

HUMANA ANNUAL REPORT 2019

# We drive the future of *welfare*



Humana



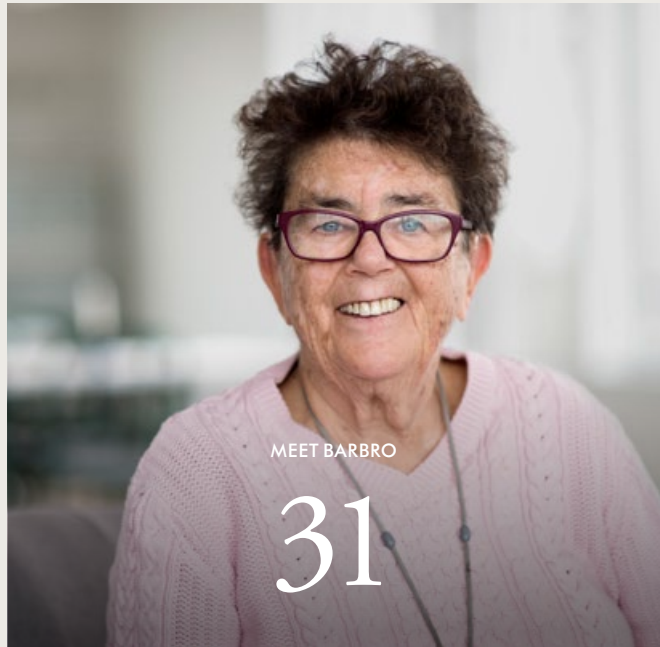
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**About the annual report.** The legally required annual report is on pages 14–23, 42–55 and 64–97 and the statutory Sustainability Report according to the Annual Accounts Act can be found on pages 14–23.



# We drive the future of *welfare*

HUMANA IS THERE for people with functional impairment, psychosocial disorders and mental illness as well as for the elderly. Our vision is “Everyone is entitled to a good life”.

With assignments in hundreds of municipalities, 9,000 customers and clients, 15,000 employees and several hundred units in Sweden, Finland, Norway and Denmark, we are today a major provider in Nordic welfare.

Humana manifests what quality care is all about. Our work is based on the individual’s circumstances and needs. And our care is grounded in scientific evidence and the best available know-how, and is provided by knowledgeable, dedicated employees. Both our own and external surveys confirm time and time again that we succeed in what we do.

But we won’t stop there. Continuous development to maintain the highest quality is an essential aspect for us. We intend to set a new, higher standard of care. This is how we drive the future of Nordic care and welfare.

*Everyone is entitled to a good life.  
Humana works to make this a reality.*

# About Humana

## Our business areas



### Individual and family care

Humana offers a range of care services that include housing, care and treatment for individuals with psychosocial disorders and mental illness in Sweden, Norway, Finland and Denmark. We also offer housing with special service, both under contract and under our own management.

**A major Nordic welfare provider**

**8,503**  
customers

**14,869**  
employees

**Strong market position in the Nordics**

①

Individual & Family  
Personal Assistance

②

Elderly Care

**Sales and profitability, 2019**

**7,467**  
revenues, SEKm

**369**  
operating profit, SEKm



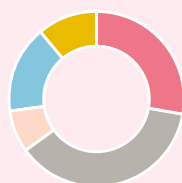
### Personal assistance

Humana provides personal assistance to individuals with functional impairments. The ambition is to give more people an opportunity to live a good life. Our customers are of all ages and are found all over Sweden and in Norway.

### Elderly care

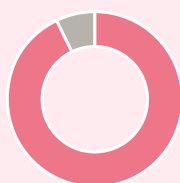
Humana provides elderly care through its high-quality homes for the elderly, either under own management or under contract, in Sweden and Finland. The number of elderly care home under own management is growing.

**Business areas, revenue distribution**



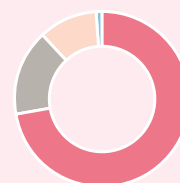
■ Individual & Family	28%
■ Personal Assistance	37%
■ Elderly Care	8%
■ Finland	16%
■ Norway	11%

**Focus on own management**



■ Own management	93%
■ Under contract	7%

**Geographical revenue distribution**



■ Sweden	73%
■ Finland	16%
■ Norway	11%
■ Denmark	0%



# Humana in 2019



## Humana grows in Finland

In April, Humana acquired the care company Coronaria Hoiva, a leading provider in elderly care and care homes in Finland. The acquisition doubled Humana's operations in Finland. Today, Humana Finland has 2,700 employees who provide care to 4,200 clients every day.

> [Read about Humana Finland on page 32](#)

## Systematic quality assurance initiatives yield results

The Humana Quality Model helps Humana monitor the quality of its operations. Our quality metric, the Humana Quality Index, is reported on a continuous basis and increased from 92 in 2018 to 94 in 2019, which is the highest figure to date. In the long term, the goal is to reach 100.

> [Read about Humana's quality work on page 16](#)



### Key ratios

	2019 <sup>1)</sup>	2018 <sup>1)</sup>
Operating revenue, SEKm	7,467	6,725
Operating profit, SEKm	369 <sup>2)</sup>	391
Operating margin, %	4.9 <sup>2)</sup>	5.8
Profit for the year, SEKm	187	245
Operating cash flow, SEKm	595	285
Interest-bearing net debt, SEKm	3,712	1,378
Interest-bearing net debt/adjusted EBITDA ratio	5.4	3
Average number of employees, full-time equivalents	10,175	9,782
Average number of customers	8,503	7,466

<sup>1)</sup> The 2019 figures include the effects of accounting standard IFRS 16, which took effect 1 January 2019. The 2018 figures exclude its effects, see more information in note P3.

<sup>2)</sup> Excluding the effects of IFRS 16 of SEK 46m, operating profit amounted to SEK 323m and operating margin totalled 4.3 percent.

83

Customer satisfaction index, 2019

1,047

more customers/clients in 2019



## Openings in Staffanstorp and Kungsängen

During the year, Humana opened two new elderly homes under its own management, one in Staffanstorp and one in Kungsängen. Together, the two new homes offer over 150 flats and large social areas for elderly persons who need support in their everyday lives.

> Read about Elderly Care on page 30

## Humana invests in leadership boost

During the year, an initiative called the Leadership Boost was launched to strengthen leadership at Humana. One part is a leadership programme that 110 managers have attended so far. Good managers form a basis for our employees to do a good job.

> Read about Humana as an employer on page 18



## 2 acquisitions and 37 properties sold

**Acquisition of Coronaria Hoiva Oy** in Finland with full-year revenues of approximately SEK 559m and 1,100 employees.

**Acquisition of Assistans på Gotland AB** with full-year revenues of approximately SEK 56m and approximately 115 employees.

**Sale of 37 commercial properties** in Finland, Sweden and Norway to Samhällsbyggnadsbolaget i Norden. Value of the property portfolio, transferred in a sale and leaseback transaction: SEK 468m.

## Continued growth in own management

**Two new elderly housing units** under own management were opened: Staffanstorp and Kungsängen with 72 respectively 80 flats.

**Five new elderly housing contracts** were entered in 2019, all with start of operations in the first half of 2021:

- Vallentuna, 60 flats
- Falkenberg, 60 flats
- Norrtälje, 80 plus 60 flats
- Ängelholm, 60 flats

**Five new LSS units** with special service housing under LSS were opened.

**In Finland, 15 new units were** opened: four residential units with special service, seven health and social care units for children and adolescents, four outpatient units.

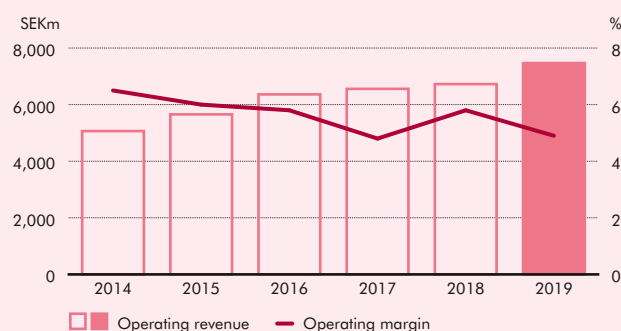
## Outsourcing contracts

**Seven contracts** for operation of LSS units in Sweden. Start of operations: 2019–2020:

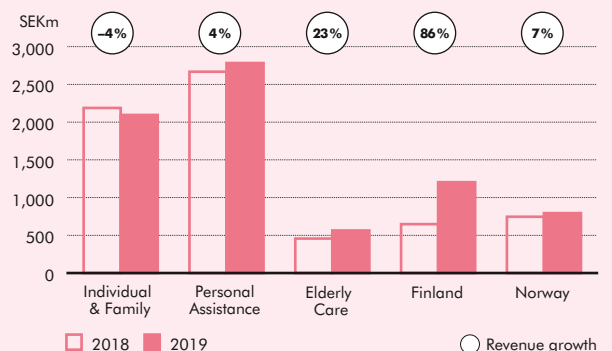
**Four contracts** for operation of elderly housing units in Sweden. Starting in 2020.

**30 new contracts in Finland:** residential units with special service, health and social care units, and outpatient units.

### Operating revenue and operating margin



### Operating revenue by business area



# An intense 2019 as our Nordic care group grew

In 2019, Humana took a definitive position as a leading Nordic care group. We had high activity, we grew, primarily in Finland and within Elderly Care in Sweden, and we had satisfied customers. Operating profit, on the other hand, was too low. To clarify the direction ahead – profitable growth – we created new financial targets starting from 2020. Humana plays an important role in welfare – we drive its future!

Every month, I receive an email from our colleagues in Uppsala. The email talks about their ongoing work with our core values. All units and all employees are involved. It not only makes for exciting reading, but serves as a reminder of what Humana's foundation is.

We are there for our clients and customers. And our employees are the most fundamental asset we have for meeting the needs of each individual customer and client. Our work on values and our internal training are important components for ensuring that we always remain relevant. We are constantly moving forward and evolving, which ultimately benefits all stakeholders. We drive the future of welfare.

## Review of our strategy ahead

In 2019, the private healthcare market in Sweden grew by 11 percent to nearly 7.5 billion kronor. This was well in line with our growth target. However, operating profit was weak at 369 SEKm, with an operating margin of just under 5 percent, which was below our profitability target. Acquisitions and new elderly care homes also increased our debt and exceeded our debt target.

During the autumn, together with our partially new board, we put considerable effort into reviewing our strategy. We found that we are operating in attractive segments where we also hold leading positions, but that there is a clear potential to strengthen profitability in several segments and to create greater stability and predictability in our operations. Moving forward, we will need to strongly prioritise where investments should and should not be made. In addition, we need to reduce debt.

## Profitable growth and the taxpayer's best friend

There are favourable underlying conditions for continuing to grow in a Nordic care market that is worth more than 640 billion kronor and is growing every year. This presents Humana with opportunities for continued growth, organically as well as through acqui-

sitions, while we deliver good quality and profitability. Both as a result of our strategic efforts and the new IFRS 16 accounting standard, the Board of Directors has revised the financial targets starting from 2020.

Why should Humana continue to grow? The simple answer is because we are needed. We are needed so that society can meet some of the major challenges that lie ahead of us. The Nordic region has a growing and ageing population, and the need for care interventions is increasing in tandem with the growing strain on municipal finances. The demographic challenge also means that a lower proportion of the population will be of working age. The municipalities will need to use tax money in the most effective way even if the need will also be greater for increased funding for care. In this respect, I can say that Humana already saves taxpayers around 1.1 billion kronor each year (2019) compared to a scenario where the municipalities themselves would have performed our services.

## A higher care standard

But Humana is also needed to improve the quality of care in the Nordics. We intend to set a new, higher standard in all the areas in which we operate. Whether it's developing welfare technology like our award-winning lighting solution for elderly homes, introducing and developing treatment methods based on science and proven experience in Individual and Family Care, or striving to be one of the Nordic region's best employers.

For two years in a row, we have won the Swedish AllBright Award as the most gender-balanced listed company, and we continue to rank among the top companies. I am especially proud that employees in our employee surveys highlight our values and our managers as reasons why they are satisfied with us as an employer. This lays a good foundation as competition for the best employees will increase in the future. In 2019, as many as 93,000 people applied for jobs at Humana. Our ambition is to continue to compare equally well with our competition.

## Doubling of operations in Finland

Let's take a look back at the business in 2019. During the spring, the Finnish company Coronaria Hoiva was acquired. The acquisition strengthened our position within elderly care and individual and family care, and Humana Finland doubled its size and became one of the largest care providers in Finland. During the rest of the year the focus was on integrating the new business, while continuing to grow organically by establishing new units. The new acquisition has not lacked challenges in terms of profitability, but the development is moving in the right direction. Unfortunately, following revelations of quality defects in a few providers, the political debate in Finland also contributed to a tougher market in which compensation levels have not been raised in line with increased staffing requirements and with higher regulatory pressures.

Our operations in Norway continued to develop in a very positive way, operationally as well as financially. Humana has also taken on a leadership role in the public debate on quality and freedom of choice, where we are often cited as a good example of both being private and providing high quality.

## A shift in demand

In recent years, Sweden has seen major changes in individual and family care, not least driven by a shift in demand. Despite high needs in society, demand is weak in the children and adolescents segment, resulting in lower occupancy in Individual & Family during 2019. I see, however, that our internal efforts to address this trend are moving in the right direction, and with new management in place we have further intensified efforts to boost occupancy. Not least, this involves better addressing future needs by adapting our care offering primarily within our residential care homes for children and adolescents. We also implemented measures to increase the flexibility of the cost base. In parallel with this work, we are investing in growth. During the year, we opened five





units offering special services under LSS and continue to grow in this area during 2020.

Personal Assistance remained very stable, and despite a somewhat declining market we gained market share in 2019. Quality services, high customer satisfaction and several acquisitions during the year contributed to this.

#### **Right to assistance will be restored**

But concern for the future continues among many individuals with the need for personal assistance. The background is the deterioration in recent years, with downright preposterous court rulings and their misinterpretations by Försäkringskassan, coupled with insufficiently low premiums on state reimbursement levels for assistance. It was therefore gratifying that the January Agreement stipulated that everyone who is entitled to support should receive it. The right to assistance for self-care, including breathing and tube-feeding, will be restored. Humana's advocacy contributed to this more positive development.

During the year, we continued to grow the elderly care business. Two new elderly housing units were put into operation, and we signed contracts for five new units with a scheduled opening in 2021. Our elderly



*Why should Humana  
continue to grow?  
The simple answer is  
because we are needed.*

housing also continued to perform very well in the National Board of Health and Welfare's annual national survey of all elderly care homes in Sweden. In total, Swedish elderly care, which is generally better than its reputation, had an average customer satisfaction index of 81 percent. Humana's properties ranked at 88 percent on average.

#### **Challenges create opportunities**

The quote machine Winston Churchill is known for having said that an optimist sees opportunities in every challenge. This holds true for Humana. We see the challenges in society, we see the needs of individuals, and

we understand that people want meaningful jobs with employers who have strong core values, fair working conditions and excellent leadership. We also see that challenges and needs create opportunities for a quality-driven provider like Humana.

At the time of writing, the world around us is facing more challenges than usual. The spread of the COVID-19 virus has demanded the spotlight over the past two months. Humana has procedures in place to manage the spread of infection in our workplaces – every year new contagious diseases emerge. The scale of this one, however, requires greater effort than usual and has prompted us to establish a crisis management organisation that fully focuses on riding this one out, too.

I'd like to end with a warm thank you to all employees, customers and shareholders for 2019!

Stockholm, 2 April 2020  
Rasmus Nerman  
*President and CEO*









# Business environment and *strategy*

The need for care is increasing, while national and local governments are struggling with daunting financial challenges. Humana provides high quality and cost-effective care to the Nordic welfare system. Our activities are governed by a sustainable strategy that focuses on quality, attractiveness as an employer, profitable growth and social responsibility.

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# Nine *trends* that are affecting the market for care services

Demand for care services is growing, and the need for innovative and cost-effective care services is accelerating. At the same time, the conditions for providing care services are changing. This development is being driven by several underlying trends. To meet the extensive needs and challenges in the Nordic welfare system of the future, every provider – public, private and non-profit – will play a vital role.

## An ageing population

Due to a higher standard of living and medical advances, together with ageing of the large post-war generation, seniors account for a dramatically growing number and share of the population in the Nordic region. In Sweden, the number of individuals over the age of 80 is expected to increase by 47 percent over the next 10 years. More seniors means more people with dementia and other age-related illnesses, which will further increase the need for support services and care for the elderly. There will be much greater demand for capacity in elderly care facilities.

▶ Humana’s expanding elderly care operations will contribute to meeting some of these needs. Today, up to one third of all new elderly care housing in Sweden is built by private sector providers.



*Sweden will need around 560 new elderly care homes by 2026.*

## Ageing properties

Many municipal properties in Sweden and Finland were built during the period 1960-1990, of which many have structural weaknesses. As a result, when properties that are used for elderly care and special service housing for the disabled require renovation, it is often equally or more economical to build new facilities. This, together with the growing share of seniors, is creating an enormous need for new care housing. Sweden will need around 560 new elderly care homes by 2026, while at the same time most municipalities have insufficient housing for individuals with functional impairments. The needs are similar in the other Nordic countries.

▶ Humana builds both new elderly care homes and group homes for individuals with functional impairments according to LSS.

## Increased mental illness

The rate of serious mental illness is on the increase. The diagnoses showing the highest growth are depression and severe anxiety. The share of the population in the age range 16-84 that is suffering from diminished psychological well-being has increased from 14 to 17 percent between 2006 and 2018. The share is highest among adolescents, women and individuals born outside Europe. The need for psychiatric and social interventions will remain substantial.

Few municipalities can meet the need for psychosocial interventions on their own, as they lack both breadth and cutting-edge expertise.

▶ As the Nordic region’s largest provider of individual and family care services, Humana enables more people to get the help they need.

## Greater demand for specialisation and personalisation

Greater prosperity also places greater demands on the welfare system. The expectations for quality care are high. One key trend that is changing the very foundations for care is the view of the individual and their right to be involved in decisions about their own care.

Person-centred care represents a transition from a model in which the client is the passive recipient of a medical or social intervention determined by the care staff, to a model where an agreement is made with the client, often in collaboration with their family, for active participation in planning and implementation of the patient’s own care. The National Board of Health and Welfare has developed a model called IBIC (individual needs in focus) that is aimed at providing the individual with assistance and support based on the person’s unique needs rather than the existing offering of solutions. This is creating a growing need for specialised interventions.

▶ Today Humana has one of the Nordic region’s largest combined offerings of specialist expertise in care for mental illness and psychiatric diagnoses.



## Talent management

A shortage of qualified labour is a growing issue in the care sector throughout the Nordics. There is already a major shortage of competencies such as nurses with specialist skills, assistant nurses and treatment assistants. In addition to the around 300,000 positions required to replace retiring staff, the Swedish care sector will have to recruit an additional 200,000 positions by 2028 to cope with the needs. Forecasts pointing in the same direction are also found in Finland, Norway and Denmark. Ensuring access to skilled labour is a crucial task in securing society's long-term ability to deliver the care that its citizens need and expect. Being an attractive employer will therefore be critical for success in the welfare system of the future.

▶ Humana is good at attracting employees with the right skills. Surveys show that Humana's employees are more motivated, more satisfied with their managers and healthier than care sector employees in general. In 2019, Humana received 93,000 job applications.

## Public finances under pressure

The elderly are not only growing in number, they are also growing as a percentage of the population, while the working-age population is shrinking. These changed demographics in which increasingly fewer people will need to support an expanding number of people in need of care applies to the entire Nordic region. This will create strain on public resources, as tax revenue will not increase at the same rate as costs. Municipalities already face major economic challenges, especially in Sweden and Finland. For example by 2026, Swedish municipalities and regions alone will have an estimated shortfall of SEK 90 billion if they are to deliver welfare services with the same staffing levels as today, all other things being equal. As a result, more innovative and significantly more cost-effective care will be required in the future.

▶ Humana provides high quality and cost-effective care, thereby saving enormous sums for the national and municipal governments every year in the Nordic region.

## Digitalisation and technical innovation

Technological advances and digitalisation have progressed at a slower pace in the care sector than in industry, and legal and ethical issues have sometimes also made it complicated to implement solutions. But all signs point to increased digitalisation of the care sector in the future. Properly used, digitalisation is a powerful tool for working smarter, reducing recruitment needs and meeting the growing need for care services. Digital solutions can also strengthen the autonomy of residents and clients by offering them new ways to manage their own care.

▶ With the aim of delivering the best possible health and social care, Humana collaborates with organisations such as technology and software companies, start-ups and academia. For several years, Humana has been using modern alarm systems, keyless doors, digitally signed prescriptions, various types of motion sensors and an innovative, award-winning computer-controlled lighting solution in elderly care homes.

## Politics and regulations

Nordic politics are fundamentally characterised by consensus and multi-partisan solutions when it comes to key issues related to care.

The Swedish government's 73-point programme erased some of the political uncertainty prevalent in Sweden during the autumn of 2018. And for the time being, the profit limit issue has been taken off the agenda. Instead, there have been positive signals such as greater competitive neutrality between public and private care providers and an expressed will to find solutions that improve the situation in personal assistance. At the local and regional levels, several administrations have taken a positive stance on diversity in the care sector.

In Norway, there is a need for private providers. But despite this, many Norwegian municipalities are negatively disposed. A political debate is ongoing. In Finland, the media has uncovered cases of understaffing in elderly care, which is assumed to have contributed to negative attitudes towards private care providers. This trend could lead to stricter requirements for regulation and monitoring.

▶ Tighter regulation, new requirements for permits from government authorities and a greater call for monitoring have been a general trend in the Nordic region for several years. As a major, responsible provider with a focus on quality, Humana welcomes this development.

## Sustainability is here to stay

The demands on care services are justifiably quite high, regardless of who is providing them. Furthermore, there is a growing imperative for sustainability – the public expects far-reaching accountability, not least from the business sector. The widespread support for the UN's sustainable development goals is a clear signal of the business sector's desire to make a positive contribution to sustainable development of society.

▶ Humana has been conducting systematic quality management for many years. Our vision, objective and strategy are about sustainability for the individual and society. Read more on pages 14–23, A sustainable strategy.

# The Nordic *care market* is huge

The care sector is a vital component of the Nordic welfare system. Its task is to support and strengthen people at different stages of life in the event of psychiatric and psychosocial problems, functional impairments or old age. The total care sector is worth SEK 640 billion, with the private market accounting for SEK 150 billion. Increasing needs are expected to generate ongoing market growth for many years to come.

## Sweden

**Ideology:** The individual’s right to autonomy and participation has been, and continues to be, a cornerstone of the Swedish welfare and care model, and has functioned as impetus for development of the market. After several years of political debate about private care providers and profit limits, this issue has now disappeared from the political agenda due to an agreement between several political parties. Instead, the focus has shifted to quality and cost-efficiency in pace with growing strain on municipal finances and an increasing need for efficiency improvements.

**Regulatory conditions:** The country’s 290 municipalities are responsible for the provision of care for children, adolescents, adults and the elderly. The primary laws that regulate this market are the Social Services Act and the Act Concerning Support and Service for Persons with Certain Functional Impair-

ments (LSS). The municipalities’ purchasing of services from private providers is regulated mainly by the Public Procurement Act (LOU) and the Act on System of Choice in the Public Sector (LOV). The regulatory requirements have increased in step with a greater diversity of providers. For example, foster care and contracted services have been subject to supervision within the framework of the Social Services Act since 2017.

**The care market:** The care market in Sweden is showing continued growth, fuelled by

both demographic factors and increased mental illness. The share of private care providers remains relatively stable and amounted to 26 percent in 2019. A few major players dominate the private market for care services. In addition, there are several thousand smaller private providers that together make up an important segment of the market. Both the market as a whole and the private market are expanding by around 4 percent annually. Consolidation of the market, driven by higher demand from contractors and customers, is expected to continue.

Market size	SEK 244 billion (2018)
Private share	26%
Humana’s position	#1 in individual & family care and personal assistance, minor provider in elderly care
Competitors	Ambea, Attendo, Team Olivia





## Finland

**Ideology:** In Finland, the care market is also moving strongly towards greater participation, autonomy and freedom of choice for the individual. Several highly publicised cases of maltreatment in elderly care homes under both private and public management led to intensive political discussion of topics like quality and staffing during the year.

**Regulatory conditions:** Finland’s over 300 municipalities have primary responsibility for care of the elderly and individuals with functional impairments and mental illnesses. The Social Service Act specifies which types of social services a municipality must offer and in which manner, and framework agreement procurements are the most common method through which municipalities purchase care services from external providers. Other important laws that regulate care services are the Child Protection Act and the Act on Welfare for Substance Abusers, as well as the Act on Disability Services and Assistance, which has regulated services like personal assistance since 2009 and is a statutory right in Finland. The so-called Sote Reform of health and social care in Finland has been under discussion and planning for several years. However, the reform has been pushed forward into the future, and at present it is unclear when and in which form it will be implemented. As a consequence of the debate

on quality in elderly care, there is now a proposed law to increase minimum staffing requirements in parts of the elderly care sector by 2023, but it is still too early to say how it will be worded in detail.

**The care market:** In Finland there is a need for more care services due to an ageing population and increased mental illness. In the care sector there is a clear tendency towards more open forms of care. For the municipalities, this development is also exacerbating the need for cost-efficiency and new working methods, a trend in which private providers will continue to play a critical role. Although there are a few dominant players, the market remains fragmented and the ongoing consolidation is expected to continue.

Market size	SEK 98 billion (2018)
Private share	40%
Humana’s position	#1–2 in individual & family care, #4 in elderly care.
Competitors	Attendo, Mehiläinen, Esperi

## Norway

**Ideology:** The individual’s right to autonomy is also a powerful driver in Norway, and the opportunities to choose between service providers are much greater today than a few years ago. For example, the so-called free treatment choice has been made a statutory right in health and social care. The political situation in Norway is polarised and certain parties are against the private provision of health and social care services.

**Regulatory conditions:** The Norwegian care market is the most heavily regulated in the Nordic region. Care services in the municipalities are regulated by the Act on Municipal Health and Care Services and the Child Welfare Act. Self-directed personal assistance (BPA) was introduced into the legislation in 2000 as a part of the Act on Municipal Health and Care Services, and in 2015 a decision was made to adopt BPA as a right that municipalities must grant if the hourly need is sufficiently high.

**The care market:** The rate of privatisation in Norway is around 10 percent, which is lower than in the other Nordic countries. The share of private providers varies between areas: a large share of 24-hour care for adolescents is performed by private and non-profit providers, while areas such as rehabilitation and home health care are handled primarily within the public sector. Like the other Nordic countries, Norway has a political will to reduce institutional care in favour of outpatient/home-based care. One expression of this is that self-directed personal assistance is growing.

Market size	SEK 176 billion (2018)
Private share	10%
Humana’s position	#2 in individual and family care and personal assistance (BPA)
Competitors	Stendi (Ambea), Ecura, Team Olivia

## Denmark

**Ideology:** In 2016 the government introduced so-called social mobility, where the vision is for more people to be part of the labour market and for fewer to be socially at risk. Based on this, they have defined ten concrete target areas in the social area that encompass children and adolescents, substance abuse and functional impairments.

**Regulatory conditions:** Social interventions are regulated by the Social Services Act and include children and adolescents, at-risk adults, adults with functional impairments and the elderly. Both the national and regional governments play an important role for the social interventions, but it is the municipalities that are responsible for providing and financing most of these measures.

**The care market:** The Danish market has been gradually opened to private providers and a significant share of care services has been long been performed by foundations and non-profit organisations. Market growth is relatively low but is estimated to remain stable.

Market size:	SEK 122 billion (2018)
Private share	25% (including non-profit)
Humana’s position	Minor provider
Competitors	Altiden (Ambea), Team Olivia

# A sustainable strategy

Humana’s vision is ultimately about sustainability at the individual level in our society. Our objective, where Humana has a significant role in the execution and development of Nordic care, presupposes sustainability. For that reason, sustainability is an integral part of our strategy. It permeates both our four strategic target areas and our core values – the cornerstones of our strategy.

Humana exists and acts based on the conviction that everyone is entitled to a good life, and this is also our vision. Humana’s overarching goal is to be the Nordic region’s provider of choice for care services among customers, clients and contractors with high quality standards. We can achieve this only if we are efficient and maintain high quality, so that we provide more and better services for the taxpayer’s money every day.

Our core business in care is inherently socially and economically sustainable for individuals and society. As a socially responsible provider Humana also strives to be environmental sustainable. Sustainability is therefore integrated into our strategy and all our processes through our four strategic target areas and our core values. In all these areas, we have clear goals to support our sustainability initiatives.

### High quality services

High quality is decisive for our customers, clients and contractors, and therefore also for

Humana’s operations. Because quality is defined by the individual’s own experience, our solutions must be unique and adapted to individual needs. We have our own control model for quality assurance – the Humana Quality Model.

### Attractive employer

Humana aims to be an attractive employer and the first choice for anyone who wants to work with care. We believe that some of the most important jobs are in welfare and we want to help increase interest in working in the care sector. We foster an inclusive corporate culture, strong leadership and a healthy and happy working environment. By offering meaningful jobs and good career development, we attract and retain the right employees.

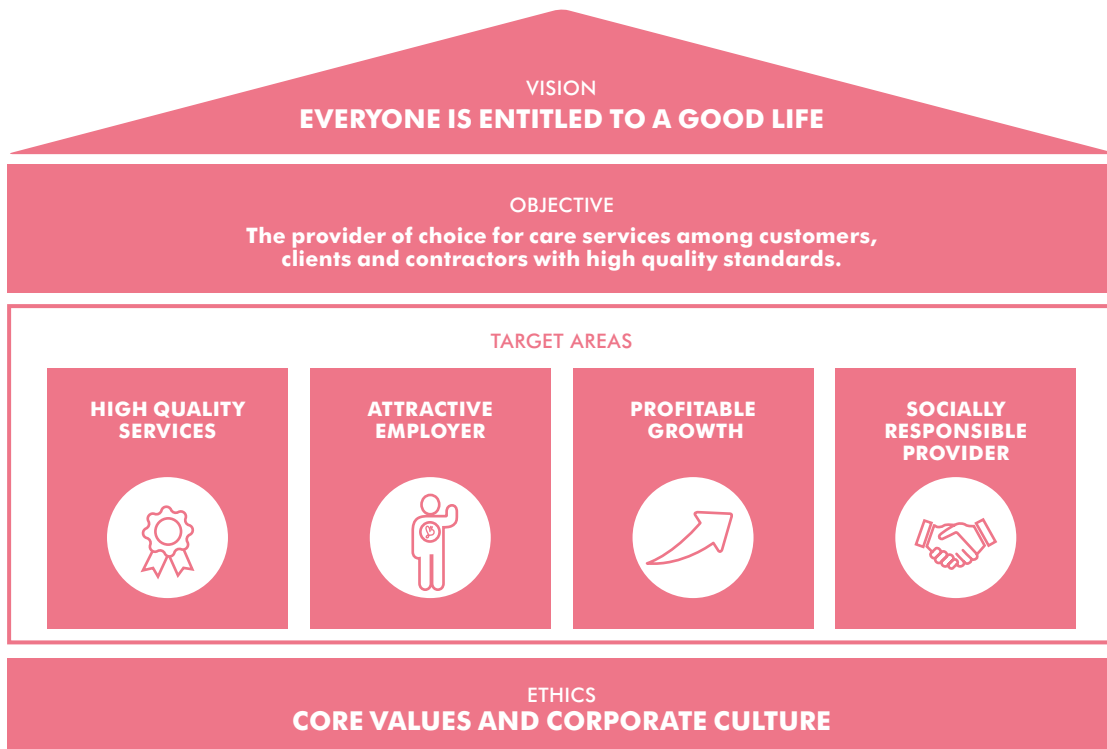
### Profitable growth

Humana is a company with a focus on long-term, sustained growth. We are growing with quality and profitability. Organic





growth will be attained by starting up new operations, gaining market share, and both broadening and deepening the content of our services. In addition, we continuously evaluate opportunities for acquisitions. If we continue to strengthen our position in the care market, we can help more people in the long run.

### Socially responsible provider

Humana is a modern care company and an important part of the Nordic welfare system today. With this role comes responsibility. Our foremost task is to make life better for our customers and clients by being a good employer. Furthermore, we want to contribute to a sustainable society by spreading knowledge and sharing experience from our areas of operation, exerting an influence in key industry issues and acting as an engine for diversity and inclusion. Finally, we also aim to help reduce environmental impact.



## Strategic targets

TARGET AREAS	INDICATORS	TARGET	OUTCOME 2019
<b>HIGH QUALITY SERVICES</b> 	<b>High quality</b> The Group shall strive for a high quality index Humana Quality Index, HQI	90	94
	<b>Customer/client progress</b> In Humana's operations, all customers/clients are offered an individual plan with personal goals that is followed-up regularly. Share of our customers/clients whose individual plans have been followed as scheduled.	70%	88%
<b>ATTRACTIVE EMPLOYER</b> 	<b>Satisfied and loyal employees</b> An industry-leading Employee Net Promoter Score (eNPS) Employees who give a 9 or 10 on a 10-point scale when asked if they would recommend their company as an employer.	20%	20%
	<b>Equality</b> Gender balance among senior managers, i.e. line managers at business area level and in Group management.	40–60% women	58%
<b>PROFITABLE GROWTH</b> 	<b>Revenue growth</b> Annual increase in revenue through organic growth and bolt-on acquisitions.	2019: 8–10% 2020–: 5% organic growth, in addition acquired growth can yield 2–3%	11%
	<b>Profitability</b> Operating margin	2019: 6% <sup>1)</sup> 2020–: 7% <sup>2)</sup>	4.3%, excl IFRS 16 effect (4.9% incl IFRS 16 effect)
	<b>Capital structure</b> Interest-bearing net debt in relation to EBITDA. Temporarily, such as during an acquisition, debt may exceed the target level.	2019: 3.0 <sup>1)</sup> 2020–: 4.5 <sup>2)</sup>	4.0 excl IFRS 16 effect (5.4 incl IFRS 16 effect)
<b>SOCIALLY RESPONSIBLE PROVIDER</b> 	<b>Inclusiveness</b> Number of jobs created for people who are far outside the labour market.	2017–2019: 500 over the three year period	>500
	<b>Sustainability</b> Humana will make progress on all key sustainability goals.	Yes	Yes
<b>CORE VALUES AND CORPORATE CULTURE</b>	<b>Vision</b> In the long term, Humana's employees shall be aware of the company's vision.	2019: 93% Long-term: >95%	86%
	<b>Values</b> Employees awareness that values are what guide Humana.	2019: 3.9 (highest rating = 5)	3.9

<sup>1)</sup> Targets for 2019 do not include the effects of IFRS 16.

<sup>2)</sup> Targets for 2020 include the effects of IFRS 16.

HIGH QUALITY SERVICES

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PROFITABLE GROWTH

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SOCIALLY RESPONSIBLE PROVIDER

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# High quality services

Continuous development to maintain the highest quality is an essential aspect of Humana’s operations. To monitor our quality management, we have our own control model for quality assurance, the Humana Quality Model. Through our quality assurance initiatives, we strengthen our own operations, but our ambition is to also inspire and help improve the quality of the entire care industry.

## Quality according to Humana

Humana’s pursuit of high and consistent quality rests on four cornerstones. By focusing on these aspects, we lay the foundation for good results on behalf of Humana’s customers and clients.

- Individualised solutions**  
 Customers and clients always come first. This is necessary for us to practice what we preach – we believe everyone is entitled to autonomy, integrity and a good life. Furthermore, every person is unique, so our solutions also need to be.
- Core values**  
 Our shared core values are the basis for both our strategic planning and day-to-day contact with customers, clients and contractors. The commitment, sense of responsibility and happiness of our employees make Humana the leading care provider.
- Evidence-based practices**  
 Humana’s specialists provide medical and psychosocial care and treatment based on the best available knowledge and evidence-based methods. In addition, Humana

conducts and contributes to research projects at universities and colleges. Read more about evidence-based work below.

- A high level of expertise**  
 Humana is a business made by people, for people. We recruit dedicated individuals and offer continuous development. Our staff includes experienced psychologists, doctors, social workers, legal experts, nurses, assistant nurses and treatment assistants.

## Based on studies and evidence

For Humana, evidence-based methods are central in ensuring high quality care for customers and clients. This means that based on the best available knowledge, we design, apply and evaluate the treatment methods that are in demand. Two examples of this are the Treatment Foster Care Oregon (TFCO) and Connect methods.

TFCO is designed for adolescents and families with serious problems that may call for placement in foster or residential care (HVB<sup>1)</sup>. The adolescents and parents are separately trained in new behaviours and skills with a goal towards reuniting or foster/resi-

dential care. TFCO is grounded in social learning theory and has been shown to result in excellent treatment outcomes and cost savings for society.

Connect is a structured programme that supports parents, foster homes and treatment staff. The programme is based on the fundamental principles of connection, relationships, communication patterns and child development. The aim is to help parents and other caregivers find a new understanding of the child’s and their own behaviours and reactions, and in the long run change their caregiver role.

Humana holds licenses for both methods in the Nordic countries.

## Collaboration with researchers

Humana invests in research to obtain a stronger scientific basis for the methods we use, and in general to contribute to furthering knowledge in our areas. First and foremost, we help by providing access to our operations and working methods. Humana’s method developers play a vital role in collaborations with researchers and projects.

During the year, Humana initiated a study in association with senior lecturer Arne Lowden at Stockholm University. The aim is to study how lighting in elderly care homes affects factors like well-being and sleep among the residents. The project will be evaluated after two years.

## Management systems for quality every day

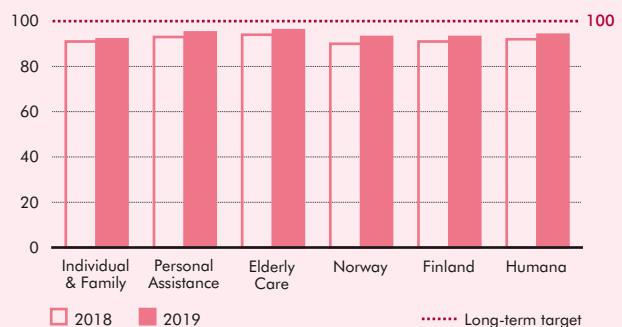
We believe that equal parts dedication and structure are required to ensure high and consistent quality in our operations. We are aided by the management system Parus

<sup>1)</sup> Foster and residential care (HVB): Foster and residential care consists of homes professionally managed under the supervision of the social services that accept individuals for care or treatment in a residential setting. Foster and residential care is a collective term for institutions of various types.

