stimulate activity and movement.

authorities with expertise in nursing home establishment ranging from the identification of suitable land to construction, staff recruitment and moving in of residents.

In recent years, Attendo has annually established approximately 800 beds within nursing homes and homes for people with disabilities in Sweden and Finland. We picked up the pace again in 2016 and by year-end, Attendo had 1,935 beds under construction. Of all private providers, Attendo has contributed with the largest amount of new beds. The company intends to maintain a high rate of investment in new homes during the upcoming years.

WE ADDRESS COMPLEX CARE AND HEALTH CARE CHALLENGES

Attendo has the ability to address complex care and health care challenges. Our services include care and health care for individuals with multiple disabilities or highly 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 care and living environment for unaccompanied children. Several of our units for

recent immigrants are working actively to support residents in their search for summer jobs with the purpose to improve integration. We have developed a "life book" for children and young people in family care homes that is packed with information and memories from the family care home to give them a sense of place and roots, something they often lack when growing up. We also provide meaningful activities for people with mental disabilities and work actively to match individuals enrolled in our daily activities programmes with workplaces/work experience places where they can come as close as possible to an ordinary working life. We also worked during the year to make it possible for more group homes to offer couples the opportunity to live together. In Finland, we are helping to secure access to local care and health care in small and remote communities, which is crucial to ensuring that everyone receives the care and health care they need. Many local authorities choose Attendo because the partnership helps improve quality of care while making public costs clear and transparent, which leads to a more efficient use of tax funds.

WE CONTRIBUTE TO THE ECONOMY

Attendo contributes to the economy through corporate and salary related tax. In 2016, Attendo paid SEK 140m in corporate tax, of which SEK 44m in Sweden and SEK 95m in Finland. Attendo pays more tax than any other private care provider in Sweden and Finland.

WE ARE A LARGE EMPLOYER

Attendo creates alternatives in care and health care and gives customers and patients the opportunity to choose. With more than 20,000 employees, Attendo is one of the largest employers in the Nordics. This facilitates greater opportunities for career development and more alternatives for care and health care staff. Attendo is also making an important difference in the labour market by offering people a gateway to their first jobs, especially for young people and recent immigrants. We entered into an agreement with the Swedish Employment Office (Arbetsförmedlingen) during the year under which we will be providing around 400 trainee opportunities to recent immigrants over a period of two years.



Attendo Ekebyvägen, Sweden

ATTENDO IS REDUCING QUEUE TIMES IN CARE FOR OLDER PEOPLE

The Municipality of Eskilstuna had an urgent shortage of beds in nursing homes. Many older people have been kept in hospital beds instead of being moved into a nursing home, resulting in a strained situation for hospital staff and an unsuitable care situation.

The situation was solved in February 2016 when older people with dementia were moved from a number of the municipal nursing homes to Attendo Ekebyvägen, the newly built nursing home for people with dementia. The move initially freed up about twenty beds and by the end of the summer 2016, all 54 apartments at Attendo Ekebyvägen were occupied, which has made an important contribution to alleviating the capacity shortage in the municipality and lifting the burden from hospitals.

When it was settled that about twenty people with dementia were to be moved to Attendo Ekebyvägen, several of their family members were worried. Why move people who were old and frail?

But the reactions since the move

have been enthusiastic almost without exception in regards to everything from activities and how residents are treated to the quality of the food. Many relatives say that their family members have become more lively and alert, have gained weight and in some cases have been able to reduce their medications.

Local manager Pia Lavén says, “I believe an important explanation for why the residents are so happy is that we have managed to create a sense of home.”

Attendo Ekebyvägen is a lifestyle home under the Outdoor & Garden concept. The occupational therapist at the home draws up an activity schedule adapted to the season and the needs and preferences of residents. The most popular activities are

the Wednesday sausage barbecues and Saturday dances. Other activities include choral singing, fitness activities and group walks.

“We are very pleased, especially because our residents get to be outside so much. It is wonderful, for example, to see Mum outdoors grilling sausages when I drop by. The staff are also very accommodating and relatives are kept very well informed,” says Tom Alderin, whose mother lives at Attendo Ekebyvägen.

Many similar opinions were expressed at the home’s very well-attended family meetings in the autumn of 2016. When Pia Lavén announced that Attendo Ekebyvägen’s goal was to be the best nursing home in the municipality, the reaction was: “But you already are!”

Our employees

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

VALUES

Attendo's operations are based on a strong foundation of shared values. Our values, competence, commitment, and care, guide us in our day-to-day efforts 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.

Attendo's Code of Conduct contains additional guidelines and support relating to the challenges that can arise in day-to-day interactions with customers, employees, business partners, and other stakeholders. The Code covers business ethics in general as well as specific areas including human rights, 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.

The work to spread and establish support for the values throughout the organisation continued in 2016. Attendo's "values weeks" are one example, which focus on the practical

implication of our values and include activities for employees and customers. The values project is being implemented with the help of 650 local values coaches, combined with corporate introduction programmes and informational materials.

SATISFIED EMPLOYEES

Attendo has more than 20,000 employees in Sweden, Finland, Norway, and Denmark. We believe it is essential to be an attractive employer and that our employees should be satisfied with their individual work situation as well as with their employer and their immediate manager. That is why we continuously track employee satisfaction. This is accomplished mainly through annual appraisal interviews and day-to-day dialogue. In addition to this we "take the temperature" of our employees twice a year to keep tabs on our employees' job situations and how satisfied they are with their jobs and workplace. The results of these surveys are consistently very good and stable. The average employee satisfaction score for 2016 was 4 out of a possible 5.

OBJECTIVE

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



OUR EMPLOYEE



Pernilla Rönntoft

Our employee Pernilla Rönntoft at Attendo Nissastrand in Halmstad was given the Queen Silvia Nursing Award during the year for having initiated an online training course that leads to a "competence license" in care for older people. The competence license is an efficient way to enhance employees' skills in different areas, for example how to take blood pressure, the standards that applies to health care hygiene, and how to respond when a patient's condition suddenly deteriorates.

COMPETENT EMPLOYEES

Attendo provides training to all employees to ensure high quality and continuous improvement. All new employees are provided with a thorough introduction including supervised shifts and a mentor programme. All subsequent competence development is based on individual plans, which 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 performance reviews. We also promote continuous learning and encourage job rotation.

Attendo seeks leaders who want to make a difference and we work systematically to recruit and develop outstanding leaders. Leadership at Attendo is all about accountability, visibility, and accessibility. Leaders must communicate clearly and transparently while remaining open to others' ideas. The organisation is flexible and decentralised. Local managers have substantial personal responsibility for their operations and are expected to systematically delegate responsibility so that employees feel empowered. We are investing to enhance the competence of local managers, primarily through a comprehensive internal training programme. All new managers in Sweden are given training in practical leadership and coaching, which 72 managers completed in 2016.

HEALTH AND SAFETY

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 which mitigates the risk of threats and violence. We follow up on sick leaves to help our employees return to work as quickly as appropriate. The immediate manager is responsible for contacting the employee on the first day of sick leave, to ensure that regular discussions about rehabilitation are held and to ensure that long-term sick leaves are dealt with in a structured manner. A pilot project on the theme of "A health-promoting workplace" was carried out at several units in 2016, aimed at reducing the total number of hours of sick leave. The deployment of Mobile Care, a digital app that enhances the quality of care through more secure handovers while reducing stress for our employees, continued during the year.

DIVERSITY

Every Attendo employee shall be treated respectfully and be granted equal opportunities for career development. It is fundamental

that everyone should have equal terms of employment and working conditions. Attendo should have proud employees who uphold the principle of all human beings equal value. We work actively to prevent all forms of discrimination. People in various phases of life, of different nationalities and unique needs, benefit from Attendo care and health care every day. For Attendo, the concept of diversity also means that all customers and patients must be provided care by employees who understand their needs. This is why diversity among our employees is important to us, not least in terms of cultural background. Cultural awareness and language skills from other countries are often an advantage in Attendo's operations. During the year, Attendo entered into an agreement with the Swedish Employment Office (Arbetsförmedlingen) to provide 400 trainee opportunities in order to give recent immigrants meaningful occupation while society benefits from their skills.

Attendo also continued its work with LGBTQ issues in 2016. An additional two care homes were certified by RFSL, one of which, Attendo Bunkeflögården, became the first nursing home to be LGBTQ-certified. The certification process involves a thorough training programme based on the principle that residents, employees, and visitors must feel respected and included, regardless of sexual orientation and identity.

REDUCING THE SHORTAGE OF NURSES

Attendo works continuously to secure access to qualified employees. An innovative project has been ongoing in Finland for a few years in which nurses from The Philippines are taught Finnish and offered the opportunity to work for Attendo under contractually agreed conditions. The project has been successful and is popular among customers and their families. There is a severe shortage of nurses in the care and health care sector in Sweden. Aimed at overcoming this challenge, Attendo also opened a central employee search unit for marketing, recruitment, and skills development for nurses during the year. In addition to traditional recruitment, a corresponding project was started in Sweden with about 60 Filipino nurses.

CO-OWNERSHIP OF ATTENDO

The Attendo+ share savings programme was launched during the year, which gives employees the opportunity to save in Attendo shares through salary deductions. A total of 520 employees in four countries joined the programme and at year end, more than 1,000 employees were shareholders in Attendo.



Attendo Villa Pentby, Finland

VALUES STRENGTHEN TEAM-SPIRIT

Everyone at Attendo Villa Pentby nursing home in Raasepori, Finland believes it is essential to constantly encourage support of the company's values of competence, commitment, and care and to keep the values up to date. About two years ago, the employees also developed a set of shared "rules and keywords" for how they should treat colleagues, customers and relatives. Responsibility, equality, teamwork, and positive thinking are a few of the keywords.

"Values work is important for team-spirit and a sense of group identity among the staff, while it also clarifies our goals and vision," says Ann-Catrin Grönn, manager of the nursing home.

As part of the effort to keep the values up to date, values coach Tiina Sundholm leads training sessions twice a year when the entire staff sits down and discusses issues on particular themes as a group. The themes for the sessions in 2016 were "A Sense of Security" and "Thoughtfulness and Concern."

Two "values weeks" are also arranged annually, where the theme is the same for the entire company, but how the week is carried out is up to the staff. For five days in October 2016,

the theme was "Everyone wants to be seen, heard, and understood." The week included tasks like "Genuinely focus on what the customer or your colleague has to say" or "Pay attention to the placid, quiet, and not so outspoken people too."

The opinions of customers and their relatives are discovered through planning dialogues and day-to-day care situations. A special tree is set up during the values weeks on which customers and their family members can hang notes expressing their opinions. "Employees, residents and families are very active and engaged during the values weeks," says Quality Coordinator Sonja Karjalainen.

In addition to the special training programmes and values weeks,

Attendo's special "Values Game" cards are used in the frequent group talks about values. Players draw a card with a question, such as: "What does empowering the individual mean in your day-to-day work?" The group discusses the question for a little while and then moves on to the next card/question.

The values are important to employees, but are also tremendously significant to customers and their families because they largely focus on how customers should be treated. The next step is for the values to also imbue all interactions with other stakeholders, such as payors, government agencies, and suppliers to an even higher degree.

Quality of care and health care

Attendo's quality work goes well beyond the requirements stated by law and payors. It gives us the opportunity to offer market-leading quality of care and to drive development in the sector.

OBJECTIVE

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

85

OUT OF 100
QUALITY INDEX
2016

84

OUT OF 100
CUSTOMER
SATISFACTION
INDEX
2016

89

OUT OF 100
CUSTOMER
SATISFACTION
IN ATTENDO'S
HOME CARE
SERVICES

Much of what is currently considered generally accepted praxis in the Swedish care sector, such as social documentation, contact persons, and "personal time" are the results of Attendo's development work.

At Attendo, we are convinced that quality of care and health care can be measured. We are working tirelessly to further improve both measured and perceived quality. Historically, the effort has been oriented mainly towards the measured "technical quality," but we are now increasingly focused on further improving perceived quality, that is, how satisfied our customers and their relatives are with the service Attendo delivers.

ATTENDO'S QUALITY MODEL IS BASED ON THREE PILLARS:

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

Best available knowledge: Attendo puts great emphasis on knowledge transfer and has strategies and procedures in place for spreading the best available knowledge and evidence-based practice throughout the organisation. We compare units by using several different parameters to identify and communicate optimal work procedures. As an example, Attendo has developed company-wide and market-leading tools in areas including lifestyle nursing homes and culinary experiences.

Systematic improvements: We work in a systematic and carefully considered manner within every aspect including 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 never fail to identify and take advantage of opportunities for operational improvements. Laws and regulations govern care and health care providers with regard to matters such as care and health care services, employee health and safety, information security, infection control, food production, and fire prevention. Local authorities are responsible for assuring high quality of care, regardless of whether care is delivered by a private or public provider and

Attendo's quality model



conduct regular quality audits of private providers operations.

We evaluate individual care and health care efforts as well as operations overall. Attendo has a quality management system in which processes and activities are defined, measured, and followed monthly. The work is led by local quality coaches, who are supported by specialised quality functions. Attendo's own quality index, the "Quality Thermometer", consists of nine components within the three main areas, which can be adapted to local operations. The results at unit, regional, and group levels give us a comprehensive view of how well our quality improvement is working and what needs to be done to further enhance quality. Central quality functions regularly carry out comprehensive internal reviews and provide training and support to local quality coordinators. Our unwavering commitment is to develop and improve quality of care.

The aggregate quality index was 85 percent in 2016, on par with the level achieved during last year.

ACTIVITIES IN 2016

During the year Attendo's quality work in Sweden, Norway, and Denmark focused on activities to meet older people's need for exercise and outdoor recreation. The recurring Attendo Fitness Walk, which was held at 52 units, was enthusiastically received by residents and their families as well as by the local commu-

nity. A total of 2,100 older people participated, which was a new record. In Finland, Attendo arranged a special concert tour, “Sydämeni Tango” especially for old age pensioners. The concerts were very popular and about 3,000 pensioners and their families attended.

Attendo took advantage of digital technology to continue developing modern methods in care for older people. In April, we won a quality-based contract to operate the Lillevångshemmet nursing home in Simrishamn, where innovation will be an important aspect of operations over the next few years. This involves, for example, movement sensors to measure customers’ activity levels, virtual cycle rides, interactive video games, and specially adapted TV channels. Residents will also be able to reach their friends and families via Skype.

A quality declaration was drafted during the year in accordance with the guidelines issued by the Swedish Association of Private

Care Providers. The declaration will be updated annually and make up a key contribution to further increasing transparency in relation to our quality work. The patient chart system in care for older people was also updated so that we are now reporting in accordance with the International Classification of Functioning, Disability and Health (ICF).

Aimed at facilitating the social integration of recent immigrants, we use the “Finding Your Way/Life Skills” guide, which starts with the home and local community and then is successfully expanded through a number of steps to how the democratic system works, etc. Activities were also carried out to help young people adopt a healthy lifestyle and efforts were continued in accordance with the “empowerment model,” which involves greater influence for the residents of our group homes. The work with LGBTQ issues continued and another two care homes were certified by RFSL.

Climate and environment

Attendo is working to establish higher environmental awareness 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 behave. All leaders are responsible for ensuring that operations comply with applicable environmental legislation and for taking environmental aspects into consideration with regard to products and services, transport, energy and water usage, 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.

The company’s ambition is to continuously develop environmental efforts primarily within the following key areas:

- **Climate:** Environmental aspects are considered in connection with purchasing products and services. For example, Attendo chooses energy-efficient products for new houses and is working actively to quality-assure consumption and reduce energy losses. More systematic monitoring of environmental and social responsibility issues was introduced during the year with regard to our suppliers, in which requirements in tenders/contracts are now also followed up regularly during
- the term of the contract. For example, during 2016 the company carried out an on-site inspection of a factory in Estonia that produces our employee uniforms.
- Attendo also takes climate and environmental aspects into consideration with regard to transports, shipments, and business travel. Environmentally friendly/fuel-efficient alternatives are considered in all decisions related to vehicles used in operations. The company’s travel guidelines were updated during the year to further clarify the environmental aspects. The usage of video conferencing and other technical aids is being increased to reduce travel in connection with meetings. Purchases are also planned from a limited number of suppliers in order to coordinate the delivery of goods and reduce the number of transports to our units.
- **Energy and water:** Attendo is committed to reducing the use of energy and water and to increasing the proportion of electricity from renewable sources. As leases normally stipulate that Attendo bears the cost of water and energy, there is also a clear financial incentive to reduce consumption.
- **Waste:** Attendo must ensure that all waste, including environmentally hazardous waste, is managed in a way that reduces negative environmental impact.

QUALITY MILESTONES

2016

Attendo defines a sustainability strategy in which quality is one of the focus areas

2012

Attendo’s first annual quality report is implemented

2009

The Quality Thermometer is implemented

2005

The quality management system, that has made Attendo the industry leader is introduced

2005

The AQ quality model is introduced. Attendo reports quality data electronically and trains quality coordinators in all units

2004

Independent external customer surveys are conducted for all Attendo’s operations

2003

A central, independent, quality audit is established for all operations

2003

Attendo’s vision, “Empowering the individual”, is formulated

1991

Contact persons are introduced



Attendo Örkelljunga B&B

“This is real.” The central idea in Attendo’s daily activities programme in Örkelljunga can be summed up that simply.

The Attendo Örkelljunga Bed & Breakfast works like a completely ordinary B&B. The B&B offers overnight accommodation and breakfast and arranges various types of meetings and conferences. The difference is that the business is run by residents of nearby group homes for people with mental disabilities. They manage essentially everything that has to be done, such as guest check-in, food service, cleaning and gardening.

“The clients run it themselves. They should feel that it is their Bed & Breakfast,” says site manager Roger Johansson.

However, Attendo employees are always on hand to provide planning

support and help with certain tasks. The ambition is for the clients to do as much as possible, but the bar has to be set at various levels depending on the individual. There are often considerable differences in a group of people with mental disabilities. Accordingly, working hours also vary from one individual to the next.

The clients who work in the business are paid and although the wage is small, it is still important to the sense of having a real job and doing something meaningful. At breakfast, guests are served dishes including bread, apple sauce and marmalade, which are supplied by another Attendo daily activities unit, Kärrtorpsvägen in Stehag. Depending

upon occupancy and how much work needs to be done, tasks are complemented by excursions, fitness workouts or visits to the local swim centre.

Attendo Örkelljunga Bed & Breakfast was started in 2016 at the initiative of Tomas Wallberg, Attendo’s local manager in Örkelljunga.

“I believe we are unique in Sweden. At any rate, we have never heard of anything similar elsewhere,” says Roger Johansson.

Due to the success of the B&B, the next step will probably be to offer similar activities in other types of operations. Laundries, second-hand shops and dog daycare centres are just a few of the possibilities being explored.

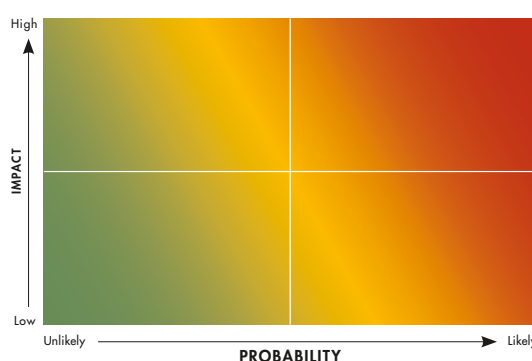
Risks and risk management

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.

MATERIALITY ANALYSIS OF RISKS



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 both quality, customers experience, and the employee's working conditions.

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
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 what 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 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 to provide good care and health care to customers and patients. These are important tools for reducing the risk of rumours and negative publicity.
Political risk	The majority of care and health care services in Attendo's markets is 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. This occurs by local authorities assigning responsibility for services previously provided by local authorities, to private providers, through a public procurement of fixed-term contracts. The choice of production model is dependent on political decisions, on national as well as local level, which means that Attendo's potential for growth is dependent on politicians view 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. A welfare commission is currently investigating a profit ban in the Swedish market, while the Finnish market is implementing a major health care reform, both which could affect Attendo's operations, earnings, and financial position.	Attendo continuously monitors developments in relation to political decisions in order to manage the risks these might entail. In 2016, the welfare commission in Sweden presented a report aiming to restrict the opportunities for private providers to operate care and health care services. As well, the reform process concerning care and health care has continued in Finland. These two processes are further discussed later in this section.
Legislation risk	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.	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.
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 to higher costs.</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. During 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 why the risk of increased costs related to integration is reduced.

