



Interim report April–June 2020

Q2

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 15,000 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 operating revenue of SEK 7,467m in 2019. Humana is listed on Nasdaq Stockholm and is headquartered in Stockholm.



Humana

Second quarter in brief

Second quarter, April-June 2020

- **Operating revenue** was SEK 1,980 million (1,918), an increase of 3%. Organic growth was 3.4%.
- **Operating profit** was SEK 100m (45), an increase of 123%. Capital gain of SEK 17m from sale of properties is included. Adjusted operating profit was SEK 83m (45), an increase of 84%.
- **Net profit after tax for the period** amounted to SEK 50m (-2).
- **Earnings per share for the period** before and after dilution amounted to SEK 0.94 (-0.04).
- **Operating cash flow** amounted to SEK 221m (136).

Six-month period, January-June 2020

- **Operating revenue** was SEK 3,918m (3,626), an increase of 8%. Organic growth was 4.2%.
- **Operating profit** was SEK 198m (122), an increase of 63%. Capital gain of SEK 17m from sale of properties is included. Adjusted operating profit was SEK 181m (122), an increase of 48%.
- **Net profit after tax for the period** amounted to SEK 103m (42).
- **Earnings per share for the period** before and after dilution amounted to SEK 1.94 (0.79).
- **Operating cash flow** amounted to SEK 317m (169).

Significant events in and after the second quarter

- Anders Nyberg and Karita Bekkemellem were elected as new members of the Board of Directors at the 2020 Annual General Meeting.
- Humana signed an agreement for a new elderly housing unit under own management in Täby. The unit will have 90 flats. Construction will begin this year and the opening is planned for the autumn of 2022.
- Humana divested its ownership in Sommarsol, a property in Ängelholm, where earlier a rental agreement for an elderly care home was signed. The sales proceeds were SEK 90m, resulting in a capital gain of SEK 17m.
- Ulf Bonnevier, CFO since 2012 and Vice President since 2016, is leaving Humana and will be replaced by Noora Jayasekara, who will start as the new CFO on 1 September. Noora Jayasekara has held the position of Group finance director at Humana since 2018.

Revenue and profit

	Apr-Jun			Jan-Jun			Jul-Jun		Jan-Dec	
	2020	2019	%	2020	2019	%	2019/20	2019	%	
Net revenue	1,962	1,918	2%	3,894	3,626	7%	7,715	7,446	4%	
Other operating revenue	18	0	n/a	24	0	n/a	44	21	111%	
Operating revenue	1,980	1,918	3%	3,918	3,626	8%	7,759	7,467	4%	
Operating profit	100	45	123%	198	122	63%	446	369	21%	
Adjusted operating profit	83	45	84 %	181	122	48%	424	365	16%	
Net profit for the period	50	-2	n/a	103	42	147%	250	187	33%	
Operating cash flow	221	136	63%	317	169	88%	743	595	25%	

A quarter with continued focus on minimising the effects of the pandemic

The second quarter was characterised by the COVID-19 pandemic. The pandemic has tested our organisation and Humana's employees have managed this challenging situation well so far. Financially, the quarter was strong. Humana's revenue grew 3.4 percent organically and operating profit strengthened.

Humana's crisis organisation for handling the COVID-19 pandemic in our operations has been active since February. During the second quarter, the situation seemed increasingly like a new normal: maintaining focus, preventing transmission of the virus and handling the situation that has arisen all hours of the day and night. Humana has been put to the test and has stood up to the pandemic. Our procedures are working, we have prioritised education and we have secured access to personal protective equipment, PPE. On a group level the transmission has been low in all countries and at the time of writing we have no infected in our elderly care homes in the Nordic countries. I am proud of the efforts of our employees over the last six months and grateful for the good relationships we have with clients, customers and their families who are all having a tough time due to limited visiting opportunities.



Despite having to deal with the pandemic, operationally it has been a quarter where we have made good progress. The main focus successfully remained on improving profitability, we continued to explore growth opportunities and we signed a contract for a new elderly care home under own management in Täby.

Financially, Humana's operating revenue increased by 3 percent for the quarter and 8 percent for the half-year. The operating profit improved to SEK 100m for the quarter and SEK 198m for the half-year. The operating margin was 5.1 percent, both for the quarter and for the half-year and the net debt continued to decrease. All business areas moved their positions forward and strengthened their margin during the quarter. I am pleased with the clear improvement from previous year.

The pandemic has had an effect on revenues as well as costs. The number of assistance hours was negatively affected, we had fewer outpatient visits and lower occupancy in our elderly care homes in and around Stockholm. More sickness absences than normal impacted costs and we had higher costs for PPE. However, we have been compensated for the increased costs to a great extent by state subsidies but there is still an effect on the occupancy.