## Humana Quality Model

Humana uses the Humana Quality Model as its control model. The goal is to measure, monitor and enhance quality in all operations. The model is made up of two dimensions: The Humana Quality Index, HQI, which is an aggregate quality metric for the Group, and follow-up of individual plans that are aimed at monitoring the development of individual customers and clients.

Humana Quality Index, HQI



The indicators are measured on a scale of 1–100 and weighed together in an index with a long-term target for Humana, which is 100. In 2019 Humana’s HQI reached 94, an improvement from the previous year, which was 92.

(process, activity, routine, follow-up, teamwork). In the past year the implementation of Parus was completed in the Swedish and Norwegian operations (to be completed in Finland and Denmark in 2020). The implementation involved a harmonisation of policies, processes and work procedures. The management system makes it easy for the user to navigate different processes and find the activity that needs to be carried out in each situation. In the future, we will develop capacity to perform risk analyses, follow up goals and carry out internal inspections with the help of Parus.

**Control with the Humana Quality Model**

Humana uses the Humana Quality Model as its control model. The goal is to measure, monitor and enhance quality in all operations. The model is made up of two dimensions: One is the Humana Quality Index, HQI, which is an aggregate quality metric for the Group. The other is follow-up of individual plans that are aimed at monitoring the development of each customer and client.

**Humana Quality Index, HQI**

The HQI applies to both customers and employees and includes both objective and subjective indicators. More specifically, the HQI consists of seven key performance indicators: customer satisfaction, serious deviations, employee satisfaction, leadership index, workplace attendance, Humana’s values, and training in the Humana Academy.

The index’s maximum value and Humana’s long-term target is 100. In 2019 the HQI amounted to 94, compared to 92 the year before.

**The individual’s situation**

The other dimension of the Humana Quality Model is focused on the individual client’s needs and development. Each client should have an individual plan with personalised targets and should take part in drawing up and reviewing the plan regularly. In elderly care, the targets are aimed mainly at creating quality of life on the individual’s terms. For adolescents in residential or foster care, the targets define goals for the individual’s development. For example, they can be concerned with completing their education or eliminating self harm behaviours.

We report the share of clients whose individual plans, which Humana has set up together with the client and the customer, have been followed up as planned. The results are reviewed monthly. During the year, Norway showed the greatest improvement in follow-up of individual plans as planned. For Humana, the results for 2019 showed that 88 percent of individual plans were followed up as planned. The target for 2019 was 70 percent. The long-term goal is for all operations is to reach at least 98 percent.

**Transparent about quality**

The quality of our care is accounted for in the Company’s annual quality report, and as of 2019 also in quarterly quality reports. Here, Humana presents the HQI and follow-up of individual plans. Information about serious deviations, Lex Sarah and Lex Maria is found on humana.se.

Humana’s quality management should help reduce serious deviations in operations. Employees are encouraged to report deviations so that events can be analysed, and mistakes are not repeated. To promote continuous devel-

opment, our company is meticulous about openly communicating Humana’s quality and deviations both internally and externally.

**Customer and client views of Humana**

To compare and develop Humana’s areas of activity, there is a joint customer/client satisfaction index, CSI. Furthermore, each business area also conducts more in-depth customer/client satisfaction surveys. The CSI for 2019 was 83, one point lower than last year’s 84, but this is the first year in which we have been able to compare all business areas based on the same issues.

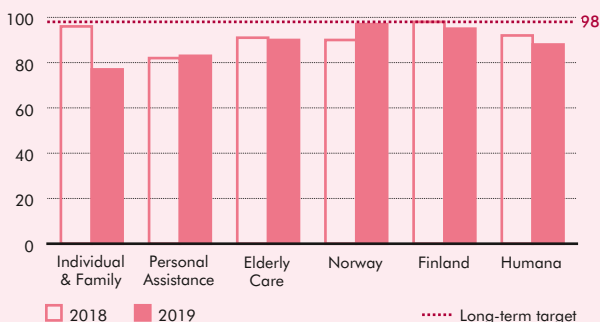
In elderly care, the Swedish National Board of Health and Welfare conducts an annual national user survey. In the 2019 survey, private providers were once again ranked more highly than public ones. Humana performed well in the competition. The share of satisfied customers in Humana’s elderly care was 88 percent, which can be compared to an average of 81 percent for all elderly care homes in Sweden, both municipal and privately managed.

**Privacy and information security**

Given Humana’s area of operations, information security is critical. Humana has a special organisation with data protection officers in each country and a coordinator at the Group level. Humana analyses incidents and is obligated to report serious incidents to the Swedish Data Inspection Board within 72 hours.

In 2019 Humana experienced 53 personal data breaches in Sweden, of which 8 were reported to the Data Protection Authority. In Norway 35 incidents occurred, in Finland 29 and in Denmark 1, of which 1, 0 and 0 incidents were reported to responsible authority.

**Individual’s situation, share of followed-up plans**



The follow-up rate differs between the business areas. The largest positive change in 2019 was measured in Norway, where the follow-up rate rose to 97 percent. The numbers are followed monthly. The long-term goal is for all operations is to reach at least 98 percent.





# Attractive employer

A job at Humana means dedicating your working day to giving other people a good life. As an employer, Humana wants to offer our employees good advancement opportunities and good leadership.

## Humana’s employees

Almost 15,000 employees work at Humana. Some of us work at one of Humana’s hundreds of units, while our personal assistants work wherever the customer is – at home, at work or out and about.

The most common occupational categories at Humana are personal assistant, treatment assistant and nursing assistant. We also have nurses, psychologists, psychotherapists and other interesting positions. Altogether we have very broad and deep knowledge of care.

Humana’s ambition is to be the preferred choice for anyone who wishes to pursue a career in care and help other people have a good life. The number of people applying to Humana is increasing by the year. In 2019 we received 93,000 job applications.

Our policies for work environment, diversity and inclusion are treated as part of Humana’s sustainability policy. Group Management and specifically the Director of Human Resources are responsible for all HR-related matters. This responsibility is then delegated to the respective operational managers. The Director of Quality and the quality function are responsible for Humana Academy, which is Humana’s own training organisation, and most of the Group’s continuing professional development.

## Rewarding career path

The care industry has a bright future, and Humana as well as the entire industry are always in urgent need of new employees. Recruitment is crucial for being a successful quality care provider, and Humana really strives to have the right person in the right place. Those who work in the care profession make a real difference for others, every day. Contributing and growing both professionally and individually are what employees appreciate most about Humana.

## Moving ahead with Humana Academy

Through Humana Academy, our employees have access to quality-assured professional development in areas such as the work environment, customer interaction, quality, leadership and legislation. Around 40 of the courses are web-based and can be taken according to need and individual planning. In addition, instructor-led courses and workshops are offered for specific subject areas and roles. All employees can sharpen their skills since every course is available to everyone. Humana Academy is used extensively. In 2019, 14,652 courses were taken.

## Internal mobility

Humana believes in internal mobility, both within and between our business areas and countries. By facilitating and encouraging development and career paths within

Humana, we are also able to retain our talented employees for long periods of time.

## Introductory jobs

Humana offers jobs to people who are far outside the labour market. This is done in collaboration with organisations like the Swedish Public Employment Service and Samhall. The goal was to provide 500 jobs (with employment support and other forms) from 2017 to 2019 in the Nordics to people who are far outside the labour market. That goal was achieved.

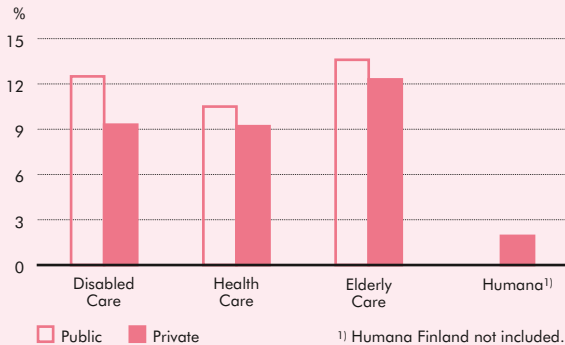
## Humana boosts leadership

Good managers are central to employee well-being and a prerequisite for doing a good job and thus for Humana’s success. Humana seeks managers who can lead both people and operations.

The employees give Humana’s leaders high marks in our employee surveys. It is gratifying but we are not content. For that reason, in 2019 Humana started an initiative to further strengthen leadership in the company. The initiative, called the Leadership Boost, is focused on three areas: attracting and recruiting leaders; evaluating, developing and retaining the top leaders; and supporting managers in their everyday work.

In addition, a Group-wide leadership programme was launched. The programme is a long-term initiative aimed at equipping Humana’s managers to deliver on our targets, strengthening unity in the Group, encouraging managers to stay longer, securing leadership succession, and, not least, creating good conditions for all employees. The programme consists of four modules that run for 9–12

## Sick leave (long-term)



Humana’s employees have a lower long-term sick leave, 1.9 percent in 2019 (Humana Finland not included), than the public sector. Two possible reasons for this are clear leadership and great commitment, areas on which Humana has good results in our employee survey.

76

Employee satisfaction index, 2019

14,652

internal courses completed at Humana Academy, 2019





months. The focus is on the leadership attributes that are part of Humana's leader profile: self-awareness, communication, relationship building, results orientation, professionalism and customer focus. During the year, 110 managers began the programme.

In addition to the new leadership programme, Humana offers introductions for new managers, a web-based management school and mentorship programmes as needed.

#### **A Humana for everyone**

Humana works actively to promote gender equality and diversity, and to prevent harassment, workplace bullying and discrimination. This work is done in our recruitment and other areas. For example, we ensure that candidates of different genders are represented in the final phase of recruitment when managers are hired. These efforts have yielded results: at the year-end, 58 (53) percent of Humana's senior executives were women. In the Group, 69 (68) percent of all employees are women and 31 (32) percent are men. Humana's goal is to attract more men to areas dominated by women.

Humana's gender equality initiatives are award-winning. In 2017 and 2018, Humana was named the stock exchange's most gender balanced company and received the AllBright Prize. In 2019 we were nominated again. Humana also aims for at least 20 percent of

managers to have an international background defined as either being born outside the Nordic countries, having at least one parent born outside the Nordics or having lived outside one's homeland for more than three years. In Group management, 20 (20) percent have an international background. In the entire Group, it is estimated that one third of the employees were born outside the Nordic region. Humana's efforts to be a more open and inclusive employer include a collaboration with the Swedish Federation for LGBTQI Rights (RFSL) and parts of Humana's operations are HBTQ certified.

#### **A pleasant work environment**

Humana takes systematic steps to offer a secure and pleasant work environment. These efforts are based on the Group's occupational health and safety policy and are handled within the respective operations. Our various places of work are associated with different occupational health and safety risks. For example, it is challenging that about 9,000 employees, our personal assistants, among others, have our 1,900 assistance customers' homes as their workplace. Work safety is part of the introductory training for our personal assistants. In Individual & Family, there are special procedures for risk assessment and risk management. In elderly care, we have introduced so-called positive safety inspections where the focus is

on highlighting and spreading good efforts and results. Lastly, our active core value efforts contribute to developing the work environment, among other things with the help of our core value leaders and by featuring Humana's values as a standing item on the agenda of workplace meetings.

Our workplaces are adapted for employees and visitors with functional impairments. In addition to providing room for differences in our physical work environment, we also promote the social work environment through a good atmosphere and teamwork.

Good physical, mental and social work environment leads, among other things, to a high level of healthy presence. Humana's employees had a short-term sick leave in 2019 at 2.9 percent and a long-term at 1.9 percent (Finland not included). High presence favors not just employees and clients, but also the taxpayers.

#### **Employee views of Humana**

Humana's annual employee survey shows that all efforts to create a welcoming atmosphere and good work environment pay off and are appreciated. Of all employees, 74 (74) percent state that they feel very involved at work and 84 (84) percent experience a high level of commitment. Among personal assistants, 94 (90) percent feel pride in their work.

The year's result in the Employee Satisfaction Index was 76 (73).

# Profitable growth

Humana is a company with a focus on long-term, sustainable growth. We are growing with quality and profitability. Our target from 2020 and on is a margin of 7 percent and annual organic growth of 5 percent, with a potential for additional annual growth of 2–3 percent from acquisitions, and debt not exceeding 4.5 times EBITDA.

### Organic growth

Humana achieves organic growth by broadening and deepening our existing offering and by starting up new operations.

Humana’s plan includes growth in elderly care and LSS in Sweden, and in adolescent care in Finland. This will mainly be done by establishing new units under our own management.

### Own management

In elderly care, Humana opened two new elderly care homes under own management in Staffanstorp and Kungsängen with a total of 152 beds. Humana also signed contracts for the construction of five new elderly homes under own management in Vallentuna, Falkenberg, Norrtälje (2) and Ängelholm. Altogether, they will have room for 320 occupants, and operations are expected to start in the first half of 2021.

Humana has also started five new LSS units with special service housing under LSS.

In Finland, 15 new units were opened during the year: four residential units with special service, seven health and social care units for children and adolescents and four outpatient units.

### Acquisition-driven growth

Humana complements and accelerates growth through acquisitions. Humana’s acquisition strategy has three primary aims:

- to strengthen geographical presence, existing operations and/or the degree of specialisation in the offering through small bolt-on acquisitions.
- to drive innovation and complement existing operations with new service areas where Humana sees growth potential, which can contribute to creating a broader service offering.
- to achieve volume and economies of scale.

### Continuous evaluation

Humana continuously evaluates new markets, both geographical and content-wise, and opportunities for acquisitions in line with the Group’s strategy. Potential additions are carefully analysed prior to acquisition. We seek operations that have growth potential and whose core values, leadership and quality are consistent with Humana’s, so that we can build a bigger and stronger organisation able to help more people have a good life.

### Acquisitions in 2019

In April 2019, Humana acquired the Finnish company Coronaria Hoiva Oy with around 1,100 employees and annual revenue of EUR 53m (then approximately SEK 559m). The company was valued at EUR 71 million. The acquisition has strengthened Humana’s position in social psychiatry for adults, housing with special services for persons with functional impairments (LSS) and elderly care, and has become one of the largest care providers in Finland.

Humana also acquired the assistance services company Assistans på Gotland AB. The company’s annual revenue amounts to approximately SEK 56 million and it has around 115 employees.

The acquisitions, above, contributed SEK 479m to consolidated revenue in 2019.

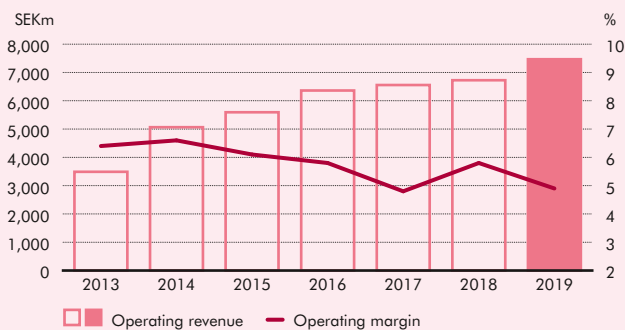
### Growth that saves society money

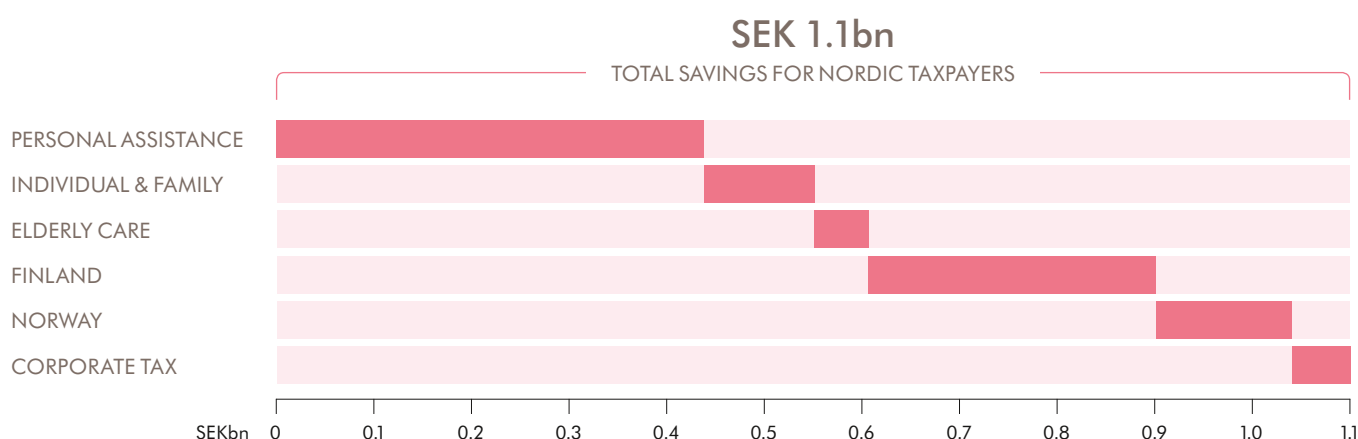
Every effort will be needed to meet future care needs. Allowing Humana to provide care services means taking responsibility for state funds. Humana shows that quality care goes hand in hand with a healthy national economy. The care provided by Humana in 2019 at the same time contributed over SEK 1 billion in taxpayer savings compared to if these operations had been under national, regional or municipal management.

### Profitability

Humana will grow with a continued focus on profitability and quality. And Humana has a history of growth with stable margins. For the past five years, Humana has had an

### A history of revenue growth and stable profitability





Humana saved Nordic taxpayers SEK 1.1bn in 2019<sup>1)</sup> compared to if states, regions and municipalities had run the operations themselves. We can do this through an efficient use of resources and effective treatment methods.

<sup>1)</sup> The calculation is made by using public sources to estimate what municipalities and the state pay for different kind of care when offered under their own management and then compare it with what they have instead paid to Humana for the equivalent care services. Sources used are SKR, Statistics Sweden, NHO Service, Statistics Norway, Lastensuojelun Raportti, Swedish Prison and Probation Service, Statens institusjonsstyrelse (SIS), SBU, available municipal and county council reports, Humana management estimates.

annual average operating margin of 5.2 percent, while keeping an annual average revenue growth of 7.2 percent. The operating margin for 2019 was 4.9 (5.8) percent. Excluding the effects of IFRS 16, the margin totalled 4.3 percent. The lower margin compared with 2018 is mainly due to a lower occupancy in Individual & Family, as well as weak profitability in the new operations in Finland.

#### Debt

Humana's results have in recent years also contributed to a gradually declining level of debt. During 2019, however, debt increased as a result of increased borrowings in con-

junction with the acquisition of Coronaria Hoiva in Finland.

#### Financial targets

During the autumn of 2019 the Board of Directors and Group management did a strategic review of Humana that resulted in an updated business plan. As a result of this review, the Board also decided to revise the financial targets for 2020.

The revised financial targets, which are effective as of 2020, are as follows after considering the new IFRS 16 Leasing accounting standard and Humana's financial position:

- **Profitability.** An operating margin of 7 percent over the medium term.

- **Revenue growth.** Annual organic revenue growth of 5 percent over the medium term. Bolt-on acquisitions may generate additional annual growth of 2–3 percent.
- **Capital structure.** Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating results before depreciation, amortisation and impairment. Debt may temporarily exceed the target level, which may happen during acquisitions.

#### Outcome financial targets 2019

See the follow-up of the financial targets for 2019 compared to the 2019 outcome in the table below.

#### New financial targets as from 2020:

**Profitability.** An operating margin of 7 percent over the medium term.

**Revenue growth.** Annual organic revenue growth of 5 percent over the medium term. Bolt-on acquisitions may generate additional annual growth of 2–3 percent.

**Capital structure.** Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating results before depreciation, amortisation and impairment. Debt may temporarily exceed the target level, which may happen during acquisitions.

#### Financial targets applicable to 2019:

**Profitability.** An operating margin of 6 percent over the medium term.

**Revenue growth.** Annual growth rate of 8–10 percent over the medium term, achieved through organic growth as well as bolt-on acquisitions.

**Capital structure.** Interest-bearing net debt to EBITDA not to exceed a factor of 3.0. However, debt may temporarily exceed the target level, which may happen during acquisitions.

#### Outcome financial targets

	Target –2019 <sup>1)</sup>	Target 2020– <sup>2)</sup>	Outcome 2019 <sup>1)</sup> (2018)
<b>Profitability</b> (operating margin)	6% <sup>1)</sup>	7% <sup>2)</sup>	4.3% <sup>1)</sup> (5.8)
<b>Revenue growth</b>	8–10%	5% organic and maybe 2–3% acquisition	11% (5 <sup>3)</sup> )
<b>Capital structure</b> (interest-bearing net debt relative to EBITDA)	3.0 times <sup>1)</sup>	4.5 times <sup>2)</sup>	4.0 times <sup>1)</sup> (3.0)

<sup>1)</sup> Targets for 2019 and Outcome 2019 do not include the effects of IFRS 16.

<sup>2)</sup> Targets for 2020 are adjusted for IFRS 16 and include its effects.

<sup>3)</sup> Humana's operating revenue for 2018 increased 3 percent. Adjusted for the divested home care service business, which contributed in 2017, revenue increased 5 percent in 2018.





# Socially responsible provider

Humana is a member of society to be reckoned with. The company generates significant value for society in our core operations, where we provide care every day to 9,000 customers and clients in Sweden, Norway, Finland and Denmark. But we also take responsibility beyond this.

## Extensive measures for society

### Knowledge-sharing

Humana has considerable expertise in care and social services. And the fact that we share access to this expertise with others, not least our principals, is beneficial for all parties. Training, seminars and study visits are different ways we give back. In 2019 we also launched the Social Services Channel knowledge hub in Sweden, and since 2018 we run the Assistance Podcast. The Social Services Channel is primarily targeted towards those who work in the social services, and the Assistance Podcast is directed to anyone with an interest in personal assistance.

Humana also drives and highlights issues related to accessibility and the rights of children. The Accessibility Barometer and the Children’s Barometer are two important tools. Both surveys target Swedish municipalities. The Accessibility Barometer charts efforts to improve accessibility for individuals with functional impairments, while the Children’s Barometer looks at measures to help children in at-risk situations.

### Influence in industry issues

Humana works to ensure that the care industry has the conditions necessary to fulfil our

mission in the best possible way throughout the Nordic region. We interact with politicians and government authorities in different ways – indirectly through things such as industry organisations like the Association of Private Care Providers in Sweden and the Proffentlig network in Norway, and directly through meetings with politicians and civil servants at the national and local level. In Sweden, the focus during the year was shifted from profits in welfare services to issues concerning the future of personal assistance and start-up issues in elderly care and LSS. Hundreds of meetings were held with politicians and decision-makers throughout the Nordics.

### Healthy employees

Workplace attendance instead of sickness absence is highly relevant to an organisation’s productivity and profitability. Humana’s employees have lower rates of long-term sick leave than the public sector. A low rate of sick leave benefits not only our employees and Humana as a company, but also the taxpayers. Two possible reasons for this are clear leadership and far-reaching commitment, areas where Humana is given high marks in employee surveys.

## Environmental consideration at every stage

Humana’s impact on the environment arises primarily in purchasing and consumption of food and beverages, consumable materials and pharmaceuticals, as well as construction and operation of care facilities, transportation and travel. We strive to reduce the environmental impact of our operations at every stage. In Humana’s environmental policy, climate and resource efficiency are defined as guiding criteria. Furthermore, our environmental efforts are based on the principles of precaution and substitution.

### Construction and operation

Humana has an ambition to environmentally adapt all new properties in line with the Silver level of the Swedish environmental certification system Miljöbyggnad, which sets high standards for aspects like the acoustic environment, ventilation and solar shielding.

Each of Humana’s units strives continuously to work resource-efficiently and to minimise environmental impact and costs. This is done, for example, by choosing the right electricity, reducing food waste and through recycling and waste management. Our businesses also work to reduce environmental impact through awareness when purchasing consumables and handling drugs.

### Transportation and travel

Humana strives to reduce the company’s climate impact. We do this by reducing travel and facilitating teleworking through more virtual project teams and web meetings, among other things. Employees are encouraged to travel climate smart according to the travel policy and to use company vehicles, which are being gradually replaced for green vehicles, in an efficient manner.

## New environmental targets under development

During the year, we continued to map Humana’s environmental impact. The aim is to determine the present situation and set relevant environmental targets. The targets and related action plans will be formulated in 2020, including a CO<sub>2</sub> index and associated targets for buildings, air travel and business transportation.



In 2019, Humana launched the Social Channel – Socialenkanalen – in Sweden. It is a skills hub on Youtube, especially for people who work in the social services. Here Humana shares knowledge of methods and the latest research in social care.

# Values-driven Humana – individual and global impact

Our four target areas are all based firmly on our fifth strategic foundation: Humana's core values. To have a sustainable impact, a corporate culture with common ethical principles is required. Humana's core values are the pillars of these efforts and one of the Group's most important assets.

## Everyone is entitled to a good life

Humana exists and acts based on the conviction that all people are equal and are entitled to a good life. Our operations are governed by laws and regulations, but rules cannot deal with every situation. Our employees take responsibility and make decisions based on their own knowledge and Humana's core values. Humana is characterised by the values commitment, responsibility and happiness through our systematic work with core values that encompasses pre-employment processes, training and participation in workplace discussions.

## Ethical conduct in all relationships

It is decisive that every individual who represents Humana acts ethically in every relationship and situation. The Group's code of conduct states what is expected in relation to employees, customers, clients, patients, relatives, contractors, suppliers, investors and other partners. The code of conduct is included in the obligatory introduction for new employees and in every employment contract. Serious breaches and deviations from Humana's code of conduct can be reported through the Company's whistleblower function.

## Human rights and anti-corruption

Humana's operations are governed by each country's regulations on working conditions, occupational health and safety, and freedom of association. Equal treatment is normal practice at Humana, and no one is discriminated against or harassed for any reason. Our operations are characterised by high professional integrity, honest business practices, accountability and fairness.

## Humana's sustainability work expressed through the UN's global sustainability goals



### 3.4. Reduce mortality from non-communicable diseases and promote mental health

Humana's overarching goal is to improve people's lives based on their individual circumstances. As the leading Nordic provider of care for individuals and families, we focus on providing care and treatment in psychosocial change processes and social psychiatry to families and individuals of all ages. We know that our services, our expertise and our employees make a difference in promoting mental health and well-being.



### 5.5. Ensure full participation in leadership and decision-making

Humana's core values are rooted in the equal value of all human beings. We strive to achieve the equal representation of women in all management positions at the Company. We work with visible and invisible structures in order to unlock our employees' full potential and to reflect our employees, customers and clients in the best way possible. We are committed to sustainable and gender-balanced leadership.



### 8.2. Diversify, innovate and upgrade for economic productivity

Humana aims to set a new standard of quality in the care industry. Through the development of welfare technology and methods, Humana helps increase efficiency and quality management from the perspective of customers and employees. In Individual & Family, we use method development and quality assurance to ensure that treatment methods are correct and based on scientific and proven methods.

### 8.5. Full employment and decent work with equal pay

Humana has long advocated collective bargaining. We conduct annual salary surveys from a gender-equality perspective. In several of our businesses, we can offer entry-level jobs to people furthest from the labour market.



### 10.2. Promote universal social, economic and political inclusion

Humana's entire purpose and strategy is to create an inclusive society. Regardless of the individual circumstances of our customers and clients, our employees work for our clients' rights to a better quality of life. Humana

also drives accessibility issues and highlights the situation of socially vulnerable children in Sweden by using two annual barometers targeted to municipalities.



### 12.5. Substantially reduce waste generation

Humana establishes sustainability policies centrally, but many of our environmental initiatives occur at the local units or residences scattered across the Nordic region. With the local business director at the helm, the units are encouraged to reduce the amount of waste from their properties through a variety of measures that are agreed on by the staff.

### 12.8. Promote universal understanding of sustainable lifestyles

Through good communication, interaction and organisation, Humana wants employees to be informed and involved in issues related to sustainable development. As an employee, a customer or even a buyer, everyone must have the possibility to influence Humana's direction and pace of change as we move forward within our identified sustainability areas.









# Care is our offering

Humana is a leading Nordic care company that offers individual and family care services, personal assistance, elderly care and special services housing.

Our individual and family care employees possess very broad and strong expertise in the area of psychosocial change management and mental illness and offer outpatient care and various forms of residential care for children, adolescents and adults. Our assistance operations help individuals with functional impairments to live independent lives. For the elderly we offer elderly care homes in safe and social environments.

Individual and family care is offered in all countries in which we operate: Sweden, Finland, Norway and Denmark. We provide personal assistance in Sweden and Norway, and elderly care in Sweden and Finland.

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# Individual & Family

Humana is a leading individual and family care provider in Sweden. Our services can be found across the country, and we offer proven expertise in psychosocial problems and mental illness. By coordinating and planning the client's care, we pave the way for better treatment results.

## Offering

Individual & Family's offering is organised into divisions: Children and Adolescents, Foster Homes and Outpatient Care, and Adults.

### Children and Adolescents

For children and adolescents with psychosocial disorders and mental health issues, we assist in areas such as self-harm, neuropsychiatry, abuse, criminality and substance abuse. We have approximately 60 residential care homes and supported housing that can accommodate just over 600 clients in Sweden.

### Foster Homes and Outpatient Care

We offer interventions in foster homes supported by contracted consultants and in outpatient care for children and adolescents from families with difficult challenges and complex needs, or who have problems with criminality and substance abuse. We can accommodate just over 750 children and adolescents in need of support.

### Adults

Humana offers services for adults requiring support within social psychiatry, neuropsychiatry, comorbidity, forensic psychiatry and geriatric psychiatry. We provide short-term and special service housing, as well as residential care homes. We have approximately 30 units that can accommodate nearly 600 clients.

Humana also offers housing with special services for adolescents and adults with functional impairments, as well as daily activities for adults with functional impairments. We have 14 residences with special services under

LSS (Act Concerning Support and Service for Persons with Certain Functional Impairments), which are managed under contract on behalf of municipalities, and just over 20 housing units under our own management.

### Dynamic care for customised interventions

Clients can move seamlessly from one intervention to another, with a lower or higher level of support, as their needs change. Essentially it is about getting the right kind of support at the right time, and to the extent needed. We call this 'dynamic care'.

All Humana's interventions can be part of a client's dynamic care package. For example, a young client in residential care may be ready to move to a foster home or assisted living home with supervision, or an adult who needs continued support on a day-to-day basis might be offered a place in a group home.

Dynamic care may appear simple on the surface, but a great deal of work goes into making sure the system functions effectively. Humana's size, extensive expertise and internal coordination and flexibility allow us to customise interventions in this way and at the same time ease the planning burden on the welfare system.

### Developments in 2019

Adjustments to our offering and our capacity to reflect changes in demand continued in 2019. Efforts primarily involve devising new offerings to better respond to future demand, but also to improve our approaches regarding areas such as our sales work.

To make more efficient use of Humana's resources and achieve even better quality, we

created a joint organisation focusing on quality and methodology, in which we ensure the methods we use are evidence-based and built on tried and tested experience.

Another change we introduced was to reduce the number of divisions from four to three, merging our group housing and adult operations into one division.

We launched 'Socialenkanalen', a knowledge hub for people working in social care. The purpose of the hub is to improve social care by sharing the accumulated knowledge of Humana and other providers.

In 2019, Individual & Family opened five new special service housing units under LSS. Furthermore, a unit was opened for adult women with substance abuse issues, and two units for adolescents: an acute unit for girls with self-harm problems, a residential care home for young boys with psychosocial and neuropsychiatric problems, and a larger residential care home unit in Falköping.

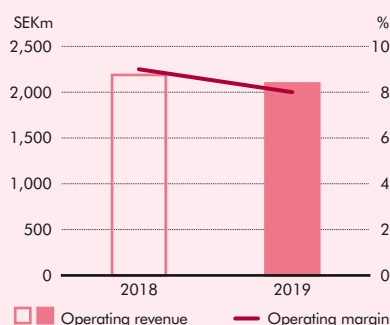
### Outlook

Mental illness is a growing problem in society, and the need and demand for interventions is therefore also increasing. Meanwhile, we are seeing that municipalities are increasingly attempting to organise solutions under their own management within the municipality, which is why demand from them is declining. Municipalities often opt to place the more complex cases outside the municipality, and competition in this area has therefore intensified. Looking ahead, we see that framework agreements may become increasingly important, alongside systematic sales efforts.

## Percentage of Group revenues 2019

# 28%

## Operating revenue and operating margin



## Key performance measures

	2019	2018
Operating revenue, SEKm	2,095	2,188
Revenue growth, %	-4.0	-1.0
Organic growth, %	-4.0	-1.3
Share of Humana's revenue, %	28	32
Operating profit, SEKm	168	196
Operating margin, %	8.0	9.0
Average number of employees, full-time equivalents	2,026	2,396



MEET ISABELLE – FORMER CLIENT OF HUMANA INDIVIDUAL & FAMILY

## Temporary foster family, support team and role playing were lifesavers for Isabelle

**As a 13-year-old**, Isabelle took drugs and was constantly putting herself at risk. She was taken into care and placed in a community home, which she describes as a kind of youth club “except with more drugs”. Her way out was a temporary foster family and treatment according to the Treatment Foster Care Oregon (TFCO) method.

Isabelle and her mother Sara are the picture of harmony – they laugh and finish each other’s sentences. But it wasn’t always that way.

“I used to do everything in my power to keep a low profile, and there were constant arguments,” says Isabelle.

It got to the point where Sara felt she had no option but to report herself and refuse to give up until she got help with Isabelle’s drug and behavioural problems. She hoped that a stay at a state



*It was really hard work, but useful. We learned to communicate.*

care home for young people would turn things around, but it just got worse.

**The solution came instead** when a social worker at the municipality suggested Humana and the TFCO treatment method. TFCO is a behaviour management programme aimed at families facing considerable challenges.

Isabelle moved in with a trained foster family and she and the family were assigned a support team. There were meetings and frequent discussions

with the team, both individually and as a family. Part of the treatment involved role playing. Isabelle and Sara both laugh at the thought.

“It was really hard work, but useful. We learned to communicate,” says Isabelle.

**The results swiftly followed.** Isabelle managed to break away from her old friends and got her life together.

“I look forward to progress meetings at school again now,” says Sara.

**Isabelle is now 18**, about to graduate from school and has a summer job lined up. What happens next is obvious, according to her.

“I’m going to get a job in psychiatry!”



# Personal Assistance

The statutory right to assistance is crucial for people with functional disabilities. Humana is the largest provider of personal assistance in Sweden. Our operations are efficient and maintain a high level of quality. We aim to continue to grow and help more people lead an independent life.

## Offering

Personal Assistance is a service within the framework for LSS, the Act Concerning Support and Service for Persons with Certain Functional Impairments. It gives many people the opportunity to live an independent life and to participate in society, including through work.

Personal Assistance is a customer-choice market, where the customer decides who will provide the assistance. Roughly 19,000 people in Sweden are entitled to receive personal assistance. Humana was chosen as the provider for 1,900 of them. This makes us Sweden's largest assistance coordinator, with operations across the country.

Humana provides individualised assistance. Our expertise in recruitment and legal matters gives customers peace of mind and the optimum conditions for a correct decision. Each customer has a team of assistants and a customer and assistant manager who coordinates all aspects related to the customer's needs, preferences, finances, recruitment and assistants. The team also includes a recruitment expert and a lawyer, who specialises in LSS and personal assistance.

## Developments in 2019

Despite the market for personal assistance declining by 2.4 percent during the year, the business area continued to grow and win market share in the assistance market. We also had to cope with margins under pressure, as the standard attendance allowance

increased by 1.5 percent, while salaries increased by more than this.

In June 2019, Humana acquired Assistans på Gotland to increase the company's presence in the region. Humana already has customers on the island of Gotland, and the acquisition means we now have an office in the city of Visby.

As of 1 November 2019, breathing is classified as a basic need entitling people to personal assistance. Humana welcomes the move since it will help many more individuals. The government has also proposed that all assistance procedures related to breathing and tube-feeding should once again be classed as basic needs entitling assistance as of July 2020.

We look after the 9,000 assistants who care for our customers. In the employee survey conducted during the year, it emerged that work environment is the most important factor for job satisfaction. Humana's work environment coordinator implemented several measures to ensure a good work environment from both a physical and mental perspective, including training and workplace safety inspections. Our assistants are also offered opportunities to develop their skills via advanced courses at Humana Academy.

Humana continued to digitalise and streamline assistance operations, and as of 2020 all administration is managed digitally. Employees can now report, document and read all the information they need using their mobile. This creates peace of mind and

continuity for customers, and a safe work environment for our assistants.

## Outlook

Humana's goal is to help more people by winning market share in a declining market. Growth will be achieved by encouraging more people to choose Humana, and through acquisitions. The challenging operating environment in the assistance industry will require further consolidation of companies, and Humana plans to take an active approach.

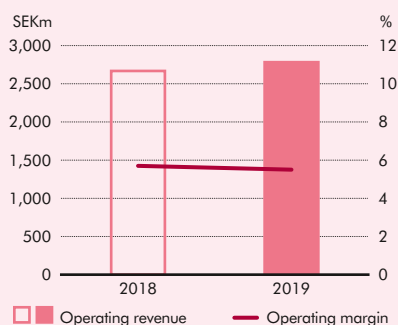
In January 2020, a government inquiry was presented on the profession of personal assistant. Several proposals were put forward with the aim of future-proofing the profession and raising its status. The job of personal assistant is now the 11th most dominant profession in Sweden, and Humana is one of the country's largest employers for this professional group. Humana works hard to raise the status of the profession by creating more basic training courses for our employees at Humana Academy, and by acting as an advocate for the industry, thereby securing the future of our assistants.

Personal assistance is a critical, cost-effective and economically viable solution for individuals with substantial long-term assistance needs. A considerable portion of the costs of personal assistance also goes back to society via taxes, as roughly 90 percent of the total cost is for salaries. Humana will continue to act as the voice of our customers and form public opinion.

## Percentage of Group revenues 2019

# 37%

## Operating revenue and operating margin



## Key performance measures

	2019	2018
Operating revenue, SEKm	2,783	2,668
Revenue growth, %	4	2
Organic growth, %	0.9	0.7
Share of Humana's revenue, %	37	40
Operating profit, SEKm	154	151
Operating margin, %	5.5	5.7
Average number of employees, full-time equivalents	4,909	5,068



MEET NICLAS – HUMANA PERSONAL ASSISTANCE CUSTOMER

## Assistance enables Niclas to live like everyone else

**Duchenne muscular dystrophy** is a congenital condition that mostly affects boys.

The illness breaks down the muscles, making movement difficult. Niclas is 21 and knows exactly how it feels.

"It's why I'm in a wheelchair," says Niclas, who is a Humana customer.

**Niclas loves** watching films, playing video games and spending time with friends, but his condition means he must rely on personal assistance.

"Going to the toilet, or getting something out of my rucksack, I can't do these things without help."