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
Human capital risk	<p>Access to competent employees is critical to the company's business. Attendo's operations are highly labour intensive and the company has more than 20,000 employees in several occupational categories, including doctors, nurses, assistant nurses, and social workers. It is thus very important that Attendo can employ and retain qualified managers, doctors, nurses, and other care and health care personnel.</p>	<p>Attendo continually develops models for attracting, developing, and retaining skilled and dedicated employees. Recruitment of key employees is critical for Attendo and the company is highly experienced at recruiting employees in areas where there currently is a shortage. Examples of this are projects aimed at recruiting doctors in Finland and nurses in both Finland and Sweden. Attendo is taking various actions to retain key employees through incentive programmes as well as opportunities for competence development and job rotation.</p>
Leasing risk	<p>Attendo provides its own operations in leased premises and nursing homes. Attendo leases most of these premises from external property owners, which entails a risk that the property owner will change the terms of the lease, as well as risk that the duration of the lease will not coincide with the duration of the payor contract, or that Attendo will not receive a payor contract for the planned operations.</p> <p>If a property owner, during the term of the contract or afterwards, should decide to terminate or not extend the lease, this could lead to lost sales for Attendo and that another private or public provider gains control over the premises. Changes to lease terms, lost leases, or lost control over premises could have significant negative impact on Attendo's operations.</p> <p>The terms of the majority of Attendo's leases are generally longer than its payor contracts, which implies a risk that Attendo will enter into more lease contracts, or leases for larger nursing homes and premises than can be fully occupied.</p>	<p>Providing care and health care in own operations is part of Attendo's core business. Managing these risks is thus a highly prioritised area, which is managed throughout the entire process for a new nursing home – from the project phase through construction and completion. Supply and demand in the relevant market are carefully analysed in the design and planning stage. Through the years, Attendo has developed models and processes to minimise the risk of entering into long-term leases in regions and areas where demand for Attendo's services is unfavourable.</p>
Pricing risk	<p>Attendo's pricing is based on a number of assumptions regarding future conditions. In addition, Attendo's contracts with payors span over several years and Attendo receives payment based on occupancy. Since the payor contracts do not include guaranteed service volumes it means that Attendo is dependent on making accurate forecasts of future supply and demand in its pricing models. As wages are Attendo's largest cost, significant wage increases could imply a financial risk for the company.</p>	<p>Attendo's pricing model is based on internally developed and proven models and processes developed to minimise the risk of pricing errors. With regard to wage cost development, the risk is minimised for most payor contracts by connecting prices to a labour market index.</p>
Permit risk	<p>A significant proportion of Attendo's operations require permits and many of its operations require dedicated permits. Permits can only be obtained when operations satisfy stipulated quality and safety requirements and other demands. The conditions and rules relating to permits may change, which could imply increased requirements and thus increased costs. If permits are delayed, eg. due to long processing times at the Swedish Health and Social Care Inspectorate (IVO) or the Finnish National Supervisory Authority for Welfare and Health (Valvira), or permits are not obtained, this could prevent Attendo from conducting operations as planned, temporarily or permanently.</p>	<p>Attendo has long experience running care and health care operations and is well-equipped to meet regulatory requirements concerning, for example, quality or building design. When a new unit is planned, the risk that a permit cannot be obtained within a reasonable time frame is always taken into account and is thus included in the estimated start-up costs.</p>

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
FINANCIAL RISK		
Exchange rate risk	<p>Attendo's business is multinational and thus entails various currency exposures, primarily against the Euro (EUR), but also the Norwegian krona (NOK) and Danish krona (DKK). Exchange rate risk is divided into transaction risk and translation risk.</p> <p>Transaction risk is insignificant since purchasing and billing are mainly transacted in local currency.</p> <p>The group's result is affected by the translation of the income statements of foreign subsidiaries at the average rate for the financial year. If the local currency of a foreign subsidiary fluctuates against SEK, recognised net sales and profit for the group will be affected when converted to SEK. Exchange rate risk also arises through translation of recognised assets and liabilities in foreign operations.</p>	<p>Attendo's EUR/SEK exchange rate exposure is significant and investments in Finland have therefore been partially financed through borrowing in EUR. As exchange rate exposure in NOK and DKK is not significant, currency hedging has not been applied for these translation risks.</p> <p>As transaction risk is insignificant, no specific measures have been taken to manage this risk.</p>
Interest rate risk	<p>The group's interest rate risk primarily relates to Attendo's long-term borrowing and bank balances with Nordic merchant banks. At the end of the reporting period, 100 percent of the group's borrowings were variable rate loans and Attendo is thus exposed to interest rate changes.</p>	<p>Attendo's interest rate risk is managed by the central treasury department, which continuously analyses the group's exposure to interest rate changes by means of ongoing sensitivity analyses. In order to reduce the risk associated with variable-rate borrowing, the group enters into swap agreements from time to time on a proportion of future interest payments. However, no interest rate hedging was implemented during 2016. Given Attendo's current financing structure, if interest rates had been higher by one percentage point in 2016, with all other variables constant, profit after tax would have decreased by approximately SEK 26 m.</p>
Credit risk	<p>Credit risk is the risk that outstanding trade receivables and non-invoiced services delivered to Attendo's payors will not be paid.</p>	<p>Attendo's payors are mainly local authorities, which are assessed to have very high credit ratings. The risk for credit losses within the group is therefore assessed as limited.</p>
Counterparty risk	<p>Counterparty risk is defined as risk exposure in the form of investments of surplus liquidity and derivative contracts with banks and financial institutions.</p>	<p>Attendo has implemented a finance policy that specifies the securities in which the company is permitted to invest any surplus liquidity. For example, cash and cash equivalents are invested exclusively in government bonds or with banks with a high official credit rating. Derivative contracts are made only with banks with a minimum credit rating of A1/P1 and with which Attendo has a long-term relationship, which is deemed to mitigate the risk.</p>
Liquidity and financing risk	<p>Liquidity risk is defined as the risk that Attendo will be unable to meet its payment obligations. Attendo manages liquidity risk by maintaining a liquidity reserve (cash, bank balances, and the unutilised portion of existing credit lines).</p> <p>Financing risk is defined as the risk that financing of outstanding loans becomes impossible or more costly.</p>	<p>Attendo's central treasury department seeks to maintain agreements on available lines of credit and conducts ongoing aggregate cash flow forecasts and rolling forecasts to ensure adequate liquidity for operations.</p> <p>As of year-end 2016, Attendo has two financial covenants (net debt/EBITDA and interest coverage ratio) linked to the group's loan facilities. The central treasury department analyses compliance with the financial covenants on an ongoing basis.</p>

POLITICAL PROCESSES	DESCRIPTION
The Swedish Welfare commission	<p>The Swedish Government and the Left Party reached an agreement in 2014 to evaluate the possibilities to restrict freedom of choice and diversity in education, health care and social care by restricting opportunities for private providers, which resulted in the so-called Welfare commission. According to the Committee Directive published in March 2015, the Welfare commission was tasked with studying and submitting proposals concerning how the rules on public funding for tax-financed welfare services should be designed so that funds benefit clients and the surplus is, as a main rule, reinvested in welfare. The inquiry has created significant uncertainty concerning the conditions for investments in Swedish welfare services. Consequently, important issues including quality improvement, innovation and competence provision in the Swedish welfare sector are not receiving sufficient attention. In 2015, a majority of the Swedish Parliament voted in favour of a declaration requesting the Government to modify the Committee Directive to focus on quality standards rather than financial issues and that the same standards should apply to both public and private providers. Due to the supplementary directive issued by the Government in late 2015, the timetable was extended and the commission was split into two parts, where the first part addresses restrictions to freedom of choice and diversity and the second part addresses quality standards applicable to providers of welfare services.</p> <p>The report of the first part of the Welfare commission was presented 8 November 2016. Among else, the commission proposed new methods for limiting freedom of choice and diversity, regulating the use of resources in private companies and restricting opportunities to participate in public procurements. The commission further proposed a limitation on profits through prohibiting operating profit exceeding an arbitrarily set percentage of operating capital. At present, it is difficult to assess whether all or parts of the Welfare commission's proposals will be incorporated in one or more Government bills. It is moreover unclear what parliamentary support these bills would have in the Parliament. A majority of the Swedish Parliament has previously announced that they do not intend to support a proposed profit limitation. Nor, according to legal studies, is the profit limitation proposed by the commission compatible with Swedish and EU law.</p>
The Finnish SOTE reform	<p>The Finnish social and health care system will undergo radical changes when the planned SOTE reform takes effect 1 January 2019. 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. Private sector providers will play a key role in the new system, as one of the cornerstones of the reform is equal terms for private and public sector providers. Attendo is monitoring the progress of the SOTE reform, but it remains difficult to assess the impact of the reform on Attendo's operations, earnings, and financial position.</p>

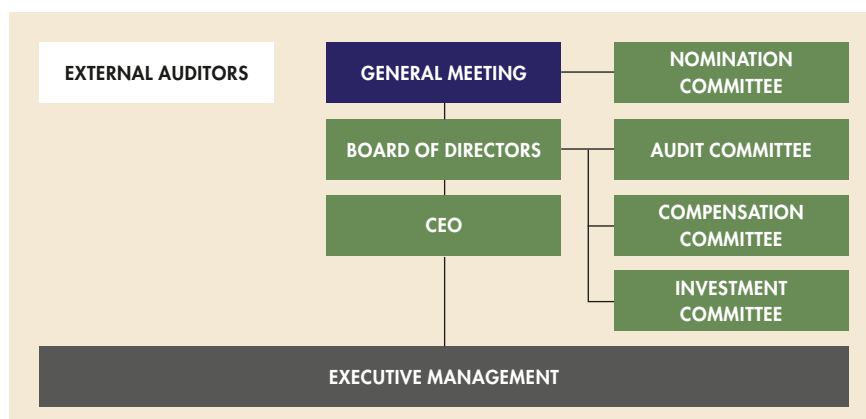
Corporate Governance Report

Attendo AB (publ) is a Swedish public limited company (corporate identity number 559026-7885). The company's shares are traded on the Nasdaq Stockholm Large Cap list. Attendo's registered office is in Danderyd. The address of the head office is Vendevägen 85, 182 91, Danderyd

Good corporate governance is important for supporting Attendo's vision of long-term sustainable growth and to strengthen the corporate culture. Attendo's corporate governance is based on a clear division of responsibility between company bodies and is founded on external and internal regulations. The primary objective of Attendo's corporate governance 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. The Code establishes a norm for generally accepted corporate governance, and is based on the principle of "comply or explain". As a complement to the external regulations, the Board of Directors of Attendo has adopted rules of procedures that describes how the work of the board and its committees shall proceed. The rules of procedures, along with the CEO instruction adopted by the board, describes the allocation of responsibility between the board and the CEO.

The board is ultimately responsible for the company's organisation and management while the CEO is responsible for day-to-day management of the company's affairs in accordance with guidelines and instructions issued by the board. The board works according to a clear agenda for each board meeting, which is decided jointly by the chairman and the CEO. The CEO is further responsible for keeping the board well-informed concerning Attendo's progress and position. Board members regularly visit



Attendo's various operational units in order to gain solid understanding of day-to-day operations and to meet managers and employees in their ordinary context. During 2016, two board meetings were held at Attendo's units in Sweden and Finland.

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

SHARES AND SHAREHOLDERS

Attendo was listed on Nasdaq Stockholm on 30 November, 2015 and is traded on the Large Cap list since January 2017. Attendo had 160,000,000 registered shares as of 31 December, 2016. 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 2016 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 of 31 December, 2016, this mandate had not been utilised. In accordance with the AGM decision, a total number of 200,000 shares has been repurchased for allotment to the participants in Attendo + 2016 and to cover social costs related to the program.

The largest owners are Nordstjernan AB with 16 percent, Pertti Karjalainen with 14 percent, Swedbank Robur Fonder with 8 percent, Didner & Gerge Fonder with 7 percent, and Carve Capital with 6 percent. The ten largest shareholders hold about 68 percent of share capital and votes. The former principal shareholder Augustus International S.A.R.L. (IK) divested its holdings in Attendo during the year.

NOMINATION COMMITTEE

Instructions for Attendo's Nomination Committee were adopted by the 2016 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 five members who represent the largest share-

holders in Attendo as of 31 August in the year preceding the AGM and who wish to participate in the work of the Nomination Committee. In addition to these five members, the Chairman of the Board shall be a co-opted member of the Nomination Committee. The instruction for the Nomination Committee complies with the Code concerning the appointment of members of the Nomination Committee. Ahead of the 2017 AGM, the appointment of the Nomination Committee was announced via a press release on 27 September 2016. The committee members are:

Director	Nominating owner
Tomas Billing	Nordstjernan AB
Anssi Soila	Pertti Karjalainen
Marianne Nilsson	Swedbank Robur Fonder
Adam Nyström	Didner & Gerge Fonder
Peter Thelin	Carve Capital
Erik Lautmann (co-opted)	Chairman of the Board

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 must also nominate candidates to the position of auditor and propose fees to the same. The Nomination Committee is obliged to safeguard the joint interests of all shareholders in matters that fall within its area of responsibility.

The Nomination Committee is required to meet as often as necessary to carry out its tasks and duties. The committee has met three times in preparation for the 2017 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 Nomina-

tion Committee prior to the 2017 AGM. The Nomination Committee's proposal to the 2017 AGM is stated in the notice of the meeting and has been posted on Attendo's website.

The Nomination Committee announced on 13 December 2016 that they will be proposing the election of Ulf Lundahl as the new Chairman of the Board of Attendo.

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

“ *Good corporate governance is essential to achieving sustainable growth.* **”**

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 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.

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.

AGM 2016

The AGM 2016 was held on 17 May, 2016, at the Viktor Rydberg School in Danderyd, Sweden. Proposals for resolutions and the minutes of the AGM are available on Attendo's website: attendo.com.

AGM 2017

The AGM 2017 will be held on 6 April, 2017, at Danderydsgården 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. The Board of Directors' task is to create long-term value for shareholders and other stakeholders through an efficient organisation and good management of the business. The duties of the board include appointing, evaluating and, if necessary, dismissing the CEO and ensuring that systems exist for monitoring and controlling operations, taking into consideration the risks to which Attendo is exposed. The board shall furthermore ensure that controls are in effect that ensure Attendo's compliance with laws and regulations applicable to its operations and to approve internal governing documents that promote regulatory compliance. The work of the board is governed by the Swedish Companies Act, the Articles of Association, the Code and the rules of procedures for the board, among else. According to Attendo's Articles of Association, the board must have a minimum of three and a maximum of ten board members. In addition to board members elected by general meetings, trade unions appoint one employee representative and one alternate member. The board is elected annually by the AGM for a term ending at the close of the following year's AGM. Apart from the CEO, none of the board members elected by general meetings are employed by Attendo. Until the 2016 AGM, the Board of Directors of Attendo consisted of eight board members. A total of ten board members,

including the CEO, were elected at the meeting. Christopher Masek chose not to stand for re-election at the 2016 AGM. The Nomination Committee proposed three new board members, Catarina Fagerholm, Tobias Lönnevall and Anitra Steen, whose competence and experience were assessed as important complements for Attendo's continued strategic development and growth. The proposed board members were elected by the AGM.

In conjunction with the decision by Augustus International S.A.R.L to divest its holdings in Attendo, its representative, Christoffer Zilliacus, stepped down. The board has since consisted of nine board members, including the CEO. The Swedish Municipal Workers' Union (Kommunal) has elected one employee representative and one alternate. The CEO participates in meetings of the Board of Directors of Attendo in his capacity as a board member and reporter. Other managers and employees attend when necessary. All board members were elected based on their business experience and experience in other areas relevant to Attendo. Please refer to page 30–31 for a presentation of the board members. The board has established

three committees to prepare certain matters for the board: the Audit Committee, Compensation Committee and Investment Committee.

RULES OF PROCEDURES FOR THE BOARD

The board has drafted rules of procedure that contains 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 rule of procedure is adopted annually. In addition, the board has drafted separate procedures for the board committees' work.

THE WORK OF THE BOARD OF DIRECTORS IN 2016

The board held 15 meetings during 2016, seven ordinary meetings, including the meeting following election, and eight ad hoc meetings. Ordinary board meetings follow an annual plan adopted by the board, while the ad hoc meetings address potential investment opportunities or other decisions of a more urgent nature. 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, 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, the Board of Directors establishes the strategic direction and budget for the coming year. Other items considered by the board include the Audit Committee's report on the company's progress in risk management and internal control, as well as financial reporting and auditing, the Compensation Committee's proposal for remuneration to Executive Management, and Attendo's quality work and customer, payor and employee satisfaction. The board has also met without the presence of management, separately and with the company's auditors.

CHAIRMAN OF THE BOARD

The chairman is responsible for presiding over board meetings, allocating

Board composition and meeting attendance in 2016

Board	Title	Independent of shareholders/ company	Attendance			
			Board	Audit Committee	Compensation Committee	Investment Committee
Erik Lautmann	Chairman	Yes/Yes	15/15	5/5	4/4	7/8
Mona Boström	Board member	Yes/Yes	14/15			
Catarina Fagerholm ¹⁾	Board member	Yes/Yes	7/7			
Jan Frykhammar	Board and committee member	Yes/Yes	11/15		4/4	8/8
Ulf Lundahl	Board and committee member	Yes/Yes	14/15	5/5		
Tobias Lönnevall ¹⁾	Board and committee member	No/Yes	7/7		2/2	3/3
Christopher Masek ²⁾	Board and committee member	No/Yes	6/8		2/2	
Anssi Soila	Board member	No/Yes	15/15			
Anitra Steen ¹⁾	Board member	Yes/Yes	6/7			
Christoffer Zilliacus ³⁾	Board and committee member	No/Yes	10/11	4/4		6/6
Henrik Borelius	Board member and CEO	Yes/No	15/15			
Arja Pohjamäki	Employee representative	-	12/15			
Elizabeth Paller	Alternate employee representative	-	13/15			

¹⁾ Elected to the board by the AGM on 17 May, 2016.

²⁾ Resigned from the board at the AGM on 17 May, 2016.

³⁾ Resigned from the board as per 1 August, 2016.

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 as board composition, reporting, governance, and working methods. The board evaluation is presented and discussed on the board meeting in February.

BOARD COMMITTEES

The board has established three committees: the Audit Committee, the Compensation Committee, and the Investment Committee. After each committee meeting, the Chairman of each committee presents a report to the entire board. All minutes recorded at committee meetings are distributed to the board and the auditor.

AUDIT COMMITTEE

Until August 2016, the Audit Committee consisted of three members who are independent of the company and its management: Ulf Lundahl (chairman), Erik Lautmann, and Christoffer Zilliacus. A new member of the Audit Committee has not been appointed to replace Christoffer Zilliacus, who left the board at his own request.

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 five meetings during 2016.

COMPENSATION COMMITTEE

The Compensation Committee consists of three members that are independent of the company and its management: Erik Lautmann (chairman), Jan Frykhammar, and Tobias Lönneval (replaced Christopher Masek after the 2016 AGM). 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 also worked with Attendo's long-term incentive program during the year. The Compensation Committee held four meetings during 2016.

INVESTMENT COMMITTEE

The Investment Committee has three members: Tobias Lönneval (replaced Christoffer Zilliacus as chairman, on 1 August, 2016), Jan Frykhammar, and Erik Lautmann. 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 eight meetings during 2016.

AUDITOR

The 2016 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.

Attendo's reporting structure

SUBSIDIARIES

Attendo's consolidated financial statements are based on financial information reported by the subsidiaries. Subsidiary reports are submitted through Attendo's Consolidation system (Ocra) and in compliance with Attendo's accounting manual. Reporting is performed after a careful analysis performed by the subsidiary's controller team.

MONITORING AND ANALYSIS

The reports are analysed by the group controller team to verify their accuracy. Group controllers also meet regularly with the Business Areas' Finance Directors and controllers for in-depth analysis of the subsidiaries' financial performance and position.

EXECUTIVE MANAGEMENT AND BOARD

Once the necessary analyses have been performed, the group controller team compiles a consolidated report over the group's financial performance and position, which is distributed monthly to Executive Management and the board of directors. The board of directors is also provided with a detailed operational report at all scheduled board meetings.

AUDITING

The subsidiaries and the group are audited twice a year, on September Close, when the interim report for the third quarter is reviewed, and at year-end Close. Internal control and management are audited in the autumn.

Board of Directors and auditors



Erik Lautmann

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

Born 1950. BSc from Stockholm School of Economics

Elected: 2013

Positions and Board Directorships: Chairman of the Board in Actic AB, Paxxo AB and Office Management AB. Board Member of Cavotec SA and of the Royal Swedish Academy of Engineering Sciences (IVA).

Previous positions: CEO Jetpak Group AB 2002–2011, CEO DHL AB (Northern Europe) 1991–2000, CEO Catella AB 1987–1991.

Attendo holdings: 39,008 shares.



Mona Boström

Board Member

Born 1952. BSc in social studies, Örebro University

Elected: 2014

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

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

Attendo holdings: 8,000 shares.



Catarina Fagerholm

Board Member

Born 1963. MSc from Hanken School of Economics Helsinki.