Many people have been struck very hard by the pandemic. Among the Nordic countries, Sweden has been hit the hardest with relatively high death rates. In the debate, many have wanted to blame Swedish elderly

care homes per se as a contributing factor. That is not true. Elderly care homes, where the most fragile elderly with an extensive need of help and care live, are very vulnerable to community transmission. In Sweden, we have had many infected and dead in elderly care homes due to the fact that we have had a relatively large spread in society. There is much about elderly care that can be improved, but having a large share of the deaths from the pandemic in elderly care homes is not a Swedish phenomenon. Compared with several comparable countries, the Swedish elderly care homes' share of the deaths is even lower. Overall, my view is that we as a sector, considering the circumstances, have managed to handle this pandemic well. The private elderly care homes, which make up a small proportion, have during this time done important work, contributed with innovative solutions and excelled at being proactive, for example by restricting visits early on. Reported statistics also show that the private elderly care homes as a group has managed the pandemic as well or slightly better than municipal care homes, for example when looking at excess mortality or when the Swedish Health and Social Care Inspectorate, IVO, after national review decided on in-depth supervision of a about 90 housing units and private elderly care homes accounted for a relatively small proportion. Humana had no care homes on that list.

My hope is that we will now take the opportunity to have a constructive debate on the state of elderly care. The public functions involving contact tracing, testing and stockpiling PPE must work better in the future. Price pressure from the municipalities in procurements, where qualities like a high staff to client ratio is not valued, also needs to be made more visible. A low staff to client ratio makes it harder to maintain basic hygiene routines and quarantine, which is just one of several reasons why Humana does not establish our operation in municipalities where qualitative care is not rewarded.

These and many other elderly care issues deserve to be discussed in a solution-oriented way. Humana will gladly join in – together we can propel Nordic care and welfare forward!

Stockholm 20 August 2020

A handwritten signature in blue ink, appearing to be 'Rasmus Nerman'.

Rasmus Nerman, President and CEO, Humana AB

Operating revenue by business area

SEK m	Apr-Jun 2020	Apr-Jun 2019	%	Jan-Jun 2020	Jan-Jun 2019	%	Jul-Jun 2019/20	Jan-Dec 2019	%
Individual & Family	532	535	-1%	1 051	1 047	0%	2 098	2 095	0%
Personal Assistance	733	685	7%	1 452	1 369	6%	2 867	2 783	3%
Elderly Care	155	142	9%	301	276	9%	589	564	4%
Finland	338	341	-1%	688	520	32%	1 372	1 204	14%
Norway	201	210	-4%	395	404	-2%	785	794	-1%
Other 2)	22	5	310%	32	10	210%	47	26	83%
Total operating revenue	1 980	1 918	3%	3 918	3 626	8%	7 759	7 467	4%

Organic growth by business area ¹⁾

%	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Individual & Family	-0,7%	-3,6%	0,3%	-5,3%	-1,1%	-4,0%
Personal Assistance	5,4%	-0,1%	4,2%	0,7%	2,3%	0,9%
Elderly Care	9,0%	30,7%	9,0%	27,4%	14,0%	23,3%
Finland	0,0%	10,1%	9,1%	8,7%	12,9%	9,6%
Norway	9,5%	6,2%	7,0%	7,8%	10,8%	4,2%
Total organic growth	3,4%	2,5%	4,2%	2,0%	4,2%	2,0%

Operating profit per business area

SEK m	Apr-Jun 2020	Apr-Jun 2019	%	Jan-Jun 2020	Jan-Jun 2019	%	Jul-Jun 2019/20	Jan-Dec 2019	%
Individual & Family	49	41	22%	83	69	20%	182	168	8%
Personal Assistance	29	26	15%	70	65	8%	159	154	3%
Elderly Care	1	0	212%	1	4	-84%	9	13	-27%
Finland	11	5	128%	27	20	36%	56	49	15%
Norway	16	16	0%	29	25	17%	63	59	7%
Other 2) 3)	-7	-42	n/a	-11	-61	n/a	-23	-72	n/a
Total operating profit	100	45	123%	198	122	63%	446	369	21%

Operating profit margins by business area

%	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Individual & Family	9,3%	7,6%	7,9%	6,6%	8,7%	8,0%
Personal Assistance	4,0%	3,7%	4,8%	4,7%	5,5%	5,5%
Elderly Care	0,7%	0,3%	0,2%	1,5%	1,6%	2,3%
Finland	3,2%	1,4%	4,0%	3,9%	4,1%	4,0%
Norway	7,9%	7,5%	7,3%	6,1%	8,0%	7,4%
Total operating profit margin	5,1%	2,3%	5,1%	3,4%	5,7%	4,9%

1) Organic growth is calculated as revenue growth for comparable companies that Humana owned during the corresponding comparative period.

2) Operating profit for 2020 includes capital gains on properties of SEK 17m in Q2. Operating profit for 2019 includes the positive effect of SEK 12m in earn-out payments and SEK 4m in capital gains on properties, of which SEK 0m in Q1 and Q2.

3) Operating profit for 2019 includes acquisition costs of SEK 28m, of which SEK 2m in Q1 and SEK 26m in Q2, and integration costs of SEK 14m for the full year.

Group development

Revenue

Second-quarter operating revenue amounted to SEK 1,980m (1,918), an increase of 3% compared with the same quarter last year. Acquired operations, that is, companies that were not owned throughout the previous comparative period, contributed SEK 16m to revenues in the quarter. Capital gain from sale of real estate increased revenue by SEK 17m. Currency effects reduced revenues. Organic revenue increased by 3.4% (2.5) for the quarter. Operations under own management accounted for 94% of total revenues in the quarter, and contracted operations accounted for 6%. The COVID-19 pandemic affected revenue negatively, mostly through fewer performed hours in personal assistance and lower occupancy.