*I could play the next Beck. Just imagine, Martin Beck with a disability. Wow!*

**A rewarding job.** Sebastian is Niclas' personal assistant.

"I decided to work as an assistant because it's extremely rewarding, and because I like working with people. It's important to be thorough, and to do the

job the way Nicke wants. And, of course, it's important to be considerate and friendly."

**Beck in a wheelchair.** Niclas and Sebastian share an interest in film and music. Niclas is full of ideas, and they have made a video together featuring Niclas, to the song 'Long time ago'. Niclas says he dreams of becoming a director.

"Then I came up with another idea, I could play the next Beck. Just imagine, Martin Beck with a disability. Imagine if they'd made a version like that. Wow!"

# Elderly Care

Humana provides elderly care homes run under own management and under contract. Humana Elderly Care intends to grow by building innovative elderly housing units and winning contracts that prioritise quality. Humana's focus on quality is appreciated – residents rate our homes very highly.

## Offering

Humana has 15 elderly care homes in 12 municipalities in Sweden. The aim is to offer each resident safe care in a homely and secure environment. At our elderly care homes, we employ well-qualified managers and committed staff. Together they create the conditions for a meaningful life for our residents.

Anyone coming to one of our elderly care homes moves into their own flat. The home also has a dining room, living room and other communal areas, and various activities are on offer every day. Humana's mealtime concept provides good, nutritious food and a social environment.

Residents at Humana's elderly care homes often have several diagnoses, such as dementia, diabetes, heart failure or different types of functional impairments. This places high demands on our assistant nurses, nurses, physiotherapists and occupational therapists. We use evidence-based methods and offer employees continual opportunities for professional development, including via Humana Academy.

## Developments in 2019

Quality is at the heart of everything we do. One of many ways to monitor our success is to ask the residents. The National Board of Health and Welfare's annual user survey revealed that 88 percent of Humana's elderly care residents are satisfied, which is quite a bit above the national average of 81 percent.

Four of Humana's elderly care homes were involved in a research project during the year, in collaboration with Stockholm University. The purpose is to study how our technically advanced lighting affects residents' sleep quality and wellbeing.

One of our homes achieved Silviahemmet (dementia care) certification, and others are in the process of certification. Certification means that all staff are trained in good dementia care so they can provide the best possible quality of life for people with dementia and their relatives.

During the year we opened two new elderly care homes under own management: Humana Sockerstan in Staffanstorps with 72 flats, and Humana Lillsjö Badväg in Kungsängen with 80 flats. The home in Staffanstorps was fully occupied within five months. The Kungsängen care home also got

off to a good start, with strong demand from several municipalities in Stockholm County.

Humana won a new construction contract in Trelleborg Municipality, Högalid elderly care home, and took over operation in February 2020. Meanwhile, we discontinued operation of a home in Skåne, as the building appeared to be damaged and residents had to move to a nearby home.

## Outlook

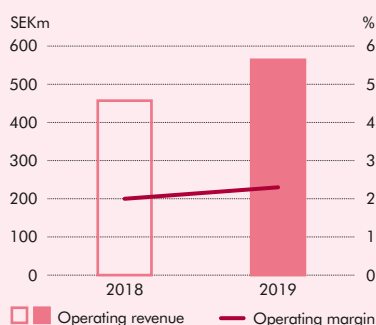
Humana's Elderly Care business area will continue to grow, and in 2020 we will be building five new elderly care homes, scheduled to open in 2021. Most municipalities in Sweden need more elderly care homes. By 2026, 560 new homes for the elderly need to be built.

Humana wants to help meet this enormous need. We plan for continued expansion and to be able to offer more beds in elderly care homes, both by building elderly housing under own management and through new construction contracts. Humana today has a clear position as a quality elderly care provider and we aim to maintain that position while continuing to grow with strong profitability.

## Percentage of Group revenues 2019

# 8%

## Operating revenue and operating margin



## Key performance measures

	2019	2018
Operating revenue, SEKm	564	457
Revenue growth, %	23	-12
Organic growth, %	23.3	33.0
Share of Humana's revenue, %	8	7
Operating profit, SEKm	13	9
Operating margin, %	2.3	2.0
Average number of employees, full-time equivalents	847	776





MEET BARBRO – A RESIDENT OF A HUMANA ELDERLY CARE HOME

## Barbro continues to live an active life at the home

**When the time came** for Barbro to move to Sockerstan elderly care home in Staffanstorps, she was a bit anxious.

“But there was no need to be. It’s so lovely and light here, and everyone is so kind.”

When Barbro was young, her family lived near a home for people with functional impairments. She still remembers the long corridors, and how unhappy everyone who lived there seemed to look. That was what she thought an elderly care home would be like.

“My new home couldn’t be more different,” says Barbro.



*The thing I love best is the singing group!*

**Sockerstan elderly care home** is made up of 72 flats over four floors. There’s a large roof terrace right at the top, and a venue for special occasions. The lighting in the buildings adjusts to the time of day, and everything is designed to promote social activity. That suits Barbro down to the ground, as she loves being with people. It’s a good thing that she’s in a place with lots of friends.

“I like them all. You can always find someone to talk to in the lounge.”

**Voluntary work has always** been part of Barbro’s life, mainly with FUB, the Swedish National Association for Persons with Intellectual Disability. She’s been on the board, given talks and even accompanied the association on a trip to Kenya.

Today she is less active, but still involved. Sockerstan offers various activities almost every day, and Barbro goes to everything.

“The thing I love best is the singing group. We sing for about an hour, then we have tea. I don’t want it to end!”

# Humana Finland

Humana has operating care facilities in Finland since 2016. In 2019, operations grew considerably, mainly due to acquisitions. Humana now offers daily services in individual and family care, elderly care and housing with special service to over 4,200 clients and customers in Finland.

## Offering

In Finland, Humana offers individual and family care for children, adolescents and families with psychiatric diagnoses or psychosocial disorders. The services include outpatient care and residential care. Humana Finland also provides residences with special services for people with functional disabilities, as well as elderly housing and day care operations for the elderly.

In individual and family care, Humana is one of the largest providers of outpatient care and residential care homes in Finland. Humana Finland operates approximately 160 units, has 4,200 clients and customers and 2,700 employees.

## Developments in 2019

Humana in Finland experienced strong growth in 2019. Operations doubled in April when Humana acquired Coronaria Hoiva, a leading provider in elderly care and care homes. The acquisition has made Humana a more complete care provider in Finland. Following the acquisition, Humana's focus for the rest of the year was on integrating the new company.

Humana also achieved organic growth by building and starting new homes during the year. For example, in Central Finland, four health and social care homes were opened in May in Hilmari with a total of 40 flats. Demand for care services for children, adolescents and families was good and the individual and family care operations were expanded with seven new health and social care homes.

Demand for outpatient services was also strong. The offering was extended to include several new care services in areas such as family rehabilitation and housing support. Humana also opened four new family rehabilitation units.

During the year, extensive work on the brand was initiated and will be completed in 2020. Humana is the brand that will be visible in Finland as well, and operations that were previously conducted under the names Arjessa and Coronaria Hoiva are gradually changing their name.

During the year, activities also focused on organising our quality work to ensure consistent application of standards in all of Humana's operations. The work is guided by the Group's new management system.

After serious shortcomings linked to staffing and the competence of some caregivers, the care industry in Finland received a lot of negative media attention during the year, especially elderly care and health and social care for children. The authorities consequently scrutinised the industry, carrying out more inspections than usual during the year. Most of Humana's units were inspected with good results, aside from a couple of units where some need for improvement was detected. Humana welcomes these inspections, which are important to ensuring high quality health and social care.

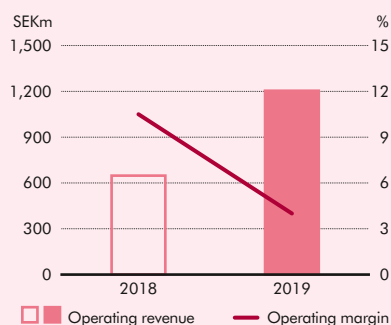
## Outlook

The underlying trends of an ageing population and an increase in mental health problems mean that we believe demand for care services in Finland will remain high over the coming years. The planned increase in the staffing requirement is expected to increase both costs and prices in the coming years. At the same time, the poor economies of the municipalities have recently directed focused on the costs of health and social care. There is great pressure to slow the growth of public expenditure on care.

## Percentage of Group revenues 2019

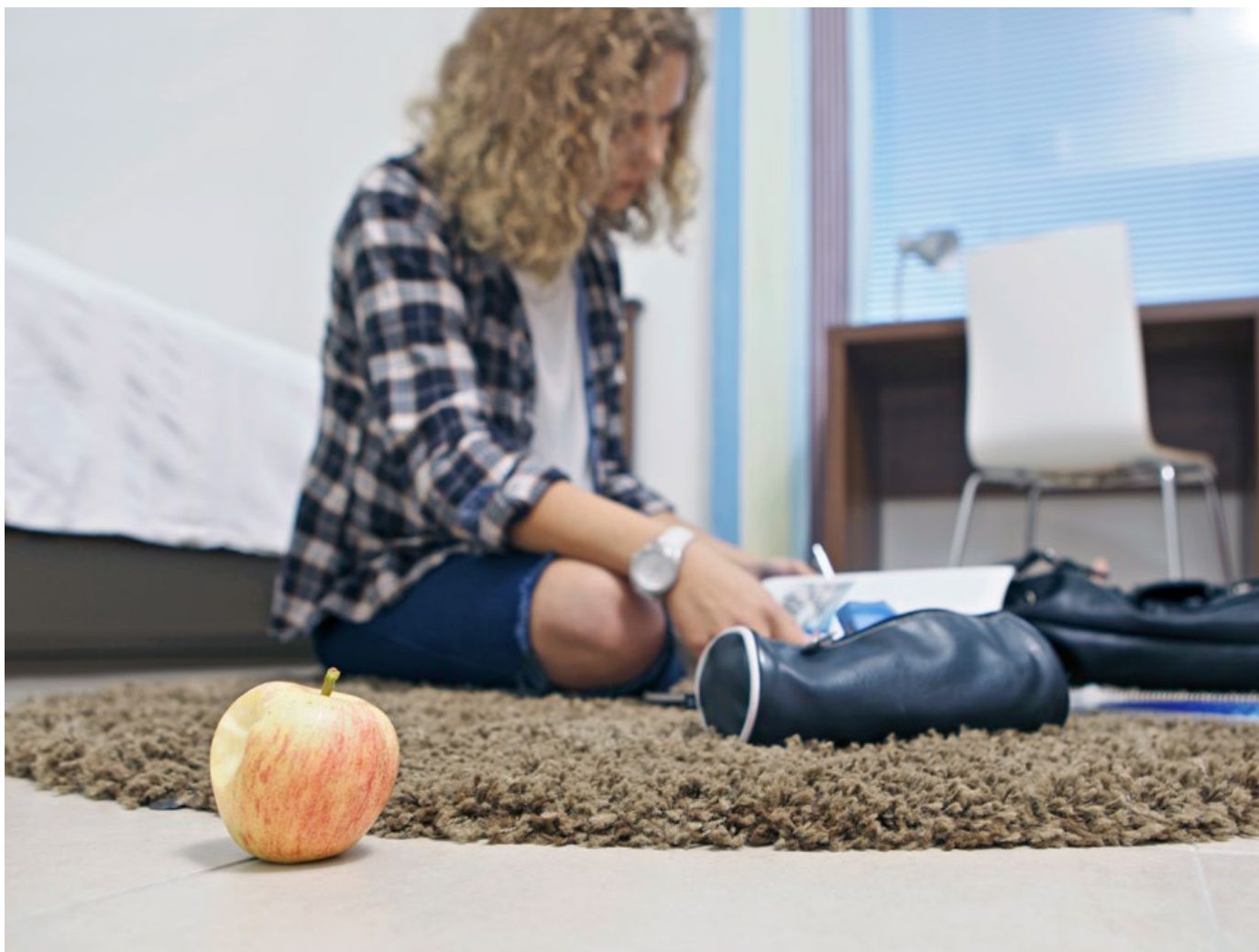
# 16%

## Operating revenue and operating margin



## Key ratios

	2019	2018
Operating revenue, SEKm	1,204	648
Revenue growth, %	86	24
Organic growth, %	23.3	10.0
Share of Humana's revenue, %	16	10
Operating profit, SEKm	49	122
Operating margin, %	4.0	10.5
Average number of employees, full-time equivalents	1,538	767



MEET MARIKA – FORMER CLIENT OF HUMANA FINLAND

## Marika has found her feet

**When Marika looks back**, she feels extremely grateful for the help she got at Pienkoti Aura, a group home with round-the-clock care for children and adolescents with social problems.

“I still remember when I visited the home for the first time. As far as I was concerned it was just another new place far from home where everyone was stupid. I just wanted to stop existing.”

Marika explains that she often thinks about her time at Pienkoti Aura in Jyväskylä in central Finland, and that as an adult she now realises what a challenging teenager she was.

“I had to make everything difficult, I made trouble and questioned everything. I really pushed the staff to the limits,” she admits.



*At the time I didn't see the point of it, but the support and reassurance was priceless.*

**Pienkoti Aura supports** children, adolescents, adults and families in challenging situations. Activities are based on promoting values, particularly closeness, compassion and quality. Staff are trained in areas such as family, trauma and music therapy.

“Without that home and the staff there, it's possible I wouldn't be here today. At the time I didn't see the point of it, but the support and reassurance I got from being there was priceless. The staff turned a standard children's institution into a home,” explains Marika.

**Today Marika** has found her feet and a job that she wants to continue with.

“Back then I didn't have any dreams or goals in life. There was nothing for me. Pienkoti Aura managed to plant a little seed of understanding in me, which was then able to grow into a fantastic result.”



# Humana Norway

In Norway, where Humana has been established since 2014, Humana offers individual and family care, personal assistance and provides housing with special service. Every day, Humana Norway helps 300 clients and customers live their lives like others and the ambition is for there to be more.

## Offering

In Norway, Humana offers social care services for children and adolescents, personal assistance (self-directed personal assistance/ BPA), foster care, substance abuse care and special service housing for people with functional impairments. With approximately 300 clients and customers, Humana is one of the major care providers in Norway. In care services for children and adolescents, foster care, substance abuse care and special service housing for people with functional impairments, Humana is one of the two biggest care providers in Norway. Also in BPA, Humana is one of the larger providers.

Norway's private healthcare sector is relatively limited. Of 42,000 bed vacancies, around 2,500 are run by private providers and roughly 2,000 by voluntary providers. The state and municipalities provide approximately 90 percent of health and social care services. The need for additional providers is growing, although this is not always clear from the political debate. However, the competition situation is different for each market segment. In individual and family care directed towards children and adolescents (Barnevern), the share of private providers is

greater. Of 4,500 full-time employees in the segment, about 1,000 are from non-profit providers and over 1,500 from private providers.

## Developments in 2019

Although demand for care services from private providers varied within the various care segments during the year, Humana managed to strengthen its market position in all the care segments in which we operate. For example, Humana grew and increased its market share in the personal assistance segment during the year. Humana also continued to develop the governance and administration of the operations, aiming to be an even better care provider and consolidating our market position in Norway, further boosting profitability.

While demand in the market for special service housing for people with functional impairments and personal assistance was very good, the market for institutional care and foster care operations was more challenging during the year. During the year, Humana Norway closed its operations in the framework of free customer choice for psychosocial and psychiatric services for adults, including substance abuse.

Good results for 2019 were delivered in several care segments and overall for Humana Norway despite uneven growth in customers during the year.

## Outlook

The fact that the Norwegian operations are still built on a relatively small customer base remains challenging. In 2020, therefore, the aim is to expand the customer base.

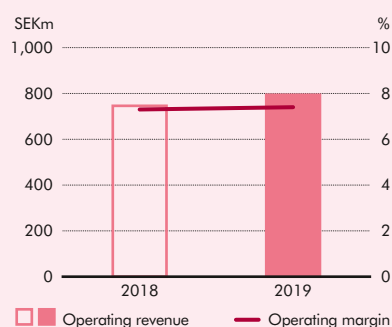
We see continued good potential for growth going forward as the need for health and social care in Norway, just like in the other Nordic countries, will continue to increase.

At the same time, there is a debate in Norway about the existence of private welfare providers. When it comes to virtually all types of care services, there is a broad consensus on safeguarding the non-profit providers, but when it comes to the private providers there is a clear division in Norwegian politics where the parties to the left want to stop the private welfare providers completely.

## Percentage of Group revenues 2019

# 11%

## Operating revenue and operating margin



## Key ratios

	2019	2018
Operating revenue, SEKm	794	746
Revenue growth, %	7	12
Organic growth, %	4.2	7.6
Share of Humana's revenue, %	11	11
Operating profit, SEKm	59	55
Operating margin, %	7.4	7.3
Average number of employees, full-time equivalents	799	742



The person in the image is a model.

MEET ADRIAN – CLIENT AT HUMANA NORWAY

## Adrian's dream is to prove that he can cope

**Feeling happy and safe** are important to 19-year-old Adrian, who has ADHD and lives at one of Humana's residential homes in Norway.

"If I'm staying in my room, it's better to ask how I am rather than nag me to go to school. It could actually be that I'm feeling anxious and I can't face getting out of bed," he explains.

**Adrian tries to describe** the difference between Humana's residential care home and other homes he's lived at before. He says it feels calm at Humana, and that the staff genuinely care about him and show him respect.



*I've learned to show others understanding.*

He feels that the staff are his friends, who would rather spend time with him than sit in the office.

"It's not been like that at other places."

**Keen to show he can cope.** Adrian doesn't feel abnormal just because he

lives at a residential care home and takes medication for his ADHD.

"But I do sometimes notice that people find it hard to see past my diagnosis. They don't see the real me."

**Adrian raps about his experiences** under the artist name Bbartz. His dream is to be able to show that he can cope, that he is better than those who have had a negative impact on him.

"I can be a good person and I can improve all the time. I've learned to show others understanding rather than judge them."

# Why invest in Humana?

Investing in Humana is an investment in a sustainable provider in the growing Nordic care market. Humana has a strong market position and a clear strategy for achieving its goal of being the obvious provider of care services for customers, clients and contractors in the Nordic countries who demand high quality. Humana adds social and economic value to society.

## Strong underlying trends in the world at large increase the need for care

Several underlying external factors are increasing the need for care and they are expected to continue to increase along with the need for high-quality, innovative, cost-effective care services. They include, among other things, an aging population, increasing mental illness, old property holdings and increased demand for quality, specialisation and individual adaptation. At the same time, this development is leading to increased economic pressure on states and municipalities, which in turn further reinforces the need for cost-effective care services.

## The care market in the Nordics is huge and is growing

The care market in the Nordic countries is estimated to be worth approximately SEK 640 billion. That is the amount that national, regional and local governments spend on care in Sweden, Norway, Finland and Denmark. In this market, the private providers today provide care services worth approximately SEK 150 billion. The market has been marked by solid growth for many years. The private sector of the care market is fragmented with thousands of companies. However, the sector has been consolidating for several years and is likely to continue to do so.

## Eight reasons to invest in Humana

### 1 Care services – a stable and growing market

**The market.** The care market in the Nordics amounts to SEK 640 billion, of which the private segment represents about one-fourth. The need for care is enormous and the care market, which has grown by 3–4 percent annually in recent years, is expected to continue to grow. An aging population, increasing mental illness and old properties are important drivers.

**Non-cyclic operations.** The care market is less affected by business cycles.

### 2 Humana is a quality care provider in the Nordics

**Vision and objective.** Humana’s vision is that everyone, regardless of circumstances, is entitled to a good life. We want to be the obvious provider of care services in the Nordics for customers, clients and contractors with high quality standards – and we already are for 9,000 customers and clients.

**Quality that can be measured.** Both our own studies and external studies show that Humana delivers high quality care in all of our active areas.

### 3 Humana make sustainable welfare possible

**A sustainable strategy.** Humana’s vision and goal is about sustainability at the individual level in our society, as well as economic sustainability for society. It is more cost-effective for states and municipalities to purchase care services from Humana than it is to provide the care themselves. In 2019, they saved SEK 1.1 billion by engaging Humana. Sustainability is therefore fully central to our strategy and our strategic goals and values.

### 4 Market-leading position in important care segments

**Market position.** Humana has a strong market position and is a leader in crucial care segments such as personal assistance and individual and family care and is growing in elderly care.

**Entry barriers.** Complex care services with a high degree of specialisation, permit requirements and investment needs create high barriers to entry.

**Consolidation.** The ongoing consolidation of the care market creates opportunities for Humana.



Humana is a quality provider in the growing Nordic care market with the ambition to continue to grow.

## 5 Humana wants to grow and help more people have a good life

**Growth-oriented.** Humana is a growth-oriented company. We are proud of our business and the care we offer. Growing means that we help more people have a good life. In 2019 customers/clients increased by 1,047.

**Growing organically and through acquisitions.** Humana is growing by building new elderly care homes, housing with special service and health and social care homes. We also grow through selective acquisitions.

## 6 Humana has shown stable growth and profitability

**Stable results.** Humana has a history of stable growth and stable margins over the years. For the past five years, Humana has had annual average revenue growth of 7.2 percent and an annual average operating margin of 5.2 percent.

## 7 Good cash conversion reduces risk

**Cash flow.** Humana's revenues come primarily from national and local governments. They pay on time and are creditworthy. Increasing revenues and stable profitability contribute to good cash flow generation, which can be invested in growth initiatives. Over the last three years Humana's cash flow generation, that is the operative cash flow divided by the EBITDA, has varied between 49 and 85 percent.

## 8 Attractive financial targets

**Financial targets.** Humana will create good value for its shareholders. The financial targets were revised for 2020: Humana will be profitable (operating margin of 7 percent), continue to grow, primarily organically (5 percent) but to some extent also through acquisitions (can add another 2–3 percent) and have a good capital structure (net debt not exceeding a factor of 4.5 times EBITDA).

**Dividend policy.** Dividends may amount to 30 percent of net profit for the year. Over the last three years it has been 15, 16 and, 2019, (Board of Directors' proposal), linked to the Covid-19 pandemic, 0 percent respectively.

# The Humana share

The Humana share is listed on Nasdaq Stockholm in the Mid Cap segment. Humana's market capitalisation was SEK 3.2 billion at the end of 2019, an increase of 2 percent compared with the previous year.

## Trading and market capitalisation

Since March 2016, the Humana share has been listed on Nasdaq Stockholm in the Mid Cap segment under the ticker HUM.

In 2019, a total of 32.6 million shares were traded at a value of SEK 2.0 billion. The average daily share turnover totalled SEK 8.0 million. Of total share turnover, 88 percent were traded on Nasdaq Stockholm. In addition to the trading on Nasdaq Stockholm, 5 percent were traded on the Cboe CXE marketplace, 4 percent on Cboe Periodic and 3 percent on Cboe BXE.

## Share price development

The value of Humana's stock increased by 2 percent in 2019 to a share price of SEK 60.90 on the last trading day of the year. This corresponded to a market capitalisation of SEK 3.2 billion and a market capitalisation increase of SEK 48 million during the year.

The highest price paid for the year was SEK 71.80 and was recorded on three trading days: 20, 21 and 22 March 2019. The lowest share price paid was SEK 41.05 on 16 August 2019.

## Share capital

The total number of shares outstanding on 31 December 2019 was 53,140,064. Each share has a par value of SEK 0.022, which means that share capital amounts to SEK 1,180,879. Humana's share capital consists of one class of shares, with each

share having equal voting rights and equal entitlement to receive dividends.

## Ownership structure

The number of Humana shareholders was 3,746 at the end of the year. The proportion of share ownership in Sweden was 49.8 percent. Total foreign ownership was 50.2 percent, distributed as follows: shareholders in Luxembourg, 17 percent, in the UK, 12 percent, in Norway, 8 percent, and in the US, 7 percent. The ten largest shareholders held 74 percent of the share capital.

Members of Humana's Group management owned a total of 640,687 shares at 31 December 2019, corresponding to 1.2 percent of the capital and votes in Humana. Humana's Board members and related parties owned 12,738,006 shares, corresponding to 24.0 percent of the capital and votes, of which 20 percent are held by Impilo, the principle owner.

## Dividend and dividend policy

Humana's goal is for the Company's dividend to amount to 30 percent of profit for the year and for the proposed dividend to consider Humana's long-term development potential and financial position.

Due to the current situation in 2020 caused by the spread of Covid-19, the Board of Directors has proposed to the Annual General Meeting 2020 that no dividend be paid to the shareholders of profit for the year 2019.

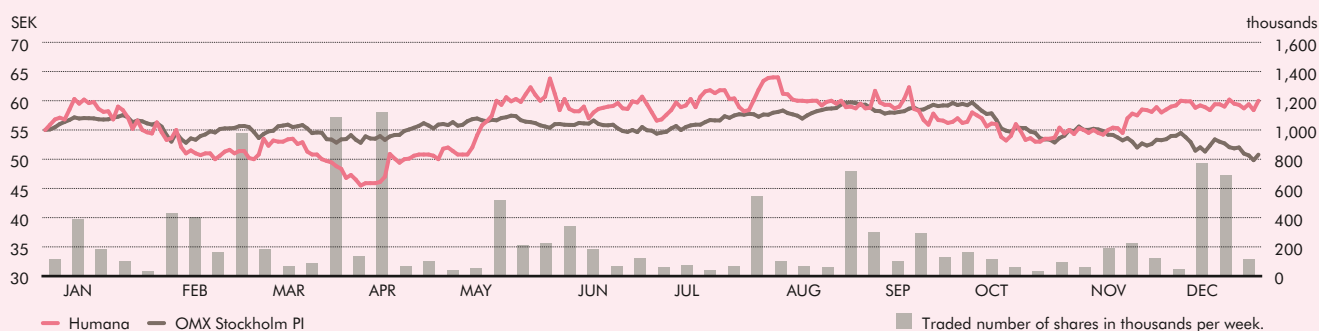
## Share-based incentive programmes

Humana has had two long-term incentive programmes in 2019: one for eight of the Company's senior executives and another one for key employees. The purpose is to encourage a broad shareholding among Humana employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed Humana's financial targets.

The programmes have comprised a warrant programme and a share savings programme. The programmes expired 31 March 2020 and 31 January 2020, respectively.

The warrant programme was set up for eight senior executives and comprised a total of 1,440,420 warrants. The remaining warrants amounted to 480,140 at the end of 2019, and entitled holders to subscribe for the same number of new Humana shares at a subscription price of SEK 80.60. If the maximum amount had been subscribed for, dilution would have been about 0.9 percent of the total number of Humana shares. At full allotment, the employee share savings programme would comprise a maximum of 61,667 shares at the end of 2019, corresponding to about 0.1 percent of the total number of shares outstanding in the Company.

## Humana's share price in 2019



**Key ratios**

	2019	2018
Number of shares at end of year, millions	53	53
Market capitalisation at end of year, SEKm	3,236	3,188
Number of shareholders	3,746	3,269
Share price at end of year, SEK	60.90	60.00
Price change during the year, %	2	9
Year high, SEK	71.80	64.20
Year low, SEK	41.05	44.20
Earnings per share, SEK	3.54	4.62
Dividend, SEK/share	0.00	0.70
Dividend as % of earnings per share	0	15
Shares held in Sweden, %	49.8	31.5
Shares held by the 10 largest shareholders, %	74.4	75.2

**Ten largest shareholders**

31 December 2019	Number of shares	% of votes and capital
Impilo Care AB	10,630,000	20.0
Incentive AS	7,543,758	14.2
Air Syndication SCA	6,163,790	11.6
Nordea Investment Funds	3,647,745	6.9
SEB Investment Management	2,836,896	5.3
Lannebo Funds	2,332,595	4.4
Zirkona AB	1,994,127	3.8
Third Swedish National Pension Fund	1,957,595	3.7
Handelsbanken Funds	1,281,149	2.4
SEB Foundation	1,172,000	2.2
<b>Total</b>	<b>39,559,655</b>	<b>74.4</b>

Shareholders who are registered directly with Euroclear Sweden or who have confirmed their ownership directly to Humana.

**Shareholder structure, 31 December 2019**

Shareholding, number of shares	Number of shareholders	% of votes and capital
– 500	3,018	0.7
501 – 1,000	253	0.4
1,001 – 5,000	269	1.2
5,001 – 10,000	75	1.1
10,001 – 15,000	24	0.6
15,001 – 20,000	17	0.6
20,001 –	90	95.5
<b>Total</b>	<b>3,746</b>	<b>100.0</b>

**Shareholder categories, 31 December 2019**

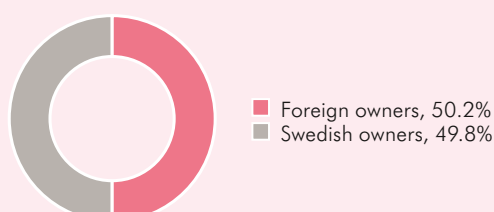
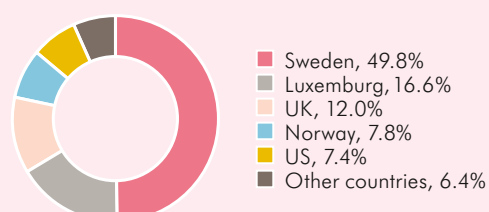
	%
Foreign owners	50.2
Swedish owners; financial companies and other legal entities	44.2
private individuals	5.7
<b>Total</b>	<b>100.0</b>

**Financial calendar**

2020	7 May	Interim Report, January-March
	7 May	Annual General Meeting
	20 August	Interim Report, April-June
2021	6 November	Interim Report, July-September
	11 February	Interim Report, October-December

**Analysts monitoring Humana**

Company	Name	E-mail
ABG Sundal Collier	Victor Forssell	victor.forssell@abgsc.se
Carnegie	Kristofer Liljeberg	kristofer.liljeberg@carnegie.se
DNB (Den Norske Bank)	Karl-Johan Bonnevier	k.j.bonnevier@dnb.se
Handelsbanken	Carina Elmgren	cael06@handelsbanken.se
Handelsbanken	Thomas Graf	thgr05@handelsbanken.se
SEB	Carl Mellerby	carl.mellerby@seb.com

**Shareholder distribution****Share ownership by country**









# Corporate Governance

The objective of Humana's corporate governance is to establish efficient procedures and effective control, ensuring that shareholders' interests are protected and promoting a sustainable and value-creating business in which Humana can continue to deliver quality care in the long term.

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# Chairman's statement

In 2019, the process of building Humana as a leading Nordic care provider continued and the Group grew. We did not quite reach the position and results we wanted, but we took many steps in the right direction. With a new principal owner and a strategic review of the Group, 2019 was marked by new starts.

In early 2019, Humana found itself with a new principal owner. There were also some changes to the Board, with several new members elected at the Annual General Meeting in May. I was also among them, taking over as the new Chairman.

In addition to normal information and decision-making business, the work of the newly composed Board in the first half of the year was focused on conducting a situation analysis together with Group management, working on medium-term targets and strategic planning that will take Humana from the present situation to one in which all targets will be met.

## Situation analysis

The situational analysis can be summarised as follows:

As a Group, Humana operates in four countries and our offering in Nordic care can be largely divided into three business areas. Over the years, Humana has built up an infrastructure that is leading in terms of systematic quality assurance, being an attractive employer, work on core values, a uniform brand and a structure for information and governance.

The financial targets have been well defined, with growth of 8-10 percent, an operating margin of 6 percent and debt not exceeding three annual profits, defined as interest-bearing net debt relative to EBITDA. The targets, which were set before the new financial reporting standard IFRS 16 was introduced, have only been partly met in recent years. Growth in 2019 was 11 percent, which was well in line with the target, but it was largely driven by acquisitions, such as the large acquisition of Coronaria Hoiva. The operating margin was below the target and lower than previous years. Net debt to EBITDA of 5.4 (4.0 times excluding the effects of IFRS 16), was higher than previous years and than the target, and this was precisely due to large acquisitions.

In brief: In recent years, Humana has established itself as a major, reputable provider for individuals and society, but the financial targets have not been fully achieved.

## Strategic planning

The situation analysis has in turn formed the basis for the strategic planning. The premise has been that the planning must be based on clear prioritisation in the business portfolio. The Group is a coherent unit and not the sum of its parts. With operations in four countries and three business areas, which in turn have separate segments, we can see that clearer prioritisation is needed based on strategic criteria, such as underlying needs and market, relative competitiveness, expected profitability, growth and capital intensity. When the new IFRS 16 standard is considered, there are also major differences in capital intensity between the various operations, as IFRS 16 requires leases to be recognised in the balance sheet as an asset with a corresponding liability.

## Target setting

As from 2020, our target setting is new and more complete. This was made for several reasons. The changed financial reporting standard has had an impact on the income statement and balance sheet. To understand value creation, there must be a clearer distinction between organic and acquired growth. Finally, in addition to earnings and growth, a greater focus on capital intensity and return is needed.

After considering the new standard and Humana's financial situation, the medium-term financial targets have been defined as follows:

- Operating margin of 7 percent
- Organic growth of 5 percent (and in addition, small bolt-on acquisitions that may bring structural growth of 2–3 percent)



- Debt, including rental debt, that does not exceed 4.5 times operating profit before depreciation, amortisation and impairment. Debt may temporarily exceed the target level, which may happen during acquisitions.

The overall financial targets are broken down internally by business area and by business and include clear required returns.

## Summary of 2019 and outlook

In summary, 2019 was a year in which we continued to build Humana, and the Group grew. We did not quite reach the position and results we wanted, and the financial targets were not fully achieved. However, during the year, Humana took many steps in the right direction at the same time as the systematic quality work resulted in an even higher customer satisfaction. Humana as a Group is therefore well equipped to face 2020 with justified expectations and optimism. We have entered 2020 with:

- New financial targets
  - Plans for achieving the targets in the medium term
  - A much stricter financial prioritisation from the perspective of the Group
- All Humana's employees have been involved in delivering during 2019 and in creating a good basis for continued development in 2020 and beyond. For my part, and on behalf of the Board, I would like to extend our warm thanks to Humana's management and all employees for a job well done in 2019!

Sören Mellstig  
*Chairman of the Board*



# Regulations, control model and internal control

Humana's corporate governance is aimed at long-term and sustainable value creation for shareholders and other stakeholders. Humana endeavours to provide a clear and transparent governance model and division of responsibility along with good control of risks and a healthy corporate culture.

Efficient and well-functioning corporate governance creates better control while providing scope for new business. The aim is to ensure that Humana is effectively governed and operated in accordance with current laws and regulations.

## Regulatory framework and governance model

Humana is a Swedish public limited company listed on Nasdaq Stockholm. The Company, corporate ID number 556760-8475, has its registered office and head office in Stockholm. The corporate governance report is part of the Company's Board of Directors' Report and is audited by the Company's auditors.

Humana's corporate governance will ensure that the Board and Group management work to develop the Company's operations so that long-term value is created for all stakeholders, including customers, clients, employees and shareholders. The work involves ensuring a well-functioning organisation, clear operational goals, a system for efficient management, effective monitoring, governance and internal control, and transparent internal and external reporting. Corporate governance will ensure that Humana is effectively governed and operated in accordance with current laws and regulations.

Responsibility for governance, management and control is distributed between the Board, its elected committees, the CEO and the shareholders. Humana's governance is based on external and internal governance instruments.

### External governance instruments

External governance instruments form the framework for Humana's corporate governance. The external instruments include the Swedish

Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rules for Issuers and the Swedish Corporate Governance Code (the Code).

### Internal governance instruments

The internal control instruments include the Articles of Association as adopted by the AGM, the rules of procedure for the Company's Board of Directors and the CEO instruction, policies and internal rules and guidelines. Humana's Board has adopted several policies and guidelines that govern the Company's operations. Humana has also adopted a set of instructions for financial reporting that are documented in the Company's financial manual. Alongside the above-mentioned internal documentation, Humana follows a Group-wide vision, a business concept and four clearly defined target areas.

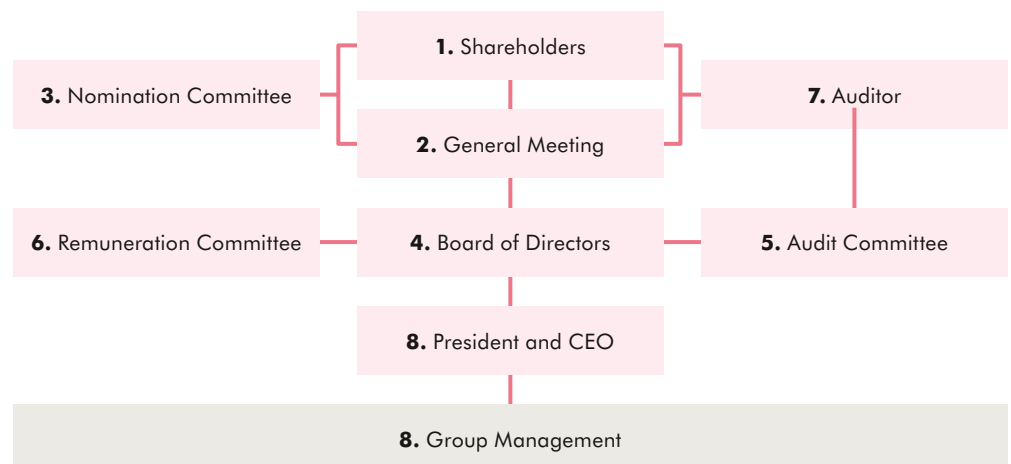
The structure and different components of Humana's corporate governance are shown in the illustration below:

### Sustainability work and governance at Humana

At Humana, sustainability governance and work are an integral part of the Company's business model and corporate governance. Sustainability is closely connected with how Humana creates value and acts as a quality provider in the care industry. Humana considers this work to be about making a major contribution to society, the Company's customers, clients, contractors, employees and other stakeholders. The work is based on Humana's core values, our strategic objectives and our code of conduct. Responsibility for overall strategies, objectives, measures and monitoring lies with Group management. Management reports to the Board, which monitors progress and is involved in driving the work forward. Read more in Humana's sustainability report on pages 14–23.

### Governance model

Humana's shareholders ultimately decide on the Group's governance by appointing the Company's Board at the General Meeting. The Board, in turn, is responsible for ensuring that Humana's corporate governance complies with laws and other external and internal governance instruments.



## 1 Shareholders

The total number of shares outstanding in Humana, which is listed on Nasdaq Stockholm, is 53,140,064. All shares carry the same rights to the Company's earnings and capital. The Company's registered share capital on 31 December 2019 amounted to SEK 1,180,879. There is no provision in Humana AB's articles of association restricting the transfer of shares.

Since the 2019 Annual General Meeting, there has been an outstanding mandate for the Board to decide on a new share issue corresponding to a maximum dilution of 10 percent and an approval to repurchase own shares up to a maximum of 10 percent of the total number of shares outstanding. The 2019 Annual General Meeting also authorised the Board to transfer own shares.

