



# Interim report July–September 2019

# Q3



*Humana is a Nordic care company. The company is a market leader in individual and family care and personal assistance with expanding operations in elderly care. Humana has 16,000 employees who all work with a shared vision – Everyone is entitled to a good life. Humana is a growth company with a focus on quality and customer satisfaction. The company had annual revenue of SEK 6,725m in 2018. Humana is listed on Nasdaq Stockholm and is headquartered in Stockholm.*



**Humana**

# Third quarter in brief

## Third quarter, July-September 2019

- **Operating revenue** was SEK 1,928 million (1,677), an increase of 15%. The organic growth was 3.2%.
- **Operating profit** was SEK 176m (151), an increase of 17%. Excluding the effects of IFRS 16, the standard for recognising leases that applies from 1 January 2019, operating profit amounted to SEK 164m (151), an increase of 9%.
- **Net profit after tax for the period** amounted to SEK 128m (102). Excluding the effects of IFRS 16, profit after tax amounted to SEK 134m (102).
- **Earnings per share for the period** before and after dilution amounted to SEK 2.42 (1.92).
- **Operating cash flow** amounted to SEK 206m (35). Excluding the effects of IFRS 16, operating cash flow totalled SEK 121m (35).

## The nine-month period, January-September 2019

- **Operating revenue** was SEK 5,554m (5,021), an increase of 11%. The organic growth was 2.4%.
- **Operating profit** was SEK 298m (310), a decrease of 4%. This amount includes acquisition expenses and revenues of SEK -28m (5) and integration costs for Coronaria Hoiva of SEK -8m (-). Excluding the effects of IFRS 16, operating profit amounted to SEK 269m (310), a decrease of 13%. The effects of IFRS 16 on operating profit amounted to SEK 30m (-).
- **Net profit after tax for the period** amounted to SEK 170m (194). Excluding the effects of IFRS 16, profit after tax amounted to SEK 186m (194).
- **Earnings per share for the period** before and after dilution amounted to SEK 3.21 (3.65). Excluding the effects of IFRS 16, earnings per share amounted to SEK 3.52 (3.65).
- **Operating cash flow** amounted to SEK 375m (149). Excluding the effects of IFRS 16, operating cash flow totalled SEK 159m (149).

## Significant events in and after the third quarter

- Humana signed during the quarter agreements for two new elderly housing units under own management, one in Norrtälje and one in Ängelholm. The housing units will each have 60 apartments. Both operations are scheduled to open in the first half of 2021.
- During the quarter, Humana entered an agreement with Samhällsbyggnadsbolaget i Norden for the sale of 37 commercial properties in Finland, Sweden and Norway. The value of the property portfolio, which is transferred through a sale and leaseback transaction, amounts to SEK 468m. The average length of the leases for the properties is 14.2 years and the additional annual rental charge amounts to SEK 32m. Existing properties were transferred to Humana in July 2019. Properties where construction is ongoing will be transferred when they are completed, which is expected to be by Q2 2020.
- Anu Kallio was appointed new head of Humana in Finland during the quarter. She will start no later than 1 March 2020. Anu Kallio was previously CEO of the Finnish care company Rinnekoti.

## Revenue and profit

SEK m	Jul-Sep	Jul-Sep	%	Jan-Sep	Jan-Sep	%	Oct-Sep	Jan-Dec	%
	2019	2018		2019	2018		2018/19	2018	
Net revenue	1,919	1,678	14%	5,545	5,011	11%	7,243	6,714	8%
Other revenue	9	-1	n/a	9	10	-13%	10	11	-12%
<b>Operating revenue</b>	<b>1,928</b>	<b>1,677</b>	<b>15%</b>	<b>5,554</b>	<b>5,021</b>	<b>11%</b>	<b>7,253</b>	<b>6,725</b>	<b>8%</b>
Operating profit	176	151	17%	298	310	-4%	380	391	-3%
Adjusted operating profit	172	151	14%	294	310	-5%	380	391	-3%
Net profit for the period	128	102	26%	170	194	-12%	221	245	-10%
Operating cash flow	206	35	484%	375	149	152%	512	285	80%
<b>Excluding IFRS 16 effects:</b>									
<b>Operating revenue</b>	<b>1,928</b>	<b>1,677</b>	<b>15%</b>	<b>5,554</b>	<b>5,021</b>	<b>11%</b>	<b>7,253</b>	<b>6,725</b>	<b>8%</b>
Operating profit	164	151	9%	269	310	-13%	350	391	-10%
Adjusted operating profit	159	151	6%	264	310	-15%	350	391	-10%
Net profit for the period	134	102	31%	186	194	-4%	238	245	-3%
Operating cash flow	121	35	243%	159	149	7%	296	285	4%

# Good growth, improved customer satisfaction and better results

**Humana's revenues continued to grow in the third quarter and both operating profit and operating margin finished high. All of Humana's business areas are progressing in the right direction. There is still potential for improvement, but there are also many reasons to be proud. For example, at Humana's elderly housing units, customer satisfaction – our most important parameter – has increased further in this year's national survey.**

In the third quarter, Humana's operating revenue increased by 15 percent to SEK 1.9 billion and operating profit increased by 17 percent to SEK 176 million. Revenue growth was primarily acquisition driven, but we also had organic growth of 3.2 percent. The quarter was also strong in terms of cash flow, not least as a result of property sales during the quarter.



During the autumn, we put considerable effort into reviewing our strategy together with our partially new Board of Directors. We determined that we are in attractive segments where we also have leading positions and that we are doing well, even in comparison to our competitors. However, there is clear potential to improve profitability and to create more stability and predictability in our operations.

Every day, our employees put a lot of energy and commitment into our systematic quality assurance work. We were therefore particularly pleased when we saw the results for our elderly housing operations in the National Board of Health and Welfare's latest national survey. The number of satisfied customers in Humana's elderly housing reached 88 percent this year, compared with 87 percent in 2018. Our elderly customers are also clearly more satisfied than the national average for all elderly housing in Sweden (both public and private), where 81 percent are satisfied, which must also be considered an impressive figure. Swedish elderly care is usually much better than its reputation!

Considering this, it is pleasing to be able to note that our high-quality elderly care business continues to grow. During the third quarter we entered two more agreements on new elderly housing under our own management: an additional one in central Norrtälje and one in Ängelholm. This means that, in addition to our contracted units, we will have a base of ten elderly housing units under our own management during 2021. The establishment of our new housing unit under own management in Staffanstorp, which opened in March, went better than expected with a high occupancy rate already and in September we opened our fifth own-management unit in Kungsängen.

As from the third quarter, we are reporting Finland and Norway as separate business areas. In Finland, revenues amounted to SEK 336m, a little more than twice as much as the comparative quarter last year. The increase is mainly attributable to the acquisition of Coronaria Hoiva, but we also continued to have good organic growth in Finland, where several new units opened during the year. After a sluggish start with a negative impact on earnings from Coronaria Hoiva in the second quarter, our newly acquired company is now showing a trend in the right direction, but the results are still too low. The action programme meant to strengthen profitability continues in parallel with the integration.

In Norway, revenues amounted to SEK 194m. Performance was stable during the quarter and in line with the previous year.

The Individual & Family business area's turnover decreased slightly in the third quarter. Our efforts to adapt our offer to the customers' partially changed requirements continues. At the same time, we have succeeded in adapting the use of resources to the current occupancy and the operating margin increased to 13.7 percent (13.3) for the quarter.

The Personal Assistance business area continued to be very stable, both in terms of revenue and profit. We continue to be challenged as fewer people are granted personal assistance, but on the positive side, respiratory aid is again seen as a basic need for which individuals are entitled to assistance as from 1 November. The 6 percent increase in revenue for the quarter is largely due to the acquisition of Assistans på Gotland earlier this year and last year's acquisition.

For the Group, the third quarter can be summed up by good growth, increased customer satisfaction and improved profitability. However, the work continues to improve both stability and profitability going forward.