Operating revenue for the six-month period amounted to SEK 3,918m (3,626), an increase of 8%. Acquired operations accounted for SEK 312m, of which the acquisition of Finnish company Coronaria Hoiva accounted for SEK 281m. Organic revenue growth was 4.2% (2.0).

Profit

Operating profit for the second quarter totalled SEK 100m (45), an increase of 123%. This includes capital gain of SEK 17m from sale of properties. The operating margin amounted to 5.1% (2.3). Adjusted operating profit amounted to SEK 83m (45) and the adjusted operating margin amounted to 4.2% (2.3). Operating profit for the half-year period totalled SEK 198m (122), an increase of 63%, and the operating margin amounted to 5.1% (3.4). Adjusted operating profit for the six-month period was SEK 181m (122) and the adjusted operating margin was 4.6% (3.4).

The pandemic has affected the Group profit-wise from several aspects. Lower occupancy had a negative effect on revenue and increased sickness absences and increased use of PPE increased costs. The increased costs were compensated for by lower social security costs and state subsidies for sickness absences, net the costs were marginally affected on the six-month period. In the second quarter, the cost effect was marginally positive and, accordingly, the negative effects of the pandemic were mostly related to occupancy.

The effect on operating profit of accounting standard IFRS 16, which has been applied since 1 January 2019, amounted to SEK 9m in the quarter (see following table).

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
IFRS 16 effects				
Rental charges	83	74	168	131
Depreciation/amortisation	-74	-63	-143	-114
Operating profit	9	10	25	17
Net financial effect	-20	-18	-39	-31
Profit before tax	-10	-8	-14	-14

Operating cash flow

Operating cash flow during the quarter amounted to SEK 221m (136). The improvement comes from higher profit, lower investments, reduced working capital and the result effect of sale of properties. Humana's interest-bearing net debt decreased by SEK 291m to SEK 3,591m (3,882), driven by cash flow and the sale of properties. Humana's leverage ratio, interest-bearing net debt in relation to EBITDA, decreased to 4.6 times (7.1), which is close to the financial target of 4.5 times.

Events during the year

First quarter 2020

- Through its training operation Humana Academy, Humana initiates a collaboration with Bonnier Academy on digital training. The idea is to give more people access to the knowledge and skills about care that Humana possesses.
- Humana's Board takes decision on revising the financial targets. The revised financial targets apply from 2020.
- With the support of authorisation from the 2019 Annual General Meeting, the Board decides to buy back own shares on Nasdaq Stockholm. The purpose is to enable a transfer of shares to participants in a share savings programme for employees that ran from 2017 to 31 January 2020. No more than 60,000 own shares could be acquired at a maximum price of SEK 3,600,000. The share buy-back period is from 31 March 2020 to 14 April 2020. The number of shares bought back is 52,462.
- Humana establishes a crisis organisation to ensure good management and minimal transmission of the COVID-19 virus. Risk analyses are conducted in all operations and several precautions are taken. Among other things, all visits are prohibited at Humana's elderly care homes.

Second quarter 2020

- Humana extends its existing loan facilities, with unchanged terms and conditions, for an additional year to 2022.
- The 2020 Annual General Meeting decides, in accordance with the Board's proposal and because of the prevailing COVID-19 pandemic, that no dividend be paid to shareholders from the profits of 2019.
- Anders Nyberg and Karita Bekkemellem are elected as new members of the Board of Directors at the 2020 Annual General Meeting
- Board members and senior executives of Humana acquire synthetic options in Humana issued by Humana's principal owner, Impilo Care AB. A total of 461,000 synthetic options are acquired at a price that corresponds to the market value of the options. Humana do not participate in the offer, which is issued by Impilo Care AB to the Board members and senior executives on its own initiative. The offer will not cause any costs for Humana.
- Humana signs an agreement for a new elderly care home under own management in Täby. The unit will have 90 flats. Construction will begin this year and the opening is planned for the autumn of 2022.
- Humana divests its ownership in Sommarsol, a property in Ängelholm, where earlier a rental agreement for an elderly care home was signed. The sales proceeds were SEK 90m, resulting in a capital gain of SEK 17m.
- Ulf Bonnevier, CFO since 2012 and Vice President since 2016, is leaving Humana and will be replaced by Noora Jayasekara, who will start as the new CFO on 1 September. Noora Jayasekara has held the position of Group finance director at Humana since 2018.

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 first quarter amounted to SEK 532m (535), in line with the corresponding period last year. Revenues for the six-month period were also in line with the previous year and amounted to SEK 1,051m (1,047). The revenue development is due to lower occupancy resulting from lower demand in the market segment for the children and adolescents client group. Meanwhile, increased occupancy in the adult segment has balanced out these developments. COVID-19 had a negative effect on demand throughout the business area in the second quarter.

Operating profit in the quarter totalled SEK 49m (41), an increase of 22% compared to last year. Operating profit for the six-month period totalled SEK 83m (69), an increase of 20%. The operating margin for the quarter was 9.3% (7.6) and for the six-month period was 7.9% (6.6). The increase in profit for the quarter and half-year is explained by the cumulatively somewhat more stable occupancy rate and efficiency improvements. State compensation for increased costs had a somewhat positive effect in the second quarter.