Humana had 3,746 shareholders at the end of the year. The ten largest shareholders registered with Euroclear Sweden directly or as an owner group accounted for 74.4 percent of the votes and shares in the Company. Swedish investors owned 49.8 percent of the votes and shares. The largest shareholder as at 31 December 2019 was Impilo Care AB with 20.0 percent of the votes and shares.

## 2 General Meeting

The General Meeting is Humana's highest decision-making body and all shareholders are entitled to attend. By exercising their voting rights, Humana's shareholders can participate and decide on several important issues such as the election of directors and auditors, adoption of the financial statements, discharge from liability for the CEO and Board, and the appropriation of the Company's profit.

All shareholders listed in the share register who have provided timely notification of their intention to attend according to the regulations contained in the notice convening the meeting are entitled to participate in Humana's meeting and vote their shares. Shareholders may also be represented by proxy at the meeting.

Humana's 2019 Annual General Meeting was held at Lindhagen Konferens on 9 May 2019.

Resolutions passed at the 2019 AGM included:

- a dividend of SEK 0.70 per share, totalling approximately SEK 37 million, to be paid for the 2018 financial year
- the Board of Directors and CEO to be discharged from liability for the 2018 financial year
- the Board to be composed of seven ordinary members without deputies
- Sören Mellstig to be newly elected as Chairman of the Board, Magdalena Gerger, Sören Mellstig and Fredrik Strömholm to be elected as new Board members, and Per Granath, Kirsi Komi, Monica Lingegård and Lloyd Perry to be re-elected to the Board
- payment of directors' fees totalling SEK 2,035,000
- KPMG AB to be elected as auditing firm, with Helena Nilsson as chief auditor
- adoption of the guidelines on remuneration of the Company's senior executives in accordance with the Board's proposal
- authorisation for the Board to acquire own shares
- authorisation for the Board to transfer own shares
- authorisation for the Board to issue new shares on one or more occasions before the next AGM, but not exceeding ten percent of the total number of shares outstanding in the Company

### 2020 Annual General Meeting

Humana's 2020 Annual General Meeting, AGM, will be held on Thursday, 7 May at 15.00 at Lindhagen Konferens, Lindhagensgatan 126, Stockholm. Registration begins at 14.30.

### Important dates for the 2020 AGM

- 30 April Record date for the 2020 AGM and deadline for notifying intention to attend
- 7 May Last day for trading in the share, including right to dividend
- 7 May AGM
- 11 May Record date for dividend
- 14 May Payment date for dividend

### Notice of annual general meeting, notification and attendance

According to the Articles of Association, the notice of the AGM shall be made through advertisement in Post- och Inrikes Tidningar and on the Company's website. An announcement to the effect that a notice has been issued shall be made in Dagens Industri.

Business to be dealt with at the Annual General Meeting will be available on the Company's website no later than three weeks before the meeting.

Shareholders wishing to attend the AGM must

- be registered as shareholders in the share register maintained by Euroclear Sweden AB on Thursday, 30 April 2020
- notify the Company of their intention to attend the meeting by Thursday, 30 April 2020

Shareholders whose shares are registered in the name of a nominee need to temporarily register the shares in their own name with Euroclear Sweden AB in order to participate in the meeting. To do so, shareholders must contact their nominee in due time before 30 April 2020. Shareholders wishing to attend the AGM may notify the Company by telephone on +46 (0)8-402 91 60 between 09.00 and 16.00 weekdays or by post at this address: Humana AB 2020 AGM, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, or on the Company's website at <http://corporate.humana.se>.

The notification should include the shareholder's name or company name, personal ID or company registration number, address, telephone number and the number of advisors. If participation is by proxy, the original of the proxy (with any authorisation documents, such as registration certificate) should be received by Humana before the AGM.

### Special conditions related to spread of Covid-19

Humana has decided that neither food or coffee will be served at the AGM as a precautionary measure. Anyone who is registered for Humana's AGM but has symptoms of respiratory disease, even mild, or has been in close contact with someone infected with the Covid-19 virus, Humana asks not to attend the AGM. This is to avoid further spread of the infection. Humana therefore also recalls the possibility of not attending in person at the AGM but instead attending by proxy. Humana's guidelines are based on the guidelines of the Public Health Agency of Sweden. Further precautionary measures may be taken if the guidelines are changed or if Humana assesses it is suitable to do so.

### Proposals for resolution at the 2020 AGM

Due to the current situation in 2020 caused by the spread of Covid-19, the Board of Directors proposes that no dividend shall be paid to the shareholders of the profit for the year 2019.

## 3 Nomination Committee

The Nomination Committee's task is to ensure that members of Humana's Board of Directors together have the relevant knowledge and experience to promote and be part of Humana's optimum development over time. The Nomination Committee assesses the Board's work, based on factors such as the Board's annual evaluation, the

requirements of the Code, company-specific needs and comments provided to the Committee by Humana's Chairman.

The Nomination Committee's work also includes presenting proposals to the AGM on the number of Board members and the composition of the Board, and making proposals on remuneration of the Board, including fees for committee work. The Nomination Committee also proposes candidates for the positions of Chairman of the Board and Chairman of the AGM and makes proposals on the election and remuneration of auditors. The Nomination Committee's proposals regarding Board members, Board fees and the election of auditors are presented in the notice convening the meeting. A statement explaining the Nomination Committee's proposed Board composition is published on Humana's website when the notice is published.

In accordance with the Swedish Corporate Governance Code, Humana has a set of Nomination Committee instructions. The instructions require the Company to have a Nomination Committee consisting of one representative from each of the four largest shareholders (in terms of votes), based on information from Euroclear Sweden AB on the last banking day in August, and the Chairman of the Board (the convener). The member representing the largest shareholder in terms of votes shall be appointed Chairman of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Nomination Committee.

The members of the Nomination Committee prior to the 2020 AGM represented approximately 47 percent of the votes in the Company (as at 31/12/19).

Members of the Nomination Committee prior to the 2020 AGM:

- Fredrik Strömholm, representing Impilo Care AB, Chair of the Committee
- Alexander Kopp, representing Incentive AS
- Mats Hellström, representing Nordea Funds Ltd
- Simone Hirschvogel, representing SEB Investment Management AB
- Sören Mellstig, Chairman of the Board, Humana

Argan Capital, who through the company Air Syndication SCA was the third largest shareholder in Humana (as of 30 August 2019 when the Nomination Committee was formed) declined to be represented on the Nomination Committee.

## 4 Board of Directors

The Board of Humana has overall responsibility for building a value-creating and sustainable business for shareholders and other stakeholders with continuity and a long-term perspective. The Board is responsible for the Company's overall strategy, ensuring well-informed decision-making processes and maintaining a clear perception of trends in the sector and Humana's business environment. Another important function of the Board is to ensure that the Company has good risk management, control and business monitoring.

### Board members

According to the articles of association, the Board of Humana shall consist of three to eight members. Members of the Board shall together possess key skills and experience to ensure Humana's optimum development.

In 2019, Humana's Board had seven elected members without deputies until 12 November 2019, when Lloyd Perry left at his own request, and for the remainder of the year six elected members without deputies. The Board consisted of three female and three (four up to 12 November 2019) male members.

Six of the seven (from 12 November 2019: five of the six) Board members are independent of the Company and its management, the exception being Per Granath. Four of the seven (as from 12 November 2019, four of the six) Board members, are also independent of the

Company's largest shareholder, the exceptions being Sören Mellstig, Fredrik Strömholm and Lloyd Perry (up to 12 November 2019).

This means that Humana fulfilled Nasdaq Stockholm's requirements for 2019 and the Swedish Corporate Governance Code's rules on the independence of board members.

The composition of the Board and a presentation of Board members can be found on pages 52-53.

President and CEO Rasmus Nerman attends all Board meetings. Ulf Bonnevier, Humana's CFO, attends Board meetings and is Board secretary.

### The work of the Board

The Board's duties and responsibilities are regulated by the Swedish Companies Act and Humana's Articles of Association. The Board's work is also governed by annually defined rules of procedure, which describe areas such as the division of duties and responsibility between Board members, the Chairman and the CEO. The Board also draws up instructions for the Board's committees. The Board of Humana continuously monitors strategic direction, economic development and the Company's methods and processes in order to maintain well-functioning operations. Humana's Board is also responsible for ensuring good quality financial reporting and internal control and evaluating the business in relation to the goals and guidelines defined by the Board. The Chairman of the Board and the CEO are responsible for monitoring the Company's development, and for preparing and leading Board meetings. The Chairman is also responsible for ensuring that Board members conduct an annual evaluation of their work and that they receive the information they need to perform their duties effectively and satisfactorily.

The Board held eight meetings in 2019: five ordinary meetings and three extra meetings. A report from the CEO and a review of results are permanent agenda items. The Board reviews the interim reports four times during the year, at the meetings in February, May, August and November. The annual report and annual financial statements were dealt with at the February meeting. The Board also adopted and revised several policies, dealt with Humana's sustainability work and discussed acquisition-related matters. The Board held its annual strategy days in September, with a review and situation analysis of the market segments in which Humana operates and associated strategic action plans. The plans also provided a platform for discussion of the Group's financial targets. A visit to one of Humana's operations was also made at the time.

The Board regularly evaluates the work of CEO Rasmus Nerman. Humana's chief auditor Helena Nilsson from KPMG reported on her observations at the meeting dealing with the year-end accounts. At the same meeting, the Board had a separate agenda item with the auditor during which members of Group management were not present.

In 2019, the Board focused on strategic issues in each business area, organic expansion initiatives, acquisitions, financing and Humana's sustainability work. The Board also made decisions regarding acquisitions and new expansion investments. A regular topic of discussion for the Board is the current political debate in Sweden and Norway, but also in Finland where the SOTE reform and staffing density in elderly care have also dominated the debate.

### Evaluation of the work of the Board

Humana's Chairman Sören Mellstig is responsible for ensuring an annual evaluation of the work of the Board and its committees (audit and remuneration) is conducted. An evaluation of the Board's work process, competence, background, experience and composition was carried out during the autumn. The results were presented to the Nomination Committee.



**Directors' fees**

The 2019 AGM adopted fees for Board members, the Chairman of the Board and committee work for assignments up to the 2020 AGM.

Directors' fees (AGM year) were paid as follows:

- Chairman Sören Mellstig received SEK 600,000 in his capacity as Chairman of Humana's Board.
- Magdalena Gerger, Per Granath, Kirsi Komi, Monica Lingegård and Fredrik Strömholm each received fees of SEK 230,000.
- Chair of the Audit Committee Fredrik Strömholm received SEK 150,000. Audit Committee members Per Granath, Kirsi Komi and Sören Mellstig each received SEK 20,000.
- Chair of the Remuneration Committee Magdalena Gerger received SEK 50,000. Remuneration Committee members Monica Lingegård and Sören Mellstig were each paid fees of SEK 12,500.
- No directors' fees were paid to Lloyd Perry.

Total remuneration for Board and committee work in 2019–2020 amounted to SEK 2,035,000 (1,997,500).

**Board diversity policy**

As a group, members of Humana's Board should have the right expertise, experience and background to contribute to the Company's development. The aim is for the Board to consist of members of varying ages, with both male and female representation, from varied geographical and ethnic backgrounds and complementing each other in terms of educational and professional backgrounds. The objective is for the Board to contribute independent and critical challenges. The Board has adopted a diversity policy, which the Nomination Committee considers in the preparation of its proposal for the AGM. The Nomination Committee also bases its work on Section 4.1 of the Swedish Corporate Governance Code. In 2017 and 2018, Humana was awarded the AllBright prize for the Company's proactive gender equality work. The Company was also nominated for the AllBright prize in 2019.

**5 Audit Committee**

The Audit Committee's main task is to support the Board in fulfilling its responsibilities in the areas of financial reporting, accounting, auditing, internal control and risk management. The Audit Committee works according to rules of procedure defined by the Board. The Committee's duties also include reviewing internal audit procedures, and scrutinising and monitoring the auditor's impartiality and independence. The Audit Committee has regular meetings with the

auditors in order to keep informed about the focus and scope of the audit and observations arising from the audit.

In 2019, the Audit Committee held five minuted meetings. All Audit Committee meetings have been reported to the Board.

**Audit Committee members 2019–2020**

- Fredrik Strömholm, Chair
- Per Granath
- Kirsi Komi
- Sören Mellstig

The Chair of the Committee, Fredrik Strömholm, has the accounting expertise required by the Swedish Companies Act. All members of the Committee apart from Per Granath are independent of the Company. Per Granath and Kirsi Komi are independent of the Company's largest owner; Fredrik Strömholm and Sören Mellstig are not.

**6 Remuneration Committee**

The Remuneration Committee works in accordance with rules of procedure adopted by the Board of Directors. The Remuneration Committee's main tasks are to submit proposals to the Board on remuneration and conditions of employment for the President and CEO, and remuneration policies for Group management, and to monitor and evaluate current and completed incentive programmes. The Committee also makes decisions on remuneration and conditions of employment for other members of Group management.

Remuneration Committee members are also responsible for monitoring and evaluating application of the guidelines for remuneration of senior executives adopted by the AGM.

The Committee is also responsible for succession planning and talent management.

The Remuneration Committee held three minuted meetings in 2019. The meetings have been reported to the Board.

**Remuneration Committee members 2019–2020**

- Magdalena Gerger, Chair
- Monica Lingegård
- Sören Mellstig
- Lloyd Perry (up to 12 November 2019, when he left the Board at his own request)

All members are independent of the Company and its management.

**Remuneration, Board attendance and shareholdings 2019**

	Director's fee (AGM year), SEK	Remuneration for committee work, SEK	Independent of		Attendance at meetings with			31 Dec 2019
			the Company and its management	the principal owner	Board of Directors (9)	Audit Committee (5)	Remuneration Committee (3)	Number of shares <sup>4)</sup>
Sören Mellstig <sup>1)</sup>	600,000	32,500	Yes	No	5 of 5	3 of 3	2 of 2	100,000
Magdalena Gerger <sup>1)</sup>	230,000	50,000	Yes	Yes	5 of 5	–	2 of 2	5,400
Per Granath	230,000	20,000	No	Yes	9 of 9	5 of 5	–	1,994,610
Kirsi Komi	230,000	20,000	Yes	Yes	9 of 9	5 of 5	–	6,496
Monica Lingegård	230,000	12,500	Yes	Yes	9 of 9	–	3 of 3	1,500
Lloyd Perry <sup>2)</sup>	–	–	Yes	Yes	7 of 8	–	1 of 3	6,163,790
Fredrik Strömholm <sup>1)</sup>	230,000	150,000	Yes	No	5 of 5	3 of 3	–	10,630,000
Per Bätelson <sup>3)</sup>	not current year	not current year	Yes	Yes	4 of 4	2 of 2	1 of 1	not relevant
Helen Fasth Gillstedt <sup>3)</sup>	not current year	not current year	Yes	Yes	3 of 4	2 of 2	–	not relevant
Ulrika Östlund <sup>3)</sup>	not current year	not current year	Yes	Yes	4 of 4	–	1 of 1	not relevant

<sup>1)</sup> Joined the Board of Directors after the AGM 2019 (May 9).

<sup>2)</sup> Resigned from the Board of Directors at his own request the 12 November 2019.

<sup>3)</sup> Resigned from the Board of Directors at his/her own request in conjunction with the AGM 2019 (May 9)

<sup>4)</sup> Total shareholding – own, through related parties, endowment insurance and in companies.

## 7 Auditor

The external auditor's tasks are to assess whether Humana's annual report has been prepared in accordance with the Annual Accounts Act and IFRS, and to examine the administration of the Company. The external audit of the accounts of Humana AB, including the administration by the Board and Group Management, is performed in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden.

The auditor is appointed by the AGM following a proposal from the Nomination Committee and is elected for the period up to the next AGM. Humana's AGM on 9 May 2019 adopted a resolution to elect KPMG AB as the Company's auditor until the end of the 2020 AGM.

KPMG has conducted its audit engagement and provided some related accounting advice, but no other additional services.

KPMG AB has been the Company's auditor since 2008. However, as Humana was not listed until 2016, KPMG can remain in charge of the audit until 2026 and then be elected for another 10 years.

Authorised public accountant Helena Nilsson has been chief auditor since 2018.

## 8 President and CEO and Group management

Group management comprises Humana's President and CEO and nine other managers. Group management has a gender distribution of six females and four males.

Members of Group management:

- Rasmus Nerman, President and CEO
- Ulf Bonnevier, CFO and Vice President
- Anders Broberg, Business Area Manager, Elderly Care
- Anna Giertz Skablova, Director of Human Resources
- Anu Kallio, Country Manager, Finland (from March 2020)
- Mona Lien, Country Manager, Norway
- Eva Nilsson Bågenholm, Director of Quality Assurance
- Helena Pharmanson, Director of Marketing and Communication
- Johanna Rastad, Business Area Manager, Individual & Family
- Andreas Westlund, Business Area Manager, Personal Assistance

## Guidelines on remuneration of senior executives

### Current guidelines on remuneration of senior executives

The guidelines on remuneration of the CEO and other senior executives were adopted at the Annual General Meeting on 9 May 2019 and are valid until the 2020 Annual General Meeting. The guidelines are shown in Note G5.

### Proposal for a resolution on guidelines for salary and other remuneration

The Board proposes that the general meeting resolve on the following guidelines for salary and other remuneration to directors, the Chief Executive Officer (CEO) and other senior executives. Senior executives refer to senior executives of the group executive management. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to any director fees decided by the general meeting or issues and transfers covered by Chapter 16 of the Swedish Companies Act.

### *The guidelines' promotion of Humana's business strategy, fulfilment of financial objectives and long-term interests and sustainability*

In short, Humana's business strategy is the following. Everyone is entitled to a good life. In order for the society to be able to meet the increasing and more difficult needs of the Nordic welfare, a diversity of practitioners is required. Humana's ambition is to be the obvious provider of care services for customers, clients and buyers with high quality standards. The strategy for reaching the ambition each day is based on four objective areas: quality operations, long-term and profitable growth, to be an attractive employer and to be a socially responsible provider.

For more information regarding Humana's business strategy, please see <https://www.humana.se/>

It is of fundamental importance to Humana and its shareholders that these guidelines, in both a short- and long-term perspective, create good conditions to attract and retain competent employees. The purpose of these guidelines is to increase transparency in remuneration issues and through well thought-out remuneration structures create incentives for senior executives to execute strategic plans and to achieve the company's financial objectives. This will support Humana's business strategy and long-term interests, including its sustainability.

### Humana's Group management 2019

Name	Position	Member of Group management since	Employed by Humana since	Shares held 31 December 2019 <sup>3)</sup>	Number of warrants 31 December 2019 <sup>4)</sup>
Rasmus Nerman	President and CEO	2014	2014	169,161	79,872
Ulf Bonnevier	Executive Vice President/CFO	2012	2012	168,436	63,897
Anders Broberg	Business Area Manager, Elderly Care	2018	2018	780	–
Claus Forum	Director of Sales <sup>1)</sup>	2014	2011	160,436	45,931
Anna Giertz Skablova	Director of Human Resources	2017	2017	–	–
Mona Lien	Country Manager, Norway	2014	2014	19,578	35,942
Eva Nilsson Bågenholm	Director of Quality Assurance	2015	2015	3,682	7,987
Helena Pharmanson	Director of Marketing and Communications	2010	2010	96,504	38,011
Johanna Rastad	Business Area Manager, Individual & Family <sup>2)</sup>	2019	2018	–	–
Andreas Westlund	Business Area Manager, Personal Assistance	2018	2009	22,110	–

<sup>1)</sup> Director of Sales as from September 2019 to January 2020, when Claus Forum also resigned from the Group Management. Previously he was Business Area Manager, Individual & Family and part of Group Management.

<sup>2)</sup> Business Area Manager, Individual & Family, as from September 2019. Previously, as from January 2019, Johanna Rastad was Director of Business Development and part of Group Management.

<sup>3)</sup> Total shareholding – own, through related parties, endowment insurance and in companies.

<sup>4)</sup> The warrants held refers to the third and last part of the warrant programme, with subscription price SEK 80.60 and expiring 31 March 2020.

To obtain this purpose it is important to maintain market based and competitive remuneration terms to the senior executives.

#### *Remuneration and forms of remuneration*

Remuneration to senior executives should comprise of fixed salary, variable remuneration, pension and other benefits. Furthermore, the Board may prepare and the general meeting resolve, on share and share-price related incentive programmes. The total remuneration must be market based, competitive and reflect the individual's performance and responsibility as well as the group's financial performance. The various types of remuneration that may be paid out are described below.

#### *Fixed salary*

At the maximum outcome of variable remuneration, the fixed remuneration amounts to 63 percent of the total remuneration.

#### *Variable remuneration*

The purpose of the variable remuneration is to create incentives for senior executives to deliver good operating results, and to combine the interests of senior executives with the interests of the shareholders.

The variable remuneration may comprise of a short-term and a long-term variable remuneration, which is paid in cash during one or three years. Variable remuneration shall be subject to the fulfilment of defined and measurable objectives. The short-term variable remuneration shall be maximized to 30 percent in relation to the fixed salary and the long-term variable remuneration shall be maximized to 30 percent in relation to the fixed salary.

The objectives for variable remuneration must be related to outcomes of financial objective for the group and business areas, as well as clearly defined individual objectives regarding specific tasks, such as customer satisfaction, project outcomes and environmental and social impact. The latter are used to ensure focus on non-financial objectives of certain interest. The objectives must be designed to promote the group's business strategy and long-term interests, including its sustainability.

The financial objectives are set by the Board in order to ensure that they are in line with the company's business strategy and financial objectives.

When the measurement period for the fulfilment of the predetermined objectives for the payment of variable remuneration has been completed, the extent to which the objectives have been met shall be assessed by an overall assessment of the performance. The Remuneration Committee is responsible for the assessment of the group management. As far as the financial objectives are concerned, the assessment shall be based on the most recently published financial information published by Humana.

Humana does not have any deferral periods or according to agreements any possibility to reclaim variable remuneration.

#### *Pension*

The main principle is that pension contributions are based on collective bargaining agreement provisions in each geographical market. On entering into new pension agreements, senior executives entitled to pension will have premium defined pension agreements based on fixed salary. Variable remuneration shall be pensionable. Pensioning of senior executives takes place in accordance with the respective country's pension rules. The pension premiums vary for each geographical market and the pension premiums size must comply with collective bargaining agreement provisions.

For employments governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### *Other benefits*

Other benefits, such as a company car, compensation for health care, health and health insurance, must comprise a minor part of the total compensation and must correspond to what may be deemed market practice.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### *Special remuneration*

Further variable remuneration payable in cash may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and may only be awarded on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration must not exceed an amount corresponding to the individual's annual fixed salary and maximum variable remuneration and shall not be paid more than once a year and per individual. Any resolution on such remuneration could be made by the Compensation Committee.

#### *Remuneration payable to Directors*

In certain cases, Directors elected by the general meeting, should be able to receive fees and other remuneration for work carried out on behalf of Humana, alongside their Board work. Market-based fees approved by the Board, may be payable for such services.

#### *Terms for dismissal etc.*

Severance pay shall, normally, be payable upon dismissal by Humana. Members of the group executive management should normally have a notice period of maximum six months in combination with severance pay corresponding to six months' fixed salary. When the employment exceeds five years, the notice period on the part of Humana shall be extended to twelve months, while for the senior executive shall remain



six months. For the CEO, upon dismissal on the part of Humana, a notice period of six months and a severance pay of twelve months shall apply. No severance pay shall be paid upon dismissal by the employee. Agreements on severance pay are made separately after resolution made by the Remuneration Committee.

#### *Remuneration and employment conditions for other employees*

In the preparation of this proposal for guidelines, remuneration and employment conditions for employees of Humana have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Board's basis of decision when evaluating the reasonableness of the guidelines and appurtenant limitations.

#### *The decision-making process to determine, review and implement the guidelines*

The Board has established a Remuneration Committee. The committee's tasks include preparing the Board's decision on proposals for guidelines for senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall monitor and evaluate programs for variable remuneration for the company management, the application of the guidelines as well as the current remuneration structures and remuneration levels in the company.

The members of the Remuneration Committee are independent of the company and the company management. The CEO and other members of the company management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Conflicts of interest are counteracted in all resolutions and any potential conflicts of interest are handled in accordance with the company's framework for governance, consisting out of a code of conduct, policies and guidelines.

#### *Derogation from the guidelines*

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability.

#### *Description of material changes to the guidelines*

The content of the guidelines has been reviewed and adapted to the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards encouragement of the long-term shareholder engagement.

#### *Previously decided remuneration that has not fallen due*

At the time of the annual general meeting on 7 May 2020, Humana has no unregulated remunerations, except for ongoing commitments to senior executives in accordance with the remuneration principles described in the annual report.

#### **Share-based incentive programmes**

Humana has had two long-term share-based incentive programmes in 2019: one for eight of the Company's senior executives and another for key employees. The purpose is to encourage a broad shareholding among Humana employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed Humana's financial targets.

The programmes have comprised a warrant programme and a share savings programme. The programmes expired 31 March 2020 and 31 January 2020, respectively.

The warrant programme was set up for eight senior executives and comprised a total of 1,440,420 warrants. The remaining warrants amounted to 480,140 at the end of 2019, and entitled holders to subscribe for the same number of new Humana shares at a subscription price of SEK 80.60. If the maximum amount had been subscribed for, dilution would have been about 0.9 percent of the total number of Humana shares. At full allotment, the employee share savings programme would comprise a maximum of 61,667 shares at the end of 2019, corresponding to about 0.1 percent of the total number of shares outstanding in the Company.

## The Board’s report on internal control

The purpose of internal control is to look at the current situation with the help of analyses and monitoring, and to use this as a basis for identifying which risks are significant and which ones should be managed with effective controls. Everything cannot, and should not, be equally controlled in an effective organisation. Internal control is about managing relevant risks by keeping one step ahead, thereby reducing the Company’s overall risk exposure.

According to the Swedish Companies Act and the Swedish Corporate Governance Code, Humana’s Board is ultimately responsible for ensuring the Company’s organisation is structured in such a way as to allow satisfactory monitoring and control of financial reporting, administration and operations.

Humana’s CEO has delegated responsibility to the CFO for implementing and maintaining formal procedures that ensure compliance with established principles on financial reporting and internal control. However, it is each employee’s responsibility to participate in internal governance and control. This includes complying with the financial manual and performing the controls that have been established to prevent, discover and deal with discrepancies and errors.

### Responsibility for internal control

At Humana, internal governance and control is an integral part of the Company’s corporate governance. To clarify and create a structure for how the organisation manages its risks and who is responsible for what in Humana’s risk management, internal governance and controls, the Company uses a model based on three lines of responsibility for its control work.



The Board is ultimately responsible for the organisation and defines policies for risk management based on owner preferences and directives. The organisation’s President and CEO is subordinate to the Board and formally responsible for day-to-day management.

### First line of responsibility

Humana is a decentralised company that allows the individual a large measure of responsibility and freedom on a day-to-day basis to make decisions that help to improve and make life easier for the Company’s customers and clients. The first line of responsibility in the process of managing operational risks is therefore the organisation in day-to-day operations, which includes regional managers, unit managers, supervisors and employees in the business operations. They are owners of their own risks and are responsible for working on daily internal control by identifying, evaluating, controlling and mitigating risks, and ensuring that policies and governing documents are understood and followed. They set up appropriate control activities and ensure that these are carried out correctly. Effectiveness is dependent on

key factors such as corporate culture and the sense of right and wrong that management establishes in the business, as well as the clarity of employees’ responsibility for their work.

### Second line of responsibility

The second line of responsibility is more functionally oriented. This involves Humana’s functions that work specifically on monitoring risk-taking. Their task is to ensure compliance with the Board’s level of risk-taking in the first line, which is achieved by setting requirements, defining instructions and policies, and monitoring compliance. These functions serve in a support and monitoring capacity and are not responsible for operation of the business. Humana has an efficient quality assurance function that works continuously to prevent and reduce risks in the business. In its financial organisation, the Company also has a function that works on risk control and compliance. This function helps to develop processes related to risk management and internal governance and control and is responsible for monitoring the work of the first line.

### Third line of responsibility

The third line includes the internal audit function, which works on behalf of the Board and reviews the work of the first and second lines. Humana’s internal control is conducted through internal monitoring and self-assessment. The results are reported to the Board. Based on the Audit Committee’s assessment, the Board has decided against appointing a separate internal audit function. The Company believes that the stronger quality management system and the controls in each business area and in the financial function provide the required control and monitoring. The Board assesses the need for an internal audit function every year.

### Internal control system – COSO model

Humana’s internal control structure follows the Committee of Sponsoring Organisations of the Threadway Commission (COSO) framework principles. The framework is based on five main components that together allow good internal control: control environment, risk assessment, control activities, information and communication, and monitoring. From the model’s components, several development priority areas have been identified in the internal control work.

### Control environment

The Board is responsible for establishing an effective system of internal control and manages the work through the CEO. Members of Humana’s Group management work within their respective functions and areas of responsibility to spread, influence and increase employees’ knowledge and responsibilities in the area of control. An efficient control environment involves a clear organisational structure, clear decision-making channels, shared values in terms of ethics, morality and integrity, and authority is clearly defined and communicated through governing documents. Examples of Humana’s governing documents include policies, guidelines, manuals, instructions and the Code of Conduct. Humana’s quality management work is central to the business and includes quality management systems, systematic monitoring and control. Humana systematically invests in strengthening and developing its capital structure. With regular investments, Humana increases its competitiveness, while the Company reduces its level of operational risk.

Important elements of Humana's control environment and the process of building long-term structural capital include:

- A strong corporate culture with well-grounded values that permeate the Company – Through a well-established corporate culture with shared values, Humana's employees are given a clear direction and mandate to work on personalised interaction with a focus on solutions in everyday life.
- Clear guidelines on ethics and morality – To further strengthen the work, a Group-wide Code of Conduct has been drawn up and implemented.
- Extensive quality-assurance work at all levels of the Company – Implementation of a common quality management system continues.
- Group-wide policies in several key areas such as employees, communication, diversity and transparency. These include a quality policy, environmental policy, work environment policy, and diversity & inclusion policy.
- An organisational structure with clear delegation of authority and responsibility – HR is currently working to harmonise employee processes within the Group and ensure succession planning for top managers and key positions. Implementation of a Group-wide HR system is in progress. A Group-wide leadership development programme has started.
- Constant skills supply – Humana Academy provides traditional training and web-based interactive training, both for its own employees and for municipalities and colleagues in the sector.

In addition, Humana has governing documents designed to support and help all employees to act in accordance with Humana's internal rules and guidelines. Governing documents on accounting and financial reporting cover areas of importance in working to establish correct, complete and up-to-date accounting, reporting and information disclosure. The financial manual is Humana's central governance document with respect to guidelines for achieving good internal governance and control over financial reporting. As Humana is an acquisition-driven company, an essential part of the integration process involves ensuring that values and the control environment in general are aligned with Humana's guidelines.

#### Risk assessment

Risks and risk management in Humana's operations are described in more detail in the section entitled Risks and risk management on pages 56-61. The specific financial risks are described in more detail in note G19. Humana continuously updates its analysis of risks that may lead to errors in financial reporting. A Group-wide analysis of risks of errors in financial reporting is conducted annually. The risk reviews identify items in the financial statements and administrative flows and processes where the risk of errors is more substantial.

#### Control activities

Humana regularly conducts control activities for the significant risks that have been identified. The Company's CFO is responsible for ensuring that identified risks associated with financial reporting at Group level are managed. The control activities follow the structure of the reporting process and financial organisation. Each unit's reporting is validated and checked in the local accounting stage

before being transferred to the business areas and Group finance for consolidation. Controllers and financial managers in each business area make budgets, update forecasts and analyse outcomes. The checks and reports may be subject to special investigations where necessary. All business areas submit their financial results in monthly written reports.

#### Information and Communication

Humana's Board receives monthly financial reports on the Group's financial position and financial performance. The Board deals with all quarterly and annual reports before they are published externally and monitors the audit of internal control and financial reports. Humana's communication and information channels enable prompt communication of information to relevant employees. Governing documents in the form of policies, guidelines and manuals, in the case of financial reporting, are primarily communicated through the intranet and the Group's financial manual. The financial manual is updated regularly as required. In addition to written communication, there are also verbal discussions of news, risks, outcomes of controls and other matters during regular meetings. Communication also takes the form of monthly closing accounts meetings which are attended by financial managers. Individual employees have a responsibility to report discrepancies and deviations that are discovered in controls, even if they have been remedied. The aim is to provide a good picture of how the work is conducted and to be able to make improvements to the processes. For communication with internal and external parties, there is a communication policy which provides guidelines on how this communication should take place. The purpose of the policy is to ensure full and correct compliance with all information obligations. Up-to-date information is communicated to external parties on Humana's financial website, with the publication of news and press releases. Quarterly reports are published externally and are supplemented by webcasts, presentations and investor meetings. There is also an agenda for communication with shareholders in connection with the Annual General Meeting.

#### Monitoring

Each unit manager and financial organisation is ultimately responsible for ongoing monitoring of the financial information for the unit. The information undergoes further monitoring at the business area level, by corporate functions, by Group management and finally by the Board. A compilation of identified actions and their status is reported to the Board as part of the ongoing work of the Audit Committee. Humana's Audit Committee is responsible for ensuring compliance with the Company's financial reporting and internal control and ensuring the Company's financial statements are prepared in accordance with the law, applicable financial reporting standards and other listing requirements.



# Board of Directors

	<b>Position and year of election</b>	<b>Education</b>	<b>Other current assignments</b>	<b>Professional experience and previous assignments</b>
<b>1</b>	<b>Magdalena Gerger</b> Born 1964. Director since 2019. Chair of Remuneration Committee.	MBA and B.Sc., Econ., Stockholm School of Economics, with a major in International Economics at McGill University, Montreal.	President and CEO of Systembolaget. Director of Investor, Svensk Handel, Institutet för Näringslivsforskning and Chairman of the Business Executive Council of the Royal Swedish Academy of Engineering Sciences.	Senior Vice President, Arla Foods. Various executive positions at Futoria AB, Nestle, ICI Paints, Proctor & Gamble and Diageo in the UK. Directorships: Ikea, Ahlsell and Husqvarna.
<b>2</b>	<b>Per Granath</b> Born 1954. Director since 2006. Member of Audit Committee.	M.Sc. Chemistry, Royal Institute of Technology. Economics studies at the School of Business, Economics and Law, University of Gothenburg, and Stockholm University. Healthcare Management at Harvard Business School, Paris.	Founder and CEO of Broviken Gruppen AB, Chairman of Aktiebolaget Salktennis. Director of Capacent Holding, Svefa Holding AB, Northmill Group AB and G & S Fastigheter i Sverige AB.	President and CEO of Humana 2006-2015. Chairman of Resurs Bemanning AB. Director of Akademiska Hus AB. President and CEO of Intellecta AB. Vice President Handelsbanken Capital Markets in charge of healthcare and services sectors. CEO of KF Fastigheter and Deputy CEO of Scandiaconsult.
<b>3</b>	<b>Kirsi Komi</b> Born 1963. Director since 2017. Member of Audit Committee.	LL.M Master of Laws, University of Helsinki.	Director of Metsä Board Oyj. Chairman of Docrates Cancer Centre in Helsinki, Blood Service under the Finnish Red Cross, Lindström Invest Oyj and the Directors' Institute Finland.	Chairman of Veikkaus Oy, Deputy Chairman of Patria Oyj, Director of Bittium Oyj, Citycon Oyj, Martela Oyj and Finnvera Oyj. Executive positions within the Nokia Group.
<b>4</b>	<b>Monica Lingegård</b> Born 1962. Director since 2017. Member of Remuneration Committee.	M.Sc. Econ., Stockholm University. CEO of Samhall AB.	Chairman of Svenska Rymdaktiebolaget and Director of Nobina.	Director of Wireless Maingate, Swedish International Development Cooperation Agency (SIDA) Orio, the Confederation of Swedish Enterprise and Almega. CEO of G4S.
<b>5</b>	<b>Sören Mellstig</b> Born 1951. Chairman of the Board since 2019. Member of Audit committee and Remuneration Committee.	Bachelor of Applied Science, in Business Administration and General Management from Uppsala University.	Chairman of Cellavision, Ellevio, Remeo and Delivery 1 Ltd. Industrial Partner and co-founder of Impilo.	CEO of Gambro, managerial positions at Akzo Nobel and CFO and Vice President of Incentive. Chairman of Trelleborg, Apotek Hjärtat, Aleris, Ferrosan Medical Devices and Textilia.
<b>6</b>	<b>Fredrik Strömholm</b> Born 1965. Director since 2019. Chair of Audit Committee.	M.Sc. Econ., Stockholm School of Economics, with studies at the Ecole des Hautes Etudes Commerciales in Paris; studies in French, Russian and East European political science at the universities of Uppsala and Stockholm.	Co-founder of Impilo and Chairman of its investment committee. Director of Ferrosan Medical Devices, NutraQ, Ortic 3D, the Fertility Partnership and Euro Accident. Chairman of Immedica and Natur & Kultur.	Founder of Altor Equity Partners and partner for 14 years. Head of Corporate Finance, Nordic Region, at Goldman Sachs for ten years. International and Investment Manager at Nordic Capital.



