



Humana

Everyone is entitled to a good life.

Interim report April - June, Q2, 2022

Johanna Rastad and Andreas Westlund, 18 August 2022



Acquired growth and activities to improve margins

- High and stable demand and solid growth
- Organic growth in Elderly Care (+29.2%), Norway (3.6%) and Finland (2.2%)
- Slowly recovering occupancy in Individual & Family and Elderly Care
- Continued staffing challenges negatively impacting both margins and growth
- Three acquisitions contributing SEK 140m on revenues in Q2
- Activities to improve efficiency; price negotiations, sales activities, staff initiatives and procurement efforts

Financial highlights Q2 2022

Growth

- **Revenue:** SEK 2,241m (2,058), +9% vs LY
- **Organic growth:** 2.2% (4.2)

Profitability

- **Operating profit:** SEK 65m (107m), -39%
- **Operating margin:** 2.9% (5.2)

Cash flow & leverage

- **Operating cash flow:** SEK 237m (251)
- **Net debt:** SEK 4,384 (3,909), +SEK 475m
- **Net debt/EBITDA:** 5.1x (4.5)





Quality development

- The HQI result marginally lower, mainly due to acquisitions
- Positive quality developments in the quarter:
 - Increased number of employees to complete training through the Humana Academy
 - Reduced repeated deviations
- Continued high activity from regulatory bodies, particularly in Personal Assistance and Individual and Family
- Focusing even more on social outcome measures

Financial highlights Q2 2022

- Performance in Q2 defined by shortage of staff and growth not yet contributing on margins
- Satisfying total growth but profit below expectations
 - Increased personnel costs
 - Inflation
 - Cost related to opened units during the year
- Market conditions created opportunities for acquisitions