Personal Assistance

Revenue for the second quarter amounted to SEK 733m (685), an increase of 7% compared to the corresponding period last year, of which 5.4% (-0.1) was organic growth. Revenues for the six-month period were SEK 1,452m (1,369), an increase of 6%, of which 4.2% (0.7) was organic. The revenue increase for the quarter and half-year are due to more performed assistance hours, despite of a somewhat negative effect by the pandemic, a higher attendance allowance and acquisitions.

Operating profit for the quarter totalled SEK 29m (26), an increase of 15%. Operating profit for the six-month period totalled SEK 70m (65), an increase of 8%. The operating margin was 4.0% (3.7) for the quarter and 4.8% (4.7) for the half-year. The operating margin was stable in the quarter and the period, and was helped marginally by compensation for sick pay caused by COVID-19.

Elderly Care

Revenues in Elderly Care amounted to SEK 155m (142) in the second quarter. The 9% increase is entirely organic. Revenues for the six-month period amounted to SEK 301m (276), also an organic increase of 9%. The revenue increase for the quarter and period are due to the new elderly care homes under our own management in Staffanstorp, which opened in the first quarter of 2019, and in Kungsängen, which opened in the third quarter of 2019.

Operating profit in the second quarter amounted to SEK 1m (0). Operating profit for the six-month period was SEK 1m (4), a decrease of 84%. Start-up costs for the unit in Kungsängen had a negative effect on profit of SEK 3m for the second quarter and SEK 6m for the half-year. The COVID-19 pandemic had a negative effect on profit due to higher personnel costs, higher sickness absence and higher costs for PPE. Some of the extra costs have been compensated for through state subsidies, net the effect remained negative. The effects of COVID-19 weakened occupancy rates in Stockholm and the surrounding areas. The operating margin was 0.7% (0.3) for the second quarter.

Finland

Revenues in Finland amounted to SEK 338m (341) in the second quarter, an increase of 1%. The organic growth was 0.0% (10.1). Revenues for the six-month period were SEK 688m (520), an increase of 32%. Organic growth was 9.1% (8.7). Openings of units had a positive effect but leaving unprofitable outsourcing contracts decreased volume, mainly in the second quarter.

Operating profit totalled SEK 11m (5), an increase of 128% compared to the same period last year. Operating profit for the six-month period totalled SEK 27m (20), an increase of 36%. The operating margin was 3.2% (1.4) for the quarter and 4.0% (3.9) for the six-month period. The increase in operating margin in the second quarter is due to improvements in profitability, mainly in the acquired operation Coronaria Hoiva. Efforts to increase efficiency and profitability continued. The COVID-19 pandemic had a marginal effect on profits in the quarter.

Norway

Revenues in Norway amounted to SEK 201m (210) in the second quarter, a decrease of 4% that is entirely due to currency effects (the weakened Norwegian krona). In local currency revenues increased from 189 MNOK to 207 MNOK. Revenues for the six-month period amounted to SEK 395m (404), a decrease of 2%. Organically, revenues increased by 9.5% (6.2) in the quarter and by 7.0% (7.8) in the six-month period. The organic growth is due to openings of units, more customers and increasingly fewer effects from previously closed units.

Operating profit amounted to SEK 16m (16), an unchanged level in reporting currency. However, profit increased in local currency. Accordingly, the operating margin for the quarter increased somewhat to 7.9% (7.5). The improved operating margin is above all due to higher efficiency in the operation. Operating profit for the six-month period totalled SEK 29m (25), an increase of 17%. The operating margin for the half-year period amounted to 7.3% (6.1). The pandemic had a marginal effect on profits in the quarter.

Financial position

Financing

The Group's equity amounted to SEK 2,370m (2,176) on 30 June 2020. The equity/assets ratio was 28.2% (26.7). Humana's interest-bearing net debt amounted to SEK 3,591m (3,882), a decrease of SEK 291m compared to the same period last year. Humana's leverage ratio, interest-bearing net debt in relation to EBITDA, decreased to 4.6 times (7.1). The improved leverage ratio is due to higher profit and sale of properties.

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current interest-bearing liabilities	3,682	3,494	3,671
Current interest-bearing liabilities	864	877	878
Cash and cash equivalents	-954	-489	-836
Interest-bearing net debt	3,591	3,882	3,712
Equity/assets ratio	28.2%	26.7%	28.0%
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.6x	7.1x	5.4x

Cash flow and investments

Operating cash flow during the quarter amounted to SEK 221m (136). The improvement comes from higher adjusted profit, lower investments, reduced working capital and the result effect of sale of properties.

Cash flow for the quarter amounted to SEK 185m (66), with net cash flow from operating activities amounting to SEK 254m (195). The higher cash flow from operating activities is attributable to reduced working capital, SEK 61m (66), and increased profit. Cash flow from investing activities was SEK 48m (-773). Cash flow from financing activities was SEK -44m (697).

Financial targets

Profitability

An operating margin of 7% over the medium term.