# Group management

	<b>Position</b>	<b>Education</b>	<b>Other current assignments</b>	<b>Professional experience and previous assignments</b>
<b>1</b>	<b>Rasmus Nerman</b> Born 1978. President and CEO since 2015. Formerly Deputy CEO, 2014.	M.Sc. Econ., Stockholm School of Economics. M.Sc. in International Leadership, CEMS MIM.	Member of the council of the Stockholm Chamber of Commerce.	President and CEO of INOM Group. Management consultant, with focus on healthcare, The Boston Consulting Group. Director of Vårdföretagarna Bransch Individ & Familj.
<b>2</b>	<b>Ulf Bonnevier</b> Born 1964. CFO since 2012. Deputy CEO since 2016.	M.Sc. Econ., specialising in accounting and auditing, Uppsala University. Stockholm School of Economics IFL Executive Education.	Director of Karnov Group AB and member of the audit committee and of the remuneration committee of Karnov Group AB.	Country Manager of Ipsos in Sweden. CFO Synovate Western Europe. CEO Wolters Kluwer in Scandinavia.
<b>3</b>	<b>Anders Broberg</b> Born 1969. Business Area Manager, Elderly Care, since 2018.	Nursing Degree, Örebro University, M.A. Religious Studies, Uppsala University. Leadership development programmes at Ramboll Management.	Director of Vårdföretagarna Bransch Äldreomsorg, Board member of the regional programme council for the Care Programme, Greater Stockholm.	CEO and President of Temabo AB, Administrative Director Elderly Care, City of Stockholm, and operational manager at Poolia Vård AB.
<b>4</b>	<b>Anna Giertz Skablova</b> Born 1970. Director of Human Resources since 2017.	MBA in General Management at Rotterdam School of Management, Erasmus University (Netherlands) and M.Sc. in linguistics.	–	HR Director for Tieto AB and Teligent AB. Consultant at PA Consulting.
<b>5</b>	<b>Anu Kallio</b> Born 1968. Country Manager, Finland since 2020.	M.Sc in accounting and finance, Helsinki School of Economics, and an eMBA in insurance and finance, University of Tammerfors.	Board member of LocalTapiola, General Mutual Insurance Company.	CEO Rinnekoti Foundation, CFO Helsinki Deacones Institute and other executive positions in finance.
<b>6</b>	<b>Mona Lien</b> Born 1962. Country Manager, Norway, since 2015.	M.Sc.in Psychology, Oslo University, Trondheim and New York University. Two-year management programme at BI Norwegian Business School.	Board member of Norwegian Federation of Service Industries and Retail Trade.	CEO Løft AS, Head of Business Development, INOM Norway. Various public sector roles within schools and psychiatry. Four years of self-employment as owner of a training centre.
<b>7</b>	<b>Eva Nilsson Bågenholm</b> Born 1960. Director of Quality Assurance since 2015.	Nursing Degree, Umeå University. Medical Doctor degree, University of Gothenburg. Licensed physician, specialist in internal medicine.	Chairman of Vårdföretagarna and Director of Oriola.	Specialist physician at Sahlgrenska University Hospital. Chairman of the Swedish Medical Association. Swedish government national coordinator for the elderly 2011-2014. Government investigator, Plastic Surgery Study (Skönhetsutredningen) 2015.
<b>8</b>	<b>Helena Pharmanson</b> Born 1966. Director of Marketing and Communications since 2010.	International MBA, Business Economics, Uppsala University. Directors' programme at Stockholm Chamber of Commerce.	–	Sales Director, Pfizer Sverige AB. Various marketing and sales roles at Pfizer and Pharmacia.
<b>9</b>	<b>Johanna Rastad</b> Born 1980. Business Area Manager, Individual & Family since 2019. Formerly Director of Business Development, 2018.	M.Sc. (Econ), Stockholm School of Economics.	Director of Tilleike AB, Hemsehem AB and Braive AS.	Investment banking at ABN Amro, London, 2005–2008. BC Partners, London, 2008–2010. Procuritas AB, Stockholm, 2010-2013. Several years of operational experience in senior positions in the care sector, including Team Oliva and Kry between 2013 and 2017.
<b>10</b>	<b>Andreas Westlund</b> Born 1978. Business Area Manager, Personal Assistance since 2018.	Trainee programme, studies at Företagsuniversitetet, Executive Master of Strategy, Mgruppen, and Orchestrating Winning Performance (OWP), IMD.	Director of Vårdföretagarna Bransch Personlig Assistans.	CFO of Humana Assistans, Payroll Manager at Humana. Strålfors AB, Elajo AB and Admit AB. Founder of Effektiv Ekonomi. Professional ice hockey player for Brynäs.





# Risks and risk management

To facilitate proactive minimisation of risk exposure, Humana conducts regular risk analyses. The risks that Humana has identified are classified in four risk categories and all risks have been graded according to probability and impact.

A risk is defined as an uncertainty about an event occurring that could affect the Company’s ability to achieve defined objectives. Risks are a natural part of all business operations and must be managed effectively by the organisation.

Humana’s risk management is aimed at preventing, mitigating or precluding risks from materialising or affecting operations in a negative way. Humana endeavours to effectively identify, assess and manage the Company’s risks. The purpose of Humana’s risk management work can be summarised as follows:

- to create management and Board awareness about the Company’s risks
- to create effective governance and control of the business so that the Company can achieve its objectives
- to provide data and processes that support daily operations
- to ensure investors and other stakeholders have effective information about the Company’s risk exposure

In their risk analysis, Humana’s management have identified conceivable events, scenarios and activities that could have an impact on the Company’s operations and its ability to achieve defined objectives. These risks have been evaluated and concentrated into a net list of the most relevant risks. The risks have been graded according to a probability and impact perspective. An increased probability of a risk occurring does not always need to be a negative factor. It can also be positive, for example, in cases where the Company believes that the change sharpens requirements, thereby raising standards in the entire industry. The risks are monitored by Humana’s Group management and in the Board’s work. As Humana conducts operations in Sweden, Finland, Norway and Denmark, the assessment is based on the situation in the local markets and is then compiled into a Group-wide risk description.

**Humana has decided to classify the identified risks in four risk categories:**

- A** Sector and market
- B** Services
- C** Compliance, responsibility and sustainability
- D** Financial

**Risk levels of probability and impact**

- = low
- = medium
- = large

## **A** Sector and market

Sector and market-related risks concern external factors, events and changes in Humana’s markets that could influence the conditions for achieving the Company’s defined objectives. The Company has limited scope to influence these types of risks, but they remain risks that Humana needs to address as a company. There are often two sides to every sector and market-related risk: a downside, i.e., a risk or threat, and an upside, i.e., an opportunity.

The sector and market-related risks identified by Humana are set out below:

**Increased sector regulation**

The care sector is subject to an extensive regulatory apparatus in the form of laws and regulations at the national, regional and local levels. Laws and regulations, with the models varying in Humana’s countries of operation, cover areas such as availability of services, access to services, quality of services, staff qualifications and obligations, and confidentiality rules. Humana works with clear requirement specifications, documentation, quality monitoring and skills development to ensure that the services provided fulfil all requirements.

Risk level Probability ●●● Impact ●●●

**Comments:** Humana is far ahead in this area. The trend is towards an increase in regulations. Regulation of BPA (user-controlled personal assistance) and care services continues to increase, particularly in Norway. In general, we welcome clear regulations that help raise the quality and status of the care sector and benefit quality providers like Humana.

**Management:** Humana engages in lobbying for increased sector regulation through, e.g., participation on boards and in sector networks, and internal action plans are implemented accordingly.

**Political decisions aimed at restricting private welfare providers and other political risks**

Certain political parties in the Nordic region are questioning the privatisation of care and support services and advocating restrictions on the ability to run private care companies for profit. The business model for private care companies could be adversely affected by the introduction of legal requirements that limit or prohibit profits or restrict the rate of privatisation or the number of services eligible for privatisation.

Risk level Probability ●●● Impact ●●●

**Comments:** In what is referred to as the January Agreement, the Swedish government of the Social Democrats and Green Party has agreed with the Liberals and the Centre Party that a variety of providers are needed. The government will not therefore draft any bills introducing profit caps for private providers in welfare. In Norway, there is ongoing political debate on whether private care providers in certain segments should be restricted. In Finland, the debate has mainly concerned conditions in welfare, such as staffing.

**Management:** Regular dialogue with key stakeholders and influencers.

### Other political risks

The care sector is affected by the political agenda in every respect. Humana's operations are funded by the state and municipalities, and policy changes could have consequences for private care providers. Private providers' opportunities are dependent on political decisions made by municipalities, regions and government authorities. Increasing needs for care services, with an associated increase in costs, are expected to present a challenge to society, both in the short and long term.

Risk level                      Probability ● ● ●                      Impact ● ● ●

**Comments:** In all our countries of operation, we are exposed to political risks associated with political decisions that affect the care market. Humana has a high level of expertise in care and is also well placed to remain a strong and significant care provider in the event of any changes.

**Management:** Continuous knowledge-gathering and relationship-building in public affairs and in the Association of Private Care Providers (Vårdföretagarna) and its counterparts in Norway and Finland.

### Changes in personal assistance conditions and in the reimbursement model and allowance level

Humana's Personal Assistance business area receives an allowance from Försäkringskassan and municipalities. The state reimbursement amount is set annually through the budget proposal. The amount for 2020 increased by 1.5 percent, which means another year in which the allowance level is likely to be lower than the personnel cost increase. The state reimbursement level affects profitability in the sector.

In January 2019, the LSS inquiry presented its report. The report from the personal assistant inquiry came out in January 2020. The inquiries have not yet resulted in any changes in the conditions for personal assistance. However, several issues related to the policy for defining assistance conditions and the allowance level are under discussion.

Risk level                      Probability ● ● ●                      Impact ● ● ●

**Comments:** The allowance level for personal assistance remains challenging and new political decisions may affect future margins.

**Management:** Dialogue with key stakeholders and influencers, and responses to investigations. We work constantly to establish flexibility and manoeuvrability in the organisation to ensure preparedness for significant changes in personal assistance conditions.

### Changes in pricing and demand

Prices of publicly funded care services can be set by local, regional and national authorities. This means that the prices are not exclusively controlled by market forces such as supply and demand. A decrease in demand for private care services would have a negative impact on Humana's business. An increased need for care should bring more demand for care services, but it may also lead to price pressure, as public funds must be allocated to more recipients. There is also a risk of price pressure due to budgetary constraints, as municipalities' resources are not growing in pace with needs.

Risk level                      Probability ● ● ●                      Impact ● ● ●

**Comments:** Demand and the need for government and local authority-funded care is increasing in society. Purchases from private care companies have increased in nominal amounts each year. All Nordic countries are experiencing price pressure due to budgetary constraints.

**Management:** Continuing focus on high quality and a high degree of specialisation and individualised care to remain competitive.

## B Services

Operational risks are mainly related to internal factors and events that could adversely affect the Company's operating activities and ultimately its brand. Humana's reputation and good standing are key to maintaining the trust of the Company's customers, clients, buyers and employees. Negative publicity about private care providers or a serious incident within the Group's operations could have a considerable adverse impact on the Company's business and earnings. The operational risks identified by Humana are set out below:

### Ability to attract employees

Humana is dependent on its ability to attract, engage and retain qualified personnel at market conditions. The Company's operations are very labour-intensive, with high expertise requirements that vary from business area to business area. In Personal Assistance, the formal expertise requirements are lower, while some of the services offered in Individual & Family require a high level of expertise and specialisation. Humana's quality is dependent on employees' ability to make the right decisions and have the right attitude in their daily work. Should the Company fail to attract the right personnel, this could affect its growth opportunities. At the same time, welfare is facing a major recruitment challenge, as the number of children and old people will increase significantly more than the working age population in the coming years.

Risk level                      Probability ● ● ●                      Impact ● ● ●

**Comments:** Employee surveys show that employees are happy at Humana. Humana's scope for recruiting managers remains good. However, the recruitment situation in certain geographical regions and in specific occupational categories varies.

**Management:** Clear strategy built on Humana's values, opportunities for training, leadership, autonomy and future career paths in order to attract new employees.

### Dependence on permits and correct professional qualifications

Humana's operations and growth are dependent on the Company's ability to secure and retain several permits from social services and authorities to conduct care operations. The permits are linked to persons with the right professional expertise. Several of the permits in Humana's businesses are linked to specific properties. If the businesses are sold or moved, Humana will be required to apply for new permits. Permits could also affect Humana's ability to move companies within the Group. From 2019, more care areas are required to obtain permits in Sweden. Applications are subject to an assessment, which also looks at ownership and management, and an administrative fee is applied for each permit application made to the IVO (Health and Social Care Inspectorate). Humana's operations in Finland, Norway and Denmark are also subject to permit.

Risk level                      Probability ● ● ●                      Impact ● ● ●

**Comments:** The permit processing times of local authorities continue to be long. This means a risk of start-up delays and an associated increase in costs. The permits are linked to relatively few members of management in the Group.

**Management:** Intensified efforts to be accessible to government authorities, social services and the IVO to facilitate processing times.





**Infectious diseases, epidemics**

Infectious diseases happen in society. Common examples are influenza and gastroenteritis, also known as stomach flu. These diseases can infect anyone in society, but the situation is most difficult for people in risk groups: older frail people, people with functional impairments or people with multiple conditions. In Humana’s operations, there are customers and clients in risk groups, and we have guidelines and routines in our management system for how our operations will prevent and manage various infectious diseases. Infectious diseases can also mean that employees become sick at the same time, which can lead to difficulties staffing the operations. If there is an epidemic (more cases of an infectious disease than expected) or a pandemic (an extensive spread of contagious disease in multiple countries), the risk that an individual is affected increases, as does the risk of finding enough skilled labour. In the case of an epidemic/pandemic, there is therefore a risk that our income and expenses are impacted negatively, for instance as a result of lower occupancy and costs for sick leave.

Risk level	Probability	Impact
<b>Comments:</b> We have guidelines and routines for how our operations will prevent and manage various infectious diseases. We also have routines to establish a crisis organisation when needed, in order to further minimise the spread of disease and its impact on individuals and the company as a whole.		
<b>Management:</b> The current Corona pandemic of 2020 is being managed by Humana’s operations in the same way as other contagious diseases. Primarily through preventative action to decrease the spread of the virus. All Humana employees follow our guidelines for Care Hygiene. We have established a crisis organisation to support the work and minimise the spread of disease and its impact.		

**Negative publicity as a result of operational incidents in the Company or the sector**

For Humana, the Group’s reputation is fundamental for maintaining good relationships with current and potential clients and customers, and local, regional and regulatory authorities. The sector’s reputation also has an impact. If an incident were to occur in Humana’s or another private operator’s business, through negligence or deliberate action, this could result in negative publicity that would harm both the sector and the company in question. Further, an incident could lead to the loss of customers and therefore revenue.

Risk level	Probability	Impact
<b>Comments:</b> Humana’s revenue is based on thousands of individual customer contracts. No individual contract could have a material effect on Humana’s total revenue. The growing need for care in society is creating a focus on the care and health care sector. At the same time, an ideologically based polarisation of political debate concerning private welfare companies is further increasing the risk of negative publicity, particularly if something goes wrong.		
<b>Management:</b> Continuing focus on quality, development and training, core value work and crisis management. Well-grounded internal communication plan. Open and continuous online reporting of serious deviations. Transparent and accessible approach to media and work in the Association of Private Care Providers (Vårdförägarna) and its counterparts in other Nordic countries.		

**Compliance, responsibility and sustainability**

Humana’s operations are subject to extensive regulatory requirements. The Company must comply with a comprehensive framework of ordinances and other regulations at the national level. In addition, Humana’s business is dependent on the Company’s ability to obtain and maintain several permits and to successfully attract certain professional categories in order to provide specialised care services. Humana is also covered by data protection laws such as the Data Protection Regulation (GDPR), the Swedish Patient Data Act and corresponding legislation in Finland, Norway and Denmark. These regulations require systematised and secure routines to be in place for handling and storing personal information.

The compliance risks related to laws and regulations identified by Humana are set out below:

**Violation of data protection laws**

Humana’s operations are subject to extensive data protection laws, such as the Data Protection Regulation (GDPR) and the Swedish Personal Data Act. Legislative requirements on the processing and protection of personal data place high demands on processes and security when handling, storing and disposing of personal data, and ensuring that registered individuals are properly informed about how the companies handle personal information. Violations of the GDPR can incur a very high penalty and cause reputational damage. Humana therefore works continuously to improve the Company’s processes, routines and regular controls.

Risk level	Probability	Impact
<b>Comments:</b> Increased competence, continuing improvement of processes and routines, and investments in systems are critical to compliance with new laws and regulations in the area. Good compliance with established routines means that the risk is assessed as low.		
<b>Management:</b> Training, processes, routines and systems, and systematic improvement work.		

**Quality deficiencies affecting customers/clients**

There is a risk that staff do not follow Humana’s procedures and instead develop their own approach to clients and customers, who do not then receive the treatment or intervention that has been determined. The risk can arise, for example, during high staff turnover, when it is difficult to recruit staff or when there is a lack of leadership.

Risk level	Probability	Impact
<b>Comments:</b> There is always a risk of an employee making mistakes that affect a client. Systematic quality work is therefore a prerequisite for all care activities.		
<b>Management:</b> Humana conducts extensive quality-assurance work through our Parus management system, backed by the quality organisation. Separate controls are carried out in all operations and are followed up by the quality organisation, which conducts internal controls. All employees have an obligation to report deviations and irregularities, which are then systematically followed up and analysed by the relevant manager. Clients can make complaints, both openly and anonymously. There is also a whistleblower function on Humana’s website.		





## D Financial risks

In the course of its operations, the Group is exposed to various types of financial risks, such as financing risk, liquidity risk, credit risk, interest rate risk and currency risk. The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed by the CFO in consultation with the Board and CEO. The overall goal of the finance function is to provide cost-effective financing and minimise adverse effects of market risks on consolidated earnings. The Company's aggregate risks and measures are managed by the audit committee, which reports to the Board for assessment and approval.

The financial risks identified by Humana are set out below:

### Financing and liquidity

Liquidity risk is the risk of the Group encountering problems in meeting its obligations associated with the Company's financial liabilities. The Company's CFO manages liquidity risks centrally for the entire Group. Liquidity requirements are monitored regularly and when reviewing Humana's financing needs. The Group's policy is to minimise borrowing needs by balancing surplus and deficit liquidity within the Group and to achieve financing flexibility through agreements for additional available credit. To facilitate liquidity planning and control, the Group has credit facilities (such as bank overdraft facilities) and a cash pool. Changes in demand may affect the Company's revenue and earnings, which in combination with existing borrowing could affect its financing costs and liquidity situation.

Risk level	Probability	Impact
<b>Comments:</b> If above the financial target, Humana's debt level can affect the ability to increase financial borrowing capacity in the short term.		
<b>Management:</b> An increased focus on consolidation and operational efficiency to improve profitability is in progress. The Group's financial policy sets frameworks and guidelines for risk mandates and limits in financing activities. Humana has available overdraft facilities to deal with liquidity fluctuations.		

### Interest rate risk

Changes in the cost of borrowing, i.e., interest rates, could increase Humana's costs, which in turn could adversely affect the Group's earnings and cash flow.

Risk level	Probability	Impact
<b>Comments:</b> Humana's financing costs are affected by market interest rates. A lower debt level during the year has helped to reduce interest rate risk slightly.		
<b>Management:</b> Derivative instruments may be used to manage interest rate risk.		

### Credit risk

Humana's credit risks and credit losses are largely associated with trade receivables. Most of the Group's trade receivables are from state, municipal and county council entities, which are considered to have good credit quality. Surplus liquidity is invested in deposit accounts, and derivative agreements are only concluded with the major Nordic corporate banks.

Risk level	Probability	Impact
<b>Comments:</b> Most of Humana's trade receivables are from state, municipal and county council entities, which are considered to have good credit quality. The risk of credit losses is considered low.		
<b>Management:</b> Humana's liquidity is invested at low risk in deposit accounts and contracts are only entered into with banks that have high credit ratings.		

### Currency risk

As the Group operates in Sweden, Finland, Norway and Denmark, it is exposed to currency risks from exposure to the Euro, NOK and to some extent DKK. Consolidated profit is affected by translation of Finnish, Norwegian and to some extent Danish subsidiaries' income statements for which translation is done at the average exchange rate for the financial year. Currency risk also arises through business transactions, reported assets and liabilities, and net investments in foreign operations. The currency exposure is partly offset by borrowing in the local currency.

Risk level	Probability	Impact
<b>Comments:</b> Humana's operations are conducted in four Nordic countries, with the emphasis on Sweden. However, Humana has recently expanded significantly in Finland. The Company is exposed to relatively minor risks arising from translation from EUR, DKK and NOK to the Swedish currency.		
<b>Management:</b> Humana takes out loans in foreign currencies to offset some of the Company's currency exposure.		







# Legal Annual Report

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**About the annual report.** The legally required annual report is on pages 14–23, 42–55 and 64–97 and the statutory Sustainability Report according to the Annual Accounts Act can be found on pages 14–23.



# Board of Directors' Report

The Board of Directors and CEO of Humana AB, corporate identity number 556760-8475, registered office in Stockholm, hereby present the annual report and consolidated accounts for the 2019 financial year.

## Operations

Humana is a leading care company in the Nordic region. The Company's vision is "Everyone is entitled to a good life". Humana has approximately 15,000 employees, providing high qualitative services in the areas of individual and family care, personal assistance, elderly care and special service housing. Humana has a market-leading position in individual and family care and personal assistance in Sweden, and is growing in elderly care and special service housing. In Finland and Norway, Humana is the second-largest provider of services in individual and family care. In addition, Humana also offers elderly care in Finland and personal assistance in Norway. In Denmark, Humana has a small operation in individual and family care.

## Market

The Nordic care sector is an important component of Nordic welfare and is worth SEK 640 billion, with the private market accounting for SEK 150 billion. The degree of privatisation differs from country to country and segment to segment.

The care market in Sweden continues to grow, driven by demographic factors but also by an increase in mental health problems. The same underlying drivers are present in all Nordic markets. The increasing needs are expected to bring continuing market growth for many years to come.

## Financial overview

### Operating revenue and operating profit

The Group's operating revenue was SEK 7,467 (6,725) million. This is an increase of 11 percent and well in line with the Group's financial target for 2019 at 8–10 percent. Acquired operations accounted for SEK 613 million of the operating revenue. Organic revenue growth for the year was 2.0 percent. Operations under own management accounted for 93 percent of revenue and operations under contract accounted for 7 percent. Growth was mainly acquisition-driven. Operating profit amounted to SEK 369 (391) million, a decline of

6 percent. The operating margin was 4.9 (5.8) percent. The effects of the new financial reporting standard IFRS 16 on operating profit was SEK 46 million. If excluding the effects of IFRS 16, operating profit amounted to SEK 323 million and the operating margin to 4.3 percent. This was below the financial target of 6 percent. Integration costs associated with the acquisition of Finnish company Coronaria Hoiva had an effect of SEK -14 (-) million on operating profit and the effect of acquisition related items was SEK -28 (-18) million. The profit decline is also largely attributable to negative earnings for the newly acquired operation in Finland, Coronaria Hoiva, and lower capacity utilisation within the Individual & Family business area.

Depreciation increased to SEK 327 (70) million. Of the increase of SEK 257 million, SEK 253 million is an effect of IFRS 16, which requires leases to be recognised in the balance sheet and depreciated. EBITDA amounted to SEK 697 (461) million, corresponding to an EBITDA margin of 9.3 (6.9) percent. Excluding the effects of IFRS 16, EBITDA amounted to SEK 397 (461) million and the EBITDA margin to 5.3 percent (6.9).

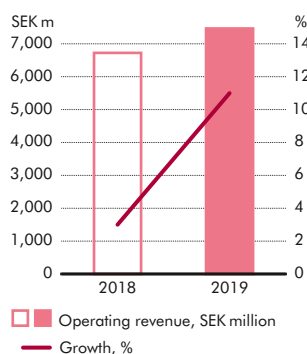
### Individual & Family

Revenue for the year amounted to SEK 2,095 (2,188) million, a decline of 4 percent. The decline in revenue is due to lower capacity utilisation resulting from lower demand, notably in the market segment for the client group Children and Adolescents. Operating profit was SEK 168 (196) million, a decline of 14 percent compared with the previous year. The operating margin was 8.0 (9.0) percent. The decline was largely an effect of the lower capacity utilisation.

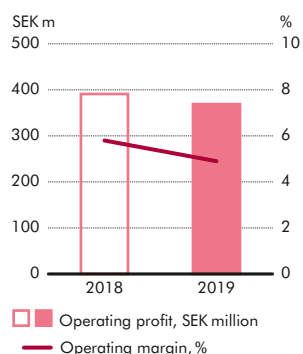
### Personal Assistance

Revenue for the year amounted to SEK 2,783 (2,668) million, an increase of 4 percent. The increase is due to acquisitions. A higher attendance allowance per assistance hour also contributed positively, but the effect was dampened by a lower number of assistance hours provided. Operating profit increased by 2 percent to SEK 154 (151)

### Consolidated operating revenue and growth



### Consolidated operating profit and operating margin



### Operating revenue by country

SEK million	2019	2018
Sweden	5,449	5,324
Finland	1,204	648
Norway	794	746
Denmark	19	8
<b>Total operating revenue</b>	<b>7,467</b>	<b>6,725</b>

million. The operating margin was 5.5 (5.7) percent. Operating profit was adversely affected by a higher increase in payroll expenses than the increase in attendance allowance.

#### Elderly Care

Revenue for the year amounted to SEK 564 (457) million, with organic growth of 23 percent. The revenue increase is partly due to new elderly housing under own management in Staffanstorp and Kungsängen, and partly due to an increase in operations under contract. Operating profit increased to SEK 13 (9) million. The operating margin for the full year was 2.3 (2.0) percent.

At 31 December 2019, Humana operated 15 elderly housing units, ten of them under contract and five under own management. Contracts were signed for another five units under own management, which will be operational in 2020 and 2021.

#### Finland

Revenue in Finland amounted to SEK 1,204 (648) million, an increase of 86 percent. The acquisition of the Finnish care company Coronaria Hoiva contributed SEK 443 million during the full year.

Organic revenue growth was 9.6 (12.7) percent. Openings of new units and more customers contributed to organic growth. Operating profit amounted to SEK 49 (68) million, a decline of 29 percent. The operating margin was 4.0 (10.5) percent. The acquired operation had an adverse effect on profitability as well as integration costs of SEK 14 million. A larger number of start-ups than usual in individual and family care has also had impact on the margin in Finland.

#### Norway

Revenue in Norway amounted to SEK 794 (746) million, an increase of 7 percent. Organic revenue growth was 4.2 (7.6) percent. The organic growth was due to openings of new units and more customers. Operating profit for the year increased by 7 percent to SEK 59 (55) million. The operating margin increased slightly to 7.4 (7.3) percent.

#### Acquisitions during the year

Humana has made ten acquisitions in the last three years, two of them in 2019:

- Coronaria Hoiva Oy (Finland) in April. Coronaria Hoiva Oy was one of the largest private care providers in Finland, with operations in elderly housing, social psychiatry for adults and special service housing. The company had annual revenue of approximately SEK 559 million and about 1,100 employees.
- Assistans på Gotland AB (Personal Assistance) in June. The company had annual revenue of approximately SEK 56 million and about 115 employees.

The total purchase consideration, including contingent consideration, for the year's two acquisitions was SEK 523 million. The above acquisitions contributed SEK 479 million to Humana's revenue in 2019 and SEK -16 million to operating profit.

If the two acquisitions in 2019 had been conducted on 1 January 2019, Humana's assessment is that the Group's revenue would have amounted to SEK 7,634 million (SEK 167 million higher), operating profit would have been SEK 370 million (SEK 1 million higher) and profit after tax SEK 185 million (SEK 2 million lower).

#### Net financial items

The Group's net financial items for 2019 were SEK -121 (-75) million, a decline of SEK 46 million. SEK -71 (-) of this amount is attributable to the effect of IFRS 16 on finance expenses. The effect of unrealised changes in the value of derivatives was SEK - (1) million.

#### Profit before tax

Profit before tax was SEK 249 (317) million, a decline of SEK 68 million, corresponding to a profit margin before tax of 3.3 (4.7) percent.

#### Tax

The year's recognised tax was SEK -61 (-72) million, corresponding to an effective tax rate of 24.5 (22.7) percent.

#### Profit for the year and earnings per share

Profit after tax for 2019 was SEK 187 (245) million, a decline of SEK 58 million from the previous year. Basic and diluted earnings per share for the year amounted to SEK 3.54 (4.62).

#### Key ratios by business area

	Individual & Family		Personal Assistance		Elderly Care		Finland		Norway	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating revenue, SEK million	2,095	2,188	2,783	2,668	564	457	1,204	648	794	746
Organic revenue growth, %	-4.0	-1.3	0.9	0.7	23.3	33.4	9.6	12.7	4.2	7.6
Operating profit, SEK million	168	196	154	151	13	9	49	68	59	55
Operating margin, %	8.0	9.0	5.5	5.7	2.3	2.0	4.0	10.5	7.4	7.3
Average number of customers/clients	1,829	1,955	1,869	1,833	794	691	3,628	2,635	300	317
Average number of full-time employees	2,026	2,396	4,909	5,068	847	776	1,538	767	799	742

### Balance sheet

Humana's total assets were SEK 8,231 (5,218), an increase of SEK 3,013 or 58 percent compared with 2018. The increase is due to increased lease liabilities resulting from the new financial reporting standard IFRS 16, which requires leases to be recognized in the balance sheet, and increased loans as a result of the acquisition of the care company Coronaria Hoiva.

### Non-current assets

Non-current assets in the balance sheet include property, equipment and right-of-use assets (leased property and cars). The Group's non-current assets amounted to SEK 6,401 (3,745) million, increasing by SEK 2,656 million or 71 percent during the year. Right-of-use assets amounted to SEK 2,089 (-) million, which is attributable to the new financial reporting standard IFRS 16, which requires leases to be reported as assets. Goodwill accounted for 61 percent of non-current assets. Acquisitions increased this item to SEK 3,897 (3,168), of which SEK 695 million arose from the acquisition of Coronaria Hoiva.

### Current assets

Current assets amounted to SEK 1,830 (1,473) million, an increase of SEK 357 million. Trade receivables decreased slightly to SEK 834 (847) million. Cash and cash equivalents increased by SEK 322 million to SEK 836 (514) million during the year.

### Financing

Humana has a loan agreement of SEK 2,050 million. The credit facility includes a bank overdraft facility of SEK 200 (200) million, which was unused at 31 December 2019. The annual interest rate for the credit facilities is 2.5 percent, most of which is variable. The loan agreement runs until 2021 and has two associated covenants: net debt/EBITDA and interest coverage ratio.

### Equity

Equity amounted to SEK 2,305 (2,147) million on 31 December 2019. The equity/assets ratio was 28.0 (41.1) percent.

### Liabilities

The Group's interest-bearing net debt was SEK 3,712 (1,378) million at the end of the year, an increase of 169 percent from the previous year. Most of the increase is due to lease liabilities that amounted to SEK 2,172 (-) million resulting from the new financial reporting standard IFRS 16.

### Capital structure

SEK million	2019	2018
Total assets	8,231	5,218
Capital employed	6,853	4,039
Equity	2,305	2,147
Interest-bearing net debt	3,712	1,378

The net debt to EBITDA ratio increased to 5.4 (3.0) times. Excluding the IFRS 16 effects the ratio was 4.0 (3.0) times. The increase is attributable to increased borrowings in connection with the acquisition of Coronaria Hoiva. The conditions and duration of the new acquisition loan of EUR 55 million are similar to the original financing. The financial target for 2019 for the Company's capital structure was an interest-bearing net debt of no more than 4.5 times EBITDA (IFRS 16 effects excluded). Debt may temporarily exceed the target level, which may happen during acquisitions.

### Cash flow

Cash flow for the year was SEK 322 (-74) million. Cash flow from operating activities was SEK 823 (443) million, which is due to lower rental costs of SEK 300 million as an effect of IFRS 16. Working capital amounted to SEK 126 (-18) million a change of SEK 144 million. Cash flow from investing activities was SEK -323 (-240) million. Acquisitions of subsidiaries had an effect of SEK -483 (-86) million on cash flow. Property divestment through a sales leaseback transaction had an effect of SEK 388 (-) million on cash flow. Cash flow from financing activities amounted to SEK 14 (-166) million, with borrowings for the year's acquisitions making a positive contribution of SEK 795 (145) million, repayments of borrowings a negative contribution of SEK -494 (-279) million and repayment of lease liabilities (IFRS 16 effect) a negative contribution of SEK -250 (-) million. During the year, a dividend of SEK 37 million was paid for the 2018 financial year, corresponding to SEK 0.70 per share.

### Seasonality

Distribution of revenue during the year shows that Humana's operations are not significantly affected by any seasonal variations. Changes in revenue between quarters and compared with the preceding year are partly attributable to acquisition dates in 2018 and 2019. Revenue and earnings are positively affected by factors such as months that have many working days and no public holidays. In terms of earnings, the Company's third quarter is the strongest, as this is when employees take holidays, resulting in changes in the holiday pay liability.

### Employees

Humana's average number of full-time employees in 2019 was 10,175 (9,782), an increase of 4 percent from the previous year. The increase is largely due to the acquisition of the Finnish care company Coronaria Hoiva. The average number of employees working in the

### Financial position

SEK million	2019	2018
Non-current interest-bearing liabilities	3,671	1,259
Current interest-bearing liabilities	878	633
Cash and cash equivalents	-836	-514
<b>Interest-bearing net debt</b>	<b>3,712</b>	<b>1,378</b>
Equity/assets ratio, %	28.0	41.1
Interest-bearing net debt/adjusted EBITDA 12 months, times	5.4x	3.0x



Group's central functions was 29 (23). The average number of employees per country is distributed as follows:

- Sweden: 7,811 employees (-5 percent) or 77 percent
- Norway: 799 employees (+8 percent) or 8 percent
- Finland: 1,538 employees (+101 percent) or 15 percent
- Denmark: 26 employees (+163 percent) or 0 percent

Of the total number of employees, 69 (68) percent were women and 31 (32) percent were men. The proportion of women in Humana's top 60 managerial positions was 58 (53) percent. The proportion of women in Humana's Group management during the year was 50 (50) percent.

Humana continuously pursues internal initiatives to improve expertise in the Company.

The number of employees completing internal instructor-led and web-based training in Humana Academy in 2019 was 14,652 (10,194), an increase of 44 percent.

#### Value-creating sustainability work

Sustainability is an integral part of Humana's strategy. The sustainable perspective is ingrained in the Company's four strategic target areas and the Company's core values. Humana aims to be a cost-effective, quality supplier to our clients and an attractive employer for our employees. As a responsible member of society, we also strive to create value and contribute to the development of care services. Humana's offering is marked by social and economic sustainability, and the Company strives to be environmentally sustainable.

The statutory corporate governance report, presented in accordance with Chapter 6 of the Swedish Annual Accounts Act, is on pages 14–23. The report includes an in-depth description of the Company's quality work.

#### Corporate governance

A detailed description of the Group's governance, the work of the Board of Directors and internal control can be found on pages 42–55.

#### Risks and uncertainties

In the course of its operations, the Group is exposed to various types of financial risks, such as financing risk, liquidity risk, credit risk and interest rate risk. For further description, see Note G19. The main risks related to operations and uncertainties that can affect Group performance concern political decisions that may affect private care companies, permits for the business, compliance with quality requirements and risks when implementing completed acquisitions.

Humana conducts operations that are financed by state, municipal and county council entities, which means that operations are affected

by political decisions. As a result, Humana's opportunities for growth are affected by public opinion and political views on the Group's areas of operation. Humana is constantly monitoring the external situation. The purpose is to quickly perceive external changes in order to assess risks and opportunities, as well as adapt operations to external changes. The political situation is evaluated continuously.

#### Outlook

Nordic care is under pressure from a changing demography, with more elderly people, while municipalities are feeling the effects of weaker finances and staff shortages. Humana has an important role to play as a sustainable provider of cost-effective, high-quality care and intends to continue advancing its positions in Nordic care. The Group works in attractive segments and the focus for 2020 will be on strengthening profitability and creating greater stability and predictability in our operations. The goal is to grow organically during the 2020, but growth can also be achieved through additional acquisitions. In 2020, Humana's operations are, as the entire society, affected by the ongoing spread of the Covid-19 virus. The development may have an impact on Humana's revenues and costs in 2020.

#### Parent Company

The Parent Company's registered office is in Stockholm. The Parent Company's main business consists of managing shares in subsidiaries. The Parent Company's expenses include expenses for the CEO and Board and costs for the Group's financing. Profit for the year was SEK 70 (84) million. The Parent Company's equity/assets ratio on 31 December 2019 was 45.8 (44.4) percent.

#### Appropriation of profits

The Board proposes that the consolidated income statement and balance sheet be submitted for adoption by the AGM on 7 May 2020. The Board recommends that the annual general meeting adopt no dividend for the 2019 financial year.

SEK	2019
Share premium reserve	1,095,805,650
Retained earnings	492,230,241
Profit for the year	69,510,494
<b>Total to appropriate</b>	<b>1,657,546,385</b>
The Board proposes that the profits be appropriated as follows:	
Dividend	-
Profit carried forward	1,657,546,385
<b>Total</b>	<b>1,657,546,385</b>

The Corporate Governance Report on pages 42–55 contains a detailed description of the Group's governance, the Board's work and internal control.

Note G5 on pages 84–86 contains guidelines on the remuneration of senior executives.

The Board's proposed guidelines on the remuneration of senior executives for the period from the next AGM are described on pages 47–49 of the Corporate Governance Report.

Humana's Sustainability Report can be found on pages 14–23. There are also Humana's goals, including financial goals, described.