Elected: 2016

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

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

Attendo holdings: 5,000 shares.



Jan Frykhammar

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

Born 1965. BSc in Business and Economics from Uppsala University

Elected: 2014

Positions and Board Directorships: Executive Vice President and Advisor to the CEO, Telefonaktiebolaget LM Ericsson. Board Member of the Confederation of Swedish Enterprise, the Swedish International Chamber of Commerce, and Teknikföretagen.

Previous positions: President and CEO and Head of Segment Networks of Ericsson 2016–2017. Executive Vice President and Head of Group Function Finance 2009–2016. Senior Vice President and Head of Business Unit Global Services, Ericsson. Various previous positions within Ericsson.

Attendo holdings: 3,000 shares.



Ulf Lundahl

Board Member, Chairman of the Audit 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, Eltel AB, Handelsbanken regionbank Stockholm, and Ramirent Oy, and Board Member Holmen AB and Indutrade AB.

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

Attendo holdings: 10,000 shares.



Tobias Lönnevall

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

Born 1949. MSc from Helsinki University of Technology and MSc from Hanken School of Economics Helsinki.

Elected: 2007

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

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

Attendo holdings: 1,255,455 shares.



Anitra Steen

Board Member.

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

Elected: 2016

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

Previous positions: CEO of Systembolaget AB 1999–2009, Director General of Skatteverket (the Swedish Tax Authority) 1996–1999, undersecretary at finansdepartementet (the Ministry of Finance) 1994–1995, Director General of Verket för högskoleservice (the Authority for Higher Education Services) 1992–1994 and various additional positions within the Swedish public sector.

Attendo holdings: 5,900 shares.



Henrik Borelius

Board Member, CEO and President.

Born 1971. MSc from Stockholm School of Economics

Elected: 2003

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

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

Attendo holdings: 6,540,293 shares, 1,138,830 warrants.



Arja Pohjamäki

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

Born 1958.

Elected: 2007

Attendo holdings: 20 shares.



Elizabeth Paller

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

Born 1956.

Elected: 2014

Attendo holdings: –

Auditors

PricewaterhouseCoopers AB

Patrik Adolfson

Auditor in Charge

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

Other audit assignments: Catella AB, Loomis AB, Nordstjernan Investment AB, and Securitas AB.

Attendo holdings: –

Executive Management



Henrik Borelius

CEO and President

Born 1971. MSc from Stockholm School of Economics

Employed: 2000

Member of Executive Team: 2001

Previous positions: Business Area Director in Attendo Scandinavia 2000-2003, Head of Business Development Kunskapsskolan 1999-2000, Management Consultant McKinsey & Co 1996-1999.

Attendo holdings: 6,540,293 shares, 1,138,830 warrants.



Ammy Wehlin

Business Area Director, Attendo Scandinavia Care for Older People

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

Employed: 2000

Member of Executive Team: 2003

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

Attendo holdings: 1,173,729 shares, 517,650 warrants.



Cecilia Addamshill

Business Area Director, Attendo Scandinavia Care

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

Employed: 2000

Member of Executive Team: 2014

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

Attendo holdings: 121,460 shares, 352,778 warrants.



Pertti Karjalainen

Business Area Director, Attendo Finland Care

Born 1969. 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: 22,282,883 shares, 517,650 warrants.



Matias Pälve

Business Area Director, Attendo Finland Health Care

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

Employed: 2011

Member of Executive Management: 2016

Previous positions: Regional Director Attendo 2014-2016, General counsel Attendo 2014-2016, Legal counsel Attendo 2011-2014.

Attendo holdings: 1,347 shares.



Tomas Björksiö

Chief Financial Officer

Born 1969. MSc in Business and Economics, Uppsala University

Employed: 2001

Member of Executive Team: 2007

Previous positions: Financial Manager Attendo Scandinavia 2006-2007, Group Controller Attendo 2001-2006, Scandinavian Controller GE Capital 1998-2001, Auditor EY 1995-1998.

Attendo holdings: 122,667 shares, 345,860 warrants.



Johan Spångö

Business Development Director

Born 1981. MSc in Industrial engineering and management, Linköpings tekniska högskola

Employed: 2014

Member of Executive Management: 2016

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

Attendo holdings: 3,341 shares.



Andreas Koch

Communications and IR Director

Born 1977. MSc from Stockholm School of Economics

Employed: 2016

Member of Executive Management: 2016

Previous positions: Head of Investor Relations at SSAB 2013–2016. Head of Communications at Carnegie 2007–2013. Head of Investor Relations at SCA 2005–2007, Business Analyst at SCA 2002–2005.

Attendo holdings: 4,306 shares.

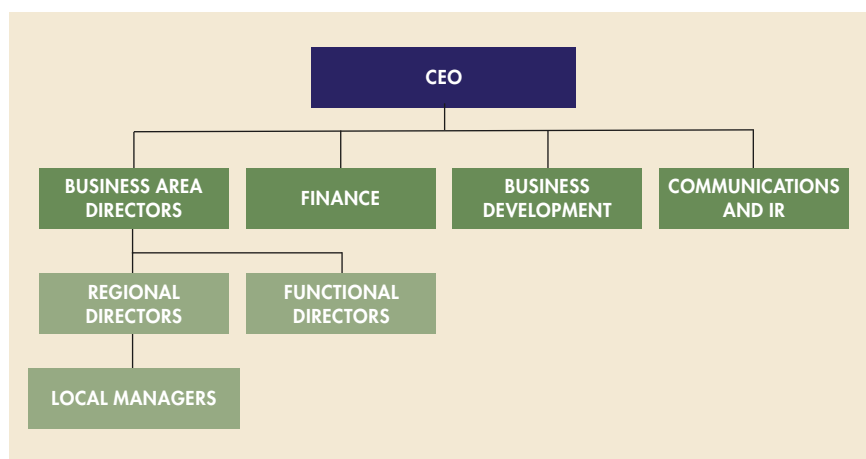
CEO and Executive Management

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

Attendo’s organization is founded on a common vision and strong values, but with decentralised responsibility for retaining an entrepreneurial spirit and local anchoring. The CEO has general responsibility for day-to-day management of the company’s affairs in accordance with board directives. Operations are divided into four Business Areas, each of which is managed by a Business Area Director. The division of responsibility is based on geographical regions and service areas. All Business Area Directors report to the CEO. In addition, there are three group functions: Finance, Business Development, and Communication and Investor Relations, which all report directly to the CEO. Executive Management meets regularly and deals with matters including the company’s financial performance and position, strategy and business plans, group quality improvement work, human resources, and organisational matters.

BUSINESS AREAS

The Business Area Directors are responsible for monitoring operations and financial performance in their Business Areas. These are reported monthly to the CEO and the group functions (see also “Internal control over financial Reporting” on page 35). As 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 the year, Attendo chose to gather all operations within care for older people in Scandinavia in order to create a simpler, clearer organisation. In conjunction with the reorganisation Business Area Director Margareta Nyström left her role at Attendo after



23 years. Subsequent to the change, the Scandinavian business is now divided into two Business Areas, Scandinavia Care for Older People and Scandinavia Care (refers to care for people with disabilities and individual- and family care). The Finnish business is divided into two business areas, one focused on care and one responsible for staffing and health care services. The Business Area director for Health Care and Staffing, Antti Ylikorkala, left Attendo during the year and was replaced by Matias Pälve on 1 November 2016. Attendo’s Business Areas consist of a number of regions, which are in turn divided into local units. At present, Attendo operates more than 500 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. During 2016, former Business Development Director Fredrik Mossberg chose to leave Attendo after ten years with the company and was succeeded by Johan Spångö, effective on 1 September 2016. Attendo has also employed a permanent Communications and IR Director, Andreas Koch.

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 21–25 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. The internal control function reports regularly to the Audit Committee concerning risk management, control activities, and follow-up of financial reporting. It 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 election of auditors. Responsibility for maintaining good internal control has been delegated to the CEO.

RISK ASSESSMENT

Attendo's risk management process is monitored by the Audit Committee and implemented by the internal control function. Risk assessment proceeds from the degree of risk; that is, the impact on financial reporting and the likelihood that misstatements will occur. The control measures Attendo has implemented to manage the risk are also considered. The risk assessment is updated annually and the results are reported to the Audit Committee. For further information about Attendo's risks and risk management process, please refer to pages 21–25.

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.

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, 6 March 2017
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 2016 on pages 26–35 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, 6 March 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in Charge

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Board of Directors' Report

The Board of Directors and the Chief Executive Officer (CEO) of Attendo AB (publ), corporate ID no. 559026-7885, with its registered office in Danderyd, Sweden, hereby present the Annual Accounts and the Consolidated Accounts for the financial year 2016.

OPERATIONS

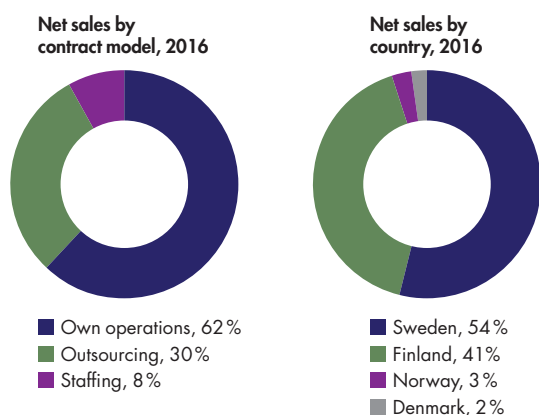
Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland, Norway and Denmark. Attendo is the largest private provider of care for older people in Sweden and Finland, and outsourced health care in Finland. Attendo is a locally based company and has more than 500 units in operation, in more than 200 municipalities. Attendo has more than 20,000 employees. With the vision of empowering the individual Attendo provides services within care for older people, care for people with disabilities, individual and families and health care. Attendo provides care and health care through three contract models:

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

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

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

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



FINANCIAL OVERVIEW

Net sales and operating profit

Net sales amounted to SEK 10,212m (9,831), an increase of 3.9 percent. Adjusted for currency effects, the increase was 3.4 percent. Adjusted for currency effects and deconsolidation of subsidiary the increase was 6.5 percent. The growth was mainly explained by new, primarily own units, higher occupancy in own homes and acquisitions.

Operating profit (EBITA) was SEK 1,002m (933), corresponding to an operating margin of 9.8 percent (9.5).

The profit increase is mainly explained by higher occupancy in own homes, higher profitability in existing own units as a result of better planning and improved processes, as well as profits from acquired units.

Changes in currency exchange rates had an effect on operating profit of SEK +5m compared to 2015.

Net financial items

Net financial items amounted to SEK –83m (–537), of which net interest was SEK –59m (–326). Net interest improved, following the share issue and debt refinancing in connection with the IPO, which resulted in significantly reduced borrowings and lower interest rates. Furthermore, write-downs of capitalised financing costs and costs for replacing borrowings before maturity had a negative impact on net financial items of SEK 158m during 2015.

Income tax

Income tax for the year was SEK –179m (–64), corresponding to a tax rate of 21.6 percent.

Profit for the year

Profit for the year was SEK 649m (286), corresponding to an earnings per share basic of SEK 4.06 (1.79) and earnings per share diluted of SEK 4.05 (1.79).

Five-year summary

SEK m	2016	2015	2014	2013	2012
Net sales	10,212	9,831	9,045	8,465	7,891
Operating profit (EBIT)	911	887	807	738	596
Operating margin (EBIT) (%)	8.9	9.0	8.9	8.7	7.6
Profit for the year	649	286	263	363	159
Profit margin (%)	6.4	2.9	2.9	4.3	2.0
Capital employed	8,217	7,828	7,796	7,387	7,347
Operating cash flow	805	765	700	723	551

For definitions of key figures, see page 87.

Cash flow

Cash flow from operating activities was SEK 914m (638). Cash flow from investing activities was SEK –646m (–417). Cash flow from financing activities was SEK –406m (–499). Total cash flow for the year was SEK –138m (–278). Cash and cash equivalents was SEK 670m (782) at year end.

Financial position

As of 31 December 2016, consolidated equity was SEK 4,825m (4,219), corresponding to SEK 30.10 (26.36) per share diluted. Net debt decreased to SEK 2,722m (2,827) despite several acquisitions, maintained investment levels in own homes and the dividend. This is mainly explained by a stronger cash flow from operations.

SEK m	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Interest-bearing liabilities	3,364	3,580	5,285
Provisions for post-employment benefits	28	29	67
Cash and cash equivalents	-670	-782	-1,209
Net debt	2,722	2,827	4,143

Interest-bearing liabilities, excluding provisions for post-employment benefits, were SEK 3,364m (3,580) as of 31 December 2016.

Attendo had SEK 988m (449) in unutilized credit facilities at the end of the year.

FINANCIAL PERFORMANCE BY CONTRACT MODEL

Own operations

Net sales in own operations amounted to SEK 6,327m (5,589), corresponding to an increase of 13.2 percent. The increase is mainly due to new homes, increased occupancy in homes that were under start up last year, and acquisitions.

During the year, Attendo opened 20 new homes for older people, people with disabilities and social psychiatry with a total of 770 beds. At year-end, the number of beds under construction was 1,935.

Units, beds and home care customers, 31 December 2016

Own operations	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	391	202	178	2	9
Beds in operation ²⁾	9,280	4,142	4,994	84	60
Beds under construction ³⁾	1,935	560	1,375	-	-
Home care customers	11,330	8,890	-	140	2,300

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

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

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

Outsourcing operations

Net sales in outsourcing operations amounted to SEK 3,108m (3,236), corresponding to a decrease of 4.0 percent. The decrease is explained by ended contracts.

Units, beds and home care customers, 31 December 2016

Outsourcing	Total	Sweden	Finland	Norway	Denmark
Units in operation ¹⁾	122	87	29	5	1
Beds in operation ²⁾	3,656	2,872	446	310	28
Home care customers	1,060	510	550	-	-

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

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

Staffing operations

Net sales in staffing operations amounted to SEK 777m (1,006), corresponding to a decrease of 22.8 percent. The decrease is explained by the deconsolidation of subsidiary Terveyden Tuottajat Oy (TT) as of 31 December 2015. Excluding TT, net sales in staffing operations was SEK 721m in 2015.

MARKET

The demand for Attendo's own operations offering was good with continued high interest from Swedish local authorities needing to expand the number of beds, mainly in care for older people. Attendo estimates that construction started on just over 1,600 beds in care for older people in Sweden, and private providers accounted for almost half of these. Approximately 450 beds in homes for people with disabilities were constructed in 2016, with private providers accounting for almost 20 percent. Contracted volumes in the outsourcing market for care for older people continued to increase slightly during the year, from a low level.

Contracted volumes in care decreased in relation to 2015, mainly as a consequence of the reduced need for beds within integration.

During the year, the government-appointed welfare commission presented its proposals. If introduced, these proposals would greatly restrict the opportunities for private providers, and would limit the freedom of choice in schools and in health and social care.

The own operations offering experienced continued high demand in Finland during the year. Attendo estimates that the construction of approximately 3,300 beds in care for older people started in 2016, and that private providers accounted for a majority of these. Attendo was by far the largest private provider in 2016.

Activity remained low in the outsourcing market in Finland.

The timetable and design of the Finnish SOTE reform was clarified during the year. Health and social care will be organised into 18 regional counties, with private and public providers competing on equal terms. From 2019, freedom of choice for citizens will be introduced and they will be able to choose their provider for services in health care and social care. Private providers wishing to participate in SOTE will need to qualify through high quality standards and by offering a variety of services in each particular field. Our assessment remains that the reform as a whole is positive for Attendo's opportunities to develop the operations in Finland, not least in the field of health care.

RISKS AND UNCERTAINTIES

Attendo is exposed to both external risks as operational and financial risks. The main risks and Attendo's handling of these are described on pages 21–25.

SEASONAL VARIATIONS

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

ACQUISITIONS AND DIVESTMENTS

Acquisitions

The group completed the following acquisitions during the year:

- On 1 March, Attendo acquired Hoitokoti Eerika Oy, which provides social psychiatry and rehabilitation in Kitee, eastern Finland.
- On 1 March, Kiteen Kanervikkola Koti Oy, which operates nursing homes in Kitee, eastern Finland, was acquired.
- On 1 March, Attendo acquired Humana's home care operations in Solna, Sollentuna and parts of the city of Stockholm in Sweden through an asset deal.
- On 1 April, Attendo acquired Hemtrevnad Service & Omsorg i Borås AB. The company operates home care in Borås, Sweden.
- On 1 June, Attendo acquired 247 Hoivakodit Oy. The company develops and operates nursing homes in Finland. The acquisition adds 60 new nursing home beds in one unit in Lahti, Finland and 253 nursing home beds under construction in six different units.
- On 1 June, Attendo acquired Onnentäyttymys Oy. The company operates a nursing home with 20 beds in Pornainen, Finland. The company also has four ongoing projects totalling 117 nursing home beds in and around Helsinki, Finland.
- On 1 July, Attendo acquired Samsa AB. Samsa operates homes and daytime activities for people with disabilities (LSS), care or residential homes (HVB), and one school for students with special needs in years 7–9. Samsa AB has sales of approximately SEK 150 million and provides a total of 107 places in LSS and HVB, plus 5 places in a group home.
- On 1 October, Attendo acquired Villa Galand Oy. The company operates a nursing home in Uusikaupunki, Finland.
- On 1 November, Attendo acquired the assets and liabilities of Aapelikoti Oy. The company operates nursing homes in Imatra, Finland.
- On 1 December, Attendo acquired Uusi Aaria Oy. The company operates a private dental clinic in Oulu, Finland.

For more information about acquisitions, see Note K26, Acquisitions and divestments.

Divestments

No divestments were made during 2016.

EMPLOYEES

The average number of full-time employees was 14,824 (14,512) of which women 11,921 (11,737). Attendo seeks to create good working conditions and the potential for personal development. This means that Attendo respects and complies with labor market legislation, agreements and safety requirements, and other regulations governing operations. For more information about Attendo's employees, see the section on Employees on page 15–16 and Note K5, Information on board members, senior executives and employees.

Organisational changes

The Annual General Meeting (AGM) 2016 appointed Catarina Fagerholm, Tobias Lönnevall and Anitra Steen as board members of the board. The AGM also confirmed the resignation of Christopher Masek as board member. On 1 August, Christoffer Zilliacus resigned as member of the board.

On 22 August, Andreas Koch was appointed Communications and Investor Relations Director and joined Attendo's executive management team.

On 1 September, Johan Spångö was appointed Business Development Director and joined Attendo's executive management, replacing Fredrik Mossberg.

On 14 September, Attendo announced an organisational change, gathering all its operations in care for older people in Scandinavia under the Business Area Director Ammy Wehlin. Following the reorganisation, Margareta Nyström left her role in Attendo's executive management team and her position at Attendo.

On 1 November, Attendo appointed Matias Pälve as Business Area Director for Attendo Finland Health Care and member of the executive management team. Matias Pälve succeeded Antti Ylikorkala who decided to leave Attendo.

PRINCIPLES FOR REMUNERATION TO EXECUTIVE MANAGEMENT IN ATTENDO

These principles for remuneration shall be applied to the Executive Management within Attendo. The remuneration to Executive Management shall be market based to ensure that Attendo can attract and retain competent executives. Remuneration shall be based on the individual's position, responsibilities and performance. Total remuneration to the Executive Management comprise fixed salary, variable salary based on annual performance targets, long-term incentives and other benefits such as non-monetary benefits, pensions and insurances. The remuneration level 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 executives responsibilities.

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

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

Long-term incentive plan

Attendo has a culture that promotes long term perspective and a spirit of ownership and responsibility. The Board of Directors will propose a share based long-term incentive plan to the Annual General Meeting.

Non-monetary benefits

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

Post-employment benefits

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

Notice of termination and severance pay

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

Attendo's executive management has a non-compete and non-solicitation clause for the members of the executive management

for 12 months after terminating the employment, where Attendo may be required to compensate for the months where the executive is prohibited from accepting a competitive assignment.

Deviations to the remuneration guidelines

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

Proposal to the Annual General Meeting 2017

The Board of Directors proposes that the principles for remuneration to Executive Management within Attendo, with minor adjustments, shall be adopted by the Annual General Meeting 2017.

ENVIRONMENTAL IMPACT

Attendo's environmental policy is the basis for how all employees shall relate to environmental concerns, something that our customers and payors appreciate and take an active part in. Attendo strives to protect the environment as far as technologically possible and economically feasible. The objective is to minimize Attendo's environmental footprint and continuously develop the environmental initiatives, with focus on the areas deemed as the most important: purchase, distribution and transportation, energy and water usage, and waste management. Attendo does not conduct any operations that require permit or registration under the Swedish Environmental Code.

OUTLOOK FOR THE COMING FINANCIAL YEARS

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

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

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

PARENT COMPANY

The parent company's operations consist of providing consultancy services and managing shares in subsidiaries. The company's costs include parent company costs for executive management and Board work, and external consultancy costs.