Revenue growth

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

Capital structure

Interest-bearing net debt not exceeding 4.5 times EBITDA, i.e. operating profit before depreciation, amortisation and impairment (see Note 9b, Financial definitions and intent). Debt may temporarily exceed the target level, which may happen during 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.

Other information

Employees

The number of full-time employees on 30 June 2020 was 10,823 (11,238).

Shares, share capital and shareholders

The number of shares in Humana AB at 30 June 2020 amounted to 53,140,064 with a quotient value of SEK 0.022, corresponding to share capital of SEK 1,180,879. The number of shareholders at 30 June 2020 was 4,246. 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's ordinary 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 no ongoing long-term share-related incentive programme for senior executives or other employees.

In June 2020, Impilo Care AB, Humana's principal owner, made an offer to Board members and senior executives of Humana to acquire synthetic options in Humana issued by Impilo Care AB. Humana did not participate in the offer and it will not cause any costs for Humana. A total of 461,000 synthetic options were acquired. The total market value of the options at the time of the transaction is estimated to be approximately SEK 1.4m. The synthetic options are related to Humana's share and expire after three years. The options can be exercised from 1 April 2023 to 30 June 2023. The exercise price is SEK 77.90 per option.

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 2019 annual report entitled Risks and risk management on pages 56-61 as well as in Note G19.

The main risks related to operations and uncertainties that can affect Group performance are related to political decisions that may affect private care companies, as well as 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.

Humana's operations are affected by the ongoing pandemic COVID-19. A crisis organisation supports the work to minimise the spread of the disease and its impact. Infectious diseases exist in society. These diseases can affect anyone, but the situation is most difficult for people in risk groups. 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 should 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/pandemic, there is also a risk that Humana's revenues and costs will be negatively impacted, for instance as a result of lower occupancy and costs for sick leave and PPE, personal protective equipment.

Parent Company

Earnings for the Parent Company for the second quarter of 2020 amounted to SEK -2m (-51). The equity/assets ratio at 30 June was 46.8% (43.8). 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.

This interim report was not subject to a review as per ISRE 2410 by the Company's auditors.

The Board of Directors and CEO certify that this interim report for the first six-month period gives a true and fair presentation 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, 20 August 2020

Sören Mellstig
Chairman of the Board

Magdalena Gerger
Board member

Monica Lingegård
Board member

Fredrik Strömholm
Board member

Karita Bekkemellem
Board member

Kirsi Komi
Board member

Anders Nyberg
Board member

Rasmus Nerman
*President and
CEO*

Consolidated income statement

SEK m	Note	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
		2020	2019	2020	2019	2019/20	2019
Net revenue		1,962	1,918	3,894	3,626	7,715	7,446
Other operating revenue		18	0	24	0	44	21
Operating revenue	3	1,980	1,918	3,918	3,626	7,759	7,467
Other external expenses		-244	-253	-484	-469	-972	-958
Personnel costs		-1,543	-1,511	-3,054	-2,855	-5,982	-5,784
Depreciation		-93	-84	-182	-152	-357	-327
Other operating expenses		0	-26	-1	-28	-1	-28
Operating expenses		-1,880	-1,873	-3,720	-3,504	-7,313	-7,097
Operating profit		100	45	198	122	446	369
Finance income		0	18	4	24	106	125
Finance expenses		-37	-58	-75	-85	-235	-246
Profit before tax		64	5	128	61	316	249
Income tax		-14	-7	-25	-19	-67	-61
Net profit for the period		50	-2	103	42	249	187
Attributable to:							
Parent Company shareholders		50	-2	103	42	250	188
Non-controlling interest		0	0	0	0	-1	-1
Net profit for the period		50	-2	103	42	250	187
Earnings per share, SEK, before dilution	5	0.94	-0.04	1.94	0.79	4.70	3.54
Earnings per share, SEK, after dilution	5	0.94	-0.04	1.94	0.79	4.70	3.54
Average number of shares, thousands		53,140	53,140	53,140	53,140	53,140	53,140

Consolidated statement of other comprehensive income

SEK m	Note	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jul-Jun	Jan-Dec
		2020	2019	2020	2019	2019/20	2019
Net profit for the period		50	-2	103	42	249	187
Other comprehensive income							
Items that have been/may be reclassified to profit or loss:							
Hedges of net investments in foreign operations	6c	19	-5	24	-22	32	-14
Exchange difference on translation of foreign operation		-43	14	-39	46	-70	15
Net profit and other comprehensive income for the period		26	7	88	65	212	188
Attributable to:							
Parent Company shareholders		26	8	88	65	212	189
Non-controlling interest		0	0	0	0	-1	-1