# Financial statements

## Consolidated income statement

SEK millions (excl. earnings per share)	Note	Group	
		2019	2018
Operating revenue			
Net revenue	G1	7,446	6,714
Other operating revenue	G2	21	11
<b>Total revenue</b>		<b>7,467</b>	<b>6,725</b>
<b>Operating expenses</b>			
Other external expenses	G4, G6	-958	-1,044
Personnel costs	G5	-5,784	-5,202
Depreciation/amortisation of assets	G11-12	-327	-70
Other operating expenses	G2	-28	-19
<b>Operating profit</b>	G1	<b>369</b>	<b>391</b>
Finance income	G7	125	1
Finance expenses	G7	-246	-76
Unrealised changes in value of derivatives	G7	-	1
<b>Profit before tax</b>		<b>249</b>	<b>317</b>
Tax	G8	-61	-72
<b>Profit for the year</b>		<b>187</b>	<b>245</b>
Attributable to:			
Parent Company shareholders		188	246
Non-controlling interests		-1	-1
<b>Earnings per share, basic and diluted, SEK</b>	G9	<b>3.54</b>	<b>4.62</b>

## Consolidated statement of comprehensive income

SEK millions	Note	2019	2018
<b>Profit for the year</b>		<b>187</b>	<b>245</b>
<b>Other comprehensive income</b>			
<b>Items that have been/may be reclassified to profit or loss:</b>			
Hedges of net investments in foreign operations	G19	-14	-3
Exchange differences on translation of foreign operation	G19	15	26
<b>Total other comprehensive income</b>		<b>1</b>	<b>24</b>
<b>Comprehensive income for the year</b>		<b>188</b>	<b>269</b>
Attributable to:			
Parent Company shareholders		189	269
Non-controlling interests		-1	-1
<b>Comprehensive income per share, basic and diluted, SEK</b>		<b>3.56</b>	<b>5.07</b>

## Consolidated balance sheet

SEK millions	Note	31/12/2019	31/12/2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	G3, G10	3,897	3,168
Other intangible assets	G11	5	8
Property, plant and equipment	G12a	377	560
Right-of-use assets	G12b	2,089	-
Deferred tax asset	G8	25	0
Financial assets		8	9
<b>Total non-current assets</b>		<b>6,401</b>	<b>3,745</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables	G13	834	847
Tax receivables		26	21
Other receivables		7	8
Prepaid expenses and accrued income	G14	128	83
<b>Total current receivables</b>		<b>994</b>	<b>960</b>
Cash and cash equivalents	G15	836	514
<b>Total current assets</b>		<b>1,830</b>	<b>1,473</b>
<b>TOTAL ASSETS</b>		<b>8,231</b>	<b>5,218</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	G16	1	1
Other paid-in capital		1,096	1,094
Reserves		29	28
Retained earnings, including profit for the year		1,158	1,007
<b>Total equity attributable to Parent Company shareholders</b>		<b>2,284</b>	<b>2,130</b>
Equity attributable to non-controlling interests		22	17
<b>Total equity</b>		<b>2,305</b>	<b>2,147</b>
<b>Non-current liabilities</b>			
Non-current lease liabilities	G17	1,902	-
Deferred tax liability	G8	71	73
Other interest-bearing liabilities	G17	1,769	1,259
<b>Total non-current liabilities</b>		<b>3,741</b>	<b>1,333</b>
<b>Current liabilities</b>			
Current lease liability	G17	270	-
Other interest-bearing liabilities	G17	607	633
Trade payables		129	121
Other current liabilities		256	228
Accrued expenses and deferred income	G18	922	757
<b>Total current liabilities</b>		<b>2,185</b>	<b>1,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,231</b>	<b>5,218</b>



## Consolidated statement of changes in equity

SEK millions	Note	Equity attributable to Parent Company shareholders					Non-controlling interests	Total equity
		Share capital	Other paid-in capital	Translation reserve	Retained earnings, including profit for the year	Equity attributable to Parent Company shareholders		
	G16							
Opening equity, 1 Jan 2018		1	1,092	4	793	1,891	-	1,891
<b>Owner transactions</b>								
Dividend		-	-	-	-32	-32	-	-32
Share savings programme		-	2	-	-	2	-	2
Acquisition of non-controlling interests		-	-	-	-	-	18	18
<b>Total owner transactions</b>		-	2	-	-32	-30	18	-13
<b>Comprehensive income for the period</b>								
Profit for the year		-	-	-	246	246	-1	245
Other comprehensive income		-	-	24	-	24	-	24
<b>Comprehensive income for the year</b>		-	-	24	246	269	-1	269
Closing equity, 31 Dec 2018		1	1,094	28	1,007	2,130	17	2,147
	G16							
Opening equity, 1 Jan 2019		1	1,094	28	1,007	2,130	17	2,147
<b>Owner transactions</b>								
Dividend		-	-	-	-37	-37	-	-37
Share savings programme		-	2	-	-	2	-	2
Shareholder contributions		-	-	-	-	-	6	6
<b>Total owner transactions</b>		-	2	-	-37	-35	6	-30
<b>Comprehensive income for the period</b>								
Profit for the year		-	-	-	188	188	-1	187
Other comprehensive income		-	-	1	-	1	-	1
<b>Comprehensive income for the year</b>		-	-	1	188	189	-1	188
Closing equity, 31 Dec 2019		1	1,096	29	1,158	2,284	22	2,305

## Consolidated statement of cash flows

SEK millions	Note	2019	2018
<b>Cash flow from operating activities</b>			
Profit before tax		249	317
Adjustments for:			
Depreciation/amortisation and impairment		327	70
Finance income		-125	-1
Finance expenses		246	76
Unrealised changes in value of derivatives		-	-1
Capital gain/loss		0	1
<b>Cash flow from operating activities before changes in working capital</b>		<b>697</b>	<b>461</b>
Changes:			
Decrease (+)/increase (-) in trade receivables		87	-5
Decrease (+)/increase (-) in other operating receivables		-35	-1
Decrease (-)/increase (+) in other operating liabilities		81	-39
Decrease (-)/increase (+) in trade payables		-7	27
<b>Cash flow from operating activities</b>		<b>823</b>	<b>443</b>
Interest received		1	0
Interest paid		-121	-53
Tax paid		-71	-58
<b>Net cash flow from operating activities</b>		<b>631</b>	<b>332</b>
<b>Investing activities:</b>			
Acquisition of subsidiaries, net cash impact	G3	-483	-86
Disposal of subsidiaries, net cash impact	G2	0	4
Disposal of property, plant and equipment		388	16
Investments in intangible assets and property, plant and equipment		-228	-174
<b>Cash flow from investing activities</b>		<b>-323</b>	<b>-240</b>
<b>Financing activities:</b>			
Loans raised	G19	795	145
Repayment of loans	G19	-494	-279
Repayment of lease liability		-250	-
Dividend paid		-37	-32
<b>Cash flow from financing activities</b>		<b>14</b>	<b>-166</b>
<b>Cash flow for the year</b>		<b>322</b>	<b>-74</b>
Cash and cash equivalents at start of year	G15	514	584
Exchange differences		0	3
<b>Cash and cash equivalents at end of year</b>	<b>G15</b>	<b>836</b>	<b>514</b>

## Multi-year overview

SEK millions	2019	2018	2017	2016	2015
<b>Condensed consolidated income statement</b>					
Operating revenue	7,467	6,725	6,556	6,362	5,655
Operating profit before depreciation, amortisation and impairment (EBITDA)	697	461	376	379	394
Operating profit (EBIT)	369	391	316	329	312
Profit before tax	249	317	250	228	149
Profit for the year (attributable to Parent Company shareholders)	188	246	194	170	114
<b>Condensed consolidated income statement excluding effects of IFRS 16</b>					
Operating revenue	7,467	6,725	6,556	6,362	5,655
Operating profit before depreciation, amortisation and impairment (EBITDA)	397	461	376	379	394
Operating profit (EBIT)	323	391	316	329	312
Profit before tax	273	317	250	228	149
<b>Condensed consolidated balance sheet</b>					
<b>Assets</b>					
Goodwill	3,897	3,168	3,104	3,089	2,584
Right-of-use assets	2,089	-	-	-	-
Other non-current assets	415	577	432	424	213
Current assets	1,830	1,473	1,525	1,446	1,040
<b>Total assets</b>	<b>8,231</b>	<b>5,218</b>	<b>5,060</b>	<b>4,960</b>	<b>3,838</b>
<b>Condensed equity and liabilities</b>					
Equity	2,305	2,147	1,891	1,726	1,093
Non-current lease liabilities	1,902	-	-	-	-
Other non-current liabilities	1,839	1,333	1,417	1,484	1,616
Current lease liabilities	270	-	-	-	-
Other current liabilities	1,915	1,739	1,752	1,750	1,129
<b>Total equity and liabilities</b>	<b>8,231</b>	<b>5,218</b>	<b>5,060</b>	<b>4,960</b>	<b>3,838</b>
<b>Condensed consolidated statement of cash flows</b>					
Net cash flow from operating activities	631	332	241	-161	274
Cash flow from investing activities	-323	-240	-60	-616	78
Cash flow from financing activities	14	-166	-75	733	-93
<b>Cash flow for the year</b>	<b>322</b>	<b>-74</b>	<b>106</b>	<b>-44</b>	<b>258</b>
<b>Condensed consolidated statement of cash flows excluding effects of IFRS 16</b>					
Net cash flow from operating activities	402	332	241	-161	274
Cash flow from financing activities	264	-166	-75	733	-93



## Key ratios

SEK millions	2019	2018
<b>Operating revenue</b>	<b>7,467</b>	<b>6,725</b>
<b>Profit measures</b>		
Operating profit before depreciation, amortisation and impairment (EBITDA)	697	461
Operating profit (EBIT)	369	391
Profit for the year	187	245
Earnings per share, SEK	3.54	4.62
<b>Profit measures excluding IFRS 16</b>		
EBITDA	397	461
Operating profit (EBIT)	323	391
Profit for the year	207	245
Earnings per share, SEK	3.91	4.62
<b>Margin measures</b>		
Operating margin before depreciation, amortisation and impairment (EBITDA), %	9.3	6.9
Operating margin (EBIT), %	4.9	5.8
<b>Margin measures excluding IFRS 16</b>		
Operating margin before depreciation, amortisation and impairment (EBITDA), %	5.3	6.9
Operating margin (EBIT), %	4.3	5.8
<b>Capital structure</b>		
Equity/assets ratio, %	28.0	41.1
Return on capital employed, %	5.4	9.7
Interest-bearing net debt	3,712	1,378
Interest-bearing net debt/adjusted EBITDA, times	5.4	3.0
Operating cash flow	595	285
<b>Excluding IFRS 16</b>		
Equity/assets ratio, %	37.8	41.1
Return on capital employed, %	6.8	9.7
Interest-bearing net debt	1,577	1,378
Interest-bearing net debt/adjusted EBITDA, times	4.0	3.0
Operating cash flow	296	285
<b>Per-share data</b>		
Number of shares at end of year	53,140,064	53,140,064
Operating cash flow per share, SEK	11.2	5.4
<b>Other</b>		
Number of full-time employees at end of year	10,093	9,729
Average number of customers	8,503	7,466

## Parent Company income statement

SEK millions	Note	2019	2018
<b>Operating revenue</b>			
Operating revenue	P1	7	4
<b>Operating expenses</b>			
Other external expenses	P1, P2	-11	-7
Personnel costs	G5	-12	-8
<b>Operating profit</b>		<b>-15</b>	<b>-10</b>
<b>Profit from financial items</b>			
Interest expenses		-67	-29
<b>Profit before tax and appropriations</b>		<b>-83</b>	<b>-40</b>
<b>Appropriations</b>			
Group contributions received		150	142
Change in tax allocation reserve	P4	22	5
<b>Profit before tax</b>		<b>89</b>	<b>107</b>
Tax		-20	-24
<b>Profit for the year and comprehensive income for the year</b>		<b>70</b>	<b>84</b>

## Parent Company balance sheet

SEK millions	Note	31/12/2019	31/12/2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Shares in subsidiaries	P3	1,629	1,627
<b>Total non-current assets</b>		<b>1,629</b>	<b>1,627</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		1,989	2,026
Other receivables		-	2
Prepaid expenses and accrued income		3	1
<b>Total current receivables</b>		<b>1,992</b>	<b>2,029</b>
Cash and bank balances		-	-
<b>Total current assets</b>		<b>1,992</b>	<b>2,029</b>
<b>Total assets</b>		<b>3,621</b>	<b>3,656</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	G16	1	1
<i>Unrestricted equity</i>			
Share premium reserve		1,096	1,094
Retained earnings		492	446
Profit for the year		70	84
<b>Total equity</b>		<b>1,659</b>	<b>1,625</b>
<b>Untaxed reserves</b>			
Tax allocation reserve	P4	152	174
<b>Total untaxed reserves</b>		<b>152</b>	<b>174</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	G17, P5	1,190	1,231
<b>Total non-current liabilities</b>		<b>1,190</b>	<b>1,231</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	G17	600	590
Trade payables		2	2
Tax liability		10	29
Accrued expenses and deferred income	P6	8	5
<b>Total current liabilities</b>		<b>620</b>	<b>626</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,621</b>	<b>3,656</b>



## Parent Company statement of changes in equity

SEK millions	Share capital	Share premium reserve	Retained earnings, including profit for the year	Total equity
Opening equity, 1 Jan 2018	1	1,092	478	1,571
Profit for the year and comprehensive income for the year	-	-	84	84
<b>Owner transactions</b>				
Dividend	-	-	-32	-32
Share savings programme	-	2	-	2
<b>Total owner transactions</b>	-	2	-32	-30
Closing equity, 31 Dec 2018	1	1,094	530	1,625
Opening equity, 1 Jan 2019	1	1,094	530	1,625
Profit for the year and comprehensive income for the year	-	-	70	70
<b>Owner transactions</b>				
Dividend	-	-	-37	-37
Share savings programme	-	2	-	2
<b>Total owner transactions</b>	-	2	-37	-35
Closing equity, 31 Dec 2019	1	1,096	562	1,659

## Parent Company statement of cash flows

SEK millions	Note	2019	2018
<b>Cash flow from operating activities</b>			
Operating profit		-15	-10
Adjustments for non-cash items			
Other non-cash items		28	26
		13	16
Group contributions received		142	150
Interest paid		-50	-47
Tax paid		-20	-27
<b>Cash flow from operating activities before changes in working capital</b>		<b>85</b>	<b>91</b>
<b>Cash flow from changes in working capital</b>			
Decrease (+)/increase (-) in receivables		0	-2
Decrease (-)/increase (+) in current liabilities		2	0
Decrease (-)/increase (+) in trade payables		0	0
<b>Cash flow from operating activities</b>		<b>87</b>	<b>89</b>
Cash flow from investing activities		-	-
<b>Financing activities</b>			
Loans raised		-	293
Repayment of loans		-50	-222
Loans, Group companies		-	-128
Dividend paid		-37	-32
<b>Cash flow from financing activities</b>		<b>-87</b>	<b>-89</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at start of year</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at end of year</b>		<b>0</b>	<b>0</b>

# Accounting policies

## Note GA1 General information

Humana AB is a Swedish-registered limited liability company with its registered office in Stockholm. Humana is a public company. The address of the head offices is Warfvings väg 39, SE-112 51 Stockholm, Sweden. The Company's shares were admitted to trading on Nasdaq Stockholm on 22 March 2016.

The consolidated financial statements cover the Parent Company and its subsidiaries (see Note G22), together referred to as the Group. The Group runs care operations in the Individual & Family, Personal Assistance, Elderly Care, Finland and Norway segments.

At 31 December 2019, Humana AB was 20.0 percent owned by Impilo Care AB (corporate identity number 559189-7722).

The financial statements were approved for publication by the Board of Directors and CEO on 1 April 2020. The annual report will be presented for adoption at the AGM on 7 May 2020.

## Note GA2 General accounting policies and estimates

### General accounting policies

#### Conformity with standards and laws

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

#### Basis of preparation

Assets and liabilities are measured at historical cost, apart from certain financial assets and liabilities which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and contingent considerations from acquisitions.

#### Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK). The presentation currency for the Parent Company and the Group is also the Swedish krona. All amounts are rounded to the nearest SEK million unless stated otherwise.

#### Accounting estimates

Preparation of financial statements in compliance with IFRS requires management to make accounting estimates and assumptions which affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may differ from these accounting estimates.

Accounting estimates and assumptions are reviewed regularly. Changes in accounting estimates are recognised prospectively.

Critical accounting estimates made by management that have a significant impact on the financial statements and may entail a material adjustment in the future are mainly related to goodwill impairment testing and the preparation of acquisition analyses.

#### Goodwill impairment testing

Goodwill is tested for impairment annually. These tests involve calculations that are based on management's assumptions about growth rates, operating margins and discount rates.

Current regulations were applied during the year's impairment testing. Assessments other than those made by the Company may lead to completely different results and financial position. More information on impairment testing can be found in Note G10.

#### Fair value measurement in acquisition accounting

When a subsidiary or operation is acquired, an acquisition analysis is prepared, which includes an assessment of the fair values of assets and liabilities. These assets and liabilities are valued using various measurement methods. Assessments other than those made by management may result in a different future position. A high proportion of goodwill, for example, gives rise to an asset item that is subject to annual impairment testing rather than ongoing amortisation. More information about acquisition analyses can be found in Note G3.

For more detailed accounting policies, see the significant accounting policies described in Note GA4.

## Note GA3 New IFRSs not yet effective

New and amended IFRSs with future application are not expected to have any material effect on the Company's financial statements.

## Note GA4 Significant Accounting Policies

The accounting policies described below have been applied consistently to all periods presented in the Group's financial statements, with some exceptions, which are described in more detail. The Group's accounting policies have been consistently applied by the Group companies.

### New accounting standards applied from 1 January 2019

Humana applies IFRS 16 Leases which supersedes IAS 17 Leases from 1 January 2019 to rents for premises and cars. IFRS 16 Leases means that lease payments that were previously recognised as other external expenses are replaced by a cost of depreciation on leased assets and an interest expense attributable to lease liabilities in the income statement, which corresponds to the reporting of finance leases in the previous IAS 17 standard. In the previous standard, operating leases were recognised outside the balance sheet with information on the liability, and lease payments were recognised as an expense on a straight-line basis over the lease term.

SEK millions	1 January 2019
Operating lease commitments at 31 December 2018 as disclosed in annual financial statements	1,920
Discounted with incremental borrowing rate as at January 2019 including reasonably secure extension periods	1,557
Plus. Finance lease liabilities recognised at 31 December 2018	66
Minus – exemption for:	
Short-term lease agreements	-188
Leases on low value assets	-1
Plus – variable lease payments linked to index or price	55
Lease liability at 1 January 2019	1,489

Humana's transition to IFRS 16 has a positive effect on operating profit and a negative effect on profit after financial items. There was no effect on equity or deferred taxes on transition. See effects on the income statement and cash flow in the multi-year overview on page 72 and in the key measures on page 73.

Transition effects on the balance sheet	Closing balance 31 Dec 2018 before transition to IFRS 16 Leases	Adjustments due to transition to IFRS 16 Leases	Adjusted opening balance, 1 Jan 2019
Non-current assets	3,745	1,506	5,251
Non-current interest-bearing liabilities	1,259	1,260	2,519
Current interest-bearing liabilities	633	163	796

There is no transition effect for finance leases. They are reported in accordance with IFRS 16 at their recognised amounts on the day before application of the new standard. Humana has chosen to recognise the transition to the new standard using the modified retrospective approach, which means, among other things, that the comparative year is not restated under IFRS 16. Measurement of the right-of-use asset corresponds with the size of the lease liability at the transition date plus prepaid lease costs at 31 December 2018. A weighted average discount rate/marginal lending rate has been set for the premises and cars and at the time of transition it was 3.5 percent for premises and 1.2 percent for cars. Humana applies the practical expedients allowing leases with an estimated remaining lease term of 12 months or less and leases where the underlying asset is of low value to be excluded from the lease liability. Low value is considered less than USD 5 thousand. Humana rents flats on short-term leases. These are not included in the calculation as it cannot be established with reasonable certainty whether they will be extended. Humana leases certain office equipment, such as printers and coffee machines, which are considered of low value.

### Classification

Non-current assets and liabilities are amounts that are expected to be recovered or paid more than 12 months after the reporting date. Current assets and liabilities are amounts that are expected to be recovered or paid within 12 months of the reporting date.

## Segment reporting

Humana has five business areas, which are also reported as five segments: Individual & Family, Personal Assistance, Elderly Care, Finland and Norway. Sales and operating profit for each segment are reported after allocation of segment-specific costs, but not including costs for central functions. The Group's segment reporting corresponds to the internal reporting to the chief operating decision maker. However, the CEO and CFO only monitor the Group's total assets, not assets by segment. See Note G1 for a more detailed description of the breakdown and presentation of operating segments.

## Basis of consolidation and business combinations

### Subsidiaries

The consolidated financial statements include the Parent Company Humana AB and its subsidiaries. Subsidiaries are entities over which the Parent Company has control. Control exists when the Parent Company has exposure to variable returns from its holding in an entity and can affect the returns through power over the entity.

A subsidiary is consolidated from the date on which the Parent Company obtains control until such control ceases.

### Non-controlling interests

Acquisitions from non-controlling interests are reported as transactions in equity, i.e. a transfer between equity attributable to Parent Company shareholders and non-controlling interests.

### Foreign currencies in subsidiaries

Items in the individual financial statements of each Group entity are presented in the currency of the country in which the entity operates (its functional currency). The consolidated financial statements are presented in SEK, which is the Parent Company's functional and presentation currency.

The assets and liabilities of Humana's foreign subsidiaries are translated at the closing rate. All income statement items are translated at the average rate for the year. Translation differences are recognised directly in consolidated equity.

### Business combinations

Humana recognises business combinations in accordance with the acquisition method from the date on which control is obtained. The consideration paid in connection with an acquisition is recognised at the acquisition-date fair value, as are the acquired assets and liabilities. The difference between the consideration and the fair value of the acquired assets and liabilities is recognised as goodwill. Goodwill is subject to annual impairment testing. See Note G10. In bargain purchases, which are acquisitions where the value of the net assets exceeds the consideration paid, the difference is recognised immediately in the income statement. Acquisition costs are expensed as incurred.

Contingent considerations are recognised at fair value on the date of acquisition and contingent considerations that are financial liabilities are remeasured at each reporting date with changes in value recognised under operating profit.

The consideration paid in connection with an acquisition does not include payments related to settlement of a pre-existing relationship. This type of settlement is recognised in profit or loss.

## Revenue

Humana companies provide assistance services at customers' premises and housing in the areas of elderly care, residential care homes, temporary and regular foster homes, special service housing and assisted living homes. Revenue is recognised when the services are performed. Health and care services are largely provided under monthly invoicing agreements. Compensation is based on the number of users, care days, assistance hours, residential placements, or similar services provided by the Group.

## Personnel costs

### Short-term benefits

Employee benefits are recognised as an expense when the services have been performed. A liability for the expected costs of bonus payments is recognised when the Group has a legal or constructive obligation to make such payments as a result of employees having provided the services in question and when the amount can be measured reliably.

### Termination benefits

Termination benefits are expensed at the earlier of the following: when the Company can no longer withdraw the offer of the benefits or when the Company recognises restructuring costs. Benefits expected to be settled after twelve months are recognised at their present value.

### Pension benefit obligations

Humana has various pension plans which are classified as either defined contribution or defined benefit plans.

A defined contribution pension plan is a plan under which the Group's obligation is limited to the fixed contributions paid to the insurer in question. Pension premiums under defined contribution plans are recognised as personnel costs in the income statement as they fall due.

A defined benefit pension plan is a plan that is not based on defined contributions. Humana's defined benefit obligations for retirement benefits and survivor pensions for salaried employees in Sweden (ITP2) are covered by insurance with Alecta. In accordance with Statement UFR 10 issued by the Swedish Financial Reporting Board, this is a multi-employer defined benefit plan. 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 plan. Consequently, the ITP pension plan, which is insured through Alecta, is reported as a defined contribution plan.

The Group has certain pension obligations that are covered by endowment insurance. The pension provision includes a special payroll tax and corresponds to the value of the assets in the endowment insurance at any given time.

### Share savings programme

In 2017, a share savings programme was launched, enabling managers to purchase Humana shares. Participants' own investment in the form of saving shares at the investment-date share price, subject to continuing employment with the Company, gives entitlement to matching shares at the end of the vesting period. In addition, performance shares may be allotted, subject to the achievement of certain pre-defined targets during the vesting period. The share savings programme is recognised directly in equity during the vesting period. The programme expired 31 January 2020.

## Finance income and expenses

Finance income consists of interest income and, where applicable, dividend income, as well as gains on the remeasurement or disposal of financial instruments. Finance expenses consist of interest charges on loans, including accrued transaction costs and lease liability, losses on changes in value or disposal of financial instruments.

Exchange gains and losses are reported on a gross basis.

Interest income and expenses are reported using the effective interest method. Dividends are recognised in the income statement when the right to receive payment of a dividend has been established.

## Leases

### Policies applied from 1 January 2019

#### Leases where the Group is lessee

The Group recognises a right-of-use asset and a lease liability on commencement of the lease. The right-of-use asset is initially measured at cost, which consists of the lease liability's initial value and any lease payments made on or before the commencement date plus any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date until the end of the asset's useful life or the end of the lease term, whichever is earlier, but normally the end of the lease term. The lease liability, which is divided into a current and a non-current portion, is initially measured at the present value of the remaining lease payments over the estimated lease term. The lease term is the non-cancellable period plus any periods covered by an option to extend the lease if the exercise of that option is reasonably certain at the commencement date. Lease payments are normally discounted at the Group's incremental borrowing rate, which, in addition to the Group's/Company's credit risk, reflects the lease term, currency and quality of the underlying asset if it were provided as collateral. However, if the rate implicit in the lease can be readily determined, which is the case for the Group's leased cars, this is used instead. The liability's carrying amount is increased by the interest expenses for each period and decreased by the lease payments. Interest expenses are calculated as the liability's carrying amount multiplied by the discount rate. The lease liability for the Group's premises that have index-linked rent is calculated on the rent that applies at the end of each reporting period. The liability is then adjusted, with a corresponding adjustment of the right-of-use asset's carrying amount. Correspondingly, the carrying amounts of the liability and the asset are adjusted when the lease term is revised. This occurs when the deadline for terminating the previously determined lease term for premises has passed, or when a significant event or a significant change in circumstances occurs that is within the Group's control and affects the current determination of the lease term. Right-of-use assets and lease liabilities are not recognised for leases with a lease term of 12 months or less or leases where the underlying asset is of low value, i.e. less than USD 5 thousand. Lease payments for these leases are recognised as an expense on a straight-line basis over the lease term.

#### Sale and leaseback

The Group applies the revenue recognition rules to determine whether a sale and leaseback transaction should be recognised as a sale. If a transaction qualifies as a sale, the right-of-use asset arising from the leaseback transaction is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, only the amount of gain or loss that relates to the rights transferred to the buyer/lessor is recognised. To determine the proportion of the asset that is retained and the proportion that is transferred to the buyer, the relationship between the lease liability recognised in connection with the leaseback and the fair value of the sold asset is used. If the sale consideration is higher than the asset's fair value or if future lease payments are lower than market rates, the difference is recognised as a liability. The remaining consideration received for the sale of the asset is used as the basis for calculating



## NOTES

any gain or loss on the transaction. In the reverse situation, the difference is recognised as a prepayment. If the transfer of an asset does not meet the requirements for revenue recognition, the Group continues to recognise the transferred asset and a financial liability corresponding to the consideration received.

### Policies applied until 31 December 2018

#### Operating leases

Operating lease costs are recognised in profit or loss on a straight-line basis over the lease term. Benefits received in connection with the signing of a lease are recognised in the income statement as a reduction of lease payments on a straight-line basis over the lease term. Contingent rents are recognised as an expense in the periods in which they arise.

#### Finance leases

Finance leases are recognised in the balance sheet under non-current assets, which are depreciated in accordance with the principles for property, plant and equipment, and financial liabilities. The lease payments are apportioned between the finance charge and the repayment of the outstanding lease obligation. The finance charge is allocated over the lease term in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rents are recognised as an expense in the periods in which they arise.

#### Accounting for sale and leaseback transactions

A sale and leaseback transaction (SLB) is the sale of an asset under a purchase agreement that results in a subsequent lease of the same asset with the original owner as lessee. These transactions are accounted for based on how the lease transaction is classified. This assessment follows the customary principles for classification of leases.

If an SLB transaction results in a finance lease, any excess of proceeds over the carrying amount (capital gain) is not recognised directly in the seller's income statement but is amortised over the lease term.

If an SLB transaction results in an operating lease, any excess of proceeds over the carrying amount (capital gain) is recognised in the period of the sale, provided the transaction is based on fair value. The Group has determined that all SLB transactions have been or will be conducted at arm's length at a price equal to fair value.

Income attributable to SLB transactions is recognised as income on the handover date unless the risks and rewards have been transferred to the buyer on an earlier occasion. Control of the asset may have been transferred before the handover date, in which case the property sale is recognised as revenue on that earlier date.

#### Taxes

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement, unless the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the current year, and is calculated using tax rates that have been enacted or substantively enacted at the reporting date, including any adjustments relating to prior periods.

Deferred tax is accounted for using the balance-sheet liability method. A deferred tax liability is recognised for temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Temporary differences are not considered in goodwill on consolidation or for the difference resulting from the initial recognition of assets and liabilities that are not business combinations, and that at the time of the transaction affect neither recognised nor taxable earnings. The measurement of deferred tax is based on how the underlying assets and liabilities are expected to be recovered or settled. Deferred tax liabilities and assets are measured using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets on temporary differences and deferred tax assets arising from the carry-forward of unused tax losses are only recognised to the extent that it is probable that they can be utilised. The carrying amounts of deferred tax assets are reviewed and reduced to the extent that it is no longer probable that the deferred tax asset can be utilised.

#### Intangible assets

##### Goodwill

In a business combination, goodwill arises when the consideration paid exceeds the fair value of identifiable net assets in the acquired entity. Goodwill is tested for impairment rather than amortised. See the section on impairment below. See also Note G10.

When the Group adopted IFRS, it was decided not to apply IFRS retrospectively to goodwill arising from acquisitions prior to 1 January 2012. Consequently, the carrying amount on that date represents the Group's cost of acquisition after impairment testing.

#### Other intangible assets

When a business is acquired, the company assesses the extent to which there are identifiable intangible assets to be reported separately from goodwill, such as customer relationships, trademarks and customer contracts. In addition, Humana recognises capitalised expenditure on systems development and licences as an asset.

Other intangible assets are recognised at cost less accumulated amortisation (see below) and impairment (see accounting policy).

#### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the intangible asset's useful life, unless it has an indefinite useful life. Useful lives are reviewed at least annually. Goodwill is tested for impairment annually and as soon as there are indications that the asset in question has decreased in value. Intangible assets with finite useful lives are amortised from when they are available for use. The estimated useful lives are:

- systems development and licences 5–7 years
- customer relationships 5–7 years

#### Property, plant and equipment

Property, plant and equipment, consisting primarily of owner-occupied properties, is recognised at cost less accumulated depreciation and impairment. Property, plant and equipment with sub-components that have different useful lives are treated as separate components of property, plant and equipment.

The cost of finance leases is the lower of the leased asset's fair value and the present value of the minimum lease payments at the inception of the lease.

Gains or losses on the disposal or retirement of an asset are recognised in the income statement under other operating income/expenses.

#### Subsequent costs

Subsequent costs are capitalised only if it is probable that future economic benefits associated with the cost will flow to the company. All other subsequent costs are recognised as expenses in the period in which they arise.

#### Depreciation

Depreciation is applied on a straight-line basis over the useful life of the asset. Leased assets are also depreciated over their estimated useful lives or over the agreed lease term if this is shorter. Land is not depreciated.

Estimated useful lives:

The following main groups of components have been identified and form the basis of depreciation of buildings:

- Building structure 40–100 years
- Supplementary structures, interior walls etc. 20–40 years
- Installations: heating, electricity, plumbing, ventilation etc. 25–40 years
- Exterior surfaces: façades, roofs etc. 20–70 years
- Interior surfaces, machinery etc. 10–25 years
- Equipment 5–10 years
- Leasehold, contract period

Depreciation methods, residual values and useful lives are reviewed at each year-end.

#### Impairment

The carrying amounts of consolidated assets are assessed at each reporting date to determine if there is any indication of impairment.

#### Impairment of property, plant and equipment, intangible assets and right-of-use assets

If there is an indication of impairment, the asset's recoverable amount is measured (see below). The recoverable amount is calculated annually for goodwill, other intangible assets with indefinite useful lives and intangible assets not yet ready for use. If an asset does not generate independent cash inflows and its fair value less costs to sell cannot be used, it is tested for impairment as part of the cash-generating unit to which it belongs, i.e. the smallest identifiable group of assets which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognised when the recoverable amount of an asset or a cash-generating unit (group of units) is less than its carrying amount. An impairment loss is recognised as an expense in profit for the year. Impairment losses recognised for a cash-generating unit are initially allocated to goodwill. They are then allocated to the other assets of the unit pro rata based on each asset's carrying amount.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In measuring value in use, cash flows are discounted using a discount rate that reflects the risk-free rate of interest and the risks specific to the asset.

#### Reversal of impairment losses

Impairment of assets accounted for under IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions on which the calculation of the recoverable amount was based. However, goodwill impairment is never reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying

amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

### Earnings per share

Calculation of basic and diluted earnings per share is based on profit/loss for the year and the weighted average number of ordinary shares outstanding during the year.

### Provisions

A provision differs from other liabilities as there is uncertainty about the timing or amount required to settle the provision. A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date.

### Onerous contracts

A provision for onerous contracts is recognised when the benefits the Group expects to receive from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

### Financial assets and liabilities – Financial instruments

Financial instruments reported under assets in the balance sheet are primarily cash and cash equivalents, derivatives and trade receivables. Financial instruments reported under liabilities include trade payables, loans and derivatives.

A financial asset or liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. A receivable is recognised when the company has performed and there is a contractual obligation for the counterparty to pay, even if an invoice has not yet been sent. Trade receivables are recognised when an invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade payables are recognised on receipt of the invoice.

A financial asset is derecognised when the rights to receive benefits have been realised, expired or the Company loses control over them. A financial liability is derecognised when the contractual obligation is discharged or extinguished in some other way.

A financial asset and a financial liability may be offset when, and only when, there is a legally enforceable right to set off the amounts and there is an intention to settle the items on a net basis.

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the company commits itself to purchase or sell the asset.

### Measurement of financial instruments

Financial instruments are classified on initial recognition and this classification determines the instruments' measurement.

### Classification and measurement of financial instruments

**Derivatives:** Classified at fair value through profit or loss.

**Debt instruments:** Classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the characteristics of the asset's contractual cash flows. The classification categories for the instruments are as follows:

- amortised cost
- fair value through other comprehensive income, or
- fair value through profit or loss

All the Group's financial assets that are held in debt instruments are recognised at amortised cost. The Group's holdings in debt instruments mainly consist of trade receivables, cash and cash equivalents and accrued income. At initial recognition, financial assets classified at amortised cost are measured at fair value plus transaction costs. They are subsequently measured using the effective interest method. Under the business model, assets classified at amortised cost are held for collection of contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The assets are covered by a loss allowance for expected credit losses. Trade receivables are initially recognised at the invoiced amount.

### Classification and measurement of financial liabilities

Financial liabilities are classified at amortised cost except for derivatives and contingent considerations for business combinations. Contingent considerations are normally financial liabilities per IFRS 9 and are recognised at fair value through profit or loss. At initial recognition, financial liabilities classified at amortised cost are measured at fair value including transaction costs. They are subsequently measured using the effective interest method.

Derivatives are classified at fair value through profit or loss unless they are classified as hedging instruments and the effective portion of the hedge is recognised in other comprehensive income.

### Impairment of financial assets

For all the Group's financial assets that are recognised at amortised cost, the provision for credit losses is based on expected losses as from 2018. First, the assessment for trade receivables is made individually and then for non-individually impaired receivables, based on the degree of delay in payment. The Group's customers are municipalities and county councils, which have very good credit ratings. Bad debt losses have historically been very low, and this is expected to continue.

### Hedge accounting

As from 1 January 2018, the Group applies hedge accounting to hedging of net investments in foreign operations.

Humana hedges net investments in EUR and NOK through loans in these currencies. The effective portion of exchange gains or losses on loans is recognised in other comprehensive income and these accumulated gains and losses are recognised in a separate component of equity, the translation reserve. Changes in value attributable to the ineffective portion are recognised immediately in profit or loss. The cumulative gain or loss on the hedging instrument in the translation reserve is reclassified to profit or loss on disposal of the foreign operation.

### Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events outside the Group's control, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured reliably.

## Note PA1 Parent Company accounting policies

The Parent Company's annual financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's issued statements for listed enterprises have also been applied. RFR 2 requires the Parent Company, as a legal entity, to prepare its annual financial statements in compliance with all IFRS and IFRIC interpretations adopted by the EU, to the extent that such application does not conflict with the Swedish Annual Accounts Act and Pension Obligations Vesting Act and taking into account the relationship between tax expense (income) and accounting profit. The recommendation also specifies exceptions from and additions to IFRS reporting.

### Differences between the Group's and the Parent Company's accounting policies

Differences between the Group's and the Parent Company's accounting policies are described below. The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

### Shares in subsidiaries

Shares in subsidiaries are recognised in the Parent Company using the cost model. This means that transaction costs are included in the carrying amount of the holdings in subsidiaries. In the consolidated accounts, transaction costs attributable to subsidiaries are recognised directly in the income statement as they arise.

### Financial instruments and hedge accounting

Because of the relationship between tax expense (income) and accounting profit, the Parent Company does not apply the rules on financial instruments and hedge accounting contained in IFRS 9.

The Parent Company's non-current financial assets are carried at cost less impairment losses, while its current financial assets are measured using the "lower value" principle. The cost of interest-bearing instruments is adjusted for the accrued difference between the amount originally paid, net of transaction costs, and the amount paid at maturity (premium or discount).

### Leased assets

The Parent Company does not apply IFRS 16, in accordance with exceptions in RFR 2. As a lessee, lease payments are recognised as a cost on a straight-line basis over the lease term, so rights of use and lease liabilities are not recognised in the balance sheet.

### Group contributions

Group contributions are reported in the Parent Company using the alternative rule. A Group contribution received from a subsidiary is reported in the Parent Company as finance income and a Group contribution paid from a Parent Company to a subsidiary is reported as finance expense. Shareholder contributions are recognised directly in the recipient's equity and are capitalised in the issuer's shares and participating interests, to the extent that impairment is not required.

### Untaxed reserves

Untaxed reserves are recognised inclusive of deferred tax liability in the Parent Company and not, as in the Group, divided into deferred tax liability and equity.

# Notes Group

## Note G1 Segment reporting and revenue

The Group's operations are divided into operating segments based on components of the business that are reviewed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), who are the Company's chief operating decision makers. This is referred to as the management approach. With effect from Q3 2019, the previous operating segment Other Nordics has been divided into two separate operating segments: Finland and Norway. The Group's operations are organised in such a way that the CEO and CFO review the results of each business area. The business areas are also operating segments. Each operating segment has a manager who is responsible for the day-to-day operations and regularly reports the results of the segment's performance to the CEO and CFO. The Group's internal reporting is therefore structured in such a way as to allow the CEO and CFO to review the business areas' performance and results. However, the CEO and CFO only monitor the Group's total assets and liabilities, not the balance sheets for each segment.

**Individual & Family** provides care and treatment in psychiatry and psychosocial change management to clients of all age groups. This is done through operations such as residential care homes, temporary and regular foster homes, special service housing, outpatient care, assisted living homes, specially adapted housing for individuals with functional impairments and special education schools.

**Personal Assistance** provides care services and assistance to individuals with functional impairments.

**Elderly Care** mainly consists of elderly housing, but also provides day care, flats adapted for the elderly, meeting places and family member services.

**Finland** offers individual and family care for children, adolescents and families with psychiatric diagnoses or psychosocial disorders, special service housing for individuals with functional impairments, elderly housing and elderly day care.

**Norway** offers individual and family care, personal assistance and special service housing for individuals with functional impairments.

**Other** refers to the Group's costs for Group-wide functions such as central administration and central project costs. It also includes income and expenses related to the sale and acquisition of companies as well as operations in Denmark.