Stockholm, 8 November 2019



**Rasmus Nerman**, President and CEO  
Humana AB



## Operating revenue by business area

SEK m	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Oct-Sep 2018/19	Jan-Dec 2018	%
Individual & Family	529	538	-2%	1,577	1,645	-4%	2,116	2,188	-3%
Personal Assistance	708	666	6%	2,077	1,978	5%	2,766	2,668	4%
Elderly Care	146	112	30%	421	328	28%	550	457	20%
Finland	336	163	106%	856	489	75%	1,015	648	57%
Norway	194	196	-1%	598	569	5%	775	746	4%
Other revenue incl. Denmark 2)	14	1	981%	24	12	96%	31	19	63%
<b>Total operating revenue</b>	<b>1,928</b>	<b>1,677</b>	<b>15%</b>	<b>5,554</b>	<b>5,021</b>	<b>11%</b>	<b>7,253</b>	<b>6,725</b>	<b>8%</b>

## Organic growth by business area 1)

%	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Oct-Sep 2018/19	Jan-Dec 2018	%
Individual & Family	-1.7%	0.4%		-4.1%	-1.0%		-3.7%	-1.3%	
Personal Assistance	1.3%	-1.0%		1.0%	0.2%		1.3%	0.7%	
Elderly Care	30.0%	32.4%		28.3%	30.7%		31.0%	33.4%	
Finland	9.6%	21.0%		9.0%	14.6%		1.9%	12.7%	
Norway	2.1%	14.2%		6.0%	4.1%		7.1%	7.6%	
<b>Total organic growth</b>	<b>3.2%</b>	<b>4.4%</b>		<b>2.4%</b>	<b>2.9%</b>		<b>2.2%</b>	<b>3.4%</b>	

## Operating profit per business area

SEK m	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Oct-Sep 2018/19	Jan-Dec 2018	%
Individual & Family	72	72	1%	141	159	-11%	178	196	-9%
Personal Assistance	52	51	3%	117	111	6%	158	151	4%
Elderly Care	8	6	47%	12	5	135%	16	9	79%
Finland	19	18	3%	39	51	-23%	57	68	-17%
Norway	21	21	-3%	45	35	29%	65	55	19%
Central costs/other incl. Denmark 2) 3) 4)	4	-17	n/a	-57	-51	n/a	-93	-88	n/a
<b>Total operating profit</b>	<b>176</b>	<b>151</b>	<b>17%</b>	<b>298</b>	<b>310</b>	<b>-4%</b>	<b>380</b>	<b>391</b>	<b>-3%</b>

### Excluding IFRS 16 effects (affects only Central costs):

<b>Total operating profit</b>	<b>164</b>	<b>151</b>	<b>9%</b>	<b>269</b>	<b>310</b>	<b>-13%</b>	<b>350</b>	<b>391</b>	<b>-10%</b>
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## Operating profit margins by business area

%	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%	Oct-Sep 2018/19	Jan-Dec 2018	%
Individual & Family	13.7%	13.3%		8.9%	9.7%		8.4%	9.0%	
Personal Assistance	7.4%	7.6%		5.6%	5.6%		5.7%	5.7%	
Elderly Care	5.6%	5.0%		2.9%	1.6%		2.9%	2.0%	
Finland	5.7%	11.3%		4.6%	10.4%		5.6%	10.5%	
Norway	10.7%	10.9%		7.6%	6.2%		8.4%	7.3%	
<b>Total operating profit margin</b>	<b>9.1%</b>	<b>9.0%</b>		<b>5.4%</b>	<b>6.2%</b>		<b>5.2%</b>	<b>5.8%</b>	

### Excluding IFRS 16 effects:

<b>Total operating profit margin</b>	<b>8.5%</b>	<b>9.0%</b>		<b>4.8%</b>	<b>6.2%</b>		<b>4.8%</b>	<b>5.8%</b>	
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1) Organic growth is calculated as revenue growth for comparable companies that Humana owned during the comparative period.

2) Operating revenue in Q2 2018 include the effect of the final deduction of purchase consideration of SEK 9m, linked to this, is acquisition costs of SEK 5m. Operating result and operating profit include; positive earn out effects of SEK 5m and a gain on sales of real estate of SEK 4m.

3) Operating profit full year 2019 includes SEK 28m in acquisition costs, operating profit full year 2018 includes acquisition costs of SEK 18m, of which SEK 5m was in Q2 and SEK 0m in third quarter. Operating result 2019 also include integration costs of SEK 8m of which SEK 4m derive from third quarter.

4) Operating result 2019 include IFRS16 effects of net SEK +30m (0), SEK +13m (0) in the third quarter.

# Group development

## Revenue

Third-quarter operating revenue amounted to SEK 1,928m (1,677), an increase of 15% compared with the same quarter last year. Acquired operations, that is, companies that were not owned throughout the previous comparative period, contributed SEK 200m to revenues in the quarter, of which SEK 151m relates to revenues from Coronaria Hoiva in Finland. Organic revenue growth was 3.2% (4.4).

Operations under own management accounted for 93% of total revenues and contracted operations accounted for 7%.

Operating revenue for the nine-month period amounted to SEK 5,554m (5,021). This is an increase of 11% and very much in line with the target of an annual growth rate of 8-10%. Acquired operations accounted for SEK 421m of revenues. Organic revenue growth was 2.4% (2.9).

## Profit

Operating profit for the third quarter increased to SEK 176m (151). This is a 17% increase and corresponds to an operating margin of 9.1% (9.0). Excluding the effects of the IFRS 16 accounting standard, which applies from 1 January 2019, operating profit amounted to SEK 164m (151). The effect of IFRS 16 on operating profit for the period amounted to SEK 13m (-) and is due to lower rental costs of SEK 85m and higher depreciation of SEK 72m (a reduction in central costs). Integration costs for Coronaria Hoiva were SEK 4m (-).

Operating profit for the nine-month period was SEK 298m (310), a decrease of 4%. Excluding the effects of IFRS 16, operating profit amounted to SEK 269m (310), a decrease of 13%. The effects of IFRS 16 on operating profit amounted to SEK 30m (-). Excluding the effects of IFRS 16 and excluding acquisition expenses and revenues as well as integration costs, operating profit amounted to SEK 304m (305), a decrease of SEK -1m. Acquisition expenses and revenues amounted to SEK -28m (5) and were largely related to the acquisition of Coronaria Hoiva. Integration costs for Coronaria Hoiva were SEK 8m (-).

# Events

## First quarter 2019

- Humana entered an agreement to acquire all shares in the Finnish company Coronaria Hoiva Oy from its owner Coronaria Oy. The purchase price amounted to EUR 71m, approximately SEK 736m (enterprise value). The company has about 1,100 employees. Its adjusted revenue for 2018 was EUR 54m, approximately SEK 559m, and its adjusted EBITDA was EUR 4.3m, approximately SEK 45m.
- Humana signed an agreement for a new elderly housing unit under own management in Vallentuna. The housing unit will have 60 apartments and is scheduled to open in Q4 2020.

## Second quarter 2019

- In April 2019, the Finnish competition authority approved the acquisition of Coronaria Hoiva Oy and the acquisition was subsequently completed. Coronaria Hoiva was consolidated into Humana as from April 2019.
- Humana signed an agreement for two new elderly housing units under own management, one in Falkenberg and one in Norrtälje. The housing units will have 60 and 80 apartments, respectively. Both operations are scheduled to open in the first half of 2021.
- Humana acquired assistance company Assistans på Gotland AB during the quarter. The company's annual revenues amount to approximately SEK 56m and it has around 115 employees.
- Johanna Rastad, former head of business development at Humana, was appointed as the new business area manager for Individual & Family.
- The 2019 AGM approved a dividend of SEK 0.70 per share for the 2018 financial year, in accordance with the Board's proposal.

## Third quarter 2019

- Humana signed an agreement for two new elderly housing units under own management, another in Norrtälje and one in Ängelholm. The housing units will each have 60 apartments. Both operations are scheduled to open in the first half of 2021.
- Humana entered an agreement with Samhällsbyggnadsbolaget i Norden for the sale of 37 commercial properties in Finland, Sweden and Norway. The value of the property portfolio, which is transferred through a sale and leaseback transaction, amounts to SEK 468m. The average length of the leases for the properties is 14.2 years and the additional annual rental charge amounts to SEK 32m. Existing properties were transferred to Humana in July 2019. Properties where construction is ongoing will be transferred when they are completed, which is expected to be latest by Q2 2020.
- Anu Kallio was appointed new head of Humana in Finland. She will start no later than 1 March 2020. Anu Kallio was previously CEO of care company Rinnekoti.