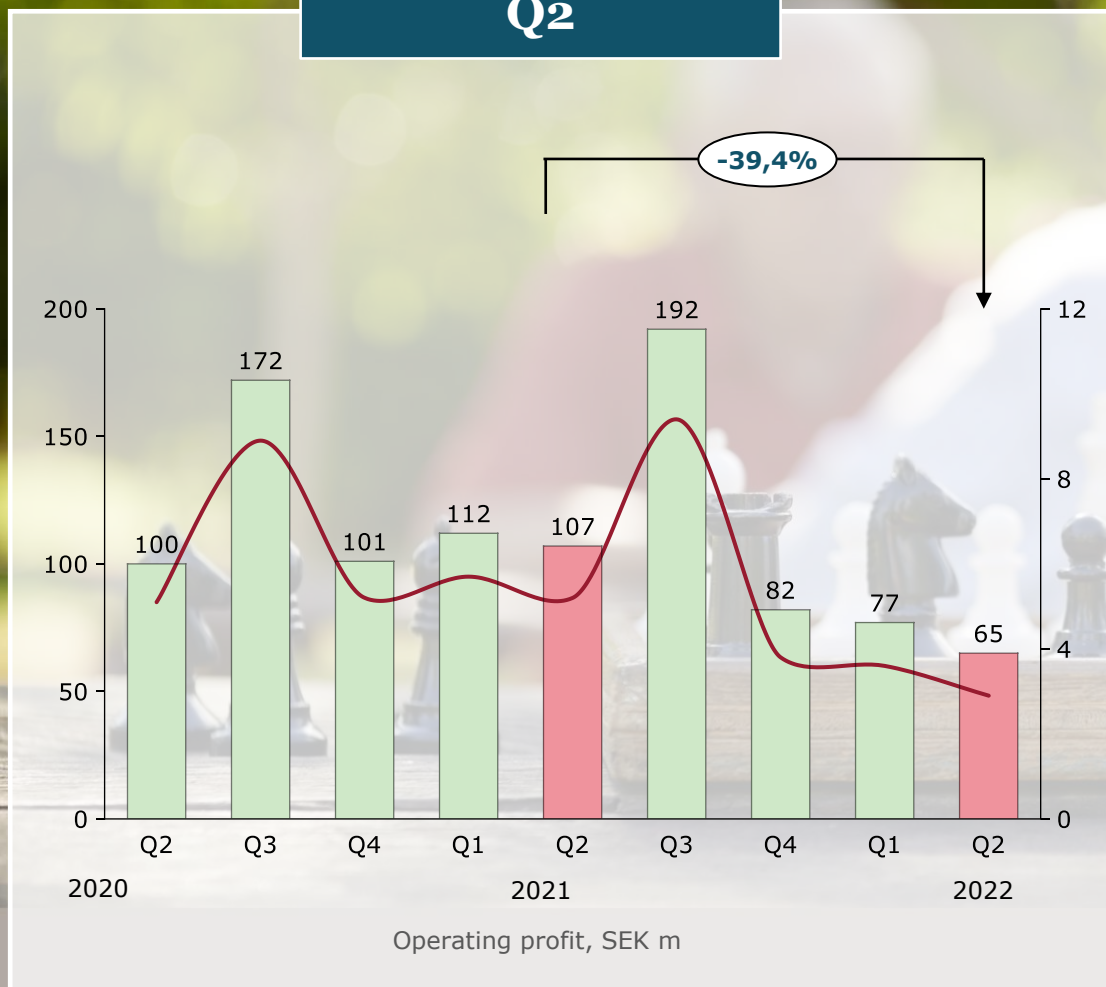
Q2



Operating revenue

- An increase in revenues of 8.9% in Q2
- Organic growth 2.2% (4.2) in Q2
- Acquired operations accounted for SEK 140m in Q2
- Revenue growth attributable to acquisitions, Norway, and earlier opened units
- EC, Norway and to some extent Finland contributed to organic growth
 - Fewer assistance hours in Personal Assistance dampening growth
 - Closed units in Individual & Family had negative impact, offset by increasing trend in occupancy

Q2



Profitability

- Operating margin 2.9% (5.2) in Q2
- Operating profit was mainly affected by personnel supply challenges, driving personnel costs as well as inflation and cost related to opened units
- Sick leave closing in on normal, although still relatively high in Finland and Elderly Care
- Inflation effects
- Several new units with slower ramp-up times, and acquisitions not yet contributing

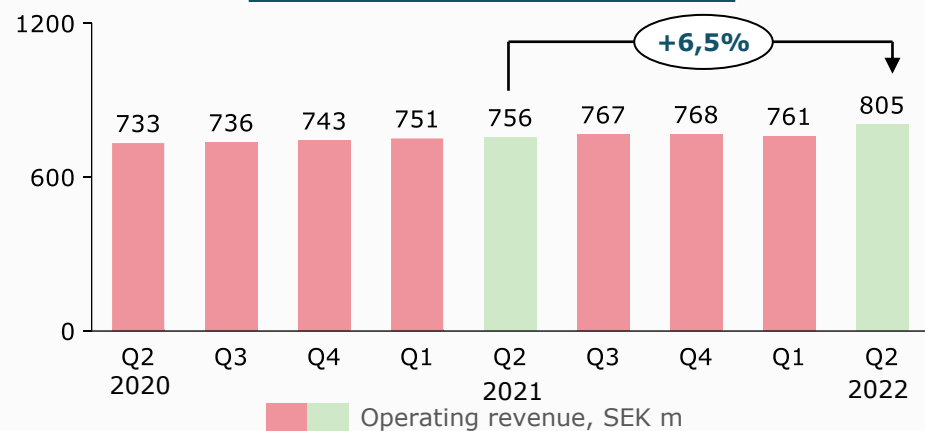
Solid performance and acquisition driving growth

- Solid performance continued in Q2 2022, in line with Q2 2021
- Acquisition of Assistans för dig, welcoming approx. 2000 new employees to Humana
- Decrease in assistance hours partly offset by higher reimbursement
- Recruitment and staffing increasingly a challenge, although managed well
- Industry focus from the authorities