### Income statement by segment

2019 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Finland	Norway	Other	Group
Net revenue – external income	2,095	2,783	564	1,191	794	19	7,446
Other operating revenue	-	-	-	13	-	8	21
<b>Total revenue</b>	<b>2,095</b>	<b>2,783</b>	<b>564</b>	<b>1,204</b>	<b>794</b>	<b>26</b>	<b>7,467</b>
<b>Profit before depreciation/amortisation and other operating expenses</b>	<b>201</b>	<b>156</b>	<b>23</b>	<b>66</b>	<b>67</b>	<b>211</b>	<b>725</b>
Depreciation/amortisation	-33	-2	-10	-18	-9	-256	-327
Other operating expenses	-	-	-	-	-	-28	-28
<b>Operating profit</b>	<b>168</b>	<b>154</b>	<b>13</b>	<b>49</b>	<b>59</b>	<b>-72</b>	<b>369</b>
Finance income							125
Finance expenses							-246
Unrealised changes in value of derivatives							-
<b>Profit before tax</b>							<b>249</b>
2018 SEK millions	Individual & Family	Personal Assistance	Elderly Care	Finland	Norway	Other	Group
Net revenue – external income	2,188	2,668	457	648	746	8	6,714
Other operating revenue	-	-	-	-	-	11	11
<b>Total revenue</b>	<b>2,188</b>	<b>2,668</b>	<b>457</b>	<b>648</b>	<b>746</b>	<b>18</b>	<b>6,725</b>
<b>Profit before depreciation/amortisation and other operating expenses</b>	<b>226</b>	<b>153</b>	<b>16</b>	<b>82</b>	<b>70</b>	<b>-68</b>	<b>480</b>
Depreciation/amortisation	-30	-2	-7	-14	-15	-2	-70
Other operating expenses	-	-	-	-	-1	-18	-19
<b>Operating profit</b>	<b>196</b>	<b>151</b>	<b>9</b>	<b>68</b>	<b>55</b>	<b>-88</b>	<b>391</b>
Finance income							1
Finance expenses							-76
Unrealised changes in value of derivatives							1
<b>Profit before tax</b>							<b>317</b>

**Breakdown of revenue**

Revenue by service:	2019	2018
Individual & Family	3,715	3,402
Personal Assistance	2,843	2,806
Elderly Care	888	507
Other	21	11
<b>Total revenue</b>	<b>7,467</b>	<b>6,725</b>

**Revenue by geographic area:**

	2019	2018
Sweden	5,449	5,324
Finland	1,204	648
Norway	794	746
Denmark	19	8
<b>Total</b>	<b>7,467</b>	<b>6,725</b>

**Non-current assets<sup>1)</sup> by geographic area**

	2019	2018
Sweden	4,097	2,569
Finland	1,664	516
Norway	601	645
Denmark	6	6
<b>Total</b>	<b>6,368</b>	<b>3,736</b>

<sup>1)</sup> Non-current assets do not include financial instruments, deferred tax assets and assets relating to post-employment benefits.

**Note G2** Other operating revenue and other operating expenses

Other operating revenue	2019	2018
Gains on sale of property/subsidiaries <sup>1)</sup>	9	2
Remeasurement of contingent consideration	12	9
<b>Total</b>	<b>21</b>	<b>11</b>

<sup>1)</sup> 2019 refers to the sale of property and 2018 refers to sale of the subsidiary Palvelutähti Oy.

**Other operating expenses**

	2019	2018
Acquisition related costs	28	18
Other	-	1
<b>Total</b>	<b>28</b>	<b>19</b>

**Note G3** Acquisitions

Humana made 2 (5) acquisitions during the year, continuing its expansion in the Finland business area and Personal Assistance. Humana acquired 100 percent of the shares in all companies.

**Goodwill**

The goodwill resulting from the acquisitions in 2018 and 2019 relates to employee expertise in treatment methods, establishment of market position, the synergies expected to arise when the entities are integrated with the rest of the Group and the underlying profitability of the acquired businesses. No portion of the goodwill that arose in 2018 and 2019 is tax deductible.

**Acquisitions completed in 2019****Coronaria Hoiva Oy (Finland) April 2019**

- The company is one of the largest private care providers in Finland and provides elderly and LSS housing as well as social psychiatry for adults. The business has 63 units.

**Assistans på Gotland AB (Personal Assistance) June 2019**

- small business providing personal assistance.

**Contingent consideration**

The acquisitions were not subject to any contingent consideration.

**Acquisition costs**

Acquisition costs of SEK 28 (18) million refer to consulting and legal fees, mainly for financial and legal due diligence in connection with acquisitions. These are recognised as other operating expenses in the income statement.

**Receivables acquired**

No bad debts were acquired in any of the years.

**Acquisitions after the reporting date**

The Group has not entered any agreements on new acquisitions after the reporting date.

**Net assets in acquired companies at date of acquisition**

2019 SEK millions	Coronaria Hoiva Oy	Minor acquisitions <sup>1)</sup> and other, total	Total
Right-of-use assets	280	0	280
Other non-current assets	59	0	60
Trade and other receivables	77	6	83
Cash and cash equivalents	38	4	42
Other interest-bearing liabilities	-525	-2	-527
Trade and other payables	-108	-9	-117
Deferred tax liability	0	0	0
<b>Net identifiable assets and liabilities</b>	<b>-177</b>	<b>-1</b>	<b>-178</b>
<b>Goodwill</b>	<b>695</b>	<b>7</b>	<b>702</b>

**Consideration paid**

Cash and cash equivalents	517	6	523
Contingent consideration	0	0	0
<b>Total consideration paid</b>	<b>517</b>	<b>6</b>	<b>523</b>

**Effect on cash and cash equivalents**

Cash consideration paid	517	6	523
Cash and cash equivalents in acquired entities	-38	-4	-42
<b>Total effect on cash and cash equivalents</b>	<b>478</b>	<b>1</b>	<b>480</b>

**Settlement of contingent considerations attributable to acquisitions in prior years**

	-	3	3
<b>Total effect on cash and cash equivalents</b>	<b>478</b>	<b>5</b>	<b>483</b>

**Effect on operating revenue and profit 2019**

Operating revenue	443	36	479
Operating profit	-18	2	-16
Effect on profit, earn-out payment	5	7	12

<sup>1)</sup> The acquisition analysis is preliminary as the final settlement has not been calculated.

Humana's acquisitions in 2019 increased the Group's revenue by SEK 479 million and had an effect of SEK -16 million on operating profit. If the acquisitions had occurred as at 1 January 2019, management estimates that consolidated revenue would have been SEK 7,634 million (SEK 167 million higher) and profit for the year would have been SEK 185 million (SEK 2 million lower).

**Acquisitions completed in 2018**

As all the acquisitions in 2018 have been individually assessed as insignificant from a Group perspective, only aggregated information is presented in the following table.

**Luotsimaja Oy (Finland) June 2018**

- conducts operations in psychosocial change management for children and adolescents in Björneborg in western Finland.

**Västgöta Assistans AB (Personal Assistance) July 2018**

- small business providing personal assistance.

**StøtteCompagniet ApS (Other) September 2018**

- company based in Copenhagen specialising in individual and family outpatient care.

**RIK Assistans AB (Personal Assistance) October 2018**

- company engaged in personal assistance in Härnösand.

**Matiimi Oy (Finland) December 2018**

- runs social psychiatry operations for adolescents in the Birkaland region of Finland.

**Contingent consideration**

The acquisition of RIK Assistans includes a contingent consideration. The contingent portion of the consideration is performance-based, with a maximum payment of SEK 8 million.



**Net assets in acquired companies at date of acquisition**

2018 SEK millions	Minor acquisitions and other, total
Non-current assets	30
Trade and other receivables	15
Cash and cash equivalents	12
Interest-bearing liabilities	-1
Trade and other payables	-4
Deferred tax liability	0
<b>Net identifiable assets and liabilities</b>	<b>53</b>
<b>Goodwill</b>	<b>43</b>
<b>Consideration paid</b>	
Cash and cash equivalents	83
Contingent consideration	0
<b>Total consideration paid</b>	<b>83</b>
<b>Effect on cash and cash equivalents</b>	
Cash consideration paid	83
Cash and cash equivalents in acquired entities	-12
<b>Total effect on cash and cash equivalents</b>	<b>71</b>
<b>Settlement of contingent considerations attributable to acquisitions in prior years</b>	
	15
<b>Total effect on cash and cash equivalents</b>	<b>86</b>
<b>Effect on operating revenue and profit 2018</b>	
Operating revenue	38
Operating profit	-1

Humana's acquisitions in 2018 increased the Group's revenue by SEK 38 million and had an effect of SEK -1 million on operating profit for the year. If the acquisitions had occurred as at 1 January 2018, management estimates that consolidated revenue would have been SEK 6,818 million (SEK 104 million higher) and profit for the year would have been SEK 246 million (SEK 1 million higher).

**Note G4 Other external expenses**

SEK millions	2019	2018
Direct operating expenses <sup>1)</sup>	309	266
Purchased services	76	73
Premises and property costs <sup>2)</sup>	200	375
IT expenses	108	78
Marketing expenses	25	25
Other expenses	240	226
<b>Total other external expenses</b>	<b>958</b>	<b>1,044</b>

<sup>1)</sup> Direct operating expenses refers to the purchase of food, activities and overheads for clients etc.

<sup>2)</sup> In 2019, the effect of IFRS 16 has reduced the cost by SEK 300 million.

**Operating leases – Group as lessee**

The Group conducts operations in leased properties, which in 2018 were recognised as operating leases. Future minimum lease payments under operating leases were as follows:

SEK millions	2018
Within 1 year	262
1–5 years	757
After 5 years	901
<b>Lease payments for the year</b>	<b>239</b>

The leases have remaining terms of 2 (2) months to 19 (23) years.

For a maturity analysis of lease liabilities in 2019, see Note G19.

**Note G5 Employees, personnel costs and remuneration of senior executives****Personnel costs**

Expenses recognised as employee benefits are distributed as follows:

SEK millions	2019	2018
Salaries and benefits	4,329	3,864
Pension costs, defined contribution plans	244	194
Social security contributions	1,035	999
Other personnel costs	176	145
<b>Total</b>	<b>5,784</b>	<b>5,202</b>

**Average number of employees**

2019	Average number of employees	Men, %
Sweden	7,811	30
Norway	799	44
Finland	1,538	23
Denmark	26	38
<b>Total</b>	<b>10,175</b>	<b>31</b>
2018	Average number of employees	Men, %
Sweden	8,263	31
Norway	742	43
Finland	767	32
Denmark	10	43
<b>Total</b>	<b>9,782</b>	<b>32</b>

The Parent Company has only one employee, CEO Rasmus Nerman, whose remuneration is shown in the table "Remuneration of the Board of Directors and Group management" on page 85.

**Pension benefit obligations**

Most salaried employees in Sweden are covered by ITP1. A small number of salaried employees are covered by the ITP2 defined benefit retirement and survivor pension plan, which is secured through insurance with Alecta. The premium for the defined benefit retirement and family pension is individually calculated and is dependent on factors that include salary, previously earned pension and expected remaining period of service. Expected fees for the next reporting period for ITP 2 insurance policies from Alecta total SEK 15 million (SEK 15 million in 2019).

The collective funding ratio is the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective funding ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective funding ratio falls below 125 percent or exceeds 155 percent, action should be taken to ensure the funding ratio returns to the normal range. If the ratio is low, one measure that can be taken is to raise the premium of new contracts and reduce existing benefits. If the ratio is high, one measure that can be taken is to introduce premium reductions. Alecta's preliminary collective funding ratio for 2019 was 148 (142) percent.

The Alecta premiums are determined by assumptions about interest rates, longevity, operating costs and yield tax, and are calculated so that payment of a constant premium until the retirement date suffices for the entire target benefit, which is based on the insured's current pensionable salary and which must be earned.

There is no set of rules for how deficits that may arise are to be handled, but the losses should primarily be covered by Alecta's collective solvency capital, and thus should not lead to increased costs through higher contractual premiums. There are also no rules for how any surplus or deficit would be distributed in the event of liquidation of the plan or a company's withdrawal from the plan.

The Group also has certain pension commitments that are secured through endowment insurance, which is pledged in favour of the beneficiaries. None of the commitments concern senior executives. The pension provision is based on the value of the endowment insurance policy and therefore corresponds to the value of the assets in the endowment insurance policy at any given time. The obligation is recognised as a defined contribution plan, as Humana is not obliged to make contributions and the beneficiaries bear the entire risk. In 2019, the endowment insurance was transferred to the beneficiaries and the value of assets in the policy on the reporting date was SEK - (3.6) million. No new payments are made in respect of these pension obligations.

### Incentive programmes

Humana had two incentive programmes in 2019: a warrant programme for members of Group management and a share savings programme for other managers. The purpose of introducing the incentive programmes was to encourage a broad ownership among Humana managers, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed Humana's financial targets.

#### Warrants

The warrants were issued at the time of Humana's IPO in 2016 and members of Group management have acquired warrants at market value since then. In total, 1,440,420 warrants were issued. The programme expired at 31 March 2020. The warrant programme does not involve any cost to Humana.

Group management's holding of warrants in Humana AB are shown in the table in the Corporate Governance Report on page 47.

The warrants have been issued in three separate series, with the following market value per series:

	Total number	Can be exercised during period	Subscription price, SEK	Market value per series, SEK
Series 1	480,140	1–31 March 2018	74.4	3.72
Series 2	480,140	1–31 March 2019	77.5	4.26
Series 3	480,140	1–31 March 2020	80.6	4.54

#### Valuation requirements

Share price	SEK 62 (IPO price)
Volatility	22%
Risk-free interest	-0.42%, -0.33% and -0.22%

#### Humana share savings programme

In January 2017, a share savings programme was launched, enabling managers to purchase Humana shares. Participants invest in saving shares over a three-year period, and, subject to continuing employment, are entitled to receive matching shares at the end of the qualification period 31 January 2020. Investments are at market value. In addition, performance shares may be allotted to some participants, subject to the achievement of certain pre-defined targets during the qualification period. The share savings programme is recognised directly in equity during the vesting period. The calculation is based on changes in value of matching shares and performance shares and is recognised as a provision. Assuming achievement of the performance targets, the total cost of the programme is expected to be SEK 7 million, SEK 2 (2) million of which has been charged to the 2019 financial year. At full allotment, the share saving programme for managers will comprise a maximum of 61,667 shares, corresponding to about 0.1 percent of the total number of shares outstanding in the Company.

#### Annual General Meeting's guidelines on remuneration of senior executives

In accordance with the Swedish Companies Act, the AGM shall decide on guidelines for remuneration of the CEO and other senior executives.

The following guidelines for remuneration of senior executives have been adopted by the AGM, to apply up until the 2020 AGM.

Remuneration of the CEO and other senior executives shall comprise fixed salary, variable remuneration, pension and other benefits. Total remuneration shall be market-based and competitive and reflect individual performance, responsibility and the Group's financial performance. The purpose of the variable remuneration is to create incentives for senior executives to deliver good operating results and to integrate the interests of senior executives with the interests of shareholders.

The variable remuneration to the CEO and senior executives may consist of short-term variable remuneration that is paid annually in cash. Variable remuneration shall be subject to the fulfilment of defined and measurable targets and shall be set at a maximum percentage of the fixed salary. Variable remuneration is set at a maximum of 30 percent of the annual fixed salary paid to the CEO and other senior executives.

In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's annual fixed salary and maximum variable cash salary, and is not paid more than once per year for the individual in question.

Variable remuneration of the CEO and senior executives may also be paid as Humana shares and/or equity instruments through an offer to participate in long-term share or share-based incentive programmes as resolved by the Annual General Meeting.

Retirement benefits shall be defined contribution arrangements.

Severance pay will normally be paid on termination of employment by Humana. Members of Group management shall normally have a maximum notice period of six months, combined with severance pay corresponding to six months' fixed salary. If the period of service exceeds five years, the notice period from the Company is extended to twelve months, while the notice period from the senior executive remains six months. For the CEO, the notice period for termination by the Company is six months, with twelve months' severance pay. No termination benefits are paid if employment is terminated by the employee. Termination benefit agreements are made separately following a decision by the Remuneration Committee.

Other benefits, such as a company car, preventive care, health care and health insurance, shall comprise a small portion of total compensation and comply with customary market-based terms.

The Board of Directors is entitled to deviate from the guidelines adopted by the AGM if there are reasons for doing so in an individual case.

The group of senior executives covered by the guidelines includes the CEO and other members of Group management.

Humana has established a warrant programme for eight senior executives in Group management, comprising 1,440,420 warrants that entitle holders to subscribe for the same number of new Humana shares. The remaining number of warrants amounts to 480,140. In the event of full subscription, dilution will be about 0.9 percent of the total number of Humana shares. The warrants have been issued in three different series with different maturities. The third and last series expired 31 March 2020. See also Note G9 Earnings per share.

#### Gender distribution in Board of Directors and Group management, 31 December 2019

The Board of Directors consists of 3 (3) men and 3 (4) women.

Group management consists of 4 (5) men and 5 (4) women.

#### Remuneration of the Board of Directors and Group management

Salaries and benefits by type of remuneration per Board member and Group management member:

2019 SEK thousands	Salaries and other benefits	Bonus	Pension	Total
<b>Board of Directors</b>				
Sören Mellstig, Chairman	408			408
Per Bätelson	226			226
Ulrika Östlund	87			87
Helen Fasth Gillstedt	136			136
Per Granath	244			244
Kirsi Komi	250			250
Monica Lingegård	243			243
Fredrik Strömholm	245			245
Magdalena Gerger	181			181
<b>Total, Board</b>	<b>2,020</b>			<b>2,020</b>
Rasmus Nerman, President and CEO	4,063	-	1,440	5,503
Others (9 individuals)	14,040	672	3,712	18,424
<b>Total, Group management</b>	<b>18,103</b>	<b>672</b>	<b>5,152</b>	<b>23,927</b>
<b>Total, Group</b>	<b>20,123</b>	<b>672</b>	<b>5,152</b>	<b>25,947</b>

**Remuneration of the Board of Directors and Group management**

Salaries and benefits by type of remuneration per Board member and Group management member:

2018 SEK thousands	Salaries and other benefits	Bonus	Pension	Total
<b>Board<sup>1)</sup></b>				
Per Båtelson, Chairman <sup>2)</sup>	707			707
Ulrika Östlund	243			243
Helen Fasth Gillstedt	361			361
Per Granath	244			244
Kirsi Komi	250			250
Monica Lingegård <sup>2)</sup>	301			301
<b>Total, Board</b>	<b>2,106</b>			<b>2,106</b>
Rasmus Nerman, President and CEO	3,142	900	1,131	5,173
Others (11 individuals, 3 of whom have left)	14,376	2,772	3,587	20,735
<b>Total, Group management</b>	<b>17,518</b>	<b>3,672</b>	<b>4,718</b>	<b>25,908</b>
<b>Total, Group</b>	<b>19,624</b>	<b>3,672</b>	<b>4,718</b>	<b>28,014</b>

<sup>1)</sup> Pursuant to an AGM resolution, Board member Lloyd Perry does not receive directors' fees.<sup>2)</sup> Gross salary includes invoiced VAT.**Note G6** Auditors' fees

SEK millions	2019	2018
KPMG AB		
- audit services	6	6
- tax advisory services	0	0
- other services	1	2
<b>Total</b>	<b>7</b>	<b>8</b>

Audit services consist of the auditor's work associated with the statutory audit, while auditing assistance includes various types of quality assurance services. Other services are services other than audit services or tax advisory services.

**Note G7** Finance income and expenses**Finance income**

SEK millions	2019	2018
Interest income from cash and cash equivalents	1	1
Unrealised change in value of derivatives	-	1
Exchange gains	124	0
<b>Total finance income</b>	<b>125</b>	<b>2</b>

**Finance expenses**

Interest expenses for borrowing at amortised cost:

SEK millions	2019	2018
Bank loans	63	59
Lease liability, interest expense	71	1
Exchange losses	111	17
<b>Total finance expenses</b>	<b>246</b>	<b>76</b>

**Note G8** Income tax

The following components are included in tax expense:

SEK millions	2019	2018
Current tax expense (+)/tax income (-)		
Tax expense for the year	87	72
Adjustment of tax relating to prior years	2	0
	<b>89</b>	<b>72</b>

Deferred tax expense (+)/tax income (-)		
<b>Total deferred tax income</b>	<b>-27</b>	<b>0</b>
<b>Recognised tax</b>	<b>61</b>	<b>72</b>

SEK millions	2019	2018
<b>Reconciliation of effective tax</b>		
Recognised profit before tax	249	317
Tax at applicable tax rate (21.4%)	53	70
<b>Tax effect of:</b>		
Non-deductible expenses	14	8
Non-taxable income	-11	-4
Adjustment of tax relating to prior years	4	0
Increase in loss carryforwards for which no corresponding deferred tax was recognised	4	-1
Standard interest on tax allocation reserve	0	0
Difference in tax rate between Parent Company and foreign subsidiaries	0	-1
Adjustment for changed tax rate	-2	0
Other	-2	-1
<b>Recognised tax</b>	<b>61</b>	<b>72</b>
<b>Deferred tax asset</b>		
Property, plant and equipment	-10	-5
Lease liabilities	-17	-
Net accounting	2	5
<b>Total deferred tax asset</b>	<b>-25</b>	<b>-0</b>
<b>Deferred tax liability</b>		
Untaxed reserves, tax allocation reserves	73	78
Net accounting	-2	-5
<b>Total deferred tax liability</b>	<b>71</b>	<b>73</b>

The change in deferred tax asset of SEK 27 million relates to deferred tax income of SEK 27 (0) million recognised in the income statement.

**Unrecognised deferred tax assets**

Loss carryforwards and deductible temporary differences for which deferred tax is not recognised in the balance sheet amount to SEK 40 (17) million, corresponding to a deferred tax asset of SEK 9 (4) million.

Deferred tax assets arising from these items are not recognised, as they are subject to Group contribution restrictions and under prevailing legislation cannot be utilised if operations are run in the legal entity.

**Note G9** Earnings per share

SEK millions	2019	2018
Profit for the year attributable to Parent Company shareholders	187	245
<b>Profit for the year</b>	<b>187</b>	<b>245</b>
Earnings per share, basic and diluted, SEK	3.54	4.62
Number of shares, average	53,140,064	53,140,064

**Instruments with potential future dilutive effects**

In 2016, Humana established a warrant programme for eight senior executives, comprising three series of warrants with different maturities, with exercise prices (SEK 74.40, 77.50 and 80.60 per share) that exceeded the average share price (SEK 59.23 per share). These warrants do not therefore have any dilutive effects and are excluded from the diluted earnings per share calculation. If the share price exceeds the exercise price in the future, the warrants will have dilutive effects. The warrant programme comprises a total of 1,440,420 warrants entitling holders to subscribe for the same number of new Humana shares. The number of warrants in the programme is 480,140. If the maximum amount is subscribed for, dilution will be about 0.9 percent of the total number of Humana shares.

In 2016, the shareholders also adopted the introduction of an incentive programme for 150 of Humana's managers. The programme was introduced in 2017. At full allotment in 2020, dilution will be 61,667 shares, corresponding to 0.1 percent of the total number of shares outstanding in the Company.

**Note G10** Goodwill**Goodwill**

SEK millions	2019	2018
Accumulated cost at start of year	3,168	3,104
Acquisition of subsidiaries	702	43
Adjustment of acquisition analysis	8	-
Disposal of subsidiaries	-	-1
Exchange differences	19	22
<b>At end of year</b>	<b>3,897</b>	<b>3,168</b>

**Impairment testing**

Goodwill is allocated to cash-generating units for impairment testing as follows:

SEK millions	31/12/2019	31/12/2018
Personal Assistance	985	970
Individual & Family	1,422	1,422
Elderly Care	18	18
Norway	424	410
Finland	1,043	342
Denmark	6	6
<b>Total</b>	<b>3,897</b>	<b>3,168</b>

The value of goodwill is tested annually for impairment. The annual impairment test is performed mainly at the segment level, as goodwill is monitored at this level, by calculating the recoverable amount, which consists of value in use. When there are indications that an individual cash-generating unit is permanently impaired, the test is performed by calculating the value in use for the specific cash-generating unit.

Value in use is based on cash flow calculations that are in turn based on specific financial plans determined by management for the next three years. The cash flows calculated thereafter were based on an annual growth rate according to the assumptions stated below. The estimated cash flows were then discounted to present value using a discount rate as shown below.

The key assumptions in the forecasts and the methods used to estimate values are set out below. The key assumptions and methods used are the same for all cash generating units.

Testing for the year showed that no reasonable changes in the key assumptions would give rise to any impairment.

**Key assumptions in calculation****Method for estimating value**

Growth	The growth rate during the forecast period is based on specific plans for the next three years using industry data and management estimates from previous experience. The growth rate after the forecast period is in line with cost trends in the industry.
Operating margin	The operating margin was forecast from historical results and expectations of future margins based on previous experience.
Discount rate	The discount rate is obtained through a weighted average cost of capital for the industry and reflects current market assessments of the time value of money and estimated specific risks in each unit.

Assumptions	Long-term growth	Post-tax discount rate	Pre-tax discount rate
Individual & Family	2.0% (2.0%)	7.7% (7.5%)	9.8% (9.7%)
Personal Assistance	1.5% (1.5%)	7.7% (7.5%)	9.8% (9.7%)
Elderly Care	2.0% (2.0%)	7.7% (7.5%)	9.8% (9.7%)
Norway	2.0% (2.0%)	7.7% (7.5%)	9.9% (9.8%)
Finland	2.0% (2.0%)	7.7% (7.6%)	9.6% (9.5%)

**Note G11** Other intangible assets

2019	Systems development and licences	Customer relationships	Other	Total
<b>Accumulated cost</b>				
At start of year	17	8	15	40
Investments	-	-	1	1
Exchange differences	-	0	0	0
At end of year	17	9	16	41
<b>Accumulated amortisation</b>				
At start of year	-17	-7	-8	-32
Exchange differences	-	0	0	0
Amortisation for the year	0	-1	-2	-3
At end of year	-17	-9	-10	-36
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

2018	Systems development and licences	Customer relationships	Other	Total
<b>Accumulated cost</b>				
At start of year	17	7	13	37
Investments	-	-	2	2
Exchange differences	-	1	1	1
At end of year	17	8	15	40
<b>Accumulated amortisation</b>				
At start of year	-17	-5	-5	-27
Exchange differences	-	0	0	0
Amortisation for the year	0	-2	-3	-6
At end of year	-17	-7	-8	-32
<b>Carrying amount</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>8</b>



**Note G12a** Property, plant and equipment

2019	Land and buildings	Improvements to third-party property	Equipment	Total	
<b>Accumulated cost</b>					
At start of year	293	158	181	632	
Acquisitions	40	10	10	59	
Purchases	150	29	48	227	
Disposals/sales	-367	-3	-22	-392	
Reclassifications	-1	8	-7	0	
Exchange differences	5	1	1	7	
<b>At end of year</b>	<b>121</b>	<b>203</b>	<b>211</b>	<b>534</b>	
<b>Accumulated depreciation and impairment</b>					
At start of year	-16	-31	-91	-138	
Disposals/sales	11	3	16	30	
Exchange differences	-1	0	0	-1	
Depreciation for the year	-3	-18	-28	-50	
<b>At end of year</b>	<b>-9</b>	<b>-46</b>	<b>-104</b>	<b>-159</b>	
<b>Carrying amount</b>	<b>112</b>	<b>157</b>	<b>108</b>	<b>376</b>	
<b>2018</b>					
	Land and buildings	Improvements to third-party property	Finance leases	Equipment	Total
<b>Accumulated cost</b>					
At start of year	146	143	93	168	549
Acquisitions	26	-	-	2	29
Investments	126	18	19	28	191
Disposals/sales	-9	-4	-20	-18	-51
Reclassifications	-1	1	-	0	-1
Exchange differences	5	1	-	2	8
<b>At end of year</b>	<b>293</b>	<b>158</b>	<b>92</b>	<b>181</b>	<b>724</b>
<b>Accumulated depreciation and impairment</b>					
At start of year	-7	-21	-28	-80	-136
Disposals/sales	1	4	20	13	38
Reclassifications	1	0	-	0	1
Exchange differences	-1	0	-	-1	-2
Depreciation for the year	-5	-13	-18	-23	-58
Impairment	-4	-1	-	-1	-5
<b>At end of year</b>	<b>-16</b>	<b>-31</b>	<b>-26</b>	<b>-91</b>	<b>-164</b>
<b>Carrying amount</b>	<b>276</b>	<b>127</b>	<b>66</b>	<b>90</b>	<b>560</b>

**Finance leases**

Future minimum lease payments were as follows:

	Minimum lease payments 31 Dec 2018				Present value
	Within 1 year	1-5 years	After 5 years	Total	
Lease payments, cars	40	28	-	68	67

Lease costs for contracts recognised as finance leases amounted to SEK 29 million in 2018, which consisted of minimum lease payments. The leases have terms ranging from 12 to 36 months.

For a maturity analysis of lease liabilities in accordance with IFRS 16, see Note G19.

## Note G12b Leases

The information presented below is from Humana's perspective as a lessee.

### Right-of-use assets

2019	Buildings and premises	Cars	Total
Carrying amount, 31 December 2019	2,052	37	2,089
Additional right-of-use assets during the year	988	16	1,004

Additional right-of-use assets for premises during the year are distributed as follows: acquisition of the Finnish operations, SEK 269 million, increase resulting from sale & leaseback transactions, SEK 313 million, and the two new elderly care homes in Kungsbacka and Staffanatorp, SEK 253 million, with the remaining SEK 153 million attributable to several different new housing units normally found in the segments. The Group does not have any leases with residual value guarantees or any new future leases which the Company has undertaken.

### Impact on the consolidated income statement

The income statement shows the following figures related to leases:

	Note	2019	2018
Gain on sale & leaseback		0	-
Loss on sale & leaseback		0	-
Depreciation of right-of-use assets			
Buildings and premises		253	-
Cars		21	-
<b>Total</b>		<b>274</b>	<b>-</b>
Interest expenses (included in finance expenses)	G7	71	-
Variable lease payments, property tax		3	-
Costs related to short-term leases (included in other external expenses)	G4	48	-
Costs related to low-value leases not recognised as short-term leases above (included in other external expenses)	G4	16	-

In 2019, the total cash outflow for leases was SEK 317 million.

### The Group's leasing activities

The Group leases cars and various types of buildings and premises for offices, residential care homes, compulsory adolescent care homes, flat complexes and elderly care homes.

Leases are normally signed for fixed periods. Non-lease components may be included in the contracts but are invoiced separately and are not therefore included in the calculation of liability and value in use. The average lease term for cars is three years with an extension option. For buildings and premises, the average weighted rental period is 14.5 years, also with an extension option. The average weighted interest rate amounts to 3.62 percent for buildings and premises and 0.95 percent for cars. The conditions for premises are negotiated separately for each lease and include many different contractual conditions. The leases do not contain any special conditions or restrictions that would result in cancellation if not met, but the leased assets may not be used as collateral for loans.

### Extension and termination options

Options to extend and terminate the contracts are included in a number of the Group's leases of buildings, premises and cars. The terms and conditions are used to maximise flexibility in managing the contracts. Most of the extension and termination options can only be exercised by the Group, not by the lessors.

Extensions are included in the calculation of the liability and the right-of-use asset when it is considered reasonably certain that the leases will be extended (or not terminated).

### Sale and leaseback

The Group entered an agreement with Samhällsbyggnadsbolaget i Norden for the sale of 37 commercial properties in Finland, Sweden and Norway during the year. The value of the property portfolio, transferred through a sale and leaseback transaction, was SEK 468 million. The average lease term for the properties is 14.2 years and the additional annual rents amount to SEK 32 million. Existing properties were transferred to Humana in July 2019. The agreement also covers properties under construction. Properties where construction is in progress will be transferred on completion, which is expected to be no later than Q2 2020.

## Note G13 Trade receivables

	31/12/2019	31/12/2018
Trade receivables, gross	837	854
Reserve for bad debt losses	-3	-7
<b>Total</b>	<b>834</b>	<b>847</b>
Receivables not due	766	707
Past due 1-30 days	50	105
Past due 31-60 days	5	10
Past due > 60 days	16	31
<b>Total</b>	<b>837</b>	<b>854</b>

Humana's customers consist mainly of state, municipal and county council entities in Sweden, Norway and Finland. The Group is not exposed to any significant credit risks relative to any individual counterparty or group of counterparties.

**Note G14** Prepaid expenses and accrued income

	31/12/2019	31/12/2018
Prepaid rents	57	43
Accrued income	37	13
Other	34	27
<b>Total</b>	<b>128</b>	<b>83</b>

**Note G15** Cash and cash equivalents

Cash and cash equivalents include the following:

	31/12/2019	31/12/2018
Cash	2	1
Bank balances	834	513
<b>Total</b>	<b>836</b>	<b>514</b>

Cash and cash equivalents consist of cash and demand deposits with banks and corresponding institutions.

**Note G16** Equity**Share capital**

Share capital consisted of 53,140,064 B shares at the start and end of 2019. Humana's share capital consists of one class of shares, with each share having equal voting rights and equal entitlement to receive dividends.

	2019	2018
Number of shares		
At start of year	53,140,064	53,140,064
At end of year	53,140,064	53,140,064

Paid-up subscribed shares	Number of shares	Votes per share	Number of votes
Share capital, B shares	53,140,064	0.022222	1,180,879

**Other paid-in capital**

Amounts received for issued shares and warrants over and above what has been added to share capital are included in the item "Other paid-in capital". See also Note G9.

**Translation reserve**

The translation reserve includes all exchange differences arising on translation of foreign operations that have prepared their financial statements in a currency other than the Group's presentation currency. The translation reserve also includes the hedging reserve, which consists of hedges of net investments in foreign operations.

**Note G17** Interest-bearing liabilities

	31/12/2019	31/12/2018
<b>Current</b>		
Bank loans	607	590
Lease liabilities	270	42
<b>Total carrying amount</b>	<b>878</b>	<b>633</b>
<b>Non-current</b>		
Bank loans	1,769	1,236
Lease liabilities	1,902	23
<b>Total carrying amount</b>	<b>3,671</b>	<b>1,259</b>
Due after 5 years	1,083	-

Borrowing is conducted in SEK, NOK and EUR. SEK 1,790 (1,821) million of the bank loans for 2019 relates to the Parent Company.

**Bank loan terms and conditions**

Humana entered a loan agreement with DNB Sweden AB and Skandinaviska Enskilda Banken AB (publ) in March 2016. Under the loan agreement, the lenders have undertaken to provide credit facilities amounting to SEK 2,200 million for a term of five years. The agreement contains customary contractual conditions and two covenants (ratios), which are reported regularly to the lenders (net debt to EBITDA and interest cover ratio). The credit facilities are not secured but are subject to commitments and guarantees, and negative covenants, including restrictions on pledging the Company's assets, restrictions on debt in subsidiaries (apart from Humana Group Holding AB) and restrictions on disposals and acquisitions where the total annual amount exceeds a total company value of SEK 500 million, and obligations regarding trade sanctions and anti-corruption. See also Notes G19 and G20.

**Note G18** Accrued expenses and deferred income

SEK millions	31/12/2019	31/12/2018
Accrued salaries	322	295
Accrued holiday pay	419	345
Accrued interest expenses	4	2
Accrued pensions	78	69
Other accrued personnel costs	10	9
Accrued audit fees	5	3
Other	84	35
<b>Total</b>	<b>922</b>	<b>757</b>

## Note G19 Financial Instruments and risk management

31/12/2019	Financial assets at amortised cost	Carrying amount
<b>Financial assets</b>		
Trade receivables	834	834
Other receivables	7	7
Accrued income	78	78
Cash and cash equivalents	836	836
<b>Total</b>	<b>1,755</b>	<b>1,755</b>

31/12/2019	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Carrying amount
<b>Financial liabilities</b>			
Bank loans		2,376	2,376
Trade payables		129	129
Other current liabilities		7	7
Accrued expenses		4	4
Liability for earn-out payment	13		13
<b>Total</b>	<b>13</b>	<b>2,515</b>	<b>2,528</b>

31/12/2018	Financial assets at amortised cost	Carrying amount
<b>Financial assets</b>		
Trade receivables	847	847
Other receivables	8	8
Accrued income	39	39
Cash and cash equivalents	514	514
<b>Total</b>	<b>1,408</b>	<b>1,408</b>

31/12/2018	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Carrying amount
<b>Financial liabilities</b>			
Bank loans		1,826	1,826
Finance lease liabilities		66	66
Trade payables		121	121
Other current liabilities		7	7
Accrued expenses		3	3
Liability for earn-out payment	8		8
<b>Total</b>	<b>8</b>	<b>2,022</b>	<b>2,030</b>

Fair value does not differ materially from the carrying amount of trade receivables, other receivables, cash and cash equivalents, trade payables and other liabilities.

### Financial instruments at fair value

When determining the fair value of an asset or liability, the Group uses observable data as far as possible. Fair value measurement is based on the fair value hierarchy, which categorises inputs into different levels as follows:

- Level 1 – inputs that are quoted prices in active markets for identical instruments
- Level 2 – inputs other than those in Level 1 that are directly or indirectly observable market data
- Level 3 – inputs that are not observable in the market

31/12/2019	Level 1	Level 2	Level 3	Total
<b>Liabilities</b>				
Liability for earn-out payment	-	-	13	13
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>13</b>
<b>31/12/2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities</b>				
Liability for earn-out payment	-	-	8	8
<b>Fair value</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>

### Reconciliation of financial instruments measured in level 3

The table below shows a reconciliation between the opening and closing balances for financial instruments measured in Level 3.

SEK millions	2019	2018
<b>Earn-out payment</b>		
Opening balance	8	27
Cost of acquisition	20	5
Reversed to income statement	-12	-9
Settled during the year	-3	-15
<b>Closing balance</b>	<b>13</b>	<b>8</b>

### Measurement methods and inputs

The tables below show the methods used for fair value measurement in Levels 2 and 3, and non-observable inputs.

#### Financial instruments at fair value through profit or loss

Measurement method	Earn-out payment	Interest rate swaps and interest rate options
<b>Measurement method</b>	EBITDA multiples: The measurement model calculates the value of the earn-out payment based on likely scenarios of future EBITDA outcomes using agreed multiples.	The fair value of interest rate swaps and interest rate options has been calculated by discounting estimated future cash flows under the contract terms and conditions based on the market rate for similar instruments on the reporting date.
<b>Significant non-observable inputs</b>	Forecast EBITDA	
<b>Connection between significant non-observable inputs and fair value calculation</b>	The estimated fair value would increase (decrease) if: EBITDA was higher (lower)	

### Sensitivity analysis

The maximum outstanding amount for earn-out payments is SEK 17 million. The earn-out payments are performance-based.

#### Financial instruments not measured at fair value

Type	Measurement method	Significant non-observable inputs	Measurement level
Other financial liabilities <sup>1)</sup>	Discounted cash flows	N/A	2

<sup>1)</sup> Other financial liabilities refers to bank loans and finance lease liabilities.

### Risks associated with financial instruments

In the course of its operations, the Group is exposed to different types of financial risk.