## Events after the end of the quarter

- No significant events to report after the end of the quarter.

# Performance by business area

## Individual & Family

Revenues for the third quarter amounted to SEK 529m (538), a decrease of 2% compared to the corresponding period last year. Revenues for the nine-month period amounted to SEK 1,577m (1,645), a decrease of 4%. The decrease is explained by lower occupancy, primarily in the market segment for children and adolescents. During the third quarter, capacity utilisation recovered somewhat, but it was still too weak at the end of the quarter.

Operating profit for the quarter totalled SEK 72m (72). Operating profit for the nine-month period was SEK 141m (159), a decrease of 11%. The operating margin for the quarter was 13.7% (13.3) and for the nine-month period was 8.9% (9.7). The higher margin in the third quarter is largely explained by lower costs due to increased efficiency and adaptation of the organisation to better meet demand. Our efforts to increase sales and adjust to better meet the partially changed demands from customers continues.

## Personal Assistance

Revenues for the third quarter amounted to SEK 708m (666), an increase of 6% compared to the corresponding period last year. Revenues for the nine-month period amounted to SEK 2,077m (1,978), an increase of 5%. Most of the increase in revenue is explained by the acquisitions of this year and last year. The organic growth of 1.3% (-1.0%) is explained by a stable number of assistance hours and an increase in the assistance allowance.

Operating profit for the quarter totalled SEK 52m (51), an increase of 3%. Operating profit for the nine-month period was SEK 117m (111), an increase of 6%. The operating margin was 7.4% (7.6) for the third quarter and 5.6% (5.6) for the nine-month period.

## Elderly Care

Revenues in Elderly Care amounted to SEK 146m (112) in the third quarter, an increase of 30%. Revenues for the nine-month period amounted to SEK 421m (328), an increase of 28%. The increase in revenue is explained in part by revenues from new contracted elderly housing units that began operating in the fourth quarter last year, and in part by the new elderly housing unit under own management in Staffanstorp, which opened in March, quickly reaching a high occupancy and thus fully contributing to revenue as from the third quarter.

Operating profit for the third quarter amounted to SEK 8m (6). Operating profit for the nine-month period amounted to SEK 12m (5). The operating margin was 5.6% (5.0) for the third quarter and 2.9% (1.6) for the nine-month period. Start-up costs for the new elderly housing units under own management in Staffanstorp and Kungsängen (which opened in September 2019) had a negative impact of SEK 2m on third quarter earnings.

## Finland

Revenues for the third quarter amounted to SEK 336m (163), an increase of 106% compared to the corresponding period last year. Revenues for the nine-month period amounted to SEK 856m (489), an increase of 75%. The acquisition of Coronaria Hoiva contributed SEK 151m to revenues for the quarter and SEK 295m for the nine-month period. Organic growth in the quarter of 9.6% (21.0%) is explained by the opening of new individual and family care units in Finland.

Operating profit for the third quarter totalled SEK 19m (18), an increase of 3%. The operating margin was 5.7% (11.3). In the quarter the integration costs for Coronaria Hoiva amounted to SEK 4m and the negative result in the newly acquired business decreased. Openings of new units in Finland, especially within Arjessa, also had a negative impact on the margin, both in the second and third quarters. Operating profit for the nine-month period was SEK 39m (51), a decrease of 23%. The operating margin was 4.6% (10.4) for the nine-month period. The decline in earnings for the nine-month period is partly explained by the acquisition of Coronaria Hoiva with an operating profit of SEK -6m. Non-recurring costs for integration had an effect of SEK -8m on results.

## Norway

Revenues for the third quarter amounted to SEK 194m (196), a decrease of 1% compared to the corresponding period last year. Revenues for the nine-month period amounted to SEK 598m (569), an increase of 5%, which is explained by a change in customer mix. Organic growth in the quarter was 2.1% (14.2%).

Operating profit for the quarter totalled SEK 21m (21), a decrease of 3%. Operating profit for the nine-month period was SEK 45m (35), an increase of 29%. The operating margin was 10.7% (10.9) for the third quarter and 7.6% (6.2) for the nine-month period.



# Financial position

## Financing

Consolidated equity amounted to SEK 2,298m (2,092) on 30 September 2019. The equity/assets ratio was 28.1% (40.7). Humana's interest-bearing net debt amounted to SEK 3,854m (1,405), including a rental lease debt of SEK 2,097m. The net debt, excluding IFRS 16, increased to SEK 1,757m (1,405), an increase of 25% compared to the corresponding period last year. Humana's debt-to-equity ratio, its interest-bearing net debt in relation to EBITDA, increased to 6.0 times (3.2). The increased debt-to-equity ratio is explained by the new accounting standard IFRS 16 and increased credit utilisation in association with the acquisition of Coronaria Hoiva. The new acquisition loan of EUR 55m has the same terms and period as the original financing. The sale and leaseback transaction resulted in a positive liquidity effect by SEK 325m.

## Financial position

SEK m	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current interest-bearing liabilities	3,664	1,281	1,259
Current interest-bearing liabilities	893	634	633
Cash and cash equivalents	-703	-511	-514
<b>Interest-bearing net debt</b>	<b>3,854</b>	<b>1,405</b>	<b>1,378</b>
Equity/assets ratio, %	28.1%	40.7%	41.1%
Interest-bearing net debt/adjusted EBITDA 12 months, times	6.0x	3.2x	3.0x

### Excluding IFRS 16 effects:

Non-current interest-bearing liabilities	1,813	1,281	1,259
Current interest-bearing liabilities	647	634	633
Cash and cash equivalents	-703	-511	-514
<b>Interest-bearing net debt</b>	<b>1,757</b>	<b>1,405</b>	<b>1,378</b>
Equity/assets ratio, %	37.8%	40.7%	41.1%
Interest-bearing net debt/adjusted EBITDA 12 months, times	4.1x	3.2x	3.0x

## Cash flow and investment expenditures

Operating cash flow during the quarter amounted to SEK 206m (35). Excluding the effects of IFRS 16, operating cash flow totalled SEK 121m (35). The change is mainly explained by higher results and a positive change in working capital of SEK -23m (-81). Cash flow for the period amounted to SEK 213m (6), where cash flow from operating activities was SEK 244m (87). Cash flow from investing activities amounted to SEK 288m (-62), of which SEK 325m (-) relates to the disposal of properties (sale and leaseback transaction in July) and SEK -38m (-53) relates to investments in other fixed assets. SEK 0m (-10) relates to the acquisition of subsidiaries. Cash flow from financing activities amounted to SEK -281m (0), of which SEK -70m was amortisation of lease liabilities (effect of IFRS 16) and SEK -211m was loan repayment.

## Financial targets\*

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

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

**Capital structure.** Interest-bearing net debt to EBITDA not to exceed a factor of 3.0. However, leverage may temporarily exceed the target level, for example, in relation to acquisitions.

**Dividend policy.** Payment of a dividend equivalent to 30% of net profit for the year. The proposed dividend shall consider Humana's long-term development potential and financial position.

\*Before taking the new accounting standard IFRS 16 into consideration.

# Other information

## Employees

The number of full-time employees on 30 September 2019 was 10,663 (10,044).

## Shares, share capital and shareholders

The number of shares in Humana AB at 30 September 2019 amounted to 53,140,064 with a quotient value of SEK 0.022, corresponding to share capital of SEK 1,180,880. The number of shareholders as of 30 September 2019 was 4,016. The five largest shareholders were Impilo Care AB, Incentive AS (via funds and mandate), Air Syndication SCA (Argan Capital), Nordea Investment Funds and SEB Investment Management.

## Marketplace

Humana AB shares trade on the Nasdaq Stockholm Main Market. The company's ticker symbol is HUM and the ISIN code is SE0008040653.