Condensed consolidated balance sheet

SEK m	Note	30 Jun 2020	30 Jun 2019	31 Dec 2019
Assets				
Non-current assets				
Goodwill	4	3,853	3,914	3,897
Other intangible assets		5	16	5
Property, plant and equipment		309	360	377
Right-of-use assets		2,125	1,945	2,089
Financial assets		38	14	33
Total non-current assets		6,329	6,250	6,401
Current assets				
Trade receivables and other receivables		862	962	834
Other current receivables		247	172	160
Cash and cash equivalents		954	489	836
Assets held for sale		-	286	-
Total current assets		2,063	1,908	1,830
TOTAL ASSETS		8,393	8,158	8,231
Equity and liabilities				
Equity				
Share capital		1	1	1
Other paid-in equity		1,096	1,095	1,096
Reserves		14	51	29
Retained earnings		1,259	1,011	1,158
Equity attributable to Parent Company shareholders		2,370	2,158	2,284
Equity attributable to non-controlling interest		0	18	22
Total equity		2,370	2,176	2,305
Non-current liabilities				
Non-current lease liabilities		1,958	1,699	1,902
Other interest-bearing liabilities		1,723	1,795	1,769
Deferred tax liabilities		71	77	71
Total non-current liabilities		3,753	3,571	3,741
Current liabilities				
Current lease liability		264	260	270
Other interest-bearing liabilities		599	617	607
Trade payables		137	137	129
Other current liabilities		1,270	1,398	1,178
Total current liabilities		2,270	2,411	2,185
TOTAL EQUITY AND LIABILITIES		8,393	8,158	8,231

Condensed consolidated statement of changes in equity

SEK m	Share Capital	Additional paid-in capital	Translation reserve	Retained earnings	Equity attributable to parent owners	Non controlling interest	Total equity
Opening balance, 1 January 2019	1	1 094	28	1 007	2 130	17	2 147
Comprehensive income for the period							
Profit for the period	-	-	-	42	42	0	42
Other comprehensive income for the period	-	-	23	-	23	-	23
Total comprehensive income for the period	-	-	23	42	65	0	65
Transactions with Company owners							
Dividend	-	-	-	-37	-37	-	-37
Share-savings plan	-	1	-	-	1	-	1
Share contribution	-	-	-	-	-	1	1
Total transactions with Company owners	-	1	-	-37	-36	1	-35
Closing balance, 30 June 2019	1	1 095	51	1 012	2 158	18	2 176
Opening balance, 1 January 2020	1	1 096	29	1 158	2 284	22	2 305
Comprehensive income for the period							
Profit for the period	-	-	-	103	103	0	103
Other comprehensive income for the period	-	-	-15	-	-15	-	-15
Total comprehensive income for the period	-	-	-15	103	88	0	88
Transactions with Company owners							
Sale of operation	-	-	-	-	-	-22	-22
Repurchase of own shares	-	-	-	-2	-2	-	-
Total transactions with Company owners	-	-	-	-2	-2	-22	-22
Closing balance, 30 June 2020	1	1 096	14	1 259	2 370	0	2 370

Condensed consolidated statement of cash flows

SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Profit before tax	64	5	128	61	316	249
Adjustments for:						
Depreciation	93	84	182	152	357	327
Financial items, net	36	40	70	61	130	121
Other non-cash items	0	1	0	0	0	0
Cash flow from operating activities before change in working capital	193	130	380	274	803	697
Change in working capital	61	66	23	15	134	126
Cash flow from operating activities	254	195	403	289	937	823
Financial items paid, net	-46	-37	-78	-52	-146	-120
Income tax paid	-26	-17	-49	-34	-87	-71
Net cash flow from operating activities	181	141	276	204	704	631
Acquisition of subsidiaries, net cash impact	-8	-715	-8	-715	224	-483
Disposal of properties	90	0	110	0	498	388
Investments in other non-current assets, net	-34	-59	-86	-120	-193	-228
Cash flow from investing activities	48	-773	16	-835	528	-323
Loans raised	24	795	24	795	24	795
Repayments of borrowings	0	0	-50	-51	-493	-494
Repayment of lease liability	-68	-61	-138	-111	-278	-250
Dividend paid	0	-37	0	-37	0	-37
Cash flow from financing activities	-44	697	-165	597	-747	14
Cash flow for the period	185	66	127	-35	485	322
Cash and cash equivalents at start of period	789	420	836	514	489	514
Exchange differences	-20	3	-9	10	-19	0
Cash and cash equivalents at end of period	954	489	954	489	954	836

Key ratios

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Operating revenue	1,980	1,918	3,918	3,626	7,759	7,467
Operating margin, %	5.1%	2.3%	5.1%	3.4%	5.7%	4.9%
Interest-bearing net debt, SEK m	3,591	3,882	3,591	3,882	3,591	3,712
Return on capital employed, %	1.4%	0.7%	2.9%	1.9%	6.5%	5.4%
Equity/assets ratio, %	28.2%	26.7%	28.2%	26.7%	28.2%	28.0%
Operating cash flow, SEK m	221	136	317	169	743	595
Interest-bearing net debt/adjusted EBITDA, 12 months, times	4.6x	7.1x	4.6x	7.1x	4.6x	5.4x
Average full-time employees, Individual & Family	2,090	2,225	2,087	2,237	2,050	2,026
Average full-time employees, Personal Assistance	5,046	5,063	4,966	5,048	5,001	4,909
Average full-time employees, Elderly Care	868	934	844	887	849	847
Average full-time employees, Finland	1,740	1,838	1,711	1,339	1,724	1,538
Average full-time employees, Norway	833	785	708	790	758	799
Average full-time employees, Central functions incl. DK	58	55	57	54	57	56
Total average full-time employees	10,634	10,901	10,374	10,354	10,440	10,175
Full-time employees at end of period	10,823	11,238	10,823	11,238	10,823	10,093
Average customers, Individual & Family	1,757	1,883	1,759	1,863	1,777	1,829
Average customers Personal Assistance	1,882	1,854	1,884	1,854	1,884	1,869
Average customers, Elderly Care	812	796	807	789	804	794
Average customers, Finland	3,871	3,961	4,068	3,255	4,035	3,628
Average customers, Norway	316	298	314	304	305	300
Average customers, Denmark	67	85	68	86	73	83
Total average customers	8,705	8,877	8,900	8,151	8,878	8,503
Average ordinary shares for the period, thousands	53,140	53,140	53,140	53,140	53,140	53,140
Equity per ordinary share, SEK	45	41	45	41	45	43
Earnings per share, SEK, after dilution	0.94	-0.04	1.94	0.79	4.70	3.54

