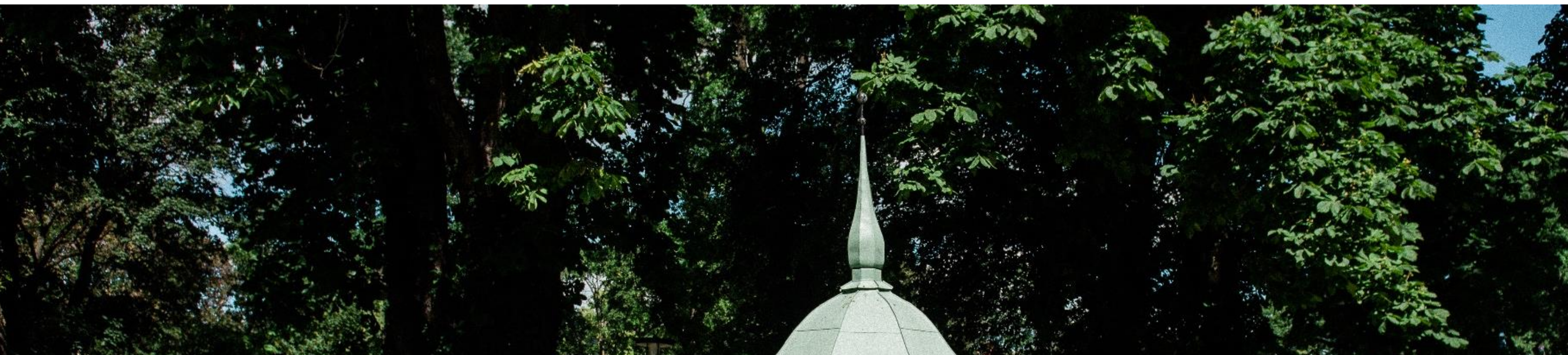
Attendo

Q2

Interim report

January–June 2020



Outdoor concert for residents at Attendo Sabbatbergsbyn with singer Carola Häggkvist in June 2020

Attendo AB (publ)
Interim Report, January-June 2020

Q2

Summary of the second quarter 2020

- Net sales increased by 4 percent, before and after currency effects, to SEK 3,112m (2,990).
- Operating profit (EBITA)* amounted to SEK 153m (121), corresponding to an operating margin of 4.9 percent (4.0). The financial impact of the corona situation during the quarter is estimated to SEK -60m. A capital gain of SEK 41m on the sale of real estate in Attendo Scandinavia had a positive impact on EBITA in the current quarter.
- Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 42m (42), corresponding to an adjusted operating margin of 1.3 percent (1.4). See the income statement on pages 25-26 for more information about the effects of IFRS 16.
- Attendo reported items affecting comparability of SEK -971m for the quarter. Consequent upon the corona situation, Attendo carried out an updated impairment test of recorded goodwill, resulting in a need to write down goodwill related to the Finnish operations with an amount of SEK 834m. In addition, Attendo has made a write-down of right-of-use assets of SEK 137m for the Finnish operations. Read more on page 13 in this report.
- Attendo is reporting a loss of SEK -975m (-39) for the period. Diluted earnings per share amounted to SEK -6.06 (-0.24). Adjusted earnings per share* after dilution amounted to SEK 0.11 (0.13).
- Free cash flow amounted to SEK 198m (36).
- The total number of beds in operation in Attendo’s own homes was 17,650 (16,216), an increase by 9 percent. Occupancy in own homes was 78 percent (79).
- Attendo’s current assessment of impact from the pandemics is that known government support measures are expected to fully offset corona related additional costs in the second half of 2020. The corona situation is though expected to have a negative impact on sales, with an estimated impact on operating profit of SEK -10m per month during the remaining part of year.

Summary of the period January–June 2020

- Net sales increased by 6 percent, before and after currency effects, to SEK 6,240m (5,868).
- Operating profit (EBITA)* amounted to SEK 335m (379), corresponding to an operating margin of 5.4 percent (6.5). The financial impact of the corona situation is estimated at SEK -80m. EBITA was improved by a capital gain of SEK 41m.
- Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 126m (202), corresponding to an adjusted operating margin of 2.0 percent (3.4).
- Attendo is reporting a loss of SEK -972m (27) for the period. Profit was affected by impairment of goodwill in the amount of SEK 834m and of right-of-use assets of SEK 137m. Diluted earnings per share were SEK -6.04 (0.17). Adjusted earnings per share* after dilution amounted to SEK 0.48 (0.77).
- Free cash flow amounted to SEK 424m (4).

Mkr	Q2 2020	Q2 2019	Change (%)	Jan-Jun 2020	Jan-Jun 2019	Change (%)
Net sales	3,112	2,990	4	6,240	5,868	6
Operating profit (EBITA)*	153	121	26	335	379	-12
Operating margin (EBITA), %*	*4.9*	*4.0*	-	*5.4*	*6.5*	-
Adjusted operating profit (EBITA)*	42	42	1	126	202	-38
Adjusted operating margin (EBITA), %*	*1.3*	*1.4*	-	*2.0*	*3.4*	-
Profit for the period	-975	-39	-	-972	27	-
Earnings per share diluted, SEK	-6.06	-0.24	-	-6.04	0.17	-
Adjusted earnings per share diluted, SEK	0.11	0.13	-	*0.48*	0.77	-
Free cash flow	198	36	-	424	4	-

**Note that unless otherwise stated, EBITA as well as adjusted EBITA in this report refers to EBITA / adjusted EBITA excluding items affecting comparability. As of Q1 2020, Attendo also reports Adjusted earnings per share after dilution to improve comparability. See also definitions of key figures and alternative key figures on pages 32-33.*

President and CEO Martin Tivéus comments on the report

Corona situation greatly improved but clear financial impact in the quarter

The second quarter of 2020 was marked by the ongoing corona pandemic. A large part of Attendo's customers belong to the risk groups for covid-19, and thus the entire organization has since the beginning of the pandemic been focused on preventing infection, for both customers and employees. Our employees do an outstanding job of performing compassionate care under extraordinary circumstances.

We took resolute measures early in the pandemic to prevent the virus from entering our units and stop the spread of transmission. Some of the measures we introduced in addition to national guidelines were visitor stop and daily health checks of all employees before every shift. In spite of this, we saw in late March that the virus was still spreading at some of our nursing homes for older people in Sweden, particularly in the Stockholm area, where community transmission was most widespread. Our conclusion was that the virus was probably being transmitted via infected but asymptomatic employees or new customers and that we needed to further elevate the level of protection to protect older people.

"One lesson learnt from the pandemic is that it is imperative that society as a whole takes responsibility for restraining the virus and reducing its negative impact."

In May, after having secured adequate volumes of personal protective equipment (PPE), we made masks mandatory for all employees engaged in providing care services, regardless of whether or not infection was present. Since then, we have seen a significant reduction in the number of infected in our nursing homes for older people. At present, all 37 of our homes for older people in the Stockholm region are covid-free and we have only a few infected customers in the rest of Sweden. All of our care units in Finland, Norway and Denmark have been covid-free for several weeks. The sharp reduction in the infection rate is most likely due to multiple factors, but we have assessed our heightened protective measures as having had a clearly positive effect.

Financial performance in the second quarter

Sales and profit have clearly been affected by the pandemic, although the effects have been partially offset through government measures and support. Despite serious impact of lower number of new customers and thus occupancy, net sales increased in the second quarter of 2020 by about 4 percent to SEK 3,112 million. Organic growth was 3.9 percent, associated with an increase in the number of occupied beds in Finland and positive price effects.

The reported EBITA*, excluding the capital gain on the sale of real estate, amounted to SEK 112 million for the second quarter, down 7 percent compared to the preceding year. This is due to the corona situation, which has reduced profits by approximately SEK 60 million during the quarter, mainly due to the costs of purchasing PPE, employee-related costs and lower occupancy. Our current assessment is that known government support measures are expected to fully offset corona related additional costs in the second half of 2020. However, we expect to have a continuous negative impact on sales with a profit impact of SEK -10m on a monthly basis during the remaining part of the year. In our assessment, we expect sales to normalize, but that there will be no catch-up of lost occupancy during the second quarter.

In addition to the real estate gain and the negative profit effects from the corona situation, better profitability in outsourcing and home care as well as higher prices in Finland have affected profits positively, while new units and higher operating costs in Finland have had a negative impact.

**Excluding items affecting comparability*

Due to the corona situation and in accordance with applicable accounting standards we have carried out an updated impairment test of recorded goodwill. Attendo has used the same long-term profitability assumption as before, but with a higher discount rate in the calculation. The test resulted in a goodwill impairment relating to Finland in the balance sheet. As the time to fill new beds increases during the pandemic, we have also made a write-down of IFRS16-related right-of-use assets in Finland.

Clear impact on occupancy in Scandinavia

Despite the clear impact of the corona pandemic, our Scandinavian business demonstrated relatively stable development in the second quarter. Net sales declined by about 3 percent, primarily as an effect of fewer occupied beds in nursing homes in the Stockholm region. It has been more difficult to fill beds during the pandemic and early in the quarter we observed higher mortality than in past years. Attendo has selectively withdrawn from home care in certain areas and there was consequently a moderate decrease in net sales in home care.