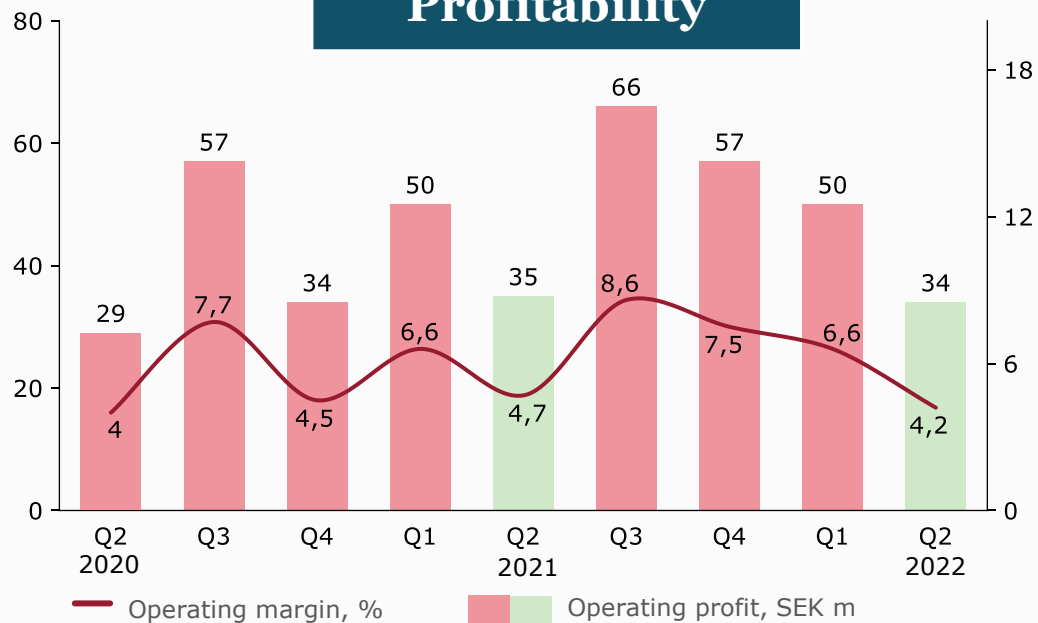


**Personal
assistance**

Revenue



Profitability



Personal Assistance

- Revenue increased by 6.5%
 - Organic growth was -1.9% (3.2)
 - Higher reimbursement and fewer assistance hours due to personnel challenges
 - Assistans för dig operations contributed in June
- Operating profit was SEK 34m (35)
- Operating margin of 4.2% (4.7)
 - Efficient cost management partly offsets increased overhead costs for assistants and costs connected to the acquisition.

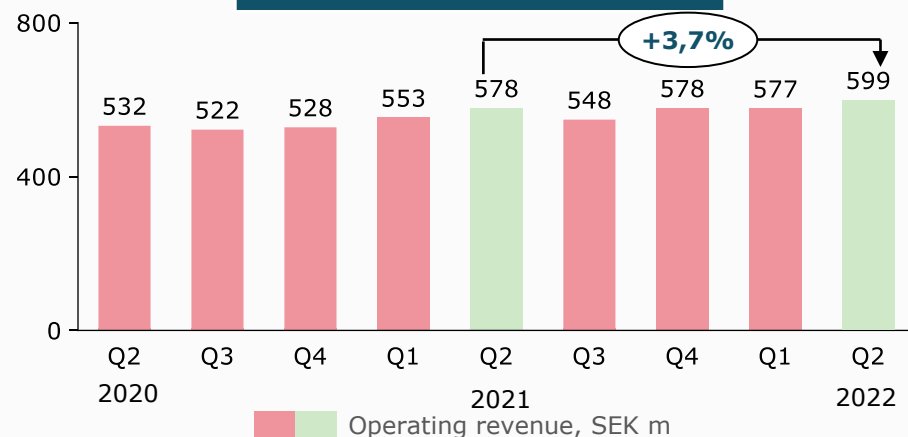
Recovery period and positive occupancy development

- Recovery period after closing units in 2021 and effects of the pandemic
 - Occupancy improvement and positive trend in organic growth, gradually filling up newly started units
 - Growing in areas managing more complex clients
 - Opening two new units
 - Investments in extended family care segment
 - Shortage of staff causing substantially increased staff cost
 - Acquisition of Vintergatan AB
- Continue to dedicate actions to increase occupancy, secure competence and cost management