Financial information

The parent company's net sales were SEK 12m (3) in the year, and wholly consist of consulting services invoiced to subsidiaries.

Loss after financial items was SEK -37m (-34). Cash and cash equivalents were SEK 0m (0) at year-end, shares in subsidiaries were SEK 6,494m (6,494) and non-restricted equity was SEK 6,423m (6,471).

Share information

The number of shares was 160,000,000 as of 31 December 2016. During 2016, the board decided to repurchase shares as part of assuring Attendo's undertaking in accordance with the Attendo + share-savings program. Following the purchases, Attendo's holdings of its own shares amounted to 200,000 at year-end and the number of shares outstanding was 159,800,000.

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

Proposed distribution of earnings

The Board proposes that a dividend of SEK 1.22 (0.54) per share be paid to shareholders duly registered on the record date of 10 April 2017 and that the remaining part of non-restricted equity is retained in the parent company. The treasury shares held by the parent company are not entitled to receive dividend. The Board proposes that the profits be distributed as below (assuming unchanged treasury shares):

Proposed distribution of earnings	Amounts in SEK
Amount to be paid to the shareholders (SEK 1.22 per share)	194,956,000
Amount to be retained by the parent company	6,228,529,913
Total non-restricted equity in the parent company	6,423,485,913

The proposed record date for the right to receive dividends is 10 April 2017. The Board of Directors' proposed dividend is based on Chapter 18, § 4 of the Swedish Companies Act on the basis of the parent company's and the group's need to strengthen its Balance Sheet, liquidity, financial position and the ability to meet its obligations in the long term.

The group's equity/assets ratio is 49 percent and cash and cash equivalents amounts to SEK 670m. The Board of Directors has also considered the parent company's result and financial position, and the group's financial position in general. In this context, the Board of Directors has considered known circumstances that may be of significance to the parent company's and group companies' financial position. The proposed dividend does not limit the group's ability to make investments or raise funds, and the Board considers that the proposed dividend is well-balanced considering the nature, scope and risk of operations as well as the parent company's and group's capital requirement, and business plans and financial performance in coming years. The consolidated and parent company income statements and balance sheets are subject to approval and adoption by the annual general meeting to be held 6 April 2017.

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

Consolidated Income Statement

January–December, SEK m	Note	2016	2015	2014
OPERATING INCOME				
Net sales	K3	10,212	9,831	9,045
Other operating income	K4	20	39	14
Total income		10,232	9,870	9,059
OPERATING COSTS				
Personnel costs	K5	–6,533	–6,552	–6,199
Other external costs	K6, K7, K8	–2,564	–2,241	–1,900
Depreciation and amortization of tangible and intangible assets	K9	–133	–144	–138
Operating profit (EBITA)		1,002	933	822
Amortization of acquisition-related intangible assets	K9	–91	–46	–15
Operating profit (EBIT)		911	887	807
FINANCIAL ITEMS				
Financial income	K10	2	111	176
Financial expenses	K10	–85	–648	–572
Net financial items		–83	–537	–396
Profit before tax		828	350	411
Tax	K11	–179	–64	–148
PROFIT FOR THE YEAR		649	286	263
Profit for the year attributable to parent company shareholders		649	286	263
Earnings per share, basic ¹⁾ , SEK	K12	4.06	1.79	1.64
Earnings per share, diluted ¹⁾ , SEK	K12	4.05	1.79	1.64
Average no. of shares, basic ¹⁾ , thousands	K12	159,956	160,000	160,000
Average no. of shares, diluted ¹⁾ , thousands	K12	160,405	160,083	160,000

¹⁾ See definition of average number of shares in the calculation of earnings per share basic and diluted on page 87.

Consolidated Statement of Comprehensive Income

January–December, SEK m	Note	2016	2015	2014
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans, net of tax	K11, K20, K21	–1	10	–18
Items that may be reclassified to profit or loss				
Cash flow hedges, net of tax	K11	–	15	–5
Exchange rate differences on translation of foreign operations		83	–44	58
Other comprehensive income for the year, net of tax		82	–19	35
Profit for the year		649	286	263
Total comprehensive income for the year		731	267	298
Total comprehensive income attributable to parent company shareholders		731	267	298

Consolidated Balance Sheet

January–December, SEK m	Note	2016	2015	2014
ASSETS				
Non-current assets				
Goodwill	K13	6,872	6,472	6,549
Other intangible assets	K13	591	304	238
Property, plant and equipment	K14	438	382	440
Deferred tax assets	K11	17	32	30
Other non-current assets	K15	61	57	57
Total non-current assets		7,979	7,247	7,314
Current assets				
Trade receivables	K16	955	901	873
Current tax assets		24	38	47
Other current assets	K17	300	319	438
Cash and cash equivalents		670	782	1,084
Total current assets		1,949	2,040	2,442
TOTAL ASSETS		9,928	9,287	9,756
EQUITY AND LIABILITIES				
Equity				
	K18			
Share capital		1	1	–
Other contributed capital		4,321	4,321	3,113
Retained earnings		–146	–389	–807
Profit for the year		649	286	263
Total equity		4,825	4,219	2,569
Non-current liabilities				
Liabilities to credit institutions	K19	3,302	3,554	5,012
Deferred tax liabilities	K11	100	38	35
Provisions for post-employment benefits	K20	28	29	67
Provisions, non-current	K21	11	9	10
Other non-current liabilities	K22	12	24	284
Total non-current liabilities		3,453	3,654	5,408
Current liabilities				
Liabilities to credit institutions	K19	62	26	253
Provisions, current	K21	35	37	52
Trade payables		186	205	161
Current tax liabilities		20	9	21
Other current liabilities	K24	1,347	1,137	1,292
Total current liabilities		1,650	1,414	1,779
TOTAL EQUITY AND LIABILITIES		9,928	9,287	9,756

Consolidated Statement of Cash Flow

January–December, SEK m	Note	2016	2015	2014
Operating activities				
Profit before tax		828	350	411
Adjustments for items not included in cash flow	K25	244	378	254
Paid tax	K11	–140	–86	–78
Cash flow from operating activities before changes in working capital		932	642	587
Cash flow from changes in working capital				
Changes in current receivables		21	–151	12
Changes in current liabilities		–39	147	–27
Cash flow from operating activities		914	638	572
Investing activities				
Investments in subsidiaries (net of acquired cash)	K26	–477	–128	–89
Divestments of subsidiaries	K26	–	15	–
Investments in intangible assets	K13	–27	–34	–38
Investments in tangible assets	K14	–170	–178	–193
Divestments of intangible and tangible assets	K13, K14	28	47	67
Redemption of shares		–	–139	–
Cash flow from investing activities		–646	–417	–253
Financing activities				
Share issue		–	1,160	–
Dividends paid		–86	–	–
Repurchase of own shares		–16	–	–
Warrants		–4	12	–
Borrowings raised	K19, K23	290	3,531	–
Borrowings repaid	K19, K23	–590	–5,202	–129
Cash flow from financing activities		–406	–499	–129
CASH FLOW FOR THE YEAR		–138	–278	190
Opening balance, cash and cash equivalents		782	1,084	856
Exchange rate effect		26	–24	38
Closing balance, cash and cash equivalents		670	782	1,084

For information about interest paid/received, see Note K25, Cash Flow Statement.

Consolidated Statement of Changes in Equity

SEK m	Share capital	Contributed capital	Retained earnings			Total equity
			Cash flow hedging	Acc. translation differences	Other retained earnings	
Opening balance, 1 January 2014	–	3,113	–10	–51	–744	2,308
Profit/loss						
Profit for the year	–	–	–	–	263	263
Other comprehensive income						
Remeasurements of defined benefit pension plans, net of tax	–	–	–	–	–18	–18
Exchange rate differences on translation of foreign operations	–	–	–	58	–	58
Cash flow hedges, net of tax	–	–	–5	–	–	–5
Total other comprehensive income	–	–	–5	58	–18	35
Total comprehensive income	–	–	–5	58	245	298
Transactions with shareholders						
Revaluation of share option liabilities	–	–	–	–	–37	–37
Total transactions with shareholders	–	–	–	–	–37	–37
Closing balance, 31 December 2014	–	3,113	–15	7	–536	2,569
Opening balance, 1 January 2015	–	3,113	–15	7	–536	2,569
Profit/loss						
Profit for the year	–	–	–	–	286	286
Other comprehensive income						
Remeasurements of defined benefit pension plans, net of tax	–	–	–	–	10	10
Exchange rate differences on translation of foreign operations	–	–	–	–44	–	–44
Cash flow hedges, net of tax	–	–	15	–	–	15
Total other comprehensive income	–	–	15	–44	10	–19
Total comprehensive income	–	–	15	–44	296	267
Transactions with shareholders						
Issue in kind	1	–1	–	–	–	0
Share issue	0	1,200	–	–	–31	1,169
Warrants	–	9	–	–	–	9
Total transactions with shareholders	1	332	–	–	–31	1,178
Transactions with non-controlling interest	–	–	–	–	205	205
Closing balance, 31 December 2015	1	4,321	–	–37	–66	4,219
Opening balance, 1 January 2016	1	4,321	–	–37	–66	4,219
Profit/loss						
Profit for the year	–	–	–	–	649	649
Other comprehensive income						
Remeasurements of defined benefit pension plans, net of tax	–	–	–	–	–1	–1
Exchange rate differences on translation of foreign operations	–	–	–	83	–	83
Cash flow hedges, net of tax	–	–	–	–	–	–
Total other comprehensive income	–	–	–	83	–1	82
Total comprehensive income	–	–	–	83	648	731
Transactions with shareholders						
Repurchase of own shares	–	–	–	–	–16	–16
Warrants	–	–	–	–	–24	–24
Share savings program	–	–	–	–	1	1
Dividends paid	–	–	–	–	–86	–86
Total transactions with shareholders	–	–	–	–	–125	–125
Closing balance, 31 December 2016	1	4,321	–	46	457	4,825

Notes to the consolidated financial statements

K1 CRITICAL ACCOUNTING POLICIES

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

Attendo's head office is located at Vendevägen 85, 182 91 Danderyd, Sweden.

The financial statements are on pages 37–76 of the printed Annual Report. The consolidated financial statements will be subject to approval by the Annual General Meeting (AGM) on 6 April 2017.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The consolidated financial statements are presented in millions of Swedish kronor (SEKm). These financial statements have been prepared in accordance with the cost method, except specific financial assets and liabilities, such as derivatives, financial assets held for sale and pension assets attributable to defined benefit pension plans, which are measured at fair value.

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

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

Amendments to accounting policies and disclosures

New and revised accounting policies and improvements that became effective in 2016 had no material impact on the consolidated financial statements for the financial year.

The IFRIC also issued a number of new interpretation statements and amendments. These amendments and interpretation statements had no material impact on the consolidated financial statements for 2016.

Critical estimates and judgements

Preparing financial statements in accordance with IFRS requires the use of certain critical estimates for accounting purposes.

Furthermore, management is required to make certain judgements when applying the group's accounting policies. Areas that involve extensive judgements, that are complex or where assumptions and estimates are of material significance to reporting are stated in Note K2, Critical estimates and judgements for accounting purposes.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements include all entities stated in Note M7 and over which the group exerts a controlling influence. The group is deemed to have a controlling influence over a company when it is exposed to, or entitled to, variable returns generated by its holding in the company and is able to influence such returns as a result of its influence over the company. Subsidiaries are

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

All transactions with shareholders in subsidiaries are recognised on the basis of the substance of such transactions. Shares attributable to shareholders taking an active role in subsidiaries owned by such shareholders are not deemed to satisfy the definition of a non-controlling interest and are consequently recognised as a personnel cost, and such shareholders' share of the group's net assets is recognised as a personnel-related liability in the consolidated statement of financial position. These transactions are included in the comparative figures until 31 December, 2015 when the subsidiary Terveiden Tuottajat was deconsolidated.

THE PURCHASE METHOD

Attendo applies the purchase method when reporting business combinations. This means that an acquisition of a subsidiary is viewed as a transaction in which the group indirectly acquires the subsidiary's assets and assumes its liabilities. The value of the acquisition is determined by calculating the fair value of the subsidiary's assets and liabilities on the acquisition date. The valuation includes any conditional purchase consideration or share option liability on the acquisition date. Ensuing valuations of the conditional purchase consideration or share option liability are recognised at fair value through profit or loss and under equity, respectively.

According to IFRS, transactions involving non-controlling interests are recognised under equity. However, there are no specific regulations governing the revaluation of share option liabilities in these holdings. Revaluations of share option liabilities in non-controlling interests are recognised as transactions under equity in the Consolidated Financial Statements. Accordingly, reporting conforms to other transactions for non-controlling interests. For each acquisition, a decision is made as to whether all non-controlling interests in the acquired company should be recognised at fair value or according to the holding's proportional share of the acquired operation's net assets.

Acquisition-related costs are recognised as costs as they arise. If the total purchase price exceeds the fair value of the acquired net assets or other identifiable assets, the surplus is recognised as goodwill. If the fair value of the acquired net assets exceeds the total purchase price, the difference is recognised directly in the income statement.

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

REVALUATION AND TRANSLATION OF FOREIGN CURRENCY

All subsidiaries' financial reporting is denominated in local currency, i.e. the currency used in the financial environment where the respective subsidiary is active ("functional currency"). The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional and reporting currency.

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

K1 CRITICAL ACCOUNTING POLICIES cont.**Translation of foreign subsidiaries**

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

- Assets and liabilities in the consolidated balance sheet are translated at the rate of exchange ruling on the reporting date.
- Income and expenses in the income statement are translated at the average rate of exchange.
- Exchange rate differences are recognised in OCI.

Goodwill and fair value adjustments arising from acquisitions of foreign operations are treated as assets and liabilities of the relevant operation and translated at the rate of exchange ruling on the reporting date. Exchange rate differences are recognised in OCI.

CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method. The changes for the year in operating assets and operating liabilities have been adjusted for currency effects. Acquisitions and/or divestments of subsidiaries are included net of acquired/divested liquid assets in cash flow from investment activities. Assets and liabilities held by acquired and divested businesses at the time of transaction are not included in the statement of changes in working capital nor in changes in balance sheet items recognised in investing and financing activities.

REVENUE RECOGNITION

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

SEGMENT REPORTING

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

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

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

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

operating segments are consolidated into a single reportable segment.

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

SUPPORT AND GRANTS

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

FINANCIAL ASSETS

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

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

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

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

Financial assets measured at fair value through profit or loss

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

Loans and receivables

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

FINANCIAL LIABILITIES

Financial liabilities primarily consist of trade payables and loan payables. The financial liabilities that are not included in hedge accounting are measured and recognised at amortised cost, applying the effective interest rate method. The direct cost of borrowing is included in the acquisition value. Financial liabilities denominated in foreign currency are translated at the rate of exchange ruling on the reporting date.

Borrowings

Borrowings are initially stated at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the amount due on settlement or redemption is recognised in the income statement over the term of the borrowing. See also Note K19, Liabilities to credit institutions.

Trade payables

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

Conditional purchase consideration

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

Share option liabilities

Share option liabilities are recognised at fair value. See also Note K23, Financial Risk Management and Financial Instruments.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**Derivatives measured at fair value through profit or loss**

Derivative instruments are recognised in the balance sheet on the trade date. They are measured at fair value through profit or loss under the condition that they are not used as hedging instruments according to the regulation on hedge accounting. For more information on derivative instruments used as hedging instruments, see below under "Cash flow hedges".

Cash flow hedges

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

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

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

LEASES

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

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

Operating leases: Leases where a significant part of the risks and

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

INTANGIBLE ASSETS**Goodwill**

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

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

Goodwill is tested for impairment annually or more frequently if there are indications that the unit may be impaired. An impairment loss is recognised if the carrying amount exceeds the recoverable amount, which is the higher of the value in use and fair value, less cost of sales. An impairment loss is immediately recognised as an expense in the income statement and may not be reversed. More information on goodwill impairment is provided in Note K2, Critical accounting estimates and judgements and Note K13, Intangible assets.

Customer relationships

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

Customer relationships are deemed to have a finite useful life. These assets are recognised at fair value on the acquisition date and subsequently recognised at initially recognised amounts less accumulated amortisation and any impairment. Amortisation is effected according to the straight-line method over the estimated useful lives of customer relationships.

The value of deferred tax liabilities is estimated on the basis of the local tax rate as the difference between book value and the taxable value of intangible assets. The deferred tax liability is to be dissolved over the same period as the intangible assets are amortised, which means that the effect of the amortisation of the intangible assets is neutralised regarding the full tax rate concerning profit after tax.

The estimated useful lives are:

Asset	Number of years
Customer relationships	5–10

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

Other intangible assets

These assets primarily consist of acquired customer contracts, but also other acquired intangible assets such as licences or trademarks. Other acquired intangible assets are initially recognised at fair value at the acquisition date and subsequently recognised at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in the income statement according to the straight-line method over the estimated useful life of the asset. The useful life of an asset is subject to annual review and when required. Amortisable intangible assets are amortised from

K1 CRITICAL ACCOUNTING POLICIES cont.

the date they become available for use. The estimated useful lives of the assets are as follows:

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

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

PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is recognised using the straight-line method over the estimated useful life of the asset. In cases where part of property, plant and equipment consist of several components, where each component has an independent cost and estimated useful life that differs significantly from the item as a whole, each component is depreciated individually on the basis of the component's useful life. The estimated useful lives are as follows:

Asset	Number of years
Buildings	5–50
Equipment	3–10
Vehicles	5

Impairment testing as well as the recognition of impairment is conducted in the same manner as for intangible assets.

The profit or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement

INCOME TAXES

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

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

Deferred tax liabilities are, however, not recognised if they arise as a result of the initial recognition of goodwill. Nor are deferred taxes recognised if they arise as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and neither affects the recognised nor taxable profit at the transaction date.

PROVISIONS

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

Bad and doubtful debt

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

Restructuring

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

SALARIES AND COMPENSATION**Pensions**

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

Defined-contribution pension plans

A defined-contribution pension plan is a pension plan where the group's obligations are limited to paying a fixed amount to a separate legal entity. The group has no obligation to pay further contributions if the pension fund does not hold sufficient assets to pay all employee benefits. Fees attributable to defined contribution pension plans are recognised as personnel costs in the income statement as they mature.

Defined-benefit pension plans

A defined-benefit pension plan is a pension plan that is not defined by contributions. What differentiates defined-benefit pension plans is that they stipulate the amount for the pension benefit that an employee will receive after retirement, usually based on one or more factors such as age, period of service and salary. The liability recognised in the balance sheet in respect of the defined-benefit pension plan is the present value of the defined-benefit obligation on the reporting date, less the fair value of plan assets and unaccounted service costs for previous periods. The defined-benefit pension plan is defined using the projected unit credit method. The discount rate applied to calculate the present value of post-employment benefit obligations is determined by the market yields of investment grade corporate bonds issued in the same currency in which the obligation will be payable with corresponding maturity to the post-employment benefit obligation. The discount rate is reviewed quarterly, which affects net debt. Other assumptions such as retirement age, mortality and fluctuations of personnel, are reviewed annually.

Actuarial gains and losses as a result of experience-based adjustments and amendments in actuarial assumptions are recognised in OCI in the period in which they arise.

The group's net obligations concerning the defined-benefit pension plans in Norway are measured separately for each plan through an assessment of the future benefits that the employees have earned in their employment in current and previous periods.

Obligations for retirement pensions and family pensions for civil servants in Sweden are vested under an insurance scheme with Alecta. According to a statement from the Financial Reporting Council, UFR 10, this is a defined-benefit pension plan that covers several employers. Like other Swedish companies, the group has not had access to information that would make it possible to recognise this plan as a defined-benefit pension plan. The pension plan under ITP, which is vested under an insurance scheme with Alecta, is therefore recognised as a defined-contribution pension plan.

Share savings program – Attendo+

During 2016 the new share savings program, Attendo+, was introduced, which allows employees to acquire shares in Attendo. When employees invest in savings shares at the price in effect on the investment day and remain employed by the company, matching shares will be allotted at the end of the period. In addition, performance-based shares can be allotted provided that certain predetermined goals are achieved during the qualification period.

Costs related to Attendo+ are recognised as a personnel expense directly in equity during the qualification period, in accordance with IFRS 2. The social insurance fees that are expected to arise due to Attendo+ are accounted for in accordance with the recommendation from the Swedish Financial Reporting Board's Recommendation, UFR 7. The calculation is based on the fair value of matching shares and performance shares and recognised as a provision.