Operating profit in Attendo Scandinavia excluding the capital gain from real estate, was 3 percent higher than profit in the second quarter of 2019, which was mainly an effect of improved profits in outsourcing and home care. The improvement was offset by lower occupancy and costs related to corona, combined with more openings during the first half of the year. We opened 185 new beds in Sweden during the second quarter, mainly in care for older people.

Early effects of the turnaround programme in Finland

We are starting to see positive effects from our turnaround efforts in Finland. We have more occupied beds than in the previous year, positive price effects from negotiations in 2019 and the rate of openings will drop significantly as of mid-year, thus providing better conditions for a positive occupancy trend.

Net sales in Attendo Finland increased by about 12 percent in the second quarter compared to the comparison quarter in 2019, driven primarily by more sold beds and positive price effects. Net sales growth was offset by lower new sales of beds linked to concerns about the pandemic. Profit was lower than in the second quarter of 2019 due to corona related costs, higher staffing and higher overhead. Price effects had a positive effect on profits.

Lessons learnt ahead of the next phase in the pandemic

The lives and health of our customers and our employees are always our first concern, a stance that becomes even more critical during a pandemic. One lesson learnt from the pandemic is that it is imperative that society as a whole takes responsibility for restraining the virus and reducing its negative impact. We have positive experiences of cooperation and the effects of government measures in Denmark, Finland and Norway. This is apparent both in official statistics and in our units.

With regard to care for older people in Sweden, we believe that government measures have been inadequate. We are therefore sharing our Nordic experiences with the pandemic with public authorities and politicians in Sweden so that we, as a society, will be better able to protect human lives and health in the next phase.

I am incredibly proud of our care staff, managers and colleagues in support functions, especially of their outstanding efforts during the first months of the pandemic.

Martin Tivéus, President and CEO

Group

April-June 2020

Net sales and operating profit

Net sales increased by 4.1 percent to SEK 3,112m (2,990) during the quarter. Adjusted for currency effects, net sales increased by 4.3 percent, of which organic growth accounted for 3.9 percent and acquired growth for 0.4 percent. Homes in own operations demonstrated sustained strong growth, driven primarily by homes opened in Finland in 2019 and 2020. Price increases, particularly in Attendo Finland, had positive effect on organic growth. Attendo is working actively to discontinue operations where the conditions for quality and profitability are lacking. Since the comparison quarter, Attendo has closed several homes in own operations and home care operations, which has constrained organic growth. The decline in sales due to the corona situation is estimated at SEK 70m.

The own operations contract model accounted for 84 percent of total consolidated net sales during the quarter and the outsourcing contract model accounted for 16 percent.

Operating profit (EBITA)* amounted to SEK 153m (121) and the operating margin was 4.9 percent (4.0). Profits increased in Attendo Scandinavia, but decreased in Attendo Finland. Currency effects had marginal impact on profits.

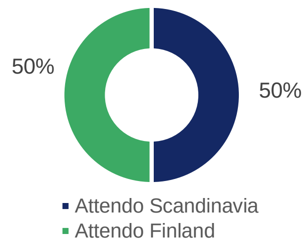
Operating profit was positively affected by price effects, better financial performance in outsourcing and home care operations in Attendo Scandinavia and higher occupancy in own homes that were opened in 2018 and 2017. A capital gain of SEK 41m on the sale of real estate within Attendo Scandinavia also had positive impact on EBITA. EBITA was negatively affected by new own homes opened in 2020 and 2019, where occupancy is initially low. Attendo is investing in strengthening the organisation and has expanded managerial and support functions centrally and regionally, which has entailed increased costs in relation to the comparison quarter. The corona pandemic is estimated to have reduced profit by about SEK 60m net, in a combination of increased costs and profit impact from decreased sales, while partly mitigated by state support,

Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 42m (42). The adjusted operating margin (EBITA) was 1.3 percent (1.4).

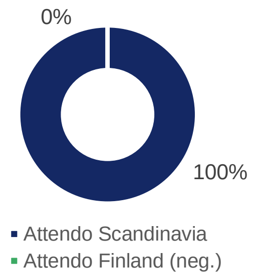
The total number of beds in operation in own homes was 17,650 (16,216), an increase by 9 percent. Occupancy in these homes was 78 percent (79). Mature units – those opened in 2017 or earlier, excluding Mikeva units – had an occupancy rate of about 88 percent (90) and showed an adjusted operating margin (EBITA)* of 5.7 percent on a rolling 12 months' basis (r12), including all of Attendo's administrative expenses but excluding capital gain. The number of beds under construction in own operations decreased to 1,110 across 17 homes.

Excluding items affecting comparability

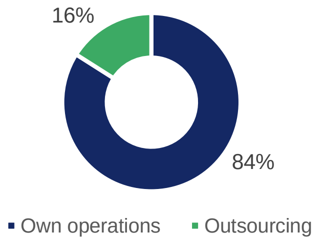
Net sales per business area, Q2 2020



Operating profit (EBITA) per business area, Q2 2020

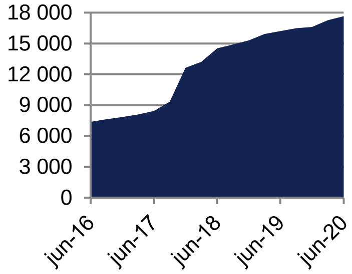


Net sales per contract model, Q2 2020



Number of beds in Own operations

Care for older people, care for people with disabilities and social psychiatry



Operating profit (EBIT) adjusted for items affecting comparability amounted to SEK 122m (86), corresponding to an operating margin (EBIT) before items affecting comparability of 3.9 percent (2.9). The increase is explained mainly by the change in operating profit (EBITA), as commented upon above.

Items affecting comparability refer to an impairment of goodwill of SEK 834m and of right-of-use assets of SEK 137m for the operations in Finland. See page 13 of this report for further information.

The operating loss (EBIT) amounted to SEK -849m (86), corresponding to an operating margin (EBIT) of -27.3 percent (2.9).

Financial net

Net financial items amounted to SEK -168m (-137) for the quarter, including net interest expense of SEK -15m (-14). Interest expense related to the lease liability for land and buildings in accordance with IFRS 16 amounted to SEK -144m (-118).

Income tax

Income tax for the period amounted to SEK 42m (12), corresponding to a tax rate of 22.9 percent (23.5), adjusted for the impairment of goodwill during the quarter.

Profit/loss and earnings per share for the period

The loss for the period amounted to SEK -975m (-39), corresponding to basic and diluted earnings per share for shareholders in the parent company of SEK -6.06 (-0.24). Adjusted earnings per share after dilution and excluding items affecting comparability amounted to SEK 0.11 (0.13).

January-June 2020

Net sales and operating profit

Net sales increased by 6.3 percent to SEK 6,240m (5,868) during the period. Adjusted for currency effects, net sales increased by 5.8 percent, of which organic growth accounted for 4.8 percent and acquired growth for 1.0 percent. Own homes demonstrated sustained strong growth, driven primarily by homes opened in Finland in 2018 and 2019. Price increases, particularly in Attendo Finland, and the leap day in 2020 had positive effects on organic growth. Attendo is working actively to discontinue operations where the conditions for quality and profitability are lacking. Since the comparison quarter, Attendo has closed several homes in own operations and home care operations, which has constrained organic growth. The decline in sales due to the corona situation is estimated at SEK 70m.

Operating profit (EBITA)* amounted to SEK 335m (379) and the operating margin was 5.4 percent (6.5). Profit increased in Attendo Scandinavia, but decreased sharply in Attendo Finland. Currency effects had marginal impact on profits.

In relation to the comparison period, EBITA was affected negatively by higher costs due to increased staffing requirements and related costs that partially affected the comparison quarter in the Attendo Finland business area. In addition, profit was adversely affected by new homes in own operations opened in 2020 and 2019, where occupancy is initially low.

Attendo is investing in strengthening the organisation and has expanded managerial and support functions centrally and regionally, which has entailed increased costs, primarily in Attendo Finland. The corona pandemic is estimated to have reduced profit by about SEK 80m, in a combination of increased costs and profit impact from decreased sales.

Price effects, better financial performance in outsourcing and home care operations in Attendo Scandinavia, higher occupancy in own homes opened in 2018 and 2017 and a capital gain of SEK 41m related to sale of real estate within Attendo Scandinavia had positive impact on operating profit.

Adjusted EBITA*, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 126m (202). The adjusted operating margin (EBITA)* was 2.0 percent (3.4).

Operating profit (EBIT) adjusted for items affecting comparability amounted to SEK 272m (308), corresponding to an operating margin (EBIT) before items affecting comparability of 4.4 percent (5.2). The increase is explained mainly by the change in operating profit (EBITA), as commented upon above.

Items affecting comparability refer to an impairment of goodwill of SEK 834m and of right-of-use assets of SEK 137m for the operations in Finland. See page 13 of this report for further information.

The operating loss (EBIT) amounted to SEK -699m (308), corresponding to an operating margin EBIT) of -11.2 percent (5.2).

Financial net

Net financial items amounted to SEK -314m (-272) for the period, including net interest expense of SEK -30m (-31). Interest expense related to the lease liability for land and buildings in accordance with IFRS 16 amounted to SEK -280m (-226).