## Share-based incentive programmes

Humana has two long-term incentive programmes: a warrant programme for eight senior executives and a share savings programme for 150 other Humana employees. For more information on the programmes, see Note 7 and the 2018 annual report.

## 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 party transactions are based on market conditions.

## Risks and uncertainties

In the course of its operations, the Group is exposed to different types of financial risk, such as financing risk, liquidity risk, credit risk and interest rate risk. Risks are described in more detail in the section in Humana's 2018 annual report entitled Risks and risk management on pages 48-53 as well as note G19.

The main risks related to operations and uncertainties that can affect Group development in 2019 are related to political decisions that may affect private care companies, and risks when implementing completed acquisitions.

Humana conducts operations that are financed by state, municipal and county council entities, and as such operations can be 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.

## Parent Company

Net profit for the Parent Company for the nine-month period amounted to SEK -66m (-36). The equity/assets ratio at 30 September was 43.5% (42.5 at 30 September 2018). The Parent Company is indirectly affected by the operations of the subsidiaries, so risks and uncertainties are the same as those for the Group described above.

The CEO certifies that this interim report for the third quarter of 2019 gives a true and fair view of the Parent Company's and the Group's operations, financial position and earnings, and describes the material risks and uncertainties facing the Parent Company and the Group.

Stockholm, 8 November 2019

**Rasmus Nerman**  
*President and CEO*

# Review report

**Humana AB**  
**CID 556760-8475**

## **Introduction**

We have conducted a review of the condensed interim financial information (the interim report) for Humana AB as at 30 September 2019 and the nine-month period thus ended. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to reach a conclusion about this interim report based on our review.

## **Focus and scope of the review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, to conduct analytical reviews and to take other review measures. A review has a different focus and substantially smaller scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The measures taken during a review are not such that we can assure full awareness of all important circumstances that might be identified during a full audit. Therefore, the conclusion reached based on a review does not have the guarantees that a conclusion reached based on an audit has.

## **Conclusion**

Based on our review, no circumstances have emerged that give us reason to believe that the interim report has not, in all material respects, been prepared for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 8 November 2019

KPMG AB

**Helena Nilsson**

Authorised Public Accountant

## Consolidated income statement

SEK m	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Net revenue		1,919	1,678	5,545	5,011	7,243	6,714
Other revenue		9	-1	9	10	10	11
<b>Operating revenue</b>	3	<b>1,928</b>	<b>1,677</b>	<b>5,554</b>	<b>5,021</b>	<b>7,253</b>	<b>6,725</b>
Other external costs	8	-228	-251	-697	-779	-962	-1,044
Personnel costs		-1,434	-1,257	-4,289	-3,878	-5,608	-5,202
Depreciation	8	-90	-18	-242	-49	-263	-70
Other operating costs		0	0	-28	-6	-41	-19
<b>Operating costs</b>		<b>-1,752</b>	<b>-1,526</b>	<b>-5,256</b>	<b>-4,712</b>	<b>-6,873</b>	<b>-6,334</b>
<b>Operating profit</b>		<b>176</b>	<b>151</b>	<b>298</b>	<b>310</b>	<b>380</b>	<b>391</b>
Financial revenue		83	0	107	1	107	1
Financial costs	8	-102	-19	-186	-60	-202	-76
Unrealised changes in value of derivatives		0	0	0	1	0	1
<b>Profit before tax</b>		<b>158</b>	<b>132</b>	<b>219</b>	<b>251</b>	<b>285</b>	<b>317</b>
Income tax	8	-30	-30	-49	-57	-64	-72
<b>Net profit for the period</b>		<b>128</b>	<b>102</b>	<b>170</b>	<b>194</b>	<b>221</b>	<b>245</b>
<b>Of which, attributable to:</b>							
Owners of the Parent Company		128	102	170	194	222	246
Non-controlling interests		0	0	-1	0	-1	-1
<b>Net profit for the period</b>		<b>128</b>	<b>102</b>	<b>170</b>	<b>194</b>	<b>222</b>	<b>246</b>
Earnings per share, SEK, before dilution	5, 8	2.42	1.92	3.21	3.65	4.18	4.62
Earnings per share, SEK, after dilution	5, 8	2.42	1.92	3.21	3.65	4.18	4.62
Average number of share, thousands		53,140	53,140	53,140	53,140	53,140	53,140

## Consolidated statement of other comprehensive income

SEK m	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
<b>Net profit for the period</b>		<b>128</b>	<b>102</b>	<b>170</b>	<b>194</b>	<b>221</b>	<b>245</b>
<b>Other comprehensive income</b>							
<b>Items that have been/can be reclassified to profit/loss</b>							
Effect of currency hedge of net investment in foreign operations	6c	-10	8	-32	-19	-16	-3
Exchange rate differences on translation of foreign operation		0	-12	46	57	13	26
<b>Net profit and other comprehensive income for the period</b>		<b>118</b>	<b>98</b>	<b>183</b>	<b>232</b>	<b>218</b>	<b>269</b>
<b>Of which, attributable to:</b>							
Owners of the Parent Company		119	98	184	232	218	269
Non-controlling interests		0	0	-1	0	-1	-1

## Consolidated balance sheet in summary

SEK m	Note	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	4	3,928	3,166	3,168
Other intangible assets		15	9	8
Property, plant and equipment		406	490	560
Right-of-use assets		2,043	0	0
Financial assets:		13	15	9
<b>Total non-current assets</b>		<b>6,405</b>	<b>3,680</b>	<b>3,745</b>
<b>Current assets</b>				
Trade receivables and other receivables		857	818	847
Other current receivables		205	136	112
Cash and cash equivalents		703	511	514
<b>Total current assets</b>		<b>1,765</b>	<b>1,465</b>	<b>1,473</b>
<b>TOTAL ASSETS</b>		<b>8,170</b>	<b>5,145</b>	<b>5,218</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		1	1	1
Additional paid-in capital		1,096	1,094	1,094
Reserves		41	42	28
Retained earnings		1,140	955	1,007
<b>Equity attributable to owners of the parent company</b>		<b>2,278</b>	<b>2,092</b>	<b>2,130</b>
<b>Equity attributable to non controlling interest</b>		<b>20</b>	<b>0</b>	<b>17</b>
<b>Total equity</b>		<b>2,298</b>	<b>2,092</b>	<b>2,147</b>
<b>Non-current liabilities</b>				
Lease liability, long term		1,867	0	0
Other Interest-bearing liabilities		1,797	1,281	1,259
Deferred tax liabilities		77	78	73
<b>Total non-current liabilities</b>		<b>3,740</b>	<b>1,359</b>	<b>1,333</b>
<b>Current liabilities</b>				
Lease liability, short term		271	0	0
Other interest-bearing liabilities		623	634	633
Trade payables		118	86	121
Other current liabilities		1,120	974	985
<b>Total current liabilities</b>		<b>2,132</b>	<b>1,694</b>	<b>1,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,170</b>	<b>5,145</b>	<b>5,218</b>



## Consolidated statement of changes in equity in summary

SEK m	Share Capital	Additional paid-in capital	Translation reserve	Retained earnings	Equity attributable to parent owners	Non controlling interest	Total equity
<b>Opening balance, 1 January 2018</b>	<b>1</b>	<b>1,092</b>	<b>4</b>	<b>793</b>	<b>1,891</b>	<b>-</b>	<b>1,891</b>
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	194	194	-	194
Other comprehensive income for the period	-	-	38	-	38	-	38
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>194</b>	<b>232</b>	<b>-</b>	<b>232</b>
<b>Transactions with Company owners</b>							
Dividend	-	-	-	-32	-32	-	-32
Share-savings plan	-	1	-	-	1	-	1
Sale to non controlling interest	-	-	-	-	-	0	0
<b>Total transactions with Company owners</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-32</b>	<b>-31</b>	<b>0</b>	<b>-31</b>
<b>Closing balance, 30 September 2018</b>	<b>1</b>	<b>1,094</b>	<b>42</b>	<b>956</b>	<b>2,092</b>	<b>0</b>	<b>2,092</b>
<b>Opening balance, 1 January 2019</b>	<b>1</b>	<b>1,094</b>	<b>28</b>	<b>1,007</b>	<b>2,130</b>	<b>17</b>	<b>2,147</b>
<b>Comprehensive income for the period</b>							
Profit for the period	-	-	-	170	170	-1	170
Other comprehensive income for the period	-	-	14	-	14	-	14
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>170</b>	<b>184</b>	<b>-1</b>	<b>183</b>
<b>Transactions with owners of the parent company</b>							
Dividend	-	-	-	-37	-37	-	-37
Share-savings plan	-	1	-	-	1	-	1
Share contribution	-	-	-	-	-	4	4
<b>Total</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-37</b>	<b>-36</b>	<b>4</b>	<b>-32</b>
<b>Closing balance, 30 September 2019</b>	<b>1</b>	<b>1,096</b>	<b>41</b>	<b>1,140</b>	<b>2,278</b>	<b>20</b>	<b>2,298</b>