Termination benefits

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

NEW OR REVISED IFRS STANDARDS THAT HAVE NOT YET BEEN IMPLEMENTED

A number of new standards and amendments to interpretation statements and current standards come into force in the reporting period beginning 1 January 2017. These have not been applied in the preparation of the consolidated financial statements. None of these are expected to have a significant impact on the consolidated financial statements with the exceptions presented below:

IFRS 9 Financial Instruments deals with classification, measurement and reporting of financial assets and liabilities. The complete version of IFRS 9 was presented in July 2014. It replaces parts of IAS 39 that deal with the classification and valuation of financial instruments. IFRS 9 maintains a mixed valuation approach, but simplifies this approach in certain regards. There will be three valuation categories for financial assets: amortised cost, fair value in other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the business model applied and the characteristics of the relevant instruments. Investments in equity instruments are measured at fair value through profit or loss, although it is also possible to recognise such instruments at fair value in OCI at the earliest reporting opportunity. In such cases, no reclassification to the income statement is effected when the instrument is sold. IFRS 9 also introduces a new model for calculating credit loss provisions based on estimated credit losses. For financial liabilities, classification and valuation remain unchanged, with the exception of cases where a liability is recognised at fair value through profit or loss on the basis of the fair value option. Value changes attributable to changes in the company's credit risk are recognised in OCI. IFRS 9 reduces the requirement for hedge accounting by replacing the 80–125 criteria with requirements for a financial relationship between hedging instruments and hedged items and that the hedge ratio should be the same as that applied in risk management. The hedging documentation has also been amended to some extent compared to that presented under IAS 39. The standard is effective from 1 January, 2018. Early adoption is permitted. The group has not finalised the evaluation of any impact on its results of operations or financial position.

IFRS 15 Revenue from Contracts with Customers regulates the recognition of revenue. The core principles of IFRS 15 are intended to provide users of financial statements with useful information about the company's revenues. The increased

disclosure requirements imply that information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer must be disclosed. According to IFRS 15, revenue is recognised when a customer takes control of a good or service. A customer takes control when it has the ability to direct the use of and obtain the benefits from a good or service.

IFRS 15 replaces IAS 18 Income and IAS 11 Outsourcing, as well as applicable SIC and IFRIC statements. IFRS 15 is effective from 1 January 2018. Early adoption is permitted.

Attendo does not plan to early adopt IFRS 15. The groups financial reporting will be affected by increased disclosure requirements. Further analysis of how the financial reports will be affected will continue in 2017.

IFRS 16 Leases was presented by IASB in January 2016. IFRS 16 is a new leasing standard that will replace IAS 17 Leases and associated interpretation statements IFRIC 4, SIC 15 and SIC 27. The standard requires that assets and liabilities attributable to all lease arrangements, with exceptions of leases not exceeding 12 months and with lower value, are recognised in the balance sheet. This recognition is based on the view that the lessee is entitled to utilise an asset for a specific time period and simultaneously an obligation to pay for this entitlement. Recognition for the lessor will essentially remain unchanged.

The standard is effective from reporting periods beginning 1 January 2019 or later. Early adoption is permitted. The EU has not yet endorsed this standard. Attendo does not plan to early adopt IFRS 16. It is not possible to quantify the impact of IFRS 16, but the new standard will affect the groups' financial statements, as the group has operating leases. The leases which will have the greatest impact on the financial statements are the leases for premises. For information on the size of group current lease see Note K7, Operational leasing.

The detailed evaluation of the impact of IFRS 16 will continue in 2017. The group plans to apply IFRS 16 for all comparative periods.

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

FINANCIAL MEASURES NOT DEFINED IN IFRS

The financial reports of the Attendo Group are prepared according to IFRS. According to IFRS there are only a few financial measures that are defined. As from 2016, Attendo has applied ESMA's (European Securities and Markets Authority) new guidelines for Alternative Performance Measures.

An Alternative Performance Measure is, in short, a financial measure of historical or future profit development, financial position or cash flow that are not defined or specified in IFRS. To support the Executive Managements' and other stakeholders analysis of the Groups development, Attendo presents some financial measures not defined in IFRS. This information is complementary information to IFRS and does not replace financial measures defined in IFRS. Attendos definitions of financial measures not defined in IFRS can differ from other companies' definitions. All definitions are included on page 87.

K2 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 K1, Critical accounting policies. The impairment test includes measurements based on judgements and estimates. The estimates are based on critical assumptions such as growth, profit margins, investment requirements and the discount rate. The recent political and media debate in Sweden concerning private operators in the welfare sector and the position of alternative care providers has implied an increased political risk for Attendo that reflects the judgements employed. Political decisions that lead to legislative change could have significant impact on Attendo's operations and ultimately on Attendo's profits and financial position.

In November 2016, a committee of inquiry appointed by the Swedish government submitted a proposal that would result in limitations on freedom of choice in schools and in health and social care by restricting the opportunities for private providers. The committee's proposals include new methods to limit freedom of choice and diversity, regulate use of resources in private companies and limit possibilities to participate in public procurement processes. Another proposal is a model for a profit cap. The model is based on the idea any operating profit exceeding an arbitrarily chosen percentage of the company's operating capital, under certain conditions, can be expropriated by the state.

It is difficult to assess if all or part of the proposals will lead to bills to be decided by the Swedish Riksdag. Beyond that it is uncertain what parliamentary support these bills will receive. A majority in the Swedish Riksdag has announced its intention not to support any bill aiming at restricting freedom of choice and diversity. Legal investigations have shown that the profit cap proposed by the committee is not compatible with EU law. Impairment testing performed in 2016 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 K13, Intangible assets.

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 2016, total provisions for onerous contracts were SEK 28m (SEK 26m in 2015 and SEK 48m in 2014), of which SEK 7m (SEK 1m in 2015 and SEK 7m in 2014) 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 2016, the group recognised income tax expenses of SEK -179m (SEK -64m in 2015 and SEK -148m in 2014).

Deferred tax receivables and liabilities are recognised as temporary differences and unutilised tax loss carryforwards. The valuation of tax loss carryforwards is based on management's estimates of future taxable income in the respective tax areas. The value of deferred tax receivables amounted to SEK 17m in 2016 (SEK 32m in 2015 and SEK 30m in 2014). More detailed information on taxes is in Note K11, 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 2016, the defined-benefit obligations for pensions, net amounted to SEK 28m (SEK 29m in 2015 and SEK 67m in 2014). 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 K20 Pension provisions.

K3 SEGMENT REPORTING

OPERATING SEGMENTS

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

In accordance with IFRS 8, paragraph 12, Attendo aggregates these segments into a single reportable segment, since the operating segments have similar financial characteristics and are similar in terms of customers (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 four operating segments.

PAYORS

Attendo has one payor for which revenue exceeds 10 percent of the company's total revenue. In 2015, revenue from this payor was SEK 1,067m (SEK 1,132m in 2015 and SEK 1,118m in 2014). Attendo's payors essentially consist of municipalities in the Nordics.

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

INFORMATION BY GEOGRAPHICAL AREA

Net sales by country

SEK m	2016	2015	2014
Sweden	5,481	5,126	4,875
Finland	4,185	4,225	3,737
Norway	323	264	292
Denmark	223	216	141
Total	10,212	9,831	9,045

Non-current assets by country

SEK m	2016	2015	2014
Sweden	4,708	4,435	4,425
Finland	3,203	2,737	2,817
Norway	33	29	33
Denmark	18	15	9
Total	7,962	7,216	7,284

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.

K4 OTHER OPERATING INCOME

Other operating income

SEK m	2016	2015	2014
Gains on sales of non-current assets	6	7	5
Gains on sales of investments and operations	—	15	—
Other	14	17	9
Total	20	39	14

K5 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 nine regular board members, of whom three were women. The AGM 2016 adopted a resolution that entitled the chairman of the board a fee of SEK 700,000. Regular board members elected by the AGM are entitled to fees of SEK 300,000 each. No board members' fees are payable to board members employed by Attendo. According to the AGM 2016, an additional fee of SEK 300,000 (of which SEK 150,000 to the chairman) is payable to members of the Audit and Investment Committees and SEK 200,000 (of which SEK 100,000 to the chairman) to members of the Compensation Committees.

In the following table, compensation resolved by the AGM 2016 is presented.

Remuneration to board members	Board remuneration	Remuneration for committee work	Total remuneration
Chairman			
Erik Lautmann	700	250	950
Board members			
Henrik Borelius	—	—	—
Mona Boström	300	—	300
Catarina Fagerholm ¹⁾	300	—	300
Jan Frykhammar	300	125	425
Ulf Lundahl	300	150	450
Tobias Lönnevall ¹⁾	300	200	500
Anssi Soila	300	—	300
Anitra Steen ¹⁾	300	—	300
Christoffer Zilliacus ²⁾	61	46	107
Employee representative			
Arja Pohjamäki, ledamot	—	—	—
Elizabeth Paller, suppleant	—	—	—
Total	2,861	771	3,632

¹⁾ Elected to the Board of Directors on 17 May 2016

²⁾ Resigned from the board on 1 August 2016

For more information about Board and Committee work, please refer to Attendo's Corporate Governance Report, page 26.

In cases where board members invoice their fees through a company, social insurance expenses may be added to the invoice if the amount does not exceed the amount the group would otherwise have paid in employer's contributions. Two board members have chosen to invoice their fees. The table above refers to compensation excluding social insurance expenses.

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.

K5 INFORMATION ON BOARD MEMBERS, SENIOR EXECUTIVES AND EMPLOYEES *cont.***Costs of compensation to the CEO and the Executive Management (EM)**

SEK†	CEO 2016	CEO 2015	CEO 2014	EM 2016 ¹⁾	EM 2015 ²⁾	EM 2014	Total 2016	Total 2015	Total 2014
Salaries and other compensation	7,161	5,221	5,115	22,510	21,457	16,570	29,671	26,678	21,685
Pension costs	2,089	1,681	1,621	5,013	4,744	4,216	7,102	6,425	5,837
Social costs	2,798	2,129	2,031	5,415	5,437	5,404	8,213	7,566	7,435
Total	12,048	9,031	8,767	32,938	31,638	26,190	44,986	40,669	34,957

¹⁾ Executive Management consists of CEO and seven members. Three regular members left the executive management and three new members were appointed during 2016. The new IR and Communications Director replaced the former co-opted IR director. The compensation presented above only includes the remuneration the person received as a member of Executive Management. Salaries and other compensation to EM in 2016 include remuneration to the co-opted IR director invoiced through her own company.

²⁾ Salaries and other compensation to EM in 2015 include remuneration to the co-opted IR director invoiced through her own company.

Terms of employment of Executive Management

Executive Management has eight regular members, of whom two are women. The Executive Management team is made up of the CEO and seven other senior executives: CFO, Business Development Director, Communications and IR Director and four Business Area Directors. During 2015 and parts of 2016, the IR Director was a co-opted member of Executive Management.

Terms of employment of the CEO

The CEO receives fixed salary, variable salary based on annual targets, pension benefits and participates in Attendo's long-term incentive program aimed at senior executives. The Board of Directors determines remuneration annually on the basis of principles governing remuneration to senior executives. Fixed annual salary for 2016 was SEK 4.3m. 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 2016. Salary and other remuneration includes the cost of variable remuneration, which for the CEO totalled SEK 2.4m (SEK 1.7m in 2015 and SEK 1.6m in 2014). The CEO is entitled to a premium-based pension policy of his choice corresponding to

30 percent of salary. Attendo has no other pension obligations regarding the CEO. Upon termination, a mutual notice period of 12 months shall apply. Upon termination by the company, the CEO is entitled to an additional severance pay corresponding to 12 months' salary.

Employment terms of other members of Executive Management

Other members of Attendo's Executive Management receive fixed and variable salary and pension benefits according to the relevant practice in each country. Swedish members of Executive Management are included in the ITP plan and the plan's alternative rule. All members of Executive Management are included in Attendo's long-term incentive program. Variable remuneration is subject to a cap of 45–50 percent of annual fixed salary and is based on principles similar to those applying to the CEO. Total variable remuneration to senior executives amounted to SEK 4.3m in 2015 (SEK 5.4m in 2015 and SEK 4.1m in 2014). 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	2016			2015			2014		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Sweden	6,967	1,812	8,779	6,930	1,581	8,511	7,079	1,492	8,571
Finland	4,235	983	5,218	4,142	1,111	5,253	3,872	1,105	4,977
Norway	381	73	454	313	59	372	321	77	398
Denmark	338	35	373	352	24	376	250	18	268
Total	11,921	2,903	14,824	11,737	2,775	14,512	11,522	2,692	14,214

Employee costs

SEKm	2016	2015	2014
Salaries and wages	4,916	4,831	4,770
Social costs	1,053	975	924
Pension costs	521	524	473
Total	6,490	6,330	6,167

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 PROGRAM

During 2015 it was resolved to implement two incentive programs – a warrant program for Attendo's Executive Management and a share savings program for other leaders and employees. The purpose of introducing the incentive programs 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 to 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, three regular members left the Executive Management. As a result, Attendo used its right to repurchase warrants which affected the consolidated equity of SEK 24m. The warrant program does not generate any additional costs to Attendo, with the exception of social insurance expenses in Finland of approximately SEK 200,000. Upon full exercise, the program corresponds to 3.3 percent of Attendo AB's share capital. Warrants were issued in three separate series.

- Series 2015/2017 has 1,949,730 warrants, of which participants have acquired 1,060,812 warrants that may be exercised in the period 1 January–31 December 2017. The exercise price of series 2015/2017 is SEK 60.
- Series 2015/2018 has 1,725,020 warrants, of which participants have acquired 938,548 warrants that may be exercised in the period 1 January–31 December 2018. The exercise price of series 2015/2018 is SEK 62.50.
- Series 2015/2019 has 1,605,280 warrants, of which participants have acquired 873,408 warrants that may be exercised in the period 1 January–31 December 2019. The exercise price of series 2015/2019 is SEK 65.

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

Warrants ¹⁾	Number
CEO	
Henrik Borelius	1,138,830
Other executive management	
Cecilia Addamshill	352,778
Tomas Björksiöö	345,860
Pertti Karjalainen	517,650
Ammy Wehlin	517,650
Total	2,872,768

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

Market value by series	SEK
2015/2017	2.61
2015/2018	2.95
2015/2019	3.17

Valuation assumptions

Share price SEK 50	SEK 50 (IPO price)
Volatility	22.5% (baserat på Black & Scholes)
Risk-free interest	−0.43%, −0.31% respektive −0.13%

Share savings program – Attendo +

In August 2016 a share savings program, 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 to market value. In addition, performance shares can be allotted to some participants, provided that certain predetermined goals are achieved during the qualification period. Members of the Executive Management who hold warrants were not invited to participate in Attendo+. To ensure Attendo's commitment to deliver shares and pay social security contribution in under Attendo+, the Board has decided to buy back own shares to a maximum value of SEK 20m. As of 31 December 2016, Attendo holds 200 000 shares. Costs related to Attendo+ are recognised as a personnel expense directly in equity during the qualification period, in accordance with IFRS 2. The social security contributions that are expected to arise due to Attendo+ are accounted for in accordance with the recommendation from the Swedish Financial Reporting Board's Recommendation UFR 7. The calculation is based on the fair value of matching and performance shares and recognised as a provision. Assuming that the performance target is met, the total cost for Attendo+ is estimated at SEK 12m, of which SEK 1.1m was expensed during 2016, where of SEK 140,000 was related to members of Executive Management. Maximum dilution is expected to approximately 0.08 percent of total outstanding shares in Attendo.

K6 OTHER EXTERNAL COSTS**Other external costs**

SEKm	2016	2015	2014
Care and health care services	796	619	412
Consumables	390	374	356
Operating leases	719	588	544
Other property costs	171	143	128
External services	54	99	78
Other	434	418	382
Total	2,564	2,241	1,900

K7 OPERATING LEASES

During the period, lease payments amounted to SEK 719m (SEK 588m in 2015 and SEK 544m in 2014). Of the lease payments, SEK 682m (SEK 555m in 2015 and SEK 510m in 2014) 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:

Remaining maturities as of 31 December

SEKm	2016	2015	2014
Due within 1 year	733	648	537
Between 1–5 years	2,876	2,155	1,852
Later than 5 years	4,525	2,619	2,300

K8 AUDIT FEES**Audit fees**

SEKm	2016	2015	2014
PwC			
Audit fees	5	5	5
Other audit assignments	1	1	3
Tax advice	1	0	0
Other services	1	9	1
Total	8	15	9

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 in 2015 consisted of advice and review of the prospectus coincident with the IPO.

K9 DEPRECIATION AND AMORTISATION**Depreciation and amortisation**

SEKm	2016	2015	2014
Customer relationships	89	44	13
Customer contracts	2	2	2
Other intangible assets	28	19	14
Buildings	4	3	3
Equipment and vehicles	101	122	121
Total	224	190	153

K10 FINANCIAL INCOME AND EXPENSES**Financial income**

SEKm	2016	2015	2014
Interest income	2	61	78
Changes in fair value of currency swaps	–	–	98
Exchange rate gains	–	50	–
Total financial income	2	111	176

Financial expenses

SEKm	2016	2015	2014
Interest expenses on borrowings	–62	–379	–422
Impairment of capitalised financing costs	–	–129	–
Depreciation of capitalised financing costs	–6	–26	–34
Changes in fair value of currency swaps	–	–50	–
Interest expenses on finance leases	–1	–5	–4
Interest expenses on post-employment benefits	–3	–3	–7
Exchange rate losses	–8	–11	–92
Costs for early redemption of borrowings	–	–29	–
Other financial expenses	–5	–16	–13
Total financial expenses	–85	–648	–572
Financial net	–83	–537	–396

Exchange rates against SEK, 31 December/Jan–Dec

	2016		2015		2014	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
EUR	9,567	9,470	9,135	9,357	9,475	9,096
NOK	1,054	1,020	0,956	1,047	1,052	1,089
DKK	1,287	1,272	1,224	1,254	1,278	1,220

K11 TAXES

Income tax recognised in the income statement

SEKm	2016	2015	2014
Current tax	-181	-65	-94
Deferred tax	2	1	-54
Total	-179	-64	-148

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

Reconciliation of effective tax

SEKm	2016	2015	2014
Tax according to the Swedish tax rate	-182	-77	-90
Effect of foreign tax rates	8	4	5
Tax effect of non-deductible items	-10	-47	-65
Tax effect of non-taxable income	4	50	49
Tax effect of revised tax rate	-	0	-
Tax attributable to previous years	0	6	0
Utilised unvalued tax loss carryforwards	-	1	-
Revaluation of tax loss carryforwards	1	-1	-56
Other	0	0	9
Tax expense	-179	-64	-148

DEFERRED TAX ASSETS AND LIABILITIES

Tax effect of temporary differences, including unutilised tax loss carryforwards, has resulted in deferred tax receivables and deferred tax liabilities as follows below:

Deferred tax assets

SEKm	2016	2015	2014
Tax loss carryforwards	8	22	5
Provisions for post-employment benefits	7	10	21
Interest rate swaps	-	-	4
Other	2	0	0
Total	17	32	30

Changes in deferred tax assets

SEKm	2016	2015	2014
Opening balance, 1 January	32	30	92
Tax loss carryforwards	-14	17	-53
Provisions for post-employment benefits	-3	-11	5
Interest-rate swaps	-	-4	1
Provisions	0	0	-1
Exchange rate differences	1	0	0
Other	1	0	-14
Closing balance, 31 December	17	32	30

Deferred tax liabilities

SEKm	2016	2015	2014
Intangible assets	97	37	33
Property, plant and equipment	-	1	1
Other temporary differences	3	0	1
Total	100	38	35

Deferred tax liabilities consist of tax on customer relationships of SEK 89m, customer contracts of SEK 2m, trademarks of SEK 6m and a number of minor deferred tax liabilities of SEK 3m total.

Changes in deferred tax liabilities

SEKm	2016	2015	2014
Opening balance, 1 January	38	35	12
Dissolution of untaxed reserves	0	0	2
Customer contracts	2	0	0
Customer relationships	57	5	24
Exchange rate differences	1	-1	1
Other	2	-1	-4
Closing balance, 31 December	100	38	35

DEFERRED TAX, OTHER COMPREHENSIVE INCOME

Tax attributable to OCI

SEKm	2016	2015	2014
Deferred tax on revaluation of provisions for post-employment benefits	0	-3	7
Deferred tax on cash flow hedging	-	-4	-1
Deferred tax on OCI	0	-7	6

TAX LOSS CARRYFORWARDS

SEKm	2016	2015	2014
Sweden	2	72	-
Finland	2	4	3
Norway	3	2	4
Denmark	27	33	18

The recognised value of the tax loss carryforwards amounts to SEK 8m (SEK 25m in 2015 and SEK 5m in 2014).

K12 EARNINGS PER SHARE**Earnings per share, basic and diluted**

SEK	2016	2015	2014
Basic	4.06	1.79	1.64
Diluted	4.05	1.79	1.64

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 with the weighted average of outstanding shares in the period, excluding treasury shares. The total number of registered shares in comparable periods has been assumed to be the same as for the current year in order to improve comparability and because the consolidated financial statements for 2015 were prepared on the basis of the assumption of common control.