Income tax

Tax expense for the period amounted to SEK 41m (-9), corresponding to a tax rate of 22.8 percent (25.0), adjusted for the impairment of goodwill during the period.

Profit/loss and earnings per share for the period

The loss for the period amounted to SEK -972m (27), corresponding to basic earnings per share of SEK -6.05 (0.17) for shareholders in the parent company and diluted earnings per share of SEK -6.04 (0.17) for shareholders in the parent company. Adjusted earnings per share after dilution amounted excluding items affecting comparability to SEK 0.48 (0.77).

**Excluding items affecting comparability*

Business Area:
Attendo Scandinavia

SEKm	Q2 2020	Q2 2019	Jun 30, 2020	Jun 30, 2019	Jan-Dec 2019
Net sales	1,548	1,588	3,142	3,125	6,305
Operating profit (EBITA)	175	130	340	291	715
Operating margin (EBITA), %	*11.3*	*8.2*	*10.8*	*9.3*	*11.3*
Adjusted EBITA	126	99	251	220	555
Adjusted EBITA margin, %	*8.1*	*6.2*	*8.0*	*7.0*	*8.8*

April–June 2020

Net sales in Attendo Scandinavia were down by 2.5 percent to SEK 1,548m (1,588). Adjusted for currency effects, the decrease in sales was 1.8 percent. The negative growth is due to the loss in sales consequent upon the corona pandemic, estimated at SEK -50m, and discontinued operations within home care. Occupancy in mature units in own operations has decreased.

Operating profit (EBITA) amounted to SEK 175m (130), corresponding to an operating margin (EBITA) of 11.3 percent (8.2). Currency effects had marginal impact on profits.

Operating profit (EBITA) was also positively affected by a capital gain of SEK 41m on the sale of real estate, while estimated profit impact due to the corona pandemic is estimated to SEK -40m, in a combination of increased costs and profit impact from decreased sales. Underlying operating profit increased due to better financial performance in outsourcing and home care operations in Attendo Scandinavia achieved through improved planning and processes, discontinued operations in Denmark, as well as higher occupancy in own homes that were opened in 2018 and 2017. Attendo Scandinavia has opened several own homes since the beginning of the year, which significantly reduced profits because initial occupancy is low.

Adjusted EBITA, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 126m (99), corresponding to an adjusted operating margin of 8.1 percent (6.2).

Three own homes with a total of 185 beds were opened during the quarter. This brings the number of beds opened in the last twelve months to 626, a historically high level. A high percentage of new units affects the average occupancy rate negatively. Construction of two own homes with a total of 118 beds began during the quarter. At the end of the quarter, there were 898 beds under construction. Attendo Scandinavia was entrusted during the quarter to continue operating a home for people with disabilities with annual revenue of SEK 7 million, but lost two contracts, which have not yet ended, with estimated annual revenue of SEK 10 million.

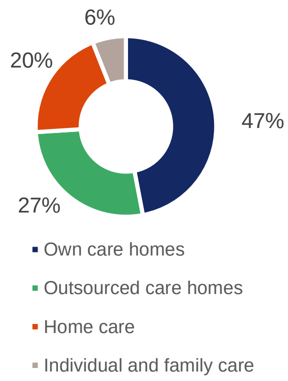
The trend for contracted volumes in the outsourcing market for care for older people has improved somewhat, while contract volumes in care for people with disabilities remains relatively low. Volumes were low during the quarter, however, most likely due to the corona situation.

Attendo Scandinavia

50%

of net sales
Operations in Sweden, Norway and Denmark.

Net sales per service offering, Q2 2020



January–June 2020

Net sales in Attendo Scandinavia amounted to SEK 3,142m (3,125), corresponding to growth of 0.5 percent. Adjusted for currency effects, growth was 1.0 percent. New homes in own operations opened in 2019 and 2020 and contractually agreed price increases contributed to growth, as did the leap day in 2020. Growth was negatively affected by the loss in sales consequent upon the corona pandemic, estimated at SEK 55m, and discontinued operations within home care.

Operating profit (EBITA) amounted to SEK 340m (291), corresponding to an operating margin (EBITA) of 10.8 percent (9.3). Currency effects had marginal impact on profits.

Operating profit was positively affected by a capital gain of SEK 41m on the sale of real estate, while the estimated effect of corona pandemics on profit was SEK -55m. Underlying operating profit increased due to better financial performance in outsourcing and home care operations through improved planning and processes and discontinued operations in Denmark, as well as higher occupancy in own homes opened in 2018 and 2017. Attendo Scandinavia has opened several homes in own operations since the end of last year, which significantly reduced profits because initial occupancy is low.

Adjusted EBITA, i.e. EBITA according to the previous IAS 17 accounting standard, was SEK 251m (220), corresponding to an adjusted operating margin of 8.0 percent (7.0).

Key data per quarter

Attendo Scandinavia	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Number of beds in operation in own homes	3,642	3,602	3,689	3,940	4,121
Number of opened beds in own homes (r12)	210	210	330	525	626
Occupancy in own homes, %	85	87	86	83	75
Number of beds in own homes under construction	1,059	1,146	1,110	965	898
Number of beds in operation in outsourcing	2,586	2,546	2,557	2,579	2,508
Net outsourcing contracts won/lost, SEKm	-	45	-44	29	-10
Home care customers	11,948	12,428	11,889	11,250	10,289

Beds refer to nursing homes for older people, homes for people with disabilities and social psychiatry.

Business Area:
Attendo Finland

Mkr	Q2 2020	Q2 2019	Jun 30, 2020	Jun 30, 2019	Jan-Dec 2019
Net sales	1,564	1,402	3,098	2,743	5,630
Operating profit (EBITA)*	-5	7	31	123	163
Operating margin (EBITA), %*	*-0.3*	*0.5*	*1.0*	*4.5*	*2.9*
Adjusted EBITA*	-67	-41	-89	17	-48
Adjusted EBITA margin, %*	*-4.3*	*-2.9*	*-2.9*	*0.6*	*-0.9*

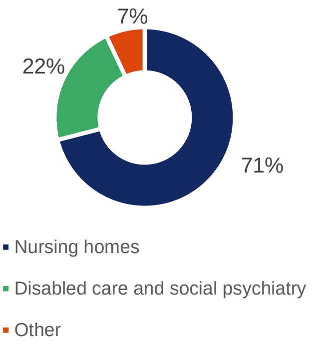
**Excluding items affecting comparability.*

Attendo Finland

50%

of net sales
Operations in Finland

Sales per service offering Q2 2020



April–June 2020

Net sales in Attendo Finland amounted to SEK 1,564m (1,402) corresponding to growth of 11.6 percent. Adjusted for currency affects, net sales increased by 11.1 percent. The growth is primarily attributable to new homes in own operations that were opened in 2019 and 2020, price increases and acquisitions. The price increases correspond to about 3 percent of total net sales. Since the comparison quarter, Attendo Finland has discontinued several units in own operations, with most residents having been moved to newly built and modern Attendo homes, although a few units were discontinued entirely.

The operating loss (EBITA)* amounted to SEK -5m (7) and the operating margin (EBITA) was -0.3 percent (0.5). Currency effects had insignificant impact.

Estimated profit effect from the corona situation amounted to SEK -20m, both in the form of increased costs and profit impact from the loss of sales. In addition, operating profit was negatively affected by new homes in own operations where occupancy is initially low, Attendo's investment in strengthening management and support functions centrally and regionally, which entailed increased costs, and by higher operating costs in the units. This year's price increases have a positive effect on profits, especially as collectively agreed wages will be raised in August 2020 compared with mainly April in 2019. Higher occupancy in homes in own homes opened in 2018 and 2017 also had positive effect.

Adjusted EBITA* amounted to SEK -67m (-41) and the adjusted EBITA margin was -4.3 percent (-2.9).

Eight homes in own operations with a total of 296 beds were opened during the quarter, bringing the number of beds opened in the last twelve months to 1,416. About 100 beds were discontinued during the quarter and about half of the residents were moved to other Attendo homes. The number of beds under construction continued to decrease and was 212 at the end of the quarter. A home care business in Lahti was acquired during the quarter.

**Excluding items affecting comparability*

The Finnish government presented a new bill to the parliament in February 2020 regarding staffing in care for older people, which was passed by the parliament in June after a number of amendments. The new law entails an increase in the current staffing ratio from 0.5 care workers per resident to 0.7, to be fully implemented as of April 2023. The increases will take effect in the following stages:

- 0.50 from 1 October 2020 (unchanged from the current recommendation)
- 0.55 as of 1 January 2021
- 0.60 as of 1 January 2022
- 0.70 as of 1 April 2023

The state is responsible for ensuring that municipalities and other providers receive the necessary financing to implement the staffing increase.

January–June 2020

Net sales in Attendo Finland amounted to SEK 3,098m (2,743) corresponding to growth of 12.9 percent. Adjusted for currency affects, net sales increased by 11.4 percent. The growth is primarily attributable to new own homes that were opened in 2019 and 2018, price increases and acquisitions. The price increases correspond to about 3 percent of total net sales. Since the comparison quarter, Attendo Finland has discontinued several units in own operations, with most residents having been moved to newly built and modern Attendo homes, although a few units were discontinued entirely. The leap day in 2020 had positive impact on growth.