Parent Company

Condensed income statement

SEK m	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Operating revenue	2	4	5	7
Operating expenses	-9	-14	-18	-23
Operating profit	-7	-9	-13	-15
Interest income	62	13	96	48
Interest expenses	-58	-69	-104	-115
Profit after financial items	-3	-65	-21	-83
Group contribution	0	0	150	150
Change in untaxed reserves	0	0	22	22
Profit before tax	-3	-65	151	90
Tax	1	14	-33	-20
Net profit for the period	-2	-51	118	70

Condensed balance sheet

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019
Non-current assets	1,629	1,628	1,629
Current assets	1,908	1,884	1,992
TOTAL ASSETS	3,536	3,512	3,621
Equity	1,654	1,537	1,659
Untaxed reserves	152	174	152
Non-current interest-bearing liabilities	1,147	1,197	1,190
Other current liabilities	584	605	621
TOTAL EQUITY AND LIABILITIES	3,536	3,512	3,621

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. In general the same accounting policies and bases of calculation have been used as in the annual report for 2019, which was prepared in accordance with the International Financial Reporting Standards as ratified by the EU, and interpretations of these.

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 2-8, which form an integral part of this financial report.

New accounting standards applied from 1 January 2020

Humana has determined that new or amended standards and interpretations will not have any significant effect on the consolidated financial statements.

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-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net revenue – external income	1,051	1,047	1,452	1,369	301	276
Other operating revenue	0	0	0	0	0	0
Operating revenue	1,051	1,047	1,452	1,369	301	276
Profit before depreciation, amortisation and other operating expenses	100	86	71	66	7	8
Depreciation	-16	-17	-1	-1	-6	-4
Other operating expenses	-1	0	0	0	0	0
Operating profit	83	69	70	65	1	4

SEK m	Finland		Norway		Other 1)		Total	
	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net revenue – external income	688	520	395	404	8	11	3,894	3,626
Other operating revenue	0	0	0	0	24	0	24	0
Operating revenue	688	520	395	404	32	11	3,918	3,626
Profit before depreciation, amortisation and other operating expenses	36	30	34	29	133	83	381	302
Depreciation	-9	-10	-6	-4	-144	-115	-182	-152
Other operating expenses	0	0	0	0	0	-28	-1	-28
Operating profit	27	20	29	25	-11	-61	198	122

1) Operating profit for 2020 includes capital gains on properties of SEK 17m in Q2. Operating profit in 2019 up until Q2 includes SEK 28m in acquisition costs.

Note 3b Revenue by country

SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Sweden	1,437	1,362	2,826	2,692
Finland	338	341	688	520
Norway	201	210	395	404
Denmark	4	5	9	10
Total operating revenue	1,980	1,918	3,918	3,626

Note 4 Acquisition of operations, goodwill

The purchase price attributable to acquisitions in previous years was settled in the second quarter at SEK 8 million.

SEK m	30 Jun 2020	30 Jun 2019	31 Dec 2019
Opening balance, 1 January	3 897	3 168	3 168
Acquisitions of subsidiaries	-	747	702
Adjustment of acquisition analysis	-	0	8
Sales of subsidiaries	-10	0	0
Exchange rate differences	-34	-1	20
Closing balance, end of period	3 853	3 914	3 897

Note 5 Earnings per share

SEK m	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Profit for the period attributable to Parent Company shareholders	50	-2	103	42	250	188
Average shares, thousands	53,140	53,140	53,140	53,140	53,140	53,140
Earnings per share, SEK, before dilution	0.94	-0.04	1.94	0.79	4.70	3.54
Earnings per share, SEK, after dilution	0.94	-0.04	1.94	0.79	4.70	3.54

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

30 June 2020 SEK m	Financial liabilities at fair value through profit or loss	Total carrying amounts	Fair values	Level 1	Level 2	Level 3
Financial liabilities						
Earn-out payment	5	5	5	-	-	5

30 June 2019 SEK m	Financial liabilities at fair value through profit or loss	Total carrying amounts	Fair values	Level 1	Level 2	Level 3
Financial liabilities						
Earn-out payment	5	5	5	-	-	5

Fair value measurement

When determining the fair value of an asset or liability, 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 measurement 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 opening/closing balances for financial instruments measured in level 3, earn-out payment

SEK m	30 Jun 2020	31 Dec 2019
Opening balance, 1 January	13	8
Total recognized gains and losses:		
Recognised in adjustment of earn-out payments in net profit	0	-12
Cost of acquisition	0	20
Settled during the period	-8	-3
Closing balance, end of period	5	13

Note 6c Hedge accounting

The Group is hedging parts of the foreign exchange risk related to net investments in foreign operations. As at 30 June 2020, the Group had exposure in EUR and NOK, which is hedged with loans in foreign currencies. Hedge accounting entails recognising the effective part of the translation differences in the consolidated statement of other comprehensive income. As at 30 June 2020, the Group had loans of EUR 40m and loans of NOK 328m for which hedge accounting is applied. The related translation difference of SEK 30m (-28) before tax is consequently recognised in the consolidated statement of other comprehensive income.