Basic	2016	2015	2014
Profit attributable to holders of ordinary shares in the parent company	649	286	263
Weighted average of outstanding shares in the year, basic	159,955,644	160,000,000	160,000,000

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 program.

Diluted	2016	2015	2014
Profit attributable to holders of ordinary shares in the parent company	649	286	263
Weighted average of outstanding shares in the year, basic	159,955,644	160,000,000	160,000,000
Adjustment for:			
Warrants	446,071	83,100	–
Attendo+	3,478	–	–
Weighted average number of outstanding ordinary shares in the year, diluted	160,405,193	160,083,100	160,000,000

K13 INTANGIBLE ASSETS**Intangible assets 2016**

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

Intangible assets 2015

SEKm	Goodwill	Customer relation-ships	Customer contracts	Other assets	Total
Opening balance	6,549	131	9	98	6,787
Acquisitions	17	109	–	1	127
Investments	–	–	–	34	34
Sales and obsolescence	–	–	–	–5	–5
Reclassifications	–3	–	–	–1	–4
Amortisation	–	–44	–2	–19	–65
Exchange rate differences	–91	–6	0	–1	–98
Closing balance	6,472	190	7	107	6,776

Intangible assets 2014

SEKm	Goodwill	Customer relation-ships	Customer contracts	Other assets	Total
Opening balance	6,385	14	11	65	6,475
Acquisitions	27	126	–	1	154
Investments	–	–	–	38	38
Sales and obsolescence	–	–	–	–4	–4
Reclassifications	–	–	–	9	9
Amortisation	–	–13	–2	–14	–29
Exchange rate differences	137	4	0	3	144
Closing balance	6,549	131	9	98	6,787

IMPAIRMENT TEST OF GOODWILL

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

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

Older People (ASO), Attendo Scandinavia Care (ASC) and Attendo Finland (AF).

The key assumptions in the impairment test for the current year relate to growth rates, profit margins, investment requirements and the discount rate. The discount rate is set with respect to current interest rates and the specific risk of the cash-generating unit and is calculated before tax. The differences in discount rates between the cash-generating units are primarily linked to the increased political risk mainly affecting the Swedish operations, ASO and ASC. The discount rates applied for 2016 are lower than those used in 2015, as a result of lower risk-free interest. For more information on the political risk, see Note K2, Critical accounting estimates and judgements.

Assumptions for impairment testing

	ASO	ASC	AF
WACC before tax 2016, %	8.3	8.3	7.9
WACC before tax 2015, %	8.6	8.6	8.2
WACC before tax 2014, %	10.4	9.8	9.8

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. For the period since, a long-term growth rate of 2 percent (2 percent in 2015 and 2 percent in 2014) has been adopted. It does not exceed average long-term growth rates for the sector as a whole and is based on sector data, expected changes in the market, and the experience of the Board of Directors and management from similar markets.

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

Distribution of goodwill in the group

SEKm	ASO	ASC	AF	Total
Goodwill as of 2016-12-31	3,756	574	2,542	6,872
Goodwill as of 2015-12-31	3,869	233	2,370	6,472
Goodwill as of 2014-12-31	3,644	460	2,445	6,549

K14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment 2016

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

Property, plant and equipment 2015

SEKm	Property and plant	Equipment and vehicles	Total
Opening balance	87	353	440
Acquisitions	–	5	5
Investments	7	171	178
Disposals and divestments	–1	–41	–42
Reclassification	–	1	1
Share redemptions	–	–70	–70
Depreciations	–3	–122	–125
Exchange rate differences	–	–5	–5
Closing balance	90	292	382

Property, plant and equipment 2014

SEKm	Property and plant	Equipment and vehicles	Total
Opening balance	82	344	426
Acquisitions	–	8	8
Investments	9	184	193
Disposals and divestments	–1	–62	–63
Reclassification	–	–9	–9
Depreciations	–3	–121	–124
Exchange rate differences	–	9	9
Closing balance	87	353	440

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

Finance leasing objects

SEKm	2016	2015	2014
Acquisition costs	118	88	84
Accumulated depreciation	–29	–20	–19
Recognised value	89	68	65

The item consists of finance leases relating to vehicles.

K15 OTHER NON-CURRENT RECEIVABLES**Other non-current receivables**

SEKm	2016	2015	2014
Deposits, rent for premises	50	44	43
Financing of own operations projects	3	6	9
Deposits, guarantees	4	3	3
Other	4	4	2
Total	61	57	57

K16 TRADE RECEIVABLES**Trade receivables**

SEKm	2016	2015	2014
Trade receivables	958	902	874
Allowance for doubtful debts	-3	-1	-1
Trade receivables, net	955	901	873

Maturity structure

SEKm	2016	2015	2014
Not past due	866	841	806
Past due 1–30 days	83	53	55
Past due 31–60 days	3	0	6
Past due 61–90 days	1	5	3
Past due over 90 days	5	3	4
Trade receivables, gross	958	902	874

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	2016	2015	2014
Opening balance	-1	-1	-1
Provisions for doubtful debts for the year	-3	-1	-2
Confirmed trade losses	1	1	2
Recovered doubtful debt	0	0	0
Closing balance	-3	-1	-1

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

Trade receivables in each currency

Millions	2016	2015	2014
SEK	543	507	455
EUR	38	37	38
NOK	29	32	20
DKK	16	21	25

K17 OTHER CURRENT RECEIVABLES**Other current receivables**

SEKm	2016	2015	2014
Currency swaps	—	—	125
Other receivables	27	64	87
Prepaid rent	118	108	75
Accrued income	117	111	119
Other prepaid expenses and accrued income	38	36	32
Total	300	319	438

K18 EQUITY**SHARE CAPITAL**

Share capital was SEK 876,951 at 31 December 2016. The number of shares is 160,000,000. 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:

Remeasurements of defined benefit pension plans

Actuarial gains and losses on defined-benefit pension plans.

Cash flow hedges

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

Exchange rate differences on translating foreign operations

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

Revaluation of share option liabilities

Revaluation of share option liabilities was measured based on the value of the Attendo Group according to the valuation principles set by the European Venture Capital Association (EVCA). The share option liabilities were dissolved in 2015 in conjunction with the IPO.

K19 LIABILITIES TO CREDIT INSTITUTIONS

Liabilities to credit institutions

SEKm	2016	2015	2014
Liabilities to credit institutions	3,297	3,518	5,250
Liabilities related to finance leasing	89	88	170
Less capitalised financing costs	-22	-26	-155
Total	3,364	3,580	5,265

Changes in liabilities to credit institutions

SEKm	2016	2015	2014
Opening balance	3,580	5,265	5,041
Borrowings and acquired loans	290	3,530	16
Borrowings paid	-590	-5,135	-127
Capitalised interest	-	0	72
Exchange rate differences	79	-128	232
Changes in liabilities relating to finance leasing	2	-11	-
Share redemption	-	-70	-
Changes of capitalised financing costs	3	129	31
Closing balance	3,364	3,580	5,265

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

Loans to credit institutions as of 31 December 2016 are distributed among the following currencies:

	Local currency	SEKm
EUR	183	1,750
SEK	1,636	1,636

Effective interest rate on the balance sheet date

	2016	2015	2014
Bank loan, %	1.7	1.9	6.3
Overdraft facility, %	1.7	1.9	3.8

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 2014, 2015 or 2016.

K20 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 2016 amounts to SEK 127m (SEK 124m in 2015 and SEK 119m in 2014). Expected cost for the ITP2 plan in 2017 amounts to SEK 126m. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation as of 13 December 2016 was 149 percent (153 percent in 2015 and 143 percent in 2014). The level of consolidation is stated at the fair value of plan assets as a percentage of the obligations calculated based on Alecta's actuarial assumptions.

NORWAY

As from 2012, the group's employees in Norway were primarily covered by defined-contribution pension plans. In 2016, the costs of all operations for the defined-contribution pension plans amounted to SEK 6m (SEK 4m in 2015 and SEK 6m in 2014). Defined-benefit pension plans also exist in Norway, which, after plan changes in 2012, primarily cover professions regulated by law. The defined-benefit pension plan means that the Norwegian companies have an obligation to pay the agreed remuneration to current and former employees and that the group, in all material respects, carries the actuarial risk and the investment risk. 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

The cost of defined-contribution pension plans totalled SEK 518m in 2016 (SEK 540m in 2015 and SEK 467m in 2014).

Defined-contribution pension plans

SEKm	2016	2015	2014
Sweden	186	179	147
Finland	313	344	305
Norway	6	4	6
Denmark	13	13	9
Total	518	540	467

K20 PENSION PROVISIONS cont.**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	2016	2015	2014
Service costs for the current year	-12	-11	-10
Interest expenses	-1	-1	-2
Management costs	0	-1	-1
Effects of curtailments and settlements/plan amendments	-	26	15
Costs of defined-benefit pension plans	-13	13	2

Recognised in the consolidated statement of comprehensive income

SEKm	2016	2015	2014
Actuarial gains (+)/loss(-) pension obligations	-1	13	-26
Actuarial gains (+)/loss(-) plan assets	0	0	1
Deferred tax	0	-3	7
Total	-1	10	-18

Recognised in the consolidated balance sheet

SEKm	2016	2015	2014
Present value of funded obligations	131	109	196
Fair value of plan assets	-103	-80	-129
Net provisions in the Balance Sheet	28	29	67

Significant actuarial assumptions

	2016	2015	2014
Average discount rate, %	2.6	2.7	2.3
Long-term inflation assumption, %	1.5	1.5	1.5
Long-term salary increase assumption, %	2.5	2.5	2.8
Increase in income base, %	2.2	2.2	2.5
Upwards adjustment of pensions, %	1.5	1.5	1.7
Average remaining years of employment	15	15	15

SENSITIVITY ANALYSIS ASSUMPTIONS**Assumptions**

	Change	Increased obligations	Decreased obligations
Discount rate, %	0.5	10.1	8.7
Salary increases, income base and indexation of pensions, %	0.5	10.1	8.7

Assumptions of long-term salary increases, the income base amount and upwards adjustment of pensions are according to the pension scheme interdependent. Changes in these assumption 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 K1, Critical accounting policies.

DEFINED-BENEFIT PENSION OBLIGATIONS**Changes in defined-benefit pension obligations**

SEKm	2016	2015	2014
Present value of the obligation at 1 January	109	196	174
Service costs for the current year	12	11	10
Interest expenses	3	3	7
Paid benefits	-4	-3	-3
Curtailments and settlements/plan amendments	0	-71	-15
Actuarial gains (-)/ losses (+)	1	-13	26
Exchange rate differences	10	-14	-3
Present value of pension obligation at 31 December	131	109	196

PLAN ASSETS**Changes in plan assets**

SEKm	2016	2015	2014
Present value of plan assets at 1 January	80	129	122
Interest income	2	2	5
Management costs	0	-1	-1
Payments to pension scheme	14	6	6
Indemnification	-3	-2	-3
Curtailments and settlements/plan amendments	3	-46	-
Actuarial gains (+)/ losses (-)	-	0	1
Exchange rate differences	7	-8	-1
Present value of plan assets at 31 December	103	80	129

ALLOCATION OF PLAN ASSETS

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

Plan assets

SEKm	2016	Of which unlisted (%)	2015	Of which unlisted (%)	2014	Of which unlisted (%)
Shares	21	13	17	21	27	13
Real estate	13	100	9	100	14	100
Bonds	49	71	37	69	63	71
Money market	12	88	10	85	14	90
Other	8	100	7	100	11	100
Total	103		80		129	

K21 OTHER PROVISIONS**Provisions**

SEKm	2016	2015	2014
Provisions for onerous contracts	28	26	48
Provisions for construction	10	1	2
Other provisions	8	19	12
Closing balance	46	46	62
Of which short-term provisions	35	37	52
Of which long-term provisions	11	9	10

Change in provisions

SEKm	2016	2015	2014
Opening balance	46	62	60
New/extended provisions	22	27	26
Utilised provisions	-22	-43	-24
Closing balance	46	46	62

K22 OTHER NON-CURRENT LIABILITIES**Other non-current liabilities**

SEKm	2016	2015	2014
Interest rate swaps	—	—	20
Share option liabilities to non-controlling interest	—	—	210
Additional purchase consideration	8	21	33
Other liabilities	4	3	21
Total	12	24	284

Changes in other non-current liabilities

SEKm	2016	2015	2014
Opening balance	24	284	243
Change in interest rate swaps	—	-20	7
Change in share option liabilities	—	-210	33
Additional purchase consideration	-13	-12	-7
Change in other non-current liabilities	1	-18	8
Closing balance	12	24	284

K23 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. In order to reduce the risk associated with variable-rate borrowing, the group enters into swap agreements from time to time covering a portion of future interest payments. Since the refinancing in December 2015 and onwards, Attendo has not entered into any interest-rate hedging agreements. Given Attendo's current financing structure, if interest rates had been higher by one basis point in 2016, with all other variables constant, profit after tax would have decreased by approximately SEK 26m.

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 at 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.

K23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *cont.***Maturity analysis concerning contractual payments of financial liabilities**

2016, SEKm	<3 months	3-12 months	2-3 years	4-5 years	> 5 years	Total
Liabilities to credit institutions	34	65	198	3,252	–	3,549
Liabilities for finance leasing	7	20	68	–	–	95
Trade payables	186	–	–	–	–	186
Additional purchase consideration	29	85	8	–	–	122
Total	256	170	274	3,252	–	3,952

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	2016	2015	2014
Trade receivables	955	901	873
Cash and cash equivalents	670	782	1,084
Other non-current receivables	61	57	57
Other current receivables	27	64	87
Total	1,713	1,804	2,101

FINANCIAL ASSETS AND LIABILITIES**Financial assets**

SEKm	2016	2015	2014
Derivatives			
EUR/SEK cross currency swap	–	–	125
Loans and receivables			
Trade receivables	955	901	873
Other			
Cash and bank deposits	670	782	1,084
Total	1,625	1,683	2,082

Financial liabilities

SEKm	2016	2015	2014
Derivatives			
SEK interest rate swap	–	–	17
EUR interest rate swap	–	–	3
Other financial liabilities			
Liabilities to credit institutions	3,297	3,518	5,095
Liabilities relating to finance leasing	89	88	170
Trade payables	186	205	161
Share option liabilities	–	–	210
Additional purchase consideration	122	43	74
Total	3,694	3,854	5,730

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.

Financial instruments

SEKm	2016	2015	2014
Interest rate swaps ¹⁾	–	–	–20
Currency swaps ¹⁾	–	–	125
Option liabilities ²⁾	–	–	210
Additional purchase consideration ²⁾	122	43	74

¹⁾ Fair value has been measured based on level 2.

²⁾ Fair value has been measured based on level 3.

Option liability

SEKm	2016	2015	2014
Opening balance	–	210	177
Buy-out of shares	–	–	–4
Value change	–	103	37
Share redemption	–	–313	–
Closing balance	–	–	210

Additional purchase consideration

SEKm	2016	2015	2014
Opening balance	43	74	45
Acquisitions	105	11	42
Payments	-18	-31	-13
Revaluation	-8	-11	0
Closing balance	122	43	74

The fair value of interest rate swaps and currency swaps is determined by discounting estimated cash flows. Discounting is conducted on the basis of observable yield curves. Yield curves are based on current market interest rates on the reporting date. This means that fair value has been determined according to level 2.

The fair value of option liabilities is determined through valuation policies established by the European Venture Capital Association (EVCA). This means that fair value has been determined according to level 3. The fair value of 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.

Attendo presently has no financial assets or liabilities where the valuation is based on level 1. 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

2016	Change	Effect on profit/loss	Effect on equity
Market interest ¹⁾	+/- 1% unit	26	26
Exchange rates ¹⁾			
EUR/SEK	+/- 10%	32	198

¹⁾ Sensitivity analysis based on Attendo's borrowing as per 2016-12-31.

K24 OTHER CURRENT LIABILITIES**Other current liabilities**

SEKm	2016	2015	2014
Personnel-related liabilities	954	843	950
Other liabilities	174	115	107
Accrued interest rate costs	11	5	23
Other accrued costs and prepaid expenses	208	174	211
Total	1,347	1,137	1,292

K25 CASH FLOW STATEMENT

In 2016, interest paid amounted to SEK 62m (SEK 353m in 2015, SEK 369m in 2014) and interest received amounted to SEK 2m (SEK 61m in 2015, SEK 77m in 2014).

Cash flow adjustments

SEKm	2016	2015	2014
Depreciation and amortisation	224	190	153
Impairment of capitalised financing costs	—	129	—
Depreciation of capitalised financing costs	6	26	34
Deferred non-paid interest	17	61	66
Costs for early redemption of previous borrowings	—	29	—
Gains from disposal of subsidiaries	—	-15	—
Gains from divestments of non-current assets	-6	-6	-5
Provisions	1	-48	5
Other items	2	12	1
Total	244	378	254

K26 ACQUISITIONS AND DIVESTMENTS

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

ACQUISITIONS DURING THE YEAR

The following acquisitions were completed in 2016:

- Hoitokoti Eerika Oy, which provides social psychiatry and rehabilitation in Kitee, eastern Finland, was acquired on 1 March 2016.
- Kiteen Kanervikkola Koti Oy, which operates nursing homes in Kitee, eastern Finland, was acquired on 1 March 2016.
- On 1 March 2016 Attendo acquired Humana's home care operations in Solna, Sollentuna and parts of the city of Stockholm in Sweden through an asset deal.
- On 1 April, Attendo acquired Hemtrevnad Service & Omsorg i Borås AB. The company operates home care in Borås, Sweden.
- On 1 June, Attendo acquired 247 Hoivakodit Oy. The company develops and operates nursing homes in Finland. The acquisition adds 60 new nursing home beds in one unit in Lahti, Finland and 253 nursing home beds under construction in six different units.
- On 1 June, Attendo acquired Onnentäyttymys Oy. The company operates a nursing home with 20 beds in Pornainen, Finland. The company also has four ongoing projects totalling 117 nursing home beds in and around Helsinki, Finland.
- Attendo acquired Samsa AB on 1 July 2016. Samsa operates homes and daytime activities for people with disabilities (LSS), care or residential homes (HVB), and one school for students with special needs in years 7-9. Samsa AB has sales of approximately SEK 150 million and provides a total of 107 places in LSS and HVB, plus 5 places in a group home.
- Attendo acquired Villa Galand Oy on 1 October. The company operates a nursing home in Uusikaupunki, Finland.
- Attendo acquired the assets and liabilities of Aapelikoti Oy on 1 November. The company operates nursing homes in Imatra, Finland.
- Attendo acquired Uusi Aaria Oy on 1 December. The company operates a private dental clinic in Oulu, Finland.

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

ACQUISITIONS AFTER THE END OF THE FINANCIAL YEAR

Following acquisitions have been made after the end of the financial year:

- Attendo acquired Unika Sverige AB on 1 February 2017. Unika Sverige operates five daily activity centres and two short-term homes for people with disabilities. All units are located in Stockholm.
- On 1 February 2017, Attendo acquired Imatran Palvelukoti Oy. The company is active in social psychiatry and rehabilitation in Imatra, eastern Finland.
- On 1 February, Attendo acquired AB Vårdproffsen i Stockholm's home care operations in Täby through an asset deal.
- On 21 February, Attendo acquired Omsorgshuset i Stockholm's home care operations in Stockholm Stad through an asset deal. Takeover occurs 1 April.
- On 1 March, KBT Beate & Daniel Aktiebolag was acquired. The Company is based in Dalarna, Sweden, and is a family home business.
- On 1 March, Tapiokoti Oy was acquired. The Company has a social psychiatry care home unit in Lappeenranta, eastern part of Finland.
- On 1 March, Attendo acquired MICA Omsorg i Stockholm's home care operations in Solna Stad and Sundbyberg through an asset deal.
- On 1 March, Attendo acquired AKTA Assistans AB's home care operations in Stockholm Stad through an asset deal.

GOODWILL

The goodwill value of SEK 285m that arose through the acquisitions is attributable to personnel, market and synergy effects expected to arise through the merger of the group's and the acquired companies' operations. Goodwill arises when the purchase consideration exceeds the fair value of the acquired net assets. The final amount will be determined no later than one year after the transaction date.

ACQUISITION ITEMS

Fair value of acquired assets

SEKm	2016	2015	2014
Purchase consideration at date of acquisition			
Purchase consideration paid	489	117	130
Conditional purchase consideration	105	11	42
Total estimated purchase consideration	594	127	172
Identifiable acquired assets and liabilities			
Cash and cash equivalents	31	25	59
Property, plant and equipment	9	5	8
Customer relationships	356	109	126
Intangible assets	9	1	1
Deferred tax assets	0	0	0
Trade receivables ¹⁾ and other receivables	33	9	13
Trade payables and other liabilities	-55	-22	-35
Deferred tax liabilities	-74	-16	-26
Total identifiable net assets	309	111	145
Goodwill²⁾	285	17	27

¹⁾ No doubtful trade receivables were acquired.