Operating profit (EBITA)* amounted to SEK 31m (123) and the operating margin (EBITA)* was 1.0 percent (4.5). Currency effects had insignificant impact. The estimated effect of corona pandemics on profit was SEK -25m. Following the increased staffing requirements imposed by public authorities, Attendo Finland has since the middle of the first quarter of 2019 increased staffing which has entailed significantly higher costs in relation to the comparison period. Profit in relation to the comparison period was therefore negatively affected by increased staffing, but also by new own homes, where occupancy is initially low. Attendo's investments in strengthening managerial and support functions centrally and regionally have entailed increased costs. Operating profit was positively affected by price effects as well as higher occupancy in own homes that started in 2018 and 2017, .

Adjusted EBITA* amounted to SEK -89m (17) and the adjusted EBITA margin was -2.9 percent (0.6).

Key data per quarter

Attendo Finland	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Number of beds in operation in own homes	12,574	12,868	12,929	13,320	13,529
Number of opened beds in own homes (r12)	1,542	1,657	1,620	1,661	1,416
Occupancy in own homes, %	78	78	79	80	79
Number of beds in own homes under construction	1,276	948	870	458	212
Number of beds in operation in outsourcing	274	262	244	244	244
Home care customers	620	620	596	584	835

Beds refer to nursing homes for older people, homes for people with disabilities and social psychiatry.

**Excluding items affecting comparability*

Cash flow

April–June 2020

Free cash flow was SEK 198m (36) during the quarter, whereof changes in working capital amounted to SEK 249m (105). The positive change in working capital is mainly attributable to higher annual leave liabilities during the quarter, as well as an increase in trade payables.

Cash flow from operating activities was SEK 550m (295). Cash used for net investments in non-current assets was SEK -118m (-82) and cash flow from assets and liabilities held for sale amounted to SEK 149m (11). Business acquisitions reduced cash flow by SEK -55m (-34). Cash used for investing activities thus amounted to SEK -24m (-18).

Cash used in financing activities was SEK -382m (-299). Financing activities include loan repayments of SEK -150m (-26). Total cash flow amounted to SEK 144m (-22).

January–June 2020

Free cash flow during the period was SEK 424m (4), whereof changes in working capital amounted to SEK 448m (28).

Cash flow from operating activities was SEK 1,105m (530). Cash used for net investments in non-current assets was SEK -232m (-145) and cash flow from assets and liabilities held for sale amounted to SEK 196m (70). Business acquisitions reduced cash flow by SEK -114m (-187). Cash used for investing activities thus amounted to SEK -150m (-175). Cash used in financing activities was SEK -604m (-2,527). Financing activities include loan repayments of SEK -225m (-2,050) and new borrowings of SEK 68m (-). Total cash flow amounted to SEK 351m (-2,172).

Financial position

Attendo’s liquidity and the net debt/EBITDA ratio have improved since the first quarter of 2020 and items affecting comparability for the quarter do not affect the financial key data for the loan agreement.

Equity as of 30 June 2020 amounted to SEK 4,874m (5,804), which represents diluted equity per share attributable to shareholders in the parent of SEK 30.15 (36.07). Net debt amounted to SEK 12,817m (11,238). Adjusted net debt, excluding lease liability for land and buildings, amounted to SEK 1,937m (2,640).

SEKm	Jun 30, 2020*	Jun 30, 2019	Dec 31, 2019
Interest-bearing liabilities	13,638	11,947	12,339
Provisions for post-employment benefits	13	37	15
Cash and cash equivalents	-834	-746	-523
Net debt	**12,817**	**11,238**	**11,831**
Lease liability real estate	-10,880	-8,598	-9,471
Adjusted net debt	**1,937**	**2,640**	**2,360**

**Excluding assets in operations held for sale.*

Interest-bearing liabilities amounted to SEK 13,638m (11,947) on 30 June 2020. Cash and cash equivalents as of 30 June 2020 amounted to SEK 834m (746) and Attendo had SEK 1,800m (1,685) in unutilised committed credit facilities.

Net debt/EBITDA* was 6.5 (5.7). Net debt/Adjusted EBITDA* was 3.3 (3.3).

SEKm	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Net debt / EBITDA*	6.5	5.7	6.1
Adjusted net debt / adjusted EBITDA	3.3	3.3	3.6

**Excluding items affecting comparability.*

Impairment of goodwill and right-of-use assets

Consequent upon the corona situation, Attendo has carried out an updated test of recorded goodwill for impairment. Considering the impact of and uncertainty caused by the pandemic, the test was performed with assumptions of weaker short-term profitability and a higher cost of capital due to a higher risk premium. The test resulted in recognition of an impairment loss of SEK 834m for the Finnish operations. As in previous years, the impairment test was done separately for Attendo Scandinavia (AS) and Attendo Finland (AF) and with a 10-year forecast period.

Goodwill for Finland amounted to SEK 2,941m before the write-down and is largely related to the acquisition of Mikeva. After the write-down, the value of goodwill amounts to SEK 2,121m.

In the impairment test, the assessment was, as earlier, based on a long-term profitability level equal to at least 7 percent of the adjusted EBITA margin (i.e. EBITA according to the previous IAS 17 accounting standard) at the end of the forecast period. The required return on equity has been significantly adjusted upwards compared to previous testing, based on a higher risk premium. The new assumptions include a WACC of 8.7 percent (after tax) including IFRS 16, compared to the previous 7.3 percent. The change in the assumptions on the cost of capital have the most material impact on the value of recognised goodwill. There is a wide margin in Attendo Scandinavia before any impairment need would arise.

In addition to the impairment of goodwill, Attendo has reviewed the need for any impairment of IFRS16-related right-of-use assets. As a result, right-of-use assets in Finland have been impaired by SEK 137m. Most of this write-down is due to the fact that losses during the start-up period for new units are expected to be extended, as the inflow of new customers has decreased as a consequence of concerns related to corona pandemic, and the value in use has thus decreased. Current value in use for assets in Attendo Scandinavia is deemed to exceed the carrying amounts.

Quality and employees

The corona crisis remained the primary focus during the second quarter of the year. We are pleased to report good results of our efforts to protect customers and employees. We have seen a sharp decline in the numbers of residents infected with covid-19 and the number of people who have been recovered from the disease is increasing. We banned visits to all of our nursing homes at an early stage and carry out daily health checks of employees, including taking their temperatures and asking critical questions about their general health.

Attendo participated during the quarter in a research study by Karolinska University Hospital that studied whether care workers in Stockholm County are currently or were previously infected with covid-19. All employees who participated in the study were asymptomatic and working. The aim of the study was to understand how the virus is transmitted in care and health care settings in order to plan good, safe care. The result of the study showed that 40 of the 569 asymptomatic Attendo employees included in the study tested positive for the virus, corresponding to 7 percent of the participants.

Since the onset of the pandemic, we have suspected that there are asymptomatic carriers and that a higher level of protection in care for older people is therefore necessary to prevent the virus from entering nursing homes. The suspicion was confirmed by the Karolinska University Hospital study.

Attendo has maintained an enhanced level of protection in all nursing homes and home care operations since mid-May. Our employees wear masks when providing care services and at all times when providing home care services indoors. The aim is to prevent transmission by asymptomatic carriers. The measures have been effective and resulted in a steep fall in the number of customers infected with covid-19.

Attendo's efforts to make it safe for families to visit their relatives in nursing homes are ongoing. Most homes carried out safe outdoor visits by using plexiglas shields between residents and relatives during the quarter. In this way, we can make closer interaction between our residents and their families possible while carefully following the visiting ban rules. The visiting ban was relaxed during the quarter in some municipalities in Finland. Indoor visits are permitted under certain conditions, including that visitors must wear masks.

Early in the pandemic, sick leave due to illness was high within Attendo in all countries, which was an effect of the strict health checks implemented to prevent people with symptoms of the virus from working. Sick leave has decreased however, and is currently lower than normally in Finland. The most likely explanation is that employees are also avoiding other illnesses by practicing stricter hygiene procedures, social distancing and wearing masks for their entire shift.

There has been strong focus during the quarter on highlighting talented employees of Attendo who make a difference, are willing to try new methods, have a particular ability to boost the quality of care and be a role model for others. "Care Heroes" awards have been given to one employee per region and we hope to continue giving special recognition to our employees, who are the heart of Attendo's business.

Attendo's quality work

Attendo's quality model rests on three pillars: satisfied customers, systematic improvements and best available knowledge. On-going development and monitoring of the necessary procedures, processes and documentation are of great importance for the quality of all health and social care. The work is conducted by local quality coordinators with the support of specialized quality functions. Recurring quality audits are conducted by Attendo, payors and authorities.

Read more about Attendo's quality work at www.attendo.com

Significant events in the second quarter

Acquisitions and divestments

- A small home care business in Stockholm was acquired in April.
- In May, Attendo acquired 51 percent of the shares in Aurio Hoiva Oy, a provider of home care services in Lahti, Finland, and surrounding areas. Aurio Hoiva Oy has about 250 customers.