- Financing and liquidity risk
- Credit risk
- Interest rate risk
- Currency risk

The Group's financial policy for financial risk management has been formulated by the Board and provides a framework of guidelines and rules in the form of a risk mandate and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed centrally by the CFO in consultation with the Board. The overall objective of the finance function is to provide cost-effective financing and minimise adverse effects of market risks on consolidated earnings.

#### Financing and liquidity risk

Liquidity risk is the risk of the Group encountering problems in meeting its obligations associated with financial liabilities. The CFO manages liquidity risks centrally for the entire Group. Liquidity requirements are monitored regularly and when reviewing Humana's financing needs. The Group's policy is to minimise borrowing needs by balancing surplus and deficit liquidity within the Group and to achieve financing flexibility through agreements for additional available credit. To facilitate liquidity planning and control, the Group has credit facilities (bank overdraft facilities) and a cash pool.

Specification of available liquidity	2019	2018
Unutilised credit facility	200	200
Cash	836	514
<b>Total</b>	<b>1,036</b>	<b>714</b>



## NOTES

Consolidated financial liabilities, which are shown in Note G17, amounted to SEK 4,549 (1,892) million at the year-end, comprising current liabilities of SEK 878 (633) million and non-current liabilities of SEK 3,671 (1,259) million. Humana can use the unutilised revolving facility to roll over parts of the bank loans due within 3–12 months.

### Maturity analysis for financial liabilities

2019	<3 months	3–12 months	2–5 years	>5 years	Total
Bank loans	50	566	1,760	0	2,376
Interest on bank loans	15	43	10	0	67
Lease liabilities	93	282	951	1,414	2,740
Trade payables	129	-	-	-	129
Liability for earn-out payment	0	13	0	0	13
<b>Total</b>	<b>287</b>	<b>904</b>	<b>2,721</b>	<b>1,414</b>	<b>5,325</b>
2018	<3 months	3–12 months	2–5 years	>5 years	Total
Bank loans	50	539	1,237	0	1,826
Interest on bank loans	10	30	38	-	78
Finance lease liabilities	11	32	23	-	66
Trade payables	121	-	-	-	121
Liability for earn-out payment	0	0	8	0	8
<b>Total</b>	<b>192</b>	<b>600</b>	<b>1,307</b>	<b>0</b>	<b>2,099</b>

### Credit risk

Credit risk refers to exposure to receivables in the form of investments of surplus liquidity, derivatives, and trade receivables. Surplus liquidity is invested in deposit accounts, and derivative agreements are only concluded with the major Nordic commercial banks. Most of the Group's trade receivables are from state, municipal and county council entities, which are considered to have good credit quality. Cash and cash equivalents are only invested in banks with high credit ratings. The risk of credit losses is therefore considered to be minimal.

Maximum exposure to credit risk	2019	2018
Trade receivables	834	847
Other receivables	7	8
Cash and cash equivalents	836	514
<b>Total</b>	<b>1,677</b>	<b>1,369</b>

### Interest rate risk

The main market risk affecting Humana is interest rate risk, which can result in fair value and cash flow changes. The Group's loans may or may not be hedged, by means of interest rate swaps or interest rate options, within the framework of the loan agreement. Fixed-rate periods are a significant factor affecting interest rate risk.

The Group's interest rate risk arises mainly through long-term borrowing, which is managed by the CFO, and through lease liabilities. The Group's loan agreements have 3–6 month fixed-interest periods.

A one percentage-point increase in the interest rate would have an effect of SEK 24 (18) million on loan interest expenses and SEK 22 million on lease liability interest expenses.

### Currency risk

As the Group operates in Sweden, Norway, Denmark and Finland, it is exposed to currency risks from exposure to the Norwegian krone (NOK), the Danish krone (DKK) and the euro (EUR). Consolidated profit is affected by translation of the foreign subsidiaries' income statements at the average exchange rate for the financial year. If a foreign subsidiary's local currency changes in relation to SEK, the Group's reported net revenue and earnings would change when translated to SEK. Currency risk also arises through future business transactions, reported assets and liabilities, and net investments in foreign operations. NOK and EUR exposure has therefore been partly financed through borrowing in NOK and EUR.

Net assets in NOK amount to SEK -6 (387) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 3 (3) million on the income statement and SEK -0 (19) million on consolidated comprehensive income at the reporting date. Net assets in EUR amount to SEK 230 (140) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK 2 (3) million on the income statement and SEK 12 (7) million on consolidated comprehensive income at the reporting date.

Net assets in DKK amount to SEK 7 (6) million, including goodwill. A 5-percentage-point change in the exchange rate would have an effect of SEK -0 (-0) million on the income statement and SEK 0 (0) million on consolidated comprehensive income at the reporting date.

### Hedges of net investments in foreign operations

Interest-bearing loans at 31 December 2019 include loans amounting to EUR 39.7 million and NOK 328.5 million, which comprise part of the net investment in two subsidiaries: Arjessa Oy in Finland and Humana Care AS in Norway. The loans are used to hedge the Group's currency exposure in EUR and NOK for these net investments. Hedge accounting is applied from 1 January 2018. This means that the effective portion of exchange gains or losses on loans is recognised in other comprehensive income, which is where exchange gains or losses on investments in foreign subsidiaries are recognised.

The hedge becomes ineffective when the amount of the investment in foreign subsidiaries falls below the loan amount.

#### The hedging instrument's effect on financial position:

	Nominal amount	Carrying amount, SEK million	Fair value changes used to measure ineffectiveness during the period
Interest-bearing loans in EUR millions	39.7	414.2	2
Interest-bearing loans in NOK millions	328.5	347.5	-16

#### The hedged items' effect on financial position:

	Translation reserve	Fair value changes used to measure ineffectiveness
Net investment in foreign subsidiaries, SEK million	15	-14

The hedging loss before tax recognised in other comprehensive income corresponds to the fair value change used to measure effectiveness. No ineffectiveness has been reported in the Group's results.

#### Hedge accounting's effect on equity and other comprehensive income

	Translation reserve
<b>2018</b>	
At start of year	4
Exchange differences on translation of foreign operations	26
Exchange differences on translation of interest-bearing loans	-3
Tax effect	1
<b>At end of year</b>	<b>28</b>
<b>2019</b>	
At start of year	28
Exchange differences on translation of foreign operations	15
Exchange differences on translation of interest-bearing loans	-17
Tax effect	3
<b>At end of year</b>	<b>29</b>

### Capital management

The Group's policy is to maintain a good financial position, thereby helping to maintain the confidence of investors, lenders and the market, and providing a solid foundation for continuing development of business operations while also generating a satisfactory long-term return for shareholders. The Board aims to achieve a balance between a potential higher return on equity from a high debt to equity ratio and the advantages and security associated with a strong capital base. The objective is to continue to generate returns for shareholders and value for other stakeholders.

Neither the Parent Company nor any of the subsidiaries are subject to external capital requirements (see also Note G17).

**Reconciliation of liabilities attributable to financing activities – Group**

	Opening balance 2019	IFRS16 implementation	Cash flows	Non-cash movements			Closing balance 2019
				Acquisitions/disposals of subsidiaries	Changes to leases	Exchange differences	
Bank loans	1,826	-	301	253	-	-4	2,376
Lease liabilities	65	1,423	-250	274	660	0	2,172
<b>Total liabilities attributable to financing activities</b>	<b>1,891</b>	<b>1,423</b>	<b>51</b>	<b>527</b>	<b>660</b>	<b>-4</b>	<b>4,548</b>

	Opening balance 2018	Cash flows	Non-cash movements			Closing balance 2018
			Acquisitions/disposals of subsidiaries	Exchange differences	Fair value remeasurement	
Overdraft facilities	200	-200	-	-	-	-
Bank loans	1,760	66	1	-1	-	1,826
<b>Total liabilities attributable to financing activities</b>	<b>1,960</b>	<b>-134</b>	<b>1</b>	<b>-1</b>	<b>-</b>	<b>1,826</b>

**Note G20** Pledged assets and contingent liabilities

SEK millions	2019	2018
Pledged assets for bank loans		
Property mortgages	-	-
Pledged assets		
Other	-	-
Contingent liabilities	None	None

**Note G21** Related party transactions

The Group's key personnel consists of the Board of Directors, Group management and the CEO, through ownership of Humana and through their roles as senior executives. Related parties also include the principal owner Impilo Care AB, which is represented on the Board by Sören Mellstig and Fredrik Strömholm. Related party transactions are based on market conditions.

**Remuneration of key personnel**

Remuneration of key personnel is shown in Note G5.

**Note G22** Companies included in these financial statements

Humana AB is the Parent Company of the Group, which includes subsidiaries and sub-subsidiaries as listed below. All companies are wholly owned apart from Sommarsol Holding AB, which is 50 percent owned. All subsidiaries and sub-subsidiaries have financial years that correspond with the Parent Company's financial year.

Company name	Number of shares	Registered office	Share of equity, %
Aatuntien toimitalo Oy, 0749474-4	300	Pori, Finland	100%
Adventum Specialpedagogik AB, 556387-6753	1,000	Borlänge	100%
Adventum Vård AB, 556330-3030	1,000	Borlänge	100%
Anna ja Aatu Oy, 1771445-6	30	Oulu, Finland	100%
Arjessa Oy, 2367998-4	11,211,785	Helsinki, Finland	100%
Arkipäivä Oy, 0585203-4	75	Tornio, Finland	100%
Assistans på Gotland AB, 556763-8209	1,000	Gotland	100%
Baggium Vård & Behandling AB, 556747-5230	1,000	Gothenburg	100%
Balanshem AB, 556733-8099	1,000	Höör	100%
Barrebacken AB, 556610-6760	108	Stockholm	100%
Behandlingshemmet Källtorp AB, 556668-5979	1,000	Stockholm	100%
Björkvik-Ringsjöhemmet AB, 556435-1889	1,500	Stockholm	100%
Björkviks Vårdhem AB, 556257-3575	2,000	Stockholm	100%
Björntorps HVB-hem AB, 556740-6219	1,000	Stockholm	100%
Botnia 24h Oy, 2091344-8	10	Tornio, Finland	100%
Cajanuksentienkoti Oy, 2114734-3	100	Kempele, Finland	100%
Cureum AB, 556681-8661	821	Örebro	100%
Davidsbo Fastigheter AB, 556787-3327	1,000	Norberg	100%
Davidsbo Invest AB, 556806-2698	500	Norberg	100%
Davidsbogård AB, 556709-4296	1,000	Norberg	100%
Fabriken Förändringskonsulterna i Skaraborg AB, 556650-8544	1,000	Stockholm	100%
Fastighetsbolaget Åstorp Linfröet 1 AB, 559209-9872	50,000	Stockholm	100%
Fuga Omsorg AB, 556897-4371	50,000	Järfälla	100%
Habiliteket AB, 556484-2416	1,000	Täby	100%
Hallandshem AB, 556699-6129	1,000	Kungsbacka	100%
Hoitokoti Iltatähti Oy, 1012150-0	100	Vantaa, Finland	100%
Hoitokoti Sinikello Oy, 1072328-8	250	Taivalkoski	100%
Hoivakoti Joutsenkulma Oy, 2348341-2	22,500	Varkaus, Finland	100%
Humana Care AS, 997915038	1,000	Tonsberg, Norway	100%
Human Care Eiendom AS, 922597871	1,000	Tonsberg, Norway	100%
Human Care Holding AS, 923166076	1,000	Tonsberg, Norway	100%
Humana Assistans AB, 556605-3996	100,000	Örebro	100%
Humana BU Holding AB, 559224-2688	1,000	Stockholm	100%
Humana Care Real Estate Finland AB, 559222-3142	1,000	Stockholm	100%
Humana Care Real Estate Norge AB, 559222-3159	1,000	Stockholm	100%

## NOTES

Company name	Number of shares	Registered office	Share of equity, %
Humana Danmark ApS, 39804778	500	Søborg, Denmark	100%
Humana Ekeliden AB, 556891-0508	50,000	Hässleholm	100%
Humana Familj Holding AB, 559224-1292	1,000	Stockholm	100%
Humana Familjeforum Konsult i Sverige AB, 556687-4227	1,000	Stockholm	100%
Humana Familjeforum Sverige AB, 556589-3764	1,000	Stockholm	100%
Humana Familjestödsgruppen i Sverige AB, 556699-8182	1,000	Stockholm	100%
Humana Familjevårdskonsulenterna i Sverige AB, 556733-7349	1,000	Stockholm	100%
Humana Fastighets Holding AB, 559224-3322	1,000	Stockholm	100%
Humana Fastighetsförvaltning AB, 559222-3126	1,000	Stockholm	100%
Humana Fastighetsutveckling AB, 559222-3118	1,000	Stockholm	100%
Humana Finland AB, 559224-0435	1,000	Stockholm	100%
Humana Finland Oy, 2991142-2	100	Seinäjoki, Finland	100%
Humana Group AB, 556697-0249	1,478,571	Stockholm	100%
Humana Group Holding AB, 556730-0453	1,428,570	Stockholm	100%
Humana Hoiva Oy, 2769452-4	4,379,414	Oulu, Finland	100%
Humana Holding AB, 556645-2206	1,000	Örebro	100%
Humana Jobb & Matchning i Örebro AB, 556665-9149	1,000	Örebro	100%
Humana KBT Mälardalen AB, 556718-7025	1,000	Stockholm	100%
Humana LSS Holding AB, 559223-5807	1,000	Stockholm	100%
Humana LSS i Sverige AB, 556754-3912	1,000	Sala	100%
Humana Omsorg AB, 556749-0007	1,000	Stockholm	100%
Humana Omsorgsfastigheter AB, 559192-1282	50	Stockholm	100%
Humana Real Estate Finland AB, 559222-3134	1,000	Stockholm	100%
Humana Sociala tjänster Sverige AB, 556658-1277	5,000	Stockholm	100%
Humana Vuxna Holding AB, 559223-5799	1,000	Stockholm	100%
Humlans HVB AB, 556641-8165	3,000	Ockelbo	100%
HVB Lappetorp AB, 556525-0247	1,020	Trosa	100%
Hyvinvointipalvelut Arjessa Oy, 2292973-4	240	Lohja, Finland	100%
Iltatuulikoti Oy, 2141642-7	1,200,000	Iitti, Finland	100%
Innovativ Assistans i Stockholm AB, 556521-4573	1,000	Gothenburg	100%
INOM Innovativ Omsorg i Norden AB, 556782-9105	3,524,259	Stockholm	100%
INOM Innovativ Omsorg i Sverige AB, 556739-6725	1,000	Stockholm	100%
Istria AB, 559020-2452	1,000	Lund	100%
Jakilaakson Perhekodit Oy, 1741579-8	20	Ylivieska, Finland	100%
Joterplan Oy, 1482883-7	50	Saarijärvi, Finland	100%
JOWE AB, 556644-6281	100	Stockholm	100%
Karttusenranta Oy, 1877402-0	1,000	Oulu, Finland	100%
Kilen Akut Behandlingshem AB, 556620-9549	1,000	Skövde	100%
KOA Helse og Omsorg AS, 991069550	300	Narvik, Norway	100%
KOA Psykisk Helse AS, 994627112	1,540	Narvik, Norway	100%
KOA Ungdomstiltak AS, 890821502	500	Narvik, Norway	100%
Komian Kranni Oy, 1064768-4	170	Seinäjoki, Finland	100%
K-rehab AB, 556766-2720	6,000	Sandviken	100%
Kristallihovi Oy, 2288773-0	90	Hämeenlinna, Finland	100%
Kristallikartano Oy, 2469221-6	100	Kerava, Finland	100%
Kungsbacka 1:42 AB, 559210-4144	50,000	Gothenburg	100%
Kvaefjord Opplevelse og Avlastning AS, 888031812	9,492	Harstad, Norway	100%
Kyrönmaakoti Oy, 1538708-4	1,000	Oulu, Finland	100%
Lakeuden Pojat Oy, 2387295-2	1,000	Oulu, Finland	100%
Lastensuojeluyksikkö Leppälintu Oy, 2364613-8	1,000	Kauhajoki, Finland	100%
Lastensuojeluyksikkö Pihakoivu Ky, 1991926-0	-	Seinäjoki, Finland	100%
Lounatuulikoti Oy, 1013647-0	20	Äänekoski, Finland	100%
Lunna Gärd AB, 556586-2371	1,000	Stockholm	100%
Luotsimaja Oy, 2036069-5	65	Pori, Finland	100%
Matiimi Oy, 0706096-2	100	Lempäälä, Finland	100%
Muhoksen Palvelukoti Oy, 0586645-2	1,000	Muhos, Finland	100%
Namikan Pienryhmäkoti Oy, 2461106-8	1,000	Lahti, Finland	100%
Neuropsyk i Bollnäs AB, 556543-1516	1,000,000	Stockholm	100%
Nordic Care AB, 556658-8710	1,000	Örebro	100%
Nordic Senior Services Oy, 2301404-2	178,846,495	Tampere, Finland	100%
Norrbärke Sjukhem AB, 556564-9778	2,500	Stockholm	100%
Nuorisokoti Valokki Oy, 2284728-8	1,250	Kurikka, Finland	100%
Nuorisopsykiatrinen Asumiskoti Puro Oy, 1744507-3	240	Vähäkyrö, Vaasa, Finland	100%
Nygårds Vård Gotland AB, 556417-0511	2,000	Gotland	100%

Company name	Number of shares	Registered office	Share of equity, %
Oasen HVB & Skola AB, 556420-9608	5,000	Aneby	100%
Oasen Ungdomscenter AB, 556686-2313	1,000	Aneby	100%
Oasen Utbildningscenter AB, 556650-1796	1,000	Aneby	100%
Off.Clinic AB, 556625-9429	1,000	Kristianstad	100%
Orana AB, 556353-3966	1,000	Kristianstad	100%
Orana Kristianstad AB, 556714-8878	1,000	Kristianstad	100%
Orana Vård & Omsorg Holding AB, 559012-0159	50,000	Kristianstad	100%
Paavolakoti Oy, 1077276-8	100	Mänttä-Vilppula, Finland	100%
Palvelukeskus Kaski Oy, 1816473-2	100	Pihtipudas, Finland	100%
Palvelukoti Hilmar Oy, 0955759-3	15	Keuruu, Finland	100%
Palvelukoti Metsärinne Oy, 0711287-3	100	Haapavesi, Finland	100%
Partnergruppen Svenska AB, 556177-0362	10,000	Stockholm	100%
Perhetalo Arjessa Oy, 2487220-9	1,000	Helsinki, Finland	100%
Pienkoti Aura Oy, 1853882-9	10	Jyväskylä, Finland	100%
Pienryhmäkoti Arjen Sydän Oy, 2179372-4	130	Siuntio, Finland	100%
Pienryhmäkoti Puolenhehtaarin Metsä Oy, 2166211-8	270	Lohja, Finland	100%
Pirtakoti Oy, 2203782-4	100	Tornio, Finland	100%
Platea AB, 556697-9729	1,500	Hagfors	100%
Prompting AB, 556606-5990	200	Stockholm	100%
R.I.K. Assistans Aktiebolag, 556765-6797	1,000	Stockholm	100%
Ramlösa Social Utveckling AB, 556266-5520	1,000	Helsingborg	100%
Rehabiliteringsbolaget i Mälardalen AB, 556755-5049	1,000	Örebro	100%
Rehappi Oy, 2397006-9	10,000	Naantali, Finland	100%
Rengsjö Vårdcenter AB, 556383-1857	1,000	Stockholm	100%
Ryhmäkodit Arjessa Oy, 2284729-6	1,250	Seinäjoki, Finland	100%
Ryhmäkoti Raide Oy, 2032776-4	100	Tampere, Finland	100%
Sillanpää-koti Oy, 2216058-2	2,500	Seinäjoki, Finland	100%
Skellefteå Stöd och Behandling AB, 556861-3904	500	Skellefteå	100%
Sommarsol Fastigheter AB, 559144-1828	500	Stockholm	100%
Sommarsol Holding 2 AB, 559170-5412	50	Stockholm	100%
Sommarsol Holding AB, 559163-0875	25	Stockholm	50%
Storsjögårdens HVB AB, 556535-5780	1,000	Gävle	100%
StøtteCompagniet ApS, 31940109	126	Søborg, Denmark	100%
Suolahden Palvelukoti Oy, 0767749-5	50	Äänekoski, Finland	100%
Sähkö Oy, 2022074-8	80	Ylivieska, Finland	100%
Södertörns familjevård AB, 556573-0511	1,000	Stockholm	100%
Tiangruppen AB, 556378-5145	2,500	Uppsala	100%
Tibble gård ungdomshem AB, 556632-1757	1,000	Stockholm	100%
Toivolanranta Oy, 0859903-8	100	Oulainen, Finland	100%
Tuulenvirekoti Oy, 2836429-5	18,000	Turku, Finland	100%
Ungdomshemmet Hajstorp AB, 556618-0369	1,600	Töreboda	100%
Vassbo Behandlingshem AB, 556449-1602	1,000	Uddevalla	100%
Vehkakoti Oy, 1591616-9	100	Kaavi, Finland	100%
Veitikanharju Oy, 2011352-0	80	Rovaniemi, Finland	100%
Vidablick AB, 556679-3179	1,000	Helsingborg	100%
Wikmansgården AB, 556167-4275	1,000	Stockholm	100%
Wilhelmiinakoti Oy, 2130102-1	100	Hollola, Finland	100%
Villa Marin Hoitopalvelut Oy, 1903887-7	8,000	Kokkola, Finland	100%
Wisby Assistans AB, 556605-2725	1,000	Gotland	100%
Vivante Oy, 1092297-3	100	Kuusamo, Finland	100%
Västgöta Assistans AB, 556795-6593	1,000	Borås	100%

### Note G23 Events after the reporting date

During the first quarter of 2020, the spread of the new Coronavirus Covid-19 accelerated more widely in the world, including in the Nordic countries. Humana has routines to manage the spread of infections in our operations, each year new infections emerge. However, the extent of Corona's dissemination and its impact

on society requires greater efforts than usual. Humana has established a crisis management organisation on an early stage. The development may have an impact on Humana's revenues and costs in 2020.



# Notes Parent Company

## Not P1 Parent Company's transactions with Group companies

Sales to Group companies amounted to 100 (100) percent in 2019. Purchases from Group companies amounted to 0 (0) percent in 2019.

## Note P2 Information on auditors' fees and cost reimbursement

Auditors' fees	2019	2018
KPMG AB		
– audit services	2	1
<b>Total</b>	<b>2</b>	<b>1</b>

Audit services consist of the auditor's work associated with the statutory audit, while auditing assistance includes various types of quality assurance services. Other services are services other than audit services or tax advisory services.

## Note P3 Shares in subsidiaries

	31/12/2019	31/12/2018
Opening cost	1,627	1,625
Contribution	2	2
<b>Closing accumulated cost</b>	<b>1,629</b>	<b>1,627</b>

Company name	31/12/2019	31/12/2018
Humana Group Holding AB, 556730-0453	1,629	1,627

## Note P4 Untaxed reserves

	31/12/2019	31/12/2018
Allocation reserve, tax year 2014	-	53
Allocation reserve, tax year 2015	38	38
Allocation reserve, tax year 2016	20	20
Allocation reserve, tax year 2017	27	27
Allocation reserve, tax year 2018	36	36
Allocation reserve, tax year 2019	30	-
<b>Total</b>	<b>152</b>	<b>174</b>

## Note P5 Non-current liabilities

	31/12/2019	31/12/2018
Non-current liabilities due for payment 1–5 years after the reporting date:	1,190	1,231
<b>Total</b>	<b>1,190</b>	<b>1,231</b>

See Note G17 for loan terms and conditions and Note G19 for financial risk management.

## Note P6 Accrued expenses and deferred income

	31/12/2019	31/12/2018
Accrued interest	1	2
Other items	7	3
<b>Total</b>	<b>8</b>	<b>5</b>

## Note P7 Leases

The Parent Company rents offices at Warfvinges väg 39 and a garage at Strandbergsgatan 26. The leases run for 5 years until 30/9/2021 with an option to extend for 3 years at a time and a termination option, which may be exercised no later than 9 months before the agreed rental period expires. Rental costs for the current year amount to SEK 7 (4) million. The office premises are re-invoiced internally within the Group and revenues amount to SEK 7 (4) million.

### Maturity analysis for leases

2019	<3 months	3-12 months	2-5 years	>5 years	Total
Nonterminable lease payment	1	4	4	-	9
2018	<3 months	3-12 months	2-5 years	>5 years	Total
Nonterminable lease payment	1	4	9	-	14

## Note P8 Proposed distribution of profits

The following profits are available to the AGM:

SEK	2019
Retained earnings	1,588,035,891
Profit for the year	69,510,494
<b>Total</b>	<b>1,657,546,385</b>
<b>To be distributed as follows:</b>	
Dividend	-
Carried forward	1,657,546,385
<b>Total</b>	<b>1,657,546,385</b>

The Board of Directors and the CEO confirm that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation (EC) no. 1606/2002 of 19 July 2002 on the application of international financial reporting standards. The annual accounts and

consolidated accounts provide a true and fair view of the financial position and financial performance of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group provides a true and fair overview of the development of the operations, financial position and financial performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 1 April 2020

**Rasmus Nerman**  
*President and CEO*

**Sören Mellstig**  
*Chairman*

**Magdalena Gerger**  
*Board member*

**Per Granath**  
*Board member*

**Kirsi Komi**  
*Board member*

**Monica Lingegård**  
*Board member*

**Fredrik Strömholm**  
*Board member*

Our Audit Report was submitted on  
1 April 2020  
**KPMG AB**

**Helena Nilsson**  
Authorised Public Accountant

# Auditor's Report

To the general meeting of the shareholders of Humana AB (publ), corp. id 556760-8475

## Report on the annual accounts and consolidated accounts Opinions

We have audited the annual accounts and consolidated accounts of Humana AB (publ) for the year 2019, except for the corporate governance statement on pages 41–55 and the sustainability report on pages 14–23. The annual accounts and consolidated accounts of the company are included on pages 14–23, 41–55 and 63–97 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 the parent company as of 31 December 2019 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 2019 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. Our opinions do not cover the corporate governance statement on pages 41–55 and sustainability report on pages 14–23. 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.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

## 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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## 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.

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## Valuation of goodwill

See Note GA2 General accounting policies including Accounting estimates in the financial reports, Note GA4 Significant accounting policies and Note G10 Goodwill on the pages 78, 80 and 88 in the annual and consolidated accounts for detailed information and descriptions of the matter.

## Description of key audit matter

The Group's goodwill amounted to SEK 3,897 million at 31 December 2019. Goodwill is tested annually for impairment. Annual impairment testing is of significance to the audit as it involves a significant element of judgement from the Group, including assumptions about the future performance of the business and market conditions.

Another important assumption is the discount rate to be used to reflect market assessments of the specific risks that the business faces.

## Response in the audit

We have examined whether the impairment tests performed were prepared in accordance with the methods prescribed by IAS 36 Impairment of Assets.

We have also evaluated the Group's assumptions about future cash flows, such as sales growth and operating margin development, and the discount rate. This has been done by, among other things, obtaining and evaluating written documentation and checking assumptions in the impairment testing against plans. We have also evaluated the Group's historical forecast performance and challenged assumptions about future growth and margins.

We have also assessed the content of the information about impairment tests performed, as provided in the annual and consolidated accounts.

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## Förvärv av Coronaria Hoiva

See Note GA4 Significant accounting policies and Note G3 Acquisitions on the pages 79 and 83 in the annual and consolidated accounts for detailed information and descriptions of the matter.

## Description of key audit matter

In April 2019, all the shares in Coronaria Hoiva Oy were acquired for a total purchase price of SEK 517 million. Following a business combination, the acquired operations should be accounted for in the consolidated accounts which require acquired assets and liabilities to be identified and measured at its fair value at the acquisition date. The difference between the purchase price and the identified assets and liabilities is goodwill.

The purchase price allocation requires judgments to be made regarding which assets to account for in the consolidated accounts – in particular intangible assets may be difficult to assess – including the assigned fair values in the consolidated accounts. The company assesses the full value to be allocated to goodwill which will be subject for impairment annually.

## Response in the audit

We have analyzed the purchase price allocation in order to assess whether it has been prepared in accordance with commonly prescribed methods and that all assets, in particular intangible assets, and liabilities have been identified. We have received and assessed the documentation management has prepared.

We have also assessed the disclosures relating to the business combination included in the annual accounts and the consolidated accounts.

### 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 1–40, 56–62 and 101–104. The Board of Directors and the Managing Director 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 Managing Director

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intend 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions. We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.



## 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 Managing Director of Humana AB (publ) for the year 2019 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 Managing Director 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 Managing Director

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 Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill 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 Managing Director 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain

professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 41–55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

### The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 14–23, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability 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. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Humana AB (publ) by the general meeting of the shareholders on the 9 May 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2008.

Stockholm 1 April 2020

KPMG AB

Helena Nilsson  
*Authorized Public Accountant*

# Reconciliation with IFRS financial statements

In the financial reports that Humana issues, there are alternative performance measures specified that complement the measurements defined or specified in the applicable financial reporting rules. Alternative performance measures are indicated when, in their context, they provide clearer or more detailed information than the measurements defined in the applicable financial reporting rules. The alternative performance measures are derived from the Company's consolidated financial statements and are not IFRS measures.

	Jan-Dec 2019	Jan-Dec 2018
<b>Adjusted operating profit</b>		
Operating profit	369	391
Capital gain on sale of property	-4	-
<b>Adjusted operating profit</b>	<b>365</b>	<b>391</b>
<b>Adjusted EBITDA</b>		
Operating profit	369	391
Depreciation/amortisation	327	70
Capital gain on sale of property	-4	-
<b>Adjusted EBITDA</b>	<b>692</b>	<b>461</b>
<b>Organic revenue growth</b>		
Revenue, base	6,660	6,333
Revenue, organic growth	134	218
<b>Total organic growth, constant exchange rate</b>	<b>2.0%</b>	<b>3.40%</b>
<b>Operating cash flow, SEK million</b>		
Operating profit	369	391
Depreciation/amortisation	327	70
Change in working capital	126	-18
Investments in other non-current assets, net	-228	-158
<b>Operating cash flow, SEK million</b>	<b>595</b>	<b>285</b>
	Jan-Dec 2019	Jan-Dec 2018
<b>Interest-bearing net debt, SEK million</b>		
Non-current interest-bearing liabilities	3,671	1,259
Current interest-bearing liabilities	878	633
Cash and cash equivalents	-836	-514
Interest-bearing net debt	3,712	1,378
Adjusted EBITDA 12 months	692	461
<b>Interest-bearing net debt/adjusted EBITDA, 12 months, times</b>	<b>5.4</b>	<b>3.0</b>
<b>Return on capital employed, %</b>		
TOTAL ASSETS	8,231	5,218
Deferred tax liabilities	-71	-73
Trade payables	-129	-121
Other current liabilities	-1,178	-985
<b>Capital employed</b>	<b>6,853</b>	<b>4,039</b>
Operating profit	369	391
Finance income	1	1
<b>Total</b>	<b>371</b>	<b>392</b>
<b>Return on capital employed, %</b>	<b>5.4%</b>	<b>9.7%</b>
<b>Equity/assets ratio, %</b>		
Total equity	2,305	2,147
TOTAL ASSETS	8,231	5,218
<b>Equity/assets ratio, %</b>	<b>28%</b>	<b>41.1%</b>

# Financial performance measures

## Financial performance measures

	Definition	Purpose
Return on capital employed (%)	Operating profit and finance income divided by total capital employed multiplied by 100.	Indicates the operating return on the capital that owners and lenders have made available. The intent is to show consolidated returns, regardless of the financing.
EBITDA	Operating profit before depreciation, amortisation and impairment.	The measure is used to monitor the company's profit/loss generated by operating activities and facilitate comparisons of profitability between different companies and industries.
Adjusted operating profit and adjusted EBITDA	Operating profit and EBITDA adjusted for items affecting comparability.	Items affecting comparability is adjusted to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding non-recurring items.
Operating cash flow	Operating profit including changes in depreciation/amortisation/impairment, working capital and investments in other assets (net).	The exclusion of cash flow from acquisitions and financing facilitates an analysis of cash conversion in operating activities.
Organic growth	Growth for comparable companies in each segment that Humana owned during the previous comparative period.	The measure shows the underlying sales growth in comparable companies between the different periods.
Interest-bearing net debt	Borrowing excluding interest rate derivatives less cash and cash equivalents and interest-bearing assets.	Net debt is used as a simple way to illustrate and assess the Group's ability to meet financial commitments.
Interest-bearing net debt/EBITDA	Interest-bearing net debt divided by EBITDA.	Indicates consolidated debt in relation to EBITDA. This is used to illustrate the Group's ability to meet financial commitments.
Equity/assets ratio (%)	Equity including non-controlling interests divided by total assets multiplied by 100.	Indicates the proportion of assets that are financed with equity. The aim is to assess the Group's solvency in the long term.
Capital employed	Total assets less non-interest-bearing liabilities.	The measure indicates the portion of the company's assets financed by interest-bearing capital.

## Other performance measures

	Definition
Equity per share	Equity attributable to Parent Company shareholders divided by number of shares at end of period after redemption, repurchase and new share issue.
Average number of shares	Calculated as the average daily number of shares outstanding after redemption and repurchase.
Average equity	Calculated for average equity attributable to Parent Company shareholders per quarter, calculated from the opening and closing balance for each quarter.
Items affecting comparability	Non-recurring items that complicate the comparability between two given periods.
Average number of full-time employees	Average number of full-time employees during the reporting period.
Average number of customers	Average number of customers during the period.
Earnings per share for the period	Profit for the period attributable to Parent Company shareholders divided by the average number of shares. Defined in IFRS.
Operating profit	Profit before financial items and tax.
Operating margin (%)	Operating profit divided by operating revenue multiplied by 100.

# Quarterly overview

SEK millions	2019					2018				
	Full year	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4
<b>Operating revenue by segment</b>										
Individual & Family	2,095	512	535	529	518	2,188	551	555	538	540
Personal Assistance	2,783	684	685	708	707	2,668	653	659	666	689
Elderly Care	564	134	142	146	143	457	108	108	112	129
Finland	1,204	179	341	336	348	-	-	-	-	-
Norway	794	194	210	194	196	-	-	-	-	-
Other Nordics	-	-	-	-	-	1,401	336	362	361	341
Other	26	5	5	14	1	11	0	11	0	1
<b>Operating revenue</b>	<b>7,467</b>	<b>1,708</b>	<b>1,918</b>	<b>1,928</b>	<b>1,912</b>	<b>6,725</b>	<b>1,648</b>	<b>1,696</b>	<b>1,677</b>	<b>1,700</b>
<b>Operating profit by segment</b>										
Individual & Family	168	28	41	72	27	196	48	40	72	37
Personal Assistance	154	39	26	52	37	151	35	25	51	41
Elderly Care	13	4	0	8	0	9	-1	1	6	4
Finland	49	15	5	19	9	-	-	-	-	-
Norway	59	9	16	21	13	-	-	-	-	-
Other Nordics	-	-	-	-	-	122	18	28	40	37
Other	-72	-18	-42	4	-16	-88	-18	-16	-17	-36
<b>Operating profit</b>	<b>369</b>	<b>77</b>	<b>45</b>	<b>176</b>	<b>71</b>	<b>391</b>	<b>81</b>	<b>78</b>	<b>151</b>	<b>82</b>
<b>Operating margin by segment</b>										
Individual & Family, %	8.0	5.5	7.6	13.7	5.1	9.0	8.7	7.1	13.3	6.8
Personal Assistance, %	5.5	5.8	3.7	7.4	5.2	5.7	5.3	3.8	7.6	5.9
Elderly Care, %	2.3	2.8	0.3	5.6	0.3	2.0	-1.2	0.8	5.0	2.9
Finland, %	4.0	8.6	1.4	5.7	2.7	-	-	-	-	-
Norway, %	7.4	4.5	7.5	10.7	6.8	-	-	-	-	-
Other Nordics, %	-	-	-	-	-	8.7	5.3	7.8	11	10.7
<b>Operating margin, %</b>	<b>4.9</b>	<b>4.5</b>	<b>2.3</b>	<b>9.1</b>	<b>3.7</b>	<b>5.8</b>	<b>4.9</b>	<b>4.6</b>	<b>9</b>	<b>4.8</b>



# Five-year overview

## Key ratios and per-share data

Note that the tables and calculations below have not been audited, unless otherwise stated.

Key performance measures	2019	2018	2017	2016	2015
Net revenue, SEK million <sup>1)</sup>	7,467	6,725	6,556	6,362	5,593
Growth, %	11.0	2.6	3.1	13.7	10.4
Organic growth, constant exchange rate, %	2.0	3.4	-1.3	1.1	0.8
Inorganic growth (including disposals), %	8.5	-1.6	5	12.4	9.6
EBITDA, SEK million	697	461	376	379	394
EBITDA margin, %	9.3	6.9	5.7	6	7
Adjusted EBITDA, SEK million	692	461	376	419	386
Adjusted EBITDA margin, %	9.3	6.9	5.7	6.6	6.9
Operating profit (EBIT), SEK million <sup>1)</sup>	369	391	316	329	312
Operating margin, %	4.9	5.8	4.8	5.2	5.6
Adjusted operating profit, SEK million	365	391	316	369	340
Adjusted operating margin, %	4.9	5.8	4.8	5.8	6.1
Profit for the year, SEK million <sup>1)</sup>	187	245	194	170	114
Change in working capital, SEK million	126	-18	-41	-372	38
Acquisition of intangible assets and property, plant and equipment, SEK million <sup>1)</sup>	-228	-158	-151	-143	-46
Operating cash flow, SEK million	595	285	184	-134	389
Cash conversion, %	85.4	61.8	48.9	-35.3	98.7
Equity <sup>1)</sup>	2,305	2,147	1,891	1,726	1,093
Interest-bearing net debt, SEK million	3,712	1,378	1,440	1,628	1,174
Interest-bearing net debt/EBITDA, 12 months, times	5.3	3	3.8	4.3	3
Interest-bearing net debt/adjusted EBITDA, 12 months, times	5.4	3	3.8	3.9	3
Equity/assets ratio, %	28.0	41.1	37.4	34.8	28.5
Return on capital employed, 12 months, %	5.4	9.7	8.2	8.9	11.3
Average number of customers	8,503	7,466	8,316	8,361	7,262
Average number of full-time employees <sup>1)</sup>	10,175	9,782	10,003	9,912	9,154
Full-time employees at end of year	10,093	9,729	9,503	10,091	9,231
<b>Per-share data</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Restated earnings per share	3.54	4.62	3.64	2.87	0.61
Restated equity per share, SEK	42.97	40.08	35.58	32.48	23.82

<sup>1)</sup> Information derived from Humana's audited consolidated accounts.



Everyone  
is entitled to  
*a good life*