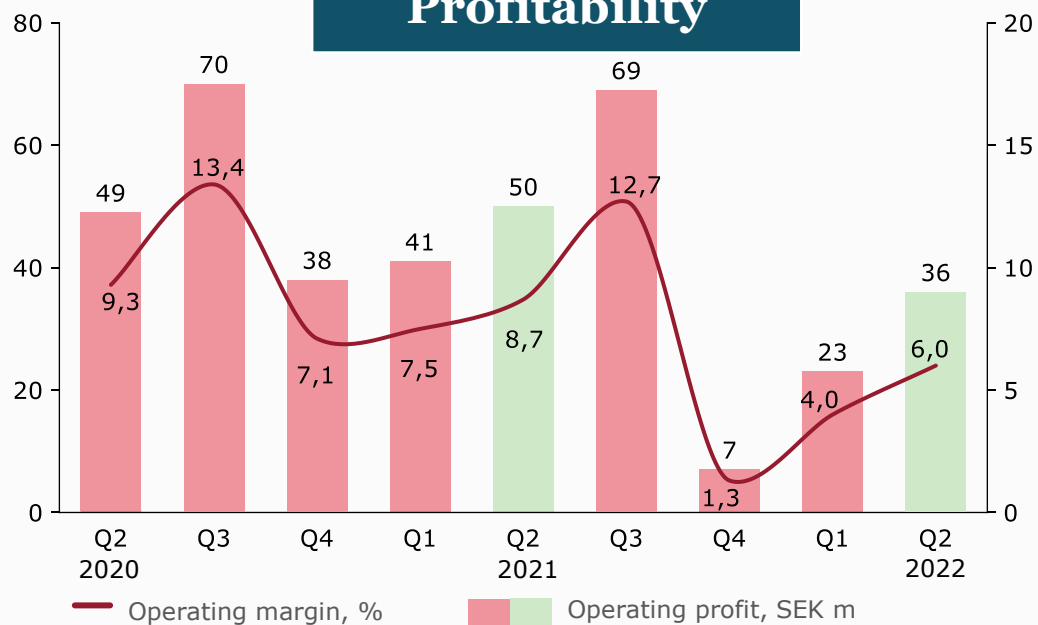


**Individual &
family**

Revenue



Profitability



Individual & Family

- Revenue increased by 3.7%
 - Acquisitions drive revenue growth
 - Organic growth flat y/y, recovering from Q1
- Operating margin was 6.0% (8.7), gradually improving during the quarter
 - Performance negatively affected by increased personnel costs, mainly salary increases, temporary staffing, education and training.
 - Expansion in family care and increased pay in family homes
 - Ramp-up costs in new units also contributed negatively

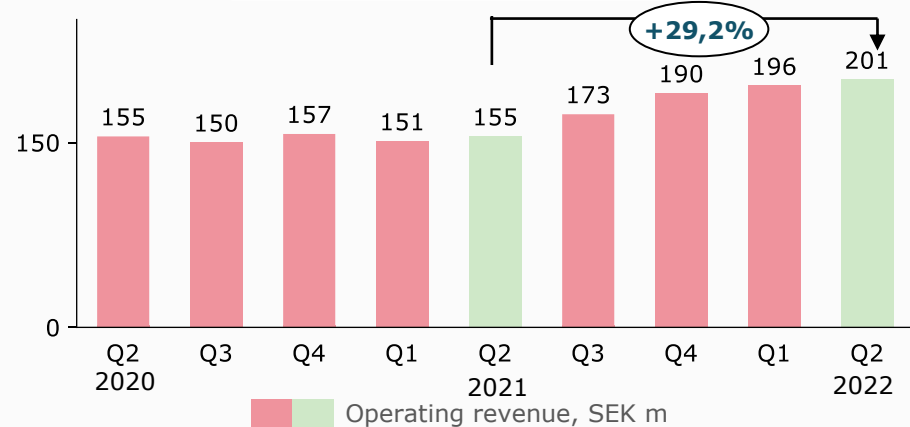
Strong organic growth, occupancy slowly improving

- Continued growth and slight occupancy improvement
- Negative contribution to operating profit due to slow ramp-up in new units, costs for launch of new contract and shortage of staff driving higher cost for temporary personnel
- Procurement in Strängnäs won, 100 placings with guaranteed occupancy in 2025
- Activities to lift occupancy through sales, strengthen leadership and cost control measures



**Elderly
care**

Revenue



Profitability



Elderly Care

- Revenue increased by 29.2%
 - Organic growth was 29.2% (0.4)
 - Five new elderly care homes under own management during 2021
- Operating margin was -3.1% (-2.4)
 - Ramp-up of new elderly care homes and new contracts progressing slowly and burden the quarter