Other information

Number of shares

The total number of shares is 161,386,592. Attendo holds 480,300 treasury shares and the total number of shares outstanding as of 30 June 2020 was thus 160,906,292.

Number of employees

The average number of employees was 18,659 (16,566) in the second quarter and 18,305 (16,468) in the first half.

Transactions with related parties

Transactions with related parties had a value of SEK 0m (0) during the period. All related-party transactions take place on market terms.

For further details, please refer to page 69 of Attendo's 2019 annual report.

Parent company, Attendo AB (publ)

The business of the parent company is to provide services to the subsidiaries and manage shares in subsidiaries. The company's expenses relate mainly to executive salaries, directors' fees and costs for external consultants.

Net sales for the period were SEK 6m (7), and were entirely related to services provided to subsidiaries. The loss for the year after net financial items was SEK -18m (-16). At the end of the quarter, cash and cash equivalents amounted to SEK 1m (0), shares in subsidiaries to SEK 6,494m (6,494), and non-restricted equity to SEK 5,977m (5,961).

Seasonal and calendar effects

Attendo's profitability is affected by factors including seasonal variations, weekends and national public holidays. For Attendo, public holidays and weekends have a negative effect on profitability mainly due to wage compensation for unsocial working hours. For example, profitability is affected by Easter in either the first or second quarter, depending on the quarter in which Easter falls, while the first and fourth quarters are affected by the Christmas and New Year's holidays.

Events after the reporting date

Attendo has divested its operations in Norway

Effective 1 July 2020, Attendo has divested its Norwegian operations to the non-profit organisation Lovisenberg Omsorg. Attendo's Norwegian operations consisted of five nursing homes, one in own operations and four operated under outsourcing contracts. Attendo has come to the conclusion that the conditions for private providers to develop operations in care for older people in Norway that are viable over the long-term do not exist. In connection with the divestment to Lovisenberg, Attendo has transferred one outsourced home in Stavanger to the municipality. In total, the Norwegian operations generated about SEK 370m in annual revenue and made a marginal contribution to Attendo's profits. The Norwegian operations are reported in the balance sheet per June 30 as assets and liabilities held for sale. These operations will be deconsolidated from Attendo as of the end of the second quarter of 2020.

Risks and uncertainties

Attendo conducts care and health care operations in the Nordics and is exposed to a number of different risks. Risk management, i.e. the work with identifying, managing and monitoring risks, is an important part of Attendo's operations and well-integrated in Attendo's day-to-day work.

Attendo divides identified risks into external risks, operational risks and financial risks. External risks related to the conditions for private companies to operate care businesses, political risks, regulatory risks and reputational risks. Operational risks refer to risks directly linked to Attendo's operations, such as occupancy, pricing and access to skilled employees. Financial risks are related to factors including access to capital, exchange rates, interest rates and liquidity.

The risks and a description of Attendo's risk management are presented in Attendo's annual report for 2019 on pages 24-27.

The corona situation presents serious challenges to Attendo's operations. The primary risks that are actualised, such as occupancy in our units and ensuring that we have enough employees capable of providing care in line with our high quality standards, are the same, however. We are working actively to manage these risks, and especially now in the highly unusual prevailing circumstances. At present, lower occupancy is the risk that is having the most short-term financial impact on the business. Due to the rapid development that has characterised both the spread of the Covid-19 virus and the measures that can and must be taken by Attendo and other social actors, there is significant uncertainty associated with all types of estimates of the operational or financial impact of the pandemic.

Accounting policies

The group applies International Financial Reporting Standards (IFRS) and interpretations from IFRIC, as adopted by the European Union, the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups and related interpretations and the Swedish Annual Accounts Act.

This interim report has been prepared according to IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act and should be read together with the annual report for 2019. The most significant accounting policies under IFRS, the reporting norm applied in preparing this interim report, are set forth in Note C1 on pages 49-53 of the annual report for 2019, which were applied to the preparation of this interim report.

As of the second quarter of 2020, Attendo has added "Items affecting comparability" as a line item on the income statement. Items classified as items affecting comparability are those where it is important to observe the effects on profit when profit for the period is compared with earlier periods, such as significant impairment losses and other significant, non-recurrent costs or income. Tax on items affecting comparability and tax items that are specifically classified as items affecting comparability are reported under "Tax" on the consolidated income statement. Items accounted for as items affecting comparability in a period are accounted for consistently in future periods by also reporting any reversals of these items as items affecting comparability. Segment reporting is presented before items affecting comparability, but items affecting comparability are allocated to the segments to which they refer in the notes to the financial statements.

Other and eliminations in the segment tables refers to costs for the head office and group eliminations.

The interim information on pages 1-14 is an integrated part of this financial report. The parent company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities.

The company's auditor has not reviewed the interim report.

Outlook

Attendo does not publish forecasts.

Attendo's Annual reports are available on www.attendo.com

The Board of Directors and the CEO certify that this half year report gives a fair view of the operation, profit and financial position of the parent company and the group, and that it describes all significant risks and uncertainties related to the parent company and group.

Danderyd, on July 23, 2020

Ulf Lundahl
Chairman of the Board

Catarina Fagerholm
Board member

Alf Göransson
Board member

Tobias Lönnevall
Board member

Suvi-Anne Siimes
Board member

Anssi Soila
Board member

Faya Lahdou
Board member
Union representative

Martin Tivéus
President and CEO

Financial reports

Consolidated Income Statement

SEKm	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	3,112	2,990	6,240	5,868	11,935
Other operating income	52	25	59	43	110
Total revenue	**3,164**	**3,015**	**6,299**	**5,911**	**12,045**
Personnel costs	-2,162	-2,114	-4,292	-4,038	-8,133
Other external costs	-531	-506	-1,044	-952	-1,972
Operating profit before amortization and depreciations (EBITDA)*	**471**	**395**	**963**	**921**	**1,940**
Amortization and depreciation of tangible and intangible assets	-318	-274	-628	-542	-1 128
Operating profit after depreciation (EBITA)*	**153**	**121**	**335**	**379**	**812**
Operating margin (EBITA), %*	*4.9*	*4.0*	*5.4*	*6.5*	*6.8*
Amortization of acquisition related intangible assets	-31	-35	-63	-71	-140
Operating profit (EBIT), excluding items affecting comparability	**122**	**86**	**272**	**308**	**672**
Operating margin (EBIT), excluding items affecting comparability %	*3.9*	*2.9*	*4.4*	*5.2*	*5.6*
Items affecting comparability	-971	-	-971	-	-
Operating profit (EBIT)	**-849**	**86**	**-699**	**308**	**672**
Operating margin (EBIT), %	*-27.3*	*2.9*	*-11.2*	*5.2*	*5.6*
Net financial items	-168	-137	-314	-272	-565
Profit before tax	**-1,017**	**-51**	**-1,013**	**36**	**107**
Income tax	42	12	41	-9	-26
Profit for the period	**-975**	**-39**	**-972**	**27**	**81**
Profit margin, %	*-31.3*	*-1.3*	*-15.6*	*0.5*	*0.7*
Profit for the period attributable to:					
The parent company shareholders	-976	-39	-973	27	81
Non-controlling interests	1	-	1	-	-
Basic earnings per share, SEK	-6.06	-0.24	-6.05	0.17	0.51
Diluted earnings per share, SEK	-6.06	-0.24	-6.04	0.17	0.51
Average number of shares outstanding, basic, thousands	160,901	160,877	160,897	160,872	160,877
Average number of shares outstanding, diluted, thousands	160,911	160,909	160,909	160,909	160,899

**Excluding items affecting comparability.*

Consolidated Statement of Comprehensive Income

SEKm	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Profit for the period	**-975**	**-39**	**-972**	**27**	**81**
Other comprehensive income for the period					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit pension plans, net of tax	-1	3	-12	-9	-3
Items that may be reclassified to profit or loss					
Exchange rate differences on translating foreign operations attributable to the parent company shareholders	-119	31	17	81	47
Other comprehensive income for the period	**-120**	**34**	**5**	**72**	**44**
Total comprehensive income for the period	**-1,095**	**-5**	**-967**	**99**	**125**
Total comprehensive income attributable to:					
The Parent company shareholders	-1,096	-5	-968	99	125
Non-controlling interests	1	-	1	-	-

Consolidated Balance Sheet

SEKm	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill	6,702	7,429	7,446
Other intangible assets	550	582	564
Equipment	1,052	801	874
Right of use assets	10,044	8,172	8,856
Financial assets	388	255	331
Total non-current assets	**18,736**	**17,239**	**18,071**
Current assets			
Trade receivables	1,052	1,078	1,090
Other current assets	312	621	400
Cash and cash equivalents	834	746	523
	2,198	**2,445**	**2,013**
Assets held for sale	19	381	186
Assets in operations held for sale***	174	-	-
Total current assets	**2,391**	**2,826**	**2,199**
Total assets	**21,127**	**20,065**	**20,270**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Parent company shareholders	4,852	5,804	5,831
Non-controlling interests	22	-	-
Total equity	**4,874**	**5,804**	**5,831**
Non-current liabilities			
Liabilities to credit institutions	2,722	3,276	2,836
Long-term lease liabilities*	9,995	7,824	8,640
Provisions for post-employment benefits	13	37	15
Other provisions	180	55	142
Other non-current liabilities	153	158	151
Total non-current liabilities	**13,063**	**11,350**	**11,784**
Current liabilities			
Liabilities to credit institutions	3	38	2
Short-term lease liabilities**	918	808	862
Trade payables	464	250	256
Short-term provisions	88	192	85
Other current liabilities	1,605	1,600	1,431
	3,078	**2,888**	**2,636**
Liabilities held for sale	4	23	19
Liabilities in operations held for sale***	108	-	-
Total current liabilities	**3,190**	**2,911**	**2,655**
Total equity and liabilities	**21,127**	**20,065**	**20,270**