Note 7 Incentive programmes

Humana has had two long-term incentive programmes that have been approved by the AGMs in 2016 and 2017. Both expired in the first half of 2020. One of the programmes, a share savings programme, was intended for key individuals at Humana and expired on 31 January 2020. The other programme, a warrant programme, was intended for eight senior executives and expired on 31 March 2020. The purpose of the programmes was 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.

For the share savings programme, participants could invest in saving shares (at market price) and then, based on the terms of the programme, could receive matching shares and potentially even performance-based shares at the end of the programme. The number of registered saving shares at 31 March 2020 amounted to 44,045, which corresponds to a maximum allocation of 52,462 shares. The shares were distributed in April and May 2020.

The warrants were acquired at market price and were issued in three separate series that could 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 third date for redeeming the warrants was during the period 1-31 March 2020 at the subscription price of SEK 80.60.

Number of warrants	2020	Number of shares in programme	2020
	2020		2020
Outstanding, 1 January	480,140	Outstanding, 1 January	61,667
Acquired	-	Acquired	-
Forfeited	-	Forfeited	-12,056
Exercised	-	Exercised	-49,611
Expired	-480,140	Expired	-
Outstanding 30 June	0	Outstanding 30 June	0

Note 8a 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.

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul-Jun 2019/20	Jan-Dec 2019
Adjusted operating profit						
Operating profit	100	45	198	122	446	369
Capital gain on sale of property	-17	-	-17	-	-22	-4
Adjusted operating profit	83	45	181	122	424	365
Adjusted EBITDA						
Operating profit	100	45	198	122	446	369
Depreciation	93	84	182	152	357	327
EBITDA	193	129	380	274	803	697
Capital gain on sale of property	-17	-	-17	-	-22	-4
Adjusted EBITDA	176	129	363	274	781	692
Organic revenue growth						
Revenue, base	1,913	1,682	3,473	3,325	6,763	6,660
Revenue, organic growth	65	42	146	66	281	134
Total organic growth	3.4%	2.5%	4.2%	2.0%	4.2%	2.0%
Operating cash flow						
Operating profit	100	45	198	122	446	369
Depreciation	93	84	182	152	357	327
Change in working capital	61	66	23	15	134	126
Investments in other non-current assets, net	-34	-59	-86	-120	-193	-228
Operating cash flow	221	136	317	169	743	595
	30 Jun 2020	30 Jun 2019				31 Dec 2019
Interest-bearing net debt						
Non-current interest-bearing liabilities	3,682	3,494				3,671
Current interest-bearing liabilities	864	877				878
Cash and cash equivalents	-954	-489				-836
Interest-bearing net debt	3,591	3,882				3,712
Adjusted EBITDA 12 month	781	544				692
Interest-bearing net debt/Adjusted EBITDA, 12 months, times	4.6x	7.1x				5.4x
Return on capital employed, %						
TOTAL ASSETS	8,393	8,158				8,231
Deferred tax liabilities	-71	-77				-71
Trade payables	-137	-137				-129
Other current liabilities	-1,270	-1,398				-1,178
Capital employed	6,915	6,547				6,853
Operating profit	198	122				369
Finance income	0	1				1
Total	199	123				371
Return on capital employed, %	2.9%	1.9%				5.4%
Equity/assets ratio, %						
Total equity	2,370	2,176				2,305
TOTAL ASSETS	8,393	8,158				8,231
Equity/assets ratio, %	28.2%	26.7%				28.0%

Note 8b Financial definitions and intent

Financial performance measures

	Definition	Intent
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.	Adjustment for non-recurring items is made 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 non-current 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 liability.	The measure indicates the portion of the company's assets financed by interest-bearing capital.

Other performance measures

	Definition
Equity per ordinary share	Equity attributable to Parent Company shareholders divided by number of shares at end of period after redemption, repurchase and new share issue.
Average ordinary shares	Calculated as the average daily number of ordinary 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 full-time employees	Average number of full-time employees during the reporting period.
Average customers	Average number of customers during the period.
Earnings per ordinary share for the period	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.
Operating profit	Profit before financial items and tax.
EBIT margin (%)	Operating profit 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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact persons set out below, at 08:00 CET on 20 August 2020.

Conference call

A conference call will be held 20 August 2020 at 09:00 CET, at which President and CEO Rasmus Nerman and Vice President and CFO Ulf Bonnevier will present the report and answer questions. To participate, call:

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Financial calendar

Interim report Jul-Sep 2020	6 Nov 2020
Interim report Oct-Dec 2020	11 Feb 2021

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