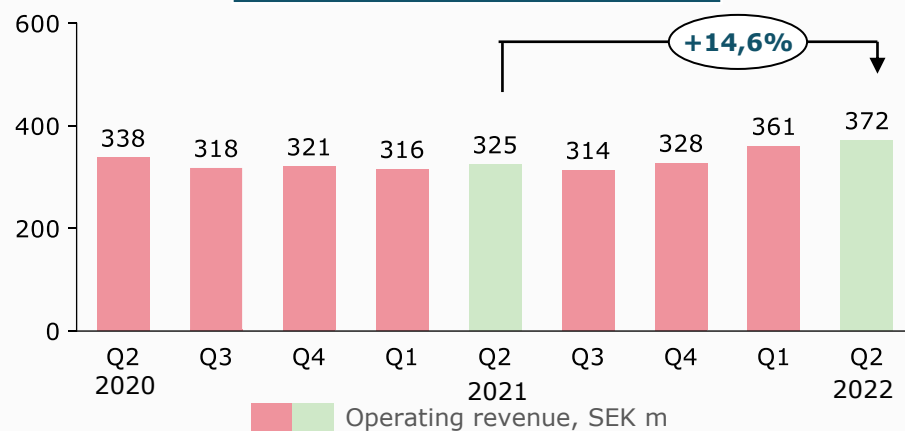
Challenging market conditions, focus on securing competence

- Continued high sick leave affecting revenue and cost negatively
 - Shortage of staff on the market due to challenging regulations, staffing ratio and vaccination requirements
 - Positive organic growth, mainly in child welfare service
 - Opened up three new units within child and welfare services and acquired the care company Debora Lapsiperhepalvelut acquired in June, giving a full geographical coverage in open care
- Negotiation of prices, modernised recruitment process, increased system support and adapting cost base

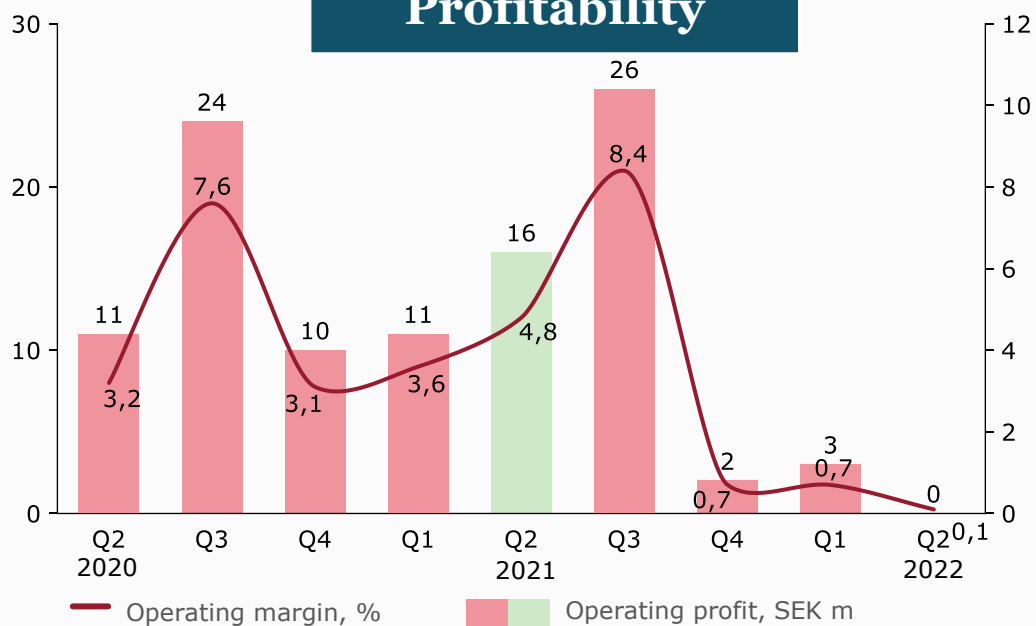


Finland

Revenue



Profitability



Finland

- Revenue increase of 14.6%
 - Organic growth was 2.2% (1.0)
 - Organic growth is primarily driven by newly opened units in the child and youth segment
 - Acquisition of Debora Lapsiperhepalvelut within open care services
- Operating profit was SEK 0m (16)
- Operating margin was 0.1% (4.8)
 - Staffing challenges and continued high sick leave
 - Start-up costs for new units and acquisitions undergoing efficiency improvements also contributing negatively