** Long-term lease liabilities include car leases amounting to SEK 8m (7m) and SEK 12m for the full year 2019.*

*** Short-term lease liabilities include car leases amounting to SEK 25m (27m) and SEK 19m for the full year 2019.*

**** Refers to the Norwegian operations to be divested.*

Consolidated Cash Flow Statement

Operational cash flow (alternative performance measure), SEKm	Q2 2020**	Q2 2019	Jan-Jun 2020**	Jan-Jun 2019	Jan-Dec 2019
Operating profit (EBITA)*	153	121	335	379	812
Depreciation and amortization of tangible and intangible assets	318	274	628	542	1,128
Changes in working capital	249	105	448	28	-60
Paid income tax	-35	-64	-27	-144	-88
Other non-cash items	16	-5	23	2	8
Cash flow after changes in working capital	**701**	**431**	**1,407**	**807**	**1,800**
Investments in tangible and intangible assets	-122	-87	-240	-155	-345
Divestment of tangible and intangible assets	4	5	8	10	104
Operating cash flow	**583**	**349**	**1,175**	**662**	**1,559**
Interest received/paid	-7	-18	-22	-51	-100
Interest expense for lease liabilities of real estate	-144	-118	-280	-226	-473
Repayment of lease liabilities	-234	-177	-449	-381	-790
Free cash flow	**198**	**36**	**424**	**4**	**196**
Net change in assets and liabilities held for sale	149	11	196	70	260
Acquisition of operations	-55	-34	-114	-187	-239
Divestment of subsidiaries	-	87	-	87	87
Warrants	2	-	2	-	-
Dividends paid	-	-96	-	-96	-96
Repayment of loans	-150	-26	-225	-2,050	-5,388
New borrowings	-	-	68	-	2,789
Total cash flow	**144**	**-22**	**351**	**-2 172**	**-2,391**
Cash and cash equivalents at the beginning of the period	747	759	523	2,896	2,896
Effect of exchange rate changes on cash	-24	9	-7	22	18
Cash and cash equivalents at the end of the period	**867**	**746**	**867**	**746**	**523**

Cash flow according to IFRS, SEKm	Q2 2020**	Q2 2019	Jan-Jun 2020**	Jan-Jun 2019	Jan-Dec 2019
Cash flow from operations	550	295	1,105	530	1,227
Cash flow from investing activities	-24	-18	-150	-175	-133
Cash flow from financing activities	-382	-299	-604	-2,527	-3,485
Total cash flow	**144**	**-22**	**351**	**-2,172**	**-2,391**

**Excluding items affecting comparability.*
***Including the Norwegian operations to be divested.*

Consolidated Statement of Changes in Equity

SEKm	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Opening balance	**5,831**	**5,801**	**5,801**
where of non-controlling interests	**-**	-	-
Total comprehensive income attributable to:			
The Parent company shareholders	-968	99	125
Non-controlling interests	1	-	-
Transactions with owners			
Vested shares	1	-	2
Transactions with non-controlling interest	-15	-	-
Warrants	2	-	-
Share-savings plan	-	-	-1
Dividend	-	-96	-96
Total transactions with owners	**-12**	**-96**	**-95**
Non-controlling interests	22		
Closing balance	**4,874**	**5,804**	**5,831**

Segment in summary

SEKm	Attendo Scandinavia		Attendo Finland		Other and eliminations		Consolidated	
	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019	Q2 2020	Q2 2019
Net sales	**1,548**	**1,588**	**1,564**	**1,402**	**-**	**-**	**3,112**	**2,990**
Own operations	1,113	1,141	1,514	1,358	-	-	2,627	2,499
Outsourcing	435	447	50	44	-	-	485	491
Operating profit (EBITA)*	**175**	**130**	**-5**	**7**	**-17**	**-16**	**153**	**121**
operating margin (EBITA), %*	*11.3*	*8.2*	*-0.3*	*0.5*	*-*	*-*	*4.9*	*4.0*
Adjusted EBITA*	**126**	**99**	**-67**	**-41**	**-17**	**-16**	**42**	**42**
Adjusted operating margin (EBITA), %*	*8.1*	*6.2*	*-4.3*	*-2.9*	*-*	*-*	*1.3*	*1.4*

**Excluding items affecting comparability of SEK -971m in second quarter 2020.*

SEKm	Attendo Scandinavia			Attendo Finland			Other and eliminations			Consolidated		
	Jan-Jun 2020	Jan-Jun 2019	FY 2019	Jan-Jun 2020	Jan-Jun 2019	FY 2019	Jan-Jun 2020	Jan-Jun 2019	FY 2019	Jan-Jun 2020	Jan-Jun 2019	FY 2019
Net sales	**3,142**	**3,125**	**6,305**	**3,098**	**2,743**	**5,630**	**-**	**-**	**-**	**6,240**	**5,868**	**11,935**
Own operations	2,250	2,229	4,497	3,005	2,652	5,460	-	-	-	5,255	4,881	9,957
Outsourcing	892	896	1,808	93	91	170	-	-	-	985	987	1,978
Operating profit (EBITA)*	**340**	**291**	**715**	**31**	**123**	**163**	**-36**	**-35**	**-66**	**335**	**379**	**812**
operating margin (EBITA), %*	*10.8*	*9.3*	*11.3*	*1.0*	*4.5*	*2.9*	*-*	*-*	*-*	*5.4*	*6.5*	*6.8*
Adjusted EBITA*	**251**	**220**	**555**	**-89**	**17**	**-48**	**-36**	**-35**	**-66**	**126**	**202**	**441**
Adjusted operating margin (EBITA), %*	*8.0*	*7.0*	*8.8*	*-2.9*	*0.6*	*-0.9*	*-*	*-*	*-*	*2.0*	*3.4*	*3.7*

**Excluding items affecting comparability of SEK -971m in second quarter 2020.*

Net financial items

SEKm	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun, 2019	Jan-Dec 2019
Net interest expense (excluding lease liabilities for real estate)	-15	-14	-30	-31	-57
Interest expense, lease liabilities for real estate	-144	-118	-280	-226	-473
Other	-9	-5	-4	-15	-35
Net financial items	**-168**	**-137**	**-314**	**-272**	**-565**

Investments

SEKm	Q2 2020	Q2 2019	Jan-Jun, 2020	Jan-Jun 2019	Jan-Dec 2019
Investments					
Investments in intangible assets	2	2	6	6	18
Investments in tangible assets	120	85	234	149	327
Divestments of tangible and intangible assets	-4	-5	-8	-10	-104
Total net investments	**118**	**82**	**232**	**145**	**241**
Intangible assets acquired through business combination					
Goodwill	67	11	92	98	148
Customer relations	26	0	52	29	87
Other	0	0	0	0	0
Total intangible assets acquired through business combination	**93**	**11**	**144**	**127**	**235**

Financial assets and liabilities

SEKm	Level	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
Financial assets measured at fair value				
Trade receivables		1,052	1,078	1,090
Cash and cash equivalents		834	746	523
Total financial assets		**1,886**	**1,824**	**1,613**
LIABILITIES				
Financial liabilities at fair value through profit or loss				
Contingent considerations	3	0	29	0
Financial liabilities measured at amortised cost				
Borrowings		2,725	3,314	2,838
Lease liabilities		10,913	8,632	9,502
Trade payables		464	250	256
Total financial liabilities		**14,102**	**12,225**	**12,596**

The table shows the Group's significant financial assets and liabilities. Assets and liabilities recognized as loans and receivables, and other financial liabilities are valued at amortized cost. Fair value for all financial assets and liabilities are equal to the carrying value. For complete table and further information see Attendo's Annual report 2019, note C24.

Valuation technique

Level 3: The fair value of contingent considerations is based on estimated outcome from the contractual clauses in the share purchase agreements.

Pledged assets and contingent liabilities

SEKm	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
Assets pledged as collateral	74	76	73
Contingent liabilities*	4,496	4,899	5,040

** Leases of assets not yet in use are reported in contingent liabilities. Contingent liabilities also include a potential outflow of resources to complete acquisitions of real estate and operations from a few local authorities in Finland.*

Income Statement with IFRS16 impacts

The effects of the implementation of IFRS 16 leases on the income statement are shown below.