## Consolidated statement of cash flows in summary

SEK m	Note	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
<b>Profit before tax</b>	8	<b>158</b>	<b>132</b>	<b>219</b>	<b>251</b>	<b>285</b>	<b>317</b>
<b>Adjustment for:</b>							
Depreciation	8	90	18	242	49	263	70
Financial items, net	8	19	19	80	59	95	74
Other non-cash items		0	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>266</b>	<b>168</b>	<b>540</b>	<b>359</b>	<b>643</b>	<b>461</b>
Changes in working capital		-23	-81	-7	-107	82	-18
<b>Cash flow from operating activities</b>		<b>244</b>	<b>87</b>	<b>533</b>	<b>252</b>	<b>725</b>	<b>443</b>
Financial items, net	8	-24	-4	-76	-31	-99	-53
Income tax paid		-12	-16	-47	-34	-71	-58
<b>Cash flow from operating activities, net</b>		<b>207</b>	<b>67</b>	<b>411</b>	<b>187</b>	<b>556</b>	<b>331</b>
Acquisition of subsidiaries, net cash impact		0	-10	-483	-32	-537	-86
Sales of subsidiaries, net cash impact		0	0	0	4	0	4
Sales of Real estate		325	0	325	0	325	0
Investments in other non-current assets, net		-38	-52	-158	-103	-213	-158
<b>Cash flow from investing activities</b>		<b>288</b>	<b>-62</b>	<b>-316</b>	<b>-131</b>	<b>-425</b>	<b>-240</b>
Proceeds from new borrowings		0	0	795	144	796	145
Repayment of borrowings		-211	0	-494	-251	-521	-279
Amortization of leasing debt	8	-70	0	-181	0	-181	0
Dividend		0	0	-37	-32	-37	-32
<b>Cash flow from financing activities</b>		<b>-281</b>	<b>0</b>	<b>84</b>	<b>-139</b>	<b>57</b>	<b>-166</b>
<b>Cash flow for the period</b>		<b>213</b>	<b>6</b>	<b>178</b>	<b>-83</b>	<b>188</b>	<b>-74</b>
<b>Cash and cash equivalents at start of period</b>		<b>489</b>	<b>507</b>	<b>514</b>	<b>584</b>	<b>511</b>	<b>584</b>
Exchange rate difference in cash/cash equivalents		1	-2	11	9	5	3
<b>Cash and cash equivalents at end of period</b>		<b>703</b>	<b>511</b>	<b>703</b>	<b>511</b>	<b>703</b>	<b>514</b>

## Key ratios

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating revenue	1,928	1,677	5,554	5,021	7,253	6,725
EBIT, %	9.1%	9.0%	5.4%	6.2%	5.2%	5.8%
Interest-bearing net debt, SEK m	3,854	1,405	3,854	1,405	3,854	1,378
Return on capital employed, %	2.6%	3.8%	4.4%	7.7%	5.6%	9.7%
Equity/assets ratio, %	28.1%	40.7%	28.1%	40.7%	28.1%	41.1%
Operating cash flow, SEK m	206	35	375	149	512	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	6.0x	3.2x	6.0x	3.2x	6.0x	3.0x
<b>Excluding IFRS 16 effects:</b>						
Operating revenue	1,928	1,677	5,554	5,021	7,253	6,725
EBIT, %	8.5%	9.0%	4.8%	6.2%	4.8%	5.8%
Interest-bearing net debt, SEK m	1,757	1,405	1,757	1,405	1,757	1,378
Return on capital employed, %	3.4%	3.8%	5.6%	7.7%	7.4%	9.7%
Equity/assets ratio, %	37.8%	40.7%	37.8%	40.7%	37.8%	41.1%
Operating cash flow, SEK m	121	35	159	149	296	285
Interest-bearing net debt/Adjusted EBITDA 12 months, times	4.1x	3.2x	4.1x	3.2x	4.1x	3.0x
Average number full-time employees Individual & Family	2,131	2,505	2,070	2,420	2,133	2,396
Average number full-time employees Personal Assistance	5,229	5,296	4,931	5,080	4,956	5,068
Average number full-time employees Elderly Care	924	776	868	769	851	776
Average number full-time employees Finland	1,768	777	1,482	761	1,308	767
Average number full-time employees Norway	815	766	798	731	793	742
Average number full-time employees Central functions incl Dk	56	33	54	26	54	33
Total average number full-time employees	10,923	10,153	10,203	9,786	10,095	9,782
Number of full-time employees on the closing date	10,663	10,044	10,663	10,044	10,663	9,729
Average number of customers Individual & Family	1,827	1,927	1,851	1,974	1,863	1,955
Average number of customers Personal Assistance	1,879	1,812	1,862	1,824	1,862	1,833
Average number of customers Elderly Care	805	676	794	671	784	691
Average number of customers Finland	3,775	2,515	3,429	2,601	3,256	2,635
Average number of customers Norway	298	323	302	315	307	317
Average number of customers Denmark	85	34	86	11	91	35
Total average number of customers	8,668	7,294	8,323	7,400	8,161	7,396
Average number of ordinary shares on the closing date, 000s	53,140	53,140	53,140	53,140	53,140	53,140
Equity per ordinary share, SEK	43	39	43	39	43	40

## Parent company

### Income statement in summary

SEK m	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
Operating revenue	6	4	6	4
Operating costs	-18	-13	-20	-15
<b>Operating profit</b>	<b>-12</b>	<b>-8</b>	<b>-14</b>	<b>-10</b>
Interest revenue from group companies	22	0	22	0
Interest cost	-95	-38	-86	-29
<b>Profit after financial items</b>	<b>-85</b>	<b>-47</b>	<b>-78</b>	<b>-40</b>
Group contribution	0	0	142	142
Change untaxed reserves	0	0	5	5
<b>Profit before tax</b>	<b>-85</b>	<b>-47</b>	<b>69</b>	<b>107</b>
Tax	19	10	-16	-24
<b>Net profit for the period</b>	<b>-66</b>	<b>-36</b>	<b>54</b>	<b>84</b>

### Balance sheet in summary

SEK m	30 Sep 2019	30 Sep 2018	31 Dec 2018
Non-current assets	1,628	1,626	1,627
Current assets	1,870	1,917	2,029
<b>TOTAL ASSETS</b>	<b>3,498</b>	<b>3,543</b>	<b>3,656</b>
Equity	1,523	1,504	1,625
Untaxed reserves	174	179	174
Non-current Interest-bearing liabilities	1,195	1,243	1,231
Other current liabilities	608	617	627
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,498</b>	<b>3,543</b>	<b>3,656</b>

# Notes

## Note 1 Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting along with applicable stipulations in the Swedish Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act – Interim Reports. From 1 January 2019, the Group applies IFRS 16 Leases, which is described in detail in the section “New accounting standards applied from 1 January 2019” below. In general, the same accounting policies and bases of calculation have been used as in the annual report for 2018, which was prepared in accordance with the International Financial Reporting Standards as ratified by the EU, and interpretations of these.

Starting from the third quarter 2019 the Group reports five segments, Finland and Norway are reported as separate segments instead of grouped as Other Nordics. The comparative figures have been adjusted.

Disclosures in accordance with IAS 34 16A appear in the financial statements and their associated notes as well as in the interim information on pages 2-10, which form an integral part of this financial report.