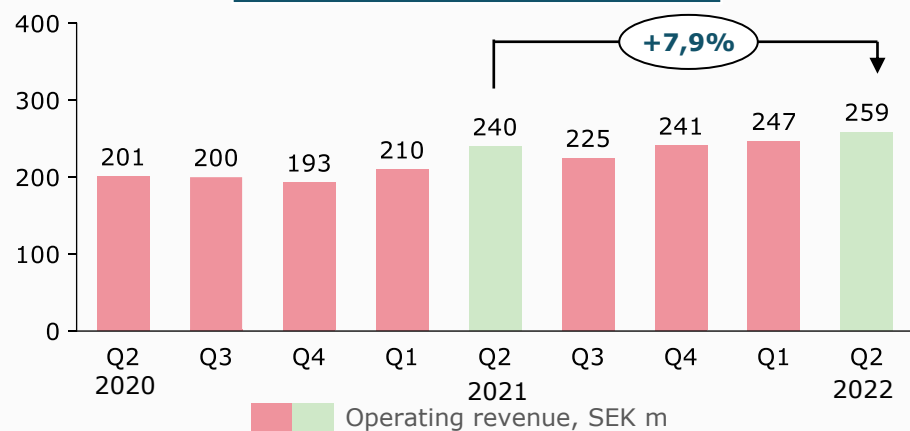
Stable performance, adapting to educational requirements

- Continues to perform well with organic growth in all divisions except in division Young
 - Adapting to new educational requirements in Young
 - Improving systems and tools to support our personal assistants
 - Strengthened administrative organisation to support operations and secure future growth and development
- Focus on ensuring employer attractiveness and securing staffing and competence across the organisation