	Q2, 2020			Q2, 2019			Jan-Dec, 2019		
SEKm	**Reported**	**IFRS 16 effect**	**Excl. IFRS 16-effect****	**Reported**	**IFRS 16 effect**	**Excl. IFRS 16-effect****	**Reported**	**IFRS 16 effect**	**Excl. IFRS 16-effect****
Net sales	3,112		3,112	2,990		2,990	11,935	-	11,935
Other operating income	52		52	25	-2	23	110	-21	89
Total revenue	**3,164**		**3,164**	**3,015**	**-2**	**3,013**	**12,045**	**-21**	**12,024**
Personnel costs	-2,162		-2,162	-2,114		-2,114	-8,133		-8,133
Other external costs	-531	-373	-904	-506	-296	-802	-1,972	-1,263	-3,236
Operating profit before amortization and depreciation (EBITDA)*	**471**	**-373**	**98**	**395**	**-298**	**97**	**1,940**	**-1,284**	**655**
Amortization and depreciation of tangible and intangible assets	-318	262	-56	-274	219	-55	-1,128	913	-215
Operating profit (EBITA)*	**153**	**-111**	**42**	**121**	**-79**	**42**	**812**	**-371**	**441**
Operating margin (EBITA) %*	*4.9*		*1.3*	*4.0*		*1.4*	*6.8*		*3.7*
Amortization of acquisition related intangible assets	-31		-31	-35		-35	-140		-140
Operating profit, excluding items affecting comparability (EBIT)	**122**	**-111**	**11**	**86**	**-79**	**7**	**672**	**-371**	**301**
Operating margin (EBIT), excluding items affecting comparability %	*3.9*		*0.3*	*2.9*		*0.2*	*5.6*		*2.5*
Items affecting comparability	-971	137	-834	-		-	-		-
Operating profit (EBIT)	**-849**	**26**	**-823**	**86**	**-79**	**7**	**672**	**-371**	**301**
Operating margin (EBIT) %	*-27.3*		*-26.4*	*2.9*		*0.2*	*5.6*		*2.5*
Net financial items	-168	144	-24	-137	118	-19	-565	473	-92
Profit before tax	**-1,017**	**170**	**-847**	**-51**	**40**	**-12**	**107**	**102**	**209**
Income tax	42	-33	9	12	-8	4	-26	-20	-46
Profit for the period from continuing operations	**-975**	**137**	**-838**	**-39**	**32**	**-8**	**81**	**82**	**163**
Profit margin %	*-31.3*		*-26.9*	*-1.3*		*-0.3*	*0.7*		*1.4*

** Excluding items affecting comparability.*

*** This column shows adjusted EBITDA and adjusted EBITA.*

SEKm	Jan-Jun, 2020 Reported	IFRS 16 effect	Excl. IFRS 16-effect**	Jan-Jun, 2019 Reported	IFRS 16 effect	Excl. IFRS 16-effect**
Net sales	6,240		6,240	5,868		5,868
Other operating income	59		59	43	-6	37
Total revenue	**6,299**		**6,299**	**5,911**	**-6**	**5,905**
Personnel costs	-4,292		-4,292	-4,038		-4,038
Other external costs	-1,044	-724	-1,768	-952	-608	-1,560
Operating profit before amortization and depreciation (EBITDA)*	**963**	**-724**	**239**	**921**	**-614**	**307**
Amortization and depreciation of tangible and intangible assets	-628	515	-113	-542	437	-105
Operating profit (EBITA)*	**335**	**-209**	**126**	**379**	**-177**	**202**
Operating margin (EBITA) %*	*5.4*		*2.0*	*6.5*		*3.4*
Amortization of acquisition related intangible assets	-63		-63	-71		-71
Operating profit, excluding items affecting comparability (EBIT)	**272**	**-209**	**63**	**308**	**-177**	**131**
Operating margin (EBIT), excluding items affecting comparability %	*4.4*		*1.0*	*5.2*		*2.2*
Items affecting comparability	-971	137	-834	-		-
Operating profit (EBIT)	**-699**	**-72**	**-771**	**308**	**-177**	**131**
Operating margin (EBIT) %	*-11.2*		*-12.4*	*5.2*		*2.2*
Net financial items	-314	280	-34	-272	226	-46
Profit before tax	**-1,013**	**208**	**-805**	**36**	**49**	**85**
Income tax	41	-41	0	-9	-10	-19
Profit for the period	**-972**	**167**	**-805**	**27**	**39**	**66**
Profit margin %	*-15.6*		*-12.9*	*0.5*		*1.1*

** Excluding items affecting comparability.*

*** This column shows adjusted EBITDA and adjusted EBITA.*

Key Data

		Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Organic growth	%	3.9	1.4	4.8	1.6	2.1
Acquired growth	%	0.4	6.2	1.0	5.8	4.8
Changes in currencies	%	-0.2	1.4	0.5	1.9	1.7
Operating margin (EBITA margin) r12 *	%	-	-	6.2	8.1	6.8
Adjusted operating margin (EBITA margin) r12 *	%	-	-	3.0	5.2	3.7
Working capital**	SEKm	-	-	-778	-343	-283
Return on capital employed *, **	%	-	-	3.5	4.4	3.6
Net debt to equity ratio**	times	-	-	2.6	1.9	2.0
Equity to asset ratio **	%	-	-	23	29	29
Net debt / EBITDA r12 *, **	times	-	-	6.5	5.7	6.1
Adjusted net debt / adjusted EBITDA r12 *, **	times	-	-	3.3	3.3	3.6
Free cash flow	SEKm	198	36	424	4	196
Net investments	SEKm	-118	-82	-232	-145	-241
Average number of employees		18,659	16,566	18,305	16,468	16,499
Key data per share						
Earnings per share, basic	SEK	-6.06	-0.24	-6.05	0.17	0.51
Earnings per share, diluted	SEK	-6.06	-0.24	-6.04	0.17	0.51
Adjusted earnings per share, diluted	SEK	0.11	0.13	0.48	0.77	1.71
Equity per share, basic *	SEK	-	-	30.15	36.08	36.24
Equity per share, diluted *	SEK	-	-	30.15	36.07	36.24
Average number of shares outstanding, basic	thousands	160,901	160,877	160,897	160,872	160,877
Average number of shares outstanding, diluted	thousands	160,911	160,909	160,909	160,909	160,899
Number of shares, end of period	thousands	161,387	161,387	161,387	161,387	161,387
Number of treasury shares, end of period	thousands	480	509	480	509	496
Number of shares outstanding, end of period	thousands	160,906	160,878	160,906	160,878	160,890

** Excluding items affecting comparability*

*** Including the Norwegian operations to be divested.*

Quarterly Data

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Total net sales	2,802	2,818	2,878	2,990	3,013	3,054	3,128	3,112
– Net sales, own operations	2,233	2,302	2,382	2,499	2,521	2,555	2,628	2,627
– Net sales, outsourcing	569	516	496	491	492	499	500	485

SEKm	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Total net sales	2,802	2,818	2,878	2,990	3,013	3,054	3,128	3,112
– Net sales Scandinavia	1,601	1,563	1,537	1,588	1,584	1,596	1,594	1,548
– Net sales Finland	1,201	1,255	1,341	1,402	1,429	1,458	1,534	1,564
Operating profit (EBITDA) *	629	433	526	395	584	435	492	471
*Operating margin (EBITDA margin),% **	*22.4*	*15.4*	*18.3*	*13.2*	*19.4*	*14.2*	*15.7*	*15.1*
Operating profit (EBITA) *	375	176	258	121	294	139	182	153
*Operating margin (EBITA margin),% **	*13.4*	*6.3*	*9.0*	*4.0*	*9.8*	*4.6*	*5.8*	*4.9*
Profit for the period	149	-4	66	-39	94	-40	3	-975
Profit margin, %	*5.3*	*-0.1*	2.3	-1.3	3.1	-1.3	0.1	-31.3
Earnings per share basic, SEK	0.93	-0.02	0.41	-0.24	0.58	-0.25	0.02	-6.06
Earnings per share diluted, SEK	0.93	-0.02	0.41	-0.24	0.58	-0.25	0.02	-6.06
Adjusted operating profit (EBITDA) *	343	147	210	97	259	90	141	98
*Adjusted operating margin (EBITDA margin),% **	*12.2*	*5.2*	*7.3*	*3.2*	*8.6*	*2.9*	*4.5*	*3.1*
Adjusted operating profit (EBITA) *	297	98	160	42	204	35	84	42
*Adjusted operating margin (EBITA margin),% **	*10.6*	*3.5*	*5.5*	1.4	*6.8*	*1.1*	*2.7*	1.3
Average number of employees	17,087	15,789	16,370	16,566	16,984	16,163	17,950	18,659
Own operations								
Number of units in operation**	584	585	598	599	604	604	610	619
Number of beds in operation***	14,889	15,288	15,923	16,216	16,470	16,618	17,260	17,650
Number of beds under construction***	2,519	2,462	2,401	2,335	2,094	1,980	1,423	1,110
Number of opened beds (r12)***	2,486	2,409	2,282	1,752	1,867	1,950	2,186	2,042
Occupancy in own homes,%***	81	82	81	79	80	80	80	78

** Excluding items affecting comparability*

*** Refers to all units in Own operations.*

**** Nursing homes for older people, homes for people with disabilities and social psychiatry.*

Parent Company Income Statement

SEKm	Q2 2020	Q2 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales	3	4	6	7	13
Personnel costs	-7	-7	-14	-14	-26
Other external costs	-3	-3	-5	-5	-9
Operating profit	**-7**	**-6**	**-13**	**-12**	**-22**
Net financial items	-3	-2	-5	-4	-9
Profit after financial items	**-10**	**-8**	**-18**	**-16**	**-31**
Group contributions	-	-	-	-	48
Profit before tax	**-10**	**-8**	**-18**	**-16**	**17**
Income tax	-	-	-	-	-4
Profit for the period	**-10**	**-8**	**-18**	**-16**	**13**

Profit for the period corresponds to total comprehensive income.