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

Acquisition-related expenses in the year amounted to SEK 5.8m (SEK 1.9m in 2015 and SEK 2.4m in 2014) 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 105m (SEK 11m in 2015 and SEK 42m in 2014).

Net sales from the acquired companies included in the consolidated income statement since the acquisition date totals SEK 129m. The acquired companies contributed profit of SEK 12m in the same period.

DIVESTMENTS

No divestments were made during the year.

K27 PLEDGED ASSETS

Pledged assets

SEKm	2016	2015	2014
Pledged shares ¹⁾	–	–	2,490
Floating charges	1	–	2,711
Real estate mortgages	–	–	49
Cash and cash equivalents and blocked funds	68	53	1,026
Cross currency swaps	–	–	125
Vehicles (assets through finance leasing)	89	87	170
Other pledged assets	1	1	1
Total	159	141	6,572

¹⁾ The pledging of shares in Attendo Utveckling AB refers to liabilities to credit institutions on the balance sheet date.

At the IPO, the former loan was repaid and all pledges were released which reduced Attendo's pledged assets by SEK 6,432m.

K28 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 material effect on the group's operations or financial position.

K29 TRANSACTIONS WITH RELATED PARTIES

Attendo's related parties refer to the board members in Attendo's parent company, the Executive Management and close relatives of these individuals. Companies in which a significant share of capital or votes are held by those individuals, or in which those individuals can exercise a significant influence, are also considered as related parties. Attendo has transactions with two related parties, which in all material aspects consist of Attendo leasing properties from companies in which these parties are shareholders. The related party transactions had a value of SEK 10m during 2016 (SEK 12m in 2015 and SEK 6m in 2014). All related party transactions took place on market terms.

K30 EVENTS AFTER THE REPORTING DATE

On 2 January 2017, the Attendo share was moved to Nasdaq Stockholm's large cap list.

Attendo acquired Unika Sverige AB on 1 February 2017. Unika Sverige operates five units with day centres and two short-term homes for people with disabilities. All units are in Stockholm.

Attendo acquired Imatran Palvelukoti Oy on 1 February 2017. The company provides social psychiatry and rehabilitation services in Imatra, eastern Finland.

On 1 February, Attendo acquired AB Vårdproffsen i Stockholm's home care operations in Täby through an asset deal.

On 21 February, Attendo acquired Omsorgshuset i Stockholm's home care operations in Stockholm Stad through an asset deal. Takeover occurs 1 April.

On 1 March, KBT Beate & Daniel Aktiebolag was acquired. The Company is based in Dalarna, Sweden, and is a family home business.

On 1 March, Tapiokoti Oy was acquired. The Company has a social psychiatry care home unit in Lappeenranta, eastern part of Finland.

On 1 March, Attendo acquired MICA Omsorg i Stockholm's home care operations in Solna Stad and Sundbyberg through an asset deal.

On 1 March, Attendo acquired AKTA Assistans AB's home care operations in Stockholm Stad through an asset deal.

K31 REDEMPTION OF SHARES IN SUBSIDIARIES – TERVEYDEN TUOTTAJAT OY

The subsidiary Terveiden Tottajat Oy (TT) was deconsolidated on 31 December 2015, which means that it has been included in the consolidated income statement for the full year 2015 but not in the balance sheet at year-end 2015. The following table shows TT's impact on key figures upon full consolidation and deconsolidated, respectively.

SEKm	Jan-Dec, 2015		Jan-Dec, 2014	
	After redemption	Before redemption	Before redemption	Before redemption
Net sales	9,546	9,831	8,773	9,045
Operating profit (EBITDA)	1044	1,077	922	960
Operating profit (EBITA)	931	933	819	822
Operating margin, % (EBITA)	9,8	9,5	9,3	9,1
Operating profit (EBIT)	885	887	804	807
Profit for the period	286	286	263	263
Net debt	2,827	2,756	4,183	4,143
Working capital	–130	–270	–168	–293
Net investments	152	165	136	164

Parent Company Income Statement

SEKm	Note	2016	17 Sep–31 Dec 2015
OPERATING INCOME			
Net sales	M2	12	3
OPERATING COSTS			
Personnel costs	M3	–21	–5
Other external costs	M4, M5	–26	–32
Operating profit		–35	–34
Net financial items		–2	–
Profit after financial items		–37	–34
Group contributions		110	–
Profit before tax		73	–34
Tax	M6	–16	7
PROFIT FOR THE YEAR		57	–27

Profit for the year corresponds to Other Comprehensive Income for the year.

Parent Company Balance Sheet

31 December, SEKm	Note	2016	2015
ASSETS			
Non-current assets			
Shares in subsidiaries	M7	6,494	6,494
Deferred tax assets	M6	–	16
Total non-current assets		6,494	6,510
Current assets			
Other current receivables		116	7
Cash and cash equivalents		0	0
Total current assets		116	7
TOTAL ASSETS		6,610	6,517
EQUITY AND LIABILITIES			
EQUITY	M8		
Restricted equity			
Share capital		1	1
Total restricted equity		1	1
Non-restricted equity			
Share premium reserve		6,518	6,518
Retained earnings		–152	–20
Profit for the year		57	–27
Total non-restricted equity		6,423	6,471
TOTAL EQUITY		6,424	6,472
LIABILITIES			
Current liabilities			
Liabilities to group companies		165	23
Other current liabilities		21	22
Total current liabilities		186	45
TOTAL LIABILITIES		186	45
TOTAL EQUITY AND LIABILITIES		6,610	6,517

Parent Company Statement of Changes in Equity

SEKm	Restricted equity	Non-restricted equity		Total equity
	Share capital	Share premium reserve	Profit/loss brought forward	
In corporation 17 September 2015	0	–	–	0
Issue in kind 23 October	1	3,079	–	3,080
Withdrawal of shares	0	0	–	–
Issue in kind 30 November	0	2,238	–	2,238
Share issue 30 November	0	1,200	–31	1,169
Warrants	–	–	12	12
Profit for the year	–	–	–27	–27
Closing balance, 31 December 2015	1	6,517	–46	6,472
Opening balance 1 januari 2016	1	6,517	–46	6,472
Repurchase of own shares	–	–	–16	–16
Dividends paid	–	–	–86	–86
Other items	–	–	–3	–3
Profit for the year	–	–	57	57
Closing balance, 31 december 2016	1	6,517	–94	6,424

Parent Company Statement of Cash Flow

Januari–December, SEKm	2016	17 Sep–31 Dec 2015
OPERATING ACTIVITIES		
Profit before tax	73	–35
Adjustments for items not included in cash flow	–110	–
Cash flow from operating activities before changes in working capital	–37	–35
Cash flow from changes in working capital		
Changes in current receivables	1	15
Changes in current liabilities	138	24
Cash flow from operating activities	102	4
FINANCING ACTIVITIES		
Incorporation	–	0
Share issue	–	1,160
Dividends paid	–86	–
Repurchase of own shares	–16	–
Warrants	–	12
Shareholders' contribution	–	–1,176
Cash flow from financing activities	–102	–4
CASH FLOW FOR THE YEAR	0	0
Cash and cash equivalent, opening balance 1 January	0	0
Cash and cash equivalent, closing balance 31 December	0	0

Notes to the parent company financial statements

M1 CRITICAL ACCOUNTING POLICIES

The parent company, Attendo AB (publ), applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 requires the parent company to adopt the same accounting policies as the group (IFRS) where applicable and with the exception of the instances indicated below.

The Parent Company applies IAS 39 with the exception of recognizing financial guarantees due on subsidiaries. Reference is made to the accounting policies applied by the Group for recognition and measurement of financial instruments in Note K23.

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.

M2 NET SALES

Parent company revenue relates to intragroup services amounting to SEK 12m (SEK 3m in 2015).

M3 SALARIES AND OTHER REMUNERATION

Salaries and other remuneration

SEKm	2016	17 Sep–31 Dec 2015
CEO		
Salaries and other remuneration	7	2
Pension costs	2	0
Social costs	3	1
Total	12	3
Other employees		
Salaries and other remuneration	6	1
Pension costs	1	0
Social costs	2	1
Total	9	2
Total	21	5

Average number of full-time employees

	2016	2015
Women	–	–
Men	4	3
Total	4	3

The company has had employees since 1 November 2015. For more information about remuneration to senior executives, see Note K5, Salaries, other remuneration and social insurance expenses.

M4 OTHER EXTERNAL COSTS

Other external costs

SEKm	2016	17 Sep–31 Dec 2015
External services	19	28
Board remuneration	5	3
Other	2	1
Total	26	32

M5 AUDIT FEES

Audit fees

SEKm	2016	17 Sep–31 Dec 2015
PwC		
Audit fees	1	1
Other audit assignments	0	0
Tax advice	1	0
Other services	0	6
Total	2	7

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.

In 2015, other services consisted of consulting services and review of the prospectus coincident with the IPO.

M6 TAX

Reconciliation of effective tax

SEKm	2016	2015
Profit before tax	73	–34
Tax according to the Swedish tax rate	–16	7
Tax expense	–16	7

Attendo AB's tax deficit amounted to SEK 0m as of 31 December 2016 (SEK 72m in 2015). Deferred tax has been calculated on the full amount and amounts to SEK 0m, (SEK 16m in 2015) of which SEK 0m (SEK 9m in 2015) as been recognised in equity.



SHARES AND PARTICIPATIONS

Shares in group companies

SEKm	2016	2015
Opening book value	6,494	–
Issue in kind coincident with acquisition of the Attendo group	–	3,080
Issue in kind 30 November	–	2,239
Shareholder contribution	–	1,175
Closing book value	6,494	6,494

Shares held directly by parent company	Corp. ID no.	Registered office	No. of shares	Proportion of capital and votes, %	Book value, SEK m
Attendo International AB	556932-5342	Danderyd	66,669,379	100%	6,494

Shares held indirectly	Corp. ID no.	Registered office	No. of shares	Share of capital and votes, %
Attendo Utveckling AB	556714-2145	Danderyd	9,707,691	100
Attendo Intressenter AB	556703-2650	Danderyd	12,926,044	100
Attendo Group AB	556605-4812	Danderyd	451,321	100
Attendo Holding AB	556214-5523	Danderyd	13,950,058	100
Attendo Sverige AB	556148-5169	Danderyd	5,000	100
Attendo Individ och Familj AB	556477-8958	Danderyd	5,000	100
Attendo Individ och Familj Resurs AB	556523-1072	Danderyd	4,500	100
Attendo Älvgården AB	556567-0634	Danderyd	1,000	100
Attendo Rewith, utredning och familjehemsvård AB	556709-8487	Danderyd	100	100
Attendo LSS AB	556664-4257	Danderyd	1,000	100
Attendo Hällbgruppen AB	556312-9997	Danderyd	5,000	100
Attendo Bolmängens Psykiatriska Behandlingshem AB	556160-4991	Danderyd	1,000	100
Attendo Tallbacka Gården AB	556282-0489	Danderyd	1,000	100
Attendo Syster Annas sjukhem AB	556079-8653	Danderyd	1,000	100
Attendo Björkhaga Kompetens AB	556231-6389	Danderyd	1,000	100
Attendo Kombinationsboende i Göteborg AB	556520-0937	Danderyd	1,000	100
Attendo Närsjöggläntans HVB-hem AB	556594-3031	Danderyd	1,000	100
Omsorgsfastigheter i Uppland AB	556810-8137	Danderyd	500	100
Attendo Hemtrevnad Service & Omsorg i Borås AB	556970-9784	Danderyd	500	100
Attendo Kingsfieldstreet Holding AB	556789-7045	Danderyd	130,288	100
Attendo Shared Services AB	556915-1995	Danderyd	500	100
Attendo Samsa AB	556599-0545	Danderyd	1,000	100
Attendo SRK Daglig verksamhet MMS AB	556881-9972	Danderyd	500	100
Attendo Dungens Korttidshem AB	556528-9948	Danderyd	5,000	100
Attendo Parangons AB	556649-7326	Danderyd	1,000	100
Attendo ProVide Omsorg AB	556701-3874	Danderyd	1,000	100
Attendo Sälltäppans Behandlingshem AB	556676-2216	Danderyd	1,020	100
Attendo Lappvårket AB	556657-8604	Danderyd	1,000	100
Attendo A/S	19 56 44 79	Denmark	505	100
Attendo Vonsild A/S	32 31 80 61	Denmark	500	100
Attendo Danmark Omsorg A/S	38 00 98 34	Denmark	500	100
Attendo Norge AS	979 448 031	Norway	100	100
Attendo Omsorg AS	998 027 195	Norway	100	100
Attendo Velferd	915 120 733	Norway	100	100
Attendo Maribu AS	943 405 301	Norway	400	100

M7 SHARES AND PARTICIPATIONS *cont.*

Shares held indirectly	Corp. ID no.	Registered office	No. of shares	Share of capital and votes, %
Attendo Finland Oy	2122408-9	Finland	1,181,750	100
Attendo Terveyspalvelut Oy	1625174-4	Finland	813,999	100
Attendo Oy	1755463-2	Finland	150,000	100
Attendo Hammaslääkäripalvelut Oy	0785725-0	Finland	215	100
Attendo Estonia Oü	12176247	Estonia	1	100
Attendo Hammaslääkärikeskukset Oy	0666785-0	Finland	1,728	100
Attendo Ålands Tandläkarna Oy	2052806-4	Finland	100	100
Attendo Hammaslääkäriasemat Oy	0678799-1	Finland	100	100
Attendo Aaria Oy	2619705-9	Finland	1,000	100
Attendo Vehniän Koivukodit Oy	1769004-4	Finland	400	100
Attendo 247 Oy	2625242-5	Finland	10,000	100
Attendo Aapelikoti Oy	1503227-5	Finland	60	100
Attendo Aleksikoti Oy	1583732-1	Finland	100	100
Attendo Aurinkopuisto Oy	1091664-5	Finland	100	100
Attendo Donum Oy	1898325-2	Finland	4,000	100
Attendo Eerika Oy	0913733-7	Finland	10	100
Attendo Helinä Oy	1988744-9	Finland	100	100
Attendo Huurmanni Oy	2309416-9	Finland	50	100
Attendo Iltatuuli Oy	2368123-2	Finland	1,200	100
Attendo Joenranta Oy	1608975-9	Finland	100	100
Attendo Jokikoto Oy	2214447-8	Finland	256,000	100
Attendo Kanervikkola Oy	1852826-8	Finland	80	100
Attendo Kellokas Oy	2045385-9	Finland	2,500	100
Attendo Kotiplus Oy	0779763-0	Finland	10	100
Attendo Kruunankulma Oy	1769189-9	Finland	100	100
Attendo Larosette Oy	1549005-7	Finland	100	100
Attendo Lastensuojelupalvelut Oy	2208132-3	Finland	100	100
Attendo Liedon Helmi Oy	1528118-3	Finland	200	100
Attendo Luotolahden Kuntoutus Oy	0547568-9	Finland	50	100
Attendo Lääkäripalvelut Oy	1828288-6	Finland	2,910	100
Attendo Marian Kamari Oy	2160288-7	Finland	100	100
Attendo Marian Kartano Oy	1478610-4	Finland	50	100
Attendo Mental Oy	1944573-9	Finland	100	100
Attendo Meri-Lappi Oy	2227434-4	Finland	1,000	100
Attendo Neliapila Oy	1628055-3	Finland	1,589	100
Attendo Onnentäyttymys Oy	2221846-5	Finland	100	100
Attendo Puruveden Helmi Oy	0871981-0	Finland	100	100
Attendo Rautlehto Oy	1002925-3	Finland	30	100
Attendo Saarentiekoti Oy	1843542-4	Finland	2,500	100
Attendo Savon Koti Oy	1107957-8	Finland	51	100
Attendo Tyrvään Kartano Oy	2138739-8	Finland	100	100
Attendo Villa Galand Oy	2408931-0	Finland	100	100
Attendo Villa Stella Oy	2101354-8	Finland	1,000	100
Seniorihuolto Oy	2304838-1	Finland	100	100
Kiinteistö Oy Etelä-Suomen Hoivakodit	2789390-2	Finland	100	100
Kiinteistö Oy Itä-Suomen Hoivakodit	2794018-2	Finland	100	100
Kiinteistö Oy Janakkalan Hoivakoti	2789538-5	Finland	100	100
Kiinteistö Oy Joensuun Hoivakoti	2789561-7	Finland	100	100
Kiinteistö Oy Joroisten Mutalantie	2788359-5	Finland	2,500	100
Kiinteistö Oy Kaarinan Hoivakoti	2789384-9	Finland	100	100
Kiinteistö Oy Keminmaan Järveläntie	2796536-3	Finland	2,500	100
Kiinteistö Oy Kemiönsaaren Mestarintie	2782776-1	Finland	2,500	100
Kiinteistö Oy Keski-Suomen Hoivakodit	2789387-3	Finland	100	100

Shares held indirectly	Corp. ID no.	Registered office	No. of shares	Share of capital and votes, %
Kiinteistö Oy Länsi-Suomen Hoivakodit	2793945-6	Finland	100	100
Kiinteistö Oy Martikaisentien Hoivakoti	2793940-5	Finland	100	100
Kiinteistö Oy Mikkelin Hoivakoti	2789388-1	Finland	100	100
Kiinteistö Oy Mynämäen Pöyköntie	2787964-1	Finland	2,500	100
Kiinteistö Oy Pihlajavedentie 6	2765195-4	Finland	100	100
Kiinteistö Oy Pirkanmaan Hoivakodit	2793944-8	Finland	100	100
Kiinteistö Oy Urjalan Hoivakoti	2793937-6	Finland	100	100
Kiinteistö Oy Ylitornion Asematie 1	2762080-8	Finland	30	100

M8 EQUITY

Share capital

Share capital as of 31 December 2016 amounted to SEK 876,951 (SEK 876,951 in 2015) and the number of shares was 160,000,000 (160,000,000 in 2015). Quota value was SEK 0.005 (SEK 0.005 in 2015). 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	6,366,571,646
Profit for the year	56,914,267
Total	6,423,485,913
Allocated as follows:	
Amount to be paid to the registered shareholders (SEK 1.22 per share) ¹⁾	194,956,000
Amount to be retained by the parent company	6,228,529,913
Total non-restricted equity in the parent company	6,423,485,913

¹⁾ Calculated on shares outstanding as of 28 February 2017.

M9 EVENTS AFTER THE REPORTING DATE

No significant events, in addition to normal operations occurred after year-end.

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.

Danderyd, Sweden, 6 March 2017

Erik Lautmann
Chairman

Henrik Borelius
CEO and Board member

Mona Boström
Board member

Catarina Fagerholm
Board member

Jan Frykhammar
Board member

Ulf Lundahl
Board member

Tobias Lönnevall
Board member

Arja Pohjamäki
Board member
Employee representative

Anssi Soila
Board member

Anitra Steen
Board member

Our Audit Report was submitted on 6 March 2017

PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Auditor in Charge

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 2016. The annual accounts and consolidated accounts of the company are included on pages 37–76 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 2016 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 2016 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.

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.

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 non-significant reporting units, other analytical audit procedures are performed as part of the audit of the consolidation. In addition to this, statutory audit procedures are performed. The statutory audit has in most cases not been finalized prior to signing the audit opinion for the group. The outcome of the statutory audits is reported separately to Attendo during the fall. Those units are not deemed significant and therefore not used as support in the year-end audit of the group. The outcome of the statutory audit is used in planning of the audit and to follow up on any significant matters noted for any reporting unit regarding financial reporting or internal control.

The auditor in charge and members of the audit team has during the year visited the Finish operations in order to further our understanding of the operations in the country, perform an overall review of the financial reporting based on the group's accounting principles, and evaluate the compliance to Attendo's framework for internal control.

Materiality

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the

context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><i>Routines and processes including accounting of employee related expenses</i></p> <p><i>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.</i></p> <p>Attendo employs more than 20 000 employees in its subsidiaries. The personnel related expenses amounts to some 71 percent of the operating costs. This is thus the most significant cost item in Attendos consolidated income statement. The personnel related costs consist of both salaries and other remunerations, including variable compensation and directly related taxes and social charges. The risk partly regards completeness of these items, that they are properly calculated, correctly accrued for and correctly valued. There is also an inherent complexity in processing payrolls, which is related to the fact that various groups of employees are under different employment contracts and collective agreements, which gives rise to differences in how the salaries, other remunerations and benefits should be calculated.</p> <p>Attendos internal control framework includes specific controls on processing of payroll and personnel costs to ensure that proper salaries and remunerations and attributable taxes and charges are paid. This is described on page 26 in the Consolidated Financial Statements.</p>	<p>In order to be able to pay salaries to 20 000 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.</p> <p>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.</p> <p>The basis for the evaluation of internal controls has been Attendos internal control framework. The controls have been tested on a sample basis. Our audit has also included for example:</p> <ul style="list-style-type: none"> • 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. <p>Based on our audit, no significant observations have been noted which have resulted in reporting to the audit committee. Our overall conclusion is that there are appropriate processes and controls in place to process and account for employee related expenses.</p>

Key audit matter

How our audit addressed the Key audit matter

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

We refer to Note K2 Critical accounting judgments, estimates and assumptions and Note K 13 Intangible assets.