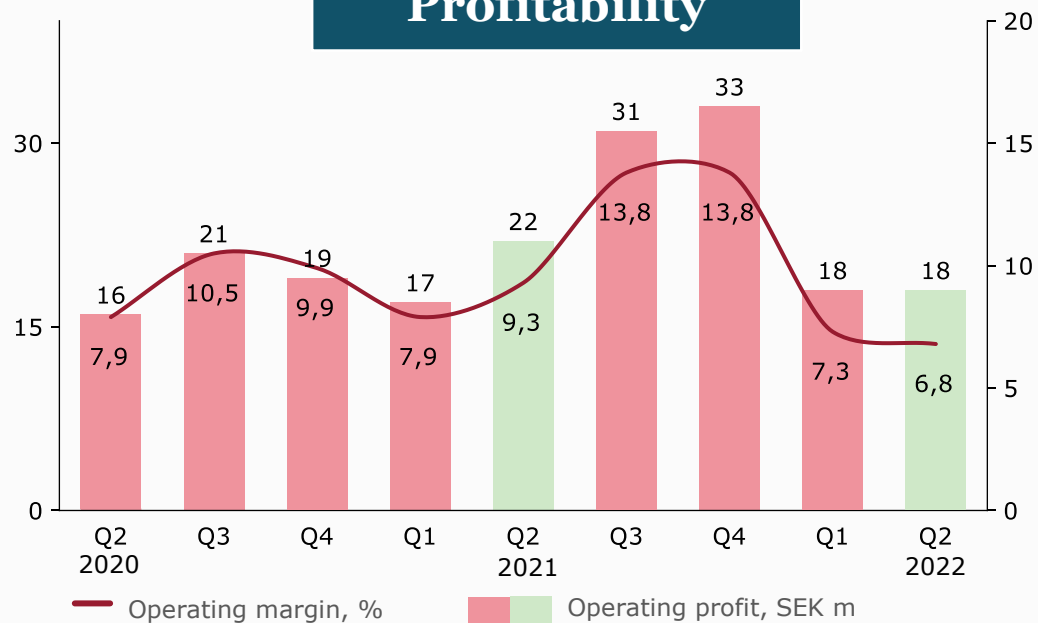


Norway

Revenue



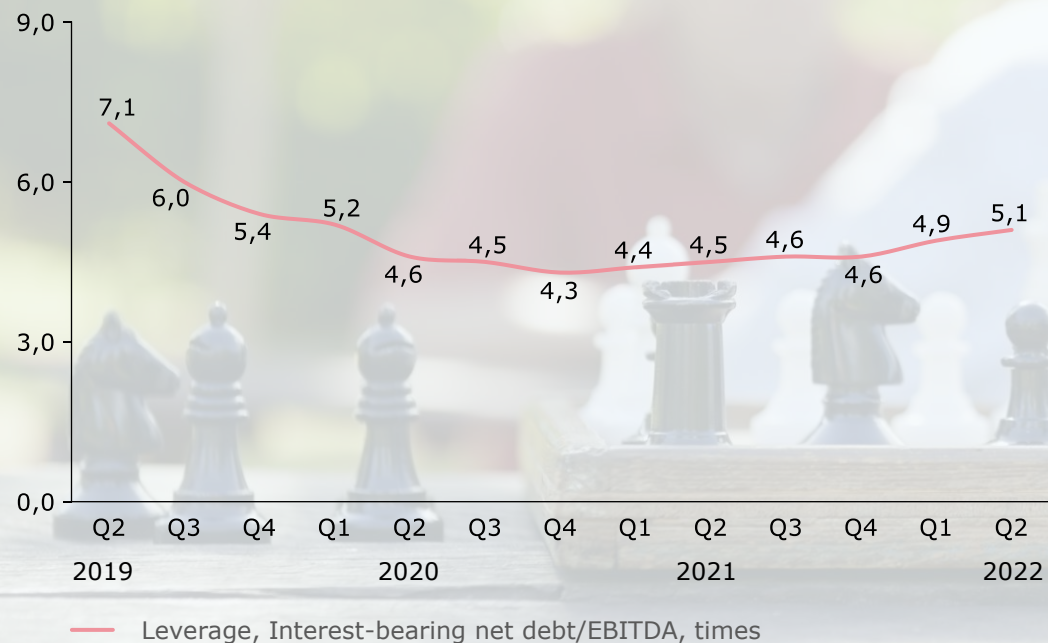
Profitability



Norway

- Revenue increase of 7.9%
 - Organic growth was 3.6% (15.7)
 - Increased number of clients
- Operating profit was SEK 18m (22)
- Operating margin for the quarter was 6.8% (9.3)
 - All segments contributing positively y/y to operating profit, except child and youth where contribution is lower due to higher educational requirements of staff which limits operations
 - Increased costs for technology and personnel to balance earlier rapid growth and lay foundation for future growth.

Leverage, development



Financial position

- Interest-bearing net debt increased, year-on-year, by SEK 475m to SEK 4,384m (3,909)
- Net debt increased due to acquisitions, lease liabilities related to investments in new units, and share buybacks
- Leverage, interest-bearing net debt in relation to adj. EBITDA, was 5.1x (4.5)
- Leverage above target mainly due to acquisitions, increased lease liabilities, and decreased operating profit

Operating cash flow

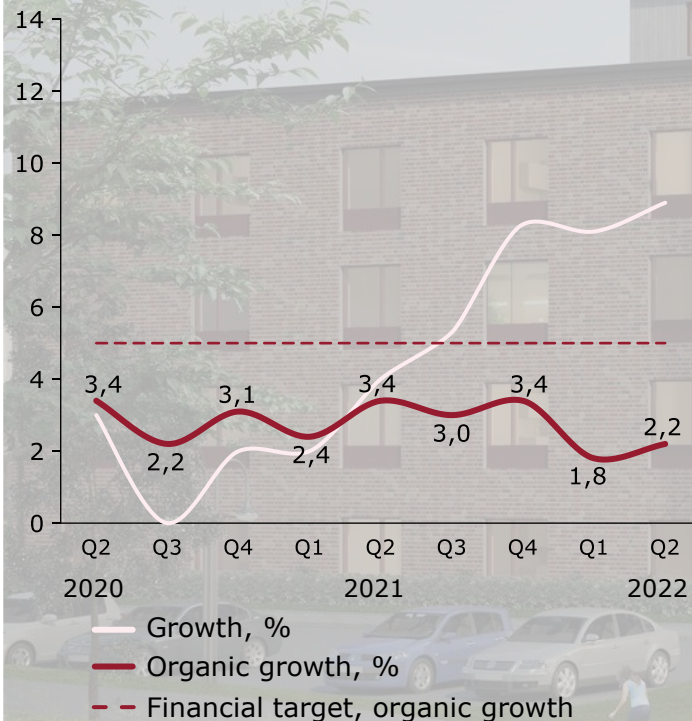
SEK m	Q2 2021	Q2 2022
Operating profit	107	65
Depreciation, amortisation and impairment	102	112
Changes in working capital	80	92
Investments in other non-current assets, net	-38	-32
Operating cash flow	251	237