### New accounting standards applied from 1 January 2019

IFRS 16 Leases replaces IAS 17 Leases and applies as from 1 January 2019.

#### Effects of the transition to IFRS 16 Leases

IFRS 16 Leases means that lease payments that were previously recognised as other external expenses are replaced by the cost of depreciation on leased assets and an interest expense attributable to lease liabilities in the income statement, which corresponds to the reporting of financial leases in the previous IAS 17 standard. In the previous standard, operating leases were recognised outside the balance sheet with information on the obligation and lease payments were recognised as an expense over the lease term on a straight-line basis.

Humana’s transition to IFRS 16 has a positive effect on operating profit and a negative effect on profit after financial items. It does not affect equity or deferred taxes. There is no transition effect for finance leases. The effects on the balance sheet as at 1 January 2019 are shown in the table below.

#### Scope

Humana’s lease portfolio contains about 1,000 leases and mainly comprises operational leases for premises, offices and company cars. Existing finance leases previously recognised in accordance with IAS 17 Leases are reclassified in accordance with IFRS 16 at the amounts at which they were recognised on the day before application of the new standard.

#### Method

Humana has chosen to recognise the transition to the new standard using the modified retrospective approach. The relief rule of not establishing a comparative year has been applied. The size of the right-of-use asset has been valued to correspond to the size of the lease liability at the time of transition. A marginal loan rate has been set for premises, while for cars the implicit interest in the lease is used. The right-of-use period has been established allowing for how termination and extension clauses have been applied. The simplified transition method for the transition to IFRS 16 C10 (c) has been applied, which means that leases that are 12 months or shorter are excluded from the calculation and exempt from capitalisation in the balance sheet, as are leases with a low-value underlying asset. Low value is USD 5 thousand. Humana rents apartments 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.

#### Transition effects on the balance sheet

SEK m	Outgoing 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



## Note 2 Estimations and assessments

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. The critical assessments and sources of uncertainty in estimates are the same as in the most recent annual report.

## Note 3a Operating segments

SEK m	Individual & Family		Personal Assistance		Elderly Care	
	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net revenue – External revenue	1,577	1,645	2,077	1,978	421	328
Other operating revenue	0	0	0	0	0	0
<b>Operating revenue</b>	<b>1,577</b>	<b>1,645</b>	<b>2,077</b>	<b>1,978</b>	<b>421</b>	<b>328</b>
<b>Profit before depreciation, amortisation and other operating costs</b>	<b>167</b>	<b>181</b>	<b>119</b>	<b>112</b>	<b>19</b>	<b>10</b>
Depreciation	-26	-22	-1	-2	-7	-5
Other operating costs	0	0	0	0	0	0
<b>Operating profit</b>	<b>141</b>	<b>159</b>	<b>117</b>	<b>111</b>	<b>12</b>	<b>5</b>

SEK m	Finland		Norway		Other 1) 2)		Total	
	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Net revenue – External revenue	856	489	598	569	15	3	5,545	5,011
Other operating revenue	0	0	0	0	9	9	9	10
<b>Operating revenue</b>	<b>856</b>	<b>489</b>	<b>598</b>	<b>569</b>	<b>24</b>	<b>12</b>	<b>5,554</b>	<b>5,021</b>
<b>Profit before depreciation, amortisation and other operating costs</b>	<b>53</b>	<b>60</b>	<b>51</b>	<b>45</b>	<b>159</b>	<b>-45</b>	<b>568</b>	<b>365</b>
Depreciation	-14	-10	-6	-10	-188	-1	-242	-49
Other operating costs	0	0	0	-1	-28	-5	-28	-6
<b>Operating profit</b>	<b>39</b>	<b>51</b>	<b>45</b>	<b>35</b>	<b>-57</b>	<b>-51</b>	<b>298</b>	<b>310</b>

1) Operating revenue includes SEK 28m in acquisition costs in 2019 and SEK 5m in 2018. Operating revenue in Q2 2018 includes the effect of final settlement of contingent considerations of SEK 9m with associated acquisition costs of SEK 5m. Operating result and operating profit include; positive earn out effects of MSEK 5 and a gain on sales of real estate of MSEK 4.

2) Operating profit 2019 includes IFRS 16 effects of net SEK 30m (0). The effects of IFRS 16 are divided as follows: Profit before depreciation, amortisation and other operating costs includes lower rental costs of SEK 216 m and higher amortisations of SEK 186 m

## Note 3b Revenue per country

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Sweden	1,392	1,315	4,084	3,961
Finland	336	163	856	489
Norway	194	196	598	569
Denmark	5	2	15	2
<b>Total operating revenue</b>	<b>1,928</b>	<b>1,677</b>	<b>5,554</b>	<b>5,021</b>

## Note 4a Acquisition of operations

### Acquisitions in 2019

- Coronaria Hoiva Oy (Finland) April 2019
- Assistans på Gotland AB (Personal Assistance) June 2019

On 28 January, Humana entered an agreement to acquire all shares in Coronaria Hoiva Oy from its owner Coronaria Oy. Coronaria Hoiva Oy 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 had 63 units with four more planned to open in 2019. After the Finnish competition authority approved the acquisition, Humana took over on 16 April. Coronaria Hoiva was valued at EUR 71m. The purchase was financed with cash and new credit facilities.

The acquisition of Coronaria Hoiva provides Humana with an attractive platform for continued organic growth in Finland and good opportunities for quality development and synergies. Humana's Finnish operations previously consisted of the subsidiary Arjessa Oy. With this acquisition Humana becomes a complete care provider in Finland.

Humana acquired all shares in Coronaria Hoiva Oy by paying the entire purchase price of EUR 49.6m in cash on the acquisition date of 16 April 2019. In the following acquisition analysis, no differences have been identified between carrying amounts and fair values. The acquisition analysis is based on the financial statements as of 31 March 2019.

In May, Humana signed an agreement to acquire all shares in the assistance company Assistans på Gotland AB. The company's annual revenues amount to approximately SEK 56m and it has around 115 employees. The acquisition was completed on 1 June.

### Net assets in acquired companies as per the acquisition date

SEK m	Coronaria Hoiva Oy *	Smaller acquisitions* and other, total.	Total
Non-current assets	339	0	340
Trade receivables and other receivables	77	6	83
Cash and cash equivalents	38	4	42
Interest-bearing liabilities	-525	-2	-527
Trade payables and other operating liabilities	-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>
<b>Consideration paid</b>			
Cash and cash equivalents	517	6	523
Contingent earn-out payments	0	0	0
<b>Total consideration paid</b>	<b>517</b>	<b>6</b>	<b>523</b>
<b>Impact on cash and cash equivalents</b>			
Cash consideration paid	517	6	523
Cash and cash equivalents in acquired units	-38	-4	-42
<b>Total impact on cash and cash equivalents</b>	<b>478</b>	<b>1</b>	<b>480</b>
Settlement of payments attributable to acquisitions in previous years	-	3	3
<b>Total impact on cash and cash equivalents</b>	<b>478</b>	<b>5</b>	<b>483</b>
<b>Impact on revenue and profit 2019</b>			
Operating revenue	295	20	315
Operating profit	-6	1	-5
Net profit impact earn-out payment	5	0	5

\*The acquisition analysis is preliminary since the final settlement has not been determined.

## Goodwill

The goodwill of SEK 695m that is included in the acquisition of Coronaria Hoiva is partly due to the new platform for continued organic growth in Finland and partly to the synergy gains arising from the merger. This goodwill is not deemed to be tax deductible.

### Acquisition costs

Acquisition costs amount to SEK 28m for the nine-month period and relate to the fees paid to external legal representatives and consultants associated with due diligence and transaction tax associated with acquisitions. The expenditures are recognised under other operating expenses in the consolidated income statement and other comprehensive income.

If the two acquisitions made during the first nine months of 2019 would have been completed on 1 January 2019, Humana's assessment is that total consolidated revenues for the first nine months would have amounted to SEK 5,721m (SEK 167m higher), operating profit to SEK 299m (SEK 1m higher) and profit for the year after tax to SEK 168m (SEK 2m lower).