Goodwill and other acquisition related intangible assets, including customer relations, amount to SEK 6 872m per December 31, 2016 corresponding to 69 percent of the total assets. The balance is subject to management judgements and estimates and due to the significance of the single item it is assessed to be a key audit matter.

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

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

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

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

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

Attendos conclusion, based on the best available information by the time of preparing the impairment test, is that no impairment of goodwill existed by year-end 2016.

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 K13 Intangible assets as well as that the model used are in accordance with IFRS, we used PwC valuation experts to test and evaluate the models and methodology used, as well as significant assumptions.
- On a sample basis we have tested, verified, evaluated and challenged the data used in the calculation versus the Attendos's long term plans and where possible external information. We have focused on assessed growth rates, margin developments and discount rate applied per cash generating unit. We also followed-up the accuracy and inherent quality of the company's process to prepare business plans and financial plans based on the historical outcome.
- Examined the sensitivity in the valuation for negative changes in key assumptions, that either individually or collectively could imply an impairment of goodwill.
- Assessed that the disclosures provided in the financial statements are correct based on the impairment test performed, particularly for information on the sensitivity in the valuations.
- Compared the disclosures in the annual report to the requirement of IAS 36 and found them to be consistent in all material aspects.
- Reviewed Attendos assessment of the political risk and related possible limitations of future profits in welfare operations as described in the section Risks and risk management in the management report and Note K2 Significant judgments, estimates and assumptions for accounting purposes.

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

Key audit matter	How our audit addressed the Key audit matter
<p>Management's assessment regarding provisions for loss-making contracts. Refer to Note K2 Critical judgements, estimates and assumptions and Note K21 Provisions.</p>	<p>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:</p> <ul style="list-style-type: none"> • Examined Attendo monitoring and financial closing procedures to ensure that controls are in place to report provisions for loss-making contracts in case it is required in accordance with IAS 37 Provisions. • Examined on a sample basis Attendo calculation basis and agreed those to internal reports. • Followed up earnings, forecast and projections regarding nursing homes and other units in internal reports with responsible at Attendo. • Assessment of Attendo principles to make provisions for potential losses related to customer contracts to the requirements in IAS 37 Provisions. <p>Based on our audit, we conclude that Attendo assumptions underlying the provision for loss-making contracts are within an acceptable range.</p>

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 1–36 and pages 82–88. 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 CEO 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 CEO 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 CEO 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 CEO 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 Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. 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 2016 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.

Stockholm 6 March 2017

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised public accountant
Auditor in charge

The Attendo share

The Attendo share has been quoted on Nasdaq Stockholm since 30 November 2015, when the introduction 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	2016	2015*
Closing price 30 December	78.75	70.25
Market capitalisation 30 December	12.6 bn	11.3 bn
Share price performance during the year	12 %	41% **
Highest price paid	92 (28 Aug)	70.75 (11 Dec)
Lowest price paid	62.50 (9 Feb)	66.75 (3 Dec)

* Introduction price SEK 50, first day of trading 30 November 2015.

** Share price growth from the listing on 30 November until the last trading day of the year, 30 December.

Shares in Attendo were traded during 2016 to a value of SEK 7.6bn, corresponding to a daily average of SEK 30m. The volume traded in 2016 corresponds to 62 percent of the average number of shares outstanding. Of the total volume of shares traded, 73 percent was traded on Nasdaq Stockholm. The Attendo share is also traded on multilateral trading facilities (MTF) including Bats, BOAT and LSE.

SHARE CAPITAL

The total number of shares in Attendo is 160,000,000, which was unchanged during the year. All shares confer equal voting rights and equal rights to a share in the company's assets.

During 2016, the Board of Directors of Attendo resolved to repurchase own shares in a buyback programme to a maximum value of SEK 20m, supported by the authorisation of the 2016 AGM. The aim of the buyback programme is to secure Attendo's commitments to deliver shares and pay social insurance fees in accordance with Attendo's share savings program, Attendo+. A total of 200,000 shares worth SEK 16m were repurchased in 2016.

DIVIDEND

Decisions on dividends must be based on Attendo's investment potential and financial position. The dividend policy is to distribute 30 percent of net profit. The Board of Directors has decided to propose a dividend of SEK 1.22 per share to the AGM 2017.

INVESTOR RELATIONS

The Attendo share is covered by six investment banks. For current information about the analysts covering the share, refer to Attendo's website: www.attendo.com/content/analyst-0

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

SHAREHOLDER

Name	No. of shares	% of shares and votes
Nordstjernan AB	25,600,000	16.00 %
Pertti Karjalainen	22,282,883	13.93 %
Swedbank Robur Fonder	12,934,362	8.08 %
Didner & Gerge Fonder Aktiebolag	11,560,120	7.23 %
Carve Capital AB	9,999,549	6.25 %
Henrik Borelius	6,540,293	4.09 %
Antti Ylikorkala	5,192,952	3.25 %
Handelsbanken fonder	4,882,361	3.05 %
Elo Mutual Pension Insurance Company	4,800,000	3.00 %
SEB Investment Management	4,677,408	2.92 %
Ilmarinen Mutual Pension Company	4,050,000	2.53 %
CBNY – Norges bank	2,576,034	1.61 %
Catella Fondförvaltning	2,105,632	1.32 %
Ammy Wehlin	1,737,729	1.09 %
Tredje AP fonden	1,713,013	1.07 %
JP Morgan Chase NA	1,491,123	0.93 %
BPSS LUX/Client assets	1,422,048	0.89 %
Anssi Soila	1,255,455	0.78 %
AMF – Försäkring och Fonder	1,140,000	0.71 %
Skandinaviska Enskilda Banken S.A.	1,114,574	0.70 %
Total, 10 largest shareholders	127,075,536	79.42 %
Other shareholders	32,924,464	20.58 %
Total shares issued and outstanding	160,000,000	100.00 %

Source: Euroclear Sweden AB as of 30 December 2016

SHARE DISTRIBUTION

Holding	No. of shareholders	No. of shares outstanding
1–500	12,911	1,721,495
501–1 000	998	724,002
1 001–2 000	557	1,269,288
2 001–5 000	116	842,753
5 001–10 000	54	682,048
10 001–20 000	31	541,920
20 001–	227	154,218,494
Total	14,894	160,000,000

Source: Euroclear Sweden AB as of 30 December 2016

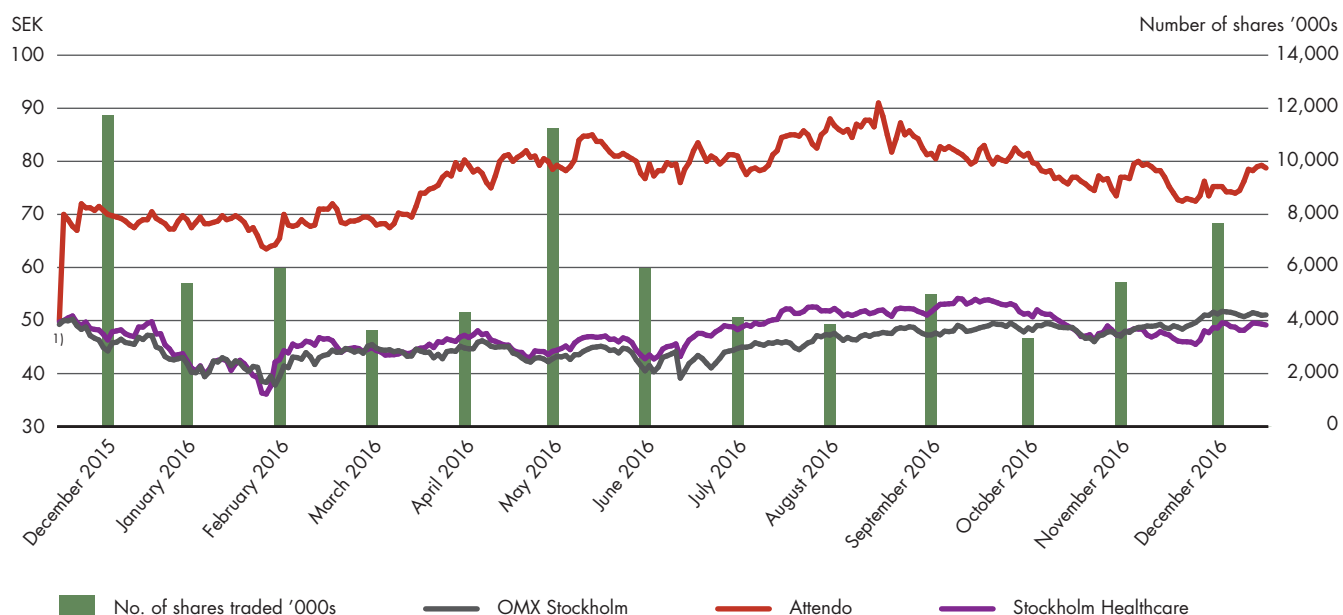
PER SHARE DATA

SEK	31 Dec 2016	31 Dec 2015
Equity per share	30.19	26.37
Earnings per share basic	4.06	1.79
Dividend per share	1.22	0.54
Dividend as a percentage of earnings per share, %	30	30
Dividend yield, % ¹⁾	1.5	0.8
P/E ratio ²⁾	19	39

¹⁾ Divided dividend by share price at year-end.

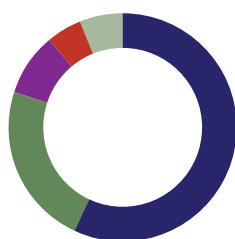
²⁾ Share price at year-end divided by earnings per share.

SHARE PRICE 2015–2016



¹⁾ Introduction price SEK 50.
Source: Six and Fidessa

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AT 30 DECEMBER 2016



- Sweden 57%
- Finland 23%
- United Kingdom 9%
- United States 5%
- Rest of the world 6%

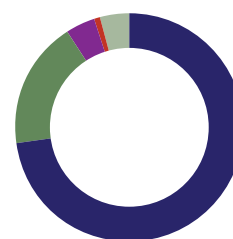
Source: Euroclear Sweden AB

SHAREHOLDERS BY CATEGORY AT 30 DECEMBER 2016
Percentage of share capital

- Foreign owners 43%
- Swedish owners 57%
 - of which:
 - Institutions 28%
 - Equity funds 25%
 - Private investors 4%

Source: Euroclear Sweden AB

TRADING ON STOCK EXCHANGES AND MTFs AT 30 DECEMBER 2016



- Nasdaq Stockholm 73%
- BATS 18%
- BOAT 4%
- LSE 1%
- Other 4%

Source: Fidessa

Five-year summary

	2012 ¹⁾	2013 ¹⁾	2014 ¹⁾	2015	2016
Total net sales	7,891	8,465	9,045	9,831	10,212
– Net sales Sweden	4,686	4,760	4,875	5,126	5,481
– Net sales Finland	2,824	3,332	3,737	4,225	4,185
– Net sales Norway	319	300	292	264	323
– Net sales Denmark	62	73	141	216	223
Operating profit (EBITA)	727	770	822	933	1,002
Operating margin (EBITA), %	9.1	9.2	9.1	9.5	9.8
Operating profit (EBIT)	596	738	807	887	911
Operating margin (EBIT), %	7.6	8.7	8.9	9.0	8.9
Profit for the year	159	363	263	286	649
Profit margin, %	2.0	4.3	2.9	2.9	6.4
Return on capital employed, % ²⁾	8.0	10.0	11.7	11.4	11.4
Capital employed	7,347	7,387	7,796	7,828	8,217
Operating cash flow	551	723	700	765	805
Earnings per share, basic, SEK ³⁾	0.99	2.27	1.64	1.79	4.06
Earnings per share, diluted, SEK ³⁾	0.99	2.27	1.64	1.79	4.05
Average no. of employees	12,834	13,575	14,214	14,512	14,824
Total net sales	7,891	8,465	9,045	9,831	10,212
– own operations	3,489	4,103	4,829	5,589	6,327
– outsourcing operations	3,393	3,288	3,149	3,236	3,108
– staffing operations	1,010	1,074	1,067	1,006	777

¹⁾ Financial information for the years 2012–2014 is based on Attendo's combined financial reports.

²⁾ From 2016 return on capital employed is calculated based on EBIT, see definition on page 26. To improve comparison, the comparable periods previously calculated on EBITA have been restated.

³⁾ See page 87 for the definition of average number of shares in the calculation of Earnings per share.

Quarterly summary

Amounts in SEK m	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Net sales	2,391	2,421	2,455	2,564	2,472	2,525	2,568	2,647
Other operating income	3	8	23	5	4	6	4	6
Total revenue	2,394	2,429	2,478	2,569	2,476	2,531	2,572	2,653
OPERATING COSTS								
Personnel costs	-1,639	-1,676	-1,577	-1,660	-1,631	-1,629	-1,573	-1,700
Other external costs	-533	-532	-520	-656	-617	-645	-626	-676
Amortization, depreciation and impairment of tangible and intangible assets	-35	-35	-36	-38	-31	-33	-33	-36
Operating profit (EBITA)	187	186	345	215	197	224	340	241
Operating profit (EBITA margin)	7.8	7.7	14.1	8.4	8.0	8.9	13.2	9.1
Amortization and impairment of acquisition-related intangible assets	-9	-11	-12	-14	-13	-17	-30	-31
Operating profit (EBIT)	178	175	333	201	184	207	310	210
Operating margin (EBIT margin)	7.4	7.2	13.6	7.8	7.4	8.2	12.1	7.9
Net financial items	-104	-104	-98	-231	-21	-21	-25	-16
Profit before tax	74	71	235	-30	163	186	285	194
Tax	-17	-15	-53	21	-35	-40	-61	-43
Profit for the period	57	56	182	-9	128	146	224	151
Profit margin, %	2.4	2.3	7.4	-0.4	5.2	5.8	8.7	5.7
Tax rate, %	-23.0	-21.1	-22.6	-70.0	-0.2	-21.5	-21.4	-22.2
Earnings per share, basic, SEK ¹⁾	0.36	0.35	1.14	-0.06	0.80	0.91	1.40	0.94
Earnings per share, diluted, SEK ¹⁾	0.36	0.35	1.14	-0.06	0.80	0.91	1.39	0.94
Average number of shares, basic ¹⁾ , thousands	160,000	160,000	160,000	160,000	160,000	160,000	160,000	159,824
Average number of shares, diluted ¹⁾ , thousands	160,000	160,000	160,000	160,330	160,934	161,323	160,842	160,279
Net sales per contract model								
Net sales, own operations	1,322	1,354	1,415	1,498	1,511	1,557	1,603	1,656
Net sales, outsourcing	818	803	810	805	769	775	777	787
Net sales, staffing	251	264	230	261	192	193	188	204
Net sales by country								
Net sales Sweden	1,248	1,257	1,282	1,339	1,332	1,369	1,392	1,388
Net sales Finland	1,037	1,049	1,051	1,088	1,009	1,024	1,038	1,114
Net sales Norway	60	61	65	78	77	78	82	86
Net sales Denmark	46	54	57	59	54	54	56	59
Own operations								
Units in operations	328	334	337	354	358	362	382	391
Beds in operations	7,509	7,745	7,751	8,612	8,807	8,932	9,012	9,280
Beds under construction	918	827	861	755	737	1,469	1,716	1,935
Home care customers	10,670	10,340	10,370	10,550	11,150	11,650	11,160	11,330
Outsourcing								
Units in operations	140	134	132	135	127	129	128	122
Beds in operations	3,995	3,937	3,967	3,984	3,703	3,717	3,706	3,656
Home care customers	580	600	610	620	1,070	1,070	1,050	1,060
Growth	9.3	7.1	7.6	10.7	3.4	4.3	4.6	3.2
Organic growth	4.6	3.7	4.8	8.8	3.1	3.7	1.8	-1.5
Acquired growth	1.9	2.1	1.9	1.9	0.9	1.0	2.4	2.4
Changes in currencies	2.8	1.3	0.9	0.0	-0.6	-0.4	0.4	2.3

¹⁾ See page 87 for the definition of average number of shares in the calculation of Earnings per share.

Key Figures

	2012 ¹⁾	2013 ¹⁾	2014 ¹⁾	2015	2016
Net sales	7,891	8,465	9,045	9,831	10,212
Growth, %	8.3	7.3	6.9	8.7	3.9
Operating profit (EBITA)	727	770	822	933	1,002
Operating margin (EBITA), %	9.1	9.2	9.1	9.5	9.8
Operating profit	596	738	807	887	911
Operating margin, %	7.6	8.7	8.9	9.0	8.9
Profit for the year	159	363	263	286	649
Profit margin	2.0	4.3	2.9	2.9	6.4
Return on capital employed ²⁾	8.0	10.0	11.7	11.4	11.4
Capital employed	7,347	7,387	7,796	7,828	8,217
Working capital	-98	-259	-293	-130	-309
Equity/assets ratio	33	25	26	45	49
Operating cash flow	551	723	700	765	805
Net investments	130	140	164	165	169
Average no. of employees	12,834	13,575	14,214	14,512	14,824
Earnings per share, basic, SEK ³⁾	0.99	2.27	1.64	1.79	4.06
Earnings per share, diluted, SEK ³⁾	0.99	2.27	1.64	1.79	4.05
Equity per share, basic, SEK ³⁾	18.48	14.43	16.06	26.37	30.19
Equity per share, diluted, SEK ³⁾	18.48	14.43	16.06	26.36	30.10
Average no. of outstanding shares basic, thousands ³⁾	160,000	160,000	160,000	160,000	159,956
Average no. of outstanding shares diluted, thousands ³⁾	160,000	160,000	160,000	160,083	160,405
No. of outstanding shares at end of period, thousands ³⁾	160,000	160,000	160,000	160,000	159,800

¹⁾ Financial information for the years 2012–2014 is based on Attendo's combined financial reports.

²⁾ From 2016 return on capital employed is calculated based on EBIT, see definition on page 26. To improve comparison, the comparable periods previously calculated on EBITA have been restated.

³⁾ See page 87 for the definition of average number of shares in the calculation of Earnings per share.

Definitions

FINANCIAL RATIOS

Acquired growth

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

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share

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

Earnings per share adjusted

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

Equity/asset ratio

Equity as a percentage of total assets.

Equity per share

Equity in relation to the average number of shares.

Liquid funds

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

Net debt

Interest-bearing liabilities and provisions for post-employment benefits less liquid funds.

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.

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

Cash flow from operating activities with adjustment from investments and divestments of intangible and tangible assets and paid and received interest.

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)

Profit before net financial items and income tax.

Operating profit (EBITA)

Profit before amortisation of acquisition-related intangible assets, net financial items and income tax.

Organic growth

Increase of net sales excluding acquisitions and currency effects.

Profit for the period

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

Profit for the period adjusted

Profit/loss for the period adjusted for financing costs in connection with the initial public offering.

Profit margin

Profit for the period as a percentage of net sales.

Return on equity

Profit for the period in relation to average equity.

Return on capital employed

Operating profit (EBIT) as a percentage of average capital employed.

Working capital

Current assets less liquid funds and interest-bearing assets, less short-term liabilities and non-interest-bearing provisions.

TERMINOLOGY RELATING TO OPERATIONS

Home care client

An individual who receives planned and unplanned support such as service and personal care connected to daily living and health care at home.

New unit

Unit in operation <12 months.

Existing unit

Unit in operation >12 months.

SUSTAINABILITY DEFINITIONS

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.

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.

Code of Conduct

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

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.

Annual General Meeting

Attendo's AGM will be held at 10 a.m. on Thursday, 6 April 2017 at Danderydsgården, Noragårdsvägen 27, 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, 31 March 2017 and secondly notify the company by no later than Friday, 31 March 2017.

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 31 March 2017, shareholders should contact their bank or nominee in good time prior to this date.

DIVIDENDS

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

The Board of Directors proposes a dividend of SEK 1.22 per share for the financial year 2016, vilket motsvarar en utbetalning på cirka SEK 195m. The proposed dividend corresponds to approximately 30 percent of net profit. The dividend is scheduled for payment on Thursday 13 April 2017.

FINANCIAL CALENDER 2017

6 April 2017	Annual General Meeting
5 May 2017	Interim Report January–March
27 July 2017	Interim Report April–June
10 November 2017	Interim Report July–September

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