Cash flow

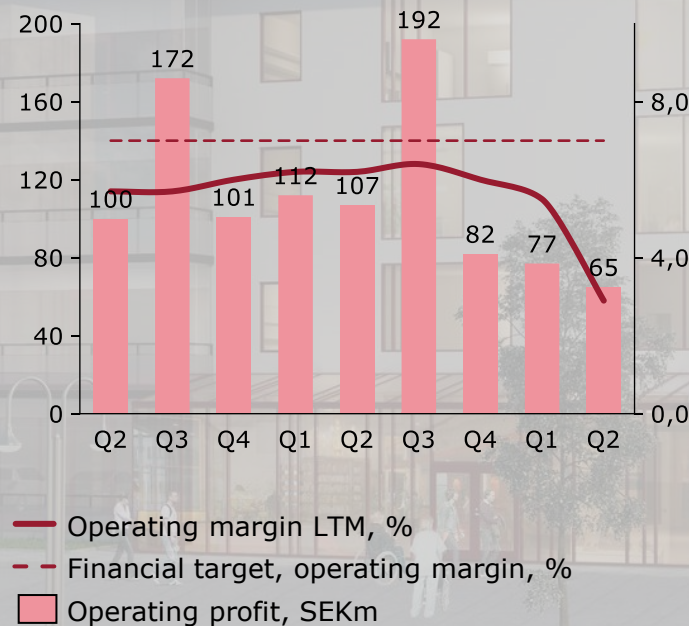
- Operating cash flow in Q2 amounted to SEK 237m (251)
 - The lower cash flow is mainly due to decreased operating profit offset by improved working capital and lower investments in new units
- Cash flow for the quarter SEK 73m (133), where
 - Net cash flow from operating activities was SEK 232m (249)
 - Cash flow from investing activities was SEK -66m (-40)
 - Cash flow from financing activities was SEK -93m (-77)

Financial targets and development

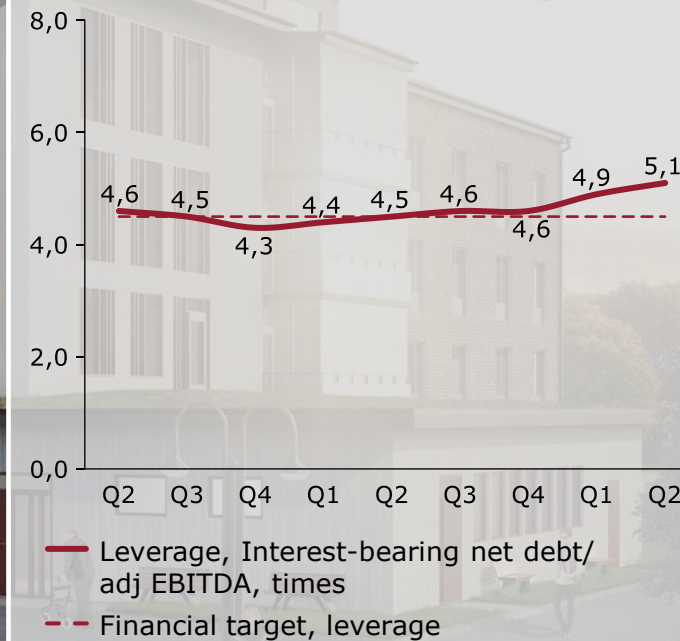
Revenue growth



Profitability



Capital structure



Summary

- A quarter marked by strong growth and investments that with dedicated actions, over time should bear fruit in terms of improved profitability
- Acquisitions of Assistans för dig, Vintergatan AB and Debora Lapsiperhepalvelut Oy
- Focus going forward
 - Increase occupancy
 - Secure price increases
 - Ensure we have both sufficient staff and the right competence
 - Cost management
 - Improve quality of service delivery and implementing measurement of social outcomes



CEO

**Johanna
Rastad**

Thanks!

Financial calendar

Interim report Jan-Sep, Q3 2022

10 Nov 2022

Further information

Ewelina Petterson

IR manager

+46 73 074 7912,

ewelina.petterson@humana.se