## Acquisitions in 2018

- Luotsimaja Oy (Finland) June 2018
- Västgöta Assistans AB (Personal Assistance) July 2018
- Støttecompagniet ApS (Denmark) September 2018
- RIK Assistans AB (Personal Assistance) October 2018
- Matiimi Oy (Finland) December 2018

Humana made five minor acquisitions in 2018. With these acquisitions, Humana strengthened its operations in Finland, took its first step into Denmark and expanded its personal assistance operations in Sweden. In Finland, Humana acquired Luotsimaja Oy in Björneborg in western Finland and Matiimi Oy in the Birkaland region, both with operations in psychosocial disorders for children and adolescents. In Denmark, Humana acquired Støttecompagniet ApS in Copenhagen, with individual and family outpatient care. In Sweden, Humana acquired two businesses for the Personal Assistance business area, Västgöta Assistans AB in Kinna and RIK Assistans AB in Härnösand.

For more information on these acquisitions, see the 2018 annual report.

## Note 4b Acquisition of operations, goodwill

SEK m	30 Sep 2019	30 Sep 2018	31 Dec 2018
<b>Opening balance, 1 January</b>	<b>3,168</b>	<b>3,104</b>	<b>3,104</b>
Acquisitions of subsidiaries	702	16	43
Sales of subsidiaries	-	-1	-1
Exchange rate differences	58	48	22
<b>Closing balance, end of period</b>	<b>3,928</b>	<b>3,166</b>	<b>3,168</b>

## Note 5 Earnings per share

SEK m	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
<b>Net profit for the period attributable to owners of the parent company</b>	128	102	170	194	222	246
Average number of shares, thousands	<b>53,140</b>	<b>53,140</b>	<b>53,140</b>	<b>53,140</b>	<b>53,140</b>	<b>53,140</b>
Earnings per share, SEK, before dilution	<b>2.42</b>	<b>1.92</b>	<b>3.21</b>	<b>3.65</b>	<b>4.18</b>	<b>4.62</b>
Earnings per share, SEK, after dilution	<b>2.42</b>	<b>1.92</b>	<b>3.21</b>	<b>3.65</b>	<b>4.18</b>	<b>4.62</b>

## Note 6a Fair value of financial instruments and level in valuation hierarchy

30 September, 2019 SEK m	Financial liabilities measured at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total	Fair value	Level 1	Level 2	Level 3
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<b>Financial liabilities</b>							
Earn-out payments	8	-	8	8	-	-	8

30 September, 2018 SEK m	Financial liabilities measured at fair value through profit and loss	Financial liabilities at fair value through other comprehensive income	Total	Fair value	Level 1	Level 2	Level 3
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<b>Financial liabilities</b>							
Interest-rate swaps and interest options for hedging*	0	-	0	0	-	0	-
Earn-out payments	5	-	5	5	-	-	5

\* Fair value is based on the quotations at Nordea AB (publ). Similar contracts are traded in an active market, and the rates reflect actual transactions for comparable instruments.

## Fair value measurement

When the fair value of an asset or liability is to be determined, the Group uses observable data as far as possible. Fair value is categorised in various levels in a fair value hierarchy based on input data that is used in the valuation method as follows:

Level 1: according to prices quoted in an active market for the same instruments

Level 2: based on directly or indirectly observable market data that is not included in level 1

Level 3: based on input data that is not observable in the market

## Note 6b Reconciliation of the opening and closing balances

for financial instruments measured at level 3, earn out payments

SEK m	30 Sep 2019	31 Dec 2018
Opening balance, 1 January	8	27
Total recognised gains and losses:		
Recognised in adjustment of earn-out payments in profit for the year	-5	-9
Cost of acquisitions	8	5
Settled during the period	-3	-15
<b>Closing balance, end of period</b>	<b>8</b>	<b>8</b>

## Note 6c Hedge accounting

The Group is hedging parts of the foreign exchange risk related to net investments in foreign operations. As at 30 September 2019, the Group had exposure in EUR and NOK, which is hedged with loans in foreign currencies. As from 1 January 2018, hedge accounting is applied and thus the effective part of the translation differences is recognised in the consolidated statement of other comprehensive income. As at 30 September 2019, the Group had loans of EUR 95m and loans of NOK 328m for which hedge accounting is applied. The related translation difference of SEK -41m (-24) before tax is consequently recognised in the consolidated statement of other comprehensive income.

## Note 7 Incentive programmes

As at 30 September 2019, Humana has two long-term incentive programmes that have been approved by the AGMs in 2016 and 2017. The warrant programme is directed at eight senior executives and the share savings programme is directed at key employees at Humana. The purpose of the programmes is to encourage a broad ownership among Humana employees, facilitate recruitment, retain competent employees and increase the motivation to achieve or exceed Humana's financial targets.

The warrants were acquired at market price and were issued in three separate series that can be redeemed at different times. The first date for redeeming the warrants was during the period 1-31 March 2018 at the subscription price of SEK 74.40. The second date for redeeming the warrants was during the period 1-31 March 2019 at the subscription price of SEK 77.50. The subscription price for Series 3 is SEK 80.60.

For the share savings programme, participants could invest in saving shares (at market price) and then, based on the terms of the programme, can receive matching shares and potentially even performance-based shares at the end of the programme. The number of registered saving shares at 30 September 2019 amounts to 51,100, which corresponds to a maximum allocation of 67,600 shares.

<b>Number of warrants</b>	<b>2019</b>	<b>Number sharebased programme</b>	<b>2019</b>
<b>Outstanding January 1</b>	<b>960,280</b>	<b>Outstanding January 1</b>	<b>73,000</b>
Acquired	-	Acquired	-
Forfeited	-	Forfeited	-5,400
Exercised	-	Exercised	-
Expired	-480,140	Expired	-
<b>Outstanding September 30</b>	<b>480,140</b>	<b>Outstanding September 30</b>	<b>67,600</b>



## Note 8 Income statement and cash flow - effects on IFRS 16

### Effects on income statement

SEK m	Note	Jul-Sep	IFRS 16-	Excl	Jul-Sep	Jan-Sep	IFRS 16-	Excl	Jan-Sep
		2019	effect	IFRS 16	2018	2019	effect	IFRS 16	2018
		Jul-Sep	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep	Jan-Sep	
		2019	2019	2019	2018	2019	2019	2019	2018
<b>Operating revenue</b>		<b>1,928</b>	<b>0</b>	<b>1,928</b>	<b>1,676</b>	<b>5,554</b>	<b>0</b>	<b>5,554</b>	<b>5,022</b>
Other external costs		-228	85	-313	-251	-697	216	-913	-779
Personnel costs		-1,434	-	-1,434	-1,257	-4,289	-	-4,289	-3,879
Depreciation		-90	-72	-18	-18	-242	-186	-56	-49
Other operating costs		0	-	0	0	-28	-	-28	-6
<b>Operating costs</b>		<b>-1,752</b>	<b>13</b>	<b>-1,765</b>	<b>-1,526</b>	<b>-5,256</b>	<b>30</b>	<b>-5,285</b>	<b>-4,713</b>
<b>Operating profit</b>		<b>176</b>	<b>13</b>	<b>164</b>	<b>150</b>	<b>298</b>	<b>30</b>	<b>269</b>	<b>309</b>
Financial revenue		83	-	83	0	107	-	107	1
Financial costs		-102	-20	-81	-19	-186	-51	-136	-60
Unrealised changes in value of derivatives		0	-	0	0	0	-	0	1
<b>Profit before tax</b>		<b>158</b>	<b>-7</b>	<b>165</b>	<b>132</b>	<b>219</b>	<b>-21</b>	<b>240</b>	<b>251</b>
Income tax		-30	2	-31	-30	-49	5	-53	-57
<b>Net profit for the period</b>		<b>128</b>	<b>-6</b>	<b>134</b>	<b>102</b>	<b>170</b>	<b>-17</b>	<b>186</b>	<b>194</b>
Earnings per share, SEK, before&after dilution		2.42	-0.11	2.52	1.92	3.21	-0.31	3.52	3.65