Parent Company Balance Sheet

SEKm	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS			
Non-current assets			
Shares in subsidiaries	6,494	6,494	6,494
Total non-current assets	**6,494**	**6,494**	**6,494**
Current assets			
Receivables to group companies	5	0	49
Other receivables	8	11	1
Cash and cash equivalents	1	0	0
Total current assets	**14**	**11**	**50**
Total assets	**6,508**	**6,505**	**6,544**
EQUITY AND LIABILITIES			
Equity	**5,978**	**5,962**	**5,993**
Current liabilities			
Liabilities to group companies	513	530	538
Other liabilities	17	13	13
Total current liabilities	**530**	**543**	**551**
Total equity and liabilities	**6,508**	**6,505**	**6,544**

Information to shareholders and analysts

Financial Calendar

Interim report January-September 2020	23 October 2020
Year-end report January-December 2020	11 February 2021

Telephone conference

A telephone conference will be held on 23 July 2020 at 10.00 (CET) with Attendo's CEO Martin Tivéus and CFO Fredrik Lagercrantz. For participation please dial in on the following number:

SE:	+46 8 56 64 26 92
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Link to webcast

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This is information that Attendo AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out above at 08.00 CET on 23 July 2020.

Forward-looking information

This report contains forward-looking information based on current expectations of the Attendo's management. Although management deems that the expectations presented by such forward-looking information are reasonable, no guarantee can be given that these expectations will prove correct. Accordingly, the actual future outcome could vary considerably compared to what is stated in the forward-looking information, due to such factors as changed market conditions for Attendo's services and more general conditions regarding business cycles, market and competition, changes in legal requirements and other political measures, and fluctuation in exchange rates.

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Attendo's operations

Attendo is the leading private provider of care services in the Nordics. The company has operations in Sweden, Finland and Denmark. Attendo is the largest private care provider in Sweden and Finland. Attendo is a locally based company and has more than 700 units in operation in about 300 municipalities. The company has about 25,000 employees. With the vision of empowering the individual, Attendo provides services within care for older people, care for people with disabilities, social psychiatry and care for individuals and families.

Attendo provides services through two business areas, Attendo Scandinavia and Attendo Finland.

Attendo provides care services under two contract models:

- Own operations, where Attendo provides services in own controlled units/premises or provides home care in customer choice models. Attendo has own units within care for older people, people with disabilities, social psychiatry and care for individuals and families.
- Outsourcing operations, where Attendo provides services in publicly controlled units/premises or provides home care services based on outsourcing contracts. Attendo has outsourced units for care for older people, care for people with disabilities and care for individuals and families.

Local authorities (mainly municipalities) are usually the contracting authorities for a large majority of Attendo’s service offerings, but contract types and duration of contracts vary depending on the contract model and service offering. Own operations are normally based on framework agreements and outsourcing operations are based on outsourcing contracts, following a tender process. The contract period is typically 2-5 years.

Own operations

84%

Share of net sales

Outsourcing

16%

Share of net sales

Definitions of key data and alternative performance measures (APM)

Explanations of financial measures

Acquired growth (APM)	The net between the increase in the company's net sales from businesses and operations acquired during the past 12 months and loss of net sales from businesses and operations divested during the past 12 months.
Adjusted earnings per share (APM)	Profit or loss for the period attributable to the parent company shareholders excluding effects from amortization of acquisition-related intangible assets as well effects from the implementation of IFRS 16 and items affecting comparability and related tax items divided by the number of outstanding shares after dilution.
Adjusted EBITA (APM)	See the definition of operating profit (EBITA) below. Adjusted operating profit (EBITA) is operating profit according to the previous reporting standard IAS 17, i.e. excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.
Adjusted EBITDA (APM)	See the definition of operating profit (EBITDA) below. Adjusted operating profit (EBITDA) is operating profit according to the previous accounting standard IAS 17, i.e., excluding the effects of the implementation of IFRS 16. Car leases were reported as finance leases under the previous standard. Consequently, it is the effects of leases of real estate under IFRS 16 that differentiate operating profit from adjusted operating profit. See the income statement including effects of IFRS 16 for more information.
Adjusted net debt (APM)	See the definition of net debt below. Adjusted net debt is net debt according to the previous reporting standard IAS 17, i.e., excluding the IFRS 16 effect on lease liabilities attributable to right-of-use assets for real estate. See the table showing net debt calculation for more information.
Adjusted operating margin (EBITA) (APM)	Adjusted operating profit (EBITA) divided by net sales.
Adjusted operating margin (EBITDA) (APM)	Adjusted operating profit (EBITDA) divided by net sales.
Capital employed	Equity plus interest-bearing liabilities and provisions for post-employment benefits.
Cash and cash equivalents	Cash and bank balances, short term investments and derivatives with a positive fair value.
Earnings per share	Profit or loss for the period attributable to the parent company shareholders divided by average shares outstanding.
Equity/assets ratio	Equity divided by total assets.
Equity per share	Equity attributable to the parent company shareholders divided by average shares outstanding.
Free cash flow (APM)	Free cash flow is a measure of the cash and cash equivalents the group generates in operating activities and investing activities. The performance measure is defined as operational cash flow after changes in working capital, cash flow from investments in and divestments of tangible and intangible assets, as well as received/paid interest, interest expense for lease liabilities of real estate and repayment of lease liabilities according to IFRS 16. See the Consolidated cash flow table for reconciliation.
Items affecting comparability	Items whose effects on profit are important to pay attention to when profit for the period is compared with earlier periods, such as significant impairment losses and other significant, non-recurring costs or income.
Net debt (APM)	Net debt is a way of describing the group's indebtedness and its ability to repay its debt with cash and cash equivalents if all debts were to be due for payment today. Net debt is defined as interest-bearing liabilities plus provisions for post-employment benefits minus cash and cash equivalents. Net debt is presented both including and excluding lease liabilities attributable to right-of-use

	assets for real estate. See the section Financial position in this report for a reconciliation of net debt.
Net debt to equity ratio	Net debt divided by equity.
Net investments	The net of investments in and divestments of tangible and intangible assets, excluding acquisitions and divestment of operations as well as investments in and divestments of assets held for sale.
Organic growth (APM)	Attendo reports organic growth as a performance measure to show underlying sales development excluding acquisitions and currency effects. The performance measure is calculated as sales growth excluding acquisitions and changes in exchange rates. See Note C33 in the 2019 annual report for a reconciliation of the performance measure on a full year basis.
Operating margin (EBIT margin)	Operating profit or loss (EBIT) divided by net sales. Operating margin (EBIT margin) is presented including and excluding items affecting comparability.
Operating margin (EBITA margin)	Operating profit (EBITA) divided by net sales.
Operating profit (EBIT) (APM)	Attendo reports operating profit (EBIT) as a performance measure because it shows the development of operating activities independent of financing. Operating profit (EBIT) refers to profit before financial items and tax. Operating profit (EBIT) is presented including and excluding items affecting comparability. See the Consolidated income statement for a reconciliation of EBIT.
Operating profit (EBITA) (APM)	Operating profit (EBITA) is used as a performance measure because it shows the development of operating activities without the effect of amortisation and impairments of intangible assets from acquired companies and independently of financing. Operating profit (EBITA) refers to profit before amortisation of acquisition-related intangible assets, financial items and tax. Operating profit (EBITA) is excluding items affecting comparability. See the Consolidated income statement for a reconciliation of EBITA.
Operating profit (EBITDA) (APM)	Attendo reports operating profit (EBITDA) as a performance measure because it shows the development of operating activities independent of financing and investments. Operating profit (EBITDA) refers to profit or loss before depreciation, amortisation and impairments. Operating profit (EBITDA) is excluding items affecting comparability. See the Consolidated income statement for a reconciliation of EBITDA.
Profit (-loss) for the period	Profit or loss for the period attributable to parent company shareholders and non-controlling interest.
Profit margin	Profit or loss for the period divided by net sales.
r12 “rolling 12 months”	The sum of the period’s past 12 months.
Return on capital employed (APM)	Attendo reports return on capital employed because it shows profits in relation to the capital used in operations. The definition of return on capital employed is operating profit (EBIT) excluding items affecting comparability for the past 12 months divided by average capital employed.
Working capital (APM)	Working capital is a key performance measurement for optimising cash generation. The performance measure is defined as current assets excluding cash and cash equivalents and current interest-bearing assets minus current non-interest-bearing liabilities and provisions. Assets and liabilities held for sale are not included in working capital. See Note C33 in the 2019 annual report for a reconciliation of the performance measure on a full year basis.

Explanations of operating measures

Mature unit	Unit opened during the calendar year of 2017 or earlier, excluding units from the acquisition of Mikeva.
Occupancy	The number of occupied beds divided by the number of available beds. Occupancy is a weighted average in the last month of each reporting period.

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