### Effects on cash flow

SEK m	Jul-Sep	IFRS 16-	Excl	Jul-Sep	Jan-Sep	IFRS 16-	Excl	Jan-Sep
	2019	effect	IFRS 16	2018	2019	effect	IFRS 16	2018
	Jul-Sep	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep	Jan-Sep	
	2019	2019	2019	2018	2019	2019	2019	2018
<b>Profit before tax</b>	<b>158</b>	<b>7</b>	<b>165</b>	<b>132</b>	<b>219</b>	<b>21</b>	<b>240</b>	<b>251</b>
<b>Adjustment for:</b>								
Depreciation	90	-72	18	18	242	-186	56	49
Financial items, net	19	-20	-2	19	80	-51	29	59
Other non-cash items	0	-	0	0	0	-	0	0
<b>Cash flow from operating activities</b>	<b>244</b>	<b>-85</b>	<b>159</b>	<b>87</b>	<b>533</b>	<b>-216</b>	<b>317</b>	<b>252</b>
Financial items, net	-24	20	-4	-4	-76	51	-25	-31
Income tax paid	-12	-	-12	-16	-47	-	-47	-34
<b>Cash flow from operating activities, net</b>	<b>207</b>	<b>-65</b>	<b>142</b>	<b>67</b>	<b>411</b>	<b>-165</b>	<b>245</b>	<b>187</b>
<b>Financing activities</b>								
Proceeds from new borrowings	0	-	0	0	795	-	795	144
Repayment of borrowings	-211	-	-211	0	-494	-	-494	-251
Amortization of leasing debt	-70	70	0	-	-181	181	0	0
Dividend	0	-	0	0	-37	-	-37	-32
<b>Cash flow from financing activities</b>	<b>-281</b>	<b>70</b>	<b>-211</b>	<b>0</b>	<b>84</b>	<b>181</b>	<b>264</b>	<b>-139</b>

1) According to IFRS 16, lease payments are allocated between amortisation of lease liabilities and interest expenses. In comparison with 2018, this means that cash flow from operating activities is positively affected by the fact that depreciation of right of use assets is reversed as not affecting cash flow while most of the lease payments are recognised as amortisation of interest-bearing liabilities in cash flow from financing activities.

## Note 9a 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 measures defined in the applicable financial reporting rules.

The alternative performance measures are derived from the company's consolidated financial statements and do not comply with IFRS.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Oct-Sep 2018/19	Jan-Dec 2018
<b>Adjusted operating profit</b>						
Operating profit	176	151	298	310	380	391
Capital gains on sale of properties	-4	-	-4	-	-	-
<b>Adjusted operating profit</b>	<b>172</b>	<b>151</b>	<b>294</b>	<b>310</b>	<b>380</b>	<b>391</b>
<b>Adjusted EBITDA</b>						
Operating profit	176	151	298	310	380	391
Depreciation	90	18	242	49	263	70
<b>EBITDA</b>	<b>266</b>	<b>168</b>	<b>540</b>	<b>359</b>	<b>643</b>	<b>461</b>
<b>Adjusted EBITDA</b>	<b>262</b>	<b>168</b>	<b>536</b>	<b>359</b>	<b>643</b>	<b>461</b>
<b>Organic revenue growth</b>						
Revenue, base	1,676	1,559	4,993	4,736	6,597	6,333
Revenue, organic growth	53	69	122	137	146	218
<b>Total organic growth, constant currency rate</b>	<b>3.2%</b>	<b>4.4%</b>	<b>2.4%</b>	<b>2.9%</b>	<b>2.2%</b>	<b>3.4%</b>
<b>Operating cash flow</b>						
Operating profit	176	151	298	310	380	391
Depreciation	90	18	242	49	263	70
Changes in working capital	-23	-81	-7	-107	82	-18
Investments in other non-current assets, net	-38	-52	-158	-103	-213	-158
<b>Operating cash flow</b>	<b>206</b>	<b>35</b>	<b>375</b>	<b>149</b>	<b>512</b>	<b>285</b>
	<b>30 Sep 2019</b>	<b>30 Sep 2018</b>				<b>31 Dec 2018</b>
<b>Interest-bearing net debt</b>						
Non-current interest-bearing liabilities	3,664	1,281				1,259
Current interest-bearing liabilities	893	634				633
Cash and cash equivalents	-703	-511				-514
<b>Interest-bearing net debt</b>	<b>3,854</b>	<b>1,405</b>				<b>1,378</b>
<b>Adjusted EBITDA 12 month</b>	<b>638</b>	<b>440</b>				<b>461</b>
<b>Interest-bearing net debt/Adjusted EBITDA 12 months, times</b>	<b>6.0x</b>	<b>3.2x</b>				<b>3.0x</b>
<b>Return on capital employed, %</b>						
TOTAL ASSETS	8,170	5,145				5,218
Deferred tax liabilities	-77	-78				-73
Trade payables	-118	-86				-121
Other current liabilities	-1,120	-974				-985
<b>Capital employed</b>	<b>6,855</b>	<b>4,007</b>				<b>4,039</b>
Operating profit	298	310				391
Financial revenue	1	1				1
<b>Total</b>	<b>299</b>	<b>310</b>				<b>392</b>
<b>Return on capital employed, %</b>	<b>4.4%</b>	<b>7.7%</b>				<b>9.7%</b>
<b>Equity/assets ratio, %</b>						
Total equity	2,298	2,092				2,147
TOTAL ASSETS	8,170	5,145				5,218
<b>Equity/assets ratio, %</b>	<b>28.1%</b>	<b>40.7%</b>				<b>41.1%</b>

## Note 9b Financial definitions and intent

### Key financial figures

	<b>Definition</b>	<b>Intent</b>
<b>Return on capital employed (%)</b>	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.
<b>EBITDA</b>	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.
<b>Adjusted operating profit and adjusted EBITDA</b>	Operating profit and EBITDA adjusted for items affecting comparability.	Adjustment of items affecting comparability is done to facilitate a fair comparison between two comparable periods and to show the underlying trend in operating activities excluding non-recurring items.
<b>Operating cash flow</b>	Operating profit including changes in depreciation/amortisation/impairment, working capital and investments in other non-current assets (net).	The exclusion of cash flow from acquisitions and financing facilitates an analysis of cash flow generation in operating activities.
<b>Organic growth</b>	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.
<b>Interest-bearing net debt</b>	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.
<b>Interest-bearing net debt/EBITDA</b>	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.
<b>Equity/assets ratio (%)</b>	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.
<b>Capital employed</b>	Total assets less non-interest-bearing liabilities.	Indicates the portion of the company's assets financed by interest-bearing capital.

## Other performance measures

	<b>Definition</b>
<b>Equity per ordinary share</b>	Equity attributable to Parent Company shareholders divided by number of shares at end of period after redemption, repurchase and new share issue.
<b>Average number of ordinary shares</b>	Calculated as the average daily number of ordinary shares outstanding after redemption and repurchase.
<b>Average equity</b>	Average equity attributable to Parent Company shareholders per quarter, calculated from the opening and closing balance for each quarter.
<b>Items affecting comparability</b>	Non-recurring items that complicate the comparability between two given periods.
<b>Average number of full-time employees</b>	Average number of full-time employees during the reporting period.
<b>Average number of customers</b>	Average number of customers during the period.
<b>Earnings per ordinary share for the period</b>	Profit for the period attributable to Parent Company shareholders less the period's share of the adopted dividend for preference shares divided by average number of ordinary shares. Defined in IFRS.
<b>Operating profit</b>	Profit before financial items and tax.
<b>EBIT margin (%)</b>	EBIT divided by operating revenue multiplied by 100.

*This information is information that Humana AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 CET on 8 November 2019.*

### Conference call

A conference call will be held 8 November 2019 at 09:00 CET, at which President and CEO Rasmus Nerman along with Vice President and CFO Ulf Bonnevier will present the report and answer questions. To participate, call:

SE: +46 8 505 583 66  
UK: +44 333 300 92 60  
USA: +1 844 625 15 70

### Financial calendar

Interim report Oct-Dec 2019	13 Feb 2020
Interim report Jan-Mar 2020	7 May 2020
AGM 2020	7 May 2020
Interim report Apr-Jun 2020	20 Aug 2020

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